Article 18

National Treatment on Internal Taxation and Regulation

1. The products of any Member country imported into any other Member country shall be exempted from internal taxes and other internal charges of any kind in excess of those applied directly or indirectly to like products of national origin. Moreover, in cases in which there is no substantial domestic production of like products of national origin, no Member shall apply new or increased internal taxes on the products of other Member countries for the purpose of affording protection to the production of directly competitive or substitutable products which are not similarly taxed ; existing internal taxes of this kind shall be subject to negotiation for their reduction or elimination in the manner provided for in respect of tariffs and preferences under Article 17.

2. The products of any Member country imported into any other Member country shall be accorded treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution, or use. This paragraph shall not prevent the application of differential transportation charges which are based exclusively on the economic operation of the means of transport and not on the nationality of the product.

3. In applying the principles of paragraph 2 of this Article to internal quantitative regulations relating to the mixture, processing or use of products in specified amounts or proportions, the Members shall observe the following provisions :

(*a*) No regulations shall be made which, formally or in effect, require that any specified amount or proportion of the product in respect of which such regulations are applied must be supplied from domestic sources ;

(*b*) No Member shall, formally or in effect, restrict the mixing, processing or use of a product of which there is no substantial domestic production with a view to affording protection to the domestic production of a directly competitive or substitutable product.

4. The provisions of paragraph 3 of this Article shall not apply to :

(*a*) Any internal quantitative regulation relating to cinematograph films and meeting the requirements of Article 19 ;

(*b*) Any other measures of internal quantitative control in force in any Member country on 1 July 1939 or 10 April 1947 at the option of that Member; *Provided* that any such measure