

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES  
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## PROCEDURES FOR NEGOTIATION AND RENEGOTIATION OF COMPENSATORY CONCESSIONS UNDER ARTICLE XXVIII AND ARTICLE XVIII

Draft Recommendation proposed by the Delegation of Brazil

### Addendum

"RECOGNIZING that, in matters concerning negotiation of tariff concessions as well as renegotiation of compensatory adjustments whenever initially bound tariff rates are modified or cease to apply, the general application of the principle of equivalent concessions, when interpreted as meaning concessions of equal value, in monetary terms, may not be just and equitable when conducted between contracting parties in which the economic effects of a tariff are unequal because their economic structures are dissimilar,

The CONTRACTING PARTIES recommend, whenever statistical data are available:

1. that contracting parties, when conducting negotiations for tariff concessions, may determine the equivalence of the compensatory concession, expressed in monetary terms, in the case of the importation of specific raw materials and basic products, after weighting the percentage rate of this concession by the coefficient of the price-elasticity of demand for the importation of the specific raw material and basic product which is the object of the negotiation of the concession, and, in the case of the importation of manufactured products, after weighting the percentage rate of this concession by the coefficient of the income-elasticity of demand for the importation of the specific manufactured product or class of manufactured products which is the object of the negotiation of the concession; and
2. that contracting parties, when conducting renegotiations of bound tariff rates, may determine the equivalence of the compensatory concessions, expressed in monetary terms, after weighting the percentage rate of the adjustment to be introduced and the percentage rate of the compensatory adjustment to be offered by the coefficient of the income-elasticity of demand for the importation of specific manufactured products or class of manufactured products, and by the coefficient of the price-elasticity of demand for the importation of specific raw material and basic product, which are the object of the renegotiation of bound tariff rates."