A. Purposes

The purposes of the following plan are:

(i) to substitute, in so far as practicable, multilateral for bilateral negotiations;

(ii) to preserve the concept of reciprocity but to balance the contribution of each country with the overall benefits it obtains from the negotiations as a whole without an attempt to achieve a bilateral balance;

(iii) to give practical implementation to the principle that the contribution of each negotiating country should be proportionate to the level of the incidence of its tariffs;

(iv) at the same time to retain full freedom for each country:

(a) to determine what contribution it is prepared to make, and

(b) to decide whether it has received sufficient benefit from the negotiations to justify making definitive the concessions it has offered.

B. Tariff Negotiations Committee

The execution of this plan revolves in the first instance around a Tariff Negotiations Committee (TNC), which will have no final power to require any contracting party to make any concession, but will be the body in which the negotiating contracting parties as a group can indicate to any given contracting party whether its contribution is sufficient to result in a balanced agreement. The TNC will consist of a representative of each contracting party which has agreed to participate in the negotiations. Its terms of reference might be as follows:

The Tariff Negotiations Committee will receive and examine the initial consolidated offers of each country. After examining and comparing all offers they will determine in the first instance whether the offers of any one country, in the light of the offers made by all others, will provide reciprocity to it and to the negotiating contracting parties as a whole.

In making these determinations the Committee will use as a guide the criteria to which the CONTRACTING PARTIES have agreed (see C below). They will have the authority to determine whether the initial consolidated offers of a contracting party shall be recognized as a sufficient contribution to permit it to participate in later phases of the negotiation.
They will have the authority to consult with and to present recommendations to participating contracting parties concerning improvements that might be made in their offers. They will also have the authority to determine in the latter phases of the negotiation whether the revised offers of any contracting party are sufficient to permit its schedule to be incorporated in the protocol or alternatively whether the other participating contracting parties may withdraw from their own offers the concessions which affect commodities of which the contracting party concerned is the principal supplier. The Committee will not, however, have the authority to require any contracting party to grant a concession against its will.

C. Criteria

In reaching any of its decisions the TNC will be guided by the following criteria:

1. The reduction of a very high rate of duty should be considered equivalent to a lesser reduction of a lower rate or the binding of a very low rate. In giving effect to this principle the TNC may use as a guide the Plan for Tariff Reduction that was elaborated by the CONTRACTING PARTIES at their Eighth Session.\(^1\)

2. The negotiations shall bring about the reduction of high rates of duty and particularly small, so far as possible, reduce to not more than 50 per cent ad valorem any rate with an ad valorem equivalent above that level. Such reductions should be considered in determining the reciprocity of the offers made, subject to the criterion in 1 above.

3. In determining whether reciprocity exists between the offers of one contracting party and the offers of the others, its offers will be compared with the benefits it should derive from the other offers taken as a group, not separately.

D. Procedures

1. Requests

Each contracting party intending to participate in the negotiations will distribute to the CONTRACTING PARTIES a list of the commodities on which it wishes to obtain concessions under the negotiation. This list will not be addressed to concessions by individual contracting parties and, therefore, will name no rates.

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\(^1\) If this approach commends itself, the secretariat will prepare a more detailed proposal for consideration by the CONTRACTING PARTIES.
2. **Offers**

Each contracting party, with due consideration to the requests mentioned above, will present a consolidated offer list covering the concessions it proposes to grant to the contracting parties in general. In devising these offers it will take into consideration the agreed criteria.

3. **Comparison of offers**

The TNC will analyse the consolidated offers. It will determine, subject to the agreed criteria, which contracting parties have offered less than the average in the way of reductions in the overall incidence of their tariffs. In consultation with the contracting parties concerned it will attempt to obtain improvements in those offers which will bring them up to the average, and it will then certify which countries may be considered to have "entered into negotiations".

4. **Special exceptions**

The TNC may, if it considers this necessary and desirable, agree to permit a contracting party to participate in the negotiations even though it has not been able to make an average offer, under such circumstances and subject to such conditions as the TNC may consider appropriate.

5. **Bilateral phase**

Those contracting parties who have been recognized as entering into negotiations under 3 above will then conduct bilateral discussions with others in the same category for the purpose of obtaining better treatment for individual products in which they are interested.

6. **Final offers**

When a contracting party has concluded these bilateral negotiations it will then submit its consolidated list as its "final offer".

7. **Re-examination of final offers**

The TNC will examine each final offer to determine whether to accept it as a schedule to be attached to the protocol. It will consider, in particular, whether the general level of offers for which the contracting party was recognized as "entering into negotiations" has been maintained.

8. **Confirmation of final offers**

After all final offers have been accepted, or rejected, for attachment to the protocol a period will be allowed during which each contracting party shall confirm its schedule in the light of the total final offers made by others. If a contracting party has failed to confirm by the deadline, the others whose schedules have been accepted will indicate the concessions they are impelled to withdraw because of the failure of one or more to confirm.
9. Consideration of withdrawals

After the expiration of the deadline mentioned in 8 above, the TNC will be reconstituted and the membership limited to those contracting parties whose schedules have been accepted under 7 above and confirmed under 8 above. The Committee in that form will then consider any withdrawals that have been notified under the second sentence of 8 above. If they decide to accept the withdrawals the protocol will be opened for signature. If they disagree with withdrawals they will enter into direct consultation with the country withdrawing in an effort to obtain a satisfactory balance, and after they are satisfied the protocol will be opened for signature.