

SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE  
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT.Working Party on Technical ArticlesReportof the Ad hoc Sub-Committee on Article 19

Chairman.

Mr. R.J.Shackle (U.K).

Members: Australia, Canada, France, Netherlands,  
New Zealand, Union of South Africa,  
United Kingdom, United States.Observers: International Monetary Fund  
International Bank for Reconstruction &  
Development.

Meetings held on 19, 20 and 21 May 1947.

1. The Ad hoc Sub-Committee had before it Article 19 as given in the D.C. Report (page 15), and as amended by the Working Party on Technical Articles (E/PC/T/W.P.1/SR1, page 5), and the following amendments:

E/PC/T/W.23 pages 4 & 5.	- United States
E/PC/T/W.38	- France & Benelux
E/PC/T/W.39	- France & Benelux
E/PC/T/W.50	- Czechoslovakia
E/PC/T/W.67	- United States
E/PC/T/W.77	- China (left to be raised by the Chinese Delegate in due course).
E/PC/T/W.88	- United Kingdom.

2. The Representative of the International Monetary Fund raised the question if there is any provision in Article 19 which could be interpreted as prohibiting a Member from employing multiple currency practices, or the equivalent thereof, for balance of payments purposes when the action of such Member is taken in accordance with the recommendations or approval of the International Monetary Fund.

3. Mr. Leddy (United States) replied that with regard to the question raised by the representative of the Monetary Fund as to whether Article 19 would prevent a Member from maintaining or adopting multiple currency practices with the approval of the Fund, the following statement may be made:

While Article 19 does not cover multiple rates of exchange as such, paragraphs 1 and 5 would condemn the use of exchange taxes or fees as a device for implementing multiple currency practices. On the other hand, it is perfectly clear that if the Member is using multiple currency exchange taxes for balance of payments reasons with the approval of the Fund, the provisions of paragraph 2 would fully safeguard its position since paragraph 2 merely requires that such taxes be eliminated at the earliest practicable date.

The Ad hoc Sub-Committee approved this statement.

4. The Ad hoc Sub-Committee suggests to the Preparatory Committee that an explanation should be included in the Report to the effect that sub-paragraph 5 (d) is without prejudice to the provisions of the Charter relating to safeguarding balance of payments and to exchange control.

5. Text approved by the Ad hoc Sub-Committee:

ARTICLE 19 - FORMALITIES CONNECTED WITH  
IMPORTATION AND EXPORTATION.

1. The Members recognize that fees and charges, other than duties, imposed by governmental authorities on or in connection with importation or exportation should be limited in amount to the approximate cost of services rendered and should not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes. They also recognize the need for reducing the number and diversity of such fees and charges, for minimizing the incidence and complexity of import and export formalities, and for decreasing and simplifying import and export documentation requirements.

2. The Organization is authorized to study and recommend to Members specific measures for the simplification and standardization of customs formalities and techniques and for the elimination of unnecessary customs requirements.

3. Members shall give effect to the principles and objectives of paragraph 1 of this Article at the earliest practicable date. Moreover, they shall, upon request by another Member, review the operation of any of their laws and regulations in the light of these principles. The Organization is authorized to request from Members reports on steps taken by them in pursuance of the provisions of this paragraph.

4. Members shall not collect or otherwise enforce substantial penalties for minor breaches of customs regulations or procedural requirements. In particular, no penalty in respect of any omission or mistake in customs documentation which is easily rectifiable and obviously made without fraudulent intent or gross negligence shall be greater than necessary to serve merely as a warning.

5. The provisions of this Article shall extend to fees, charges, formalities and requirements imposed by governmental authorities in connection with importation and exportation, including those relating to:

- (a) Consular transactions, such as consular invoices and certificates;
- (b) Quantitative restrictions;
- (c) Licensing;
- (d) Exchange control;
- (e) Statistical services;
- (f) Documents, documentation and certification;
- (g) Analysis and inspection;
- (h) Quarantine, sanitation and fumigation; and
- (i) Port facilities.