Mr. RODRIGUES (Brazil): Mr. Chairman, I have nothing to say against the second part of paragraph 2 as it stands in Document T/W/150.

I think that only the second part of it constitutes the amendment of the American Delegation. As the American amendment covers also the paragraph two of the New York Draft, and as I do not agree with the expression "directly or indirectly", included in the first part of this paragraph, I should like to explain my point of view.

As everybody knows, there is in taxation a very clear division between direct and indirect tax.

In spite of being criticised, this distinction is, however, generally accepted. Therefore, if those two words "directly or indirectly" remain in the first part of this paragraph, sooner or later we will have to discuss the matter again, because we are dealing here with products, and the direct tax cannot be imposed upon products.

The United States corporation income tax, for instance, is imposed with some discrimination on foreign companies. Would it be prohibited in the light of the Draft we are examining, now? It is a matter of fact, I do not know of any direct tax upon products, but there is no doubt that the corporation tax is not a personal tax. Being a real tax could it be regarded, therefore, as a discriminatory tax upon products?

In all countries we have perhaps a tax which can be in the same situation. Therefore, I believe it will be advisable to avoid future difficulties.

If the United States representative can explain the matter and give any other meaning to these words, perhaps I could change my opinion about them.

* Corrigenda 5 and 6 have been issued in French only.