

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## CONTRACTING PARTIES

Ninth Session

### Review Working Party I on Quantitative Restrictions

#### DRAFT REPORT TO THE CONTRACTING PARTIES

1. In accordance with its terms of reference, the Working Party considered specific proposals regarding the use of quantitative restrictions for balance-of-payments purposes, for economic development and for other purposes. Part I of the present Report deals with the problem of the protection of the balance-of-payments; Part II deals with governmental assistance for economic development; Part III deals with the remaining problems, principally those which would arise for contracting parties in eliminating the quantitative restrictions at present maintained for balance-of-payments reasons; and Part IV contains the suggestions of the Working Party on the relations between the CONTRACTING PARTIES and the International Monetary Fund<sup>1</sup>. Annex I contains the text of the amendments proposed by the Working Party to the relevant articles of the Agreement and to Annex I containing the interpretative notes and other regulations. Annex II contains a draft resolution which the Working Party recommends to the CONTRACTING PARTIES for consideration and adoption in order to deal with the problems considered in Part III of this report<sup>1</sup>.

2. The following parts of this report contain a brief description of the purpose and intent of the various amendments proposed, as well as agreed statements the purpose of which is to clarify the meaning of certain provisions, with a view to facilitating the interpretation of those provisions in the future.

#### PART I: BALANCE-OF-PAYMENTS RESTRICTIONS

3. The Working Party agreed to give effect to the suggestions made by the representatives of the under-developed countries to include the provisions relating to balance-of-payments import restrictions as applied by those countries in a new section of Article XVIII. Accordingly, paragraphs 4 to 11 below relate only to Article XII and the comments relating to the provisions applicable to underdeveloped countries are to be found in Part II of this Report.

4. After a detailed consideration of the various proposals put forward with a view to establishing stricter rules for the introduction and maintenance of quantitative restrictions through the institution of fixed time-limits and approval by the CONTRACTING PARTIES, the Working Party came to the conclusion

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<sup>1</sup>Parts III and IV will be circulated separately.

that such proposals would not find general acceptance among the contracting parties, but that, on the other hand, the general opinion was in favour of strengthening and widening the scope of consultations under Article XII, as well as under Article XIV. Consequently, the new text of the first three paragraphs of Article XII does not involve any change of substance. Their provisions have been rearranged in order to improve the language and to set them out in a better logical sequence. It is proposed, however, to add a sentence in paragraph 3(a) to give recognition of the desirability of adopting measures which expand international trade, in order to restore or maintain equilibrium on a sound and lasting basis and to insert an interpretative note to paragraph 3(c)(i) along the lines of the interpretative note to Section C of Article XVIII. It should be added that when it discussed the provision of sub-paragraph 3(c)(ii), the Working Party did not feel it necessary to have an interpretative note to specify that the intention of that provision was that, apart from exceptional circumstances, the contracting party applying restrictions under Article XII should endeavour to avoid the complete exclusion of any product for which any other contracting party has established a market in its territory. The Working Party did not disagree with the intent of that note, but felt that it did not add much to the text of the Article itself and that the use of different words in the note and in the text of the Article might introduce some ambiguity in the further interpretation of the text. The Working Party also considered a proposal to the effect that a provision be included in paragraph 3(c) requiring contracting parties applying restrictions under Article XII to minimize the incidental protective effects of the restrictions. The Working Party, while in general agreement with the intent of the proposal, considered such a provision unnecessary; it was of the view that this had been adequately covered by other provisions in the proposed Article, including sub-paragraph 3(a), which requires contracting parties to pay due regard to the desirability of avoiding any uneconomic employment of productive resources, and paragraph 3(c)(i), under which contracting parties undertake to avoid unnecessary damage to the commercial and economic interests of any other contracting party. As regard the redraft of paragraph 3(d), the Working Party wishes to place on record that the provisions of that sub-paragraph should be interpreted, inter alia, in the light of the undertaking set forth in sub-paragraph 3(a).

6. For the reasons set out in paragraph 4 above, the main changes in the text of Article XII relate to paragraph 4, which deals with consultations. Paragraph 4(a), i.e. the provision regarding consultations in cases where a contracting party is applying new or substantially intensifying existing restrictions has been redrafted for the sake of brevity, but the intent remains unchanged. The reference to "new restrictions" covers the case described in paragraph 4(a) of the present Article, that of a contracting party which was not applying restrictions under the Article but finds it necessary to introduce limitations on imports. On the other hand, the phrase: "increasing the general level of its existing restrictions by a substantial intensification of the measures applied under this Article shall ..." corresponds to the second part of the first sentence of paragraph 4(b) of the present Article. The language adopted, and in particular the use of the word "measures" is meant to convey the idea that the intensification referred to in this paragraph may be achieved

either by increasing the restrictive effect of the restrictions applied to products the import of which is already limited, or by the institution of new restrictions on products the import of which was not yet subject to limitations.

7. Paragraph 4(b)(i) is new; it provides for a review of all restrictions applied under the Article on a certain date; after that date the CONTRACTING PARTIES would organize a system of annual consultations with the contracting parties still applying restrictions under Article XII. [The majority of the Working Party felt that the review should take place at a time to be determined by the CONTRACTING PARTIES; they felt that it would be unwise to provide for an early review of the restrictions in force and to introduce a system of annual consultations so long as about a score of contracting parties were resorting to restrictions for balance-of-payments reasons and so long as the secretariat was not equipped to deal effectively with the substantial work involved in a large number of consultations. They preferred, therefore, that the review should take place at a time when a better equilibrium is achieved and when it could be confidently expected that the number of countries resorting to the provisions of Article XII would be much smaller than it was at present. On the other hand, a number of delegations felt that there was no valid reason for postponing the entry into force of that provision; in their view, the procedures contained in that sub-paragraph should be made effective as soon as the amendments to the Agreement enter into force].

8. As regards the nature and scope of the review contemplated in sub-paragraph 4(b)(i), the Working Party agreed that it should be based on a detailed examination by the CONTRACTING PARTIES of the level, methods and effects on trade of the restrictions existing on the date selected for that operation, on the basis of data supplied by governments and gathered from other sources. The review should not, however, be a consultation with the individual contracting parties concerned, in the sense that it would not involve any detailed discussion of the motives justifying the maintenance of those restrictions. The material gathered in the course of the review would, of course, serve as a useful basis for the annual consultations which would be carried out subsequently.

9. The provisions of paragraph 4(b)(ii) are intended to replace the present provision contained in paragraph 4(d) of Article XII. Although the changes are more of emphasis than of substance, the new text brings out clearly that the action of the contracting party adversely affected by an application of restrictions which would not conform to the provisions of the Article takes the form of a request for consultations rather than of a challenge.

10. Sub-paragraphs (c) and (d) of paragraph 4 illustrate the type of action which the CONTRACTING PARTIES may take in the course of consultations or as a result of those consultations. It is contemplated that the CONTRACTING PARTIES may make recommendations for removing inconsistencies in the application of the restriction; if the inconsistencies are serious and lead to damage to the commercial interests of other parties, the CONTRACTING PARTIES may set a time-limit for the removal of those inconsistencies and, if such recommendations are not complied with, provision is made for releasing contracting parties affected from certain of their obligations.

11. The Norwegian delegation, supported by other delegations, proposed the insertion of a new provision in Article XII with a view to drawing the attention of the CONTRACTING PARTIES, when they undertake consultations, to a certain number of external factors which may influence the possibility for a given contracting party to withdraw or modify restrictions applied under Article XII. This provision has been provisionally inserted as paragraph 4(e) in the text contained in the Annex to this Report. A certain number of representatives, however, were strongly of the opinion that the insertion of such a provision would create an ambiguity since it appeared to introduce a new criterion different from those which are laid down in the Article itself. In order to avoid this ambiguity and the possibility of a misinterpretation which would not clearly indicate the intention of the movers of this amendment, it has been suggested in the course of the discussion that this amendment should be withdrawn and replaced by an interpretative note ad paragraph 4(d) of the Article, along the following lines: "In the course of consultations under this paragraph, the CONTRACTING PARTIES shall pay due regard to any special factors such as quantitative restrictions of all kinds maintained by other countries, excessive tariffs, etc. adversely affecting the export trade of the contracting party applying restrictions." Moreover, the Italian representative felt that the proposed wording of paragraph 4(e), which mentioned certain types of obstacles but did not take into account other important obstacles to trade was not satisfactory and that in any case this enumeration should be deleted. The Working Party was not in a position to reach unanimous agreement on this question as the suggestion referred to above was not acceptable to the movers and supporters of the amendment.

12. The provision of sub-paragraph 4(f) embodies a requirement that determinations reached in the course of consultations should be rendered without delay, and a period of sixty days is indicated as the normal time-limit for such determinations. This provision also retains the requirement already set forth in the present Article for utmost secrecy in the conduct of consultations.

13. The text of paragraph 5 of Article XII has been inserted within square brackets in the Annex. It reproduces an amendment proposed by the Australian delegation which has not been fully discussed in the Working Party. As the questions raised in this amendment are of general interest, the Working Party suggests that the Australian proposal, as well as the other suggestions which have been put forward to deal with the question of a general scarcity of an important currency or with inflationary or deflationary pressures, be taken up by the CONTRACTING PARTIES when they consider this report.

14. The Working Party does not propose any change in the text of Article XIII. It considered, however, a suggestion which was put forward to the effect that an interpretative note should be added to clarify the term "previous representative period" which appears in sub-paragraph 2(d) of Article XIII. The object of this note was to specify that, in cases in which import restrictions on a given product had been enforced for a certain time, the contracting party applying the restriction should grant to the foreign suppliers a share of its market which would correspond to what could reasonably have been expected in the absence of restrictions. The Working Party came to

the conclusion that such a note would be superfluous since the general rule contained in the introduction to paragraph 2 governed the various sub-paragraphs of that Article including those of sub-paragraph (d) to which the note was intended to refer.

15. As regards the text of Article XIV, the amendments proposed do not represent any real change of substance. On the one hand, they amount to a deletion of temporary provisions which are no longer applicable; on the other hand, they provide for the elimination of alternative rules of procedures which were necessary so long as a number of countries were governed by the provisions of Article XIV of the International Monetary Fund but which will be redundant when many of those countries cease to be governed by those provisions. Accordingly, the Working Party proposes that the amendments of the first category enter into force at the same time as other amendments to the Agreement, and that the second type of amendments enter into force on a date to be determined by the CONTRACTING PARTIES. Until that date, the present provisions of paragraph 1 of Article XIV and of Annex J would remain in force. The conditions which should determine the entry into force of paragraph 1 of Article XIV will be considered further by the Working Party and separate recommendations will be made to the CONTRACTING PARTIES on this point.

16. As regards the amended text of paragraph 1, of Article XIV, it reproduces the text of sub-paragraph 1(b) of the present Article, except that it refers, not only to Article XIV of the International Monetary Fund as is the case at present, but also to Article VIII. This addition is intended to cover cases where contracting parties are authorized by a decision taken by the International Monetary Fund, in accordance with Article VIII of its Articles of Agreement, to deviate from the rule of non-discrimination.

17. Appropriate references to Section B of Article XVIII have been introduced in the text of Article XIV; through these insertions, the application of balance-of-payments restrictions by underdeveloped countries are governed by the provisions of Article XIV as regards deviations from the rule of non-discrimination.

18. For practical reasons, the Working Party has not tried to define the phrase "equivalent in effect to exchange restrictions" in paragraph 10 of Article XIV. It agreed, however, to record their view that a contracting party which is deviating from Article XIII will not be considered to be in breach of its obligations under this paragraph if the International Monetary Fund has stated that corresponding restrictions on payments and transfers would have been authorized under the Articles of Agreement of the Fund or approved by the Fund if the contracting party in question had chosen to proceed by way of exchange restrictions rather than trade restriction.

19. South African proposal regarding bilateral agreements.

20. The Working Party had before it a proposal of the Benelux delegations to the effect that the rule of non-discrimination should not be applicable to contracting parties which endeavour, by means of freely-concluded agreements, a closer integration of their economies and which, by the application of special regulations, promote to the greatest possible measure the maximum development of multilateral trade (L/271, page 5).

21. When this question came up for discussion, the United States representative and other members of the Working Party were of the opinion that the adoption of strong GATT rules against discrimination need not result in retrogression of the Organization for European Economic Cooperation's work in trade liberalization as the Benelux delegations seemed to fear, and they did not feel that any special provisions to the GATT on this point were necessary or desirable. However, the United States representative reaffirmed the statements made by the United States authorities to the effect that it would be most unfortunate if, as a result of convertibility, there should be a decrease in the volume of European trade and he was prepared to recognize that it was conceivable that, under circumstances which it was hard to envisage at the moment, the effect of certain provisions of the General Agreement might be of a kind to create specific problems for a contracting party also a member of the Organization for European Economic Cooperation. In such a case, it seemed clear to the United States delegation that a contracting party confronted with such a problem would be free to bring the matter to the attention of the CONTRACTING PARTIES and that any well-founded case would be examined by them with sympathetic attention. The United States Government would be glad to participate in any discussions which might take place with respect to such a problem; the United States interest in European integration of which intra-European trade liberalization had been an important feature was such as to assure sympathetic consideration on the part of the United States Government of any well-founded individual request of this kind.

22. The Benelux representative, after having heard the United States statement as well as similar statements from other members of the Working Party, reaffirmed his conviction that it was necessary to safeguard by all possible means the past and future efforts of the Organization for European Economic Cooperation. It appeared to him increasingly clear that the amendment proposed by the Benelux delegations, which no longer corresponded exactly to the assumptions on which it had been based, was not adequate to achieve that object. As no other formula appeared practicable at this time, he was satisfied with the statement of the United States representative. While keeping this problem under consideration he agreed to withdraw the Benelux proposal considering that it no longer served any useful purpose.

23. The Working Party suggests no amendments to paragraphs 2, 6 and 7 of Article XV. Some representatives considered that it would be useful to clarify the intent of the provisions of Article XV:2 regarding the division of work between the International Monetary Fund and the CONTRACTING PARTIES with respect to consultations under Article XII or under Section B of Article XVIII. This suggestion was not generally acceptable to the Working Party which considered that the text was sufficiently clear as it was and that any attempt at further

clarification might lead to unnecessary discussions as some contracting parties held strong views on this point. The representatives of Chile, Cuba and Pakistan maintained that it was necessary to clarify this point in order to avoid that governments applying restrictions for balance-of-payments reasons received conflicting advice from two international organizations. The Working Party felt, however, that this risk was not very serious since the membership to the two organizations was more or less the same and the same governments could hardly ~~express~~ different views in those organizations. Moreover, the Working Party feels that the recommendations contained in Part IV of its report for improving the working arrangements between the Fund and the CONTRACTING PARTIES would be such as to avoid difficulties in practice.

[24. During the discussions on balance-of-payments consultations, it was emphasized by several members of the Working Party that if consultations carried out by the contracting parties, and eventually the Organization, were to be effective, improved arrangements for the conduct of the consultations were necessary. There was general support for a proposal to improve the conduct of consultations by inviting all governments to nominate whenever such consultations were due to take place officials of sufficient standing in these matters to carry weight with governments, and from whom a suitable representative and balanced working party of appropriate size might be drawn. It was recognized that most governments would find it difficult to release officials of this standing for any considerable period of time, and that consultations would, therefore, have to be conducted with speed.]

## PART II. GOVERNMENTAL ASSISTANCE TO ECONOMIC DEVELOPMENT

(See document W.9/184/Rev.1)

ANNEX

TEXT OF PROPOSED AMENDMENTS

I. Amendments to Articles XII, XIV and XV

A. The text of Article XII shall read:

"ARTICLE XII

"Restrictions to safeguard the Balance of Payments

"1. Notwithstanding the provisions of paragraph 1 of Article XI, any contracting party, in order to safeguard its external financial position and balance of payments, may restrict the quantity or value of merchandise permitted to be imported, subject to the provisions of the following paragraphs of this Article.

"2.(a) Import restrictions instituted, maintained or intensified by a contracting party under this Article shall not exceed those necessary:

"(i) to forestall the imminent threat of, or to stop, a serious decline in its monetary reserves, or

"(ii) in the case of a contracting party with very low monetary reserves, to achieve a reasonable rate of increase in its reserves.

"Due regard shall be paid in either case to any special factors which may be affecting the contracting party's reserves or need for reserves, including, where special external credits or other resources are available to it, the need to provide for the appropriate use of such credits or resources.

" (b) Contracting parties applying restrictions under sub-paragraph (a) of this paragraph shall progressively relax them as such conditions improve, maintaining them only to the extent that the conditions specified in that sub-paragraph still justify their application. They shall eliminate the restrictions when conditions would no longer justify their institution or maintenance under that sub-paragraph.

"3.(a) Contracting parties undertake, in carrying out their domestic policies, to pay due regard to the need for maintaining or restoring equilibrium in their balance of payments on a sound and lasting basis and to the desirability of avoiding an uneconomic employment of productive resources. They recognize that in order to achieve these ends, it is desirable so far as possible to adopt measures which expand rather than contract international trade.

" (b) Contracting parties applying restrictions under this Article may determine the incidence of the restrictions on imports of different products or classes of products in such a way as to give priority to the importation of those products which are more essential.

" (c) Contracting parties applying restrictions under this Article undertake:

"(i) to avoid unnecessary damage to the commercial or economic interests of any other contracting party;

"(ii) not to apply restrictions so as to prevent unreasonably the importation of any description of goods in minimum commercial quantities the exclusion of which would impair regular channels of trade; and

"(iii) not to apply restrictions which would prevent the importation of commercial samples or prevent compliance with patent, trade mark, copyright, or similar procedures.

" (d) The contracting parties recognize that, as a result of domestic policies directed towards the achievement and maintenance of full and productive employment or towards the development of economic resources, a contracting party may experience a high level of demand for imports involving a threat to its monetary reserves of the sort referred to in paragraph 2(a). Accordingly, a contracting party otherwise complying with the provisions of this Article shall not be required to withdraw or modify restrictions on the ground that a change in those policies would render unnecessary restrictions which it is applying under this Article.

"4.(a) Any contracting party applying new restrictions or raising the general level of its existing restrictions by a substantial intensification of the measures applied under this Article shall immediately after instituting or intensifying such restrictions (or, in circumstances in which prior consultation is practicable, before doing so) consult with the CONTRACTING PARTIES as to the nature of its balance-of-payments difficulties, alternative corrective measures which may be available and the possible effect of the restrictions on the economies of other contracting parties.

" (b) (i) On a date to be determined by the CONTRACTING PARTIES<sup>1</sup> the CONTRACTING PARTIES shall review all restrictions still applied under this Article on that date. Beginning one year after that date, contracting parties applying import restrictions under this Article shall enter into such consultations with the CONTRACTING PARTIES annually.

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<sup>1</sup>The delegations of Belgium, Canada, Cuba, the Federal Republic of Germany, the Union of South Africa and the United States reserved their position on this point. See paragraph of the Report.

(ii) The CONTRACTING PARTIES shall invite any contracting party which is applying import restrictions under this Article to enter into such consultations with them, with a view to achieving a settlement, at the request of any contracting party which can establish a prima facie case that the restrictions are inconsistent with the provisions of paragraphs 2 or 3 of this Article or with those of Article XIII (subject to the provisions of Article XIV) and that its trade is adversely affected thereby. If, as a result of such consultations, no agreement is reached and the CONTRACTING PARTIES determine that the restrictions are being applied inconsistently with those provisions, they shall recommend the withdrawal or modification of the restrictions; if the restrictions are not withdrawn or modified within such time as the CONTRACTING PARTIES may prescribe, they may release the contracting party initiating the procedure from specified obligations under this Agreement towards the contracting party applying the restrictions.

" (c) In the course of consultations with a contracting party under this paragraph, the CONTRACTING PARTIES shall indicate any respects in which the restrictions are not fully consistent with the provisions of paragraphs 2 or 3 of this Article or with those of Article XIII (subject to the provisions of Article XIV) and may make recommendations for the modification of the restrictions.

" (d) If, as a result of the consultations, the CONTRACTING PARTIES determine that the restrictions are being applied in a manner involving an inconsistency of a serious nature with the provisions of paragraphs 2 or 3 of this Article or with those of Article XIII (subject to the provisions of Article XIV) and that damage to the trade of one or more contracting parties is caused or threatened thereby, they shall so inform the contracting party and shall make appropriate recommendations for securing compliance within a specified period of time with the provisions of the Agreement. If the contracting party does not comply with these recommendations within the specified period, the CONTRACTING PARTIES may release any contracting party whose trade is adversely affected by the restrictions from such obligations under this Agreement towards the contracting party applying the restrictions as it determines to be appropriate in the circumstances.

" (e) In the consultations foreseen in this paragraph the CONTRACTING PARTIES shall take into consideration the difficulties encountered by a contracting party in withdrawing or modifying restrictions due to adverse effects upon its exports through obstacles in other countries, such as quantitative restrictions maintained for other than balance-of-payments reasons and excessive tariffs<sup>1</sup>.

<sup>1</sup> The delegations of Belgium, Canada, Cuba, and the Union of South Africa reserved their position on this paragraph. The Italian delegation proposed the deletion of the last two lines beginning "such as". See paragraph of the Report.

" (f) Determinations under this paragraph shall be rendered expeditiously and, if possible, within sixty days of the initiation of the consultations. The CONTRACTING PARTIES shall make provision for the utmost secrecy in the conduct of any consultation.

"5. If there is a widespread application of import restrictions under this Article, indicating the existence of a disequilibrium which is restricting international trade, the CONTRACTING PARTIES shall initiate discussions to consider whether other measures might be taken, either by those contracting parties whose balances of payments are under pressure or by those whose balances of payments are tending to be exceptionally favourable, to remove the underlying causes of the disequilibrium. On the invitation of the CONTRACTING PARTIES, contracting parties shall participate in such discussions. If the CONTRACTING PARTIES consider that a state of disequilibrium exists, they shall invite the International Monetary Fund to consult with them as to possible remedies including the invocation by the Fund of Article VII of its Articles of Agreement and a temporary release of contracting parties from obligations under this Agreement to apply quantitative restrictions in a non-discriminatory manner. If the circumstances warrant it, the CONTRACTING PARTIES may, notwithstanding the provisions of Articles XI to XV and Section B of Article XVIII<sup>1</sup> authorize the application of quantitative restrictions against a particular contracting party for such period, and on such other conditions as the CONTRACTING PARTIES may decide".

B. The text of Article XIV shall read:

#### "ARTICLE XIV

##### "Exceptions to the Rule of Non-Discrimination

"1. A contracting party which applies restrictions under Article XIII or under Section B of Article XVIII may, in the use of such restrictions, deviate from the provisions of Article XIII in a manner having equivalent effect to restrictions on payments and transfers for current international transactions which that contracting party may at that time apply under Article VIII or XIV of the Articles of Agreement of the International Monetary Fund, or under analogous provisions of a special exchange agreement entered into pursuant to paragraph 6 of Article XV.

"2. A contracting party which is applying import restrictions under Article XIII or under Section B of Article XVIII may, with the consent of the CONTRACTING PARTIES, temporarily deviate from the provisions of Article XIII in respect of a small part of its external trade where the benefits to the contracting party or contracting parties concerned substantially outweigh any injury which may result to the trade of other contracting parties.

<sup>1</sup>See paragraph of the Report

"3. The provisions of Article XIII shall not preclude restrictions in accordance with the provisions of Article XII or of Section B of Article XVIII which are applied against imports from other countries, but not as among themselves, by a group of territories having a common quota in the International Monetary Fund, on condition that such restrictions are in all other respects consistent with the provisions of Article XIII.

"4. A contracting party applying import restrictions under Article XII or under Section B of Article XVIII shall not preclude by Articles XI to XV or Section B of Article XVIII of this Agreement from applying measures to direct its exports in such a manner as to increase its earnings of currencies which it can use without deviation from the provisions of Article XIII.

"5. A contracting party shall not be precluded by Articles XI to XV, inclusive, or by Section B of article XVIII, of this Agreement from applying quantitative restrictions:

- "(a) having equivalent effect to exchange restrictions authorized under Section 3(b) of Article VII of the Articles of Agreement of the International Monetary Fund, or
- "(b) under the preferential arrangements provided for in Annex A of this Agreement, pending the outcome of the negotiations referred to therein."

C. The following words shall be inserted in the third sentence of paragraph 2 of Article XV immediately after the words "in paragraph 2(a) of Article XII":

"or in paragraph 7 of Article XVIII"

D. The interpretative notes in Annex I, ad Article XII, paragraph 3(b)(i) shall be deleted, and the following text shall be inserted:

"Paragraph 3(c)(i)

"Contracting parties applying restrictions will endeavour to avoid causing serious prejudice to exports of a commodity on which the economy of a contracting party is largely dependent."

E. The interpretative note in Annex I, ad Article XIV, paragraph 1(g), shall be deleted, and the following text shall be inserted:

"Paragraph 1

"The provisions of this paragraph shall not be so construed as to preclude full consideration by the CONTRACTING PARTIES, in the consultations provided for in paragraph 4 of Article XII and in paragraph 10 of Article XVIII of the nature, effects and reasons for discrimination in the field of import restrictions."

F. Annex J shall be deleted.

G. Notwithstanding the provisions of Article XXX the amended text of paragraph 1 of Article XIV as provided in Section B above, and the deletion of Annex J as provided in Section F above, shall come into force on a date to be decided by the CONTRACTING PARTIES.