At its twenty-first meeting, the Tariff Agreement Committee appointed an ad hoc sub-committee to consider further the following matters in the light of the discussion in the full committee:

1. The question of retaining, deleting, or modifying the preface to the individual Schedules proposed on page 5 of E/PC/T/153.

2. The proposal by the French Delegation to amend paragraph 2 of Article II (E/PC/T/W/287).

3. The question of providing for the adjustment of specific rates of duty in the event of a depreciation in currency (E/PC/T/W/286 and 310).

Representatives of the following Delegations were appointed members of the Sub-committee:

- Australia
- Belgium
- Canada
- Czechoslovakia
- France
- United Kingdom
- United States of America

Mr. Morton (AUSTRALIA) was designated Chairman.

The Sub-committee recommends that, in view of the changes in Article II recommended below, the preface to the individual Schedules suggested in E/PC/T/153 be deleted.
The Sub-committee recommends the attached revised text of Article II in substitution for the present text of that Article. In connection with paragraphs 1 and 2 of the new draft, it was considered by the Sub-committee that the inclusion of these provisions in Article II would not affect the right of any Delegation to require any other Delegation with which it has entered into negotiations to provide lists or details of legislation referred to in the last sentence of each of these paragraphs.

The Sub-committee draws the attention of the Legal Drafting Committee to a suggestion made by the French representative on the Sub-committee that, in the light of changes proposed in paragraph 2, a cross reference might be inserted in paragraph 3 (a) of Article I by adding after the word "Schedule" the words "in accordance with paragraph 2 of Article II".

The Sub-committee discussed the proposal that provision be made in the Agreement, directly or by way of an interpretative note, indicating the right of a contracting party to make, without consultation with other contracting parties, adjustments in specific rates of duty in the event of devaluation or appreciation of a contracting party's currency. The Sub-committee was unable to reach agreement; four Delegations opposing, and three favoring the inclusion of a general provision. It was recognized by the Sub-committee that, even if no general provision were to be made in the Agreement, it would nevertheless be open to any Delegation to discuss the matter with the other Delegations with which it has entered into negotiations with a view to including any such provision in its Schedule.
Article II
Schedules of Concessions

1. Except as provided in paragraph 2 of this Article, the products enumerated and described in the Schedule relating to any contracting party, which are the products of the other contracting parties, shall, on their importation into the customs territory to which the Schedule relates, be exempt from ordinary customs duties in excess of those set forth and provided for in such Schedule, subject to the terms, conditions or qualifications set forth therein. Such products shall also be exempt from all other duties and charges of any kind imposed on or in connection with importation in excess of those imposed on the date of this Agreement or directly and mandatorily required to be imposed thereafter by legislation in force in the importing territory on that date.

2. The products enumerated and described in Part II of the Schedule relating to any contracting party, which are the products of territories entitled under paragraphs 2 and 3 of Article I of this Agreement to receive preferential treatment upon importation into the customs territory to which the Schedule relates, shall, on their importation into such customs territory, be exempt from ordinary customs duties in excess of those set forth and provided for in Part II of such Schedule, subject to the terms, conditions or qualifications set forth therein. Such products shall also be exempt from all other duties and charges of any kind imposed on or in connection with importation in excess of those imposed on the date of this Agreement or directly and mandatorily required to be imposed thereafter by legislation in force in the importing territory on that date. Nothing in this Article shall prevent any contracting party from maintaining its requirements existing on the date of this Agreement as to the eligibility of goods for entry at preferential rates of duty.
3. Nothing in this Article shall prevent any contracting party from imposing at any time on the importation of any product:

(a) a charge equivalent to an internal tax imposed, consistently with the provisions of paragraph 1 of Article III of this Agreement, in respect of the like domestic product or in respect of an article from which the imported product has been manufactured or produced in whole or in part, or

(b) any anti-dumping or countervailing duty applied consistently with the provisions of Article VI of this Agreement, or

(c) fees or other charges commensurate with the cost of services rendered.

4. No contracting party shall alter its method of determining dutiable value or of converting currencies so as to impair the value of any of the concessions provided for in the appropriate Schedule annexed to this Agreement.

5. If any contracting party establishes, maintains or authorizes, formally or in effect, a monopoly of the importation of any product described in the appropriate Schedule annexed to this Agreement such monopoly shall not, except as provided in the Schedule or as otherwise agreed between the parties to the negotiation of the concession, operate so as to afford protection on the average in excess of the amount of protection provided for in such Schedule. This paragraph shall not limit the use by contracting parties of any form of assistance to domestic producers permitted by other provisions of this Agreement.

6. If any contracting party considers that a product is not receiving from another contracting party the treatment which the first contracting party believes to have been contemplated by a
concession provided for under paragraph 1 of this Article, it shall bring the matter directly to the attention of the other contracting party. If the other contracting party agrees that the treatment contemplated was that claimed by the first contracting party, but declares that such treatment cannot be accorded because a court or other proper authority has ruled that the product involved is not legally classifiable under the tariff laws of such contracting party so as to permit the treatment admittedly contemplated at the time of the signature of this agreement, the two contracting parties, together with any other contracting parties concerned, shall enter promptly into further negotiations with a view to a compensatory adjustment of the matter.

7. The Schedules annexed to this Agreement are hereby made an integral part of Part I of this Agreement.