PARAGRAPH 2

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 import duties or charges or internal taxes which do not exceed the levels provided for in paragraph 3 and which fall within the following descriptions:

(a) Preferences in force exclusively between two or more of the territories listed in Annexure A to this Charter.

(b) Preferences in force exclusively between two or more territories which on 1 July 1939 were connected by common sovereignty or relations of protection or suzerainty and which are listed in Annexures B, C, D ... of this Charter.

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

(d) Preferences in force exclusively between neighboring countries listed in Annexures ____ and ____ of this Charter.

PARAGRAPH 3

3. The margin of preference on any product in respect of which a preference is permitted under paragraph 2 of this Article shall not exceed the margins provided for under any operative agreement resulting from the negotiations provided for in Article 24 and shall in no event exceed the margin by which the most-favored-nation rate exceeded the preferential rate on 10 April 1947.
ANNEXURE A

Preferential arrangements referred to in sub-paragraph 2 (a) of Article 14

Preferences in force exclusively between the following territories:

United Kingdom of Great Britain and Northern Ireland
Dependent territories of the United Kingdom and Northern Ireland
Canada
Commonwealth of Australia
Dependent territories of the Commonwealth of Australia
New Zealand
Dependent territories of the Commonwealth of New Zealand
Union of South Africa including South West Africa
Ireland
India
Newfoundland
Southern Rhodesia
Burma
Ceylon

Certain of the territories listed above have two or more preferential rates in force for certain products. It is contemplated that any such territory may, by agreement with the other Members of the Organization which are principal suppliers of such products, substitute for such preferential rates a single preferential rate which shall not on the whole be less favorable to suppliers at the most-favored-nation rate than the preferences in force prior to such substitution.