

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

W.9/226

24 February 1955

Special Distribution

CONTRACTING PARTIES
Ninth Session

Review Working Party I on
Quantitative Restrictions

FURTHER PROPOSALS FROM SUB-GROUP B

1. The following text is proposed for replacing paragraph 7 in the Working Party report (W.9/208):

"7. Paragraph 4(b) is new; it provides for a review by the CONTRACTING PARTIES of all restrictions applied under the Article. One year after such a review is initiated a system of annual consultations with contracting parties still applying restrictions under Article XII shall enter into force. It is contemplated that such review will take place upon the entry into force of the Amendments to this Article. However, it was the view of many members of the Working Party that it would be unwise to initiate the review followed by the annual consultations so long as a great number of contracting parties were resorting to restrictions under this Article, and so long as the Secretariat was not equipped to deal effectively with the substantial work involved in a large number of consultations. It is proposed therefore to add a clause to the interpretative note to the sub-paragraph providing that the CONTRACTING PARTIES may postpone the date of the review and consultations if it is found that conditions are not suitable for such review and consultations at the time envisaged in that sub-paragraph. In the opinion of the Working Party, the review envisaged in sub-paragraph 4(b) should not be initiated during the Tenth Session, even if the amended Agreement should have entered into force by that time. The review should, however, be initiated not later than such time as the obligations of Article VIII, Sections 2, 3 and 4 of the Fund Agreement become applicable to contracting parties, members of the Fund, whose combined foreign trade constitutes at least fifty per cent of the aggregate trade of all contracting parties."

2. The following text is proposed for inclusion as paragraph 19 of the Working Party report:

"19. The South African delegation proposed an amendment to Article XIV with a view to ensuring that discrimination practised by contracting parties under bilateral agreements was limited to the extent justifiable on currency grounds. The Working Party considered that the amendment proposed by South Africa was unnecessary since it was already covered by the provisions of Article XIV which clearly defined the extent to which deviation from the provisions of Article XIII was permitted. In this connection it was pointed out that under Article XIV:1(b) of the existing text and paragraph 1 of the

proposed new Article XIV a contracting party could deviate from the provisions of Article XIII only in a manner having equivalent effect to restrictions on payments and transfers for current international transactions of the International Monetary Fund; it was understood that such restrictions could be applied only on currency grounds. AS regards countries making use of the provisions of Article XIV:1(c) or of Annex J it was pointed out that such countries may deviate from the principles of Article XIII in a somewhat different manner, but they are required to consult annually with the CONTRACTING PARTIES on the nature and extent of their discrimination. Moreover it is for the CONTRACTING PARTIES to decide whether the provisions of the Agreement are being complied with and in so far as discrimination is not authorized under the Agreement, it is possible for a contracting party adversely affected thereby to have recourse to the provisions of Article XII. Furthermore, it was considered that the discriminations of the kind envisaged in the South African proposal would tend to disappear with the introduction of general convertibility of currencies.

3. The following interpretative note is proposed for insertion in the Annex to Article XII, paragraph 4:(b):

"It is agreed that the date shall be within thirty days of the entry into force of the amendments to this Article. However, should the CONTRACTING PARTIES find that conditions were not suitable for the application of the provisions of this sub-paragraph at the time envisaged they may determine a later date, provided that such date is not more than thirty days after such time as the obligations of Article VIII, Sections 2, 3 and 4 of the Articles of Agreement of the International Monetary Fund become applicable to contracting parties, members of the Fund, whose combined foreign trade constitutes at least fifty per cent of the aggregate foreign trade of all contracting parties."

4. Add the following text at the end of paragraph G of the Annex to W.9/208:

"That date shall be as early as practicable after, and in any event not later than twelve months after, the obligations of Article VIII, Sections 2, 3 and 4 of the Articles of Agreement of the International Monetary Fund shall have become applicable to contracting parties, members of the Fund, whose combined foreign trade constitutes at least fifty per cent of the aggregate trade of all contracting parties, provided that during the period between the time when the provisions of Article VIII, Sections 2, 3 and 4 of the Fund Agreement become applicable to the required number of contracting parties and the date determined by the CONTRACTING PARTIES, any contracting party shall have the right to avail itself of the provisions of either paragraph 1 of the existing Article XIV or paragraph 1 of the revised Article XIV."