

made to tariff schedules under the provisions of Article 17. The drafters of the Charter have recognized that circumstances not previously foreseen may arise as a result of such reductions or eliminations of protection and, in some cases, to cause or at least to threaten such severe damage to domestic industry as to warrant special action to assist the industry concerned.

Similar difficulties may arise for a third country which enjoyed in a given market a certain preference which has been reduced. In such cases the country previously granting the preference may take action designed to safeguard the interests of the third country whose trade has been seriously prejudiced.

The Charter provides for consultation and compensatory action to prevent abuse of the necessarily wide provisions of the Article.

Article 40 provides that where the obligations a Member incurs under Chapter IV lead to such a great actual increase of imports of a given product as to cause or threaten serious injury to domestic producers of the same or a like product, the affected Member may suspend the obligation or withdraw the tariff concession it has granted. Such suspension or withdrawal must, however, be limited in degree to the extent necessary to repair the injury actually caused or threatened.

If a margin of preference enjoyed by country "A" in country "B" is reduced during negotiations under Article 17, the benefit received by country "C" in the market of country "B" may lead to a substantial decrease in imports from country "A" and thus cause damage to industry in that country. In such a case, if country "A" so requests, country "B" may withdraw the reduction of the margin of preference to the extent necessary to repair the injury.

Before taking action to withdraw or modify concessions Members should consult with substantially affected Members and advise the Organization. If the urgency of the situation precludes prior consultation action may be taken provisionally to be immediately followed by consultation.

The consultations required are, of course, designed to achieve agreement among affected Members as to the appropriate action in the circumstances. Even if agreement is not reached action may be taken by the Member concerned but in such case Members affected by such action are entitled after giving thirty days' notice to take any compensatory measures of which the Organization does not disapprove.

Where action is taken without prior consultation, and results in such damage to another Member as to call for immediate compensatory action no notice of such action need be given, and the compensatory action may be continued during the consultations which are required to follow the original action by the first-affected Member.