SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT.

GENERAL AGREEMENT ON TARIFFS AND TRADE

OBSERVATIONS by the FRENCH DELEGATION on
Documents E/PC/T/135 and 153 and AMENDMENTS thereto.

Document E/PC/T/153 provides that the Tariff schedules
shall be preceded by a covering statement.

This statement would set forth:

1. that products of the contracting countries
   should not be subjected to Customs duties in
   excess of those provided for in the list
   (page 5, paragraph 1, first Part);

2. that such products should be treated in the
   same way as domestic products in the matter
   of internal taxes (page 5, paragraph 3a);

3. that anti-dumping or countervailing duties could,
   if necessary, be imposed in addition to the
   conventional taxes on the list (page 5, paragraph
   3b);

4. that taxes representing the cost of services
   rendered (fees) could also be charged (page 5,
   paragraph 3c);

5. that any other taxes imposed on, or in connection
   with, importation could not be in excess of those
   imposed on the day of the signature of the Agreement,
   or of those provided for on the same date by the
   laws in force (page 5, paragraph 1, second Part);

6. that as regards preferential tariffs, preferential
   rates could not be in excess of the rates fixed
   in the second part of the schedule (page 5, paragraph
   2, first Part);

7. that the margins of preference could not be in
   excess of the rates fixed in the Second Part of the
   List (page 4, paragraph 2, second Part).
The French Delegation does not see the necessity for this covering statement, since all its provisions are already - or ought to be - included in the Articles of the Agreement.

In this connection, consideration should be given to the seven points of this memorandum analysed below:

1. - The question is settled by Art. II, paragraph 1
2. - " " III
3. - " " V
4. and 5. - In the opinion of the French delegation there could be no question of consolidating, under the heading of customs duties, the large number of taxes of a fiscal nature and fees for services rendered, which are in no way of a protective character. However, we should guard against the possibility of these charges being applied in such a way as to circumvent the consolidations and render them illusory.

The guiding principle in this respect should be the one underlying Article II, paragraph 2. This article should therefore be completed, and to this end the French delegation proposes to take as a basis Article I, paragraph 6, of the Franco-American Agreement of 6 May, 1936.

6. - The preferential rates laid down in the schedule are mentioned in Article I, paragraph 3a.

7. - Margins of preference should also be mentioned at the same point in the same Article.

In short, if a few modifications were made to the text of the agreement, the covering statement referred to in Document 153 could be done away with.

PROPOSED AMENDMENTS

ARTICLE I, paragraph 3.

Amend the beginning of the paragraph to read as follows:-

"3. The margin of preference on any product in respect
of which a preference is permitted under paragraph 2 of this Article shall not exceed
(a) in respect of any product described in the Schedule to this Agreement, the margin laid down in the Schedule or the margin by which the schedule most-favoured-nation rate exceeds the scheduled preferential rate or, in the case ...

ARTICLE II, paragraph 2.

Word as follows:

2. No Contracting Party shall adopt measures likely to impair, directly or indirectly, the effect of the concessions provided for in the tariff Schedule annexed to this Agreement, whether by introducing or increasing duties and charges (other than customs duties and fees for services rendered) imposed on, or in connection with importation, unless such measures are prescribed by legislation currently in force, or by altering its method of determining dutiable value or of converting currencies for calculating this value.

SCHEDULES.

Part I should be headed:

Most-favoured-nation tariff

Part II should be headed:

Preferential tariffs.