

- (c) Preferences in force exclusively between the United States of America and the Republic of Cuba ;
- (d) Preferences in force exclusively between neighbouring countries listed in Annexes E, F and .. of this Charter.

3. The margin of preference on any product in respect of which a preference is permitted under paragraph 2 of this Article shall not exceed (a) the maximum margin provided for under the General Agreement on Tariffs and Trade or any subsequent operative agreement resulting from negotiations under Article 17, or (b) if not provided for under such agreements, the margin existing either on 10 April 1947 or on such earlier date as may have been established for a Member as a basis for negotiating the General Agreement on Tariffs and Trade, at the option of such Member.

### Article 17

#### *Reduction of Tariffs and Elimination of Preferences*

1. Each Member shall, upon the request of the Organization, enter into and carry out with such other Member or Members as the Organization may specify, negotiations directed to the substantial reduction of tariffs and other charges on imports and exports and to the elimination of the preferences referred to in paragraph 2 of Article 16 on a reciprocal and mutually advantageous basis. These negotiations shall proceed in accordance with the following rules :

(a) In the negotiations relating to any specific product

(i) when a reduction is negotiated only in the most-favoured-nation rate, such reduction shall operate automatically to reduce or eliminate the margin of preference applicable to that product ;

(ii) when a reduction is negotiated only in the preferential rate, the most-favoured-nation rate shall automatically be reduced to the extent of such reduction ;

(iii) when it is agreed that reductions will be negotiated in both the most-favoured-nation rate and the preferential rate, the reduction in each shall be that agreed by the parties to the negotiations ;

(iv) no margin of preference shall be increased.

(b) The binding of low tariffs or of tariff-free treatment shall in principle be recognized as a concession equivalent in value to the substantial reduction of high tariffs or the elimination of tariff preferences.

(c) Account shall be taken of any concessions which either Member is already extending to the other Member by virtue of previous negotiations regarding tariffs and preferences pursuant to this Article.