Proposals by the Government of the Federal Republic of Germany

Corrigendum

The German delegation requested that the following amendment be made:

1. The Motivation related to Article XXVII (page 33) should read as follows:

"The tariff concessions which, under the present negotiation technique, were granted bilaterally have become multilateral in character by virtue of their inclusion in the GATT Schedules of Concessions."

"The effect thereof is that those contracting parties which were not parties to the negotiation of any one concession, have now a direct claim of their own to that concession. In the event of such concession being withheld or withdrawn, it would therefore appear appropriate to treat such contracting parties in the same manner as those parties with which the concession was originally negotiated. Consequently, the revised version of Article XXVII should afford to such contracting parties not only the right to have consultation but moreover the right to initiate negotiations on compensatory adjustments."

The following consideration lead to the same results as those above:

"Under the rules of procedure for the tariff negotiations at Annecy and Torquay (Basic Instruments and Selected Documents, Vol. I, page 105, Part II, paragraph 4), acceding governments had to take account of the indirect benefits accruing to them from tariff concessions exchanged by contracting parties in previous rounds of tariff negotiations and those resulting from new negotiations between such contracting parties, when the value of their own concessions was assessed. If, at a later stage, a contracting party wishes to withdraw a concession because the country with which that concession was initially negotiated has not become, or has ceased to be, a contracting party, it would appear justified to afford also to such a contracting party as had to take account of that concession, the right to initiate negotiations on compensatory adjustments."
2. The Motivation related to Article XXVIII (page 34) should read as follows:

"The tariff concessions which, under the present negotiation technique, were granted bilaterally have become multilateral in character by virtue of their inclusion in the GATT Schedules of Concessions.

"The effect thereof is that those contracting parties which were not parties to the negotiation of any one concession, have now a direct claim of their own to that concession. In the event of such concession being withheld or withdrawn, it would therefore appear appropriate to treat such contracting parties in the same manner as those parties with which the concession was originally negotiated. Consequently, the revised version of Article XXVIII should afford to such contracting parties not only the right to have consultation but moreover the right to initiate negotiations on compensatory adjustments."

The following considerations lead to the same results as those above:

(a) "Under the rules of procedure for the tariff negotiations at Annecy and Torquay (Basic Instruments and Selected Documents, Vol. I, page 105, Part II, paragraph 4), acceding governments had to take account of the indirect benefits accruing to them from tariff concessions exchanged by contracting parties in previous rounds of tariff negotiations and those resulting from new negotiations between such contracting parties, when the value of their own concessions was assessed. If, at a later stage, a contracting party wishes to modify or withdraw a concession, it would appear justified to afford also to such contracting party as had to take account of that concession, the right to initiate negotiations on compensatory adjustments.

(b) "The changes in the economic situation which ensued during the years following the establishment of the Schedules of Concessions, have also had their effects on the competitive conditions of the suppliers. There are cases where a contracting party with which a concession was initially negotiated has ceased to be the principal supplier or a substantially interested supplier. In the meantime, another country may have become the principal supplier, or a substantially interested supplier. It would not appear justified that a contracting party which wishes to modify or withdraw a concession be solely obliged to negotiate with that contracting party which, although being the one with which the concession was initially negotiated, may, in view of the changed circumstances, no longer have a substantial interest in a continued binding of the concession. Those contracting parties which, under the changed circumstances, must be regarded as having a substantial interest should also be afforded the right to initiate negotiations on compensatory adjustments in cases where a contracting party wishes to modify or withdraw a concession."
For the same reasons as those stated above, it is suggested that a corresponding provision be made in respect of the sympathetic consideration procedure which is to be incorporated in Article XXVIII, paragraph 2, and also in respect of the special procedures to be agreed upon for the modification or withdrawal of tariff concessions by under-developed countries under Article XVIII Section A (cf. the Executive Secretary's Note in document W.9/17).