

SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE UNITED  
NATIONS CONFERENCE ON TRADE AND EMPLOYMENT  
SUB-COMMITTEE ON ARTICLES 14, 15 AND 24REMARKS BY THE BENELUX DELEGATION ON ARTICLE 24, Par. 1.

Certain Tariff negotiations have revealed to the Benelux Delegations that Article 24, paragraph 1 (a) could be construed in several manners: These differences in interpretation have an important bearing on the negotiations. They can be summarized as follows:

- 1<sup>o</sup>) The Benelux delegations and several others read the paragraph to mean:
  - a/ prior commitments cannot be invoked to avoid negotiations on margins of preference.
  - b/ negotiations on preferences are solely between the requesting country and the country in whose tariff the preferences being negotiated appear.
  - c/ the results of such negotiations leave unchanged the residue of any prior commitments.
  - d/ however the parties to prior preferential arrangements may, should the final results of the multilateral negotiations leave the balance of preferences between them in an unsatisfactory state, come to an arrangement for adjusting or terminating their commitments. This does not affect the negotiations under b/.
- 2<sup>o</sup>) A second reading is:
  - a/ prior commitments cannot be invoked to avoid negotiations on margins of preference.
  - b/ when parties to preferential agreements have received requests for reductions or elimination of preferences they are granting, they must, at the same time they are negotiating with the requesting party, consult the other party to the preferential arrangement in order to insure that the negotiation be mutually advantageous on a triangular basis.
  - c/ compensation for the loss of a preference may be direct or indirect; in the case of direct compensation, this may come from one or the other of the two other parties to the triangular negotiations.
- 3<sup>o</sup>) The third reading is:
  - a/ prior commitments cannot be invoked to avoid negotiations on margins of preference.
  - b/ when a request is made for the reduction or elimination of a preference, the decision on the matter belongs to the country receiving the preference, not to the country

granting it. This latter cannot discuss even tentatively any such reduction or elimination before the consent of the country receiving the preference is given.

c/ compensation for any reduction or elimination of preferences is double:

- to the country receiving the preference.
- to the country giving the preference for the reduction in its rates.

The effects of these different interpretations have been apparent in the manner in which different Delegations have presented their requests and formulated their lists of offers. The third reading makes the reduction or elimination of preferences much more costly for the requesting countries and considerably reduces the scope of the negotiations. Countries adopting that view seem in consequence to have tended to make their lists of requests cover but a small portion of their trade with the other parties, and to have considerably reduced their offers of concessions.

It is of the utmost importance that the issue should be clarified. An interpretation should be arrived at that will prove acceptable not only to all delegations present here but to the countries which will be invited to the full Conference. Nearly all of them are not members of a preferential system.

The present proposed redraft of Article 24, par.1 does not make any clearer the intention of the provision. Discussion in the light of the divergence of opinion which has appeared will be necessary to arrive at a satisfactory draft.