Article 14

General Most-Favoured-Nation Treatment

1. With respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports, and with respect to the method of levying such duties and charges, and with respect to all rules and formalities in connection with importation or exportation, and with respect to all matters affected by the provisions relating to national treatment in Article 15, in regard to which national treatment is provided for in Article 15, any advantage, favour, privilege or immunity granted by any Member to any product originating in or destined for any other country, shall be accorded immediately and unconditionally to the like product originating in or destined for all other Member countries respectively.

2. The provisions of paragraph (1) shall not be construed to require the elimination of any preferences in respect of customs duties or other charges imposed on importation, which do not exceed the preferences remaining in force after the negotiations contemplated in Article 24 and which fall within the following descriptions:

(a) Preferences in force exclusively

   (i) between two or more territories in respect of which:

       (a) there existed on 1 July 1939 by common sovereignty or relations of protection or suzerainty; or

       (b) there existed on 1 July 1939 within the meaning of the General Agreement on Tariffs and Trade and the Agreement on the Erection of a Permanent Court of International Trade and
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(ii) between two or more of the territories listed in Annexure A to this Charter.

Each Member to which provision (i) applies shall provide a list of such territories which shall be incorporated in an annexure to this Charter.

(b) Preferences in force exclusively between the United States of America and the Republic of Cuba.

(c) Preferences in force on 1 July 1946 exclusively between neighbouring countries.

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, enter into reciprocal and mutually advantageous negotiations with such other Member or Members directed to the substantial reduction of tariffs and other charges on imports and exports and to the elimination of import tariff preferences. These negotiations shall proceed in accordance with the following rules:

(a) Prior international commitments shall not be permitted to stand in the way of negotiations with respect to tariff preferences, it being understood that action resulting from such negotiations shall not require the modification or termination of existing international obligations except by agreement between the contracting parties or failing that, by termination of such obligations in accordance with their terms.

(b) All negotiated reductions in most-favoured-nation import tariffs shall operate automatically to reduce or eliminate margins of preference and no margin of preference shall be increased.

(c) The binding or consolidation 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.

/2. Each Member
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, within a reasonable period of time, to fulfill its obligations under paragraph 1, such Member may refer the matter to the Organization, which shall make an investigation and make appropriate recommendations to the Members concerned. The Organization, if it finds that a Member has, without sufficient justification, having regard to the provisions of the Charter as a whole, failed to negotiate with such complaining Member in accordance with the requirements of paragraph 1, may determine that the complaining Member, or in exceptional cases the Members of the Organization generally, 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 of the Organization generally as the case may be, may have negotiated pursuant to paragraph 1. 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.

Article 25

General Elimination of Quantitative Restrictions

1. Except as otherwise provided in this Charter, no prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import licences or other measures, shall be imposed or maintained by any Member on the importation of any product of any other Member country or on the exportation or scale for export of any product destined for any other Member country.

2. The provisions
The provisions of paragraph 1 shall not extend to the following:

(a) Prohibitions or restrictions on imports or exports imposed or maintained during the early post-war transitional period, which are essential to:

(i) the equitable distribution among the several consuming countries of products in short supply, whether such products are owned by private interests or by the government of any Member;

(ii) the maintenance of war-time price control by a Member country undergoing shortages subsequent to the war;

(iii) the orderly liquidation of temporary surpluses of stocks owned or controlled by the government of any Member or of industries developed in the territory of any Member country, owing to the exigencies of the war, which it would be uneconomic to maintain in normal conditions provided that prohibitions or restrictions for this purpose may not be instituted by any Member after the date on which this Charter comes into force, except after consultation with other interested Members with a view to appropriate international action.

Import and export prohibitions and restrictions imposed or maintained under this sub-paragraph (a) shall be removed as soon as the conditions giving rise to them have ceased, and in any event not later than 1 July 1949 provided that this period may, with the concurrence of the Organization, be extended in respect of any product for further periods not to exceed six months each.

(b) Export prohibitions or restrictions temporarily imposed to relieve critical shortages of foodstuffs or other essential products in the exporting Member country.

(c) Import
(c) Import and export prohibitions or restrictions necessary to the application of standards for the classification and grading of commodities in international commerce trade. If, in the opinion of the Organization, the standards adopted by a Member under this sub-paragraph are likely to have an unduly restrictive effect on trade, the Organization may request the Member to revise the standards provided that it shall not request the revision of standards internationally agreed under paragraph 6 of Article 22.

(d) Exports or import quotas imposed under regulatory inter-governmental commodity agreements concluded in accordance with the provisions of Chapter VII.

(e) Import restrictions on any agricultural or fisheries product, imported in any form, necessary to the enforcement of governmental measures which operate (i) to restrict the quantities of the like domestic product permitted to be marketed or produced, or (ii) to remove a temporary surplus of the like domestic product by making the surplus available to certain groups of domestic consumers free of charge or at prices below the current market level.

Any Member imposing restrictions on the importation of any product pursuant to this sub-paragraph shall give public notice of the total quantity or value of the product to be marketed during a specified future period and of any change in such quantity or value. PROVIDED THAT any supplies of the product in question, which were enroute at the time on which public notice was given, shall not be excluded, but may be counted so far as practicable, against the quantity permitted to be imported in the period in question.

Moreover, any restrictions imposed under (1) of sub-paragraph (e) above
(e) above shall not be such as will reduce the total of imports relative to the total of domestic production, as compared with the proportion which might reasonably be expected to rule between the two in the absence of the restrictions. In determining this proportion the Member shall pay due regard to the proportion prevailing during a previous representative period and to any special factors which may have affected or may be affecting the trade in the product concerned. The Member shall consult with any other Members which are interested in the trade in question and which wish to initiate such consultations.

(f) Import and export prohibitions or restrictions imposed on private trade for the purpose of establishing a new, or maintaining an existing monopoly of trade for a state-trading enterprise operated under Articles 31, 32 and 33.

NOTES

Article 14

(1) The delegate of Australia maintained the interpretation of Article 14 which had been made by the Australian delegation at the First Session (see Section A, sub-paragraph (1)(d)(iv) page 9 of the Report).

(2) The delegates of China and Chile reserved their positions regarding paragraph 2.

Article 24

(1) The delegate of India reserved his position regarding sub-paragraph (b) of paragraph 1 and suggested the following alternative text:

"Margins of preference on any product shall in no case be increased and no new preferences shall be introduced".

The delegates of Australia and New Zealand supported this alternative text.

(2) The delegates
(2) The delegates of Brazil and Chile reserved their positions regarding paragraph 3. The former delegate suggested that the words "and particularly with regard to Members' legitimate need for protection" should be inserted after the phrase "having regard to the provisions of the Charter as a whole." The delegate of Chile supported this insertion.

Article 25

(1) The delegate of Canada reserved his position regarding paragraph 2 stating that if electric power were to be regarded as a good or a commodity, he could only agree to its export under license.

(2) The delegate of India suggested the following amendments:

(a) Insert the words "or to support the price of such products" between "produced" and "or" in (1) of sub-paragraph (e) of paragraph 2; and

(b) Delete the passage "moreover any restrictions....the product concerned" in sub-paragraph (b) of paragraph 2.

(3) The delegate of Norway stated that he could not express an opinion at this stage upon the reservation which the delegation of Norway had entered at the First Session with regard to sub-paragraph (e) of paragraph 2. His delegation had proposed that that sub-paragraph should cover only agricultural products.

(4) The delegate of Chile maintained the proposal that the delegation of Chile had made at the First Session, namely that, sub-paragraph (c) of paragraph 2 should not be confined to agricultural and fisheries products.

(5) The delegate of Belgium-Luxembourg proposed the following addition to sub-paragraph (e) of paragraph 2:

"Restrictions imposed under this exception should be strictly limited to the periods during which the aforesaid circumstances occur, and should not be imposed on seasonal commodities at a time when like domestic products are not available".

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