

ANNEX

INTERPRETATIVE NOTES

1. It is recognized that the absence of a uniform rate of exchange for the currency of the areas in Western Germany, referred to in Article I may have the effect of indirectly subsidizing the exports of such areas to an extent which it would be difficult to calculate exactly. So long as such a condition exists, and if consultation with the appropriate authorities fails to result within a reasonable time in an agreed solution to the problem, it is understood that it would not be inconsistent with the undertaking in Article I for any signatory to levy a countervailing duty on imports of such goods, equivalent to the estimated amount of such subsidization, where such signatory determines that the subsidization is such as to cause or threaten material injury to an established domestic industry or is such as to prevent or materially retard the establishment of a domestic industry. In circumstances of special urgency, where delay would cause damage which it would be difficult to repair, action may be taken provisionally without prior consultation, on the condition that consultation shall be effected immediately after taking such action.

2. The reference to the most-favoured-nation provisions of the General Agreement is understood to cover all the provisions of the General Agreement relevant to most-favoured-nation treatment as well as Article I.

3. The standard of the treatment to be accorded is set by all the most-favoured-nation provisions of the General Agreement (including the exceptions) and accordingly, under the reciprocity clause of Article II of this Agreement, the same standard would be used to measure the treatment received. If in the judgment of a signatory, that signatory was not actually receiving the most-favoured-nation treatment conforming to the standard, it would not consider itself obligated to grant treatment in accordance with the standard. Differences of view between signatories would naturally, however, be the subject of consultation.

4. The reference in Article III to "the principles relating to the reduction of tariffs on a mutually advantageous basis which are set forth in the Havana Charter", is designed to permit a signatory to withhold most-favoured-nation treatment in the event of the failure of an area under occupation—assuming that significant or effective tariffs were to be imposed by such area—to negotiate in accordance with the principles of Article 17 of the Havana Charter and in conformity with the established procedure for tariff negotiations.

(Here follow the names of the signatories for Belgium, Brazil (*ad referendum*), Canada, Ceylon (*ad referendum*), France, India (*ad referendum*), Luxembourg, the Netherlands, Norway, Pakistan, the Union of South Africa (*ad referendum*), the United Kingdom, the United States of America.)