

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## IMPORT RESTRICTIONS FOR BALANCE-OF-PAYMENTS PURPOSES

### Proposals and General Position of the Cuban Delegation

During the meeting held by Review Working Party I on 19 November, the Cuban delegation put forward its points of view in relation to quantitative restrictions for general balance-of-payments purposes. It proposed stricter rules for the long term as well as for the short-term periods, recognizing however that those to be applied after the convertibility of the main European currencies should be much stricter. In synthesis, the Cuban delegation concurred with other proposals which contemplated: (a) the definition and limitation of the extent of the pre-convertibility period; (b) a general review of the existing restrictions immediately after the revised Agreement is put into force; (c) the gradual but prompt elimination of discriminatory practices as part of the liberalization measures to emerge from the review contemplated in (b); (d) periodic consultation with all members imposing quantitative restrictions, and improvements of the procedures and content of such consultations, especially through the strengthening of IMF - GATT organizational relationship and the restating of the jurisdiction of both institutions; (e) the obtaining from the Organization of an explicit authorization in order to maintain or impose any quantitative restriction after the end of the short-term period; (f) that the use of such restriction be limited to one year and extended - in special circumstances - for an additional year, after which a minimum period free of restrictions should be required, before a new authorization to re-impose them could be applied for; and (g) that all restrictions be non-discriminatory, but discrimination being allowed against the country whose currency is declared "scarce" by the IMF, under the less restricted provisions of paragraph 5 of Article XIV, as reviewed along the lines suggested by the British delegation.

In addition to these points of view, which in general manner are shared by various members of the Working Party, the Cuban delegation proposed the following:

- (a) That in the case of discrimination being allowed under paragraph (5) of Article XIV, as amended after the Review, the application of such discrimination should be strictly circumscribed to the products originating in the country whose currency has been declared scarce. Therefore,

discriminating countries should be authorized to restrict imports of goods originating in the scarce currency country, even when bought indirectly through third countries.

- (b) That a more realistic attitude should be taken in relation to quantitative restrictions. In the present text of GATT they are condemned in principle, but accepted as being inevitable and even necessary in certain circumstances, of widespread occurrence, now and in the foreseeable future. Therefore, it should be frankly recognized, that in spite of the best efforts made under GATT, quantitative restrictions have assumed a permanent or semi-permanent character in the general setting of world trade, and accordingly, our Agreement should contemplate the possibility of negotiating - in a non-discriminatory manner and in special circumstances - not only tariffs but also quantitative restrictions. The main objective would be to provide a safeguard which would be stronger, more continuous and more expedite than the present ones against the unjustified nullification or impairment, through the use of quantitative restrictions, of the benefits accrued under the Agreement.

This in our opinion could be achieved by establishing that any member of the Organization substantially affected by the quantitative restrictions imposed by a second member may approach the said member in order to revise through the corresponding negotiations such quantitative restrictions and reach a satisfactory and non-discriminatory adjustment of the matter for a specified period of time.

The written application for such negotiations should be made through the Organization, and as soon as this application is received by the member responsible for imposing these restrictions, negotiations should start. If an agreement is reached between the two members, the same should be notified to the Organization for its final approval, and the specific obligations so agreed will be considered an integral part of the General Agreement.

If, on the contrary, no satisfactory agreement is reached between the two members, the Organization will recognize that in principle, the member who is being substantially injured by the imposition of quantitative restrictions, has the right to suspend, subject to approval by the Organization, the application to the other member of such concessions or obligations under the Agreement, which are determined to be equivalent to the injury being suffered. Before the right to suspend obligations is applied, the Organization must be notified of the scope and nature of the obligations to be suspended, and if after a period of thirty days such a course of action is not objected to, the suspension can be put into effect. With a view to securing that the objective of the Agreement to maintain the maximum equity in reciprocal

obligations, consistent with the maximum level of international trade, will be carried out to the greatest possible extent, the Organization will carefully consider the decision of the member who has notified his intention to suspend obligations, and in exceptional cases - if it is determined that such action is basically against the objectives of the Agreement - the Organization will make representations to that member, suggesting that such attitude be modified.

These representations should be answered within a reasonable time, and if the Organization finds that the answer given is not satisfactory - because the measures proposed are still considered as being basically against the objectives of the Agreement - the member concerned shall not carry them out.