In accordance with decisions taken at the meeting of the Working Party on 21 February the following changes should be made in the draft Report:

1. **Paragraph 2** - Delete the square brackets round "§40a" and "and Article XVIII A".

2. **Paragraph 19** - Amend the footnote to read:
   "Some delegations wish to enlarge the scope of Section A in order that it shall be applicable to the expansion of an existing industry as well as to the establishment of a new industry, but all members agree that this question must be studied in connection with a similar proposal being dealt with by Working Party I. These delegations, accordingly, reserve their position on this point."

3. **Paragraph 20** - Amend the first line to read:
   "The Working Party has added a provision to Section A to provide..."

4. **Paragraph 25** - Amend this paragraph to read:

   "Paragraph 1 of the revised Article provides for the automatic renewal of the firm validity of the Schedules for successive periods of three years unless the CONTRACTING PARTIES agree upon some other period. Some delegations propose that a majority of two thirds of the votes cast should be required to establish a period other than three years, while some would leave it to the CONTRACTING PARTIES to "specify" the period. It is proposed that this question should be examined from the legal point of view. In particular, some delegations are concerned about the apparent requirement that changes in Schedules can be made only on the first day of a period and feel that the inclusion of Regulation 12 as a solution for this question is not altogether satisfactory; they suggest that this should also be examined by legal advisers. Provision is made in Regulation 6 for contracting parties which wish to modify or withdraw some of their concessions to negotiate in accordance with the prescribed procedures during the last six months of a period."
Paragraph 26 - Add the following sentence:

"Their views and proposals will be found in Annex III".

Insert the following paragraph after paragraph 26:

"Concerning paragraph \( \_ \_ \_ \_ \_ \) the Working Party wishes to place on record, in order to eliminate any possibility of misunderstanding, that a reservation of the right to modify a Schedule applies to the whole Schedule and cannot apply to selected items only."

Paragraph 28 - Insert "very strong" before "reservation" in the last line.

Paragraph 29 - Add the following words at the end of the paragraph:

"and accordingly reserves his position."

Insert the following paragraphs after paragraph 29:

"In recommending the inclusion of the Regulation, concerning the preservation of secrecy in order to avoid the disclosure of prospective tariff changes, the Working Party took note that several countries have public procedures for preparations for negotiations and will have to continue to comply with them."

"An earlier draft examined by the Working Party (W.9/206) contained a fifth paragraph to enable the CONTRACTING PARTIES to suspend the provisions of paragraph 4 during multilateral tariff negotiations. The Working Party agreed to omit paragraph 5, as being unnecessary, but the United Kingdom representative proposed that the following paragraph should be included in the article:

"5. The Organization may temporarily suspend, wholly or in part, the provisions of this Article at the time of multilateral tariff negotiations sponsored by it and provide for the modification or withdrawal of concessions in a manner consistent with the procedures of the multilateral negotiations.""

There was little support for this proposal.

Paragraph 38 - Delete the second sentence.

Paragraph 39 - Add at the end of the paragraph: "The representative of Greece reserves his position on this recommendation."

Paragraph 40 - Remove the square brackets and replace the first six words by "The Working Party recommends..."

The following changes should be made in Annex I:
13. **Section J** - Delete the square brackets round the last two sentences.

14. (i) **Section M** - Insert the following paragraph in Article XXVIII:

"Before 1 January 1958 and before the end of any period envisaged in paragraph 1 a contracting party may elect by notifying the CONTRACTING PARTIES to reserve the right, for the duration of the subsequent period, to modify the appropriate Schedule in accordance with the procedures of paragraphs 1 to 3, and if a contracting party so elects other contracting parties shall have the right, during the same period, to modify or withdraw, in accordance with the same procedures, concessions initially negotiated with that contracting party."

(ii) Delete paragraph 5.

15. (i) **Section Q(x)** - Delete Regulation 1.

(ii) In Regulation 2 insert in the third line "or parties" after "contracting party" and in the third, sixth, and seventeenth lines replace "originally" by "initially".

(iii) In Regulation 6 in the third, eleventh, and sixteenth lines, delete "bound", and in the fourth line replace "may" by "should", and delete the fourth sentence. Delete "however" in the last sentence.

(iv) Insert a footnote to Regulation 8: "The representative of Greece reserves his position on this Regulation."

(v) Remove the brackets round Regulation 12 and delete the third sentence.

(vi) Remove the brackets round Regulation 13.

16. The following changes should be made in Annex II:

(i) Replace the second and third paragraphs by:

"Considering that, pursuant to the Declaration of 24 October 1953, the assured life of the concessions embodied in the Schedules annexed to the General Agreement will expire on 30 June 1955, in the sense that thereafter it will become possible for a contracting party by negotiation with other contracting parties to modify or cease to apply the treatment which it has agreed to accord under Article II to any products described in its Schedule,

"Considering that, although by the terms of the Agreement the Schedules will retain their full validity notwithstanding the expiry of their assured life, the possibility of invocation by contracting parties of the procedure of Article XXVIII for modification of specific concessions
would, in present circumstances, impair the stability of tariff rates which has been one of the principal achievements of the General Agreement."

(ii) Delete "paragraph 1" in the second line of the fourth paragraph, and delete the proviso.

17. New Annex

Add the following Memorandum as Annex III.

ARTICLE XXVIII

Reservations and Proposals of the United Kingdom Delegation

1. The United Kingdom reserved its position with regard to paragraph 1 of the Article and Regulations 1 and 6. In its opinion advertised open periods for negotiations every three years which these provisions involve are open to serious objection. They are likely, by bringing to the notice of industry at regular intervals the facilities for renegotiations, to give an artificial impetus to pressures which governments would find it politically difficult to resist and represent a threat to the stability of the tariff Schedules.

2. In order to avoid these difficulties, the United Kingdom proposed (W.9/207) that the Working Party should recommend the continuation of the existing practice of extending the firm validity of the Schedules from time to time by a decision binding the CONTRACTING PARTIES accepting it and that Regulation 6 should be redrafted so as to cover both the procedures for reimposing the time-bar and the procedures for the renegotiation of concessions. The United Kingdom, therefore, proposed the following alterations:

Paragraph 1 to read as follows:

"On or after 1 January 1958 or such subsequent dates as the CONTRACTING PARTIES may from time to time agree upon, any contracting party may, by negotiation and agreement .... modify or cease to apply a concession included in a Schedule annexed to this Agreement."

3. Alternatively, in order to meet the views of other contracting parties which wished to retain the principle of three year periods of rebinding, the United Kingdom offered to substitute the words:

"On or after 1 January 1958 or such subsequent dates at three year intervals thereafter as the CONTRACTING PARTIES may agree upon, any contracting party may, by negotiation and agreement .... modify or cease to apply a concession included in a Schedule annexed to this Agreement."
Regulation 6. The United Kingdom submitted a redraft of this Regulation, to which they have since proposed certain changes to meet points raised in discussion. (The additions to or omissions from their original draft are underlined or bracketed).

"6. It is the intention that the CONTRACTING PARTIES would initiate discussions with regard to an extension of the date under paragraph 1 not earlier than six months nor later than four months before 1 January 1958 (or the later date already agreed upon by the CONTRACTING PARTIES). When the extension of the date is under consideration but not later than four months before the date referred to above, contracting parties shall have the right to stipulate the renegotiation of some individual concessions with a view to the inclusion in the Schedules for the extended period of the concessions as modified after the renegotiations. In that event the Organization shall make arrangements for the holding of these renegotiations and for the determination of the contracting parties with which the negotiations and consultations referred to in paragraph 1 of the Article shall take place. The contracting party or contracting parties so determined shall participate in such negotiations or consultations with the aim of reaching agreement before 1 January 1958, (or the later date already agreed upon by the CONTRACTING PARTIES)."

4. In order to show that the intention of this Regulation is to give each contracting party a clear right to negotiate the United Kingdom propose that the following paragraph should be regarded as included in the Working Party Report:

"The provision in Regulation 6 that contracting parties shall have the right to stipulate the renegotiation of concessions is designed to secure that they shall have the clear right of renegotiation under paragraphs 1-3 of the Article, during the period of six months before the end of the period of binding, with regard to any concessions included in their Schedule, i.e. during the six months they should have the same right of renegotiation as would exist if paragraphs 1-3 were brought into operation permanently for all contracting parties."

5. As a consequential amendment and in order to give an assurance to contracting parties which consider that extensions of the date under paragraph 1 should only be determined upon by a substantial majority of the CONTRACTING PARTIES, the United Kingdom suggested a further alteration as follows:
Regulation 1. The present text to be deleted and the following substituted:

"1. Extensions of the date under paragraph 1 shall require the Agreement of two-thirds of the CONTRACTING PARTIES and will be binding only upon contracting parties which accept them. It is therefore open to any contracting party, in respect of periods after 31 December, 1957, to reserve its right to modify or withdraw any of the concessions in its Schedule in accordance with the provisions of paragraphs 1-3 of the Article; if it does so other contracting parties will have the right, during the same period, to modify or withdraw concessions initially negotiated with that contracting party in accordance with the procedures of paragraphs 1-3."

6. The United Kingdom suggested that these changes, in addition to overcoming their objections to the proposal, would have the additional advantage of obviating certain difficulties of drafting inherent in the original proposal. In particular the present opening words of paragraph 1 were awkward, difficult to explain to Parliaments and public opinion, and might be held up to ridicule. While recognizing that these difficulties might be overcome by drafting by the Legal and Drafting Committee, it appeared that clarification of the wording might involve making it more than ever evident, at the very opening of the Article, that open seasons for negotiation were envisaged every three years and thus aggravate the objections seen by the United Kingdom to the proposal.