Since the last meeting of the Working Party, we have given careful thought to the trend of the discussions on our paper L/296 and in particular to the objections which were raised by several delegations to the form of the proposal put forward therein.

2. It seems to us that there were two main kinds of difficulty seen by the Working Party to our original proposal. The first was that it was too broad, both in respect of its application to all dependent overseas territories and in respect of the field of products covered by it. The second was that to proceed by way of a rule in the GATT would recognize the problem with which the proposal was intended to deal as a permanent one, whereas it was felt by the Working Party to be, in some respects at least, a transitional one. Moreover, as was pointed out by the delegate from Brazil, a new rule in the GATT would take some time to become effective and would therefore not meet the urgency of the particular trade problems with which he understood we were faced. For these reasons, the conclusion which the Working Party appears to us to have reached by the end of its last meeting was that further discussion of our original proposal was not likely to lead to fruitful results and that a new approach based on the waiver principle was needed.

3. Our Government have now agreed, in the light of the full information which we have given them of the Working Party discussions, that a new approach on the lines suggested in these discussions may be explored at further meetings of the Working Party. We are accordingly submitting, as an Annex to this paper, a draft waiver in terms which appear to us to meet the main difficulties foreseen in earlier discussions and which we hope the Working Party will find generally acceptable.

4. In informal discussions with certain members of the Working Party prior to the submission of this paper, a number of drafting amendments were suggested and most of these have been incorporated in the draft waiver as now submitted. In addition, it was suggested that, if the waiver were found to be acceptable to the Working Party in its present terms, reference might be made in the Working Party's report to the following matters:
(i) Having regard to the fact that we are unable, for reasons which have already been explained to the Working Party, to provide a comprehensive list of the products which are covered by the draft waiver, the Working Party's report should, in order to clarify the effect of the limiting provisions now included in paragraph 2 of the draft waiver, refer to statements made by United Kingdom delegates in plenary session and in earlier meetings of the Working Party to the effect that the special facilities for which the United Kingdom is asking would not, under the terms of the proposed waiver, be available for those Colonial products the prices of which are determined on international markets, such as rubber, tin and cocoa. Nor would they apply to such commodities as sugar in respect of which special marketing arrangements between the Colonies and the United Kingdom are already in force.

We accept this suggestion and will be prepared to assist in the drafting of an appropriate passage to cover it in the Working Party's report.

(ii) The Working Party's report should spell out, with reference to paragraph 1 of the Decision in the draft waiver, the various types of action which the waiver would make permissible; and, further should draw attention to the fact that some of that action is of a type foreseen by the Articles of the Agreement as now drafted (e.g. Article VI) or involves de minimis changes in these Articles (e.g. Article XVI).

We accept these suggestions and propose the following form of words, for inclusion in the Working Party's report, to cover the former:

"Paragraph 1 of the Decision would enable the Government of the United Kingdom to employ (subject of course to the provisions of the following paragraphs of the Decision) the following means of assisting an industry or branch of agriculture in one or more of their dependent territories:

(i) By affording protection for products imported into the United Kingdom market through increases in margins of preference beyond the limits permitted by the provisions of the General Agreement;

(ii) by providing, or assisting in the provision of, subsidies for products exported to the United Kingdom market as if such subsidies were provided for a domestic product of the United Kingdom;

(iii) by employing countervailing and anti-dumping duties to protect production for the United Kingdom market under the same conditions as apply to the employment of such duties to protect domestic production in the United Kingdom;

(iv) by taking emergency action, in the interests of exports to the United Kingdom in the same manner and to the same extent as such action may be taken in the interests of domestic production of the United Kingdom, and
(v) by continuing, within the terms and under the procedures of the Decision of , quantitative restrictions on imports from other countries into the United Kingdom market of products imported into that market from the dependant overseas territories".

5. We shall, of course, be ready, during the course of further discussion of this paper in Working Party, to provide further explanations and to suggest further drafting points for the report.
HAVING RECEIVED from the Government of the United Kingdom of Great Britain and Northern Ireland a request for certain facilities to assist them, in pursuit of the objectives of the General Agreement, in fulfilling their special responsibilities to promote the economic development and social well-being of the dependent overseas territories for whose international relations they are responsible (hereinafter referred to as the dependent overseas territories),

HAVING NOTED the explanation of the Government of the United Kingdom that the sole purpose of the facilities sought is to enable them to assist and safeguard, in cases of special need, industries or branches of agriculture in the dependent overseas territories which depend wholly or in large measure upon the United Kingdom as a market for the export of their products,

HAVING FURTHER NOTED the assurance given by the Government of the United Kingdom that they will, in the use of these facilities, safeguard so far as possible the interests of other contracting parties to the General Agreement,

RECOGNIZING that, whilst the dependent overseas territories have access to the facilities of Article XVIII of the General Agreement for purposes of economic development, additional facilities may in special cases be needed in order to assure an outlet for certain of their products in the United Kingdom market,

THE CONTRACTING PARTIES, acting pursuant to paragraph 5(a) of Article XXV of the General Agreement, and in consideration of the explanation and assurance recorded above,

DECIDE THAT:

1. Subject to the provisions of the following paragraphs of this Decision, the obligations of the Government of the United Kingdom under the provisions of Articles I, VI, XVI and XIX of the General Agreement shall be waived, and the terms of Decision of shall apply, to the extent necessary to permit the Government of the United Kingdom to take such action to assist an industry or branch of agriculture in the dependent overseas territories as a contracting party can, without breach of its obligations under the General Agreement, take to assist a domestic industry or branch of agriculture.

2. The provisions of this Decision shall not apply in respect of any action taken by the Government of the United Kingdom which

(a) would assist an industry or branch of agriculture in the dependent overseas territories which is not wholly or in large measure dependent on the United Kingdom as a market for the export of its product, or
(b) would also afford material benefit, either in the domestic or in export markets, to industries or branches of agriculture of the United Kingdom or of any territory other than the dependent overseas territories.

Moreover, the provisions of this Decision shall not apply to action taken by the United Kingdom in respect of an industry or branch of agriculture in the dependent overseas territories which is not at the date of this Decision wholly or largely dependent on the United Kingdom as a market for the export of its product.

3. Whenever the Government of the United Kingdom take action in virtue of the provisions of this Decision, they shall forthwith furnish to the contracting parties which appear to them to have a substantial interest in the trade in the product or products affected by the action, and to the CONTRACTING PARTIES, full particulars (including relevant statistical information) as to

(a) the dependent territory or territories in respect of which action is being taken and the circumstances making the action necessary; and

(b) the nature of the action and the product or products to which it applies.

4. If the Government of the United Kingdom take any action in virtue of paragraph 1 of this Decision which, though consistent with the provisions of paragraph 2 of this Decision, has the effect of increasing a margin of preference beyond the limits permitted by the provisions of the General Agreement, it shall, upon request, promptly enter into consultations, with a view to arriving at a mutually satisfactory settlement or compensatory adjustment, with any contracting party which considers that such action is causing, or is likely to cause, material damage to its commercial interests, and if these consultations do not result in a mutually satisfactory settlement or adjustment, the contracting party or parties affected may refer the matter to the CONTRACTING PARTIES pursuant to the provisions of Article XXIII; provided that no action under this paragraph which involves an increase in a bound tariff shall be taken except in accordance with the provisions of the Agreement or of the Resolution relating to the withdrawal or modification of tariff concessions.

5. If the Government of the United Kingdom take any action in virtue of the provisions of paragraph 1 of this Decision, other than action provided for in paragraph 4 of this Decision, any contracting party which considers that serious prejudice to its interests is caused or threatened thereby may request consultation. The Government of the United Kingdom shall enter into discussions with the contracting party or parties concerned as to the possibility of limiting or modifying the action. If agreement is not reached
in such consultations, the contracting party or parties which requested the consultations may refer the matter to the CONTRACTING PARTIES for such action as may be appropriate having regard to the relevant provisions of the General Agreement.

6. The Government of the United Kingdom shall report annually, not later than eight weeks before each annual session, on all action taken in virtue of the provisions of this Decision.