

SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENTAmendment of Article 24Statement by the Chinese Delegation proposing
the addition of a new paragraph

The Chinese Delegation has consistently objected to the additional provisions of the original paragraph 2 of Article 15, which are being considered by the Sub-Committee and which originate in an amendment of the United States Delegation (E/PC/T/W.23). It has maintained this objection in the discussions of the Sub-Committee on that Article by recording its reservations, and wishes now to re-affirm its position and submit a formal amendment as follows:

The Chinese Delegation takes the view that the question as to whether there is substantial domestic production of any particular imported commodity has nothing to do with the principle of national treatment for that commodity and that so long as imported products are subject to new or increased internal taxes and charges which are applied to like domestic products, the importing Member should be regarded as fulfilling its obligations under that principle. This, we feel, should be the only correct and precise interpretation to put on any provisions on the subject. But if we accept the added provisions the importing Member is not allowed to levy new or increased internal taxes on any commodity of which there is no substantial domestic production, even though they are to be applied on a strictly non-discriminatory basis. Should it levy such taxes, any exporting Member that chooses to take a one-sided view of the levy, may always find an excuse to object to it as a protective measure and, in so doing, interfere with the freedom to enforce suitable systems of taxation, without which no Government can function properly. In short, the provisions in question, instead of taking cognisance of objective facts, introduce vague and ill-defined factors for assessing the economic consequences of internal taxation. They are unjust in principle and are bound in practice to cause endless dispute.

For these reasons, the Chinese Delegation proposes the deletion of the provisions which the Sub-Committee proposes to add to the original paragraph 2 of Article 15, namely:

"Moreover, in cases in which there is no substantial domestic production of like products of national origin, no contracting party shall apply new or increased internal

taxes on the products of other contracting parties for the purpose of affording protection to the production of directly competitive or substitutable products which are not similarly taxed. Existing internal taxes of the kind referred to in the preceding sentence shall be subject to negotiation for their reduction or elimination".

In doing so, however, it has no intention of ignoring the legitimate interests of any exporting Member in respect of products which are the subject of tariff agreements negotiated in accordance with Article 24 of this Charter. The Chinese Delegation, therefore, without prejudice to its final position, proposes to insert the following provisions as a new paragraph to Article 24.

"Should any new or increased internal tax be subsequently imposed upon an imported commodity the subject of a tariff agreement negotiated in pursuance to this Article, in respect of which there is no substantial domestic production, the Member which imposes such tax shall, when requested by any other Member or Members substantially affected, negotiate on the tax treatment of the product in question in the light of its negotiated obligation."