

JOINT SUB-COMMITTEE OF COMMITTEES II AND VI

REPORT OF THE WORKING PARTY ON PREAMBLE OF PARAGRAPH 1 AND SUB-PARAGRAPH (b)
OF PARAGRAPH 1 OF THE NEW ARTICLE 12 A PROPOSED BY COLOMBIA AND ON THE
ADDITIONAL PARAGRAPH TO ARTICLE 12 PROPOSED BY COSTA RICA
CONCERNING DOUBLE TAXATION

1. The Joint Sub-Committee of Committees II and VI, at its sixth meeting on 22 December 1947, constituted the Working Party to examine further the proposals of Costa Rica and Colombia concerning double taxation and to make recommendations as to whether the objectives of the proposed amendments should be incorporated into the Charter and if so, in what way this should be done.
2. The Working Party considered that the existence of double taxation or discriminatory taxation might be a substantial obstacle to international investment and a consequent deterrent to the free flow of such investment. Since private investment is a considerable source of economic development, the Working Party believed that this problem should be tackled within the framework of Chapter III, despite the general provisions of Article 69.
3. The Working Party, therefore, agreed upon a text to be inserted in paragraph 3 of Article 11, to read as follows:

"3. The Organization may, in such collaboration with other inter-governmental organizations as may be appropriate, make recommendations for and promote [international] bilateral or multilateral agreement on measures designed:

- (i) to assure just and equitable treatment for the enterprise, skills, capital, arts and technology brought from one Member country to another, including the elaboration and adoption of a general agreement or statement of principles as to the conduct, practices and treatment of foreign investment;
- (ii) to avoid international double taxation and discriminatory tax burdens, in order to stimulate the flow of foreign private investments".