

THIRD COMMITTEE: COMMERCIAL POLICY

REVISED ANNOTATED AGENDA FOR CHAPTER IV

SECTION A - TARIFFS, PREFERENCES, AND INTERNAL TAXATION AND REGULATION

This revised Agenda for Chapter IV includes all the items which appeared in the preliminary Agenda (E/CONF.2/C.3/1) and all proposals received from delegations up to Monday, 8 December. For the convenience of delegates this Agenda is issued in six parts (numbered C.3/6 to C.3/11), one for each of the six Sections of the Chapter. All the documents to which reference is made are addenda to E/CONF.2/11 and E/CONF.2/C.3/1.

SECTION A

Article 16 - General Most-Favoured-Nation Treatment

Paragraph 1

1. The delegation of Argentina proposes (document 11/Add.3) that paragraph 1 be rewritten as follows:

"With respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or to duties and dues imposed on the international transfer of payments for imports or exports and [with respect to] the method of [levying] imposing such duties and charges and with respect to all rules and formalities in connection with importation and exportation and with respect to all matters referred to in paragraphs 1 and 2 of Article 18, any advantage, favour, privilege or immunity granted by any Member to any product originating in or destined for any other Member country shall be accorded [immediately and unconditionally] to the like product originating in or destined for all other Member countries respectively, on a reciprocal and mutually advantageous basis.

2. The delegation of Chile proposes (document C.3/1/Add.6) the addition of the following words at the end of the paragraph:

"with the exception of the arrangements contemplated in Article 15."

3. The delegation of Cuba proposes (document C.3/1/Add.52) that the following sentence be added at the end of this paragraph:

"The operation of this paragraph will preclude classifications of tariffs, internal taxes or other charges based on types named after, /distinctive

distinctive regional or geographical names of products of a Member country."

In the same document the following statement appears in support of this proposal:

The proposed addition is based upon the recommendation adopted under the heading "Defense Against Discriminatory Measures in the Commerce of Agricultural Products" by the Third Inter-American Conference on Agriculture for the purpose of eradicating all such measures of a tariff or other nature by reason of the special quality of the products or of the country of origin thereof, as is the case, for example, with regard to the "Havana Cigar".

Paragraphs 2 and 3

4. The delegation of the Philippines proposes (document C.3/1/Add.34) the deletion of paragraphs 2 and 3 and the substitution of the following:

"2. The provisions of paragraph 1 of this Article shall not apply to any preferences existing on 10 April 1947 and the margin of preference on any product in respect of which a preference is permitted shall not exceed 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 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."

The delegation of the Philippines states that it subscribes to the idea that whenever possible the provisions of the Charter should be simple and brief, if such simplicity and brevity do not sacrifice the clearness and inclusiveness of the subject matter; the proposed amendment is intended to achieve that objective.

Paragraph 2 (a) and (b)

5. The delegation of Denmark proposes (document C.3/1/Add.38) the following amendments in the text of Annex A:

1. in the second paragraph delete the words "or to replace the preferential quantitative arrangements described in the following paragraph".
2. in the third paragraph delete the second sentence which begins with "It is the intention..."

6. The delegation of Cuba proposes (document C.3/1/Add.52) the deletion of the second paragraph in the notes to Annex A and the note to Annex D.

7. The delegation

7. The delegation of Portugal proposes (document C.3/1/Add.35) the addition of the following Annex:

"List of Portuguese territories referred to in paragraph 2 (b) of Article 16:

Portugal and Archipelagoes of Madeira and Azores  
 The Cape Verde Archipelago  
 Portuguese Guinea  
 San Tome and Principe and Dependencies  
 St. Jean Baptiste d'Ajuda  
 Cabinda  
 Angola  
 Mozambique  
 Establishments in India and Dependencies  
 Macao and Dependencies  
 Timor and Dependencies

Paragraph 2 (c) and (d)

8. The delegation of Peru proposes (document 11/Add.22) the deletion of sub-paragraph (c).

9. The delegation of Dominican Republic proposes (document C.3/1/Add.32) the deletion of sub-paragraph (c) or alternatively the addition of the following:

"Such preferences shall not, however, operate to the detriment in any way of products of the Dominican Republic in the United States of America. Such products shall immediately and unconditionally be accorded any advantage, favour, privilege or immunity granted to like products of Cuban origin, with reciprocal treatment in the Dominican Republic of products of United States origin."

10. The delegation of Haiti proposes (document C.3/1/Add.29) that sub-paragraph (c) be amended as follows:

"(c) preferences in force exclusively between the United States of America and the Republic of Cuba and which, on the date of signature of this Charter, shall enter into force between the United States of America and other countries in the Caribbean area, or which may be accorded to one another by the countries of the Caribbean area."

11. The delegation of Costa Rica proposes (document 11/Add.16) the addition of the following annex:

"List of territories to which the preferential arrangements referred to in paragraph 2 (d) of Article 16 apply:

/Costa Rica

Costa Rica  
El Salvador  
Guatemala  
Honduras  
Nicaragua"

12. The delegation of El Salvador proposes that the following paragraph be inserted:

"The provisions of the first paragraph of this Article shall not apply to such bilateral or multilateral preference as are now in force between the countries of Central America, including Panama, or may be granted in the future."

The delegation's statement in support of this proposal appears in document 11/Add.10.

13. The delegation of Guatemala proposes (document C.3/1/Add.31) the addition of the following sub-paragraphs:

"and it is recognized in general that the Spanish American countries may, in consideration of their special position resulting from their need for economic development and their common language, origin and culture, freely negotiate a preferential tariff system between all or some of their number, including the possible establishment of a customs union;

"preferences in force or in the process of negotiation between Colombia, Ecuador, Panama and Venezuela;

"preferences in force or which may be negotiated between the countries of Central America."

The statement given in support of this proposal will be found in the document mentioned above.

14. The delegation of Colombia proposes (document C.3/1/Add.10) the addition of the following annex:

List of territories covered by preferential arrangements between Colombia and neighbouring countries referred to in paragraph 2 (d) of Article 16,

Preferences in force exclusively between, on the one hand, Colombia, and, on the other hand,

1. Ecuador and
2. Venezuela, respectively."

15. The delegation of Ecuador proposes (document C.3/1/Add.1) the addition of the following sub-paragraphs:

"preferences in force or in the process of negotiation between Colombia, Ecuador, Panama and Venezuela;

/"and it is

"and it is recognized in general that the Latin American countries may, in consideration of their special position resulting from their need for economic development and their common language, origin and culture, freely negotiate a preferential tariff system between all or some of their number, including the possible establishment of a customs union."

16. The delegation of Bolivia proposes (document C.3/1/Add.33) the addition of the following sub-paragraphs:

"Preferences in force or in the process of negotiation between Bolivia, on the one hand, and Argentina, Brazil, Chile, Paraguay, Peru and the countries of Latin America generally on the other."

"A special exception being made in the case of neighbouring countries under-developed industrially and economically."

17. The delegations of Lebanon and Syria propose (document 11/Add.14) that the following paragraph should be inserted:

"The provisions of paragraph 1 of this Article shall not prevent the conclusion of regional preferential tariff agreements designed to develop production in, and promote trade between, Members belonging to the same economic region."

18. The delegation of Turkey has proposed (document 11/Add.25) that the following paragraph be inserted:

"The provisions of paragraph 1 of this Article shall not apply to such reciprocal preferences between countries formerly part of the Ottoman Empire and detached from it on 24 July 1923 as are set forth in treaties concluded by Turkey."

19. The delegation of Egypt proposes (document C.3/1/Add.50) that the following paragraph be added:

"It is also within the meaning of exceptions under paragraph 2 preferences contemplated under agreement between members of the Arab League."

20. The following addition is proposed (document C.3/1/Add.28) by the delegations of the countries underlined:

"The provisions of paragraph 1 of this Article shall not apply to such preferences as may be put into force between the following countries of the Near and Middle East: Afghanistan, Egypt, Greece, Iran, Iraq, Lebanon, Syria, Transjordan, Turkey."

The following statement is given in support of this proposal:

"Noting that they form part of the same economic region and that it would be of great advantage to them to agree on preferential tariffs in order to develop their economies and so to attain the purposes of

/the Charter

the Charter, the representatives of the countries of the Near and Middle East mentioned above have decided to submit for the approval of the Conference, an amendment to be inserted as a new paragraph in Article 16. The delegation of Pakistan reserves the right to associate itself with the amendment in due course."

21. The delegation of Burma proposes (document C.3/1/Add.47) the addition of the following paragraph to this Article:

"The provisions of paragraph 1 of this Article shall not apply to such preferences as may be put into force or such regional arrangements as may be made among the countries of South East Asia."

The following statement is made in support of this proposal:

"The tendency of the countries represented in this Conference being to favour groupings on a regional basis and the manifestation of such tendencies being such that the whole world except South East Asia has been covered by such regional groupings, it is felt that countries of South East Asia should not lose by default and should have the right to form such groups if they desire to do so."

22. The delegation of Italy proposes (document 11/Add.18) the addition of the following paragraph:

"The dispositions of paragraph 1 of this Article do not modify the special regime existing between the Republic of Italy and the Republic of San Marino and the State of the Vatican City, and do not raise obstacles to the special regime which shall be established between Italy and the Free Territory of Trieste."

23. The delegation of Argentina proposes (document 11/Add.3) the insertion of the following paragraph:

"The above provisions shall not apply to any advantage, favour, privilege or immunity granted by a Member to any product originating in or destined for another Member country, provided that the Members concerned form a group of complementary economies co-operating on a compensatory basis and on a basis of equality."

#### General

24. The following note was appended to the Geneva Draft:

"The following kinds of customs action, taken in accordance with established uniform procedures, would not be contrary to a general binding of margins of preference:

- (1) the re-application to an imported product of a tariff classification or rate of duty, properly applicable to such product, in cases in which the application of such  
/classification

classification or rate to such product was temporarily suspended or inoperative on 10 April 1947; and

(ii) the application to a particular commodity of a tariff item other than that which was actually applied to importations of that commodity on 10 April 1947, in cases in which the tariff law clearly contemplates that such commodity may be classified under more than one tariff item."

Article 17 - Reduction of Tariffs and Elimination of Preferences

Paragraph 1

25. The delegation of Argentina proposes (document 11/Add.3) that the first lines of paragraph 1 be rewritten as follows:

"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 the other Members negotiations directed to the substantial progressive reduction of tariffs and other charges on hindering imports and exports."

26. The delegation of Uruguay proposes (document C.3/1/Add.13/Rev.1) the following amendments:

The first sentence to read:

"Each Member shall may, on its own initiative or upon the request of the Organization, enter into and carry out successfully, with such Member or Members as it may determine or as the Organization may specify, negotiations directed....."

The second sentence to read:

"These negotiations shall proceed in accordance with the following rules provisions of Chapter VIII of this Charter",

Sub-paragraphs (a), (b), (c) and (d) being deleted.

27. The delegation of Mexico proposes (document C.3/1/Add.43) that the first part of this paragraph be amended as follows:

"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 conclusion of agreements on a mutually advantageous basis in respect 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 in order to secure the maximum expansion of international trade on a permanent basis, consistent with the sound economic development of the undeveloped countries, and to eliminate unwarranted restrictions. These negotiations shall proceed in accordance with the following rules:"

/28. The delegation

28. The delegation of Haiti proposes (document C.3/1/Add.29) that the first part of this paragraph be amended as follows:

"Each Member The Organization shall, upon the request of the Organization a Member enter into and carry out with such other Member or Members as the Organization requesting Member 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. The Organization shall authorize Members whose economic development has not reached a satisfactory level of stability consistent with a minimum standard of living for their inhabitants as a whole and whose customs system is fiscal in character, to maintain their present tariffs in force. Such Members should, however, as their economies develop, establish sources of revenue other than customs revenue, so as to eliminate from their tariffs provisions inconsistent with the principles of this Charter. These Negotiations, for the substantial reduction of tariffs and other charges shall proceed in accordance with the following rules:"

29. The delegation of the Philippines proposes (document C.3/1/Add.34) the insertion of the word "gradual" before the word "elimination" in the first sentence.

Paragraph 1 (a)

30. The delegation of Cuba proposes (document C.3/1/Add.3) the addition of the following sub-paragraph:

"(v) When any agreement reached affects preferences provided for in any prior commitment, in order to implement such agreement, the exchange in the preference would have either to be agreed between the parties to the prior commitment, or if they could not agree, the party wishing to make the change, in order to proceed, would have to terminate the prior commitment in accordance with its terms."

or, alternatively, the delegation of Cuba proposes the following wording:

"(v) Prior international commitments shall not be permitted to stand in the way of negotiations with respect to tariff preferences, it being understood that action resulting from such negotiations shall not require the modification or termination of existing international obligations except by agreement between the contracting parties, or failing that by termination of such obligations in accordance with their terms."

/Paragraph 1 (a.bis)

Paragraph 1 (a,bis)

31. The delegation of Mexico proposes (document C.3/1/Add.43) the insertion of the following sub-paragraph after sub-paragraph (a):

- "(a.bis) (i) As a preliminary measure to such negotiations, countries shall equalize their tariffs, so that negotiations may be entered into under tariff conditions of genuine similarity.
- (ii) The industrialized countries shall accord appropriate advantages to countries at an early stage of industrial development, in such a way as to afford effective compensation for the existing economic disequilibrium in this respect.
- (iii) Creditor countries shall be required to grant to debtor countries advantages proportional to the degree of indebtedness of the latter, whether current or long-term.
- (iv) Countries having specific tariffs, required to negotiate with countries whose tariffs are wholly or partly ad valorem, may use the tariffs obtained by reverting to the ad valorem equivalent in ~~the~~ of 1939 prices as the basic level for negotiations."

Paragraph 1 (b)

32. The delegation of Colombia proposes (document C.3/1/Add.4) that the following be added to sub-paragraph (b):

"Any reduction which has automatically occurred in the specific duties of any tariff owing to depreciation of the currency in which such duties had been originally fixed, shall be also recognized as a concession equivalent in value to the substantial reduction of a high tariff or the elimination of tariff preferences."

Paragraph 1 (b.bis)

33. The delegation of Peru proposes (document 11/Add.22) that the following sub-paragraphs be inserted after sub-paragraph (b):

- "(b.bis) (i) the readjustment of custom duties by countries using specific rates on their tariffs, in order to compensate for a substantial depreciation of their currencies will not be considered as an increase of their tariffs;
- (ii) due consideration shall be given to Article 13 which recognizes to devastated and under-developed countries the right to establish or maintain protective tariffs under appropriate circumstances."

34. The delegation of Ceylon proposes (document 11/Add.33) the insertion of the following new sub-paragraph after sub-paragraph (b):

/(b.bis) Account

(b.bis) Account shall be taken in the negotiations of the revenue aspect of existing tariffs, in the case of Members who derive a substantial percentage of their revenue from customs duties."

35. The delegation of Colombia proposes (document C.3/1/Add.4) the insertion of the following new sub-paragraph after sub-paragraph (b):

(b.bis) In the case of countries in an early stage of industrial development, account shall be taken of the necessity of those countries to grant to their industries a reasonable degree of protection by means of customs duties with a view to promoting and diversifying their production."

Paragraph 1 (c.bis)

36. The delegation of Mexico proposes (document C.3/1/Add.43) the insertion of a new sub-paragraph after sub-paragraph (c):

"(c.bis) Agreements shall be revised at the request of any Member provided that world economic conditions or the economic position of the Members concerned justify such revision."

Paragraph 1 (d)

37. In the last two lines of sub-paragraph (d) the words "General Agreement on Tariff Trade" should be replaced by "General Agreement on Tariffs and Trade".

Paragraph 2

38. The delegation of Uruguay proposes (document C.3/1/Add.13/Rev.1) to delete this paragraph.

39. The delegation of Peru proposes (document 11/Add.22) the following amendments:

"If any Member considers that any other Member has failed to fulfill its obligations under paragraph 1 of this Article, such Member may refer the matter to the Organization, which, after investigation by the Tariff Committee created under Article 81, shall make appropriate recommendations to the Members concerned. If the Organization Tariff Committee finds that a the Member has failed without sufficient justification, having regard to its economic position and the provisions of the Charter as a whole, to carry out negotiations within a reasonable period of time, in accordance with the requirements of paragraph 1 of this Article, the Organization may determine that any Member or Members shall, notwithstanding the provisions of Article 16, be entitled to withhold from the trade of the other Member any of the tariff benefits which may have been negotiated pursuant to paragraph 1 of this Article, and embodied in Part I of the General Agreement on  
/Tariffs and Trade

Tariffs and Trade. If such benefits are in fact withheld, so as to result in the application to the trade of the other Member of tariffs higher than would otherwise have been applicable, such other Member shall then be free, within sixty days after such action is taken, to withdraw from the Organization upon the expiration of sixty days from the date on which written notice of such withdrawal is received by the Organization/ Tariff Committee shall rule that such Member has failed to carry out its obligations under the Charter; and the Tariff Committee shall present to the Executive Board of the Organization its recommendations on the extension of the benefits which shall be withheld from that Member by the Organization. The importance of such withheld benefits shall be in proportion to the damage inflicted upon the other Member, or Members. The Executive Board shall rule on the matter and the Member against which a decision will have been taken may apply to the provision of Chapter VIII."

40. The delegation of Chile proposes (document C.3/1/Add.6) the insertion of the following after the words "economic position" in the ninth line:

"to the state of its balance of payments, monetary reserves and fiscal revenues, and to its need to afford proper protection to industries still in the initial stages of development."

Paragraph 2 bis

41. The delegation of El Salvador proposes (document C.3/1/Add.37) the insertion of the following new paragraph after paragraph 2:

"A combination of the following circumstances shall be regarded as sufficient justification to refrain from carrying out negotiations directed to the reduction or elimination of tariffs:

- (a) that the purpose of the tariffs is exclusively fiscal; and
- (b) that more than 25 per cent of the fiscal revenue is obtained from such tariffs taken as a whole."

The following statement is given in support of this proposal:

"This amendment is based on the need to prevent disturbances in the fiscal structure of those countries which are obliged by their special economic conditions to base their system of taxation primarily on tariffs, and is also dictated by the fact that, in the opinion of the delegation of El Salvador, the phrase "having regard to its economic position and the provisions of the Charter as a whole" is too vague, in view of the vital importance presented by this problem in the case of those countries which are under-developed economically."

42. It is proposed by the delegation of Venezuela (document C.3/1/Add.44) that the following paragraph be added after paragraph 2:

/"Any Member

"Any Member using the measures referred to in Articles 18 and 35 in order to protect the establishment, development or reconstruction of certain industries or certain branches of agriculture may, when fulfilling the obligations assumed under those Articles, readjust its tariffs on the products of the industry or branch of agriculture referred to above, although such products have already been the subject of negotiations. The increase of rates for the purpose of readjustment may in no case exceed the total duties eliminated in respect of products on which concessions have been granted through agreements."

Paragraph 3

43. The delegations of Peru (C.3/1/Add.22) and Uruguay (C.3/1/Add.13/Rev.1) propose to delete this paragraph.

New paragraph

44. The delegation of United States proposes (C.3/1/Add.21) that the following paragraph should be added to this Article:

"4. The negotiations leading to the conclusion of the General Agreement on Tariffs and Trade contained in the Final Act signed at Geneva on 30 October 1947 shall be deemed to be negotiations pursuant to the relevant provisions of this Charter."

The delegation of the United States submits the following comment:

"In a number of articles in the Charter, reference is made to negotiations under Article 17 or concessions negotiated pursuant to Chapter IV. It is clearly intended that the negotiations leading up to the General Agreement should be regarded as negotiations under or pursuant to the pertinent provisions of the Charter."

45. The delegation of Norway proposes (document C.3/1/Add.39) the addition of the following paragraph at the end of this Article:

"4. The provisions of this Article shall not prevent Members from concluding new, or maintaining existing, bilateral tariff agreements which are not incorporated in the General Agreement on Tariffs and Trade, provided that such agreements are consistent with the relevant principles of this Article and that the concessions made by a Member under such agreements are generalized to all Members in accordance with Article 16."

General

46. The following note relating to paragraph 1 was appended to the Geneva Draft:

The undertaking to negotiate regarding preferences necessarily implies that prior international commitments to grant particular preferences will not be permitted to frustrate the undertaking to

/negotiate

negotiate. For this reason the provisions of sub-paragraph I (a) of the New York draft have been omitted from the Charter as being implicit.

Obviously any agreement reached affecting preferences provided for in any prior commitment would require, in order to be implemented, such change in the latter as might be necessary to give effect to the agreement. This change would either have to be agreed between the parties to the prior commitment or, if they could not agree, the party wishing to make the change, in order to proceed, would have to terminate the prior commitment in accordance with its terms.

47. The following note relating to Article 17 was appended to the Geneva Draft:

The provisions of this Article do not prevent Members from concluding new, or maintaining existing, bilateral tariff agreements which are not incorporated in the General Agreement on Tariffs and Trade, provided that such agreements are consistent with the relevant principles of Article 17 and that the concessions made by a Member under such agreements are generalized to all members in accordance with Article 16.

Article 18 - National Treatment on Internal Taxation and Regulation

Paragraph 1

48. The delegation of the United Kingdom proposes (document 11/Add.8) that the first sentence should be amended as follows:

"The products of any Member country imported into any other Member country shall be exempt from ~~not be subjected, directly or indirectly, to any~~ internal taxes and ~~or other~~ internal charges of any kind in excess of those applied directly or indirectly to like products of national origin."

49. The delegation of Colombia proposes (document C.3/1/Add.23) the following amendment in the first sentence:

after the words "internal charges of any kind" in the fourth line insert "other than those existing at present";

50. The delegations of Syria and Lebanon propose (document C.3/1/Add.12) that the first sentence of this paragraph be amended as follows:

"The products of any Member country imported into any other Member country and included in the lists of concessions attached to the General Agreement on Tariffs and Trade shall be exempt from new internal taxes and other internal charges of any kind in excess of those which may be applied directly or indirectly to like products  
/of national

of national origin. As regards other imported products, the procedure followed in connection with internal taxes and other internal charges shall be identical with that applying to customs tariffs."

51. The delegation of China proposes the deletion of the second and third sentences for reasons set forth in document 11/Add.9.

52. The delegation of Chile maintains for the time being its reservation recorded in the Geneva Report on the second and third sentences.

53. The delegation of Sweden proposes (document C.3/1/Add.40) the deletion of the words "of national origin" from the second sentence. The following statement is given in support of this proposal:

"The meaning of the provision seems to be that there is a domestic production of like articles, irrespective of the degree in which foreign raw materials enter into this production."

54. The delegations of Colombia (C.3/1/Add.23), Ireland (C.3/1/Add.19) and Uruguay (C.3/1/Add.13/Rev.1) propose that the last phrase of this paragraph beginning with the word "existing" should be a separate sentence reading as follows:

"Existing internal taxes of the kind referred to in this paragraph shall be subject..."

(Note: The delegation of Colombia would use the word "Article" instead of "paragraph" in the line above.)

55. The delegation of Costa Rica proposes (document 11/Add.16) the addition of the following at the end of this paragraph:

"In all these cases it is to be understood that the equality of treatment clause shall apply when the tax levied on the merchandise is maintained or established on an ad valorem basis, provided that as regards the scale of taxation no distinction is made between national and foreign products on grounds of origin alone."

56. The delegation of Peru proposes (document 11/Add.22) that the following sub-paragraph be added to paragraph 1:

"(b) As an exception to the provisions of paragraph (1) of Article 18, and with a view of carrying out proposals of the Charter exposed in Article 8, any enterprise may be exempt from internal taxes, for a period of.....years, when created for the establishment of economically sound industries, in undeveloped countries."

Paragraph 2

57. The delegation of Cuba proposes (document C.3/1/Add.52) the deletion of the second sentence of this paragraph.

/58. The delegation

58. The delegation of Mexico proposes (document C.3/1/Add.43) the addition of the following sentence to paragraph 2:

"The Organization shall, however, upon the request of any Member, investigate whether such differential transportation charges constitute discriminatory treatment on grounds of the origin of the product."

Paragraph 3

59. The delegation of Chile maintains for the time being the reservation recorded in the Geneva Report.

60. The delegation of Mexico proposes (document C.3/1/Add.43) the deletion of this paragraph.

Paragraph 3 (a)

61. The delegation of Ceylon proposes (document 11/Add.33) insertion of "or maintained" after the word "made".

62. The delegation of Ireland proposes (document C.3/1/Add.19) the deletion of the words "amount or".

Paragraph 3 (b)

63. The delegation of Ceylon proposes (document 11/Add.33) the deletion of the words "of which there is no substantial domestic production".

Paragraph 4

64. The delegation of Mexico proposes (document C.3/1/Add.43) the deletion of this paragraph.

65. The delegation of Argentina proposes (document 11/Add.3) that this paragraph be amended as follows:

"The provisions of paragraphs 1, 2 and 3 of this Article shall not apply to:

(a) Any internal quantitative regulation relating to cinematograph films and meeting the requirements of Article 19 and to any products deemed by the individual Member to be of national interest

(b) Any other measures of internal legislation and provisions quantitative control in force in any Member country on 1 July 1939 or 10 April 1947 at the option of that Member on 21 November 1947; provided that...."

Paragraph 4 (b)

66. The delegation of Ceylon proposes (document 11/Add.33) that this sub-paragraph be deleted.

67. The delegation of Sweden proposes (document C.3/1/Add.40) that the word "system" should be substituted for "measures" and "measure" in

/sub-paragraph (b)

sub-paragraph (b). The following statement is given in support of this proposal:

"It is understood that this prescription has in view the system in force on the respective dates and not the detailed provisions concerning its application."

68. At Geneva the delegation of New Zealand reserved its position on sub-paragraph (b) pending further consideration.

Paragraph 4 - new sub-paragraph

69. The delegation of Brazil proposes (document C.3/1/Add.27) the addition of the following new sub-paragraph:

"(c) any internal quantitative regulation concerning the mixture or utilization, in specified amounts or proportions, of domestic and imported products, in the case of basic foodstuffs or fuels of vital importance to the economy of the country."

Paragraph 4 bis

70. The delegation of Norway proposes (document C.3/1/Add.39) that the following new paragraph be inserted after paragraph 4:

"The provisions of paragraph 2 of this Article shall not apply to laws, regulations and requirements which

(a) have the purpose of standardizing products in order to improve the quality or to reduce costs of production, or

(b) have the purpose of facilitating an improved organization of internal industry,

provided they have no harmful effect on the expansion of international trade."

Paragraph 5

71. The delegations of Ceylon (11/Add.33) and Mexico (C.3/1/Add.43) propose that this paragraph be deleted.

72. The delegation of China maintains the observation made provisionally at Geneva proposing the deletion of the words "or use in the production of goods for sale".

73. The delegation of Argentina proposes (document 11/Add.3) that the first lines of paragraph 5 be rewritten as follows:

The provisions of this Article shall not apply to the procurement purchases of products by governmental agencies of products purchased for governmental purposes and not for resale or use in the production of goods for sale<sup>7</sup>, nor shall they prevent the payment..."

New paragraph

New paragraph

74. The delegation of United States proposes (document C.3/1/Add.21) that the following paragraph be added to this Article:

"6. Taxes or regulations imposed on imports solely to compensate for equivalent charges or regulations imposed internally in respect of a domestic product shall be regarded as internal taxes or regulations subject to all the requirements of this Article."

75. The delegation of Cuba proposes (document C.3/1/Add.52) that the following paragraph be added at the end of Article 18:

"6. The provisions of this Article shall not preclude the exemption of domestic products from internal taxes as a means of indirect subsidization in the cases covered under Article 25."

Article 18A

76. The delegation of Norway proposes (document C.3/1/Add.39) the insertion of the following Article after Article 18:

"The products of any Member country exported to any other Member country shall not be subject to any measure imposed by either the exporting or the importing country requiring such exports to be financed, shipped or insured by enterprises of any prescribed nationality."

Article 19 - Special Provisions Relating to Cinematograph Films

General

77. The delegation of Czechoslovakia has submitted the following observation (document 11/Add.5):

"The delegation of Czechoslovakia is of the opinion that films being works of art are not just simple commercial commodities or industrial products. They are individualized creations of varying artistic talents. They are never sold in the form of a piece of merchandise whose ownership passes from one owner to the other but as more or less limited rights to exhibit them publicly in a given territory for a given period of time and hence fall rather under the category of copyrights. In this respect it is for instance obvious that one cannot request from one country, because it possesses twenty square feet or an original picture of Velasquez, that it should be obliged also to buy twenty square feet of any other oil painting of whatever nationality. The quality of films and tendencies of films may greatly change from one period to another and hence it should be stated that films should be explicitly excluded from the competence of the ITO, especially as the question of films is dealt with by the film division of the secretariat of the United Nations or UNESCO."

/Sub-paragraph (b)

Sub-paragraph (b)

78. The delegation of the United Kingdom proposes (document 11/Add.8) that the word "no" in the third line be deleted and that the last two lines be altered to read "shall not be allocated formally or in effect among sources of supply".

Sub-paragraph (c)

79. The delegation of the United Kingdom proposes (document 11/Add.8) the following changes:

In line two replace "Members" by "any Member".

In line four replace "conditions" by "requirements".

In line six replace "national" by "specified".

80. The delegation of Argentina proposes the deletion of the proviso (document 11/Add.3).

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