

THIRD COMMITTEE: COMMERCIAL POLICY

SUB-COMMITTEE A

MEXICO: PROPOSED AMENDMENT

RULES FOR NEGOTIATION TO BE ADDED TO ARTICLE 17, PARAGRAPH 1.

- (a) The Organization shall allow a period of three years to elapse before calling upon a Member to enter into negotiations with other Members, thus giving time for world prices, exchange rates and international trade conditions to become stabilized; and it shall take account of the economic position of the Members concerned before calling upon them to negotiate. Nevertheless, if all the parties are in agreement, negotiations may be entered into when the Members so desire.
- (b) The Organization may only request a Member to negotiate with another (or others) in respect of products that are of mutual interest and of which one or other of the parties is an important supplier or consumer.
- (c) Any country called upon to negotiate shall be free to withhold from negotiations such products as it may select, and shall retain the right freely to change its tariffs when necessary.
- (d) The reduction of tariffs shall be made without prejudice to the application of the other provisions of the Charter regarding economic development.
- (e) In agreements resulting from the negotiations, means shall be sought to achieve reciprocal reductions, but binding and increase of tariffs shall be permitted if they are mutually satisfactory to the negotiating parties.
- (f) Tariff negotiations between countries shall be carried out in such a manner as to facilitate the maintenance or re-establishment of equilibrium in the balance of payments. No country which finds itself in the state of "fundamental disequilibrium" referred to in the Articles of Agreement of the International Monetary Fund, shall be called upon to negotiate, except for the purpose of correcting such disequilibrium.
- (g) Account shall be taken, in the negotiations, of the necessity for facilitating transfers by debtor nations to creditor nations, avoiding unnecessary disturbance of money markets.

/(h) Countries

- (h) Countries whose tariffs are totally or partially specific may, in negotiating with countries having ad valorem tariffs, employ as a basic level for negotiations the rates obtained by converting the specific part of their tariffs into the ad valorem equivalent calculated on prices current in a normal pre-war year.
- (i) No country, in negotiating with another, shall be obliged to reduce its tariffs to a level lower than the rates charged by the other to third parties in respect of the same product.
- (j) At the request of any of the parties or of the ITO, Members shall proceed to revise their tariff agreements, when world economic conditions, or the internal conditions of any of the Members make this advisable.
- (k) The agreements shall apply for a maximum period of three years and shall contain such escape clauses as the parties mutually consider necessary.
- (l) Any Member desiring to negotiate with another, or others, may request the Organization to take the necessary action to that end.
- (m) The ultimate objective of negotiations shall be the substantial reduction of tariffs and the elimination of preferences. Negotiations shall be directed to this end and every effort shall be made to achieve progress in this direction so far as is feasible in view of the circumstances affecting Members and taking account of the provisions of the Charter as a whole.
- (n) Account shall be taken, in the negotiations, of the different tariff levels of Members, their plans for economic development, their fiscal needs and the total concessions offered and obtained in return by each of the parties.
- (o) No Member shall be obliged to make unilateral concessions, or to make concessions to other Members which, in its judgement, are not sufficiently counterbalanced by the concessions granted to it.
- (p) No provision of the present Article shall be interpreted as obliging any Member to negotiate in respect of a specific product, to reduce the tariff thereon or to bind it against increase, or to reduce or eliminate a preference.
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