The attached texts of the following documents are hereby circulated in
the form in which they will be submitted for signature next Wednesday,
March 24, 1948:

   on Tariffs and Trade.

2. Declaration (concerning supersession of the General Agreement on
   Tariffs and Trade by the Havana Charter).

The final texts of the following documents, which will also be signed
next Wednesday, will be circulated as addenda to this document:

1. Protocol (concerning amendment of Article XXIV of the General
   Agreement on Tariffs and Trade).

2. Special Protocol Modifying Article XIV of the General Agreement
   on Tariffs and Trade.

There is attached the text of the Decision taken on March 20 concerning
the proposed Franco-Italian Customs Union. The Secretariat will provide
the governments concerned with certified copies of this text.

The final text of the Protocol Incorporating Rectifications to the
General Agreement on Tariffs and Trade will be circulated Tuesday morning,
i.e. twenty-four hours before signature.

As agreed at the meeting on March 20, any delegation which has any
comment to make on the above-mentioned texts, should advise Mr. A. Gilpin,
Room 99, Capitolio (telephone extension 99) by 6.00 p.m. on Monday,
March 22, which is the final deadline.

It should be noted that the Protocol Incorporating Rectifications
to the General Agreement on Tariffs and Trade will have the English and
French texts set out in parallel columns; in the case of the other
documents which are to be signed on March 24, the texts in one of the two
languages will follow the other and the system of parallel columns
will therefore not be used.
The Governments of the Commonwealth of Australia, the Kingdom of Belgium, Canada, the Republic of Cuba, the French Republic, the Grand-Duchy of Luxembourg, the Kingdom of the Netherlands, the United Kingdom of Great Britain and Northern Ireland and the United States of America, acting in their capacity of contracting parties to the General Agreement on Tariffs and Trade, and

The Governments of the United States of Brazil, Burma, Ceylon, the Republic of Chile, the Republic of China, the Czechoslovak Republic, India, Lebanon, New Zealand, the Kingdom of Norway, Pakistan, Southern Rhodesia, Syria, and the Union of South Africa, acting in their capacity of signatories of the Final Act adopted at the conclusion of the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment which authenticated the text of the General Agreement on Tariffs and Trade,

BEING DESIROUS of modifying the text of certain provisions of the General Agreement on Tariffs and Trade, in the light of the text of the Havana Charter for an International Trade Organization, which was authenticated by the Final Act of the United Nations Conference on Trade and Employment

HEREBY AGREE as follows:

I. Paragraph 5 of Article XXV of the General Agreement on Tariffs and Trade shall read as follows:

"5. (a) In exceptional circumstances not elsewhere provided for in this Agreement, the CONTRACTING PARTIES may waive an obligation imposed upon a contracting party by this Agreement; Provided that any such decision shall be approved by a two-thirds majority of the votes cast and that such majority shall comprise more than half of the contracting parties.

The CONTRACTING PARTIES may also by such a vote

(i) define certain categories of exceptional circumstances to which other voting requirements shall apply for the waiver of obligations, and

(ii) prescribe such criteria as may be necessary for the application of this sub-paragraph."
(b) If any contracting party has failed without sufficient justification to carry out with another contracting party negotiations of the kind described in paragraph 1 of Article 17 of the Havana Charter, the CONTRACTING PARTIES may, upon complaint and after investigation, authorize the complaining contracting party to withhold from the other the concessions incorporated in the relevant Schedule to this Agreement. In any judgment as to whether a contracting party has so failed, the CONTRACTING PARTIES shall have regard to all relevant circumstances, including the developmental, reconstruction and other needs and the general fiscal structures of the contracting parties concerned and to the provisions of the Havana Charter as a whole. If in fact the concessions referred to are so withheld, so as to result in the application to the trade of the other contracting party of tariffs higher than would otherwise have been applicable, such other contracting party shall then be free, within sixty days after such action becomes effective, to give written notice of withdrawal from the Agreement. The withdrawal shall take effect upon the expiration of sixty days from the day on which such notice is received by the CONTRACTING PARTIES.

(c) The provisions of sub-paragraph (b) shall not apply as between any two contracting parties the Schedules of which contain concessions initially negotiated between such contracting parties.

(d) The provisions of sub-paragraphs (b) and (c) shall not apply until January 1, 1949.

II. Paragraph 1 of Article XXXII of the General Agreement on Tariffs and Trade shall read as follows:

"The contracting parties to this Agreement shall be understood to mean those governments which are applying the provisions of this Agreement under Article XXVI, Article XXXIII or pursuant to the Protocol of Provisional Application."

III. Article XXXIII of the General Agreement on Tariffs and Trade shall read as follows:

"A Government not party to this Agreement, or a Government acting on behalf of a separate customs territory possessing full autonomy in /the conduct
IV. The following Article shall be inserted in the General Agreement on Tariffs and Trade after Article XXXIV:

"Article XXXV

1. Without prejudice to the provisions of paragraph 5 (b) of Article XXV or to the obligations of a contracting party pursuant to paragraph 1 of Article XXIX, this Agreement, or alternatively Article II of this Agreement, shall not apply as between any contracting party and any other contracting party if:

(a) the two contracting parties have not entered into tariff negotiations with each other, and

(b) either of the contracting parties, at the time either becomes a contracting party, does not consent to such application.

2. The CONTRACTING PARTIES may, at any time before the Havana Charter enters into force, review the operation of this Article in particular cases at the request of any contracting party and make appropriate recommendations."

V. Notwithstanding the provisions of Article XXX of the General Agreement on Tariffs and Trade, the modifications provided for in Sections I to IV, inclusive, of this Protocol shall become an integral part of the General Agreement on Tariffs and Trade, on April 15, 1948.

Signature of this Protocol by any government which is not at the time of signature a contracting party to the General Agreement on Tariffs and Trade shall serve to authenticate the texts of the modifications of the General Agreement on Tariffs and Trade provided for in this Protocol. This Protocol shall remain open for signature by any such government, named in the second paragraph of the preamble to this Protocol, until May 1, 1948.

The original of this Protocol shall be deposited with the Secretary-General of the United Nations, who is authorized to effect registration thereof.

IN WITNESS WHEREOF the respective representatives duly authorized have signed the present Protocol.
DONE at Havana, in a single copy, in the English and French languages, both texts authentic, this twenty-fourth day of March, 1948.
DECLARATION

The Governments of the Kingdom of Belgium, the United States of Brazil, Burma, Canada, Ceylon, the Republic of Chile, the Republic of Cuba, the French Republic, India, Lebanon, the Grand-Duchy of Luxembourg, the Kingdom of the Netherlands, New Zealand, the Kingdom of Norway, Pakistan, Southern Rhodesia, Syria, the Union of South Africa, the United Kingdom of Great Britain and Northern Ireland and the United States of America.

TAKING NOTE of the provisions of sub-paragraph 2 (a) of Article XXIX of the General Agreement on Tariffs and Trade, whereby within sixty days of the closing of the United Nations Conference on Trade and Employment any contracting party may lodge with the other contracting parties an objection to any provision or provisions of Article I or of Part II of the General Agreement on Tariffs and Trade being suspended and superseded by the corresponding provisions of the Havana Charter, on the day on which the Charter comes into force,

HEREBY DECLARE that they will not lodge any such objection to the suspension and supersession of paragraphs 1 and 2 of Article I and Part II of the General Agreement.

The original of this Declaration shall be deposited with the Secretary-General of the United Nations, who is authorized to effect registration thereof.

IN WITNESS WHEREOF the respective representatives duly authorized have signed the present Declaration.

DONE at Havana, in a single copy, in the English and French languages, both texts authentic, this twenty-fourth day of March 1948.
GENERAL AGREEMENT ON TARIFFS AND TRADE
FIRST SESSION OF THE CONTRACTING PARTIES

DECISION TAKEN ON MARCH 20, 1948 CONCERNING THE FORMATION
OF A CUSTOMS UNION BETWEEN FRANCE AND ITALY

The CONTRACTING PARTIES DECIDE in terms of paragraph 5 of Article XXV
that the provisions of the General Agreement on Tariffs and Trade shall not
prevent the establishment of a customs union or interim agreement for a
customs union between France and Italy which union or agreement conforms to
the following requirements:

1. (a) The duties and other regulations of commerce imposed at the
institution of any such union or interim agreement in respect
of trade with contracting parties shall not on the whole be
higher or more restrictive than the general incidence of the
duties and regulations of commerce applicable in the
constituent territories prior to the formation of such union
or the adoption of such interim agreement, as the case may be;

(b) Any interim agreement referred to in sub-paragraph (a) above
shall include a plan and schedule for the attainment of such
a customs union within a reasonable length of time.

2. If in fulfilling the requirements of sub-paragraph 1 (a), one
of the parties proposes to increase any rate of duty inconsistently
with the provisions of Article II of the General Agreement on
Tariffs and Trade, the procedure set forth in Article XXVIII of
that Agreement shall apply. In providing for compensatory
adjustment, due account shall be taken of the compensation already
afforded by the reductions brought about in the corresponding duty of
the other constituents of the union.

3. (a) The two parties, deciding to enter into a customs union or an
interim agreement leading to the formation of such a union, shall
promptly notify the CONTRACTING PARTIES and shall make available to
them such information regarding the proposed union as will enable them
to make such reports and recommendations to contracting parties as they
may deem appropriate.

(b) If, after having studied the plans and schedules provided for
in an interim agreement under paragraph 1, in consultation with the
parties to that agreement and taking due account of the information made
available in accordance with the terms of sub-paragraph (a), the
CONTRACTING PARTIES find that such agreement is not likely to result in a customs union within the period contemplated by the parties to the agreement or that such period is not a reasonable one, the CONTRACTING PARTIES shall make recommendations to the parties to the agreement. If the parties are not prepared to modify the agreement in accordance with such recommendations they shall not maintain it in force or institute such agreement if it has not yet been concluded.

(c) Any substantial change in the plan or schedule shall be notified to the CONTRACTING PARTIES which may request the two parties concerned to consult with them if the change seems likely to jeopardize or delay unduly the achievement of the customs union.

4. (a) A customs union shall be understood to mean the substitution of a single customs territory for two or more customs territories, so that

(1) tariffs and other restrictive regulations of commerce (except, where necessary, those permitted under Articles XI, XII, XIII, XIV, XV, XX and XXI of the General Agreement on Tariffs and Trade) are eliminated on substantially all the trade between the constituent territories of the union or at least on substantially all the trade in products originating in such territories and

(ii) 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, subject to the provisions of paragraph 5;

5. The preferences referred to in paragraph 2 of Article I of the General Agreement on Tariffs and Trade shall not be affected by the constitution of a customs union but may be eliminated or adjusted by means of negotiations with contracting parties affected. This procedure of negotiations with affected contracting parties shall in particular apply to the elimination of preferences required to conform with the provisions of sub-paragraph (a) (i) of paragraph 4.