

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Review Working Party I on
Quantitative Restrictions

BALANCE-OF-PAYMENTS IMPORT RESTRICTIONS

UNITED STATES STATEMENT

Résumé of Remarks of the United States Representative at the First Meeting on Friday morning, 19 November 1954

The general lines of the United States approach to the question of quantitative restrictions for balance-of-payments reasons were set forth in the plenary discussions and are reproduced in the summary record of the fourteenth meeting, SR.9/14 of 17 November, pages 4-6. The following comments amplify the statement made on that occasion:

1. It is essential for progress in the elimination of quantitative restrictions that the right to impose or maintain them should be subject to the specific approval of the CONTRACTING PARTIES. A country wishing to impose quantitative restrictions should be prepared to prove that there is a need and justification for them. This is necessary in order to avoid the creation of protective restrictions under the guise of measures taken to protect a country's balance of payments. Accordingly, the CONTRACTING PARTIES should have the right to scrutinize quantitative restrictions with care and in detail to assure (a) that they do not afford undue protection, (b) that they avoid unnecessary damage to the commercial interests of other countries, and (c) that the necessary corrective measures are taken which will make possible the elimination of the restrictions in a short period of time.

2. The United States agrees with the United Kingdom and the Benelux countries on the need for a specific time limit within which quantitative restrictions would have to be dismantled. Such a time limit should be feasible in the conditions anticipated for the functioning of the new rules and would strengthen the hands of those in the countries concerned working to correct the situation.

3. On the question of whether a country's balance-of-payments situation justifies the imposition or maintenance of quantitative restrictions, the judgement of the International Monetary Fund should be accepted. It is also appropriate, in view of the Fund's responsibilities and expertise in the international field, that its judgement should be determined with respect to the magnitude of the balance-of-payments problem which needs to be met by quantitative restrictions (e.g. the need of an aggregate improvement of one hundred million dollars per annum).

4. The CONTRACTING PARTIES themselves should have the exclusive responsibility for scrutinizing any proposed or actual quantitative restrictions for the purpose of determining their commercial effects. Such an examination would have regard to the nature of the restrictive system, methods of implementation, distribution of the restrictions as among commodities and suppliers, effects on particular suppliers, etc.

5. The views expressed by the delegate of the United Kingdom on the matter of discrimination are fully endorsed. It is essential for the healthy and effective functioning of a multilateral system of trade that discrimination be resorted to only in the most exceptional circumstances. This position should be reflected in the new rules.

6. In cases where it is necessary to impose balance-of-payments restrictions there should be no absolute prohibition on commercial imports of foreign goods which enjoy an established market in the restricting country.

7. As regards the proposal of the United Kingdom for a provision which would permit countries to discriminate against a country whose currency becomes scarce, there is no need to add anything to the statement already made on this point by the United States representative in the plenary. While the rationale of this proposal is appreciated, the United States delegation is convinced that a new provision along the suggested lines is unnecessary, as the combination of the present Fund and GATT rules already provide adequate protection to the contracting parties.

8. The United States delegation agrees that there should be no changes in the rules which would be applicable in the transition period immediately ahead, i.e., up to the time of the entry into force of the new rules. However, when and how the new rules will come into effect is something that will have to be considered very carefully. This can perhaps be done best when some consensus on the new rules has been reached.

9. The United States delegation believes that a substantial simplification of the present balance-of-payments provisions is both feasible and desirable.

10. The United States hopes very shortly to submit a draft set of provisions which will embody the foregoing revisions.

