The Chairman submits the following draft as a basis for the disposal of this item:

*Having received* from the Government of Canada a notification dated 25 June 1962 concerning its imposition, on that date, of temporary import surcharges on numerous products including items bound in Parts I and II of Schedule V to the General Agreement,

*Having heard* the explanation of the Government of Canada that the imposition of these surcharges is necessary in order to safeguard Canada's external financial position and balance of payments,

*Having also heard* the Canadian Government's explanation of the reasons why it took action through the introduction of temporary import surcharges rather than through the introduction of alternative measures,

*Taking note* of the findings of the International Monetary Fund concerning the Canadian reserve and payments position in relation to the incidence of the measures adopted,

*Taking note* that the Government of Canada has begun to introduce longer-term corrective measures of a positive and constructive character,

The CONTRACTING PARTIES

Express their regret that the Government of Canada should have found it necessary to introduce temporary measures inconsistent with Article II of the General Agreement,

Welcome the beginning made by Canada in the elimination of the temporary surcharges and the stated intention of the Government of Canada to eliminate the remainder as quickly as circumstances permit,
Recommend that the remaining surcharges be eliminated expeditiously,

Request the Government of Canada to report on action taken to this end to
the CONTRACTING PARTIES through the Council in the early part of 1963.

This Decision is without prejudice to the rights of any contracting party
under Article XXIII.