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**ECONOMIC  
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**CONSEIL  
ECONOMIQUE  
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ORIGINAL: ENGLISH

DRAFTING COMMITTEE OF THE PREPARATORY COMMITTEE OF THE  
INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT

TECHNICAL SUB-COMMITTEE

First Meeting Held on 21 January 1947, at 2:45 p.m.

Chairman: Mr. R. J. Shackle

At the first meeting of the Technical Sub-Committee of the Interim Drafting Committee, Mr. R. J. SHACKLE, Head of the Delegation of the United Kingdom, was elected CHAIRMAN.

The Sub-Committee discussed the version of Article 15 (old No. 9), National Treatment on Internal Taxation and Regulation given in the Report of the Technical Sub-Committee at the First Session of the Preparatory Committee (document E/PC/T/C.II/54/Rev.1).

At the suggestion of the Delegate for the United States it was decided that paragraph 3 of this Article should be given as paragraph 1.

The Article, as amended by the Sub-Committee, is set out below together with brief notes on the discussion. Additions to the text of the paragraph are underscored and deletions put in square brackets.

Article 15. National Treatment on Internal Taxation and Regulation:

Paragraph 1.

The Members agree that neither internal taxes nor other internal charges nor internal laws, regulations or requirements should be used to afford protection directly or indirectly for any national product.

The Delegate for the United Kingdom stated that he did not insist on the draft of this paragraph (old No. 3) presented by the United Kingdom in London. The comment by the Union of South Africa was discussed and deferred for possible further comment by the

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Delegate for that country in the full Drafting Committee.

Paragraph 2 (1)

The products of any Member country, imported into any other Member country shall be exempt from internal taxes and other internal charges of any kind higher than those imposed, directly or indirectly, on like products of national origin.

The parenthesis around "of any character whatsoever", now changed to "of any kind", were removed, as were those around "directly or indirectly" and "of national origin" in the preceding paragraph.

The United Kingdom withdrew its comment (a) from this paragraph.

The comments (b), (c) and (d) by India, Norway, and Cuba, respectively were discussed. It was not thought possible for the Sub-Committee to suggest changes in the text of the paragraph taking the views of these Delegates into account.

Paragraph 3 [2]

The products of any Member country imported into any other Member country shall be accorded treatment no less favourable than that accorded like products of national origin in respect of all laws, regulations or requirements affecting their internal sale, offering for sale, transportation, distribution or use of any kind whatsoever. The provisions of this paragraph shall be understood to preclude the application of internal requirements restricting the amount or proportion of an imported product, permitted to be mixed, processed [exhibited] or used: Provided that any such requirement in force on the day of the signature of this Charter may be continued until the expiration of one year from the day on which this Charter enters into force, which period may be extended in respect of any product if the Organization concurs that the requirements concerned are less restrictive of international trade than other measures permissible under this Charter. Requirements permitted to be maintained under the foregoing proviso

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shall be subject to negotiations in the manner provided for in respect of tariffs under Article 24.

The amended two sentences, suggested by the Delegate for the United States were tentatively agreed upon by the Sub-Committee in an attempt to reconcile the views expressed by several Delegations in London on this paragraph. Certain Delegates were of the opinion that the new provision should be extended so as to include also internal taxation.

Paragraph 4 [5]

The provisions of this Article shall not apply to the procurement by governmental agencies of supplies for governmental use and not for resale.

[Paragraph 4. Each Member agrees that it will take all measures open to it to assure that the objectives of this Article are not impaired in any way by taxes, charges, laws, regulations or requirements of subsidiary governments within the territory of the Member country.]

At the suggestion of the Delegate for the United States, the Sub-Committee provisionally approved of the deletion of the old paragraph 4, provided that a new paragraph be added to Article 88 (as No. 5), reading:

"Each accepting government shall take such reasonable measures as may be available to it to assure observance of the provisions of this Charter by subsidiary governments within its territory."

It was felt that the problem of federal governments obtaining observance by their subsidiary governments of the provisions of the Charter arose also in the case of other articles.

The suggestion by the United Kingdom, Czechoslovakia and Norway under old paragraph 4 in (a) that a new paragraph be added (on account of cinematograph films) was left for further discussion at the next

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meeting.\*

The question raised by the Delegates for Australia, Belgium and others of a new paragraph providing for date of entry into force of Article 15 (or of the period of notice before it becomes effective) was postponed until the Sub-Committee had reconsidered the above amendment to paragraph 3 (old 2).

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\* On January 22, the following text of such a paragraph (or addition to paragraph 5) was circulated by the Delegate for the United States:

"The provisions of paragraphs 1 and 3 of this Article shall not be construed to prevent the application of internal regulations or requirements relating to the exhibition of cinematograph films. Such regulations and requirements shall, however, be subject to negotiation for their liberalization or elimination in the manner provided for in respect of tariffs and preferences under Article 25."