
SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT.

SUB-COMMITTEE ON ARTICLES 14, 15 AND 24

Observations by the United Kingdom Delegation
on Article 24, Paragraph 1.

(Previous Reference E/PC/T/W/246)

The U.K. Delegation wish to submit the following observations on the remarks by Benelux Delegation on Article 24, paragraph 1.

One consideration which is implicit in the negotiation of mutually advantageous agreements is that the party which suffers in any given case should be satisfied that he is obtaining adequate compensation elsewhere. It is necessary to apply this consideration to negotiations affecting preferences.

The reduction of a preference always involves the surrender of trading advantage on the part of the country enjoying the preference at issue, but the reduction of a preference may, and often does, involve a second element of loss. In addition to the loss by the country enjoying the preference there may be a loss on the part of the country which accords the preference. This will arise in any case involving the reduction, or indeed binding, of a protective (or important revenue) duty. It will be recognised that in such cases where there are two elements in the total loss sustained, there would, if the consideration set out above is borne in mind, be two elements also in the compensation required. It is not a question of double payment, but payment for two distinct elements in the concession.

It follows from this analysis that consultation between the parties to the preference is natural and necessary and that before an offer can be made, each must be satisfied that there is scope for a counter concession.

These views might be summarised as follows in the form of the Benelux readings:-

- (a) Prior commitments cannot be involved to avoid negotiations on margins of preference;
- (b) The results of such negotiations leave unchanged the residue of any prior commitments.
- (c) When parties to preferential arrangements have received requests for reductions or elimination of preferences they are granting, they must at

the same time as they negotiate with the requesting party, consult the other party to the preferential rate in order to ensure that the negotiation be mutually advantageous, and that the parties to the preferential arrangements are satisfied that adequate compensation is likely to be forthcoming. Until that is clear no firm offer can be made.

(d)(1) There are cases in which compensation would be due only to the country sacrificing some preferential advantage; that is to say cases in which there is no protective or important revenue element in the duty.

(11) There are also cases in which there are two elements in the concession and compensation would be in two parts, one to the country surrendering a trading advantage, the other to the country surrendering a