

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1394

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Limited Distribution

PROCEDURES FOR DEALING WITH NEW IMPORT RESTRICTIONS APPLIED FOR BALANCE-OF-PAYMENTS REASONS AND RESIDUAL IMPORT RESTRICTIONS

(approved by the CONTRACTING PARTIES on 16 November 1960)

I. Introduction or Substantial Intensification of Import Restrictions Applied for Balance-of-Payments Reasons

1. A contracting party applying new restrictions or raising the general level of its existing restrictions by a substantial intensification of the measures applied under Article XII or XVIII:B is required, under paragraph 4(a) of Article XII or under paragraph 12(a) of Article XVIII as the case may be, to enter into consultations with CONTRACTING PARTIES as to the nature of its balance-of-payment difficulties, alternative corrective measures which may be available, and the possible effect of the restrictions on the economies of other contracting parties. Such consultation should take place immediately after the measure is taken or, in circumstances in which prior consultation is practicable, before the measure is taken.
2. In order to implement these provisions, any contracting party modifying its import restrictions is required to furnish detailed information promptly to the Executive Secretary, for circulation to the contracting parties.
3. Upon the receipt of a notification from a contracting party that it has taken measures requiring a consultation under Article XII:4(a) or Article XVIII:12(a), the Council should be convened to meet with the shortest possible delay, which should normally be not less than 48 hours and not more than ten days after the receipt of the notification, to carry out the consultation.
4. In cases where the contracting party applying the restrictions has not asked for a consultation with the CONTRACTING PARTIES, the Council may invite that contracting party to consult in accordance with Article XII:4(a) or XVIII:12(a), if the Council considers that there is a prima facie case of "substantial intensification" requiring such a consultation.

Under established procedures, contracting parties should furnish such information not only when they wish to initiate a consultation pursuant to Articles XII:4(a) or XVIII:12(a) but whenever any significant changes are made in their restrictive systems.

5. The Council should carry out, or arrange for, consultations initiated under these provisions of the General Agreement, and submit reports to the CONTRACTING PARTIES for consideration normally at their subsequent regular session.

6. As soon as a consultation is initiated the International Monetary Fund should be invited to consult with the CONTRACTING PARTIES pursuant to paragraph 2 of Article XV of the General Agreement. This consultation will be conducted by the Council.

II. Residual Import Restrictions

Notifications

7. Contracting parties are invited to communicate to the Executive Secretary lists of import restrictions which they are applying contrary to the provisions of the General Agreement and without having obtained the authorization of the CONTRACTING PARTIES. Any subsequent changes in a list should likewise be communicated to the Executive Secretary. The Executive Secretary will circulate the lists received to all the contracting parties.

Consultations under Article XXII

8. Bilateral consultations may be sought, pursuant to paragraph 1 of Article XXII, either by the contracting party applying the restrictions or by contracting parties affected by them. The Executive Secretary should be informed of consultations requested so that in cases where the restrictions in question affect the interests of a number of contracting parties, the procedures adopted by the CONTRACTING PARTIES on 10 November 1958 should apply.

Consideration by the CONTRACTING PARTIES

9. If consultations held under paragraph 1 of Article XXII do not lead to a satisfactory solution, any of the parties to the consultations may request that consultations be carried out by the CONTRACTING PARTIES pursuant to paragraph 2 of Article XXII. Alternatively, a country whose interests are affected may resort to paragraph 2 of Article XXIII, it being understood that a consultation held under paragraph 1 of Article XXII would be considered by the CONTRACTING PARTIES as fulfilling the conditions of paragraph 1 of Article XXIII.