

## ad ARTICLE XVIII

## Paragraph 3

The clause referring to the increasing of a most-favoured-nation rate in connection with a new preferential agreement will only apply after the insertion in Article I of the new paragraph 3 by the entry into force of the amendment provided for in the Protocol Modifying Part I and Article XXIX of the General Agreement on Tariffs and Trade, dated September 14, 1948.

## Paragraph 7 (a) (ii) and (iii)

The word "processing", as used in these sub-paragraphs, means the transformation of a primary commodity or of a by-product of such transformation into semi-finished or finished goods but does not refer to highly developed industrial processes.

## ad ARTICLE XXIV

## Paragraph 5

It is understood that the provisions of Article I would require that, when a product which has been imported into the territory of a member of a customs union or free-trade area at a preferential rate of duty is re-exported to the territory of another member of such union or area, the latter member should collect a duty equal to the difference between the duty already paid and the most-favoured-nation rate.

## Paragraph 11

Measures adopted by India and Pakistan in order to carry out definitive trade arrangements between them, once they have been agreed upon, might depart from particular provisions of this Agreement, but these measures would in general be consistent with the objectives of the Agreement.

## ad ARTICLE XXVI

Territories for which the contracting parties have international responsibility do not include areas under military occupation.

## ad ARTICLE XXIX

## Paragraph 1

Chapters VII and VIII of the Havana Charter have been excluded from paragraph 1 because they generally deal with the organization, functions and procedures of the International Trade Organization.

## FINAL NOTE

The applicability of the General Agreement on Tariffs and Trade to the trade of contracting parties with the areas under military occupation has not been dealt with and is reserved for further study at an early date. Meanwhile, nothing in this Agreement shall be taken to prejudge the issues involved. This, of course, does not affect the applicability of the provisions of Articles XXII and XXIII to matters arising from such trade.