SUGGESTED REDRAFT OF ARTICLE 17 - REDUCTION OF TARIFFS AND ELIMINATION OF PREFERENCES

(Submitted For Discussion by the Delegation of Australia)

1. Each Member shall, upon the request of any other Member or of the Organization, enter into and carry out with such other Member or Members as the Organization may specify, negotiations directed to the substantial reduction of tariffs and other charges on imports and exports and to the elimination of the preferences referred to in paragraph 2 of Article 16 on a reciprocal and mutually advantageous basis. These negotiations shall proceed in accordance with the following rules:

   (a) A Member shall transmit to the Tariff Committee and to any other Member a preliminary list of tariff concessions which it proposes to request of that Member. This list should set forth for each product concerned:

      (i) the existing rate of duty
      (ii) the requested rate of duty.

   (b) At the commencement of any negotiations each Member shall submit to the Tariff Committee and to other negotiating Members a schedule of the proposed concessions which it would be prepared to grant to all other Members in the light of the concessions it has requested and already enjoys as a non-Member of the Tariff Committee.

   (c) A Member may, if it so desires, give consideration only to requests for tariff or preference concessions on products of which the other Members individually or collectively are, or are likely to be, principal suppliers.

   (d) Responses shall be considered on a selective, product by product basis so that the Member from whom a concession is requested may give full consideration to all factors regarding each product the subject of a request. A Member may decide in relation to a request on any particular product:

      (i) to make no concession.
      (ii) to bind.
(ii) to bind a tariff rate at its present or at a higher or lower level.
(iii) to reduce a margin of preference to a greater or lesser extent than that requested.

In making such decision a member may have regard to the existing level of the tariff rate in relation to its fiscal needs and its plans for economic development and to the total extent of the concessions being offered and received by it:

(g) In the negotiations relating to any specific product

(i) when a reduction is negotiated only in the most-favoured-nation rate, such reduction shall operate automatically to reduce or eliminate the margin of preference applicable to that product;

(ii) when a reduction is negotiated only in the preferential rate, the most-favoured-nation rate shall automatically be reduced to the extent of such reduction;

(iii) when it is agreed that reductions will be negotiated in both the most-favoured-nation rate and the preferential rate, the reduction in each shall be that agreed by the parties to the negotiations;

(iv) no margin of preference shall be increased.

(f) The binding of low tariffs or of tariff-free treatment shall in principle be recognized as a concession equivalent in value to the substantial reduction of high tariffs or the elimination of tariff preferences.

(g) Account shall be taken of any concessions which either Member is already extending to the other Member by virtue of previous negotiations regarding tariffs and preferences pursuant to this Article.

2. The results of such negotiations shall be incorporated in the General Agreement on Tariffs and Trade, signed at .......... on ..........1947 by agreement with the parties to that Agreement, and thereupon the parties to such negotiation shall become contracting parties to the General Agreement on Tariffs and Trade if they are not so already.

3. If any Member considers that any other Member has failed to fulfil its obligations under paragraph 1 of this Article, such Member may refer the matter to the Organization, which, after investigation,

The Organization shall investigate the matter taking into account

(a) the economic position of the Member concerned and its fiscal and developmental requirements;

(b) the total extent of the concessions offered;

(c) the provisions of the Charter as a whole;

/and, in the case
and, in the case of a non-Member of the Tariff Committee

(d) the concessions available to that non-Member by virtue of
Membership in the Organization,

and in the light of the results of the investigation shall make
appropriate recommendations to the Members concerned.

4. If the Organization finds that a Member has failed without sufficient
justification, having regard to its economic position and the provisions of
the Charter as a whole, to carry out negotiations within a reasonable period
of time in accordance with the requirements of paragraph 1 of this Article, the
Organization may determine that any Member or Members shall, notwithstanding
the provisions of Article 16, be entitled to withhold from the trade of the
other Member any of the tariff benefits which may have been negotiated pursuant
to paragraph 1 of this Article, and embodied in Part I of the General
Agreement on Tariffs and Trade. If such benefits are in fact withheld, so as
to result in the application to the trade of the other Member of tariffs
higher than would otherwise have been applicable, such other Member shall
then be free, within sixty days after such action is taken, to withdraw from
the Organization upon the expiration of sixty days from the date on which
written notice of such withdrawal is received by the Organization.

5. The provisions of this Article shall operate in accordance with the
provisions of Article 81.