

- (e) The agreement must allow of adherence by other Members subject to negotiation as to terms and conditions.
- (f) The agreement must contain provision for its termination on fulfilment of its purpose, but not later than ten years, subject to extension on approval of the Organization.

If the Organization finds that the proposed agreement, even though fulfilling the above conditions, is likely to cause substantial injury to the trade of another Member, it can require negotiations with that Member. When agreement is reached the Organization shall give its approval. Should there have been no conclusion to the negotiations within two months due to the attitude of the injured Member the Organization shall also give its approval to the necessary departure from Article 16 and shall fix a fair compensation for the injured Member. Where the proposed agreement is likely to jeopardize the economic position of a Member in world trade the Organization is required to withhold its approval of the agreement until the parties thereto have reached a mutually satisfactory understanding with that Member.

If, prior to 21st November, 1947, prospective parties to a regional preferential agreement have obtained from countries representing at least two-thirds of their import trade the right to depart from most-favoured-nation treatment, the Organization is authorized to give its approval; but if it finds that the trade of one or more Members which have not recognized that right is threatened with injury it shall invite the respective Members to enter into negotiations.

Where the Organization approves a margin of preference as an exception to Article 16 in respect of products to be covered by the agreement, it may require reduction of an unbound most-favoured-nation rate if a Member represents this as being excessive. In this connection the fixing of a maximum margin of preference in conjunction with the requirement in paragraph 4 (c) of free admission or a low rate of duty would automatically determine the most-favoured-nation rate.

CHAPTER IV.—COMMERCIAL POLICY

SECTION A.—TARIFFS, PREFERENCES, AND INTERNAL TAXATION AND REGULATION

(Articles 16–19)

Chapter IV lays down a code of conduct covering the many practices concerned with international trade. The provisions in the various sections of the chapter are directed towards the reduction or elimination of barriers to trade and to the expansion of international trade on a multilateral basis.

Section A of the chapter aims at the removal of trade barriers in the shape of excessive tariffs, preferences, also discriminatory regulations, and internal taxes employed for protective purposes.