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PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE
ON TRADE AND EMPLOYMENT

NOTE OF THE NETHERLANDS DELEGATION WITH REGARD TO THE
PROPOSED ABOLISHMENT OF QUANTITATIVE RESTRICTIONS

Section C of the suggested draft of a charter for an International Trade Organization embodies the principle that quantitative restrictions should be abolished as soon as possible and only be maintained in certain specified cases enumerated in Paragraph 2 of Article 19 of the Draft Charter. Furthermore, Article 20 stipulates under what conditions and in what manner, restrictions to restore equilibrium in the balance of payments may be applied.

The Netherlands Delegation wish to point out that the provisions of Section C tend to place certain countries, relying more on a system of quantitative restrictions than on high tariffs, in a temporary and even a permanent position of disadvantage.

Temporarily, these countries will be at a disadvantage at the coming tariff negotiations on a selective basis as they will, as a rule, only be able to offer tariff consolidations against reductions by other countries having high(er) tariffs. In the past, however, the position has been such as to make it possible for them to negotiate by offering not only those tariff consolidations, and occasionally some slight reduction of these already low tariff rates, but special concessions in the quantitative field as well.

These countries may, moreover, be permanently placed in an unfavourable position if the series of tariff negotiations at the next conference should only result in relatively small reductions for the relevant commodities. They would then be bound not to increase their tariffs as this would be against the spirit of the Charter, and on the other hand have to accept the obligation not to maintain quantitative

import restrictions, unless in the exceptional cases enumerated in section C of the Draft Charter.

The Netherlands Delegation are of the opinion that the provisions of the Charter are not sufficient to safeguard - after the transitional period - vital interests of the countries, which would be in the above-mentioned position. It would appear that, in order to be really acceptable, the Draft Charter should contain additional stipulations so as to enable those low tariff countries either to maintain their combined system of low tariffs and quantitative restrictions, or to give them freedom to increase certain tariffs to a level equal to the tariffs of those countries, relying mainly on high tariffs and not quantitative restrictions.
