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UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

PREPARATORY COMMITTEE

of the

INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT

Verbatim Report

of the

FIRST MEETING

of the

SUB-COMMITTEE of COMMITTEE II

on

QUANTITATIVE RESTRICTIONS AND EXCHANGE CONTROL

held at

Church House, Westminster, S.W.1.

on

Monday, 11th November, 1946

at

3 p.m.

Chairman: Dr. H.C. COOMBS (Australia)

(From the Shorthand Notes of
W.B. GURNEY, SONS & FUNNELL,
58, Victoria Street,
Westminster, S.W.1.)

THE ACTING CHAIRMAN (Dr COOMBS) (Australia): Gentlemen, this is a meeting of the Drafting Committee to deal with quantitative restrictions, including quantitative restrictions for the purpose of protecting the balance of payments and exchange control. We have had these matters discussed in full Committee, and I think the views of the majority of the delegations were stated in general terms then. In addition to the American draft itself, we have received a number of documents on various aspects of this question, including a memorandum from the United Kingdom delegation, some appropriate observations from the Observer for the Monetary Fund, observations from the Brazilian delegation, the Chinese delegation, and also from the International Chamber of Commerce. Our first business is to elect a Chairman of this drafting Committee. May we receive suggestions for the position of Chairman?

Mr GUNTER (United States): I would like to propose the French delegate as Chairman.

Mr RICHARD (France) (Interpretation): In this Committee I think it is necessary that all countries with very determined ideas should be represented, on the one hand the younger countries, and on the other countries which must have their economics adjusted after the destruction of war. I think that all those countries should be able to express their opinions in a very precise way. I therefore think that the Chairman should be someone who is not leading such ideas, but one who would be above the question of quantitative restrictions.

Mr HELMORE (United Kingdom): I wonder if I might make a suggestion which might get us out of a temporary impasse? It seems to me that if we take the suggestion of the French delegate we are on one side of the fence or the other. If we are to look for someone who is on top of the fence we might look a very long time for him. I wonder if you would consent to be nominated as Chairman, Dr Coombs. I am sure we should all like that after - I may say so - your masterly conduct of main Committee II. On the other hand, we recognise that it is a heavy task

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and responsibility, and perhaps you have other responsibilities with which I, for one, can sympathise. If you would be nominated Chairman of this Committee, I believe we should go on in such the best fashion, and if you are not here I believe the Committee would find no difficulty in electing a temporary Chairman from time to time, according to who was present from day to day. I think we would do best to leave the matter in that state.

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MR LOKANATHAN (India): Mr Chairman, I would like to support the suggestion made by Mr Helmore, that Dr Coombs continue as Chairman of this Committee. If, on any particular occasion, he is unable to attend, he can nominate another delegate to take his place as temporary Chairman.

THE CHAIRMAN: I thank you for the tribute you have paid to me, which I appreciate very much. If it is your wish, I will agree to serve as Chairman.

I think the next point on our Agenda, and a most important one, much more important than the trivialities of Chairmanship, is the selection of a Rapporteur for this Committee. He will have a very difficult task facing him, which will be to reconcile varying and differing texts, and I shall be glad if anybody will offer to take on the job of Rapporteur. I think the United Kingdom delegation has already done a great deal of work upon this on the basis of modifications of the draft Charter. Would the United Kingdom delegate be willing to provide a reporter for this Committee?

MR LOKANATHAN (India): Being the host country, it ought to be able to provide one, because we other delegations have come with very limited means at our disposal.

MR HELMORE (UK): Mr Chairman, would you put your question slightly differently and say: Would the United Kingdom delegation be prepared to provide a Rapporteur, because that is a somewhat easier question to answer?

THE CHAIRMAN: I meant that you would provide one from your delegation.

MR HELMORE (UK): Mr Chairman, I think that Mr Meade of my delegation, who has already I believe done a good job of work - I know nothing about it - as Rapporteur of Committee I, would be prepared to do the same work for this sub-committee. I know that, largely because we are the host country, he has very many inescapable responsibilities at another desk - that is, his own desk - but if the sub-committee would bear with him if, on any particular occasion, he has to be absent, I think we could very gladly make his services available to this Committee.

THE CHAIRMAN: From my experience of Committee I I can assure the Drafting

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Committee that we could not have a more fortunate choice than Mr Heade. Is that acceptable to the Committee? (Agreed).

We can now pass to a consideration of these questions, and here I have a somewhat revolutionary suggestion to put forward. I feel that most of us have expressed the views of our delegations on the various subjects before this Committee in general terms, it is true, but in fairly definite terms already, and we have certain clear lines I think along which the draft Charter might conveniently, and I believe with the concurrence of the original drafters of the Charter, be modified. I feel myself that if we proceed now to a discussion of the re-drafting of those provisions we are likely to go over a great deal of the ground that we have been over before, without very much assistance to the Rapporteur. I would therefore suggest for your consideration that, having selected a Rapporteur, we might adjourn and ask him, in the light of the previous discussion and the arguments and documents which have been suggested, to prepare a draft for our consideration. That is just a suggestion, and I would like to hear your views upon it. It would not mean, of course, that there would not be the fullest opportunity for discussion and criticism of the re-drafting; it would mean we would be discussing a document which had already been modified so far as the discussion which has taken place up to date made it clear that what is already in print needs to be modified.

MR GUNTER (USA): Mr Chairman, I think that there is considerable value in your suggestion. However, I think there is at least one basic problem which we have got to solve before the Rapporteur can proceed too far, and that is the general question of criteria in connection with the balance of payments. I would suggest that there should be some attempt at agreement on that point before we have the Rapporteur come up with the draft. We have got a complete range of suggestions upon that; on the one extreme, the suggestions for objective criteria all down the line, and I think that is something we do need to explore.

MR KAFKA (Brazil): I am afraid I was not present when the Committee was set u

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in Committee 2, and I am not quite clear about the exact terms of reference. Is it just balance of payments or the general chapter on quantitative restrictions?

THE CHAIRMAN: The general chapter on quantitative restrictions, including balance of payments, exceptions, and including exchange control.

MR KAFKA (Brazil): Thank you.

MR MEADE (UK): Mr Chairman, I have been rather rushed into a consideration of this particular problem and I find it difficult to express a snap judgment upon it; but my feeling is that something could be done if the Committee were prepared to see a set of alternative texts before them. But I cannot believe that we have yet reached a point at which it would even begin to be useful for the Rapporteur to produce a single text for discussion, because there - and I am thinking primarily in my own mind of the balance of payments quantitative restrictions - three main views, with variants of them, and one could, of course, produce three texts. As I say, there are variants to the three main views, starting first with the idea of a pretty hard and fast and almost automatic criterion and ending up at the other end with the view that you want some impartial international body which will tell you, judging your balance of payments, whether you may or may not put quantitative restrictions on all those grounds, and having, in the middle, the view that you might have certain guiding principles which would guide the action here. I suggest that there, too, there could be two variants: you might either guide the action of the member in putting them on, in which case there would have to be a procedure for taking them off if they were considered to have been improperly put on, or guiding procedure for a body which said whether they could or could not be put on. So that there seem to me to be at least three variants, and I think a middle one which has two sub-variants. One could try to produce three or four texts from those round which a discussion might centre, but whether it is useful to have them first I do not know.

MR LOKANATHAN (India): May I suggest, Mr Chairman, that, before this matter is

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referred to the Rapporteur, it may be helpful if he, without going into the merits of any question, just raised specific issues to be considered, so that in the light of those we could take decisions. What I mean is that it may be of advantage, taking Article 19, for instance, to raise one, two, three or four issues, and similarly in regard to Article 20; and in that way we should be in a position to know what exactly are the issues involved and what are the differences involved in each one of the various sections under each Article. In the light of all that the Rapporteur would be able to make a draft.

THE CHAIRMAN: Suppose we turn to the first Article of the Charter dealing with this question, Article 19. Does the Chilean delegate wish to speak on this question?

MR VIDELA (Chile): Yes, Mr Chairman. At the last meeting of Committee II I raised the question whether I had the right to speak on quantitative restrictions relating to exchange control and balance of payments. You, Sir, said that it would be better if I left my speech until this moment. Therefore, if you will allow me, I will say what I have to say now.

THE CHAIRMAN: I think what happened was that you raised the question of quantitative restrictions for purposes other than the balance of payments when we had already dealt with that.

MR VIDELA (Chile): More particularly on Article 19.

THE CHAIRMAN: Yes. If we take Article 19 now, we can perhaps do as the Indian delegate has suggested, draw attention to the main issues and perhaps a convenient way of beginning would be if you would make your statement.

MR. VIDELA (Chile): As the Chilean Delegation declared on the 18th Plenary October at the Fourth Session,

"Chile is one of the countries whose economic stability depends fundamentally on its foreign commerce. Chile, by reason of her method of reproduction and the problems she faces in her international trade, forms part - not only because of her geographical position, but also because of the circumstances already mentioned - of an economic group which includes, to a greater or lesser degree, all the Latin-American nations and other countries of similar economic development. The factor which most influences the conditions of these countries is their exports. These exports provide the means of payment for, and determine the volume of, imports; they place these Republics in a position to meet their foreign financial commitments and to service State and private loans; they furnish a considerable part of Government and private revenue; and, finally, they constitute the most important factor in the monetary stability of those nations.

"The exports of these countries, which consist principally of raw materials and semi-manufactured products, are thus the dynamic factor in their economy; their value greatly influences the internal conditions of the nations concerned and is mainly responsible for a state of national prosperity or depression.

"From the foregoing it will be clear that the principal factor in the maintenance and development of the economies of this group of countries, lies in the assurance that prices for raw materials will not suffer the fluctuations that took place between the years 1930 and 1940, and that prices are maintained at a reasonable level, with the double object of, firstly, stabilizing their balance of payments and, secondly, facilitating a stable capitalization.

"We are, therefore, desirous of contributing to all measures designed to bring about easier international trade; and we believe that this aspiration should be studied from a realistic point of view, taking into account the circumstances and features of the trade of those nations whose economies are still undeveloped and, therefore, whose balances of payments are generally adverse. In our opinion, an effective solution of these problems cannot be achieved unless the elimination of international trade restrictions is accompanied by an increase of production and the industrialization of the countries concerned."

These were the words of the Head of our Delegation, H.c. Senor Don Manuel Bianchi. I would call the attention of the committee to those words.

The main objective of the draft Charter proposed by the United States, which is under discussion, is to abandon restrictions and to reduce tariffs. But we must have in mind the Resolution of the Council, Article 4, adopted on the 18th February last, which provides that,

"The Preparatory Committee should take into account the special conditions prevailing in the countries whose manufacturing industries are still in their initial stage of development."

The United States would like to see, in the near future, a general elimination of quantitative restrictions, and, furthermore, a reduction in the tariffs.

Respecting Article 18 and, more especially, Article 19, a number of Delegations have submitted their views, as summarised in C.II/W.13. In this connection the Chilean Delegation proposes to delete the word "agricultural" in Article 19 (2) (c). In regard to some products which can be preserved in cold storage, as fresh fruits, perhaps it would be more convenient at this stage to make it clear that the general conception of the clause forbids any kind of discrimination on account of a limited

period of importation. As you know, certain countries, in order to protect their own production, have fixed certain periods of importation, leaving the countries which have their like production during the period closed to imports without the chance of competing in that market.

Respecting Article 20 (3) (c), those Delegations hold the view that the country opposing quantitative restrictions applied by another should carry the burden of proving that the latter's balance of payment is not unfavourable.

In referring particularly to Article 19 (2) (c) Chile - and, I believe Australia, Belgium, Brazil, Canada, China, Cuba, Czechoslovakia, France, India, Netherlands and New Zealand - would welcome our amendment.

In our view, as exporters of agricultural products, there is no clear reason why manufactured goods should not be included in Article 19 (2) (c). If there is any reason in favour of any agricultural product, this reason applies to any manufactured industry under the same circumstances. If the reason is to protect or to develop any agricultural product, the countries with under-developed industries must be placed on the same footing; and if the reason is to attain the equilibrium of the balance of payments, I am sure that no country in this Conference could challenge the general principle of placing all the member countries on the same level.

I would like to give as an illustration the fact that while the ~~value~~ value of world trade of 1932 decreased to 39.9% of ~~the~~ that of 1929, the foreign trade of Chile declined to 14.9%. Since 1876, when the Chilean monetary unit had had a gold value of 42 pence to the present day, when the gold value is less than 13., the deficit of our balance of payments has been the cause of the fall of our monetary unit. This is a bitter experience that we must avoid in future. Therefore, Chile reserves its rights to maintain quantitative restrictions so long as the elimination of restrictions or preferences directed towards the limitation of its exports, either agricultural or extracted or any other products, are not completed.

THE CHAIRMAN: I have been looking back over the discussion which took place in the general committee on this section of the agenda, and it might save a little time if I quickly run over the main issues which were raised there. 1) The first thing was the problem of the countries whose economies have been seriously impaired by the war, and their consequent need to re-equip and modernise their industries. The view was advanced in relation to that problem particularly that it could perhaps be met by a possible extension of the transition period, either in terms of years or by the adoption of principles for determining when the appropriate transition period had been completed.

2) The second point was the question whether countries in a process of rapid development would not of necessity have to select their imports with a view to giving priority to imports particularly of capital equipment, which might be a need which would continue for a fairly long period of time. That question, of course, is very closely related to the balance of payments issue and may be more appropriately dealt with there.

In addition, there were a number of other matters where the question was raised whether the existing arrangement did provide for the legitimate requirements of certain countries. Particular reference was made to the effective continuance of wartime balance of payments control into the postwar period; ^{whether} it was clear ~~xxx~~ that certain state monopolies of certain classes of goods which had been traditionally practised and were dependent on the existence of quantitative regulations for the maintenance of that monopoly were adequately covered; also whether in some cases schemes for the maintenance of stability in the prices of primary products which were dependent upon the existence of quantitative restrictions would be permitted under these exceptions; and finally, whether there might not be an additional exception providing for the use of quantitative restrictions for frankly protectionist purposes as an alternative to subsidies or tariffs, perhaps only in cases where it could be shown that this was less restrictive in its effects than the alternative forms.

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I think these points, in addition to the ones to which the Chilean Delegate has referred, cover the points which were raised in general discussion. It might be useful if we considered whether Delegates would wish to draw attention to any other points, or whether there were any other aspects of the points covered in general discussion which they would wish to elaborate.

MR. HELMORE (United Kingdom): I wonder if it would be helpful to the Rapporteur if we said to him that for the time being he should not elaborate the draft to deal with possible exceptions which are related to industrial development. I understand the sub-committee of the joint body which is considering this has not yet completed its task, and there is a possibility that some of these matters will receive consideration in that context. It seems to me it would be imposing an undue burden on the Rapporteur if we asked him to elaborate exceptions for that purpose, when the reason for them, their context and their basis have not yet been decided or recommended by the body to which they have been referred. Therefore, I suggest the general task of exceptions might stand postponed as far as this committee is concerned. I do not think we shall lose any time on that because there is quite an amount of other work already waiting for us.

MR. LOKINATHAN (India): While that is generally true, and while I agree with the United Kingdom Delegate in that respect, another aspect which has got to be raised here is the method of giving protection, whether in our own country or in any other country. It may be quantitative trade controls or some equally useful instrument of protection - and, in some respects, better instrument of protection. Either because it will cost less, or owing to the rigidity of tariffs, it may be that quantitative restrictions may be necessary. I think that aspect is more appropriate here, and I hope the Rapporteur will not exclude that.

MR. HELMORE (United Kingdom): I was not saying that any aspect was inappropriate. I was only saying we should leave it until we see what comes out of the general body.

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MR. LOKNATHAN (India): I have not made myself clear. I was thinking of it purely as one of the methods of protection. Whether or not that country has a certain kind of tariff it may conceivably use quantitative control as an alternative method. I think that is relevant to this.

THE CHAIRMAN: Speaking now as a member of the joint body, I think the point will be covered. It certainly has been proposed at the joint body that a recommendation from them should go forward to Committee II expressing the views of the joint body on certain changes or matters which ought at least to be considered by Committee II in relation to the method of giving protection. It may be, for instance, that they would ask Committee II to provide for the use of quantitative restrictions for protectionist purposes in certain types of circumstances. If they are going to get instruments of that sort - as I think is not unlikely - it would be as well to wait until we have received it before we attempt the draft.

THE RAPPOREUR: Before we attempt the draft about their use for protection reasons, whether it be protection for industrial development or not ----

THE CHAIRMAN: Protection for industrial development.

THE RAPPOREUR: As Rapporteur I would say there is a terrific amount to do. I just wondered whether it would not be better -- it depends what the committee feels -- to deal with the protection use of Q.R., whether for industrial development or for other forms of protection, after we have received some information from the joint body. Although I agree entirely with the Delegate for India that they are different matters, they are so frightfully closely connected that I feel it might be a waste of time to make a draft now.

I do not know whether that would meet it.

THE CHAIRMAN: It is agreed, then, that we leave any question of the use of quantitative restrictions for protectionist purposes?

MR. VIDELA (Chile): May I ask the Sub-Committee whether, under quantitative restrictions, you will discuss here the point at Article 8, 2.a., where we find some quantitative restrictions related to imperial preference? This is a very important point to us because these quantitative restrictions are dealing with meat and, I think, some cereals. I remember we have a gentlemen's agreement in connection with barley and also we had to diminish our own importation here of frozen meat.

THE CHAIRMAN: The point at issue in relation to those quantitative restrictions, as I recall it, was only as to whether the understanding embodied in Article 8 that existing preferences would be eliminated by negotiation applied only to preferences embodied in the form of tariff import duties, or whether it applied also to preferences expressed in the form of quantitative restrictions; and that matter was referred to a special Sub-Committee of the countries directly affected. That Sub-Committee has not met and consequently we are not in a position to know what it is they are recommending, but I do not think it is necessary for us to discuss it here, at least until we have had a report from them.

MR. RICHARD (France) (Interpretation): Mr Chairman, we think that the question of re-equipment should be postponed till we know the decisions of the joint committee, but we also think that the question of modernisation for countries which have suffered on account of the war should also be postponed.

MR. HELMORE (U.K.): As I gave rise to this procedural discussion, I ought perhaps to say that I was not in the least suggesting that this Committee should not discuss these things. It was only that it should proceed first with the things on which the subject matter is more or less self-contained, and I would entirely agree with the French delegate's reservation, as also with our own reservation, that if this goes far we wish to discuss the position for the countries which have lost all their overseas investments.

MR. KAFKA (Brazil): Mr Chairman, I think you have summarised admirably most of the observations and doubts expressed by different countries, including Brazil,

on Section C, but there are one or two things I should like to mention at this point. I do not want to go over the whole field of quantitative restrictions. I would like to limit myself to observations on Article 19. The first thing which arises is that in respect of the exception contained in Article 19(2)(a)(ii), the orderly liquidation of the temporary surplus of the stocks owned or controlled by the government of any member country, we should like to see a similar exception accorded for the case where private initiative has created in a country during this war certain industries which have no sound economic basis and which may have to be liquidated in the post-war period, and we should like this liquidation to proceed in an orderly manner; and we think that therefore quantitative restrictions may in certain cases be the best means of obtaining this orderly procedure of liquidation of such war industries. This is the first point.

The second point is this: that we should like to include in this Article the possibility of imposing quantitative restrictions for the preservation of scarce natural resources. I am aware of the fact that under Article 32(j) a similar exception is included. Perhaps it may help the Sub-Committee if I read it out. It deals with measures "relating to the conservation of exhaustible natural resources if such measures are taken pursuant to international agreements or are made effective in conjunction with restrictions on domestic production or consumption". I think cases may very well arise where you do not need to make effective a restriction on the domestic production or consumption of such resources but where nevertheless your resources are so limited that you would like to restrict the exports. I can think of a case of that kind in my own country, Brazil, where we have some manganese which is very ample for our present and prospective domestic consumption but which is not very ample if we allow free exports of it. We did export that to a large extent during the last two wars but we are now thinking of imposing certain restrictions on that, and I think we should like either to have 32(j) amended to that extent or to have something of this kind included in Article 19.

The third point I wish to make relates to dumping. When we were discussing Article 11, "Antidumping and Countervailing Duties", in the Technical Sub-Committee, our delegation raised the point that in certain cases of

intermittent dumping you could not really combat that sort of thing very effectively with countervailing duties, for a reason into which I need not go here at this time; and therefore we wanted to have the possibility reserved to countries opposed to dumping of this kind of imposing quantitative restrictions, subject naturally to certain guarantees that there would be no abuse; and it was then pointed out that this was not properly the subject for the Technical Sub-Committee, because the Technical Sub-Committee was discussing only Article 11, which referred to duties exclusively and not to other forms of dumping, and therefore this matter should be brought up before the Sub-Committee on Quantitative Restrictions. I should therefore like the Rapporteur to take note of it. I think it might with advantage be included in Article 19, unless it is decided to expand Article 11.

My last point is that I have no very definite answer on the Chilean delegate's point that he would like to have import restrictions permitted under the same conditions as in Article (2)(c) not only for agricultural but also for manufactured products. It seems to me that the idea of limiting this, if I interpret the draftsman's intentions correctly, was that the sort of crisis against which this sort of restriction is directed is a crisis most likely to occur in agricultural products. However, it can also occur in certain cases with manufactured products. In fact, the chapter on Commodity Agreements of the American Draft Charter, while it refers primarily and for the same reasons to primary commodities, also foresees the possibility of in exceptional circumstances concluding commodity agreements relating to commodities which are not primary commodities, thereby implicitly admitting, I think with good reason, that the same sort of crisis, and so on, might also develop in other than primary production, and therefore the same sorts of defences should be applicable in those cases; and therefore I think the Sub-Committee should give very serious consideration at least to the proposal of the Chilean delegate as to whether such restrictions should be permitted also in the same circumstances with respect to non-agricultural commodities. That is all I have to say.

THE CHAIRMAN: Is there any further discussion on Article 19?

Would anybody like to comment on this?

MR GUNTER (USA): I would like to point out that Mr Hawkins is not here and this is an Article in which he is very much interested, and he may want to make some comments on it a little later in the Committee.

THE CHAIRMAN: Would anybody like to offer any comments on the various suggestions which have been put forward? In the main they have come from individual delegations or groups of delegations, and, so far as I know, other delegations have not expressed their concurrence or disagreement with them. If any delegate would like to do that in order to assist the Rapporteur on the general views of the Committee, it might be a good opportunity to do so.

Mr RICHARD (France(Interpretation): I thought that today we would study Article 19 paragraph by paragraph on the basis of the Charter. We have already made one reservation in connection with countries which need modernisation, and we think that this should be taken into account during the study of the next Article, in connection with the balance of payments. There is another comment we would like to make. It is of a limited character and is rather a question of drafting, but it is nevertheless important. I refer to the first paragraph of Article 19, which says that: "no prohibition or restriction other than duties, taxes or other charges, whether made effective through quotas, licenses or other measures, shall be imposed or maintained by any Member country". In France it is understood that this term "license" covers something else than quota. The quota relates to the substance of the matter, and the license to the form. The license makes it possible to put into practice the quota, and also to exercise a control of a statistical character over the imports or exports of a country. We think that those two questions are different from each other, and we do not think that this Charter should prohibit the use of licenses as a means of controlling the imports and exports of a country. We therefore think that in Article 19 the word "licenses" should be deleted. We think that the remaining terms adequately cover the purpose of this Article.

THE CHAIRMAN: You would not want to prohibit licenses if the effect of licenses were not to impose a quota.

Mr RICHARD (France): No.

Mr HELMORE (United Kingdom): Might I make a comment on that comparatively detailed drafting point. I do not think the French delegation have anything to fear. What the Article prohibits is prohibitions or restrictions. It does not prohibit licenses. It simply says that if the prohibition is done through quotas or licenses, then it is subject to rules. I would like to suggest in somewhat flippant vein, if I may, that

the net effect of the speeches we have heard so far is to make the Rapporteurs task extremely easy, that is, that we should come forward with a blank sheet of paper and Article 19, after all the speeches we have heard, disappears. I do not think that he will take his task in quite that spirit. I would seriously like to suggest that the logic of this requires that we should first of all wait for the more definite view to emerge from the Joint Committee, which will give us a clue as to how to handle the difficulties of quotas. There are various other types of restrictions for various purposes which have been mentioned, which are perhaps of a less comprehensive character and apply to fewer countries. We would do well to begin by asking the Rapporteur to start on the restrictions for balance of payments. If we can ask him to begin on that while we think over the further suggestions that have been made in the Main Committee, we should do our work in the best possible way.

THE CHAIRMAN: I think the Rapporteur has enough to think about on that Article, and we will pass to the consideration of Article 20, which deals with the use of quantitative restrictions for balance of payments purposes.

Mr RICHARD (France) (Interpretation): I think there was one point in Article 19 which was not covered in the discussion, dealing with the balance of payments. I mean the question of restrictions on exports. I think we should at least have an exchange of views on that subject, and let the Rapporteur study it after having heard the various views. The restrictions on exports are different from import restrictions, which will be dealt with in connection with Article 20, that is to say, in connection with the balance of payments.

THE CHAIRMAN: The question of quantitative restrictions on exports arises in one or two of the points which are referred to in the summary which has been raised at the Main Committee, in particular the imposition of quantitative restrictions on exports is one of the measures necessary to maintain the continuance of war time price controls where domestic prices

are being held at a level lower than world prices. Similarly I think that might arise in relation to schemes for the maintenance of price stability of primary products in that they would be necessary when it was desired to hold the average price for the producer at a level below that current on world markets. To some extent the problem of quantitative restrictions on exports has been commented on, but if any other delegate has anything further to add he may do so.

Mr LOKINATHAN (India): When there is a scarcity of any material during a particular period of time, it may be necessary to impose a certain amount of restriction on that class of material. That material may be mineral or it may be an agricultural product. I think the question as to what extent the export control could be maintained either for productive purposes or in conditions of scarcity, might also be considered. The Brazilian delegate has already drawn our attention to another point, namely, that in certain cases it may be necessary for us to impose controls upon exportation of certain generally scarce minerals. That is a matter for consideration, but it may be that within that period of time the country may be faced with a scarcity of that particular product, and that product may be the subject of processing.

Mr HELMORE (United Kingdom): I do not think we have a closed mind at all about the temporary imposition of export prohibitions which are to relieve conditions of distress - and I attach importance to the word "distress" - or to relieve shortages of essential foodstuffs, provided that they are temporary. But it does raise a problem, it seems to me, intimately connected with the work of the Joint Committee. One of the ways in which export prohibitions could be used - as the United Kingdom knows from present day experience - is for protective purposes. I say that quite deliberately. It is possible for a raw material producing country, which wishes to industrialise, to do so behind a protective arrangements which is extremely effective, and that is preventing anybody else getting the raw material to use in his already existing

industries. The Charter already provides for export duties to be negotiable in the same way as import duties. It will be no surprise to anybody round this table if I say, speaking for the United Kingdom, that we find export prohibitions as obnoxious when used for protective purposes as we find quantitative restrictions on imports. It may be that in this respect the older countries are not so senile and defenceless as they really appear, because if export prohibitions of raw materials are to be allowed, so they will be allowed on exports. I think it would be in the interests of the development of the general objective of the Charter if export prohibitions for industrial purposes were not allowed.

Mr MOSDYN (Belgium)(Interpretation): Mr Chairman, might I add that I do not think export prohibitions should be defended when the aim is to protect the quality of the product.

Mr RICHARD (France)(Interpretation): I should like to answer the case of the United Kingdom delegate. We also think that prohibitions of export can be very detrimental, and we think that within a certain given time and as soon as possible they should be suppressed. But what we wish to say is that we should examine the problem of restrictions to exports during the period of transition, and we think that this problem should be discussed and will be discussed, in particular in connection with Article 21 on non-discrimination.

MR RICHARD (France) (interpretation): Mr Chairman, I should also like to add that I think a uniform terminology should be established, and maybe the Rapporteur could be assisted by the various delegations in this task, in order to try to unify the various terms. In particular, I should like to mention the terms "quota," "licence" and "permit."

THE CHAIRMAN: Does anybody wish to add anything further on Article 19?

We pass, then, to consider Article 20. Here in this connection you will recall that the United Kingdom did circulate a draft which presumably was intended to be an alternative Article 20 of the United States draft Charter. I think the main issues raised at the meeting of the full Committee were, as I recall, the ones to which I referred in the previous section, that all countries whose long-term development programme tended to keep their balance of payments in fairly continuous difficulties unless they were able to exercise some selection of their imports; secondly, there was the question as to whether the criteria under which a country would be free to act on this exception should be specific or general; and, there was, thirdly, of course, the same question of the length and character of the transitional period during which greater freedom would be permitted. The question was also raised whether in some circumstances the difficulties associated with the balance of payments might not be more readily corrected with a less generally restrictive effect if there were the possibility of the rule against discrimination being waived under certain safeguards. Finally, there was the difficult question raised as to the precise relationship between this provision of the Charter and the relevant provisions of the articles of agreement of the International Monetary Fund, since both documents do cover alternative methods of dealing substantially with the same type of problem, and it is clear that they do in that respect need to be considered together, and the relationships between the bodies responsible for their administration clarified. I think that those were the main points that were raised in the general discussion. One point which I think might help the Rapporteur is whether the Committee has a view as

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to whether he should base his work on the original draft of the Charter or whether it would be preferable to work on the document submitted by the United Kingdom. Would you care to comment on this question?

MR RICHARD (France) (interpretation): Mr Chairman, I think that it would be useful to begin our work on the counter-proposal presented by the United Kingdom delegation. In Committee II we have heard various observations made by the representatives of many countries in connection with the proposals in the Charter, and I think that the United Kingdom proposals, in a certain degree, make it possible to reconcile the various views or to take them into account.

MR LOEWENTHAL (India): Mr Chairman, I should be glad if a copy of the articles of the International Monetary Fund could be placed in our hands, because I think it is most important that we should consult the relevant sections, as this matter is so closely connected with the provisions of the International Monetary Fund that we would like to have a copy. I am sorry I have not brought one, and I do not know where to get one. Arising out of that, I also feel that some more discussion is necessary as to why it is that the specific issue of the balance of payments, which was the subject matter of the International Monetary Fund, was inadequately covered by the International Monetary Fund, because we now feel the need for some information on the point. If the International Monetary Fund had provided for all the difficulties arising out of the balance of payments then there would be no need for us to consider the matter further, but the fact is that we feel that the articles of the International Monetary Fund do not sufficiently cover all the cases which we have in view, and I would like to have a little more discussion upon that. Then, thirdly, Mr Chairman, comes the question of the qualitative control in respect of exchange resources which a country has. I think that also is very important, that is to say, it is not a question so much of the balance of payments deficit as, whatever be the quantity of exchange resources that we have, that might be utilized in a manner which will accord with certain priorities on certain types of goods and the qualitative control of the

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importation of goods due to conservation and utilization of foreign exchange in the best possible manner. These are some of the points that I should like to raise.

THE CHAIRMAN: On the first point you have raised, we will take that up with the Secretariat, the question of providing members with copies of the relevant sections of the articles of agreement in the International Monetary Fund. Does anybody wish to comment on the other matters?

MR LUTHRINGER (International Monetary Fund): Mr Chairman, I think that the points raised by the Delegate from India^{is} that, although perhaps the delegations put forward these drafts for use on quantitative restrictions for balance of payments purposes, they will doubtless wish to give their own explanations; and I would like to say from the point of view of the Fund that as we see it, when you are dealing with a balance of payments or a monetary reserve situation of the kind postulated here, either exchange control measures or quantitative restrictions can pretty much be counterparts the one of the other, and that countries could deal with the situation from the point of view of restricting imports, either by a system of exchange licensing or they could deal with it through a system of import quotas. Now I think the particular competence of the Fund is clearly in the exchange field; but it is also clear I think that the use of quantitative restrictions involves certain questions of trade and commercial policy which are not within the Fund's competence. I think that the only way we can look at this situation is that we recognize that some countries will want to use quotas for this purpose; that we recognize the necessity for having some such organization as the I.T.O. which will try to harmonize the interests of the members with the interests of the individual countries as quantitative restrictions are imposed for those purposes. It does seem clearly to us that there has to be provision for very close liaison and to prevent the organization working at cross purposes in that field.

MR HELMORE (UK): Mr Chairman, I wonder if I could add a word or two in an attempt to answer in part at any rate some of the questions just put by the

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delegate of India. I think that I agree with his implied criticism, when he says, as I think he does: Why are we talking about the balance of payments? Why are we not talking about safeguarding reserves or safeguarding a country's exchange resources?

Now, I think we should, for historical reasons and the usual inability of a democrat to change his mind, or to change a word, we have continued to use this description when, in fact, practically all our criteria are related to the movement of reserves and to the level of reserves in comparison with a safety level, whatever that is, and from an excessively high level, whatever that is. We do not think that a simple balance of payments figure is at all a good guide, and I think that the representative of the Fund would agree with me if I were to say that to try to define what a country's balance of payments is is well-nigh impracticable, although one can usually recognize it when one sees it. The second question I would like to deal with is this question of giving priority within a country's available exchange resources for expenditure overseas on particular types of imports, the sort of thing that the United Kingdom is doing at the moment: a tendency to concentrate its exchange resources on essential foodstuffs, raw materials and essential capital installations. I think everyone must agree that if a country has not the exchange resources to buy all the goods which its nationals and other things being equal would like to buy, then it is bound to exercise some measure of choice. Quite how hard and fast that measure of choice should be is a matter for consideration, on which I think there is room for a considerable difference of emphasis, but that the choice should exist is I think recognised, and I think Mr Hawkins referred to it when he spoke in the debate in the full Committee. What I am afraid the United Kingdom has so far been unable to discover is the logic which says: "You need to use these restrictions when you have in fact the resources to buy the goods. Why try to exercise a choice if a country can reasonably be expected to pay for both the foodstuffs and the materials and the capital imports, as well as all the consumer goods and the luxuries?"

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MR. GUNTER (United States): I would like to emphasise another aspect of this problem which it is very important that we should not overlook. It is a point that has been stressed a number of times in the Conference, and I just wish to bring it to your attention at this point. Quantitative restrictions can be a method which will lead to contracting world trade. Therefore, on the question of imposing restrictions it is very important for us to keep in mind whether there are alternative measures or additional measures which should be undertaken. I think it is one of the primary functions of the international organization to be sure that quantitative restrictions, whenever they are imposed, act as little as possible in terms of restricting the total volume of trade. In other words, it is very important to see that when a country imposes restrictions it really needs to, and that it has explored the other possibilities of utilising the resources of the Fund and Bank, possibly exchange depreciation, and measures of that type.

THE CHAIRMAN: Is there any further discussion on this question.

MR. KAFKA (Brazil): I take it the proposal submitted in writing by various Delegations in the meeting of Committee II will be considered by the Rapporteur.

MR. LOKANATHAN (India): There is one matter I would like to get clear in my own mind, not so much from the point of view of the text submitted by the U.K. Delegation. Suppose a country's balance of payments problem is established for a certain period of time, that would then be covered by the time limit - five or ten years. In that way we can clear that difficulty. It seems to me the more fundamental matter with which we are now concerned is the use of quantitative restrictions as a permanent measure in our hands whenever there is a balance of payments problem. That is what I want more closely connected with the Monetary Fund and the International Trade Organization. The whole philosophy underlying the Monetary Fund was built up on getting resources from the Fund for short periods of time. The currency is depreciated and you just make a few

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adjustments. Obviously both the American Charter - in so far as it has recognised this point - and the U.K. draft, clearly recognise that apart from all these temporary factors there is also the more permanent use. It is to that that I wish to draw attention - though not from the point of view of for or against, because that is not the point. I want to know about the underdeveloped country which wants to use quantitative restrictions as long as the period of development is continuing. Likewise, I would like to have more enlightenment from the U.K. Delegation as to the sorts of difficulties they expect to experience beyond even the usual transition period, for which of course there is provision in the Charter. I think everybody will agree to the transition period.

MR. HELMORE (United Kingdom): You want to know how long the U.K. will be in balance of payments difficulties?

MR. LOKANATHAN (India): No. You may say five, ten or fifteen years; I do not mind that. I am concerned more with the general question, assuming ~~whether~~ that period is over how long it will be. Suppose a country does experience balance of payments difficulties, the Monetary Fund could say there were certain courses open, either use the funds of the Monetary Fund, depreciate the currency and make little adjustments. Those are the things that are allowed. Judging from the U.K. draft we are not quite reconciled to that. We feel that the balance of payments problem may continue beyond the transition period, and we want to know why. The suggestion is they should say it lasts five or ten years, or liable to periodical review. I thought the U.K. draft went further than that. I have not given it close attention, but judging from a very cursory glance at it I have the feeling that apart from the transition period there might be need for quantitative restrictions whenever there is a balance of payments difficulty, and that difficulty is not fully met by the International Monetary Fund. If I am right in that I want a little more explanation of the condition which you anticipate after the transition period is over.

MR. HELMORE (United Kingdom): Speaking from the point of view of any country.

MR. LOKINATHAN (India): No, entirely from the point of view of the U.K.

MR. HELMORE (United Kingdom): I can explain quite easily how the United Kingdom might be in balance of payments difficulties after the transition period: if the industrial development plans of the underdeveloped countries went too fast or too unwisely. Seriously, surely the problem is this. I quite agree that the International Monetary Fund will see to it that balance of payments difficulties do not arise, or if they do arise they will be solved by the various expedients and techniques open under the basic instrument of the Fund: there is exchange depreciation, easy drawing rights and so on. It is possible that those instruments either will not solve the problem or will be insufficient, or will be found in a particular case to be inappropriate. There is another way of meeting what I call in this case a temporary difficulty in balance of payments, which is a restriction on imports for so long as the difficulty lasts. I can conceive that a country, through a particular internal financial policy, might cause to be in the hands of its consumers a very large volume of purchasing power which it would not wish to be used overseas because, perhaps, another part of its financial policy was inconsistent with that result. It might be that the circumstances that have caused these two things to arise at once were temporary, and that it would not be wise to resort to the classical method of solving the balance of payments difficulty, namely, exchange depreciation, because the two conditions might be expected to disappear within two years, and that less dislocation to the world would be caused by comparatively moderate restrictions on certain classes of imports than by the somewhat wholesale upset that might occur if an exchange depreciation were resorted to. Therefore, we feel that in the Charter there should be the opportunity for the country concerned to limit its overseas purchases, informing the I.T.O. at the same time that it imposes the

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limitation, and accepting the obligation that if any country thinks it is wrong the I.T.O. and the Fund should jointly take action.

MR. LUTHRINGER (International Monetary Fund): I would like to make a further comment, if I may. I am not altogether sure that there is too wide an area of disagreement here. In fact, I think there is probably a greater area of agreement than has been suggested by the last few speakers. In the statement I made the other day - and it has been repeated here this afternoon - I emphasised that the Fund does have as an important objective an attempt to get adjustment on a basis that will not be destructive of national or international prosperity. I think it is definitely the hope of the Fund that in the post-transition period a great many of the temporary difficulties - in respect of which it is proper to come to the Fund to seek the use of its resources - can be solved on a basis that will maintain rather than reduce demand. At the same time, it is clearly not contemplated in the Articles that it will be possible to make all adjustments on this basis. After all, there is in the articles of agreement the provision with respect to the post-transition period which will permit members to put restrictions on current payments; that is, to authorise exchange control measures. The resources of the Fund are limited, and it serves a good many members, so I hope that nothing I have said has suggested that there may not be some circumstances in which restrictions of imports may be necessary, whether this is done by exchange control measures or by quantitative restrictions on imports. The point which I have tried to emphasise is that in the light of the contribution which the Fund may make I do think the mechanism established here should ensure that these other alternatives are given adequate consideration by a country before it definitely makes up its mind as to the specific programme which it will pursue. I might say that the articles of agreement do not attempt to suggest all the measures that have to be taken of a corrective nature with respect to a fundamental

disequilibrium, particularly of the long time such as has been suggested. Of course, alteration in the value of a currency is one of these measures, but there may be measures beyond this, perhaps largely of an internal nature, which also come into play. I have tried to amplify my previous statement a little, to try to prevent any misunderstanding.

THE RAPporteur: May I, as Rapporteur of Committee I, put forward an example which I think is very relevant to the problem raised by the Indian Delegate and commented on by the Observer for the Fund. Suppose there were some degree of general trade depression and a country found as a result of that that it was in a difficult balance of payments position and had not got the exchange resources to meet it, and suppose that was thought to be - and obviously was - a depression which would remove itself in the course of a few years. It would surely be very questionable whether a depreciation of currency was more appropriate, to go on, say, for two years and then be appreciated back to what it was. That then should mean some temporary restriction of imports. I think that was a case the United Kingdom Delegation had in view - speaking now as a sub-Delegate for the United Kingdom and not as Rapporteur of Committee I.

MR. LOKINATHAN (India): I quite understood what Mr. Helmore said with regard to that. Although a certain course of action is ^{apparently} restrictive, it is in the long run less restrictive than another course of action. I think that is a very sound principle.

MR. GUNTER (United States): I think Mr. Mead's remarks suggest that there are various combinations of measures in particular circumstances which should be taken to meet balance of payments problems, and not a single measure. The Delegate for India raised the question how these quantitative restrictions fit into the general picture, and where they are put in the Charter. We had visualised it in this way. The Fund sets up a certain framework operating particularly in the exchange field; and that the articles of agreement of the Fund leave free the right to use quantitative restrictions.

One of our main objectives in Article 20 is to provide a framework within which quantitative restrictions may be used and may not be used in ways that conflict with the purposes of the Fund. We have become increasingly disturbed over how you can be sure that these various combinations and measures can be objectively considered and concerned over the question whether under the I.T.O. agreement a country will not be able to get out of step with the Fund. Now, the Fund is, we feel, quite competent to operate in the balance of payments field, and consequently we are leaning more and more towards the view that the question of the position of quantitative restrictions should be considered by the international organisations; in other words, when a country wants to put on restrictions it should consult with the international organisations. The Fund would be primarily concerned in determining the necessity for imposing such restrictions; and the I.T.O. and the Fund together would consult with the member countries on the various combinations and measures that should be undertaken.

MR VIDELA (Chile): Mr Chairman, I quite agree with the point of the United Kingdom delegate in connection with the right of a country with a deficit in balance of payments to reserve its exchange for special products, leaving aside certain others; and I would like to raise a very important point here, and that is the question of the debtor countries.

Our experience in the crisis of 1931 was a very bitter one. I referred to it when I said that our international trade dropped to 14 per cent of what it was in 1929; and we still have to contend with the difficulties created at that time, because we are a debtor country. I remember this point was very widely discussed at the world conference, and most of the countries agreed that the debtor countries should pay in kind; and we are in the position now where we have to return to a sort of gold standard, and we are drafting a charter for the application of multilateral agreements in order to give full value to the most favoured nation clause. We have to wait now to see whether in accepting the proposals we should be putting in danger our

balance of payments or whether we have to keep our quantitative restrictions or exchange control. But we have not taken into consideration here the most important difficulty, and my belief is that that important difficulty is the question of the debtor countries paying their debts. Abandoning the doctrine of free trade, commercial and economic policy has adopted various measures in an endeavour to protect the standard of living, procure economic independence and stability of the workers of the country concerned, provide them with the maximum of work within the frontiers of their country, and in order to ensure the proper means of subsistence in the event of an armed conflict, i. e., what is known as the policy of self-sufficiency. Of such measures, one of the most difficult to overcome in favour of the maintenance of the most favoured nation clause is that which relates to the faculty the creditor nations have of reserving their internal markets for products coming from foreign countries in which are invested their enterprises and capital, so that at the same time the return on these investments and the usefulness of these enterprises also remain guaranteed for the future. The creditor countries will have to decide to abandon the enterprises and capital abroad, or else to reserve their own markets for the payment of the return on these investments, since the most favoured nation clause has today only a secondary application, and a system of barter or of reciprocity has taken the place of international free trade. In this way the debtor countries will be able to negotiate their consumptions freely with the countries which receive their products of an equivalent value. The policy of self-sufficiency has upset the balance of world production and consumption, and in order to control production, world consumption will have to be rationed among the producer countries. The problem which has to be considered is the allocation of consumption among the producer countries. We know that production is capable of infinite expansion, since man is master of nature, but we must not lose sight of the fact that consumption and markets are limited. The control of production should be the first step, and to achieve this it is necessary to control the power of

investing, the spirit of enterprise, and the competency of capital. England, for example, can control the consumption of food products and raw materials, and her task is to distribute this market between national, empire and foreign production. But this distribution is intimately linked with the balances of payment, and the greater the investments of British capital abroad, the less must be her exports. This is one of the causes of unemployment in the creditor countries. If the value of the exports goes into the hands of the foreign investors, the debtor countries will be unable to buy anything in the creditor countries, and the exports of the latter will necessarily be reduced proportionately to the amount of their investments abroad. The debtor countries pay their imports and their debts with their exports. Consequently exports must cover the value of their imports and the interest on their debts. In order to find a way out of the present crisis, in addition to controlling production, which will allow of a readjustment of prices and stabilise currencies, and the reciprocity or barter system, intended to equilibrate the balances of payment, she must avail herself of the low rates of interest and abundance of idle capital to convert the investments in the debtor countries to a lower rate of interest. With the reduction of the amount of the interest on foreign debts, the importing capacity of the debtor countries would increase and at the same time there would be reduced the consumption quota which has to correspond to the debtor countries for the payment with goods of the interest on their debts. In order to avoid the lack of equilibrium in the balances of payment and to maintain the stability of currency in the debtor countries, if these increase their imports they must also increase their exports in like proportion; and if they increase their debts (the payments on the foreign capital invested) it is necessary that the amount of exports should be increased in like proportion. If we can assure in this manner a market for the production which the debtor countries must of necessity export for paying the interest on their debts, and consequently the equilibrium of their balances of payment and the stability of their

currencies, the crisis of the debtor countries will be solved, since the loans which these countries must of necessity make to establish themselves will free the markets of congestion of idle capital, and one standard rate of interest throughout the world will allow of better stability of prices and a common standard of living in both debtor and creditor countries.

No country should be allowed in the future to authorise fresh investments of its capital in a debtor country without previously undertaking to raise the import quota of goods originating from the debtor country to an equivalent extent, or to assure them fresh markets of an equivalent value, without reciprocity, acquired at their expense in the "market of markets". Capital invested without this undertaking should be considered as nationalised capital. In consideration of the fact that the interest and amortisation on the investments in the debtor countries depends on the fluctuations of prices and the exports of the products of these countries, in future capital invested abroad should not bear any fixed rate of interest, and should be considered as part of the business capital, and subject to profits and losses. Present capital at fixed interest or debentures should be converted into ordinary capital.

I may add, Sir, that following these lines Chile made arrangements with the creditor countries, the United States and Great Britain, in 1934, 1935 or 1936 (I forget the year) in order to link the capital invested in Chile with the enterprises where the capital was invested. Therefore we have linked investments and production and exports, and the interest we are paying now to the investor in Chile is related to the exports. If we have no interest, we do not give interest; if we have some income, we give income. This is my point, and I think this is a very important point, because this is the clue to the crisis.

I would like the points I have raised to be considered in order to direct the debate to the one point which I consider to be very relevant

and substantial. Finally, I wish it to be clearly understood that the remarks I have just made represent my personal point of view.

THE CHAIRMAN: If there is no further discussion on that Article, could we pass ~~the~~ consideration of Article 21, the non-discriminatory administration of quantitative restrictions. As I pointed out earlier, the only point I recall which arose in the discussion was the question raised as to whether, in certain circumstances, where there was a sharp fall in effective demand in certain countries, that might not lead to circumstances in which the necessary restrictions for the protection of balance of payments of countries adversely affected by that fall, might not be provided for by discriminatory restrictions rather than non-discriminatory. Has anybody any comment to offer?

Mr GUNTER (United States): Mr Hawkins wanted to be present for the discussion on this Article, and I wonder if we could postpone it?

THE CHAIRMAN: I think so. The United States delegate asks that consideration of this question might be deferred until Mr Hawkins is here. We have made pretty good progress, and I think the Rapporteur has quite a deal to do. I suggest we might defer that. (Agreed). Article 22 deals with exceptions from the rule of non-discrimination, which obviously must be discussed at the same time as Article 21, and consequently with your approval, I suggest that we adjourn now and invite the Rapporteur to get to work.

THE RAPPORTEUR: Do you want the poor Rapporteur to do everything at once, or do part of it and come back? I do not think one get get further than the balance of payments Article before one hears about the outcome of the Joint Committee. As it is a fairly self-contained Article, would it be convenient to the Committee if the Rapporteur started on the balance of payments article and put forward alternative texts on that as quickly as possible and then try his hand at some of the rest?

Mr GUNTER (United States): I think that would be highly desirable. I feel

that Article 20 is one of our most difficult Articles, and if we get over that I think the work of the Committee will be easier.

THE CHAIRMAN: We will ask the Rapporteur to prepare a draft or, where he feels it necessary, alternative drafts, for the consideration of the Committee, and that he report back as soon as he has the draft or alternative drafts ready in respect of the balance of payments.

Mr GUNTER (United States): We are scheduled to meet tomorrow, and I wondered if we could get some general idea of what we will take up then.

THE CHAIRMAN: Do you think you could have a draft ready tomorrow afternoon ?

THE RAPPORTEUR: I think that would be rather difficult.

THE CHAIRMAN: Alternatively, if Mr Hawkins were available tomorrow afternoon, we might re-assemble then and deal with the discussion on Articles 21 and 22, and then we would have covered everything to the stage where the Rapporteur could deal with it. Is that correct ?

THE RAPPORTEUR: Yes.

THE CHAIRMAN: Then we will meet tomorrow afternoon, presumably at 3 o'clock, the subject being Articles 21 and 22, non-discriminatory administration. The meeting is adjourned.

(The meeting rose at 5.5 p.m.)