This document is being tabled by the Chairman of the Trade Negotiations Committee at Official Level with the following understanding:

(a) It offers a concrete and comprehensive representation of the final global package of the results of the Uruguay Round;

(b) No single element of the Draft Final Act can be considered as agreed till the total package is agreed;

(c) Final agreement on the attached Draft Final Act will depend on substantial and meaningful results for all parties being achieved in the ongoing market access negotiations, including those related to tariffs and non-tariff measures: this applies to areas such as natural resource-based products, tropical products, agriculture and textiles and clothing.

(d) Final agreement similarly applies to the ongoing negotiations pertaining to initial liberalization commitments in the area of services.
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A. DRAFT FINAL ACT EMBODYING THE RESULTS OF THE
URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS

1. Having met ....................... from ... to ... ....... 19. . at
....... in order to conclude the Uruguay Round of Multilateral Trade
Negotiations, the representatives of the Governments and of the European
Communities, members of the Trade Negotiations Committee (hereinafter
referred to as "participants"), agree that the Agreements1 Decisions and
Understandings, as set out in the annexes attached hereto (hereinafter
referred to as "instruments"), embody the results of their negotiations and
form an integral part of this Final Act.

2. By adopting the present Final Act, participants agree to submit, as
appropriate, the annexed instruments for the consideration of their
respective competent authorities with a view to seeking approval of these
instruments in accordance with appropriate procedures of the participant
concerned.

3. Participants agree on the desirability of acceptance of the
instruments by all participants with a view to their entry into force as
early as possible and not later than [1 January 1993]. Participants
further agree, in order to provide the administrative infrastructure for
the international implementation of the Uruguay Round results, to establish
a Multilateral Trade Organization. Pursuant to the final paragraph of the
Punta del Este Declaration, Ministers will meet in a Special Session of the
CONTRACTING PARTIES to decide on the international implementation of the
results not later than the end of [1992]. Subsequently, and taking into
account the status of domestic ratification efforts, they shall meet prior
to the end of [1992] to decide the timing of the instruments' entry into
force.

4. Participants agree on the desirability of the application by the
contracting parties, as from the date of entry into force of the Uruguay
Round results, of the General Agreement on Tariffs and Trade on a
definitive rather than on a provisional basis.

5. Participants agree that the instruments shall be open for acceptance
as a whole, by signature or otherwise, by all participants in the Uruguay
Round of Multilateral Trade Negotiations. This is without prejudice to the
requirement that such participants who are not contracting parties to the
GATT must negotiate their terms of accession to the GATT.

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1Ministers agreed at the Mid-Term Review that the negotiations on
Trade-Related Aspects of Intellectual Property Rights are without prejudice
to the views of participants concerning the institutional aspects of the
international implementation of the results of the negotiations in this
area which is to be decided pursuant to the final paragraph of the Punta
del Este Declaration, i.e. by Ministers meeting at a Special Session of the
CONTRACTING PARTIES.
6. This Final Act and the texts of the instruments set out in the Annexes shall be deposited with the Director-General to the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade who shall promptly furnish to each participant in the Uruguay Round of Multilateral Trade Negotiations a certified copy thereof.

DONE at .........., this ........ day of .......... one thousand nine hundred and ninety-.......... in a single copy, in the English, French and Spanish languages, each text being authentic.
B. MEASURES IN FAVOUR OF LEAST-DEVELOPED COUNTRIES

The participants in the Uruguay Round propose the following Decision on measures in favour of least-developed countries for adoption by the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade

CONTRACTING PARTIES,

Recognizing the plight of the least-developed countries and the need to ensure their effective participation in the world trading system, and to take further measures to improve their trading opportunities;

Recognizing the specific needs of the least-developed countries in the area of market access where continued preferential access remains an essential means for improving their trading opportunities;

Reaffirming their commitment to implement fully the provisions concerning the least-developed countries contained in paragraphs 2(d), 6 and 8 of the Decision of the CONTRACTING PARTIES of 28 November 1979 Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries;

Having regard to the commitment of the participants as set out in Section B(vii) of Part I of the Punta del Este Declaration;

1. Decide that, if not already provided for in the instruments negotiated in the course of the Uruguay Round, notwithstanding their acceptance of these instruments, the least-developed countries recognized as such by the United Nations, and for so long as they remain in that category, while complying with the general rules set out in the aforesaid instruments, will only be required to apply individual commitments, obligations and concessions to the extent consistent with their individual development, financial and trade needs, or their administrative and institutional capabilities.

2. Agree that:

(i) Expeditious implementation of all special and differential measures taken in favour of least-developed countries including those taken within the context of the Uruguay Round shall be ensured through, inter alia regular reviews as provided for under the Enabling Clause.

(ii) Least-developed countries shall be accorded substantially increased technical assistance in the development, strengthening and diversification of their production and export bases including those of services, as well as in trade promotion, to enable them to maximize the benefits from liberalized access to markets.

Agree to keep under review the problems of the least-developed countries and to continue to seek the adoption of positive measures which facilitate the expansion of trading opportunities in favour of these countries.
The following Agreements, Decisions, Understandings, the texts of which are set out below, are an integral part of the Uruguay Round Agreements.

¹The legal form of each text shall be decided at a later stage.
C. URUGUAY ROUND (1992) PROTOCOL TO THE
GENERAL AGREEMENT ON TARIFFS AND TRADE

The contracting parties to the General Agreement on Tariffs and Trade and the European Communities which participated in the Uruguay Round of Multilateral Trade Negotiations 1986-1992 (hereinafter referred to as "participants"),

HAVING carried out negotiations pursuant to Article XXVIII bis and other relevant provisions of the General Agreement on Tariffs and Trade (hereinafter referred to as "the General Agreement"),

HAVE, through their representatives, agreed as follows:

1. The schedule of concessions annexed to this Protocol relating to a participant shall become a Schedule to the General Agreement relating to that participant on the day on which this Protocol enters into force for that participant pursuant to paragraph 7.

2. The tariff reductions agreed upon by each participant shall, except as may be otherwise specified in a participant’s schedule, be implemented in equal annual rate reductions beginning on 1 January 1993, and the total reduction shall become effective not later than 1 January 1997. A participant which begins rate reductions on 1 July 1993 or on a date between 1 January and 1 July 1993 shall, unless otherwise specified in that participant’s schedule, make effective two-fifths of the total reduction to the final rate on that date, followed by three equal instalments beginning 1 January 1995. The reduced rate should in each stage be rounded off to the first decimal. The provisions of this paragraph shall not prevent participants from implementing reductions in fewer stages or at earlier dates than indicated above.

3. The implementation of the concessions contained in the annexed schedules shall, upon request, be subject to multilateral examination by the participants having accepted this Protocol. This would be without prejudice to the rights and obligations of contracting parties under the General Agreement.

4. After the schedule of concessions annexed to this Protocol relating to a participant has become a Schedule to the General Agreement pursuant to the provisions of paragraph 1, such participant shall be free at any time to withhold or to withdraw in whole or in part the concession in such schedule with respect to any product for which the principal supplier is any other participant the schedule of which, as established in these negotiations, has not yet become a Schedule to the General Agreement. Such action can, however, only be taken after written notice of any such withholding or withdrawal of a concession has been given to the CONTRACTING PARTIES and after consultations have been held, upon request, with any participant, the relevant schedule of concessions relating to which has become a Schedule to the General Agreement and which has a substantial interest in the product involved. Any concessions so withheld or withdrawn
shall be applied on and after the day on which the schedule of the participant which has the principal supplying interest becomes a Schedule to the General Agreement.

5. (a) For the purpose of the reference in Article II:1(b) and (c) of the General Agreement to the date of that Agreement, the applicable date in respect of each product which is the subject of a concession provided for in a schedule of concessions annexed to this Protocol shall be the date of this Protocol.

(b) For the purpose of the reference in Article II:6(a) of the General Agreement to the date of that Agreement, the applicable date in respect of a schedule of concessions annexed to this Protocol shall be the date of this Protocol.

6. In cases of modification or withdrawal of concessions relating to non-tariff measures as contained in Appendix III of the schedules, the provisions of Article XXVIII of the General Agreement and the Procedures for Negotiations under Article XXVIII (BISD 275/26) shall apply. This would be without prejudice to the rights and obligations of contracting parties under the General Agreement.

7. (a) This Protocol shall be open for acceptance by participants, by signature or otherwise, until 30 June 1993.

(b) This Protocol shall enter into force on 1 January 1993 for those participants which have accepted it on or before that date, and for participants accepting it after that date, it shall enter into force on the dates of acceptance.

8. This Protocol shall be deposited with the Director-General to the CONTRACTING PARTIES who shall promptly furnish a certified copy thereof and a notification of each acceptance thereof, pursuant to paragraph 7, to each contracting party to the General Agreement and to the European Communities.

9. This Protocol shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

DONE at Geneva this [date of the Final Act], in a single copy, in the English, French and Spanish languages, each text being authentic. The Schedules annexed hereto are authentic in the English, French and Spanish language as specified in each Schedule.
**Appendix I**

SCHEDULE ... - (NAME OF PARTICIPANT)

This schedule is authentic only in the [English] [French] [Spanish] language.

**PART I**

Most-Favoured-Nation Tariff

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<tr>
<th>Tariff item number</th>
<th>Description of products</th>
<th>Base rate of duty (U/B)</th>
<th>Bound rate of duty</th>
<th>Initial negotiating right</th>
<th>Other duties and charges</th>
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<td>00.00.00</td>
<td>Manufactured etc. ...</td>
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<td>12%</td>
<td>CA</td>
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</table>

(at appropriate level)
Appendix II

SCHEDULE . . . - (NAME OF PARTICIPANT)

PART II

Preferential Tariff

(If applicable)
**Appendix III**

**SCHEDULE ... - (NAME OF PARTICIPANT)**

**PART III**

Non-Tariff Concessions

<table>
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<tr>
<th>Tariff item number</th>
<th>Description of products:</th>
<th>Concessions</th>
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D. AGREEMENT ON RULES OF ORIGIN

PREAMBLE

The CONTRACTING PARTIES,

Noting that Ministers on 20 September 1986 agreed that the Uruguay Round of Multilateral Trade Negotiations shall aim to bring about further liberalization and expansion of world trade, strengthen the role of the GATT and increase the responsiveness of the GATT system to the evolving international economic environment;

Desiring to further the objectives of the GATT;

Recognizing that clear and predictable rules of origin and their application facilitate the flow of international trade;

Desiring to ensure that rules of origin themselves do not create unnecessary obstacles to trade;

Desiring to ensure that rules of origin do not nullify or impair the rights of contracting parties under the GATT;

Recognizing that it is desirable to provide transparency of laws, regulations, and practices regarding rules of origin;

Desiring to ensure that rules of origin are prepared and applied in an impartial, transparent, predictable, consistent and neutral manner;

Recognizing the availability of a consultation mechanism and procedures for the speedy, effective and equitable resolution of disputes arising under this agreement;

Desiring to harmonize and clarify rules of origin;

hereby agree as follows:
PART I
DEFINITIONS AND COVERAGE

Article 1

1. For the purposes of Parts I to IV of this agreement, rules of origin shall be defined as those laws, regulations and administrative determinations of general application applied by any contracting party to determine the country\(^1\) of origin of goods provided such rules of origin are not related to contractual or autonomous trade regimes leading to the granting of tariff preferences going beyond the application of Article I:1 of the General Agreement.

2. Rules of origin referred to in paragraph 1 shall include, all rules of origin used in non-preferential commercial policy instruments, such as the application of: most-favoured-nation treatment under Articles I, II, III, XI and XIII of the General Agreement; anti-dumping and countervailing duties under Article VI of the General Agreement; safeguard measures under Article XIX of the General Agreement; origin marking requirements under Article IX of the General Agreement; and any discriminatory quantitative restrictions or tariff quotas. They shall also include rules of origin used for government procurement and trade statistics.\(^2\)

---

1 The word "country", wherever it appears in this agreement, includes the territory of each of the contracting parties. For the purposes of this agreement, the European Communities shall be considered as a contracting party.

2 It is understood that this provision is without prejudice to those determinations made for purposes of defining "domestic industry" or "like products of domestic industry" or similar terms wherever they apply.
PART II

DISCIPLINES TO GOVERN THE APPLICATION OF RULES OF ORIGIN

Article 2

Disciplines during the transitional period

Until the work programme for the harmonization of rules of origin set out in Part IV below is completed, contracting parties shall ensure that:

(a) when they issue administrative determinations of general application, the requirements to be fulfilled are clearly defined. In particular:

- in cases where the criterion of change of tariff classification is applied, such a rule of origin, and any exceptions to the rule, must clearly specify the sub-headings or headings within the tariff nomenclature that are addressed by the rule;

- in cases where the ad valorem percentage criterion is applied, the method for calculating this percentage shall also be indicated in the rules of origin;

- in cases where the criterion of manufacturing or processing operation is prescribed, the operation that confers origin on the good concerned shall be precisely specified;

(b) notwithstanding the measure or instrument of commercial policy to which they are linked, their rules of origin are not used as instruments to pursue trade objectives directly or indirectly;

(c) rules of origin shall not themselves create restrictive, distorting, or disruptive effects on international trade. They shall not pose unduly strict requirements or require the fulfilment of a certain condition not related to manufacturing or processing, as a prerequisite for the determination of the country of origin. However, costs not directly related to manufacturing or processing may be included for the purposes of the application of an ad valorem percentage criterion consistent with sub-paragraph (a) above;

(d) the rules of origin that they apply to imports and exports are not more stringent than the rules of origin they apply to determine whether or not a good is domestic and shall not
discriminate between other contracting parties, irrespective of the affiliation of the manufacturers of the good concerned;

(e) their rules of origin are administered in a consistent, uniform, impartial and reasonable manner;

(f) their rules of origin are based on a positive standard. Rules of origin that state what does not confer origin (negative standard) are permissible as part of a clarification of a positive standard or in individual cases where a positive determination of origin is not necessary;

(g) their laws, regulations, judicial and administrative rulings of general application relating to rules of origin are published as if they were subject to, and in accordance with, the provisions of Article X:1 of the General Agreement;

(h) upon the request of an exporter, importer or any person with a justifiable cause, assessments of the origin they would accord to a good are issued as soon as possible but no later than 150 days\(^2\) of a request for such an assessment provided that all necessary elements have been submitted. Requests for such assessments shall be accepted before trade in the good concerned begins and may be accepted at any later point of time. Such assessments shall remain valid for three years provided that the facts and conditions, including the rules of origin, under which they have been made remain comparable. Provided that the parties concerned are informed in advance, such assessments will no longer be valid when a decision contrary to the assessment is made in a review as referred to in sub-paragraph (j) below. Such assessments shall be made publicly available subject to the provisions of sub-paragraph (k) below;

(i) when introducing changes to their rules of origin or new rules of origin, they shall not apply such changes retroactively as defined in, and without prejudice to, their laws or regulations;

(j) any administrative action which they take in relation to the determination of origin is reviewable promptly by judicial, arbitral or administrative tribunals or procedures, independent of the authority issuing the determination, which can effect the modification or reversal of the determination;

---

\(^1\)With respect to rules of origin applied for the purposes of government procurement, this provision shall not create obligations additional to those already assumed by contracting parties under the GATT.

\(^2\)In respect of requests made during the first year from entry into force of this agreement, contracting parties shall only be required to issue these assessments as soon as possible.
(k) all information that is by nature confidential or that is provided on a confidential basis for the purpose of the application of rules of origin is treated as strictly confidential by the authorities concerned which shall not disclose it without the specific permission of the person or government providing such information, except to the extent that it may be required to be disclosed in the context of judicial proceedings.

Article 3

Disciplines after the transitional period

Taking into account the aim of all contracting parties to achieve as a result of the harmonization work program set out in Part IV below, the establishment of harmonized rules of origin, the contracting parties shall ensure, upon the implementation of the results of the harmonization work programme that:

(a) they apply rules of origin equally for all purposes as set out in Article 1 above;

(b) under their rules of origin, the country to be determined as the origin of a particular good is either the country where the good has been wholly obtained or, when more than one country is concerned in the production of the good, the country where the last substantial transformation has been carried out;

(c) the rules of origin that they apply to imports and exports are not more stringent than the rules of origin they apply to determine whether or not a good is domestic and shall not discriminate between other contracting parties, irrespective of the affiliation of the manufacturers of the good concerned;

(d) the rules of origin are administered in a consistent, uniform, impartial and reasonable manner;

(e) their laws, regulations, judicial and administrative rulings of general application relating to rules of origin are published as if they were subject to, and in accordance with, the provisions of Article X:1 of the General Agreement;

(f) upon the request of an exporter, importer or any person with a justifiable cause, assessments of the origin they would accord to a good are issued as soon as possible but no later than 150 days of a request for such an assessment provided that all necessary elements have been submitted. Requests for such assessments shall be accepted before trade in the good concerned begins and may be accepted at any later point in time. Such assessments shall remain valid for three years provided that the facts and conditions, including the rules of origin, under which
they have been made remain comparable. Provided that the parties concerned are informed in advance, such assessments will no longer be valid when a decision contrary to the assessment is made in a review as referred to in sub-paragraph (h) below. Such assessments shall be made publicly available subject to the provisions of sub-paragraph (i) below:

(g) when introducing changes to their rules of origin or new rules of origin, they shall not apply such changes retroactively as defined in, and without prejudice to, their laws or regulations;

(h) any administrative action which they take in relation to the determination of origin is reviewable promptly by judicial, arbitral or administrative tribunals or procedures, independent of the authority issuing the determination, which can effect the modification or reversal of the determination;

(i) all information which is by nature confidential or which is provided on a confidential basis for the purpose of the application of rules of origin is treated as strictly confidential by the authorities concerned which shall not disclose it without the specific permission of the person or government providing such information, except to the extent that it may be required to be disclosed in the context of judicial proceedings.

PART III

PROCEDURAL ARRANGEMENTS ON NOTIFICATION, REVIEW, CONSULTATION AND DISPUTE SETTLEMENT

Article 4

Institutions

There shall be established under this agreement:

1. a Committee on Rules of Origin (hereinafter referred to as the Committee) composed of the representatives from each of the contracting parties. The Committee shall elect its own Chairman and shall meet as necessary, but not less than once a year, for the purpose of affording contracting parties the opportunity to consult on matters relating to the operation of Parts I, II, III and IV of the agreement or the furtherance of the objectives set out in these Parts and to carry out such other responsibilities assigned to it under this agreement or by the CONTRACTING PARTIES. Where appropriate, the Committee shall request information and advice from the Technical Committee (referred to in paragraph 2 below) on matters related to this agreement. The Committee may also request such other work from the Technical Committee as it considers appropriate for the furtherance of the above-mentioned objectives of this agreement. The GATT Secretariat shall act as the secretariat to the Committee;
2. a Technical Committee on Rules of Origin (hereinafter referred to as the Technical Committee) under the auspices of the Customs Co-operation Council as set out in Annex I of this agreement. The Technical Committee shall carry out the technical work called for in Part IV and prescribed in Annex I of this agreement. Where appropriate, the Technical Committee shall request information and advice from the Committee on matters related to this agreement. The Technical Committee may also request such other work from the Committee as it considers appropriate for the furtherance of the above-mentioned objectives of the agreement. The CCC secretariat shall act as the secretariat to the Technical Committee.

Article 5

Information and procedures for modification and introduction of new rules of origin

1. Upon entry into force of this agreement, each contracting party shall provide the GATT Secretariat within 90 days its rules of origin, judicial decisions, and administrative rulings of general application relating to rules of origin in effect on the date of entry into force of this agreement. If by inadvertence a rule of origin has not been provided, the contracting party concerned shall provide it immediately after this fact becomes known. Lists of information received and available with the GATT Secretariat shall be circulated to the contracting parties by the GATT Secretariat.

2. During the period referred to in Article 2 above, contracting parties introducing modifications, other than de minimis modifications, to their rules of origin or introducing new rules of origin, which, for the purpose of this Article, shall include any rule of origin referred to in paragraph 1 above and not provided to the GATT Secretariat, shall publish a notice to that effect at least 60 days before the entry into force of the modified or new rule in such a manner as to enable interested parties to become acquainted with the intention to modify a rule of origin or to introduce a new rule of origin, unless exceptional circumstances arise or threaten to arise for a contracting party. In these exceptional cases, the contracting party shall publish the modified or new rule as soon as possible.

Article 6

Review

1. The Committee shall review annually the implementation and operation of Parts II and III of this agreement having regard to its objectives. The Committee shall annually inform the CONTRACTING PARTIES of developments during the period covered by such reviews.

2. The Committee shall review the provisions of Parts I, II and III above and propose amendments as necessary to reflect the results of the harmonization work programme.
3. The Committee, in cooperation with the Technical Committee, shall set up a mechanism to consider and propose amendments to the results of the harmonization work programme, taking into account the objectives and principles set out in Article 9. This may include instances where the rules need to be made more operational or need to be updated to take into account new production processes as affected by any technological change.

**Article 7**

**Consultation**

The provisions of Article XXII of the General Agreement, as improved and elaborated upon by the Negotiating Group on Dispute Settlement, are applicable to this agreement.

**Article 8**

**Dispute settlement**

The provisions of Article XXIII of the General Agreement, as improved and elaborated upon by the Negotiating Group on Dispute Settlement, are applicable to this agreement.

**PART IV**

**HARMONIZATION OF RULES OF ORIGIN**

**Article 9**

1. **Objectives and principles**

With the objectives of harmonizing rules of origin and *inter alia* providing more certainty in the conduct of world trade, the CONTRACTING PARTIES shall undertake the work programme set out below in conjunction with the Customs Co-operation Council, on the basis of the following principles:

(a) Rules of origin should be applied equally for all purposes as set out in Article 1 above;

---

It is understood that the procedures on consultation and dispute settlement will be re-examined when the legal form of the agreement is examined.
(b) Rules of origin should provide for the country to be determined as the origin of a particular good to be either the country where the good has been wholly obtained or, when more than one country is concerned in the production of the good, the country where the last substantial transformation has been carried out;

(c) Rules of origin should be objective, understandable and predictable;

(d) Notwithstanding the measure or instrument to which they may be linked, rules of origin should not be used as instruments to pursue trade objectives directly or indirectly. They should not themselves create restrictive, distorting or disruptive effects on international trade. They should not pose unduly strict requirements or require the fulfilment of a certain condition not relating to manufacturing or processing as a prerequisite for the determination of the country of origin. However, costs not directly related to manufacturing or processing may be included for purposes of the application of an ad valorem percentage criterion;

(e) Rules of origin should be administrable in a consistent, uniform, impartial and reasonable manner;

(f) Rules of origin should be coherent;

(g) Rules of origin should be based on a positive standard. Negative standards may be used to clarify a positive standard.

2. Work programme

(a) The work programme shall be initiated as soon after the Uruguay Round as possible and will be completed within three years of initiation.

(b) The Committee and the Technical Committee provided for in Article 4 of this agreement shall be the appropriate bodies to conduct this work.

(c) To provide for detailed input by the CCC, the Committee shall request the Technical Committee to provide its interpretations and opinions resulting from the work described below on the basis of the principles listed in paragraph 1 of this Article. To ensure timely completion of the work programme for harmonization, such work shall be conducted on a product sector basis, as represented by various chapters or sections of the Harmonized System Tariff Nomenclature.

(i) Wholly obtained and minimal operations or processes

The Technical Committee shall develop harmonized definitions of:
- the goods that are to be considered as being wholly obtained in one country. This work shall be as detailed as possible;

- minimal operations or processes that do not by themselves confer origin to a good.

The results of this work shall be submitted to the Committee within three months of receipt of the request from the Committee.

(ii) Substantial transformation - Change in tariff classification

- The Technical Committee shall consider and elaborate upon, on the basis of the criterion of substantial transformation, the use of change in tariff subheading or heading when developing rules of origin for particular products or a product sector and, if appropriate, the minimum change within the nomenclature that meets this criterion.

- The Technical Committee shall divide the above work on a product basis taking into account the chapters or sections of the Harmonized System, so as to submit results of its work to the Committee at least on a quarterly basis. The Technical Committee shall complete the above work within one year and three months from receipt of the request of the Committee.

(iii) Substantial Transformation - Supplementary Criteria

Upon completion of the work under (ii) for each product sector or individual product category where the exclusive use of the HS nomenclature does not allow for the expression of substantial transformation, the Technical Committee:

- shall consider and elaborate upon, on the basis of the criterion of substantial transformation, the use, in a supplementary or exclusive manner, of other requirements, including ad valorem percentages\(^1\) and/or manufacturing or processing operations\(^2\) when developing rules of origin for particular products or a product sector;

\(^1\)If the ad valorem criterion is prescribed, the method for calculating this percentage shall also be indicated in the rules of origin.

\(^2\)If the criterion of manufacturing or processing operation is prescribed, the operation that confers origin on the product concerned shall be precisely specified.
- may provide explanations for its proposals;

- shall divide the above work on a product basis taking into account the chapters or sections of the Harmonized System, so as to submit results of its work to the Committee at least on a quarterly basis. The Technical Committee shall complete the above work within two years and three months of receipt of the request from the Committee.

3. **Rôle of the GATT**

On the basis of the principles listed in paragraph 1 of this Article:

(a) the Committee shall consider the interpretations and opinions of the Technical Committee periodically in accordance with the time-frames provided in (i), (ii) and (iii) above with a view to endorsing such interpretations and opinions. The Committee may request the Technical Committee to refine or elaborate its work and/or to develop new approaches. To assist the Technical Committee, the Committee should provide its reasons for requests for additional work and, as appropriate, suggest alternative approaches;

(b) upon completion of all the work identified in (i), (ii) and (iii) above, the Committee shall consider the results in terms of their overall coherence.

4. **Results of the harmonization work programme and subsequent work**

The CONTRACTING PARTIES shall establish the results of the harmonization work programme in an annex as an integral part of this agreement. The CONTRACTING PARTIES shall establish a time-frame for the entry into force of this annex.

**ANNEX I**

**Technical Committee on Rules of Origin**

1. The on-going responsibilities of the Technical Committee shall include the following:

(a) at the request of any member of the Technical Committee, to examine specific technical problems arising in the day-to-day administration of the rules of origin of contracting parties and to give advisory opinions on appropriate solutions based upon the facts presented;

(b) to furnish information and advice on any matters concerning the origin determination of goods as may be requested by any contracting party or the Committee;
(c) to prepare and circulate periodic reports on the technical aspects of the operation and status of this agreement; and

(d) to review annually the technical aspects of the implementation and operation of Parts II and III of this agreement.

2. The Technical Committee shall exercise such other responsibilities as the Committee may request of it.

3. The Technical Committee shall attempt to conclude its work on specific matters, especially those referred to it by contracting parties or the Committee, in a reasonably short period of time.

Representation

4. Each contracting party shall have the right to be represented on the Technical Committee. Each contracting party may nominate one delegate and one or more alternates to be its representatives on the Technical Committee. Such a contracting party so represented on the Technical Committee is hereinafter referred to as a member of the Technical Committee. Representatives of members of the Technical Committee may be assisted by advisers at meetings of the Technical Committee. The GATT Secretariat may also attend such meetings with observer status.

5. Members of the Customs Co-operation Council who are not contracting parties may be represented at meetings of the Technical Committee by one delegate and one or more alternates. Such representatives shall attend meetings of the Technical Committee as observers.

6. Subject to the approval of the Chairman of the Technical Committee, the Secretary-General of the Customs Co-operation Council (hereinafter referred to as the Secretary-General) may invite representatives of governments which are neither contracting parties nor members of the Customs Co-operation Council and representatives of international governmental and trade organizations to attend meetings of the Technical Committee as observers.

7. Nominations of delegates, alternates and advisers to meetings of the Technical Committee shall be made to the Secretary-General.

Meetings

8. The Technical Committee shall meet as necessary, but not less than once a year.

Procedures

9. The Technical Committee shall elect its own chairman and shall establish its own procedures.
ANNEX II

Common Declaration with regard to preferential rules of origin

1. Recognizing that some contracting parties apply preferential rules of origin, distinct from non-preferential rules of origin, the contracting parties hereby agree as follows.

2. For the purposes of this Common Declaration, preferential rules of origin shall be defined as those laws, regulations and administrative determinations of general application applied by any contracting party to determine whether goods qualify for preferential treatment under contractual or autonomous trade regimes leading to the granting of tariff preferences going beyond the application of Article I:1 of the General Agreement.

3. The contracting parties agree to ensure that:

(a) when they issue administrative determinations of general application, the requirements to be fulfilled are clearly defined. In particular:

- in cases where the criterion of change of tariff classification is applied, such a preferential rule of origin, and any exceptions to the rule, must clearly specify the sub-headings or headings within the tariff nomenclature that are addressed by the rule;

- in cases where the ad valorem percentage criterion is applied, the method for calculating this percentage shall also be indicated in the preferential rules of origin;

- in cases where the criterion of manufacturing or processing operation is prescribed, the operation that confers preferential origin shall be precisely specified;

(b) their preferential rules of origin are based on a positive standard. Preferential rules of origin that state what does not confer preferential origin (negative standard) are permissible as part of a clarification of a positive standard or in individual cases where a positive determination of preferential origin is not necessary;

(c) their laws, regulations, judicial and administrative rulings of general application relating to preferential rules of origin are published as if they were subject to, and in accordance with, the provisions of Article X:1 of the General Agreement;
(d) upon request of an exporter, importer or any person with a justifiable cause, assessments of the preferential origin they would accord to a good are issued as soon as possible but no later than 150 days of a request for such an assessment provided that all necessary elements have been submitted. Requests for such assessments shall be accepted before trade in the good concerned begins and may be accepted at any later point of time. Such assessments shall remain valid for three years provided that the facts and conditions, including the preferential rules of origin, under which they have been made remain comparable. Provided that the parties concerned are informed in advance, such assessments will no longer be valid when a decision contrary to the assessment is made in a review as referred to in sub-paragraph (f) below. Such assessments shall be made publicly available subject to the provisions of sub-paragraph (g) below;

(e) when introducing changes to their preferential rules of origin or new preferential rules of origin, they shall not apply such changes retroactively as defined in, and without prejudice to, their laws or regulations;

(f) any administrative action which they take in relation to the determination of preferential origin is reviewable promptly by judicial, arbitral or administrative tribunals or procedures, independent of the authority issuing the determination, which can effect the modification or reversal of the determination;

(g) all information that is by nature confidential or that is provided on a confidential basis for the purpose of the application of preferential rules of origin is treated as strictly confidential by the authorities concerned which shall not disclose it without the specific permission of the person or government providing such information, except to the extent that it may be required to be disclosed in the context of judicial proceedings.

4. The contracting parties agree to provide the GATT Secretariat promptly their preferential rules of origin, including a listing of the preferential arrangements to which they apply, judicial decisions, and administrative rulings of general application relating to their preferential rules of origin in effect on the date of entry into force of this Common Declaration. Furthermore contracting parties agree to provide any modifications to their preferential rules of origin or new preferential rules of origin as soon as possible to the GATT Secretariat. Lists of information received and available with the GATT Secretariat shall be circulated to the contracting parties by the GATT Secretariat.

1 In respect of requests made during the first year from entry into force of the agreement on rules of origin, contracting parties shall only be required to issue these assessments as soon as possible.
E. AGREEMENT ON PRESHIPMENT INSPECTION

PREAMBLE

Noting that Ministers on 20 September 1986 agreed that the Uruguay Round of Multilateral Trade Negotiations shall aim to bring about further liberalization and expansion of world trade, strengthen the role of GATT and increase the responsiveness of the GATT system to the evolving international economic environment;

Noting that a number of developing contracting parties have recourse to preshipment inspection;

Recognizing the need of developing countries to do so for as long and insofar as it is necessary to verify the quality, quantity or price of imported goods;

Mindful that such programmes must be carried out without giving rise to unnecessary delays or unequal treatment;

Noting that this inspection is by definition carried out on the territory of exporter contracting parties;

Recognizing the need to establish an agreed international framework of rights and obligations of both user contracting parties and exporter contracting parties;

Recognizing that the principles and obligations of the General Agreement apply to those activities of preshipment inspection entities that are mandated by governments that are Parties to the General Agreement;

Recognizing that it is desirable to provide transparency of the operation of preshipment inspection entities and of laws and regulations relating to preshipment inspection;

Desiring to provide for the speedy, effective and equitable resolution of disputes between exporters and preshipment inspection entities arising under this agreement;

The contracting parties hereby agree as follows:

ARTICLE 1

Coverage. Definitions

1.1. This agreement shall apply to all preshipment inspection activities carried out on the territory of contracting parties, whether such activities are contracted or mandated by the government, or any government body, of a contracting party (hereinafter referred to as user contracting party).
1.2. Preshipment inspection activities are all activities relating to the verification of the quality, the quantity, the price, including currency exchange rate and financial terms, and/or the customs classification of goods to be exported to the territory of the user contracting party.

1.3. The term "preshipment inspection entity" is any entity contracted or mandated by a contracting party to carry out preshipment inspection activities.¹

ARTICLE 2

Obligations of user contracting parties

Non-discrimination

2.1. User contracting parties shall ensure that preshipment inspection activities are carried out in a non-discriminatory manner, that the procedures and criteria employed in the conduct of these activities are objective and are applied on an equal basis to all exporters affected by such activities. They shall ensure uniform performance of inspection by all the inspectors of the preshipment inspection entities contracted or mandated by them.

Governmental requirements

2.2. User contracting parties shall ensure that in the course of preshipment inspection activities relating to their laws, regulations and requirements, the provisions of Article III:4 of the General Agreement are respected to the extent that these are relevant.

Site of inspection

2.3. User contracting parties shall ensure that all preshipment inspection activities, including the issuance of a Clean Report of Findings or a note of non-issuance, are performed in the customs territory from which the goods are exported or, if the inspection cannot be carried out in that customs territory given the complex nature of the products involved, or if both parties agree, in the customs territory in which the goods are manufactured.

¹It is understood that this provision does not obligate contracting parties to allow government entities of other contracting parties to conduct preshipment inspection activities on their territory.
Standards

2.4. User contracting parties shall ensure that quantity and quality inspections are performed in accordance with the standards defined by the seller and the buyer in the purchase agreement and that, in the absence of such standards, relevant international standards apply.

Transparency

2.5. User contracting parties shall ensure that preshipment inspection activities are conducted in a transparent manner.

2.6. User contracting parties shall ensure that, when initially contacted by exporters, preshipment inspection entities provide to the exporters a list of all the information which is necessary for the exporters to comply with inspection requirements. The preshipment inspection entities shall provide the actual information when so requested by exporters. This information shall include a reference to the laws and regulations of the user contracting parties relating to preshipment inspection activities, and shall also include the procedures and criteria used for inspection and for price and currency exchange rate verification purposes, the exporters’ rights vis-à-vis the inspection entities, and the appeals procedures set up under Article 2:21. Additional procedural requirements or changes in existing procedures shall not be applied to a shipment unless the exporter concerned is informed of these changes at the time the inspection date is arranged. However, in emergency situations of the types addressed by Articles XX and XXI of the General Agreement, such additional requirements or changes may be applied to a shipment before the exporter has been informed. This assistance shall not, however, relieve exporters from their obligations in respect of compliance with the import regulations of the user contracting parties.

2.7. User contracting parties shall ensure that the information referred to in Article 2:6 is made available to exporters in a convenient manner, and that the preshipment inspection offices maintained by preshipment inspection entities serve as information points where this information is available.

2.8. User contracting parties shall publish promptly all applicable laws and regulations relating to preshipment inspection activities in such a manner as to enable other governments and traders to become acquainted with them.

1An international standard is a standard adopted by a governmental or non-governmental body whose membership is open to all contracting parties, one of whose recognized activities is in the field of standardization.
Protection of confidential business information

2.9. User contracting parties shall ensure that preshipment inspection entities treat all information received in the course of the preshipment inspection as business confidential to the extent that such information is not already published, generally available to third parties, or otherwise in the public domain. User contracting parties shall ensure that preshipment inspection entities maintain procedures to this end.

2.10. User contracting parties shall provide information to contracting parties on request on the measures they are taking to give effect to Article 2:9. The provisions of this paragraph shall not require any contracting party to disclose confidential information which would jeopardize the effectiveness of the preshipment inspection programmes or would prejudice the legitimate commercial interest of particular enterprises, public or private.

2.11. User contracting parties shall ensure that preshipment inspection entities do not divulge confidential business information to any third party, except that preshipment inspection entities may share this information with the government entities that have contracted or mandated them. User contracting parties shall ensure that confidential business information which they receive from preshipment inspection entities contracted or mandated by them is adequately safeguarded. Preshipment inspection entities shall share confidential business information with the governments contracting or mandating them only to the extent that such information is customarily required for letters of credit or other forms of payment or for customs, import licensing or exchange control purposes.

2.12. User contracting parties shall ensure that preshipment inspection entities do not request exporters to provide information regarding:

(a) manufacturing data related to patented, licensed or undisclosed processes, or to processes for which a patent is pending;

(b) unpublished technical data other than data necessary to demonstrate compliance with technical regulations or standards;

(c) internal pricing, including manufacturing costs;

(d) profit levels;

(e) the terms of contracts between exporters and their suppliers unless it is not otherwise possible for the entity to conduct the inspection in question. In such cases, the entity shall only request the information necessary for this purpose.
2.13. The information referred to in Article 2:12, which preshipment inspection entities shall not otherwise request, may be released voluntarily by the exporter to illustrate a specific case.

Conflicts of interest

2.14. User contracting parties shall ensure that preshipment inspection entities, bearing in mind also the provisions on protection of confidential business information in Article 2:9-13, maintain procedures to avoid conflicts of interest:

(a) between preshipment inspection entities and any related entities of the preshipment inspection entities in question, including any entities in which the latter have a financial or commercial interest or any entities which have a financial interest in the preshipment inspection entities in question, and whose shipments the preshipment inspection entities are to inspect;

(b) between preshipment inspection entities and any other entities, including other entities subject to preshipment inspection, with the exception of the government entities contracting or mandating the inspections;

(c) with divisions of preshipment inspection entities engaged in activities other than those required to carry out the inspection process.

Delays

2.15. User contracting parties shall ensure that preshipment inspection entities avoid unreasonable delays in inspection of shipments. User contracting parties shall ensure that, once a preshipment inspection entity and an exporter agree on an inspection date, the preshipment inspection entity conducts the inspection on that date unless it is rescheduled on a mutually-agreed basis between the exporter and the preshipment inspection entity, or the preshipment inspection entity is prevented from doing so by the exporter or by force majeure.¹

2.16. User contracting parties shall ensure that, following receipt of the final documents and completion of the inspection, preshipment inspection entities, within five working days, either issue a Clean Report of Findings or provide a detailed written explanation specifying the reasons for non-issuance. User contracting parties shall ensure that, in the latter case, preshipment inspection entities give exporters the opportunity to present their views in writing and, if exporters so request, arrange for reinspection at the earliest mutually convenient date.

¹It is understood that, for the purposes of this agreement, force majeure shall mean "irresistible compulsion or coercion, unforeseeable course of events excusing from fulfilment of contract".
2.17. User contracting parties shall ensure that, whenever so requested by the exporters, preshipment inspection entities undertake, prior to the date of physical inspection, a preliminary verification of price and, where applicable, of currency exchange rate, on the basis of the contract between exporter and importer, the pro forma invoice and, where applicable, the application for import authorization. User contracting parties shall ensure that a price or currency exchange rate that has been accepted by a preshipment inspection entity on the basis of such preliminary verification is not withdrawn, providing the goods conform to the import documentation and/or import licence. They shall ensure that, after a preliminary verification has taken place, preshipment inspection entities immediately inform exporters in writing either of their acceptance or of their detailed reasons for non-acceptance of the price and/or currency exchange rate.

2.18. User contracting parties shall ensure that, in order to avoid delays in payment, preshipment inspection entities send to exporters or to designated representatives of the exporters a Clean Report of Findings as expeditiously as possible.

2.19. User contracting parties shall ensure that, in the event of a clerical error in the Clean Report of Findings, preshipment inspection entities correct the error and forward the corrected information to the appropriate parties as expeditiously as possible.

Price verification

2.20. User contracting parties shall ensure that, in order to prevent over- and under-invoicing and fraud, preshipment inspection entities conduct price verification according to the following guidelines:

(a) preshipment inspection entities shall only reject a contract price agreed between an exporter and an importer if they can demonstrate that their findings of an unsatisfactory price are based on a verification process which is in conformity with the criteria set out in Article 2:20(b)-(e) below;

(b) the preshipment inspection entity shall base its price comparison for the verification of the export price on the price(s) of identical or similar goods offered for export from the same country of exportation at or about the same time, under competitive and comparable conditions of sale, in conformity with customary commercial practices and net of any applicable standard discounts. Such comparison shall be based on the following:

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1The obligations of user contracting parties with respect to the services of preshipment inspection entities in connection with customs valuation shall be the obligations which they have accepted in the General Agreement and related instruments.
only prices providing a valid basis of comparison shall be used, taking into account the relevant economic factors pertaining to the country of importation and a country or countries used for price comparison;

- the preshipment inspection entity shall not rely upon the price of goods offered for export to different countries of importation to arbitrarily impose the lowest price upon the shipment;

- the preshipment inspection entity shall take into account the specific elements listed in Article 2:20(c);

- at any stage in the process described above, the preshipment inspection entity shall provide the exporter with an opportunity to explain his price.

(c) when conducting price verification, preshipment inspection entities shall make appropriate allowances for the terms of the sales contract and generally applicable adjusting factors pertaining to the transaction; these factors shall include but not be limited to the commercial level and quantity of the sale, delivery periods and conditions, price escalation clauses, quality specifications, special design features, special shipping or packing specifications, order size, spot sales, seasonal influences, licence or other intellectual property fees, and services rendered as part of the contract if these are not customarily invoiced separately; they shall also include certain elements relating to the exporter's price, such as the contractual relationship between the exporter and importer;

(d) the verification of transportation charges shall relate only to the agreed price of the mode of transport in the country of exportation as indicated in the sales contract;

(e) the following shall not be used for price verification purposes:

(i) the selling price in the country of importation of goods produced in such country;

(ii) the price of goods for export from a country other than the country of exportation;

(iii) the cost of production;

(iv) arbitrary or fictitious prices or values.
Appeals procedures

2.21. User contracting parties shall ensure that preshipment inspection entities establish procedures to receive, consider and render decisions concerning grievances raised by exporters, and that information concerning such procedures is made available to exporters in accordance with the provisions of Article 2:6-7. User contracting parties shall ensure that the procedures are developed and maintained in accordance with the following guidelines:

(a) preshipment inspection entities shall designate one or more officials who shall be available during normal business hours in each city or port in which they maintain a preshipment inspection administrative office to receive, consider and render decisions on exporters' appeals or grievances;

(b) exporters shall provide in writing to the designated official(s) the facts concerning the specific transaction in question, the nature of the grievance and a suggested solution;

(c) the designated official(s) shall afford sympathetic consideration to exporters' grievances and shall render a decision as soon as possible after receipt of the documentation referred to in (b) above.

Derogation

2.22. By derogation to the provisions of Article 2, user contracting parties shall provide that, with the exception of part shipments, shipments whose value is less than a minimum value applicable to such shipments as defined by the user contracting party shall not be inspected, except in exceptional circumstances. This minimum value shall form part of the information furnished to exporters under the provisions of Article 2:6 above.

ARTICLE 3

Obligations of exporter contracting parties

Non-discrimination

3.1. Exporter contracting parties shall ensure that their laws and regulations relating to preshipment inspection activities are applied in a non-discriminatory manner.
Transparency

3.2. Exporter contracting parties shall publish promptly all applicable laws and regulations relating to preshipment inspection activities in such a manner as to enable other governments and traders to become acquainted with them.

Technical assistance

3.3. Exporter contracting parties shall offer to provide to user contracting parties, if requested, technical assistance directed towards the achievement of the objectives of this agreement on mutually agreed terms.

ARTICLE 4

Independent review procedures

4.1. Contracting parties shall encourage preshipment inspection entities and exporters mutually to resolve their disputes. However, two working days after submission of the grievance in accordance with the provisions of Article 2:21, either party may refer the dispute to independent review. Contracting parties shall take such reasonable measures as may be available to them to ensure that the following procedures are established and maintained to this end:

(a) These procedures shall be administered by an independent entity constituted jointly by an organization representing preshipment inspection entities and an organization representing exporters for the purposes of this agreement;

(b) the independent entity referred to in Article 4:1(a) above shall establish a list of experts as follows:

(i) a section of members nominated by an organization representing preshipment inspection entities;

(ii) a section of members nominated by an organization representing exporters;

(iii) a section of independent trade experts, nominated by the independent entity referred to in Article 4:1(a) above.

1It is understood that such technical assistance may be given on a bilateral, plurilateral or multilateral basis.
The geographical distribution of the experts on this list shall be such as to enable any disputes raised under these procedures to be dealt with expeditiously. This list shall be drawn up within two months of the entry into force of this agreement and shall be updated annually. The list shall be publicly available. It shall be notified to the GATT Secretariat and circulated to all contracting parties;

(c) an exporter or preshipment inspection entity wishing to raise a dispute shall contact the independent entity referred to in Article 4:1(a) above and request the formation of a panel. The independent entity shall be responsible for establishing a panel. This panel shall consist of three members. The members of the panel shall be chosen so as to avoid unnecessary costs and delays. The first member shall be chosen from section (i) of the above list by the preshipment inspection entity concerned, provided that this member is not affiliated to that entity. The second member shall be chosen from section (ii) of the above list by the exporter concerned, provided that this member is not affiliated to that exporter. The third member shall be chosen from section (iii) of the above list by the independent entity referred to in Article 4:1(a) above. No objections shall be made to any independent trade expert drawn from section (iii) of the above list;

(d) the independent trade expert drawn from section (iii) of the above list shall serve as the chairman of the panel. He shall take the necessary decisions to ensure an expeditious settlement of the dispute by the panel, for instance, whether the facts of the case require the panelists to meet and, if so, where such a meeting shall take place, taking into account the site of the inspection in question;

(e) if the parties to the dispute so agree, one independent trade expert could be selected from section (iii) of the above list by the independent entity referred to in Article 4:1(a) above to review the dispute in question. This expert shall take the necessary decisions to ensure an expeditious settlement of the dispute, for instance taking into account the site of the inspection in question;

(f) the object of the review shall be to establish whether, in the course of the inspection in dispute, the parties to the dispute have complied with the provisions of this agreement. The procedures shall be expeditious and provide the opportunity for both parties to present their views in person or in writing;
(g) decisions by a three-member panel shall be taken by majority vote. The decision on the dispute shall be rendered within eight working days of the request for independent review and be communicated to the parties to the dispute. This time-limit could be extended upon agreement by the parties to the dispute. The panel or independent trade expert shall apportion the costs, based on the merits of the case;

(h) the decision of the panel shall be binding upon the preshipment inspection entity and the exporter which are parties to the dispute.

ARTICLE 5

Notification

5.1. Contracting parties shall submit to the GATT Secretariat copies of their laws and regulations by which they put this agreement into force, as well as copies of any other laws and regulations relating to preshipment inspection when the agreement comes into force for the contracting party concerned. No changes in the laws and regulations relating to preshipment inspection shall be enforced before such changes have been officially published. They shall be notified to the GATT Secretariat immediately after their publication. The GATT Secretariat shall inform the contracting parties of the availability of this information.

ARTICLE 6

Review

6.1. At the end of the second year from the entry into force of this agreement and every three years thereafter, the CONTRACTING PARTIES shall review its provisions, implementation and operation, taking into account the objectives thereof and experience gained in its operation. As a result of such review, the CONTRACTING PARTIES may amend the provisions of the agreement.

ARTICLE 7

Consultation

7.1. Contracting parties shall consult with other contracting parties upon request with respect to any matter affecting the operation of this agreement. In such cases, the provisions of Article XXII of the General Agreement, as amended by the Uruguay Round, shall apply.
ARTICLE 8

Dispute settlement

8.1. Any disputes among contracting parties regarding the operation of this agreement shall be subject to the provisions of Article XXIII of the General Agreement, as amended by the Uruguay Round.

ARTICLE 9

Final provisions

9.1. Contracting parties shall take the necessary measures for the implementation of the present agreement.

9.2. Contracting parties shall ensure that their laws and regulations shall not be contrary to the provisions of this agreement.
F. AGREEMENT ON IMPLEMENTATION OF ARTICLE VI OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

PART I

ANTI-DUMPING CODE

Article 1

Principles

An anti-dumping measure shall be applied only under the circumstances provided for in Article VI of the General Agreement and pursuant to investigations initiated and conducted in accordance with the provisions of this Code. The following provisions govern the application of Article VI of the General Agreement in so far as action is taken under anti-dumping legislation or regulations.

Article 2

Determination of Dumping

2.1 For the purpose of this Code a product is to be considered as being dumped, i.e., introduced into the commerce of another country at less than its normal value, if the export price of the product exported from one country to another is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country.

2.2 When there are no sales of the like product in the ordinary course of trade in the domestic market of the exporting country or when, because of the particular market situation or the low volume of the sales in the domestic market of the exporting country, such sales do not permit a

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1The term "initiated as used hereinafter means the procedural action by which a Party formally commences an investigation as provided in Article 5.

2Sales of the like product destined for consumption in the domestic market of the exporting country shall normally be considered a sufficient quantity for the determination of the normal value if such sales constitute 5 per cent or more of the sales of the product under consideration to the importing country, provided that a lower ratio should be acceptable where the evidence demonstrates that domestic sales at such lower ratio are nonetheless of sufficient magnitude to provide for a proper comparison.
proper comparison, the margin of dumping shall be determined by comparison with a comparable price of the like product when exported to an appropriate third country provided that this price is representative, or with the cost of production in the country of origin plus a reasonable amount for administrative, selling and any other costs and for profits.

2.2.1 Sales of the like product in the domestic market of the exporting country or sales to a third country at prices below per unit (fixed and variable) costs of production plus selling, general and administrative costs may be treated as not being in the ordinary course of trade by reason of price and may be disregarded in determining normal value only if the authorities determine that such sales are made within an extended period of time in substantial quantities and are at prices which do not provide for the recovery of all costs within a reasonable period of time. If prices which are below costs at the time of sale are above weighted average costs for the period of investigation, such prices shall be considered to provide for recovery of costs within a reasonable period of time.

2.2.1.1 For the purpose of paragraph 2.2, costs shall normally be calculated on the basis of records kept by the exporter or producer under investigation, provided that such records are in accordance with the generally accepted accounting principles of the exporting country and reasonably reflect the costs associated with the production and sale of the product under consideration. Authorities shall consider all available evidence on the proper allocation of costs, including that which is made available by the exporter or producer in the course of the investigation provided that such allocations have been historically utilized by the exporter or producer, in particular in relation to establishing appropriate amortization and depreciation periods and allowances for capital expenditures and other development costs. Unless already reflected in the cost allocations under this sub-paragraph, costs shall be adjusted appropriately for those non-recurring items of cost which benefit future and/or current

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1 When in this Code the term "authorities" is used, it shall be interpreted as meaning authorities at an appropriate senior level.
2 The extended period of time should normally be one year but shall in no case be less than six months.
3 Sales below per unit cost are made in substantial quantities when the authorities establish that the weighted average selling price of the transactions under consideration for the determination of the normal value is below the weighted average unit cost or that the volume of sales below per unit costs represents not less than 20 per cent of the transactions under consideration for the determination of the normal value.
production, or for circumstances in which costs during the period of investigation are affected by start-up operations.

2.2.2 For the purpose of paragraph 2 of this Article, the amounts for administrative selling and any other costs and for profits shall be based on actual data pertaining to production and sales in the ordinary course of trade of the like product by the exporter or producer under investigation. When such amounts cannot be determined on this basis, the amounts may be determined on the basis of:

(i) the actual amounts incurred and realized by the exporter or producer in question in respect of production and sales in the domestic market of the country of origin of the same general category of products;

(ii) the weighted average of the actual amounts incurred and realized by other exporters or producers subject to investigation in respect of production and sales of the like product in the domestic market of the country of origin;

(iii) any other reasonable method, provided that the amount for profit so established shall not exceed the profit normally realized by other exporters or producers on sales of products of the same general category in the domestic market of the country of origin.

2.3 In cases where there is no export price or where it appears to the authorities concerned that the export price is unreliable because of association or a compensatory arrangement between the exporter and the importer or a third party, the export price may be constructed on the basis of the price at which the imported products are first resold to an independent buyer, or if the products are not resold to an independent buyer, or not resold in the condition as imported, on such reasonable basis as the authorities may determine.

2.4 A fair comparison shall be made between the export price and the normal value. The two prices shall be compared at the same level of trade, normally at the ex-factory level, and in respect of sales made at as nearly as possible the same time. Due allowance shall be made in each case, on its merits, for differences which affect price comparability, including differences in conditions and terms of sale, taxation, levels of

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1 The adjustment made for start-up operations shall reflect the costs at the end of the start-up period or, if that period extends beyond the period of investigation, the most recent costs which can reasonably be taken into account by the authorities during the investigation.
trade, quantities, physical characteristics, and any other differences which are also demonstrated to affect price comparability. In the cases referred to in paragraph 3 of Article 2, allowances for costs, including duties and taxes, incurred between importation and resale, and for profits accruing, should also be made. If in these cases, price comparability has been affected, the authorities shall establish the normal value at a level of trade equivalent to the level of trade of the constructed export price, or make due allowance as warranted under this paragraph. The authorities shall indicate to the parties in question what information is necessary to ensure a fair comparison and shall not impose an unreasonable burden of proof on those parties.

2.4.1 When the price comparison under this paragraph requires a conversion of currencies, such conversion should be made using the rate of exchange on the date of sale, provided that when a sale of foreign currency on forward markets is directly linked to the export sale involved, the rate of exchange in the forward sale shall be used. Fluctuations in exchange rates shall be ignored and, in an investigation the authorities shall allow exporters at least 60 days to have adjusted their export prices to reflect sustained movements during the period of investigation.

2.4.2 Subject to the provisions governing fair comparison in paragraph 2.4, the existence of margins of dumping during the investigation phase shall normally be established on the basis of a comparison of a weighted average normal value with a weighted average of prices of all export transactions or by a comparison of normal value and export prices on a transaction to transaction basis. A normal value established on a weighted average basis may be compared to prices of individual export transactions if the authorities find a pattern of export prices which differ significantly among different purchasers, regions or time periods and if an explanation is provided why such differences cannot be taken into account appropriately by the use of a weighted average-to-weighted average or transaction-to-transaction comparison.

2.5 In the case where products are not imported directly from the country of origin but are exported to the country of importation from an intermediate country, the price at which the products are sold from the country of export to the country of importation shall normally be compared with the comparable price in the country of export. However, comparison may be made with the price in the country of origin, if, for example, the

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1It is understood that some of the above factors may overlap, and authorities shall ensure that they do not duplicate adjustments that have been already made under this provision.

2Normally, the date of sale would be the date of contract, purchase order, order confirmation, or invoice, whichever establishes the material terms of sale.
products are merely trans-shipped through the country of export, or such products are not produced in the country of export, or there is no comparable price for them in the country of export.

2.6 Throughout this Code the term "like product" ("produit similaire") shall be interpreted to mean a product which is identical, i.e., alike in all respects to the product under consideration, or in the absence of such a product, another product which although not alike in all respects, has characteristics closely resembling those of the product under consideration.

2.7 This Article is without prejudice to the second Supplementary Provision to paragraph 1 of Article VI in Annex I to the General Agreement.

Article 3

Determination of Injury

3.1 A determination of injury for purposes of Article VI of the General Agreement shall be based on positive evidence and involve an objective examination of both (a) the volume of the dumped imports and the effect of the dumped imports on prices in the domestic market for like products, and (b) the consequent impact of these imports on domestic producers of such products.

3.2 With regard to the volume of the dumped imports the investigating authorities shall consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in the importing country. With regard to the effect of the dumped imports on prices, the investigating authorities shall consider whether there has been a significant price undercutting by the dumped imports as compared with the price of a like product of the importing country, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. No one or several of these factors can necessarily give decisive guidance.

3.3 The examination of the impact of the dumped imports on the industry concerned shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments, utilization of capacity; factors affecting domestic prices; the magnitude of the margin of dumping; actual and potential

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1Under this Code the term "injury" shall, unless otherwise specified, be taken to mean material injury to a domestic industry, threat of material injury to a domestic industry or material retardation of the establishment of such an industry and shall be interpreted in accordance with the provisions of this Article.
negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital or investments. This list is not exhaustive, nor can one or several of these factors necessarily give decisive guidance.

3.4 It must be demonstrated that the dumped imports are, through the effects of dumping, as set forth in paragraphs 2 and 3 of this Article, causing injury within the meaning of this Code. The demonstration of a causal relationship between the dumped imports and the injury to the domestic industry shall be based on an examination of all relevant evidence before the authorities. The authorities shall also examine any known factors other than the dumped imports which at the same time are injuring the industry, and the injuries caused by these other factors must not be attributed to the dumped imports. Factors which may be relevant in this respect include, inter alia, the volume and prices of imports not sold at dumping prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry.

3.5 The effect of the dumped imports shall be assessed in relation to the domestic production of the like product when available data permit the separate identification of that production on the basis of such criteria as the production process, producers' sales and profits. If such separate identification of that production is not possible, the effects of the dumped imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes the like product, for which the necessary information can be provided.

3.6 A determination of a threat of material injury shall be based on facts and not merely on allegation, conjecture or remote possibility. The change in circumstances which would create a situation in which the dumping would cause injury must be clearly foreseen and imminent. In making a determination regarding the existence of a threat of material injury, the authorities should consider inter alia such factors as:

(i) a significant rate of increase of dumped imports into the domestic market indicating the likelihood of substantially increased importations;

(ii) sufficient freely disposable or an imminent, substantial increase in capacity of the exporter indicating the likelihood of substantially increased dumped exports to the importing country's market, taking into account the availability of other export markets to absorb any additional exports;

One example, though not an exclusive one, is that there is convincing reason to believe that there will be, in the immediate future, substantially increased importations of the product at dumped prices.
(iii) whether imports are entering at prices that will have a significant depressing or suppressing effect on domestic prices, and would likely increase demand for further imports; and

(iv) inventories of the product being investigated.

No one of these factors by itself can necessarily give decisive guidance but the totality of the factors considered must lead to the conclusion that further dumped exports are imminent and that, unless protective action is taken, material injury would occur.

3.7 With respect to cases where injury is threatened by dumped imports, the application of anti-dumping measures shall be considered and decided with special care.

Article 4

Definition of Industry

4.1 In determining injury the term "domestic industry" shall be interpreted as referring to the domestic producers as a whole of the like products or to those of them whose collective output of the products constitutes a major proportion of the total domestic production of those products, except that

(i) when producers are related\(^1\) to the exporters or importers or are themselves importers of the allegedly dumped product, the industry may be interpreted as referring to the rest of the producers;

(ii) in exceptional circumstances the territory of a Party may, for the production in question, be divided into two or more competitive markets and the producers within each market may be regarded as a separate industry if (a) the producers within such market sell all or almost all of their production of the product in question in that market, and (b) the demand in that market is not to any substantial degree supplied by producers of the product in question located elsewhere in the territory. In such circumstances, injury may be found to exist even where a

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\(^1\)For the purpose of this paragraph, producers shall be deemed to be related to exporters or importers only if (a) one of them directly or indirectly controls the other; or (b) both of them are directly or indirectly controlled by a third person; or (c) together they directly or indirectly control a third person, provided that there are grounds for believing or suspecting that the effect of the relationship is such as to cause the producer concerned to behave differently from non-related producers. For the purpose of this paragraph, one shall be deemed to control another when the former is legally or operationally in a position to exercise restraint or direction over the latter.
major portion of the total domestic industry is not injured provided there is a concentration of dumped imports into such an isolated market and provided further that the dumped imports are causing injury to the producers of all or almost all of the production within such market.

4.2 When the industry has been interpreted as referring to the producers in a certain area, i.e., a market as defined in paragraph 1(ii), anti-dumping duties shall be levied\(^1\) only on the products in question consigned for final consumption to that area. When the constitutional law of the importing country does not permit the levying of anti-dumping duties on such a basis, the importing Party may levy the anti-dumping duties without limitation only if (1) the exporters shall have been given an opportunity to cease exporting at dumped prices to the area concerned or otherwise give assurances pursuant to Article 7 of this Code, and adequate assurances in this regard have not been promptly given, and (2) such duties cannot be levied on specific producers which supply the area in question.

4.3 Where two or more countries have reached under the provisions of Article XXIV:8(a) of the General Agreement such a level of integration that they have the characteristics of a single, unified market, the industry in the entire area of integration shall be taken to be the industry referred to in paragraph 1 above.

4.4 The provisions of paragraph 5 of Article 3 shall be applicable to this Article.

Article 5

Initiation and Subsequent Investigation

5.1 An investigation to determine the existence, degree and effect of any alleged dumping shall normally be initiated upon a written application by or on behalf of the domestic industry, as defined in Article 4:1.

5.2 An application under paragraph 1 shall include evidence of (a) dumping, (b) injury within the meaning of Article VI of the General Agreement as interpreted by this Code and (c) a causal link between the dumped imports and the alleged injury. Simple assertion, unsubstantiated by relevant evidence, cannot be considered sufficient to meet the requirements of this paragraph. The application shall contain such information as is reasonably available to the applicant on the following:

(i) identity of the applicant and a description of the volume and value of the domestic production of the like product by the applicant. Where a written application is made on behalf of the domestic industry, the application shall identify the

\(^1\)As used in this Code "levy" shall mean the definitive or final legal assessment or collection of a duty or tax.
industry on behalf of which the application is made by a list of all known domestic producers of the like product (or associations of domestic producers of the like product) and, to the extent possible, a description of the volume and value of domestic production of the like product accounted for by such producers;

(ii) a complete description of the allegedly dumped product, the names of the country or countries of export or origin in question, the identity of each known exporter or foreign producer and a list of known persons importing the product in question;

(iii) information on prices at which the product in question is sold when destined for consumption in the domestic markets of the country or countries of origin or export (or, where appropriate, information on the prices at which the product is sold from the country or countries of origin or export to a third country or countries or on the constructed value of the product) and information on export prices or, where appropriate, on the prices at which the product is first resold to an independent buyer in the importing country;

(iv) information on the evolution of the volume of the allegedly dumped imports, the effect of these imports on prices of the like product in the domestic market and the consequent impact of the imports on the domestic industry concerned, as demonstrated by relevant factors and indices having a bearing on the state of the domestic industry, such as those listed in Article 3.2 and 3.3.

5.3 The authorities shall examine the accuracy and adequacy of the evidence provided in the application to determine whether there is sufficient evidence to justify the initiation of an investigation.

5.4 An investigation shall not be initiated pursuant to paragraph 1 unless the authorities have determined, on the basis of an examination of the degree of support for, or opposition to, the application expressed by domestic producers of the like product, that the application has been made by or on behalf of the domestic industry, as defined in Article 4:1.

5.5 The authorities shall avoid, unless a decision has been made to initiate an investigation, any publicizing of the application for the initiation of an investigation. However, after receipt of a properly

\[^1\] In the case of fragmented industries involving an exceptionally large number of producers, authorities may determine support and opposition by using statistically valid sampling techniques.
documented application and before proceeding to initiate an investigation, the authorities shall notify the government of the exporting country concerned.

5.6 Notwithstanding paragraph 1, if in special circumstances, the authorities concerned decide to initiate an investigation without having received a written application by or on behalf of a domestic industry for the initiation of such investigation, they shall proceed only if they have sufficient evidence of dumping, injury and a causal link, as described in paragraph 2, to justify the initiation of an investigation.

5.7 The evidence of both dumping and injury shall be considered simultaneously (a) in the decision whether or not to initiate an investigation, and (b) thereafter, during the course of the investigation, starting on a date not later than the earliest date on which in accordance with the provisions of this Code provisional measures may be applied.

5.8 An application under paragraph 1 shall be rejected and an investigation shall be terminated promptly as soon as the authorities concerned are satisfied that there is not sufficient evidence of either dumping or of injury to justify proceeding with the case. There shall be immediate termination in cases where the authorities determine that the margin of dumping is de minimis or that the volume of dumped imports, actual or potential, or the injury is negligible. The margin of dumping shall be considered to be de minimis if this margin is less than 2 per cent, expressed as a percentage of the normal value. The volume of dumped imports shall normally be regarded as negligible if the volume of dumped imports from a particular country is found to account for less than 1 per cent of the domestic market for the like product in the importing country unless countries which individually account for less than 1 per cent of the domestic market for the like product in the importing country collectively account for more than 2.5 per cent of that market.

5.9 An anti-dumping proceeding shall not hinder the procedures of customs clearance.

5.10 Investigations shall, except in special circumstances, be concluded within one year after their initiation, and in no case more than 18 months.

Article 6

Evidence

6.1 All interested parties in an anti-dumping investigation shall be given notice of the information which the authorities require and ample opportunity to present in writing all evidence which they consider relevant in respect of the investigation in question.

6.1.1 Exporters or foreign producers receiving questionnaires used in an anti-dumping investigation shall be given at least thirty days for reply. Due consideration should be given to any request for an extension of the thirty day period and, upon cause shown, such an extension should be granted whenever practicable.
6.1.2 Subject to the requirement to protect confidential information, evidence presented in writing by one interested party shall be made available promptly to other interested parties participating in the investigation.

6.1.3 As soon as an investigation has been initiated, the authorities shall provide the full text of the written application received under Article 5:1 to the known exporters and to the authorities of the exporting country and make it available, upon request, to other interested parties involved. Due regard shall be paid to the requirement for the protection of confidential information as provided for in paragraph 5.

6.2 Throughout the anti-dumping investigation all interested parties shall have a full opportunity for the defence of their interests. To this end, the authorities shall, on request, provide opportunities for all interested parties to meet those parties with adverse interests, so that opposing views may be presented and rebuttal arguments offered. Provision of such opportunities must take account of the need to preserve confidentiality and of the convenience to the parties. There shall be no obligation on any party to attend a meeting, and failure to do so shall not be prejudicial to that party's case. Interested parties shall also have the right, on justification, to present other information orally.

6.3 Oral information provided under paragraph 2 shall be taken into account by the authorities only insofar as it is subsequently reproduced in writing and made available to other interested parties, as provided for in sub-paragraph 1.2.

6.4 The authorities shall whenever practicable provide timely opportunities for all interested parties to see all information that is relevant to the presentation of their cases, that is not confidential as defined in paragraph 5 and that is used by the authorities in an anti-dumping investigation, and to prepare presentations on the basis of this information.

1 As a general rule, the time-limit for exporters shall be counted from the date of the receipt of the questionnaire, which for this purpose shall be deemed to have been received one week from the day on which it was sent to the respondent or transmitted to the appropriate diplomatic representative of the exporting country.

2 It being understood that, where the number of exporters involved is particularly high, the full text of the request should instead be provided only to the authorities of the exporting country or to the relevant trade association.
6.5 Any information which is by nature confidential, (for example, because its disclosure would be of significant competitive advantage to a competitor or because its disclosure would have a significantly adverse effect upon a person supplying the information or upon a person from whom he acquired the information) or which is provided on a confidential basis by parties to an investigation shall, upon good cause shown, be treated as such by the authorities. Such information shall not be disclosed without specific permission of the party submitting it.

6.5.1 The authorities shall require interested parties providing confidential information to furnish non-confidential summaries thereof. These summaries shall be in sufficient detail to permit a reasonable understanding of the substance of the information submitted in confidence. In exceptional circumstances, such parties may indicate that such information is not susceptible of summary. In such exceptional circumstances, a statement of the reasons why summarization is not possible must be provided.

6.5.2 If the authorities find that a request for confidentiality is not warranted and if the supplier is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, the authorities are free to disregard such information unless it can be demonstrated to their satisfaction from appropriate sources that the information is correct.

6.6 Except in circumstances provided for in paragraph 8, the authorities shall during the course of an investigation satisfy themselves as to the accuracy of the information supplied by interested parties upon which their findings are based.

6.7 In order to verify information provided or to obtain further details, the authorities may carry out investigations in other countries as required, provided they obtain the agreement of the firms concerned and provided they notify the representatives of the government of the country in question and unless the latter object to the investigation. The procedures described in Annex I shall apply to verifications carried out in exporting countries. The authorities shall, subject to the requirement to protect confidential information, make the results of any verifications available or provide disclosure thereof pursuant to paragraph 9, to the firms to which they pertain and may make such results available to the applicants.

6.8 In cases in which any interested party refuses access to, or otherwise does not provide, necessary information within a reasonable period or significantly impedes the investigation, preliminary and final

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1 Parties are aware that in the territory of certain Parties disclosure pursuant to a narrowly drawn protective order may be required.

2 Parties agree that requests for confidentiality should not be arbitrarily rejected.
determinations, affirmative or negative, may be made on the basis of the facts available. The provisions of Annex II shall be observed in the application of this paragraph.

6.9 The authorities shall, before a final determination is made, inform all interested parties of the essential facts under consideration which form the basis for the decision whether to apply definitive measures. Such disclosure should take place in sufficient time for the parties to defend their interests.

6.10 The authorities shall, as a rule, determine an individual margin of dumping for each known exporter or producer concerned of the product under investigation. In cases where the number of exporters, producers, importers or types of products involved is so large as to make such a determination impracticable, the authorities may limit their examination either to a reasonable number of interested parties or products by using samples which are statistically valid on the basis of information available to the authorities at the time of the selection, or to the largest percentage of the volume of the exports from the country in question which can reasonably be investigated.

6.10.1 Any selection of exporters, producers, importers or types of products made under this paragraph shall preferably be chosen in consultation with, and with the consent of, the exporters, producers or importers concerned.

6.10.2 In cases where the authorities have limited their examination, as provided for in this paragraph, they shall nevertheless determine an individual margin of dumping for any exporter or producer not initially selected who submits the necessary information in time for that information to be considered during the course of the investigation, except where the number of exporters or producers is so large that individual examinations would be unduly burdensome to the authorities and prevent the timely completion of the investigation. Voluntary responses shall not be discouraged.

6.11 For the purposes of this Code, "interested parties" shall include:

(i) an exporter or foreign producer or the importer of a product subject to investigation, or a trade or business association a majority of the members of which are producers, exporters or importers of such product;

(ii) the government of the exporting country; and

(iii) a producer of the like product in the importing country or a trade and business association a majority of the members of which produce the like product in the importing country.

This list shall not preclude Parties from allowing domestic or foreign parties other than those mentioned above to be included as interested parties.
6.12 The authorities shall provide opportunities for industrial users of the product under investigation, and for representative consumer organizations in cases where the product is commonly sold at the retail level, to provide information which is relevant to the investigation regarding dumping, injury and causality.

6.13 The authorities shall take due account of any difficulties experienced by interested parties, in particular small companies, in supplying information requested and provide any assistance practicable.

6.14 The procedures set out above are not intended to prevent the authorities of a Party from proceeding expeditiously with regard to initiating an investigation, reaching preliminary or final determinations, whether affirmative or negative, or from applying provisional or final measures, in accordance with relevant provisions of this Code.

Article 7

Provisional Measures

7.1 Provisional measures may be applied only if:

(i) an investigation has been initiated in accordance with the provisions of Article 5, a public notice has been given to that effect and interested parties have been given adequate opportunities to submit information and make comments;

(ii) a preliminary affirmative determination has been made of dumping and consequent injury to a domestic industry; and

(iii) the authorities concerned judge such measures necessary to prevent injury being caused during the investigation.

7.2 Provisional measures may take the form of a provisional duty or, preferably, a security - by cash deposit or bond - equal to the amount of the anti-dumping duty provisionally estimated, being not greater than the provisionally estimated margin of dumping. Withholding of appraisement is an appropriate provisional measure, provided that the normal duty and the estimated amount of the anti-dumping duty be indicated and as long as the withholding of appraisement is subject to the same conditions as other provisional measures.

7.3 Provisional measures shall not be applied sooner than 60 days from the date of initiation of the investigation.

7.4 The application of provisional measures shall be limited to as short a period as possible, not exceeding four months or, on decision of the authorities concerned, upon request by exporters representing a significant percentage of the trade involved, to a period not exceeding six months. When authorities, in the course of an investigation, examine whether a duty lower than the margin of dumping would be sufficient to remove injury, these periods may be six and nine months, respectively.
7.5 The relevant provisions of Article 9 shall be followed in the application of provisional measures.

Article 8

Price Undertakings

8.1 Proceedings may\(^1\) be suspended or terminated without the imposition of provisional measures or anti-dumping duties upon receipt of satisfactory voluntary undertakings from any exporter to revise its prices or to cease exports to the area in question at dumped prices so that the authorities are satisfied that the injurious effect of the dumping is eliminated. Price increases under such undertakings shall not be higher than necessary to eliminate the margin of dumping. It is desirable that the price increases be less than the margin of dumping if such increases would be adequate to remove the injury to the domestic industry.

8.2 Price undertakings shall not be sought or accepted from exporters unless the authorities of the importing country have made a preliminary affirmative determination of dumping and injury caused by such dumping.

8.3 Undertakings offered need not be accepted if the authorities consider their acceptance impractical, for example, if the number of actual or potential exporters is too great, or for other reasons, including reasons of general policy. Should the case arise and where practicable, the authorities shall provide to the exporter the reasons which have led them to consider acceptance of an undertaking as inappropriate, and shall, to the extent possible, give the exporter an opportunity to make comments thereon.

8.4 If the undertakings are accepted, the investigation of dumping and injury shall nevertheless be completed if the exporter so desires or the authorities so decide. In such a case, if a negative determination of dumping or injury is made, the undertaking shall automatically lapse except in cases where such a determination is due in large part to the existence of a price undertaking. In such cases the authorities may require that an undertaking be maintained for a reasonable period consistent with the provisions of this Code. In the event that an affirmative determination of dumping and injury is made, the undertaking shall continue consistent with its terms and the provisions of this Code.

\(^1\)The word "may" shall not be interpreted to allow the simultaneous continuation of proceedings with the implementation of price undertakings except as provided in paragraph 4.
8.5 Price undertakings may be suggested by the authorities of the importing country, but no exporter shall be forced to enter into such an undertaking. The fact that exporters do not offer such undertakings, or do not accept an invitation to do so, shall in no way prejudice the consideration of the case. However, the authorities are free to determine that a threat of injury is more likely to be realized if the dumped imports continue.

8.6 Authorities of an importing country may require any exporter from whom undertakings have been accepted to provide periodically information relevant to the fulfilment of such undertakings, and to permit verification of pertinent data. In case of violation of undertakings, the authorities of the importing country may take, under this Code in conformity with its provisions, expeditious actions which may constitute immediate application of provisional measures using the best information available. In such cases definitive duties may be levied in accordance with this Code on goods entered for consumption not more than ninety days before the application of such provisional measures, except that any such retroactive assessment shall not apply to imports entered before the violation of the undertaking.

Article 9

Imposition and Collection of Anti-Dumping Duties

9.1 The decision whether or not to impose an anti-dumping duty in cases where all requirements for the imposition have been fulfilled and the decision whether the amount of the anti-dumping duty to be imposed shall be the full margin of dumping or less, are decisions to be made by the authorities of the importing country or customs territory. It is desirable that the imposition be permissive in all countries or customs territories Parties to this Agreement, and that the duty be less than the margin, if such lesser duty would be adequate to remove the injury to the domestic industry.

9.2 When an anti-dumping duty is imposed in respect of any product, such anti-dumping duty shall be collected in the appropriate amounts in each case, on a non-discriminatory basis on imports of such product from all sources found to be dumped and causing injury, except as to imports from those sources, from which price undertakings under the terms of this Code have been accepted. The authorities shall name the supplier or suppliers of the product concerned. If, however, several suppliers from the same country are involved, and it is impracticable to name all these suppliers, the authorities may name the supplying country concerned. If several suppliers from more than one country are involved, the authorities may name either all the suppliers involved, or, if this is impracticable, all the supplying countries involved.

9.3 The amount of the anti-dumping duty shall not exceed the margin of dumping as established under Article 2.
9.3.1 When the amount of the anti-dumping duty is assessed on a retrospective basis, the determination of the final liability for payment of anti-dumping duties shall take place as soon as possible, normally within 12 months, and in no case more than 18 months, after the date on which a request for a final assessment of the amount of anti-dumping duty has been made. Any refund shall be made promptly and normally in not more than 90 days following the determination of final liability made pursuant to this sub-paragraph. In any case, where a refund is not made within 90 days the authorities shall provide an explanation if so requested.

9.3.2 When the amount of the anti-dumping duty is assessed on a prospective basis, provision shall be made for a prompt refund, upon request, of any duty paid in excess of the margin of dumping. A refund of any such duty paid in excess of the actual margin of dumping shall normally take place within 12 months, and in no case more than 18 months, after the date on which a request for a refund, duly supported by evidence, has been made by an importer of the product subject to the anti-dumping duty. The refund authorized should normally be made within 90 days of the above-noted decision.

9.3.3 In determining whether and to what extent a reimbursement should be made when the export price is constructed in accordance with Article 2.3, authorities should take account of any change in normal value, any change of costs incurred between importation and resale, and any movement in the resale price which is duly reflected in subsequent selling prices, and should calculate the export price with no deduction for the amount of anti-dumping duties paid when conclusive evidence of the above is provided.

9.4 When the authorities have limited their examination in accordance with the second sentence of Article 6.10, any anti-dumping duty applied to imports from exporters or producers not included in the examination shall not exceed

(a) the weighted average margin of dumping established with respect to the selected exporters or producers or,
(b) where the liability for payment of anti-dumping duties is calculated on the basis of a prospective normal value, the difference between the weighted average normal value of the selected exporters or producers and the export prices of exporters or producers not individually examined,

provided that the authorities shall disregard for the purpose of this paragraph any zero and de minimis margins and margins established under the circumstances referred to in Article 6.8. The authorities shall apply

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1It is understood that the observance of the time-limits mentioned in this sub-paragraph and in sub-paragraph 2 may not be possible where the product in question is subject to judicial review proceedings.
individual duties or normal values to imports from any exporter or producer not included in the examination who has provided the necessary information during the course of the investigation, as provided for in Article 6.10.2

9.5 When exporters or producers in a country exports from which are subject to anti-dumping duties in an importing country who have not exported the product in question during the period of investigation can show that they are not related to any of the exporters or producers subject to anti-dumping duties in the exporting country, the authorities shall promptly carry out a review for the purpose of determining individual margins of dumping for any of these exporters or producers. Such a review shall be initiated and carried out on an accelerated basis, compared to normal duty assessment and review proceedings in the importing country. No anti-dumping duties shall be levied on imports from such exporters or producers while the review is being carried out. The authorities may, however, withhold appraisement and/or request guarantees to ensure that, should such a review result in a determination of dumping in respect of such producers or exporters, anti-dumping duties can be levied retroactively to the date of the initiation of the review.

Article 10

Retroactivity

10.1 Provisional measures and anti-dumping duties shall only be applied to products which enter for consumption after the time when the decision taken under Article 7:1 and Article 9:1, respectively, enters into force, subject to the exceptions set out in this Article.

10.2 Where a final determination of injury (but not of a threat thereof or of a material retardation of the establishment of an industry) is made or, in the case of a final determination of a threat of injury, when the effect of the dumped imports would, in the absence of the provisional measures, have led to a determination of injury, anti-dumping duties may be levied retroactively for the period for which provisional measures, if any, have been applied. If the anti-dumping duty fixed in the final decision is higher than the provisional duty paid or payable, the difference shall not be collected. If the duty fixed in the final decision is lower than the provisional duty paid or payable, or the amount estimated for the purpose of the security, the difference shall be reimbursed or the duty recalculated, as the case may be.

10.3 A definitive anti-dumping duty may be levied on products which were entered for consumption not more than 90 days prior to the date of application of provisional measures, when the authorities determine for the dumped product in question that:

(i) there is a history of dumping which caused injury or that the importer was, or should have been, aware that the exporter practices dumping and that such dumping would cause injury, and
(ii) the injury is caused by massive dumped imports of a product in a relatively short time which in light of the timing and the volume of the dumped imports and other circumstances (such as a rapid build-up of inventories of the imported product) is likely to seriously undermine the remedial effect of the definitive anti-dumping duty to be applied, provided that the importers concerned have been given an opportunity to comment.

10.4 A definitive anti-dumping duty imposed when determinations of dumping and injury have been made following an investigation consistent with the relevant provisions of this Code may be levied on products which entered for consumption not more than 150 days prior to date of the application of provisional measures, if:

(i) the product subject to investigation is a like product to that in respect of which a definitive anti-dumping duty is in force in the importing country and is produced in or exported from a country not subject to that definitive anti-dumping duty;

(ii) an exporter or producer in the country subject to the existing definitive anti-dumping duty has a controlling interest in the party exporting the product subject to investigation from the third country;

(iii) exports of the product subject to investigation from the third country have increased significantly since the initiation of the investigation which resulted in the imposition of the existing definitive anti-dumping duty, and there is a corresponding decline of exports of the product from the country to which that duty applies by the exporter or producer which has a controlling interest in the party in the third country;

(iv) production in the third country of the product subject to investigation takes place in pre-existing facilities used to produce that product; and

(v) the authorities determine that imports of the product which take place under the conditions described in sub-paragraphs (ii)-(iv) seriously undermine the remedial effect of the existing definitive anti-dumping duty.

10.5 Notwithstanding sub-paragraphs (ii)-(v) of paragraph 4, a definitive anti-dumping duty imposed when determinations of dumping and injury have been made following an investigation consistent with the relevant provisions of this Code may also be levied retroactively on products which entered for consumption not more than 150 days prior to the date of application of provisional measures if the product referred to in sub-paragraph (i) of paragraph 4 is assembled or completed in the third country under conditions identical to those set forth in Article 12(ii)-(v) with regard to assembly or completion operations in an importing country.
10.6 The authorities may, after initiating an investigation, take such measures as the withholding of appraisement or assessment as may be necessary to collect anti-dumping duties retroactively as provided for in paragraphs 3, 4 and 5, once they have sufficient evidence that the conditions set forth in those paragraphs are satisfied.

10.7 No duties shall be levied retroactively pursuant to paragraphs 3, 4 and 5 on products entered for consumption prior to the date of initiation of the investigation. In cases referred to in paragraph 4, no duties shall be levied retroactively pursuant to an investigation initiated more than 30 months after the initiation of the investigation which resulted in the imposition of the existing definitive anti-dumping duty referred to in sub-paragraph (i).

10.8 Except as provided in paragraph 1 above where a determination of threat of injury or material retardation is made (but no injury has yet occurred) a definitive anti-dumping duty may be imposed only from the date of the determination of threat of injury or material retardation and any cash deposit made during the period of the application of provisional measures shall be refunded and any bonds released in an expeditious manner.

10.9 Where a final determination is negative, any cash deposit made during the period of the application of provisional measures shall be refunded and any bonds released in an expeditious manner.

Article 11

Duration and Review of Anti-Dumping Duties and Price Undertakings

11.1 An anti-dumping duty shall remain in force only as long as and to the extent necessary to counteract dumping which is causing injury.

11.2 The authorities shall review the need for the continued imposition of the duty, where warranted, on their own initiative or, provided that a reasonable period of time has elapsed since the imposition of the definitive anti-dumping duty, upon request by any interested party which submits positive information substantiating the need for a review. Interested parties shall have the right to request the authorities to examine whether the continued imposition of the duty is necessary to offset dumping, whether recurrence of the injury would occur if the duty were removed or varied, or both. If, as a result of the review under this paragraph, the authorities determine that the anti-dumping duty is no longer warranted, it shall be terminated immediately.

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1 A determination of final liability for payment of anti-dumping duties as provided for in Article 9.3 does not by itself constitute a review within the meaning of this Article.
11.3 Notwithstanding the provisions of paragraphs 1 and 2, any definitive anti-dumping duty shall be terminated on a date not later than five years from its imposition (or from the date of the most recent review under paragraph 2 if that review has covered both dumping and injury, or under this paragraph), unless the authorities determine, in a review initiated before that date on their own initiative or upon a duly substantiated request made by or on behalf of the domestic industry within a reasonable period of time prior to that date, that the continued imposition of the duty is necessary to prevent the continuation or recurrence of injury by dumped imports.1 The duty may remain in force pending the outcome of such a review.

11.4 The provisions of Article 6 regarding evidence and procedure shall apply to any review carried out under this Article. Any such review shall be carried out expeditiously and shall normally be concluded within twelve months of the date of initiation of the review.

11.5 The provisions of this Article shall mutatis mutandis apply to price undertakings accepted under Article 8.

Article 12

Measures to Prevent Circumvention of Definitive Anti-Dumping Duties

12.1 The authorities may include within the scope of application of an existing definitive anti-dumping duty on an imported product those parts or components destined for assembly or completion in the importing country, if it has been established that:

(i) the product assembled or completed from such parts or components in the importing country is a like product to a product which is subject to the definitive anti-dumping duty;

(ii) the assembly or completion in the importing country of the product referred to in sub-paragraph (i) is carried out by a party which is related to or acting on behalf of an exporter or producer whose exports of the like product to the importing country are subject to the definitive anti-dumping duty, referred to in sub-paragraph (i);

1When the amount of the anti-dumping duty is assessed on a retrospective basis, a finding in the most recent assessment proceeding under Article 9.3.1 that no duty is to be levied shall not by itself require the authorities to determine under this paragraph that the continued imposition of the anti-dumping duty is not necessary.

2Such as when there is a contractual arrangement with the exporter or producer in question (or with a party related to that exporter or producer) covering the sale of the assembled product in the importing country.
(iii) the parts or components have been sourced in the country subject to the anti-dumping duty from the exporter or producer subject to the definitive anti-dumping duty, suppliers in the exporting country who have historically supplied the parts or components to that exporter or producer, or a party in the exporting country supplying parts or components on behalf of such an exporter or producer;

(iv) the assembly or completion operations in the importing country have started or expanded substantially and the imports of parts or components for use in such operations have increased substantially since the initiation of the investigation which resulted in the imposition of the definitive anti-dumping duty;

(v) the total cost of the parts or components referred to in sub-paragraph (iii) is not less than 70 per cent of the total cost of all parts or components used in the assembly or completion operation of the like product, provided that in no case shall the parts and components be included within the scope of definitive measures if the value added by the assembly or completion operation is greater than 25 per cent of the ex-factory cost of the like product assembled or completed in the territory of the importing country.

(vi) there is evidence of dumping, as determined by a comparison between the price of the product when assembled or completed in the importing country, and the prior normal value of the like product when subject to the original definitive anti-dumping duty; and

(vii) there is evidence that the inclusion of these parts or components within the scope of application of the definitive anti-dumping duty is necessary to prevent or offset the continuation or recurrence of injury to the domestic industry producing a product like the product which is subject to the definitive anti-dumping duty.

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1 The cost of a part or component is the arm's length acquisition price of that part or component, or in the absence of such a price (including when parts or components are fabricated internally by the party assembling or completing the product in the importing country), the total material, labour and factory overhead costs incurred in the fabrication of the part or component.

2 i.e., parts or components purchased in the importing country, parts or components referred to in sub-paragraph (iii), other imported parts or components (including parts or components imported from a third country) and parts or components fabricated internally.

3 i.e., cost of materials, labour and factory overheads.
12.2 The authorities may impose provisional measures in accordance with Article 7:2 on parts or components imported for use in an assembly or completion operation only when they are satisfied that there is sufficient evidence that the criteria set out in sub-paragraphs (i)-(vi) are met. Any provisional duty imposed shall not exceed the definitive anti-dumping duty in force. The authorities may levy a definitive anti-dumping duty once all of the criteria in paragraph 1 are fully satisfied. The amount of the definitive anti-dumping duty shall not exceed the amount by which the normal value of the product subject to the existing definitive anti-dumping duty exceeds the comparable price of the like product when assembled or completed in the importing country.

12.3 The provisions of this Code concerning rights of interested parties and public notice shall apply mutatis mutandis to investigations carried out under this Article. The provisions of Articles 9 and 11 regarding refund and review shall apply to anti-dumping duties imposed, pursuant to this Article, on parts or components assembled or completed in the importing country.

Article 13

Public Notice and Explanation of Determinations

13.1 When the authorities are satisfied that there is sufficient evidence to justify the initiation of an anti-dumping investigation pursuant to Article 5, the Party or Parties the products of which are subject to such investigation and other interested parties known to the investigating authorities to have an interest therein shall be notified and a public notice shall be given.

13.1.1 A public notice of the initiation of an investigation shall contain or otherwise make available adequate information on the following:

(i) the name of the exporting country or countries and the product involved;

(ii) the date of initiation of the investigation;

(iii) the basis on which dumping is alleged in the application;

(iv) a summary of the factors which have led to the allegation of injury;

(v) the address to which representations by interested parties should be directed;

(vi) the time-limits allowed to interested parties for making their views known.
13.2 Public notice shall be given of any preliminary or final determination, whether affirmative or negative, of any decision to accept an undertaking pursuant to Article 8, of the termination of such an undertaking, and of the revocation of a determination. Each such notice shall set forth or otherwise make available in sufficient detail the findings and conclusions reached on all issues of fact and law considered material by the investigating authorities and shall be forwarded to the Party or Parties the products of which are subject to such finding or undertaking and to other interested parties known to have an interest therein.

13.2.1 A public notice of the imposition of provisional measures shall set forth or otherwise make available sufficiently detailed explanations for the preliminary determinations on dumping and injury (insofar as there is no separate preliminary injury determinations and a notice thereof) and shall refer to the matters of fact and law which have led to arguments being accepted or rejected; the notice shall, due regard being paid to the requirement for the protection of confidential information, contain in particular:

(i) the names of the suppliers, or when this is impracticable, the supplying countries involved;

(ii) a description of the product, which is sufficient for customs purposes;

(iii) the margins of dumping established and a full explanation of the reasons for the methodology used in the establishment and comparison of the export price and the normal value under Article 2;

(iv) considerations relevant to the injury determination as set out in Article 3 (insofar as there is no separate notice concerning such injury determination);

(v) the main reasons leading to the determination.

13.2.2 A public notice of suspension or conclusion of an investigation in the case of an affirmative determination providing for the imposition of a definitive duty or a price undertaking shall contain or otherwise make available all relevant information on the matters of fact and law and reasons which have led to the imposition of final measures or the acceptance of a price undertaking, due regard being paid to the requirement for the protection of confidential information; it shall in particular contain the information described in sub-paragraph 13.2.1, as well as the reasons for the acceptance or rejection of relevant arguments or claims made by the exporters and importers, and the basis for any decision made under Article 6.9.2.

13.2.3 A public notice of the termination or suspension of an investigation following the acceptance of an undertaking pursuant to
Article 8 shall include or otherwise make available the non-confidential part of this undertaking.

13.3 The provisions of this Article shall apply mutatis mutandis to the initiation and completion of administrative reviews pursuant to Article 11 and to decisions under Article 10 to apply duties retroactively.

Article 14

Judicial Review

Each Party, whose national legislation contains provisions on anti-dumping measures, shall maintain judicial, arbitral or administrative tribunals or procedures for the purpose, inter alia, of the prompt review of administrative actions relating to final determinations and reviews of determinations within the meaning of Article 11 of this Agreement. Such tribunals or procedures shall be independent of the authorities responsible for the determination or review in question.

Article 15

Anti-dumping action on behalf of a third country

15.1 An application for anti-dumping action on behalf of a third country shall be made by the authorities of the third country requesting action.

15.2 Such an application shall be supported by price information to show that the imports are being dumped and by detailed information to show that the alleged dumping is causing injury to the domestic industry concerned in the third country. The government of the third country shall afford all assistance to the authorities of the importing country to obtain any further information which the latter may require.

15.3 The authorities of the importing country in considering such an application shall consider the effects of the alleged dumping on the industry concerned as a whole in the third country; that is to say the injury shall not be assessed in relation only to the effect of the alleged dumping on the industry's export to the importing country or even on the industry's total exports.

15.4 The decision whether or not to proceed with a case shall rest with the importing country. If the importing country decides that it is prepared to take action, the initiation of the approach to the CONTRACTING PARTIES seeking their approval for such action shall rest with the importing country.
Article 16

Developing countries

It is recognized that special regard must be given by developed countries to the special situation of developing countries when considering the application of anti-dumping measures under this Code. Possibilities of constructive remedies provided for by this Code shall be explored before applying anti-dumping duties where they would affect the essential interests of developing countries.

PART II

Article 17

Committee on Anti-Dumping Practices

17.1 There shall be established under this Agreement a Committee on Anti-Dumping Practices (hereinafter referred to as the "Committee") composed of representatives from each of the Parties. The Committee shall elect its own Chairman and shall meet not less than twice a year and otherwise as envisaged by relevant provisions of this Agreement at the request of any Party. The Committee shall carry out responsibilities as assigned to it under this Agreement or by the Parties and it shall afford Parties the opportunity of consulting on any matters relating to the operation of the Agreement or the furtherance of its objectives. The GATT secretariat shall act as the secretariat to the Committee.

17.2 The Committee may set up subsidiary bodies as appropriate.

17.3 In carrying out their functions, the Committee and any subsidiary bodies may consult with and seek information from any source they deem appropriate. However, before the Committee or a subsidiary body seeks such information from a source within the jurisdiction of a Party, it shall inform the Party involved. It shall obtain the consent of the Party and any firm to be consulted.

17.4 Parties shall report without delay to the Committee all preliminary or final anti-dumping actions taken. Such report will be available in the GATT secretariat for inspection by government representatives. The Parties shall also submit, on a semi-annual basis, reports of any anti-dumping actions taken within the preceding six months.
Article 18

Consultation, Conciliation and Dispute Settlement

18.1 Each Party shall afford sympathetic consideration to, and shall afford adequate opportunity for consultation regarding, representations made by another Party with respect to any matter affecting the operation of this Agreement.

18.2 If any Party considers that any benefit accruing to it, directly or indirectly, under this Agreement is being nullified or impaired, or that the achievement of any objective of the Agreement is being impeded, by another Party or Parties, it may, with a view to reaching a mutually satisfactory resolution of the matter, request in writing consultations with the Party or Parties in question. Each Party shall afford sympathetic consideration to any request from another Party for consultation. The Parties concerned shall initiate consultation promptly.

18.3 If any Party considers that the consultation pursuant to paragraph 2 has failed to achieve a mutually agreed solution and final action has been taken by the administering authorities of the importing country to levy definitive anti-dumping duties or to accept price undertakings, it may refer the matter to the Committee. When a provisional measure has a significant impact and the Party considers the measure was taken contrary to the provisions of paragraph 1 of Article 7 of this Agreement, a Party may also refer such matter to the Committee.

18.4 The Committee shall, at the request of any party to the dispute, establish a panel to examine the matter based upon:

(a) a written statement of the Party making the request indicating how a benefit accruing to it, directly or indirectly, under this Agreement has been nullified or impaired, or that the achieving of the objectives of the Agreement is being impeded, and

(b) the facts made available in conformity with appropriate domestic procedures to the authorities of the importing country.

18.5 Confidential information provided to the panel shall not be revealed without formal authorization from the person or authority providing the information. Where such information is requested from the panel but release of such information by the panel is not authorized, a non-confidential summary of the information, authorized by the authority or person providing the information, will be provided.

18.6 Further to paragraphs 1-5, the settlement of disputes shall mutatis mutandis be governed by the Understanding on the Interpretation and Application of Articles XXII and XXIII of the General Agreement on Tariffs and Trade.
PART III

Article 19

Final Provisions (including transition clauses)

*The inclusion of transition clauses may have to be considered, inter alia, with respect to the operation of the provisions in Articles 9 and 11 in connection with anti-dumping measures applied by a Party at the time of entry into force of the Agreement for that Party.
ANNEX I

Procedures for On-The-Spot Investigations Pursuant to Article 6:6

1. Upon initiation of an investigation, the authorities of the exporting country and the firms known to be concerned should be informed of the intention to carry out on-the-spot investigations.

2. If in exceptional circumstances it is intended to include non-governmental experts in the investigating team, the firms and the authorities of the exporting country should be so informed. Such non-governmental experts should be subject to effective sanctions for breach of confidentiality requirements.

3. It should be standard practice to obtain explicit agreement of the firms concerned in the exporting country before the visit is finally scheduled.

4. As soon as the agreement of the firms concerned has been obtained the investigating authorities should notify the authorities of the exporting country of the names and addresses of the firms to be visited and the dates agreed.

5. Sufficient advance notice should be given to the firms in question before the visit is made.

6. Visits to explain the questionnaire should only be made at the request of an exporting firm. Such a visit may only be made if the authorities of the importing country notify the representatives of the government of the country in question and unless the latter do not object to the visit.

7. As the main purpose of the on-the-spot investigation is to verify information provided or to obtain further details, it should be carried out after the response to the questionnaire has been received unless the firm agrees to the contrary and the government of the exporting country is informed by the investigating authorities of the anticipated visit and does not object to it; further, it should be standard practice prior to the visit to advise the firms concerned of the general nature of the information to be verified and of any further information which needs to be provided, though this should not preclude requests to be made on the spot for further details to be provided in the light of information obtained.

8. Enquiries or questions put by the authorities or firms of the exporting countries and essential to a successful on-the-spot investigation should, whenever possible, be answered before the visit is made.
ANNEX II

Best Information Available in Terms of Article 6:8

1. As soon as possible after the initiation of the investigation, the investigating authorities should specify in detail the information required from any interested party, and the way in which that information should be structured by the interested party in its response. The authorities should also ensure that the party is aware that if information is not supplied within a reasonable time, the authorities will be free to make determinations on the basis of the facts available, including those contained in the request for the initiation of the investigation by the domestic industry.

2. The authorities may also request that an interested party provide its response in a particular medium (e.g., computer tape) or computer language. Where such a request is made, the authorities should consider the reasonable ability of the interested party to respond in the preferred medium or computer language, and should not request the company to use for its response a computer system other than that used by the firm. The authority should not maintain a request for a computerized response, if the interested party does not maintain computerized accounts and if presenting the response as requested would result in an unreasonable extra burden on the interested party, e.g., it would entail unreasonable additional cost and trouble. The authorities should not maintain a request for a response in a particular medium or computer language if the interested party does not maintain its computerized accounts in such medium or computer language and if presenting the response as requested would result in an unreasonable extra burden on the interested party, e.g., it would entail unreasonable additional cost and trouble.

3. All information which is verifiable, which is appropriately submitted so that it can be used in the investigation without undue difficulties and which is supplied in a timely fashion, and, where applicable, supplied in a medium or computer language requested by the authorities, should be taken into account when determinations are made. If a party does not respond in the preferred medium or computer language but the authorities find that the circumstances set out in paragraph 2 have been satisfied, this should not be considered to significantly impede the investigation.

4. Where the authorities do not have the ability to process information if provided in a particular medium (e.g., computer tape) the information should be supplied in the form of written material or any other form acceptable to the authorities.

5. Even though the information provided may not be ideal in all respects, this should not justify the authorities from disregarding it provided the interested party has acted to the best of its ability.
6. If evidence or information is not accepted, the supplying party should be informed forthwith of the reasons thereof and have an opportunity to provide further explanations within a reasonable period, due account being taken of the time-limits of the investigation. If the explanations are considered by the authorities as not being satisfactory, the reasons for rejection of such evidence or information should be given in any published findings.

7. If the authorities have to base their determinations, including those with respect to normal value, on information from a secondary source, including the information supplied in the request for the initiation of the investigation, they should do so with special circumspection. In such cases, the authorities should, where practicable, check the information from other independent sources at their disposal, such as published price lists, official import statistics and customs returns, and from the information obtained from other interested parties during the investigation. It is clear, however, that if an interested party does not co-operate and thus relevant information is being withheld from the authorities, this situation could lead to a result which is less favourable to the party than if the party did co-operate.
G. AGREEMENT (1991) ON TECHNICAL BARRIERS TO TRADE

PREAMBLE

Having regard to the Multilateral Trade Negotiations, the Parties to the Agreement on Technical Barriers to Trade (hereinafter referred to as "Parties" and "this Agreement");

Desiring to further the objectives of the General Agreement on Tariffs and Trade (hereinafter referred to as "General Agreement" or "GATT");

Recognizing the important contribution that international standards and conformity assessment systems can make in this regard by improving efficiency of production and facilitating the conduct of international trade;

Desiring therefore to encourage the development of such international standards and conformity assessment systems;

Desiring however to ensure that technical regulations and standards, including packaging, marking and labelling requirements, and procedures for assessment of conformity with technical regulations and standards do not create unnecessary obstacles to international trade;

Recognizing that no country should be prevented from taking measures necessary to ensure the quality of its exports, or for the protection of human, animal or plant life or health, of the environment, or for the prevention of deceptive practices, subject to the requirement that they are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail or a disguised restriction on international trade;

Recognizing that no country should be prevented from taking measures necessary for the protection of its essential security interest;

Recognizing the contribution which international standardization can make to the transfer of technology from developed to developing countries;

Recognizing that developing countries may encounter special difficulties in the formulation and application of technical regulations and standards and procedures for assessment of conformity with technical regulations and standards, and desiring to assist them in their endeavours in this regard;

Hereby agree as follows:
Article 1
General Provisions

1.1 General terms for standardization and procedures for assessment of conformity shall normally have the meaning given to them by definitions adopted within the United Nations system and by international standardizing bodies taking into account their context and in the light of the object and purpose of this Agreement.

1.2 However, for the purposes of this Agreement the meaning of the terms given in Annex 1 applies.

1.3 All products, including industrial and agricultural products, shall be subject to the provisions of this Agreement.

1.4 Purchasing specifications prepared by governmental bodies for production or consumption requirements of governmental bodies are not subject to the provisions of this Agreement but are addressed in the Agreement on Government Procurement, according to its coverage.

1.5 The provisions of this Agreement do not apply to sanitary and phytosanitary measures as defined in Annex A of the Decision of the CONTRACTING PARTIES on the Application of Sanitary and Phytosanitary measures.

1.6 All references in this Agreement to technical regulations, standards and conformity assessment procedures shall be construed to include any amendments thereto and any additions to the rules or the product coverage thereof, except amendments and additions of an insignificant nature.

TECHNICAL REGULATIONS AND STANDARDS

Article 2
Preparation, Adoption and Application of Technical Regulations by Central Government Bodies

With respect to their central government bodies:

2.1 Parties shall ensure that in respect of technical regulations, products imported from the territory of any Party shall be accorded treatment no less favourable than that accorded to like products of national origin and to like products originating in any other country.

2.2 Parties shall ensure that technical regulations are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade. For this purpose, technical regulations shall not be more trade-restrictive than necessary to fulfil a
legitimate objective, taking account of the risks non-fulfilment would create.¹ Such legitimate objectives are, inter alia, national security requirements; the prevention of deceptive practices; protection of human health or safety, animal or plant life or health, or the environment. In assessing such risks, relevant elements of consideration are, inter alia, available scientific and technical information, related processing technology or intended end uses of products.

2.3 Technical regulations shall not be maintained if the circumstances or objectives giving rise to their adoption no longer exist or if the changed circumstances or objectives can be addressed in a less trade-restrictive manner.

2.4 Where technical regulations are required and relevant international standards exist or their completion is imminent, Parties shall use them, or the relevant parts of them, as a basis for their technical regulations except when such international standards or relevant parts would be an ineffective or inappropriate means for the fulfilment of the legitimate objectives pursued, for instance because of fundamental climatic or geographical factors or fundamental technological problems.

2.5 A Party preparing, adopting or applying a technical regulation which may have a significant effect on trade of other Parties shall, upon the request of another Party, explain the justification for that technical regulation in terms of the provisions of Article 2, paragraphs 2 to 4. Whenever a technical regulation is prepared, adopted or applied for one of the legitimate objectives explicitly mentioned in Article 2, paragraph 2, and is in accordance with relevant international standards, it shall be rebuttably presumed not to create an unnecessary obstacle to international trade.

2.6 With a view to harmonizing technical regulations on as wide a basis as possible, Parties shall play a full part, within the limits of their resources, in the preparation by appropriate international standardizing bodies of international standards for products for which they either have adopted, or expect to adopt, technical regulations.

2.7 Parties shall give positive consideration to accepting as equivalent technical regulations of other Parties, even if these regulations differ from their own, provided they are satisfied that these regulations adequately fulfil the objectives of their own regulations.

2.8 Wherever appropriate, Parties shall specify technical regulations based on product requirements in terms of performance rather than design or descriptive characteristics.

¹This provision is intended to ensure proportionality between regulations and the risks non-fulfilment of legitimate objectives would create.
2.9 Whenever a relevant international standard does not exist or the technical content of a proposed technical regulation is not in accordance with the technical content of relevant international standards, and if the technical regulation may have a significant effect on trade of other Parties, Parties shall:

2.9.1 publish a notice in a publication at an early appropriate stage, in such a manner as to enable interested parties to become acquainted with it, that they propose to introduce a particular technical regulation;

2.9.2 notify other Parties through the GATT Secretariat of the products to be covered by the proposed technical regulation, together with a brief indication of its objective and rationale; such notifications shall take place at an early appropriate stage, when amendments can still be introduced and comments taken into account;

2.9.3 upon request, provide to other Parties, particulars or copies of the proposed technical regulation and, whenever possible, identify the parts which in substance deviate from relevant international standards;

2.9.4 without discrimination, allow reasonable time for other Parties to make comments in writing, discuss these comments upon request, and take these written comments and the results of these discussions into account.

2.10 Subject to the provisions in the lead-in to Article 2, paragraph 9, where urgent problems of safety, health, environmental protection or national security arise or threaten to arise for a Party, that Party may omit such of the steps enumerated in Article 2, paragraph 9 as it finds necessary provided that the Party, upon adoption of a technical regulation, shall:

2.10.1 notify immediately other Parties through the GATT secretariat of the particular technical regulation and the products covered, with a brief indication of the objective and the rationale of the technical regulation, including the nature of the urgent problems;

2.10.2 upon request, provide other Parties with copies of the technical regulation;

2.10.3 without discrimination, allow other Parties to present their comments in writing, discuss these comments upon request, and take these written comments and the results of these discussions into account.

2.11 Parties shall ensure that all technical regulations which have been adopted are published promptly or otherwise made available in such a manner as to enable interested parties to become acquainted with them.
2.12 Except in those urgent circumstances referred to in Article 2, paragraph 10, Parties shall allow a reasonable interval between the publication of a technical regulation and its entry into force in order to allow time for producers in exporting Parties, and particularly in developing country Parties, to adapt their products or methods of production to the requirements of the importing Party.

Article 3

Preparation, Adoption and Application of Technical Regulations by Local Government Bodies and Non-Governmental Bodies

With respect to their local government and non-governmental bodies within their territories:

3.1 Parties shall take such reasonable measures as may be available to them to ensure their compliance with the provisions of Article 2, with the exception of the obligation to notify as referred to in paragraph 2.9.2 and 2.10.1.

3.2 Parties shall ensure that the technical regulations of local governments on the level directly below that of the central government in Parties are notified in accordance with the provisions of Article 2, paragraphs 9.2 and 10.1, noting that notification shall not be required for technical regulations the technical content of which is substantially the same as that of previously notified technical regulations of central government bodies of the Party concerned.

3.3 Parties may require contact with other Parties, including the notifications, provision of information, comments and discussions referred to in Article 2, paragraphs 9 and 10, to take place through the central government.

3.4 Parties shall not take measures which require or encourage local government bodies or non-governmental bodies within their territories to act in a manner inconsistent with the provisions of Article 2.

3.5 Parties are fully responsible under this Agreement for the observance of all provisions of Article 2. Parties shall formulate and implement positive measures and mechanisms in support of the observance of the provisions of Article 2 by other than central government bodies.
Article 4
Preparation, Adoption and Application of Standards

4.1 Parties shall ensure that their central government standardizing bodies accept and comply with the code of good practice for the preparation, adoption and application of standards in Annex 3 to this Agreement. They shall take such reasonable measures as may be available to them to ensure that local government and non-governmental standardizing bodies within their territories as well as regional standardizing bodies of which they or one or more bodies within their territories are members, accept and comply with this code of good practice. In addition, Parties shall not take measures which have the effect of, directly or indirectly, requiring or encouraging such standardizing bodies to act in a manner inconsistent with the code of good practice in Annex 3. The obligations of Parties with respect to compliance of standardizing bodies with the provisions of the code of good practice shall apply irrespective of whether or not a standardizing body has accepted the code of good practice.

4.2 Standardizing bodies that have accepted and are complying with the code of good practice in Annex 3 shall be acknowledged by the Parties as complying with the principles of this Agreement.

CONFORMITY WITH TECHNICAL REGULATIONS AND STANDARDS

Article 5

Procedures for Assessment of Conformity by Central Government Bodies

5.1 Parties shall ensure that, in cases where a positive assurance of conformity with technical regulations or standards is required, their central government bodies apply the following provisions to products originating in the territories of other Parties:

5.1.1 conformity assessment procedures are prepared, adopted and applied so as to grant access for suppliers of like products originating in the territories of other Parties under conditions no less favourable than those accorded to suppliers of like products of national origin or originating in any other country, in a comparable situation; access entails suppliers' right to an assessment of conformity under the rules of the procedure, including, when foreseen by this procedure, the possibility to have conformity assessment activities undertaken at the site of facilities and to receive the mark of the system;

5.1.2 conformity assessment procedures are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade. This means,
inter alia, that conformity assessment procedures shall not be more strict or be applied more strictly than is necessary to give the importing Party adequate confidence that products conform with the applicable technical regulations or standards, taking account of the risks non-conformity would create.

5.2 When implementing the provisions of Article 5, paragraph 1, Parties shall ensure that:

5.2.1 conformity assessment procedures are undertaken and completed as expeditiously as possible and in a no less favourable order for products originating in the territories of other Parties than for like domestic products;

5.2.2 the standard processing period of each conformity assessment procedure is published or that the anticipated processing period is communicated to the applicant upon request; when receiving an application, the competent body promptly examines the completeness of the documentation and informs the applicant in a precise and complete manner of all deficiencies; the competent body as soon as possible transmits the results of the assessment in a precise and complete manner to the applicant so that corrective action may be taken if necessary; even when the application has deficiencies, the competent body proceeds as far as practicable with the conformity assessment if the applicant so requests; and that, upon request, the applicant is informed of the stage of the procedure, with any delay being explained;

5.2.3 information requirements are limited to what is necessary to assess conformity and determine fees;

5.2.4 the confidentiality of information about products originating in the territories of other Parties arising from or supplied in connection with such conformity assessment procedures is respected in the same way as for domestic products and in such a manner that legitimate commercial interests are protected;

5.2.5 any fees imposed for assessing the conformity of products originating in the territories of other Parties are equitable in relation to any fees chargeable for assessing the conformity of like products of national origin or originating in any other country, taking into account communication, transportation and other costs arising from differences between location of facilities of the applicant and the conformity assessment body;
5.2.6 the siting of facilities used in conformity assessment procedures and the selection of samples are not such as to cause unnecessary inconvenience to applicants or their agents;

5.2.7 whenever specifications of a product are changed subsequent to its determination of conformity to the applicable technical regulations or standards, the conformity assessment procedure for the modified product is limited to what is necessary to determine whether adequate confidence exists that the product still meets the technical regulations or standards concerned;

5.2.8 a procedure exists to review complaints concerning the operation of a conformity assessment procedure and to take corrective action when a complaint is justified.

5.3 Nothing in Article 5, paragraphs 1 and 2 shall prevent Parties from carrying out reasonable spot checks within their territories.

5.4 In cases where a positive assurance is required that products conform with technical regulations or standards, and relevant guides or recommendations issued by international standardizing bodies exist or their completion is imminent, Parties shall ensure that central government bodies use them, or the relevant parts of them, as a basis for their conformity assessment procedures, except where, as duly explained upon request, such guides or recommendations or relevant parts are inappropriate for the Parties concerned, for, inter alia, such reasons as national security requirements; the prevention of deceptive practices; protection of human health or safety, animal or plant life or health, or the environment; fundamental climatic or other geographical factors; fundamental technological or infrastructural problems.

5.5 With a view to harmonizing conformity assessment procedures on as wide a basis as possible, Parties shall play a full part within the limits of their resources in the preparation by appropriate international standardizing bodies of guides and recommendations for conformity assessment procedures.

5.6 Whenever a relevant guide or recommendation issued by an international standardizing body does not exist or the technical content of a proposed conformity assessment procedure is not in accordance with relevant guides and recommendations issued by international standardizing bodies, and if the conformity assessment procedure may have a significant effect on trade of other Parties, Parties shall:

5.6.1 publish a notice in a publication at an early appropriate stage, in such a manner as to enable interested parties to become acquainted with it, that they propose to introduce a particular conformity assessment procedure;
5.6.2 notify other Parties through the GATT Secretariat of the products to be covered by the proposed conformity assessment procedure, together with a brief indication of its objective and rationale. Such notifications shall take place at an early appropriate stage, when amendments can still be introduced and comments taken into account;

5.6.3 upon request, provide to other Parties particulars or copies of the proposed procedure and, whenever possible, identify the parts which in substance deviate from relevant guides or recommendations issued by international standardizing bodies;

5.6.4 without discrimination, allow reasonable time for other Parties to make comments in writing, discuss these comments upon request, and take these written comments and the results of these discussions into account.

5.7 Where urgent problems of safety, health, environmental protection or national security arise or threaten to arise for a Party, that Party may omit such of the steps enumerated in Article 5, paragraph 6, as it finds necessary provided that the Party, upon adoption of the procedure, shall:

5.7.1 notify immediately other Parties through the GATT secretariat of the particular procedure and the products covered, with a brief indication of the objective and the rationale of the procedure, including the nature of the urgent problems;

5.7.2 upon request, provide other Parties with copies of the rules of the procedure;

5.7.3 without discrimination, allow other Parties to present their comments in writing, discuss these comments upon request, and take these written comments and the results of these discussions into account.

5.8 Parties shall ensure that all conformity assessment procedures which have been adopted are published promptly or otherwise made available in such a manner as to enable interested parties to become acquainted with them.

5.9 Except in those urgent circumstances referred to in Article 5, paragraph 7, Parties shall allow a reasonable interval between the publication of requirements concerning conformity assessment procedures and their entry into force in order to allow time for producers in exporting Parties, and particularly in developing country Parties, to adapt their products or methods of production to the requirements of the importing Party.
Article 6

Recognition of Conformity Assessment by Central Government Bodies

With respect to their central government bodies:

6.1 Without prejudice to the provisions of Article 6, paragraphs 3 and 4, Parties shall ensure, whenever possible, that results of conformity assessment procedures in other Parties are accepted, even when those procedures differ from their own, provided they are satisfied that those procedures offer an assurance of conformity with applicable technical regulations or standards equivalent to their own procedures. It is recognized that prior consultations may be necessary in order to arrive at a mutually satisfactory understanding regarding, in particular:

(a) adequate and enduring technical competence of the relevant conformity assessment bodies in the exporting Party, so that confidence in the continued reliability of their conformity assessment results can exist; in this regard, verified compliance, for instance through accreditation, with relevant guides or recommendations issued by international standardizing bodies shall be taken into account as an indication of adequate technical competence;

(b) limitation of the acceptance of conformity assessment results to those produced by designated bodies in the exporting Party.

6.2 Parties shall ensure that their conformity assessment procedures permit, as far as practicable, the implementation of the provisions in Article 6, paragraph 1.

6.3 Parties are encouraged, at the request of other Parties, to be willing to enter into negotiations for the conclusion of agreements for the mutual recognition of results of each other's conformity assessment procedures. Parties may require that such agreements fulfil the criteria of Article 6, paragraph 1 and give mutual satisfaction regarding their potential for facilitating trade in the products concerned.

6.4 Parties are encouraged to permit participation of conformity assessment bodies located in the territories of other Parties in their conformity assessment procedures under conditions no less favourable than those accorded to bodies located within their territory or the territory of any other country.
Article 7

Procedures for Assessment of Conformity by Local Government Bodies

With respect to their local government bodies within their territories:

7.1 Parties shall take such reasonable measures as may be available to them to ensure their compliance with the provisions of Articles 5 and 6, with the exception of the obligation to notify as referred to in paragraph 5.6.2 and 5.7.1.

7.2 Parties shall ensure that the conformity assessment procedures of local governments on the level directly below that of the central government in Parties are notified in accordance with the provisions of Article 5, paragraphs 6.2 and 7.1, noting that notifications shall not be required for conformity assessment procedures the technical content of which is substantially the same as that of previously notified conformity assessment procedures of central government bodies of the Parties concerned.

7.3 Parties may require contact with other Parties, including the notifications, provision of information, comments and discussions referred to in Article 5, paragraphs 6 and 7, to take place through the central government.

7.4 Parties shall not take measures which require or encourage local government bodies within their territories to act in a manner inconsistent with the provisions of Articles 5 and 6.

7.5 Parties are fully responsible under this Agreement for the observance of all provisions of Articles 5 and 6. Parties shall formulate and implement positive measures and mechanisms in support of the observance of the provisions of Articles 5 and 6 by other than central government bodies.

Article 8

Procedures for Assessment of Conformity by Non-Governmental Bodies

8.1 Parties shall take such reasonable measures as may be available to them to ensure that non-governmental bodies within their territories which operate conformity assessment procedures comply with the provisions of Articles 5 and 6, with the exception of the obligation to notify proposed conformity assessment procedures. In addition, Parties shall not take measures which have the effect of, directly or indirectly, requiring or encouraging such bodies to act in a manner inconsistent with the provisions of Articles 5 and 6.
8.2 Parties shall ensure that their central government bodies rely on conformity assessment procedures operated by non-governmental bodies only if these latter bodies comply with the provisions of Articles 5 and 6, with the exception of the obligation to notify proposed conformity assessment procedures.

Article 9

International and Regional Systems

9.1 Where a positive assurance of conformity with a technical regulation or standard is required, Parties shall, wherever practicable, formulate and adopt international systems for conformity assessment and become members thereof or participate therein.

9.2 Parties shall take such reasonable measures as may be available to them to ensure that international and regional systems for conformity assessment, in which relevant bodies within their territories are members or participants, comply with the provisions of Articles 5 and 6. In addition, Parties shall not take any measures which have the effect of, directly or indirectly, requiring or encouraging such systems to act in a manner inconsistent with any of the provisions of Articles 5 and 6.

9.3 Parties shall ensure that their central government bodies rely on international or regional conformity assessment systems only to the extent that these systems comply with the provisions of Articles 5 and 6, as applicable.

INFORMATION AND ASSISTANCE

Article 10

Information About Technical Regulations, Standards and Conformity Assessment Procedures

10.1 Each Party shall ensure that an enquiry point exists which is able to answer all reasonable enquiries from other Parties and interested parties in other Parties as well as to provide the relevant documents regarding:

10.1.1 any technical regulations adopted or proposed within its territory by central or local government bodies, by non-governmental bodies which have legal power to enforce a technical regulation, or by regional standardizing bodies of which such bodies are members or participants;

10.1.2 any standards adopted or proposed within its territory by central or local government bodies, or by regional standardizing bodies of which such bodies are members or participants;
10.1.3 any conformity assessment procedures, or proposed conformity assessment procedures, which are operated within its territory by central or local government bodies, or by non-governmental bodies which have legal power to enforce a technical regulation, or by regional bodies of which such bodies are members or participants;

10.1.4 the membership and participation of the Party, or of relevant central or local government bodies within its territory, in international and regional standardizing bodies and conformity assessment systems, as well as in bilateral and multilateral arrangements within the scope of this Agreement; they shall also be able to provide reasonable information on the provisions of such systems and arrangements;

10.1.5 the location of notices published pursuant to this Agreement, or the provision of information as to where such information can be obtained; and

10.1.6 the location of the enquiry points mentioned in Article 10, paragraph 3.

10.2 If, however, for legal or administrative reasons more than one enquiry point is established by a Party, that Party shall provide to the other Parties complete and unambiguous information on the scope of each of these enquiry points. In addition, that Party shall ensure that any enquiries addressed to an incorrect enquiry point shall promptly be conveyed to the correct enquiry point.

10.3 Each Party shall take such reasonable measures as may be available to it to ensure that one or more enquiry points exist which are able to answer all reasonable enquiries from other Parties and interested parties in other Parties as well as to provide the relevant documents or information as to where they can be obtained regarding:

10.3.1 any standards adopted or proposed within its territory by non-governmental standardizing bodies, or by regional standardizing bodies of which such bodies are members or participants; and

10.3.2 any conformity assessment procedures, or proposed conformity assessment procedures, which are operated within its territory by non-governmental bodies, or by regional bodies of which such bodies are members or participants;

10.3.3 the membership and participation of relevant non-governmental bodies within its territory in international and regional standardizing bodies and conformity assessment systems, as well as in bilateral and multilateral arrangements within the scope of this Agreement; they shall also be able to provide reasonable information on the provisions of such systems and arrangements.
10.4 Parties shall take such reasonable measures as may be available to them to ensure that where copies of documents are requested by other Parties, or by interested parties in other Parties, in accordance with the provisions of this Agreement, they are supplied at an equitable price (if any) which shall, apart from the real cost of delivery, be the same for the nationals of the Party concerned or of any other Party.

10.5 Developed country Parties shall, if requested by other Parties, provide, in English French or Spanish, translations of the documents covered by a specific notification or, in case of voluminous documents, of summaries of such documents.

10.6 The GATT Secretariat will, when it receives notifications in accordance with the provisions of this Agreement, circulate copies of the notifications to all Parties and interested international standardizing and conformity assessment bodies, and draw the attention of developing country Parties to any notifications relating to products of particular interest to them.

10.7 Whenever a Party has reached an agreement with any other country or countries on issues related to technical regulations, standards or conformity assessment procedures, which may have a significant effect on trade, at least one Party to the agreement shall notify other Parties through the GATT Secretariat of the products to be covered by the agreement and include a brief description of the agreement. Parties concerned are encouraged to enter, upon request, into consultations with other Parties for the purposes of concluding similar agreements or of arranging for their participation in such agreements.

10.8 Nothing in this Agreement shall be construed as requiring:

10.8.1 the publication of texts other than in the language of the Party;

10.8.2 the provision of particulars or copies of drafts other than in the language of the Party except as stated in Article 10, paragraph 5; or

10.8.3 Parties to furnish any information, the disclosure of which they consider contrary to their essential security interests.

10.9 Notifications to the GATT Secretariat shall be in English, French or Spanish.

10.10 Parties shall designate a single central government authority that is responsible for the implementation on the national level of the provisions concerning notification procedures under this Agreement except those included in Annex 3.

10.11 If, however, for legal or administrative reasons the responsibility for notification procedures is divided among two or more central government
authorities, the Party concerned shall provide to the other Parties complete and unambiguous information on the scope of responsibility of each of these authorities.

**Article 11**

**Technical Assistance to Other Parties**

11.1 Parties shall, if requested, advise other Parties, especially the developing countries, on the preparation of technical regulations.

11.2 Parties shall, if requested, advise other Parties, especially the developing countries, and shall grant them technical assistance on mutually agreed terms and conditions regarding the establishment of national standardizing bodies, and participation in the international standardizing bodies, and shall encourage their national standardizing bodies to do likewise.

11.3 Parties shall, if requested, take such reasonable measures as may be available to them to arrange for the regulatory bodies within their territories to advise other Parties, especially the developing countries, and shall grant them technical assistance on mutually agreed terms and conditions regarding:

11.3.1 the establishment of regulatory bodies, or bodies for the assessment of conformity with technical regulations; and

11.3.2 the methods by which their technical regulations can best be met.

11.4 Parties shall, if requested, take such reasonable measures as may be available to them to arrange for advice to be given to other Parties, especially the developing countries, and shall grant them technical assistance, on mutually agreed terms and conditions, regarding the establishment of bodies for the assessment of conformity with standards adopted within the territory of the requesting Party.

11.5 Parties shall, if requested, advise other Parties, especially the developing countries, and shall grant them technical assistance, on mutually agreed terms and conditions, regarding the steps that should be taken by their producers if they wish to have access to systems for conformity assessment operated by governmental or non-governmental bodies within the territory of the Party receiving the request.

11.6 Parties which are members or participants of international or regional systems for conformity assessment shall, if requested, advise other Parties, especially the developing countries, and shall grant them technical assistance, on mutually agreed terms and conditions, regarding the establishment of the institutions and legal framework which would enable them to fulfil the obligations of membership or participation in such systems.
11.7 Parties shall, if so requested, encourage bodies within their territories which are members or participants of international or regional systems for conformity assessment to advise other Parties, especially the developing countries, and should consider requests for technical assistance from them regarding the establishment of the institutions which would enable the relevant bodies within their territories to fulfil the obligations of membership or participation.

11.8 In providing advice and technical assistance to other Parties in terms of Article 11, paragraphs 1 to 7, Parties shall give priority to the needs of the least-developed countries.

Article 12

Special and Differential Treatment of Developing Countries

12.1 Parties shall provide differential and more favourable treatment to developing country Parties to this Agreement, through the following provisions as well as through the relevant provisions of other Articles of this Agreement.

12.2 Parties shall give particular attention to the provisions of this Agreement concerning developing countries' rights and obligations and shall take into account the special development, financial and trade needs of developing countries in the implementation of this Agreement, both nationally and in the operation of this Agreement's institutional arrangements.

12.3 Parties shall, in the preparation and application of technical regulations, standards and conformity assessment procedures, take account of the special development, financial and trade needs of developing countries, with a view to ensuring that such technical regulations, standards and conformity assessment procedures do not create unnecessary obstacles to exports from developing countries.

12.4 Parties recognize that, although international standards, guides or recommendations may exist, in their particular technological and socio-economic conditions, developing countries adopt certain technical regulations, standards or conformity assessment procedures aimed at preserving indigenous technology and production methods and processes compatible with their development needs. Parties therefore recognize that developing countries should not be expected to use international standards as a basis for their technical regulations or standards, including test methods, which are not appropriate to their development, financial and trade needs.

12.5 Parties shall take such reasonable measures as may be available to them to ensure that international standardizing bodies and international systems for conformity assessment are organized and operated in a way which facilitates active and representative participation of relevant bodies in all Parties, taking into account the special problems of developing countries.
12.6 Parties shall take such reasonable measures as may be available to them to ensure that international standardizing bodies, upon request of developing countries, examine the possibility of, and, if practicable, prepare international standards concerning products of special interest to developing countries.

12.7 Parties shall, in accordance with the provisions of Article 11, provide technical assistance to developing countries to ensure that the preparation and application of technical regulations, standards and conformity assessment procedures do not create unnecessary obstacles to the expansion and diversification of exports from developing countries. In determining the terms and conditions of the technical assistance, account shall be taken of the stage of development of the requesting country and in particular of the least-developed countries.

12.8 It is recognized that developing countries may face special problems, including institutional and infrastructural problems, in the field of preparation and application of technical regulations, standards and conformity assessment procedures. It is further recognized that the special development and trade needs of developing countries, as well as their stage of technological development, may hinder their ability to discharge fully their obligations under this Agreement. Parties, therefore, shall take this fact fully into account. Accordingly, with a view to ensuring that developing countries are able to comply with this Agreement, the Committee is enabled to grant, upon request, specified, time-limited exceptions in whole or in part from obligations under this Agreement. When considering such requests the Committee shall take into account the special problems, in the field of preparation and application of technical regulations, standards and conformity assessment procedures, and the special development and trade needs of the developing country, as well as its stage of technological development, which may hinder its ability to discharge fully its obligations under this Agreement. The Committee shall in particular, take into account the special problems of the least-developed countries.

12.9 During consultations, developed countries shall bear in mind the special difficulties experienced by developing countries in formulating and implementing standards and technical regulations and conformity assessment procedures, and in their desire to assist developing countries with their efforts in this direction, developed countries shall take account of the special needs of the former in regard to financing, trade and development.

12.10 The Committee shall examine periodically the special and differential treatment, as laid down in this Agreement, granted to developing countries on national and international levels.
INSTITUTIONS, CONSULTATION AND DISPUTE SETTLEMENT

Article 13

The Committee on Technical Barriers to Trade

There shall be established under this Agreement:

13.1 A Committee on Technical Barriers to Trade composed of representatives from each of the Parties (hereinafter referred to as "the Committee"). The Committee shall elect its own Chairman and shall meet as necessary, but no less than once a year for the purpose of affording Parties the opportunity of consulting on any matters relating to the operation of this Agreement or the furtherance of its objectives, and shall carry out such responsibilities as assigned to it under this Agreement or by the Parties.

13.2 Working parties, technical expert groups, panels or other bodies as may be appropriate, which shall carry out such responsibilities as may be assigned to them by the Committee in accordance with the relevant provisions of this Agreement.

13.3 It is understood that unnecessary duplication should be avoided between the work under this Agreement and that of governments in other technical bodies. The Committee shall examine this problem with a view to minimizing such duplication.

Article 14

Consultation and Dispute Settlement

14.1 Consultations and the settlement of disputes with respect to any matter affecting the operation of this Agreement shall take place under the auspices of the Committee on Technical Barriers to Trade and shall follow, mutatis mutandis, the provisions of Articles XXII and XXIII of the GATT, including the Dispute Settlement Procedures as adopted by the CONTRACTING PARTIES.

14.2 At the request of a Party to a dispute, or at its own initiative, a panel may establish a technical expert group to assist in questions of a technical nature, requiring detailed consideration by experts.

14.3 Technical expert groups shall be governed by the procedures of Annex 2.

14.4 The dispute settlement provisions set out above can be invoked in cases where a Party considers that another Party has not achieved satisfactory results under Articles 3, 4, 7, 8 and 9 and its trade interests are significantly affected. In this respect, such results shall be equivalent to those as if the body in question were a Party.
FINAL PROVISIONS

Article 15

Final Provisions
ANNEX 1

TERMS AND THEIR DEFINITIONS FOR THE
PURPOSE OF THIS AGREEMENT

The terms presented in the sixth edition of the ISO/IEC Guide 2: 1991, General Terms and Their Definitions Concerning Standardization and Related Activities, shall, when used in this Agreement, have the same meaning as given in the definitions in the said Guide taking into account that services are excluded from the coverage of this Agreement.

For the purpose of this Agreement, however, the following definitions shall apply:

1. Technical regulation

Document which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.

Explanatory note

The definition in ISO/IEC Guide 2 is not self-contained, but based on the so-called "building block" system.

2. Standard

For the term "Standard" the following definition shall apply:

Document approved by a recognized body, that provides, for common and repeated use, rules, guidelines or characteristics for products or related processes and production methods, with which compliance is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.

Explanatory note

The terms as defined in ISO/IEC Guide 2 cover products, processes and services. This agreement deals only with technical regulations, standards and conformity assessment procedures related to products or related processes and production methods. Standards as defined by ISO/IEC Guide 2 may be mandatory or voluntary. For the purpose of this Agreement standards are defined as voluntary and technical regulations as mandatory documents. Standards prepared by the international standardization community are based on consensus. This agreement covers also documents that are not based on consensus.

3. Conformity assessment procedures

Any procedure used, directly or indirectly, to determine that relevant requirements in technical regulations or standards are fulfilled.
Explanatory note: Conformity assessment procedures include, *inter alia*, procedures for sampling, testing and inspection; evaluation, verification and assurance of conformity; registration, accreditation and approval as well as their combinations.

4. **International body or system**

Body or system whose membership is open to the relevant bodies of at least all Parties to this Agreement.

5. **Regional body or system**

Body or system whose membership is open to the relevant bodies of only some of the Parties.

6. **Central government body**

Central government, its ministries and departments or any body subject to the control of the central government in respect of the activity in question.

Explanatory note:

In the case of the European Economic Community the provisions governing central government bodies apply. However, regional bodies or conformity assessment systems may be established within the European Economic Community, and in such cases would be subject to the provisions of this Agreement on regional bodies or conformity assessment systems.

7. **Local government body**

Government other than a central government (e.g. states, provinces, Länder, cantons, municipalities, etc.), its ministries or departments or any body subject to the control of such a government in respect of the activity in question.

8. **Non-governmental body**

Body other than a central government body or a local government body, including a non-governmental body which has legal power to enforce a technical regulation.

**ANNEX 2**

**TECHNICAL EXPERT GROUPS**

The following procedures shall apply to technical expert groups established in accordance with the provisions of Article 14.
1. Technical expert groups are under the panel's authority. Their terms of reference and detailed working procedures shall be decided by the panel, and they shall report to the panel.

2. Participation in technical expert groups shall be restricted to persons of professional standing and experience in the field in question.

3. Citizens of parties to the dispute shall not serve on a technical expert group without the joint agreement of the parties to the dispute, except in exceptional circumstances when the panel considers that the need for specialized scientific expertise cannot be fulfilled otherwise. Government officials of parties to the dispute shall not serve on a technical expert group. Members of technical expert groups shall serve in their individual capacities and not as government representatives, nor as representatives of any organization. Governments or organizations shall therefore not give them instructions with regard to matters before a technical expert group.

4. Technical expert groups may consult and seek information and technical advice from any source they deem appropriate. Before a technical expert group seeks such information or advice from a source within the jurisdiction of a Party, it shall inform the government of that Party. Any Party shall respond promptly and fully to any request by a technical expert group for such information as the technical expert group considers necessary and appropriate.

5. The Parties to a dispute shall have access to all relevant information provided to a technical expert group, unless it is of a confidential nature. Confidential information provided to the technical expert group shall not be released without formal authorization from the government, organization or person providing the information. Where such information is requested from the technical expert group but release of such information by the technical expert group is not authorized, a non-confidential summary of the information will be provided by the government, organization or person supplying the information.

6. The technical expert group shall submit a draft report to the Parties concerned with a view to obtaining their comments, and taking them into account, as appropriate, in the final report, which shall also be circulated to the Parties concerned when it is submitted to the panel.

ANNEX 3

CODE OF GOOD PRACTICE FOR THE PREPARATION, ADOPTION AND APPLICATION OF STANDARDS

GENERAL PROVISIONS

A. For the purposes of this code the definitions in Annex 1 of this Agreement shall apply.
B. This code is open to acceptance by any standardizing body within the territory of a Party to the GATT Agreement on Technical Barriers to Trade, whether a central government body, a local government body, or a non-governmental body; to any governmental regional standardizing body one or more members of which are Party to the above Agreement; and to any non-governmental regional standardizing body one or more members of which are situated within the territory of a Party to the above Agreement (hereafter collectively called "standardizing bodies" and individually "the standardizing body").

C. Standardizing bodies that have accepted or withdrawn from this code shall notify this fact to the ISO/IEC Information Centre in Geneva. The notification shall include the name and address of the body concerned and the scope of its current and expected standardization activities. The notification may be sent either directly to the ISO/IEC Information Centre, or through the national member body of ISO/IEC or, preferably, through the relevant national member or international affiliate of ISONET, as appropriate.

**SUBSTANTIVE PROVISIONS**

D. In respect of standards, the standardizing body shall accord treatment to products originating in the territory of any other Party to the GATT Agreement on Technical Barriers to Trade no less favourable than that accorded to like products of national origin and to like products originating in any other country.

E. The standardizing body shall ensure that standards are not prepared, adopted or applied with a view, to or with the effect of, creating unnecessary obstacles to international trade.

F. Where international standards exist or their completion is imminent, the standardizing body shall use them, or the relevant parts of them, as a basis for the standards it develops, except where such international standards or relevant parts would be ineffective or inappropriate for instance, because of an insufficient level of protection or fundamental climatic or geographical factors or fundamental technological problems.

G. With a view to harmonizing standards on as wide a basis as possible, the standardizing body shall, in an appropriate way, play a full part within the limits of its resources in the preparation by relevant international standardizing bodies of international standards regarding subject matter for which it either has adopted, or expects to adopt, standards. For standardizing bodies within the territory of a Party, participation in a particular international standardization activity shall, whenever possible, take place through one delegation representing all standardizing bodies in the territory that have adopted, or expect to adopt, standards for the subject matter to which the international standardization activity relates.
H. The standardizing body within the territory of a Party shall make every effort to avoid duplication of, or overlap with, the work of other standardizing bodies in the national territory or with the work of relevant international or regional standardizing bodies. They shall also make every effort to achieve a national consensus on the standards they develop. Likewise the regional standardizing body shall make every effort to avoid duplication of, or overlap with, the work of relevant international standardizing bodies.

I. Wherever appropriate, the standardizing body shall specify standards based on product requirements in terms of performance rather than design or descriptive characteristics.

J. At least once every six months, the standardizing body shall publish a work programme containing its name and address, the standards it is currently preparing and the standards which it has adopted in the preceding period. A standard is under preparation from the moment a decision has been taken to develop a standard until that standard has been adopted. The titles of specific draft standards shall, upon request, be provided in English, French or Spanish. A notice of the existence of the work programme shall be published in a national or, as the case may be, regional publication of standardization activities.

The work programme shall for each standard indicate, in accordance with any ISONET rules, the classification relevant to the subject matter, the stage attained in the standard's development, and the references of any international standards taken as a basis. No later than at the time of publication of its work programme, the standardizing body shall notify the existence thereof to the ISO/IEC Information Centre in Geneva.

The notification shall contain the name and address of the standardizing body, the name and issue of the publication in which the work programme is published, the period to which the work programme applies, its price (if any), and how and where it can be obtained. The notification may be sent directly to the ISO/IEC Information Centre, or, preferably, through the relevant national member or international affiliate of ISONET, as appropriate.

K. The national member of ISO/IEC shall make every effort to become a member of ISONET or to appoint another body to become a member as well as to acquire the most advanced membership type possible for the ISONET member. Other standardizing bodies shall make every effort to associate themselves with the ISONET member.

L. Before adopting a standard, the standardizing body shall allow a period of at least sixty days for the submission of comments on the draft standard by interested parties in a Party to the GATT Agreement on Technical Barriers to Trade. This period may, however, be shortened in cases where urgent problems of safety, health or environment arise or threaten to arise. No later than at the start of the comment period, the standardizing body shall publish a notice announcing the period for commenting in the publication referred to in paragraph J. Such notification shall include, as far as practicable, whether the draft standard deviates from relevant international standards.
M. On the request of any interested party in a Party to the GATT Agreement on Technical Barriers to Trade, the standardizing body shall promptly provide, or arrange to provide, a copy of a draft standard which it has submitted for comments. Any fees charged for this service shall, apart from the real cost of delivery, be the same for domestic and foreign parties.

N. The standardizing body shall take into account, in the further processing of the standard, the comments received during the period for commenting. Comments received through standardizing bodies that have accepted this code of good practice shall, if so requested, be replied to as promptly as possible. The reply shall include an explanation why a deviation from relevant international standards is necessary.

O. Once the standard has been adopted, it shall be promptly published.

P. On the request of any interested party in a Party to the GATT Agreement on Technical Barriers to Trade, the standardizing body shall promptly provide or arrange to provide a copy of its most recent work programme or of a standard which it produced. Any fees charged for this service shall, apart from the real costs of delivery, be the same for foreign and domestic parties.

Q. The standardizing body shall afford sympathetic consideration to, and adequate opportunity for, consultation regarding representations with respect to the operation of this code presented by standardizing bodies that have accepted this code of good practice. It shall make an objective effort to solve any complaints.
Recommendation of the Committee on Technical Barriers to Trade

The CONTRACTING PARTIES invite the Committee on Technical Barriers to Trade to recommend that the GATT Secretariat reach an understanding with the ISO to establish an information system under which:

1. ISONET members shall transmit to the ISO/IEC Information Centre in Geneva the notifications referred to in paragraphs C and J of the code of good practice for the preparation, adoption and application of standards in Annex 3 to the GATT Agreement on Technical Barriers to Trade, in the manner indicated there;

2. the following (alpha)numeric classification systems shall be used in the work programmes mentioned above:

   (a) a standards classification system which would allow standardizing bodies to give for each standard mentioned in the work programme an (alpha)numeric indication of the subject matter;

   (b) a stage code system which would allow standardizing bodies to give for each standard mentioned in the work programme an (alpha)numeric indication of the stage of development of the standard; for this purpose, at least five stages of development should be distinguished: (1) the stage at which the decision to develop a standard has been taken, but technical work has not yet begun; (2) the stage at which technical work has begun, but the period for the submission of comments has not yet started; (3) the stage at which the period for the submission of comments has started, but has not yet been completed; (4) the stage at which the period for the submission of comments has been completed, but the standard has not yet been adopted; and (5) the stage at which the standard has been adopted;

   (c) an identification system covering all international standards which would allow standardizing bodies to give for each standard mentioned in the work programme an (alpha)numeric indication of the international standard(s) used as a basis;

3. the ISO/IEC Information Centre shall promptly convey to the GATT Secretariat copies of any notifications referred to in paragraph C of the code of good practice;

4. the ISO/IEC Information Centre shall regularly publish the information received in the notifications made to it under paragraphs C and J of the code of good practice; this publication, for which a reasonable fee may be charged, shall be available to ISONET members and through the GATT Secretariat, to the Parties to the Agreement on Technical Barriers to Trade.
Decision of the Committee on Technical Barriers to Trade

The CONTRACTING PARTIES invite the Committee on Technical Barriers to Trade to decide, without prejudice to provisions on consultation and dispute settlement, that, in conformity with Article 13, paragraph 1, it shall at least once a year review the publication provided by the ISO/IEC Information Centre on information received according to the code of good practice in Annex 3 of the Agreement, for the purpose of affording Parties opportunity of discussing any matters relating to the operation of that code.

In order to facilitate this discussion, the GATT Secretariat is requested to provide a list by country of all standardizing bodies that have accepted the code of good practice, as well as a list of those standardizing bodies that have accepted or withdrawn from the code since the previous review.

The GATT Secretariat is also requested to distribute promptly to the Parties copies of the notifications it receives from the ISO/IEC Information Centre.
H. AGREEMENT (199-) ON IMPORT LICENSING PROCEDURES

PREAMBLE

Having regard to the Multilateral Trade Negotiations, the Parties to this Agreement on Import Licensing Procedures (hereinafter referred to as "Parties" and "this Agreement");

Desiring to further the objectives of the General Agreement on Tariffs and Trade (hereinafter referred to as "General Agreement" or "GATT");

Taking into account the particular trade, development and financial needs of developing countries;

Recognizing the usefulness of automatic import licensing for certain purposes and that such licensing should not be used to restrict trade;

Recognizing that import licensing may be employed to administer measures such as those adopted pursuant to the relevant provisions of the GATT;

Recognizing the provisions of the GATT as they apply to import licensing procedures;

Desiring to ensure that import licensing procedures are not utilized in a manner contrary to GATT principles and obligations;

Recognizing that the flow of international trade could be impeded by the inappropriate use of import licensing procedures;

Convinced that import licensing, particularly non-automatic import licensing, should be implemented in a transparent and predictable manner;

Recognizing that non-automatic licensing procedures should be no more administratively burdensome than absolutely necessary to administer the relevant measure;

Desiring to simplify, and bring transparency to, the administrative procedures and practices used in international trade, and to ensure the fair and equitable application and administration of such procedures and practices;

Desiring to provide for a consultative mechanism and the speedy, effective and equitable resolution of disputes arising under this Agreement;

Hereby agree as follows:
Article 1: General Provisions

1. For the purpose of this Agreement, import licensing is defined as administrative procedures used for the operation of import licensing regimes requiring the submission of an application or other documentation (other than that required for customs purposes) to the relevant administrative body as a prior condition for importation into the customs territory of the importing Party.

2. The Parties shall ensure that the administrative procedures used to implement import licensing regimes are in conformity with the relevant provisions of the GATT including its annexes and protocols, as interpreted by this Agreement, with a view to preventing trade distortions that may arise from an inappropriate operation of those procedures, taking into account the economic development purposes and financial and trade needs of developing countries.

3. The rules for import licensing procedures shall be neutral in application and administered in a fair and equitable manner.

4. The rules and all information concerning procedures for the submission of applications, including the eligibility of persons, firms, and institutions to make such applications, the administrative body(ies) to be approached, and the lists of products subject to the licensing requirement shall be published in the sources notified to the Committee, in such a manner as to enable governments and traders to become acquainted with them. Such publication shall take place, whenever practicable, twenty-one days prior to the effective date of the requirement but in all events not later than such effective date. Any exception, derogations or changes in or from the rules concerning licensing procedures or the list of products subject to import licensing shall also be published in the same manner and within the same time periods as specified above. Copies of these publications shall also be made available to the GATT Secretariat.

Parties who wish to make comments in writing shall be provided the opportunity to discuss these comments upon request. The concerned Party shall give due consideration to these comments and results of discussion.

5. Application forms and where applicable, renewal forms shall be as simple as possible. Such documents and information as are considered strictly necessary for the proper functioning of the licensing régime may be required on application.

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1Those procedures referred to as "licensing" as well as other similar administrative procedures.

2Nothing in this Agreement shall be taken as implying that the basis, scope or duration of a measure being implemented by a licensing procedure is subject to question under this Agreement.
6. Application procedures and, where applicable, renewal procedures shall be as simple as possible. Applicants shall be allowed a reasonable period for the submission of license applications. Where there is a closing date, this period should be at least twenty-one days with provision for extension in circumstances where insufficient applications have been received within this period. Applicants shall have to approach only one administrative body in connection with an application. Where it is strictly indispensable to approach more than one administrative body, applicants shall not need to approach more than three administrative bodies.

7. No application shall be refused for minor documentation errors which do not alter basic data contained therein. No penalty greater than necessary to serve merely as a warning shall be imposed in respect of any omission or mistake in documentation or procedures which is obviously made without fraudulent intent or gross negligence.

8. Licensed imports shall not be refused for minor variations in value, quantity or weight from the amount designated on the licence due to differences occurring during shipment, differences incidental to bulk loading and other minor differences consistent with normal commercial practice.

9. The foreign exchange necessary to pay for licensed imports shall be made available to licence holders on the same basis as to importers of goods not requiring import licences.

10. With regard to security exceptions, the provisions of Article XXI of the GATT apply.

11. The provisions of this Agreement shall not require any Party to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.
Article 2: Automatic Import Licensing

1. Automatic import licensing is defined as import licensing where approval of the application is granted in all cases, and in accordance with the requirements of Article 2.2(a).

2. The following provisions, in addition to those in paragraphs 1 to 11 of Article 1 and paragraph 1 of Article 2 above, shall apply to automatic import licensing procedures:

(a) Automatic licensing procedures shall not be administered in such a manner as to have restricting effects on imports subject to automatic licensing. Automatic licensing procedures shall be deemed to have trade restricting effects unless, inter alia:

(i) any person, firm or institution which fulfils the legal requirements of the importing Party for engaging in import operations involving products subject to automatic licensing is equally eligible to apply for and to obtain import licences;

(ii) applications for licences may be submitted on any working day prior to the customs clearance of the goods;

(iii) applications for licences when submitted in appropriate and complete form are approved immediately on receipt, to the extent administratively feasible, but within a maximum of ten working days;

(b) Parties recognize that automatic import licensing may be necessary whenever other appropriate procedures are not available. Automatic import licensing may be maintained as long as the circumstances which gave rise to its introduction prevail and as long as its underlying administrative purposes cannot be achieved in a more appropriate way.

1 Those import licensing procedures requiring a security which have no restrictive effects on imports, are to be considered as falling within the scope of paragraphs 1 and 2 of Article 2 below.

2 A developing country Party, which has specific difficulties with the requirements of sub-paragraphs (a)(ii) and (a)(iii) below may, upon notification to the Committee referred to in paragraph 1 of Article 4, delay the application of these sub-paragraphs by not more than two years from the date of entry into force of this Agreement for such Party.
Article 3: Non-automatic Import Licensing

1. The following provisions, in addition to those in paragraphs 1 to 11 of Article 1 above, shall apply to non-automatic import licensing procedures. Non-automatic import licensing procedures are defined as import licensing not falling within the definition contained in Article 2.1 above.

2. Non-automatic licensing shall not have trade restrictive or distortive effects on imports additional to those caused by the imposition of the restriction. Non-automatic licensing procedures shall correspond in scope and duration to the measure they are used to implement, and shall be no more administratively burdensome than absolutely necessary to administer the measure.

3. In the case of licensing requirements for purposes other than the implementation of quantitative restrictions, Parties shall publish sufficient information for other Parties and traders to know the basis for granting and/or allocating licences.

4. Where a Party provides the possibility for persons, firms, or institutions to request exceptions or derogations from a licensing requirement, it shall include this fact in the information published under Article 1.4 as well as information on how to make such a request and, to the extent possible, an indication of the circumstances under which requests would be considered.

5. (a) Parties shall provide, upon the request of any Party having an interest in the trade in the product concerned, all relevant information concerning:

   (i) the administration of the restrictions;

   (ii) the import licences granted over a recent period;

   (iii) the distribution of such licences among supplying countries;

   (iv) where practicable, import statistics (i.e. value and/or volume) with respect to the products subject to import licensing. The developing countries would not be expected to take additional administrative or financial burdens on this account;

(b) Parties administering quotas by means of licensing shall publish the overall amount of quotas to be applied by quantity and/or value, the opening and closing dates of quotas, and any change thereof, within the time periods specified in Article 1.4 and in such a manner as to enable governments and traders to become acquainted with them;
(c) In the case of quotas allocated among supplying countries, the Party applying the restrictions shall promptly inform all other Parties having an interest in supplying the product concerned of the shares in the quota currently allocated, by quantity or value, to the various supplying countries and shall publish this information within the time periods specified in Article 1.4 and in such a manner as to enable governments and traders to become acquainted with them;

(d) Where situations arise which make it necessary to provide for an early opening date of quotas, the information referred to in Article 1.4 should be published within the time periods specified in Article 1.4 and in such a manner as to enable governments and traders to become acquainted with them;

(e) Any person, firm or institution which fulfils the legal and administrative requirements of the importing Party shall be equally eligible to apply and to be considered for a licence. If the licence application is not approved, the applicant shall, on request, be given the reason therefor and shall have a right of appeal or review in accordance with the domestic legislation or procedures of the importing Party;

(f) The period for processing applications shall, except when not possible for reasons outside the control of the Party, not be longer than thirty days if applications are considered as and when received, i.e. on a first-come first-served basis, and no longer than sixty days if all applications are considered simultaneously. In the latter case the period for processing applications shall be considered to begin on the day following the closing date of the announced application period;

(g) The period of licence validity shall be of reasonable duration and not be so short as to preclude imports. The period of licence validity shall not preclude imports from distant sources, except in special cases where imports are necessary to meet unforeseen short-term requirements;

(h) When administering quotas, Parties shall not prevent importation from being effected in accordance with the issued licences, and shall not discourage the full utilization of quotas;

(i) When issuing licences, Parties shall take into account the desirability of issuing licences for products in economic quantities;

(j) In allocating licences, the Party should consider the import performance of the applicant. In this regard, consideration should be given as to whether licences issued to applicants in the past have been fully utilized during a recent representative
period. In cases where licences have not been fully utilized, the Party shall examine the reasons for this and take these reasons into consideration when allocating new licences. Consideration shall also be given to ensuring a reasonable distribution of licences to new importers, taking into account the desirability of issuing licences for products in economic quantities. In this regard, special consideration should be given to those importers importing products originating in developing countries and, in particular, the least-developed countries;

(k) In the case of quotas administered through licences which are not allocated among supplying countries, licence holders shall be free to choose the sources of imports. In the case of quotas allocated among supplying countries, the licence shall clearly stipulate the country or countries;

(l) In applying paragraph 8 of Article 1 above, compensating adjustments may be made in future licence allocations where imports exceeded a previous licence level.

Article 4: Institutions

1. There shall be established under this Agreement a Committee on Import Licensing composed of representatives from each of the Parties (referred to in this Agreement as "the Committee"). The Committee shall elect its own Chairman and Vice Chairman and shall meet as necessary for the purpose of affording Parties the opportunity of consulting on any matters relating to the operation of this Agreement or the furtherance of its objectives.

Article 5: Notification

1. Parties which institute licensing procedures or changes in these procedures shall notify the Committee of such within sixty days of publication.

2. Notifications of the institution of import licensing procedures shall include the following information:

   (a) list of products subject to licensing procedures;

   (b) contact point for information on eligibility;

   (c) administrative body(ies) for submission of applications;

   (d) date and name of publication where licensing procedures are published;

1 Sometimes referred to as "quota holders".
(e) indication of whether the licensing procedure is automatic or non-automatic according to definitions contained in Articles 2 and 3;

(f) in the case of automatic import licensing procedures, their administrative purpose;

(g) in the case of non-automatic import licensing procedures, indication of the measure being implemented through the licensing procedure; and

(h) expected duration of the licensing procedure if this can be estimated with some probability, and if not, reason why this information cannot be provided.

3. Notifications of changes in import licensing procedures shall indicate the elements mentioned above, if changes in such occur.

4. Parties shall notify the Committee of the publication(s) in which the information required in Article 1.4 will be published.

5. Any interested Party which considers that another Party has not notified the institution of a licensing procedure or changes therein in accordance with the provisions of paragraphs 1 to 3 above, may bring the matter to the attention of such other Party. If notification is not made promptly thereafter, such Party may itself notify the licensing procedure or changes therein, including all relevant and available information.

Article 6: Consultation and Dispute Settlement

1. Consultations and the settlement of disputes with respect to any matter affecting the operation of this Agreement, shall be subject to the provisions of Articles XXII and XXIII of the GATT, and the Dispute Settlement Procedures as adopted by the CONTRACTING PARTIES.

Article 7: Review

1. The Committee shall review as necessary, but at least once every two years, the implementation and operation of this Agreement, taking into account the objectives thereof, and the rights and obligations contained therein.

2. As a basis for the Committee review, the secretariat shall prepare a factual report based on information provided under Article 5, responses to the annual questionnaire on import licensing procedures¹ and other relevant reliable information which is available to it. This report shall provide a

¹Originally circulated as GATT document L/3515 of 23 March 1971.
synopsis of the aforementioned information, in particular indicating any changes or developments during the period under review, and including any other information as agreed by the Committee.

3. Parties undertake to complete the annual questionnaire on import licensing procedures promptly and in full.

4. The Committee shall inform the CONTRACTING PARTIES to the GATT of developments during the period covered by such reviews.

**Article 8: Final Provisions**

1. **Acceptance and accession**

   (a) This Agreement shall be open for acceptance by signature or otherwise, by governments contracting parties to the GATT and by the European Economic Community;

   (b) This Agreement shall be open for acceptance by signature or otherwise by governments having provisionally acceded to the GATT, on terms related to the effective application of rights and obligations under this Agreement, which take into account rights and obligations in the instruments providing for their provisional accession;

   (c) This Agreement shall be open to accession by any other government on terms, related to the effective application of rights and obligations under this Agreement, to be agreed between that government and the Parties, by the deposit with the Director-General to the CONTRACTING PARTIES to the GATT of an instrument of accession which states the terms so agreed;

   (d) In regard to acceptance, the provisions of Article XXVI:5(a) and (b) of the General Agreement would be applicable.

2. **Reservations**

   Reservations may not be entered in respect of any of the provisions of this Agreement without the consent of the other Parties.

3. **Entry into Force**

   This Agreement shall enter into force on 1 January 1980 for the governments which have accepted or acceded to it by that date. For each other government it shall enter into force on the thirtieth day following the date of its acceptance or accession to this Agreement.

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1For the purpose of this Agreement, the term "governments" is deemed to include the competent authorities of the European Economic Community.
4. **National Legislation**

(a) Each government accepting or acceding to this Agreement shall ensure, not later than the date of entry into force of this Agreement for it, the conformity of its laws, regulations and administrative procedures with the provisions of this Agreement.

(b) Each Party shall inform the Committee of any changes in its laws and regulations relevant to this Agreement and in the administration of such laws and regulations.

5. **Amendments**

The Parties may amend this Agreement, having regard, *inter alia*, to the experience gained in its implementation. Such an amendment, once the Parties have concurred in accordance with procedures established by the Committee, shall not come into force for any Party until it has been accepted by such Party.

6. **Withdrawal**

Any Party may withdraw from this Agreement. The withdrawal shall take effect upon the expiration of sixty days from the day on which written notice of withdrawal is received by the Director-General to the CONTRACTING PARTIES to the GATT. Any Party may upon such notification request an immediate meeting of the Committee.
I. AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

PART I: GENERAL

Article 1

Definition of a subsidy

1.1 For the purpose of this Agreement, a subsidy shall be deemed to exist if:

(a)(1) there is a financial contribution by a government or any public body within the territory of a signatory (hereinafter referred to as "government"), i.e., where:

(i) government practice involves a direct transfer of funds (e.g., grants, loans, and equity infusion), potential direct transfers or liabilities (e.g., loan guarantees);

(ii) government revenue that is otherwise due, is foregone or not collected (e.g., fiscal incentives such as tax credits);

(iii) a government provides goods or services other than general infrastructure, or purchases goods;

(iv) a government makes payments to a funding mechanism, or entrusts or directs a private body to carry out one or more of the type of functions illustrated in (i) to (iii) above which would normally be vested in the government and the practice, in no real sense, differs from practices normally followed by governments;

or

1In accordance with the provisions of Article XVI of the General Agreement (Note to Article XVI) and the provisions of Annexes I through III of this Agreement, the exemption of an exported product from duties or taxes borne by the like product when destined for domestic consumption, or the remission of such duties or taxes in amount not in excess of those which have accrued, shall not be deemed to be a subsidy.
(a)(2) there is any form of income or price support in the sense of Article XVI of the General Agreement;

and

(b) a benefit is thereby conferred.

1.2 A subsidy as defined in paragraph 1 above shall be subject to the provisions of Part II or shall be subject to the provisions of Part III or V of this Agreement only if such a subsidy is specific in accordance with the provisions of Article 2 below.

Article 2

Specificity

2.1 In order to determine whether a subsidy, as defined in Article 1.1 above is specific to an enterprise or industry or group of enterprises or industries (hereinafter referred to as "certain enterprises") within the territory of the subsidizing country, the following principles shall apply:

(a) Where the granting authority, or the legislation pursuant to which the granting authority operates, explicitly limits access to a subsidy to certain enterprises, such subsidy shall be specific.

(b) Where the granting authority, or the legislation pursuant to which the granting authority operates, establishes objective criteria or conditions governing the eligibility for, and the amount of, a subsidy, specificity shall not exist, provided that the eligibility is automatic and that such criteria and conditions are strictly adhered to. The criteria or conditions must be clearly spelled out in law, regulation, or other official document, so as to be capable of verification.

(c) If, notwithstanding any appearance of non-specificity resulting from the application of the principles laid down in subparagraphs (a) and (b) above, there are reasons to believe that the subsidy may in fact be specific, other factors may be considered. Such factors are: use of a subsidy programme by a limited number of certain enterprises, predominant use by certain enterprises, the granting of disproportionately large amounts of subsidy to certain enterprises, and the manner in which discretion has been exercised by the granting authority.

1Objective criteria or conditions, as used herein, mean criteria or conditions which are neutral, which do not favour certain enterprises over others, and which are economic in nature and horizontal in application such as number of employees or size of enterprise.
in the decision to grant a subsidy. In applying this subparagraph, account shall be taken of the extent of diversification of economic activities in the subsidizing country, as well as of the length of time during which the subsidy programme has been in operation.

2.2 A subsidy which is available to all enterprises located within a designated geographical region shall be specific irrespective of the nature of the granting authority. It is understood that the setting or change of generally applicable tax rates by all levels of government entitled to do so shall not be deemed to be a specific subsidy for the purposes of this Agreement.

2.3 Any subsidy falling under the provisions of Article 3 shall be deemed to be specific.

2.4 Any determination of specificity under the provisions of this Article shall be clearly substantiated on the basis of positive evidence.

PART II: PROHIBITED SUBSIDIES

Article 3

Prohibition

3.1 The following subsidies, within the meaning of Article 1 above, shall be prohibited:

(a) subsidies contingent, in law or in fact whether solely or as one of several other conditions, upon export performance, including those illustrated in Annex I;

(b) subsidies contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods.

3.2 Signatories shall not grant nor maintain subsidies referred to in paragraph 1.

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1 In this regard, information on the frequency with which applications for a subsidy are refused or approved and the reasons for such decisions shall, in particular, be considered.

2 This standard is met whenever the facts demonstrate that the granting of a subsidy, without having been made legally contingent upon export performance, is in fact tied to actual or anticipated exportation or export earnings. The mere fact that a subsidy is accorded to enterprises which export shall not for that reason alone be considered to be an export subsidy within the meaning of this provision.

3 Measures referred to in Annex I as not constituting export subsidies shall not be prohibited under this or any other provision of this Agreement.
Article 4

Remedies

4.1 Whenever a signatory has reason to believe that a prohibited subsidy is being granted or maintained by another signatory, such signatory may request consultation with such other signatory.

4.2 A request for consultations under paragraph 1 above shall include a statement of available evidence with regard to the existence and nature of the subsidy in question.

4.3 Upon request for consultations under paragraph 1 above, the signatory believed to be granting or maintaining the subsidy in question shall enter into such consultations as quickly as possible. The purpose of the consultations shall be to clarify the facts of the situation and to arrive at a mutually acceptable solution.

4.4 If no mutually acceptable solution has been reached within thirty days of the request for consultations, any signatory party to such consultations may request that the matter be reviewed by the Committee on Subsidies and Countervailing Measures.

4.5 Where a matter is referred to the Committee under paragraph 4 above, the Committee shall immediately review the evidence with regard to the existence and nature of the subsidy in question and shall provide an opportunity for the other signatory to demonstrate that the measure in question is not a prohibited subsidy. The Committee may request the assistance of the Permanent Group of Experts with regard to the determination of whether the measure in question is a prohibited subsidy. The Permanent Group of Experts shall immediately review the matter and report back to the Committee. The Group's conclusions shall be deemed to be adopted by the Committee unless the Committee disapproves.

4.6 Any review of a matter referred to the Committee under paragraph 4 above shall be completed within 90 days of the request for such a review.

4.7 If, as a result of its review, the Committee concludes that the subsidy in question is a prohibited subsidy, it shall recommend that the subsidizing signatory withdraw this subsidy without delay. The subsidizing signatory shall promptly comply with this recommendation. In the event the recommendation is not followed within such period as the Committee shall state in its recommendation, the Committee shall authorize the complaining signatory or signatories to take appropriate countermeasures.

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1 Any time periods mentioned in this Article and in Articles 7 and 9 may be extended by mutual agreement.
2 As established in Part VI of this Agreement and hereinafter referred to as "the Committee".
3 To be established by the Committee pursuant to Article 24.
PART III: ACTIONABLE SUBSIDIES

Article 5

Trade effects

5.1 No signatory should cause, through the use of any subsidy referred to in paragraphs 1 and 2 of Article 1 above, adverse effects to the interests of other signatories, i.e.,:

(a) injury to the domestic industry of another signatory;¹

(b) nullification or impairment of benefits accruing directly or indirectly to other signatories under the General Agreement, in particular the benefits of concessions bound under Article II of the General Agreement;

(c) serious prejudice to the interests of another signatory.²

Article 6

Serious prejudice

6.1 Serious prejudice in the sense of Article 5(c) shall be deemed to exist in the case of:

(a) the total ad valorem subsidization⁴ of a product exceeding 5 per cent;

(b) subsidies to cover operating losses sustained by an industry;

¹Injury to the domestic industry is used here in the same sense as it is used in Part V of this Agreement.

²Nullification or impairment is used in this Agreement in the same sense as it is used in the relevant provisions of the General Agreement, and the existence of such nullification or impairment shall be established in accordance with the practice of application of Article XXIII:1(b) of the General Agreement.

³Serious prejudice to the interests of another signatory is used in this Agreement in the same sense as it is used in Article XVI:1 of the General Agreement, and includes threat of serious prejudice.

⁴The total ad valorem subsidization shall be calculated in accordance with the provisions of Annex IV.
subsidies to cover operating losses sustained by an enterprise, other than one-time measures which are non-recurrent and cannot be repeated for that enterprise and which are given merely to provide time for the development of long-term solutions and to avoid acute social problems;

direct forgiveness of debt, i.e., forgiveness of government-held debt, and grants to cover debt repayment.

6.2 Notwithstanding the provisions of paragraph 1 above, serious prejudice shall not be found if the subsidizing signatory demonstrates that the subsidy in question has not resulted in any of the effects enumerated in paragraph 3 below.

6.3 Serious prejudice in the sense of Article 5(c) may arise in any case where one or several of the following apply:

(a) the effect of the subsidy is to displace or impede the imports of like product into the market of the subsidizing signatory;

(b) the effect of the subsidy is to displace or impede the exports of like product of another signatory from a third country market;

(c) the effect of the subsidy is a significant price undercutting by the subsidized products as compared with the price of a like product of another signatory in the same market or significant price suppression, price depression or lost sales in the same market;

(d) the effect of the subsidy is an increase in the world market share of the subsidizing signatory in a particular subsidized primary product or commodity as compared to the average share it had during the previous period of 3 years and this increase must follow a consistent trend over a period when subsidies have been granted.

6.4 For the purpose of paragraph 3(b) above, displacing or impeding exports shall include any case in which, subject to the provisions of paragraph 8 below, it has been demonstrated to the Committee that there has been a change in relative shares of the market to the disadvantage of the non-subsidized like product (over an appropriately representative period of, in normal circumstances, at least one year, sufficient to demonstrate clear trends in the development of the market for the product concerned).

"Change in relative shares of the market" shall include any of the following situations: (i) there is an increase in the market share of the subsidized product; (ii) the market share of the subsidized product remains constant in circumstances in which, in the absence of the subsidy, it would have declined; (iii) the market share of the subsidized product declines, but at a slower rate than would have been the case in the absence of the subsidy.

1Unless other multilaterally agreed specific rules apply to the trade in the product or commodity in question.
6.5 For the purpose of paragraph 3(c) above, price undercutting shall include any case in which it has been demonstrated to the Committee through comparing prices of the subsidized product with prices of like non-subsidized products supplied to the same market. The comparison shall be made at the same level of trade and at comparable times, due account being taken of any other factor affecting price comparability. However, if such a direct comparison is not possible, the existence of price undercutting may be demonstrated on the basis of export unit values.

6.6 Each signatory, in the market of which serious prejudice is alleged to have arisen, shall, subject to the provisions of paragraph 3 of Annex V, make available to the parties to a dispute and to the Committee all relevant information that can be obtained as to the changes in market shares of the disputing parties as well as concerning prices of the products involved.

6.7 Displacement or impedence resulting in serious prejudice shall not arise under paragraph 3 above where any of the following circumstances exist during the relevant period:

(a) prohibition or restriction on exports of the like product from the complaining signatory or on imports from the complaining signatory into the third market concerned;

(b) decision by an importing government operating a monopoly of trade or state trading in the product concerned to shift, for non-commercial reasons, imports from the complaining signatory to another country or countries;

(c) natural disasters, strikes, transport disruptions or other force majeure substantially affecting production, qualities, quantities or prices of the product available for exports from the complaining signatory;

(d) existence of arrangements limiting exports from the complaining signatory;

(e) voluntary decrease in the availability for export of the product concerned from the complaining signatory (including, inter alia, a situation where firms in the complaining signatory have been autonomously reallocating exports of this product to new markets);

The fact that certain circumstances are referred to in this paragraph does not, in itself, confer upon them any legal status in terms of either the General Agreement or this Agreement. These circumstances must not be isolated, sporadic or otherwise insignificant.
(f) failure to conform to standards and other regulatory requirements in the importing country.

6.8 In the absence of circumstances referred to in paragraph 8 above, the existence of serious prejudice should be determined on the basis of the information submitted in accordance with the provisions of Annex V.

Article 7

Remedies

7.1 Whenever a signatory has reason to believe that any subsidy, referred to in Article 1, granted or maintained by another signatory results in injury to its domestic industry, nullification or impairment or serious prejudice, such signatory may request consultations with such other signatory.

7.2 A request for consultations under paragraph 1 above shall include a statement of available evidence with regard to (a) the existence and the nature of the subsidy in question and (b) the injury caused to the domestic industry, or the nullification or impairment, or serious prejudice caused to the interests of the signatory requesting consultations.

7.3 Upon request for consultations under paragraph 1 above the signatory believed to be granting or maintaining the subsidy practice in question shall enter into such consultations as quickly as possible. The purpose of the consultations shall be to clarify the facts of the situation and to arrive at a mutually acceptable solution.

7.4 If a mutually acceptable solution has not been reached within sixty days of the request for consultations, any signatory party to such consultations may refer the matter to the Committee.

7.5 The Committee shall review the matter referred to it, in accordance with the dispute settlement procedures of Part X and shall present its conclusions within 120 days.

7.6 In any case in which it is determined by the Committee that any subsidy has resulted in adverse effects to the interests of another signatory within the meaning of Article 5 of this Agreement, the signatory granting or maintaining such a subsidy shall take appropriate steps to remove such adverse effects or shall withdraw the subsidy. If no such steps are taken within a period of 6 months, and in the absence of agreement on compensation, the Committee shall authorize the affected signatory to take countermeasures, commensurate with the degree and nature of adverse effects determined to exist.

In the event that the request relates to a subsidy deemed to result in serious prejudice in terms of Article 6.1 above, the available evidence of serious prejudice may be limited to the available evidence as to whether the conditions of Article 6.1 have been met or not.
PART IV: NON-ACTIONABLE SUBSIDIES

Article 8

Identification of non-actionable subsidies

8.1 Signatories agree that the following shall be considered as non-actionable:

(a) subsidies which are not specific, within the meaning of Article 2 above;

(b) subsidies which are specific within the meaning of Article 2 above but which meet all of the conditions provided for in paragraphs 2(a) and 3(b) below.

8.2 Notwithstanding the provisions of Part III and V of this Agreement, the following subsidies shall be non-actionable:

(a) assistance for research activities conducted by firms or by higher education or research establishments on a contract basis with firms if:

the assistance covers not more than 50 per cent of the costs of basic industrial research or 25 per cent of the costs of applied research;

and provided that such assistance is limited exclusively to:

(i) personnel costs (researchers, technicians and other supporting staff employed exclusively in the research activity);

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1 Since it is anticipated that civil aircraft will be subject to specific multilateral rules, the provisions of this sub-paragraph do not apply to that product.

2 The term "basic industrial research" means original theoretical and experimental work whose objective is to achieve new or better understanding of the laws of science and engineering as they might eventually apply to an industrial activity.

3 The term "applied research" means investigation or experimental work based on the results of basic industrial research to acquire new knowledge to facilitate the attainment of specific practical objectives such as the creation of new products, production processes or services. This definition and the definition in footnote 16 above shall be reviewed in the light of the work in other relevant international institutions.
(ii) costs of instruments, equipment, land and buildings used exclusively and permanently (except when disposed of on a commercial basis) for the research activity;

(iii) consultancy and equivalent services used exclusively for the research activity, including bought-in research, technical knowledge, patents, etc.;

(iv) additional overhead costs incurred directly as a result of the research activity;

(v) other running costs (such as those of materials, supplies and the like), incurred directly as a result of the research activity.

(b) assistance to disadvantaged regions within the territory of a signatory given pursuant to a general framework of regional development ¹ and non-specific (within the meaning of Article 2 above) within eligible regions provided that:

(i) each disadvantaged region must be a clearly designated contiguous geographical area with a definable economic and administrative identity;

(ii) the region is considered as disadvantaged on the basis of neutral and objective criteria ², indicating that the region's difficulties arise out of more than temporary circumstances; such criteria must be clearly spelled out in law, regulation, or other official document, so as to be capable of verification;

¹A "general framework of regional development" means that regional subsidy programmes are part of an internally consistent and generally applicable regional development policy and that regional development subsidies are not granted in isolated geographical points having no, or virtually no influence on the development of a region.

²"Neutral and objective criteria" means criteria which do not favour certain regions beyond what is appropriate for the elimination or reduction of regional disparities within the framework of the regional development policy. In this regard, regional subsidy programmes shall include ceilings on the amount of assistance which can be granted to each subsidized project. Such ceilings must be differentiated according to the different levels of development of assisted regions and must be expressed in terms of investment costs or cost of job creation.
(iii) the criteria shall include a measurement of economic development which shall be based on at least one of the following factors:

- one of either income per capita or household income per capita, or GDP per capita, which must not be above 85% of the average for the territory concerned;

- unemployment rate, which must be at least 110% of the average for the territory concerned;

as measured over a three-year period: such measurement, however, may be a composite one and may include other factors.

8.3 A subsidy programme for which the provisions of paragraph 2 above are invoked shall be notified in advance of its implementation to the Committee in accordance with the provisions of Part VII of this Agreement. Any such notification shall be sufficiently precise to enable other signatories to evaluate the consistency of the programme with the conditions and criteria provided for in the relevant provisions of paragraph 2 above. Signatories shall also provide the Committee with yearly updating of such notifications, in particular by supplying information on global expenditure for each programme, and about any modification of the programme since the previous update. Other signatories shall have the right to request information about individual cases of subsidization under a notified programme.

8.4 Upon request of a signatory, the Secretariat shall review a notification made pursuant to paragraph 3 above and, where necessary, may require additional information from the subsidizing signatory concerning the notified programme under review. The Secretariat shall report its finding to the Committee. The Committee shall then, upon request, promptly review the findings of the Secretariat (or, if a review by the Secretariat has not been requested, the notification itself), with a view to determining whether the conditions and criteria laid down in paragraph 2 above have not been met. The procedure provided for in this paragraph shall be completed at the latest at the first regular meeting of the Committee following the notification of a subsidy programme, provided that at least two months have elapsed between such notification and the regular meeting of the Committee. The review procedure described in this paragraph shall also apply, upon request, to substantial modifications of a programme notified in the yearly updates referred to in paragraph 3 above.

8.5 The decision of the Committee referred to in paragraph 4 above, or the lack thereof, as well as the violation, in individual cases, of the conditions set out in a notified programme can be submitted to binding arbitration as provided for in the Understanding on Rules and Procedures Governing the Settlement of Disputes under Articles XXII and XXIII of the General Agreement. The arbitration tribunal shall present its conclusions within 120 days from the date when the matter is referred to it.
Article 9

Consultations and authorized remedies

9.1 If, in the course of implementation of a programme referred to in Article 8.2 above, notwithstanding the fact that the programme is consistent with the criteria laid down in Article 8.2, a signatory has reasons to believe that this programme has resulted in serious adverse effects to the domestic industry of that signatory, such as to cause damage which would be difficult to repair, such signatory may request consultations with the signatory granting the subsidy.

9.2 Upon request for consultations under paragraph 1 above, the signatory maintaining the subsidy programme in question shall enter into such consultations as quickly as possible. The purpose of the consultations shall be to clarify the facts of the situation and to arrive at a mutually acceptable solution.

9.3 If no mutually acceptable solution has been reached in consultations under paragraph 2 within 60 days of the request for such consultations, the requesting signatory may refer the matter to the Committee.

9.4 Where a matter is referred to the Committee, the Committee shall immediately review the facts involved and the evidence of the effects referred to in paragraph 1 above. If the Committee determines that such effects exist, it may recommend to the subsidizing signatory to modify this programme in such a way as to remove these effects. The Committee shall present its conclusions within 120 days from the date when the matter is referred to it under this provision. In the event the recommendation is not followed within 6 months, the Committee shall authorize the requesting signatory to take appropriate countermeasures commensurate with the nature and degree of the effects determined to exist.
PART V: COUNTERVAILING MEASURES

Article 10

Application of Article VI of the General Agreement

Signatories shall take all necessary steps to ensure that the imposition of a countervailing duty on any product of the territory of any signatory imported into the territory of another signatory is in accordance with the provisions of Article VI of the General Agreement and the terms of this Agreement.

Article 11

Initiation and subsequent investigation

11.1 Countervailing duties may only be imposed pursuant to investigations initiated and conducted in accordance with the provisions of this Agreement. An investigation to determine the existence, degree and effect of any alleged subsidy shall normally be initiated upon a written request by or on behalf of the industry affected. The request shall include sufficient evidence of the existence of (a) a subsidy and, if possible, its amount, (b) injury within the meaning of Article VI of the General Agreement.

\[1\] The provisions of Parts II or III may be invoked in parallel with the provisions of Part V of this Agreement; however, with regard to the effects of a particular subsidy in the domestic market of the importing country, only one form of relief (either a countervailing duty, if other requirements of Part V are met, or a countermeasure under Articles 4 or 7 of this Agreement) shall be available. The provisions of Parts III and V may not be invoked regarding measures considered non-actionable in accordance with the provisions of Part IV of this Agreement. However, measures referred to in Article 8.1(a) above may be investigated in order to determine whether they are generally available within the meaning of Article 2 above.

\[2\] The term "countervailing duty" shall be understood to mean a special duty levied for the purpose of offsetting any subsidy bestowed directly or indirectly upon the manufacture, production or export of any merchandise, as provided for in Article VI:3 of the General Agreement.

\[3\] The term "initiated" as used hereinafter means procedural action by which a signatory formally commences an investigation as provided in paragraph 4 of this Article.

\[4\] As defined in Article 16.
Agreement as interpreted by this Agreement\(^1\), and (c) a causal link between the subsidized imports and the alleged injury. Before initiating an investigation, the authorities concerned shall satisfy themselves on the basis of positive evidence that the request is supported by the domestic industry. If in special circumstances the authorities concerned decide to initiate an investigation without having received such a request, they shall proceed only if they have sufficient evidence on all points under (a) through (c) above.

11.2 A request within the meaning of paragraph 1 shall in particular contain such evidence which can reasonably be expected to be available to the complainant on the following: (a) identity of the complainant and of the domestic industry on whose behalf the complaint is lodged, (b) evidence that the request is supported by the domestic industry, (c) evidence with regard to the existence, amount and nature of the subsidy in question, (d) volume and prices of the allegedly subsidized imports and their effect on the affected domestic industry, as demonstrated by developments in production, capacity utilization, sales, sales prices, stocks, consumption, market shares, profits or losses, and employment, and (e) evidence that any alleged material injury to a domestic industry is caused by subsidized imports, through the effects of subsidies, and not by other factors.

11.3 Each signatory shall notify the Committee (a) which of its authorities are competent to initiate and conduct investigations referred to in this Article and (b) its domestic procedures governing the initiation and conduct of such investigations.

11.4 The competent authorities shall review the adequacy of the evidence provided in the request for the initiation of an investigation in light of any relevant and readily available information and determine whether the evidence is sufficient to justify the opening of an investigation.

11.5 Upon initiation of an investigation and thereafter, the evidence referred to in paragraph 1(a)-(c) above should be considered simultaneously. In any event the evidence of points (a) through (c) shall be considered simultaneously (a) in the decision whether or not to initiate an investigation and (b) thereafter during the course of the investigation, starting on a date not later than the earliest date on which in accordance with the provisions of this Agreement provisional measures may be applied.

11.6 In cases where products are not imported directly from the country of origin but are exported to the country of importation from an intermediate country, the provisions of this Agreement shall be fully applicable and the transaction or transactions shall, for the purposes of this Agreement, be regarded as having taken place between the country of origin and the country of importation.

\(^1\)Under this Agreement the term "injury" shall, unless otherwise specified, be taken to mean material injury to a domestic industry, threat of material injury to a domestic industry or material retardation of the establishment of such an industry and shall be interpreted in accordance with the provisions of Article 15.
11.7 An application shall be rejected and an investigation shall be terminated promptly as soon as the authorities concerned are satisfied that there is not sufficient evidence of either subsidization or of injury to justify proceeding with the case. There shall be immediate termination in cases where the amount of a subsidy is de minimis or where the volume of subsidized imports, actual or potential, or the injury, is negligible. For the purpose of this paragraph, the amount of the subsidy shall be considered to be negligible if the subsidy is less than 1 per cent ad valorem.

11.8 An investigation shall not hinder the procedure of customs clearance.

11.9 Investigations shall, except in special circumstances, be concluded within one year after their initiation.

Article 12

Evidence

12.1 Interested signatories and interested parties1,2 shall be given ample opportunity to present in writing all information and argument that they consider relevant in respect of the investigation in question. Taking account of the need to protect confidential information, written information and argument submitted by one interested signatory or interested party shall be made available promptly to other interested signatories or interested parties participating in the investigation. Interested signatories and interested parties also shall have the right, upon justification, to present information orally. Where such information is provided orally, the interested parties subsequently shall be required to reduce such submissions to writing. Any decision of the investigating authorities can only be based on such information and arguments as were on the written record of this authority and which were available to interested signatories and interested parties participating in the investigation, due account having been given to the need to protect confidential information.

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1 For the purpose of this Agreement "party" means any natural or juridical person resident in the territory of any signatory.

2 Any "interested signatory" or "interested party" shall refer to a signatory or a party economically affected by the subsidy in question.
12.2 Respondents to a countervailing duty questionnaire shall be given at least thirty days for reply. As a general rule, the time-limit for exporters should be counted from the date of receipt of the questionnaire which for this purpose shall be deemed to have been received one week from the day on which it was sent to the respondent or transmitted to the appropriate diplomatic representatives of the exporting country. Due consideration should be given to any request for an extension of the thirty day period and, upon cause shown, such an extension should be granted whenever possible.

12.3 Any information which is by nature confidential, (for example, because its disclosure would be of significant competitive advantage to a competitor or because its disclosure would have a significantly adverse effect upon a person supplying the information or upon a person from whom he acquired the information) or which is provided on a confidential basis by parties to an investigation shall upon good cause shown, be treated as such by the investigating authorities. Such information shall not be disclosed without specific permission of the party submitting it. Investigating authorities shall either require persons providing confidential information to furnish non-confidential summaries thereof or shall prepare such summaries. Those summaries shall be in sufficient detail to permit a reasonable understanding of the substance of the information submitted in confidence. In the event such parties indicate that such information is not susceptible of summary, a statement of reasons why summarization is not possible must be provided.

12.4 However, if the investigating authorities find that a request for confidentiality is not warranted and if the supplier of the information is unwilling to make the information public, the authorities may disregard such information.

12.5 The investigating authorities may carry out investigations in the territory of other signatories as required, provided that they have notified in good time the signatory in question and unless the latter objects to the investigation. Further, the investigating authorities may carry out investigations on the premises of a firm and may examine the records of a firm if (a) the firm so agrees and (b) the signatory in question is notified and does not object. The procedures set forth in Annex VI to this Agreement shall apply to investigations on the premises of a firm.

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1 Signatories are aware that in the territory of certain signatories disclosure pursuant to a narrowly-drawn protective order may be required.

2 Signatories agree that requests for confidentiality should not be arbitrarily rejected. Signatories further agree that the investigating authority may request the waiving of confidentiality only regarding information relevant to the proceedings.
12.6 In cases in which any interested party or signatory refuses access to, or otherwise does not provide, necessary information within a reasonable period or significantly impedes the investigation, preliminary and final determinations, affirmative or negative, may be made on the basis of the facts available.

12.7 Before final determinations are made, investigating authorities shall inform all interested parties of the essential facts and considerations on the basis of which it is intended to apply definitive measures. Such disclosure should take place in sufficient time for the parties to defend their interests.

12.8 The procedures set out above are not intended to prevent the authorities of a signatory from proceeding expeditiously with regard to initiating an investigation, reaching preliminary or final determinations, whether affirmative or negative, or from applying provisional or final measures, in accordance with relevant provisions of this Agreement.

Article 13

Consultations

13.1 As soon as possible after a request for initiation of an investigation is accepted, and in any event before the initiation of any investigation, signatories the products of which may be subject to such investigation shall be invited for consultations with the aim of clarifying the situation as to the matters referred to in Article 11:1 above and arriving at a mutually agreed solution.

13.2 Furthermore, throughout the period of investigation, signatories the products of which are the subject of the investigation shall be afforded a reasonable opportunity to continue consultations, with a view to clarifying the factual situation and to arriving at a mutually agreed solution.

1Because of different terms used under different systems in various countries the term "determination" is hereinafter used to mean a formal decision or finding.

2It is particularly important, in accordance with the provisions of this paragraph, that no affirmative determination whether preliminary or final be made without reasonable opportunity for consultations having been given. Such consultations may establish the basis for proceeding under the provisions of Parts II and III of this Agreement.
13.3 Without prejudice to the obligation to afford reasonable opportunity for consultation, these provisions regarding consultations are not intended to prevent the authorities of a signatory from proceeding expeditiously with regard to initiating the investigation, reaching preliminary or final determinations, whether affirmative or negative, or from applying provisional or final measures, in accordance with the provisions of this Agreement.

13.4 The signatory which intends to initiate any investigation or is conducting such an investigation shall permit, upon request, the signatory or signatories the products of which are subject to such investigation access to non-confidential evidence including the non-confidential summary of confidential data being used for initiating or conducting the investigation.

Article 14

Calculation of the amount of a subsidy in terms of the benefit to the recipient

For the purpose of Part V of this Agreement, any method used by the investigating authority to calculate the benefit to the recipient conferred pursuant to Article 1.1 above shall be provided for in the national legislation or implementing regulations of the signatory concerned and its application to each particular case shall be transparent and adequately explained. Furthermore any such method shall be consistent with the following guidelines:

(a) Government provision of equity capital shall not be considered as conferring a benefit, unless the investment decision can be regarded as inconsistent with the usual investment practice (including for the provision of risk capital) of private investors in the territory of that signatory;

(b) A loan by a government shall not be considered as conferring a benefit, unless there is a difference between the amount that the firm receiving the loan pays on the government loan and a comparable commercial loan which the firm could actually obtain on the market. In this case the benefit shall be the difference between these two amounts;

(c) A loan guarantee by a government shall not be considered as conferring a benefit, unless there is a difference between the amount that the firm receiving the guarantee pays on a loan guaranteed by the government and the amount that the firm would pay for a comparable commercial loan absent the government guarantee. In this case the benefit shall be the difference between these two amounts adjusted for any differences in fees;
(d) The provision of goods or services or purchase of goods by a government shall not be considered as conferring a benefit unless the provision is made for less than adequate remuneration, or the purchase is made for more than adequate remuneration. The adequacy of remuneration shall be determined in relation to prevailing market conditions for the good or service in question in the country of provision or purchase (including price, quality, availability, marketability, transportation and other conditions of purchase or sale).

Article 15

Determination of injury

15.1 A determination of injury for purposes of Article VI of the General Agreement shall be based on positive evidence and involve an objective examination of both (a) the volume of subsidized imports and the effect of the subsidized imports on prices in the domestic market for like products and (b) the consequent impact of these imports on the domestic industry concerned.

15.2 With regard to the volume of subsidized imports, the investigating authorities shall consider whether there has been a significant increase in subsidized imports, either in absolute terms or relative to production or consumption in the importing signatory. With regard to the effect of the subsidized imports on prices, the investigating authorities shall consider whether there has been significant price undercutting by the subsidized imports as compared with prices of the like domestic product, or whether the effect of such imports is otherwise to depress prices to a significant degree or to prevent price increases, that otherwise would have occurred to a significant degree. No one or several of these factors can necessarily give decisive guidance.

15.3 Where imports of a product from more than one country are simultaneously subject to countervailing duty investigations, the investigating authorities may cumulatively assess effects of such imports only if they determine that (1) the amount of subsidization established in relation to the imports from each country is more than de minimis as defined in Article 11.7 and that the volume of imports from each country is not negligible and (2) a cumulative assessment of the effects of the

1Throughout this Agreement the term "like product" ("produit similaire") shall be interpreted to mean a product which is identical, i.e., alike in all respects to the product under consideration or in the absence of such a product, another product which although not alike in all respects, has (a) physical, technical and/or chemical characteristics and (b) applications or uses closely resembling those of the product under consideration.
imports is appropriate in light of the conditions of competition between imported products and the conditions of competition between the imported products and the like domestic product.

15.4 The examination of the impact on the domestic industry concerned shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry such as actual and potential decline in output, sales, market share, profits, productivity, return on investments, or utilization of capacity; factors affecting domestic prices; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital or investment and, in the case of agriculture, whether there has been an increased burden on Government support programmes. This list is not exhaustive, nor can one or several of these factors necessarily give decisive guidance.

15.5 It must be demonstrated that the subsidized imports are, through the effects of subsidies, causing injury within the meaning of this Agreement. The authorities shall consider whether there are other factors which at the same time are injuring the domestic industry and the injuries caused by other factors must not be attributed to the subsidized imports. Determinations of injury shall contain explanations of how the authorities have considered such other factors.

15.6 A determination of threat of injury shall be based on facts and not merely on allegation, conjecture or remote possibility. The change in circumstances which would create a situation in which the subsidy would cause injury must be clearly foreseen and imminent. In making a determination regarding threat of material injury, the investigating authorities should consider, inter alia, such factors as: nature of subsidy in question and the trade effects likely to rise therefrom; a significant rate of increase of subsidized imports into the domestic market indicating the likelihood of substantially increased importations thereof; sufficient freely disposable capacity of the exporter indicating the likelihood of substantially increased subsidized exports to the importing country's market taking into account the availability of other export markets to absorb any additional exports; whether exports are entering at prices that will have a significant depressing or suppressing effect on domestic prices, and would likely increase demand for further exports; and inventories in the importing country of the product being investigated. It is understood that no one of these factors by itself can necessarily

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1 As set forth in paragraphs 2 and 4 of this Article.

2 Such factors can include inter alia, the volume and prices of non-subsidized imports of the product in question, contraction in demand or changes in the pattern of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry.
give decisive guidance but that the totality of factors considered must lead to the conclusion that further subsidized imports are imminent and that unless protective action is taken, material injury would occur.

15.7 The effect of the subsidized imports shall be assessed in relation to the domestic production of the like product when available data permit the separate identification of production in terms of such criteria as: the production process, the producers' realization, profits. When the domestic production of the like product has no separate identity in these terms the effects of subsidized imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes the like product, for which the necessary information can be provided.

Article 16

Definition of industry

16.1 For the purposes of this Agreement, the term "domestic industry" shall, except as provided in paragraph 2 below, be interpreted as referring to the domestic producers as a whole of the like products or to those of them whose collective output of the products constitutes a major proportion of the total domestic production of those products, except that when producers are related to the exporters or importers or are themselves importers of the allegedly subsidized product or a like product from other countries, "domestic industry" may be interpreted as referring to the rest of the producers.

16.2 In exceptional circumstances the territory of a signatory may, for the production in question, be divided into two or more competitive markets and the producers within each market may be regarded as a separate industry if (a) the producers within such market sell all or almost all of their production of the product in question in that market, and (b) the demand in that market is not to any substantial degree supplied by producers of the product in question located elsewhere in the territory. In such

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1 For the purpose of this paragraph, producers shall be deemed to be related to exporters or importers only if (a) one of them directly or indirectly controls the other; or (b) both of them are directly or indirectly controlled by a third person; or (c) together they directly or indirectly control a third person, provided that there are grounds for believing or suspecting that the effect of the relationship is such as to cause the producer concerned to behave differently from non-related producers. For the purpose of this paragraph, one shall be deemed to control another when the former is legally or operationally in a position to exercise restraint or direction over the latter.
circumstances injury may be found to exist even where a major portion of the total domestic industry is not injured, provided there is a concentration of subsidized imports into such an isolated market and provided further that the subsidized imports are causing injury to the producers of all or almost all of the production within such market.

16.3 When the industry has been interpreted as referring to the producers in a certain area, as defined in paragraph 2 above, countervailing duties shall be levied only on the products in question consigned for final consumption to that area. When the constitutional law of the importing signatory does not permit the levying of countervailing duties on such a basis, the importing signatory may levy the countervailing duties without limitation, only if (a) the exporters shall have been given an opportunity to cease exporting at subsidized prices to the area concerned or otherwise give assurances pursuant to Article 19 of this Agreement, and adequate assurances in this regard have not been promptly given, and (b) such duties cannot be levied only on products of specific producers which supply the area in question.

16.4 Where two or more countries have reached under the provisions of Article XXIV:8(a) of the General Agreement such a level of integration that they have the characteristics of a single, unified market the industry in the entire area of integration shall be taken to be the industry referred to in paragraphs 1 and 2 above.

Article 17

Imposition of countervailing duties

17.1 The decision whether or not to impose a countervailing duty in cases where all requirements for the imposition have been fulfilled and the decision whether the amount of the countervailing duty to be imposed shall be the full amount of the subsidy or less are decisions to be made by the authorities of the importing signatory. It is desirable that the imposition should be permissive in the territory of all signatories, that the duty should be less than the total amount of the subsidy if such lesser duty would be adequate to remove injury to the domestic industry, and that procedures should be established which would allow the authorities concerned to take due account of representations made by domestic interested parties whose interests might be adversely affected by the imposition of a countervailing duty.

\footnote{For the purpose of this paragraph, the term "domestic interested parties" shall include consumers and industrial users of the imported product subject to investigation.}
17.2 No countervailing duty shall be levied on any imported product in excess of the amount of the subsidy found to exist, calculated in terms of subsidization per unit of the subsidized and exported product.

17.3 When a countervailing duty is imposed in respect of any product, such countervailing duty shall be levied, in the appropriate amounts, on a non-discriminatory basis on imports of such product from all sources found to be subsidized and to be causing injury, except as to imports from those sources which have renounced any subsidies in question or from which undertakings under the terms of this Agreement have been accepted. Any exporter whose exports are subject to a definitive countervailing duty but who was not actually investigated for reasons other than a refusal to co-operate, shall be entitled to an expedited review in order that the investigating authorities promptly establish an individual countervailing duty rate for that exporter.

17.4 If, after reasonable efforts have been made to complete consultations, a signatory makes a final determination of the existence and amount of the subsidy and that, through the effects of the subsidy, the subsidized imports are causing injury, it may impose a countervailing duty in accordance with the provisions of this section unless the subsidy is withdrawn.

Article 18

Provisional measures and retroactivity

18.1 Provisional measures may be applied only if:

(a) a formal investigation has been initiated and a notice published to that effect and interested signatories and interested parties have been given adequate opportunities to submit information and make comments;

(b) a preliminary affirmative determination has been made that a subsidy exists and that there is material injury or threat thereof, to a domestic industry caused by subsidized imports.

(c) the authorities concerned judge that they are necessary to prevent injury being caused during the investigation.

\(^1\)As used in this Agreement "levy" shall mean the definitive or final legal assessment or collection of a duty or tax. This definition is without prejudice to the meaning of the term "levy" in Article VI of the General Agreement.
18.2 Provisional measures may take the form of provisional countervailing duties guaranteed by cash deposits or bonds equal to the amount of the provisionally calculated amount of subsidization.

18.3 Provisional measures shall not be applied sooner than 60 days from the date of initiation of the investigation.

18.4 The imposition of provisional measures shall be limited to as short a period as possible, not exceeding four months.

18.5 The relevant provisions of Article 17 shall be followed in the imposition of provisional measures.

18.6 Where a final determination of injury (but not of a threat thereof or of a material retardation of the establishment of an industry) is made or in the case of a final determination of threat of injury where the effect of the subsidized imports would, in the absence of the provisional measures, have led to a determination of injury, countervailing duties may be levied retroactively for the period for which provisional measures, if any, have been applied.

18.7 If the definitive countervailing duty is higher than the amount guaranteed by the cash deposit or bond, the difference shall not be collected. If the definitive duty is less than the amount guaranteed by the cash deposit or bond, the excess amount shall be reimbursed or the bond released in an expeditious manner.

18.8 Except as provided in paragraph 6 above, where a determination of threat of injury or material retardation is made (but no injury has yet occurred) a definitive countervailing duty may be imposed only from the date of the determination of threat of injury or material retardation and any cash deposit made during the period of the application of provisional measures shall be refunded and any bonds released in an expeditious manner.

18.9 Where a final determination is negative any cash deposit made during the period of the application of provisional measures shall be refunded and any bonds released in an expeditious manner.

18.10 In critical circumstances where for the subsidized product in question the authorities find that injury which is difficult to repair is caused by massive imports in a relatively short period of a product benefiting from subsidies paid or bestowed inconsistently with the provisions of the General Agreement and of this Agreement and where it is deemed necessary, in order to preclude the recurrence of such injury, to assess countervailing duties retroactively on those imports, the definitive countervailing duties may be assessed on imports which were entered for consumption not more than ninety days prior to the date of application of provisional measures.
Article 19

Undertakings

19.1 (a) Proceedings may be suspended or terminated without the imposition of provisional measures or countervailing duties, if undertakings are accepted under which:

(i) the government of the exporting country agrees to eliminate or limit the subsidy or take other measures concerning its effects; or

(ii) the exporter agrees to revise its prices so that the investigating authorities are satisfied that the injurious effect of the subsidy is eliminated. Price increases under undertakings shall not be higher than necessary to eliminate the amount of the subsidy. Price undertakings shall not be sought or accepted from exporters unless the importing signatory has first (1) initiated an investigation in accordance with the provisions of Article 11 of this Agreement, (2) made preliminary determinations of subsidy and injury resulting therefrom based on sufficient evidence resulting from such an investigation and (3) obtained the consent of the exporting signatory. Undertakings offered need not be accepted if the authorities of the importing signatory consider their acceptance impractical, for example if the number of actual or potential exporters is too great, or for other reasons.

(b) If the undertakings are accepted, the investigation of injury shall nevertheless be completed if the exporting signatory so desires or the importing signatory so decides. In such a case, if a determination of no injury or threat thereof is made, the undertaking shall automatically lapse, except in cases where a determination of no threat of injury is due in large part to the existence of an undertaking; in such cases the authorities concerned may require that an undertaking be maintained for a reasonable period consistent with the provisions of this Agreement.

(c) Price undertakings may be suggested by the authorities of the importing signatory, but no exporter shall be forced to enter into such an undertaking. The fact that governments or exporters do not offer such undertakings or do not accept an invitation to do so, shall in no way prejudice the consideration of the case. However, the authorities are free to determine that a threat of injury is more likely to be realized if the subsidized imports continue.

The word "may" shall not be interpreted to allow the simultaneous continuation of proceedings with the implementation of price undertakings, except as provided in paragraph (b) of this Article.
19.2 Authorities of an importing signatory may require any government or exporter from whom undertakings have been accepted to provide periodically information relevant to the fulfilment of such undertakings, and to permit verification of pertinent data. In case of violation of undertakings, the authorities of the importing signatory may take expeditious actions under this Agreement in conformity with its provisions which may constitute immediate application of provisional measures using the best information available. In such cases definitive duties may be levied in accordance with this Agreement on goods entered for consumption not more than ninety days before the application of such provisional measures, except that any such retroactive assessment shall not apply to imports entered before the violation of the undertaking.

19.3 Undertakings shall not remain in force any longer than countervailing duties could remain in force under this Agreement. The authorities of an importing signatory shall review the need for the continuation of any undertaking, where warranted, on their own initiative, or if interested exporters or importers of the product in question so request and submit positive information substantiating the need for such review.

Article 20

Duration of countervailing duties

20.1 A countervailing duty shall remain in force only as long as, and to the extent necessary to counteract the subsidization which is causing injury. The investigating authorities shall review the need for continued imposition of the duty, where warranted, on their own initiative or if any interested party so requests and submits positive information substantiating the need for review.

20.2 Notwithstanding the provisions of paragraph 1 above, every countervailing duty shall be terminated within 5 years of its imposition unless the investigating authorities determine on the basis of a review that there is "good cause" for the continuation of the duty, after all interested parties have had a full opportunity to present their views.

Article 21

Measures to prevent circumvention of definitive countervailing duties

21.1 The authorities may include within the scope of application of a definitive countervailing duty on an imported product those parts or components destined for assembly or completion in the importing country, provided that it has been established that:

(i) the product assembled or completed from such parts or components in the importing country is a like product to a product which is subject to the definitive countervailing duty;
(ii) the assembly or completion of the like product in the importing country is carried out by a party which is related to or acting on behalf of an exporter or producer whose exports of the like product are subject to a definitive countervailing duty;

(iii) the parts or components have been sourced in the country subject to the countervailing duty from the exporter or producer subject to the definitive countervailing duty, from suppliers in that country that have historically supplied the parts or components of the like product to the exporter or producer, or a party in the exporting country supplying parts of components of the like product on behalf of such an exporter or producer;

(iv) the assembly operations in the importing country have started or expanded substantially and the imports of those parts of components have increased substantially since the initiation of the investigation which resulted in the definitive countervailing duty;

(v) the total cost of parts or components imported is not less than 70 per cent of the total cost of parts or components used in the assembly or completion operation, provided that in no case shall the parts and components be included within the scope of definitive measures if the value added by the assembly or completion operation is greater than 25 per cent of the ex-factory cost of the like product assembled or completed in the territory of the importing country;

(vi) a determination is made that the inclusion of these parts or components within the scope of application of the definitive countervailing duty is necessary to prevent or offset the continuation or recurrence of the injury to the domestic industry producing a product like the product which is subject to the definitive countervailing duty.

21.2 The authorities may impose provisional measures in accordance with Article 18 when they are satisfied that there is sufficient evidence that the criteria set out in paragraphs 21.1(i-vi) are met. The authorities may levy a definitive countervailing duty once all of the criteria in paragraph 12.1 are fully satisfied. Any provisional or definitive duty imposed under this paragraph shall not exceed the countervailing duty in force on imports of the finished product in question.

1 Such as when there is a contractual arrangement with the exporter or producer in question (or with a party related to that exporter or producer) covering the sale of the assembled product in the importing country.
Article 22

Public Notice and Explanation of Countervailing Duty Determinations

22.1 When the investigating authorities are satisfied that there is sufficient evidence to justify initiating an investigation, the signatory or signatories, the products of which are subject to such investigation and other interested parties known to the investigating authorities to have an interest therein and the complainants shall be notified and a public notice shall be given.

22.2 Investigating authorities shall provide the full text of the complaint to the exporters and to the authorities of the exporting country and make it available, upon request, to the importers and other interested parties involved as soon as a decision has been made to open an investigation, due regard being paid to the requirement for the protection of confidential information. In cases where confidential information is provided in the complaint, investigating authorities shall require a non-confidential summary of such information in the non-confidential copy. The possibility of not providing a summary of confidential information shall be confined to extremely exceptional cases and in such cases the parties providing confidential information shall fully explain the reasons therefor. Investigating authorities shall avoid, unless a decision has been made to open an investigation, any publicizing of the complaint or its release.

22.3 A public notice of the initiation of an investigation shall contain adequate information on the following: (i) the name of the exporting country and the product involved; (ii) the date of initiation of the investigation; (iii) a description of the subsidy practice or practices to be investigated; (iv) a summary of the factors on which the allegation of injury is based; (v) the address to which representations by interested parties should be directed; and (vi) the time-limits allowed to interested parties for making their views known.

22.4 Public notice shall be given of any preliminary or final determination, whether affirmative or negative, of any decision to accept an undertaking pursuant to Article 19, of the termination of such an undertaking, and of the revocation of a determination. Each such notice shall set forth the findings and conclusions reached on all issues of fact and law considered material by the investigating authorities in sufficient detail. All such notices shall be forwarded to the signatory or signatories the products of which are subject to such determination or undertaking and to other interested parties known to have an interest therein.

1It being understood that where there are numerous exporters, the full text of the complaint should instead be provided only to the authorities of the exporting country or to the relevant trade association who then should forward copies to the exporters concerned.
22.5 A public notice of the imposition of provisional measures shall set forth or otherwise make available adequate reasons for the preliminary determinations on the existence of a subsidy and injury (insofar as there is no separate preliminary injury determination and a notice thereof) and shall refer to the matters of fact and law which have led to arguments being accepted or rejected, due regard being paid to the requirement for the protection of confidential information, and in particular: (i) the names of the suppliers or when this is impracticable, the supplying countries involved; (ii) a description of the product which is sufficient for customs purposes; (iii) the amount of subsidy established and the basis on which the existence of a subsidy has been determined; (iv) factors which have led to the injury determination including factors other than subsidized imports which have been taken into account when the injury determination is made, insofar as there is no separate notice concerning such injury determination and including such information; (v) the main reasons leading to the determination.

22.6 A public notice of suspension or conclusion of an investigation in the case of an affirmative determination involving the imposition of a definitive duty or the acceptance of an undertaking shall contain or otherwise make available all relevant information on the matters of fact and law and reasons which have led to the imposition of final measures or to the acceptance of an undertaking, due regard being paid to the requirement for the protection of confidential information, and in particular: (i) the names of the suppliers or when this is impracticable, the supplying countries involved; (ii) a description of the product, which is sufficient for customs purposes; (iii) the amount of subsidy established and the basis on which the existence of a subsidy has been determined; (iv) factors which have led to the injury determination including information on factors other than dumping which have been taken into account when the injury determination is made, insofar as there is no separate notice concerning such injury determination and including such information; (v) the main reasons leading to the determination; (vi) the reasons for the acceptance or rejection of relevant arguments or claims made by the exporters and importers.

22.7 A public notice of the termination or suspension of an investigation following the acceptance of an undertaking pursuant to Article 19 shall include or otherwise make available the non-confidential part of the undertaking.

22.8 The provisions of this Article concerning publication and notification of interested parties shall apply mutatis mutandis to the initiation and completion of administrative reviews pursuant to Article 20 and to decisions under Article 18 to apply duties retroactively.
Article 23

Judicial Review

Each signatory shall maintain juridical, arbitral or administrative tribunals or procedures for the purpose, inter alia, of the prompt review of administrative action relating to final determinations and reviews of determinations within the meaning of Articles 17 and 20 of this Agreement. Such tribunals or procedures shall be independent of the authority responsible for the determination or review in question, and shall provide all interested parties who participated in the administrative proceeding and are directly and individually affected by the administrative action with access to review.

PART VI

Article 24

Committee on Subsidies and Countervailing Measures and other subsidiary bodies

24.1 There shall be established under this Agreement a Committee on Subsidies and Countervailing Measures composed of representatives from each of the signatories to this Agreement. The Committee shall elect its own Chairman and shall meet not less than twice a year and otherwise as envisaged by relevant provisions of this Agreement at the request of any signatory. The Committee shall carry out responsibilities as assigned to it under this Agreement or by the signatories and it shall afford signatories the opportunity of consulting on any matter relating to the operation of the Agreement or the furtherance of its objectives. The GATT secretariat shall act as the secretariat to the Committee.

24.2 The Committee may set up subsidiary bodies as appropriate.

24.3 The Committee shall establish a Permanent Group of Experts composed of five independent persons, highly qualified in the fields of subsidies and trade relations. The experts will be elected by the Committee and one of them will rotate every year. The Committee may request the Group of Experts to prepare a proposed conclusion on the existence of a prohibited subsidy, as provided for in Article 4.5 above. The Committee may also seek an advisory opinion on the existence and nature of any subsidy.

24.4 The Group of Experts may be consulted by any signatory and give advisory opinions on the nature of any subsidy proposed to be introduced or currently maintained by that signatory. Such advisory opinions will be confidential and may not be invoked in proceedings under Article 7 of this Agreement.
24.5 In carrying out their functions, the Committee and any subsidiary bodies may consult with and seek information from any source they deem appropriate. However, before the Committee or a subsidiary body seeks such information from a source within the jurisdiction of a signatory, it shall inform the signatory involved.

PART VII

NOTIFICATION AND SURVEILLANCE

Article 25

Notifications

25.1 Signatories agree that, without prejudice to the provision of Article XVI:1 of the General Agreement, their notifications of subsidies shall be submitted not later than 30 June of each year and shall conform to the provisions of paragraphs 2 through 6 below.

25.2 Signatories shall notify any subsidy as defined in paragraphs 1 and 2 of Article 1 above, granted or maintained within their territory.

25.3 The content of notifications should be sufficiently specific to enable other signatories to evaluate the trade effects and to understand the operation of notified subsidy programmes. In this connection and without prejudice to the contents and form of the questionnaire on subsidies\(^1\), signatories shall ensure that their notifications contain the following information:

(i) form of a subsidy (i.e., grant, loan, tax concession, etc.);

(ii) subsidy per unit or, in cases where it is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year);

(iii) policy objective and/or purpose of a subsidy;

(iv) duration of a subsidy and/or any other time-limits attached to it;

(v) statistical data permitting an assessment of the trade effects of a subsidy.

\(^1\)The Committee shall establish a Working Party to review the contents and form of the questionnaire as contained in BISD, 9S/193-194.
25.4 Where specific points in paragraph 3 above have not been addressed in a notification, an explanation shall be provided in the notification itself.

25.5 If subsidies are granted to specific products or sectors, the notifications should be organized by product or sectors.

25.6 Signatories which consider that there are not measures or schemes in their countries requiring notification under Article XVI:1 shall so inform the GATT secretariat in writing.

25.7 Signatories recognize that notification of a measure does not prejudge either its legal status under the General Agreement and this Agreement, the effects under this Agreement, or the nature of the measure itself.

25.8 Any signatory may, at any time, make a written request for information on the nature and extent of any subsidy granted or maintained by another signatory (including any subsidy referred to in Part IV above), or for explanation of the reasons for which a specific measure has been considered as not notifiable.

25.9 Signatories so requested shall provide such information as quickly as possible and in a comprehensive manner, and shall be ready, upon request, to provide additional information to the requesting signatory. In particular they shall provide sufficient details to enable the other signatory to assess their compliance with the terms of this Agreement. Any signatory which considers that such information has not been provided may bring the matter to the attention of the Committee.

25.10 Any interested signatory which considers that any practice of another signatory having the effects of a subsidy has not been notified in accordance with the provisions of Article XVI:1 of the General Agreement and this Article may bring the matter to the attention of such other signatory. If the alleged subsidy is not thereafter notified promptly, such signatory may itself bring the alleged subsidy in question to the notice of the Committee.

25.11 Signatories shall report without delay to the Committee all preliminary or final actions taken with respect to countervailing duties. Such reports will be available in the GATT secretariat for inspection by government representatives. The signatories shall also submit, on a semi-annual basis, reports on any countervailing duty actions taken within the preceding six months.

Article 26

Surveillance

26.1 The Committee shall examine new and full notifications submitted under Article XVI:1 of the General Agreement and Article 25:1 of this Agreement at special sessions held every third year. Notifications submitted in the intervening years (updating notifications) shall be examined at each regular meeting of the Committee.
26.2 The Committee shall examine reports submitted under Article 25.11 above at each regular meeting of the Committee. The semi-annual reports shall be submitted on an agreed standard form.

PART VIII: DEVELOPING COUNTRIES

Article 27

Special and differential treatment for developing countries

27.1 Signatories recognize that subsidies may play an important rôle in economic development programmes of developing countries.

27.2 The prohibition of Article 3.1 (a) shall not apply to:

(a) developing country signatories referred to in Annex VII.

(b) other developing country signatories for 8 years from the date of entry into force of this Agreement subject to compliance with the provisions in paragraph 3 below.

27.3 Any developing country signatory referred to in paragraph 2(b) above shall phase out its export subsidies within the 8 year period, preferably in a progressive manner. However, a developing country signatory shall not increase the level of its export subsidies\(^1\), and shall eliminate them within a period shorter than that provided for in this provision when the use of such export subsidies is inconsistent with its development needs. If a developing country signatory deems it necessary to apply such subsidies beyond the eight year period, it shall not later than one year before the expiry of this period enter into consultation with the Committee, which will determine whether an extension of this period is justified, after examining all the relevant economic, financial and development needs of the signatory in question. If the Committee determines that the extension is justified, the developing country signatory concerned shall hold annual consultations with the Committee to determine the necessity of maintaining the subsidies. If no such determination is made by the Committee, the developing country signatory shall phase out the remaining export subsidies within two years from the end of the last authorized period.

27.4 A developing country signatory that has reached export competitiveness in any given product shall phase out its export subsidies for such product(s), over a period of two years. However, for a country which is referred to in Annex VII and which has reached export competitiveness in one or more products, export subsidies on such products shall be gradually phased out over a period of 8 years.

\(^1\)For countries not granting export subsidies as of the day of entry into force of this Agreement, this provision shall apply on the basis of the level of export subsidies granted in 1986.
27.5 Export competitiveness in a product exists if a country's exports of that product have reached a share of at least 3.25 per cent in world trade of that product for two consecutive calendar years. Export competitiveness shall exist either (a) on the basis of notification by the country having reached export competitiveness, or (b) on the basis of a computation undertaken by the GATT secretariat at the request of any signatory. For the purpose of this paragraph a product is defined as a section heading of the Harmonized System Nomenclature. Signatories agree that the Committee shall review the operation of this provision 5 years from the date of the entry into force of this Agreement.

27.6 Provisions of Article 4 shall not apply to a developing country signatory in the case of export subsidies which are in conformity with the provisions of paragraphs 2 through 4 above. The relevant provisions in such a case shall be those of Article 7.

27.7 There shall be no presumption in terms of Article 6.1 that a subsidy granted by a developing country signatory results in serious prejudice, as defined in this Agreement. Such serious prejudice where applicable under the terms of paragraph 8 below, shall be demonstrated by positive evidence, in accordance with the provisions of Articles 6.3 through 6.9.

27.8 Regarding actionable subsidies other than those referred to in Article 6.1, action may not be authorized or taken under Article 7 of this Agreement unless nullification or impairment of tariff concessions or other obligations under the General Agreement is found to exist as a result of such a subsidy, in such a way as to displace or impede imports of like products into the market of the subsidizing country or unless injury to domestic industry in the importing market of a signatory occurs in terms of Article 15 of this Agreement.

27.9 Any countervailing duty investigation of a product originating in a developing country signatory shall be terminated as soon as the authorities concerned determine that:

(a) the overall level of subsidies granted upon the product in question does not exceed 2 per cent of its value/calculated on a per unit basis;

(b) the volume of the subsidized imports represents less than 4 per cent of the total imports for the like product in the importing signatory, unless imports from developing country signatories whose individual shares of total import represent less than 4 per cent collectively account for more than 9 per cent of the total imports for the like product in the importing country.

27.10 For those signatories within the scope of Article 27.2(b) which have eliminated export subsidies prior to the expiry of the period of 8 years from the entry into force of this Agreement and those in Annex VII, the number in paragraph 9(a) shall be 3 per cent rather than 2 per cent. This
provision shall apply from the date that this elimination of export subsidies is notified to the Committee for so long as export subsidies are not granted by the notifying signatory. This provision shall expire 8 years from the date of entry into force of this Agreement.

27.11 The provisions of paragraphs 9 and 10 shall govern any determination of de minimis under Article 15.3 of this Agreement.

27.12 The provisions of Part III of this Agreement shall not be applicable to direct forgiveness of debts, subsidies to cover social costs, in whatever form, including relinquishment of government revenue and other transfer of liabilities when such subsidies are granted within and directly linked to a privatization programme of a developing country signatory provided that both such programme and the subsidies involved are granted for a limited period and notified to the Committee and that the programme results in eventual privatization of the enterprise concerned.

27.13 The Committee shall, upon request by an interested signatory, undertake a review of a specific export subsidy practice of a developing country signatory to examine whether the practice is in conformity with its development needs.

27.14 The Committee shall, upon request by an interested developing country signatory, undertake a review of a specific countervailing measure to examine whether it is consistent with the provisions of paragraphs 9 and 10 above as applicable to the developing country signatory in question.

PART IX: TRANSITIONAL ARRANGEMENTS

Article 28

Existing programmes

Subsidy programmes that have been established within the territory of any signatory before the date on which such a signatory signed this Agreement and which are inconsistent with the provisions of this Agreement shall be:

(i) notified to the Committee not later than 90 days after the entry into force of this Agreement for such signatory;

(ii) brought into conformity with the provisions of this Agreement within 3 years of the date of entry into force of this Agreement for such signatory and until then shall not be subject to Part II of this Agreement.

No signatory shall extend the scope of any such programme, nor shall such a programme be renewed upon its expiration.
Article 29

Transformation into a market economy

29.1 Signatories in the process of transformation from a centrally-planned into a market, free enterprise economy, may apply programmes and measures necessary for such a transformation.

29.2 For such signatories, subsidy programmes falling within the scope of Article 3, and notified according to paragraph 3 below, shall be phased out or brought into conformity with Article 3 within a period of 7 years from the date of entry into force of this Agreement. In such a case, Article 4 shall not apply. In addition during the same period:

- Subsidy programmes falling within the scope of Article 6.1(d) shall not be actionable under Article 7;
- With respect to other actionable subsidies, provisions of Article 27.8 shall apply.

29.3 Subsidy programmes falling within the scope of Article 3 shall be notified to the Committee by the earliest practicable date after entry into force of this Agreement. Further notifications of such subsidies may be made up to two years after entry into force of this Agreement.

29.4 In exceptional circumstances signatories may be given departures from their notified programmes and measures and their time-frame by the Committee if such departures are deemed necessary for the process of transformation.

PART X: DISPUTE SETTLEMENT

Article 30

The provisions of Articles XXII and XXIII of the General Agreement, and the understanding on Rules and Procedures governing the settlement of Disputes under Articles XXII and XXIII of the General Agreement on Tariffs and Trade as adopted by the CONTRACTING PARTIES shall apply to consultations and the settlement of disputes under this Agreement, except as otherwise specifically provided herein.

PART XI: FINAL PROVISIONS

Article 31

Provisional Application

The provisions of Article 6.1, Article 8 and Article 9 shall apply for a period of 5 years, beginning with the date of entry into force of this Agreement. Not later than 180 days before the end of this period, the Committee shall review the operation of those provisions, with a view to determining whether to extend their application, either as presently drafted or in a modified form, for a further period.
ANNEX I

ILLUSTRATIVE LIST OF EXPORT SUBSIDIES

(a) The provision by governments of direct subsidies to a firm or an industry contingent upon export performance.

(b) Currency retention schemes or any similar practices which involve a bonus on exports.

(c) Internal transport and freight charges on export shipments, provided or mandated by governments, on terms more favourable than for domestic shipments.

(d) The provision by governments or their agencies either directly or indirectly through government-mandated schemes, of imported or domestic products or services for use in the production of exported goods, on terms or conditions more favourable than for provision of like or directly competitive products or services for use in the production of goods for domestic consumption, if (in the case of products) such terms or conditions are more favourable than those commercially available on world markets to their exporters.

(e) The full or partial exemption, remission, or deferral specifically related to exports, of direct taxes or social welfare charges paid or payable by industrial or commercial enterprises.

(f) The allowance of special deductions directly related to exports or export performance, over and above those granted in respect to production for domestic consumption, in the calculation of the base on which direct taxes are charged.

(g) The exemption or remission in respect of the production and distribution of exported products, of indirect taxes in excess of those levied in respect of the production and distribution of like products when sold for domestic consumption.

(h) The exemption, remission or deferral of prior stage cumulative indirect taxes on goods or services used in the production of exported products in excess of the exemption, remission or deferral of like prior stage cumulative indirect taxes on goods or services used in the production of like products when sold for domestic consumption; provided, however, that prior stage cumulative indirect taxes may be exempted, remitted or deferred on exported products even when not exempted, remitted or deferred on like products when sold for domestic consumption, if the prior stage cumulative indirect taxes are levied on inputs that are consumed in the production of the exported product (making normal allowance for waste). This item shall be interpreted in accordance with the guidelines on consumption of inputs in the production process contained in Annex II.
(i) The remission or drawback of import charges in excess of those levied on imported inputs that are consumed in the production of the exported product (making normal allowance for waste); provided, however, that in particular cases a firm may use a quantity of home market inputs equal to, and having the same quality and characteristics as, the imported inputs as a substitute for them in order to benefit from this provision if the import and the corresponding export operations both occur within a reasonable time period, not to exceed two years. This item shall be interpreted in accordance with the guidelines on consumption of inputs in the production process contained in Annex II and the guidelines in the determination of substitution drawback systems as export subsidies contained in Annex III.

(j) The provision by governments (or special institutions controlled by governments) of export credit guarantee or insurance programmes, of insurance or guarantee programmes against increases in the cost of exported products or of exchange risk programmes, at premium rates which are inadequate to cover the long-term operating costs and losses of the programmes.

(k) The grant by governments (or special institutions controlled by and/or acting under the authority of governments) of export credits at rates below those which they actually have to pay for the funds so employed (or would have to pay if they borrowed on international capital markets in order to obtain funds of the same maturity and other credit terms and denominated in the same currency as the export credit), or the payment by them of all or part of the costs incurred by exporters or financial institutions in obtaining credits, in so far as they are used to secure a material advantage in the field of export credit terms.

Provided, however, that if a signatory is a party to an international undertaking on official export credits to which at least twelve original signatories to this Agreement are parties as of 1 January 1979 (or a successor undertaking which has been adopted by those original signatories), or if in practice a signatory applies the interest rates provisions of the relevant undertaking, an export credit practice which is in conformity with those provisions shall not be considered an export subsidy prohibited by this Agreement.

(l) Any other charge on the public account constituting an export subsidy in the sense of Article XVI of the General Agreement.
The term "commercially available" means that the choice between domestic and imported products is unrestricted and depends only on commercial considerations.

For the purpose of this Agreement:

The term "direct taxes" shall mean taxes on wages, profits, interests, rents, royalties, and all other forms of income, and taxes on the ownership of real property;

The term "import charges" shall mean tariffs, duties, and other fiscal charges not elsewhere enumerated in this note that are levied on imports;

The term "indirect taxes" shall mean sales, excise, turnover, value added, franchise, stamp, transfer, inventory and equipment taxes, border taxes and all taxes other than direct taxes and import charges;

"Prior stage" indirect taxes are those levied on goods or services used directly or indirectly in making the product;

"Cumulative" indirect taxes are multi-staged taxes levied where there is no mechanism for subsequent crediting of the tax if the goods or services subject to tax at one stage of production are used in a succeeding stage of production;

"Remission" of taxes includes the refund or rebate of taxes;

"Remission or drawback" includes the full or partial exemption or deferral of import charges.

The signatories recognize that deferral need not amount to an export subsidy where, for example, appropriate interest charges are collected. The signatories reaffirm the principle that prices for goods in transactions between exporting enterprises and foreign buyers under their or under the same control should for tax purposes be the prices which would be charged between independent enterprises acting at arm's length. Any signatory may draw the attention of another signatory to administrative or other practices which may contravene this principle and which result in a significant saving of direct taxes in export transactions. In such circumstances the signatories shall normally attempt to resolve their differences using the facilities of existing bilateral tax treaties or other specific international mechanisms, without prejudice to the rights and obligations of signatories under the General Agreement, including the right of consultation created in the preceding sentence. Paragraph (e) is not intended to limit a signatory from taking measures to avoid the double taxation of foreign source income earned by its enterprises or the enterprises of another signatory.

Paragraph (h) does not apply to value-added tax systems and border-tax adjustment in lieu thereof; the problem of the excessive remission of value-added taxes is exclusively covered by paragraph (g).
ANNEX II

GUIDELINES ON CONSUMPTION OF INPUTS IN THE PRODUCTION PROCESS

I

1. Indirect tax rebate schemes can allow for exemption, remission or deferral of prior stage cumulative indirect taxes levied on inputs that are consumed in the production of the exported product (making normal allowance for waste). Similarly, drawback schemes can allow for the remission or drawback of import charges levied on inputs that are consumed in the production of the exported product (making normal allowance for waste).

2. The Illustrative List of Export Subsidies in Annex I of this Agreement makes reference to the term "inputs that are consumed in the production of the exported product" in paragraphs (h) and (i). Pursuant to paragraph (h), indirect tax rebate schemes can constitute an export subsidy to the extent that they result in exemption, remission or deferral of prior stage cumulative indirect taxes in excess of the amount of such taxes actually levied on inputs that are consumed in the production of the exported product. Pursuant to paragraph (i), drawback schemes can constitute an export subsidy to the extent that they result in a remission or drawback of import charges in excess of those actually levied on inputs that are consumed in the production of the exported product. Both paragraphs stipulate that normal allowance for waste must be made in findings regarding consumption of inputs in the production of the exported product. Paragraph (i) also provides for substitution, where appropriate.

II

In examining whether inputs are consumed in the production of the exported product, as part of a countervailing duty investigation pursuant to this Agreement, investigating authorities should proceed on the following basis:

1. Where it is alleged that an indirect tax rebate scheme, or a drawback scheme, conveys a subsidy by reason of over-rebate or excess drawback of indirect taxes or import charges on inputs consumed in the production of the exported product, the investigating authorities should first determine whether the government of the exporting country has in place and applies a system or procedure to confirm which inputs are consumed in the production of the exported product and in what amounts. Where such a system or procedure is determined to be applied, the investigating authorities should then examine the system or procedure to see whether it is reasonable, effective for the purpose intended, and based on generally accepted commercial practices in the country of export. The investigating authorities should proceed on the following basis:

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1Inputs consumed in the production process are inputs physically incorporated, energy, fuels and oil used in the production process and catalysts which are consumed in the course of their use to obtain the exported product.
authorities may deem it necessary to carry out, in accordance with Article 12.5 of this Agreement, certain practical tests in order to verify information or to satisfy themselves that the system or procedure is being effectively applied.

2. Where there is no such system or procedure, where it is not reasonable, or where it is instituted and considered reasonable but is found not to be applied or not to be applied effectively, a further examination by the exporting country based on the actual inputs involved would need to be carried out in the context of determining whether an excess payment occurred. If the importing country deemed it necessary, a further examination would be carried out in accordance with paragraph 1 above.

3. Investigating authorities should treat inputs as physically incorporated if such inputs are used in the production process and are physically present in the product exported. The signatories note that an input need not be present in the final product in the same form in which it entered the production process.

4. In determining the amount of a particular input that is consumed in the production of the exported product, a "normal allowance for waste" should be taken into account, and such waste should be treated as consumed in the production of the exported product. The term "waste" refers to that portion of a given input which does not serve an independent function in the production process, is not consumed in the production of the exported product (for reasons such as inefficiencies) and is not recovered, used nor sold by the same manufacturer.

5. The investigating authority's determination of whether the claimed allowance for waste is "normal" should take into account the production process, the average experience of the industry in the country of export, and other technical factors, as appropriate. The investigating authority should bear in mind that an important question is whether the authorities in the exporting country have reasonably calculated the amount of waste, when such an amount is intended to be included in the tax or duty rebate or remission.
ANNEX III

Guidelines in the Determination of Substitution Drawback Systems as Export Subsidies

I

Drawback systems can allow for the refund or drawback of import charges on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs. Pursuant to paragraph (i) of the Illustrative List of Export Subsidies in Annex I of this Agreement substitution drawback systems can constitute an export subsidy to the extent that they result in an excess drawback of the import charges levied initially on the imported inputs for which drawback is being claimed.

II

In examining any substitution drawback system as part of a countervailing duty investigation pursuant to this Agreement, investigating authorities should proceed on the following basis:

1. Paragraph (i) of the Illustrative List stipulates that home market inputs may be substituted for imported inputs in the production of a product for export provided such inputs are equal in quantity to, and have the same quality and characteristics as, the imported inputs being substituted. The existence of a verification system or procedure is important because it enables the government of the exporting country to ensure and demonstrate that the quantity of inputs for which drawback is claimed does not exceed the quantity of similar products exported, in whatever form, and that there is not drawback of import charges in excess of those originally levied on the imported inputs in question.

2. Where it is alleged that a substitution drawback system conveys a subsidy, the investigating authorities should first proceed to determine whether the government of the exporting country has in place and applies a verification system or procedure. Where such a system or procedure is determined to be applied, the investigating authorities should then examine the verification procedures to see whether they are reasonable, effective for the purpose intended, and based on generally accepted commercial practices in the country of export. To the extent that the procedures are determined to meet this test and are effectively applied, no subsidy should be presumed to exist. It may be deemed necessary by the investigating authorities to carry out, in accordance with Article 12.5 of this Agreement, certain practical tests in order to verify information or to satisfy themselves that the verification procedures are being effectively applied.
3. Where there are no verification procedures, where they are not reasonable, or where such procedures are instituted and considered reasonable but are found not to be actually applied or not applied effectively, there may be a subsidy. In such cases a further examination by the exporting country based on the actual transactions involved would need to be carried out to determine whether an excess payment occurred. If the importing country deemed it necessary a further examination would be carried out in accordance with paragraph 2 above.

4. The existence of a substitution drawback provision under which exporters are allowed to select particular import shipments on which drawback is claimed should not of itself be considered to convey a subsidy.

5. An excess drawback of import charges in the sense of paragraph (i) would be deemed to exist where governments paid interest on any monies refunded under their drawback schemes, to the extent of the interest actually paid or payable.
ANNEX IV

Calculation of the total ad valorem subsidization
(Article 6.1(a))*

1. Any calculation of the amount of a subsidy for the purpose of Article 6.1 above shall be done in terms of the cost to the granting government.

2. Except as provided in paragraphs 3-5, in determining whether the overall rate of subsidization exceeds 5 per cent of the value of the product, the value of the product shall be calculated as the total value of the recipient firm's sales in the most recent twelve-month period, for which sales data is available, preceding the period in which the subsidy is granted.

3. Where the subsidy is tied to the production or sale of a given product, the value of the product shall be calculated as the total value of the recipient firm's sales of that product in the most recent twelve-month period, for which sales data is available, preceding the period in which the subsidy is granted.

4. Where the recipient firm is in a start-up situation, the overall rate of subsidization shall not exceed 15 per cent of the total funds invested. For purposes of this paragraph, a start-up period will not extend beyond the first year of production.

5. Where the recipient firm is located in an inflationary economy country, the value of the product shall be calculated as the recipient firm's total sales (or sales of the relevant product, if the subsidy is tied) in the preceding calendar year indexed by the rate of inflation experienced in the twelve months preceding the month in which the subsidy is to be given.

6. In determining the overall rate of subsidization in a given year, subsidies given under different programmes and by different authorities in the territory of a signatory shall be aggregated.

*An understanding among signatories should be developed, as necessary, on matters which are not specified in this Annex or which need further clarification for the purposes of Article 6.1(a).

1 The recipient firm is a firm in the subsidizing country.

2 In the case of tax related subsidies the value of the product shall be calculated as the total value of the recipient firm's sales in the fiscal year in which the tax related measure was earned.

3 Start-up situations include instances where financial commitments for product development or construction of facilities to manufacture products benefiting from the subsidy have been made, even though production has not begun.
7. Subsidies granted prior to the entry into force of this Agreement, the benefits of which are allocated to future production, shall be included in the overall rate of subsidization.

8. Subsidies which are non-actionable under relevant provisions of this Agreement shall not be included in the calculation of the amount of a subsidy for the purpose of Article 6.1 above.
ANNEX V

Procedures for developing information concerning serious prejudice

1. Every signatory shall co-operate in the development of evidence to be examined by the Committee or its subsidiary bodies in procedures under Article 7 above, paragraphs 4 through 6. The parties to the dispute and any third signatory concerned shall notify the Committee, as soon as the provisions of Article 7.4 have been invoked, the organization responsible for administration of this provision within its territory and the procedures to be used to comply with requests for information.

2. In cases where matters are referred to in the Committee under Article 7.4 above, the Committee shall upon request, initiate the procedure to obtain such information from the government of the subsidizing signatory as necessary to establish the existence and amount of subsidizations, the value of total sales of the subsidized firms, as well as information necessary to analyze the adverse effects caused by the subsidized product. This process may include, where appropriate, presentation of questions to the government of the subsidizing country and of the complaining country to collect information, as well as to clarify and obtain elaboration of information available to the parties to a dispute through the notification procedures set forth in Part VII above.

3. In the case of effects in third country markets, a signatory party to a dispute may collect information, including through the use of questions to the government of the third country, necessary to analyze adverse effects, which is not otherwise reasonably available from the complaining signatory or the subsidizing signatory. This requirement should be administered in such a way as not to impose an unreasonable burden on the third country signatory. In particular, such a signatory is not expected to make a market or price analysis specially for that purpose. The information to be supplied is that which is already available or can be readily obtained by this signatory (e.g., most recent statistics which have already been gathered by relevant statistical services but which have not yet been published, customs data concerning imports and declared values of the products concerned, etc.). However, if a signatory party to a dispute undertakes a detailed market analysis at its own expense, the task of the person or firm conducting such an analysis shall be facilitated by the authorities of the third country signatory and such a person or firm shall be given access to all information which is not normally maintained confidential by the government.

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1 In cases where the existence of serious prejudice has to be demonstrated.

2 The information gathering process by the Committee shall take into account the need to protect information which is by nature confidential or which is provided on a confidential basis by any signatory involved in this process.
4. The Committee shall designate a representative to serve the function of facilitating the information-gathering process. The sole purpose of the representative shall be to ensure the timely development of the information necessary to facilitate expeditions subsequent to multilateral review of the dispute. In particular, the representative may suggest ways to most efficiently solicit necessary information as well as encourage the co-operation of the parties.

5. The information-gathering process outlined in paragraphs 2-4 above shall be completed within 60 days of the date on which the matter has been referred to the Committee under Article 7.4 above. The information obtained during this process shall be submitted to the Committee or to a panel established by the Committee in accordance with the provisions of Part X above. This information should include, inter alia, data concerning the amount of the subsidy in question (and, where appropriate, the value of total sales of the subsidized firms), prices of the subsidized product, prices of the non-subsidized product, prices of other suppliers to the market, changes in the supply of the subsidized product to the market in question and changes in market shares. It should also include rebuttal evidence, as well as such supplemental information as the Committee or the panel deems relevant in the course of reaching its conclusions.

6. If the subsidizing and/or third country signatory fail to co-operate in the information-gathering process, the complaining signatory will present its case of serious prejudice, based on evidence available to it, together with facts and circumstances of the non co-operation of the subsidizing and/or third country signatory. Where information is unavailable due to non co-operation by the subsidizing and/or third country signatory, the Committee or the panel may complete the record as necessary relying on best information otherwise available.

7. In making its determination, the Committee or the panel should draw adverse inferences from instances of non co-operation by any party involved in the information-gathering process.

8. In making a determination to use either best information available or adverse inferences, the Committee or the panel shall consider the advice of the Committee representative nominated under paragraph 4 above as to the reasonableness of any requests for information and the efforts made by parties to comply with these requests in a co-operative and timely manner.

9. Nothing in the information-gathering process shall limit the ability of the Committee or the panel to seek such additional information it deems essential to a proper resolution to the dispute, and which was not adequately sought or developed during that process. However, ordinarily the panel should not request additional information to complete the record where the information would support a particular party’s position and the absence of that information in the record is the result of unreasonable non co-operation by that party in the information-gathering process.
ANNEX VI

Procedures for on-the-spot investigations pursuant to Article 12.5

(a) Upon initiation of an investigation, the authorities of the exporting country and the firms known to be concerned should be informed of the intention to carry out on-the-spot investigations.

(b) If in exceptional circumstances it is intended to include non-governmental experts in the investigating team, the firms and the authorities of the exporting country should be so informed. Such non-governmental experts should be subject to effective sanctions for breach of confidentiality requirements.

(c) It should be standard practice to obtain explicit agreement of the firms concerned in the exporting country before the visit is finally scheduled.

(d) As soon as the agreement of the firms concerned has been obtained the investigating authorities should notify the authorities of the exporting country of the names and addresses of the firms to be visited and the dates agreed.

(e) Sufficient advance notice should be given to the firms in question before the visit is made.

(f) Visits to explain the questionnaire should only be made at the request of an exporting firm. In case of such a request the investigating authorities may place themselves at the disposal of the firm; such a visit may only be made, provided the authorities of the importing country notify the representatives of the government of the country in question and unless the latter do not object to the visit.

(g) As the main purpose of the on-the-spot investigation is to verify information provided or to obtain further details, it should be carried out after the response to the questionnaire has been received unless the firm agrees to the contrary and the government of the exporting country is informed by the investigating authorities of the anticipated visit and does not object to it; further, it should be standard practice prior to the visit to advise the firms concerned of the general nature of the information to be verified and of any further information which needs to be provided, though this should not preclude requests to be made on the spot for further details to be provided in the light of information obtained.

(h) Enquiries or questions put by the authorities or firms of the exporting countries and essential to a successful on-the-spot investigation should, whenever possible, be answered before the visit is made.
ANNEX VII

Developing country signatories referred to in Article 27.2(a)

The developing country signatories not subject to the provisions of Article 3.1(a) under the terms of Article 27.2(a) are:

(a) The following least-developed countries that are contracting parties to the GATT: Bangladesh, Benin, Botswana, Burkina Faso, Burundi, Chad, Central African Republic, Gambia, Haiti, Lesotho, Malawi, Maldives, Mauritania, Niger, Rwanda, Sierra Leone, Togo, United Republic of Tanzania, Uganda, Union of Myanmar. Least-developed countries applying the GATT on a de facto basis are: Cape Verde Islands, Equatorial Guinea, Guinea-Bissau, Kiribati, Mali, Mozambique, Sao Tomé and Principe, Yemen Republic and Tuvalu.

(b) Each of the following developing countries shall be subject to the provisions which are applicable to other developing country signatories according to Article 27.2(b) when GNP has reached $1,000 per annum: Bolivia, Cameroon, Congo, Côte d’Ivoire, Dominican Republic, Egypt, Ghana, India, Indonesia, Jamaica, Kenya, Madagascar, Morocco, Nigeria, Pakistan, Philippines, Senegal, Sri Lanka, Zaire, Zambia and Zimbabwe.
J. AGREEMENT ON IMPLEMENTATION OF ARTICLE VII OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

DECISION REGARDING CASES WHERE CUSTOMS ADMINISTRATIONS HAVE REASONS TO DOUBT THE TRUTH OR ACCURACY OF THE DECLARED VALUE

The CONTRACTING PARTIES invite the Committee on Customs Valuation to take the following decision:

Reaffirming that the transaction value is the primary basis of valuation under the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade (the Agreement);

Recognizing that the Customs Administration may have to address cases where it has reason to doubt the truth or accuracy of the particulars or of documents produced by traders in support of a declared value;

Emphasizing that in so doing the Customs Administration should not prejudice the legitimate commercial interests of traders;

Taking into account Article 17 of the Agreement, paragraph 7 of the Protocol to the Agreement, and the relevant decisions of the Technical Committee on Customs Valuation;

The Committee on Customs Valuation decides as follows:

1. When a declaration has been presented and where the Customs Administration has reason to doubt the truth or accuracy of the particulars or of documents produced in support of this declaration, the Customs Administration may ask the importer to provide further explanation, including documents or other evidence, that the declared value represents the total amount actually paid or payable for the imported goods, adjusted in accordance with the provisions of Article 8. If, after receiving further information, or in the absence of a response, Customs still has reasonable doubts about the truth or accuracy of the declared value, it may, bearing in mind the provisions of Article 11, be deemed that the customs value of the imported goods cannot be determined under the provisions of Article 1. Before taking a final decision, the Customs Administration shall communicate to the importer, in writing if requested, its grounds for doubting the truth or accuracy of the particulars or documents produced and the importer shall be given a reasonable opportunity to respond. When a final decision is made, the Customs Administration shall communicate to the importer in writing its decision and the grounds therefor.

2. It is entirely appropriate in applying the Agreement for one signatory to assist another signatory on mutually agreed terms.
STATEMENT MADE BY THE CHAIRMAN OF THE
NEGOTIATING GROUP ON MTN AGREEMENTS AND ARRANGEMENTS

The Negotiating Group on MTN Agreements and Arrangements invites the
CONTRACTING PARTIES to refer the following texts to the GATT Committee on
Customs Valuation for adoption:

* * *

Where a developing country makes a reservation to retain officially
established minimum values within the terms of paragraph 3 of the
Protocol and shows good cause, the Committee shall give the request
for the reservation sympathetic consideration.

Where a reservation is consented to, the terms and conditions referred
to in paragraph 3 of the Protocol shall take full account of the
development, financial and trade needs of the country concerned.

* * *

A number of developing countries considering accession to the
Agreement have expressed concern that problems may exist in the
valuation of imports by sole agents, sole distributors and sole
concessionaires. Under Article 21.1, developing countries have a
period of delay of up to five years prior to the application of the
Agreement. In this context, countries availing themselves of this
provision could use the period to conduct appropriate studies and to
take such other actions as are necessary to facilitate application.

In consideration of this, the Committee recommends that the Customs
Cooperation Council assist developing countries, in accordance with
the provisions of Annex II, to formulate and conduct studies in areas
identified as being of potential concern, including those relating to
importations by sole agents, sole distributors and sole
concessionaires.
K. AGREEMENT ON IMPLEMENTATION OF ARTICLE IX:1(b)  
OF THE AGREEMENT ON GOVERNMENT PROCUREMENT

1. The CONTRACTING PARTIES invite the GATT Committee on Government Procurement to clarify that:

   (i) a contracting party interested in accession according to Article IX:1(b) would communicate its interest to the Director-General, submitting relevant information, including an offer by way of a list of entities having regard to the relevant provisions of the Agreement, in particular Article I and, where appropriate, Article III;

   (ii) the communication would be circulated to Parties to the Agreement;

   (iii) the contracting party interested in accession would hold consultations with the Parties on the terms for its accession to the Agreement;

   (iv) with a view to facilitating accession, the Committee would establish a working party if the contracting party in question, or any of the Parties to the Agreement, so requests. The working party should examine: (a) the offer made by the applicant country; and (b) relevant information pertaining to export opportunities in the markets of the Parties, taking into account the existing and potential export capabilities of the applicant country, and export opportunities for the Parties in the market of the applicant country;

   (v) upon a decision by the Committee agreeing to the terms of accession including the list of entities, the acceding contracting party would deposit with the Director-General to the CONTRACTING PARTIES to the GATT an instrument of accession which states the terms so agreed. The text of the acceding contracting party’s list of entities in English, French and Spanish would be annexed to the Agreement.

2. It is noted that the Committee decisions are arrived at on the basis of consensus. It is also noted that the non-application clause of Article IX:9 is available to any Party.
L. TEXT ON AGRICULTURE

PART A: URUGUAY ROUND AGREEMENT ON AGRICULTURE

PART B: AGREEMENT ON MODALITIES FOR THE ESTABLISHMENT OF SPECIFIC BINDING COMMITMENTS UNDER THE REFORM PROGRAMME

PART C: DECISION BY CONTRACTING PARTIES ON THE APPLICATION OF SANITARY AND PHYTOSANITARY MEASURES

PART D: DECLARATION ON MEASURES CONCERNING THE POSSIBLE NEGATIVE EFFECTS OF THE REFORM PROGRAMME ON NET FOOD-IMPORTING DEVELOPING COUNTRIES
PART A

URUGUAY ROUND AGREEMENT ON AGRICULTURE

The participants,

Having decided to establish a basis for initiating a process of reform of trade in agriculture in line with the objectives of the negotiations as set out in the Punta del Este Declaration;

Recalling that the long-term objective as agreed at the Mid-Term Review Agreement is to establish a fair and market-oriented agricultural trading system and that a reform process should be initiated through commitments on support and protection and through the establishment of strengthened and more operationally effective GATT rules and disciplines;

Recalling further that the above-mentioned long-term objective is to provide for substantial progressive reductions in agricultural support and protection sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets;

Committed to achieving specific binding commitments in each of the following areas: market access; domestic support; export competition; and to reach an agreement on sanitary and phytosanitary issues;

Noting that commitments under the reform programme should be made in an equitable way among all participants, having regard to non-trade concerns, including food security and the need to protect the environment; having regard to the agreement that special and differential treatment to developing countries is an integral element of the negotiations, and taking into account possible negative effects of the implementation of the reform programme on net food-importing developing countries;

Hereby agree, as follows:

Part I

Article 1 - Definition of Terms

In this Agreement, unless the context otherwise requires:

(a) "AMS" and "aggregate measurement of support" refer to the aggregate measurement as specified in the Schedules of domestic support commitments and the related supporting material;

(b) "basic product" is defined as the product as close as practicable to the point of first sale as specified in Schedules of domestic support commitments and the related supporting material;
(c) "budgetary outlays" or "outlays" include revenue foregone;

(d) "equivalent commitments" are as specified in the Schedules of domestic support commitments and the related supporting material;

(e) "export subsidies" refer to subsidies contingent upon export performance including the export subsidies listed in Article 9 of this Agreement;

(f) "implementation period" covers the period commencing in the year 1993 and ending in the year 1999;

(g) "market access concessions" include all market access commitments undertaken pursuant to this Agreement;

(h) "year" in (f) above and in relation to the specific commitments of a participant refers to the calendar, financial or marketing year specified in the Schedule of commitments relating to that participant.

Article 2 - Product Coverage

This Agreement applies to the products listed in Annex 1 to this Agreement, hereinafter referred to as agricultural products.

Part II

Article 3 - Incorporation of Concessions and Commitments

1. The Schedules of market access concessions relating to participants shall be annexed to the Uruguay Round (1992) Protocol to the General Agreement on Tariffs and Trade.

2. Schedules of domestic support and export competition commitments relating to participants shall be annexed to the aforementioned protocol as constituting commitments limiting subsidization.

Part III

Article 4 - Market Access Concessions

1. Market access concessions contained in Schedules relate to bindings and reductions of tariffs, and to other market access commitments as specified therein.

2. Participants undertake not to resort to, or revert to, any measures which have been converted into ordinary customs duties pursuant to concessions under this Agreement.
Article 5 - Special Safeguard Provisions

1. Notwithstanding the provisions of Article II:1(b) of the General Agreement, any participant may take recourse to the provisions of paragraphs 4 and 5 below in connection with the importation of an agricultural product which is specified in its Schedule as being the subject of a concession in respect of which the provisions of this Article may be invoked, if:

   (i) the volume of imports of that product entering the customs territory of the participant granting the concession during any year exceeds a trigger level equal to 125 per cent of the corresponding average quantity during the three preceding years for which data are available or 125 per cent of the minimum access opportunity, whichever is the greater; or, but not concurrently,

   (ii) the price at which imports of that product may enter the customs territory of the participant granting the concession, as determined on the basis of the c.i.f. import price of the shipment concerned expressed in terms of its domestic currency, falls below a trigger price equal to the average 1986 to 1988 reference price, for the product concerned.

   1 Recourse to this provision requires that the average quantity or minimum access opportunities represent commercially significant levels of imports.

   2 The reference price used to invoke the provisions of this sub-paragraph shall, in general, be the average c.i.f. unit value of the product concerned or an appropriate price in terms of the quality of the product and its stage of processing. It shall, following its initial use, be publicly specified and available to the extent necessary to allow other participants to assess the additional duty that may be levied.
2. Imports under current and minimum access commitments established as part of a concession referred to in paragraph 1 above shall be counted for the purpose of determining the volume of imports required for invoking the provisions of sub-paragraph 1(i), but imports under such commitments shall not be affected by action taken under either paragraph 4 or paragraph 5 below.

3. Any supplies of the product in question which were en route on the basis of a contract settled before the additional duty is imposed under sub-paragraph 1(i) above shall be exempted from any such additional duty provided that they may be counted in the volume of imports of the product in question during the following year for the purposes of triggering the provisions of sub-paragraph 1(i) in that year.

4. Any additional duty imposed under sub-paragraph 1(i) above shall only be maintained until the end of the year in which it has been imposed, and may only be levied at a level which shall not exceed 30 per cent of the level of the ordinary customs duty in effect in the year in which the action is taken.

5. The additional duty imposed under sub-paragraph 1(ii) above shall be set according to the following schedule:

   (a) if the difference between the c.i.f. import price of the shipment expressed in terms of the domestic currency (hereafter the "import price") and the trigger price as defined under that sub-paragraph is less than or equal to 10 per cent of the trigger price, no additional duty shall be imposed;

   (b) if the difference between the import price and the trigger price (hereafter the "difference") is greater than 10 per cent but less than or equal to 40 per cent of the trigger price, the additional duty shall equal 30 per cent of the amount by which the difference exceeds 10 per cent;

   (c) if the difference between the import price and the trigger price is greater than 40 per cent but less than or equal to 60 per cent of the trigger price, the additional duty shall equal 50 per cent of the amount by which the difference exceeds 40 per cent, plus the additional duty allowed under (b);

   (d) if the difference between the import price and the trigger price is greater than 60 per cent but less than 75 per cent, the additional duty shall equal 70 per cent of the amount by which the difference exceeds 60 per cent of the trigger price, plus the additional duties allowed under (b) and (c);

   (e) if the difference between the import price and the trigger price is greater than 75 per cent of the trigger price, the additional duty shall equal 90 per cent of the amount by which the difference exceeds 75 per cent, plus the additional duties allowed under (b), (c) and (d).
6. For perishable and seasonal products, the conditions set out above shall be applied in such a manner as to take account of the specific characteristics of such products. In particular, shorter time periods under paragraph 1(i) above may be used in reference to the corresponding periods in the fixed base period, and different reference prices for different periods may be used under paragraph 1(ii).

7. The operation of the special safeguard shall be carried out in a transparent manner. Any participant taking action under paragraph 1(i) above shall give notice in writing, including relevant data, to participants as far in advance as may be practicable and in any event within 10 days of the implementation of such action. Any participant taking action under paragraph 1(ii) above shall give notice in writing, including relevant data, to participants within 10 days of the implementation of the first such action or, for perishable and seasonal products, the first action in any period. Participants undertake, as far as practicable, not to take recourse to the provisions of paragraph 1(ii) where the volume of imports of the products concerned are declining. In either case a participant taking such action shall afford any interested participants the opportunity to consult with it in respect of the conditions of application of such action.

8. Where measures are taken in conformity with paragraphs 1 through 7 above, participants undertake not to have recourse, in respect of such measures, to the provisions of Article XIX:1(a) and XIX:3 of the General Agreement or paragraph 17 of the Agreement on Safeguards.

9. The provisions of this Article shall remain in force for the duration of the reform process as determined under Article 19.

Part IV

Article 6 - Domestic Support Commitments

1. The domestic support reduction commitments of each participant contained in its Schedule of commitments shall apply to all of its domestic support measures in favour of agricultural producers with the exception of domestic measures which are not subject to reduction in terms of the criteria set out in Annex 2 to this Agreement. These commitments are expressed in terms of Aggregate Measurements of Support and of equivalent commitments. The constituent data and methods employed in the calculation of these commitments shall be incorporated in to the Schedules of domestic support commitments by reference to the relevant tables of supporting material.

2. Investment subsidies which are generally available to agriculture in developing countries and agricultural input subsidies generally available to low-income or resource-poor producers in developing countries shall be exempt from domestic support reduction commitments which would otherwise be applicable to such measures, as shall domestic support to producers in developing countries to encourage diversification from growing illicit narcotic crops.
3. A participant shall be considered to be in compliance with its domestic support reduction commitments in any year where the sector-wide and product-specific AMS values for support, or the equivalent commitments, do not exceed the corresponding annual commitment levels specified in the Schedule of domestic support commitments of the participant concerned.

4. As long as domestic support subject to reduction does not exceed 5 per cent of the total value of production of a basic product in the case of product-specific support, there shall be no requirement to undertake the reduction of that support, and as long as domestic support subject to reduction does not exceed 5 per cent of the value of total agricultural production in the case of a sector-wide AMS, there shall be no requirement to undertake the reduction of that support. For developing countries the percentage under this paragraph shall be 10 per cent.

Article 7 - General Disciplines on Domestic Support

1. Each participant shall ensure that any domestic support measures in favour of agricultural producers which are not subject to reduction commitments are maintained in conformity with the criteria set out in Annex 2 to this Agreement.

2. Any domestic support measure in favour of agricultural producers, including any modification to such a measure, and any measure that is subsequently introduced that cannot be shown to satisfy the criteria in Annex 2 to this Agreement shall be included in the coverage of the applicable AMS or equivalent commitment. Where no applicable AMS or equivalent commitment exists the support in question shall not exceed the de minimis level set out in Article 6(4).

3. The domestic subsidies listed in Annex 2 to this Agreement shall be considered as non-actionable for the purposes of countervailing measures, but not otherwise, provided that such subsidies are in conformity with the general and specific criteria relating thereto as prescribed in that Annex.

Part V

Article 8 - Export Competition Commitments

Each participant undertakes not to provide export subsidies otherwise than in conformity with this Agreement and with its commitments as specified in its Schedule of export competition commitments.

Article 9 - Export Subsidy Reduction Commitments

1. The following export subsidies are subject to reduction commitments under this Agreement -
(a) The provision by governments or their agencies of direct subsidies, including payments-in-kind, to a firm, to an industry, to producers of an agricultural product, to a co-operative or other association of such producers, or to a marketing board, contingent on export performance.

(b) The sale or disposal for export by governments or their agencies of non-commercial stocks of agricultural products at a price lower than the comparable price charged for the like product to buyers in the domestic market.

(c) Payments on the export of an agricultural product that are financed by virtue of governmental action, whether or not a charge on the public account is involved, including payments that are financed from the proceeds of a levy imposed on the agricultural product concerned or on an agricultural product from which the exported product is derived.

(d) The provision of subsidies to reduce the costs of marketing exports of agricultural products (other than widely available export promotion and advisory services) including handling, upgrading and other processing costs, and the costs of international transport and freight.

(e) Internal transport and freight charges on export shipments, provided or mandated by governments, on terms more favourable than for domestic shipments.

(f) Subsidies on agricultural products contingent on their incorporation in exported products.

2. Reduction commitments for any year of the implementation period, as specified in Schedules, represent:

(a) in the case of outlay reduction commitments, the maximum level of expenditure that may be allocated or incurred in that year in connection with the export subsidies listed in this Article;

(b) in the case of export quantity reduction commitments, the maximum quantity of an agricultural product, or group of such products, in respect of which export subsidies listed in this Article may be granted in that year.

3. Commitments relating to limitations on the extension of the scope of export subsidization are as specified in Schedules.

4. During the implementation period developing countries shall not be required to undertake commitments in respect of the export subsidies listed in sub-paragraphs (d) and (e) of paragraph 1 above provided that these are not applied in a manner that would circumvent reduction commitments.
Article 10 - Prevention of Circumvention of Export Competition Commitments

1. Export subsidies not listed in Article 9(1) of this Agreement shall not be applied in a manner which results in, or which threatens to lead to, circumvention of export subsidy commitments; nor shall non-commercial transactions be used to circumvent such commitments.

2. Participants undertake not to provide export credits, export credit guarantees or insurance programmes otherwise than in conformity with internationally agreed disciplines.

3. Any participant which claims that any quantity exported in excess of a reduction commitment level is not subsidized must establish that no export subsidy, whether listed in Article 9 or not, has been granted in respect of the quantity of exports in question.

4. Participants donors of international food aid shall ensure:
   (a) that the provision of international food aid is not tied directly or indirectly to commercial exports of agricultural products to recipient countries;
   (b) that international food aid transactions, including bilateral food aid which is monetised, shall be carried out in accordance with the FAO "Principles of Surplus Disposal and Consultative Obligations" including, where appropriate, the system of Usual Marketing Requirements (UMRs);
   (c) that such aid shall be provided to the extent possible in fully grant form or on terms no less concessional than those provided for in Article IV of the Food Aid Convention 1986.

Article 11 - Incorporated Products

In no case may the per unit subsidy paid on an incorporated agricultural primary product exceed the per unit export subsidy that would be payable on exports of the primary product as such.

Part VI

Article 12 - Serious Prejudice

Where reduction commitments on domestic support and export subsidies are being applied in conformity with the terms of this Agreement, the presumption will be that they do not cause serious prejudice in the sense of Article XVI:1 of the General Agreement.
Part VII

Article 13 - Sanitary and Phytosanitary Measures

Participants agree to give effect to the agreement on Sanitary and Phytosanitary Measures.

Part VIII

Article 14 - Special and Differential Treatment

1. In keeping with the recognition that differential and more favourable treatment for developing countries is an integral part of the negotiation, special and differential treatment in respect of commitments shall be provided as set out in the relevant provisions of this Agreement and embodied in the Schedules concessions and commitments.

2. Least developed countries shall not be required to undertake reduction commitments.

Part IX

Article 15 - Net Food-Importing Developing Countries

Developed participants shall take such action as is provided for within the framework of the Declaration in Part D hereto on the possible negative effects of the reform process on least-developed and net food-importing developing countries.

Part X

Article 16 - Committee on Agriculture

A Committee on Agriculture shall be established.

Article 17 - Review of the Implementation of Commitments

1. Progress in the implementation of commitments negotiated under the Uruguay Round reform programme shall be reviewed.

2. The review process shall be undertaken on the basis of notifications submitted by participants in relation to such matters and at such intervals as shall be determined, as well as on the basis of such documentation as the Secretariat may be requested to prepare in order to facilitate the review process.

3. In addition to the notifications to be submitted under paragraph 2, any new domestic support measure, or modification of an existing measure, for which exemption from the reduction commitment is claimed shall be notified promptly. This notification shall contain details of the new or modified measure and its conformity with the agreed criteria as set out in Annex 2 to this Agreement.
4. In the review process participants shall give due consideration to the influence of excessive rates of inflation on the ability of any participant to abide by its domestic support commitments.

5. The review process shall provide an opportunity for participants to raise any matter relevant to the implementation of commitments under the reform programme as set out in this Agreement.

6. Any participant may bring to the attention of participants any measure which it considers ought to have been notified by another participant.

Article 18 - Consultation and Conciliation

1. The provisions of Articles XXII and XXIII of the General Agreement, and the Understanding on Rules and Procedures Governing the Settlement of Disputes under Articles XXII and XXIII of the General Agreement on Tariffs and Trade as adopted by the CONTRACTING PARTIES shall apply to consultations and the settlement of disputes under this Agreement.

2. On the basis of the commitments undertaken in the framework of this Agreement, participants will exercise due restraint in the application of their rights under the General Agreement in relation to products included in the reform programme.

Part XI
Article 19 - Continuation of the Reform Process

1. Recognizing that the long-term objective of substantial progressive reductions in support and protection resulting in fundamental reform is an ongoing process, the participants agree that negotiations for continuing the process will be initiated one year before the end of the implementation period, taking into account:

- the experience to that date in implementing the reduction commitments;

- the effects of the reduction commitments on world trade in agriculture; and

- what further commitments are necessary to achieve the above mentioned long-term objectives.

PART XII
Article 20 - Final Provisions
Annex 1

PRODUCT COVERAGE

1. This Agreement shall cover the following products as specified in participants' customs schedules:

(i) HS Chapters 1 to 24 less fish and fish products, plus

<table>
<thead>
<tr>
<th>HS Code</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>29.05.43</td>
<td>(manitol)</td>
</tr>
<tr>
<td>29.05.44</td>
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<tr>
<td>33.01</td>
<td>(essential oils)</td>
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<td>(albuminoidal substances)</td>
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<td>(sorbitol n.e.p.)</td>
</tr>
<tr>
<td>41.01 to 41.03</td>
<td>(hides and skins)</td>
</tr>
<tr>
<td>43.01</td>
<td>(raw furskins)</td>
</tr>
<tr>
<td>50.01 to 50.03</td>
<td>(raw silk and silk waste)</td>
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<tr>
<td>51.01 to 51.03</td>
<td>(wool and animal hair)</td>
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<tr>
<td>52.01 to 52.03</td>
<td>(raw cotton, waste and cotton carded or combed)</td>
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<tr>
<td>53.01</td>
<td>(raw flax)</td>
</tr>
<tr>
<td>53.02</td>
<td>(raw hemp)</td>
</tr>
</tbody>
</table>

(ii) Any participant may extend its commitments to include additional products to those listed above, provided that other participants agree.

(iv) The foregoing shall not limit the product coverage of the Agreement on Sanitary and Phytosanitary Measures.
Annex 2

DOMESTIC SUPPORT: THE BASIS FOR EXEMPTION FROM THE REDUCTION COMMITMENTS

1. Domestic support policies for which exemption from the reduction commitments is claimed shall meet the fundamental requirement that they have no, or at most minimal, trade distortion effects or effects on production. Accordingly, all policies for which exemption is claimed shall conform to the following basic criteria:

   (i) the support in question shall be provided through a publicly-funded government programme (including government revenue foregone) not involving transfers from consumers; and,

   (ii) the support in question shall not have the effect of providing price support to producers;

plus policy-specific criteria and conditions as set out below.

Government Service Programmes

2. General services

   Policies in this category involve expenditures (or revenue foregone) in relation to programmes which provide services or benefits to agriculture or the rural community. They shall not involve direct payments to producers or processors. Such programmes, which include but are not restricted to the following list, shall meet the general criteria in paragraph 1 above and policy-specific conditions where set out below:

   (i) research, including general research, research in connection with environmental programmes, and research programmes relating to particular products;

   (ii) pest and disease control, including general and product-specific pest and disease control measures, such as early warning systems, quarantine and eradication;

   (iii) training services, including both general and specialist training facilities;

   (iv) extension and advisory services, including the provision of means to facilitate the transfer of information and the results of research to producers and consumers;
(v) inspection services, including general inspection services and the inspection of particular products for health, safety, grading or standardization purposes;

(vi) marketing and promotion services, including market information, advice and promotion relating to particular products but excluding expenditure for unspecified purposes that could be used by sellers to reduce their selling price or confer a direct economic benefit to purchasers; and

(vii) infrastructural services, including: electricity reticulation, roads and other means of transport, market and port facilities, water supply facilities, dams and drainage schemes, and infrastructural works associated with environmental programmes. In all cases the expenditure shall be directed to the provision or construction of capital works only, and shall exclude the subsidized provision of on-farm facilities other than for the reticulation of generally-available public utilities. It shall not include subsidies to inputs or operating costs, or preferential user charges.

3. Public stockholding for food security purposes

Expenditures (or revenue foregone) in relation to the accumulation and holding of stocks of products which form an integral part of a food security programme identified in national legislation. This may include government aid to private storage of products as part of such a programme.

The volume and accumulation of such stocks shall correspond to predetermined targets related solely to food security. The process of stock accumulation and disposal shall be financially transparent. Food purchases by the government shall be made at current market prices and sales from food security stocks shall be made at no less than the current domestic market price for the product and quality in question.

4. Domestic Food Aid

Expenditures (or revenue foregone) in relation to the provision of domestic food aid to sections of the population in need.

Eligibility to receive the food aid shall be subject to clearly-defined criteria related to nutritional objectives. Such aid shall be in the form of direct provision of food to those concerned or the provision of means to allow eligible recipients to buy food either at market or at subsidized prices. Food purchases by the government shall be made at current market prices and the financing and administration of the aid shall be transparent.
5. Direct Payments to Producers

Support provided through direct payments (or revenue foregone, including payments in kind) to producers for which exemption from reduction commitments is claimed shall meet the basic criteria set out in paragraph 1 above, plus specific criteria applying to individual types of direct payment as set out in paragraphs 6 to 13 below. Where exemption from reduction is claimed for any existing or new type of direct payment other than those specified in paragraphs 6 to 13, it shall conform to criteria (ii) to (v) of paragraph 6 in addition to the general criteria set out in paragraph 1.

6. Decoupled income support

(i) Eligibility for such payments shall be determined by clearly-defined criteria such as income, status as a producer or landowner, factor use or production level in a defined and fixed base period.

(ii) The amount of such payments in any given year shall not be related to, or based on, the type or volume of production (including livestock units) undertaken by the producer in any year after the base period.

(iii) The amount of such payments in any given year shall not be related to, or based on, the prices, domestic or international, applying to any production undertaken in any year after the base period.

(iv) The amount of such payments in any given year shall not be related to, or based on, the factors of production employed in any year after the base period.

(v) No production shall be required in order to receive such payments.

7. Government financial participation in income insurance and income safety-net programmes

(i) Eligibility for such payments shall be determined by an income loss, taking into account only income derived from agriculture, which exceeds 30 per cent of average gross income or the equivalent in net income terms (excluding any payments from the same or similar schemes) in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and the lowest entry. Any producers meeting this condition shall be eligible to receive the payments.

(ii) The amount of such payments shall compensate for less than 70 per cent of the producer's income loss in the year the producer becomes eligible to receive this assistance.
(iii) The amount of any such payments shall relate solely to income; it shall not relate to the type or volume of production (including livestock units) undertaken by the producer; or to the prices, domestic or international, applying to such production; or to the factors of production employed.

(iv) Where a producer receives in the same year payments under this paragraph and under paragraph 8 below (relief from natural disasters), the total of such payments shall be less than 100 per cent of the producer's total income loss.

8. Payments (made either directly or by way of government financial participation in crop insurance schemes) for relief from natural disasters

(i) Eligibility for such payments shall arise only following a formal recognition by government authorities that a natural or like disaster (including disease outbreaks, pest infestations, nuclear accidents, and war on the territory of the participant concerned) has occurred or is occurring; and shall be determined by a production loss which exceeds 30 per cent of the average of production in the preceding three-year period or a three year average based the preceding five-year period, excluding the highest and the lowest entry.

(ii) Payments made following a disaster shall be applied only in respect of losses of income, livestock (including payments in connection with the veterinary treatment of animals), land or other production factors due to the natural disaster in question.

(iii) Payments shall compensate for not more than the total cost of replacing such losses and shall not require or specify the type or quantity of future production.

(iv) Payments made during a disaster, shall not exceed the level required to prevent or alleviate further loss as defined in criterion (ii) above.

(v) Where a producer receives the same year payments under this paragraph and under paragraph 7 above (income insurance and income safety-net programmes), the total of such payments shall be less than 100 per cent of the producer's total income loss.

9. Structural adjustment assistance provided through producer retirement programmes

(i) Eligibility for such payments shall be determined by reference to clearly-defined criteria in programmes designed to facilitate the retirement of persons engaged in marketable agricultural production, or their movement to non-agricultural activities.
(ii) Payments shall be conditional upon the total and permanent retirement of the recipients from marketable agricultural production.

10. Structural adjustment assistance provided through resource retirement programmes

(i) Eligibility for such payments shall be determined by reference to clearly-defined criteria in programmes designed to remove land or other resources, including livestock, from marketable agricultural production.

(ii) Payments shall be conditional upon the retirement of land from marketable agricultural production for a minimum of 3 years, and in the case of livestock on its slaughter or definitive permanent disposal.

(iii) Payments shall not require or specify any alternative use for such land or other resources which involves the production of marketable agricultural products.

(iv) Payments shall not be related to either the type or quantity of production or to the prices, domestic or international, applying to production undertaken using the land or other resources remaining in production.

11. Structural adjustment assistance provided through investment aids

(i) Eligibility for such payments shall be determined by reference to clearly-defined criteria in government programmes designed to assist the financial or physical restructuring of a producer's operations in response to objectively demonstrated structural disadvantages. Eligibility for such programmes may also be based on a clearly-defined government programme for the reprivatization of agricultural land.

(ii) The amount of such payments in any given year shall not be related to, or based on, the type or volume of production (including livestock units) undertaken by the producer in any year after the base period other than as provided for under (v) below.

(iii) The amount of such payments in any given year shall not be related to, or based on, the prices, domestic or international, applying to any production undertaken in any year after the base period.

(iv) The payments shall be given only for the period of time necessary for the realization of the investment in respect of which they are provided.
(v) The payments shall not mandate or in any way designate the agricultural products to be produced by the recipients except to require them not to produce a particular product.

(vi) The payments shall be limited to the amount required to compensate for the structural disadvantage.

12. Payments under environmental programmes

(i) Eligibility for such payments shall be determined as part of a clearly-defined government environmental or conservation programme and be dependent on the fulfilment of specific conditions under the government programme, including conditions related to production methods or inputs.

(ii) The amount of payment shall be limited to the extra costs or loss of income involved in complying with the government programme.

13. Payments under regional assistance programmes

(i) Eligibility for such payments shall be limited to producers in disadvantaged regions. Each such region must be a clearly designated contiguous geographical area with a definable economic and administrative identity, considered as disadvantaged on the basis of neutral and objective criteria clearly spelt out in law or regulation and indicating that the region's difficulties arise out of more than temporary circumstances.

(ii) The amount of such payments in any given year shall not be related to, or based on the type or volume of production (including livestock units) undertaken by the producer in any year after the base period other than to reduce that production.

(iii) The amount of such payments in any given year shall not be related to, or based on, the prices, domestic or international, applying to any production undertaken in any year after the base period.

(iv) Payments shall be available only to producers in eligible regions, but generally available to all producers within such regions.

(v) Where related to production factors, payments shall be paid at a degressive rate above a threshold level of the factor concerned.

(vi) The payments shall be limited to the extra costs or loss of income involved in undertaking agricultural production in the prescribed area.
PART B

AGREEMENT ON MODALITIES FOR THE ESTABLISHMENT OF SPECIFIC BINDING COMMITMENTS UNDER THE REFORM PROGRAMME

1. Specific binding commitments in the areas of market access, domestic support and export competition shall be established in accordance with the modalities set out hereunder.

2. The commitments under the reform programme shall apply to measures maintained by participants relating to products listed in Annex 1, hereafter referred to as agricultural products.

Specific Modalities: Market Access

3. For agricultural products currently subject to ordinary customs duties only, the reduction commitment shall be implemented on the bound duty level or, in the case of unbound duties, on the level applied as at 1 September 1986.

4. For agricultural products currently subject to border measures other than ordinary customs duties, the reduction commitment specified in paragraph 5 shall be implemented on customs duties resulting from the conversion of such measures ("tariffication"). The modalities of the conversion and other related provisions, including those relating to current access opportunities, and the establishment of minimum access opportunities are set out in Annex 3.

5. Ordinary customs duties, including those resulting from tariffication, shall be reduced, from the year 1993 to the year 1999, on a simple average basis by 36 per cent with a minimum rate of reduction of 15 per cent for each tariff line. Where there are no significant imports, minimum access opportunities shall be established. They shall represent in the first year of the implementation period not less than 3 per cent of corresponding domestic consumption in the base period as specified above and shall be expanded to reach 5 per cent of that base figure by the end of the implementation period.

6. Current access opportunities which, during the base period are in excess of the minimum access opportunities as defined in paragraph 5 above, shall be maintained and increased over the implementation period. However, in relation to the expansion of current access, due account shall be taken of reduction commitments in the export competition area.

7. The reductions in ordinary customs duties and expansion of access opportunities shall be implemented in equal instalments. All customs duties, including those resulting from tariffication, shall be bound.
Specific Modalities: Domestic Support

8. All domestic support in favour of agricultural producers with the exception of measures exempted from reduction under Annex 4 shall be reduced, from the year 1993 to the year 1999, by 20 per cent. The base period shall be the years 1986 to 1988. Credit shall be allowed in respect of actions undertaken since the year 1986. The reduction commitment shall be expressed and implemented through Aggregate Measurements of Support (AMS) as defined in Annex 5, or through equivalent commitments as defined in Annex 6 where the calculation of an AMS is not practicable, and shall be implemented in equal instalments.

9. Where any domestic support measure cannot be shown to satisfy the criteria set out in Annex 4, it shall be subject to the reduction commitment in paragraph 8 above.

10. As long as domestic support subject to reduction does not exceed 5 per cent of the total value of production of a basic product in the case of product-specific support, there shall be no requirement to undertake the reduction of that support, and as long as domestic support subject to reduction does not exceed 5 per cent of the value of total agricultural production in the case of a sector-wide AMS, there shall be no requirement to undertake the reduction of that support.

Specific Modalities: Export Competition

11. The export subsidies listed in Annex 7 shall be subject to budgetary outlay and quantity commitments. Outlays and quantities shall be reduced, from the year 1993 to the year 1999, by 36 per cent and 24 per cent, respectively. The base period shall be the year 1986 to the year 1990. These commitments shall be established in accordance with the modalities prescribed in Annex 8.

12. Commitments shall include undertakings not to introduce or re-introduce subsidies on the export of agricultural products or groups of products in respect of which such subsidies were not granted during the course of the base period. In addition commitments may be negotiated to limit the scope of subsidies on exports of agricultural products as regards individual or regional markets. The markets to which such commitments apply shall be specified in the lists of commitments on export competition.

Special and Differential Treatment

13. In keeping with the recognition that special and differential treatment to developing countries is an integral element of the negotiation, the provisions set out in paragraphs 14 to 20 below shall apply in respect of developing countries.

14. In the case of products subject to unbound ordinary customs duties developing countries shall have the flexibility to offer ceiling bindings on these products.
15. Developing countries shall have the flexibility to apply lower rates of reduction in the areas of market access, domestic support and export competition provided that the rate of reduction in each case is no less than two thirds of that specified in paragraphs 5, 8 and 11 above. Developing countries shall have the flexibility to implement the reduction commitments over a period of up to 10 years.

16. The least developed countries shall be exempt from the reduction commitments.

17. In implementing the commitments on market access, developed countries will take fully into account the particular needs and conditions of developing countries by providing for a greater improvement of opportunities and terms of access for agricultural products of particular interest to these countries, including the fullest liberalization of trade in tropical agricultural products as agreed at the Mid-Term Review, and products of particular importance to the diversification of production from the growing of illicit narcotic crops. Account may also be taken of the guidelines by the Chairman of the Market Access Negotiating Group relating to concessions and other liberalization measures implemented by developing countries.

18. Special and differential treatment in respect of domestic support shall reflect the agreement by participants that government measures of assistance, whether direct or indirect, to encourage agricultural and rural development are an integral part of the development programmes of developing countries. Accordingly, policy measures specified below which may fall under the reduction commitment in paragraph 8 shall be exempt from reduction where implemented as part of agricultural and rural development programmes in developing countries:

   (a) investment subsidies which are generally available to agriculture;

   (b) domestic support to producers to encourage diversification from the growing of illicit narcotic crops; and

   (c) agricultural input subsidies, whether in cash or kind, provided to low-income or resource-poor producers, defined using clear and objective criteria, and which are available to all producers meeting these criteria.

19. In addition to the exemptions listed above, and the general exemptions from reduction commitments specified under Annex 4, special and differential treatment shall apply to the de minimis provision concerning reduction commitments on domestic support in paragraph 10 above. The relevant threshold percentage for developing countries shall be 10 per cent.

20. During the implementation period, developing countries shall not be required to undertake commitments in respect of the export subsidies described in Annex 7 paragraphs 1(d) and 1(e).
Lists of Commitments

21. Lists of commitments, together with related supporting tables, shall be submitted in line with Annex 2 no later than 1 March 1992. The lists as submitted by participants shall constitute the basis for the establishment of final Schedules for each participant not later than 31 March 1992.
Annex 1

PRODUCT COVERAGE

1. This Agreement shall cover the following products as specified in participants' customs schedules:

(i) HS Chapters 1 to 24 less fish and fish products, plus

(ii) HS Code 29.05.43 (manitol)
     HS Code 29.05.44 (sorbitol)
     HS Heading 33.01 (essential oils )
     HS Headings 35.01 to 35.05 (albuminoidal substances modified starches, glues)
     HS Code 38.09.10 (finishing agents)
     HS Code 38.23.60 (sorbitol n.e.p.)
     HS Headings 41.01 to 41.03 (hides and skins)
     HS Heading 43.01 (raw furskins)
     HS Headings 50.01 to 50.03 (raw silk and silk waste)
     HS Headings 51.01 to 51.03 (wool and animal hair)
     HS Headings 52.01 to 52.03 (raw cotton, waste and cotton carded or combed)
     HS Heading 53.01 (raw flax)
     HS Heading 53.02 (raw hemp)

(iii) Any participant may extend its commitments to include additional products to those listed above, provided that other participants agree.

(iv) The foregoing shall not limit the product coverage of the Agreement on Sanitary and Phytosanitary Measures.
Annex 2

LISTS OF SPECIFIC COMMITMENTS

1. Participants shall submit, not later than 1 March 1992, lists of commitments and supporting material established in line with the reduction commitments (in paragraphs 5, 8 and 11 of this Agreement) and modalities established in relation to each area of the negotiation. The supporting material shall, where specified, form an integral part of the specific commitments to which it relates. These lists shall be communicated to the Secretariat. Unless otherwise stipulated by the participant concerned, lists shall be classified as secret documents. They shall be made available to other participants that have themselves submitted lists.

2. The lists together with the supporting material shall be established in line with the formats. (See Attachment)
Annex 3

MARKET ACCESS: AGRICULTURAL PRODUCTS SUBJECT TO BORDER MEASURES OTHER THAN ORDINARY CUSTOMS DUTIES

Section A: The calculation of tariff equivalents and related provisions

1. The policy coverage of tariffication shall include all border measures other than ordinary customs duties such as: quantitative import restrictions, variable import levies, minimum import prices, discretionary import licensing, non-tariff measures maintained through state trading enterprises, voluntary export restraints and any other schemes similar to those listed above, whether or not the measures are maintained under country-specific derogations from the provisions of the General Agreement.

2. The calculation of the tariff equivalents, whether expressed as ad valorem or specific rates, shall be made using the actual difference between internal and external prices in a transparent manner using data, data sources and definitions as specified in Annex 2. Data used shall be for the years 1986 to 1988.

3. Tariff equivalents shall be established for all agricultural products subject to border measures other than ordinary customs duties:

   (i) tariff equivalents shall primarily be established at the four-digit level of the HS;

   (ii) tariff equivalents shall be established at the six-digit or a more detailed level of the HS wherever appropriate, as in the case of certain fruits and vegetables;

   (iii) for transformed and processed agricultural products, tariff equivalents shall generally be established by multiplying the specific tariff equivalent(s) for the agricultural input(s) by the proportion(s) in value terms or in physical terms as appropriate of the agricultural input(s) in the transformed and processed agricultural products, and take account, where necessary, of any additional elements currently providing protection to industry.

*Excluding measures maintained for balance-of-payments reasons or under general safeguard and exception provisions (Articles XII, XVIII, XIX, XX and XXI of the General Agreement).
4. External prices shall be, in general, actual average c.i.f. unit values for the importing country. Where average c.i.f. unit values are not available or appropriate, external prices shall be either:

(i) appropriate average c.i.f. unit values of a near country; or

(ii) estimated from average f.o.b. unit values of (an) appropriate major exporter(s) adjusted by adding an estimate of insurance, freight and other relevant costs to the importing country.

5. The external prices shall generally be converted to domestic currencies using the annual average market exchange rate for the same period as the price data.

6. The internal price shall generally be a representative wholesale price ruling in the domestic market or an estimate of that price where adequate data is not available.

7. The initial tariff equivalents may be adjusted, where necessary, to take account of differences in quality or variety using an appropriate coefficient.

8. Where a tariff equivalent resulting from these guidelines is negative or lower than the current bound rate, the initial tariff equivalent may be established at the current bound rate or on the basis of national offers for that product.

9. Where an adjustment is made to the level of a tariff equivalent which would have resulted from the guidelines provided above, participants shall afford, on request, full opportunities for consultation with a view to negotiating appropriate solutions.

10. The level of tariff equivalent resulting from tariffication shall constitute the base level for the implementation of reduction commitments on market access.

Section B: Requirements concerning current access opportunities

11. Current access opportunities on terms at least equivalent to those existing shall be maintained as part of the tariffication process. Current access opportunities shall be no less than average annual import quantities for the years 1986 to 1988. Where these opportunities are expanded, the expansion shall be in line with the provisions of paragraph 6 of this Agreement. Any such expansions in access opportunities shall be provided on an m.f.n. basis.

12. For existing global or country specific quantitative restrictions, voluntary restraint agreements, voluntary export restraints, specific arrangements providing for imports with reduced import levies and like measures, current access opportunities shall be defined as the quantity of product permitted to be imported under those measures, whether or not that quantity was imported, in the base period. Where imports exceeded the
quantity of product permitted to be imported under those measures in the base period, the actual imported quantity shall be considered to be the current access opportunity.

13. For existing non-automatic import licensing, non-tariff measures maintained through state trading enterprises and like measures, current access opportunities shall be defined as the quantity of product imported during the base period.

Section C: Requirements concerning minimum access opportunities

14. Minimum access opportunities shall be implemented on the basis of a tariff quota at a low or minimal rate and shall be provided on an m.f.n. basis.

15. Access opportunities under this commitment shall in general be provided at the 4-digit level of the HS, or wherever appropriate at a more detailed level, and allocated to the tariff lines of internationally traded products. If another level of aggregation is used to implement the commitment the provisions of paragraph 5 of this Agreement and paragraph 14 above shall still apply insofar as practicable. Participants may request consultations on any matter affecting this commitment with a view to negotiating appropriate solutions.
Annex 4

DOMESTIC SUPPORT: THE BASIS FOR EXEMPTION FROM THE REDUCTION COMMITMENTS

(refer to Annex 2, Uruguay Round Agreement on Agriculture)
DOMESTIC SUPPORT: DEFINITION OF THE AGGREGATE MEASUREMENT OF SUPPORT

1. An Aggregate Measurement of Support (AMS) shall be calculated on a product-specific basis for each basic product (defined as the product as close as practicable to the point of first sale) receiving market price support, non-exempt direct payments, or any other subsidy not exempted from the reduction commitment ("other non-exempt policies"). Support which is non-product specific shall be totalled into one non-product-specific AMS in total monetary terms.

2. Subsidies under paragraph 1 shall include both budgetary outlays and revenue foregone by governments or their agents.

3. Support at both the national and sub-national level shall be included.

4. Specific agricultural levies or fees paid by producers shall be deducted from the AMS.

5. The AMS calculated as outlined below for the base period shall constitute the base level for the implementation of the reduction commitment on domestic support.

6. For each basic product, a specific AMS shall be established, expressed in total monetary value terms.

7. The AMS shall be calculated as close as practicable to the point of first sale of the product concerned. Policies directed at agricultural processors shall be included to the extent that such policies benefit the producers of the basic products.

8. Market price support: Market price support shall be calculated using the gap between a fixed external reference price and the applied administered price multiplied by the quantity of production eligible to receive the applied administered price. Budgetary payments made to maintain this gap, such as buying or storage costs, shall not be included in the AMS.

9. The fixed external reference price shall be based on the years 1986 to 1988 and shall generally be the average f.o.b. unit value for the product concerned in a net exporting country and the average c.i.f. unit value for the product concerned in a net importing country in the base period. The fixed reference price may be adjusted for quality differences as necessary.

10. Non-exempt direct payments: Non-exempt direct payments which are dependent on a price gap shall be calculated either using the gap between the fixed reference price and the applied administered price multiplied by the quantity of production eligible to receive the administered price, or using budgetary outlays.
11. The fixed reference price shall be based on the years 1986 to 1988 and shall generally be the actual price used for determining payment rates.

12. Non-exempt direct payments which are based on factors other than price shall be measured using budgetary outlays.

13. Other non-exempt policies, including input subsidies and other policies such as marketing cost reduction measures. The value of such policies shall be measured using government budgetary outlays or, where the use of budgetary outlays does not reflect the full extent of the subsidy concerned, the basis for calculating the subsidy shall be the gap between the price of the subsidised good or service and a representative market price for a similar good or service multiplied by the quantity of the good or service.
DOMESTIC SUPPORT: THE DEFINITION OF DOMESTIC SUPPORT EQUIVALENT COMMITMENTS

1. Equivalent commitments shall be undertaken in respect of all products where market price support as defined in Annex 5 exists but for which calculation of this component of the AMS is not practicable. For such products the base level for implementation of the domestic support reduction commitments shall consist of a market price support component expressed in terms of equivalent commitments under paragraph 2 below, as well as any non-exempt direct payments and other non-exempt support, which shall be evaluated as provided for under paragraph 3 below. Support at both national and sub-national level shall be included.

2. The equivalent commitments provided for in paragraph 1 shall be undertaken on a product-specific basis for all products as close as practicable to the point of first sale ("basic products") receiving market price support and for which the calculation of the market price support component of the AMS is not practicable. For those basic products, commitments in relation to market price support shall be made on the applied administered price and the quantity of production eligible to receive that price or, where this is not practicable, on budgetary outlays used to maintain the producer price.

3. Where products falling under paragraph 1 above are the subject of non-exempt direct payments or any other product-specific subsidy not exempted from the reduction commitment, the basis for commitments concerning these measures shall be calculations as for the corresponding AMS components (specified in paragraphs 10 to 13 of Annex 5).

4. Commitments shall affect the amount of subsidy at the point of first sale of the product concerned. Policies directed at agricultural processors shall be included to the extent that such policies benefit the producers of the basic products. Specific agricultural levies or fees paid by producers shall reduce the commitments by a corresponding amount.
Annex 7

EXPORT SUBSIDIES SUBJECT TO REDUCTION COMMITMENTS

1. The following export subsidies shall be subject to reduction commitments:

(a) The provision by governments or their agencies of direct subsidies, including payments-in-kind, to a firm, to an industry, to producers of an agricultural product, to a co-operative or other association of such producers, or to a marketing board, contingent on export performance.

(b) The sale or disposal for export by governments or their agencies of non-commercial stocks of agricultural products at a price lower than the comparable price charged for the like product to buyers in the domestic market.

(c) Payments on the export of an agricultural product that are financed by virtue of governmental action, whether or not a charge on the public account is involved, including payments that are financed from the proceeds of a levy imposed on the agricultural product concerned or on an agricultural product from which the exported product is derived.

(d) The provision of subsidies to reduce the costs of marketing exports of agricultural products (other than widely available export promotion and advisory services) including handling, upgrading and other processing costs, and the costs of international transport and freight.

(e) Internal transport and freight charges on export shipments, provided or mandated by governments, on terms more favourable than for domestic shipments.

(f) Subsidies on agricultural products contingent on their incorporation in exported products.
MODALITIES OF EXPORT COMPETITION COMMITMENTS

1. Commitments to reduce budgetary outlays in respect of the export subsidies listed in Annex 7 and to reduce the quantity of exports of an agricultural product on which such subsidies may be provided shall be established in accordance with this Annex.

2. The expressions "outlays" or "expenditure" shall, unless the context otherwise requires, be taken to include "revenue foregone".

Reduction Commitments

3. The annual average for the base period of:

   (a) budgetary outlays in respect of the export subsidies listed in Annex 7; and

   (b) quantities in respect of which the export subsidies listed in Annex 7 have been provided;

shall constitute, respectively, base outlay and quantity levels for the purposes of reduction commitments in respect of the agricultural products or groups of agricultural products referred to in paragraph 7 through 9 below.

4. Base levels reduced in each year of the implementation period in accordance with paragraph 5 below shall constitute the annual quantity and outlay commitment levels.

5. In the first year of the implementation period base levels shall be reduced by an amount corresponding to the reduction that would be applicable under implementation on the basis of equal instalments. Thereafter commitment levels for any year of the implementation period shall be reduced by at least half the reduction applicable under implementation on the basis of equal annual instalments. Commitment levels in the final year of the implementation period shall be established at levels that ensure that the overall reduction during the implementation period is no less than if annual commitment levels had been established on the basis of equal annual instalments.

6. Base levels, as well as commitment levels for each year of the implementation period, shall be specified in Schedules of export competition commitments.
Product Specificity of Commitments

7. Outlay and quantity commitment levels shall be established for all products or groups of products in any case where exports of such products are subsidized through practices listed in Annex 7 paragraphs (1)(a) through (1)(e), including, in particular:

(i) Wheat and wheat flour
(ii) Coarse grains
(iii) Rice
(iv) Oilseeds
(v) Vegetable oils
(vi) Oilcakes
(vii) Sugar
(viii) Butter and butter oil
(ix) Skim milk powder
(x) Cheese
(xi) Other milk products
(xii) Bovine Meat
(xiii) Pigmeat
(xiv) Poultry meat
(xv) Sheepmeat
(xvi) Live animals
(xvii) Eggs
(xviii) Wine
(xix) Fruit
(xx) Vegetables
(xxi) Tobacco
(xxii) Cotton

8. This listing shall not preclude the scope for negotiating commitments on particular products within groups of products.

Incorporated Products

9. Base and annual commitment levels shall be established for aggregate budgetary outlays in respect of subsidies on agricultural primary products incorporated in exported products (Annex 7 paragraph 1(f)). This shall not preclude the scope for negotiating commitments on particular incorporated products or, where feasible, on quantities.

Commitments Limiting the Scope of Export Subsidies

10. Limitations on the extension of the subsidization of exports of particular products to specific markets may be specified in Schedules.
PART C

In respect of the following Decision on Sanitary and Phytosanitary Measures, it had been proposed that consumer concerns with relation to health, as well as animal welfare, should be fully addressed by this Decision. Most participants, however, were of the view that only some aspects of consumer concerns related to health were within the scope of the Decision, and insisted that other consumer concerns, along with animal welfare, could most appropriately be dealt with through other instruments.

DECISION BY CONTRACTING PARTIES ON THE APPLICATION OF SANITARY AND PHYTOSANITARY MEASURES

The CONTRACTING PARTIES,

Reaffirming that no contracting party should be prevented from adopting or enforcing measures necessary to protect human, animal or plant life or health, subject to the requirement that they are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail or a disguised restriction on international trade;

Desiring to improve the human health, animal health and phytosanitary situation in all contracting parties;

Noting that sanitary and phytosanitary measures are often applied on the basis of bilateral agreements or protocols;

Desiring the establishment of a multilateral framework of rules and disciplines to guide the adoption, development and the enforcement of sanitary and phytosanitary measures in order to minimize their negative effects on trade;

Recognizing the important contribution that international standards, guidelines and recommendations can make in this regard;

Desiring to further the use of harmonized sanitary and phytosanitary measures between contracting parties, on the basis of international standards, guidelines and recommendations developed by the relevant international organizations including the Codex Alimentarius Commission, the International Office of Epizootics, and the relevant international and regional organizations operating within the framework of the International Plant Protection Convention;

Recognizing that developing contracting parties may encounter special difficulties in complying with the sanitary or phytosanitary measures of importing contracting parties, and as a consequence, in access to markets, and also in the formulation and application of sanitary or phytosanitary measures in their own territories, and desiring to assist them in their endeavours in this regard;
Desiring therefore to elaborate rules for the application of the provisions of the General Agreement which relate to the use of sanitary or phytosanitary measures, in particular the provisions of Article XX(b);

Decide as follows:

1. This decision applies to all sanitary and phytosanitary measures which may, directly or indirectly, affect international trade. Such measures shall be developed and applied in accordance with the provisions of this decision.

2. For the purposes of this decision, the definitions provided in Annex A shall apply.

3. The annexes are an integral part of this decision.

4. Nothing in this decision shall affect the rights of parties to the Agreement on Technical Barriers to Trade with respect to measures not within the scope of this decision.

Basic Rights and Obligations

5. Contracting parties have the right to take sanitary and phytosanitary measures necessary for the protection of human, animal or plant life or health, provided that such measures are not inconsistent with the provisions of this decision.

6. Contracting parties shall ensure that sanitary and phytosanitary measures are applied only to the extent necessary to protect human, animal or plant life or health, are based on scientific principles and are not maintained against available scientific evidence.

7. Contracting parties shall ensure that their sanitary and phytosanitary measures do not arbitrarily or unjustifiably discriminate between contracting parties where identical or similar conditions prevail, including between their own territory and other contracting parties. Sanitary and phytosanitary measures shall not be applied in a manner which would constitute a disguised restriction on international trade.

8. Sanitary or phytosanitary measures which conform to the relevant provisions of this decision shall be presumed to be in accordance with the obligations of the contracting parties under the provisions of the General Agreement which relate to the use of sanitary or phytosanitary measures, in particular the provisions of Article XX(b).

* In this decision, reference to Article XX(b) includes also the chapeau of that Article.
Harmonization

9. To harmonize sanitary and phytosanitary measures on as wide a basis as possible, contracting parties shall base their sanitary or phytosanitary measures on international standards, guidelines or recommendations, where they exist, except as otherwise provided for in this decision.

10. Sanitary or phytosanitary measures which conform to international standards, guidelines or recommendations shall be deemed to be necessary to protect human, animal or plant life or health, and presumed to be consistent with the relevant provisions of this decision and of the General Agreement.

11. Contracting parties may introduce or maintain sanitary or phytosanitary measures which result in a higher level of sanitary or phytosanitary protection than would be achieved by measures based on the relevant international standards, guidelines or recommendations, if there is a scientific justification, or as a consequence of the level of protection a contracting party determines to be appropriate in accordance with the relevant provisions of paragraphs 16 through 23. Notwithstanding the above, all measures which result in a level of sanitary or phytosanitary protection different from that which would be achieved by measures based on international standards, guidelines or recommendations shall not be inconsistent with any other provision of this decision.

12. Contracting parties shall play a full part within the limits of their resources in the relevant international organizations and their subsidiary bodies, in particular the Codex Alimentarius Commission, the International Office of Epizootics, and in the international and regional organizations operating within the framework of the International Plant Protection Convention, to promote within these organizations the development and periodic review of standards, guidelines and recommendations with respect to all aspects of sanitary and phytosanitary measures.

13. The Committee on Sanitary and Phytosanitary Measures, as provided for in paragraphs 38 and 41, shall develop a procedure to monitor the process of international harmonization and coordinate efforts in this regard with the relevant international organizations.

Equivalence

14. Contracting parties shall accept the sanitary or phytosanitary measures of other contracting parties as equivalent, even if these measures differ from their own or from those used by other contracting parties trading in the same product, if the exporting contracting party objectively demonstrates to the importing contracting party that its measures achieve the importing contracting party's appropriate level of sanitary or phytosanitary protection. For this purpose, reasonable access shall be given, upon request, to the importing contracting party for inspection, testing and other relevant procedures.
15. Contracting parties shall, upon request, enter into consultations with the aim of achieving bilateral and multilateral agreements on recognition of the equivalence of specified sanitary or phytosanitary measures.

Assessment of Risk and Determination of the Appropriate Level of Sanitary or Phytosanitary Protection

16. Contracting parties shall ensure that their sanitary or phytosanitary measures are based on an assessment, as appropriate to the circumstances, of the risks to human, animal or plant life or health, taking into account risk assessment techniques developed by the relevant international organizations.

17. In the assessment of risks, contracting parties shall take into account available scientific evidence; relevant processes and production methods; relevant inspection, sampling and testing methods; prevalence of specific diseases or pests; existence of pest- or disease-free areas; relevant ecological and environmental conditions; and quarantine or other treatment.

18. In assessing the risk and determining the appropriate level of sanitary or phytosanitary protection, contracting parties shall take into account as relevant economic factors the potential damage in terms of loss of production or sales in the event of the entry, establishment or spread of a pest or disease, the costs of control or eradication in the importing contracting party, and the relative cost effectiveness of alternative approaches to limiting risks.

19. Contracting parties should, when determining the appropriate level of sanitary and phytosanitary protection, take into account the objective of minimizing negative trade effects.

20. With the objective of achieving consistency in the application of the concept of appropriate level of sanitary and phytosanitary protection against risks to human life or health, or to animal and plant life or health, each contracting party shall avoid arbitrary or unjustifiable distinctions in the levels it considers to be appropriate in different situations, if such distinctions result in discrimination or a disguised restriction on international trade. Contracting parties shall co-operate in the Committee on Sanitary and Phytosanitary Measures in accordance with paragraphs 38, 39 and 40 of this decision, to develop guidelines to further the practical implementation of this provision. In developing the guidelines the Committee shall take into account all relevant factors, including the exceptional character of human health risks to which people voluntarily expose themselves.
21. Without prejudice to paragraph 10, when establishing or maintaining sanitary or phytosanitary measures to achieve the appropriate level of sanitary or phytosanitary protection, contracting parties shall ensure that such measures are the least restrictive to trade, taking into account technical and economic feasibility.

22. In cases where relevant scientific evidence is insufficient, a contracting party may provisionally adopt sanitary or phytosanitary measures on the basis of available pertinent information, including that from the relevant international organizations as well as from sanitary or phytosanitary measures applied by other contracting parties. In such circumstances, contracting parties shall seek to obtain the additional information necessary for a more objective assessment of risk and review the sanitary or phytosanitary measure accordingly within a reasonable period of time.

23. When a contracting party has reason to believe that a specific sanitary or phytosanitary measure introduced or maintained by another contracting party is constraining or has the potential to constrain its exports and the measure is not based on the relevant international standards, guidelines or recommendations, or such standards, guidelines or recommendations do not exist, an explanation of the reasons for such sanitary or phytosanitary measure may be requested and shall be provided by the contracting party maintaining the measure.
Adaptation to Regional Conditions, including Pest- or Disease-Free Areas and Areas of Low Pest or Disease Prevalence

24. Contracting parties shall ensure that their sanitary or phytosanitary measures are adapted to the sanitary or phytosanitary characteristics of the area - whether a country, part of a country, or areas of several countries - from which the product originated and to which the product is destined. In assessing the sanitary or phytosanitary characteristics of a region, contracting parties shall take into account, inter alia, the level of prevalence of specific diseases or pests, the existence of eradication or control programmes, and appropriate criteria or guidelines which may be developed by the relevant international organizations.

25. Contracting parties shall, in particular, recognize the concepts of pest- or disease-free areas and areas of low pest or disease prevalence. Determination of such areas shall be based on factors such as geography, ecosystems, epidemiological surveillance, and the effectiveness of sanitary or phytosanitary controls.

26. Exporting contracting parties claiming that areas within their territories are pest- or disease-free or areas of low pest or disease prevalence shall provide the necessary evidence thereof in order to objectively demonstrate to the importing contracting party that such areas are, and are likely to remain, pest- or disease-free or areas of low pest or disease prevalence, respectively. For this purpose, reasonable access shall be given, upon request, to the importing contracting party for inspection, testing and other relevant procedures.

Transparency

27. Contracting parties shall notify changes in their sanitary or phytosanitary measures and shall provide information on their sanitary or phytosanitary measures in accordance with the provisions of Annex B.

Control, Inspection and Approval Procedures

28. Contracting parties shall observe the provisions of Annex C in the operation of control, inspection and approval procedures, including national systems for approving the use of additives or for establishing tolerances for contaminants in foods, beverages or feedstuffs, and otherwise ensure that their procedures are not inconsistent with the provisions of this decision.

Technical Assistance

29. Contracting parties agree to facilitate the provision of technical assistance to other contracting parties, especially developing contracting parties, either bilaterally or through the appropriate international organizations. Such assistance may be, inter alia, in the areas of processing technologies, research and infrastructure, including in the
establishment of national regulatory bodies, and may take the form of advice, credits, donations and grants, including for the purpose of seeking technical expertise, training and equipment to allow such countries to adjust to, and comply with, sanitary or phytosanitary measures necessary to achieve the appropriate level of sanitary or phytosanitary protection in their export markets.

30. Where substantial investments are required in order for an exporting developing contracting party to fulfil the sanitary or phytosanitary requirements of an importing contracting party, the latter shall consider providing such technical assistance as will permit the developing contracting party to maintain and expand its market access opportunities for the product involved.

Special and Differential Treatment

31. In the preparation and application of sanitary or phytosanitary measures, contracting parties shall take account of the special needs of developing contracting parties, and in particular of the least-developed ones.

32. Where the appropriate level of sanitary or phytosanitary protection allows scope for the phased introduction of new sanitary or phytosanitary measures, longer time-frames for compliance should be accorded on products of interest to developing contracting parties so as to maintain opportunities for their exports.

33. With a view to ensuring that developing contracting parties are able to comply with the provisions of this decision, the Committee on Sanitary and Phytosanitary Measures is enabled to grant to such countries, upon request, specified, time-limited exceptions in whole or in part from obligations under this decision, taking into account their financial, trade and development needs.

34. Contracting parties should encourage and facilitate the active participation of developing countries in the relevant international organizations.

Consultations and Dispute Settlement

35. The provisions of Articles XXII and XXIII of the General Agreement, and the Understanding on Rules and Procedures Governing the Settlement of Disputes under Articles XXII and XXIII of the General Agreement on Tariffs and Trade as adopted by the CONTRACTING PARTIES shall apply to consultations and the settlement of disputes under this decision, except as otherwise specifically provided herein.

36. In a dispute under this decision involving scientific or technical issues, a panel should seek advice from experts chosen by the panel in consultation with the parties to the dispute. To this end, the panel may, when it deems it appropriate, establish an advisory technical experts group, or consult the relevant international organizations, at the request of either party to the dispute or on its own initiative.
37. Nothing in this decision shall impair the rights of contracting parties under other international agreements, including the rights to resort to the good offices or dispute settlement mechanisms of other international organizations or established under any international agreement.

Administration

38. A Committee on Sanitary and Phytosanitary Measures shall be established to provide a regular forum for consultations. It shall carry out the functions necessary to implement the provisions of this decision and the furtherance of its objectives, in particular with respect to harmonization. The Committee shall reach its decisions by consensus.

39. The Committee shall encourage and facilitate ad hoc consultations or negotiations among its members on specific sanitary or phytosanitary issues. The Committee shall encourage the use of international standards, guidelines or recommendations by all contracting parties and, in this regard, shall sponsor technical consultation and study with the objective of increasing coordination and integration between international and national systems and approaches for approving the use of food additives or for establishing tolerances for contaminants in foods, beverages and feedstuffs.

40. The Committee shall maintain close contact with the relevant international organizations in the field of sanitary and phytosanitary protection, especially with the Codex Alimentarius Commission, the International Office of Epizootics, and the Secretariat of the International Plant Protection Convention, with the objective of securing the best available scientific and technical advice for the administration of this decision and in order to ensure that unnecessary duplication of effort is avoided.

41. The Committee shall develop a procedure to monitor the process of international harmonization and the use of international standards, guidelines or recommendations. For this purpose, the Committee should, in conjunction with the relevant international organizations, establish a list of international standards, guidelines or recommendations relating to sanitary or phytosanitary measures which the Committee determines to have a major trade impact. The list should include an indication by contracting parties of those international standards, guidelines or recommendations which they apply as conditions for import or on the basis of which imported products conforming to these standards can enjoy access to their markets. For those cases in which a contracting party does not apply an international standard, guideline or recommendation as a condition for import, the contracting party should provide an indication of the reason thereof, and, in particular, if it considers that the standard is not stringent enough to provide the appropriate level of sanitary or phytosanitary protection. If a contracting party revises its position, following its indication of the use of a standard, guideline or
recommendation as a condition for import, it should provide an explanation for its change and so inform the GATT as well as the relevant international organizations, unless such notification and explanation is given according to the procedures of Annex B.

42. In order to avoid unnecessary duplication, the Committee may decide, as appropriate, to use the information generated by the existing procedures, particularly for notification, which are in operation in the relevant international organizations.

43. The Committee may, on the basis of an initiative from one of the contracting parties, through appropriate channels invite the relevant international organizations or their subsidiary bodies to examine specific matters with respect to a particular standard, guideline or recommendation, including the basis of explanations for non-use given according to paragraph 41 above.

44. The Committee shall review the operation and implementation of this decision three years after its entry into force, and thereafter as the need arises, and, where appropriate, propose modifications to the text of this decision having regard, inter alia, to the experience gained in its implementation.

Implementation

45. Contracting parties are fully responsible under this decision for the observance of all obligations set forth herein. Contracting parties shall formulate and implement positive measures and mechanisms in support of the observance of the provisions of this decision by other than central government bodies. Contracting parties shall take such reasonable measures as may be available to them to ensure that non-governmental entities within their territories, as well as regional bodies in which relevant entities within their territories are members, comply with the relevant provisions of this decision. In addition, contracting parties shall not take measures which have the effect of, directly or indirectly, requiring or encouraging such regional or non-governmental entities, or local governmental bodies, to act in a manner inconsistent with the provisions of this decision. Contracting parties shall ensure that they rely on the services of non-governmental entities for implementing sanitary or phytosanitary measures only if these entities comply with the provisions of this decision.

Final Provisions

46. The least developed contracting parties may delay application of the provisions of this decision for a period of 2 years following the date of entry into force of this decision with respect to their sanitary or phytosanitary measures affecting importation or imported products. Other developing contracting parties may delay application of the provisions of this decision, other than paragraphs 23 and 27, for 2 years following the
date of entry into force of this decision with respect to their existing sanitary or phytosanitary measures affecting importation or imported products where such application is prevented by a lack of technical expertise, technical infrastructure or resources.
For the purposes of this decision, the following definitions shall apply:

1. **Sanitary or phytosanitary measure** - Any measure applied:
   - to protect animal or plant life or health within the territory of the contracting party from risks arising from the entry, establishment or spread of pests, diseases, disease-carrying organisms or disease-causing organisms;
   - to protect human or animal life or health within the territory of the contracting party from risks arising from additives, contaminants, toxins or disease-causing organisms, in foods, beverages or feedstuffs;
   - to protect human life or health within the territory of the contracting party from risks arising from diseases carried by animals, plants or products thereof or from the entry, establishment or spread of pests; or
   - to prevent or limit other damage within the territory of the contracting party from the entry, establishment or spread of pests.

Sanitary or phytosanitary measures include all relevant laws, decrees, regulations, requirements and procedures including, inter alia, end product criteria; processing and production methods; testing, inspection, certification and approval procedures; quarantine treatments including relevant requirements associated with the transport of animals or plants, or with the materials necessary for their survival during transport; provisions on relevant statistical methods, sampling procedures and methods of risk assessment; and packaging and labelling requirements directly related to food safety.

2. **Harmonization** - The establishment, recognition and application of common sanitary and phytosanitary measures by different contracting parties.

* For the purpose of these definitions "animal" includes fish and wild fauna; "plant" includes forests and wild flora; "pests" include weeds; and "contaminants" include pesticide and veterinary drug residues and extraneous matter.
3. **International standards, guidelines and recommendations**

- for food safety, the standards, guidelines and recommendations established by the Codex Alimentarius Commission relating to food additives, veterinary drug and pesticide residues, contaminants, methods of analysis and sampling, and codes and guidelines of hygienic practice;

- for animal health and zoonoses, the standards, guidelines and recommendations developed under the auspices of the International Office of Epizootics;

- for plant health, the international standards, guidelines and recommendations developed under the auspices of the Secretariat of the International Plant Protection Convention in co-operation with regional organizations operating within the framework of the International Plant Protection Convention;

- and, for matters not covered by the above organizations, appropriate standards, guidelines and recommendations promulgated by other relevant international organizations open for membership to all contracting parties, as identified by the Committee on Sanitary and Phytosanitary Measures.

4. **Risk assessment** - The evaluation of the likelihood of entry, establishment or spread of a pest or disease within the territory of an importing contracting party according to the sanitary or phytosanitary measures which might be applied, and of the associated potential biological and economic consequences; or the evaluation of the potential adverse effects on human or animal health arising from the presence of additives, contaminants, toxins or disease-causing organisms in food, feedstuffs and beverages.

5. **Appropriate Level of Sanitary or Phytosanitary Protection** - The level of protection deemed appropriate by the contracting party establishing a sanitary or phytosanitary measure to protect human, animal or plant life or health within its territory. (Note: Many parties otherwise refer to this concept as the "acceptable level of risk".)

6. **Pest-or Disease-Free Area** - An area, whether all of a country, part of a country, or all or parts of several countries, as identified by the competent authorities, in which a specific pest or disease does not occur.

**NOTE:** A pest- or disease-free area may surround, be surrounded by, or be adjacent to an area - whether within part of a country or in a geographic region which includes parts of or all of several countries - in which a specific pest or disease is known to occur but is subject to regional control measures such as the establishment of protection, surveillance and buffer zones which will confine or eradicate the pest or disease in question.
7. **Area of low pest or disease prevalence** - An area, whether all of a country, part of a country, or all or parts of several countries, as identified by the competent authorities, in which a specific pest or disease occurs at low levels and which are subject to effective surveillance, control or eradication measures.
ANNEX B

Transparency of Sanitary and Phytosanitary Regulations

1. Publication of regulations

1.1 Contracting parties shall ensure that all sanitary and phytosanitary regulations which have been adopted are published promptly in such a manner as to enable interested contracting parties to become acquainted with them.

1.2 Except in urgent circumstances, contracting parties shall allow a reasonable interval between the publication of a sanitary or phytosanitary regulation and its entry into force in order to allow time for producers in exporting countries, and particularly in developing countries, to adapt their products and methods of production to the requirements of the importing country.

2. Enquiry points

2.1 Each contracting party shall ensure that one enquiry point exists which is responsible for the provision of answers to all reasonable questions from interested contracting parties as well as for the provision of relevant documents regarding:

(a) any sanitary or phytosanitary regulations adopted or proposed within its territory;

(b) any control and inspection procedures, production and quarantine treatment, pesticide tolerance and food additive approval procedures, which are operated within its territory;

(c) risk assessment procedures, factors taken into consideration, as well as the determination of the appropriate level of sanitary and phytosanitary protection;

(d) the membership and participation of the contracting party, or of relevant bodies within its territory, in international and regional sanitary and phytosanitary organizations and systems, as well as in bilateral and multilateral agreements and arrangements within the scope of this decision, and copies of the texts of such agreements and arrangements.

2.2 Contracting parties shall ensure that where copies of documents are requested by interested contracting parties, they are supplied at the same price (if any), apart from the real cost of delivery, as to the nationals of the contracting party concerned.

* Sanitary and phytosanitary measures such as laws, decrees or ordinances which are applicable generally.
3. **Notification procedures**

3.1 Whenever an international standard, recommendation or guideline does not exist or the content of a proposed sanitary or phytosanitary regulation is not substantially the same as the content of an international standard, recommendation or guideline, and if the regulation may have a significant effect on trade of other contracting parties, contracting parties shall:

(a) publish a notice at an early stage, in such a manner as to enable interested contracting parties to become acquainted with the proposal to introduce a particular regulation;

(b) notify other contracting parties, through the GATT Secretariat, of the products to be covered by the regulation together with a brief indication of the objective and rationale of the proposed regulation. Such notifications shall take place at an early stage, when amendments can still be introduced and comments taken into account;

(c) provide upon request to other contracting parties copies of the proposed regulation and, whenever possible, identify the parts which in substance deviate from international standards, recommendations or guidelines;

(d) without discrimination, allow reasonable time for other contracting parties to make comments in writing, discuss these comments upon request, and take the comments and the results of the discussions into account.

3.2 However, where urgent problems of health protection arise or threaten to arise for a contracting party, that contracting party may omit such of the steps enumerated in paragraph 3.1 of this Annex as it finds necessary, provided that the contracting party:

(a) immediately notify other contracting parties, through the GATT Secretariat, of the particular regulation and the products covered, with a brief indication of the objective and the rationale of the regulation, including the nature of the urgent problem(s);

(b) provide upon request to other contracting parties copies of the regulation;

(c) allow other contracting parties to make comments in writing, discuss these comments upon request, and take the comments and the results of the discussions into account.

3.3 Notifications to the GATT Secretariat shall be either in English, French or Spanish.
3.4 Developed contracting parties shall, if requested by other contracting parties, provide copies of the documents or, in case of voluminous documents, summaries of the documents covered by a specific notification in either English, French or Spanish.

3.5 The GATT Secretariat shall promptly circulate copies of the notifications to all contracting parties and interested international organizations and draw the attention of developing contracting parties to any notifications relating to products of particular interest to them.

3.6 Contracting parties shall designate one single central government authority as responsible for the implementation, on the national level, of the provisions concerning notification procedures according to paragraphs 3.1, 3.2, 3.3 and 3.4 of this Annex.

4. General reservations

4.1 Nothing in this decision shall be construed as requiring:

(a) the provision of particulars or copies of drafts or the publication of texts other than in the language of the contracting party except as stated in paragraph 3.4 of this Annex; or

(b) contracting parties to disclose confidential information which would impede enforcement of sanitary or phytosanitary legislation or which would prejudice the legitimate commercial interests of particular enterprises.
ANNEX C

Control, Inspection and Approval Procedures*

1. Contracting parties shall ensure, with respect to any procedure to check and ensure the fulfilment of sanitary or phytosanitary measures, that:

(a) such procedures are undertaken and completed without undue delay and in no less favourable manner for imported products than for like domestic products;

(b) the standard processing period of each procedure is published or that the anticipated processing period is communicated to the applicant upon request; when receiving an application, the competent body promptly examines the completeness of the documentation and informs the applicant in a precise and complete manner of all deficiencies; the competent body as soon as possible transmits the results of the procedure in a precise and complete manner to the applicant so that corrective action may be taken if necessary; even when the application has deficiencies, the competent body proceeds as far as practicable with the procedure if the applicant so requests; and that upon request, the applicant is informed of the stage of the procedure, with any delay being explained;

(c) information requirements are limited to what is necessary for appropriate control, inspection and approval procedures, including for approval of the use of additives or for the establishment of tolerances;

(d) the confidentiality of information about imported products arising from or supplied in connection with control, inspection and approval is respected in a way no less favourable than for domestic products and in such a manner that legitimate commercial interests are protected;

(e) any requirements for control, inspection and approval of individual specimens of a product are limited to what is reasonable and necessary;

(f) any fees imposed for the procedures on imported products are equitable in relation to any fees charged on like domestic products or products originating in any other country and should be no higher than the actual cost of the service;

* Control, inspection and approval procedures include, inter alia, procedures for sampling, testing and certification.
(g) the same criteria should be used in the siting of facilities used in the procedures and the selection of samples of imported products as for domestic products so as to minimize the inconvenience to applicants, importers, exporters or their agents;

(h) whenever specifications of a product are changed subsequent to its control and inspection in light of the applicable regulations, the procedure for the modified product is limited to what is necessary to determine whether adequate confidence exists that the product still meets the regulations concerned;

(i) a procedure exists to review complaints concerning the operation of such procedures and to take corrective action when a complaint is justified.

Where an importing contracting party operates a system for the approval of the use of food additives or for the establishment of tolerances for contaminants in food, feedstuffs or beverages which prohibits or restricts access to its domestic markets for products based on the absence of an approval, the importing contracting party shall consider the use of a relevant international standard as the basis for access until a final determination is made.

2. Where a sanitary or phytosanitary measure specifies control at the level of production, the contracting party in whose territory the production takes place shall provide the necessary assistance to facilitate such control and the work of the controlling authorities.

3. Nothing in this decision shall prevent contracting parties from carrying out reasonable inspection within their own territories.
PART D

DECLARATION ON MEASURES CONCERNING
THE POSSIBLE NEGATIVE EFFECTS OF THE
REFORM PROGRAMME ON NET FOOD-IMPORTING
DEVELOPING COUNTRIES

1. Participants recognize that the progressive implementation of the results of the Uruguay Round as a whole will generate increasing opportunities for trade expansion and economic growth to the benefit of all participants.

2. Participants recognize that during the reform programme leading to greater liberalization of trade in agriculture least developed and net food-importing developing countries may experience negative effects in terms of the availability of adequate supplies of basic foodstuffs from external sources on reasonable terms and conditions, including short-term difficulties in financing normal levels of commercial imports of basic foodstuffs.

3. Participants accordingly agree to establish appropriate mechanisms to ensure that the implementation of the results of the Uruguay Round on trade in agriculture does not adversely affect the availability of food aid at a level which is sufficient to continue to provide assistance in meeting the food needs of developing countries, especially least developed and net food-importing developing countries. To this end participants agree:

   (i) to review the level of food aid established periodically by the Committee on Food Aid under the Food Aid Convention and to initiate negotiations in the appropriate forum to establish a level of food aid commitments sufficient to meet the legitimate needs of developing countries during the reform programme;

   (ii) to adopt guidelines to ensure that an increasing proportion of basic foodstuffs is provided to least developed and net food-importing developing countries in fully grant form or on appropriate concessional terms in line with Article IV of the Food Aid Convention;

   (iii) to give sympathetic consideration in the context of their aid programmes to requests for the provision of technical and financial assistance to least developed and net food-importing countries to improve their agricultural productivity and infrastructure.

4. Participants further agree to ensure that any agreement relating to agricultural export credits makes appropriate provision for differential treatment in favour of least developed and net food-importing developing countries.
5. Participants recognize that as a result of the Uruguay Round certain countries may experience short-term difficulties in financing normal levels of commercial imports and that these countries may be eligible to draw on the resources of international financial institutions under existing facilities, or such facilities as may be established, in the context of adjustment programmes, in order to address such financing difficulties. In this regard participants take note of paragraph 37 of the report of the Director-General of the GATT on his consultations with the Managing-Director of the International Monetary Fund and the President of the World Bank.

6. The provisions of this Declaration will be subject to regular review by the CONTRACTING PARTIES.
Attachment to Annex 2 of the Agreement on Modalities for the Establishment of Specific Binding Commitments under the Reform Programme

Formats for lists of specific commitments and supporting material.
<table>
<thead>
<tr>
<th>Tariff item number</th>
<th>Description of products</th>
<th>Base rate of duty (Supporting Tables 1 and 2)</th>
<th>Bound rate of duty</th>
<th>Other charges and duties</th>
<th>Year of implementation of final tariff</th>
<th>Percentage reduction applied</th>
<th>Special safeguard (Y/N)</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>
### Table 2

**AGRICULTURAL NEGOTIATIONS: LIST OF COMMITMENTS**

**MARKET ACCESS:** name of country

Lists Relating to Current Access

<table>
<thead>
<tr>
<th>Tariff item number</th>
<th>Description of product</th>
<th>Initial tariff quota quantity</th>
<th>In-quota tariff rate</th>
<th>Final tariff quota quantity</th>
<th>Other terms and conditions</th>
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</thead>
<tbody>
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</table>
### AGRICULTURAL NEGOTIATIONS: LIST OF COMMITMENTS

**MARKET ACCESS:** name of country

_lists relating to minimum access_

<table>
<thead>
<tr>
<th>Description of Products</th>
<th>Tariff item number(s) encompassed in product description</th>
<th>Initial tariff quota quantity (Supporting Table 3)</th>
<th>In-quota tariff rate</th>
<th>Final tariff quota quantity (Supporting Table 3)</th>
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**PART B: DOMESTIC SUPPORT COMMITMENTS**
<table>
<thead>
<tr>
<th>Description of basic products</th>
<th>Calendar/marketing year applied</th>
<th>Base product-specific AMS (Supporting Tables 4 to 8)</th>
<th>Annual commitment levels</th>
</tr>
</thead>
<tbody>
<tr>
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</table>
# AGRICULTURAL NEGOTIATIONS: LIST OF COMMITMENTS

**DOMESTIC SUPPORT:** name of country

Equivalent Commitments

<table>
<thead>
<tr>
<th>Description of basic products</th>
<th>Calendar/marketing year applied</th>
<th>Base commitment parameter(s) (Supporting Tables 4,5 and 9)</th>
<th>Annual commitment levels</th>
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</thead>
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</tbody>
</table>

1 2 3 4 5 6 7...
Table 6

AGRICULTURAL NEGOTIATIONS: LIST OF COMMITMENTS

DOMESTIC SUPPORT: name of country

Non-Product-Specific AMS

<table>
<thead>
<tr>
<th>Base AMS (Supporting Tables 4, 5 and 10)</th>
<th>Calendar/ marketing year applied</th>
<th>Annual commitment levels</th>
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</thead>
<tbody>
<tr>
<td>1</td>
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PART C: EXPORT COMPETITION
### AGRICULTURAL NEGOTIATIONS: LIST OF COMMITMENTS

**EXPORT COMPETITION:** name of country

**Export Subsidies:** Budgetary Outlay and Quantity Reduction Commitments

<table>
<thead>
<tr>
<th>Description of products</th>
<th>Calendar/ marketing year applied</th>
<th>Base outlay level (Supporting Table 11)</th>
<th>Base quantity (Supporting Table 11)</th>
<th>Annual outlay commitment levels</th>
<th>Annual quantity commitment levels</th>
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</thead>
<tbody>
<tr>
<td>1</td>
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<td>4</td>
<td>5 6 7 8...</td>
<td>9 10 11 12...</td>
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</tbody>
</table>
Table 8

**AGRICULTURAL NEGOTIATIONS: LIST OF COMMITMENTS**

**EXPORT COMPETITION: name of country**

**Other: Commitments Limiting the Scope of Export Subsidies**

<table>
<thead>
<tr>
<th>Description of products</th>
<th>Nature of commitments</th>
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### PART A: MARKET ACCESS

**Supporting Table 1**

**AGRICULTURAL NEGOTIATIONS: SUPPORTING DATA**

**MARKET ACCESS: name of country**

<table>
<thead>
<tr>
<th>Tariff item number</th>
<th>Description of products</th>
<th>Current rate of duty (U/B)</th>
<th>Non-tariff measure(s) tarified</th>
<th>Internal price</th>
<th>External price</th>
<th>Quality/variety adjustment</th>
<th>Tariff Equivalent specific ad valorem sources</th>
<th>Data</th>
<th>Comments</th>
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</thead>
<tbody>
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</tbody>
</table>

(a) 1986 data used in columns 5 to 9
(b) 1987 data used in columns 5 to 9
(c) 1988 data used in columns 5 to 9
(d) average for product used in columns 5 to 9

**Tariff Equivalents: Tariff Equivalents Calculated Directly from Price Comparisons**

\( \text{Tariff Equivalent Data} \)
<table>
<thead>
<tr>
<th>Tariff item number</th>
<th>Description of products</th>
<th>Current rate of duty (UIB)</th>
<th>Non-tariff measure(s)</th>
<th>Component product(s) of component tariff equivalent(s)</th>
<th>Proportion(s)</th>
<th>External price of specific ad valorem derived protection</th>
<th>Tariff Equivalent</th>
<th>Additional industrial protection</th>
<th>Data sources</th>
<th>Comments</th>
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</table>

(a) 1986 data used in columns 5 to 9
(b) 1987 data used in columns 5 to 9
(c) 1988 data used in columns 5 to 9
(d) average for product used in columns 5 to 9
Supporting Table 3

<table>
<thead>
<tr>
<th>Description of products</th>
<th>Tariff item number(s) encompassed in product description</th>
<th>Current access (product equivalent)</th>
<th>Consumption quantity</th>
<th>Initial new access quantity</th>
<th>Final new access quantity</th>
<th>Data sources</th>
<th>Comments</th>
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</thead>
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</tbody>
</table>

\[(a)\] 1986 data used in columns 3 and 4
\[(b)\] 1987 data used in columns 3 and 4
\[(c)\] 1988 data used in columns 3 and 4
\[(d)\] average for product used in columns 3 and 4
**PART B: DOMESTIC SUPPORT**

**Supporting Table 4**

**AGRICULTURAL NEGOTIATIONS: SUPPORTING DATA**

**DOMESTIC SUPPORT: name of country**

**Measures Exempt from the Reduction Commitment**

<table>
<thead>
<tr>
<th>Measure name</th>
<th>Measure type</th>
<th>Description (including reference to criteria where appropriate)</th>
<th>Monetary value of measure</th>
<th>Data sources</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) &quot;general services&quot;</td>
<td></td>
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<tr>
<td>(b) &quot;public stockholding for food security purposes&quot;</td>
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<tr>
<td>(c) &quot;domestic food aid&quot;</td>
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<tr>
<td>(d) &quot;decoupled income support&quot;</td>
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<tr>
<td>(e) &quot;income insurance and income safety-net programmes&quot;</td>
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<tr>
<td>(f) &quot;payments for relief from natural disasters&quot;</td>
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<tr>
<td>(g) &quot;structural adjustment assistance provided through producer retirement programmes&quot;</td>
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<tr>
<td>(h) &quot;structural adjustment assistance provided through resource retirement programmes&quot;</td>
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<tr>
<td>(i) &quot;structural adjustment assistance provided through investment aids&quot;</td>
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<td>(j) &quot;environmental programmes&quot;</td>
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<td>(k) &quot;regional assistance programmes&quot;</td>
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<tr>
<td>(l) &quot;other&quot;</td>
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### Measures Exempt from the Reduction Commitment - Special and Differential Treatment

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<tr>
<th>Measure name</th>
<th>Measure type</th>
<th>Description</th>
<th>Monetary value of measure</th>
<th>Data sources</th>
<th>Comments</th>
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</tbody>
</table>

(a) "investment subsidies generally available to agriculture"

(b) "support to encourage diversion from the cultivation of illicit narcotics"

(c) "input subsidies generally available to low-income or resource poor producers"
### AGRICULTURAL NEGOTIATIONS: SUPPORTING DATA

#### DOMESTIC SUPPORT: name of country

**Aggregate Measurements of Support: Market Price Support**

<table>
<thead>
<tr>
<th>Description of basic products</th>
<th>Measure type(s)</th>
<th>Applied administered price</th>
<th>External reference price</th>
<th>Eligible production</th>
<th>Associated fees/levies</th>
<th>Total market price support</th>
<th>Data sources</th>
<th>Comments</th>
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<tbody>
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</table>

(a) 1986 data used in columns 3 and 5 to 7  
(b) 1987 data used in columns 3 and 5 to 7  
(c) 1988 data used in columns 3 and 5 to 7  
(d) average for product used in columns 3, and 5 to 7

\[(3-4)^*5\)-6
### Aggregate Measurements of Support: Non-Exempt Direct Payments

<table>
<thead>
<tr>
<th>Description of basic products</th>
<th>Measure type(s)</th>
<th>Applied administered price</th>
<th>External reference price</th>
<th>Eligible production</th>
<th>Total price-related direct payments</th>
<th>Other non-exempt direct payments</th>
<th>Associated fees/levies</th>
<th>Total direct payments</th>
<th>Data sources</th>
<th>Comments</th>
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(a) 1986 data used in columns 3 and 5 to 9  
(b) 1987 data used in columns 3 and 5 to 9  
(c) 1988 data used in columns 3 and 5 to 9  
(d) average for product used in columns 3 and 5 to 9
### Aggregate Measurements of Support: Other Product-Specific Support and Total AMS

<table>
<thead>
<tr>
<th>Description of basic products</th>
<th>Measure type(s)</th>
<th>Other product-specific support (include calculation details)</th>
<th>Associated fees/levies</th>
<th>Total other product-specific support</th>
<th>Market price support</th>
<th>Non-exempt direct payments</th>
<th>Total AMS</th>
<th>Data sources</th>
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</tbody>
</table>

(a) 1986 data used in columns 3 to 9  
(b) 1987 data used in columns 3 to 9  
(c) 1988 data used in columns 3 to 9  
(d) average for product used in columns 3 to 9
## AGRICULTURAL NEGOTIATIONS: SUPPORTING DATA

### DOMESTIC SUPPORT: Name of Country

**Equivalent Commitments**

<table>
<thead>
<tr>
<th>Description of basic products</th>
<th>Measure type(s)</th>
<th>Applied administered price</th>
<th>Production eligible to receive the applied administered price</th>
<th>Market price support budgetary outlays</th>
<th>Non-exempt directs</th>
<th>Other product-specific support</th>
<th>Data sources</th>
<th>Comments</th>
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</tbody>
</table>

(a) 1986 data used in columns 3 to 6  
(b) 1987 data used in columns 3 to 6  
(c) 1988 data used in columns 3 to 6  
(d) average for product used in columns 3 to 6
Supporting Table 10

**AGRICULTURAL NEGOTIATIONS: SUPPORTING DATA**

**DOMESTIC SUPPORT:** name of country

**Non-Product-Specific AMS**

<table>
<thead>
<tr>
<th>Measure type(s)</th>
<th>Non-product-specific budgetary outlays</th>
<th>Other non-product-specific support (include calculation details)</th>
<th>Associated fees/levies</th>
<th>Total non-product-specific support</th>
<th>Data sources</th>
<th>Comments</th>
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<td>4</td>
<td>5</td>
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<td>7</td>
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</tbody>
</table>

(a) 1986 data used in columns 2 to 5
(b) 1987 data used in columns 2 to 5
(c) 1988 data used in columns 2 to 5
(d) average for measures in columns 2 to 5
### AGRICULTURAL NEGOTIATIONS: SUPPORTING DATA

#### EXPORT COMPETITION: name of country

**Export Subsidies: Outlay and Quantity Reduction Commitments**

| Description | Direct export Sales of Producer Cost reduction Internal transport Total Product specific Quantity of Data Comments |
|-------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| of products | subsides | stocks | financed measures | subsidies | subsidies | export subsidies | subsidized exports | inclusion | measure description |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

(a) 1986 data used in columns 2 to 8  
(b) 1987 data used in columns 2 to 8  
(c) 1988 data used in columns 2 to 8  
(d) 1989 data used in columns 2 to 8  
(e) 1990 data used in columns 2 to 8  
(f) average for product used in columns 2 to 8
M. AGREEMENT ON SAFEGUARDS

PREAMBLE

The CONTRACTING PARTIES:

Having in mind the overall objective of the contracting parties to improve and strengthen the international trading system based on the General Agreement on Tariffs and Trade;

Recognizing the need to clarify and reinforce the disciplines of the General Agreement, and specifically those of its Article XIX (Emergency Action on Imports of Particular Products), to re-establish multilateral control over safeguards and eliminate measures that escape such control;

Recognizing the importance of structural adjustment and the need to enhance rather than limit competition in international markets; and

Recognizing further that, for these purposes, a comprehensive agreement, applicable to all contracting parties and based on the basic principles of the General Agreement, is called for;

Hereby agree as follows:

I

GENERAL

1. This agreement establishes rules for the application of safeguard measures which shall be understood to mean those measures provided for in Article XIX of the General Agreement.

II

CONDITIONS

2. A contracting party\(^1\) may apply a safeguard measure to a product only if the importing contracting party has determined, pursuant to the

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\(^1\)A customs union may apply a safeguard measure as a single unit or on behalf of a member state. When a customs union applies a safeguard measure as a single unit, all the requirements for the determination of serious injury or threat thereof under this agreement shall be based on the conditions existing in the customs union as a whole. When a safeguard measure is applied on behalf of a member state, all the requirements for the determination of serious injury or threat thereof shall be based on the conditions existing in that member state and the measure shall be limited to that member state. Nothing in this agreement prejudges the interpretation of the relationship between Article XIX and Article XXIV:8 of the General Agreement.
provisions set out below, that such product is being imported into its territory in such increased quantities, absolute or relative to domestic production, and under such conditions as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products.

3. (a) A contracting party may apply a safeguard measure only following an investigation by the competent authorities of the importing contracting party pursuant to procedures previously established and made public in consonance with Article X of the General Agreement. This investigation shall include reasonable public notice to all interested parties and public hearings or other appropriate means in which importers, exporters and other interested parties could present evidence and their views, including the opportunity to respond to the presentations of other parties and to submit their views, inter alia, as to whether or not the application of a safeguard measure would be in the public interest. The competent authorities shall publish a report setting forth their findings and reasoned conclusions reached on all pertinent issues of fact and law.

(b) Any information which is by nature confidential or which is provided on a confidential basis shall, upon cause being shown, be treated as such by the competent authorities. Such information shall not be disclosed without permission of the party submitting it. Parties providing confidential information may be requested to furnish non-confidential summaries thereof, if such parties indicate that such information cannot be summarized, the reasons why a summary cannot be provided. However, if the competent authorities find that a request for confidentiality is not warranted and if the party concerned is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, the authorities would be free to disregard such information unless it can be demonstrated to their satisfaction from appropriate sources that the information is correct.

4. In critical circumstances where delay would cause damage which it would be difficult to repair, a provisional safeguard measure may be taken pursuant to a preliminary determination that there is clear evidence that increased imports have caused or are threatening to cause serious injury. The duration of the provisional measure shall not exceed 200 days, during which period the pertinent requirements of this Section and Section VII shall be met. Such measures should take the form of tariff increases to be promptly refunded if the subsequent investigation referred to in paragraph 7 below does not determine that increased imports have caused or threatened to cause serious injury to a domestic industry. The duration of any such provisional measure shall count towards the initial period and any extension referred to in paragraphs 10, 11 and 12 below.

5. Safeguard measures shall be applied to a product being imported irrespective of its source.
6. For the purposes of this agreement:

(a) serious injury shall be understood to mean a significant overall impairment in the position of a domestic industry;

(b) in determining injury, a domestic industry shall be understood to mean the producers as a whole of the like or directly competitive products operating within the territory of a contracting party, or those whose collective output of the like or directly competitive products constitutes a major proportion of the total domestic production of those products; and

(c) threat of serious injury shall be understood to mean serious injury that is clearly imminent, in accordance with the provisions of paragraph 7 below. A determination of the existence of a threat of serious injury shall be based on facts and not merely on allegation, conjecture or remote possibility.

7. (a) In the investigation to determine whether increased imports have caused or are threatening to cause serious injury to a domestic industry under the terms of this agreement, the competent authorities shall evaluate all relevant factors of an objective and quantifiable nature having a bearing on the situation of that industry, in particular, the rate and amount of the increase in imports of the product concerned in absolute and relative terms, the share of the domestic market taken by increased imports, changes in the level of sales, production, productivity, capacity utilization, profits and losses, and employment.

(b) The determination referred to in sub-paragraph 7(a) shall not be made unless this investigation demonstrates, on the basis of objective evidence, the existence of the causal link between increased imports of the product concerned and serious injury or threat thereof. When factors other than increased imports are causing injury to the domestic industry at the same time, such injury shall not be attributed to increased imports.

(c) The competent authorities shall publish promptly, in accordance with the provisions of paragraph 3 above, a detailed analysis of the case under investigation as well as a demonstration of the relevance of the factors examined.

8. Safeguard measures shall be applied only to the extent as may be necessary to prevent or remedy serious injury and to facilitate adjustment. If a quantitative restriction is used, such a measure shall not reduce the quantity of imports below the level of a recent period which shall be the average of imports in the last three representative years for which statistics are available, unless clear justification is given that a different level is necessary to prevent or remedy serious injury. Contracting parties should choose measures most suitable for the achievement of these objectives.
9. (a) In cases in which a quota is allocated among supplying countries, the contracting party applying the restrictions may seek agreement with respect to the allocation of shares in the quota with all other contracting parties having a substantial interest in supplying the product concerned. In cases in which this method is not reasonably practicable, the contracting party concerned shall allot to contracting parties having a substantial interest in supplying the product shares based upon the proportions, supplied by such contracting parties during a previous representative period, of the total quantity or value of imports of the product, due account being taken of any special factors which may have affected or may be affecting the trade in the product.

(b) A contracting party may depart from the provisions in (a) above provided that consultations under paragraph 27 are conducted under the auspices of the Safeguards Committee and that clear demonstration is provided to the Committee that (i) imports from certain contracting parties have increased in disproportionate percentage in relation to the total increase of imports of the product concerned in the representative period, (ii) the reasons for the departure from the provisions in (a) above are justified, and (iii) the conditions of such departure are equitable to all suppliers of the product concerned. The duration of any such measure shall not be extended beyond the initial period under paragraph 10 below. The departure referred to above shall not be permitted in the case of threat of serious injury.

10. Safeguard measures shall be applied only for a period of time as may be necessary to prevent or remedy serious injury and to facilitate adjustment. It shall not exceed four years, unless this is extended under paragraph 11 below.

11. The period mentioned in paragraph 10 above may be extended provided that the competent authorities of the importing contracting party have determined, in conformity with the procedures set out in this Section, that: the safeguard measure continues to be necessary to prevent or remedy serious injury; that there is evidence that the industry is adjusting; and that the pertinent provisions of Sections III and VII below are observed.

12. The total period of a safeguard measure including the period of application of any provisional measure, the period of initial application, and any extension thereof shall not exceed eight years.

13. In order to facilitate adjustment, if the expected duration of a safeguard measure as notified under the provisions of paragraph 25 is over one year, it shall be progressively liberalized at regular intervals during the period of application. If the duration of the measure exceeds three years, the contracting party applying such a measure shall review the situation not later than the mid-term of the measure and, if appropriate, withdraw it or increase the pace of liberalization. A measure extended under paragraph 11 above shall not be more restrictive than it was at the end of the initial period, and should continue to be liberalized.
14. No safeguard measure shall be applied again to the import of a product which has been subject to such a measure, taken after the date of entry into force of this agreement, for a period of time equal to that during which such measure had been previously applied, provided that the period of non-application is at least two years.

15. Notwithstanding the provisions of paragraph 14 above, a safeguard measure with a duration of 180 days or less may be applied again to the import of a product if:

(a) at least one year has elapsed since the date of introduction of a safeguard measure on the import of that product; and

(b) such a safeguard measure has not been applied on the same product more than twice in the five-year period immediately preceding the date of introduction of the measure.

III

LEVEL OF CONCESSIONS AND OTHER OBLIGATIONS

16. A contracting party proposing to apply a safeguard measure or seeking an extension shall endeavour to maintain a substantially equivalent level of concessions and other obligations to that existing between it and the exporting contracting parties which would be affected by such a measure under the General Agreement, in accordance with the provisions of paragraph 27 below. To achieve this objective, the contracting parties concerned may agree on any adequate means of trade compensation for the adverse effects of the measure on their trade.

17. If no agreement is reached within 30 days in the consultations under paragraph 27 below, then the affected exporting contracting parties are free, not later than 90 days after the measure is applied, to suspend, upon the expiration of 30 days from the day on which written notice of such suspension is received by the CONTRACTING PARTIES, the application of substantially equivalent concessions or other obligations under the General Agreement, to the trade of the contracting party applying the safeguard measure, the suspension of which the CONTRACTING PARTIES do not disapprove.

18. The right of suspension referred to in paragraph 17 above shall not be exercised for the first three years that a safeguard measure is in effect, provided that the safeguard measure has been taken as a result of an absolute increase in imports and that such a measure conforms to the provisions of this agreement.
DEVELOPING COUNTRIES

19. Safeguard measures shall not be applied against a product originating in a developing contracting party as long as its share of imports of the product concerned does not exceed 3 per cent, provided that, developing contracting parties with less than 3 per cent import share collectively account for not more than 9 per cent of total imports of the product concerned.

20. A developing contracting party shall have the right to extend the period of application of a safeguard measure for a period of up to two years beyond the maximum period provided for in paragraph 12 above. Notwithstanding the provisions of paragraph 14 above, a developing contracting party shall have the right to apply a safeguard measure again to the import of a product which has been subject to such a measure, taken after the date of entry into force of this agreement, for a period of time equal to half that during which such a measure has been previously applied, provided that the period of non-application is at least two years.

EXISTING ARTICLE XIX MEASURES

21. Contracting parties shall terminate all existing safeguard measures taken pursuant to Article XIX of the General Agreement not later than eight years after the date on which they were first applied or five years after the date of entry into force of this agreement, whichever comes later.

PROHIBITION AND ELIMINATION OF CERTAIN MEASURES

22. (a) A contracting party shall not take or seek any emergency action on imports of particular products as set forth in Article XIX unless such action conforms with the provisions of Article XIX of the General Agreement applied in accordance with this agreement.

1A contracting party shall immediately notify such a decision to the CONTRACTING PARTIES.
(b) Furthermore, a contracting party shall not seek, take or maintain any voluntary export restraints, orderly marketing arrangements or any other similar measures on the export or the import side. These include actions taken by a single contracting party as well as actions under agreements, arrangements and understandings entered into by two or more contracting parties. Any such measure in effect at the time of entry into force of this agreement shall be brought into conformity with this provision or phased out, in accordance with paragraph 23 below.

(c) Measures sought, taken or maintained by a contracting party pursuant to other provisions of the General Agreement, or protocols and agreements or arrangements concluded within the framework of the General Agreement are not included in the scope of this agreement.

23. The phasing out of existing measures referred to in paragraph 22 above shall be carried out according to timetables to be presented to the Safeguards Committee by the contracting parties concerned not later than 180 days after the date of entry into force of this agreement. These timetables shall provide for all measures referred to in paragraph 22 above to be phased out or brought into conformity with this agreement within a period not exceeding four years after the date of entry into force of this agreement, subject to not more than one specific measure per importing contracting party, the duration of which shall not extend beyond December 31, 1999. Any such exception must be mutually agreed between the parties directly concerned and notified to the Safeguard Committee for its review and acceptance within 90 days of the coming into force of this agreement. The Annex indicates a measure which has been agreed as falling under this exception.

24. Contracting parties shall not encourage nor support the adoption or maintenance by public and private enterprises of non-governmental measures equivalent to those referred to in paragraph 22 above.

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1 An import quota applied as a safeguard measure in conformity with the relevant provisions of the General Agreement may, by mutual agreement, be administered by the exporting contracting party.

2 Examples of similar measures include export moderation, export-price or import-price monitoring systems, export or import surveillance, compulsory import cartels and discretionary export or import licensing schemes, any of which afford protection.

3 The only such exception to which the European Community is entitled is indicated in the Annex.
NOTIFICATION AND CONSULTATION

25. A contracting party shall immediately notify the CONTRACTING PARTIES upon:

   (a) initiating an investigatory process relating to serious injury or threat thereof and the reasons for it;

   (b) making a finding of serious injury or threat thereof caused by increased imports; and

   (c) taking a decision to apply or extend a safeguard measure.

26. In making the notifications referred to in sub-paragraphs 25(b) and (c) above, the contracting party proposing to apply or extend a safeguard measure shall provide the CONTRACTING PARTIES with all pertinent information, which shall include evidence of serious injury or threat thereof caused by increased imports, precise description of the product involved and the proposed measure, proposed date of introduction, expected duration and timetable for progressive liberalization. In the case of an extension of a measure, evidence that the industry concerned is adjusting shall also be provided. The CONTRACTING PARTIES or the Safeguards Committee may request such additional information as they may consider necessary from the contracting party proposing to apply or extend the measure.

27. A contracting party proposing to apply or extend a safeguard measure shall provide adequate opportunity for prior consultations with those contracting parties having a substantial interest as exporters of the product concerned, with a view to, inter alia, reviewing the information provided under paragraph 26 above, exchanging views on the measure and reaching an understanding on ways to achieve the objective set out in Paragraph 16 above.

28. A contracting party shall make a notification before taking a provisional safeguard measure referred to in paragraph 4 above. Consultations shall be initiated immediately after the measure is taken.

29. The results of the consultations referred to in this Section, as well as the results of mid-term reviews referred to in paragraph 13, any form of compensation referred to in paragraph 16, and proposed suspensions of concessions and other obligations referred to in paragraph 17, shall be notified immediately to the CONTRACTING PARTIES by the contracting parties concerned.

30. Contracting parties shall notify promptly the CONTRACTING PARTIES of their laws, regulations and administrative procedures relating to safeguard measures as well as any modifications made to them.

31. Contracting parties maintaining measures described in paragraphs 21 and 22 above which exist at the date on which this agreement enters into force shall notify such measures to the CONTRACTING PARTIES, not later than 60 days after the entry into force of this agreement.
32. Any contracting party may notify the CONTRACTING PARTIES of all laws, regulations, administrative procedures and any measure or action dealt with in this agreement that has not been notified by other contracting parties that are required by this agreement to make such notifications.

33. Any contracting party may notify the CONTRACTING PARTIES of any non-governmental measures referred to in paragraph 24 above.

34. All notifications to the CONTRACTING PARTIES referred to in this agreement shall normally be made through the Safeguards Committee.

35. The provisions on notification in this agreement shall not require any contracting party to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.

VIII
SURVEILLANCE

36. There shall be a Safeguards Committee under the authority of the CONTRACTING PARTIES, which shall be open to the participation of any contracting party indicating its wish to serve on it. The Committee will have the following functions:

(a) to monitor, and report annually to the CONTRACTING PARTIES on, the general implementation of this agreement and make recommendations towards its improvement;

(b) to find, upon request of an affected contracting party, whether or not the procedural requirements of this agreement have been complied with in connection with a safeguard measure, and report its findings to the CONTRACTING PARTIES;

(c) to assist contracting parties, if they so request, in their consultations under the provisions of this agreement;

(d) to examine measures covered by paragraphs 21 and 22, monitor the phase-out of such measures and report as appropriate to the CONTRACTING PARTIES;

(e) to review, at the request of the contracting party taking a safeguard action, whether proposals to suspend concessions or other obligations are "substantially equivalent", and report as appropriate to the CONTRACTING PARTIES;

(f) to receive and review all notifications provided for in this agreement and report as appropriate to the CONTRACTING PARTIES; and

(g) to perform any other function connected with this agreement that the CONTRACTING PARTIES may determine.
37. To assist the Committee in carrying out its surveillance function, the secretariat shall prepare annually a factual report on the operation of the agreement based on notifications and other reliable information available to it.

IX

DISPUTE SETTLEMENT

38. The provisions of Articles XXII and XXIII of the General Agreement, and the Understanding on Rules and Procedures Governing the Settlement of Disputes under Articles XXII and XXIII of the General Agreement on Tariffs and Trade as adopted by the CONTRACTING PARTIES shall apply to consultations and the settlement of disputes arising under this instrument.
### EXCEPTION REFERRED TO IN PARAGRAPH 23

<table>
<thead>
<tr>
<th>Parties concerned</th>
<th>Product</th>
<th>Termination</th>
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</thead>
<tbody>
<tr>
<td>EC / Japan</td>
<td>Passenger cars, off road vehicles, light commercial vehicles, light trucks (up to 5 tonnes), and the same vehicles in wholly knocked-down form (CKD sets).</td>
<td>31 December, 1999</td>
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N. TRADE-RELATED ASPECTS OF INVESTMENT MEASURES

PREAMBLE

The CONTRACTING PARTIES;

Considering that Ministers agreed in the Punta del Este Declaration that following an examination of the operation of GATT Articles related to the trade restrictive and distorting effects of investment measures, negotiations should elaborate, as appropriate, further provisions that may be necessary to avoid such adverse effects on trade;

Desiring to promote the expansion and progressive liberalisation of world trade and to facilitate the movement of investment across international frontiers so as to increase the economic growth of all trading partners, and particularly developing countries, while ensuring free competition;

Taking into account the particular trade, development and financial needs of developing countries, particularly those of the least-developed countries;

Recognising that certain investment measures can cause trade restrictive and distorting effects;

decide as follows:

ARTICLE 1: Coverage

1. This Decision applies to investment measures related to trade in goods only (hereafter referred to as "TRIMs").

ARTICLE 2: National Treatment And Quantitative Restrictions

1. Without prejudice to other rights and obligations under the General Agreement, no contracting party shall apply any TRIM that is inconsistent with the provisions of Article III or Article XI of the General Agreement.

2. An illustrative list of TRIMs that are inconsistent with the obligation of national treatment provided for in Article III:4 of the General Agreement and the obligation of the general elimination of quantitative restriction provided for in Article XI:1 of the General Agreement is contained in the Annex to this Decision.

ARTICLE 3: Exceptions

All exceptions under the General Agreement shall apply, as appropriate, to the provisions of this Decision.
ARTICLE 4: Developing Countries

1. A developing contracting party shall be free to deviate temporarily from the provisions of Article 2 above to the extent and in such a manner as Article XVIII of the General Agreement, as interpreted by the CONTRACTING PARTIES, permits the contracting party to deviate from the provisions of Articles III and XI of the General Agreement.

ARTICLE 5: Notification and Transitional Arrangements

1. Contracting parties, within ninety days of the entry into force of this Decision, shall notify the CONTRACTING PARTIES of all TRIMs they are applying that are not in conformity with the provisions of this Decision. Such TRIMs of general or specific application shall be notified, along with their principal features.

2. Each contracting party shall eliminate all TRIMs which are notified under paragraph 1 above within two years of the date of entry into force of this Decision in the case of a developed contracting party, within five years in the case of a developing contracting party, and within seven years in the case of a least-developed contracting party.

3. On request, the CONTRACTING PARTIES may extend the transition period for the elimination of TRIMs notified under paragraph 1 above for a developing contracting party which demonstrates particular difficulties in implementing the provisions of this Decision. In considering such a request, the CONTRACTING PARTIES shall take into account the individual development, financial and trade needs of the country in question.

4. During the transition period, a contracting party shall not modify the terms of any TRIM which it notifies under paragraph 1 above from those prevailing at the date of entry into force of this Decision so as to increase the degree of inconsistency with the provisions of Article 2. TRIMs introduced less than 180 days before the entry into force of this Decision shall not benefit from the transitional arrangements provided in paragraph 2 above.

5. Notwithstanding the provisions of Article 2 above, a contracting party, in order not to disadvantage established enterprises which are subject to a TRIM notified under paragraph 1 above, may apply during the transition period the same TRIM to a new investment (i) where the products of such investment are like products to those of the established enterprises, and (ii) where necessary to avoid distorting the conditions of competition between the new investment and the established enterprises. Any TRIM so applied to a new investment shall be notified to the CONTRACTING PARTIES. The terms of such a TRIM shall be equivalent in their competitive effect to those applicable to the established enterprises, and it shall be terminated at the same time.

1In the case of TRIMs applied under discretionary authority each specific application shall be notified. Information that would prejudice the legitimate commercial interests of particular enterprises need not be disclosed.
ARTICLE 6: Transparency

1. Contracting parties reaffirm, with respect to TRIMs, their commitment to existing obligations in Article X of the General Agreement and to their undertaking on "Notification" contained in the 1979 Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance, as interpreted by the CONTRACTING PARTIES.

2. Each contracting party shall notify the GATT secretariat of the publications in which TRIMs may be found, including those applied by regional and local governments and authorities within their territories.

3. Each contracting party shall accord sympathetic consideration to requests for information, and afford adequate opportunity for consultation, on any matter arising from this Decision raised by another contracting party. In conformity with Article X of the General Agreement no contracting party is required to disclose information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.

ARTICLE 7: Committee on TRIMs

1. A Committee on Trade-Related Investment Measures shall be established, open to all contracting parties to the General Agreement. The Committee shall elect its own Chairman and Vice-Chairman, and shall meet not less than once a year and otherwise at the request of any contracting party.

2. The Committee shall carry out responsibilities assigned to it by the CONTRACTING PARTIES and shall afford contracting parties the opportunity to consult on any matters relating to the operation and implementation of this Decision.

3. The Committee shall monitor the operation and implementation of this Decision and shall report thereon annually to the CONTRACTING PARTIES.

ARTICLE 8: Consultation and Dispute Settlement

The provisions of Articles XXII and XXIII of the General Agreement, and the Understanding on Rules and Procedures Governing the Settlement of Disputes under Articles XXII and XXIII of the General Agreement on Tariffs and Trade as adopted by the CONTRACTING PARTIES shall apply to consultations and the settlement of disputes under this Decision.

ARTICLE 9: Review by the CONTRACTING PARTIES

Not later than five years after the date of entry into force of this Decision, the CONTRACTING PARTIES shall review its operation and, if necessary, revise its text. In the course of this review, the CONTRACTING PARTIES shall consider whether it should be complemented with provisions on investment and competition policy.
ANNEX

Illustrative List

1. TRIMs that are inconsistent with the obligation of national treatment provided for in Article III:4 of the General Agreement include those which are mandatory or enforceable under domestic law or under administrative rulings or compliance with which is necessary to obtain an advantage, and which require:

(a) the purchase or use by an enterprise of products of domestic origin or from any domestic source, whether specified in terms of particular products, in terms of volume or value of products, or in terms of a proportion of volume or value of its local production;

(b) that an enterprise's purchases or use of imported products be limited to an amount related to the volume or value of local products that it exports.

2. TRIMs that are inconsistent with the obligation of the general elimination of quantitative restrictions provided for in Article XI:1 of the General Agreement include those which are mandatory or enforceable under domestic law or under administrative rulings or compliance with which is necessary to obtain an advantage, and which restrict:

(a) the importation by an enterprise of products used in or related to its local production, generally or to an amount related to the volume or value of local production that it exports;

(b) the importation by an enterprise of products used in or related to its local production by restricting its access to foreign exchange to an amount related to the foreign exchange inflows attributable to the enterprise;

(c) the exportation or sale for export by an enterprise of products, whether specified in terms of particular products, in terms of volume or value of products, or in terms of a proportion of volume or value of its local production.
0. AGREEMENT ON TEXTILES AND CLOTHING

PREAMBLE

1. Recalling that Ministers agreed at Punta del Este that negotiations in
   the area of textiles and clothing shall aim to formulate modalities
   that would permit the eventual integration of this sector into GATT on
   the basis of strengthened GATT rules and disciplines, thereby also
   contributing to the objective of further liberalization of trade;

2. Recalling also that in the April 1989 Decision of the Trade
   Negotiations Committee it was agreed that the process of integration
   should commence following the conclusion of the Uruguay Round and
   should be progressive in character.

3. Recalling further that it was agreed that special treatment should be
   accorded to the least-developed countries;

Parties\(^1\) hereby agree as follows:

\(^1\) Throughout this Agreement, the term parties includes the competent
   authorities of the European Economic Community.
ARTICLE 1

1. This Agreement sets out provisions to be applied by parties during a transitional period for the integration of the textiles and clothing sector into the GATT.

2. Parties agree to use the provisions of Articles 2:18 and 6:6 of this Agreement in such a way as to permit meaningful increases in access possibilities for small suppliers and the development of commercially significant trading opportunities for new entrants in the field of textiles and clothing trade.

3. Parties shall have due regard to the situation of those parties which have not participated in the Protocols extending the Arrangement Regarding International Trade in Textiles (MFA) since 1986 and, to the extent possible, shall afford them special treatment in applying the provisions of this Agreement.

4. Parties agree that the particular interests of the cotton producing exporting countries should, in consultation with them, be reflected in the implementation of the provisions of this Agreement.

5. In order to facilitate the integration of the textiles and clothing sector into the GATT, parties should allow for continuous autonomous industrial adjustment and increased competition in their markets.

6. Unless otherwise provided in this Agreement, its provisions shall not affect the rights and obligations of contracting parties under the provisions of the General Agreement and instruments concluded within its framework.

7. The textiles and clothing products to which this Agreement applies are set out in the Annex to this Agreement (hereafter referred to as the Annex).

ARTICLE 2

1. All quantitative restrictions within bilateral agreements maintained under Article 4 or notified under Article 7 or 8 of the MFA in force on 31 December 1992, shall, within 60 days following the entry into force of this Agreement, be notified in detail, including the restraint levels, growth rates and flexibility provisions, by the parties maintaining such restrictions, to the Textiles Monitoring Body (herein referred to as the TMB) established under Article 8. Parties agree that as of 1 January 1993, all such restrictions maintained between GATT contracting parties, and in place on 31 December 1992, shall be governed by the provisions of this Agreement.
2. The TMB shall circulate these notifications to all parties for their information. It is open to any party to bring to the attention of the TMB, within 60 days of the circulation of the notifications, any observations it deems appropriate with regard to such notifications. Such observations shall be circulated to the other parties for their information. The TMB may make recommendations, as appropriate, to the GATT parties concerned.

3. When the twelve-month period of restrictions to be notified under paragraph 1 above does not coincide with the calendar year, the parties concerned should mutually agree on arrangements to bring the period of restrictions into line with the calendar year, and to establish notional base levels of such restrictions in order to implement the provisions of this Article. Concerned parties agree to enter consultations promptly upon request with a view to reaching such mutual agreement. Any such arrangements shall take into account, inter alia, seasonal patterns of shipments in recent years. The results of these consultations shall be notified to the TMB which shall make such recommendations as it deems appropriate to the parties concerned.

4. The restrictions notified under paragraph 1 above shall be deemed to constitute the totality of such restrictions applied by the respective parties on 31 December 1992. No new restrictions in terms of products or parties shall be introduced except under the provisions of this Agreement or relevant GATT provisions. Restrictions not notified within 60 days of the entry into force of this Agreement shall be terminated forthwith.

5. Any unilateral measure taken under Article 3 of the MFA prior to 1 January 1993 may remain in effect for the duration specified therein, but not exceeding 12 months, if it has been reviewed by the Textiles Surveillance Body (TSB) established under the MFA. Should the TSB not have had the opportunity to review any such unilateral measure, it shall be reviewed by the TMB in accordance with the rules and procedures governing Article 3 measures under the MFA. Any measure applied under an MFA Article 4 agreement prior to 1 January 1993 that is the subject of a dispute which the TSB has not had the opportunity to review shall also be reviewed by the TMB in accordance with the MFA rules and procedures applicable for such a review.

6. On the first day of the entry into force of this Agreement, each party shall integrate into GATT products which, in 1990, accounted for not less than 12 per cent\(^1\) of the total volume of imports in 1990 of the products in the Annex, in terms of HS lines or categories. The products to be integrated shall encompass products from each of the following four groups: tops and yarns, fabrics, made-up textile products and clothing.

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\(^1\)Prior to this integration, an additional four per cent will be integrated at the outset by way of exclusion from the product coverage in the Annex.
7. Full details of the actions to be taken pursuant to paragraph 6 above shall be notified by the parties concerned according to the following:

- parties maintaining restrictions falling under paragraph 1 above undertake, notwithstanding the date of the entry into force of this Agreement, to notify to the GATT Secretariat not later than 1 July 1992. The GATT Secretariat shall promptly circulate these notifications to the other parties for information. These notifications will be made available to the TMB, when established, for the purposes of paragraph 21 below;

- parties which have, pursuant to paragraph 1 of Article 6, retained the right to use the provisions of Article 6, shall notify to the TMB not later than 60 days following the entry into force of this Agreement, or, in the case of those parties covered by Article 1, paragraph 3, not later than 31 December 1993. The TMB shall circulate these notifications to the other parties for information and review them as provided in paragraph 21 below.

8. The remaining products, i.e., the products not integrated into GATT under paragraph 6 above, shall be integrated, in terms of HS lines or categories, in three stages, as follows:

A. On 1 January 1996, products which, in 1990, accounted for not less than 17 per cent of the total volume of 1990 imports of the products in the Annex. The products to be integrated by the parties shall encompass products from each of the following four groups: tops and yarns, fabrics, made-up textile products and clothing.

B. On 1 January 2000, products which, in 1990, accounted for not less than 18 per cent of the total volume of 1990 imports of the products in the Annex. The products to be integrated by the parties shall encompass products from each of the following four groups: tops and yarns, fabrics, made-up textile products and clothing.

C. On 1 January 2003, the textiles and clothing sector shall stand integrated into GATT, all restrictions under this Agreement having been eliminated.

9. Parties which have notified, pursuant to paragraph 1 of Article 6, their intention not to retain the right to use the provisions of Article 6 shall, for the purposes of this Agreement, be deemed to have integrated their textiles and clothing products into the GATT. Such parties shall, therefore, be exempted from complying with the provisions of paragraphs 6 to 8 above.
10. Nothing in this Agreement shall prevent a party which has submitted an integration programme pursuant to paragraphs 6 or 8 above from integrating products into the GATT earlier than provided for in such a programme. However, any such integration of products shall take effect at the beginning of a calendar year, and details notified to the TMB at least three months prior thereto for circulation to all parties.

11. The respective programmes of integration, in pursuance of paragraph 8 above, shall be notified in detail to the TMB at least 12 months before their coming into effect and circulated by the TMB to all parties.

12. The base levels of the restrictions on the remaining products, mentioned in paragraph 8 above, shall be the restraint levels referred to in paragraph 1 above.

13. During Stage 1 of this Agreement, (years 1993 to 1995 inclusive) the level of each restriction under MFA bilateral agreements in force for the year 1992 shall be increased annually by not less than the growth rate established for the respective, restrictions increased by 16 per cent.

14. Except where the GATT Council\(^1\) decides otherwise under Article 8:12, the level of each remaining restriction shall be increased annually during subsequent stages of the Agreement by not less than the following:

(i) for Stage 2 (years 1996 to 1999 inclusive), the growth rate for the respective restrictions during Stage 1, increased by 25 per cent;

(ii) for Stage 3 (years 2000 to 2002 inclusive), the growth rate for the respective restrictions during Stage 2, increased by 27 per cent.

15. Nothing in this Agreement shall prevent a party from eliminating any restriction maintained pursuant to this Article effective at the beginning of any calendar year during the transition period, provided the exporting party concerned and the TMB are notified at least three months prior to the elimination coming into effect. The period for prior notification might be shortened to 30 days with the agreement of the restrained party. The TMB shall circulate such notifications to all parties. In considering the elimination of restrictions as envisaged in this paragraph, the party concerned shall take into account the treatment of similar exports from other parties.

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\(^1\)Subject to the understanding that this will be a matter for decision in the negotiations on institutions.
16. Flexibility provisions, i.e., swing, carryover and carry forward, applicable to all quantitative restrictions in force in accordance with the provisions of this Article shall be the same as those provided for in MFA bilateral agreements for the year 1992. No quantitative limits shall be placed on the combined use of swing, carryover and carry forward.

17. Administrative arrangements, as deemed necessary in relation to the implementation of any provision of this Article shall be a matter for agreement between the parties concerned. Any such arrangements shall be notified to the TMB.

18. As regards those parties subject to restrictions on 31 December 1992 and whose restrictions represent 1.2 per cent or less of the total volume of the restrictions applied by an importing party as of 31 December 1991 and notified under this Article, meaningful improvement in access shall be provided at the entry into force of this Agreement and for its duration through advancement by one stage of the growth rates set out in paragraph 9 above or through at least equivalent changes as may be mutually agreed with respect to a different mix of base levels, growth and flexibility provisions. Such improvements shall be notified to the TMB.

19. In any case, during the life of this Agreement, in which a safeguard measure is initiated by a party under Article XIX of the GATT in respect of a particular product during a period of one year immediately following the integration of that product into GATT in accordance with the provisions of this Article, the provisions of Article XIX as interpreted by the Agreement on Safeguards, will apply save as set out in paragraph 20, below.

20. Where such a measure is applied using non-tariff means, the importing party concerned shall apply the measure in a manner as set forth in Article XIII:2(d) of the GATT at the request of any exporting party whose exports of such products were subject to restrictions under this Agreement at any time in the one-year period immediately prior to the initiation of the safeguard measure. The concerned exporting party shall administer such a measure. The applicable level shall not reduce the relevant exports below the level of a recent representative period, which shall normally be the average of exports from the concerned party in the last three representative years for which statistics are available. Further, when the safeguard measure is applied for more than one year, the applicable level shall be progressively liberalised at regular intervals during the period of application. In such cases the concerned exporting party shall not exercise the right of suspending substantially equivalent concessions or other obligations under the General Agreement as provided for under Article XIX:3(a) of the GATT.

21. The TMB shall keep under review the implementation of this Article. It shall, at the request of any party, review any particular matter with reference to the implementation of the provisions of this Article. It shall make appropriate recommendations or findings within 30 days to the party or parties concerned after inviting the participation of such parties.
ARTICLE 3

1. Within 60 days following the entry into force of this Agreement, parties maintaining restrictions on textiles and clothing products (other than restrictions maintained under the MFA and covered by the provisions of Article 2), whether consistent with GATT or not, shall (a) notify them in detail to the TMB, or (b) provide to the TMB notifications with respect to them which have been submitted to any other GATT body. The notifications should, wherever applicable, provide information with respect to any GATT justification for the restrictions, including GATT provisions on which they are based.

2. All restrictions falling under paragraph 1 above, except those justified under a GATT provision, shall be either:

(a) brought into conformity with the GATT within one year following the entry into force of this Agreement, this being notified to the TMB for its information; or

(b) phased out progressively according to a programme to be presented to the TMB by the party maintaining the restrictions not later than six months after the date of entry into force of this Agreement. This programme shall provide for all restrictions to be phased out within a period not exceeding the duration of this Agreement. The TMB may make recommendations to the party concerned with respect to such a programme.

3. Over the period of this Agreement, parties shall provide to the TMB, for its information, notifications submitted to any other GATT bodies with respect to any new restrictions or changes in existing restrictions on textiles and clothing products, taken under a GATT provision, within 60 days of their coming into effect.

4. It shall be open to any party to make reverse notifications to the TMB, for its information, in regard to the GATT justification, or in regard to any restrictions that may not have been notified under the provisions of this Article. Actions with respect to such notifications may be pursued by any party under relevant GATT provisions or procedures.

5. The TMB shall circulate the notifications made pursuant to this Article to all parties for their information.

\[1\text{Restrictions denote all unilateral quantitative restrictions, bilateral arrangements and other measures having a similar effect.}\]
ARTICLE 4

1. Restrictions referred to in Article 2, and those applied under Article 6, shall be administered by the exporting parties. Importing parties are not obliged to accept shipments in excess of the restrictions notified under Article 2 and applied pursuant to Article 6.

2. Parties agree that the introduction of changes, such as changes in practices, rules, procedures and categorization of textile products, including those changes relating to the Harmonized System, in the implementation or administration of those restrictions notified or applied under this Agreement should not upset the balance of rights and obligations between the parties concerned under this Agreement; adversely affect the access available to a party; impede the full utilization of such access; or disrupt trade under this Agreement.

3. If a product which constitutes only part of a restriction is notified for integration pursuant to the provisions of Article 2, parties agree that any change in the level of that restriction shall not upset the balance of rights and obligations between the parties concerned under this Agreement.

4. When such changes are necessary, however, parties agree that the party initiating such changes shall inform and, wherever possible, initiate consultations with the affected party or parties prior to the implementation of such changes, with a view to reaching a mutually acceptable solution regarding appropriate and equitable adjustment. Parties further agree that where consultation prior to implementation is not feasible, the party initiating such changes will, at the request of the affected party, consult within 60 days if possible, with the parties concerned with a view to reaching a mutually satisfactory solution regarding appropriate and equitable adjustments. If a mutually satisfactory solution is not reached, any party involved may refer the matter to the TMB for recommendations as provided in Article 8. Should the TSB not have had the opportunity to review a dispute concerning such changes introduced prior to the entry into force of this Agreement, it shall be reviewed by the TMB in accordance with the rules and procedures of the MFA applicable for such a review.

ARTICLE 5

1. Parties agree that circumvention by transshipment, re-routing and false declaration concerning country or place of origin, and falsification of official documents, frustrates the implementation of this Agreement to integrate the textiles and clothing sector into the GATT. Accordingly, parties should establish the necessary legal provisions and/or administrative procedures to address and take action against such circumvention. Parties further agree that, consistent with their domestic laws and procedures, they will cooperate fully to address problems arising from circumvention.
2. Should any party believe that this Agreement is being circumvented by transshipment, re-routing, false declaration concerning country or place of origin, or falsification of official documents, and that no, or inadequate measures are being applied to address or to take action against such circumvention, that party should consult with the party or parties concerned with a view to seeking a mutually satisfactory solution. Such consultations should be held promptly, and within 30 days when possible. If a mutually satisfactory solution is not reached, the matter may be referred by any party involved to the TMB for recommendations.

3. Parties agree, consistent with their domestic laws and procedures, to take necessary action to prevent, to investigate and, where appropriate, to take legal and/or administrative action against circumvention practices within their territory. Parties agree to cooperate fully, consistent with their domestic laws and procedures, in instances of circumvention or alleged circumvention of this Agreement, to establish the relevant facts in the places of import, export and, where applicable, transshipment. It is agreed that such cooperation, consistent with domestic laws and procedures, will include investigation of circumvention practices which increase restrained exports to the party maintaining such restraints; exchange of documents, correspondence, reports and other relevant information to the extent available; and facilitation of plant visits and contacts, upon request and on a case-by-case basis. Parties should endeavour to clarify the circumstances of any such instances of circumvention or alleged circumvention, including the respective roles of the exporters or importers involved.

4. Where, as a result of investigation, there is sufficient evidence that circumvention has occurred (e.g., where evidence is available concerning the place of true origin, and the circumstances of such circumvention) parties agree that appropriate action, to the extent necessary to address the problem, should be taken. Such action may include the denial of entry of goods or, where goods have entered, having due regard to the actual circumstances and the involvement of the country of true origin, the adjustment of charges to restraint levels to reflect the true country of origin. Also, where there is evidence of the involvement of the territories of the parties through which the goods have been transshipped, such action may include the introduction of restraints with respect to such parties. Any such actions, together with their timing and scope, may be taken after consultations held with a view to arriving at a mutually satisfactory solution between the concerned parties and shall be notified to the TMB with full justification. The parties concerned may agree on other remedies in consultation. Any such agreement shall also be notified to the TMB and the TMB may make such recommendations to the parties concerned as it deems appropriate. If a mutually satisfactory solution is not reached, any party concerned may refer the matter to the TMB for prompt review and recommendation.
5. Parties note that some cases of circumvention may involve shipments transiting through countries or places with no changes or alterations made to the goods contained in such shipments in the places of transit. They note that it may not be generally practicable for such places of transit to exercise control over such shipments.

6. Parties agree that false declaration concerning fibre content, quantities, description or classification of merchandise also frustrates the objective of this Agreement. Where there is evidence that any such false declaration has been made for purposes of circumvention, parties agree that appropriate measures, consistent with domestic laws and procedures, should be taken against the exporters or importers involved. Should any party believe that this Agreement is being circumvented by such false declarations and that no, or inadequate, administrative measures are being applied to address and/or to take action against such circumvention, that party should consult promptly with the party involved with a view to seeking a mutually satisfactory solution. If such a solution is not reached, the matter may be referred by any party involved to the TMB for recommendation. This provision is not intended to prevent parties from making technical adjustments when inadvertent errors in declarations have been made.
1. Parties to this Agreement recognise that during the transition period it may be necessary to apply a specific transitional safeguard mechanism (hereinafter referred to as "transitional safeguard"). The transitional safeguard may be applied by any party, to all products covered by the Annex to this Agreement, except those integrated into the GATT under the provisions of Article 2. Parties not maintaining restrictions falling under Article 2 shall notify the TMB within 60 days following the entry into force of this Agreement, whether or not they wish to retain the right to use the provisions of this Article. Parties, as defined in Article 1:3, shall make such notification within 6 months following the entry into force of this Agreement. The transitional safeguard should be applied as sparingly as possible, consistent with the provisions of this Article and the effective implementation of the integration process under this Agreement.

2. Safeguard action may be taken under this Article when, on the basis of a determination by a party, it is demonstrated that a particular product is being imported into its territory in such increased quantities as to cause serious damage, or actual threat thereof, to the domestic industry producing like and/or directly competitive products. Serious damage or actual threat thereof must demonstrably be caused by such increased quantities in total imports of that product and not from such other factors as technological changes or changes in consumer preference.

3. In making a determination of serious damage, or actual threat thereof, as referred to in paragraph 2 above, the party shall examine the effect of those imports on the state of the particular industry, as reflected in changes in such relevant economic variables as output, productivity, utilization of capacity, inventories, market share, exports, wages, employment, domestic prices, profits and investment; none of which, either alone or combined with other factors, can necessarily give decisive guidance.

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1 A customs union may apply a safeguard measure as a single unit or on behalf of a member State. When a customs union applies a safeguard measure as a single unit, all the requirements for the determination of serious damage or actual threat thereof under this Agreement shall be based on the conditions existing in the customs union as a whole. When a safeguard measure is applied on behalf of a member State, all the requirements for the determination of serious damage, or actual threat thereof, shall be based on the conditions existing in that member State and the measure shall be limited to that member State.
4. Any measure invoked pursuant to the provisions of this Article shall be on a country-by-country basis. The party or parties to whom serious damage, or actual threat thereof, referred to in paragraph 2 and 3 above, is attributed, shall be determined on the basis of a sharp and substantial increase in imports, actual or imminent\(^1\), from such a party or parties individually, and on the basis of the level of imports as compared with imports from other sources, market share, and import and domestic prices at a comparable stage of commercial transaction; none of these factors, either alone or combined with other factors, can necessarily give decisive guidance. Such safeguard measure shall not be applied to the exports of any party whose exports of the particular product are already under restraint under this Agreement.

5. The period of validity of a determination of serious damage or actual threat thereof for the purpose of invoking safeguard action shall not exceed 90 days from the date of initial notification as set forth in paragraph 7.

6. In the application of the transitional safeguard, particular account shall be taken of the interests of exporting parties as set out below:

(a) Least-developed countries shall be accorded treatment significantly more favourable than that provided to the other groups referred to in this paragraph, preferably in all its elements but, at least, on overall terms.

(b) Parties whose total volume of textile exports is small in comparison with the total volume of exports of other parties and who account for only a small percentage of total imports of that product into the importing party shall be accorded differential and more favourable treatment in the fixing of the economic terms provided in paragraphs 8 and 13 below. For those suppliers, due account will be taken, pursuant to paragraphs 2 and 3 of Article 1 the future possibilities for the development of their trade and the need to allow commercial quantities of imports from them.

(c) With respect to wool products from wool producing, developing parties whose economy and textile trade are dependent on the wool sector, whose total textile exports consist almost exclusively of wool textile products, and whose volume of textile trade is comparatively small in the markets of the importing parties, special consideration shall be given to the export needs of such countries when considering quota levels, growth rates and flexibility.

\(^1\)Such an imminent increase shall be a measurable one and shall not be determined to exist on the basis of allegation, conjecture or mere possibility arising, for example, from the existence of production capacity in the exporting countries.
(d) More favourable treatment shall be accorded to reimports into a country of textile products which that party has exported to another party for processing and subsequent reimportation, as defined by the laws and practices of the importing parties, and subject to satisfactory control and certification procedures, when these products are imported from a party for which this type of trade represents a significant proportion of its total exports of textiles and clothing.

7. The party proposing to take safeguard action shall seek consultations with the party or parties which would be affected by such action. The request for consultations shall be accompanied by specific and relevant factual information, as up-to-date as possible, particularly in regard to: (a) the factors, referred to in paragraph 3 above, on which the party invoking the action has based its determination of the existence of serious damage or actual threat thereof; and (b) the factors, referred to in paragraph 4 above, on the basis of which it proposes to invoke the safeguard action with respect to the party or parties concerned. In respect of requests made under this paragraph, the information shall be related, as closely as possible, to identifiable segments of production and to the reference period set out in paragraph 8 below. The party invoking the action shall also indicate the specific level at which imports of the product in question from the party or parties concerned are proposed to be restrained; such level shall not be lower than the level referred to in paragraph 8 below. The party seeking consultations shall, at the same time, communicate to the Chairman of the TMB the request for consultations, including all the relevant factual data outlined in paragraphs 3 and 4 above, together with the proposed restraint level. The Chairman shall inform the members of the TMB of the request for consultations, indicating the requesting party, the product in question and the party having received the request. The party or parties concerned shall respond to this request promptly and the consultations shall be held without delay and normally be completed within 60 days of the date on which the request has been received.

8. If, in the consultations, there is mutual understanding that the situation calls for restraint on the exports of the particular product from the party or parties concerned, the level of such restraint shall be fixed at a level not lower than the actual level of exports or imports from the party concerned during the twelve-month period terminating two months preceding the month in which the request for consultation was made.

9. Details of the agreed restraint measure shall be communicated to the TMB within 60 days from the date of conclusion of the agreement. In order to make its determination, the TMB shall have available to it the factual data provided to the Chairman of the TMB, referred to in paragraph 7 above, as well as any other relevant information provided by the parties concerned. The TMB shall determine whether the agreement is justified in accordance with the provisions of this Article. The TMB may make such recommendations as it deems appropriate to the parties concerned.
10. If, however, after the expiry of the period of 60 days from the date on which the request for consultations was received, there has been no agreement between the parties, the party which proposed to take safeguard action may apply the restraints by date of import or date of export, in accordance with the provisions of this Article, within 30 days following the 60 days period for consultations and at the same time refer the matter to the TMB. It shall be open to either party to refer the matter to the TMB before the expiry of the period of 60 days. In either case, the TMB shall promptly conduct an examination of the matter including the determination of serious damage, and its causes, and make appropriate recommendations to the parties concerned within 30 days. In order to conduct such examination, the TMB shall have available to it the factual data provided to the Chairman of the TMB, referred to in paragraph 7 above, as well as any other relevant information provided by the parties concerned.

11. In highly unusual and critical circumstances, where delay would cause damage which would be difficult to repair, action under paragraph 10 above may be taken provisionally on the condition that the request for consultations and notification to the TMB shall be effected within no more than 5 working days after taking the action. In the case that consultations do not produce agreement, the TMB shall be notified at the conclusion of consultations, but in any case no later than 60 days from the date of the implementation of the action. The TMB shall promptly conduct an examination of the matter, and make appropriate recommendations to the parties concerned within 30 days. In the case that consultations do produce agreement, parties shall notify the TMB upon conclusion but, in any case, no later than 90 days from the date of the implementation of the action. The TMB may make such recommendations as it deems appropriate to the parties concerned.

12. Measures invoked pursuant to the provisions of this Article may remain in place: (a) for up to three years without extension, or (b) until the product is removed from the scope of this Agreement, whichever comes first.

13. Should the restraint measure remain in force for a period exceeding one year, the level for subsequent years shall be the level specified for the first year increased by a growth rate of not less than 6 per cent per annum, unless otherwise justified to the TMB. The restraint level for the product concerned may be exceeded in either year of any two subsequent years by carry forward and/or carryover of 10 per cent of which carry forward shall not represent more than 5 per cent. No quantitative limits shall be placed on the combined use of carryover, carry forward and the provision of paragraph 14 below.

14. When more than one product from another party is placed under restraint by a party under this Article, the level of restraint agreed, pursuant to the provisions of this Article, for each of these
products may be exceeded by 7 per cent provided that the total exports subject to restraint do not exceed the total of the levels for all products so restrained under this Article on the basis of agreed common units. Where the periods of restraints of these products do not coincide with each other, this provision shall be applied to any overlapping period on a pro rata basis.

15. If a safeguard action is taken under this Article on a product for which a restraint was previously in place in 1992 under the MFA or pursuant to the provisions of Article 2 or 6 of this Agreement, the level of the new restraint shall be the level provided for in paragraph 8 of this Article unless the new restraint comes into force within one year of:

(a) the date of notification referred to in Article 2, paragraph 15 for the elimination of the previous restraint; or

(b) the date of removal of the previous restraint put in place pursuant to the provisions of this Article

in which case the level shall be not less than the higher of (i) the level of restraint for the last twelve-month period during which the product was under restraint, or (ii) the level of restraint provided for in paragraph 8 of this Article.

16. When a party which is not maintaining a restraint under Article 2, decides to apply a restraint pursuant to the provisions of this Article, it shall establish appropriate arrangements which: (a) take full account of such factors as established tariff classification and quantitative units based on normal commercial practices in export and import transactions, both as regards fibre composition and in terms of competing for the same segment of its domestic market, and (b) avoid over-categorisation. The request for consultations referred to in paragraph 7 or 11 above shall include full information on such arrangements.

ARTICLE 7

1. As part of the integration process and with reference to the specific commitments undertaken by the parties in the Uruguay Round, all parties shall take such actions as may be necessary to abide by GATT rules and disciplines so as to:

(i) promote improved access to markets for textiles and clothing through such measures as tariff reductions and bindings, reduction or elimination of non-tariff barriers, and facilitation of customs, administrative and licensing formalities;
(ii) ensure the application of policies relating to fair and equitable trading conditions as regards textiles and clothing in such areas as dumping and anti-dumping rules and procedures, subsidies and countervailing measures, and protection of intellectual property rights; and

(iii) avoid discrimination against imports in the textiles and clothing sector when taking measures for general trade policy reasons.

Such actions shall be without prejudice to the rights and obligations of parties under GATT.

2. Parties shall notify to the TMB the actions referred to in paragraph 1 above which have a bearing on the implementation of this Agreement. To the extent that these have been notified to other GATT committees or bodies, a summary, with reference to the original notification, shall be sufficient to fulfil the requirements under this paragraph. It shall be open to any party to make reverse notifications to the TMB.

3. Where any party considers that another party has not taken the actions referred to in paragraph 1 above, and that the balance of rights and obligations under this Agreement has been upset, that party may bring the matter before the relevant GATT committees and bodies and inform the TMB. Any subsequent findings or conclusions by the GATT committees and bodies concerned shall form a part of the TMB's comprehensive report.

ARTICLE 8

1. In order to supervise the implementation of this Agreement, to examine all measures taken under its provisions and their conformity therewith, and to take the actions specifically required of it in the Articles of this Agreement, there shall be established by the GATT Council a Textiles Monitoring Body (TMB). The TMB shall consist of a Chairman and 10 members. Its membership shall be balanced and broadly representative of the parties and shall provide for rotation of its members at appropriate intervals. The members shall be appointed by parties designated by the GATT Council to serve on the TMB, discharging their function on an ad personam basis.

2. The TMB will develop its own working procedures. It is understood, however, that consensus within the TMB does not require the assent or concurrence of members appointed by parties involved in an unresolved issue under review by the Body.

1Subject to the final decision on the Agreement in this area.
3. The TMB shall be considered as a standing body and shall meet as necessary to carry out the functions required of it under this Agreement. It shall rely on notifications and information supplied by the parties under the relevant Articles of this Agreement, supplemented by any additional information or necessary details they may submit or it may decide to seek from them. It may also rely on notifications to and reports from other GATT committees and bodies and from such other sources as it may deem appropriate.

4. Parties shall afford to each other adequate opportunity for consultations with respect to any matters affecting the operation of this Agreement.

5. In the absence of any mutually agreed solution in the bilateral consultations provided for in this Agreement, the TMB shall, at the request of either party, and following a thorough and prompt consideration of the matter, make recommendations to the parties concerned.

6. At the request of any party, the TMB shall review promptly any particular matter which that party considers to be detrimental to its interests under this Agreement where consultations between it and the party or parties concerned have failed to produce a mutually satisfactory solution. On such matters, the TMB may make such observations as it deems appropriate to the parties concerned and for the purposes of the review provided for in paragraph 11, below.

7. Before formulating its recommendations or observations, the TMB shall invite participation of such parties as may be directly affected by the matter in question.

8. Whenever the TMB is called upon to make recommendations or findings, it shall do so, preferably within a period of 30 days, unless a different time period is specified in this Agreement. All such recommendations or findings shall be communicated to the parties directly concerned. All such recommendations or findings shall also be communicated to the GATT Council for its information.

9. The parties shall endeavour to accept in full the recommendations of the TMB which shall exercise proper surveillance of the implementation of such recommendations.

10. If a party considers itself unable to conform with the recommendations of the TMB, it shall provide the TMB with the reasons therefor not later than one month after receipt of such recommendations. Following thorough consideration of the reasons given, the TMB shall issue any further recommendations it considers appropriate forthwith. If, after such further recommendations, the matter remains unresolved, either party may bring the matter before the GATT Council and invoke Article XXIII:2 procedures or other dispute settlement procedures of the General Agreement.
11. In order to oversee the implementation of the Agreement the GATT Council shall conduct a major review before the end of each stage of the integration process. To assist in this review, the TMB shall, at least five months before the end of each stage, transmit to the GATT Council a comprehensive report on the implementation of this Agreement during the stage under review, in particular in matters with regard to the integration process, the application of the transitional safeguard mechanism, and relating to the application of GATT rules and disciplines as defined in Articles 2, 3, 6 and 8 of this Agreement, respectively. The TMB's comprehensive report may include any recommendation as deemed appropriate by the TMB to the GATT Council.

12. In the light of its review the GATT Council shall take such decisions as it deems appropriate to ensure that the balance of rights and obligations embodied in this Agreement is not being impaired. Without prejudice to the final date set out under Article 9 of this Agreement, and as part of any resolution of a dispute involving textile and clothing products under GATT including this Agreement, the GATT Council may authorize an adjustment to Article 2, paragraph 14, for the stage subsequent to the review, with respect to any party found not to be complying with its obligations under this Agreement.

ARTICLE 9

1. This Agreement shall enter into force on 1 January 1993, and all restrictions thereunder shall stand terminated on 1 January 2003 on which date the textiles and clothing sector shall be fully integrated into the GATT. There shall be no extension of this Agreement.

ARTICLE 10

(FINAL PROVISIONS)
ANNEX

LIST OF PRODUCTS COVERED BY THIS AGREEMENT FOR THE PURPOSES OF ARTICLES 2 AND 6

1. This Annex lists textile products identified by Harmonised Commodity Description and Coding System (HS) codes at the six digit level which will constitute the basis for the integration of products into GATT during the transition period in accordance with Article 2 of this Agreement and for products that will be subject to the safeguard mechanism under Article 6, until integrated into GATT pursuant to the provisions of Article 2.

2. Actions under the safeguard provisions in Article 6 will be taken on particular textile and clothing products and not on the basis of the HS lines per se.

Note:

Actions under the safeguard provisions in Article 6 of this Agreement shall not apply to:

1. developing country's exports of handloom fabrics of the cottage industry, or hand-made cottage industry products made of such handloom fabrics, or traditional folklore handicraft textile products, provided that such products are properly certified under arrangements established between the parties concerned;

2. historically traded textiles which were internationally traded in commercially significant quantities prior to 1982, such as bags, sacks, carpetbacking, cordage, luggage, mats, mattings and carpets typically made from fibres such as jute, coir, sisal, abaca, maguey and henequen;

3. products made of pure silk.

1See footnote to paragraph 6 of Article 2.
<table>
<thead>
<tr>
<th>HS No.</th>
<th>Product description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section 11</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Ch. 50</strong></td>
<td>Silk.</td>
</tr>
<tr>
<td>5004 00</td>
<td>Silk yarn (other than yarn spun from silk waste) not put up for retail sale</td>
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<tr>
<td>5005 00</td>
<td>Yarn spun from silk waste, not put up for retail sale</td>
</tr>
<tr>
<td>5006 00</td>
<td>Silk yarn &amp; yarn spun from silk waste, put up for retail sale; silk-worm gut</td>
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<tr>
<td>5007 10</td>
<td>Woven fabrics of noil silk</td>
</tr>
<tr>
<td>5007 20</td>
<td>Woven fabrics of silk/silk waste, other than noil silk, 85% or more of such fibres</td>
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<tr>
<td>5007 90</td>
<td>Woven fabrics of silk, nes</td>
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<tr>
<td><strong>Ch. 51</strong></td>
<td>Wool, fine/coarse animal hair, horsehair yarn &amp; fabric</td>
</tr>
<tr>
<td>5105 10</td>
<td>Carded wool</td>
</tr>
<tr>
<td>5105 21</td>
<td>Combed wool in fragments</td>
</tr>
<tr>
<td>5105 29</td>
<td>Wool tops and other combed wool, other than combed wool in fragments</td>
</tr>
<tr>
<td>5105 30</td>
<td>Fine animal hair, carded or combed</td>
</tr>
<tr>
<td>5106 10</td>
<td>Yarn of carded wool, &gt;85% by weight of wool, not put up for retail sale</td>
</tr>
<tr>
<td>5106 20</td>
<td>Yarn of combed wool, &gt;85% by weight of wool, not put up for retail sale</td>
</tr>
<tr>
<td>5107 10</td>
<td>Yarn of combed wool, &gt;85% by weight of wool, not put up for retail sale</td>
</tr>
<tr>
<td>5108 10</td>
<td>Yarn of carded fine animal hair, not put up for retail sale</td>
</tr>
<tr>
<td>5108 20</td>
<td>Yarn of combed fine animal hair, not put up for retail sale</td>
</tr>
<tr>
<td>5109 10</td>
<td>Yarn of wool of fine animal hair, &gt;85% by weight of such fibres, put up</td>
</tr>
<tr>
<td>5109 90</td>
<td>Yarn of wool of fine animal hair, &lt;85% by weight of such fibres, put up</td>
</tr>
<tr>
<td>5110 00</td>
<td>Yarn of coarse animal hair or of horsehair</td>
</tr>
<tr>
<td>5111 11</td>
<td>Woven fabrics of carded wool/fine animal hair, &gt;85% by weight, &lt;300 g/m²</td>
</tr>
<tr>
<td>5111 19</td>
<td>Woven fabrics of carded wool/fine animal hair, &gt;85% by weight, &gt;300 g/m²</td>
</tr>
<tr>
<td>5111 20</td>
<td>Woven fabrics of carded wool/fine animal hair, &gt;85% by wt, mixd w m-m fil</td>
</tr>
<tr>
<td>5111 30</td>
<td>Woven fabrics of carded wool/fine animal hair, &gt;85% by wt, mixd w m-m fil</td>
</tr>
<tr>
<td>5111 90</td>
<td>Woven fabrics of carded wool/fine animal hair, &gt;85% by weight, nes</td>
</tr>
<tr>
<td>5112 11</td>
<td>Woven fabrics of combed wool/fine animal hair, &gt;85% by weight, &lt;200 g/m²</td>
</tr>
<tr>
<td>5112 19</td>
<td>Woven fabrics of combed wool/fine animal hair, &gt;85% by weight, &gt;200 g/m²</td>
</tr>
<tr>
<td>5112 20</td>
<td>Woven fabrics of combed wool/fine animal hair, &lt;85% by wt, mixd w m-m fil</td>
</tr>
<tr>
<td>5112 30</td>
<td>Woven fabrics of combed wool/fine animal hair, &lt;85% by wt, mixd w m-m fil</td>
</tr>
<tr>
<td>5113 00</td>
<td>Woven fabrics of coarse animal hair or of horsehair</td>
</tr>
<tr>
<td><strong>Ch. 52</strong></td>
<td>Cotton.</td>
</tr>
<tr>
<td>5203 00</td>
<td>Cotton, carded or combed</td>
</tr>
<tr>
<td>5204 11</td>
<td>Cotton sewing thread, &gt;85% by weight of cotton, not put up for retail sale</td>
</tr>
<tr>
<td>5204 19</td>
<td>Cotton sewing thread, &lt;85% by weight of cotton, not put up for retail sale</td>
</tr>
<tr>
<td>5204 20</td>
<td>Cotton sewing thread, put up for retail sale</td>
</tr>
<tr>
<td>5205 11</td>
<td>Cotton yarn, &gt;85%, single, uncombed, &gt;714.29 dtex, not put up</td>
</tr>
<tr>
<td>5205 12</td>
<td>Cotton yarn, &gt;85%, single, uncombed, 714.29 &gt; dtex &gt; 232.56, not put up</td>
</tr>
<tr>
<td>5205 13</td>
<td>Cotton yarn, &gt;85%, single, uncombed, 232.56 &gt; dtex &gt; 192.31, not put up</td>
</tr>
<tr>
<td>5205 14</td>
<td>Cotton yarn, &gt;85%, single, uncombed, 192.31 &gt; dtex &gt; 125, not put up</td>
</tr>
<tr>
<td>5205 15</td>
<td>Cotton yarn, &gt;85%, single, uncombed, &lt; 125 dtex, not put up for retail sale</td>
</tr>
<tr>
<td>5205 21</td>
<td>Cotton yarn, &gt;85%, single, combed, &gt;714.29, not put up</td>
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<tr>
<td>5205 22</td>
<td>Cotton yarn, &gt;85%, single, combed, 714.29 &gt; dtex &gt; 232.56, not put up</td>
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<tr>
<td>5205 23</td>
<td>Cotton yarn, &gt;85%, single, combed, 232.56 &gt; dtex &gt; 192.31, not put up</td>
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<tr>
<td>5205 24</td>
<td>Cotton yarn, &gt;85%, single, combed, 192.31 &gt; dtex &gt; 125, not put up</td>
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<tr>
<td>5205 25</td>
<td>Cotton yarn, &gt;85%, single, combed, &lt; 125 dtex, not put up for retail sale</td>
</tr>
<tr>
<td>5205 31</td>
<td>Cotton yarn, &gt;85%, multi, uncombed, &gt;714.29 dtex, not put up, nes</td>
</tr>
<tr>
<td>5205 32</td>
<td>Cotton yarn, &gt;85%, multi, uncombed, 714.29 &gt; dtex &gt; 232.56, not put up, nes</td>
</tr>
<tr>
<td>5205 33</td>
<td>Cotton yarn, &gt;85%, multi, uncombed, 232.56 &gt; dtex &gt; 192.31, not put up, nes</td>
</tr>
<tr>
<td>HS No.</td>
<td>Product description</td>
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<tr>
<td>5205 34</td>
<td>Cotton yarn, \ &gt;/=85%, multi, uncombed, 192.31 dtex \ &gt;/=125, not put up, nes</td>
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<tr>
<td>5205 35</td>
<td>Cotton yarn, \ &gt;/=85%, multi, uncombed, &lt;125 dtex, not put up, nes</td>
</tr>
<tr>
<td>5205 41</td>
<td>Cotton yarn, \ &gt;/=85%, multiple, combed, &gt;714.29 dtex, not put up, nes</td>
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<tr>
<td>5205 42</td>
<td>Cotton yarn, \ &gt;/=85%, multi, combed, 714.29 dtex \ &gt;/=232.56, not put up, nes</td>
</tr>
<tr>
<td>5205 43</td>
<td>Cotton yarn, \ &gt;/=85%, multi, combed, 232.56 dtex \ &gt;/=192.31, not put up, nes</td>
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<tr>
<td>5205 44</td>
<td>Cotton yarn, \ &gt;/=85%, multiple, combed, 192.31 dtex \ &gt;/=125, not put up, nes</td>
</tr>
<tr>
<td>5205 45</td>
<td>Cotton yarn, \ &gt;/=85%, multiple, combed, &lt;125 dtex, not put up, nes</td>
</tr>
<tr>
<td>5206 11</td>
<td>Cotton yarn, \ &gt;/=85%, single, uncombed, &gt;714.29 dtex, not put up</td>
</tr>
<tr>
<td>5206 12</td>
<td>Cotton yarn, \ &gt;/=85%, single, uncombed, 714.29 dtex \ &gt;/=232.56, not put up</td>
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<td>5206 13</td>
<td>Cotton yarn, \ &gt;/=85%, single, uncombed, 232.56 dtex \ &gt;/=192.31, not put up</td>
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<tr>
<td>5206 14</td>
<td>Cotton yarn, \ &gt;/=85%, single, uncombed, 192.31 dtex \ &gt;/=125, not put up</td>
</tr>
<tr>
<td>5206 15</td>
<td>Cotton yarn, \ &gt;/=85%, single, combed, 192.31 dtex, not put up for retail sale</td>
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<td>5206 22</td>
<td>Cotton yarn, \ &gt;/=85%, single, combed, 714.29 dtex \ &gt;/=232.56, not put up</td>
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</tr>
<tr>
<td>5206 24</td>
<td>Cotton yarn, \ &gt;/=85%, single, combed, 192.31 dtex \ &gt;/=125, not put up</td>
</tr>
<tr>
<td>5206 25</td>
<td>Cotton yarn, \ &gt;/=85%, single, uncombed, &lt;125 dtex, not put up for retail sale</td>
</tr>
<tr>
<td>5206 32</td>
<td>Cotton yarn, \ &gt;/=85%, multiple, uncombed, &gt;714.29 dtex, not put up</td>
</tr>
<tr>
<td>5206 33</td>
<td>Cotton yarn, \ &gt;/=85%, multiple, uncombed, 714.29 dtex \ &gt;/=232.56, not put up</td>
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<tr>
<td>5206 34</td>
<td>Cotton yarn, \ &gt;/=85%, multiple, uncombed, 232.56 dtex \ &gt;/=192.31, not put up</td>
</tr>
<tr>
<td>5206 35</td>
<td>Cotton yarn, \ &gt;/=85%, multiple, uncombed, 192.31 dtex \ &gt;/=125, not put up</td>
</tr>
<tr>
<td>5206 41</td>
<td>Cotton yarn, \ &gt;/=85%, multiple, combed, &gt;714.29 dtex, not put up</td>
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<tr>
<td>5206 42</td>
<td>Cotton yarn, \ &gt;/=85%, multiple, combed, 714.29 dtex \ &gt;/=232.56, not put up</td>
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</tr>
<tr>
<td>5206 44</td>
<td>Cotton yarn, \ &gt;/=85%, multiple, combed, 192.31 dtex \ &gt;/=125, not put up</td>
</tr>
<tr>
<td>5206 45</td>
<td>Cotton yarn, \ &gt;/=85%, multiple, combed, &lt;125 dtex, not put up</td>
</tr>
<tr>
<td>5207 10</td>
<td>Cotton yarn (other than sewing thread) \ &gt;/=85% by weight of cotton, put up</td>
</tr>
<tr>
<td>5207 90</td>
<td>Cotton yarn (other than sewing thread) \ &gt;/=85% by wt of cotton, put up for retail sale</td>
</tr>
<tr>
<td>5208 11</td>
<td>Plain weave cotton fabric, \ &gt;/=85%, not more than 100 g/m2, unbleached</td>
</tr>
<tr>
<td>5208 12</td>
<td>Plain weave cotton fabric, \ &gt;/=85%, &gt;100 g/m2 to 200 g/m2, unbleached</td>
</tr>
<tr>
<td>5208 13</td>
<td>Twill weave cotton fabric, \ &gt;/=85%, not more than 200 g/m2, unbleached</td>
</tr>
<tr>
<td>5208 19</td>
<td>Woven fabrics of cotton, \ &gt;/=85%, not more than 200 g/m2, unbleached</td>
</tr>
<tr>
<td>5208 21</td>
<td>Plain weave cotton fabrics, \ &gt;/=85%, not more than 100 g/m2, bleached</td>
</tr>
<tr>
<td>5208 22</td>
<td>Plain weave cotton fabric, \ &gt;/=85%, &gt;100 g/m2 to 200 g/m2, bleached</td>
</tr>
<tr>
<td>5208 23</td>
<td>Twill weave cotton fabric, \ &gt;/=85%, not more than 200 g/m2, bleached</td>
</tr>
<tr>
<td>5208 29</td>
<td>Woven fabrics of cotton, \ &gt;/=85%, nt more than 200 g/m2, bleached</td>
</tr>
<tr>
<td>5208 31</td>
<td>Plain weave cotton fabric, \ &gt;/=85%, not more than 100 g/m2, dyed</td>
</tr>
<tr>
<td>5208 32</td>
<td>Plain weave cotton fabric, \ &gt;/=85%, &gt;100 g/m2 to 200 g/m2, dyed</td>
</tr>
<tr>
<td>5208 33</td>
<td>Twill weave cotton fabrics, \ &gt;/=85%, not more than 200 g/m2, dyed</td>
</tr>
<tr>
<td>5208 39</td>
<td>Woven fabrics of cotton, \ &gt;/=85%, not more than 200 g/m2, dyed, nes</td>
</tr>
<tr>
<td>5208 41</td>
<td>Plain weave cotton fabric, \ &gt;/=85%, not more than 100 g/m2, yarn dyed</td>
</tr>
<tr>
<td>5208 42</td>
<td>Plain weave cotton fabrics, \ &gt;/=85%, &gt;100 g/m2 to 200 g/m2, yarn dyed</td>
</tr>
<tr>
<td>5208 43</td>
<td>Twill weave cotton fabric, \ &gt;/=85%, not more than 200 g/m2, yarn dyed</td>
</tr>
<tr>
<td>5208 49</td>
<td>Woven fabrics of cotton, \ &gt;/=85%,nt more than 200 g/m2, yarn dyed, nes</td>
</tr>
<tr>
<td>5208 51</td>
<td>Plain weave cotton fabrics, \ &gt;/=85%, not more than 100 g/m2, printed</td>
</tr>
<tr>
<td>5208 52</td>
<td>Plain weave cotton fabric, \ &gt;/=85%, &gt;100 g/m2 to 200 g/m2, printed</td>
</tr>
<tr>
<td>5208 53</td>
<td>Twill weave cotton fabric, \ &gt;/=85%, not more than 200 g/m2, printed</td>
</tr>
<tr>
<td>5208 59</td>
<td>Woven fabrics of cotton, \ &gt;/=85%, not more than 200 g/m2, printed, nes</td>
</tr>
<tr>
<td>5209 11</td>
<td>Plain weave cotton fabric, \ &gt;/=85%, more than 200 g/m2, unbleached</td>
</tr>
<tr>
<td>HS No.</td>
<td>Product description</td>
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<td>5209 12</td>
<td>Twill weave cotton fabric, &gt;/=85%, more than 200 g/m², unbleached</td>
</tr>
<tr>
<td>5209 19</td>
<td>Woven fabrics of cotton, &gt;/=85%, more than 200 g/m², unbleached, nes</td>
</tr>
<tr>
<td>5209 21</td>
<td>Plain weave cotton fabric, &gt;/=85%, more than 200 g/m², bleached</td>
</tr>
<tr>
<td>5209 22</td>
<td>Twill weave cotton fabrics, &gt;/=85%, more than 200 g/m², bleached</td>
</tr>
<tr>
<td>5209 29</td>
<td>Woven fabrics of cotton, &gt;/=85%, more than 200 g/m², bleached, nes</td>
</tr>
<tr>
<td>5209 31</td>
<td>Plain weave cotton fabrics, &gt;/=85%, more than 200 g/m², dyed</td>
</tr>
<tr>
<td>5209 32</td>
<td>Twill weave cotton fabrics, &gt;/=85%, more than 200 g/m², dyed</td>
</tr>
<tr>
<td>5209 39</td>
<td>Woven fabrics of cotton, &gt;/=85%, more than 200 g/m², dyed, nes</td>
</tr>
<tr>
<td>5209 41</td>
<td>Plain weave cotton fabrics, &gt;/=85%, more than 200 g/m², yarn dyed</td>
</tr>
<tr>
<td>5209 42</td>
<td>Denim fabrics of cotton, &gt;/=85%, more than 200 g/m²</td>
</tr>
<tr>
<td>5209 43</td>
<td>Twill weave cotton fab, other than denim, &gt;/=85%, more than 200 g/m², yarn dyed</td>
</tr>
<tr>
<td>5209 49</td>
<td>Woven fabrics of cotton, &gt;/=85%, more than 200 g/m², yarn dyed, nes</td>
</tr>
<tr>
<td>5209 51</td>
<td>Plain weave cotton fabrics, &gt;/=85%, more than 200 g/m², printed</td>
</tr>
<tr>
<td>5209 52</td>
<td>Twill weave cotton fabrics, &gt;/=85%, more than 200 g/m², printed</td>
</tr>
<tr>
<td>5209 59</td>
<td>Woven fabrics of cotton, &gt;/=85%, more than 200 g/m², printed, nes</td>
</tr>
<tr>
<td>5210 11</td>
<td>Plain weave cotton fab, &lt;85% mixed w m-m fib, not more than 200 g/m², unbl</td>
</tr>
<tr>
<td>5210 12</td>
<td>Twill weave cotton fab, &lt;85% mixed w m-m fib, not more than 200 g/m², unbl</td>
</tr>
<tr>
<td>5210 19</td>
<td>Woven fab of cotton, &lt;85% mixed with m-m fib, &lt;/=200 g/m², unbl, nes</td>
</tr>
<tr>
<td>5210 21</td>
<td>Plain weave cotton fab, &lt;85% mixed w m-m fib, not more than 200 g/m², bl</td>
</tr>
<tr>
<td>5210 22</td>
<td>Twill weave cotton fab, &lt;85% mixed w m-m fib, not more than 200 g/m², bl</td>
</tr>
<tr>
<td>5210 29</td>
<td>Woven fabrics of cotton, &lt;85% mixed w m-m fab, &lt;/=200 g/m², bl, nes</td>
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<tr>
<td>5210 31</td>
<td>Plain weave cotton fab, &lt;85% mixed w m-m fib, not more than 200 g/m², dyd</td>
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<tr>
<td>5210 32</td>
<td>Twill weave cotton fab, &lt;85% mixed w m-m fib, not more than 200 g/m², dyd</td>
</tr>
<tr>
<td>5210 39</td>
<td>Woven fabrics of cotton, &lt;85% mixed w m-m fab, not more than 200 g/m², dyed, nes</td>
</tr>
<tr>
<td>5210 41</td>
<td>Plain weave cotton fab, &lt;85% mixed w m-m fib, not more than 200 g/m², yarn dyed</td>
</tr>
<tr>
<td>5210 42</td>
<td>Twill weave cotton fab, &lt;85% mixed w m-m fib, not more than 200 g/m², yarn dyd</td>
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<tr>
<td>5210 49</td>
<td>Woven fabrics of cotton, &lt;85% mixed w m-m fib, &lt;/=200g/m², yarn dyed</td>
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<tr>
<td>5210 51</td>
<td>Plain weave cotton fab, &lt;85% mixed w m-m fib, nt more thn 200g/m², printd</td>
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<tr>
<td>5210 52</td>
<td>Twill weave cotton fab, &lt;85% mixed w m-m fib, nt more thn 200g/m², printd</td>
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<tr>
<td>5210 59</td>
<td>Woven fabrics of cotton, &lt;85% mixed with m-m fib, &lt;/=200g/m², printed, nes</td>
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<tr>
<td>5211 11</td>
<td>Plain weave cotton fab, &lt;85% mixed w m-m fib, nt more thn 200g/m², unbleached</td>
</tr>
<tr>
<td>5211 12</td>
<td>Twill weave cotton fab, &lt;85% mixed w m-m fib, more thn 200g/m², unbl</td>
</tr>
<tr>
<td>5211 19</td>
<td>Woven fabrics of cotton, &lt;85% mixed w m-m fib, more thn 200g/m², unbl</td>
</tr>
<tr>
<td>5211 21</td>
<td>Plain weave cotton fab, &lt;85% mixed w m-m fib, more than 200 g/m², bleached</td>
</tr>
<tr>
<td>5211 22</td>
<td>Twill weave cotton fab, &lt;85% mixed w m-m fib, more than 200 g/m², bleached</td>
</tr>
<tr>
<td>5211 29</td>
<td>Woven fabrics of cotton, &lt;85% mixed w m-m fib, more than 200 g/m², bleached</td>
</tr>
<tr>
<td>5211 31</td>
<td>Plain weave cotton fab, &lt;85% mixed with m-m fib, more than 200 g/m², dyed</td>
</tr>
<tr>
<td>5211 32</td>
<td>Twill weave cotton fab, &lt;85% mixed with m-m fib, more than 200 g/m², dyed</td>
</tr>
<tr>
<td>5211 39</td>
<td>Woven fabrics of cotton, &lt;85% mixed w m-m fib, more than 200 g/m², dyed, nes</td>
</tr>
<tr>
<td>5211 41</td>
<td>Plain weave cotton fab, &lt;85% mixed w m-m fib, more than 200 g/m², yarn dyed</td>
</tr>
<tr>
<td>5211 42</td>
<td>Denim fabrics of cotton, &lt;85% mixed with m-m fib, more than 200 g/m²</td>
</tr>
<tr>
<td>5211 43</td>
<td>Twill weave cotton fab, other than denim, &lt;85% mixed w m-m fib, &lt;/=200g/m², yarn dyd</td>
</tr>
<tr>
<td>5211 49</td>
<td>Woven fabrics of cotton, &lt;85% mixed with m-m fib, &lt;/=200g/m², yarn dyed, nes</td>
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<tr>
<td>5211 51</td>
<td>Plain weave cotton fab, &lt;85% mixed w m-m fib, more than 200 g/m², printd</td>
</tr>
<tr>
<td>5211 52</td>
<td>Twill weave cotton fab, &lt;85% mixed w m-m fib, more than 200 g/m², printd</td>
</tr>
<tr>
<td>5211 59</td>
<td>Woven fabrics of cotton, &lt;85% mixed w m-m fib, nt more thn 200g/m², printd, nes</td>
</tr>
<tr>
<td>5212 11</td>
<td>Woven fabrics of cotton, weighing not more than 200 g/m², unbleached, nes</td>
</tr>
<tr>
<td>5212 12</td>
<td>Woven fabrics of cotton, weighing not more than 200 g/m², dyed, nes</td>
</tr>
<tr>
<td>5212 13</td>
<td>Woven fabrics of cotton, weighing not more than 200 g/m², dyed, nes</td>
</tr>
<tr>
<td>5212 14</td>
<td>Woven fabrics of cotton, &lt;/=200g/m², of yarns of different colours, nes</td>
</tr>
<tr>
<td>HS No.</td>
<td>Product description</td>
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<tr>
<td>5212 15</td>
<td>Woven fabrics of cotton, weighing not more than 200 g/m², printed, nes</td>
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<tr>
<td>5212 21</td>
<td>Woven fabrics of cotton, weighing more than 200 g/m², unbleached, nes</td>
</tr>
<tr>
<td>5212 22</td>
<td>Woven fabrics of cotton, weighing more than 200 g/m², bleached, nes</td>
</tr>
<tr>
<td>5212 23</td>
<td>Woven fabrics of cotton, weighing more than 200 g/m², dyed, nes</td>
</tr>
<tr>
<td>5212 24</td>
<td>Woven fabrics of cotton, &gt;200 g/m², of yarns of different colours, nes</td>
</tr>
<tr>
<td>5212 25</td>
<td>Woven fabrics of cotton, weighing more than 200 g/m², printed, nes</td>
</tr>
</tbody>
</table>

**Ch. 53**  
Other vegetable textile fibres; paper yarn & woven fab  

<table>
<thead>
<tr>
<th>HS No.</th>
<th>Product description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5306 10</td>
<td>Flax yarn, single</td>
</tr>
<tr>
<td>5306 20</td>
<td>Flax yarn, multiple (folded) or cabled</td>
</tr>
<tr>
<td>5307 10</td>
<td>Yarn of jute or of other textile bast fibres, single</td>
</tr>
<tr>
<td>5307 20</td>
<td>Yarn of jute or of other textile bast fibres, multiple (folded) or cabled</td>
</tr>
<tr>
<td>5308 20</td>
<td>True hemp yarn</td>
</tr>
<tr>
<td>5308 90</td>
<td>Yarn of other vegetable textile fibres</td>
</tr>
<tr>
<td>5309 10</td>
<td>Woven fabrics, containing 85% or more by weight of flax, unbleached or bleached</td>
</tr>
<tr>
<td>5309 19</td>
<td>Woven fabrics, containing 85% or more by weight of flax, other than unbleached or bleached</td>
</tr>
<tr>
<td>5309 21</td>
<td>Woven fabrics of flax, containing &lt;85% by weight of flax, unbleached or bleached</td>
</tr>
<tr>
<td>5309 29</td>
<td>Woven fabrics of flax, containing &lt;85% by weight of flax, other than unbleached or bleached</td>
</tr>
<tr>
<td>5310 21</td>
<td>Woven fabrics of jute or of other textile bast fibres, unbleached</td>
</tr>
<tr>
<td>5311 00</td>
<td>Woven fabrics of jute or of other textile bast fibres, other than unbleached</td>
</tr>
</tbody>
</table>

**Ch. 54**  
Man-made filaments  

<table>
<thead>
<tr>
<th>HS No.</th>
<th>Product description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5401 10</td>
<td>Sewing thread of synthetic filaments</td>
</tr>
<tr>
<td>5401 20</td>
<td>Sewing thread of artificial filaments</td>
</tr>
<tr>
<td>5402 10</td>
<td>High tenacity yarn (other than sewing thread), nylon/other polyamides, not put up</td>
</tr>
<tr>
<td>5402 20</td>
<td>High tenacity yarn (other than sewing thread), polyester filaments, not put up</td>
</tr>
<tr>
<td>5402 31</td>
<td>Textured yarn, of nylon/other polyamides, &lt;=50 tex/s.y., not put up</td>
</tr>
<tr>
<td>5402 32</td>
<td>Textured yarn, of nylon/other polyamides, &gt;50 tex/s.y., not put up</td>
</tr>
<tr>
<td>5402 33</td>
<td>Textured yarn, of polyester filaments, not put up for retail sale</td>
</tr>
<tr>
<td>5402 39</td>
<td>Textured yarn of synthetic filaments, not put up</td>
</tr>
<tr>
<td>5402 41</td>
<td>Yarn of nylon or other polyamides, single, untwisted, not put up</td>
</tr>
<tr>
<td>5402 42</td>
<td>Yarn of polyester filaments, partially oriented, single, not put up</td>
</tr>
<tr>
<td>5402 43</td>
<td>Yarn of polyester filaments, single, untwisted, not put up</td>
</tr>
<tr>
<td>5402 49</td>
<td>Yarn of synthetic filaments, single, untwisted, not put up</td>
</tr>
<tr>
<td>5402 51</td>
<td>Yarn of nylon or other polyamides, single, &gt;50 turns/m, not put up</td>
</tr>
<tr>
<td>5402 52</td>
<td>Yarn of polyester filaments, single, &gt;50 turns per metre, not put up</td>
</tr>
<tr>
<td>5402 59</td>
<td>Yarn of synthetic filaments, single, &gt;50 turns per metre, not put up</td>
</tr>
<tr>
<td>5402 61</td>
<td>Yarn of nylon or other polyamides, multiple, not put up</td>
</tr>
<tr>
<td>5402 62</td>
<td>Yarn of polyester filaments, multiple, not put up</td>
</tr>
<tr>
<td>5402 69</td>
<td>Yarn of synthetic filaments, multiple, not put up</td>
</tr>
<tr>
<td>5403 10</td>
<td>High tenacity yarn (other than sewing thread), of viscose rayon filament, not put up</td>
</tr>
<tr>
<td>5403 20</td>
<td>Textured yarn, of artificial filaments, not put up for retail sale</td>
</tr>
<tr>
<td>5403 31</td>
<td>Yarn of viscose rayon filaments, single, untwisted, not put up</td>
</tr>
<tr>
<td>5403 32</td>
<td>Yarn of viscose rayon filaments, single, &gt;120 turns per m, not put up</td>
</tr>
<tr>
<td>5403 33</td>
<td>Yarn of cellulose acetate filaments, single, not put up</td>
</tr>
<tr>
<td>5403 39</td>
<td>Yarn of artificial filaments, single, not put up</td>
</tr>
<tr>
<td>5403 41</td>
<td>Yarn of viscose rayon filaments, multiple, not put up</td>
</tr>
<tr>
<td>5403 42</td>
<td>Yarn of cellulose acetate filaments, multiple, not put up</td>
</tr>
<tr>
<td>5403 49</td>
<td>Yarn of artificial filaments, multiple, not put up</td>
</tr>
<tr>
<td>HS No.</td>
<td>Product description</td>
</tr>
<tr>
<td>-------</td>
<td>---------------------</td>
</tr>
<tr>
<td>5404 10</td>
<td>Synthetic mono, &gt;=67 dtex, no cross sectional dimension exceeds 1 mm</td>
</tr>
<tr>
<td>5404 90</td>
<td>Stripâ€™s like of syn tex material of an apparent width not exceeding 5 mm</td>
</tr>
<tr>
<td>5405 00</td>
<td>Artificial mono, 67 dtex, cross-sect &gt;1mm; strip of arti tex mat w &lt;=5mm</td>
</tr>
<tr>
<td>5406 10</td>
<td>Yarn of synthetic filament (other than sewing thread), put up for retail sale</td>
</tr>
<tr>
<td>5406 20</td>
<td>Yarn of artificial filament (other than sewing thread), put up for retail sale</td>
</tr>
<tr>
<td>5407 10</td>
<td>Woven fab of high tenacity fil yarns of nylon oth polyamides/polyesters</td>
</tr>
<tr>
<td>5407 20</td>
<td>Woven fab obtained from strip/the like of synthetic textile materials</td>
</tr>
<tr>
<td>5407 30</td>
<td>Fabrics specif in Note 9 Section XI (layers of parallel syn tex yarn)</td>
</tr>
<tr>
<td>5407 41</td>
<td>Woven fab, &gt;=85% of nylon/others polyamides filaments, unbl or bl, nes</td>
</tr>
<tr>
<td>5407 42</td>
<td>Woven fabrics, &gt;=85% of nylon/others polyamides filaments, dyed, nes</td>
</tr>
<tr>
<td>5407 43</td>
<td>Woven fab, &gt;=85% of nylon/others polyamides filaments, yarn dyed, nes</td>
</tr>
<tr>
<td>5407 44</td>
<td>Woven fabrics, &gt;=85% of nylon/others polyamides filaments, printed, nes</td>
</tr>
<tr>
<td>5407 51</td>
<td>Woven fabrics, &gt;=85% of textured polyester filaments, unbl or bl, nes</td>
</tr>
<tr>
<td>5407 52</td>
<td>Woven fabrics, &gt;=85% of textured polyester filaments, dyed, nes</td>
</tr>
<tr>
<td>5407 53</td>
<td>Woven fabrics, &gt;=85% of textured polyester filaments, yarn dyed, nes</td>
</tr>
<tr>
<td>5407 54</td>
<td>Woven fabrics, &gt;=85% of textured polyester filaments, printed, nes</td>
</tr>
<tr>
<td>5407 60</td>
<td>Woven fabrics, &gt;=85% of non-textured polyester filaments, nes</td>
</tr>
<tr>
<td>5407 71</td>
<td>Woven fab, &gt;=85% of synthetic filaments, unbleached or bleached, nes</td>
</tr>
<tr>
<td>5407 72</td>
<td>Woven fabrics, &gt;=85% of synthetic filaments, dyed, nes</td>
</tr>
<tr>
<td>5407 73</td>
<td>Woven fabrics, &gt;=85% of synthetic filaments, yarn dyed, nes</td>
</tr>
<tr>
<td>5407 74</td>
<td>Woven fabrics, &gt;=85% of synthetic filaments, printed, nes</td>
</tr>
<tr>
<td>5407 81</td>
<td>Woven fabrics of synthetic filaments, &lt;=85% mixed w cotton, unbl or bl, nes</td>
</tr>
<tr>
<td>5407 82</td>
<td>Woven fabrics of synthetic filaments, &lt;=85% mixed with cotton, dyed, nes</td>
</tr>
<tr>
<td>5407 83</td>
<td>Woven fabrics of synthetic filaments, &lt;=85% mixed w cotton, yarn dyed, nes</td>
</tr>
<tr>
<td>5407 84</td>
<td>Woven fabrics of synthetic filaments, &lt;=85% mixed with cotton, printed, nes</td>
</tr>
<tr>
<td>5407 91</td>
<td>Woven fabrics of synthetic filaments, unbleached or bleached, nes</td>
</tr>
<tr>
<td>5407 92</td>
<td>Woven fabrics of synthetic filaments, dyed, nes</td>
</tr>
<tr>
<td>5407 93</td>
<td>Woven fabrics of synthetic filaments, yarn dyed, nes</td>
</tr>
<tr>
<td>5407 94</td>
<td>Woven fabrics of synthetic filaments, printed, nes</td>
</tr>
<tr>
<td>5408 10</td>
<td>Woven fabrics of high tenacity filament yarns of viscose rayon</td>
</tr>
<tr>
<td>5408 21</td>
<td>Woven fab, &gt;=85% of artificial fi o strip of art tex mat, unbl/bl, nes</td>
</tr>
<tr>
<td>5408 22</td>
<td>Woven fab, &gt;=85% of artificial fi o strip of art tex mat, dyed, nes</td>
</tr>
<tr>
<td>5408 23</td>
<td>Woven fab, &gt;=85% of artificial fi o strip of art tex mat, y dyed, nes</td>
</tr>
<tr>
<td>5408 24</td>
<td>Woven fab, &gt;=85% of artificial fi o strip of art tex mat, printd, nes</td>
</tr>
<tr>
<td>5408 31</td>
<td>Woven fabrics of artificial filaments, unbleached or bleached, nes</td>
</tr>
<tr>
<td>5408 32</td>
<td>Woven fabrics of artificial filaments, dyed, nes</td>
</tr>
<tr>
<td>5408 33</td>
<td>Woven fabrics of artificial filaments, yarn dyed, nes</td>
</tr>
<tr>
<td>5408 34</td>
<td>Woven fabrics of artificial filaments, printed, nes</td>
</tr>
</tbody>
</table>

**Ch. 55**

*Man-made staple fibres.*

<table>
<thead>
<tr>
<th>HS No.</th>
<th>Product description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5501 10</td>
<td>Filament tow of nylon or other polyamides</td>
</tr>
<tr>
<td>5501 20</td>
<td>Filament tow of polyesters</td>
</tr>
<tr>
<td>5501 30</td>
<td>Filament tow of acrylic or modacrylic</td>
</tr>
<tr>
<td>5501 90</td>
<td>Synthetic filament tow, nes</td>
</tr>
<tr>
<td>5502 00</td>
<td>Artificial filament tow</td>
</tr>
<tr>
<td>5503 10</td>
<td>Staple fibres of nylon or other polyamides, not carded or combed</td>
</tr>
<tr>
<td>5503 20</td>
<td>Staple fibres of polyesters, not carded or combed</td>
</tr>
<tr>
<td>5503 30</td>
<td>Staple fibres of acrylic or modacrylic, not carded or combed</td>
</tr>
<tr>
<td>5503 40</td>
<td>Staple fibres of polypropylene, not carded or combed</td>
</tr>
<tr>
<td>5503 90</td>
<td>Synthetic staple fibres, not carded or combed, nes</td>
</tr>
<tr>
<td>HS No.</td>
<td>Product description</td>
</tr>
<tr>
<td>---------</td>
<td>-------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>5504 10</td>
<td>Staple fibres of viscose, not carded or combed</td>
</tr>
<tr>
<td>5504 90</td>
<td>Artificial staple fibres, other than viscose, not carded or combed</td>
</tr>
<tr>
<td>5505 10</td>
<td>Waste of synthetic fibres</td>
</tr>
<tr>
<td>5505 20</td>
<td>Waste of artificial fibres</td>
</tr>
<tr>
<td>5506 10</td>
<td>Staple fibres of nylon or other polyamides, carded or combed</td>
</tr>
<tr>
<td>5506 20</td>
<td>Staple fibres of polyesters, carded or combed</td>
</tr>
<tr>
<td>5506 30</td>
<td>Staple fibres of acrylic or modacrylic, carded or combed</td>
</tr>
<tr>
<td>5506 90</td>
<td>Synthetic staple fibres, carded or combed, nes</td>
</tr>
<tr>
<td>5507 00</td>
<td>Artificial staple fibres, carded or combed</td>
</tr>
<tr>
<td>5508 10</td>
<td>Sewing thread of synthetic staple fibres</td>
</tr>
<tr>
<td>5508 20</td>
<td>Sewing thread of artificial staple fibres</td>
</tr>
<tr>
<td>5509 11</td>
<td>Yarn, &gt;/=85% nylon or other polyamides staple fibres, single, not put up</td>
</tr>
<tr>
<td>5509 12</td>
<td>Yarn, &gt;/=85% nylon or other polyamides staple fibres, multiple, not put up, nes</td>
</tr>
<tr>
<td>5509 21</td>
<td>Yarn, &gt;/=85% of polyester staple fibres, single, not put up</td>
</tr>
<tr>
<td>5509 22</td>
<td>Yarn, &gt;/=85% of polyester staple fibres, multiple, not put up, nes</td>
</tr>
<tr>
<td>5509 31</td>
<td>Yarn, &gt;/=85% of acrylic or modacrylic staple fibres, single, not put up</td>
</tr>
<tr>
<td>5509 32</td>
<td>Yarn, &gt;/=85% acrylic/modacrylic staple fibres, multiple, not put up, nes</td>
</tr>
<tr>
<td>5509 41</td>
<td>Yarn, &gt;/=85% of other synthetic staple fibres, single, not put up</td>
</tr>
<tr>
<td>5509 42</td>
<td>Yarn, &gt;/=85% of other synthetic staple fibres, multiple, not put up, nes</td>
</tr>
<tr>
<td>5509 51</td>
<td>Yarn of polyester staple fibres mixed w/ arti staple fib, not put up, nes</td>
</tr>
<tr>
<td>5509 52</td>
<td>Yarn of polyester staple fibres mixed with wool/fine animl hair, nt put up, nes</td>
</tr>
<tr>
<td>5509 53</td>
<td>Yarn of polyester staple fibres mixed with cotton, not put up, nes</td>
</tr>
<tr>
<td>5509 59</td>
<td>Yarn of polyester staple fibres, not put up, nes</td>
</tr>
<tr>
<td>5509 61</td>
<td>Yarn of acrylic staple fib mixed w wool/fine animal hair, not put up, nes</td>
</tr>
<tr>
<td>5509 62</td>
<td>Yarn of acrylic staple fibres mixed with cotton, not put up, nes</td>
</tr>
<tr>
<td>5509 69</td>
<td>Yarn of acrylic staple fibres, not put up, nes</td>
</tr>
<tr>
<td>5509 91</td>
<td>Yarn of other synthetic staple fibres mixed w/wool/fine animal hair, nes</td>
</tr>
<tr>
<td>5509 92</td>
<td>Yarn of other synthetic staple fibres mixed with cotton, not put up, nes</td>
</tr>
<tr>
<td>5509 99</td>
<td>Yarn of other synthetic staple fibres, not put up, nes</td>
</tr>
<tr>
<td>5510 11</td>
<td>Yarn, &gt;/=85% of artificial staple fibres, single, not put up</td>
</tr>
<tr>
<td>5510 12</td>
<td>Yarn, &gt;/=85% of artificial staple fibres, multiple, not put up, nes</td>
</tr>
<tr>
<td>5510 20</td>
<td>Yarn of artificial staple fib mixed w wool/fine animal hair, not put up, nes</td>
</tr>
<tr>
<td>5510 30</td>
<td>Yarn of artificial staple fibres mixed with cotton, not put up, nes</td>
</tr>
<tr>
<td>5510 90</td>
<td>Yarn of artificial staple fibres, not put up, nes</td>
</tr>
<tr>
<td>5511 10</td>
<td>Yarn, &gt;/=85% of synthetic staple fibres, other than sewing thread, put up</td>
</tr>
<tr>
<td>5511 20</td>
<td>Yarn, &lt;85% of synthetic staple fibres, put up for retail sale, nes</td>
</tr>
<tr>
<td>5511 30</td>
<td>Yarn of artificial fibres (other than sewing thread), put up for retail sale</td>
</tr>
<tr>
<td>5512 11</td>
<td>Woven fabrics, containing &gt;/=85% of polyester staple fibres, unbl or bl</td>
</tr>
<tr>
<td>5512 19</td>
<td>Woven fabrics, containing &gt;/=85% of polyester staple fibres, other than unbl or bl</td>
</tr>
<tr>
<td>5512 21</td>
<td>Woven fabrics, containing &gt;/=85% of acrylic staple fibres, unbleached or bl</td>
</tr>
<tr>
<td>5512 29</td>
<td>Woven fabrics, containing &gt;/=85% of acrylic staple fibres, other than unbl or bl</td>
</tr>
<tr>
<td>5512 91</td>
<td>Woven fabrics, containing &gt;/=85% of other synthetic staple fibres, unbl/b1</td>
</tr>
<tr>
<td>5512 99</td>
<td>Woven fabrics, containing &gt;/=85% of other synthetic staple fib, other than unbl/b1</td>
</tr>
<tr>
<td>5513 11</td>
<td>Plain weave polyest stapl fib fab, &lt;85%, mixd w/cottn, &lt;/=170g/m2, unbl/b1</td>
</tr>
<tr>
<td>5513 12</td>
<td>Twill weave polyest stapl fib fab, &lt;85%, mixd w/cottn, &lt;/=170g/m2, unbl/b1</td>
</tr>
<tr>
<td>5513 13</td>
<td>Woven fab of polyester staple fib, &lt;85% mixd w/cot, &lt;/=170g/m2, unbl/b1, nes</td>
</tr>
<tr>
<td>5513 19</td>
<td>Woven fabrics of oth syn staple fib, &lt;85%, mixd w/cot, &lt;/=170g/m2, unbl/b1</td>
</tr>
<tr>
<td>5513 21</td>
<td>Plain weave polyester staple fib fab, &lt;85%, mixd w/cotton, &lt;/=170g/m2, dyd</td>
</tr>
<tr>
<td>5513 22</td>
<td>Twill weave polyester staple fib fab, &lt;85%, mixd w/cotton, &lt;/=170g/m2, dyd</td>
</tr>
<tr>
<td>5513 23</td>
<td>Woven fab of polyester staple fib, &lt;85%, mixd w/cot, &lt;/=170 g/m2, dyd, nes</td>
</tr>
<tr>
<td>HS No.</td>
<td>Product description</td>
</tr>
<tr>
<td>-------</td>
<td>---------------------</td>
</tr>
<tr>
<td>5513 29</td>
<td>Woven fabrics of oth syn staple fib, &lt;85% mixd w/cotton, &gt;170g/m2, dyed</td>
</tr>
<tr>
<td>5513 31</td>
<td>Plain weave polyest stapl fib fab, &lt;85% mixd w/cot, &gt;170g/m2, yarn dyd</td>
</tr>
<tr>
<td>5513 32</td>
<td>Twill weave polyest stapl fib fab, &lt;85% mixd w/cot, &gt;170g/m2, yarn dyd</td>
</tr>
<tr>
<td>5513 33</td>
<td>Woven fab of polyest staple fib, &lt;85% mixd w/cot, &gt;170 g/m2, dyd nes</td>
</tr>
<tr>
<td>5513 39</td>
<td>Woven fab of oth syn staple fib, &lt;85% mixd w/cot, &gt;170 g/m2, yarn dyd</td>
</tr>
<tr>
<td>5513 41</td>
<td>Plain weave polyest stapl fib fab, &lt;85%, mixd w/cot, &gt;170g/m2, printd</td>
</tr>
<tr>
<td>5513 42</td>
<td>Twill weave polyest staple fab, &lt;85%, mixd w/cot, &gt;170g/m2, printd</td>
</tr>
<tr>
<td>5513 43</td>
<td>Woven fab of polyester staple fib, &lt;85%, mixd w/cot, &gt;170g/m2, ptd, nes</td>
</tr>
<tr>
<td>5514 11</td>
<td>Plain weave polyest staple fab, &lt;85%, mixd w/cotton, &gt;170g/m2, unbl/bl</td>
</tr>
<tr>
<td>5514 12</td>
<td>Twill weave polyest staple fab, &lt;85%, mixd w/cotton, &gt;170g/m2, unbl/bl</td>
</tr>
<tr>
<td>5514 13</td>
<td>Woven fab of polyest staple fib, &lt;85% mixd w/cot, &gt;170 g/m2, unbl/bl, nes</td>
</tr>
<tr>
<td>5514 19</td>
<td>Woven fabrics of oth syn staple fib, &lt;85%, mixd w/cot, &gt;170 g/m2, unbl/bl</td>
</tr>
<tr>
<td>5514 21</td>
<td>Plain weave polyest staple fib fab, &lt;85%, mixd w/cotton, &gt;170g/m2, dyd</td>
</tr>
<tr>
<td>5514 22</td>
<td>Twill weave polyest staple fib fab, &lt;85%, mixd w/cotton, &gt;170g/m2, dyd</td>
</tr>
<tr>
<td>5514 23</td>
<td>Woven fabrics of polyest staple fib, &lt;85%, mixd w/cot, &gt;170 g/m2, dyed</td>
</tr>
<tr>
<td>5514 29</td>
<td>Woven fabrics of oth synthetic staple fab, &lt;85%, mixd w/cot, &gt;170g/m2, dyd</td>
</tr>
<tr>
<td>5514 31</td>
<td>Plain weave polyest staple fab, &lt;85% mixd w/cot, &gt;170g/m2, yarn dyd</td>
</tr>
<tr>
<td>5514 32</td>
<td>Twill weave polyest staple fab, &lt;85% mixd w/cot, &gt;170g/m2, yarn dyd</td>
</tr>
<tr>
<td>5514 33</td>
<td>Woven fab of polyest staple fib, &lt;85% mixd w/cot, &gt;170g/m2, yarn dyd nes</td>
</tr>
<tr>
<td>5514 39</td>
<td>Woven fabrics of oth syn staple fib, &lt;85% mixd w/cot, &gt;170 g/m2, yarn dyd</td>
</tr>
<tr>
<td>5514 41</td>
<td>Plain weave polyest staple fibre fab, &lt;85%, mixd w/cot, &gt;170g/m2, printd</td>
</tr>
<tr>
<td>5514 42</td>
<td>Twill weave polyest staple fibre fab, &lt;85%, mixd w/cot, &gt;170g/m2, printd</td>
</tr>
<tr>
<td>5514 43</td>
<td>Woven fabrics of polyest staple fibres &lt;85%, mixd w/cot, &gt;170g/m2, ptd, nes</td>
</tr>
<tr>
<td>5514 49</td>
<td>Woven fabrics of oth syn staple fib, &lt;85%, mixd w/cot, &gt;170 g/m2, printed</td>
</tr>
<tr>
<td>5514 51</td>
<td>Woven fabrics of polyest staple fib fab w/viscose rayon staple fib, nes</td>
</tr>
<tr>
<td>5514 52</td>
<td>Woven fabrics of polyest staple fibres mixd w/man-made filaments, nes</td>
</tr>
<tr>
<td>5514 53</td>
<td>Woven fab of polyest staple fibres mixd w/wool/fine animal hair, nes</td>
</tr>
<tr>
<td>5514 55</td>
<td>Woven fabrics of polyest staple fibres, nes</td>
</tr>
<tr>
<td>5515 21</td>
<td>Woven fabrics of acrylic staple fibres, mixd w/man-made filaments, nes</td>
</tr>
<tr>
<td>5515 22</td>
<td>Woven fab of acrylic staple fibres, mixd w/wool/fine animal hair, nes</td>
</tr>
<tr>
<td>5515 29</td>
<td>Woven fabrics of acrylic or modacrylic staple fibres, nes</td>
</tr>
<tr>
<td>5515 91</td>
<td>Woven fabrics of oth syn staple fib, mixed with man-made filaments, nes</td>
</tr>
<tr>
<td>5515 92</td>
<td>Woven fabrics of oth syn staple fib, mixd w/wool o fine animal hair, nes</td>
</tr>
<tr>
<td>5515 99</td>
<td>Woven fabrics of synthetic staple fibres, nes</td>
</tr>
<tr>
<td>5516 11</td>
<td>Woven fabrics, containing &gt;85% of artificial staple fibres, unbleached/bl</td>
</tr>
<tr>
<td>5516 12</td>
<td>Woven fabrics, containing &gt;85% of artificial staple fib, yarn dyed</td>
</tr>
<tr>
<td>5516 13</td>
<td>Woven fabrics, containing &gt;85% of artificial staple fibres, dyed</td>
</tr>
<tr>
<td>5516 21</td>
<td>Woven fabrics of artificial staple fib, &lt;85%, mixd w man-made fa, unbl/bl</td>
</tr>
<tr>
<td>5516 22</td>
<td>Woven fabrics of artificial staple fib, &lt;85%, mixd w man-made fa, dyd</td>
</tr>
<tr>
<td>5516 23</td>
<td>Woven fabrics of artificial staple fib, &lt;85%, mixd with m-m fa, yarn dyd</td>
</tr>
<tr>
<td>5516 24</td>
<td>Woven fabrics of artificial staple fib, &lt;85%, mixd w man-made fa, printd</td>
</tr>
<tr>
<td>5516 31</td>
<td>Woven fab of arti staple fib, &lt;85% mixd w/wool/fine animal hair, unbl/bl</td>
</tr>
<tr>
<td>5516 32</td>
<td>Woven fabrics of arti staple fib, &lt;85% mixd w/wool/fine animal hair, dyd</td>
</tr>
<tr>
<td>5516 33</td>
<td>Woven fab of arti staple fib, &lt;85% mixd w/wool/fine animal hair, yarn dyd</td>
</tr>
<tr>
<td>5516 34</td>
<td>Woven fab of arti staple fib, &lt;85% mixd w/wool/fine animal hair, printd</td>
</tr>
<tr>
<td>5516 41</td>
<td>Woven fabrics of artificial staple fib, &lt;85% mixd with cotton, unbl o bl</td>
</tr>
<tr>
<td>5516 42</td>
<td>Woven fabrics of artificial staple fib, &lt;85% mixed with cotton, dyed</td>
</tr>
<tr>
<td>5516 43</td>
<td>Woven fabrics of artificial staple fib, &lt;85% mixd with cotton, yarn dyd</td>
</tr>
<tr>
<td>HS No.</td>
<td>Product description</td>
</tr>
<tr>
<td>-------</td>
<td>---------------------</td>
</tr>
<tr>
<td>5516 44</td>
<td>Woven fabrics of artificial staple fib.,&lt;85% mixed with cotton, printed</td>
</tr>
<tr>
<td>5516 91</td>
<td>Woven fabrics of artificial staple fibres, unbleached or bleached, nes</td>
</tr>
<tr>
<td>5516 92</td>
<td>Woven fabrics of artificial staple fibres, dyed, nes</td>
</tr>
<tr>
<td>5516 93</td>
<td>Woven fabrics of artificial staple fibres, yarn dyed, nes</td>
</tr>
<tr>
<td>5516 94</td>
<td>Woven fabrics of artificial staple fibres, printed, nes</td>
</tr>
</tbody>
</table>

**Ch. 56**  
**Wadding, felt & nonwoven; twine, cordage, etc**

<table>
<thead>
<tr>
<th>HS No.</th>
<th>Product description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5601 10</td>
<td>Sanitary articles of wadding of textile mat i.e. sanitary towels, tampons</td>
</tr>
<tr>
<td>5601 21</td>
<td>Wadding of man-made fibres and articles thereof, other than sanitary articles</td>
</tr>
<tr>
<td>5601 29</td>
<td>Wadding of other textile materials&amp;articles thereof, other than sanitary articles</td>
</tr>
<tr>
<td>5601 30</td>
<td>Textile flock and dust and mill neps</td>
</tr>
<tr>
<td>5602 10</td>
<td>Needleloom felt and stitch-bonded fibre fabrics</td>
</tr>
<tr>
<td>5602 21</td>
<td>Felt other than needleloom, of wool or fine animal hair, not impregnated, coated, coated etc</td>
</tr>
<tr>
<td>5602 29</td>
<td>Felt other than needleloom, of other textile materials, not impregnated, coated, coated etc</td>
</tr>
<tr>
<td>5602 90</td>
<td>Felt of textile materials, nes</td>
</tr>
<tr>
<td>5603 00</td>
<td>Nonwovens, whether or not impregnated, coated, covered or laminated</td>
</tr>
<tr>
<td>5604 10</td>
<td>Rubber thread and cord, textile covered</td>
</tr>
<tr>
<td>5604 20</td>
<td>High tenacity yarn of polyest, nylon other polyamid, viscose rayon, ctd etc</td>
</tr>
<tr>
<td>5604 90</td>
<td>Textile yarn, strips&amp;the like, impregnated coated with rubber etc, nes</td>
</tr>
<tr>
<td>5605 00</td>
<td>Metallised yarn, beg textile yarn combined with metal thread, strip/powder</td>
</tr>
<tr>
<td>5606 00</td>
<td>Gimped yarn nes; chenille yarn; loop wale-yarn</td>
</tr>
<tr>
<td>5607 10</td>
<td>Twine, cordage, ropes and cables, of jute or other textile bast fibres</td>
</tr>
<tr>
<td>5607 21</td>
<td>Binder or bale twine, of sisal or other textile fibres of the genus Agave</td>
</tr>
<tr>
<td>5607 29</td>
<td>Twine nes, cordage, ropes and cables, of sisal textile fibres</td>
</tr>
<tr>
<td>5607 30</td>
<td>Twine, cordage, ropes and cables, of abaca or other hard (leaf) fibres</td>
</tr>
<tr>
<td>5607 41</td>
<td>Binder or bale twine, of polyethylene or polypropylene</td>
</tr>
<tr>
<td>5607 49</td>
<td>Twine nes, cordage, ropes and cables, of polyethylene or polypropylene</td>
</tr>
<tr>
<td>5607 50</td>
<td>Twine, cordage, ropes and cables, of other synthetic fibres</td>
</tr>
<tr>
<td>5607 90</td>
<td>Twine, cordage, ropes and cables, of other materials</td>
</tr>
<tr>
<td>5608 11</td>
<td>Made up fishing nets, of man-made textile materials</td>
</tr>
<tr>
<td>5608 19</td>
<td>Knotted net of twine/cordage/rope, and other made up nets of man-made textile materials</td>
</tr>
<tr>
<td>5608 90</td>
<td>Knotted net of twine/cordage/rope, nes, and made up nets of other textile materials</td>
</tr>
<tr>
<td>5609 00</td>
<td>Articles of yarn, strip, twine, cordage, rope and cables, nes</td>
</tr>
</tbody>
</table>

**Ch. 57**  
** Carpets and other textile floor coverings.**

<table>
<thead>
<tr>
<th>HS No.</th>
<th>Product description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5701 10</td>
<td>Carpets of wool or fine animal hair, knotted</td>
</tr>
<tr>
<td>5702 10</td>
<td>Carpets of other textile materials, knotted</td>
</tr>
<tr>
<td>5702 10</td>
<td>Kelem, Schumacks, Karamanie and similar textile hand-woven rugs</td>
</tr>
<tr>
<td>5702 20</td>
<td>Floor coverings of coconut fibres (coir)</td>
</tr>
<tr>
<td>5702 31</td>
<td>Carpets of wool/fine animal hair, of woven pile construction, not made up, nes</td>
</tr>
<tr>
<td>5702 32</td>
<td>Carpets of man-made textile mat, of woven pile construction, not made up, nes</td>
</tr>
<tr>
<td>5702 39</td>
<td>Carpets of other textile mat, of woven pile construction, not made up, nes</td>
</tr>
<tr>
<td>5702 41</td>
<td>Carpets of wool/fine animal hair, of woven pile construction, made up, nes</td>
</tr>
<tr>
<td>5702 42</td>
<td>Carpets of man-made textile mat, of woven pile construction, made up, nes</td>
</tr>
<tr>
<td>5702 49</td>
<td>Carpets of other textile materials, of woven pile construction, made up, nes</td>
</tr>
<tr>
<td>5702 51</td>
<td>Carpets of wool or fine animal hair, woven, not made up, nes</td>
</tr>
<tr>
<td>5702 52</td>
<td>Carpets of man-made textile materials, woven, not made up, nes</td>
</tr>
<tr>
<td>5702 59</td>
<td>Carpets of other textile materials, woven, not made up, nes</td>
</tr>
<tr>
<td>5702 91</td>
<td>Carpets of wool or fine animal hair, woven, made up, nes</td>
</tr>
<tr>
<td>HS No.</td>
<td>Product description</td>
</tr>
<tr>
<td>--------</td>
<td>---------------------</td>
</tr>
<tr>
<td>5702 92</td>
<td>Carpets of man-made textile materials, woven, made up, nes</td>
</tr>
<tr>
<td>5702 99</td>
<td>Carpets of other textile materials, woven, made up, nes</td>
</tr>
<tr>
<td>5703 10</td>
<td>Carpets of wool or fine animal hair, tufted</td>
</tr>
<tr>
<td>5703 20</td>
<td>Carpets of nylon or other polyamides, tufted</td>
</tr>
<tr>
<td>5703 30</td>
<td>Carpets of other man-made textile materials, tufted</td>
</tr>
<tr>
<td>5703 90</td>
<td>Carpets of other textile materials, tufted</td>
</tr>
<tr>
<td>5704 10</td>
<td>Tiles of felt of textile materials, havg a max surface area of 0.3 m²</td>
</tr>
<tr>
<td>5704 90</td>
<td>Carpets of felt of textile materials, nes</td>
</tr>
<tr>
<td>5705 00</td>
<td>Carpets and other textile floor coverings, nes</td>
</tr>
<tr>
<td>Ch. 58</td>
<td><strong>Special woven fab; tufted tex fab; lace; tapestries etc</strong></td>
</tr>
<tr>
<td>5801 10</td>
<td>Woven pile fabrics of wool/fine animal hair, other than terry &amp; narrow fabrics</td>
</tr>
<tr>
<td>5801 21</td>
<td>Woven uncut weft pile fabrics of cotton, other than terry and narrow fabrics</td>
</tr>
<tr>
<td>5801 22</td>
<td>Cut corduroy fabrics of cotton, other than narrow fabrics</td>
</tr>
<tr>
<td>5801 23</td>
<td>Woven weft pile fabrics of cotton, nes</td>
</tr>
<tr>
<td>5801 24</td>
<td>Woven warp pile fab of cotton, pingl (uncut), other than terry &amp; narrow fab</td>
</tr>
<tr>
<td>5801 25</td>
<td>Woven warp pile fabrics of cotton, cut, other than terry and narrow fabrics</td>
</tr>
<tr>
<td>5801 26</td>
<td>Chenille fabrics of cotton, other than narrow fabrics</td>
</tr>
<tr>
<td>5801 31</td>
<td>Woven uncut weft pile fabrics of manmade fibres, other than terry &amp; narrow fab.</td>
</tr>
<tr>
<td>5801 32</td>
<td>Cut corduroy fabrics of man-made fibres, other than narrow fabrics</td>
</tr>
<tr>
<td>5801 33</td>
<td>Woven weft pile fabrics of man-made fibres, nes</td>
</tr>
<tr>
<td>5801 34</td>
<td>Woven warp pile fab of man-made fib, pingl (uncut), other than terry &amp; narrow fab</td>
</tr>
<tr>
<td>5801 35</td>
<td>Woven warp pile fabrics of man-made fib, cut, other than terry &amp; narrow fabrics</td>
</tr>
<tr>
<td>5801 36</td>
<td>Chenille fabrics of man-made fibres, other than narrow fabrics</td>
</tr>
<tr>
<td>5801 90</td>
<td>Woven pile fab &amp; chenille fab of other tex mat, other than terry &amp; narrow fabrics</td>
</tr>
<tr>
<td>5802 11</td>
<td>Terry towellg &amp; similar woven terry fab of cotton, other than narrow fab, unbl</td>
</tr>
<tr>
<td>5802 19</td>
<td>Terry towellg &amp; similar woven terry fab of cotton, other than unbl &amp; other than nar fab</td>
</tr>
<tr>
<td>5802 20</td>
<td>Terry towellg &amp; similar woven terry fab of oth tex mat, other than narrow fabrics</td>
</tr>
<tr>
<td>5802 30</td>
<td>Tufted textile fabrics, other than products of heading No 57.03</td>
</tr>
<tr>
<td>5803 10</td>
<td>Gauze of cotton, other than narrow fabrics</td>
</tr>
<tr>
<td>5803 90</td>
<td>Gauze of other textile material, other than narrow fabrics</td>
</tr>
<tr>
<td>5804 10</td>
<td>Tulles &amp; other net fabrics, not incl woven, knitted or crocheted fabrics</td>
</tr>
<tr>
<td>5804 21</td>
<td>Mechanically made lace of man-made fib, in the piece, in strips/motifs</td>
</tr>
<tr>
<td>5804 29</td>
<td>Mechanically made lace of oth tex mat, in the piece, in strips/in motifs</td>
</tr>
<tr>
<td>5804 30</td>
<td>Hand-made lace, in the piece, in strips or in motifs</td>
</tr>
<tr>
<td>5805 00</td>
<td>Hand-woven tapestries &amp; needle-worked tapestries, whether or not made up</td>
</tr>
<tr>
<td>5806 10</td>
<td>Narrow woven pile fabrics and narrow chenille fabrics</td>
</tr>
<tr>
<td>5806 20</td>
<td>Narrow woven fabric, cntg by wt &gt;/=5% elastomeric yarn/rubber thread nes</td>
</tr>
<tr>
<td>5806 31</td>
<td>Narrow woven fabrics of cotton, nes</td>
</tr>
<tr>
<td>5806 32</td>
<td>Narrow woven fabrics of man-made fibres, nes</td>
</tr>
<tr>
<td>5806 39</td>
<td>Narrow woven fabrics of other textile materials, nes</td>
</tr>
<tr>
<td>5806 40</td>
<td>Fabrics consisting of warp w/o weft assembled by means of an adhesive</td>
</tr>
<tr>
<td>5807 10</td>
<td>Labels, badges and similar woven articles of textile materials</td>
</tr>
<tr>
<td>5807 90</td>
<td>Labels, badges and similar articles, not woven, of textile materials, nes</td>
</tr>
<tr>
<td>5808 10</td>
<td>Braids in the piece</td>
</tr>
<tr>
<td>5808 90</td>
<td>Ornamental trimmings in the piece, other than knit; tassels, pompons &amp; similar art</td>
</tr>
<tr>
<td>5809 00</td>
<td>Woven fabrics of metal thread of metallised yarn, for apparel, etc, nes</td>
</tr>
<tr>
<td>5810 10</td>
<td>Embroidery without visible ground, in the piece, in strips or in motifs</td>
</tr>
<tr>
<td>5810 91</td>
<td>Embroidery of cotton, in the piece, in strips or in motifs, nes</td>
</tr>
<tr>
<td>5810 92</td>
<td>Embroidery of man-made fibres, in the piece, in strips or in motifs, nes</td>
</tr>
<tr>
<td>HS No.</td>
<td>Product description</td>
</tr>
<tr>
<td>-------</td>
<td>---------------------</td>
</tr>
<tr>
<td>5810 99</td>
<td>Embroidery of oth textile materials, in the piece, in strips/motifs, nes</td>
</tr>
<tr>
<td>5811 00</td>
<td>Quilted textile products in the piece</td>
</tr>
</tbody>
</table>

**Ch. 59**  
Impregnated, coated, cover/laminated textile fabric etc

<table>
<thead>
<tr>
<th>HS No.</th>
<th>Product description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5901 10</td>
<td>Textile fabrics coated with gum, of a kind used for outer covers of books</td>
</tr>
<tr>
<td>5901 90</td>
<td>Tracg cloth; prepared paintg canvas; stiffened textile fab; for hats etc</td>
</tr>
<tr>
<td>5902 10</td>
<td>Tire cord fabric made of nylon or other polyamides high tenacity yarns</td>
</tr>
<tr>
<td>5902 20</td>
<td>Tire cord fabric made of polyester high tenacity yarns</td>
</tr>
<tr>
<td>5902 90</td>
<td>Tire cord fabric made of viscose rayon high tenacity yarns</td>
</tr>
<tr>
<td>5903 10</td>
<td>Textile fab impregnatd, ctd, cov, or laminatd w polyvinyl chloride, nes</td>
</tr>
<tr>
<td>5903 20</td>
<td>Textile fabrics impregnated, ctd, cov, or laminated with polyurethane, nes</td>
</tr>
<tr>
<td>5903 90</td>
<td>Textile fabrics impregnated, ctd, cov, or laminated with plastics, nes</td>
</tr>
<tr>
<td>5904 10</td>
<td>Linoleum, whether or not cut to shape</td>
</tr>
<tr>
<td>5904 91</td>
<td>Floor coverings, other than linoleum, with a base of needleloom felt/nonwovens</td>
</tr>
<tr>
<td>5904 92</td>
<td>Floor coverings, other than linoleum, with other textile base</td>
</tr>
<tr>
<td>5905 00</td>
<td>Textile wall coverings</td>
</tr>
<tr>
<td>5906 10</td>
<td>Rubberised textile adhesive tape of a width not exceeding 20 cm</td>
</tr>
<tr>
<td>5906 91</td>
<td>Rubberised textile knitted or crocheted fabrics, nes</td>
</tr>
<tr>
<td>5906 99</td>
<td>Rubberised textile fabrics, nes</td>
</tr>
<tr>
<td>5907 00</td>
<td>Textile fab impreg, ctd, cov nes; paintd canvas (e.g.threatrical scenery)</td>
</tr>
<tr>
<td>5908 00</td>
<td>Textile wicks f lamps, stoves, etc; gas mantles&amp;knittd gas mantle fabric</td>
</tr>
<tr>
<td>5909 00</td>
<td>Textile hosepiping and similar textile tubing</td>
</tr>
<tr>
<td>5910 00</td>
<td>Transmission or conveyor belts or belting of textile material</td>
</tr>
<tr>
<td>5911 10</td>
<td>Textile fabrics usd f card clothing, and sim fabric f technical uses</td>
</tr>
<tr>
<td>5911 20</td>
<td>Textile bolting cloth, whether or not made up</td>
</tr>
<tr>
<td>5911 31</td>
<td>Textile fabrics used in paper-making or similar machines, &lt;650 g/m2</td>
</tr>
<tr>
<td>5911 32</td>
<td>Textile fabrics usd in paper-makg or similar mach, weighg &gt;/=650 g/m2</td>
</tr>
<tr>
<td>5911 40</td>
<td>Textile straining cloth usd in oil presses o the like, incl of human hair</td>
</tr>
<tr>
<td>5911 90</td>
<td>Textile products and articles for technical uses, nes</td>
</tr>
</tbody>
</table>

**Ch. 60**  
Knitted or crocheted fabrics.

<table>
<thead>
<tr>
<th>HS No.</th>
<th>Product description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6001 10</td>
<td>Long pile knitted or crocheted textile fabrics</td>
</tr>
<tr>
<td>6001 21</td>
<td>Looped pile knitted or crocheted fabrics, of cotton</td>
</tr>
<tr>
<td>6001 22</td>
<td>Looped pile knitted or crocheted fabrics, of man-made fibres</td>
</tr>
<tr>
<td>6001 29</td>
<td>Looped pile knitted or crocheted fabrics, of other textile materials</td>
</tr>
<tr>
<td>6001 91</td>
<td>Pile knitted or crocheted fabrics, of cotton, nes</td>
</tr>
<tr>
<td>6001 92</td>
<td>Pile knitted or crocheted fabrics, of man-made fibres, nes</td>
</tr>
<tr>
<td>6001 99</td>
<td>Pile knitted or crocheted fabrics, of other textile materials, nes</td>
</tr>
<tr>
<td>6002 10</td>
<td>Knitti or crochetd tex fab, w&lt;/=30 cm,&gt;/=5% of elastomeric/rubber, nes</td>
</tr>
<tr>
<td>6002 20</td>
<td>Knitted or crocheted textile fabrics, of a width not exceedg 30 cm, nes</td>
</tr>
<tr>
<td>6002 30</td>
<td>Knitt/crochetd tex fab, width &gt; 30 cm,&gt;/=5% of elastomeric/rubber, nes</td>
</tr>
<tr>
<td>6002 41</td>
<td>Warp knitted fabrics, of wool or fine animal hair, nes</td>
</tr>
<tr>
<td>6002 42</td>
<td>Warp knitted fabrics, of cotton, nes</td>
</tr>
<tr>
<td>6002 43</td>
<td>Warp knitted fabrics, of man-made fibres, nes</td>
</tr>
<tr>
<td>6002 49</td>
<td>Warp knitted fabrics, of other materials, nes</td>
</tr>
<tr>
<td>6002 91</td>
<td>Knitted or crocheted fabrics, of wool or of fine animal hair, nes</td>
</tr>
<tr>
<td>6002 92</td>
<td>Knitted or crocheted fabrics, of cotton, nes</td>
</tr>
<tr>
<td>6002 93</td>
<td>Knitted or crocheted fabrics, of manmade fibres, nes</td>
</tr>
<tr>
<td>6002 99</td>
<td>Knitted or crocheted fabrics, of other materials, nes</td>
</tr>
<tr>
<td>HS No.</td>
<td>Product description</td>
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<tr>
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<tr>
<td>Ch. 61</td>
<td>Art of apparel &amp; clothing access, knitted or crocheted.</td>
</tr>
<tr>
<td>6101 10</td>
<td>Mens/boys overcoats, anoraks etc, of wool or fine animal hair, knitted</td>
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<tr>
<td>6101 20</td>
<td>Mens/boys overcoats, anoraks etc, of cotton, knitted</td>
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<tr>
<td>6101 30</td>
<td>Mens/boys overcoats, anoraks etc, of man-made fibres, knitted</td>
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<tr>
<td>6101 90</td>
<td>Mens/boys overcoats, anoraks etc, of other textile materials, knitted</td>
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<tr>
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<td>6102 20</td>
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<td>6102 90</td>
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<td>6103 11</td>
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<td>6104 61</td>
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<td>6106 90</td>
<td>Mens/boys overcoats, anoraks etc, of other textile materials, knitted</td>
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<tr>
<td>HS No.</td>
<td>Product description</td>
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<tr>
<td>6105 20</td>
<td>Mens/boys shirts, of man-made fibres, knitted</td>
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<td>6105 90</td>
<td>Mens/boys shirts, of other textile materials, knitted</td>
</tr>
<tr>
<td>6106 10</td>
<td>Womens/girls blouses and shirts, of cotton, knitted</td>
</tr>
<tr>
<td>6106 20</td>
<td>Womens/girls blouses and shirts, of man-made fibres, knitted</td>
</tr>
<tr>
<td>6106 90</td>
<td>Womens/girls blouses and shirts, of other materials, knitted</td>
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<tr>
<td>6107 11</td>
<td>Mens/boys underpants and briefs, of cotton, knitted</td>
</tr>
<tr>
<td>6107 12</td>
<td>Mens/boys underpants and briefs, of man-made fibres, knitted</td>
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<tr>
<td>6107 19</td>
<td>Mens/boys underpants and briefs, of other textile materials, knitted</td>
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<td>6107 21</td>
<td>Mens/boys nightshirts and pyjamas, of cotton, knitted</td>
</tr>
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<td>6107 22</td>
<td>Mens/boys nightshirts and pyjamas, of man-made fibres, knitted</td>
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<td>6107 29</td>
<td>Mens/boys nightshirts and pyjamas, of other textile materials, knitted</td>
</tr>
<tr>
<td>6107 91</td>
<td>Mens/boys bathrobes, dressing gowns etc of cotton, knitted</td>
</tr>
<tr>
<td>6107 92</td>
<td>Mens/boys bathrobes, dressing gowns etc of man-made fibres, knitted</td>
</tr>
<tr>
<td>6107 99</td>
<td>Mens/boys bathrobes, dressing gowns etc of other textile materials, knitted</td>
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<td>6108 11</td>
<td>Womens/girls slips and petticoats, of man-made fibres, knitted</td>
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<tr>
<td>6108 19</td>
<td>Womens/girls slips and petticoats, of other textile materials, knitted</td>
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<td>6108 21</td>
<td>Womens/girls briefs and panties, of cotton, knitted</td>
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<tr>
<td>6108 22</td>
<td>Womens/girls briefs and panties, of man-made fibres, knitted</td>
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<td>6108 29</td>
<td>Womens/girls briefs and panties, of other textile materials, knitted</td>
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<td>6108 31</td>
<td>Womens/girls nightdresses and pyjamas, of cotton, knitted</td>
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<tr>
<td>6108 32</td>
<td>Womens/girls nightdresses and pyjamas, of man-made fibres, knitted</td>
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<tr>
<td>6108 39</td>
<td>Womens/girls nightdresses &amp; pyjamas, of other textile materials, knitted</td>
</tr>
<tr>
<td>6108 91</td>
<td>Womens/girls bathrobes, dressing gowns etc of cotton, knitted</td>
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<tr>
<td>6108 92</td>
<td>Womens/girls bathrobes, dressing gowns etc of man-made fibres, knitted</td>
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<td>6108 99</td>
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<td>6109 10</td>
<td>T-shirts, singlets and other vests, of cotton, knitted</td>
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<td>6109 90</td>
<td>T-shirts, singlets and other vests, of other textile materials, knitted</td>
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<tr>
<td>6110 10</td>
<td>Pullovers, cardigans &amp; similar articles of wool or fine animal hair, knitted</td>
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<tr>
<td>6110 20</td>
<td>Pullovers, cardigans and similar articles of cotton, knitted</td>
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<td>Pullovers, cardigans and similar articles of man-made fibres, knitted</td>
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<td>6110 90</td>
<td>Pullovers, cardigans &amp; similar articles of other textile materials, knitted</td>
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<td>6111 10</td>
<td>Babies garments &amp; clothing accessories of wool or fine animal hair, knitted</td>
</tr>
<tr>
<td>6111 20</td>
<td>Babies garments and clothing accessories of cotton, knitted</td>
</tr>
<tr>
<td>6111 30</td>
<td>Babies garments &amp; clothing accessories of synthetic fibres, knitted</td>
</tr>
<tr>
<td>6111 90</td>
<td>Babies garments &amp; clothing accessories of other textile materials, knitted</td>
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<tr>
<td>6112 11</td>
<td>Track suits, of cotton, knitted</td>
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<tr>
<td>6112 12</td>
<td>Track suits, of synthetic fibres, knitted</td>
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<tr>
<td>6112 19</td>
<td>Track suits, of other textile materials, knitted</td>
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<tr>
<td>6112 20</td>
<td>Ski suits, of textile materials, knitted</td>
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<tr>
<td>6112 31</td>
<td>Mens/boys swimwear, of synthetic fibres, knitted</td>
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<tr>
<td>6112 39</td>
<td>Mens/boys swimwear, of other textile materials, knitted</td>
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<tr>
<td>6112 41</td>
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<td>6112 49</td>
<td>Womens/girls swimwear, of other textile materials, knitted</td>
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<tr>
<td>6113 00</td>
<td>Garments made up of impreg, coated, covered or laminated textile knitted fabric</td>
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<tr>
<td>6114 10</td>
<td>Garments, of wool or fine animal hair, knitted</td>
</tr>
<tr>
<td>6114 20</td>
<td>Garments, of cotton, knitted</td>
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<td>6114 30</td>
<td>Garments, of man-made fibres, knitted</td>
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<tr>
<td>6114 90</td>
<td>Garments, of other textile materials, knitted</td>
</tr>
<tr>
<td>6115 11</td>
<td>Panty hose &amp; tights, of synthetic fibre yarns &lt;67 dtex/single yarn knitted</td>
</tr>
<tr>
<td>6115 12</td>
<td>Panty hose &amp; tights, of synthetic fibre yarns &gt;=67 dtex/single yarn knitted</td>
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</tbody>
</table>
HS No. | Product description
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6115 19 | Panty hose and tights, of other textile materials, knitted
6115 20 | Women full-1/knee-1 hosiery, of textile yarn<67 dtex/single yarn knitted
6115 91 | Hosiery nes, of wool or fine animal hair, knitted
6115 92 | Hosiery nes, of cotton, knitted
6115 93 | Hosiery nes, of synthetic fibres, knitted
6115 99 | Hosiery nes, of other textile materials, knitted
6116 10 | Gloves impregnated, coated or covered with plastics or rubber, knitted
6116 91 | Gloves, mittens and mitts, nes, of wool or fine animal hair, knitted
6116 92 | Gloves, mittens and mitts, nes, of cotton, knitted
6116 93 | Gloves, mittens and mitts, nes, of synthetic fibres, knitted
6116 99 | Gloves, mittens and mitts, nes, of other textile materials, knitted
6117 10 | Shawls, scarves, veils and the like, of textile materials, knitted
6117 20 | Ties, bow ties and cravats, of textile materials, knitted
6117 80 | Clothing accessories nes, of textile materials, knitted
6117 90 | Parts of garments/of clothg accessories, of textile materials, knittd
6117 90 | Parts of garments/of clothg accessories, of textile materials, knittd

Ch. 62 | Art of apparel & clothing access, not knitted/crocheted
6201 11 | Mens/boys overcoats&similar articles of wool/fine animal hair, not knit
6201 12 | Mens/boys overcoats and similar articles of cotton, not knitted
6201 13 | Mens/boys overcoats & similar articles of man-made fibres, not knitted
6201 19 | Mens/boys overcoats&similar articles of oth textile materials, not knittd
6201 91 | Mens/boys anoraks&similar articles, of wool/fine animal hair, not knitted
6201 92 | Mens/boys anoraks and similar articles, of cotton, not knitted
6201 93 | Mens/boys anoraks and similar articles, of man-made fibres, not knitted
6201 99 | Mens/boys anoraks&similar articles, of oth textile materials, not knittd
6202 11 | Womens/girls overcoats&similar articles of wool/fine animal hair nt knit
6202 12 | Womens/girls overcoats and similar articles of cotton, not knitted
6202 13 | Womens/girls overcoats&similar articles of man-made fibres, not knittd
6202 19 | Womens/girls overcoats&similar articles of oth textile mat, not knitt
6202 91 | Womens/girls anoraks&similar article of wool/fine animal hair, not knitt
6202 92 | Womens/girls anoraks and similar article of cotton, not knitted
6202 93 | Womens/girls anoraks & similar article of man-made fibres, not knitted
6202 99 | Womens/girls anoraks&similar article of oth textile materials, not knitt
6203 11 | Mens/boys suits, of wool or fine animal hair, not knitted
6203 12 | Mens/boys suits, of synthetic fibres, not knitted
6203 19 | Mens/boys suits, of other textile materials, not knitted
6203 21 | Mens/boys ensembles, of wool or fine animal hair, not knitted
6203 22 | Mens/boys ensembles, of cotton, not knitted
6203 23 | Mens/boys ensembles, of synthetic fibres, not knitted
6203 29 | Mens/boys ensembles, of other textile materials, not knitted
6203 31 | Mens/boys jackets and blazers, of wool or fine animal hair, not knitted
6203 32 | Mens/boys jackets and blazers, of cotton, not knitted
6203 33 | Mens/boys jackets and blazers, of synthetic fibres, not knitted
6203 39 | Mens/boys jackets and blazers, of other textile materials, not knitted
6203 41 | Mens/boys trousers and shorts, of wool or fine animal hair, not knitted
6203 42 | Mens/boys trousers and shorts, of cotton, not knitted
6203 43 | Mens/boys trousers and shorts, of synthetic fibres, not knitted
6203 49 | Mens/boys trousers and shorts, of other textile materials, not knitted
6204 11 | Womens/girls suits, of wool or fine animal hair, not knitted
6204 12 | Womens/girls suits, of cotton, not knitted
<table>
<thead>
<tr>
<th>HS No.</th>
<th>Product description</th>
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<tbody>
<tr>
<td>6204 13</td>
<td>Womens/girls suits, of synthetic fibres, not knitted</td>
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<tr>
<td>6204 19</td>
<td>Womens/girls suits, of other textile materials, not knitted</td>
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<tr>
<td>6204 21</td>
<td>Womens/girls ensembles, of wool or fine animal hair, not knitted</td>
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<tr>
<td>6204 22</td>
<td>Womens/girls ensembles, of cotton, not knitted</td>
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<tr>
<td>6204 23</td>
<td>Womens/girls ensembles, of synthetic fibres, not knitted</td>
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<tr>
<td>6204 29</td>
<td>Womens/girls ensembles, of other textile materials, not knitted</td>
</tr>
<tr>
<td>6204 31</td>
<td>Womens/girls jackets, of wool or fine animal hair, not knitted</td>
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<td>6204 32</td>
<td>Womens/girls jackets, of cotton, not knitted</td>
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<td>6204 33</td>
<td>Womens/girls jackets, of synthetic fibres, not knitted</td>
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<td>6204 39</td>
<td>Womens/girls jackets, of other textile materials, not knitted</td>
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<tr>
<td>6204 41</td>
<td>Womens/girls dresses, of wool or fine animal hair, not knitted</td>
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<tr>
<td>6204 42</td>
<td>Womens/girls dresses, of cotton, not knitted</td>
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<tr>
<td>6204 43</td>
<td>Womens/girls dresses, of synthetic fibres, not knitted</td>
</tr>
<tr>
<td>6204 49</td>
<td>Womens/girls dresses, of other textile materials, not knitted</td>
</tr>
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<td>6204 51</td>
<td>Womens/girls skirts, of wool or fine animal hair, not knitted</td>
</tr>
<tr>
<td>6204 52</td>
<td>Womens/girls skirts, of cotton, not knitted</td>
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<td>6204 53</td>
<td>Womens/girls skirts, of synthetic fibres, not knitted</td>
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<td>6204 59</td>
<td>Womens/girls skirts, of other textile materials, not knitted</td>
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<tr>
<td>6204 61</td>
<td>Womens/girls trousers &amp; shorts, of wool or fine animal hair, not knitted</td>
</tr>
<tr>
<td>6204 62</td>
<td>Womens/girls trousers and shorts, of cotton, not knitted</td>
</tr>
<tr>
<td>6204 63</td>
<td>Womens/girls trousers and shorts, of synthetic fibres, not knitted</td>
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<td>6204 69</td>
<td>Womens/girls trousers &amp; shorts, of other textile materials, not knitted</td>
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<td>6205 10</td>
<td>Mens/boys shirts, of wool or fine animal hair, not knitted</td>
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<tr>
<td>6205 20</td>
<td>Mens/boys shirts, of cotton, not knitted</td>
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<td>6205 30</td>
<td>Mens/boys shirts, of man-made fibres, not knitted</td>
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<tr>
<td>6206 10</td>
<td>Womens/girls blouses and shirts, of silk or silk waste, not knitted</td>
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<td>6206 20</td>
<td>Womens/girls blouses &amp; shirts, of wool or fine animal hair, not knitted</td>
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<tr>
<td>6206 30</td>
<td>Womens/girls blouses and shirts, of cotton, not knitted</td>
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<tr>
<td>6206 40</td>
<td>Womens/girls blouses and shirts, of man-made fibres, not knitted</td>
</tr>
<tr>
<td>6206 90</td>
<td>Womens/girls blouses and shirts, of other textile materials, not knitted</td>
</tr>
<tr>
<td>6207 11</td>
<td>Mens/boys underpants and briefs, of cotton, not knitted</td>
</tr>
<tr>
<td>6207 19</td>
<td>Mens/boys underpants and briefs, of other textile materials, not knitted</td>
</tr>
<tr>
<td>6207 21</td>
<td>Mens/boys nightshirts and pyjamas, of cotton, not knitted</td>
</tr>
<tr>
<td>6207 22</td>
<td>Mens/boys nightshirts and pyjamas, of man-made fibres, not knitted</td>
</tr>
<tr>
<td>6207 29</td>
<td>Mens/boys nightshirts &amp; pyjamas, of other textile materials, not knitted</td>
</tr>
<tr>
<td>6207 91</td>
<td>Mens/boys bathrobes, dressing gowns, etc of cotton, not knitted</td>
</tr>
<tr>
<td>6207 92</td>
<td>Mens/boys bathrobes, dressing gowns, etc of man-made fibres, not knitted</td>
</tr>
<tr>
<td>6207 99</td>
<td>Mens/boys bathrobes, dressg gowns, etc of oth textile materials, not knitted</td>
</tr>
<tr>
<td>6208 11</td>
<td>Womens/girls slips and petticoats, of man-made fibres, not knitted</td>
</tr>
<tr>
<td>6208 19</td>
<td>Womens/girls slips &amp; petticoats, of other textile materials, not knitted</td>
</tr>
<tr>
<td>6208 21</td>
<td>Womens/girls nightdresses and pyjamas, of cotton, not knitted</td>
</tr>
<tr>
<td>6208 22</td>
<td>Womens/girls nightdresses and pyjamas, of man-made fibres, not knitted</td>
</tr>
<tr>
<td>6208 29</td>
<td>Womens/girls nightdresses &amp; pyjamas, of oth textile materials, not knitted</td>
</tr>
<tr>
<td>6208 91</td>
<td>Womens/girls panties, bathrobes, etc, of cotton, not knitted</td>
</tr>
<tr>
<td>6208 92</td>
<td>Womens/girls panties, bathrobes, etc, of man-made fibres, not knitted</td>
</tr>
<tr>
<td>6208 99</td>
<td>Womens/girls panties, bathrobes, etc, of oth textile materials, not knitted</td>
</tr>
<tr>
<td>6209 10</td>
<td>Babies garments and clothing accessories of wool o fine animal hair, not knitt</td>
</tr>
<tr>
<td>6209 20</td>
<td>Babies garments and clothing accessories of cotton, not knitted</td>
</tr>
<tr>
<td>HS No.</td>
<td>Product description</td>
</tr>
<tr>
<td>-------</td>
<td>-------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>6209 30</td>
<td>Babies garments &amp; clothing accessories of synthetic fibres, not knitted</td>
</tr>
<tr>
<td>6209 90</td>
<td>Babies garments &amp; clothing accessories of other textile materials, not knitted</td>
</tr>
<tr>
<td>6210 10</td>
<td>Garments made up of textile felts and of nonwoven textile fabrics</td>
</tr>
<tr>
<td>6210 20</td>
<td>Mens/boys overcoats &amp; similar articles of impregnated, coated, covered, etc, textile woven fabrics</td>
</tr>
<tr>
<td>6210 30</td>
<td>Womens/girls overcoats &amp; similar articles of impregnated, coated, etc, textile woven fabrics</td>
</tr>
<tr>
<td>6210 40</td>
<td>Mens/boys garments, made up of impregnated, coated, covered, etc, textile woven fabrics</td>
</tr>
<tr>
<td>6210 50</td>
<td>Womens/girls garments, of impregnated, coated, covered, etc, textile woven fabrics</td>
</tr>
<tr>
<td>6211 11</td>
<td>Mens/boys swimwear, of textile materials, not knitted</td>
</tr>
<tr>
<td>6211 12</td>
<td>Womens/girls swimwear, of textile materials, not knitted</td>
</tr>
<tr>
<td>6211 20</td>
<td>Ski suits, of textile materials, not knitted</td>
</tr>
<tr>
<td>6211 31</td>
<td>Mens/boys garments, of wool or fine animal hair, not knitted</td>
</tr>
<tr>
<td>6211 32</td>
<td>Mens/boys garments, of cotton, not knitted</td>
</tr>
<tr>
<td>6211 33</td>
<td>Mens/boys garments, of man-made fibres, not knitted</td>
</tr>
<tr>
<td>6211 39</td>
<td>Mens/boys garments, of other textile materials, not knitted</td>
</tr>
<tr>
<td>6211 41</td>
<td>Womens/girls garments, of wool or fine animal hair, not knitted</td>
</tr>
<tr>
<td>6211 42</td>
<td>Womens/girls garments, of cotton, not knitted</td>
</tr>
<tr>
<td>6211 43</td>
<td>Womens/girls garments, of man-made fibres, not knitted</td>
</tr>
<tr>
<td>6211 49</td>
<td>Womens/girls garments, of other textile materials, not knitted</td>
</tr>
<tr>
<td>6212 10</td>
<td>Brassieres and parts thereof, of textile materials</td>
</tr>
<tr>
<td>6212 20</td>
<td>Girdles, panty girdles and parts thereof, of textile materials</td>
</tr>
<tr>
<td>6212 30</td>
<td>Corselettes and parts thereof, of textile materials</td>
</tr>
<tr>
<td>6212 90</td>
<td>Corsets, braces &amp; similar articles &amp; parts thereof, of textile materials</td>
</tr>
<tr>
<td>6213 10</td>
<td>Handkerchiefs, of silk or silk waste, not knitted</td>
</tr>
<tr>
<td>6213 20</td>
<td>Handkerchiefs, of cotton, not knitted</td>
</tr>
<tr>
<td>6213 90</td>
<td>Handkerchiefs, of other textile materials, not knitted</td>
</tr>
<tr>
<td>6214 10</td>
<td>Shawls, scarves, veils &amp; the like, of silk or silk waste, not knitted</td>
</tr>
<tr>
<td>6214 20</td>
<td>Shawls, scarves, veils &amp; the like, of wool or fine animal hair, not knitted</td>
</tr>
<tr>
<td>6214 30</td>
<td>Shawls, scarves, veils &amp; the like, of synthetic fibres, not knitted</td>
</tr>
<tr>
<td>6214 40</td>
<td>Shawls, scarves, veils &amp; the like, of artificial fibres, not knitted</td>
</tr>
<tr>
<td>6214 90</td>
<td>Shawls, scarves, veils &amp; the like, of other textile materials, not knitted</td>
</tr>
<tr>
<td>6215 10</td>
<td>Ties, bow ties and cravats, of silk or silk waste, not knitted</td>
</tr>
<tr>
<td>6215 20</td>
<td>Ties, bow ties and cravats, of man-made fibres, not knitted</td>
</tr>
<tr>
<td>6215 90</td>
<td>Ties, bow ties and cravats, of other textile materials, not knitted</td>
</tr>
<tr>
<td>6216 00</td>
<td>Gloves, mittens and mitts, of textile materials, not knitted</td>
</tr>
<tr>
<td>6217 10</td>
<td>Clothing accessories, of textile materials, not knitted</td>
</tr>
<tr>
<td>6217 90</td>
<td>Parts of garments or of clothing accessories, of textile materials, not knitted</td>
</tr>
</tbody>
</table>

**Ch. 63 Other made up textile articles; sets; worn clothing etc**

<table>
<thead>
<tr>
<th>HS No.</th>
<th>Product description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6301 10</td>
<td>Electric blankets, of textile materials</td>
</tr>
<tr>
<td>6301 20</td>
<td>Blankets (other than electric) &amp; travelling rugs, of wool or fine animal hair</td>
</tr>
<tr>
<td>6301 30</td>
<td>Blankets (other than electric) and travelling rugs, of cotton</td>
</tr>
<tr>
<td>6301 40</td>
<td>Blankets (other than electric) and travelling rugs, of synthetic fibres</td>
</tr>
<tr>
<td>6301 90</td>
<td>Blankets (other than electric) and travelling rugs, of other textile materials</td>
</tr>
<tr>
<td>6302 10</td>
<td>Bed linen, of textile knitted or crocheted materials</td>
</tr>
<tr>
<td>6302 21</td>
<td>Bed linen, of cotton, printed, not knitted</td>
</tr>
<tr>
<td>6302 22</td>
<td>Bed linen, of man-made fibres, printed, not knitted</td>
</tr>
<tr>
<td>6302 29</td>
<td>Bed linen, of other textile materials, printed, not knitted</td>
</tr>
<tr>
<td>6302 31</td>
<td>Bed linen, of cotton, nes</td>
</tr>
<tr>
<td>6302 32</td>
<td>Bed linen, of man-made fibres, nes</td>
</tr>
<tr>
<td>6302 39</td>
<td>Bed linen, of other textile materials, nes</td>
</tr>
<tr>
<td>HS No.</td>
<td>Product description</td>
</tr>
<tr>
<td>-------</td>
<td>--------------------</td>
</tr>
<tr>
<td>6302 40</td>
<td>Table linen, of textile knitted or crocheted materials</td>
</tr>
<tr>
<td>6302 51</td>
<td>Table linen, of cotton, not knitted</td>
</tr>
<tr>
<td>6302 52</td>
<td>Table linen, of flax, not knitted</td>
</tr>
<tr>
<td>6302 53</td>
<td>Table linen, of man-made fibres, not knitted</td>
</tr>
<tr>
<td>6302 59</td>
<td>Table linen, of other textile materials, not knitted</td>
</tr>
<tr>
<td>6302 60</td>
<td>Toilet &amp; kitchen linen, of terry towelling or similar terry fab, of cotton</td>
</tr>
<tr>
<td>6302 91</td>
<td>Toilet and kitchen linen, of cotton, nes</td>
</tr>
<tr>
<td>6302 92</td>
<td>Toilet and kitchen linen, of flax</td>
</tr>
<tr>
<td>6302 93</td>
<td>Toilet and kitchen linen, of man-made fibres</td>
</tr>
<tr>
<td>6302 99</td>
<td>Toilet and kitchen linen, of other textile materials</td>
</tr>
<tr>
<td>6303 11</td>
<td>Curtains, drapes, interior blinds &amp; curtain or bed valances, of cotton, knit</td>
</tr>
<tr>
<td>6303 12</td>
<td>Curtains, drapes, interior blinds &amp; curtain or bed valances, of synth fib, knitted</td>
</tr>
<tr>
<td>6303 19</td>
<td>Curtains, drapes, interior blinds &amp; curtain or bed valances, of other tex mat, knit</td>
</tr>
<tr>
<td>6303 91</td>
<td>Curtains/drapes/interior blinds &amp; curtain or bed valances, of cotton, not knit</td>
</tr>
<tr>
<td>6303 92</td>
<td>Curtains/drapes/interior blinds &amp; curtain or bed valances, of synth fib, not knit</td>
</tr>
<tr>
<td>6303 99</td>
<td>Curtains/drape/interior blind curtain or bed valance, of other tex mat, not knit</td>
</tr>
<tr>
<td>6304 11</td>
<td>Bedspreads of textile materials, nes, knitted or crocheted</td>
</tr>
<tr>
<td>6304 19</td>
<td>Bedspreads of textile materials, nes, not knitted or crocheted</td>
</tr>
<tr>
<td>6304 91</td>
<td>Furnishings articles nes, of textile materials, knitted or crocheted</td>
</tr>
<tr>
<td>6304 92</td>
<td>Furnishings articles nes, of cotton, not knitted or crocheted</td>
</tr>
<tr>
<td>6304 93</td>
<td>Furnishings articles nes, of synthetic fibres, not knitted or crocheted</td>
</tr>
<tr>
<td>6304 99</td>
<td>Furnishings articles nes, of other textile materials, not knitted or crocheted</td>
</tr>
<tr>
<td>6305 10</td>
<td>Sacks &amp; bags, for packing of goods, of jute or of other textile bast fibres</td>
</tr>
<tr>
<td>6305 31</td>
<td>Sacks &amp; bags, for packing of goods, of polyethylene or polypropylene strips</td>
</tr>
<tr>
<td>6305 39</td>
<td>Sacks &amp; bags, for packing of goods, of other man-made textile materials</td>
</tr>
<tr>
<td>6305 90</td>
<td>Sacks and bags, for packing of goods, of other textile materials</td>
</tr>
<tr>
<td>6306 11</td>
<td>Tarpaulins, awnings and sunblinds, of cotton</td>
</tr>
<tr>
<td>6306 12</td>
<td>Tarpaulins, awnings and sunblinds, of synthetic fibres</td>
</tr>
<tr>
<td>6306 19</td>
<td>Tarpaulins, awnings and sunblinds, of other textile materials</td>
</tr>
<tr>
<td>6306 21</td>
<td>Tents, of cotton</td>
</tr>
<tr>
<td>6306 22</td>
<td>Tents, of synthetic fibres</td>
</tr>
<tr>
<td>6306 29</td>
<td>Tents, of other textile materials</td>
</tr>
<tr>
<td>6306 31</td>
<td>Sails, of synthetic fibres</td>
</tr>
<tr>
<td>6306 39</td>
<td>Sails, of other textile materials</td>
</tr>
<tr>
<td>6306 41</td>
<td>Pneumatic mattresses, of cotton</td>
</tr>
<tr>
<td>6306 49</td>
<td>Pneumatic mattresses, of other textile materials</td>
</tr>
<tr>
<td>6306 91</td>
<td>Camping goods nes, of cotton</td>
</tr>
<tr>
<td>6306 99</td>
<td>Camping goods nes, of other textile materials</td>
</tr>
<tr>
<td>6307 10</td>
<td>Floorcloths, dishcloths, dusters &amp; similar cleaning cloths, of tex mat</td>
</tr>
<tr>
<td>6307 20</td>
<td>Life jackets and life belts, of textile materials</td>
</tr>
<tr>
<td>6307 90</td>
<td>Made up articles, of textile materials, nes, including dress patterns</td>
</tr>
<tr>
<td>6308 00</td>
<td>Sets consistg of woven fab &amp; yarn, for makg up into rugs, tapestries etc</td>
</tr>
<tr>
<td>6309 00</td>
<td>Worn clothing and other worn articles</td>
</tr>
<tr>
<td>HS No.</td>
<td>Product description</td>
</tr>
<tr>
<td>---------</td>
<td>---------------------</td>
</tr>
<tr>
<td>3005 90</td>
<td>Wadding, gauze, bandages and the like</td>
</tr>
<tr>
<td>ex 3921 12</td>
<td>)</td>
</tr>
<tr>
<td>ex 3921 13</td>
<td>( Woven, knitted or non-woven fabrics coated, covered or laminated with plastics</td>
</tr>
<tr>
<td>ex 3921 90</td>
<td>)</td>
</tr>
<tr>
<td>ex 4202 12</td>
<td>)</td>
</tr>
<tr>
<td>ex 4202 22</td>
<td>( Luggage, handbags and flatgoods with an outer surface predominantly of textile materials</td>
</tr>
<tr>
<td>ex 4202 32</td>
<td>)</td>
</tr>
<tr>
<td>ex 4202 92</td>
<td>)</td>
</tr>
<tr>
<td>ex 6405 20</td>
<td>Footwear with soles and uppers of wool felt</td>
</tr>
<tr>
<td>ex 6406 10</td>
<td>Footwear uppers of which 50% or more of the external surface area is textile material</td>
</tr>
<tr>
<td>ex 6406 99</td>
<td>Leg warmers and gaiters of textile material</td>
</tr>
<tr>
<td>6501 00</td>
<td>Hat-forms, hat bodies and hoods of felt; plateaux and manchons of felt</td>
</tr>
<tr>
<td>6502 00</td>
<td>Hat-shapes, plaited or made by assembling strips of any material</td>
</tr>
<tr>
<td>6503 00</td>
<td>Felt hats and other felt headgear</td>
</tr>
<tr>
<td>6504 00</td>
<td>Hats &amp; other headgear, plaited or made by assembling strips of any material</td>
</tr>
<tr>
<td>6505 90</td>
<td>Hats &amp; other headgear, knitted or made up from lace, or other textile material</td>
</tr>
<tr>
<td>6601 10</td>
<td>Umbrellas and sun umbrellas, garden type</td>
</tr>
<tr>
<td>6601 91</td>
<td>Other umbrella types, telescopic shaft</td>
</tr>
<tr>
<td>6601 99</td>
<td>Other umbrellas</td>
</tr>
<tr>
<td>ex 7019 10</td>
<td>Yarns of fibre glass</td>
</tr>
<tr>
<td>ex 7019 20</td>
<td>Woven fabrics of fibre glass</td>
</tr>
<tr>
<td>8708 21</td>
<td>Safety seat belts for motor vehicles</td>
</tr>
<tr>
<td>8804 00</td>
<td>Parachutes; their parts and accessories</td>
</tr>
<tr>
<td>9113 90</td>
<td>Watch straps, bands and bracelets of textile materials</td>
</tr>
<tr>
<td>ex 9404 90</td>
<td>Pillow and cushions of cotton; quilts; eiderdowns; comforters and similar articles of textile materials</td>
</tr>
<tr>
<td>9502 91</td>
<td>Garments for dolls</td>
</tr>
<tr>
<td>ex 9612 10</td>
<td>Woven ribbons, of man-made fibres, other than those measuring less than 30 mm in width and permanently put up in cartridges</td>
</tr>
</tbody>
</table>
1. It is agreed that in order to ensure transparency of the legal rights and obligations deriving from Article II:1(b), the nature and level of any "other duties or charges" levied on bound tariff items, as referred to in that provision, shall be recorded in the Schedules of tariff concessions against the tariff item to which they apply. It is understood that such recording does not change the legal character of "other duties or charges".

2. The date as of which "other duties or charges" are bound, for the purposes of Article II, shall be the date of the Uruguay Round Protocol to the General Agreement on Tariffs and Trade. "Other duties or charges" shall therefore be recorded in the Schedules of concessions at the levels applying on this date. At each subsequent renegotiation of a concession or negotiation of a new concession the applicable date for the tariff item in question shall become the date of the incorporation of the new concession in the Schedules of concessions. However, the date of the instrument by which a concession on any particular item was first incorporated into the General Agreement shall also continue to be recorded in column 6 of the Loose-Leaf Schedules.

3. "Other duties or charges" shall be recorded in respect of all tariff bindings.

4. Where a tariff item has previously been the subject of a concession, the level of "other duties or charges" recorded in the Schedules of concessions shall not be higher than the level obtaining at the time of the first incorporation of the concession in the Schedules. It will be open to any contracting party to challenge the existence of an "other duty or charge", on the ground that no such "other duty or charge" existed at the time of the original binding of the item in question, as well as the consistency of the recorded level of any "other duty or charge" with the previously bound level, for a period of three years after the deposit with the secretariat of the Schedule in question.

5. It is agreed that the recording of "other duties or charges" in the Schedules of concessions is without prejudice to their consistency with rights and obligations under the General Agreement other than those affected by paragraph 4 above. All contracting parties retain the right to challenge, at any time, the consistency of any "other duty or charge" with such obligations.

6. For the purposes of this decision, the normal GATT procedures of consultation and dispute settlement will apply.

*The legal form of this decision will be decided at a later stage.*
7. It is agreed that "other duties or charges" omitted from a Schedule at the time of its deposit with the secretariat shall not subsequently be added to it and that any "other duty or charge" recorded at a level lower than that prevailing on the applicable date shall not be restored to that level unless such additions or changes are made within six months of the deposit of the Schedule.

8. The decision in paragraph 2 above regarding the date applicable to each concession for the purposes of Article II:1(b) supersedes the decision regarding the applicable date taken by the GATT Council on 26 March 1980 (BISD 27S/22).
Q. UNDERSTANDING ON THE INTERPRETATION OF ARTICLE XVII
OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

Noting that Article XVII provides for obligations on contracting parties in respect of the activities of the state trading enterprises referred to in Article XVII:1, which are required to be consistent with the general principles of non-discriminatory treatment prescribed in the General Agreement for governmental measures affecting imports or exports by private traders;

Noting further that contracting parties are subject to their GATT obligations in respect of those governmental measures affecting state trading enterprises;

Recognising that this decision is without prejudice to the substantive disciplines prescribed in Article XVII;

1. It is agreed that in order to ensure the transparency of the activities of state trading enterprises, such enterprises shall be notified to the CONTRACTING PARTIES, for review by the working party to be set up under paragraph 5 below, in accordance with the following working definition:

"Governmental and non-governmental enterprises, including marketing boards, which have been granted exclusive or special rights or privileges, including statutory or constitutional powers, in the exercise of which they influence through their purchases or sales the level or direction of imports or exports."

This notification requirement does not apply to imports of products for immediate or ultimate consumption in governmental use or in use by an enterprise as specified above and not otherwise for resale or use in the production of goods for sale.

2. It is agreed that each contracting party shall conduct a review of its policy with regard to the submission of notifications on state trading enterprises to the CONTRACTING PARTIES, taking account of the provisions of this decision. In carrying out such a review, each contracting party should have regard to the need to ensure the maximum transparency possible in its notifications so as to permit a clear appreciation of the manner of operation of the enterprises notified and the effect of their operations on international trade.

3. Notifications shall be made in accordance with the 1960 questionnaire on state trading (BISD, 95/184), it being understood that contracting parties shall notify the enterprises referred to in paragraph 1 above whether or not imports or exports have in fact taken place.

4. Any contracting party which has reason to believe that another contracting party has not adequately met its notification obligation may raise the matter with the contracting party concerned. If the matter is
not satisfactorily resolved it may make a counter-notification to the CONTRACTING PARTIES, for consideration by the working party set up under paragraph 5 below, simultaneously informing the contracting party concerned.

5. A working party shall be set up, on behalf of the CONTRACTING PARTIES, to review notifications and counter-notifications. In the light of this review and without prejudice to Article XVII:4(c), the CONTRACTING PARTIES may make recommendations with regard to the adequacy of notifications and the need for further information. The working party shall also review, in the light of the notifications received, the adequacy of the 1960 questionnaire on state trading and the coverage of state trading enterprises notified under paragraph 1 above. It shall also develop an illustrative list showing the kinds of relationships between governments and enterprises, and the kinds of activities, engaged in by these enterprises, which may be relevant for the purposes of Article XVII. It is understood that the GATT Secretariat will provide a general background paper for the working party on the operations of state trading enterprises as they relate to international trade. Membership of the working party shall be open to all contracting parties indicating their wish to serve on it. It shall meet within a year of the entry into force of this Understanding and thereafter at least once a year. It shall report annually to the CONTRACTING PARTIES.
R. BALANCE-OF-PAYMENTS PROVISIONS OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

Recognising the provisions of Articles XII, XVIII:B of the General Agreement and of the 1979 Declaration on Trade Measures taken for Balance-of-Payments Purposes (hereafter referred to as the '1979 Declaration') and in order to clarify such provisions.

Decide as follows:

Application of Measures

1. Contracting parties confirm their commitment to publicly announce, as soon as possible, time-schedules for the removal of restrictive import measures taken for balance-of-payments purposes. It is understood that such time-schedules may be modified as appropriate to take into account changes in the balance-of-payments situation. Wherever a time-schedule is not publicly announced, justification shall be provided as to the reasons therefor.

2. Contracting parties confirm their commitment to give preference to those measures which have the least disruptive effect on trade. Such measures (hereafter referred to as "price-based measures") shall be understood to include import surcharges, import deposit requirements or other equivalent trade measures with an impact on the price of imported goods. It is understood that, notwithstanding the provisions of Article II, price-based measures taken for balance-of-payments purposes may be applied in excess of the duties inscribed in the schedule of a contracting party. Furthermore, the amount by which the price-based measure exceeds the bound duty shall be clearly and separately indicated under the notification procedures of this Decision.

3. Contracting parties shall seek to avoid the imposition of new quantitative restrictions for balance-of-payments purposes unless, because of a critical balance-of-payments situation, price-based measures cannot arrest a sharp deterioration in the external payments position. In those cases in which a contracting party applies quantitative restrictions, justification shall be provided as to the reasons why price-based measures are not an adequate instrument to deal with the balance-of-payments situation. A contracting party maintainig quantitative restrictions shall

1 Nothing in this Decision is intended to modify the rights and obligations of contracting parties under Articles XII or XVIII:B of the General Agreement. The dispute settlement provisions of the General Agreement may be invoked with respect to any matters arising from the application of restrictive import measures taken for balance-of-payments reasons.
indicate in successive consultations the progress made in significantly reducing the incidence and restrictive effect of such measures. It is understood that not more than one type of restrictive import measure taken for balance-of-payments reasons may be applied on the same product.

4. Contracting parties confirm that restrictive import measures taken for balance-of-payments reasons may only be applied to control the general level of imports and may not exceed what is necessary to address the balance-of-payments situation. In order to minimise any incidental protective effects, restrictions shall be administered in a transparent manner. The authorities of the importing contracting party shall provide adequate justification as to the criteria used to determine which products are subject to restriction. As provided in Articles XII:3 and XVIII:B:10, parties may, in the case of certain essential products, exclude or limit the application of surcharges applied across the board or other measures applied for balance-of-payments reasons. The term essential products shall be understood to mean products which meet basic consumption needs or which contribute to the contracting party's effort to improve its balance-of-payments situation, such as capital goods or inputs needed for production. In the administration of quantitative restrictions, discretionary licensing shall be used only when unavoidable and be progressively phased out. Appropriate justification shall be provided as to the criteria used to determine allowable import quantities or values.

Procedures for Balance-of-Payments consultations

5. The GATT Committee on Balance-of-Payments Restrictions (hereafter referred to as "Committee") shall carry out consultations in order to review all restrictive import measures taken for balance-of-payments purposes. The membership of the Committee is open to all contracting parties indicating their wish to serve in it. The Committee shall follow the procedures for consultations on balance-of-payments restrictions approved by the Council on 28 April 1970 and set out in BISD, Eighteenth Supplement, pages 48-53 (hereafter referred to as "Full consultation Procedures"), subject to the provisions set out below.

6. A contracting party applying new restrictions or raising the general level of its existing restrictions by a substantial intensification of the measures shall enter into consultations with the Committee within four months of the adoption of such measures. The contracting party adopting such measures may request that a consultation be held under Article XII:4(a) or Article XVIII:12(a) as appropriate. If no such request has been made, the Chairman of the Committee shall invite the contracting party to hold such consultation. Factors that may be examined in the consultation would include, inter alia, the introduction of new types of restrictive measures for balance-of-payments purposes, or an increase in the level or product coverage of restrictions.

7. All restrictions applied for balance-of-payments purposes shall be subject to periodic review in the Committee under paragraph 4(b) of Article XII or under paragraph 12(b) of Article XVIII, subject to the possibility of altering the periodicity of consultations in agreement with the consulting contracting party or pursuant to any specific review procedure that may be recommended by the Council.
8. Consultations may be held under simplified procedures in the case of least-developed contracting parties or in the case of less-developed contracting parties which are pursuing liberalisation efforts in conformity with the schedule presented to the Committee in previous consultations. Simplified consultations may also be held when the Trade Policy Review of a less-developed contracting party is scheduled for the same calendar year as the date fixed for the consultations. In such cases the decision as to whether a full consultation should be held will be made on the basis of the factors enumerated in paragraph 8 of the 1979 Declaration. Except in the case of least-developed contracting parties, no more than two successive consultations may be held under simplified procedures.

Notification and Documentation

9. A contracting party shall notify to the CONTRACTING PARTIES the introduction of or any changes in the application of restrictive import measures taken for balance-of-payments purposes as well as any modifications in time schedules for the removal of such measures as announced under paragraph 1. Significant changes shall be notified to the CONTRACTING PARTIES prior to or not later than 30 days after their announcement. A consolidated notification, including all changes in laws, regulations, policy statements or public notices, shall be made available to the GATT secretariat on a yearly basis for examination by contracting parties. Notifications shall include full information, as far as possible, at the tariff line level, on the type of measures applied, the criteria used for their administration, product coverage and trade flows affected.

10. At the request of any contracting party, notifications may be reviewed by the Committee. Such reviews would be limited to the clarification of specific issues raised by a notification or examination of whether a consultation under Article XII:4(a) or Article XVIII:12(a) is required. Contracting parties which have reasons to believe that a restrictive import measure applied by another contracting party was taken for balance-of-payments reasons may bring the matter to the attention of the Committee. The Chairman of the Committee shall request information on the measure and make it available to all contracting parties. Without prejudice to the right of any member of the Committee to seek appropriate clarifications in the course of consultations, questions may be submitted in advance for consideration by the consulting contracting party.

11. The consulting contracting party shall prepare a Basic Document for the consultations which, in addition to any other information considered to be relevant, should include: (a) an overview of the balance-of-payments situations and prospects, including a consideration of the internal and external factors having a bearing on the balance-of-payments situation and the domestic policy measures taken in order to restore equilibrium on a sound and lasting basis; (b) a full description of the restrictions applied for balance-of-payments reasons, their legal basis and steps taken to reduce incidental protective effects; (c) measures taken since the last consultation to liberalise import restrictions, in the light of the conclusions of the Committee; (d) plan for the elimination and progressive relaxation of remaining restrictions. References may be made, when
relevant, to the information provided in other GATT notifications or reports. Under Simplified Consultations, the consulting contracting party shall submit a written statement containing essential information on the elements covered by the Basic Document.

12. The GATT secretariat shall, with a view to facilitating the consultations in the Committee, prepare a factual background paper dealing with the different aspects of the plan for consultations. In the case of less developed contracting parties, the secretariat document will include relevant background and analytical material on the incidence of the external trading environment on the balance-of-payments situation and prospects of the consulting country. The technical assistance services of the GATT secretariat shall, at the request of a less developed contracting party, assist in preparing the documentation for the consultations.

Conclusions of Balance-of-Payments Consultations

13. The Committee shall report on its consultations to the Council. In the case of full consultations, the report should indicate the Committee's conclusions on the different elements of the plan for consultations, as well as the facts and reasons on which they are based. The Committee shall endeavour to include in its conclusions proposals for Council recommendations aimed at promoting the implementation of Articles XII, XVIII:B, the 1979 Declaration and this Decision. In those cases in which a time-schedule has been presented for the removal of restrictive measures taken for balance-of-payments reasons, the Council may recommend that, in adhering to such a time-schedule, a contracting party shall be deemed to be in compliance with its GATT obligations. Whenever the Council has made specific recommendations, the rights and obligations of contracting parties shall be assessed in the light of such recommendations. In the absence of specific proposals for Council recommendations, the Committee's conclusions should record the different views expressed in the Committee. In the case of simplified consultations, the report shall include a summary of the main elements discussed in the Committee and a decision on whether Full Consultations are required.
Application and Review of the Understanding on Rules and Procedures Governing the Settlement of Disputes under Articles XXII and XXIII of the General Agreement on Tariffs and Trade

The CONTRACTING PARTIES,

Agree that existing rules and procedures of the GATT in the field of dispute settlement shall remain in effect until the date of entry into force of the Understanding on Rules and Procedures Governing the Settlement of Disputes under Articles XXII and XXIII of the General Agreement on Tariffs and Trade. It is further agreed that the Understanding shall be applied only in respect of new requests under Articles XXII:1 and XXIII:1 made on or after the date of entry into force of said Understanding. With regard to disputes for which the request under Article XXII:1 or XXIII:1 was made before the date of entry into force of said Understanding, it is agreed that GATT dispute settlement rules and procedures in effect immediately prior to the date of entry into force of said Understanding shall continue to apply;

Agree that a full review of GATT dispute settlement rules and procedures, as set out in said Understanding, shall be completed within four years after its entry into force, and a decision shall be taken on the occasion of the first meeting at Ministerial level after the completion of the review, whether to continue, modify or terminate such dispute settlement rules and procedures.
UNDERSTANDING ON RULES AND PROCEDURES GOVERNING
THE SETTLEMENT OF DISPUTES UNDER ARTICLES XXII AND XXIII
OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE


1.1 The CONTRACTING PARTIES reaffirm their adherence to the basic GATT mechanism for the management of disputes based on Articles XXII and XXIII, as further elaborated herein.

1.2 The dispute settlement system of GATT is a central element in providing security and predictability to the multilateral trading system. Contracting parties recognize that it serves to preserve the rights and obligations of contracting parties under the General Agreement, and to clarify the existing provisions of the General Agreement in accordance with customary rules of interpretation of public international law. Recommendations and rulings under Article XXIII cannot add to or diminish the rights and obligations provided in the General Agreement.

1.3 The prompt settlement of situations in which a contracting party considers that any benefits accruing to it directly or indirectly under the General Agreement are being impaired by measures taken by another contracting party, is essential to the effective functioning of the General Agreement and the maintenance of a proper balance between the rights and obligations of contracting parties.

1.4 Recommendations or rulings made by the CONTRACTING PARTIES shall be aimed at achieving a satisfactory settlement of the matter in accordance with GATT obligations.

1.5 All solutions to matters formally raised under the GATT dispute settlement system under Articles XXII and XXIII, including arbitration awards, shall be consistent with the General Agreement and shall not nullify or impair benefits accruing to any contracting party under the General Agreement, nor impede the attainment of any objective of the General Agreement.

1.6 Mutually agreed solutions to matters formally raised under GATT Articles XXII and XXIII shall be notified to the Council where any contracting party may raise any point relating thereto.

1.7 Before bringing a case, contracting parties shall exercise their judgement as to whether action under Article XXIII:2 would be fruitful. The aim of the CONTRACTING PARTIES is to secure a positive solution to a dispute. A solution mutually acceptable to the parties to a dispute and

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1 The Council is empowered to act for the CONTRACTING PARTIES in accordance with normal GATT practices. Also, any provision herein referring to "the Council" may be understood to include, as appropriate, reference to the "CONTRACTING PARTIES" meeting in Session.
consistent with the General Agreement is clearly to be preferred. In the absence of a mutually agreed solution, the first objective of the CONTRACTING PARTIES is usually to secure the withdrawal of the measures concerned if these are found to be inconsistent with the General Agreement. The provision of compensation should be resorted to only if the immediate withdrawal of the measure is impracticable and as a temporary measure pending the withdrawal of the measures which are inconsistent with the General Agreement. The last resort which Article XXIII provides to the country invoking this procedure is the possibility of suspending the application of concessions or other obligations on a discriminatory basis vis-à-vis the other contracting party, subject to authorization by the CONTRACTING PARTIES of such measures.

1.8 In cases where there is an infringement of the obligations assumed under the General Agreement, the action is considered prima facie to constitute a case of nullification or impairment. This means that there is normally a presumption that a breach of the rules has an adverse impact on other contracting parties, and in such cases, it is up to the contracting party against whom the complaint has been brought to rebut the charge.

1.9 Where these GATT rules and procedures provide for the Council to take a decision, it shall do so by consensus.

1.10 The provisions of this Understanding are without prejudice to the rights of contracting parties to seek authoritative interpretation of provisions of the General Agreement through joint action under Article XXV.

1.11 It is understood that requests for conciliation and the use of the dispute settlement procedures of Article XXIII:2 should not be intended or considered as contentious acts and that, if disputes arise, all contracting parties will engage in these procedures in good faith in an effort to resolve the disputes. It is also understood that complaints and counter-complaints in regard to distinct matters should not be linked.

1.12 This Understanding shall be applied only with respect to new requests under Article XXII:1 and XXIII:1 made on or after the date of entry into force of this Understanding. With respect to disputes for which the request under Article XXII:1 or XXIII:1 was made before the date of entry into force of this Understanding, GATT dispute settlement rules and procedures in effect immediately prior to the date of entry into force of this Understanding shall continue to apply.

1.13 Notwithstanding paragraph 1.12 above, if a complaint is brought by a developing contracting party, that contracting party may choose to apply,

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The Council shall be deemed to have decided by consensus if no member of the Council formally objects to the decision.
as an alternative to this Understanding, the provisions of the Decision of the CONTRACTING PARTIES of 5 April 1966 (BISD 14S/18), instead of the provisions of this Understanding. In that event, the same procedures shall apply that would have applied to cases brought pursuant to the 1966 Decision immediately prior to the date of entry into force of this Understanding, including the procedures contained in the Decision of the Council of 12 April 1989 (BISD 36S/61).

2. Consultations

2.1 The CONTRACTING PARTIES reaffirm their resolve to strengthen and improve the effectiveness of consultative procedures employed by contracting parties.

2.2 Each contracting party undertakes to accord sympathetic consideration to and afford adequate opportunity for consultation regarding any representations made by another contracting party concerning measures affecting the operation of the General Agreement taken within the territory of the former.

2.3 If a request is made under Article XXII:1 or XXIII:1, the contracting party to which the request is made shall, unless otherwise mutually agreed, reply to the request within ten days after its receipt and shall enter into consultations in good faith within a period of no more than thirty days from the date of the request, with a view to reaching a mutually satisfactory solution. If the contracting party does not respond within ten days, or does not enter into consultations within a period of no more than thirty days, or a period otherwise mutually agreed, from the date of the request, then the contracting party that requested the holding of consultations may proceed directly to request the establishment of a panel.

2.4 In the course of consultations in accordance with the provisions of Article XXII:1 or XXIII:1, before resorting to Article XXIII:2, contracting parties should attempt to obtain satisfactory adjustment of the matter.

2.5 Consultations under Article XXII:1 or XXIII:1 shall be confidential, and without prejudice to the rights of either party in any further proceedings under Article XXIII:2.

1Where the provisions of any other Agreement or Understanding concluded as a result of the Uruguay Round concerning measures taken by regional or local governments or authorities within the territory of a contracting party contain provisions different from the provisions of this paragraph, the provisions of such other Agreement or Understanding shall prevail.
2.6 If the consultations under Article XXII:1 or XXIII:1 fail to settle a dispute within sixty days after the request for consultations, the complaining party may request the establishment of a panel under Article XXIII:2. The complaining party may request a panel during the sixty-day period if the parties jointly consider that consultations have failed to settle the dispute.

2.7 Requests for consultations under Article XXII:1 or XXIII:1 shall be notified to the Council by the party which requests consultations. Any request for consultations shall be submitted in writing and shall give the reasons for the request, including identification of the measures at issue and an indication of the legal basis of the complaint.

2.8 In cases of urgency, including those which concern perishable goods, parties shall enter into consultations within a period of no more than ten days from the date of the request. If the consultations have failed to settle the dispute within a period of twenty days after the request, the complaining party may request the establishment of a panel.

2.9 In cases of urgency, including those which concern perishable goods, the parties concerned, panels and the appellate body shall make every effort to accelerate the proceedings to the greatest extent possible.

2.10 During consultations contracting parties should give special attention to the particular problems and interests of developing contracting parties.

2.11 Whenever a contracting party other than the consulting contracting parties considers that it has a substantial trade interest in consultations being held pursuant to Article XXII:1, such contracting party may notify the consulting contracting parties and the CONTRACTING PARTIES, within ten days of the circulation of the request for consultations under Article XXII:1, of its desire to be joined in the consultations. Such contracting party shall be joined in the consultations, provided that the contracting party to which the request for consultations under Article XXII:1 was addressed agrees that the claim of substantial interest is well-founded. In that event they shall so inform the CONTRACTING PARTIES. If the request to be joined in the consultations is not accepted, the applicant contracting party shall be free to request consultations under Article XXII:1 or XXIII:1.

3. Good Offices, Conciliation and Mediation

3.1 Good offices, conciliation and mediation are procedures that are undertaken voluntarily if the parties to the dispute so agree.

3.2 Proceedings involving good offices, conciliation and mediation, and in particular position taken by the parties to the dispute during these
proceedings, shall be confidential, and without prejudice to the rights of either party in any further proceedings under Article XXIII:2.

3.3 Good offices, conciliation and mediation may be requested at any time by any party to a dispute. They may begin at any time and be terminated at any time. Once terminated, the complaining party can then proceed with a request for the establishment of a panel under Article XXIII:2.

3.4 When good offices, conciliation or mediation are entered into within sixty days of a request for consultations, the complaining party must allow a period of sixty days from the date of the request for consultations before requesting the establishment of a panel. The complaining party may request a panel during the sixty days if the parties to the dispute jointly consider that the good offices, conciliation or mediation process has failed to settle the dispute.

3.5 If the parties to a dispute agree, procedures for good offices, conciliation or mediation may continue while the panel process proceeds.

3.6 The Director-General may, acting in an ex officio capacity, offer his good offices, conciliation or mediation with the view to assisting contracting parties to settle a dispute.

4. Establishment of a Panel

4.1 If the complaining party so requests, a panel shall be established at the latest at the Council meeting following that at which the request first appears as an item on the Council's regular agenda, unless at that meeting the Council decides by consensus not to establish a panel.

4.2 The request for a panel shall be made in writing. It shall indicate whether consultations were held, identify the specific measures at issue and provide a brief summary of the legal basis of the complaint sufficient to present the problem clearly. In case the applicant requests the establishment of a panel with other than standard terms of reference, the written request shall include the proposed text of special terms of reference.

5. Terms of Reference of Panels

5.1 Panels shall have the following terms of reference unless the parties to the dispute agree otherwise within twenty days from the establishment of the panel:

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1If the complaining party so requests, a meeting of the Council shall be convened for this purpose within fifteen days of the request, provided that, in accordance with past practice, at least ten days' advance notice is given.
"To examine, in the light of the relevant GATT provisions, the matter referred to the CONTRACTING PARTIES by (name of contracting party) in document DS/... and to make such findings as will assist the CONTRACTING PARTIES in making the recommendations or in giving the rulings provided for in Article XXIII:2".

5.2 In establishing a panel, the Council may authorize its Chairman to draw up the terms of reference of the panel in consultation with the parties subject to the provisions of paragraph 5.1. The terms of reference thus drawn up shall be circulated to all contracting parties. If other than standard terms of reference are agreed upon, any contracting party may raise any point relating thereto in the Council.

6. Composition of Panels

6.1 Panels shall be composed of well-qualified governmental and/or non-governmental individuals, including persons who have served on or presented a case to a GATT panel, served as a representative to the GATT or in the GATT Secretariat, taught or published on international trade law or policy, or served as a senior trade policy official of a contracting party.

6.2 Panel members should be selected with a view to ensuring the independence of the members, a sufficiently diverse background and a wide spectrum of experience.

6.3 Citizens of contracting parties whose governments are parties to the dispute shall not be members of the panel concerned with that dispute unless the parties to the dispute agree otherwise.

6.4 To assist in the selection of panelists, the Secretariat shall maintain an indicative list of governmental and non-governmental individuals possessing the qualifications outlined in paragraph 6.1 above, from which panelists may be drawn as appropriate. That list shall replace the roster of non-governmental panelists that was established by the CONTRACTING PARTIES on 30 December 1984 (BISD 31S/9), but shall include the names of persons on that roster at the time of entry into force of this Understanding. Contracting parties may periodically suggest names of governmental and non-governmental individuals for inclusion on the indicative list, providing relevant information on their knowledge of international trade and of the GATT, and those names shall be added to the list upon approval by the Council.

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1In the case customs unions or common markets are parties to a dispute, this provision applies to citizens of all member countries of the customs unions or common markets.
6.5 Panels shall be composed of three members unless the parties to the dispute agree, within ten days from the establishment of the panel, to a panel composed of five members. Contracting parties shall be informed promptly of the composition of the panel.

6.6 The GATT Secretariat shall propose nominations for the panel to the parties concerned. The parties shall not oppose nominations except for compelling reasons.

6.7 If there is no agreement on the members within twenty days from the establishment of a panel, at the request of either party, the Director-General, in consultation with the Chairman of the Council, shall form the panel by appointing the panelists whom he considers most appropriate, after consulting both parties. The Director-General shall inform the contracting parties of the composition of the panel thus formed no later than ten days from the date he receives such a request.

6.8 Contracting parties shall undertake, as a general rule, to permit their representatives to serve as panel members.

6.9 Panel members shall serve in their individual capacities and not as government representatives, nor as representatives of any organization. Governments shall therefore not give them instructions nor seek to influence them as individuals with regard to matters before a panel.

6.10 When a dispute is between a developing and a developed contracting party, the panel shall, if the developing contracting party so requests, include at least one member from a developing contracting party.

6.11 Where panelists are not drawn from Geneva, any expenses, including travel and subsistence allowance, shall be met from the GATT budget.

7. Procedures for Multiple Complainants

7.1 Where more than one contracting party requests the establishment of a panel related to the same matter, a single panel may be established to examine these complaints taking into account the rights of all parties concerned. A single panel should be established to examine such complaints whenever feasible.

7.2 The single panel will organize its examination and present its findings to the Council so that the rights which the parties to the dispute would have enjoyed had separate panels examined the complaints are in no way impaired. If one of the parties to the dispute so requests, the panel will submit separate reports on the dispute concerned. The written submissions by each of the complainants will be made available to the other complainants, and each complainant will have the right to be present when one of the other complainants presents its view to the panel.

7.3 If more than one panel is established to examine complaints related to the same matter, to the greatest extent possible the same persons shall serve as panelists on each of the separate panels and the timetable for the panel process in such disputes shall be harmonized.
8. Third Contracting Parties

8.1 The interests of the parties to a dispute and those of other contracting parties shall be fully taken into account during the panel process.

8.2 Any third contracting party having a substantial interest in a matter before a panel, and having notified this to the Council, shall have an opportunity to be heard by the panel and to make written submissions to the panel. These submissions shall also be given to the parties to the dispute and shall be reflected in the panel report.

8.3 Such third parties shall receive submissions of the parties for the first meeting of the panel.

8.4 If a third party considers a measure already the subject of a panel nullifies or impairs benefits accruing to it under the General Agreement, that party may have recourse to normal GATT dispute settlement procedures. Such a dispute shall be referred to the original panel wherever possible.

9. Function of Panels

9.1 The function of panels is to assist the CONTRACTING PARTIES in discharging their responsibilities under Article XXIII:2. Accordingly, a panel should make an objective assessment of the matter before it, including an objective assessment of the facts of the case and the applicability of and conformity with the General Agreement and, if so requested by the CONTRACTING PARTIES, make such other findings as will assist the CONTRACTING PARTIES in making the recommendations or in giving the rulings provided for in Article XXIII:2. In this connection, panels should consult regularly with the parties to the dispute and give them adequate opportunity to develop a mutually satisfactory solution.

10. Panel Procedures

10.1 Panels shall follow the Working Procedures annexed hereto unless the panel decides otherwise after consulting the parties to the dispute.

10.2 Panel procedures should provide sufficient flexibility so as to ensure high-quality panel reports, while not unduly delaying the panel process.

10.3 After consulting the parties, the panel members shall, as soon as practicable and whenever possible within one week after the composition and terms of reference of the panel have been agreed upon, fix the timetable for the panel process, taking into account the provisions of paragraph 2.9, if relevant.

10.4 In determining the timetable for the panel process, the panel shall provide sufficient time for the parties to the dispute to prepare their submissions.
10.5 Panels should set precise deadlines for written submissions by the parties and the parties should respect those deadlines.

10.6 Each party to the dispute shall deposit its written submissions with the Secretariat for immediate transmission to the panel and to the other party or parties to the dispute. The complaining party shall submit its first submission in advance of the responding party's first submission unless the panel decides, in fixing the timetable referred to in paragraph 10.3 and after consultations with the parties to the dispute, that the parties should submit their first submissions simultaneously. When there are sequential arrangements for the deposit of first submissions, the panel shall establish a firm time period for receipt of the responding party's submission. Any subsequent written submissions shall be submitted simultaneously.

10.7 Opinions expressed in the panel report by individual panel members shall be anonymous.

10.8 Where the parties have failed to develop a mutually satisfactory solution, the panel shall submit its findings in a written form. In such cases, the report of a panel shall set out the findings of fact, the applicability of relevant provisions and the basic rationale behind any findings and recommendations that it makes. Where a settlement of the matter among the parties has been found, the report of the panel shall be confined to a brief description of the case and to reporting that a solution has been reached.

10.9 In order to make the procedures more efficient, the period in which the panel shall conduct its examination, from the time the composition and terms of reference of the panel have been agreed upon to the time when the final report is provided to the parties to the dispute, shall, as a general rule, not exceed six months. In cases of urgency, including those relating to perishable goods, the panel shall aim to provide its report to the parties within three months.

10.10 When the panel considers that it cannot provide its report within six months, or within three months in cases of urgency, it shall inform the Council in writing of the reasons for the delay together with an estimate of the period within which it will submit its report. In no case should the period from the establishment of the panel to the submission of the report to the contracting parties exceed nine months.

10.11 In the context of consultations involving a measure taken by a developing contracting party, the parties may agree to extend the periods established in paragraphs 2.6 and 2.8. If, after the relevant period has elapsed, the parties cannot agree that the consultations have concluded, the Chairman of the Council shall decide, after consultation with the parties, whether to extend the relevant period and, if so, for how long. In addition, in examining a complaint against a developing contracting party, the panel shall accord sufficient time for the developing contracting party to prepare and present its argumentation. The provisions of paragraphs 18.1 and 19.4 are not affected by any action pursuant to this paragraph.
10.12 Where one or more of the parties is a developing contracting party, the panel's report shall explicitly indicate the form in which account has been taken of relevant provisions on differential and more-favourable treatment for developing countries that form part of the General Agreement and of the instruments negotiated in GATT under its auspices, which have been raised by the developing contracting party in the course of the dispute settlement procedures.

10.13 The panel may suspend its work at any time at the request of the complaining party for a period not to exceed twelve months. In the event of such a suspension, the time frames set out in paragraphs 10.9, 10.10, 18.1 and 19.4 shall be extended by the amount of time that the work was suspended. If the work of the panel has been suspended for more than twelve months, the authority for establishment of the panel shall lapse.

11. **Right to Seek Information**

11.1 Each panel shall have the right to seek information and technical advice from any individual or body which it deems appropriate. However, before a panel seeks such information or advice from any individual or body within the jurisdiction of a State it shall inform the government of that State. Any contracting party should respond promptly and fully to any request by a panel for such information as the panel considers necessary and appropriate. Confidential information which is provided shall not be revealed without formal authorization from the contracting party providing the information.

11.2 Panels may seek information from any relevant source and may consult experts to obtain their technical opinion on certain aspects of the matter.

12. **Confidentiality**

12.1 Written memoranda submitted to the panel shall be considered confidential, but shall be made available to the parties to the dispute.

12.2 Panel deliberations shall be secret.

12.3 The reports of panels shall be drafted in the absence of the parties in the light of the information provided and the statements made.

13. **Interim Review Stage**

13.1 Following the consideration of rebuttal submissions and oral arguments, the panel shall submit the descriptive (factual and argument) sections of its draft report to the parties. Within a period of time set by the panel, the parties shall submit their comments in writing.

13.2 Following the deadline for receipt of comments from the parties, the panel shall issue an interim report to the parties, including both the descriptive sections and the panel's findings and conclusions. Within a
period of time set by the panel, a party may submit a written request for the panel to review precise aspects of the interim report prior to circulation of the final report to the Council. At the request of a party, the panel shall hold a further meeting with the parties on the issues identified in the written comments. If no comments are received from any party within the comment period, the interim report shall be considered the final panel report and circulated promptly to the contracting parties.

13.3 The findings of the final panel report shall include a discussion of the arguments made at the interim review stage. The interim review stage shall be conducted within the time period set out in paragraph 10.9.

14. Adoption of Panel Reports

14.1 In order to provide sufficient time for the members of the Council to consider panel reports, the reports shall not be considered for adoption by the Council until twenty days after they have been issued to the contracting parties.

14.2 Contracting parties having objections to panel reports shall give written reasons to explain their objections, for circulation at least ten days prior to the Council meeting at which the panel report will be considered.

14.3 The parties to a dispute shall have the right to participate fully in the consideration of the panel report by the Council, and their views shall be fully recorded.

14.4 Within sixty days of the issuance of a panel report to the contracting parties, the report shall be adopted at a Council meeting unless one of the parties formally notifies the Council of its decision to appeal or the Council decides by consensus not to adopt the report. If a party has notified its intention to appeal, the report by the panel shall not be considered for adoption by the Council until after completion of the appeal. This adoption procedure is without prejudice to the right of contracting parties to express their views on a panel report.

1If a meeting of the Council is not scheduled within this period at a time that enables the requirements of paragraphs 14.1 and 14.4 to be met, a meeting of the Council shall be held for this purpose.
15. **Appellate Review**

**Standing Appellate Body**

15.1 A standing Appellate Body shall be established by the CONTRACTING PARTIES. The body shall hear appeals from panel cases. It shall be composed of a pool of seven members, three of whom shall serve on any one case. Members of the pool shall serve in rotation.

15.2 Members of the Appellate Body shall be appointed by the CONTRACTING PARTIES to serve for a four-year term, and may be reappointed once. However, the terms of three of the seven members appointed immediately after the entry into force of this Understanding shall expire at the end of two years, to be determined by lot. Vacancies shall be filled as they arise. A member appointed to replace a member whose term of office has not expired shall hold office for the remainder of his or her predecessor's term.

15.3 Members shall be persons of recognized authority, with demonstrated expertise in law, international trade and GATT matters generally. They shall be unaffiliated with any government. The Appellate Body membership shall be broadly representative of membership in GATT. Members shall be available at all times and on short notice, and shall stay abreast of GATT activities. They shall not participate in the consideration of any disputes that would create a direct or indirect conflict of interest.

15.4 Only parties to the dispute, not third parties, may appeal a panel decision. Third parties which have notified the Council of a substantial interest in the matter pursuant to paragraph 8.2 may make written submissions to, and may be given an opportunity to be heard by, the Appellate Body.

15.5 As a general rule, the proceedings shall not exceed sixty days from the date a party formally notifies its intent to appeal to the date the Appellate Body issues its decision. In fixing its timetable the Appellate Body shall take into account the provisions of paragraph 2.9, if relevant. When the Appellate Body considers that it cannot provide its report within sixty days, it shall inform the Council in writing of the reasons for the delay together with an estimate of the period within which it will submit its report. In no case shall the proceedings exceed ninety days.

15.6 An appeal shall be limited to issues of law covered in the panel report and legal interpretation developed by the panel.

15.7 The Appellate Body shall be provided with appropriate administrative and legal support as it requires.

15.8 Where members of the Appellate Body are not drawn from Geneva, any expenses, including travel and subsistence allowance, shall be met from the GATT budget.
Procedures for Appellate Review

15.9 Working procedures shall be drawn up by the Appellate Body in consultation with the Chairman of the Council and the Director-General, and communicated to the contracting parties for their information.

15.10 The proceedings of the Appellate Body shall be confidential.

15.11 Opinions expressed in the Appellate Body report by individual Appellate Body members shall be anonymous.

15.12 The Appellate Body shall address each of the issues raised in accordance with paragraph 15.6 during the appellate proceeding.

15.13 The Appellate Body may uphold, modify or reverse the legal findings and conclusions of the panel.

Adoption of Appellate Reports

15.14 An appellate report shall be adopted by the Council and unconditionally accepted by the parties to the dispute unless the Council decides by consensus not to adopt the appellate report within thirty days following its issuance to the contracting parties. This adoption procedure is without prejudice to the right of contracting parties to express their views on an appellate report.

16. Ex Parte Communications

16.1 No ex parte communications are permitted between the panel or Appellate Body and the parties to the dispute concerning matters under consideration by the panel or Appellate Body.

17. Panel and Appellate Body Recommendations

17.1 Where a panel or the Appellate Body concludes that a measure is inconsistent with the General Agreement, it shall recommend that the contracting party concerned bring the measure into conformity with the General Agreement. In addition to its recommendations, the panel or Appellate Body may suggest ways in which the contracting party concerned could implement the recommendations.

17.2 In accordance with paragraph 1.2 above, in their findings and recommendations, the panel and Appellate Body cannot add to or diminish the rights and obligations provided in the General Agreement.

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1 If a meeting of the Council is not scheduled during this period, such a meeting of the Council shall be held for this purpose.

2 With respect to recommendations in cases not involving a violation of the General Agreement, see Section 24.
18. **Time-Frame for Council Decisions**

18.1 Unless otherwise agreed by the parties, the period from the establishment of a panel by the Council until the Council considers the panel or appellate report for adoption shall not as a general rule exceed nine months where the report is not appealed or twelve months where the report is appealed. Where either the panel or the Appellate Body has acted, pursuant to paragraph 10.10 or 15.5, to extend the time of providing its report, the additional time taken shall be added to the above periods.

19. **Surveillance of Implementation of Recommendations and Rulings**

19.1 Prompt compliance with recommendations or rulings of the CONTRACTING PARTIES under Article XXIII:2 is essential in order to ensure effective resolution of disputes to the benefit of all contracting parties.

19.2 Particular attention should be paid to matters affecting the interests of developing contracting parties with respect to measures which have been subject to dispute settlement.

19.3 At a Council meeting held within thirty days of the adoption of the panel or Appellate Body report, the contracting party concerned shall inform the Council of its intentions in respect of implementation of the recommendations and rulings under Article XXIII:2. If it is impracticable to comply immediately with the recommendations and rulings, the contracting party concerned shall have a reasonable period of time in which to do so. The reasonable period of time shall be:

(a) the period of time proposed by the contracting party concerned, provided that such period is approved by the Council; or, in the absence of such approval,

(b) a period of time mutually agreed by the parties to the dispute within forty-five days following adoption of the recommendations and rulings; or, in the absence of such agreement,

(c) a period of time determined through binding arbitration within ninety days following adoption of the recommendations and rulings. In such arbitration, a guideline for the arbitrator should be that the reasonable period of time to implement panel or Appellate Body recommendations should not exceed fifteen months from the adoption of a panel or Appellate Body report. However, that time may be shorter or longer, depending upon the particular circumstances.

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1 If a meeting of the Council is not scheduled during this period, such a meeting of the Council shall be held for this purpose.

2 If the parties cannot agree upon an arbitrator within ten days after referring the matter to arbitration, the arbitrator shall be appointed by the Director-General within ten days, after consulting the parties.
19.4 Except where the panel or the Appellate Body has extended, pursuant to paragraph 10.10 or 15.5, the time of providing its report, the period from the date of establishment of the panel by the Council until the determination of the reasonable period of time shall not exceed fifteen months unless the parties agree otherwise. Where either the panel or the Appellate Body has acted to extend the time of providing its report, the additional time taken shall be added to the fifteen-month period; provided that unless the parties agree that there are exceptional circumstances, the total time shall not exceed eighteen months.

19.5 Where there is disagreement as to the existence or GATT consistency of measures taken to comply with the recommendations and rulings under Article XXIII:2, such dispute shall be decided through recourse to GATT dispute settlement procedures, involving resort to the original panel wherever possible. The panel shall issue its decision within ninety days of referral of the matter to it. When the panel considers that it cannot provide its report within this time frame, it shall inform the Council in writing of the reasons for the delay together with an estimate of the period within which it will submit its report.

19.6 The Council shall keep under surveillance the implementation of recommendations or rulings adopted under Article XXIII:2. The issue of implementation of the recommendations or rulings may be raised at the Council by any contracting party at any time following their adoption. Unless the Council decides otherwise, the issue of implementation of the recommendations or rulings shall be on the agenda of the Council meeting six months following the establishment of the reasonable period of time pursuant to paragraph 19.3 and shall remain on the Council's agenda until the issue is resolved. At least ten days prior to each such Council meeting, the contracting party concerned shall provide the Council with a status report in writing of its progress in the implementation of the recommendations or rulings.

19.7 If the matter is one which has been raised by a developing contracting party, the CONTRACTING PARTIES shall consider what further action they might take which would be appropriate to the circumstances.

19.8 If the case is one brought by a developing contracting party, in considering what appropriate action might be taken the CONTRACTING PARTIES shall take into account not only the trade coverage of measures complained of, but also their impact on the economy of developing contracting parties concerned.

20. Compensation and the Suspension of Concessions

20.1 Compensation and the suspension of concessions or other obligations are temporary measures available in the event that the recommendations and rulings under Article XXIII:2 are not implemented within a reasonable period of time. However, neither compensation nor the suspension of concessions or other obligations is preferred to full implementation of a recommendation to bring a measure into conformity with the General Agreement. Compensation within GATT is voluntary and, if granted, shall be consistent with the General Agreement.
20.2 If the contracting party concerned fails to bring the measure found to be inconsistent with the General Agreement into compliance therewith or otherwise comply with the recommendations and rulings under Article XXIII:2 within the reasonable period of time, such party shall, if so requested, and no later than the expiry of the reasonable period of time, enter into negotiations with any party to the dispute, with a view to developing mutually acceptable compensation. If no satisfactory compensation has been agreed within twenty days after the expiry of the reasonable period of time, any party to the dispute may request authorization from the Council to suspend the application to the contracting party concerned of concessions or other obligations under the General Agreement.

20.3 When the situation described in paragraph 20.2 above occurs, the Council, upon request, shall grant authorization to suspend concessions or other obligations within thirty days of the expiry of the reasonable period of time unless the Council decides by consensus to reject the request. However, if the party concerned objects to the level of suspension proposed, the matter shall be referred to arbitration. Such arbitration shall be carried out by the original panel, if members are available, or by an arbitrator appointed by the Director-General, and shall be completed within sixty days of the expiry of the reasonable period of time. Concessions or other obligations shall not be suspended pending the outcome of the arbitration.

20.4 The level of the suspension of concessions or other obligations authorized by the Council or determined by arbitration shall be equivalent to the level of the nullification or impairment.

20.5 The arbitrator shall not examine the nature of the suspended concessions or other obligations, but shall determine whether the level of such suspension is equivalent to the level of nullification or impairment. The parties shall accept the arbitrator's decision as final. The arbitrator shall promptly forward his or her decision to the Council.

20.6 The suspension of concessions or other obligations shall be temporary and shall only be applied until such time as the measure found to be inconsistent with the General Agreement has been removed, or the contracting party that must implement recommendations or rulings provides a solution to the nullification or impairment of benefits, or a mutually satisfactory solution is reached. In accordance with paragraph 19.6 above, the Council shall continue to keep under surveillance the implementation of recommendations or rulings adopted under Article XXIII:2, including those cases where compensation has been provided or concessions or other obligations have been suspended but the recommendations to bring a measure into conformity with the General Agreement have not been implemented.

The expression "arbitrator" shall be interpreted as referring either to an individual or a group.
20.7 The dispute settlement provisions of the General Agreement may be invoked in respect of measures affecting its observance taken by regional or local governments or authorities within the territory of a contracting party. When the CONTRACTING PARTIES have ruled that a provision of the General Agreement has not been observed, the responsible contracting party shall take such reasonable measures as may be available to it to ensure its observance. The provisions relating to compensation and suspension of concessions or other obligations apply in cases where it has not been possible to secure such observance.

21. Strengthening of Multilateral System

21.1 When contracting parties seek the redress of a violation of obligations or other nullification or impairment of benefits under the GATT or an impediment to the attainment of any objective of the GATT, they shall have recourse to, and abide by, the rules and procedures of this Understanding.

21.2 In such cases, contracting parties shall:

(a) not make a determination to the effect that a violation has occurred, that benefits have been nullified or impaired or that the attainment of any objective of the General Agreement has been impeded, except through recourse to dispute settlement in accordance with the rules and procedures of this Understanding, and shall make any such determination consistent with the findings contained in the panel or Appellate Body report adopted by the Council or an arbitration award rendered under this Understanding;

(b) follow the procedures set forth in Section 19 of this Understanding to determine the reasonable period of time for the contracting party concerned to implement the recommendations and rulings under Article XXIII:2; and

(c) follow the procedures set forth in Section 20 of the Understanding to determine the level of suspension of concessions or other obligations and obtain Council authorization pursuant to Article XXIII:2 in accordance with those procedures before suspending concessions or other obligations under the General Agreement in response to the failure of the contracting party concerned to implement the recommendations and rulings within that reasonable period of time.

1Where the provisions of any other Agreement or Understanding concluded as a result of the Uruguay Round concerning measures taken by regional or local governments or authorities within the territory of a contracting party contain provisions different from the provisions of this paragraph, the provisions of such other Agreement or Understanding shall prevail.
22. Special Procedures involving Least-Developed Contracting Parties

22.1 At all stages of the determination of the causes of a dispute and of dispute settlement procedures involving a least-developed contracting party, particular consideration shall be given to the special situation of least-developed countries. In this regard, contracting parties shall exercise due restraint in raising matters under Article XXIII involving a least-developed contracting party. If nullification or impairment is found to result from a measure taken by a least-developed contracting party, complaining parties shall exercise due restraint in asking for compensation or seeking authorization to suspend the application of concessions or other obligations pursuant to Article XXIII:2.

22.2 In dispute settlement cases involving a least-developed contracting party where a satisfactory solution has not been found in the course of consultations under Article XXII:1 or XXIII:1, the Director-General shall, upon request by a least-developed contracting party, offer his good offices, conciliation and mediation with a view to assisting the parties to settle the dispute, before a request for a panel is made. The Director-General, in providing the above assistance, may consult any source which he deems appropriate.

23. Arbitration

23.1 Expedious arbitration within GATT as an alternative means of dispute settlement can facilitate the solution of certain disputes that concern issues that are clearly defined by both parties.

23.2 Resort to arbitration shall be subject to mutual agreement of the parties which shall agree on the procedures to be followed. Agreements to resort to arbitration shall be notified to all contracting parties sufficiently in advance of the actual commencement of the arbitration process.

23.3 Other contracting parties may become party to an arbitration proceeding upon the agreement of the parties which have agreed to have recourse to arbitration. The parties to the proceeding shall agree to abide by the arbitration award. Arbitration awards shall be notified to the Council where any contracting party may raise any point relating thereto.

23.4 Sections 19 and 20 of this Understanding shall apply mutatis mutandis to arbitration awards.

24. Non-Violation Complaints

24.1 A panel may only make rulings and recommendations under Article XXIII:1(b) where a party considers that any benefit accruing to it directly or indirectly under the GATT is being nullified or impaired or the attainment of any objective of the Agreement is being impeded as a result of the application by a contracting party of any measure, whether or not it
conflicts with the provisions of the General Agreement. Where and to the extent that such party considers and a panel or the Appellate Body determines that a case brought under Article XXIII:1(b) concerns a measure which does not conflict with the General Agreement, the procedures in this Understanding shall apply, subject to the following provisions:

(a) The complaining party shall present a detailed justification in support of any complaint relating to a measure which does not conflict with the General Agreement.

(b) Where a measure has been found to nullify or impair benefits under, or impede the attainment of objectives of, the General Agreement without violation thereof, there is no obligation to withdraw the measure. However, in such cases, the panel or the Appellate Body shall recommend that the contracting party concerned make a mutually satisfactory adjustment.

(c) Notwithstanding the provisions of Section 19, the arbitration provided for in paragraph 19.3, upon request by either party, may include a determination of the level of benefits which have been nullified or impaired and may also suggest ways and means of reaching a mutually satisfactory adjustment; such suggestions shall not be binding upon the parties.

(d) Notwithstanding the provisions of paragraph 20.1, compensation may be part of a mutually satisfactory adjustment as final settlement of the dispute.

Article XXIII:1(c) Complaints

24.2 A panel may only make rulings and recommendations on matters described in Article XXIII:1(c) where a party considers that any benefit accruing to it directly or indirectly under the GATT is being nullified or impaired or the attainment of any objective is being impeded as the result of the existence of any situation other than those described in Articles XXIII:1(a) and (b). Where and to the extent that such party considers and a panel determines that the matter falls under Article XXIII:1(c), the procedures of this Understanding shall apply only up to and including the point in the proceedings where the panel report has been issued to the contracting parties. The GATT dispute settlement rules and procedures contained in the Decision of the Council of 12 April 1989 (BISD 36S/61) shall apply to consideration for adoption, and surveillance and implementation of recommendations and rulings. The following provisions shall also apply:

(a) The complaining party shall present a detailed justification in support of any argument made with respect to Article XXIII:1(c).

(b) In cases involving matters falling under Article XXIII:1(c), if a panel finds that other provisions of Article XXIII:1 are also applicable in the same case, the panel shall issue a panel report addressing any matters falling under Article XXIII:1(a) and (b) and a separate report on matters falling under Article XXIII:1(c).
25. **Responsibilities of the Secretariat**

25.1 The Secretariat of GATT shall have the responsibility of assisting the panel, especially on the legal, historical and procedural aspects of the matters dealt with, and of providing secretarial and technical support.

25.2 While the Secretariat assists contracting parties in respect of dispute settlement at their request, there may also be a need to provide additional legal advice and assistance in respect of dispute settlement to developing contracting parties. To this end, the Secretariat shall make available a qualified legal expert within the Technical Co-operation Division to any developing contracting party which so requests. This expert shall assist the developing contracting party in a manner ensuring the continued impartiality of the Secretariat.

25.3 The Secretariat shall conduct special training courses for interested contracting parties concerning GATT dispute settlement procedures and practices so as to enable contracting parties' experts to be better informed in this regard.
Annex

Working Procedures

1. In its proceedings the Panel will follow the relevant provisions of the Understanding on Rules and Procedures Governing the Settlement of Disputes under Articles XXII and XXIII of the General Agreement on Tariffs and Trade. In addition, the following guidelines will apply.

2. The Panel will meet in closed session. The Parties to the dispute, or other interested Parties, will be present at the meetings only when invited by the Panel to appear before it.

3. The deliberations of the Panel and the documents submitted to it will be kept confidential. For the duration of the Panel proceeding, the Parties to the dispute and third parties which have notified their interest in the dispute to the Council should not release any papers or make any statements in public regarding the dispute.

4. Before the first substantive meeting of the Panel with the Parties, both Parties to the dispute shall transmit to the Panel written submissions in which they present the facts of the case and their arguments.

5. At its first substantive meeting with the Parties, the Panel will ask the Party which has brought the complaint to present its case. Subsequently, and still at the same meeting, the Party against which the complaint has been brought will be asked to present its point of view.

6. All third parties which have notified their interest in the dispute to the Council shall be invited in writing to present their views during a session of the first substantive meeting of the Panel set aside for that purpose. All such third parties may be present during the entirety of this session.

7. Formal rebuttals will be made at a second substantive meeting of the Panel. The Party complained against will have the right to take the floor first to be followed by the complaining Party. Both Parties shall submit, prior to that meeting, written rebuttals to the Panel.

8. The Panel may at any time put questions to the Parties and ask them for explanations either in the course of a meeting with the Parties or in writing.

9. The Parties to the dispute and any third contracting party invited to present its views in accordance with Section 8 of the Understanding shall make available to the Panel a written version of their oral statements.

10. In the interest of full transparency, the presentations, rebuttals and statements referred to in paragraphs 5 to 9 above will be made in the presence of both Parties. Moreover, each Party's written submissions, including any comments on the descriptive part of the report and responses to questions put by the Panel, will be made available to the other Party.
11. Any additional procedures specific to the Panel.

12. The Panel proposes the following timetable for its work:

(a) Receipt of first written submissions of the Parties:

   (1) complaining Party: ____ 3-6 weeks
   (2) Party complained against: ____ 2-3 weeks

(b) Date, time and place of first substantive meeting with the Parties; Third Party session: ____ 1-2 weeks

(c) Receipt of written rebuttals of the Parties: ____ 2-3 weeks

(d) Date, time and place of second substantive meeting with the Parties: ____ 1-2 weeks

(e) Submission of descriptive part of the report to the Parties: ____ 2-4 weeks

(f) Receipt of comments by the Parties on the descriptive part of the report: ____ 2 weeks

(g) Submission of the interim report, including the findings and conclusions, to the Parties: ____ 2-4 weeks

(h) Deadline for Party to request review of part(s) of report: ____ 1 week

(i) Period of review by Panel, including possible additional meeting with Parties: ____ 2 weeks

(j) Submission of final report to Parties to dispute: ____ 2 weeks

(k) Circulation of the final report to the contracting parties: ____ 3 weeks

The above calendar may be changed in the light of unforeseen developments. Additional meetings with the Parties will be scheduled if required.
T. ELEMENTS OF AN INTEGRATED DISPUTE SETTLEMENT SYSTEM

Dispute Settlement Body

1. The Members of this Understanding agree that the rules and procedures of this Understanding shall apply to disputes brought under the Agreements listed in Annex 1 to this Understanding ("the covered Agreements"), subject to any special or additional provisions on dispute settlement contained in these covered Agreements.

2. Members hereby establish a Dispute Settlement Body to exercise the authority of the General Council and the Councils and Committees of the covered Agreements regarding the implementation of the rules and procedures set out in this Understanding for disputes arising under the covered Agreements. It shall have the authority to establish panels, adopt panel and Appellate Body reports, maintain surveillance of implementation of rulings and recommendations, and authorize suspension of concessions and other obligations under the covered Agreements.

3. Membership in the Dispute Settlement Body shall be open to members of the MTO. Councils and Committees charged with the administration of the covered Agreements shall be fully informed of developments in disputes involving obligations under the Agreements that they administer.

4. Where the rules and procedures of this Understanding provide for the Dispute Settlement Body to take a decision, it shall do so by consensus.

5. The Dispute Settlement Body shall follow the procedures outlined in this Understanding, except where special or additional procedures exist in a particular covered Agreement. Such special or additional procedures are set out in Annex 2 to this Understanding. To the extent that there is a difference between the procedures of this Understanding and the procedures set forth in a covered Agreement, the procedures of the covered Agreement shall prevail. In disputes involving provisions under more than one covered Agreement, if there is a conflict between special or additional procedures of such Agreements under review, and where the parties to the dispute cannot agree on procedures within twenty days of the establishment of the panel, the Chairman of the Dispute Settlement Body, in consultation with the parties to the dispute, shall determine the procedures to be followed within ten days after a request by either member. The Chairman of the Dispute Settlement Body shall be guided by the principle that special or additional procedures should be used where possible, and the procedures set out in this Understanding should be used to the extent necessary to avoid conflict.

1 The name of this Body may be changed.

2 The Dispute Settlement Body shall be deemed to have decided by consensus if no member of the Dispute Settlement Body formally objects to the decision.

3 This provision should be re-examined in the light of the results of the Uruguay Round.
Establishment of Panels

1 The Dispute Settlement Body shall meet as necessary to carry out its functions within the time-frames provided in this Understanding. If the complaining party so requests, a panel shall be established at the latest at the Dispute Settlement Body meeting following that at which the request first appears as an item on the Dispute Settlement Body's agenda, unless at that meeting the Dispute Settlement Body decides by consensus not to establish a panel.

Composition of Panels

1. Panels shall be composed of well-qualified governmental and/or non-governmental individuals, including persons who have served on or presented a case to a panel, served as a representative to the GATT or a Committee or Council of any covered Agreement or in the Secretariat, taught or published on international trade law or policy, or served as a senior trade policy official of a member.

2. To assist in the selection of panelists, the secretariat shall maintain an indicative list of governmental and non-governmental individuals possessing the qualifications outlined in paragraph 1 above, from which panelists may be drawn as appropriate. That list shall replace the roster of non-governmental panelists that was established by the GATT CONTRACTING PARTIES on 30 December 1984, and other rosters and indicative lists established under any of the covered Agreements, but shall include the names of persons on those rosters and indicative lists at the time of entry into force of this Understanding. Members may periodically suggest names of governmental and non-governmental individuals for inclusion on the indicative list, providing relevant information on their knowledge of international trade and of the covered agreements, and those names shall be added to the list upon approval by the Dispute Settlement Body. For each of the panelists on the list, the list shall indicate specific areas of experience or expertise of the individuals in the sectors or matters under the covered agreements.

3. If there is no agreement on the panelists within twenty days from the establishment of a panel, at the request of either party, the Chairman of the Dispute Settlement Body, in agreement with the Chairman of the relevant Committee or Council shall form the panel by appointing the panelists whom he considers most appropriate in accordance with any relevant special or additional procedure of the covered Agreement, after consulting with the parties to the dispute. The Chairman of the Dispute Settlement Body shall inform the members of the composition of the panel thus formed no later than ten days from the date he receives such a request.

1 A meeting of the Dispute Settlement Body shall be convened for this purpose within fifteen days of the request, provided that at least ten days' notice is given.
Terms of Reference of Panels

1. Panels shall have the following terms of reference unless the parties to the dispute agree otherwise within twenty days from the establishment of the panel:

"To examine, in the light of the relevant provisions of the covered Agreements cited by the parties to the dispute, the matter referred to the Dispute Settlement Body by [name of party] in document DS/... and to make such findings as will assist the Dispute Settlement Body in making recommendations or in giving rulings.

2. Panels shall address the relevant provisions of any covered agreement cited by the parties to the dispute.
Conflict of Substantive Provisions

1. In exceptional circumstances, where a panel or the Appellate Body concludes that it cannot resolve a fundamental conflict between the substantive provisions of any covered Agreements without creating new rights or obligations under those covered Agreements, it shall report its conclusion to the Dispute Settlement Body for appropriate action. Such report shall contain a description of the facts of the matter, a summary of the arguments of the parties and a description of the provisions of the covered Agreements which the panel or the Appellate Body considers to be in conflict.

2. In the event that a panel determines that some aspects of the complaint are not affected by a conflict of substantive provisions, the panel shall issue a panel report, separate from the report issued pursuant to paragraph 1 above, addressing those aspects of the complaint. Such a panel report shall be subject to the normal procedures set out in this Understanding.

Compensation and the Suspension of Concessions

2bis. The Dispute Settlement Body shall be the body that authorizes the suspension of concessions or other obligations of any covered Agreement in accordance with the provisions of those Agreements.

2ter. The Dispute Settlement Body shall not authorize suspension of concessions or other obligations if a covered Agreement prohibits such suspension.

5. The arbitrator shall not examine the nature of the suspended concessions or other obligations but shall determine whether the level is equivalent to the nullification or impairment. The arbitrator may also determine if the proposed suspension of concessions or other obligations is allowed under the covered Agreement. The parties shall accept the arbitrator's determination as final.

Non-Violation Complaints

1. Where particular Agreements contain provisions related to non-violation disputes, the following procedures shall apply.
INTEGRATED DISPUTE SETTLEMENT SYSTEM

Suspension of Concessions

1. In considering what concessions or other obligations to suspend, the complaining party shall apply the following principles and procedures:

(a) the general principle is that the complaining party should first seek to suspend concessions or other obligations in the same sector(s) as that in which the Panel or Appellate Body has found a violation or other nullification or impairment.

(b) if that party considers that it is not practicable or effective to suspend concessions or other obligations in the same sector, it may seek to suspend concessions or other obligations in other sectors under the same agreement.

(c) if that party considers that it is not practicable or effective to suspend concessions or other obligations in other sectors under the same agreement, and that the circumstances are serious enough, it may seek to suspend concessions or other obligations under another agreement.

(d) in applying the above principles, that party shall take into account:

(i) the trade in the sector or under the agreement under which the Panel or Appellate Body has found a violation or other nullification or impairment, and the importance of such trade to that party;

(ii) the broader economic elements related to the nullification or impairment and the broader economic consequences of the suspension of concessions or other obligations.

(e) if that party decides to request authorization to suspend concessions or other obligations pursuant to (b) or (c) above, it shall state the reasons therefor in its request. At the same time as the request is forwarded to the Dispute Settlement Board, it also shall be forwarded to the relevant Councils or in the case of a request pursuant to (b), the relevant sectoral bodies.

(f) For purposes of this paragraph, "sector" means:

- With respect to goods, all goods;

- With respect to services, a principal sector as set out in the most current "Services Sectoral Classification List" prepared by the Secretariat;¹

¹Presently in document MTN.GNS/W/120.
With respect to trade-related intellectual property rights, any right covered in Sections 1-7 of Part II, or the obligations listed in Part III, or Part IV of the Agreement on Trade-Related Intellectual Property Rights, including Trade in Counterfeit Goods ("Agreement on TRIPS").

(g) For purposes of this paragraph, "agreement" means:

- With respect to goods, the agreements listed in Annex 1A of the Agreement Establishing the Multilateral Trade Organization ("MTO Agreement") and the agreements listed in Annex 4 of the MTO Agreement insofar as the relevant Parties are parties to these agreements;
- With respect to services, the General Agreement on Trade in Services;
- With respect to intellectual property rights, the Agreement on TRIPS.

Change second sentence of paragraph 20.3* to read as follows:

However, if the party concerned objects to the level of suspension proposed, or claims that the principles and procedures set forth in (1) above have not been followed where a complaining party has requested authorization to suspend concessions or other obligations pursuant to 1(b) or (c) above, the matter shall be referred to arbitration.

Replace the last two sentences of para 20.5* with the following three sentences:

However, if the matter referred to arbitration includes a claim that the principles and procedures set forth in (1) above have not been followed, the arbitrator shall examine that claim. In the event the arbitrator determines that those principles and procedures have not been followed, the complaining party shall apply them consistent with (1) above. The parties shall accept the arbitrator's decision as final and the parties concerned shall not seek a second arbitration. Members shall be informed promptly of the decision of the arbitrator.

*These paragraph numbers refer to the text of the Understanding on Rules and Procedures Governing the Settlement of Disputes.
U. UNDERSTANDING ON THE INTERPRETATION OF ARTICLE XXIV OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

PREAMBLE

The CONTRACTING PARTIES

Having regard to the provisions of Article XXIV of the General Agreement;

Recognising that customs unions and free trade areas have greatly increased in number and importance since the establishment of the GATT, and today cover a significant proportion of world trade;

Recognising the contribution to the expansion of world trade that may be made by closer integration between the economies of the parties to such agreements;

Recognising also that such contribution is increased if the elimination between the constituent territories of duties and other restrictive regulations of commerce extends to all trade, and diminished if any major sector of trade is excluded;

Reaffirming that the purpose of such agreements should be to facilitate trade between the constituent territories and not to raise barriers to the trade of other contracting parties with such territories; and that in their formation or enlargement the parties to them should to the greatest possible extent avoid creating adverse effects on the trade of other contracting parties;

Convinced also of the need to reinforce the effectiveness of the role of the CONTRACTING PARTIES in reviewing agreements notified under Article XXIV, by clarifying the criteria and procedures for the assessment of new or enlarged agreements, and improving the transparency of all Article XXIV agreements;

Recognising the need for a common understanding of the obligations of contracting parties under Article XXIV;12;

Agree as follows:

1. Customs unions, free trade areas, and interim agreements leading to the formation of a customs union or free trade area, to be consistent with Article XXIV, must satisfy the provisions of its paragraphs 5, 6, 7 and 8 inter alia.
Article XXIV:5

2. The evaluation under Article XXIV:5(a) of the general incidence of the duties and other regulations of commerce applicable before and after the formation of a customs union shall in respect of duties and charges be based upon an overall assessment of weighted average tariff rates and of customs duties collected. This assessment shall be based on import statistics for a previous representative period to be supplied by the customs union, on a tariff line basis and in values and quantities, broken down by GATT country of origin. The GATT Secretariat shall compute the weighted average tariff rates and customs duties collected in accordance with the methodology used in the assessment of tariff offers in the Uruguay Round. For this purpose, the duties and charges to be taken into consideration shall be the applied rates of duty. It is recognised that for the purpose of the overall assessment of the incidence of other regulations of commerce for which quantification and aggregation are difficult, the examination of individual measures, regulations, products covered and trade flows affected may be required.

3. The "reasonable length of time" referred to in Article XXIV:5(c) should exceed ten years only in exceptional cases. In cases where contracting parties believe that ten years would be insufficient they shall provide a full explanation to the CONTRACTING PARTIES of the need for a longer period.

Article XXIV:6

4. Paragraph 6 of Article XXIV establishes the procedure to be followed when a contracting party forming a customs union proposes to increase a bound rate of duty. In this regard it is reaffirmed that the procedure set forth in Article XXVIII, as elaborated in the guidelines adopted by the CONTRACTING PARTIES on 10 November 1980 (27S/26) and in the 1990 Decision on Article XXVIII, Modification of Schedules, of the CONTRACTING PARTIES, must be commenced before tariff concessions are modified or withdrawn upon the formation of a customs union or an interim agreement leading to the formation of a customs union.

5. It is agreed that these negotiations will be entered into in good faith with a view to achieving mutually satisfactory compensatory adjustment. In such negotiations, as required by Article XXIV:6, due account shall be taken of reductions of duties on the same tariff line made by other constituents of the customs union upon its formation. Should such reductions not be sufficient to provide the necessary compensatory adjustment, the customs union would offer compensation, which may take the form of reductions of duties on other tariff lines. Such an offer shall be taken into consideration by the contracting parties having negotiating rights in the binding being modified or withdrawn. Should the compensatory adjustment remain unacceptable, negotiations should be continued. Where, despite such efforts, agreement in negotiations on compensatory adjustment under Article XXVIII cannot be reached within a reasonable period from the initiation of negotiations, the customs union
shall, nevertheless, be free to modify or withdraw the concessions; affected contracting parties shall then be free to withdraw substantially equivalent concessions in accordance with Article XXVIII.

6. The General Agreement imposes no obligation on contracting parties benefiting from a reduction of duties consequent upon the formation of a customs union, or an interim agreement leading to the formation of a customs union, to provide compensatory adjustment to its members.

Review of Customs Unions and Free Trade Areas

7. All notifications made under Article XXIV:7(a) shall be examined by a working party in the light of the relevant provisions of the General Agreement and of paragraph 1 of this Decision. The working party shall submit a report to the CONTRACTING PARTIES on its findings in this regard. The CONTRACTING PARTIES may make such recommendations to contracting parties as they deem appropriate.

8. In regard to interim agreements, the working party may in its report make appropriate recommendations on the proposed timeframe and on measures required to complete the formation of the customs union or free trade area. It may if necessary provide for further review of the agreement.

9. Substantial changes in the plan and schedule included in an interim agreement shall be notified, and shall be examined by the CONTRACTING PARTIES if so requested.

10. Should an interim agreement notified under Article XXIV:7(a) not include a plan and schedule, contrary to Article XXIV:5(c), the working party shall in its report recommend such a plan and schedule. 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. Provision shall be made for subsequent review of the implementation of the recommendations.

11. Customs unions and members of free trade areas shall report periodically to the CONTRACTING PARTIES, as envisaged by the CONTRACTING PARTIES in their instruction to the GATT Council concerning reports on regional agreements (18S/38), on the operation of the relevant agreement. Any significant changes and/or developments in the agreements should be reported as they occur.

Dispute Settlement

12. The dispute settlement provisions of the General Agreement may be invoked with respect to any matters arising from the application of those provisions of Article XXIV relating to customs unions, free trade areas or interim agreements leading to the formation of a customs union or free trade area.
13. Each contracting party is fully responsible under the General Agreement for the observance of all provisions of the General Agreement, and shall take such reasonable measures as may be available to it to ensure such observance by regional and local governments and authorities within its territory.

14. The dispute settlement provisions of the General Agreement may be invoked in respect of measures affecting its observance taken by regional or local governments or authorities within the territory of a contracting party. When the CONTRACTING PARTIES have ruled that a provision of the General Agreement has not been observed, the responsible contracting party shall take such reasonable measures as may be available to it to ensure its observance. The provisions relating to compensation and suspension of concessions or other obligations apply in cases where it has not been possible to secure such observance.

15. Each contracting party undertakes to accord sympathetic consideration to and afford adequate opportunity for consultation regarding any representations made by another contracting party concerning measures affecting the operation of the General Agreement taken within the territory of the former.
V. UNDERSTANDING ON THE INTERPRETATION OF ARTICLE XXV
OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

1. It is agreed that a request for a waiver or for an extension of an existing waiver shall describe the measures which the contracting party proposes to take, the specific policy objectives which the contracting party seeks to pursue and the reasons which prevent the contracting party from achieving its policy objectives by measures consistent with its obligations under the General Agreement.

2. A decision by the CONTRACTING PARTIES granting a waiver shall state the exceptional circumstances justifying the decision, the terms and conditions governing the application of the waiver, and the date on which the waiver shall terminate.

3. Any waiver granted for a period of more than one year shall be reviewed by the CONTRACTING PARTIES not later than one year after it was granted, and thereafter annually until the waiver terminates. In each review, the CONTRACTING PARTIES shall examine whether the exceptional circumstances justifying the waiver still exist and whether the terms and conditions attached to the waiver have been met. The CONTRACTING PARTIES, on the basis of the annual review, may extend, modify or terminate the waiver.

4. Any waiver in effect on the date of this Decision shall terminate, unless extended in accordance with the procedures above, on the date of its expiry or [ ] year[s] from the date of this Decision, whichever is earlier.

5. Any contracting party considering that a benefit accruing to it under the General Agreement is being nullified or impaired as a result of

(a) the failure of the contracting party to whom a waiver was granted to observe the terms or conditions of the waiver, or

(b) the application of a measure consistent with the terms and conditions of the waiver

may invoke the provisions of Article XXIII.
W. UNDERSTANDING ON THE INTERPRETATION OF ARTICLE XXVIII
OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

1. For the purposes of modification or withdrawal of a concession, the contracting party which has the highest ratio of exports affected by the concession (i.e., exports of the product to the market of the country modifying or withdrawing the concession) to its total exports shall be deemed to have a principal supplying interest if it does not already have an initial negotiating right or a principal supplying interest as provided for in Article XXVIII:1. It is however agreed that this paragraph will be reviewed five years from the date of this decision by the Committee on Tariff Concessions with a view to deciding whether this criterion has worked satisfactorily in securing a redistribution of negotiating rights in favour of small and medium-sized exporting contracting parties. If this is not the case consideration will be given to possible improvements, including, in the light of the availability of adequate data, the adoption of a criterion based on the ratio of exports affected by the concession to exports to all markets of the product in question.

2. Where a contracting party considers that it has a principal supplying interest in terms of paragraph 1 above, it should communicate its claim in writing, with supporting evidence, to the contracting party proposing to modify or withdraw a concession, and at the same time inform the secretariat. Paragraph 4 of the "Procedures for Negotiations under Article XXVIII" (BISD 27S/26) shall apply in these cases.

3. In the determination of contracting parties with a principal supplying interest (whether as provided for in paragraph 1 above or in Article XXVIII:1) or substantial interest, it is agreed that only trade in the affected product which has taken place on an MFN basis shall be taken into consideration. However, trade in the affected product which has taken place under non-contractual preferences shall also be taken into account if the trade in question has ceased to benefit from such preferential treatment, thus becoming MFN trade, at the time of the renegotiation or will do so by its conclusion.

4. When a tariff concession is modified or withdrawn on a new product (i.e., a product for which three years' trade statistics are not available) the country possessing initial negotiating rights on the tariff line where the product is or was formerly classified shall be deemed to have an initial negotiating right in the concession in question. The determination of principal supplying and substantial interests and the calculation of compensation shall inter alia take into account production capacity and investment in the affected product in the exporting country and estimates of export growth, as well as forecasts of demand for the product in the importing country. For the purposes of this paragraph "new product" is understood to include a tariff item created by means of a breakout from an existing tariff line.
5. Where a contracting party considers that it has a principal supplying or a substantial interest in terms of paragraph 4 above, it should communicate its claim in writing, with supporting evidence, to the contracting party proposing to modify or withdraw a concession, and at the same time inform the secretariat. Paragraph 4 of the "Procedures for Negotiations under Article XXVIII" (BISD 27S/26) shall apply in these cases.

6. When an unlimited tariff concession is replaced by a tariff rate quota, the amount of compensation provided should exceed the amount of the trade actually affected by the modification of the concession. The basis for the calculation of compensation should be the amount by which future trade prospects exceed the level of the quota. It is understood that the calculation of future trade prospects should be based on the greater of:

   (i) the average annual trade in the most recent representative three year period, increased by the average annual growth rate of imports in that same period, or by ten per cent, whichever is the greater; or

   (ii) trade in the most recent year increased by ten per cent.

In no case shall the liability for compensation exceed that which would be entailed by complete withdrawal of the concession.

7. Any contracting party having a principal supplying interest, whether as provided for in paragraph 1 above or in Article XXVIII:1, in a concession which is modified or withdrawn shall be accorded an initial negotiating right in the compensatory concessions, unless another form of compensation is agreed by the contracting parties concerned.
X. UNDERSTANDING ON THE INTERPRETATION OF ARTICLE XXXV OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

PREAMBLE

The CONTRACTING PARTIES

Having regard to the linked provisions of paragraph 1 of Article XXXV of the General Agreement on Tariffs and Trade;

Noting that by invoking Article XXXV a contracting party on the one hand, or a government acceding to the General Agreement on Tariffs and Trade on the other, declines to apply the General Agreement, or alternatively Article II of that Agreement, to the other party;

Desiring to ensure that tariff negotiations between contracting parties and a government acceding to the General Agreement on Tariffs and Trade are not inhibited by unwillingness to accept an obligation to apply the General Agreement as a consequence of entry into such negotiations;

Agree as follows:

A contracting party and a government acceding to the General Agreement on Tariffs and Trade may engage in negotiations relating to the establishment of a GATT schedule of concessions by the acceding government without prejudice to the right of either to invoke Article XXXV in respect of the other.
Y. FUNCTIONING OF THE GATT SYSTEM

DRAFT DECISION

A. ENHANCED SURVEILLANCE IN THE GATT

Trade Policy Review Mechanism

1. Ministers recommend that the CONTRACTING PARTIES confirm the establishment of the Trade Policy Review Mechanism, with the aims, coverage and procedures laid down in the Decision of the CONTRACTING PARTIES of 12 April 1989 (L/6490).

2. In the light of experience, the Council will review, and if necessary modify, the arrangements for the Trade Policy Review Mechanism. The results of the review will be presented to the CONTRACTING PARTIES at their regular 1992 Session.

Overview of Developments in the International Trading Environment

3. Ministers note that, on the basis of their mid-term decisions, and in conjunction with the country reviews under the Trade Policy Review Mechanism, the CONTRACTING PARTIES have instituted annual reviews of developments in the international trading environment which are having an impact on the multilateral trading system. Ministers regard these annual overviews by the Council as an important element in enhanced surveillance in the GATT, and recommend that they continue as under the present arrangements.

Domestic transparency

4. Ministers recognize the inherent value of domestic transparency of government decision-making on trade policy matters for both national economies and the multilateral trading system, and agree to encourage and promote greater transparency within their national systems, acknowledging that the implementation of domestic transparency must be on a voluntary basis and take account of their own legal and political systems.

Notification procedures

5. Ministers recommend approval by the CONTRACTING PARTIES of the improvement and further review of GATT notification procedures as set out below.
The CONTRACTING PARTIES,

Desiring to improve the operation of notification procedures under the General Agreement, and thereby to contribute to the transparency of national trade policies and to the effectiveness of surveillance arrangements established to that end,

Recalling their existing obligations under the General Agreement to publish and notify, including obligations assumed under the terms of specific Protocols of Accession, waivers, and other agreements entered into by the CONTRACTING PARTIES,

Desiring to reinforce the Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance adopted by the CONTRACTING PARTIES on 28 November 1979,

Have agreed as follows:

I. General obligation to notify

Contracting parties reaffirm their commitment to existing obligations under the General Agreement regarding publication and notification.

Contracting parties recall their additional undertakings set out in the Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance of 28 November 1979. With regard to their undertaking therein to notify, to the maximum extent possible, their adoption of trade measures affecting the operation of the General Agreement, such notification itself being without prejudice to views on the consistency of measures with or their relevance to rights and obligations under the General Agreement, contracting parties agree to be guided by the annexed list of measures. Contracting parties therefore agree that the introduction or modification of such measures is subject to the notification requirements of the 1979 Understanding.

II. Central registry of notifications

A central registry of notifications shall be established under the responsibility of the secretariat. While contracting parties will continue to follow existing notification procedures, the secretariat shall ensure that the registry records such elements of the information provided on the measure by the contracting party as its purpose, its trade coverage, and the requirement under which it has been notified. The registry shall cross-reference its records of notifications by country and obligation.
The central registry shall inform each contracting party annually of the regular notification obligations to which that contracting party will be expected to respond in the course of the following year.

The central registry shall draw the attention of individual contracting parties to regular notification requirements which remain unfulfilled.

Information in the central registry regarding individual notifications shall be made available on request to any contracting party entitled to receive the notification concerned.

III. Review of notification obligations and procedures

The CONTRACTING PARTIES will undertake a review of GATT notification obligations and procedures. The review will be carried out by a working group, membership in which will be open to all contracting parties. The group will be established immediately after the end of the Uruguay Round.

The terms of reference of the working group will be:

- to undertake a thorough review of all existing notification obligations of contracting parties established under the General Agreement, with a view to simplifying, standardizing and consolidating these obligations to the greatest extent practicable, as well as to improving compliance with these obligations, bearing in mind the overall objective of improving the transparency of national trade policies and the effectiveness of surveillance arrangements established to this end, and also bearing in mind the possible need of some developing contracting parties for assistance in meeting their notification obligations;

- to make recommendations to the Council by 31 December 1992.

B. INCREASING THE CONTRIBUTION OF THE GATT TO ACHIEVING GREATER COHERENCE IN GLOBAL ECONOMIC POLICYMAKING

6. The globalization of the world economy has led to ever-growing interactions between the economic policies pursued by individual countries, including interactions between the structural, macroeconomic, trade, financial and development aspects of economic policymaking. The task of achieving harmony between these policies falls primarily on governments at the national level, but their coherence internationally is an important and valuable element in increasing the effectiveness of these policies at
national level. The agreements reached in the Uruguay Round show that all the participating governments recognize the contribution that liberal trading policies can make to the healthy growth and development of their own economies and of the world economy as a whole.

7. Successful cooperation in each area of economic policy contributes to progress in other areas. Greater exchange rate stability, based on more orderly underlying economic and financial conditions, should contribute towards the expansion of trade, sustainable growth and development, and the correction of external imbalances. There is also a need for an adequate and timely flow of concessional and non-concessional financial and real investment resources to developing countries and for further efforts to address debt problems, to help ensure economic growth and development. Trade liberalization forms an increasingly important component in the success of the adjustment programmes that many countries are undertaking, often involving significant transitional social costs. In this connection, Ministers note the rôle of the World Bank and the IMF in supporting adjustment to trade liberalization, including support to net food-importing developing countries facing short-term costs arising from agricultural trade reforms.

8. The positive outcome of the Uruguay Round is a major contribution towards more coherent and complementary international economic policies. The results of the Uruguay Round ensure an expansion of market access to the benefit of all countries, as well as a framework of strengthened multilateral disciplines for trade. They also guarantee that trade policy will be conducted in a more transparent manner and with greater awareness of the benefits for domestic competitiveness of an open trading environment. The strengthened multilateral trading system emerging from the Round has the capacity to provide an improved forum for liberalization, to contribute to more effective surveillance, and to ensure strict observance of multilaterally agreed rules and disciplines. These improvements mean that trade policy can in future play a more substantial rôle in ensuring the coherence of global economic policymaking.

9. Ministers recognize, however, that difficulties whose origins lie outside the trade field cannot be redressed through measures taken in the trade field alone. This underscores the importance of efforts to improve other elements of global economic policymaking to complement the effective implementation of the results achieved in the Uruguay Round.

10. The interlinkages between the different aspects of economic policy require that the international institutions with responsibilities in each of these areas follow consistent and mutually supportive policies. GATT should therefore pursue and develop its co-operation with the international organizations responsible for monetary and financial matters, while respecting the mandate, the confidentiality requirements and the necessary autonomy in decision-making procedures of each institution, and avoiding the imposition on governments of cross-conditionality or additional conditions. Ministers further recommend that the CONTRACTING PARTIES
invite the Director-General of GATT to review, with the Managing Director of the International Monetary Fund and the President of the World Bank, the implications of GATT's future responsibilities for its co-operation with the Bretton Woods institutions, as well as the forms such co-operation might take, with a view to achieving greater coherence in global economic policy making.
ANNEX

Indicative list\(^1\) of notifiable measures

- Tariffs (including range and scope of bindings, GSP provisions, rates applied to members of free-trade areas/customs unions, other preferences)

- Tariff quotas and surcharges
  QRs, including VERs and OMAs affecting imports

- Other non-tariff measures such as licensing and mixing requirements; variable levies

- customs valuation

- rules of origin

- government procurement

- technical barriers

- safeguard actions

- anti-dumping actions

- countervailing actions

- export taxes

- export subsidies, tax exemptions and concessionary export financing

- free-trade zones, including in-bond manufacturing

- export restrictions, including VERs and OMAs

- other government assistance, including subsidies, tax exemptions

- rôle of State-trading enterprises

- foreign exchange controls related to imports and exports

- government-mandated countertrade

- any other measure covered by the General Agreement, its annexes and its protocols.

\(^1\)This list does not alter existing notification requirements in specific GATT Articles and in Agreements and Arrangements negotiated under GATT auspices.
TRADE IN SERVICES (Annex II)

General Agreement on Trade in Services

Articles I-XXXV
Annex on Article II Exemptions
Annex on Movement of Natural Persons providing Services under the Agreement
Annex on Financial Services
Annex on Telecommunications
Annex on Air Transport Services

Other Documents

Ministerial Decision on Institutional Arrangements
Ministerial Decision on Certain Dispute Settlement Procedures
Decision concerning Article XIV(b)
Understanding on Commitments in Financial Services
Substantive Guidelines for the Negotiation of Initial Commitments during the Uruguay Round
GENERAL AGREEMENT ON TRADE IN SERVICES

Articles of Agreement

Articles I-XXXV

Annexes

Most-favoured-nation exemption procedures

Annex on Article II Exemptions

Annex on Movement of Natural Persons providing Services under the Agreement

Annex on Financial Services

Annex on Telecommunications

Annex on Air Transport Services

Decisions and Understandings

Ministerial Decision on Institutional Arrangements

Ministerial Decision on Certain Dispute Settlement Procedures

Decision concerning Article XIV(b)

Understanding on Commitments in Financial Services

Attachment

Substantive Guidelines for the Negotiation of Initial Commitments during the Uruguay Round
GENERAL AGREEMENT ON TRADE IN SERVICES

PREAMBLE

Part I  SCOPE AND DEFINITION

Article I  Scope and Definition

Part II  GENERAL OBLIGATIONS AND DISCIPLINES

Article II  Most-Favoured-Nation Treatment
Article III  Transparency
Article III bis  Disclosure of Confidential Information
Article IV  Increasing Participation of Developing Countries
Article V  Economic Integration
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Article VII  Recognition
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Article IX  Business Practices
Article X  Emergency Safeguard Measures
Article XI  Payments and Transfers
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Part III SPECIFIC COMMITMENTS

Article XVI  Market Access
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Part IV PROGRESSIVE LIBERALIZATION

Article XIX  Negotiation of Commitments
Article XX  Schedules of Commitments
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Part V INSTITUTIONAL PROVISIONS

Article XXII  Consultation
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Article XXIV  Joint Action
Article XXV  Council
Article XXVI  Technical Cooperation
Article XXVII Relationship with Other International Organizations

Part VI FINAL PROVISIONS

Article XXVIII  Acceptance and Accession
Article XXIX  Entry into Force
Article XXX  Non-Application
Article XXXI  Denial of Benefits
Article XXXII  Amendments
Article XXXIII  Withdrawal
Article XXXIV  Definitions
Article XXXV  Annexes
PREAMBLE

The Parties to this Agreement,

Recognizing the growing importance of trade in services for the growth and development of the world economy;

Wishing to establish a multilateral framework of principles and rules for trade in services with a view to the expansion of such trade under conditions of transparency and progressive liberalization and as a means of promoting the economic growth of all trading partners and the development of developing countries;

Desiring the early achievement of progressively higher levels of liberalization of trade in services through successive rounds of multilateral negotiations aimed at promoting the interests of all participants on a mutually advantageous basis and at securing an overall balance of rights and obligations, while giving due respect to national policy objectives;

Recognizing the right of Parties to regulate, and to introduce new regulations, on the supply of services within their territories in order to meet national policy objectives, and given asymmetries existing with respect to the degree of development of services regulations in different countries, the particular need of developing countries to exercise this right;

Desiring to facilitate the increasing participation of developing countries in international trade in services and the expansion of their service exports including, inter alia, through the strengthening of their domestic services capacity and its efficiency and competitiveness;

Taking particular account of the serious difficulty of the least developed countries in view of their special economic situation and their development, trade and financial needs;

Hereby agree as follows:
PART I

SCOPE AND DEFINITION

Article I

Scope and Definition

1. This Agreement applies to measures by Parties affecting trade in services.

2. For the purposes of this Agreement, trade in services is defined as the supply of a service:
   
   (a) from the territory of one Party into the territory of any other Party;
   
   (b) in the territory of one Party to the service consumer of any other Party;
   
   (c) through the presence of service providing entities of one Party in the territory of any other Party;
   
   (d) by natural persons of one Party in the territory of any other Party.

3. For the purposes of this Agreement:

   "measures by Parties" means measures taken by:
   
   (i) central, regional or local governments and authorities; and
   
   (ii) non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities;

   In fulfilling its obligations and commitments under the Agreement, each Party shall take such reasonable measures as may be available to it to ensure their observance by regional and local governments and authorities and non-governmental bodies within its territory.

   (b) "services" includes any service in any sector except services supplied in the exercise of governmental functions.*

   *The terms of the exclusion of services supplied in the exercise of governmental functions will be reviewed in the context of the work on Article XXXIV.
PART II
GENERAL OBLIGATIONS AND DISCIPLINES

Article II
Most-Favoured-Nation Treatment

1. With respect to any measure covered by this Agreement, each Party shall accord immediately and unconditionally to services and service providers of any other Party, treatment no less favourable than that it accords to like services and service providers of any other country.*

2. A Party may maintain a measure inconsistent with paragraph 1 provided that it is listed in, and meets the conditions of, the Annex on Article II Exemptions.

3. The provisions of this Agreement shall not be so construed as to prevent any Party from conferring or according advantages to adjacent countries in order to facilitate exchanges limited to contiguous frontier zones of services that are both locally produced and consumed.

Article III
Transparency

1. Each Party shall publish promptly and, except in emergency situations, at the latest by the time of their entry into force, all relevant laws, regulations, administrative guidelines and all other decisions, rulings, or measures of general application, whether made effective by national or sub-national government bodies or by a non-governmental regulatory entity, which pertain to or affect the operation of this Agreement. International agreements pertaining to or affecting trade in services to which a Party to this Agreement is a signatory shall also be published.

2. Where publication as referred to in paragraph 1 is not practicable, such information shall be made otherwise publicly available.

3. Each Party shall promptly inform the PARTIES at least annually of the introduction of any new, or any changes to existing, laws, regulations or administrative guidelines which significantly affect trade in services covered by its specific commitments under this Agreement.

*The provisions of this Article do not apply to measures taken under international agreements on juridical and/or administrative assistance.
4. Each Party shall respond promptly to all requests for specific information, by other Parties, on any of its laws, regulations, administrative guidelines or any other decisions, rulings, measures of general application or international agreements within the meaning of paragraph 1. Each Party shall also establish one or more enquiry points to provide specific information to other Parties, upon request, on all such matters as well as those subject to the notification requirement in paragraph 3. Such enquiry points shall be established within two years from the entry into force of the Agreement. Appropriate flexibility with respect to the time-limit within which such enquiry points are to be established may be agreed upon for individual developing countries. Enquiry points need not be depositories of laws and regulations.

5. Any Party may notify to the PARTIES any measure, taken by another Party, which it considers affects the operation of this Agreement.

Article III bis

Disclosure of Confidential Information

Nothing in this Agreement shall require any Party to provide confidential information, the disclosure of which would impede law enforcement, or otherwise be contrary to the public interest, or which would prejudice legitimate commercial interests of particular enterprises, public or private.

Article IV

Increasing Participation of Developing Countries

1. The increasing participation of developing countries in world trade shall be facilitated through negotiated specific commitments by different Parties pursuant to Parts III and IV of this Agreement relating to:

(a) the strengthening of their domestic services capacity and its efficiency and competitiveness inter alia through access to technology on a commercial basis;

(b) the improvement of their access to distribution channels and information networks; and

(c) the liberalization of market access in sectors and modes of supply of export interest to them.

2. Developed Parties, and to the extent possible other Parties, shall establish contact points within two years from the entry into force of this Agreement to facilitate the access of developing countries’ service providers to information, related to their respective markets, concerning:
(a) commercial and technical aspects of the supply of services;

(b) registration, recognition and obtaining of professional qualifications; and

(c) the availability of services technology.

3. Special priority shall be given to the least developed countries in the implementation of paragraphs 1 and 2 above. Particular account shall be taken of the serious difficulty of the least-developed countries in accepting negotiated commitments in view of their special economic situation and their development, trade and financial needs.

**Article V**

**Economic Integration**

1. The provisions of this Agreement shall not prevent any of its Parties from being a party to or entering into an agreement liberalizing trade in services between or among the parties to such an agreement, provided that such an agreement:

   (a) has substantial sectoral coverage*, and

   (b) provides for the absence or elimination of substantially all discrimination, in the sense of Article XVII, between or among the parties, in the sectors or sub-sectors covered under 1(a), through:

      (i) elimination of existing discriminatory measures, and/or

      (ii) prohibition of new or more discriminatory measures,

   either at the entry into force of that agreement or on the basis of a reasonable time-frame, except for measures permitted under Articles XI, XII and XIV.

*This condition is understood in terms of number of sectors, volume of trade affected and modes of supply. In order to meet this condition, agreements should not provide for the a priori exclusion of any mode of supply.
2. In evaluating whether the conditions under paragraph 1(b) are met, consideration may be given to the relationship of the agreement to a wider process of economic integration or trade liberalization among the countries concerned.

3. Where developing countries are parties to an agreement of the type referred to in paragraph 1, flexibility shall be provided for regarding the conditions set out in paragraph 1, in particular sub-paragraph (b), in accordance with the level of development of the countries concerned, both overall and in individual sectors and sub-sectors.

4. Any agreement referred to in paragraph 1 shall be designed to facilitate trade between the parties to the agreement and shall not in respect of any Party outside the agreement raise the overall level of barriers to trade in services within the respective sectors or sub-sectors compared to the level applicable prior to such an agreement.

5. If, in the conclusion, enlargement or any significant modification of any agreement under paragraph 1, a Party intends to withdraw or modify a commitment inconsistently with the terms and conditions set out in its schedule, it shall provide at least 90 days advance notice of such modification or withdrawal and the procedure set forth in Article XXI:2-4 shall apply.

6. (a) A service supplier of any other Party that is a juridical person constituted under the laws of a party to an agreement referred to in paragraph 1 shall be entitled to treatment granted under such agreement, provided that it engages in substantive business operations in the territory of the parties to such agreement.

(b) The Party may refuse to grant the treatment referred to in sub-paragraph 1 above, if:

(i) the service supplier was not established in the territory of a party to such agreement prior to signature of the agreement; and

(ii) the parties to such agreement do not provide common treatment to third countries with respect to the sector or sub-sector concerned.

7. (a) Parties to this Agreement which are parties to any agreement referred to in paragraph 1 shall promptly notify any such agreement and any enlargement or any significant modification thereto to the PARTIES. They shall also make available to the PARTIES such relevant information as may be requested by the PARTIES. PARTIES may establish a working party to examine such an agreement or enlargement or modification thereto and report to the PARTIES on its consistency with this Article.
(b) Parties to this Agreement which are parties to any agreement referred to in paragraph 1 which is implemented on the basis of a time-frame shall report periodically to the PARTIES on its implementation. The PARTIES may establish a working party to examine such reports if they deem it necessary.

(c) Based on the reports of the working parties referred to in paragraphs 7 (a) and 7 (b), the PARTIES may make recommendations to the parties as they deem appropriate.

8. A party to any agreement referred to in paragraph 1 may not seek compensation for trade benefits that may accrue to any other Party from such agreement.

Article VI

Domestic Regulation

1. In sectors or sub-sectors where specific commitments are undertaken, each Party shall ensure that all measures of general application affecting trade in services are administered in a reasonable, objective and impartial manner.

2. (a) Each Party shall maintain or institute as soon as practicable judicial, arbitrable or administrative tribunals or procedures which provide, at the request of an affected service provider, for the prompt review of, and where justified, appropriate remedies for, administrative decisions relating to the supply of services. Where such procedures are not independent of the agency entrusted with the administrative decision concerned, the Party shall ensure that they do in fact provide for an objective and impartial review.

(b) The provisions of sub-paragraph (a) shall not require a Party to institute such tribunals or procedures where this would be inconsistent with its constitutional structure or the nature of its legal system.

3. Where authorization is required for the provision of a service on which a specific commitment has been made, the competent authorities of a Party shall, within a reasonable period of time after the submission of an application considered complete under domestic laws and regulations, inform the applicant of the decision concerning the application. At the request of the applicant, the competent authorities of the Party shall provide, without undue delay, information concerning the status of the application.

4. With a view to ensuring that measures relating to qualification requirements and procedures, technical standards and licensing requirements do not constitute unnecessary barriers to trade, the PARTIES shall, through appropriate bodies they may establish, develop any necessary disciplines. Such disciplines shall aim to ensure that such requirements are, inter alia:
(a) based on objective and transparent criteria, such as competence and the ability to provide the service;

(b) not more burdensome than necessary to ensure the quality of the service;

(c) in the case of licensing procedures, not in themselves a restriction on the supply of the service.

5. (a) In sectors or sub-sectors in which a Party has undertaken specific commitments in accordance with Articles XVI and XVII of this Agreement, pending the entry into force of disciplines developed in these sectors or sub-sectors pursuant to paragraph 4, the Party shall not apply licensing and qualification requirements and technical standards that nullify or impair such commitments in a manner which:

(i) does not comply with the criteria outlined in sub-paragraphs 4(a), (b) or (c); and

(ii) could not reasonably have been expected of that Party at the time the commitments in those sectors or sub-sectors were made.

(b) In determining whether a Party is in conformity with the obligation under paragraph 5(a) above, account shall be taken of international standards of relevant international organizations* applied by that Party.

6. In sectors or sub-sectors where specific commitments regarding professional services are undertaken, each Party shall provide for adequate procedures to verify the competence of professionals of other Parties.

Article VII

Recognition

1. For the purposes of the fulfilment, in whole or in part, of its standards or criteria for the authorization, licensing or certification of services providers, and subject to the requirements of paragraph 3 below, a Party may recognize the education or experience obtained, requirements met, or licenses or certifications granted in a particular country. Such

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*The term "relevant international organizations" refers to international bodies whose membership is open to the relevant bodies of at least all Parties to this Agreement.
recognition, which may be achieved through harmonization or otherwise, may be based upon an agreement or arrangement with the country concerned or may be accorded autonomously.

2. A Party to such an agreement or arrangement, whether future or existing, shall afford adequate opportunity for other interested Parties to negotiate their accession to such agreements or arrangements or to negotiate comparable ones with it. Where a Party accords recognition autonomously, it shall afford adequate opportunity for other Parties to demonstrate that education, experience, licenses, or certifications obtained or requirements met in their territories should be recognized.

3. A Party shall not accord recognition in a manner which would constitute a means of discrimination between countries in the application of its standards or criteria for the authorization, licensing or certification of services providers, or a disguised restriction on trade in services.

4. Each Party shall:

   (a) within 12 months from the entry into force of this Agreement, or its accession thereto, inform the PARTIES of its existing recognition measures and state whether such measures are based on agreements or arrangements of the type referred to in paragraph 1;

   (b) promptly inform the PARTIES as far in advance as possible of the opening of negotiations on such agreements or arrangements in order to provide adequate opportunity to other Parties to indicate their interest in participating in the negotiations before they enter a substantive phase;

   (c) promptly inform the PARTIES when it adopts new recognition measures or significantly modifies existing ones and state whether the measures are based on such agreements or arrangements.

5. Wherever appropriate, recognition should be based on multilaterally agreed criteria. In appropriate cases, Parties shall work in co-operation with relevant intergovernmental and non-governmental organizations towards the establishment and adoption of common international standards and criteria for recognition and common international standards for the practice of relevant services trades and professions.
Article VIII

Monopolies and Exclusive Service Providers*

1. Each Party shall ensure that any monopoly provider of a service in its territory does not, in the supply of the monopoly service in the relevant market, act in a manner inconsistent with that Party's obligations under Article II and specific commitments under Part III of this Agreement.

2. Where a Party's monopoly provider competes, either directly or through an affiliated company, in the supply of a service outside the scope of its monopoly rights and which is subject to that Party's specific commitments under this Agreement, the Party shall ensure that such a provider does not abuse its monopoly position to act in its territory in a manner inconsistent with such commitments.

3. The PARTIES may, at the request of a Party which has a reason to believe that a monopoly provider of a service of another Party is acting in a manner inconsistent with paragraph 1 or 2 above, request the Party establishing, maintaining or authorizing such entity to provide specific information concerning the relevant operations.

4. If, after the entry into force of this Agreement, a Party grants monopoly rights regarding the provisions of a service covered by its specific commitments under this Agreement, that Party shall make such notification to the PARTIES no later than three months before the intended implementation of the grant of monopoly rights and the provisions of paragraphs 2, 3 and 4 of Article XXI shall apply.

5. The provisions of this Article shall also apply to cases where a Party, formally or in effect, (a) authorizes or establishes a small number of service providers and (b) substantially prevents competition among those providers in its territory.

Article IX

Business Practices

1. Parties recognize that certain business practices of service providers, other than those falling under Article VIII, may restrain competition and thereby restrict trade in services.

*Nothing in this Agreement condemns or condones the creation or maintenance of monopoly service providers.
2. Each Party shall, at the request of another Party, enter into consultations with a view to eliminating practices referred to in paragraph 1. The Party addressed shall accord full and sympathetic consideration to such a request and shall cooperate through the supply of publicly available non-confidential information of relevance to the matter in question. The Party addressed shall also provide other information available to the Party, subject to its domestic law and to the conclusion of satisfactory agreement concerning the safeguarding of its confidentiality by the requesting party.

Article X

Emergency Safeguards Measures

1. Within three years from the entry into force of the Agreement, multilateral negotiations on the question of emergency safeguard measures, based on the principle of non-discrimination, shall be completed and their results enter into force.

2. Meanwhile, the three-year delay in the ability of a Party to invoke Article XXI is changed to a one-year delay in a case where the Party invoking this provision can show cause to the PARTIES for not waiting the full three years. The other provisions of Article XXI would apply.

3. This provision shall end within the three years referred to in paragraph 1.

Article XI

Payments and Transfers

1. Except under the circumstances envisaged in Article XII, a Party shall not apply restrictions on international transfers and payments for current transactions relating to specific commitments under the Agreement.

2. Nothing in this Agreement shall affect the rights and obligations of the members of the International Monetary Fund under the Articles of Agreement of the Fund, including the use of exchange actions which are in conformity with the Articles of Agreement, provided that a Party shall not impose restrictions on any capital transactions inconsistently with its specific commitments under this Agreement regarding such transactions, except under Article XII or at the request of the Fund.
Article XII
Restrictions to Safeguard the Balance of Payments

1. In the event of serious balance-of-payments and external financial difficulties or threat thereof, a Party may adopt or maintain restrictions on trade in services on which it has undertaken specific commitments, including on payments or transfers for transactions related to such commitments. It is recognized that particular pressures on the balance of payments of a Party in the process of economic development or economic transition may necessitate the use of restrictions to ensure, inter alia, the maintenance of a level of financial reserves adequate for the implementation of its programme of economic development or economic transition.

2. The restrictions referred to in paragraph 1 above:
   (a) shall not discriminate among Parties to the Agreement;
   (b) shall be consistent with the Articles of Agreement of the IMF;
   (c) shall avoid unnecessary damage to the commercial, economic and financial interests of other Parties;
   (d) shall not exceed those necessary to deal with the circumstances described in paragraph 1;
   (e) shall be temporary and be phased out progressively as the situation specified in paragraph 1 improves.

3. In determining the incidence of such restrictions, Parties may give priority to the supply of services which are more essential to their economic or development programmes. However, such restrictions shall not be taken for the purpose of protecting a particular service sector.

4. Any restrictions adopted or maintained under paragraph 1 of this Article, or any changes therein, shall be promptly notified to the PARTIES.

5. (a) Parties applying the provisions of this Article shall consult promptly with the PARTIES on restrictions maintained under this Article.

   (b) The PARTIES shall establish procedures* for periodic consultations with the objective of enabling such recommendations to be made to the Party concerned as they may deem appropriate.

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*It is understood that the procedures under paragraph 5 will draw on the GATT procedures as they emerge from the Uruguay Round.
(c) Such consultations shall assess the balance of payment situation of the party concerned and the restrictions applied under this Article, taking into account, inter alia, such factors as:

(i) the nature and extent of the balance-of-payments and the external financial difficulties;

(ii) the external economic and trading environment of the consulting party;

(iii) alternative corrective measures which may be available.

(d) The consultations shall address the compliance of any restrictions with paragraph 2, in particular the progressive phase out of restrictions in accordance with paragraph 2(v).

(e) In such consultations, the PARTIES shall accept all findings of statistical and other facts presented by the International Monetary Fund relating to foreign exchange, monetary reserves and balance of payments, and shall base their conclusions on the assessment by the Fund of the balance-of-payments and the external financial situation of the Party.

6. If a Party which is not a member of the International Monetary Fund wishes to apply the provisions of this Article, the PARTIES will establish review and any other procedures necessary.

Article XIII

Government Procurement

1. The provisions of Articles II, XVI and XVII shall not apply to laws, regulations or requirements governing the procurement by governmental agencies of services purchased for governmental purposes and not with a view to commercial resale or with a view to use in the supply of services for commercial sale.

2. There shall be multilateral negotiations on government procurement in services under this Agreement within two years from the entry into force of the Agreement.

Article XIV

General Exceptions

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where like conditions prevail, or a disguised restriction on international trade in services, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any Party of measures:
(a) necessary to protect public morals or to maintain public order;*
(b) necessary to protect human, animal or plant life or health;
(c) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement including those relating to:
   (i) the prevention of deceptive and fraudulent practices or to deal with the effects of a default on services contracts;
   (ii) the protection of the privacy of individuals in relation to the processing and dissemination of personal data and the protection of confidentiality of individual records and accounts;
   (iii) safety;
(d) inconsistent with Article XVII, provided that the difference in treatment is aimed at ensuring the equitable or effective imposition or collection of taxes on income of service suppliers of other Parties that, under the Party's relevant tax measures, are not deemed to reside in the Party's territory;
(e) inconsistent with Article II, provided that the difference in treatment is the result of an international agreement relating to the avoidance of double taxation to which the Party is a signatory.

Article XIV bis

Security Exceptions

1. Nothing in this Agreement shall be construed:
   (a) to require any Party to furnish any information, the disclosure of which it considers contrary to its essential security interests; or
   (b) to prevent any Party from taking any action which it considers necessary for the protection of its essential security interests;

*Action under a public order exception is possible where genuine and sufficiently serious threats are posed to one of the fundamental interests of society.
(i) relating to the provision of services as carried out directly or indirectly for the purpose of provisioning a military establishment;

(ii) relating to fissionable and fusionable materials or the materials from which they are derived;

(iii) taken in time of war or other emergency in international relations; or

(c) to prevent any Party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

2. The PARTIES shall be informed to the fullest extent possible of measures taken under paragraphs 1(b) and (c) and of their termination.

Article XV

Subsidies

1. Parties recognize that, in certain circumstances, subsidies may have distortive effects on trade in services. Parties shall enter into negotiations with a view to developing the necessary multilateral disciplines to avoid such trade distortive effects.* The negotiations shall also address the appropriateness of countervailing procedures. Such negotiations shall recognize the role of subsidies in relation to the development programmes of developing countries and take into account the needs of Parties, particularly developing countries, for flexibility in this area. For the purpose of such negotiations, Parties shall exchange information concerning all subsidies related to trade in services that they provide to their domestic service providers.

2. Any Party which considers that it is adversely affected by a subsidy of another Party may request consultations with that Party on such matters. Such requests shall be accorded sympathetic consideration.

* A future work programme shall determine how and in what time-frame negotiations on the multilateral disciplines will be conducted.
PART III

SPECIFIC COMMITMENTS

Article XVI

Market Access

1. With respect to market access through the modes of supply identified in Article I, each Party shall accord services and service providers of other Parties treatment no less favourable than that provided for under the terms, limitations and conditions agreed and specified in its schedule.*

2. In sectors or sub-sectors where market access commitments are undertaken, the measures which a Party shall not maintain or adopt either on the basis of a regional subdivision or on the basis of its entire territory, unless otherwise specified in its schedule, are defined as:**

   (a) limitations on the number of service providers whether in the form of numerical quotas, monopolies, exclusive service providers or the requirements of an economic needs test;

   (b) limitations on the total value of service transactions or assets in the form of numerical quotas or the requirement of an economic needs test;

   (c) limitations on the total number of service operations or on the total quantity of service output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test;***

*If a Party undertakes a market access commitment in relation to the supply of a service through the mode of supply referred to in paragraph 2(a) of Article I and if the cross-border movement of capital is an essential part of the service itself, that Party is thereby committed to allow such movement of capital.

If a Party undertakes a market access commitment in relation to the supply of a service through the mode of supply referred to in paragraph 2(c) of Article I, it is thereby committed to allow related transfers of capital into its territory.

**It is understood that all discriminatory measures can be challenged as a violation of Article XVII.

***Sub-paragraph 2(c) does not cover measures of a Party which limit inputs for the supply of services.
(d) limitations on the total number of natural persons that may be employed in a particular service sector or that a service provider may employ and who are necessary for, and directly related to, the supply of a specific service in the form of numerical quotas or the requirement of an economic needs test;

(e) measures which restrict or require specific types of legal entity or joint venture through which a service supplier may provide a service; and

(f) limitations on the participation of foreign capital in terms of maximum percentage limit on foreign shareholding or the total value of individual or aggregate foreign investment.

Article XVII

National Treatment

1. In the sectors or sub-sectors inscribed in its Schedule of Commitments, and subject to any conditions and qualifications set out therein, each Party shall accord to services and service providers of any other Party, in respect of all measures affecting the supply of services, treatment no less favourable than that it accords to its own like services and service providers.*

2. A Party may meet the requirement of paragraph 1 by according to services and service providers of other Parties, either formally identical treatment or formally different treatment to that it accords to its own like services and service providers.

3. Formally identical or formally different treatment shall be considered to be less favourable if it modifies the conditions of competition in favour of services or service providers of the Party compared to like services or service providers of another Party.

*Commitments assumed under this Article shall not be construed to require any Party to compensate for any inherent competitive disadvantages which result from the foreign character of the relevant services or service providers.
Article XVIII

Additional Commitments

Parties may negotiate commitments with respect to measures affecting trade in services not subject to scheduling under Articles XVI or XVII, including those regarding qualifications, standards or licensing matters. Such commitments shall be inscribed in a Party’s schedule.

PART IV

PROGRESSIVE LIBERALIZATION

Article XIX

Negotiation of Commitments

1. In pursuance of the objectives of this Agreement, Parties shall enter into successive rounds of negotiations, beginning not later than (...) from the date of entry into force of this Agreement and periodically thereafter, with a view to achieving a progressively higher level of liberalization. Such negotiations shall be directed to the reduction or elimination of the adverse effects on trade in services of measures as a means of providing effective market access. This process shall take place with a view to promoting the interests of all participants on a mutually advantageous basis and to securing an overall balance of rights and obligations.

2. The process of liberalization shall take place with due respect for national policy objectives and the level of development of individual Parties, both overall and in individual sectors. There shall be appropriate flexibility for individual developing countries for opening fewer sectors, liberalizing fewer types of transactions, progressively extending market access in line with their development situation and, when making access to their markets available to foreign service providers, attaching to it conditions aimed at achieving the objectives referred to in Article IV.

3. For each round, negotiating guidelines and procedures shall be established. For the purposes of establishing such guidelines, the PARTIES shall carry out an assessment of international trade in services in overall terms and on a sectoral basis with reference to the objectives of the Agreement, including those set out in Article IV:1. Negotiating guidelines shall establish modalities for the treatment of liberalization undertaken autonomously by Parties since previous negotiations, as well as for the special treatment of the least-developed countries under the provisions of Article IV:3.

4. The process of progressive liberalization shall be advanced in each such round through bilateral, plurilateral or multilateral negotiations directed towards increasing the general level of specific commitments undertaken by Parties under this Agreement.
Article XX

Schedules of Commitments

1. Each Party shall set out in a schedule the specific commitments it undertakes under Part III of this Agreement. With respect to sectors and sub-sectors where such commitments are undertaken, each schedule shall specify:

(a) commitments on market access;
(b) commitments on national treatment;
(c) undertakings relating to additional commitments;
(d) where appropriate the time-frame for implementation of commitments; and
(e) date of entry into force of commitments.

2. Measures inconsistent with both Articles XVI and XVII shall be inscribed in the column relating to Article XVI (Market Access).

3. Schedules of specific commitments shall be annexed to this Agreement and form an integral part thereof.

Article XXI

Modification of Schedules*

1. Any Party may, after a period of three years from the date a commitment enters into force, notify the PARTIES of its intention to modify or withdraw such a commitment included in its schedule. Such a Party shall make such notification to the PARTIES no later than three months before the intended implementation of the modification or withdrawal.

2. (a) At the request of any Party whose interests under this Agreement may be affected (hereafter "an affected Party") by a proposed modification or withdrawal notified under paragraph 1 the Party proposing to modify or withdraw the commitment (hereafter, the "modifying Party") shall enter into negotiations with a view to reaching agreement on any necessary compensatory adjustment.

*It is agreed that a number of points for giving effect to this Article need to be elaborated.
(b) Compensation shall be on an m.f.n. basis.

3. (a) In the event an agreement cannot be reached at the end of the period provided for negotiations, any affected Party may refer the matter to arbitration. Any affected Party that wishes to enforce a right that it may have to compensation must participate in the arbitration.

(b) If no Party requests arbitration the modifying Party shall be free to implement the proposed modification.

4. (a) The modifying Party may not modify or withdraw its commitment until it makes compensatory adjustments in conformity with the arbitration panel's findings.

(b) If the modifying Party does not comply with sub-paragraph (a), an affected Party that participated in the arbitration may withdraw equivalent benefits in conformity with the arbitration panel's findings.

PART V

INSTITUTIONAL PROVISIONS

Article XXII

Consultation

1. Each Party shall accord sympathetic consideration to, and shall afford adequate opportunity for, consultation regarding such representations as may be made by another Party with respect to any matter affecting the operation of this Agreement.

2. The PARTIES may, at the request of a Party, consult with any Party or Parties in respect of any matter for which it has not been possible to find a satisfactory solution through consultation under paragraph 1.

3. A Party may not invoke Article XVII either under this Article or Article XXIII with respect to a measure of another Party that is subject to an international agreement relating to the avoidance of double taxation between the Parties containing a non-discrimination provision unless the Party has had recourse to the dispute settlement provisions of the convention and no satisfactory resolution of the dispute has been reached within a reasonable period of time.
Article XXIII
Dispute Settlement and Enforcement*

1. If any Party should consider that another Party fails to carry out its obligations or commitments under this Agreement, it may with a view to reaching a mutually satisfactory resolution of the matter, make written representations or proposals to the other Party or Parties which it considers to be concerned. Such action shall be promptly notified to the PARTIES. Any Party thus approached shall give sympathetic consideration to the representations or proposals made to it.

2. If no satisfactory solution is effected between the Parties concerned within a reasonable period of time, the matter may be referred to the PARTIES. The PARTIES shall promptly investigate any such matter referred to them and shall make appropriate recommendations to the Parties which they consider to be concerned, or give rulings on the matter, as appropriate. The PARTIES may consult with other Parties as well as any relevant inter-governmental organization in cases where they consider such consultations necessary.

3. If the PARTIES consider that the circumstances are serious enough to justify such action, they may authorize a Party or Parties to suspend the application to any other Party or Parties of such obligations and commitments under this Agreement as they determine to be appropriate in the circumstances.

4. If any Party considers that any benefit it could reasonably have expected to accrue to it under a specific commitment of another Party under Part III of this Agreement is being nullified or impaired as a result of the application of any measure which does not conflict with the provisions of this Agreement, it may resort to the procedures of Article XXII and Article XXIII, paragraphs 1 and 2. If the measure is determined by the PARTIES to have nullified or impaired such a benefit, the Party affected shall be entitled to a mutually satisfactory adjustment on the basis of Article XXI, paragraph 2, which may include the modification or withdrawal of the measure. In the event an agreement cannot be reached between the Parties concerned, Article XXIII, paragraph 3 shall apply.

*Procedures to be used for disputes under this Article may need to be co-ordinated with, and modified in the light of, procedures for dispute settlement in the GATS and for modification of schedules of commitments.
Article XXIV

Joint Action

1. Representatives of the Parties shall meet as necessary for the purpose of giving effect to those provisions of the Agreement which involve joint action and, generally, with a view to facilitating the operation and furthering the objectives of this Agreement. Wherever reference is made in this Agreement to the Parties acting jointly, they are designated as the PARTIES.

2. Each Party shall be entitled to have one vote at all meetings of the PARTIES.

3. Except as otherwise provided for in this Agreement, decisions of the PARTIES shall be taken by a majority of the votes cast.

4. In exceptional circumstances not elsewhere provided for in this Agreement, the PARTIES may waive an obligation imposed upon a 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 Parties.

5. (a) A decision by the PARTIES granting a waiver shall state the exceptional circumstances justifying the decision, the terms and conditions governing the application of the waiver, and the date on which the waiver shall terminate.

   (b) Any waiver granted for a period of more than one year shall be reviewed by the PARTIES not later than one year after it was granted, and thereafter annually until the waiver terminates. In each review, the PARTIES shall examine whether the exceptional circumstances justifying the waiver still exist and whether the terms and conditions attached to the waiver have been met. The PARTIES, on the basis of the annual review, may extend, modify or terminate the waiver.

Article XXV

Council

1. The PARTIES shall establish a Council which will perform such functions as may be assigned by them to facilitate the operation of this Agreement and further its objectives. The Council may establish such subsidiary bodies as it considers appropriate for the effective discharge of its functions.

2. The Council and, unless the Council decides otherwise, its subsidiary bodies shall be open to participation by representatives of all Parties to this Agreement.
3. The Chairman of the Council shall be elected by the PARTIES. The Council shall establish its own rules of procedure.

Article XXVI

Technical Cooperation

1. Service providers of Parties which are in need of such assistance shall have access to the services of contact points referred to in paragraph 2 of Article IV.

2. Technical assistance to developing countries shall be provided at the multilateral level by the competent secretariat and shall be decided upon by the PARTIES.

Article XXVII

Relationship with Other International Organizations

The PARTIES shall make appropriate arrangements for consultation and cooperation with the United Nations and its specialized agencies as well as with other intergovernmental organizations concerned with services.

PART VI

FINAL PROVISIONS

Article XXVIII

Acceptance and Accession

1. This Agreement shall be open for acceptance until (...) by the governments, and the European Communities, whose schedules are contained in Annex (...).

2. Any government which does not accept this Agreement pursuant to paragraph 1 may accede to it on terms to be agreed with the PARTIES. Decisions of the PARTIES under this paragraph shall be taken by a two-thirds majority.

3. For the purposes of paragraph 2 and Article XXIX, any territory which possesses autonomy in the conduct of its external commercial relations and of the other matters provided for in the Agreement shall be deemed to be a government.
Article XXIX

Entry into Force

1. This Agreement, done in a single copy, in English, French and Spanish languages, each text being authentic, shall be deposited with the (...) who shall furnish to each Party a certified copy.

2. This Agreement shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

3. This Agreement shall enter into force on the (...) day after (---) Parties have accepted it pursuant to paragraph 1 of Article XXVIII. For each other government it shall enter into force on the thirtieth day following the date of its accession.

Article XXX

Non-Application

1. This Agreement shall not apply as between any two Parties if either of them, at the time either becomes a Party, does not consent to such application. The non-consenting Party shall provide written notification to the PARTIES, including a statement of its reasons for not consenting.

2. At the request of any Party, the PARTIES shall establish a working party to examine the application of paragraph 1 in particular cases regarding, inter alia, appropriateness of the reason for which a Party invokes the provision of paragraph 1. With a view to enabling them to make recommendations to the Parties concerned and/or to the PARTIES.

Article XXXI

Denial of Benefits

1. A Party may deny the benefits of this Agreement:

(a) to the supply of a service, if it establishes that the service originates in the territory of a country that is not a Party to this Agreement, or in the territory of a Party to which the denying Party does not apply this Agreement; and

(b) to a service supplier that is a juridical person, if it establishes that ultimate ownership or control of such person is held by persons of a country that is not a Party to this Agreement, or of a Party to which the denying Party does not apply this Agreement.
Article XXXII

Amendments

1. Amendments to Parts I, II and III of this Agreement and any Annex provisions related thereto shall become effective in respect of those Parties which accept them, upon acceptance by two-thirds of the Parties and thereafter for each other Party upon acceptance by it.

2. Amendments to Parts IV, V and VI of this Agreement and any Annex provisions related thereto shall become effective for all Parties upon acceptance by two-thirds of the Parties.

3. Any Party accepting an amendment to this Agreement shall deposit an instrument of acceptance with the Chief Executive Officer according to such procedures and within such a period as the PARTIES may specify.

Article XXXIII

Withdrawal

Any Party may withdraw from this Agreement at any time after its entry into force. Such withdrawal shall take effect upon the expiration of (...) months from the day on which written notice thereof is received by the Chief Executive Officer who shall promptly inform the PARTIES. Any Party may request an immediate meeting of the Council to examine the matter.

Article XXXIV

Definitions

For the purpose of this Agreement:

(a) "measure" means any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action, or any other form;

(b) "supply of a service" includes the production, distribution, marketing, sale and delivery of a service;

(c) "measures by Parties affecting trade in services" include measures in respect of

(i) the purchase, payment or use of a service,
(ii) the access to and use of, in connection with the supply of a service,

1. distribution and transportation systems, and
2. public telecommunications transport networks and services, and

(iii) the presence, including commercial presence, of persons of a Party supplying a service in the territory of another Party;

(d) "commercial presence" means any type of business or professional establishment, including through

(i) the constitution, acquisition or maintenance of a juridical person, or

(ii) the creation or maintenance of a branch or a representative office,

within the territory of a Party for the purpose of supplying a service.

(e) "service supplier" of another Party means any person of that Party that supplies a service;

(f) "service consumer" of a Party means any person of that Party that receives or uses a service;

(g) "person" of a Party is either a natural or a juridical person of that Party

(h) "natural person" of a Party means

(i) a natural person who is a national of the Party under the law of that Party, or

(ii) in the case of a Party which does not have nationals, a natural person who has the right of permanent residence under the law of that Party,

and who resides in the territory of that Party or any other Party.

(i) "juridical person" of another Party means any corporation, partnership, joint venture, sole proprietorship or association, whether constituted for profit or otherwise, and whether privately-owned or governmentally-owned, which is

(i) constituted under the law of that Party, and is engaged in substantive business operations in the territory of that Party or any other Party; or
(ii) owned or controlled by

1. natural persons of that Party, or

2. juridical persons of that Party as defined under paragraph (i).

(j) A juridical person is

(i) "owned" by persons of a Party if more than 50 per cent of the equity interest in it is beneficially owned by persons of that Party;

(ii) "controlled" by persons of a Party if such persons have the power to name a majority of its directors or to otherwise legally direct its actions;

(iii) "affiliated" with another person when it controls, or is controlled by, that other person; or when it and the other person are both controlled by the same person.

Article XXXV

Annexes

The Annexes to this Agreement are an integral part of this Agreement.
Attachment to Annex on Article II Exemptions

PROCEDURES

1. This procedure applies prior to the adoption of the text of the GATS for specific exemptions from the obligations of Article II:1.

2. With respect to individual exemptions, a Party shall provide the following information: description of the measure, the treatment inconsistent with Article II:1 of the Agreement, the intended duration of the exemption, and the conditions which create the need for the exemption.

3. Exemptions shall form part of the draft GATS text and shall be listed in the Annex on Article II Exemptions.
ANNEX ON ARTICLE II EXEMPTIONS

Scope

1. This Annex specifies the conditions under which a Party, at the entry into force of the Agreement, is exempted from its obligations under Article II:1.

2. Any new exemptions applied for after the entry into force of the Agreement shall be dealt with under Article XXV:4.

Review

3. The PARTIES shall review all exemptions granted for a period of more than 5 years. The first such review shall take place no more than 5 years after the entry into force of the Agreement.

4. The PARTIES in a review shall:
   
   (a) examine whether the conditions which created the need for the exemption still prevail; and

   (b) determine the date of any further review.

Termination

5. The exemption of a Party from its obligations under Article II:1 of the Agreement with respect to a particular measure terminates on the date provided for in the exemption.

6. In principle, such exemptions should not exceed the period of 10 years. In any event, they shall be subject to negotiation in subsequent trade liberalizing rounds.

7. A Party shall notify the PARTIES at the termination of the exemption period that the inconsistent measure has been brought into conformity with Article II:1 of the Agreement.
ANNEX ON MOVEMENT OF NATURAL PERSONS PROVIDING SERVICES UNDER THE AGREEMENT

1. The Annex applies to measures affecting natural persons who are service providers of a Party, and to natural persons of a Party who are employed by a service provider of a Party, in respect of the supply of a service for which specific commitments relating to entry and temporary stay of such natural persons have been undertaken.

2. The Agreement shall not apply to measures affecting natural persons seeking access to the employment market of a Party, nor shall it apply to measures regarding citizenship, residence or employment on a permanent basis.

3. In accordance with Parts III and IV of the Agreement, Parties may negotiate specific commitments applying to the movement of all categories of natural persons providing services under the Agreement. Natural persons covered by a specific commitment shall be allowed to provide the service in accordance with the terms of that commitment.

4. The Agreement shall not prevent a Party from applying measures to regulate the entry of natural persons into, or their temporary stay in, its territory, including those necessary to protect the integrity of, and to ensure the orderly movement of natural persons across, its borders, provided that such measures are not applied in such a manner as to nullify or impair the benefits accruing to any Party under the terms of a specific commitment.*

*Interpretative Note: The sole fact of requiring a visa for natural persons of certain Parties and not for those of others shall not be regarded as nullifying or impairing benefits under a specific commitment.
ANNEX ON FINANCIAL SERVICES

1. Scope and Definition

1.1 This annex applies to measures affecting the supply of financial services. Reference to the supply of a financial service in the Annex shall mean the supply of a service as defined in Article I:2 of the Agreement.

1.2 For the purposes of Article I:3(b) of the Agreement, "services supplied in the exercise of governmental functions" means the following:

1.2.1 activities conducted by a central bank or monetary authority or by any other public entity in pursuit of monetary or exchange rate policies;

1.2.2 activities forming part of a statutory system of social security or public retirement plans; and

1.2.3 other activities conducted by a public entity for the account or with the guarantee or using the financial resources of the Government.

1.3 For the purposes of Article I:3(b) of the Agreement, if a Party allows any of the activities referred to in paragraph 1.2.2 or 1.2.3 to be conducted by its financial service providers in competition with a public entity or a financial service provider, "services" shall include such activities.

2. Domestic Regulation

2.1 Notwithstanding any other provisions of the Agreement, a Party shall not be prevented from taking measures for prudential reasons, including for the protection of investors, depositors, policy holders or persons to whom a fiduciary duty is owed by a financial service supplier, or to ensure the integrity and stability of the financial system. Where such measures do not conform with the provisions of the Agreement, they shall not be used as a means of avoiding the Party's commitments or obligations under the Agreement.

2.2 Nothing in the Agreement shall be construed to require a Party to disclose information relating to the affairs and accounts of individual customers or any confidential or proprietary information in the possession of public entities.

3. Recognition

3.1 A Party may recognize prudential measures of any other country in determining how the Party's measures relating to financial services shall
be applied. Such recognition, which may be achieved through harmonization or otherwise, may be based upon an agreement or arrangement with the country concerned or may be accorded autonomously.

3.2 A Party to such an agreement or arrangement referred to in paragraph 3.1, whether future or existing, shall afford adequate opportunity for other interested Parties to negotiate their accession to such agreements or arrangements, or to negotiate comparable ones with it, under circumstances in which there would be equivalent regulation, oversight, implementation of such regulation, and, if appropriate, procedures concerning the sharing of information between the parties to the agreement or arrangement. Where a Party accords recognition autonomously, it shall afford adequate opportunity for other Parties to demonstrate that such circumstances exist.

3.3 Where a Party is contemplating according recognition to prudential measures of any other country, Article VII:4(b) of the Agreement shall not apply.

4. Dispute Settlement

4.1 Panels for disputes on prudential issues and other financial matters shall have the necessary expertise relevant to the specific financial service under dispute.

5. Definitions

For the purposes of this Annex:

5.1 A financial service is any service of a financial nature offered by a financial service provider of a Party. Financial services include all insurance and insurance-related services, and all banking and other financial services (excluding insurance). Financial services include the following activities:

**Insurance and insurance-related services**

(a) Direct insurance (including co-insurance):

(1) life

(2) non-life

(b) Reinsurance and retrocession;

(c) Insurance intermediation, such as brokerage and agency;

(d) Services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services.
Banking and other financial services (excluding insurance)

(e) Acceptance of deposits and other repayable funds from the public;

(f) Lending of all types, including consumer credit, mortgage, credit, factoring and financing of commercial transaction;

(g) Financial leasing;

(h) All payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts;

(i) Guarantees and commitments;

(j) Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:

(i) money market instruments (cheques, bills, certificates of deposits, etc.);

(ii) foreign exchange;

(iii) derivative products including, but not limited to, futures and options;

(iv) exchange rate and interest rate instruments, including products such as swaps, forward rate agreements, etc.

(v) transferable securities;

(vi) other negotiable instruments and financial assets, including bullion.

(k) Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues;

(l) Money broking;

(m) Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository and trust services;

(n) Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments;

(o) Provision and transfer of financial information, and financial data processing and related software by providers of other financial services;
(p) Advisory, intermediation and other auxiliary financial services on all the activities listed in sub-paragraphs (e) to (o), including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy.

5.2 A financial service provider means any natural or juridical person of a Party wishing to provide or providing financial services but the term "financial service provider" does not include a public entity.

5.3 "Public entity" means:

5.3.1 a government, a central bank or a monetary authority, of a Party, or an entity owned or controlled by a Party, that is principally engaged in carrying out governmental functions or activities for governmental purposes, not including an entity principally engaged in supplying financial services on commercial terms; or

5.3.2 a private entity, performing functions normally performed by a central bank or monetary authority, when exercising those functions.

5.4 "Agreement" means the Articles of the General Agreement on Trade in Services, this Sectoral Annex on Financial Services and the schedule of each Party with respect to financial services.
ANNEX ON TELECOMMUNICATIONS

1. Objectives

1.1 Recognizing the specificities of the telecommunications services sector and, in particular, its dual role as a distinct sector of economic activity and as the underlying transport means for other economic activities, the Parties have agreed to the following Annex with the objective of elaborating upon the provisions of the Agreement with respect to measures affecting access to and use of public telecommunications transport networks and services. Accordingly, this Annex provides notes and supplementary provisions to the Agreement.

2. Scope

2.1 This Annex shall apply to all measures of a Party that affect access to and use of public telecommunications transport networks and services.*

2.2 This Annex shall not apply to measures affecting the cable or broadcast distribution of radio or television programming.

2.3 Nothing in this Annex shall be construed:

2.3.1 to require a Party to authorize a service supplier of another Party to establish, construct, acquire, lease, operate, or supply telecommunications transport networks or services, other than as provided for in its schedule; or

2.3.2 to require a Party (or to require a Party to oblige service suppliers under its jurisdiction) to establish, construct, acquire, lease, operate or supply telecommunications transport networks or services not offered to the public generally.

3. Definitions

For the purposes of this Annex:

3.1 Telecommunications means the transmission and reception of signals by any electromagnetic means.

*Interpretative notes relating to provisions marked with asterisks are provided following the text of this annex.
3.2 Public telecommunications transport service means any telecommunications transport service required, explicitly or in effect, by a Party to be offered to the public generally. Such services may include, inter alia, telegraph, telephone, telex, and data transmission typically involving the real-time transmission of customer-supplied information between two or more points without any end-to-end change in the form or content of the customer's information.

3.3 Public telecommunications transport network means the public telecommunications infrastructure which permits telecommunications between and among defined network termination points.

3.4 Intra-corporate communications means telecommunications through which a company communicates within the company or with or among its subsidiaries, branches and, subject to a Party's domestic laws and regulations, affiliates. For these purposes, "subsidiaries", "branches" and, where applicable, "affiliates" shall be as defined by each Party. "Intra-corporate communications" in this Annex excludes commercial or non-commercial services that are supplied to companies that are not related subsidiaries, branches or affiliates, or that are offered to customers or potential customers.

3.5 Any reference to a paragraph or subparagraph of this Annex includes all subdivisions thereof.

4. Transparency

4.1 In the application of Article III of the Agreement, each Party shall ensure that relevant information on conditions affecting access to and use of public telecommunications transport networks and services is publicly available, including: tariffs and other terms and conditions of service; specifications of technical interfaces with such networks and services; information on bodies responsible for the preparation and adoption of standards affecting such access and use; conditions applying to attachment of terminal equipment; and notifications, registration or licensing requirements, if any.

5. Access to and use of Public Telecommunications Transport Networks and Services

5.1 Each Party shall ensure that any service supplier of another Party is accorded access to and use of public telecommunications transport networks and services on reasonable and non-discriminatory terms and conditions, for the supply of a service included in its schedule. This obligation shall be applied, inter alia, through paragraphs 5.2 through 5.7 below.*

5.2 Each Party shall endeavour to ensure that pricing of public telecommunications transport networks and services is cost-oriented.
5.3 Each Party shall ensure that service suppliers of other Parties have access to and use of any public telecommunications transport network or service offered within or across the border of that Party, including private leased circuits, and to this end shall ensure, subject to paragraphs 5.6 and 5.7, that such suppliers are permitted:

5.3.1 to purchase or lease and attach terminal or other equipment which interfaces with the network and which is necessary to supply a supplier's services;

5.3.2 to interconnect private leased or owned circuits with public telecommunications transport networks and services or with circuits leased by another service supplier; and

5.3.3 to use operating protocols of the service supplier's choice in the supply of any service, other than as necessary to ensure the availability of telecommunications transport networks and services to the public generally.

5.4 Each Party shall ensure that service suppliers of other Parties may use public telecommunications transport networks and services for the movement of information within and across borders, including for intra-corporate communications of such service suppliers, and for access to information contained in data bases or otherwise stored in machine-readable form in the territory of any Party. Any new or amended measures of a Party significantly affecting such use shall be notified and shall be subject to consultation, in accordance with relevant provisions of the Agreement.

5.5 Notwithstanding the preceding paragraph, a Party may take such measures as are necessary to ensure the security and confidentiality of messages, subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade in services.

5.6 Each Party shall ensure that no condition is imposed on access to and use of public telecommunications transport networks and services other than as necessary:

5.6.1 to safeguard the public service responsibilities of suppliers of public telecommunications transport networks and services, in particular their ability to make their networks or services available to the public generally;

5.6.2 to protect the technical integrity of public telecommunications transport networks or services; or

5.6.3 to ensure that service suppliers of other Parties do not supply services unless permitted pursuant to commitments in a Party's schedule.
5.7 Provided that they satisfy the criteria set out in paragraph 5.6, conditions for access to and use of public telecommunications transport networks and services may include:

5.7.1 restrictions on resale or shared use of such services;

5.7.2 a requirement to use specified technical interfaces, including interface protocols, for inter-connection with such networks and services;

5.7.3 requirements, where necessary, for the inter-operability of such services and to encourage the achievement of the goals set out in paragraph 7.1;

5.7.4 type approval of terminal or other equipment which interfaces with the network and technical requirements relating to the attachment of such equipment to such networks;

5.7.5 restrictions on inter-connection of private leased or owned circuits with such networks or services or with circuits leased or owned by another service provider; or

5.7.6 notification, registration and licensing.

5.8 Notwithstanding the preceding paragraphs of this section, a developing country Party may, consistent with its level of development, place reasonable conditions on access to and use of public telecommunications transport networks and services necessary to strengthen its domestic telecommunications infrastructure and service capacity and to increase its participation in international trade in telecommunications services. Such conditions shall be specified in the Party’s schedule.

6. Technical Co-operation

6.1 Parties recognize that an efficient, advanced telecommunications infrastructure in countries, particularly developing countries, is essential to the expansion of their trade in services. To this end, Parties endorse and encourage the participation, to the fullest extent practicable, of developed and developing countries and their suppliers of public telecommunications transport networks and services and other entities in the development programmes of international and regional organizations, including the International Telecommunication Union, the United Nations Development Programme, and the International Bank for Reconstruction and Development.

6.2 Parties shall encourage and support telecommunications co-operation among developing countries at the international, regional and sub-regional levels.
6.3 In co-operation with relevant international organizations, Parties shall make available, where practicable, to developing countries information with respect to international telecommunications services and developments in telecommunications and information technology to assist in strengthening their domestic telecommunications services sector.

6.4 Parties shall give special consideration to opportunities for the least developed countries to encourage foreign suppliers of telecommunications services to assist in the transfer of technology, training and other activities that support the development of their telecommunications infrastructure and expansion of their telecommunications services trade.

7. Relation to International Organizations and Agreements

7.1 Parties recognize the importance of international standards for global compatibility and inter-operability of telecommunication networks and services and undertake to promote such standards through the work of relevant international bodies, including the International Telecommunication Union and the International Organization for Standardization.

7.2 Parties recognize the role played by intergovernmental and non-governmental organizations and agreements in ensuring the efficient operation of domestic and global telecommunications services, in particular the International Telecommunication Union. Parties shall make appropriate arrangements, where relevant, for consultation with such organizations on matters arising from the implementation of this Annex.
INTERPRETATIVE NOTES

Note to paragraph 2.1

This paragraph is understood to mean that each Party shall ensure that the obligations of this Annex are applied with respect to suppliers of public telecommunications transport networks and services by whatever measures are necessary.

Note to paragraph 5.1

The term "non-discriminatory" is understood to refer to most-favoured-nation and national treatment as defined in the Agreement, as well as to reflect sector-specific usage of the term to mean "terms and conditions no less favourable than those accorded to any other user of like public telecommunications transport networks or services under like circumstances".
ANNEX ON AIR TRANSPORT SERVICES

1. This Annex applies to measures affecting trade in air transportation services, whether scheduled or unscheduled, and ancillary services.

2. Except as set out in paragraph 3, no provision of the Agreement shall apply to measures affecting:

(a) traffic rights covered by the Chicago Convention, including the five freedoms of the air, and by bilateral air services agreements;

(b) directly related activities which would limit or affect the ability of parties to negotiate, to grant or to receive traffic rights, or which would have the effect of limiting their exercise.

3. Notwithstanding the provisions of paragraph 2, the Agreement shall apply to measures affecting:

- aircraft repair and maintenance services;
- the selling or marketing of air transport services;
- computer reservation services.

4. Each Party shall ensure that access to and use of publicly available services offered within or from its territory is accorded to air services providers of other Parties on reasonable and non-discriminatory terms and conditions where commitments for such air services have been made and unless otherwise specified in its schedule.*

5. Dispute settlement procedures provided for in bilateral air service agreements or under the Chicago Convention shall apply with respect to traffic rights and directly related activities as covered by paragraph 2 above. The dispute settlement facilities of the Agreement may be invoked only where obligations or commitments have been assumed by the concerned Parties and where dispute settlement procedures provided for in bilateral air service agreements or under the Chicago Convention have been exhausted.

6. Air transport services and the operation of this Annex shall be reviewed periodically or at least every five years.

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*The content of this paragraph will depend on the outcome of the work relating to legal clarification of the definitions contained in Article XXXIV.
7. Definitions:

(a) **aircraft repair and maintenance**: activities required at a regular or **ad hoc** basis in order to guarantee the operational airworthiness of aircraft.

(b) **selling and marketing**: opportunities for the air carrier concerned to sell and market freely its air transport services including all aspects of marketing such as market research, advertising and distribution.

(c) **computerized reservation system**: services provided by computerized systems that contain information about air carriers schedules, seat availability, fares and far rules, through which reservations can be made.
MINISTERIAL DECISION ON INSTITUTIONAL ARRANGEMENTS FOR THE GENERAL AGREEMENT ON TRADE IN SERVICES

Ministers recommend that the Council of the General Agreement on Trade in Services at its first meeting shall adopt the decision on subsidiary bodies set out below.

INSTITUTIONAL ARRANGEMENTS FOR THE GENERAL AGREEMENT ON TRADE IN SERVICES

The Council of the General Agreement on Trade in Services, acting pursuant to Article XXV with a view to facilitating the operation and furthering the objectives of that Agreement,

Decides as follows:

1. Any subsidiary bodies the Council may establish shall report to the Council annually or more often as necessary. Each such body shall determine its own rules of procedure, and may set up its own subsidiary bodies as appropriate.

2. Any sectoral committee shall carry out responsibilities as assigned to it by the Council, and shall afford Parties the opportunity to consult on any matters relating to trade in services in the sector concerned and the operation of the sectoral annex to which it may pertain. Such responsibilities shall include:

   (a) to keep under continuous review and surveillance the application of the Agreement with respect to the sector concerned;

   (b) to formulate proposals or recommendations for consideration by the Council in connection with any matter relating to trade in the sector concerned;

   (c) if there is an annex pertaining to the sector, to consider proposals for amendment of that sectoral annex, and to make appropriate recommendations to the Council;

   (d) to provide a forum for technical discussions, to conduct studies on measures by parties and to conduct examinations of any other technical matters affecting trade in services in the sector concerned;

   (e) to provide technical assistance to developing country parties and developing countries negotiating accession to the Agreement in respect of the application of obligations or other matters affecting trade in services in the sector concerned; and
(f) to cooperate with any other subsidiary bodies established under this Agreement or any international organizations active in any sector concerned.

3. There is hereby established a Committee on Trade in Financial Services which will have the responsibilities listed in paragraph 2 above.
MINISTERIAL DECISION ON CERTAIN DISPUTE SETTLEMENT PROCEDURES FOR THE GENERAL AGREEMENT ON TRADE IN SERVICES

Ministers recommend that the Council of the General Agreement on Trade in Services at its first meeting shall adopt the decision set out below.

DISPUTE SETTLEMENT PANELS

The Council of the General Agreement on Trade in Services,

Taking into account the specific nature of the obligations and commitments of the Agreement and of trade in services with respect to dispute settlement under Articles XXII and XXIII,

Decides as follows:

1. A roster of panelists shall be established to assist in the selection of panelists.

2. To this end, Parties may suggest names of individuals possessing the qualifications referred to in paragraph 3 below for inclusion on the roster, and shall provide a curriculum vitae of their qualifications including, if applicable, indication of sector-specific expertise.

3. Panels shall be composed of well-qualified governmental and/or non-governmental individuals who have experience in issues related to the General Agreement on Trade in Services and/or international trade in services, including associated regulatory matters. Panelists shall serve in their individual capacities and not as representatives of any government or organisation.

4. Panels for disputes regarding sectoral matters shall have the necessary expertise relevant to the specific services sectors which the dispute concerns.

5. The Secretariat shall maintain the roster and shall develop procedures for its administration in consultation with the Chairman of the Council.
DECISION CONCERNING ARTICLE XIV(b)

Parties acknowledge that measures necessary to protect the environment may conflict with the provisions of the Agreement. Since these measures typically have as their objective the protection of human, animal or plant life or health, it is not clear that there is a need to provide for more than is contained in Article XIV(b).

However, in order to determine whether any modification of Article XIV of the GATS is required to take account of such measures, a Working Party shall examine and report, with recommendations if any, on the relationship between services trade and the environment including the issue of sustainable development. The Working Party shall also examine the relevance of inter-governmental agreements on the environment and their relationship to the GATS.

The Working Party shall report the results of its work within three years of the entry into force of the Agreement.
UNDERSTANDING ON COMMITMENTS IN FINANCIAL SERVICES

Participants in the Uruguay Round have been enabled to take on commitments with respect to Financial Services under the General Agreement on Trade in Services on the basis of an alternative approach to that covered by the provisions of Part III of the Agreement. It was agreed that this approach could be applied subject to the following understanding:

- it does not conflict with the provisions of the Agreement;
- it does not prejudice the right of any Party to schedule its commitments in accordance with the approach under Part III of the Agreement;
- resulting commitments shall apply on an m.f.n. basis;
- no presumption has been created as to the degree of liberalization to which a Party is committing itself under the Agreement.

Interested Parties, on the basis of negotiations, and subject to conditions and qualifications where specified, have inscribed in their schedule commitments conforming to the approach set out below.

STANDSTILL

Any conditions, limitations and qualifications to the commitments noted below shall be limited to existing non-conforming measures.

MARKET ACCESS

Monopoly Rights

1. In addition to Article VIII of the Framework, the following shall apply:

Each Party shall list in its schedule pertaining to financial services existing monopoly rights and shall endeavour to eliminate them or reduce their scope. Notwithstanding paragraph 1.2 of the Annex on Financial Services, this paragraph applies to the activities referred to in sub-paragraph 1.2.3 of the Annex.

Financial Services purchased by Public Entities

2. Notwithstanding Article XIII of the Framework, each Party shall ensure that financial service providers of any other Party established in its territory are accorded most-favoured-nation treatment and national treatment as regards the purchase or acquisition of financial services by public entities of the Party in its territory.
Cross-border Trade

3. Each Party shall permit non-resident providers of financial services to provide, as a principal, as a principal through an intermediary or as an intermediary, and under terms and conditions that accord national treatment, the following services:

(a) insurance of risks relating to:
   (i) maritime shipping and commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom; and
   (ii) goods in international transit;

(b) reinsurance and retrocession and the services auxiliary to insurance as referred to in sub-paragraph 5.1(d) of the Annex;

(c) provision and transfer of financial information and financial data processing as referred to in sub-paragraph 5.1(o) of the Annex and advisory and other auxiliary services, excluding intermediation, relating to banking and other financial services as referred to in sub-paragraph 5.1(p) of the Annex.

4. Each Party shall permit its residents to purchase in the territory of another Party the financial services indicated in:

(a) sub-paragraph 3(a);

(b) sub-paragraph 3(b); and

(c) sub-paragraphs 5.1(e) to (p) of the Annex.

Commercial Presence

5. Each Party shall grant financial service providers of any other Party the right to establish or expand within its territory, including through the acquisition of existing enterprises, a commercial presence.

6. A Party may impose terms, conditions and procedures for authorization of the establishment and expansion of a commercial presence in so far as they do not circumvent the Party's obligation under paragraph 5 and they are consistent with the other obligations of this Agreement.
New Financial Services

7. A Party shall permit financial service providers of other Parties established in its territory to offer in its territory any new financial service.

Transfers of Information and Processing of Information

8. No Party shall take measures that prevent transfers of information or the processing of financial information, including transfers of data by electronic means, or that, subject to importation rules consistent with international agreements, prevent transfers of equipment, where such transfers of information, processing of financial information or transfers of equipment are necessary for the conduct of the ordinary business of a financial service provider. Nothing in this paragraph restricts the right of a Party to protect personal data, personal privacy and the confidentiality of individual records and accounts so long as such right is not used to circumvent the provisions of the Agreement.

Temporary Entry of Personnel

9. (a) Each Party shall permit temporary entry into its territory of the following personnel of a financial service provider of any other Party that is establishing or has established a commercial presence in the territory of the Party:

   (i) senior managerial personnel possessing proprietary information essential to the establishment, control and operation of the services of the financial service provider; and

   (ii) specialists in the operation of the financial service provider.

   (b) Each Party shall permit, subject to the availability of qualified personnel in its territory, temporary entry into its territory of the following personnel associated with a commercial presence of a financial service provider of any other Party:

   (i) specialists in computer services, telecommunication services and accounts of the financial service provider; and

   (ii) actuarial and legal specialists.

Non-discriminatory Measures

10. Each Party shall endeavour to remove or to limit any significant adverse effects on financial service providers of any other Party of:
(a) non-discriminatory measures that prevent financial service providers from offering in the Party's territory, in the form determined by the Party, all the financial services permitted by the Party;

(b) non-discriminatory measures that limit the expansion of the activities of financial service providers into the entire territory of the Party;

(c) measures of a Party, when such a Party applies the same measures to the provision of both banking and securities services, and a financial service provider of any other Party concentrates its activities in the provision of securities services; and

(d) other measures that, although respecting the provisions of this Agreement, affect adversely the ability of financial service providers of any other Party to operate, compete or enter the Party's market;

provided that any action taken under this paragraph would not unfairly discriminate against financial service providers of the Party taking such action.

11. With respect to the non-discriminatory measures referred to in sub-paragraphs 10(a) and (b), a Party shall endeavour not to limit or restrict the present degree of market opportunities nor the benefits already enjoyed by financial service providers of all other Parties as a class in the territory of the Party, provided that this commitment does not result in unfair discrimination against financial service providers of the Party applying such measures.

NATIONAL TREATMENT

1. Under terms and conditions that accord national treatment, each Party shall grant to financial service providers of any other Party established in its territory access to payment and clearing systems operated by public entities, and to official funding and refinancing facilities available in the normal course of ordinary business. This paragraph is not intended to confer access to the Party's lender of last resort facilities.

2. When membership or participation in, or access to, any self-regulatory body, securities or futures exchange or market, clearing agency, or any other organization or association, is required by a Party in order for financial service providers of any other Party to provide financial services on an equal basis with financial service providers of the Party, or when the Party provides directly or indirectly such entities, privileges or advantages in providing financial services, the Party shall ensure that such entities accord national treatment to financial service providers of any other Party resident in the territory of the Party.
DEFINITIONS

For the purposes of this approach:

1. A non-resident provider of financial services is a financial service provider of a Party which provides a financial service into the territory of another Party from an establishment located in the territory of another Party, regardless of whether such a financial service provider has or has not a commercial presence in the territory of the Party in which the financial service is provided.

2. "Commercial presence" means an enterprise within a Party's territory for the provision of financial services and includes wholly- or partly-owned subsidiaries, joint ventures, partnerships, sole proprietorships, franchising operations, branches, agencies, representative offices or other organizations.

3. A new financial service is a service of a financial nature, including services related to existing and new products or the manner in which a product is delivered, that is not provided by any financial service provider in the territory of a particular Party but which is provided in the territory of another Party.

1 The definition of a juridical person is being reviewed in the context of the work on Article XXXIV of the Agreement.
ATTACHMENT

SUBSTANTIVE GUIDELINES FOR THE NEGOTIATION OF INITIAL COMMITMENTS
DURING THE URUGUAY ROUND

1. In order to secure an overall balance of rights and obligations under the Agreement, Parties shall negotiate specific commitments, under the provisions of the Agreement, to enter into force at the same time as the Agreement. Such negotiations among Parties shall take place, having regard to the level of development of each participant and the situation of countries in economic transition, with a view to achieving a balance of interests in terms of Articles IV and XVIII in the Agreement.

2. Negotiations shall proceed according to the following guidelines:

   (a) negotiations shall take place on the basis of an indicative list of sectors as contained in MTN.GNS/W/120;

   (b) commitments shall be established at the appropriate level of disaggregation, in relation to categories of sectors, sectors, sub-sectors or transactions;

   (c) appropriate flexibility shall be negotiated for Parties, consistent with the balance of interests envisaged in paragraph 1, to phase in on the basis of agreed time-frames the implementation of negotiated commitments.

3. For the duration of the negotiations, each participant agrees not to take any measures in such a manner as to improve its negotiating position and leverage.

4. Special consideration shall be given to the difficulties of least-developed countries in accepting specific liberalization commitments.
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AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS, INCLUDING TRADE IN COUNTERFEIT GOODS

The PARTIES to this Agreement (hereinafter referred to as "PARTIES"),

Desiring to reduce distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade;

Recognising, to this end, the need for new rules and disciplines concerning:

(a) the applicability of the basic principles of the GATT and of relevant international intellectual property agreements or conventions;

(b) the provision of adequate standards and principles concerning the availability, scope and use of trade-related intellectual property rights;

(c) the provision of effective and appropriate means for the enforcement of trade-related intellectual property rights, taking into account differences in national legal systems;

(d) the provision of effective and expeditious procedures for the multilateral prevention and settlement of disputes between governments; and

(e) transitional arrangements aiming at the fullest participation in the results of the negotiations;

Recognising the need for a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods;

Recognising that intellectual property rights are private rights;

Recognising the underlying public policy objectives of national systems for the protection of intellectual property, including developmental and technological objectives;

Recognising also the special needs of the least-developed countries in respect of maximum flexibility in the domestic implementation of laws and regulations in order to enable them to create a sound and viable technological base;

Emphasising the importance of reducing tensions by reaching strengthened commitments to resolve disputes on trade-related intellectual property issues through multilateral procedures;

Desiring to establish a mutually supportive relationship between GATT and WIPO as well as other relevant international organisations;

Hereby agree as follows:
PART I: GENERAL PROVISIONS AND BASIC PRINCIPLES

Article 1: Nature and Scope of Obligations

1. PARTIES shall give effect to the provisions of this Agreement. PARTIES may, but shall not be obliged to, implement in their domestic law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement. PARTIES shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.

2. For the purposes of this Agreement, the term "intellectual property" refers to all categories of intellectual property that are the subject of Sections 1 to 7 of Part II.

3. PARTIES shall accord the treatment provided for in this Agreement to the nationals of other PARTIES. In respect of the relevant intellectual property right, the nationals of other PARTIES shall be understood as those natural or legal persons that would meet the criteria for eligibility for protection provided for in the Paris Convention (1967), the Berne Convention (1971), the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits, were all PARTIES members of those conventions. Any PARTY availing itself of the possibilities provided in Articles 5.3 or 6.2 of the Rome Convention shall make a notification as foreseen in those provisions to the Council on Trade-Related Aspects of Intellectual Property Rights.

Article 2: Intellectual Property Conventions

1. In respect of Parts II, III and IV of this Agreement, PARTIES shall comply with Articles 1-12 and 19 of the Paris Convention (1967).

2. Nothing in Parts I to IV of this Agreement shall derogate from existing obligations that PARTIES may have to each other under the Paris Convention, the Berne Convention, the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits.

Article 3: National Treatment

1. Each PARTY shall accord to the nationals of other PARTIES treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property, subject to the exceptions already

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1. When "nationals" are referred to in this Agreement, they shall be deemed, in the case of Hong Kong, to mean persons, natural or legal, who are domiciled or who have a real and effective industrial or commercial establishment in Hong Kong.

2. For the purposes of Articles 3 and 4 of this Agreement, protection shall include matters affecting the availability, acquisition, scope, maintenance and enforcement of intellectual property rights as well as those matters affecting the use of intellectual property rights specifically addressed in the Agreement.
provided in, respectively, the Paris Convention (1967), the Berne Convention (1971), the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits. In respect of performers, producers of phonograms and broadcasters, this obligation only applies in respect of the rights provided under this Agreement. Any PARTY availing itself of the possibilities provided in Article 6 of the Berne Convention and Article 16.1(b) of the Rome Convention shall make a notification as foreseen in those provisions to the Council on Trade-Related Aspects of Intellectual Property Rights.

2. PARTIES may avail themselves of the exceptions permitted under paragraph 1 above in relation to judicial and administrative procedures, including the designation of an address for service or the appointment of an agent within the jurisdiction of a PARTY, only where such exceptions are necessary to secure compliance with laws and regulations which are not inconsistent with the provisions of this Agreement and where such practices are not applied in a manner which would constitute a disguised restriction on trade.

**Article 4: Most-Favoured-Nation Treatment**

With regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a PARTY to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other PARTIES. Exempted from this obligation are any advantage, favour, privilege or immunity accorded by a PARTY:

(a) deriving from international agreements on judicial assistance and law enforcement of a general nature and not particularly confined to the protection of intellectual property rights;

(b) granted in accordance with the provisions of the Berne Convention (1971) or the Rome Convention authorising that the treatment accorded be a function not of national treatment but of the treatment accorded in another country;

(c) in respect of the rights of performers, producers of phonograms and broadcasters not provided under this Agreement;

(d) deriving from international agreements related to the protection of intellectual property which entered into force prior to the entry into force of this Agreement, provided that such agreements are notified to the Council on Trade-Related Aspects of Intellectual Property Rights and do not constitute an arbitrary or unjustifiable discrimination against nationals of other PARTIES.

**Article 5: Multilateral Agreements on Acquisition or Maintenance of Protection**

The obligations under Articles 3 and 4 above do not apply to procedures provided in multilateral agreements concluded under the auspices of the World Intellectual Property Organization relating to the acquisition or maintenance of intellectual property rights.
Article 6: Exhaustion

For the purposes of dispute settlement under this Agreement, subject to the provisions of Articles 3 and 4 above nothing in this Agreement shall be used to address the issue of the exhaustion of intellectual property rights.

Article 7: Objectives

The protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations.

Article 8: Principles

1. PARTIES may, in formulating or amending their national laws and regulations, adopt measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of this Agreement.

2. Appropriate measures, provided that they are consistent with the provisions of this Agreement, may be needed to prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology.

SECTION 1: COPYRIGHT AND RELATED RIGHTS

Article 9: Relation to Berne Convention

1. PARTIES shall comply with Articles 1-21 and the Appendix of the Berne Convention (1971). However, PARTIES shall not have rights or obligations under this Agreement in respect of the rights conferred under Article 6bis of that Convention or of the rights derived therefrom.

2. Copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such.

Article 10: Computer Programs and Compilations of Data

1. Computer programs, whether in source or object code, shall be protected as literary works under the Berne Convention (1971).

2. Compilations of data or other material, whether in machine readable or other form, which by reason of the selection or arrangement of their contents constitute intellectual creations shall be protected as such. Such protection, which shall not extend to the data or material itself, shall be without prejudice to any copyright subsisting in the data or material itself.
Article 11: Rental Rights

In respect of at least computer programs and cinematographic works, a PARTY shall provide authors and their successors in title the right to authorise or to prohibit the commercial rental to the public of originals or copies of their copyright works. A PARTY shall be excepted from this obligation in respect of cinematographic works unless such rental has led to widespread copying of such works which is materially impairing the exclusive right of reproduction conferred in that PARTY on authors and their successors in title. In respect of computer programs, this obligation does not apply to rentals where the program itself is not the essential object of the rental.

Article 12: Term of Protection

Whenever the term of protection of a work, other than a photographic work or a work of applied art, is calculated on a basis other than the life of a natural person, such term shall be no less than fifty years from the end of the calendar year of authorised publication, or, failing such authorised publication within fifty years from the making of the work, fifty years from the end of the calendar year of making.

Article 13: Limitations and Exceptions

PARTIES shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.

Article 14: Protection of Performers, Producers of Phonograms (Sound Recordings) and Broadcasts

1. In respect of a fixation of their performance on a phonogram, performers shall have the possibility of preventing the following acts when undertaken without their authorisation: the fixation of their unfixed performance and the reproduction of such fixation. Performers shall also have the possibility of preventing the following acts when undertaken without their authorisation: the broadcasting by wireless means and the communication to the public of their live performance.

2. Producers of phonograms shall enjoy the right to authorise or prohibit the direct or indirect reproduction of their phonograms.

3. Broadcasting organisations shall have the right to prohibit the following acts when undertaken without their authorisation: the fixation, the reproduction of fixations, and the rebroadcasting by wireless means of broadcasts, as well as the communication to the public of television broadcasts of the same. Where PARTIES do not grant such rights to broadcasting organisations, they shall provide owners of copyright in the subject matter of broadcasts with the possibility of preventing the above acts, subject to the provisions of the Berne Convention (1971).
4. The provisions of Article 11 in respect of computer programs shall apply *mutatis mutandis* to producers of phonograms and any other right holders in phonograms as determined in domestic law. If, on the date of signature of this Agreement, a PARTY has in force a system of equitable remuneration of right holders, it may maintain such system provided that the commercial rental of phonograms is not giving rise to the material impairment of the exclusive rights of reproduction of right holders.

5. The term of the protection available under this Agreement to performers and producers of phonograms shall last at least until the end of a period of fifty years computed from the end of the calendar year in which the fixation was made or the performance or broadcast took place. The term of protection granted pursuant to paragraph 3 above shall last for at least twenty years from the end of the calendar year in which the broadcast took place.

6. Any PARTY to this Agreement may, in relation to the rights conferred under paragraphs 1-3 above, provide for conditions, limitations, exceptions and reservations to the extent permitted by the Rome Convention. However, the provisions of Article 18 of the Berne Convention (1971) shall also apply, *mutatis mutandis*, to the rights of performers and producers of phonograms in phonograms.

**SECTION 2: TRADEMARKS**

**Article 15: Protectable Subject Matter**

1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, PARTIES may make registrability depend on distinctiveness acquired through use. PARTIES may require, as a condition of registration, that signs be visually perceptible.

2. Paragraph 1 above shall not be understood to prevent a PARTY from denying registration of a trademark on other grounds, provided that they do not derogate from the provisions of the Paris Convention (1967).

3. PARTIES may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application.

4. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.
5. PARTIES shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, PARTIES may afford an opportunity for the registration of a trademark to be opposed.

Article 16: Rights Conferred

1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having his consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of PARTIES making rights available on the basis of use.

2. Article 6bis of the Paris Convention shall apply, mutatis mutandis, to services. In determining whether a trademark is well-known, account shall be taken of the knowledge of the trademark in the relevant sector of the public, including knowledge in that PARTY obtained as a result of the promotion of the trademark.

3. Article 6bis of the Paris Convention shall apply, mutatis mutandis, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

Article 17: Exceptions

PARTIES may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.

Article 18: Term of Protection

Initial registration, and each renewal of registration, of a trademark shall be for a term of no less than seven years. The registration of a trademark shall be renewable indefinitely.

Article 19: Requirement of Use

1. If use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner. Circumstances arising independently of the will of the owner of the trademark which constitute an obstacle to
the use of the trademark, such as import restrictions on or other
government requirements for goods or services protected by the trademark,
shall be recognised as valid reasons for non-use.

2. When subject to the control of its owner, use of a trademark by
another person shall be recognised as use of the trademark for the purpose
of maintaining the registration.

Article 20: Other Requirements

The use of a trademark in commerce shall not be unjustifiably
encumbered by special requirements, such as use with another trademark, use
in a special form or use in a manner detrimental to its capability to
distinguish the goods or services of one undertaking from those of other
undertakings. This will not preclude a requirement prescribing the use of
the trademark identifying the undertaking producing the goods or services
along with, but without linking it to, the trademark distinguishing the
specific goods or services in question of that undertaking.

Article 21: Licensing and Assignment

PARTIES may determine conditions on the licensing and assignment of
trademarks, it being understood that the compulsory licensing of trademarks
shall not be permitted and that the owner of a registered trademark shall
have the right to assign his trademark with or without the transfer of the
business to which the trademark belongs.

SECTION 3: GEOGRAPHICAL INDICATIONS

Article 22: Protection of Geographical Indications

1. Geographical indications are, for the purposes of this Agreement,
indications which identify a good as originating in the territory of a
PARTY, or a region or locality in that territory, where a given quality,
reputation or other characteristic of the good is essentially attributable
to its geographical origin.

2. In respect of geographical indications, PARTIES shall provide the
legal means for interested parties to prevent:

(a) the use of any means in the designation or presentation of a good
    that indicates or suggests that the good in question originates
    in a geographical area other than the true place of origin in a
    manner which misleads the public as to the geographical origin of
    the good;

(b) any use which constitutes an act of unfair competition within the
    meaning of Article 10bis of the Paris Convention (1967).
3. A PARTY shall, *ex officio* if its legislation so permits or at the request of an interested party, refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trademark for such goods in that PARTY is of such a nature as to mislead the public as to the true place of origin.

4. The provisions of the preceding paragraphs of this Article shall apply to a geographical indication which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory.

**Article 23: Additional Protection for Geographical Indications for Wines and Spirits**

1. Each PARTY shall provide the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or identifying spirits for spirits not originating in the place indicated by the geographical indication in question, even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as "kind", "type", "style", "imitation" or the like.

2. The registration of a trademark for wines which contains or consists of a geographical indication identifying wines or for spirits which contains or consists of a geographical indication identifying spirits shall be refused or invalidated, *ex officio* if domestic legislation so permits or at the request of an interested party, with respect to such wines or spirits not having this origin.

3. In the case of homonymous geographical indications for wines, protection shall be accorded to each indication, subject to the provisions of paragraph 4 of Article 22 above. Each PARTY shall determine the practical conditions under which the homonymous indications in question will be differentiated from each other, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled.

4. In order to facilitate the protection of geographical indications for wines, negotiations shall be undertaken in the Council on Trade-Related Aspects of Intellectual Property Rights concerning the establishment of a multilateral system of notification and registration of geographical indications eligible for protection in those PARTIES participating in the system.

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1 Notwithstanding the first sentence of Article 42, PARTIES may, with respect to these obligations, instead provide for enforcement by administrative action.
Article 24: International Negotiations; Exceptions

1. PARTIES agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23. The provisions of paragraphs 4-8 below shall not be used by a PARTY to refuse to conduct negotiations or to conclude bilateral or multilateral agreements. In the context of such negotiations, PARTIES shall be willing to consider the continued applicability of these provisions to individual geographical indications whose use was the subject of such negotiations.

2. The Council on Trade-Related Aspects of Intellectual Property Rights shall keep under review the application of the provisions of this Section; the first such review shall take place within two years of the entry into force of this Agreement. Any matter affecting the compliance with the obligations under these provisions may be drawn to the attention of the Council, which, at the request of a PARTY, shall consult with any PARTY or PARTIES in respect of such matter in respect of which it has not been possible to find a satisfactory solution through bilateral or plurilateral consultations between the PARTIES concerned. The Council shall take such action as may be agreed to facilitate the operation and further the objectives of this Section.

3. In implementing this Section, a PARTY shall not diminish the protection of geographical indications that existed in that PARTY immediately prior to the date of entry into force of this Agreement.

4. Nothing in this Section shall require a PARTY to prevent continued and similar use of a particular geographical indication of another PARTY identifying wines in connection with goods or services by any of its nationals or domiciliaries who have used that geographical indication in a continuous manner with regard to the same or related goods or services in the territory of that PARTY either (a) for at least ten years preceding its signature of this Agreement or (b) in good faith preceding its signature of this Agreement.

5. Where a trademark has been applied for or registered in good faith, or where rights to a trademark have been acquired through use in good faith either:

   (a) before the date of application of these provisions in that PARTY as defined in Part VI below; or

   (b) before the geographical indication is protected in its country of origin;

measures adopted to implement this Section shall not prejudice eligibility for or the validity of the registration of a trademark, or the right to use a trademark, on the basis that such a trademark is identical with, or similar to, a geographical indication.
6. Nothing in this Section shall require a PARTY to apply its provisions in respect of a geographical indication of any other PARTY with respect to goods or services for which the relevant indication is identical with the term customary in common language as the common name for such goods or services in the territory of that PARTY. Nothing in this Section shall require a PARTY to apply its provisions in respect of a geographical indication of any other PARTY with respect to products of the vine for which the relevant indication is identical with the customary name of a grape variety existing in the territory of that PARTY as of the date of entry into force of this Agreement.

7. A PARTY may provide that any request made under this Section in connection with the use or registration of a trademark must be presented within five years after the adverse use of the protected indication has become generally known in that PARTY or after the date of registration of the trademark in that PARTY provided that the trademark has been published by that date, if such date is earlier than the date on which the adverse use became generally known in that PARTY, provided that the geographical indication is not used or registered in bad faith.

8. The provisions of this Section shall in no way prejudice the right of any person to use, in the course of trade, his name or the name of his predecessor in business, except where such name is used in such a manner as to mislead the public.

9. There shall be no obligation under this Agreement to protect geographical indications which are not or cease to be protected in their country of origin, or which have fallen into disuse in that country.

SECTION 4: INDUSTRIAL DESIGNS

Article 25: Requirements for Protection

1. PARTIES shall provide for the protection of independently created industrial designs that are new or original. PARTIES may provide that designs are not new or original if they do not significantly differ from known designs or combinations of known design features. PARTIES may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations.

2. Each PARTY shall ensure that requirements for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not unreasonably impair the opportunity to seek and obtain such protection. PARTIES shall be free to meet this obligation through industrial design law or through copyright.

Article 26: Protection

1. The owner of a protected industrial design shall have the right to prevent third parties not having his consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes.
2. PARTIES may provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties.

3. The duration of protection available shall amount to at least ten years.

SECTION 5: PATENTS

Article 27: Patentable Subject Matter

1. Subject to the provisions of paragraphs 2 and 3 below, patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application. Subject to paragraph 4 of Article 65 and paragraph 3 of this Article, patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced.

2. PARTIES may exclude from patentability inventions, the prevention within their territory of the commercial exploitation of which is necessary to protect ordre public or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to the environment, provided that such exclusion is not made merely because the exploitation is prohibited by domestic law.

3. PARTIES may also exclude from patentability:

   (a) diagnostic, therapeutic and surgical methods for the treatment of humans or animals;

   (b) plants and animals other than microorganisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes. However, PARTIES shall provide for the protection of plant varieties either by patents or by an effective sui generis system or by any combination thereof. This provision shall be reviewed four years after the entry into force of this Agreement.

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1For the purposes of this Article, the terms "inventive step" and "capable of industrial application" may be deemed by a PARTY to be synonymous with the terms "non-obvious" and "useful" respectively.
Article 28: Rights Conferred

1. A patent shall confer on its owner the following exclusive rights:

   (a) where the subject matter of a patent is a product, to prevent third parties not having his consent from the acts of: making, using, offering for sale, selling, or importing for these purposes that product;

   (b) where the subject matter of a patent is a process, to prevent third parties not having his consent from the act of using the process, and from the acts of: using, offering for sale, selling, or importing for these purposes at least the product obtained directly by that process.

2. Patent owners shall also have the right to assign, or transfer by succession, the patent and to conclude licensing contracts.

Article 29: Conditions on Patent Applicants

1. PARTIES shall require that an applicant for a patent shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art and may require the applicant to indicate the best mode for carrying out the invention known to the inventor at the filing date or, where priority is claimed, at the priority date of the application.

2. PARTIES may require an applicant for a patent to provide information concerning his corresponding foreign applications and grants.

Article 30: Exceptions to Rights Conferred

PARTIES may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.

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1 This right, like all other rights conferred under this Agreement in respect of the use, sale, importation or other distribution of goods, is subject to the provisions of Article 6 above.
Article 31: Other Use Without Authorisation of the Right Holder

Where the law of a PARTY allows for other use of the subject matter of a patent without the authorisation of the right holder, including use by the government or third parties authorised by the government, the following provisions shall be respected:

(a) authorisation of such use shall be considered on its individual merits;

(b) such use may only be permitted if, prior to such use, the proposed user has made efforts to obtain authorisation from the right holder on reasonable commercial terms and conditions and that such efforts have not been successful within a reasonable period of time. This requirement may be waived by a PARTY in the case of a national emergency or other circumstances of extreme urgency or in cases of public non-commercial use. In situations of national emergency or other circumstances of extreme urgency, the right holder shall, nevertheless, be notified as soon as

(c) the scope and duration of such use shall be limited to the purpose for which it was authorised;

(d) such use shall be non-exclusive;

(e) such use shall be non-assignable, except with that part of the enterprise or goodwill which enjoys such use;

(f) any such use shall be authorised predominantly for the supply of the domestic market of the PARTY authorising such use;

(g) authorisation for such use shall be liable, subject to adequate protection of the legitimate interests of the persons so authorised, to be terminated if and when the circumstances which led to it cease to exist and are unlikely to recur. The competent authority shall have the authority to review, upon motivated request, the continued existence of these circumstances;

(h) the right holder shall be paid adequate remuneration in the circumstances of each case, taking into account the economic value of the authorisation;

"Other use" refers to use other than that allowed under Article 30.
reasonably practicable. In the case of public non-commercial use, where the government or contractor, without making a patent search, knows or has demonstrable grounds to know that a valid patent is or will be used by or for the government, the right holder shall be informed promptly;

(i) the legal validity of any decision relating to the authorisation of such use shall be subject to judicial review or other independent review by a distinct higher authority in that PARTY;

(j) any decision relating to the remuneration provided in respect of such use shall be subject to judicial review or other independent review by a distinct higher authority in that PARTY;

(k) PARTIES are not obliged to apply the conditions set forth in sub-paragraphs (b) and (f) above where such use is permitted to remedy a practice determined after judicial or administrative process to be anti-competitive. The need to correct anti-competitive practices may be taken into account in determining the amount of remuneration in such cases. Competent authorities shall have the authority to refuse termination of authorisation if and when the conditions which led to such authorisation are likely to recur;

(l) where such use is authorised to permit the exploitation of a patent ("the second patent") which cannot be exploited without infringing another patent ("the first patent"), the following additional conditions shall apply:

(i) the invention claimed in the second patent shall involve an important technical advance of considerable economic significance in relation to the invention claimed in the first patent;

(ii) the owner of the first patent shall be entitled to a cross-licence on reasonable terms to use the invention claimed in the second patent; and

(iii) the use authorised in respect of the first patent shall be non-assignable except with the assignment of the second patent.

Article 32: Revocation/Forfeiture

An opportunity for judicial review of any decision to revoke or forfeit a patent shall be available.
Article 33: Term of Protection

The term of protection available shall not end before the expiration of a period of twenty years counted from the filing date.

Article 34: Process Patents: Burden of Proof

1. For the purposes of civil proceedings in respect of the infringement of the rights of the owner referred to in Article 28.1(b), if the subject matter of a patent is a process for obtaining a product, the judicial authorities shall have the authority to order the defendant to prove that the process to obtain an identical product is different from the patented process. Therefore, PARTIES shall provide, in at least one of the following circumstances, that any identical product when produced without the consent of the patent owner shall, in the absence of proof to the contrary, be deemed to have been obtained by the patented process:

   (a) if the product obtained by the patented process is new;

   (b) if there is a substantial likelihood that the identical product was made by the process and the owner of the patent has been unable through reasonable efforts to determine the process actually used.

2. Any PARTY shall be free to provide that the burden of proof indicated in paragraph 1 shall be on the alleged infringer only if the condition referred to in sub-paragraph (a) is fulfilled or only if the condition referred to in sub-paragraph (b) is fulfilled.

3. In the adduction of proof to the contrary, the legitimate interests of the defendant in protecting his manufacturing and business secrets shall be taken into account.

SECTION 6: LAYOUT-DESIGNS (TOPOGRAPHIES) OF INTEGRATED CIRCUITS

Article 35: Relation to IPIC Treaty

PARTIES agree to provide protection to the layout-designs (topographies) of integrated circuits (hereinafter referred to as "layout-designs") in accordance with Articles 2-7 (other than Article 6.3), 12 and 16.3 of the Treaty on Intellectual Property in Respect of Integrated Circuits as opened for signature on 26 May 1989 and, in addition, to comply with the following provisions.

1It is understood that those PARTIES which do not have a system of original grant may provide that the term of protection shall be computed from the filing date in the system of original grant.
Article 36: Scope of the Protection

Subject to the provisions of Article 37.1 below, PARTIES shall consider unlawful the following acts if performed without the authorisation of the holder of the right: importing, selling, or otherwise distributing for commercial purposes a protected layout-design, an integrated circuit in which a protected layout-design is incorporated, or an article incorporating such an integrated circuit only insofar as it continues to contain an unlawfully reproduced layout-design.

Article 37: Acts not Requiring the Authorisation of the Holder of the Right

1. Notwithstanding Article 36 above, no PARTY shall consider unlawful the performance of any of the acts referred to in that Article in respect of an integrated circuit incorporating an unlawfully reproduced layout-design or any article incorporating such an integrated circuit where the person performing or ordering such acts did not know and had no reasonable ground to know, when acquiring the integrated circuit or article incorporating such an integrated circuit, that it incorporated an unlawfully reproduced layout-design. PARTIES shall provide that, after the time that such person has received sufficient notice that the layout-design was unlawfully reproduced, he may perform any of the acts with respect to the stock on hand or ordered before such time, but shall be liable to pay to the holder of the right a sum equivalent to a reasonable royalty such as would be payable under a freely negotiated licence in respect of such a layout-design.

2. The conditions set out in sub-paragraphs (a)-(k) of Article 31 above shall apply mutatis mutandis in the event of any non-voluntary licensing of a layout-design or of its use by or for the government without the authorisation of the right holder.

Article 38: Term of Protection

1. In PARTIES requiring registration as a condition of protection, the term of protection of layout-designs shall not end before the expiration of a period of ten years counted from the date of filing an application for registration or from the first commercial exploitation wherever in the world it occurs.

2. In PARTIES not requiring registration as a condition for protection, layout-designs shall be protected for a term of no less than ten years from the date of the first commercial exploitation wherever in the world it occurs.

3. Notwithstanding paragraphs 1 and 2 above, a PARTY may provide that protection shall lapse fifteen years after the creation of the layout-design.
SECTION 7: PROTECTION OF UNDISCLOSED INFORMATION

Article 39

1. In the course of ensuring effective protection against unfair competition as provided in Article 10bis of the Paris Convention (1967), PARTIES shall protect undisclosed information in accordance with paragraph 2 below and data submitted to governments or governmental agencies in accordance with paragraph 3 below.

2. Natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices1 so long as such information:

- is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
- has commercial value because it is secret; and
- has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

3. PARTIES, when requiring, as a condition of approving the marketing of pharmaceutical or of agricultural chemical products which utilise new chemical entities, the submission of undisclosed test or other data, the origination of which involves a considerable effort, shall protect such data against unfair commercial use. In addition, PARTIES shall protect such data against disclosure, except where necessary to protect the public, or unless steps are taken to ensure that the data are protected against unfair commercial use.

SECTION 8: CONTROL OF ANTI-COMPETITIVE PRACTICES IN CONTRACTUAL LICENCES

Article 40

1. PARTIES agree that some licensing practices or conditions pertaining to intellectual property rights which restrain competition may have adverse effects on trade and may impede the transfer and dissemination of technology.

1For the purpose of this provision, "a manner contrary to honest commercial practices" shall mean at least practices such as breach of contract, breach of confidence and inducement to breach, and includes the acquisition of undisclosed information by third parties who knew, or were grossly negligent in failing to know, that such practices were involved in the acquisition.
2. Nothing in this Agreement shall prevent PARTIES from specifying in their national legislation licensing practices or conditions that may in particular cases constitute an abuse of intellectual property rights having an adverse effect on competition in the relevant market. As provided above, a PARTY may adopt, consistently with the other provisions of this Agreement, appropriate measures to prevent or control such practices, which may include for example exclusive grantback conditions, conditions preventing challenges to validity and coercive package licensing, in the light of the relevant laws and regulations of that PARTY.

3. Each PARTY shall enter, upon request, into consultations with any other PARTY which has cause to believe that an intellectual property right owner that is a national or domiciliary of the PARTY to which the request for consultations has been addressed is undertaking practices in violation of the requesting PARTY’s laws and regulations on the subject matter of this Section, and which wishes to secure compliance with such legislation, without prejudice to any action under the law and to the full freedom of an ultimate decision of either PARTY. The PARTY addressed shall accord full and sympathetic consideration to, and shall afford adequate opportunity for, consultations with the requesting PARTY, and shall cooperate through supply of publicly available non-confidential information of relevance to the matter in question and of other information available to the PARTY, subject to domestic law and to the conclusion of mutually satisfactory agreements concerning the safeguarding of its confidentiality by the requesting PARTY.

4. A PARTY whose nationals or domiciliaries are subject to proceedings in another PARTY concerning alleged violation of that other PARTY’s laws and regulations on the subject matter of this Section shall, upon request, be granted an opportunity for consultations by the other PARTY under the same conditions as those foreseen in paragraph 3 above.

PART III: ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

SECTION 1: GENERAL OBLIGATIONS

Article 41

1. PARTIES shall ensure that enforcement procedures as specified in this Part are available under their national laws so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

2. Procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.
3. Decisions on the merits of a case shall preferably be in writing and reasoned. They shall be made available at least to the parties to the dispute without undue delay. Decisions on the merits of a case shall be based only on evidence in respect of which parties were offered the opportunity to be heard.

4. Parties to a dispute shall have an opportunity for review by a judicial authority of final administrative decisions and, subject to jurisdictional provisions in national laws concerning the importance of a case, of at least the legal aspects of initial judicial decisions on the merits of a case. However, there shall be no obligation to provide an opportunity for review of acquittals in criminal cases.

5. It is understood that this Part does not create any obligation to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of laws in general, nor does it affect the capacity of PARTIES to enforce their laws in general. Nothing in this Part creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of laws in general.

SECTION 2: CIVIL AND ADMINISTRATIVE PROCEDURES AND REMEDIES

Article 42: Fair and Equitable Procedures

PARTIES shall make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement. Defendants shall have the right to written notice which is timely and contains sufficient detail, including the basis of the claims. Parties shall be allowed to be represented by independent legal counsel, and procedures shall not impose overly burdensome requirements concerning mandatory personal appearances. All parties to such procedures shall be duly entitled to substantiate their claims and to present all relevant evidence. The procedure shall provide a means to identify and protect confidential information, unless this would be contrary to existing constitutional requirements.

Article 43: Evidence of Proof

1. The judicial authorities shall have the authority, where a party has presented reasonably available evidence sufficient to support its claims and has specified evidence relevant to substantiation of its claims which

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1 For the purpose of this Part, the term "right holder" includes federations and associations having legal standing to assert such rights, lies in the control of the opposing party, to order that this evidence be produced by the opposing party, subject in appropriate cases to conditions which ensure the protection of confidential information.
2. In cases in which a party to a proceeding voluntarily and without good reason refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes a procedure relating to an enforcement action, a PARTY may accord judicial authorities the authority to make preliminary and final determinations, affirmative or negative, on the basis of the information presented to them, including the complaint or the allegation presented by the party adversely affected by the denial of access to information, subject to providing the parties an opportunity to be heard on the allegations or evidence.

Article 44: Injunctions

1. The judicial authorities shall have the authority to order a party to desist from an infringement, inter alia to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods. PARTIES are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of an intellectual property right.

2. Notwithstanding the other provisions of this Part and provided that the provisions of Part II specifically addressing use by governments, or by third parties authorised by a government, without the authorisation of the right holder are complied with, PARTIES may limit the remedies available against such use to payment of remuneration in accordance with sub-paragraph (h) of Article 31 above. In other cases, the remedies under this Part shall apply or, where these remedies are inconsistent with national law, declaratory judgments and adequate compensation shall be available.

Article 45: Damages

1. The judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of his intellectual property right by an infringer who knew or had reasonable grounds to know that he was engaged in infringing activity.

2. The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. In appropriate cases, PARTIES may authorise the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not know or had no reasonable grounds to know that he was engaged in infringing activity.

Article 46: Other Remedies

In order to create an effective deterrent to infringement, the judicial authorities shall have the authority to order that goods that they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm.
caused to the right holder, or, unless this would be contrary to existing constitutional requirements, destroyed. The judicial authorities shall also have the authority to order that materials and implements the predominant use of which has been in the creation of the infringing goods be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimise the risks of further infringements. In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account. In regard to counterfeit goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce.

Article 47: Right of Information

PARTIES may provide that the judicial authorities shall have the authority, unless this would be out of proportion to the seriousness of the infringement, to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the infringing goods or services and of their channels of distribution.

Article 48: Indemnification of the Defendant

1. The judicial authorities shall have the authority to order a party at whose request measures were taken and who has abused enforcement procedures to provide to a party wrongfully enjoined or restrained adequate compensation for the injury suffered because of such abuse. The judicial authorities shall also have the authority to order the applicant to pay the defendant expenses, which may include appropriate attorney's fees.

2. In respect of the administration of any law pertaining to the protection or enforcement of intellectual property rights, PARTIES shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith in the course of the administration of such laws.

Article 49: Administrative Procedures

To the extent that any civil remedy can be ordered as a result of administrative procedures on the merits of a case, such procedures shall conform to principles equivalent in substance to those set forth in this Section.

SECTION 3: PROVISIONAL MEASURES

Article 50

1. The judicial authorities shall have the authority to order prompt and effective provisional measures:
(a) to prevent an infringement of any intellectual property right from occurring, and in particular to prevent the entry into the channels of commerce in their jurisdiction of goods, including imported goods immediately after customs clearance;

(b) to preserve relevant evidence in regard to the alleged infringement.

2. The judicial authorities shall have the authority to adopt provisional measures *inaudita altera parte* where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.

3. The judicial authorities shall have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the right holder and that his right is being infringed or that such infringement is imminent, and to order the applicant to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse.

4. Where provisional measures have been adopted *inaudita altera parte*, the parties affected shall be given notice, without delay after the execution of the measures at the latest. A review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable period after the notification of the measures, whether these measures shall be modified, revoked or confirmed.

5. The applicant may be required to supply other information necessary for the identification of the goods concerned by the authority that will execute the provisional measures.

6. Without prejudice to paragraph 4 above, provisional measures taken on the basis of paragraphs 1 and 2 above shall, upon request by the defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period, to be determined by the judicial authority ordering the measures where national law so permits or, in the absence of such a determination, not to exceed twenty working days or thirty-one calendar days, whichever is the longer.

7. Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by these measures.

8. To the extent that any provisional measure can be ordered as a result of administrative procedures, such procedures shall conform to principles equivalent in substance to those set forth in this Section.
SECTION 4: SPECIAL REQUIREMENTS RELATED TO BORDER MEASURES

Article 51: Suspension of Release by Customs Authorities

PARTIES shall, in conformity with the provisions set out below, adopt procedures to enable a right holder, who has valid grounds for suspecting that the importation of counterfeit trademark or pirated copyright goods may take place, to lodge an application in writing with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods. PARTIES may enable such an application to be made in respect of goods which involve other infringements of intellectual property rights, provided that the requirements of this Section are met. PARTIES may also provide for corresponding procedures concerning the suspension by the customs authorities of the release of infringing goods destined for exportation from their territories.

1 Where a PARTY has dismantled substantially all controls over movement of goods across its border with another PARTY with which it forms part of a customs union, it shall not be required to apply the provisions of this Section at that border.

2 It is understood that there shall be no obligation to apply such procedures to imports of goods put on the market in another country by or with the consent of the right holder, or to goods in transit.

3 For the purposes of this Agreement:

- counterfeit trademark goods shall mean any goods, including packaging, bearing without authorisation a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation;

- pirated copyright goods shall mean any goods which are copies made without the consent of the right holder or person duly authorised by him in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation.
Article 52: Application

Any right holder initiating the procedures under Article 51 above shall be required to provide adequate evidence to satisfy the competent authorities that, under the laws of the country of importation, there is prima facie an infringement of his intellectual property right and to supply a sufficiently detailed description of the goods to make them readily recognisable by the customs authorities. The competent authorities shall inform the applicant within a reasonable period whether they have accepted the application and, where determined by the competent authorities, the period for which the customs authorities will take action.

Article 53: Security or Equivalent Assurance

1. The competent authorities shall have the authority to require an applicant to provide a security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse. Such security or equivalent assurance shall not unreasonably deter recourse to these procedures.

2. Where pursuant to an application under this Section the release of goods involving industrial designs, patents, integrated circuits or undisclosed information into free circulation has been suspended by customs authorities on the basis of a decision other than by a judicial or other independent authority, and the period provided for in Article 55 has expired without the granting of provisional relief by the duly empowered authority, and provided that all other conditions for importation have been complied with, the owner, importer, or consignee of such goods shall be entitled to their release on the posting of a security in an amount sufficient to protect the right holder for any infringement. Payment of such security shall not prejudice any other remedy available to the right holder, it being understood that the security shall be released if the right holder fails to pursue his right of action within a reasonable period of time.

Article 54: Notice of Suspension

The importer and the applicant shall be promptly notified of the suspension of the release of goods according to Article 51 above.

Article 55: Duration of Suspension

If, within a period not exceeding ten working days after the applicant has been served notice of the suspension, the customs authorities have not been informed that proceedings leading to a decision on the merits of the case have been initiated by a party other than the defendant, or that the duly empowered authority has taken provisional measures prolonging the suspension of the release of the goods, the goods shall be released, provided that all other conditions for importation or exportation have been complied with; in appropriate cases, this time-limit may be extended by another ten working days. If proceedings leading to a decision on the merits of the case have been initiated, a review, including a right to be heard, shall take place upon request of the defendant with a view to
deciding, within a reasonable period, whether these measures shall be modified, revoked or confirmed. Notwithstanding the above, where the suspension of the release of goods is carried out or continued in accordance with a provisional judicial measure, the provisions of Article 50, paragraph 6 above shall apply.

Article 56: Indemnification of the Importer and of the Owner of the Goods

Relevant authorities shall have the authority to order the applicant to pay the importer, the consignee and the owner of the goods appropriate compensation for any injury caused to them through the wrongful detention of goods or through the detention of goods released pursuant to Article 55 above.

Article 57: Right of Inspection and Information

Without prejudice to the protection of confidential information, PARTIES shall provide the competent authorities the authority to give the right holder sufficient opportunity to have any product detained by the customs authorities inspected in order to substantiate his claims. The competent authorities shall also have authority to give the importer an equivalent opportunity to have any such product inspected. Where a positive determination has been made on the merits of a case, PARTIES may provide the competent authorities the authority to inform the right holder of the names and addresses of the consignor, the importer and the consignee and of the quantity of the goods in question.

Article 58: Ex Officio Action

Where PARTIES require competent authorities to act upon their own initiative and to suspend the release of goods in respect of which they have acquired 
prima facie evidence that an intellectual property right is being infringed:

(a) the competent authorities may at any time seek from the right holder any information that may assist them to exercise these powers;

(b) the importer and the right holder shall be promptly notified of the suspension. Where the importer has lodged an appeal against the suspension with the competent authorities, the suspension shall be subject to the conditions, 
mutatis mutandis, set out at Article 55 above;

(c) PARTIES shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith.

Article 59: Remedies

Without prejudice to other rights of action open to the right holder and subject to the right of the defendant to seek review by a judicial
authority, competent authorities shall have the authority to order the
destruction or disposal of infringing goods in accordance with the
principles set out in Article 46 above. In regard to counterfeit goods,
the authorities shall not allow the re-exportation of the infringing goods
in an unaltered state or subject them to a different customs procedure,
other than in exceptional circumstances.

Article 60: De Minimis Imports

PARTIES may exclude from the application of the above provisions small
quantities of goods of a non-commercial nature contained in travellers' personal luggage or sent in small consignments.

SECTION 5: CRIMINAL PROCEDURES

Article 61

PARTIES shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. PARTIES may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed wilfully and on a commercial scale.

PART IV: ACQUISITION AND MAINTENANCE OF INTELLECTUAL PROPERTY RIGHTS AND RELATED INTER-PARTIES PROCEDURES

Article 62

1. PARTIES may require, as a condition of the acquisition or maintenance of the intellectual property rights provided for under Sections 2-6 of Part II of this Agreement, compliance with reasonable procedures and formalities. Such procedures and formalities shall be consistent with the provisions of this Agreement.

2. Where the acquisition of an intellectual property right is subject to the right being granted or registered, PARTIES shall ensure that the procedures for grant or registration, subject to compliance with the substantive conditions for acquisition of the right, permit the granting or registration of the right within a reasonable period of time so as to avoid unwarranted curtailment of the period of protection.

3. Article 4 of the Paris Convention (1967) shall apply mutatis mutandis to service marks.
4. Procedures concerning the acquisition or maintenance of intellectual property rights and, where the national law provides for such procedures, administrative revocation and inter partes procedures such as opposition, revocation and cancellation, shall be governed by the general principles set out in paragraphs 2 and 3 of Article 41.

5. Final administrative decisions in any of the procedures referred to under paragraph 4 above shall be subject to review by a judicial or quasi-judicial authority. However, there shall be no obligation to provide an opportunity for such review of decisions in cases of unsuccessful opposition or administrative revocation, provided that the grounds for such procedures can be the subject of invalidation procedures.

PART V: DISPUTE PREVENTION AND SETTLEMENT

Article 63: Transparency

1. Laws and regulations, and final judicial decisions and administrative rulings of general application, made effective by any PARTY pertaining to the subject matter of this Agreement (the availability, scope, acquisition, enforcement and prevention of the abuse of intellectual property rights) shall be published, or where such publication is not practicable made publicly available, in a national language, in such a manner as to enable governments and right holders to become acquainted with them. Agreements concerning the subject matter of this Agreement which are in force between the government or a governmental agency of any PARTY and the government or a governmental agency of any other PARTY shall also be published.

2. PARTIES shall notify the laws and regulations referred to in paragraph 1 above to the Council on Trade-Related Aspects of Intellectual Property Rights in order to assist that Council in its review of the operation of this Agreement. The Council shall attempt to minimise the burden on PARTIES in carrying out this obligation and may decide to waive the obligation to notify such laws and regulations directly to the Council if consultations with the World Intellectual Property Organisation on the establishment of a common register containing these laws and regulations are successful. The Council shall also consider in this connection any action required regarding notifications pursuant to the obligations under this Agreement stemming from the provisions of Article 6ter of the Paris Convention (1967).

3. Each PARTY shall be prepared to supply, in response to a written request from another PARTY, information of the sort referred to in paragraph 1 above. A PARTY, having reason to believe that a specific judicial decision or administrative ruling or bilateral agreement in the area of intellectual property rights affects its rights under this Agreement, may also request in writing to be given access to or be informed in sufficient detail of such specific judicial decisions or administrative rulings or bilateral agreements.
4. Nothing in paragraphs 1 to 3 above shall require PARTIES to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.

Article 64: Dispute Settlement

The provisions of Articles XXII and XXIII of the General Agreement on Tariffs and Trade and the Understanding on Rules and Procedures Governing the Settlement of Disputes under Articles XXII and XXIII of the General Agreement on Tariffs and Trade as adopted by the CONTRACTING PARTIES shall apply to consultations and the settlement of disputes under this Agreement except as otherwise specifically provided herein.

PART VI: TRANSITIONAL ARRANGEMENTS

Article 65: Transitional Arrangements

1. Subject to the provisions of paragraphs 2, 3 and 4 below, no PARTY shall be obliged to apply the provisions of this Agreement before the expiry of a general period of one year following the date of entry into force of this Agreement.

2. Any developing country PARTY is entitled to delay for a further period of four years the date of application, as defined in paragraph 1 above, of the provisions of this Agreement other than Articles 3, 4 and 5 of Part I.

3. Any other PARTY which is in the process of transformation from a centrally-planned into a market, free-enterprise economy and which is undertaking structural reform of its intellectual property system and facing special problems in the preparation and implementation of intellectual property laws, may also benefit from a period of delay as foreseen in paragraph 2 above.

4. To the extent that a developing country PARTY is obliged by this Agreement to extend product patent protection to areas of technology not protectable in its territory on the general date of application of this Agreement for that PARTY, as defined in paragraph 2 above, it may delay the application of Section 5 of Part II of this Agreement to such areas of technology for an additional period of five years.

5. Any PARTY availing itself of a transitional period under paragraphs 1, 2, 3 or 4 shall ensure that any changes in its domestic laws, regulations and practice made during that period do not result in a lesser degree of consistency with the provisions of this Agreement.

1This provision may need to be revised in the light of the outcome of work on the establishment of an Integrated Dispute Settlement Understanding under the Agreement Establishing the Multilateral Trade Organisation.
Article 66: Least-Developed Countries

1. In view of their special needs and requirements, their economic, financial and administrative constraints, and their need for flexibility to create a viable technological base, least-developed country PARTIES shall not be required to apply the provisions of this Agreement, other than Articles 3, 4 and 5, for a period of 10 years from the date of application as defined under paragraph 1 of Article 65 above. The Council shall, upon duly motivated request by a least-developed country PARTY, accord extensions of this period.

2. Developed country PARTIES shall provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least-developed country PARTIES in order to enable them to create a sound and viable technological base.

Article 67: Technical Cooperation

In order to facilitate the implementation of this Agreement, developed country PARTIES shall provide, on request and on mutually agreed terms and conditions, technical and financial cooperation in favour of developing and least-developed country PARTIES. Such cooperation shall include assistance in the preparation of domestic legislation on the protection and enforcement of intellectual property rights as well as on the prevention of their abuse, and shall include support regarding the establishment or reinforcement of domestic offices and agencies relevant to these matters, including the training of personnel.

PART VII: INSTITUTIONAL ARRANGEMENTS; FINAL PROVISIONS

Article 68: Council on Trade-Related Aspects of Intellectual Property Rights

The Council on Trade-Related Aspects of Intellectual Property Rights shall monitor the operation of this Agreement and, in particular, PARTIES' compliance with their obligations hereunder, and shall afford PARTIES the opportunity of consulting on matters relating to the trade-related aspects of intellectual property rights. It shall carry out such other responsibilities as assigned to it by the PARTIES, and it shall, in particular, provide any assistance requested by them in the context of dispute settlement procedures. In carrying out its functions, the Council may consult with and seek information from any source it deems appropriate. In consultation with the World Intellectual Property Organization, the Council shall seek to establish, within one year of its first meeting, appropriate arrangements for cooperation with bodies of that Organization.

Article 69: International Cooperation

PARTIES agree to cooperate with each other with a view to eliminating international trade in goods infringing intellectual property rights. For this purpose, they shall establish and notify contact points in their national administrations and be ready to exchange information on trade in
infringing goods. They shall, in particular, promote the exchange of information and cooperation between customs authorities with regard to trade in counterfeit and pirated goods.

Article 70: Protection of Existing Subject Matter

1. This Agreement does not give rise to obligations in respect of acts which occurred before the date of application of the Agreement for the PARTY in question.

2. Except as otherwise provided for in this Agreement, this Agreement gives rise to obligations in respect of all subject matter existing at the date of application of this Agreement for the PARTY in question, and which is protected in that PARTY on the said date, or which meets or comes subsequently to meet the criteria for protection under the terms of this Agreement. In respect of this paragraph and paragraphs 3 and 4 below, obligations with respect to existing copyrighted works shall be solely determined under Article 18 of the Berne Convention (1971), and with respect to the rights of producers of phonograms and performers in existing phonograms shall be determined solely under Article 18 of the Berne Convention (1971) as made applicable under Article 14.6 of this Agreement.

3. There shall be no obligation to restore protection to subject matter which on the date of application of this Agreement for the PARTY in question has fallen into the public domain.

4. In respect of any acts in respect of specific objects embodying protected subject matter which become infringing under the terms of legislation in conformity with this Agreement, and which were commenced, or in respect of which a significant investment was made, before the date of ratification of this Agreement by that PARTY, any PARTY may provide for a limitation of the remedies available to the right holder as to the continued performance of such acts after the date of application of the Agreement for that PARTY. In such cases the PARTY shall, however, at least provide for the payment of equitable remuneration.

5. A PARTY is not obliged to apply the provisions of Article 11 and of paragraph 4 of Article 14 with respect to originals or copies purchased prior to the date of application of this Agreement for that PARTY.

6. PARTIES shall not be required to apply Article 31, or the requirement in Article 27.1 that patent rights shall be enjoyable without discrimination as to the field of technology, to use without the authorisation of the right holder where authorisation for such use was granted by the government before the date this Agreement became known.

7. In the case of intellectual property rights for which protection is conditional upon registration, applications for protection which are pending on the date of application of this Agreement for the PARTY in question shall be permitted to be amended to claim any enhanced protection provided under the provisions of this Agreement. Such amendments shall not include new matter.
8. Where a PARTY does not make available as of the date of entry into force of this Agreement patent protection for pharmaceutical and agricultural chemical products commensurate with its obligations under Article 27, that PARTY shall:

(i) provide as from the date of entry into force of the Agreement a means by which applications for patents for such inventions can be filed;

(ii) apply to these applications, as of the date of application of this Agreement, the criteria for patentability as laid down in this Agreement as if those criteria were being applied on the date of filing in that PARTY or, where priority is available and claimed, the priority date of the application;

(iii) provide patent protection in accordance with this Agreement as from the grant of the patent and for the remainder of the patent term, counted from the filing date in accordance with Article 33 of this Agreement, for those of these applications that meet the criteria for protection referred to in sub-paragraph (ii) above.

9. Where a product is the subject of a patent application in a PARTY in accordance with paragraph 8(i) above, exclusive marketing rights shall be granted for a period of five years after obtaining market approval in that PARTY or until a product patent is granted or rejected in that PARTY, whichever period is shorter, provided that, subsequent to the entry into force of this Agreement, a patent application has been filed and a patent granted for that product in another PARTY and marketing approval obtained in such other PARTY.

Article 71: Review and Amendment

1. PARTIES shall review the implementation of this Agreement after the expiration of the transitional period referred to in paragraph 2 of Article 65 above. They shall, having regard to the experience gained in its implementation, review it two years after that date, and at identical intervals thereafter. The PARTIES may also undertake reviews in the light of any relevant new developments which might warrant modification or amendment of this Agreement.

2. Amendments merely serving the purpose of adjusting to higher levels of protection of intellectual property rights achieved, and in force, in other multilateral agreements and accepted by all PARTIES may be adopted by the Council.

Article 72: Reservations

Reservations may not be entered in respect of any of the provisions of this Agreement without the consent of the other PARTIES.
Article 73: Security Exceptions

Nothing in this Agreement shall be construed:

(a) to require any PARTY to furnish any information the disclosure of which it considers contrary to its essential security interests; or

(b) to prevent any PARTY from taking any action which it considers necessary for the protection of its essential security interests;

(i) relating to fissionable materials or the materials from which they are derived;

(ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;

(iii) taken in time of war or other emergency in international relations; or

(c) to prevent any PARTY from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.
The Members,

Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing the optimal use of the resources of the world at sustainable levels, and expanding the production and trade in goods and services,

Recognizing further that there is need for positive efforts designed to ensure that developing countries secure a share in the growth in international trade commensurate with the needs of their economic development,

Being desirous of contributing to these objectives by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international trade relations,

Determined therefore, to preserve the basic principles and to further the objectives of the General Agreement on Tariffs and Trade and to develop an integrated, more viable and durable multilateral trading system encompassing the GATT as modified, all Agreements and Arrangements concluded under its auspices and the complete results of the Uruguay Round multilateral trade negotiations,

Agree as follows:

Article I

Establishment of the Organization

The Multilateral Trade Organization (hereinafter referred to as "the MTO") is hereby established.
Article II

Scope of the MTO

1. The Multilateral Trade Organization (MTO) shall provide the common institutional framework for the conduct of trade relations between the members of the MTO in matters related to the Agreements annexed hereto, which form an integral part of this Agreement. The Agreements and legal instruments set out in Annexes 1, 2 and 3 (herein after referred to as the Multilateral Trade Agreements) shall have all members as parties. Agreements and legal instruments (herein after referred to as the Plurilateral Trade Agreements) listed in Annex 4 may have limited membership.

2. Any member which is not a signatory to any agreement in Annex 4 at the time of entry into force of this Agreement is encouraged to become a signatory to such agreement.

3. The General Agreement on Tariffs and Trade, as it results from the Final Act of the Uruguay Round referred to above, is legally distinct from the Agreement known as the General Agreement on Tariffs and Trade, dated 30 October 1947.

Article III

Functions of the MTO

1. The MTO shall facilitate the administration and the operation of, and further the objectives of this Agreement and the agreements annexed hereto, subject to the limitations specified in these agreements.

2. The MTO shall provide the framework for the implementation of the agreements annexed hereto, and any further agreements that may be negotiated and accepted under the auspices of this Agreement.

3. The MTO shall provide the forum for further negotiations among its members concerning their multilateral trade relations as may be decided by the Ministerial Conference.

4. The MTO shall administer an Integrated Dispute Settlement System as set out in Annex 2. These rules and procedures shall apply to all Multilateral Trade Agreements set out in Annex 1. The procedures shall also apply to the Plurilateral Trade Agreements listed in Annex 4 to the extent that the members which are parties to a dispute are signatories of such agreements.

The provisions of the MTO Agreement are without prejudice to the substantive results of the Uruguay Round as it affects the existing rights of contracting parties under paragraph 1(b) of the Protocol of Provisional Application and under equivalent provisions of the Protocols of Accession.
5. The MTO shall administer a Trade Policy Review Mechanism as set out in Annex 3.

6. With a view to achieving greater coherence in global economic policy-making, the MTO shall cooperate, as appropriate, with the International Monetary Fund, the International Bank for Reconstruction and Development and affiliated agencies.

**Article IV**

**Relations with other Organizations**

1. The MTO shall make suitable arrangements with intergovernmental bodies and agencies which have related responsibilities to provide for effective cooperation.

2. The MTO may make, as appropriate, suitable arrangements for consultation and cooperation with non-governmental organizations concerned with matters within the scope of the MTO.

**Article V**

**Structure of the MTO**

1. There shall be a Ministerial Conference open to representatives of all the members, which shall meet at least once every two years. The task of the Ministerial Conference shall be to review and supervise the operation of, and determine actions necessary to carry out the functions of, this Agreement and the agreements annexed hereto, to launch further multilateral trade negotiations as appropriate, and to decide on the implementation of results that may have been negotiated among and adopted by members of the MTO.

2. There shall be a General Council open to representatives of all the members, which shall meet regularly, as appropriate. The task of the General Council shall be to carry out the functions of the MTO, including the supervision of the operation of this Agreement and the agreements annexed hereto, in the time between Ministerial Conferences, and decide on all issues conferred on it by this Agreement and by the Ministers.

3. The General Council shall establish a Dispute Settlement Body, a Trade Policy Review Mechanism, and subsidiary bodies, such as a Goods Council, a Services Council, a TRIPs Council, a Committee on Budget, Finance and Administration, a Committee on Trade and Development, and a Balance of Payments Committee. The General Council shall establish its own rules of procedure and shall approve the rules of procedure of its subsidiary bodies.

4. There shall be a Council for Goods ("Goods Council") and a Council for Services ("Services Council"), and a Council for TRIPs ("TRIPs Council"), open to representatives of all members, which shall meet at least eight times per year.
5. The Goods Council shall oversee the functioning of the Agreements on Trade in Goods as set out in Annex 1A, as well as any other functions assigned to it by the General Council, except that the functions of dispute settlement shall be exercised by the Dispute Settlement Body. The Goods Council shall, as required, establish Committees to oversee the operation of the Agreements set out in Annexes 1A, or other subsidiary bodies, and shall approve their rules of procedure.

6. The Services Council shall oversee the functioning of Agreements on Trade in Services as set out in Annex 1B, as well as any other functions assigned to it by the General Council, except that the functions of dispute settlement shall be exercised by the Dispute Settlement Body. The Services Council shall, as required, establish Committees to oversee the operation of the Agreements set out in Annexes 1B, or other subsidiary bodies, and shall approve their rules of procedure.

7. The TRIPs Council shall oversee the functioning of the Agreement on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods, as set out in Annex 1C, as well as any other functions assigned to it by the General Council, except that the functions of dispute settlement shall be exercised by the Dispute Settlement Body. The TRIPs Council shall, as required, establish Committees to oversee the operation of the Agreements set out in Annex 1C, or other subsidiary bodies, and shall approve their rules of procedure.

Article VI
The Secretariat

1. The General Council shall appoint a Director-General as head of the Secretariat of the MTO. The powers, duties, conditions of service and terms of office of the Director-General shall conform to regulations approved by the General Council.

2. The Director-General shall appoint members of the staff, and shall fix their duties and conditions of service in accordance with regulations approved by the General Council.

3. The responsibilities of the Director-General and of the members of the staff shall be exclusively international in character. In the discharge of their duties, they shall not seek or receive instructions from any government or from any other authority external to the Organization. They shall refrain from any action which might reflect on their positions as international officials. The Members shall respect the international character of the responsibilities of these persons and shall not seek to influence them in the discharge of their duties.

4. At the time of entry into force of the MTO, and until such time as the General Council shall have acted pursuant to paragraph 1, as far as practicable, the GATT Director-General and the ICITO/GATT Secretariat shall become the Director-General and Secretariat of the MTO.
Article VII

Budget and Contributions

1. The Director-General shall present to the General Council the annual budget estimates and financial statement of the MTO. The General Council shall approve the accounts and the budget.

2. The General Council shall apportion the expenditures of the Organization among the Members, in accordance with a scale of contributions to be fixed by the General Council, and each Member shall individually contribute promptly to the Organization its share of these expenditures.

3. The General Council shall decide on measures to be taken with regard to Members in arrears of their contributions.

4. The Budget Committee shall elaborate the provisions on the MTO budget and MTO contributions for adoption by the General Council. The provisions shall be based, as far as practicable, on the provisions and practices for the GATT budget.

Article VIII

Status

1. The MTO shall have legal personality.

2. The MTO shall enjoy in the territory of each of the Members such legal capacity, privileges and immunities as may be necessary for the exercise of its functions.

3. The representatives of the Members and the officials of the MTO shall enjoy such privileges and immunities as are necessary for the independent exercise of their functions in connection with the MTO.

Article IX

Joint Action

1. At meetings of the Ministerial Conference and the General Council, each Member of the MTO shall be entitled to one vote, and, except as otherwise provided for in this Agreement, decisions of the Ministerial Conference or the General Council shall be taken by a majority of votes cast.

2. The Ministerial Conference or the General Council shall have the authority to interpret the provisions of the Agreements annexed hereto.
3. In exceptional circumstances not elsewhere provided for in this Agreement and the Multilateral Trade Agreements under Annex 1, the Ministerial Conference or the General Council may waive an obligation imposed on a member by this Agreement or a Multilateral Trade Agreement under Annex 1; Provided that any such decision shall be approved by a two-thirds majority of votes cast and that such majority shall comprise more than half the MTO members.

Article X

Amendments and Modifications

1. Negotiations for amendments to this Agreement, or to any of Multilateral Trade Agreements in Annex 1, shall be concluded by the Ministerial Conference on the basis of consensus.

2. Any member accepting an amendment to this Agreement or any of the Multilateral Trade Agreements in Annex 1 shall deposit an instrument of acceptance with the Director-General of the MTO within such period as the Ministerial Conference may specify. Such amendments shall become effective for each member upon acceptance by two-thirds of the members.

3. The Ministerial Conference may decide that any amendment made effective under this Article is of such a nature that any member which has not accepted it within a period specified by the Ministerial Conference shall be free to withdraw from this Agreement, or to remain a member with the consent of the Ministerial Conference.

4. Amendments to the agreements in Annex 4 shall be made in accordance with the amending procedures in those agreements. Such amendments shall be notified to the General Council.

5. Modifications to the instruments set out in Annexes 2 and 3 shall be made by consensus in the Ministerial Conference or the General Council.

Article XI

Original Membership

Contracting parties to the General Agreement on Tariffs and Trade and the European Communities which accept this Agreement and the Multilateral Trade Agreements, including acceptance on a definitive basis of the General Agreement on Tariffs and Trade, shall become original members of the MTO.

The provisions of the MTO Agreement are without prejudice to the substantive results of the Uruguay Round as it affects the existing rights of contracting parties under paragraph 1(b) of the Protocol of Provisional Application and under equivalent provisions of the Protocols of Accession.
Article XII

Accession

1. Any state or separate customs territory possessing full autonomy in the conduct of its external commercial relations and of other matters provided for in this Agreement, which accepts this Agreement and the Multilateral Trade Agreements set out in Annexes 1, 2 and 3, may accede on terms to be agreed between it and the General Council.

2. Decisions on accession of new members shall be taken by the General Council and shall be approved by a two-thirds majority of votes cast and such majority shall comprise more than half the MTO members.

Article XIII

Non-application of the Agreement between Particular Members

1. The Multilateral Trade Agreements listed in Annex 1A, or the Multilateral Trade Agreements listed in Annex 1B or the Multilateral Trade Agreements listed in Annex 1C shall not apply as between any member and any other member if either of the members, at the time either becomes a member, does not consent to such application. Such intention shall be notified to the General Council in advance of a decision being taken on membership.

2. Paragraph 1 shall apply to the Multilateral Trade Agreements listed in Annex 1 only to the extent that non-application rights have been invoked between members in relation to such Agreements under the auspices of the General Agreement on Tariffs and Trade.

3. The General Council may review the operation of this Article in particular cases at the request of any member and make appropriate recommendations.

Article XIV

Acceptance, Entry into Force and Deposit

1. This Agreement shall be open for acceptance, by signature or otherwise, as from 1 November 1992, to Uruguay Round participants that qualify under Article XI. This Agreement shall enter into force on a date set by the Implementing Conference, the same date as the other Uruguay Round results become effective.

2. This Agreement shall remain open for acceptance by Uruguay Round participants that qualify under Article XI until a date two years from the date of the entry into force of this Agreement, unless otherwise decided by the Implementing Conference. For these participants, it shall enter into
force on the thirtieth day following the deposit of the instrument of
ratification or acceptance. Participants accepting the MTO Agreement
pursuant to this provision shall implement any concessions or other
obligations, including any transitional provisions, established in the
Multilateral Trade Agreements as if they had entered into force on the date
of entry into force of the MTO.

3. Prior to entry into force of this Agreement, the text of this
Agreement shall be deposited with the Director-General to the CONTRACTING
PARTIES of the General Agreement on Tariffs and Trade, in his capacity as
depository of the Uruguay Round results. He shall promptly furnish a
certified true copy thereof and a notification of each acceptance thereof
to each signatory of the Agreement on the MTO. The Agreement shall, upon
its entry in to force, be deposited with the Director-General of the MTO,
as well as any amendments thereto.

Article XV
Withdrawal

1. Any Member of the MTO may withdraw from this Agreement. Any member,
upon withdrawal from this Agreement, shall cease to be a party to the
Multilateral Trade Agreements. Such withdrawal shall take effect upon the
expiration of six months from the date on which written notice of
withdrawal is received by the Director-General.

2. Withdrawal from the agreements in Annex 4 shall be governed by the
provisions of those agreements.

Article XVI
Final Provisions

1. The MTO shall respect the rules, decisions and customary practice of
the General Agreement on Tariffs and Trade, including voting practices of
the General Agreement and its associated legal instruments, including the
Tokyo Round Agreements and Arrangements in carrying out its functions and
tasks.

2. No reservations may be entered in respect of any provision in the
Multilateral Trade Agreements in Annex 1. Reservations entered in respect
of the Agreements in Annex 4 can only be made in accordance with the
relevant provisions of those Agreements.  

1 The provisions of the MTO Agreement are without prejudice to the
substantive results of the Uruguay Round as it affects the existing rights
of contracting parties under paragraph 1(b) of the Protocol of Provisional
Application and under equivalent provisions of the Protocols of Accession.
3. In the event of a conflict between the provisions of this Agreement and the provisions of any of the Multilateral Trade Agreements in Annex 1, the provisions of this Agreement shall prevail.

4. The Members shall endeavour to take all necessary steps, where changes to domestic laws will be required to implement the provisions of the agreements annexed hereto, to ensure the conformity of their laws with these Agreements.

5. This Agreement shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

Done at --- this -- day of --- one thousand nine hundred and ninety---, in a single copy, in the English, French and Spanish languages, each text being authentic.
Annex 1A covers:

- the General Agreement on Tariffs and Trade, as it results from the Final Act of the Uruguay Round, and its associated legal instruments, except the Protocol of Provisional Application;

- the Tokyo Round Agreements and Arrangements as they result from the Final Act of the Uruguay Round and their associated legal instruments, except those Agreements and Arrangements found in Annex 4; and

Annex 1B covers:

- the General Agreement on Trade in Services, and its associated legal instruments; and

Annex 1C covers:

- the Agreement on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods (TRIPs).

Annex 2 covers:

- the Integrated Dispute Settlement Understanding.

Annex 3 covers:


1 This annex will comprise the text of the TPRM provisions in Part I of the Decision of the CONTRACTING PARTIES of 12 April 1989 (L/6490), amended as necessary to take account of the need to extend the coverage of reviews to all subjects covered in the Annexes to the MTO Agreement.

Note will also be taken of the consequential need to review the scope of the Outline Format for Country Reports in the Decision of the CONTRACTING PARTIES of 19 July 1989 (L/6552) and the Outline Format for Country Reports for Least-Developed Countries in the Decision of the Council of 16 May 1990 (L/6691).
Annex 4

Annex 4 covers:

- the Agreement on Trade in Civil Aircraft;
- the Agreement on Government Procurement;
- the International Dairy Arrangement; and
- the Arrangement Regarding Bovine Meat.
The following should be read in conjunction with the respective Agreements or Decisions contained in the Draft Final Act:

In respect of Section A, the inclusion of the expression "as a whole" in paragraph 5 is pending until the contents of the results in all the areas of the negotiations are known.

Trade in Goods (Annex I)

In respect of the Uruguay Round (1992) Protocol to the General Agreement on Tariffs and Trade:

- The Protocol may have to be adjusted to take account of the final agreements in agriculture and textiles.

In respect of the Agreement on Subsidies and Countervailing Measures:

- Prior to the conclusion of this negotiation, a decision will have to be made as to the scope of coverage of this text, taking into account negotiations taking place in other groups.

In respect of the Agreement on Textiles and Clothing:

- The provision contained in Article 6, paragraph 13 of the Agreement on Textiles and Clothing is intended to provide for a growth rate of not less than 6 per cent with the exception of exports of one product into one market.

- The provisions of Articles XXII and XXIII of the General Agreement on Tariffs and Trade, and the Understanding on Rules and Procedures Governing the Settlement of Disputes under Articles XXII and XXIII of the General Agreement on Tariffs and Trade as adopted by the CONTRACTING PARTIES shall apply to the Agreement on Textiles and Clothing except as otherwise specifically provided therein.
In respect of the Elements of an Integrated Dispute Settlement System:

- The draft text represents the work done on a proposed integrated dispute settlement system. Further work will need to be carried out in accordance with the progress made in the closing stages of the Uruguay Round negotiations.

- The text on Suspension of Concessions has been prepared in connection with the document entitled "Elements of an Integrated Dispute Settlement System" where it would appear in the section of Suspension of Concessions or Other Obligations. Further elaboration of the text may be required in the light of developments in the closing stages in the multilateral negotiations.

In respect of the Understanding on the interpretation of Article XXV of the General Agreement on Tariffs and Trade, the fourth paragraph of the Understanding will be completed in the light of further developments in the negotiations on market access.

Trade in Services (Annex II)

In respect of the Agreement on Trade in Services:

- In addition to the legal clarification to be undertaken with respect to the Agreement as a whole, technical matters will be examined by participants with respect to Article XXI (Modification of Schedules) and XXXIV (Definitions). Technical work will also proceed with respect to the Annex on Telecommunications and the Annex on Air Transport Services.

Agreement establishing the Multilateral Trade Organization (Annex IV)

In respect of the Agreement establishing the Multilateral Trade Organization (MTO):

- Participants have addressed institutional issues relating to the implementation of the results of the Uruguay Round and work has been proceeding on the Articles of Agreement of a proposed MTO. The MTO text represents the stage reached in this work. Further elaboration of the text will be required to ensure a proper relation to the other results of the Uruguay Round.
For the People's Democratic Republic of Algeria:
For Antigua and Barbuda:
For the Argentine Republic:
For Australia:
For the Republic of Austria:
For the People's Republic of Bangladesh:
For Barbados:
For the Kingdom of Belgium:
For Belize:
For the Republic of Benin:
For the Republic of Bolivia:
For the Republic of Botswana:
For the Federative Republic of Brazil:
For Burkina Faso:
For the Republic of Burundi:
For the Republic of Cameroon:
For Canada:
For the Central African Republic:
For the Republic of Chad:
For the Republic of Chile:
For the People's Republic of China:
For the Republic of Colombia:
For the People's Republic of the Congo:
For the Republic of Costa Rica:
For the Republic of Côte d'Ivoire:
For the Republic of Cuba:
For the Republic of Cyprus:

For the Czech and Slovak Federal Republic:

For the Kingdom of Denmark:

For the Dominican Republic:

For the Arab Republic of Egypt:

For the Republic of El Salvador:

For Fiji:

For the Republic of Finland:

For the French Republic:

For the Gabonese Republic:

For the Republic of the Gambia:

For Germany:

For the Republic of Ghana:

For the Hellenic Republic:

For the Republic of Guatemala:

For the Republic of Guyana:

For the Republic of Haiti:

For the Republic of Honduras:

For Hong Kong:

For the Republic of Hungary:

For the Republic of Iceland:

For the Republic of India:

For the Republic of Indonesia:

For Ireland:

For the State of Israel:

For the Italian Republic:
For Jamaica:
For Japan:
For the Republic of Kenya:
For the Republic of Korea:
For the State of Kuwait:
For the Kingdom of Lesotho:
For the Grand Duchy of Luxembourg:
For the Democratic Republic of Madagascar:
For the Republic of Malawi:
For Malaysia:
For the Republic of Maldives:
For the Republic of Malta:
For the Islamic Republic of Mauritania:
For Mauritius:
For the United Mexican States:
For the Kingdom of Morocco:
For the Union of Myanmar:
For the Kingdom of the Netherlands:
For New Zealand:
For the Republic of Nicaragua:
For the Republic of the Niger:
For the Federal Republic of Nigeria:
For the Kingdom of Norway:
For the Islamic Republic of Pakistan:
For the Republic of Paraguay:
For the Republic of Peru:
For the Republic of the Philippines:

For the Republic of Poland:

For the Portuguese Republic:

For Romania:

For the Rwandese Republic:

For the Republic of Senegal:

For the Republic of Sierra Leone:

For the Republic of Singapore:

For the Republic of South Africa:

For the Kingdom of Spain:

For the Democratic Socialist Republic of Sri Lanka:

For the Republic of Suriname:

For the Kingdom of Sweden:

For the Swiss Confederation:

For the United Republic of Tanzania:

For the Kingdom of Thailand:

For the Togolese Republic:

For the Republic of Trinidad and Tobago:

For the Republic of Tunisia:

For the Republic of Turkey:

For the Republic of Uganda:

For the United Kingdom of Great Britain and Northern Ireland:

For the United States of America:

For the Eastern Republic of Uruguay:

For the Republic of Venezuela:

For the Socialist Federal Republic of Yugoslavia:
For the Republic of Zaire:
For the Republic of Zambia:
For the Republic of Zimbabwe:
For the European Communities: