A request for a waiver from the obligations under Article II of the General Agreement has been received from the Government of Pakistan in a communication dated 26 September 1977 (L/4567). The following draft is circulated in order to facilitate the consideration by the Council of Pakistan's request.

Considering that the Government of Pakistan has notified the CONTRACTING PARTIES that it has found it necessary to revise Pakistan's Customs Tariff, under the Finance Act 1977, in view of the difficult financial position and the need to keep the budgetary deficit at as low a level as possible as well as to contain inflationary pressures in the economy and to mobilize additional domestic resources to meet essential development requirements;

Considering that the revision of Pakistan's Customs Tariff has involved deviations from some of the rates of duty bound in Schedule XV to the General Agreement;

Noting that the Government of Pakistan has explained that the tariff revision has been undertaken for fiscal reasons and that it has not been intended as a protective device or a trade measure;

Recognizing the desirability of maintaining a general level of mutually advantageous concessions that will favour high and expanding levels of trade;

The CONTRACTING PARTIES, acting pursuant to the provisions of Article XXV:5 of the General Agreement and in accordance with the procedures adopted by them on 1 November 1956;
Decide, in view of the exceptional circumstances, to suspend the application of the provisions of Article II of the General Agreement to the extent necessary to enable the Government of Pakistan to maintain in force the rates of duty provided in its revised Customs Tariff pending the completion of negotiations for the modification or withdrawal of concessions in Schedule XV, subject to the following conditions:

1. The Government of Pakistan will promptly enter into negotiations or consultations with interested contracting parties pursuant to paragraphs 1 to 3 of Article XXVIII.

2. Part IV of the General Agreement, including Article XXXVI:8, is applicable to the negotiations between Pakistan and the contracting parties which have accepted the Protocol amending the General Agreement on Tariffs and Trade to introduce a Part IV on Trade and Development; and other contracting parties, negotiating with Pakistan, likewise accept the principle enunciated in Article XXXVI:8, as applicable to the negotiations.

3. The negotiations or consultations mentioned above shall be completed not later than 31 December 1979.

4. Without prejudice to the final results of the negotiations or consultations mentioned above, the other contracting parties will be free to suspend concessions initially negotiated with Pakistan, bearing in mind the provisions of paragraph 2 of this Decision, as from 31 December 1978 (subject to the right of any third country having a principal supplying interest or a substantial interest therein to withdraw substantially equivalent concessions initially negotiated with such other contracting parties).