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AUSTRALIA: PROPOSED AMENDMENTS

Chapter IV

Article 21

Paragraph 1

"1. Notwithstanding the provisions of paragraph 1 of Article 20, any Member, in order to safeguard its external financial position and to assist in restoring a stable equilibrium in its balance of payments, may restrict the quantity or value of merchandise permitted to be imported, subject to the provisions of the following paragraphs of this Article."

Paragraph 2 (b)

"2. (b) A Member [s] 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 intensification 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]"

Comment

Apart from incidental points of drafting, the purpose of the amendments proposed above is to make clear that a Member which is applying import restrictions in accordance with the criteria laid down in sub-paragraph 2 (a) of this Article, is not required to relax the restrictions or remove them entirely until a reasonably stable equilibrium is being restored in its balance of payments. It would not be sensible for a Member to be required to eliminate restrictions if the result would be the creation of conditions which would quickly justify the
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re-imposition of restrictions. It is possible, however, that the text adopted at Geneva could be interpreted in that sense.

Attention may also be drawn to the following points:

- (i) The reference to the use of import restrictions "as a step towards the restoration of equilibrium in its balance of payments on a sound and lasting basis" in sub-paragraph 3 (a) of this Article relates only to the early years of the Organization. It seems worthwhile to bring in this idea in a more general context in paragraph 1.
 - (ii) The words "such conditions" in sub-paragraph 2 (b) do not appear to have reference to any conditions previously defined, but presumably refer to an improvement in the Member country's "external financial position".
 - (iii) The proposed amendments are not designed either to detract from the force of the criteria set out in sub-paragraph 2 (a), or to introduce new criteria.
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