The Delegation of the United States of America submits the following proposed amendments to Articles 14 and 24:

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 in regard to which national treatment is provided for in Article 15 referred to in paragraphs 1, 2, 3 and 4 of 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 or destined for all other Member countries respectively.

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

(a) ........
(b) ........
(c) ........

Comment

1. The changes proposed in line 8 of paragraph 1 are designed to extend the grant of most-favoured-nation treatment to all matters dealt with in Article 15 (except governmental operations under paragraph 5 of Article 15) regardless of whether national treatment is provided for in respect of such matters.
2. Certain drafting suggestions are made in paragraph 2 with a view to making Articles 14 and 24 fully consistent. The insertion of the reference to internal taxes would place preferential internal taxes on the same footing as preferential tariffs, both of which would be subject to negotiation under Article 24 (see below).

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

   See (b) below

   (b) 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. .......

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

2. If any Member considers any other Member has failed /within a reasonable period of time/ to fulfill its obligations under paragraph 1 of this Article, such Member may refer the matter to the Organization /which, shall make an/ after investigation, shall make appropriate recommendations to the Members concerned. /The Organization, if it/ If the Organization, taking into account the economic position of a Member under the Charter as a whole, finds that /a/such Member has /, without sufficient justification, having regard to the provisions of the Charter as a whole/ failed without
sufficient justification to negotiate 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, 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 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.

Comment

1. The proposed amendments to the opening sentence of paragraph 1 are designed

(a) to make it clear that the reciprocal and mutually advantageous character of the arrangements envisaged applies to the arrangements themselves rather than to the negotiations leading up to their conclusion, and

(b) to assure that all preferences excepted from the most-favoured-nation clause by virtue of paragraph 2 of Article 14 will be subject to negotiations under Article 24.

1 (a) The changes proposed in paragraph 1 (a) are designed to clarify the provision and render it more precise.

1 (c) It is proposed to omit from paragraph 1 (c) the reference to the consolidation of duties in order to avoid the possible interpretation that a binding and a consolidation are different things.

3. The changes proposed in paragraph 3 are largely of a drafting nature. The phrase "within a reasonable period of time" has been moved so as to make it clear that the Organization, rather than a complaining Member, would judge whether another Member was complying with its obligations within a reasonable time.

Note: The United States Delegation may wish at a later stage to make certain suggestions for a general regrouping of articles under Chapter V. Meanwhile, it is proposed that Articles 14, 15 and 24 should in any event be grouped together under a single section.