

A new principle has been introduced into the revision of the Agreement which would permit the automatic extension of the assured life of the tariff schedules in the future, by periods of three years, with provisions to enable contracting parties to seek authority to renegotiate during the bound period bound rates of duty if they find they must modify or withdraw some of them:

A new article dealing with tariff negotiations sponsored by the Contracting Parties has been included in the proposed amendments to the Agreement. The article imposes no new obligations on contracting parties. Each party retains the right to decide whether or not to engage in negotiations or to participate in a tariff conference. The purpose of the Article is to recognize the value of tariff negotiations directed to "the substantial reduction of the general level of tariffs and other charges on imports and exports and in particular the reduction of such high tariffs as discourage the importation even of minimum quantities". The article states the principle that, in tariff negotiations, the binding against increase of low duties or duty-free treatment shall be recognized as a concession equivalent in value to the reduction of high duties.

The Contracting Parties have also set up a special working party to study generally the possibilities for and methods of future tariff reduction and to recommend the convening of a tariff conference when it is felt that progress in that field is possible.

Quantitative Restrictions

No change has been proposed in the basic principle of the Agreement that contracting parties which maintain quantitative restrictions for balance of payments reasons have to eliminate them as soon as they can no longer be justified for balance of payments reasons. But in order to make this principle more effective in practice and particularly in order to adapt it to a period when the major currencies may become convertible, it is proposed that, soon after entry into force of the amendments, the Organization will review all quantitative restrictions still maintained for balance of payments reasons. Thereafter a system of annual consultations with contracting parties still applying restrictions of this type would come into effect and these countries would be required to justify each year the restrictions still being maintained.

In association with the proposed system of tighter control on the use of quantitative restrictions for balance of payments reasons, the Contracting Parties have taken a decision, with immediate effect, to assist in resolving the problems faced by contracting parties in eliminating the so-called "hard-core" of their import restrictions. These are restrictions whose sudden removal, when no longer justified for balance of payments reasons, would result in a serious injury to a domestic industry or branch of agriculture, to which they have afforded protection. The decision grants a temporary waiver from the obligation to eliminate quantitative restrictions in such circumstances