

THIRD COMMITTEE: COMMERCIAL POLICY

REVISED ANNOTATED AGENDA FOR CHAPTER IV

SECTION B - QUANTITATIVE RESTRICTIONS AND EXCHANGE CONTROLS

This revised Agenda for Chapter IV includes all the items which appeared in the preliminary Agenda (E/CONF.2/C.3/1) and all proposals received from delegations up to Monday, 8 December. For the convenience of delegates this Agenda is issued in six parts (numbered C.3/6 to C.3/11), one for each of the six Sections of the Chapter. All the documents to which reference is made are addenda to E/CONF.2/11 and E/CONF.2/C.3/1.

Article 20 - General Elimination of Quantitative Restrictions and Exchange Controls

Paragraph 2 - General

1. The delegation of Chile proposes (document C.3/1/Add.6) that the following new sub-paragraph should appear before sub-paragraph (a):  
"(a) import restrictions on industrial products applied by Member countries in an early stage of economic development for the sole purpose of protecting the growth of industries which are necessary for their sound and normal development and raising the living and consumption standards of its population."
2. The delegation of Argentina proposes (document 11/Add.3) the insertion of the following paragraph after paragraph 2:  
"Countries which are at an early stage of industrial development and those which have not reached an advanced stage of industrialization as a whole shall, in conformity with the purposes and objectives set forth in Chapter 1 of this Charter, not be required to apply the provisions of paragraph 1 of this Article."
3. The delegations of China and Lebanon maintain their reservation, recorded in the Geneva Report, on paragraph 2 proposing to add a sub-paragraph (d) providing a procedure for releasing a Member, without prior approval of the Organization, from the obligation to refrain from import restrictions when the industry in question is of vital importance.
4. The delegation of Cuba proposes (document C.3/1/Add.18) the insertion of the following new sub-paragraph:

/"(d) Import

"(d) Import restriction on any product imported at such a low price comparing with that of a like domestic product, including products which may be directly substituted therefor, and in such increased quantities as to cause or threaten serious injury to the domestic producer and, consequently, to labour, in a Member country."

5. The delegation of Cuba proposes (document C.3/1/Add.52) that the following sub-paragraph be inserted in paragraph 2 after paragraph "d" proposed above:

"(e) Restrictions to import on any product, on the proportion economically necessary, by a Member country that is unfavorably affected in the production and export of a basic product to his economy through the restriction imposed by another Member country under any provision of this Charter, as long as the restriction is made toward promoting, developing or maintaining sources of employment substituting or supplementing those that are being unfavorably affected."

Paragraph 2 (a)

6. The delegation of Australia proposes the deletion of the word "temporarily". The following comments of the delegation of Australia appear in document 11/Add.11:

"In the examination of this article which took place in Australia after the Geneva Conference the question was raised in relation to paragraph 2 (a) as to whether the period over which a critical shortage might exist would be such that the word "temporarily" would be inappropriate. A shortage might easily extend for two, three or more years, in which case it could hardly be said that a restriction necessary to meet these circumstances would be imposed temporarily.

"It is assumed that the references to the term "critical" in the text of this sub-paragraph which were recorded in the minutes at the Preparatory Committee in Geneva (see Geneva document E/PC/T/A/FV.40 (1)) will be preserved in the record of the proceedings of this conference."

7. The delegation of Greece supports the proposal of Australia to delete the word "temporarily", or alternatively to add the following to sub-paragraph (a):

"Such measures may be applied for a longer period of time in the case of foodstuffs the annual crop of which is subject to intermittent fluctuation."

The following statement is given in support of this proposal in document C.3/1/Add.5:

/"The delegation

"The delegation of Greece has particularly in mind the production of olive oil, which covers almost all the fat requirements of the Greek population. It is well known that the olive oil crop is subject to intermittent fluctuation. It is, therefore, absolutely essential that our country should be able to impose restrictions on export, both during years in which the crop is good in anticipation of a shortage in the next crop and during years of scarcity."

8. The delegation of China proposes (document 11/Add.9) that the following be added to sub-paragraph (a):

"provided that, in cases of restrictions, priority in supplying such foodstuffs or other products should be accorded to those Member countries which are in urgent need of them and whose domestic production is not substantial. If the commodity has many end uses, the decision as to which end use is the most important should be made by the importing country."

9. The delegation of Sweden proposes (document C.3/1/Add.40) that the following be added at the end of this sub-paragraph:

"or to meet a considerable rise in prices of foodstuffs".

The following statement is given in support of this proposal:

"It seems reasonable that quantitative restrictions may be used to prevent an increase in prices detrimental to the consumers."

10. The delegation of Mexico proposes (document C.3/1/Add.43) that this sub-paragraph be amended as follows:

"(a) export prohibitions or restrictions temporarily applied to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting Member country or intended to ensure the supply of raw materials to industry or to prevent the export of products whose import is restricted under Article 21 and other relevant provisions."

Paragraph 2 (c)

11. The delegation of Peru proposes (document 11/Add.22) the deletion of sub-paragraph (c) and the final sub-paragraph.

12. The delegation of Mexico proposes (document C.3/1/Add.43) that the first section of sub-paragraph (c) be amended as follows:

"import restrictions on any agricultural or fisheries product or product vital to the economy of the country, imported in any form necessary to the enforcement of governmental measures which operate"

13. The delegation of Norway proposes (document C.3/1/Add.39) the deletion of the words "or fisheries" from the second line of this sub-paragraph.

/14. The delegation

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secure more stable market conditions, which seems to be in the interest of exporting and importing countries alike."

22. The delegation of Ireland proposes (document C.3/1/Add.30) the addition of the following sub-paragraph:

"(iv) to implement government policy which aims at preventing the income of primary producers from falling below a reasonable economic level, where such producers represent a substantial proportion of the working population."

23. The delegation of Chile proposes (document C.3/1/Add.6) that the following sentence be added at the end of paragraph 2:

"Restrictions applied under (d) [formerly (c)] of the present Article shall be strictly limited to periods during which the circumstances referred to therein prevail and shall not be imposed on seasonal articles of consumption when like domestic products are not available."

(The change in the lettering of the paragraph results from the proposed Chilean amendment to add new sub-paragraph "(a)".)

24. The following note on paragraph 2 (c) was appended to the Geneva Draft:

The term "in any form" in this paragraph covers the same products when in an early stage of processing and still perishable, which compete directly with the fresh product and if freely imported would tend to make the restriction on the fresh product ineffective.

25. The following note on the last paragraph was appended to the Geneva Draft:

The term "special factors" includes changes in relative productive efficiency as between domestic and foreign producers, or as between different foreign producers, but not changes artificially brought about by means not permitted under the Charter.

#### Proposed Deletion of Article 20

26. The delegation of Ceylon (document 11/Add.33) proposes the deletion of this Article.

#### Article 21 - Restrictions to Safeguard the Balance of Payments

##### Paragraph 1

27. The delegation of Ceylon proposes (document 11/Add.33) that the title of this Article be altered to read "Use of Quantitative Restrictions on Imports" and that paragraph 1 should be replaced by the following:

"1. Any Member may through quotas, import or export licenses or other measures, restrict the quantity or value of merchandise permitted to be imported, in order

(a) to safeguard its external financial position and balance of payments, or

/(b) to promote

(b) to promote the establishment, or protect the development or reconstruction of particular industries, or particular branches of agriculture, when no other form of protection is available or considered satisfactory by the Member."

28. The delegation of Australia (document C.3/1/Add.48) proposes to insert "to assist in restoring a stable equilibrium in its" before the words "balance of payments".

A statement in support of this proposal appears in the document mentioned.

Paragraph 2 (a)

29. The delegation of Argentina proposes (document 11/Add.3) that sub-paragraph (a) (i) be amended as follows:

"to forestall the imminent threat of or to stop a serious decline in its monetary reserves...."

30. The delegation of Venezuela proposes (document C.3/1/Add.44) that the word "imminent" be deleted from sub-paragraph (i).

31. The delegation of Chile proposes (document C.3/1/Add.6) the following amendment of sub-paragraph (i):

"to forestall the imminent positive threat of, or to stop, a serious or persistent decline in its monetary reserves."

32. The delegation of Ceylon proposes (document 11/Add.33) the addition of the following sub-paragraph:

"(iii) to afford adequate protection to the particular industry or branch of agriculture concerned."

Paragraph 2 (b)

33. The delegation of Australia (document C.3/1/Add.48) proposes the following amendments in sub-paragraph (b):

"A Member B applying restrictions under sub-paragraph (a) shall progressively relax and ultimately eliminate them as its external financial position /such conditions/ improves, provided that the relaxation or elimination of the restrictions would no longer produce the conditions which would justify their institution or institution respectively under sub-paragraph (a). /maintaining them only to the extent that the conditions specified in that sub-paragraph still justify their application. They shall eliminate the restrictions when conditions would no longer justify their institution or maintenance under that sub-paragraph/"

A statement in support of this proposal appears in the document mentioned.

/Paragraph 3 (a)

Paragraph 3 (a)

34. The delegation of Argentina proposes (document 11/Add.3) that the second sentence of sub-paragraph (a) be rewritten to read as follows:

"During this period /The Organization shall, when required to take decisions under this Article or under Article 23 take full account of the difficulties of post-war adjustment and of the need which a Member may have to use/ each Member may impose import restrictions /As a step towards the restoration of/ in order to restore equilibrium in its balance of payments on a sound and lasting basis."

Paragraph 3 (b)

35. The delegation of Denmark proposes (document C.3/1/Add.38) to add the following at the end of the first sentence:

"...a high level of demand for imports or for the Member's own export commodities".

36. The following note was appended to the Geneva Draft:

The phrase "notwithstanding the provisions of paragraph 2 of this Article" has been included in the text to make it quite clear that a Member's import restrictions otherwise "necessary" within the meaning of sub-paragraph 2 (a) shall not be considered unnecessary on the ground that a change in domestic policies as referred to in the text could improve a Member's monetary reserve position. The phrase is not intended to suggest that the provisions of paragraph 2 are affected in any other way.

Paragraph 3 (c)

37. The delegation of Ceylon proposes (document 11/Add.33) the following amendments:

1. The deletion of the word "commercial" from the fourth line of sub-paragraph (ii).
2. The insertion of the words "far as is possible" after the word "as" in sub-paragraph (iii).

38. The delegation of Argentina proposes (document 11/Add.3) the deletion of the last lines of sub-paragraph (ii) beginning with the words "or prevent compliance with".

Paragraph 4 (a)

39. The delegations of Ceylon and Venezuela propose (documents 11/Add.33 and C.3/1/Add.44 respectively) the deletion of sub-paragraph 4 (a).

40. The delegation of Argentina proposes (document 11/Add.3) that sub-paragraph (a) be rewritten as follows:

"Any Member imposing restrictions under this Article shall inform the Organization of the nature of its balance-of-payments difficulties and the various corrective measures which have been applied."

/It proposes that

It proposes that sub-paragraphs (b), (c), (d) and (e) be deleted.

41. The delegation of Italy proposes (document C.3/1/Add.2) the removal of the parentheses and also the deletion of the words "in circumstances in which prior consultation is impracticable" so that the phrase will read "...shall, before instituting such restrictions, or immediately after doing so, consult with..."

42. The delegation of Uruguay proposes (document C.3/1/Add.13/Rev.1) the following amendment:

"4. (a) Any Member which is not applying restrictions under this Article, but is considering the need to do so, shall [/ before instituting such restrictions (or, in circumstances in which prior consultation is impracticable, immediately after doing so), consult with / inform the Organization as to the nature..... measures on the economies of other Members."

Delete the second sentence of this sub-paragraph beginning with the words "No Member shall be required....."

Paragraph 4 (b)

43. The delegation of Uruguay proposes (document C.3/1/Add.13/Rev.1) to replace the present first sentence of this sub-paragraph by the following:

"(b) Any Member which is applying import restrictions under this Article or which intensifies them substantially, shall inform the Organization within thirty days."

It proposes to delete the rest of this sub-paragraph beginning with the words "A Member thus invited shall....." to the words ".....at the time of the review."

44. The delegation of Venezuela proposes (document C.3/1/Add.44) that the last sentence of sub-paragraph (b) should be amended as follows:

"[/Not later than two years from the day on which this Charter enters into force / as from 1 March 1952, the Organization shall review all restrictions existing on that day and still applied under this Article at the time of the review."

Paragraph 4 (c)

45. The delegation of Uruguay proposes (document C.3/1/Add.13/Rev.1) to delete this sub-paragraph and to reletter present paragraph (d) and (e) accordingly.

46. The delegation of Venezuela proposes (document C.3/1/Add.44) that the last sentence of this sub-paragraph should be amended to read as follows:

"To the [/extent / degree to which such approval has been given, /the requirements of sub-paragraph (a) of this paragraph shall be deemed /to have

to have been fulfilled, and the action of the Member applying the restrictions shall not be open...."

47. The delegation of Italy proposes (document C.3/1/Add.2) the deletion of certain phrases as follows:

"(c) Any Member may consult with the Organization with a view to obtaining the prior approval of the Organization for restrictions which the Member proposes under this Article, to maintain, ~~intensify or institute~~ or for the maintenance, ~~intensification or institution~~ of restrictions ~~or institution of restrictions~~ under specified future conditions. As a result of such consultations, the Organization may approve in advance the maintenance ~~intensification or institution~~ of restrictions by the Member in question, insofar as the general extent, degree of intensity and duration of the restrictions are concerned. To the extent to which such approval has been given, ~~the requirements of sub-paragraph (a) of this paragraph shall be deemed to have been fulfilled, and~~ the action of the Member applying the restrictions shall not be open to challenge under sub-paragraph (d) of this paragraph on the ground that such action is inconsistent with the provisions of paragraph 2 of this Article."

Paragraph 4 (d)

48. The delegation of Italy proposes (document C.3/1/Add.2) that the second sentence be amended as follows:

"~~The Organization, if it is satisfied that there is a prima facie case that the trade of the Member initiating the procedure is adversely affected~~ If the Organization, after a first examination of the matter, feels that the adopted restrictions can cause an unfair injury to any other Member or the renoucement of such restrictions, if imposed by the Organization, is such as to cause an unfair injury to the Member applying them, it shall submit its views to the parties with the aim of achieving a settlement of the matter in question which is satisfactory to the parties and to the Organization."

Paragraph 4 (e)

49. The delegation of Italy proposes (document C.3/1/Add.2) that this sub-paragraph be deleted.

General Reservation

50. The delegation of Belgium reserves its position as recorded in the Geneva Report pending examination of this Article by the Committee.

Article 22 - Non-Discriminatory Administration of Quantitative Restrictions  
Paragraph 2

51. The delegation of Uruguay proposes (document C.3/1/Add.13/Rev.1) the  
/following

following wording of the first sentence of this paragraph:

"2. In applying import restrictions to any product, Members shall aim at a distribution of trade in such product approaching as closely as possible to the shares given equality of prices and conditions, which the various countries might be expected to obtain in the absence of such restrictions, and to this end shall observe the following provisions:"

Paragraph 2 (d)

52. The delegation of Mexico proposes (document C.3/1/Add.43) that the second sentence be amended as follows:

"In cases in which this method is not reasonably practicable, the Member concerned shall allot to Member countries having a substantial interest in supplying the product, shares based upon the proportions, supplied by such Member countries during a previous representative period, of the total quantity or value of imports of the product, due account being taken of any special factors which may have affected or may be affecting the trade in the product, to be determined in accordance with the production capacity in respect of the item concerned, of the countries interested in filling the quota."

53. The following note was appended to the Geneva Draft:

The Preparatory Committee omitted the phrase establishing "commercial considerations" as a rule for the allocation of quotas, because it was considered that its application by governmental authorities might not always be practicable. Moreover, in cases where it was practicable, a Member could apply this consideration in the process of seeking agreement, consistently with the general rule laid down in the opening sentence of paragraph 2.

New Sub-Paragraph

54. The delegation of Turkey proposes (document 11/Add.26) the addition of the following sub-paragraph after (d):

"(e) in allocating quotas, due account should also be taken of the position of those economically backward countries which at the time of application of the restriction might be suppliers of the product."

Paragraph 3 (b)

55. The delegation of India proposes (document C.3/1/Add.24):

1. The insertion of two words in the first sentence as follows:

"In the case of import restrictions involving the fixing of quotas, the Member applying the restrictions shall wherever practicable give public notice..."

/2. the insertion

2. the insertion of a new phrase in the second sentence as follows:  
"Any supplies of the product in question which were en route at the time at which public notice was given, or where no such notice was given at the time at which the restrictions were put into force, shall not be excluded from entry;"
3. the insertion of a new phrase at the end of the paragraph as follows:  
"...thirty days after the day of such public notice, or where no such notice is given, after the day on which the restrictions are put into force, such practice shall be considered full compliance with this sub-paragraph."

Paragraph 3 (b) and (c)

56. The delegation of Czechoslovakia has submitted the following comment (document 11/Add.5):

"The delegation of Czechoslovakia, while not opposed to the principle of public notice, is of the view that too rigid a rule would have a restrictive effect upon the expansion of trade in general and that unlimited publicity should be requested only by those countries which have a predominant part of their trade with countries which themselves publish quotas."

Paragraph 3 (c)

57. The delegation of India proposes (document C.3/1/Add.24) the amendment of the last lines as follows:

"...the various supplying countries and shall wherever practicable, give public notice thereof."

The delegation of India gives the following reasons in support of the amendments proposed in sub-paragraphs 3 (b) and (c):

"The delegation of India considers that the obligation to give public notice of the quantity or value of imports to be permitted during a specified future period may in certain situations give rise to serious practical difficulties."

Paragraph 4

58. The delegation of Mexico proposes (document C.3/1/Add.43) that the first lines of paragraph 4 be amended as follows:

"With regard to restrictions applied in accordance with paragraph 2 (d) of this Article or under paragraph 2 (c) of Article 20, the selection of a representative period/ allocation of the quota for any product and the appraisal of any special factors affecting the trade in the product shall be made /initially/ by the Member applying the restriction or fixing the quota;"

59. The Geneva Report draws attention to the note in connection with the last sub-paragraph of paragraph 2 of Article 20, which reads as follows:

"The term 'special factors' includes changes in relative productive efficiency as between domestic and foreign producers, or as between different foreign producers, but not changes artificially brought about by means not permitted under the Charter."

New Paragraph

60. The delegations of Syria and Lebanon propose (document C.3/1/Add.12) the addition of the following paragraph:

"6. Should the reserves of the currency of one or more supplying countries available to an importing country be inadequate, the procedure for allocating quotas or granting licences shall be modified according to the reserves of such currency available."

Paragraphs 2, 3, 4, 5

61. The delegation of Argentina proposes (document 11/Add.3) the deletion of these four paragraphs.

Article 23 - Exceptions to the Rule of Non-Discrimination

Paragraph 1 (a)

62. The delegation of Uruguay proposes (document C.3/1/Add.13/Rev.1) the following wording of the first sentence of this sub-paragraph:

"1. (a) The Members recognize that when a substantial and widespread disequilibrium prevails in international trade and payments a Member applying restrictions under Article 21 may be able to increase its imports from certain sources without unduly depleting its monetary reserves. [ ], if permitted to depart from the provisions of Article 22.7

63. The delegation of Mexico proposes (document C.3/1/Add.43) the insertion of the words "or effectively ensure its development or recovery" after the word "sources" in the sixth line.

Paragraph 1 (b)

64. The delegation of Norway proposes (document C.3/1/Add.39) that the first lines of sub-paragraph (i) should be amended as follows:

"(i) levels of delivered prices for products so imported in relation to prices of products exported in accordance with this Article are not established...."

Paragraph (1)

65. The delegation of the United Kingdom proposes (document 11/Add.8) the following amendment in sub-paragraph (b) (ii):

"the Member taking such action does not do so as part of any arrangement by which /the gold or convertible currency which the  
Member

Member currently receives directly or indirectly from its exports to other Members not party to the arrangement is appreciably reduced/ the Member's receipts from exports to other Members not party to the arrangement whose currencies are convertible are appreciably reduced below the level it could otherwise have been reasonably expected to attain;

Paragraph 3 (a)

66. The delegation of Italy proposes (document C.3/1/Add.15) the following amendments in sub-paragraph (a):

"Not later than 1 March 1952, (five years after the date on which the International Monetary Fund began operations) and in each year thereafter, any Member maintaining or proposing to institute action under paragraph 1 of this Article, shall seek the approval of consult with the Organization which shall thereupon determine in order to establish whether the circumstances of the Member justify the maintenance or institution of action by it under paragraph 1 of this Article. After 1 March 1952, no Member shall maintain or institute such action without determination by the Organization that the Member's circumstances justify the maintenance or institution of such action, as the case may be, and the subsequent maintenance or institution of such action by the Member shall be subject to any limitations which the Organization may prescribe for the purpose of ensuring compliance with the provisions of paragraph 1 of this Article; Provided that the Organization shall not require that prior approval be obtained for individual transactions/ if this action causes any unfair injury to any other Member, provided that the renouncement of such action does not cause any unfair injury to the Member taking it.

67. The delegation of Denmark proposes (document C.3/1/Add.38):

1. the first lines of the paragraph should be amended as follows:

"Not later than 1 March 1952 (five years after the date on which the International Monetary Fund began operations) As from a date to be decided in due course by the Organization and in each year thereafter after such a date, any Member maintaining..."

2. the first line of the second sentence should be amended as follows:

"After 1 March 1952 the same date no Member shall..."

Paragraph 3 (c)

68. The delegation of Mexico proposes (document C.3/1/Add.43) that the last sentence of this sub-paragraph be amended by the insertion of the words "and that there is no danger that such disequilibrium will recur when the restrictions imposed are removed" after the word "exists".

/Paragraph 3

Paragraph 3 - New Sub-Paragraph

69. The delegation of Italy proposes (document C.3/1/Add.15) the addition of the following sub-paragraph:

"(d) Before taking its determinations as provided for in sub-paragraphs (a) and (b) of this paragraph, the Organization shall establish whether the restrictions cause an unfair injury to any other Member, and whether the renouncement of such restrictions, if imposed by the Organization, is such as to cause an unfair injury to the Member applying them."

Paragraph 3 - General

70. The delegation of Uruguay proposes (document C.3/1/Add.13/Rev.1) the following changes in this paragraph:

Sub-Paragraph (a) to be deleted.

Sub-Paragraph (b) to be deleted.

Sub-Paragraph (c)

The last sentence of this sub-paragraph to be amended to read:

"If, as a result of any such review, the Organization determines that no such disequilibrium exists, the provisions of Paragraph 1 of this Article shall be suspended. [ ], and all actions authorized thereunder shall cease six months after such determination."/>

This sub-paragraph to become now sub-paragraph (a).

Paragraph 3

71. The following note was appended to the Geneva Draft:

The Preparatory Committee considered the question of whether it was necessary to make express reference in paragraph 3 of Article 23 to the need of the Organization to consult with the International Monetary Fund. It concluded that no such reference was necessary since such consultation in all appropriate cases was already required by virtue of the provisions of paragraph 2 of Article 24.

Paragraph 4

72. The delegation of Uruguay proposes (document C.3/1/Add.13/Rev.1) that a new sub-paragraph 4 (c) be added after sub-paragraph 4 (b):

"(c) or answer the purpose of making possible the payment by a debtor State of its commercial credits in accordance with relevant existing agreements, by means of additional imports from this debtor State."

Paragraph 5 (b)

73. The delegation of Brazil maintains its reservation recorded in the Geneva Report pending discussion in the Committee.

/New Paragraph 6

New Paragraph 6

74. The delegation of France has proposed (document 11/Add.24) that the following paragraph be added to this Article:

"6. (a) The provisions of Article 22 shall not enter into force in respect of import restrictions applied by a Member pursuant to Article 21, in order to safeguard its external financial position and balance of payments, and the provisions of paragraph 1 of Article 20 and of Article 22 shall not enter into force in respect of export restrictions applied by a Member for the same reason, until 1 January 1949; Provided that this period may, with the concurrence of the Organization, be extended for such further periods as the latter may specify in respect of a Member whose supply of convertible currencies is inadequate to enable it to apply the above-mentioned provisions.

"(b) If a measure taken by a Member in the circumstances referred to in sub-paragraph (a) of this paragraph affects the commerce of another Member to such an extent as to cause the latter to consider the need of having recourse to the provisions of Article 21, the Member having taken that measure shall, if the affected Member so requests, enter into immediate consultation with a view to arrangements enabling the affected contracting party to avoid having such recourse, and if special circumstances are put forward to justify such action, shall temporarily suspend application of the measure for a period of fifteen days."

In support of this proposal the delegation of France has stated that this clause was inserted in the General Agreement on Tariffs and Trade and it is essential that it should be incorporated in the Charter so as to avoid any disparity in the two documents.

(Note by the Secretariat: The proposed amendment is identical with the text of the clause in the General Agreement except for the substitution of "Member" for "contracting party.")

General

75. The delegation of Argentina proposes (document 11/Add.3) that the whole of this Article should be deleted and be replaced by the following:

"Recognizing the principle of the non-discriminatory administration of quantitative restrictions established in Article 22, taking into account the fact that not all the countries signing this Charter are Members of the International Monetary Fund and also the absence at present of any general and sound balance in international

/trade and

trade and payment, Member countries shall not be required to apply the principle of non-discrimination in connection with international payments until the above-mentioned conditions are fulfilled."

76. The delegation of Czechoslovakia recorded a reservation at Geneva and has submitted the following comment (document 11/Add.5):

"In the opinion of the delegation of Czechoslovakia the Geneva text of this article does not take fully into account practical difficulties of the present period. Accordingly the delegation of Czechoslovakia feels that the original wording as it was in Article 28 of the London and New York draft corresponds better to economic realities."

77. The delegations of Belgium and Chile reserve their position pending examination of this Article by the Committee.

New Article 23 (a)

78. The delegation of Greece proposes (document C.3/1/Add.5) that the following Article be inserted between Articles 23 and 24:

"1. Notwithstanding the provisions of Article 20, paragraph 1, and Article 22, paragraph 1, Members whose position is exceptional inasmuch as the general state of their economy and the well-being of their people are dependent on one or two agricultural products, each product being considered as a single product throughout all the phases of production and processing, may, in order to facilitate the export of the product or products, impose discriminatory quantitative restrictions on imports or maintain the restrictions in force on the date of signature of this Charter, provided that:

(a) in the case of a single product, the product represents one-third, and in the case of two products, approximately one-half of the average total annual value of the country's exports during a previous base period;

(b) the product or products are not generally regarded as essential either because of their nature or because of other circumstances or conditions and thus normally encounter special obstacles to their exportation;

(c) any Member, interested in the possible application of this Article, shall have notified the other governments signatory of this Charter, on the day of general signature of the Charter and before its signature, of each of the products which, in their opinion, meet the conditions set forth above.

/"2. Members who

"2. Members who propose to maintain restrictions after 1 March 1952 under paragraph 1 of this Article shall seek the approval of the Organization. The Organization shall then decide whether the maintenance of such measures by the Member concerned is legitimate." The following supporting statement is given in document C.3/1/Add.45:

"The delegation of Greece has particularly in mind the difficulties encountered in exporting tobacco and currants. These two commodities are almost the only two export products which can be grown rationally and economically in Greece and which are perfectly adapted to the natural agricultural conditions. Tobacco cultivation, processing and trade give employment in Greece to nine hundred thousand people, while the currant industry employs five hundred thousand (including dependents).

"Greek tobacco and currants (tobacco from Thrace and Macedonia, currants from Corinth and Crete) are of exceptionally high quality and require close attention both in their cultivation and processing, which involves an increase in the cost of production and in the price. As they are no longer considered as essentials, great difficulty is found in selling them abroad. These difficulties have been increased, especially in the case of tobacco, by the fact that it is not offered for sale directly to the broad masses of consumers; it is offered indirectly through State monopolies and large-scale cigarette manufacturers, who are able to direct the taste of their customers. Greece has always been able to facilitate the sale of these two products abroad through special clauses in bilateral agreements.

"The express purpose of the amendment submitted by the delegation of Greece is to attain higher standards of living, full employment and social progress for our working population, and that is also the purpose of the Organization."

Article 24 - Exchange Arrangements

Paragraph 2

79. The delegation of New Zealand proposes (document C.3/1/Add.53) the deletion of most of paragraph 2 beginning with the second sentence:

"in such consultation the Organization shall...."

80. The delegation of Australia, proposes that the words "accept the determination" in the eleventh line be replaced by "give special weight to the opinions".

The delegation of Australia states that it accepts wholeheartedly the need for the closest possible co-operation between the International

/Trade

Trade Organization and the International Monetary Fund in matters that are of common concern to both bodies, but it does not believe that the way to achieve this co-operation is to make one body subservient to the other.

The points given by the delegation of Australia in support of this proposal are set out in document 11/Add.11.

Paragraph 4

81. The following note was appended to the Geneva Draft:

The word "frustrate" is intended to indicate, for example, that infringements by exchange action of the letter of any Article of this Charter shall not be regarded as offending against that Article if, in practice, there is no appreciable departure from the intent of the Article. Thus, a Member which, as part of its exchange control, operated in accordance with the Articles of Agreement of the International Monetary Fund, required payment to be received for its exports in its own currency or in the currency of one or more members of the International Monetary Fund would not thereby be deemed to be offending against Article 20 or Article 22. Another example would be that of a Member which specified on an import license the country from which the goods might be imported for the purpose not of introducing any additional element of discrimination in its import licenses but of enforcing permissible exchange controls.

New Paragraph

82. The delegation of Mexico proposes (document C.3/1/Add.43) the addition of the following paragraph at the end of this Article:

"10. Countries not having adopted the system of exchange control, may apply appropriate and reasonable restrictive measures in order to bring their position into line with that of countries where an exchange control system exists; provided that no agreements on payments are concluded with such countries."

General

83. The delegation of Argentina proposes (document 11/Add.3) the deletion of this Article.

84. The delegation of Belgium reserves its position pending examination of this Article by the Committee.