The following Articles have been completed in Sub-Committee and will be taken in Commission on Monday 18 August:

**ARTICLE 14.** General Most Favoured Nation Treatment, states the fundamental principle of equal treatment on which the I.T.O. Charter is based. The Geneva draft leaves practically unchanged the most favoured nation paragraph to the effect that "any advantage, favour, privilege or immunity granted by any Member to any product originating in or destined for any other country, shall be accorded immediately and unconditionally to the like product originating in or destined for all other Member countries respectively."

The remainder of this article elaborates the exceptions to the MFN principle allowed for certain existing preferences, in force in (a) the "British - Commonwealth - Colonial" territories, (b), the French Union, (c) the Benelux territories, (d) the U.S. and its dependent territories and Cuba and the Philippines, (e) Chile and Peru, and (f) between the Syro-Lebanese Customs Union and Palestine and Transjordan respectively. A paragraph has been added to define the margins of the above preferences to be permitted.

**ARTICLE 15.** National Treatment on Internal Taxation and Regulations.

The general purpose of this article, which states that I.T.O. members shall not put internal taxes or other requirements on products imported from other I.T.O. members different from those applied to the same products produced domestically,
remains unchanged. Where there is no substantial domestic production of like products, the application of new or increased internal taxes on the products of other Members for the purpose of protecting competitive or substitutable products is prohibited. Existing internal taxes will be subject to negotiation with a view to their reduction in the same way as customs tariffs. The Article allows for certain exceptions to this general rule of "equal national treatment", including government procurement of products purchased for governmental purposes.

Several delegations reserved their position on certain sections of Article 15.

A new Article is recommended in order to provide Special provisions Relating to Cinematograph Films. If any I.T.O., Member established or maintains quantitative regulations relating to films, these regulations must be in the form of screen quotas and must conform to certain conditions. While under a screen quota screen time may be reserved for films of national origin, the remaining screen time must not formally or in effect be allocated among other sources of supply.

Two delegations reserved their position on this Article.

ARTICLE 24.- Reduction of Tariffs and Elimination of Preferences, states one of the major objectives of the I.T.O. "Each Member shall, upon the request of I.T.O., enter into and carry out with other Members as specified by I.T.O., 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 Article 14." The Article lays down rules for such negotiations, and for the application of the results achieved, and looks forward to incorporating the results in the General Agreement on Tariffs and Trade. The second part of Article 24 provides that if the I.T.O. finds that a Member has failed to carry out its negotiations to reduce tariffs and eliminate preferences, the I.T.O. can determine that any other Member may be entitled to withhold tariff benefits already negotiated with that Member.