CONSULTATIONS UNDER ARTICLE XII: 4(b)  
Proposal by the United States Government

1. The United States proposes that at the Eleventh Session the CONTRACTING PARTIES, acting pursuant to the first clause of the first sentence of Article XII:4(b) of the General Agreement, invite contracting parties applying import restrictions under Article XII to enter into consultations with them. It is proposed that such consultations take place in the period between the Eleventh Session and the end of the Twelfth Session.

2. It is the United States view that this invitation should be extended to all contracting parties applying import restrictions under Article XII although, in considering the proposed invitation and timing of consultations, the CONTRACTING PARTIES will wish to take due account of the interests of individual contracting parties.

3. Several considerations have led the United States to conclude that the present proposal would be in the common interest of the CONTRACTING PARTIES. During recent years many changes have taken place in the economic position of contracting parties: in their balances of payments and reserves, productive capacities and trade interests, stability of their currencies, and the balance of internal supply and demand forces. Moreover, widespread and important changes have taken place in import restrictions: in their intensity, discriminatory application, products affected, administrative procedures and criteria employed, and the like.

4. From reports from governments and the secretariat and from other sources, the CONTRACTING PARTIES have been kept generally informed of these developments. Aside from relatively few consultations under Article XIV which have dealt with the discriminatory application of restrictions, there has not, however, been a general opportunity for consultations between governments on quantitative import restrictions in the multilateral forum of the CONTRACTING PARTIES. The United States believes a frank exchange of views between governments on such restrictions would contribute to better mutual understanding of problems in this field and to general progress toward objectives of the General Agreement.

5. In making this proposal the United States is mindful not only of its own interest and the interest of other dollar area countries in restrictions applied under Article XII, but also of the interest of non-dollar countries in this field.
This interest was apparent in consultations under Articles XII and XIV held at the Tenth Session and in drafting the Sixth Annual Report on discriminatory import restrictions. It is presently illustrated by the proposal of Australia to examine developments in OEEC trade liberalization.

6. The United States recommends that this proposal be referred to a Working Party at the Eleventh Session. The Working Party could consider, among other relevant matters, the contracting parties to be invited to consult, the scheduling of consultations, the body to conduct the consultations (whether an Intersessional Committee or an ad hoc group), and a plan for conducting individual consultations. As regards the last item, it is suggested the plan used for Article XII consultations last year (BISD: 4th Supplement, page 44) could be used with appropriate modifications for the consultations contemplated by this proposal.