The French Delegation has re-examined the proposal incorporated in its Second Homorandum (MGT/73/50) concerning the treatment of the exceptionally low duties. The French Delegation is in a position to submit the following precisions:

The French Delegation accepts the lower demarcation line on the basis of the Benelux proposal (W.2/15). In fact, though it might have been preferable to compute the lower demarcation line on the basis of a weighted basis, it appeared that it would be more simple to compute an arithmetic average, because the work already done by a number of countries has made it clear that the difference between the simple average and the weighted average was generally immaterial. The lower demarcation line for each sector would also be determined on the basis of the simple average of the constituting elements of the sector.

The French Delegation, recognizing the need not to require the same effort from countries which apply low duties, either to the whole, or to an important part of their tariff, suggest that any country for which, in a given sector, the simple average of duties would be below the lower demarcation line as defined above, should be required to effect only in this sector a reduction of less than 30%. This reduction would be based on a decreasing formula. No reduction would be necessary in cases where the average level for the sector would be 50% or less of the demarcation line. As regards duties in between, the percentage of the reduction would be:

\[ 30 \times \frac{t' - t}{t} \]

where \( t' \) is the figure for the lower demarcation line of the sector, and \( t \) the simple average incidence for the sector in question in the country concerned.

**Examples:**

- **Country A** - Simple average incidence 10%
  Reduction to be effected in the sector: \( 30 \times \frac{10 - 6}{6} = 20\% \)

- **Country B** - Simple average incidence 8%
  Reduction to be effected in the sector: \( 30 \times \frac{8 - 6}{6} = 10\% \)

- **Country C** - Simple average incidence 6% or below
  No reduction required

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