The Working Party, consisting of the delegates of Australia, Denmark, Netherlands, New Zealand, United Kingdom, United States and Uruguay, having examined the Danish proposal to amend Annex A, pertaining to paragraph 2 (a) of Article 16, (Item 5, E/CONF.2/C.3/6), recommends amending Annex A and paragraph 5 (b) of Article 23 as follows:

1. Delete paragraph 2 of the note to Annex A. (Internal tax preferences are now dealt with in Article 16.)

2. Amend paragraph 3 of the note to Annex A as follows:

"The preferential arrangements referred to in paragraph 5 (b) of Article 23 are those existing in the United Kingdom on 10 April 1947, under contractual agreements with the Governments of Canada, Australia and New Zealand, in respect of chilled and frozen beef and veal, frozen mutton and lamb, chilled and frozen pork, and bacon. It is the intention, without prejudice to any action taken under sub-paragraph (h) of Part 1 of Article 17, that these arrangements shall be eliminated or replaced by tariff preferences, and that negotiations to this end shall take place as soon as practicable among the countries substantially concerned or involved. Without prejudice to any action taken under sub-paragraph (h) of Part 1 of Article 17, negotiations shall be entered into when practicable among the countries substantially concerned or involved, in the manner provided for in Article 17, for the elimination of these arrangements or their replacement by tariff preferences. If after such negotiations have taken place a tariff preference is created or an existing tariff preference is increased it shall not be considered to contravene Article 16 or Article 17."

3. Amend paragraph 5 (b) of Article 23 as follows:

"(b) restrictions under the preferential arrangements provided for in Annex A of this Charter, subject to the conditions set forth"
forth therein, pending the outcome of the negotiations referred to therein."

The Working Party suggests that the Central Drafting Committee determine whether the substance of sub-paragraph 5 (b) of Article 23, relating solely to quantitative restrictions under preferential arrangements, might be more suitably located elsewhere in the Charter than in Article 23 which relates primarily to restrictions to safeguard the balance of payments.