

REPORT OF THE TARIFF NEGOTIATIONS WORKING PARTY  
GENERAL AGREEMENT ON TARIFFS AND TRADE

1. In their Joint Report of 29 May, (E/PC/T/81) which was approved by the Preparatory Committee meeting in Executive Session, the Charter Steering Committee and the Tariff Negotiations Working Party recommended that the Tariff Negotiations Working Party should begin as soon as feasible to study the draft text of the General Agreement on Tariffs and Trade, including the functions, etc., of the proposed Interim Trade Committee. It was not intended that the Working Party should make substantive decisions in this connection but rather an explanatory study for the guidance of the Preparatory Committee.
2. In accordance with these instructions, the Working Party, which is composed of the representatives of Canada, France, Netherlands, United Kingdom and United States, under the chairmanship of the Hon. L. D. Wilgress (Canada), started considering the General Agreement on Tariffs and Trade shortly afterwards and has devoted a considerable number of meetings to this work.
3. In addition to consulting Delegations on various occasions, the Working Party has taken account of all suggestions contained in the Report of the Drafting Committee, as well as of views such as those advanced by the Polish Observer in document E/PC/T/77 of 23 May, by the Australian Delegation in document E/PC/T/193 of 13 June and by the Cuban Delegation in document E/PC/T/85 of 3 June.
4. Throughout its work, the Working Party has adhered to the contents of paragraph 4, Section H of Annexure 10 to the Report

of the First Session, to the effect that the Agreement should conform in every way to the principles laid down in the Charter and should not contain any provision which would prevent the operation of any provision of the Charter.

5. Consideration of the text of the General Agreement as contained in the Report of the Drafting Committee, led the Working Party to the conclusion that a certain degree of rearrangement was required.

6. The Working Party felt that it would be best to give the Agreement the usual form of trade agreements. They, therefore, have omitted certain provisions which are not usually found in trade agreements but have reworded the Preamble and the Protocol so as to indicate that over and above the specific commitments of the Agreement, the contracting parties will undertake to facilitate action for the attainment of the objectives set forth in the Preamble and to conform to the principles of the Draft Charter.

7. Annex I to this Report consists of a comparative table showing the differences between the draft established by the Drafting Committee and that which is submitted by the Working Party attached hereto as Annex II. In particular, it will be noted that the agreement has been divided into three parts. The significance of this form of presentation will become apparent on reading the new Article XXXII.

8. The texts of Articles drawn from the Charter appear in Annex II in their latest form. In some cases, the texts of the New York Draft have been used. In others, the texts prepared by sub-committees and Commissions of this Conference have been inserted. As was done in the New York Draft, those parts of the Charter texts reproduced in the Agreement which would appear to be inoperative because of the nature of the Agreement,

have been deleted or amended accordingly. Naturally, the Articles contained in the Agreement will have to be redrafted to conform to the Charter texts as finally agreed by the Preparatory Committee.

9. It is suggested that discussion should be directed to Parts I and III of the proposed text, which contain the provisions peculiar to the Agreement, and that the provisions of Part II insofar as they are identical in scope with the Draft Charter should not be made the subject of discussion on details.

10 The Working Party is giving consideration to the form of the Schedules of tariff concessions, as well as to other matters which concern the Agreement, and proposes to submit a supplementary report on those subjects in the near future.

## SPECIFIC COMMENTS

### Preamble

The Preamble has been redrafted so as to set out the main objectives of the Governments signatories to the Agreement. References to the Draft Charter and to the forthcoming United Nations Conference on Trade and Employment have been transferred to a Protocol. In this manner, the text of the Agreement has been made to conform more closely to the form of usual trade agreements.

### Part I

#### Article II

A new paragraph 4 has been added to cover the second footnote on Page 69 of the Report of the Drafting Committee, regarding the re-classification of tariff items provided for in the Schedules.

### Part II

#### Article V

This Article has been completed by adding the newly-agreed redraft of paragraph 3 of Article 30 of the Charter (export subsidies in connection with stabilization schemes) as paragraph 6 (exemption from countervailing duties).

#### Article VIII

This new Article consists of paragraphs 3, 4, 6 and 7 of Article 20 of the Charter. It was felt that provision should be made in the Agreement in respect of marks of origin.

#### Articles XX and XXI

The Article on consultation, nullification or impairment in the New York Draft of the Charter has been divided into two parts; Article XX dealing with consultation and Article XXI with nullification or impairment.

Part III

Article XXII

Paragraph 1 of this Article has been redrafted to cover more satisfactorily the territorial application of the rights and obligations arising under the Agreement. Paragraph 6 of this Article has been transferred from paragraph 5 of Article XXV of the New York Draft.

Article XXIII

This Article replaces Article XXII of the New York Draft. The Working Party felt that, as it is the desire of all countries participating in this Conference that the International Trade Organization should come into being at the earliest possible date, it would not be desirable to make formal provision for the establishment of an Interim Trade Committee. The Working Party was of the opinion that arrangements for joint action by the contracting parties to the Agreement should be of the most informal nature that the Agreement permits and that there should be no suggestion that anything in the nature of a provisional international trade organization was being established.

The paragraphs dealing with the voting power of each contracting party, the voting majority required for decisions of the Committee and procedures for waiving obligations under the Agreement, have been left blank pending the decisions of the Preparatory Committee on these subjects in connection with its present consideration of Chapter VIII of the Charter.

Article XXIV

Paragraph 3 contains the substance of paragraph 4 of Article XXV of the New York Draft, but now contemplates the appointment of representatives to the Committee by certain territories which are self-governing in matters provided for by the Agreement.

Paragraph 4 contains a formula regarding the entry into force of the Agreement. The New York Draft provided in Paragraph 4 of Article XXV that the Agreement will enter into force on the deposit of instruments of acceptance by a stated number of signatory Governments. However, the Working Party felt that it would be preferable to recommend a percentage of trade which would have to be covered before the Agreement came into force.

The proposed figure of 85% would require acceptance by a substantial majority of the countries of greatest importance in world trade, while reserving a measure of flexibility to cover the case where not all countries accepted the Agreement.

The total trade of the countries involved, given in Annexure G, has been compiled on the basis of 1938 trade (source: League of Nations' "Review of World Trade 1938" and "Network of World Trade") and statistics in respect of the latest twelve months for which statistics are available (source: United Nations' "Monthly Bulletin of Statistics" for April 1947). It has been necessary to make estimates for the latest twelve months in respect of Burma, Ceylon, China, Lebanon-Syria and the Union of South Africa, as well as of a substantial majority of the dependent territories concerned. The possible margin of error, however, is small. It was felt that the figures for 1938 (last normal pre-war year) and for the latest twelve months for which statistics are available (representative of post-war trade) give a fairly exact picture of the

present relative trading importance of the countries concerned.

Article XXV

The Working Party felt that provision should be made for withholding or withdrawing concessions negotiated in favour of governments which signed the General Agreement and then either did not become or ceased to be contracting parties. This new Article is intended to cover a point which was not dealt with in the New York Draft.

Article XXVI

In document E/PC/T/193, the Australian Delegation submitted an amendment regarding the modification of the Schedules of tariff concessions. When this amendment was considered in sub-committee, the Belgian Delegation advanced certain views thereon. The Working Party has taken the views of both Delegations into account in drafting this new Article, which provides flexibility in the treatment granted under the Schedules, after November 1, 1950. This date has been selected because it is proposed in Article XXXII that the Agreement should be put into force provisionally on November 1, 1947 and the Schedules would therefore remain unchanged for an initial period of three years.

Article XXVII

Paragraph 1 represents an addition to the New York Draft of Article XXIII (2) on Amendments and provides for the supersession of Part II of the Agreement by the Charter, thereby taking into account the views expressed by the Polish Observer in document E/PC/T/77.

The new text proposed by the Working Party should be compared with Articles XXI and XXIII of the New York Draft.

Article XXIX

Paragraph 1 deals with the status of prior international obligations, which was raised by the Cuban Delegation in document E/PC/T/85.

Article XXX

This Article has been incorporated to define "contracting parties", because it was felt that it would be useful to define this term, which appears throughout the Agreement.

Article XXXII.

The Working Party has explored the possibility of arranging for the Agreement to be applied provisionally, in anticipation of its definitive entry into force, particularly as consultation with Delegations through the questionnaire contained in document E/PC/T/100 showed that definitive entry into force might not take place until about six months after signature.

It was felt that it would not be practicable unduly to defer application of the tariff concessions. In addition, it is desirable that early proof should be given to the world of the benefits accruing from the present negotiations.

The date 1 November 1947 has been tentatively inserted as that of the provisional application of the Agreement without prejudice to the consideration which governments will have to give to this very important question, but the members of the Working Party believe that in the case of their countries it might be possible for this date to be adopted. The Working Party wishes to observe that this date has been selected because - in view of the probable date of termination of the tariff negotiations - it is the one which allows



Delegations to take whatever steps are necessary to assure provisional application, without entailing undue delay.

The members of the Working Party hope that the other governments participating in the tariff negotiations may also make the Agreement provisionally applicable as from

November 1, 1947.

It will be noted that application of Part II is to take place "to the fullest extent not inconsistent with existing legislation". The position of governments unable to put Part II of the Agreement fully into force on a provisional basis without changes in existing legislation is, therefore, covered. In addition, provision is made for the withdrawal of provisional application on short notice.

#### The Protocol of Signature

It is suggested that the Protocol should be a Protocol of signature and not a part of the General Agreement. Wording has been transferred from the Preamble as drafted in New York to the new Protocol, which contains an undertaking by the signatory governments, pending the entry into force of a Charter for an International Trade Organization, to observe to the fullest extent of their authority, the principles of the draft Charter. Failure of a contracting party to carry out the provisions of the Protocol would be subject to complaint under the nullification or impairment provisions. With a view to providing against possible delays of the entry into force of a Charter it is stipulated that, should a Charter not have entered into force on November 1, 1948, the signatory governments will meet again to consider in what manner the Agreement should be supplemented.

ANNEX I  
TO THE REPORT OF THE TARIFF NEGOTIATIONS WORKING PARTY  
ON THE GENERAL AGREEMENT ON TARIFFS AND TRADE

COMPARATIVE TABLE

<u>Draft Proposed by the Tariff Negotiations Working Party</u>	<u>Equivalent in New York Draft of the Agreement</u>	<u>Equivalent in New York Text of the Charter</u>
<u>PREAMBLE</u>	<u>PREAMBLE</u>	
<u>PART I</u>		
Article I - General most-favoured-nation treatment	Article I - General most-favoured-nation treatment	Article 14
Article II - Schedules of Concessions	Article VIII - Schedules of concessions of part- icular products	Article 32
<u>PART II</u>		
Article III - National Treatment on Internal Taxation and Regulation	Article II - National Treatment on Internal Taxation and Regulation	Article 15
Article IV - Freedom of Transit	Article III - Freedom of Transit	Article 16
Article V - Anti-dumping and Countervailing Duties	Article IV - Anti-dump- ing and Countervailing Duties	Article 17 Par. 3 of Article 30
Article VI - Valuation for Customs Purposes	Article V - Tariff Valuation	Article 18, Par. 2 and 3
Article VII - Formalities Connected with Importa- tion and Exportation	Article VI - Customs Formalities	Article 19, Par. 1, 3, 4, 5
Article VIII - Marks of Origin		Article 20, Par. 3, 4, 6, 7
Article IX - Publication and Administration of Trade Regulations Advance Notice of Restrictive Regulations	Article VII - Publica- tion and Administration of Trade Regulations Advance Notice of Re- strictive Regulations	Article 21
Article X - General Elimination of Quantitative Restrictions	Article IX - General Elimination of Quantitative Restrictions	Article 25
Article XI - Restrictions to Safeguard the Balance of Payments	Article X - Restrictions to Safe- guard the Balance of Payments	Article 26

<u>Draft Proposed by the Tariff Negotiations Working Party</u>	<u>Equivalent in New York Draft of the Agreement</u>	<u>Equivalent in New York Text of the Charter</u>
Article XII - Non-discriminatory Administration of Quantitative Restrictions	Article XI - Non-discriminatory Administration of Quantitative Restrictions	Article 27
Article XIII - Exceptions to the Rule of Non-discrimination	Article XII - Exceptions to the Rules of Non-discrimination	Article 28
Article XIV - Exchange Arrangements	Article XIII - Exchange Arrangements	Article 29
Article XV - Subsidies	Article XIV - General Undertaking Regarding Subsidies	Article 30, Par. 1
Article XVI - Non-discriminatory Treatment on the part of State-Trading Enterprises	Article XV - Non-discriminatory Administration of State-Trading Enterprises	Article 31
	Article XVI - Maintenance of Domestic Employment	
Article XVII - Adjustments in Connection with Economic Development	Article XVII - Government Assistance to Economic Development	Article 13
Article XVIII - Emergency Action on Imports of Particular Products	Article XVIII - Emergency Action on Imports of Particular Products	Article 34
Article XIX - General Exceptions	Article XX - General Exceptions	Article 37
Article XX - Consultation	Article XIX - Consultation -	Article 35, Par.1
Article XXI - Nullification or Impairment	Nullification or Impairment	Article 35, Par.2

### PART III

Article XXII - Territorial Application - Frontier Traffic - Customs Unions	Article XXI - Territorial Application - Frontier Traffic - Customs Unions	Article 38
Article XXIII - Joint Action by the Contracting Parties	Article XXII - Functions and Structure of the Interim Trade Committee	
Article XXIV - Definitive Entry into Force	Article XXV - Entry into Force and Withdrawal	
Article XXV - Withholding or Withdrawal of Benefits		

<u>Draft Proposed by the Tariff Negotiations Working Party</u>	<u>Equivalent in New York Draft of the Agreement</u>	<u>Equivalent in New York Text of the Charter</u>
Article XXVI - Modifica- tion of Schedules		
Article XXVII - Amendments	Article XXIII - Revision, Amendment and Termination	
	Article XXIV - Interpreta- tion and Settlement of Disputes	
Article XXVIII - With- drawal	Article XXV - Entry into Force and Withdrawal	
Article XXIX - Status of prior International Obligations		
Article XXX - Status of Contracting Parties		
Article XXXI - Adherence	Article XXVI - Adherence	
Article XXXII - Provi- sional Application		
PROTOCOL OF SIGNATURE	Article XXVII - The Protocol	
Annex A - Preferential Arrangements Referred to in Sub-paragraph 2(a) of Article I		
Annex B - Preferential Arrangements Among the Territories of the French Union Referred to in Sub- paragraph 2(b) of Article I		
Annex C - Preferential Arrangements Among the Territories of the Belgium-Luxembourg and Netherlands Customs Union Referred to in Sub-paragraph 2(b) of Article I		
Annex D - Preferential Arrangements Among the Territories of the United States of America Re- ferred to in Sub-paragraph 2(b) of Article I		

Draft Proposed by the  
Tariff Negotiations  
Working Party

Equivalent in New York  
Draft of the Agreement

Equivalent in New  
York Text of the  
Charter

Annex E - Preferential  
Arrangements between  
Neighbouring Countries  
Referred to in Sub-  
paragraph 2(d) of  
Article I

Annex F - Dates Estab-  
lishing Maximum Margins  
of Preference Referred  
to in Paragraph 3 of  
Article I

Annex G - Total Trade of  
the Territories of the  
Signatory Governments to  
the General Agreement on  
Tariffs and Trade

ANNEX II  
TO THE  
REPORT OF THE TARIFF NEGOTIATIONS WORKING PARTY  
GENERAL AGREEMENT ON TARIFFS AND TRADE

The Governments of the Commonwealth of Australia, Belgium and Luxemburg, the United States of Brazil, Canada, the Republic of Chile; the Republic of China, the Republic of Cuba, the Czechoslovak Republic, the French Republic, India, Lebanon, the Kingdom of the Netherlands, the Dominion of New Zealand, the Kingdom of Norway, Pakistan, Syria, the Union of South Africa, the United Kingdom of Great Britain and Northern Ireland, and the United States of America;

Recognizing that their relations in the field of trade and economic endeavor should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing the full use of the resources of the world and expanding the production and exchange of goods;

Being desirous of contributing to these objectives by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international commerce;

Have through their respective Representatives agreed as follows:

Part I

Article I

[cf. Article 14 of the Charter and Article I of New York Draft  
of Agreement]

General Most-Favoured-Nation Treatment

1. With respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports, and with respect to the method of levying such duties and charges, and with respect to all rules and formalities in connection with importation and exportation and with respect to all matters referred to in paragraphs 1 and 2 of Article III, any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for all other contracting parties respectively.

2. The provisions of paragraph 1 of this Article shall not be construed to require the elimination of any preferences in respect of import duties or charges which do not exceed the levels provided for in paragraph 3 and which fall within the following descriptions:

(a) Preferences in force exclusively between two or more of the territories listed in Annex A of this Agreement, subject to the conditions set forth therein.

(b) Preferences in force exclusively between two or more territories which on 1 July, 1939, were connected by common sovereignty or relations of protection or suzerainty and which are listed in Annexes B, C and D of this Agreement.

(c) Preferences in force exclusively between the United States of America and the Republic of Cuba.

(d) Preferences in force exclusively between neighbouring countries listed in Annex E of this Agreement.

3. The margin of preference on any product in respect of which a preference is permitted under paragraph 2 of this Article shall not exceed (a) in respect of any product described in a Schedule to this Agreement, the margin by which the scheduled most-favoured-nation rate exceeds the scheduled preferential rate for such product, or if no preferential rate is scheduled, the preferential rate for such product in force on 10 April, 1947, (or, in the case of a contracting party listed in Annex F of this Agreement, in force on the date set forth in such Annex in respect of such contracting party), or (b) in respect of any product not described in such Schedule, the margin existing on 10 April, 1947, (or, in the case of a contracting party listed in Annex F of this Agreement, in force on the date set forth in such Annex in respect of such contracting party).

#### Article II

[cf. Article 32 of the Charter and Article VIII of New York Draft of Agreement]

#### Schedules of Concessions

1. Each contracting party shall accord to the commerce of the other contracting parties treatment no less favourable than that provided for in the appropriate Schedule annexed to this Agreement and hereby made an integral part of Part I thereof.

2. No contracting party shall alter its method of determining dutiable value or of converting currencies so as to impair the value of any of the concessions provided for in the appropriate Schedule annexed to this Agreement.



3. If any contracting party, after the day of signature of this Agreement, establishes or authorizes, formally or in fact, an effective monopoly of the importation of any product for which a maximum rate of duty is provided in the appropriate Schedule annexed to this Agreement, the price for such imported product charged by the monopoly in the home market shall not exceed the landed cost (before payment of any duty) by more than such maximum duty; after due allowance for internal taxes, transportation, distribution and other expenses incident to purchase, sale or further processing and for a reasonable margin of profit. For the purpose of applying this margin regard may be had to average landed costs and selling prices of the monopoly over recent periods. The monopoly shall, as far as administratively practicable, and subject to the other provisions of this Agreement, import from the territories of contracting parties and offer for sale at prices charged within such maximum margin such quantities of the product as will be sufficient to satisfy the full domestic demand for the imported product, account being taken of any rationing to consumers of the imported and like domestic product which may be in force at that time.

4. If any contracting party considers that a product is not receiving from another contracting party the treatment which the first contracting party believes to have been contemplated by a concession provided for under paragraph 1 of this Article, it shall bring the matter directly to the attention of the other contracting party. If the other contracting party agrees that the treatment contemplated was that claimed by the first contracting party, but declares that such treatment cannot be accorded because a court or other proper authority has ruled that the product involved is not legally classifiable under the tariff laws of such contracting party so as to permit the treatment admittedly

contemplated at the time of the signature of this agreement, the two contracting parties, together with any other contracting parties concerned, shall enter promptly into further negotiations with a view to a compensatory adjustment of the matter.

Part II

Article III

National Treatment on Internal Taxation and Regulation

[cf. Article 15 of the Charter and Article II of New York Draft of Agreement]

1. The products of any contracting party imported into the territory of any other contracting party shall be exempt from internal taxes and other internal charges of any kind higher than those applied directly or indirectly to like products of national origin. Moreover, in cases in which there is no substantial domestic production of like products of national origin, no contracting party shall apply new or increased internal taxes on the products of other contracting parties for the purpose of affording protection to the production of directly competitive or substitutable products which are not similarly taxed. Existing internal taxes of the kind referred to in the preceding sentence shall be subject to negotiation for their reduction or elimination.

2. The products of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favorable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution, or use. This paragraph shall not be construed to prevent differential transportation charges which are based exclusively on the economic operation of the means of transport and not on the nationality of the product.

3. In applying the principles of paragraph 2 of this Article to internal quantitative regulations relating to the mixture, processing or use of products in specified amounts or proportions, the contracting parties shall observe the following provisions:

- (a) no regulation shall be made which, formally or in effect, requires that any specified amount or proportion of the product in respect of which such regulations are applied must be supplied from domestic sources.
- (b) no contracting party shall, formally or in effect, restrict the mixing, processing or use of a product of which there is no substantial domestic production with a view to affording protection to the domestic production of a directly competitive or substitutable product.

4. The provisions of paragraph 3 of this Article shall not apply to:

- (a) Any measure of internal quantitative control in force in territory of any contracting party on the day of the signature of this Agreement, Provided that any such measure which is in conflict with the provisions of paragraph 3 of this Article shall not be modified to the detriment of imports and shall be subject to negotiation for its limitation, liberalization or elimination. or (b) Any internal quantitative regulation applied by any contracting party having equivalent effect to any import restriction permitted to that contracting party under sub-paragraph 2(c) of Article X.

5. Internal regulations relating to cinematograph films.

6. The provisions of this Article shall not apply to the procurement by governmental agencies of products purchased for governmental purposes and not for resale or use in the production of goods for sale, nor shall they be construed to prevent the payment to domestic producers only of subsidies provided for under Article XV, including payments to domestic producers derived from the proceeds of internal taxes or other internal charges and subsidies effected through governmental purchases of domestic products.

Article IV

[cf. Article 16 of the Charter and Article III of New York  
Draft of Agreement]

Freedom of transit

1. Goods (including baggage), and also vessels and other means of transport, shall be deemed to be in transit across the territory of a contracting party when the passage across such territory with or without transshipment, warehousing, breaking bulk, or change in the mode of transport, is only a portion of a complete journey, beginning and terminating beyond the frontier of the contracting party across whose territory the traffic passes. Traffic of this nature is termed in this Article "traffic in transit." The provisions of this Article shall not apply to the operation of aircraft in transit, but shall apply to air transit of goods and baggage.

2. There shall be freedom of transit through the territory of contracting parties via the routes most convenient for international transit for traffic in transit to or from the territory of other contracting parties. No distinction shall be made which is based on the flag of vessels, the place of origin, departure, entry, exit or destination, or on any circumstances relating to the ownership of goods, or vessels or other means of transport.

3. Any contracting party may require that traffic in transit through its territory be entered at the proper customs house, but, except in cases of failure to comply with applicable

customs laws and regulations, such traffic coming from or going to the territory of other contracting parties shall not be subject to any unnecessary delays or restrictions and shall be exempt from customs duties and from all transit duties or other charges imposed in respect of transit, except charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered.

4. All charges and regulations imposed by contracting parties on traffic in transit to or from the territory of other contracting parties shall be reasonable, having regard to the conditions of the traffic.

5. With respect to all charges, regulations, and formalities in connection with transit, each contracting party shall accord to traffic in transit to or from the territory of any other contracting party treatment no less favourable than the treatment accorded to traffic in transit to or from any third country.

6. Each contracting party shall accord to products which have been in transit through the territory of any other contracting party treatment no less favourable than that which would have been accorded to such products had they been transported from their place of origin to their destination without going through the territory of such other contracting party. Any contracting party shall, however, be free to maintain its requirements of direct consignment (expédition directe) existing on the day of the signature of this Agreement, in respect of any goods in regard to which such direct consignment is a requisite condition of eligibility for entry of the goods at preferential rates of duty, or has relation to the country's prescribed method of valuation for duty purposes.

Article V

[cf. Article 17 and Para. 3 of Article 30 of the Charter and  
Article IV of New York Draft of Agreement]

Anti-Dumping and Countervailing Duties

1. No anti-dumping duty or charge shall be levied on any product of the territory of any contracting party imported into the territory of any other contracting party in excess of an amount equal to the margin of dumping under which such product is being imported. For the purposes of this Article, the margin of dumping shall be understood to mean the amount by which the price of the product exported from one country to another is less than (a) the comparable price, in the ordinary course of commerce, for the like product when destined for consumption in the exporting country, or, in the absence of such domestic price, is less than either (b) the highest comparable price for the like product for export to any third country in the ordinary course of commerce, or (c) the cost of production of the product in the country of origin plus a reasonable addition for selling cost and profit, with due allowance in each case for differences in conditions and terms of sale, for differences in taxation, and for other differences affecting price comparability.

2. No countervailing duty shall be levied on any product of the territory of any contracting party imported into the territory of another contracting party in excess of an amount equal to the estimated bounty or subsidy determined to have been granted, directly or indirectly, on the manufacture, production or export of such product in the country of origin or exportation, including any special subsidy to the transportation of a particular product. The term "countervailing duty" shall be understood to mean a special duty levied for the purpose of offsetting any bounty or subsidy bestowed, directly or indirectly, upon the manufacture, production or exportation of any merchandise.

3. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to anti-dumping or countervailing duty by reason of the exemption of such product from duties or taxes borne by the like product when consumed in the country of origin or exportation, or by reason of the refund of such duties or taxes.

4. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to both anti-dumping and countervailing duties to compensate for the same situation of dumping or export subsidization.

5. No contracting party shall levy any anti-dumping or countervailing duty or charge on the importation of any product of the territory of another contracting party unless it determines that the effect of the dumping or subsidization, as the case may be, is such as to cause or threaten material injury to an established domestic industry, or is such as to prevent or materially retard the establishment of a domestic industry. The contracting parties acting in their joint capacity as provided for in Article XXIII (hereinafter referred to as the Committee) are authorized to waive the requirements of this paragraph so as to permit a contracting party to levy an anti-dumping duty or countervailing duty on the importation of any product for the purpose of offsetting dumping or subsidization which causes or threatens material injury to an industry in the territory of another contracting party exporting the product concerned to the importing contracting party.

6./ A system for the stabilization of the domestic price or of the return to domestic producers of a primary commodity, independently of the movements of export prices, which results at times in the sale of the product for export at a price lower than

the comparable price charged for the like product to buyers in the domestic market, shall be considered not to result in material injury within the meaning of Paragraph 5 of this Article, if it is determined by consultation among the contracting parties substantially interested in the product concerned

- (a) that the system has also resulted in the sale of the product for export at a price higher than the comparable price charged for the like product to buyers in the domestic market; and
- (b) that the system is so operated either because of the effective regulation of production or otherwise as not to stimulate exports unduly or otherwise seriously prejudice the interests of other contracting parties.

7. No measures other than anti-dumping and countervailing duties or charges shall be applied by any contracting party for the purpose of offsetting dumping or subsidization.

#### Article VI

[cf. Paragraphs 2 and 3 of Article 18 of the Charter and Article V of New York Draft of Agreement]

#### Valuation for Customs Purposes

1. The contracting parties recognize the validity of the general principles of tariff valuation set forth in the following subparagraphs, and they undertake to give effect to such principles, in respect of all products subject to duties, charges or restrictions on importation and exportation based upon or regulated in any manner by value, at the earliest practicable date. Moreover, they shall, upon a request by another contracting party, review the operation of any of their laws or regulations relating to value for duty purposes in the light of these principles.

The Committee is authorized to request from contracting parties reports on steps taken by them in pursuance of the provisions of this paragraph.



(a) (i) The value for duty purposes of imported merchandise should be based on the actual value of the imported merchandise on which duty is assessed or of like merchandise, and should not be based on the value of merchandise of national origin or on arbitrary or fictitious values.

(ii) "Actual value" should be the price at which, at a time and place determined by the legislation of the country of importation and in the ordinary course of trade, such or like merchandise is sold or offered for sale under fully competitive conditions. To the extent to which the price of such or like merchandise is governed by the quantity in a particular transaction, the price to be considered should uniformly be related to either comparable quantities or quantities not less favourable to importers than those in which the greater volume of the merchandise is sold in the trade between the countries of exportation and importation.

(iii) When the actual value is not ascertainable in accordance with (a) (ii), the value for duty purposes should be based on the nearest ascertainable equivalent of such value.

(b) The value for duty purposes of any imported product should not include the amount of any internal tax applicable within the country of origin or export, from which the imported product has been or will be relieved by means of refund or made exempt.

(c) (i) Except as otherwise provided in sub-paragraph (c), where it is necessary for the purposes of sub-paragraph (a) for a contracting party to convert into its own currency a price expressed in the currency of another country, the conversion rate of exchange to be used should be based on the par values of the currencies involved as established pursuant

to the Articles of Agreement of the International Monetary Fund or by special exchange agreements entered into pursuant to Article XIV of this Agreement.

(ii) Where no such par value has been established the conversion rate shall reflect effectively the current value of such currency in commercial transactions.

(iii) The Committee, in agreement with the International Monetary Fund, shall formulate rules governing the conversion by contracting parties of any foreign currency in respect of which multiple rates of exchange are maintained consistently with the Articles of Agreement of the International Monetary Fund. Any contracting party may apply such rules in respect of such currencies for the purposes of paragraph 2(a) of this Article as an alternative to the use of par values. Until such rules are adopted by the Committee, any contracting party may employ in respect of any such foreign currency rules of conversion for the purposes of paragraph 2(a) which are designed to reflect effectively the value of such currency in commercial transactions.

(iv) Nothing in sub-paragraph (c) shall be construed to require any contracting party to alter the method of converting currencies for Customs purposes which is applicable in its territory on the day of the signature of this Agreement in such a manner as to increase generally the amounts of duty payable.

2. The bases and methods for determining the value of products subject to duties or other charges or restrictions based upon or regulated in any manner by value should be stable and should be given sufficient publicity to enable traders to estimate, with a reasonable degree of certainty, the value for customs purposes.

Article VII

[cf. Paragraphs 1, 3, 4 and 5 of Article 19 of the Charter  
and Article VI of New York Draft of Agreement]

Formalities Connected with Importation and Exportation

1. The contracting parties recognize that fees and charges, other than duties, imposed by governmental authorities on or in connection with importation or exportation should be limited in amount to the approximate cost of services rendered and should not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes. They also recognize the need for reducing the number and diversity of such fees and charges, for minimizing the incidence and complexity of import and export formalities, and for decreasing and simplifying import and export documentation requirements.

2. The contracting parties shall give effect to the principles and objectives of paragraph 1 of this Article at the earliest practicable date. Moreover, they shall, upon request by another contracting party, review the operation of any of their laws and regulations in the light of these principles.

3. Contracting parties shall not collect or otherwise enforce substantial penalties for minor breaches of customs regulations or procedural requirements. In particular, no penalty in respect of any omission or mistake in customs documentation which is easily rectifiable and obviously made without fraudulent intent or gross negligence shall be greater than necessary to serve merely as a warning.

4. The provisions of this Article shall extend to fees, charges, formalities and requirements imposed by governmental authorities in connection with importation and exportation, including those relating to:

- (a) Consular transactions, such as consular invoices and certificates;
- (b) Quantitative restrictions;
- (c) Licensing;
- (d) Exchange control;
- (e) Statistical services;
- (f) Documents, documentation and certification;
- (g) Analysis and inspection; and
- (h) Quarantine, sanitation and fumigation.

#### Article VIII

[cf. Paragraphs 3, 4, 6 and 7 of Article 20 of the Charter]

#### Marks of Origin

1. Whenever administratively practicable, contracting parties should permit required marks of origin to be imposed at the time of importation.
2. The laws and regulations of contracting parties relating to the marking of imported products shall be such as to permit compliance without seriously damaging the products, or materially reducing their value, or unreasonably increasing their cost.
3. As a general rule no special duty or penalty should be imposed by any contracting party for failure to comply with marking requirements prior to importation unless corrective marking is unreasonably delayed or deceptive marks have been affixed or the required marking has been intentionally omitted.
4. The contracting parties shall cooperate with each other with a view to preventing the use of trade names in such a manner as to misrepresent the true origin of a product, to the detriment

of the distinctive regional or geographical names of products of a contracting party, which are protected by the legislation of such contracting party. Each contracting party shall accord full and sympathetic consideration to such requests or representations as may be made by any other contracting party regarding the application of the undertaking set forth in the preceding sentence to names of products which have been communicated to it by the other contracting party.

Article IX

[cf. Article 21 of the Charter and Article VII of New York Draft of Agreement]

Publication and Administration of Trade Regulations -  
Advance Notice of Restrictive Regulations

1. Laws, regulations, judicial decisions and administrative rulings of general application made effective by any contracting party, pertaining to the classification or the valuation of products for customs purposes, or to rates of duty, taxes or other charges, or to requirements, restrictions or prohibitions on imports or exports or on the transfer of payments therefor, or affecting their sale, distribution, transportation or insurance, or affecting their warehousing, inspection, exhibition, processing, mixing or other use, shall be published promptly in such a manner as to enable traders and governments to become acquainted with them. Agreements in force between the government or a governmental agency of any contracting party and the government or governmental agency of any other country affecting international trade policy shall also be published. This paragraph shall not require any contracting party to disclose confidential information which would impede law enforcement, or otherwise be contrary to the public interests or would prejudice the legitimate business interests of particular enterprises, public or private.

2. No measure of general application taken by any contracting party effecting an advance in a rate of import duty or other charge under an established and uniform practice or imposing a new or more burdensome requirement, restriction or prohibition on imports, or on the transfer of the payments therefor, shall be enforced before such measure has been legally published.

3. (a) Each contracting party shall administer in a uniform, impartial and reasonable manner all its laws, regulations, decisions and rulings of the kind described in paragraph 1 of this Article. Moreover, contracting parties shall maintain, or institute as soon as practicable, judicial, arbitral or administrative tribunals or procedures for the purpose inter alia, of the prompt review and correction of administrative action relating to customs matters. Such tribunals or procedures shall be independent of the agencies entrusted with administrative enforcement and their decision shall be implemented by and shall govern the practice of such agencies unless an appeal is lodged with a court or tribunal of superior jurisdiction within the time prescribed for appeals to be lodged by importers, provided that the central administration of such agency may take steps to obtain a review of the matter in another proceeding if there is good cause to believe that the decision is inconsistent with established principles of law or the actual facts.

(b) The provisions of sub-paragraph (a) of this paragraph shall not require the elimination or substitution of procedures in force in the territory of a contracting party on the day of the signature of this Agreement which in fact provide for an objective review of administrative action even though such procedures are not fully or formally independent of the agencies entrusted with administrative enforcement. Any contracting party employing such procedures shall, upon request, furnish the Committee with full information thereon in order that the Committee may determine

whether such procedures conform to the requirements of this subparagraph.

Article X

General Elimination of Quantitative Restrictions

[Cf. Article 25 of the Charter and Article IX of New York  
Draft of Agreement]

1. Except as otherwise provided in this Agreement, no prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation or sale for export of any product destined for the territory of any other contracting party.
2. The provisions of paragraph 1 of this Article shall not extend to the following:
  - (a) Prohibitions or restrictions on imports or exports instituted or maintained during the early post-war transitional period which are essential to
    - (i) The equitable distribution among the several consuming countries of products in short supply, whether such products are owned by private interests or by the government of any contracting party;
    - (ii) The maintenance of wartime price control by a contracting party undergoing shortages subsequent to the war;
    - (iii) The orderly liquidation of temporary surpluses of stocks owned or controlled by the government of any contracting party or of industries developed in the territory of any contracting party owing to the exigencies of the war, which it would be uneconomic

to maintain in normal conditions. Provided that prohibitions or restrictions for this purpose may not be instituted by any contracting party after the date on which this Agreement enters into force except after consultation with other interested contracting parties with a view to appropriate international action.

Import and export prohibitions and restrictions instituted or maintained under sub-paragraph (a) shall be removed as soon as the conditions giving rise to them have ceased, and in any event, not later than 1 July 1949, Provided that this period may, with the concurrence of the Committee, be extended in respect of any product for further periods not to exceed six months each.

(b) Export prohibitions or restrictions temporarily applied to relieve critical shortages of foodstuffs or other essential products in the territory of the exporting contracting party.

(c) Import and export prohibitions or restrictions necessary to the application of standards for the classification and grading of commodities in international trade.

(d) Import restrictions on any agricultural or fisheries product, imported in any form, necessary to the enforcement of governmental measures which operate (i) to restrict the quantities of the like domestic product permitted to be marketed or produced, or (ii) to remove a temporary surplus of the like domestic product by making the surplus available to certain groups of domestic consumers free of charge or at prices below the current market level. Any



contracting party imposing restrictions on the importation of any product pursuant to this sub-paragraph shall give public notice of the total quantity or value of the product permitted to be imported during a specified future period and of any change in such quantity or value. Moreover, any restrictions applied under (1) of this sub-paragraph shall not be such as will reduce the total of imports relative to the total of domestic production, as compared with the proportion which might reasonably be expected to rule between the two in the absence of the restrictions. In determining this proportion the contracting party shall pay due regard to the proportion prevailing during a previous representative period and to any special factors which may have affected or may be affecting the trade in the product concerned. The contracting party shall consult with any other contracting parties which are interested in the trade in question and which wish to initiate such consultations.

(e) Import and export prohibitions or restrictions on private trade for the purpose of establishing a new, or maintaining an existing, monopoly of trade for a state-trading enterprise operated under Article XVI.

#### Article XI

##### Restrictions to Safeguard the Balance of Payments

[cf. Article 26 of the Charter and Article X of New York  
Draft of Agreement/

1. Contracting parties may need to use import restrictions as a means of safeguarding their external financial position and as a step toward the restoration of equilibrium in their balance of payments on a sound and lasting basis, particularly in view of their increased demand for imports needed to carry out their domestic employment, reconstruction, development or social policies. Accordingly, notwithstanding the provisions of Article X, any

contracting party may restrict the quantity or value of merchandise permitted to be imported insofar as this is necessary to safeguard its balance of payments and monetary reserves.

2. The use of import restrictions under paragraph 1 of this Article shall be subject to the following requirements:

(a) No contracting party shall institute (or maintain) new restrictions or intensify existing restrictions except to the extent necessary to forestall the imminent threat of, or to stop, a serious decline in the level of its monetary reserves or, in the case of a contracting party with very low monetary reserves, to achieve a reasonable rate of increase in its reserves. Due regard should be paid in each case to any special factors which may be affecting the level of the contracting party's reserves, to any commitments or other circumstances which may be affecting its need for reserves, and to any special credits or other resources which may be available to protect its reserves.

(b) Contracting parties shall eliminate the restrictions when conditions would no longer justify their imposition (or maintenance) under sub-paragraph (a), and shall relax them progressively as such conditions are approached.

(c) Contracting parties shall not apply the restrictions in such a manner as to exclude completely imports of any class of goods.

3. (a) Any contracting party which is not applying restrictions under paragraphs 1 and 2 of this Article, but which is considering the need for their institution, shall, before instituting such restrictions (or, in circumstances in which prior consultation is impracticable, immediately following upon the institution of such restrictions) consult with the Committee as to the nature of its balance-of-payments difficulties, the various corrective measures which may be available, and the possible effects of such measures on the economies of other

contracting parties. The Committee shall invite the International Monetary Fund to participate in the consultations. No contracting party shall be required during such discussions to indicate in advance the choice or timing of any particular measures which it may ultimately determine to adopt.

(b) The Committee may at any time invite any contracting party applying import restrictions under paragraphs 1 and 2 of this Article to consult with it about the form or extent of the restrictions, and shall invite a contracting party substantially intensifying such restrictions to consult accordingly within thirty days. Contracting parties thus invited shall participate in such discussions. In the conduct of such discussions the Committee shall consult the International Monetary Fund and any other appropriate inter-governmental organization, in particular with regard to the alternative methods available to the contracting party in question of meeting its balance-of-payments difficulties. The Committee shall, not later than two years from the day on which this Agreement enters into force, review all restrictions existing on that day and still applied under paragraphs 1 and 2 at the time of the review.

(c) Any contracting party may consult with the Committee with a view to obtaining the prior approval of the Committee for restrictions which the contracting party proposes under paragraphs 1 and 2 of this article to maintain, intensify or institute, or for the maintenance, intensification or institution of restrictions under specified future conditions. The Committee shall invite the International Monetary Fund to participate in the consultations. As a result of such consultations, the Committee may approve in advance the maintenance, intensification or institution of restrictions by the contracting party in question insofar as the general extent, degree and duration of the restrictions

are concerned. To the extent to which such approval has been given the action of the contracting party applying restrictions shall not be open to challenge under sub-paragraph (d), on the ground that such action is inconsistent with the provisions of paragraphs 1 and 2 of this Article.

(d) Any contracting party which considers that any other contracting party is applying import restrictions under paragraphs 1 and 2 in a manner inconsistent with the provisions of those paragraphs or of Articles XII and XIII, or in a manner which unnecessarily damages its commercial interests, may bring the matter for discussion to the Committee. The contracting party applying the restrictions shall then participate in discussions of the reasons for its action. The Committee, if it is satisfied that there is a prima facie case that the complaining party's interests are adversely affected, may, after consultation with the International Monetary Fund on any matter falling within the competence of the Fund, and, if it considers it desirable, after submitting observations to the parties with the aim of achieving a satisfactory settlement of the matter in question, recommend the withdrawal or modification of restrictions which it determines are being applied in a manner inconsistent with the provisions of paragraphs 1 and 2 of this Article or of Articles XII and XIII or in a manner which unnecessarily damages the interests of another contracting party. If the restrictions are not withdrawn or modified in accordance with the recommendation of the Committee within sixty days, such other contracting party or parties shall be released from such obligations incurred under this Agreement towards the contracting party applying the restrictions as the Committee may approve.

(e) The Committee in reaching its determination under sub-paragraph (d) shall not recommend the withdrawal or

general relaxation of restrictions on the ground that the existing or prospective balance-of-payments difficulties of the contracting party in question could be avoided by a change in that contracting party's domestic employment, reconstruction, development or social policies. In carrying out such domestic policies, however, contracting parties shall pay due regard to the need for restoring equilibrium in the balance of payments on a sound and lasting basis.

4. In giving effect to the restrictions on imports under this Article, a contracting party may restrict imports of products according to their relative essentiality in such a way as to give priority to the importation of products required by its domestic employment, reconstruction, development or social policies and programmes. In so doing the contracting party shall avoid all unnecessary damage to the commercial interests of other contracting parties.

5. If there is persistent and widespread application of import restrictions under this Article, indicating the existence of a general disequilibrium which is restricting international trade, the Committee shall seek consultation with the International Monetary Fund. The Committee may then, in collaboration throughout with the Fund, 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 contracting parties whose balances of payments are tending to be exceptionally favourable; or by any appropriate inter-governmental organization, to remove the underlying causes of the disequilibrium. On the invitation of the Committee contracting parties shall participate in such discussions.

6. Contracting parties recognize that during the next few years all of them will be confronted in varying degrees with

problems of economic adjustment resulting from the war.

During this period the Committee shall, when required to take decisions under this Article or under Article XIII, take full account of the difficulties of postwar adjustment.

7. Throughout this Article and Articles XII and XIII the phrase "import restrictions" includes the restriction of imports by state-trading enterprises to an extent greater than that which would be permissible under Article II.

Article XII

Non-discriminatory Administration of Quantitative  
Restrictions

[Cf. Article 27 of the Charter and Article XI  
of New York Draft of Agreement]

1. No prohibition or restriction shall be applied by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation of any product destined for the territory of any other contracting party, unless the importation of the like product of all third countries or the exportation of the like product to all third countries is similarly prohibited or restricted.
2. Contracting parties shall observe the following provisions in applying import restrictions:
  - (a) The administration of the restrictions should be carried out in such a way as to result in a distribution of trade which approaches as closely as possible to the shares which the various contracting parties might be expected to obtain as the result of international competition in the absence of restrictions.
  - (b) Wherever practicable, quotas representing the total amount of permitted imports (whether allocated among supplying countries or not) shall be fixed, and notice given of their amount in accordance with paragraph 3(b) of this Article.
  - (c) In cases in which quotas are not practicable, the restrictions may be applied by means of import licenses or permits without a quota.
  - (d) Import licenses or permits, whether or not issued in connection with quotas, shall not (save for purposes of operating quotas allocated in accordance with sub-paragraph (e)) require or provide that the license or permit be utilized for the importation of the product concerned from a particular country or source.

(e) In cases in which a quota is allocated among supplying countries, the shares of the various supplying contracting parties should in principle be determined in accordance with commercial considerations such as, e.g., price, quality and customary sources of supply. For the purpose of appraising such commercial considerations, the contracting parties applying the restrictions may seek agreement with respect to the allocation of shares in the quota with all other contracting parties having a substantial interest in supplying the product concerned. In cases in which this method is not reasonably practicable, the contracting party concerned shall allot to contracting parties having a substantial interest in supplying the product, shares based upon the proportions supplied from the territories of such contracting parties during a previous representative period, of the total quantity or value of imports of the product, due account being taken of any special factors which may have affected or may be affecting the trade in the product. No conditions or formalities shall be imposed which would prevent any contracting party from utilizing fully the share of any such total quantity or value which has been allotted to it, subject to importation being made within any prescribed period to which the quota may relate.

3. (a) In cases in which import licenses are issued in connection with import restrictions, the contracting party applying the restriction shall provide, upon the request of any contracting party having an interest in the trade in the product concerned, all relevant information as to the administration of the restriction, the import licenses granted over a past recent period and the distribution of such licenses among supplying countries, provided that there shall be no obligation to supply information as to the names of importing or supplying enterprises.



(b) In the case of import restrictions involving the fixing of quotas, the contracting party applying the restrictions shall give public notice of the total quantity or value of the product or products, which will be permitted to be imported during a specified future period and of any change in such quantity or value. Any supplies of the product in question which were en route at the time at which public notice was given shall not be excluded from entry, provided that they may be counted, so far as practicable, against the quantity permitted to be imported in the period in question, and also, where necessary, against the quantities permitted to be imported in the next following period or periods, and provided further that if any contracting party customarily exempts from such restrictions products entered for consumption or withdrawn from warehouse for consumption during a period of thirty days after the day of such public notice, such practice shall be considered full compliance with this sub-paragraph.

(c) In the case of quotas allocated among supplying countries, the contracting party applying the restriction shall promptly inform all other parties having an interest in supplying the product concerned of the shares in the quota, by quantity or value, currently allocated to the various supplying countries and shall give public notice thereof.

4. With regard to restrictions applied in accordance with sub-paragraph 2(e) of this Article or under sub-paragraph 2(e) of Article X, the selection of a representative period for any product and the appraisal of any special factors affecting the trade in the product shall be made initially by the contracting party applying the restriction, provided that such contracting party shall, upon the request of any other contracting party having a substantial interest in supplying that product or

upon the request of the Committee consult promptly with the other contracting party or with the Committee regarding the need for an adjustment of the base period selected or for the re-appraisal of the special factors involved.

5. The provisions of this Article shall apply to any tariff quota established or maintained by any contracting party and insofar as is applicable the principles of this Article shall also extend to export restrictions and to any internal regulations or requirements under paragraphs 3 and 4 of Article III.

#### Article XIII

##### Exceptions to the Rule of Non-discrimination

[cf. Article 28 of the Charter and Article XII  
of New York Draft of Agreement]

1. The provisions of Articles X, XI and XII shall not preclude
  - (a) Restrictions with equivalent effect to exchange restrictions authorized under Section 3(b) of Article VII of the Articles of Agreement of the International Monetary Fund;
  - (b) Prohibitions or restrictions in accordance with subparagraph 2(a)(i) or 2(d) of Article X;
  - (c) Conditions attaching to exports which are necessary to ensure that an exporting country receives for its exports its own currency or the currency of any member of the International Monetary Fund specified by the exporting country;
  - (d) Restrictions in accordance with Article XI which either
    - (i) are applied against imports from other countries but not as between themselves by a group of territories having a

common quota in the International Monetary Fund, provided that such restrictions are in all other respects consistent with Article XII, or

(ii) Assist in the period until 31 December 1951, by measures not involving substantial departure from the provisions of Article XII a country whose economy has been disrupted by war;

(e) Restrictions in accordance with Article XI which both

(i) provide a contracting party with additional imports above the maximum total of imports which it could afford in the light of the requirements of paragraph 2 of Article XI if its restrictions were consistent with Article XII and

(ii) have an effect equivalent to exchange restrictions, which are permitted to that contracting party under the Articles of Agreement of the International Monetary Fund or under the terms of any special exchange agreement, which may have been made between the contracting party and the Committee under Article XIV, provided that a contracting party, which is not applying restrictions on payments and transfers for current international transactions, may apply import restrictions under (i) of this subparagraph in special circumstances and only with the prior approval of the Committee in agreement with the International Monetary Fund.

2. If the Committee finds, after consultation with the International Monetary Fund on matters within the competence of the Fund, that import restrictions or exchange restrictions on payments and transfers in connection with imports are being

applied by a contracting party in a discriminatory manner inconsistent with the exceptions provided under this Article or in a manner which discriminates unnecessarily against the trade of another contracting party, the contracting party shall within sixty days remove the discriminations or modify it as specified by the Committee, provided that a contracting party may, if it so desires, consult with the Committee to obtain its prior approval for such discrimination, under the procedure set forth in paragraph 3(c) of Article XI and to the extent that such approval is given, the discrimination shall not be open to challenge under this paragraph.

3. When three-quarters of the contracting parties have accepted the obligations of Sections 2, 3 and 4 of Article VIII of the Articles of Agreement of the International Monetary Fund, but in any event before December 31 1951, the Committee shall review the operation of this Article, in consultation with the International Monetary Fund, with a view to the earliest possible elimination of any discrimination, under sub-paragraphs 1(e) (i) and (ii) of this Article, which restricts the expansion of world trade.

#### Article XIV

##### Exchange Arrangements

/cf. Article 29 of the Charter and Article XIII  
of New York Draft of Agreement/

1. The Committee shall seek co-operation with the International Monetary Fund to the end that the Committee and the

Fund may pursue a co-ordinated policy with regard to exchange questions within the competence of the Fund and questions of quantitative restrictions or other trade measures within the competence of the Committee.

2. Contracting parties shall not seek by exchange action to frustrate the provisions of this Agreement and shall not seek by trade action to frustrate the purposes of the International Monetary Fund.

3. In order to avoid the imposition of trade restrictions and discriminations through exchange techniques and in order to avoid the danger of conflicting jurisdiction between the Committee and the International Monetary Fund in exchange matters, the contracting parties shall also undertake membership of the International Monetary Fund, provided that any government which is not a member of the International Monetary Fund may accept this Agreement if, upon acceptance, it undertakes to enter as soon as possible into a special exchange agreement with the Committee which would become part of its obligations under this Agreement, and provided further that a contracting party which ceases to be a member of the International Monetary Fund shall forthwith enter into a special exchange agreement with the Committee, which shall then become part of its obligations under this Agreement.

4. A special exchange agreement between a contracting party and the Committee under paragraph 3 of this Article must provide

to the satisfaction of the Committee, collaborating throughout with the International Monetary Fund, that the purposes common to the Committee and the Fund will not be frustrated as a result of action in exchange matters by the contracting party in question.

5. A contracting party which has made such an agreement undertakes to furnish the Committee with the information which it may require, within the general scope of Section 5 of Article VIII of the Articles of Agreement of the International Monetary Fund, in order to carry out its functions relating to such agreement.

6. The Committee shall seek and accept the opinion of the International Monetary Fund as to whether action by the contracting party in exchange matters is permissible under the terms of the special exchange agreement and shall act in collaboration with the International Monetary Fund on all questions which may arise in the working of a special exchange agreement under this Article.

#### Article XV

##### Subsidies

[Cf. Paragraph 1 of Article 30 of the Charter and Article XIV of New York Draft of Agreement]

If any contracting party grants or maintains any subsidy, including any form of income or price support, which operates directly or indirectly to increase exports of any product from, or to reduce imports of any product into, its territory, the contracting party shall notify all other contracting parties in writing as to the extent and nature of the subsidization, as to the estimated effect of the subsidization on the quantity of the affected product or products imported into or exported from the territory of the contracting party and as to the conditions making the subsidization necessary. In any case in which it is determined that serious prejudice to the interest of any other contracting party is caused or threatened by any such subsidization, the contracting party granting the subsidization shall, upon

request, discuss with the other contracting party or parties concerned, or with the contracting parties acting as a whole, the possibility of limiting the subsidization.

ARTICLE XVI

Non-discriminatory Treatment on the part of  
State-Trading Enterprises

[cf. Article 31 of the Charter and Article XV of  
New York Draft of Agreement]

- 1(a) Each contracting party undertakes that if it establishes or maintains a State enterprise, wherever located, or grants to any enterprise, formally or in effect, exclusive or special privileges, such enterprise shall, in its purchases or sales, involving either imports or exports, act in a manner consistent with the general principles of non-discriminatory treatment applied in this Agreement to governmental measures affecting imports or exports by private traders.
- 1(b) The provisions of sub-paragraph (a) of this paragraph shall be understood to require that such enterprises shall make any such purchases or sales solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchase or sale, and shall afford the

enterprises of other contracting parties adequate opportunity, in accordance with customary business practice, to compete for participation in such purchases or sales, having due regard to the other provisions of this Agreement.

1(c) Subject to the provisions of this Agreement contracting parties shall not prevent any enterprise (whether or not an enterprise described in sub-paragraph (a) ) within their respective jurisdictions from acting in accordance with the principles of sub-paragraphs (a) and (b) of this paragraph.

2. The provisions of paragraph 1 of this Article shall not apply to imports of products for immediate or ultimate consumption in governmental use and not otherwise for resale or for use in the production of goods for sale. With respect to such imports, contracting parties shall accord to the commerce of other contracting parties fair and equitable treatment.

#### ARTICLE XVII.

##### Adjustments in Connection with Economic Development

(cf. Article 13 of the Charter and Article XVII of New York Draft Agreement.)

1. The contracting parties recognize that special governmental assistance may be required to promote the establishment,



development or reconstruction of particular industries and that in appropriate circumstances the grant of such assistance in the form of protective measures is justified. At the same time they recognize that an unwise use of such measures would impose undue burdens on their own economies, unwarranted restrictions on international trade and might increase unnecessarily the difficulties of adjustment for the economies of other countries.

2.(a) If a contracting party in the interest of its programme of economic development considers it desirable to adopt any measure which would conflict with any provision of this Agreement or with any obligation which the contracting party has assumed through negotiations with any other contracting party or parties pursuant to this Agreement, such contracting party shall so notify the Committee and shall transmit to the Committee a written statement of the considerations in support of the adoption of the proposed measure.

(b) The Committee shall promptly transmit the representations made therein to all other contracting parties.

(c) Any contracting party which considers that its trade would be substantially affected by the proposed measure shall transmit its views to the Committee within such period as may be prescribed by the Committee.

(d) The Committee shall then promptly examine the proposed measure and shall at the earliest opportunity advise the applicant contracting party as to the date by which it will notify the contracting party whether or not it concurs in the

proposed measure or any modification thereof and in the case of paragraph 4 will release the applicant contracting party from its obligation.

(e) In its examination the Committee shall have regard to the provisions of this Agreement, the considerations presented by the applicant contracting party, the views presented by contracting parties who may be substantially affected, the state of economic development or reconstruction of the applicant contracting party, and such criteria as to productivity and other factors as it may establish.

3.(a) If as a result of its examination pursuant to paragraph 2(d) the Committee does concur in principle in any proposed measure or modification thereof which would be inconsistent with any obligation that the applicant contracting party has assumed through negotiations with any other contracting party or parties pursuant to this Agreement, or which would tend to nullify or impair the benefit to such other contracting party or parties of any such obligation, the Committee shall sponsor and assist in negotiations between the applicant contracting party and the other contracting party or parties which would be substantially affected with a view to obtaining substantial agreement. The Committee shall establish and notify to the contracting parties concerned a time schedule for such negotiations.

(b) Contracting parties undertake that they will commence the negotiations provided for in sub-paragraph (a) of this paragraph within such period as the Committee may prescribe and that they will thereafter, unless the Committee otherwise

approves, proceed continuously with such negotiations with a view to reaching substantial agreement in accordance with the time schedule laid down by the Committee.

(c) Upon substantial agreement being reached the Committee may release the applicant contracting party from the obligation referred to in sub-paragraph (a) of this paragraph or from any other relevant obligation under this Agreement subject to such limitations as may have been agreed upon in the negotiations between the contracting parties concerned.

4. If, as a result of its examination pursuant to sub-paragraph 2(1) of this Article the Committee concurs in any proposed measure of modification thereof, other than those provided for in sub-paragraph 3(a) of this Article, which would be inconsistent with any other provision of this agreement, the Committee may release the applicant contracting party from any obligation under such provision subject to such limitations as the Committee may impose.

#### ARTICLE XVIII

##### Emergency Action on Imports of Particular Products

[cf. Article 34 of the Charter and Article XVIII of New York Draft of Agreement]

1. If, as a result of unforeseen developments and of the effect of any obligations incurred under or pursuant to this Agreement, any product is being imported into the territory of any contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or directly competitive products, or, in the case of a product which is the subject of a concession with respect to a preference, is being imported under such conditions as to cause or threaten serious injury to producers

in a territory which receives or received such preference, at the request of such contracting party's government, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.

2. Before any contracting party shall take action pursuant to the provisions of paragraph 1 of this Article, it shall give notice in writing to the Committee as far in advance as may be practicable and shall afford the Committee and those contracting parties having a substantial interest as exporters of the product concerned, an opportunity to consult with it in respect of the proposed action. When such notice is given in relation to a concession with respect to a preference the notice shall state the contracting party which has requested the action. In critical circumstances, such that the delay would cause damage which it would be difficult to repair, such action may be taken provisionally without prior consultation, Provided that consultation shall be effected immediately thereafter.

3. If agreement among the interested contracting parties with respect to the action is not reached, the contracting party which proposed to take or continue the action, shall, nevertheless, be free to do so, and if such action is taken or continued, the affected contracting parties shall then be free, not later than ninety days after such action is taken, to suspend, upon the expiration of thirty days from the day on which written notice of such suspension is received by the Committee, the application to the trade of the contracting party taking such action, or, in the case of a contracting party at whose request action has been taken by another contracting party in connection with a preference, the

trade of the contracting party making that request, of such substantially equivalent obligations or concessions under this Agreement the suspension of which the Committee does not disapprove. In the event of action being taken provisionally without prior consultation in accordance with the provisions of paragraph 2, a contracting party whose domestic producers of products affected by the action are caused or threatened with serious injury such that delay would cause damage which it would be difficult to repair shall be free to suspend, throughout the duration of the consultation, such obligations or concessions as may be necessary to prevent or remedy the injury.

#### Article XIX

##### General Exceptions

[Cf. Article 37 of the Charter and Article XX of  
New York Draft of Agreement]

1. Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures:
  - (a) Necessary to protect public morals;
  - (b) Necessary to protect human, animal or plant life or health;
  - (c) Relating to the importation or exportation of gold or silver;
  - (d) Necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement, such as those relating to customs enforcement, deceptive practices and the protection of patents, trade marks and copyrights;

- (c) Relating to the products of prison labour;
- (f) Imposed for the protection of national treasures of artistic, historic or archaeological value;
- (e) Relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption;
- (h) Undertaken in pursuance of obligations under inter-governmental commodity agreements conforming to the principles approved by the Economic and Social Council of the United Nations in its Resolution of March 28, 1947, establishing an Interim Co-ordinating Committee for International Commodity Arrangements.

2. Further, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures:

- (a) Relating to fissionable materials;
- (b) Relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on for the purpose of supplying a military establishment;
- (c) In time of war or other emergency in international relations, relating to the protection of the essential security interests of a contracting party;
- (d) Undertaken in pursuance of obligations under the United Nations Charter for the maintenance or restoration of international peace and security.

Article XXConsultation

[cf. Paragraph 1 of Article 35 of the Charter and  
Paragraph 1 of Article XIX of New York Draft of  
Agreement]

Each contracting party shall accord sympathetic consideration to, and shall afford adequate opportunity for consultation regarding, such representations as may be made by any other contracting party with respect to the operation of customs regulations and formalities, anti-dumping and countervailing duties, quantitative and exchange regulations, subsidies, state-trading operations, sanitary laws and regulations for the protection of human, animal or plant life or health, and generally all matters affecting the operation of this Agreement.

Article XXINullification or Impairment

[cf. Paragraph 2 of Article 35 of the Charter and  
Paragraph 2 of Article XIX of New York Draft of  
Agreement]

If any contracting party should consider that any benefit accruing to it directly or indirectly under this Agreement or its accompanying Protocol is being nullified or impaired or any objective of the Agreement is being impeded as the result of (i) the failure of another contracting party to carry out its obligations under the Protocol accompanying this Agreement, or (ii) the application by another contracting party of any measure, whether or not it conflicts with the provisions of this Agreement; or (iii) the existence of any other situation, the contracting party may, with a view to the satisfactory adjustment of the matter, make written representations or proposals to the other contracting party or parties which it considers to be concerned. Any contracting party thus approached shall give sympathetic consideration to the representations or proposals made to it. If no satisfactory adjustment is effected between the contracting parties

concerned within a reasonable time, or if the difficulty is of the type described in (iii) above, the matter may be referred to the Committee. The Committee shall promptly investigate any matter so referred to it and make appropriate recommendations to the contracting parties concerned. The Committee may consult with contracting parties, with the Economic and Social Council of the United Nations and with any appropriate inter-governmental organizations in cases where it considers such consultation necessary. If the Committee considers that the circumstances are serious enough to justify such action, it may authorize a contracting party or parties to suspend the application to such other contracting party or parties of such obligations or concessions under this Agreement as the Committee determines to be appropriate in the circumstances. If the application to any contracting party of any obligation or concession is in fact suspended, that contracting party shall then be free, not later than sixty days after such action is taken, to advise the Committee in writing of its intention to withdraw from this Agreement and such withdrawal shall take effect upon the expiration of sixty days from the day on which written notice of such withdrawal is received by the Committee.

Part III

Article XXII

Territorial Application - Frontier  
Traffic - Customs Unions

[cf. Article 38 of the Charter and Articles XXI and XXV  
(Paragraphs 4 and 5) of New York Draft of Agreement.]

1. The rights and obligations arising under this Agreement shall be deemed to be in force between each and every territory, which is a separate customs territory and in respect of which this Agreement has been accepted under Article XXIV or is being provisionally applied under Article XXXII.



2. The provisions of this Agreement shall not be construed to prevent:

- (a) Advantages accorded by any contracting party to adjacent countries in order to facilitate frontier traffic; or
- (b) The formation of a customs union or the adoption of an interim agreement necessary for the attainment of a customs union, Provided that the duties and other regulations of commerce imposed by or any margins of preference maintained by any such union or agreement in respect of trade with contracting parties shall not on the whole be higher or more stringent than the average level of the duties and regulations of commerce or margins of preference applicable in the constituent territories prior to the formation of such union or adoption of such agreement, and Provided that any such interim agreement shall include a definite plan and schedule for the attainment of such a customs union within a reasonable length of time.

3 (a) Any contracting party proposing to enter into a customs union shall consult with the Committee and shall make available to the Committee such information regarding the proposed union as will enable it to make such reports and recommendations to contracting parties as it may deem appropriate.

(b) No contracting party shall initiate or maintain any interim agreement under the provisions of sub-paragraph 2(b) if, after a study of the plan and schedule proposed in such agreement, the Committee finds that such agreement is not likely to result in such a customs union within a reasonable length of time, nor shall the plan or schedule be substantially altered without consultation with the Committee.

4. The contracting parties recognize that there may in exceptional circumstances be justifications for new preferential arrangements requiring an exception to the provisions of this Agreement. Any such exception shall conform to the criteria and procedures which may be established under paragraph 6 of Article XXIII.

5. For the purpose of this Article a customs territory shall be understood to mean any territory within which separate tariffs or other regulations of commerce are maintained with respect to a substantial part of the trade of such territory. A "customs union" shall be understood to mean the substitution of a single customs territory for two or more customs territories, so that all tariffs and other restrictive regulations of commerce as between the territories of members of the union are substantially eliminated and substantially the same tariffs and other regulations of commerce are applied by each of the members of the union to the trade of territories not included in the union.

6. Each contracting party shall take such reasonable measures as may be available to it to assure observance of the provisions of this Agreement by subsidiary governments and authorities within its territory.

#### Article XXIII

##### Joint Action by the Contracting Parties

1. The contracting parties shall appoint representatives who will meet from time to time as a Committee for the purpose of giving effect to those provisions of this Agreement which involve joint action, and generally with a view to facilitating the operation and furthering the purposes of this Agreement.

2. The Secretary-General of the United Nations is hereby requested to convene the first meeting of the Committee, which shall take place not later than February 1, 1948.
3. Each contracting party shall be entitled to have one representative at all meetings of the Committee.
4. Provision relating to voting power of each contracting party.
5. Provision relating to voting majority required for decisions of the Committee.
6. Procedure for waiving obligations under the Agreement.
7. As soon as the International Trade Organization has been established and is capable of exercising its functions, the contracting parties, by amendment pursuant to Article XXVII may discontinue the meetings provided for in this Article and may transfer to the Organization the function of giving effect to those provisions of this Agreement which involve joint action by the contracting parties.
8. The Committee shall evolve such procedures as it deems appropriate for the settlement of any dispute arising out of the interpretation or operation of this Agreement.

#### Article XXIV

##### Definitive Entry into Force

1. The original of this Agreement shall be deposited with the Secretary-General of the United Nations, who will furnish certified copies thereof to all interested governments.
2. Each government accepting this Agreement shall deposit an instrument of acceptance with the Secretary-General of the United Nations, who will inform all interested governments of the date of deposit of each instrument of acceptance and of the date on which this Agreement enters into force under paragraph 4.

3. (a) Each government accepting this Agreement does so in respect of both its metropolitan customs territory and each separate customs territory for which it has international responsibility and which is not self-governing in matters provided for by this Agreement.

(b) A government may at any time accept this Agreement on behalf of any separate customs territory for which it has international responsibility and which is self-governing in matters provided for by this Agreement and which is willing to undertake the obligations of this Agreement. The government of such separate customs territory shall thereupon be entitled to appoint a representative to the Committee.

4. This Agreement shall enter definitively into force on the thirtieth day following the day on which instruments of acceptance shall have been deposited with the Secretary-General of the United Nations on behalf of signatory governments the territories of which account for 85% of the total trade of the territories of the signatory governments as set forth in Annex G.

#### Article XXV

##### Withholding or Withdrawal of Benefits

Any contracting party shall at any time be free to withhold or to withdraw, in whole or in part, any concession provided for under paragraph 1 of Article II which such contracting party determines was initially negotiated with a government which has not become or has ceased to be a contracting party, provided that the contracting party taking such action shall, upon request, consult with the other contracting parties which the Committee determines to have a substantial interest in the product concerned.

Article XXVI

Modification of Schedules

On or after November 1, 1950, any contracting party may, by agreement with any other contracting party with which such treatment was negotiated, and subject to consultation with the other contracting parties which the Committee determines have a substantial interest in the trade in the product concerned, modify the treatment which it has agreed to accord to any product described in the appropriate Schedule annexed to this Agreement.

Article XXVII

Amendments

1. If, on or after the day of the signature of the Charter of the International Trade Organization, two-thirds of the contracting parties so agree, Part II of this Agreement, in whole or in part, shall be suspended on a specified day and shall, on and after such day, be superseded by the provisions of the Charter for such time as the Charter remains in force, provided that all of the contracting parties to this Agreement shall on that date have become Members of the International Trade Organization.
2. Amendments to Part I of this Agreement or to the provisions of this Article shall become effective upon acceptance by all of the contracting parties. Other amendments to this Agreement shall become effective in respect of those contracting parties which accept them upon acceptance by two-thirds of the contracting parties.
3. The acceptance of an amendment to this Agreement by any contracting party shall be communicated to the Secretary-General of the United Nations within such period as the

Committee may specify. The Committee may decide that any contracting party which fails to accept an amendment which has become effective other than an amendment to Part I of this Agreement, or to the provisions of this Article, shall cease to be a party to this Agreement for such period as the Committee may specify.

4. Action under Paragraph 4 of Article II or under Articles XXV or XXVI, shall not be considered as an amendment within the meaning of this Article.

#### Article XXVIII

##### Withdrawal

On or after November 1, 1950, any contracting party may withdraw from this Agreement, or may separately withdraw on behalf of one of its territories for which it has international responsibility and which is at the time self-governing in respect of matters provided for in this Agreement. The withdrawal shall take effect upon the expiration of not less than six months from the day on which written notice of withdrawal is received by the Secretary-General of the United Nations.

#### Article XXIX

##### Status of Prior International Obligations

1. This Agreement shall supersede any prior international obligations between contracting parties inconsistent therewith.
2. The contracting parties shall take all necessary steps to terminate any prior international obligations with any non-contracting party which are inconsistent with this Agreement.

#### Article XXX

##### Status of Contracting Parties

1. The contracting parties to this Agreement shall be understood to mean those governments which are applying the

provisions of this Agreement pursuant to Articles XXIV or XXXII.

2. At any time after the definitive entry into force of this Agreement those contracting parties which have accepted this Agreement pursuant to Article XXIV may decide that any contracting party which has not so accepted this Agreement shall cease to be a contracting party.

#### Article XXXI

##### Adherence

Governments not parties to this Agreement may adhere to it on terms to be agreed between such governments and the contracting parties.

#### Article XXXII

##### Provisional Application

1. The Governments of \_\_\_\_\_, Belgium (in respect of the metropolitan territory) and Luxemburg, \_\_\_\_\_, Canada, \_\_\_\_\_, the French Republic (in respect of the metropolitan territory), \_\_\_\_\_ the Netherlands (in respect of the metropolitan territory), \_\_\_\_\_ the United Kingdom of Great Britain and Northern Ireland (in respect of the metropolitan territory) and the United States of America, shall on and after November 1, 1947 apply provisionally,

- (a) Parts I and III of this Agreement, and
- (b) Part II of this Agreement to the fullest extent not inconsistent with existing legislation. The other signatory governments, and the above-named governments in respect of any territories other than their metropolitan territories, shall take like action as soon as possible after November 1, 1947.

2. Pending the definitive entry into force of this Agreement any contracting party shall be free to withdraw its provisional application of this Agreement, in whole or in part, on sixty days' written notice to the Secretary-General of the United Nations.

IN WITNESS WHEREOF the respective Representatives, after having exchanged their full powers, found to be in good and due form, have signed this agreement and have affixed their seals hereto.

DONE in duplicate, in the English and French languages, both authentic, at Geneva, this \_\_\_\_\_ day of \_\_\_\_\_, 1947.

FOR THE, etc. \_\_\_\_\_

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#### PROTOCOL OF SIGNATURE

The Governments of the Commonwealth of Australia, Belgium and Luxemburg, the United States of Brazil, Canada, the Republic of Chile, China, the Republic of Cuba, the Czechoslovak Republic, the French Republic, India, Lebanon, the Kingdom of the Netherlands, the Dominion of New Zealand, Norway, Pakistan, Syria, the Union of South Africa, the United Kingdom of Great Britain and Northern Ireland and the United States of America.

HAVING this day, through their duly authorized Representatives, signed the General Agreement on Tariffs and Trade agree that the objectives laid down in the Preamble to the Agreement can best be attained if the proposed United Nations Conference on Trade and Employment adopts a Charter for an International Trade Organization, thereby leading to the creation of such an Organization.

HAVING, in their capacity as Members of the Preparatory Committee for the Conference, recommended the text of a draft Charter to the Conference through the Economic and Social



Council of the United Nations.

UNDERTAKE, pending the entry into force of a Charter, to observe to the fullest extent of their authority the principles of the Draft Charter, and, should the Charter not have entered into force on November 1, 1948, to meet again to consider in what manner the General Agreement should be supplemented.

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ANNEX A

PREFERENTIAL ARRANGEMENTS REFERRED TO IN SUB-PARAGRAPH 2(a) OF  
ARTICLE I

Preferences in force exclusively between the following territories:

The United Kingdom of Great Britain and Northern Ireland.

Dependent territories of the United Kingdom of  
Great Britain and Northern Ireland.

Canada.

The Commonwealth of Australia.

Dependent territories of the Commonwealth of Australia.

New Zealand.

Dependent territories of New Zealand.

The Union of South Africa including South West Africa.

Ireland.

India\*.

Burma.

Ceylon.

Southern Rhodesia.

Certain of the territories listed above have two or more preferential rates in force for certain products. Any such territory may, by agreement with the other contracting parties which are principal suppliers of such products, substitute for such preferential rates a single preferential rate which shall not on the whole be less favourable to suppliers at the most-favoured-nation rate than the preferences in force prior to such substitution.

The imposition of a margin of tariff preference to replace a margin of preference in an internal tax existing on 10 April, 1947, shall not be deemed to constitute an increase in a margin of tariff preference.

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\* As on 10 April, 1947.

ANNEX B

PREFERENTIAL ARRANGEMENTS AMONG THE TERRITORIES OF THE FRENCH  
UNION REFERRED TO IN SUB-PARAGRAPH 2(b) OF ARTICLE I

Preferences in force exclusively between the following  
territories:

France

French Equatorial Africa - Treaty Basin of the Congo<sup>(1)</sup>  
and other Territories of French  
Equatorial Africa

French West Africa

Cameroons under French mandate<sup>(1)</sup>

French Somali Coast and Dependencies

French Establishments in Oceania

French Establishments in the Condominium of the New Hebrides<sup>(1)</sup>

Guadeloupe and Dependencies

French Guiana

Indo-China

Madagascar and Dependencies

Morocco (French Zone)<sup>(1)</sup>

Martinique

New Caledonia and Dependencies

Reunion

Saint-Pierre and Miquelon<sup>(1)</sup>

Togo under French mandate

Tunisia

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(1) For imports into Metropolitan France.

ANNEX C

PREFERENTIAL ARRANGEMENTS AMONG THE TERRITORIES OF THE BELGIUM-  
LUXEMBURG AND NETHERLANDS CUSTOMS UNION REFERRED TO IN SUB-

PARAGRAPH 2(b) OF ARTICLE I.

Preferences in force exclusively between the following  
territories:

The Economic Union of Belgium and Luxemburg

Belgian Congo

Ruanda Urundi

The Netherlands

Netherlands Indies

Surinam

Curaçao

ANNEX D

PREFERENTIAL ARRANGEMENTS AMONG THE TERRITORIES OF THE UNITED  
STATES OF AMERICA REFERRED TO IN SUB-PARAGRAPH 2(b) OF ARTICLE I

Preferences in force exclusively between the following  
territories:

United States of America (customs territory),  
Dependent territories of the United States of America,  
Republic of the Philippines.

The imposition of a margin of tariff preference to replace a  
margin of preference in an internal tax existing on 10 April, 1947,  
shall not be deemed to constitute an increase in a margin of tariff  
preference.

ANNEX E

Preferential arrangements between neighbouring countries  
referred to in sub-paragraph 2(d) of Article I.

Syro-Lebanese Customs Union and Palestine.  
" " " " Transjordan.

Chile and Peru.

ANNEX F

Dates establishing maximum margins of preference referred to  
in paragraph 3 of Article I.

[ Australia	15 October, 1946	]
Canada	1 July, 1939	
France	1 January, 1939	
[ Syro-Lebanese Customs Union	30 November, 1939	]
[ Union of South Africa	1 July, 1938	]
Southern Rhodesia	1 May, 1941	

ANNEX G

Total Trade of the Territories of the Signatory Governments to the General Agreement on Tariffs and Trade for the Purpose of making the Determination referred to in Article XXIV.

(based on average of year 1938 and latest twelve months for which figures are available.)

<u>Country</u>	<u>Percentage</u>
Australia	3.2%
Belgium-Netherlands	
Luxemburg Economic Union	11.0
Brazil	2.8
Burma	0.7
Canada	7.2
Ceylon	0.6
Chile	0.6
China	2.7
Cuba	0.9
Czechoslovakia	1.4
France	9.5
India           )	3.3
Pakistan       )	
New Zealand	1.2
Norway	1.5
Southern Rhodesia	0.3
Syro-Lebanese Customs Union	0.1
Union of South Africa	1.7
United Kingdom of Great Britain and	
Northern Ireland	25.9
United States of America	<u>25.4</u>
	100 %

Note: These percentages have been determined taking into account the trade of all territories for which countries mentioned above have international responsibility and which are not self-governing in matters dealt with in the General Agreement on Tariffs and Trade.