GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONTRACTING PARTIES
Ninth Session

Legal and Drafting Committee

DRAFTING CHANGES

TO ARTICLES XXVI, I, II, IV, XI, XIX, XXIV, XXV, AND XXVII

ANNEXES A, C, F, G, AND H

For purposes of legal drafting and with no view to change the substance of the text, the Legal and Drafting Committee has made certain changes which are underlined in the texts below. The language drafted by the Working Parties, or as it appears in the original text of the General Agreement, is given within square brackets and its deletion is suggested by the Committee. Those Articles not mentioned in this document, nor in addenda hereto, are intended to remain unchanged as they appear in the annexes to the working party reports.

1. Article XXVI (See L/327, page 35)

1. The date of this Agreement shall be 30 October 1947.

2. This Agreement shall be open for acceptance by any contracting party which, on 1 March 1955, was a contracting party or was negotiating with a view to accession to this Agreement.

3. This Agreement, done in a single English original and in a single French original, both texts authentic, shall be deposited with the Secretary-General of the United Nations, who shall furnish certified copies thereof to all interested governments.

4. Each government accepting this Agreement shall deposit an instrument of acceptance with the Executive Secretary to the CONTRACTING PARTIES, who will inform all interested governments of the date of deposit of each instrument of acceptance and of the day on which this Agreement enters into force under paragraph 6 of this Article.

5. (a) Each government accepting this Agreement does so in respect of its metropolitan territory and of the other territories for which it has international responsibility, except such separate customs territories as it shall notify to the Executive Secretary to the CONTRACTING PARTIES at the time of its own acceptance.

The present paragraph 2 of Article XXVI having been omitted in the text of the new Article in the report of the Working Party and it having been the intention to retain this paragraph, the Committee has inserted it as new paragraph 3.

References to the "Executive Secretary to the CONTRACTING PARTIES" will be amended to read "Director-General of the Organization" when the protocol of organizational amendments enters into force.
(b) Any government, which has so notified the Executive Secretary under the exceptions in sub-paragraph (a) of this paragraph, may at any time give notice to the Executive Secretary that its acceptance shall be effective in respect of any separate customs territory or territories so excepted and such notice shall take effect on the thirtieth day following the day on which it is received by the Executive Secretary.

(c) If any of the customs territories, in respect of which a contracting party has accepted this agreement, possesses or acquires full autonomy in the conduct of its external commercial relations and of the other matters provided for in this agreement, such territory shall, upon sponsorship through a declaration by the responsible contracting party establishing the above-mentioned fact, be deemed to be a contracting party and shall also be deemed to be a Member of the Organization.

(5/6.) (Unchanged.)

(6/7.)

2. New Article I - Objectives (See L/327, page 33)

This Article should be the first Article of Part I.

3. Article II (former Article I - see L/329, page 17)

1. With respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports, and with respect to the method of levying such duties and charges, and with respect to all rules and formalities in connection with importation and exportation, and with respect to the application of internal taxes to exported goods, and with respect to all matters referred to in paragraphs 2 and 4 of Article IV, any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties.


References to the "Executive Secretary" will be amended to read "Director-General" when the protocol of organizational amendments enters into force.

A provision is being included in the protocol of organizational amendments to allow for the subsequent addition of this clause.
3. The provisions of paragraph 1 shall not apply to preferences between the countries formerly a part of the Ottoman Empire and detached from it on July 24, 1923, provided such preferences are approved under subparagraph 5 (a) of Article XXV, which shall be applied in this respect in the light of paragraph 1 of Article XXIX.

4. Article 14 of the Organizational Agreement (see L/327, page 28)

(a) If a claim that a benefit accruing directly or indirectly under the General Agreement is being nullified or impaired, or that the attainment of any objective of that Agreement is being impeded, is referred to the Organization, in accordance with the provisions of that Agreement, the Organization shall promptly investigate the matter and shall make appropriate recommendations to the contracting parties to the General Agreement which it considers to be concerned, or give a ruling on the matter, as appropriate. The Organization may consult with contracting parties, with the Economic and Social Council of the United Nations, and with any appropriate intergovernmental organization in cases where it considers such consultation necessary.

5. Article IV (former Articles III and IV)

(a) The provisions of this Article shall not prevent any contracting party from establishing or maintaining internal quantitative regulations relating to exposed cinematograph films and meeting the requirements of Article IV. Such regulations shall take the form of screen quotas which shall conform to the following requirements:

(b) With the exception of screen time reserved for films of national origin under a screen quota, screen time including that released by administrative action from screen time reserved for films of national origin, shall not be allocated formally or in effect among sources of supply.

1 In order to conform to the intentions of Working Party IV that Article 14 contain the provisions of Article XXIII, the Committee recommends the re-wording of paragraph (a).
(g) Notwithstanding the provisions of sub-paragraph (b) of this paragraph, any contracting party may maintain screen quotas conforming to the requirements of sub-paragraph (a) of this paragraph which reserve a minimum proportion of screen time for films of a specified origin other than that of the contracting party imposing such screen quotas. Provided that no such minimum proportion of screen time shall be increased above the level in effect on April 10, 1947;

(d) Screen quotas shall be subject to negotiation for their limitation, liberalization or elimination.

6. Since the present GATT Article IV has been recommended to be included in paragraph 10 of new Article IV (former Article III) the following is suggested for deletion:

\[\text{ARTICLE IV}\]

Special Provisions relating to Cinematograph Films

If any contracting party establishes or maintains internal quantitative regulations relating to exposed cinematograph films.

7. Article XI.

3. Throughout Articles XI, XII, XIII and XIV the terms "import restrictions" or "export restrictions" include restrictions made effective through state-trading operations.

The following is to be inserted at the beginning of the notes to Article XI in the Annex containing the Notes and Supplementary Provisions:

Ad Articles XI, XII, XIII, and XIV

Throughout Articles XI, XII, XIII and XIV the terms "import restrictions" or "export restrictions" include restrictions made effective through state-trading operations.

8. Article XIX

3. (a) If agreement among the interested contracting parties with respect to the action is not reached, the contracting party which proposes to take or continue the action shall, nevertheless, be free to do so, and if such action is taken or continued, the affected contracting parties shall then be free, not later than ninety days after such action is taken, to suspend, upon the expiration of thirty days from the day on which written notice of such suspension is received by the CONTRACTING PARTIES, the application to the trade of the contracting party taking such action, or, in the case envisaged in paragraph 1(b) of this Article, to the trade of the contracting party requesting such action, of such substantially equivalent obligations or concessions or other obligations under this Agreement the suspension of which the CONTRACTING PARTIES do not disapprove.
(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, where action is taken under paragraph 2 of this Article without prior consultation and causes or threatens serious injury in the territory of a contracting party to the domestic producers of products affected by the action, that contracting party shall, where delay would cause damage difficult to repair, be free to suspend, upon the taking of the action and throughout the period of consultation, such obligations or other obligations as may be necessary to prevent or remedy the injury.

9. Article XXIV

4. The contracting parties recognize the desirability of increasing freedom of trade by the development, through voluntary agreements, of closer integration between the economies of the countries parties to such agreements. They also recognize that the purpose of a customs union or of a free-trade area should be to facilitate trade between the constituent territories/parties/ and not to raise barriers to the trade of other contracting parties with such territories/parties/.

7. (b) If, after having studied the plan and schedule indicated for in an interim agreement referred to in paragraph 5 in consultation with the parties to that agreement and taking due account of the information made available in accordance with the provisions of sub-paragraph (a), the CONTRACTING PARTIES find that such agreement is not likely to result in the formation of a customs union or of a free-trade area within the period contemplated by the parties to the agreement or that such period is not a reasonable one, the CONTRACTING PARTIES shall make recommendations to the parties to the agreement. The parties shall not maintain or put into force, as the case may be, such agreement if they are not prepared to modify it in accordance with these recommendations.

9. The preferences referred to in paragraph 2 of Article II shall not be affected by the formation of a customs union or of a free-trade area but may be eliminated or adjusted by means of negotiations with contracting parties affected. This procedure of negotiations with affected contracting parties shall, in particular, apply to the elimination of preferences required to conform with the provisions of paragraph 8(a)(i) and paragraph 8(b).

10. Article XXV

Article XXV

The Organization for Trade Cooperation

/Joint Action by the Contracting Parties/

5. (a) In exceptional circumstances not elsewhere provided for in this Agreement, the CONTRACTING PARTIES may waive an obligation imposed upon a contracting party by this Agreement; Provided
that any such decision shall be approved by a two-thirds majority of the votes cast and that such majority shall comprise more than half of the contracting parties. The CONTRACTING PARTIES may also by such a vote

(i) define certain categories of exceptional circumstances to which other voting requirements shall apply for the waiver of obligations, and

(ii) prescribe such criteria as may be necessary for the application of this paragraph.

11. Article XXVII

Any contracting party shall at any time be free to withhold or to withdraw in whole or in part any concession, provided for in the appropriate Schedule annexed to this Agreement, in respect of which such contracting party determines that it was initially negotiated with a government which has not become, or has ceased to be, a contracting party. The contracting party taking such action shall give notice to the CONTRACTING PARTIES [all other contracting parties] and, upon request, consult with the contracting parties which have a substantial interest in the product concerned.

12. Annex A

The list of territories is amended as follows:

- United Kingdom of Great Britain and Northern Ireland
- Dependent territories of the United Kingdom of Great Britain and Northern Ireland
- Canada
- Commonwealth of Australia
- Dependent territories of the Commonwealth of Australia
- New Zealand
- Dependent territories of New Zealand
- Union of South Africa including South West Africa
- Ireland
- India [as on April 10, 1947]
- Newfoundland
- Pakistan
- Southern Rhodesia
- Burma
- Ceylon

The last paragraph should therefore be deleted:

[The Dominions of India and Pakistan have not been mentioned separately in the above list since they had not come into existence as such on the base date of April 10, 1947.]
13. **Annex C**

The list of territories is amended as follows:

- The Economic Union, of Belgium—Luxembourg
- Belgian Congo
- Ruanda Urundi
- The Netherlands
- New Guinea
- Surinam
- Netherlands Antilles
- Republic of Indonesia


Annex F

**Dates establishing Maximum Margins of Preference referred to in Paragraph 4 of Article II:**

- **Australia**: October 15, 1946
- **Canada**: July 1, 1939
- **France**: January 1, 1939
- **Lebanon-Syrian Customs Union**: November 30, 1938
- **Union of South Africa**: July 1, 1938
- **Southern Rhodesia**: May 1, 1941

15. **Annex G (former Annex H)**

Annex G

The list of contracting parties is amended to read:

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<td>4.2</td>
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<tr>
<td>Brazil</td>
<td>2.5</td>
<td>2.4</td>
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<tr>
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<tr>
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<td></td>
</tr>
<tr>
<td>Republic of Indonesia</td>
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</tr>
</tbody>
</table>
The introductory paragraph is amended to read:

If, prior to the accession of the Government of Japan to the General Agreement, the present Agreement has been accepted by contracting parties the external trade of which under column I accounts for the percentage of such trade specified in paragraph 6 of Article XXVI, column I shall be applicable for the purposes of that paragraph. If the present Agreement has not been so accepted prior to the accession of the Government of Japan, column II shall be applicable for the purposes of that paragraph.

16. **Annex H** (former Annex I: see 1/327, page 38)

   **Annex H [I]**

   [Interpretative] Notes and Supplementary Provisions