

ANNEX I

RELATING TO FUTURE PREFERENTIAL ARRANGEMENTS AND THE OPERATION OF ARTICLES I, II AND VII OF THE 1960 TRADE AGREEMENT

The two Governments agree as follows:

1. With respect to margins of preference on goods specified in Schedule A or Schedule B Part I to the Canada/Australia Trade Agreement of 12 February, 1960,
 - (a) Notwithstanding the provisions of Articles I and II of the 1960 Trade Agreement either Government may reduce or eliminate the bound margin of preference prevailing as at 1st February, 1973, on any goods listed in Schedule A or Schedule B Part I.
 - (b) Before either Government takes action under paragraph (a) above it shall give 30 days notice to the other that reduction or elimination of a bound margin may occur. It is understood that in critical circumstances the 30 day period of notification may not be possible.
 - (c) At any time during the 30 day period referred to above the Government initiating the action shall accept representations from the other Government with respect to such proposed action.
 - (d) In the event that elimination or reduction of a bound margin occurs, the two Governments shall, on the request of either, consult regarding restoration of the margin or the substitution of substantially equivalent concessions in place of the concession affected.
 - (e) In the event that agreement is not reached within a period of 60 days after the action is taken by the initiating Government the other Government may withdraw substantially equivalent concessions.
2. With respect to margins on goods being margins not specified in Schedule A or Schedule B Part I to the 1960 Trade Agreement,
 - (a) Each Government will give 30 days notice to the other Government of its intention to reduce or eliminate the margin of preference applying to goods of significant interest to the other country. It is understood that in critical circumstances the 30 day period of notification may not be possible.
 - (b) For the purposes of paragraph (a) above:
 - (i) "margin" shall mean in the case of Australia that margin of preference provided for in Article 7 of the United Kingdom/Australia Trade Agreement 1957 immediately prior to its termination or such lower margin as provided for in the First Schedule and Part I of the Fifth Schedule of the Australian Customs Tariff as at 1st February, 1973, and in the case of Canada the margin of preference as at 1st February 1973; and
 - (ii) "goods of significant interest" shall mean
 - firstly, those goods included in a tariff specification the imports of which from the other country in any one of the