Review Working Party I on
Quantitative Restrictions

PROPOSALS BY THE SPECIAL SUB-GROUP ON THE
JOINT PROPOSAL CONTAINED IN W.9/210

1. Amend the text of the Interpretative Note to paragraphs 3, 13 and 22
   of Article XVIII (W.9/184/Rev.1, page 8) to read:

   "The reference to the establishment of particular industries
   shall apply not only to the establishment of a new industry, but
   also to the establishment of a new branch of production in an
   existing industry, to the substantial transformation of an existing
   industry, and to the substantial expansion of an existing industry
   supplying a relatively small proportion of the domestic demand.
   It shall also cover the reconstruction of an industry destroyed
   or substantially damaged as a result of hostilities or natural
   disasters."

2. Insert in the Working Party's report a passage along the following
   lines:

   "The Working Party considered a joint proposal for an additional
   paragraph in Article XVIII which would have had the effect of making
   Section C of that Article applicable to cases of development or
   maintenance of existing industries, subject to prior concurrence
   (W.9/210). The Working Party was unable to recommend such an
   addition. It considered however that certain types of cases which
   the proposed amendment was intended to cover could be met by a
   clarification of the text of the interpretative note defining the
   words 'the establishment of particular industries' which would
   include the cases of substantial expansion of an existing industry
   supplying a relatively small proportion of the domestic demand.
   Such expansion need not be completed within the period for which
   the restrictive measure may be permitted. However, it is not
   intended to allow the use of restrictions indefinitely or for a
   protracted period during which the industry in question is able to
   expand only very slowly by virtue of continued protection through
   restrictions. The Working Party recognizes, however, that there
   may be cases which might not be included in the revised provisions
   of Article XVIII or for that matter, under the present text of
   that Article. The Working Party was of the opinion that it would
   be undesirable to widen unduly the scope of Article XVIII in order
   to cover such individual cases and that the usual procedure for
   meeting special difficulties, i.e. the request for a waiver under
   paragraph 5(a) of Article XXV would be a better solution of that
   problem.

Spec/174/55
"As regards the renewal of releases already granted under the present text of Article XVIII and which may be of particular importance to Ceylon, the Working Party agreed that the text of Note I to paragraphs 16, 18, 19 and 22 (W.9/184/Rev.1, page 8) is worded in such a manner that the procedure for renewal of a dispensation under Section or D of this Article would apply, not only to measures authorized under the amended text of Article XVIII, but also to measures which may have been approved by the CONTRACTING PARTIES under the provisions of the present Article XVIII."