Arising from the recent discussion of the Tariff Agreement Committee, the Tariff Negotiations Working Party has given consideration to defining more precisely the term "margin of preference" and has decided to recommend the inclusion in Annex I to the General Agreement on Tariffs and Trade of the following interpretative note to Paragraph 3 of Article I.

If Members of the Tariff Agreement Committee have not submitted comments by noon on October 14, it will be assumed that they have no objection to the following text:

**Proposed Interpretative Note Relating to Margins of Preference.**

**Ad Article I**

**Paragraph 3**

The term "margin of preference" means the absolute difference between the most-favoured-nation rate of duty and the preferential rate of duty for the like product, and not the proportionate relation between those rates. As examples:

1.) If the most-favoured-nation rate were 36 per cent ad valorem and the preferential rate were 24 per cent ad valorem, the margin of preference would be 12 per cent ad valorem, and not one-third of the most-favoured-nation rate;

2.) If the most-favoured-nation rate were 36 per cent ad valorem and the preferential rate were expressed as two-thirds of the most-favoured-nation rate, the margin of preference would be 12 per cent ad valorem;

3.) If the most-favoured-nation rate were 2 francs per kilogram and the preferential rate were 1.50 francs per kilogram, the margin of preference would be 0.50 francs per kilogram.