In the course of its consideration of the text of the General Agreement on Tariffs and Trade, the Tariff Negotiations Working Party has come to certain conclusions regarding the contents of Articles 24 and 67 of the Draft Charter.

It considers that instead of the terms of Article 24 permitting negotiations either through the Tariff Committee or on a strictly bilateral basis, it would be preferable for the Article to be so drafted that all negotiations would be through the Tariff Committee and that the results of such negotiations should be incorporated in the General Agreement on Tariffs and Trade. This would have the advantage of uniformity and would avoid the anomaly of some Members complying with Article 24 by adhering to the General Agreement and other Members complying with the provisions of that Article simply by undertaking independent bilateral negotiations with certain other Members.

The proposed redrafts of Articles 24 and 67 have been prepared on the above basis.

As a consequential change, it is proposed that paragraph 2 of Article 24 should be deleted. As the Organization will be arranging for the negotiations through the Tariff Committee,
there is no need to maintain a provision to the effect that each Member participating in such negotiations shall advise the Organizations accordingly.

Some minor drafting changes are proposed to paragraph 3 of the New York Draft of Article 24 (now paragraph 2). The last sentence of this paragraph is transferred to a new paragraph 3. As regards Article 67, it is suggested that provision relating to the voting power of each Member and to majority votes required for decisions of the Committee, must be left over until the Preparatory Committee has reached a decision on these points in connection with its consideration of Chapter VIII of the Charter.

The Working Party therefore wishes to recommend that the amendments incorporated in the attached redrafts of the two Articles should be dealt with by the Preparatory Committee in whatever way it considers most appropriate.

**ARTICLE 24**

Reduction of Tariffs and Elimination of Preferences

1. Each Member, other than a Member subject to the provisions of Article 33, shall, upon the request of any other Member or Members, the Organization enter into and carry out negotiations 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 14 on a reciprocal and mutually advantageous basis. These negotiations shall proceed in accordance with the following rules:
(a) Prior international obligations shall not be permitted to stand in the way of negotiations with respect to preferences, it being understood that agreements resulting from such negotiations shall not require the modification or termination of existing international obligations except (i) with the consent of the parties to such obligations, or, in the absence of such consent, (ii) by termination of such obligations in accordance with their terms.

(b) 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; or

(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; or

(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; and

(iv) no margin of preference shall be increased.

(c) 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.

(d) The results of such negotiations shall be incorporated in the General Agreement on Tariffs and Trade, signed at Geneva on ............ 1947, by agreement with the parties to that
2. Each Member participating in negotiations pursuant to paragraph 1 shall keep the Organization informed of the progress thereof and shall transmit to the Organization a copy of the agreement or agreements incorporating the results of such negotiations.

3. If any Member considers that any other Member has failed to fulfill its obligations under Paragraph 1 of this Article, such Member may refer the matter to the Organization which, after investigation, shall make appropriate recommendations to the Members concerned. 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 with such complaining Member within a reasonable period of time in accordance with the requirements of paragraph 1 of this Article, the Organization may determine that the complaining Member, or in exceptional cases the Members generally, any Member or Members shall, notwithstanding the provisions of Article 14, be entitled to withhold from the trade of the other Member any of the tariff benefits which the complaining Member, or the Members generally as the case may be, may have been negotiated pursuant to paragraph 1 of this Article. 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. The provisions of this paragraph shall operate in accordance with the provisions of Article 67.

3. The provisions of this Article shall operate in accordance with the provisions of Article 67.
ARTICLE 67

The Tariff Committee

1. There shall be a Tariff Committee which shall act on behalf of the Organization in initiating and arranging for the negotiations provided for under paragraph 1 of Article 24 and in the making of recommendations and determinations pursuant to paragraph 2 of Article 24.

2. The Committee shall consist originally of those Members of the Organization which are parties to applying the General Agreement on Tariffs and Trade, signed at Geneva on ................ 1947, on the day on which this Charter enters into force, in accordance with Articles XXIV or XXXII of that Agreement. Any other Member of the Organization shall be a member of the Committee when, in the judgment of the Committee, that member shall have completed negotiations pursuant to paragraph 1 of Article comparable in scope or effect to those completed by the original members of the Committee.

3. The Committee shall adopt its own rules of procedure, including provision for the election of its officers.

The text of paragraph 3 (provision relating to voting power of each Member,) and 4 (provision relating to majority votes required for decisions of the Committee) is still under consideration in Sub-Committee.

NOTE: The preceding texts, on which the Working Party's proposed deletions and additions are shown, are the ones which have been tentatively approved by the Sub-Committees on Articles 14, 15 and 24 and Chapter VIII, respectively.