

UNDERSTANDING IN RESPECT OF WAIVERS OF OBLIGATIONS UNDER THE GENERAL AGREEMENT ON TARIFFS AND TRADE 1994

1. It is agreed that a request for a waiver or for an extension of an existing waiver shall describe the measures which the Member proposes to take, the specific policy objectives which the Member seeks to pursue and the reasons which prevent the Member from achieving its policy objectives by measures consistent with its obligations under the GATT 1994.

2. Any waiver in effect on the date of entry into force of the Agreement Establishing the MTO shall terminate, unless extended in accordance with the procedures above and those of Article IX of the Agreement Establishing the MTO, on the date of its expiry or two years from the date of entry into force of the Agreement Establishing the MTO, whichever is earlier.

3. Any Member considering that a benefit accruing to it under the GATT 1994 is being nullified or impaired as a result of

(a) the failure of the Member 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 of the GATT 1994 as elaborated and applied by the Understanding on Rules and Procedures Governing the Settlement of Disputes.