

PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE
ON TRADE AND EMPLOYMENT

COMMITTEE II

QUANTITATIVE RESTRICTIONS

Observations by the Brazilian Delegation

1. The Brazilian Delegation believes that countries should be permitted to impose quantitative restrictions on imports, for balance-of-payments reasons, in three cases:
 - (a) when such country actually has a deficit in its balance of payments.
 - (b) when there is an evident probability that such deficit may develop in the near future
 - (c) when a country has very low monetary reserves.
2. Such restrictions should, however, not be permitted unless
 - (a) in respect of the first two cases foreseen above, a country does not possess high exchange reserves or
 - (b) the international organization (Fund or Bank) cannot supply or guarantee to supply the necessary means (i) in respect of the first two cases foreseen above, to cover such existing or probable deficit and (ii) in respect of the third case foreseen above, to compensate for the lack of reserves.
3. The Brazilian Delegation further proposes that in the computation of exchange reserves exceptional reserves accumulated during the war should not be included, as they represent, in the main, imports necessary for the maintenance of the real capital of a country, which such country was unable to make during the war.

4. The Brazilian Delegation further more suggests that countries in early stages of industrial development, should be permitted to reserve part of their exchange receipts on current account for the purpose of industrial development, and to be permitted to impose such restrictions on imports which, without restricting total imports, allow of the selection of imports in accordance with the requirements of industrial development.
 5. The Brazilian Delegation believes that there would be no need for special provisions as to balance-of-payments restrictions during the post-war transitional period, if the present proposals should be accepted by the committee.
 6. The Brazilian Delegation wishes to express its full agreement with the remaining provisions of Article 19 of Section C of the American draft charter.
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