1. The Working Party has considered the best means of giving effect to the desire of the majority of the contracting parties to prolong the assured life of their schedules beyond 31 December 1953 and recommends that this be done by a declaration to be signed at the close of the Eighth Session. The proposed text of the declaration is attached to this report.

2. Three features of the text of the draft declaration require comment:

(i) The Working Party proposes that the prolongation of the assured life of the schedules should be for eighteen months. By signing the declaration contracting parties would accept a commitment not to invoke the provisions of Article XXVIII:1 prior to 1 July 1955.

(ii) Here would be inserted a passage on the proposal of the representative of Brazil - W.8/2 - which has not yet been discussed.

(iii) The majority of the delegations have made it clear that their governments can agree to the prolongation of their schedules only on a basis of reciprocity, i.e. in respect of contracting parties which sign the declaration without reservation. Therefore, the draft declaration contains a reciprocity clause whereby a signatory would retain its liberty to invoke the provisions of Article XXVIII:1 to modify or withdraw concessions initially negotiated with a contracting party which does not sign the declaration. The same situation would pertain in respect of a contracting party which signs the declaration with a reservation. Thus, as between a contracting party which signs the declaration and one which does not, each government would retain the right to have recourse to the provisions of Article XXVIII in respect of the concessions which it had initially negotiated with the other.

3. Despite the disadvantages which would follow from the operation of the reciprocity clause, some delegations have thought that their governments would have to make reservations because of special difficulties which might arise during the proposed period of prolongation. The majority of the Working Party, on the other hand, were of the opinion that if reservations were attached to signatures the objectives of the CONTRACTING PARTIES in extending the assured
life of the schedules would be nullified since the scope of the extension would be considerably restricted. Therefore, the Working Party considered whether there were possibilities of dealing with these special difficulties in the practices already established by the CONTRACTING PARTIES.

4. A contracting party which wishes to renegotiate an item in its schedule in order to afford protection for developmental purposes can have recourse to Article XVII. In appropriate circumstances, contracting parties can also have recourse to the provisions of Article XIX. Apart from these, the provisions of the Agreement for the modification or withdrawal of tariff rates which are bound in the schedules would not operate, if the assured life of the schedules is extended as proposed, until 1 July 1955. The Working Party noted, however, that during the first and second periods of assured validity of the schedules, some contracting parties had felt the need, in exceptional circumstances, to modify certain bound rates of duty and have sought authority from the CONTRACTING PARTIES to enter into negotiations to this end. All such requests have been examined with sympathy and understanding and the CONTRACTING PARTIES have authorised the renegotiations. For example, in 1948/49 the Governments of Pakistan and Brazil requested authority to enter into negotiations to modify the concessions they had granted on certain items in their schedules; the governments with which these concessions had been initially negotiated were willing to enter into a renegotiation and the CONTRACTING PARTIES agreed that this should take place. The negotiations were carried out with mutually satisfactory results. Also, there can be mentioned the authority granted to the United Kingdom Government at the present Session to renegotiate an item with the Government of France.

5. There is no reason to expect that contracting parties will be less ready in the future than they have been in the past to consider requests of this kind and to join in granting authority for the necessary negotiations. If, however, it is thought necessary and desirable, the CONTRACTING PARTIES will no doubt be prepared to record that they will, in such circumstances, be prepared to give sympathetic consideration to such requests. It appears, therefore, that there is sufficient flexibility in the practices of the CONTRACTING PARTIES to deal with this sort of problem, and that there is no need for contracting parties to attach reservations to their acceptance of the declaration which would have the unfortunate consequences referred to above.

6. Insofar as some governments may nevertheless feel that these practices are not altogether satisfactory in view of the delays which might occur when the CONTRACTING PARTIES are not in session in securing consideration of requests for authority to renegotiate, the Working Party recommends that the CONTRACTING PARTIES should make suitable arrangements to deal promptly with such requests by modifying the intersessional procedures. The Intersessional Committee should be given authority to examine such requests and to take decisions, and should be required to give its decision on each request within thirty days.
It is important, also, that provision be made whereby any interested contracting party would have full opportunity to express its views by being invited to attend any meeting at which such an application is to be considered and by participating fully in the decision. The results of a renegotiation authorised by the CONTRACTING PARTIES or by the Intersessional Committee should be reported to the contracting parties through the secretariat in order to ensure that all interested contracting parties had been consulted; if no such objection is lodged, the results could be made effective after thirty days.