CONTRACTING PARTIES
Ninth Session

30 November 1954

Review Working Party I on
Quantitative Restrictions
Sub-Group No. 1 (Article XVIII)

REVISION OF ARTICLE XVIII

A. Proposed Amendments to Section C of Secretariat Draft (W.9/17)

Paragraph 9 of Draft Article

(1) The provisions of Sections A and B would not be normally sufficient for the purposes of economic development. (Ceylon)

(2) The provisions of the General Agreement, together with Sections A and B of Article XVIII would be sufficient for the purposes of economic development only if enough flexibility were provided in Article XXVIII. (Chile)

(3) Recourse to Section C should not be limited to "exceptional circumstances". (Brazil)

(4) Measures permitted under this Section should be applied only to industries which may be expected to attain, within a definite period, a state of self-sustenance, and should be progressively relaxed so as to afford increasing competition to the industry in question. (Germany)

Paragraph 10

(1) A contracting party invoking the provisions of this Section should not be required to give prior notice, but should be required to notify the CONTRACTING PARTIES after the introduction of the measures, in a way analogous to the notification of subsidies under Article XVI. (Ceylon, India)

Paragraphs 11 and 12

(1) The introduction of quantitative restrictions should require no prior approval by the CONTRACTING PARTIES. (Brazil)

(2) "Alternative measures" should not include internal fiscal and monetary measures, etc.; the internal policy of a contracting party should not be called into question. (Pakistan)
(3) Insert the underlined words in the second sentence:
"If, as a result of such a consultation, the Organization agrees that there is no measure consistent with the provisions of Sections A and B of this Article, or with the other provisions of the Agreement, which is feasible or practicable .......". (Chile)

Paragraph 13

(1) The consultation requirement should be strengthened; a consultation should result in definite conclusions. (Canada, New Zealand, United States)

(2) The negative provision permitting retaliatory action is undesirable and may be ineffective. (Canada, France)

(3) Change the last five lines to read: "...... to submit the matter to the CONTRACTING PARTIES who, in the last resort, recognize or refuse the right to adopt the proposed measure to the applicant contracting party." (Greece)

(4) The time limit within which contracting parties substantially affected by a measure may take retaliatory action, should be 180 days, and should be subject to alteration by arbitration through a procedure to be formulated. (Chile)

"13 bis"

(1) The provisions of paragraph 7 (a) (2) of the present Article XVIII should be included as an additional paragraph after paragraph 13, so as to preclude the adoption by contracting parties of any measure which is likely to cause serious prejudice to exports of a primary commodity on which the economy of the territory of another contracting party is largely dependent. (Chile)

B. Proposals relating to the draft Article XVIII in general

(i.e., relating to the introductory paragraphs 1-3 and to Section D)

Eligibility

The provisions of this Article should be available to all contracting parties, and not only to a special group of countries as proposed in the draft; they should be equally invocable by countries in the process of rapid development (Australian and New Zealand view), or by countries with an economy which is out of balance as between primary and secondary production (Rhodesia-Nyasaland's view).
Applicability to Industries

The provisions of this Article should be invocable not only for the promotion of the establishment of new industries, but also for the development of established industries (India, Pakistan, New Zealand).

Specific proposals

Paragraph 1

Replace the words "low standards of living for their people", in lines 4 and 5, by the expression "low level of real and net national product per capita". (Brazil)

Paragraph 2

Change the words "the establishment of particular industries" in the second line to "the establishment, development or reconstruction of particular industries". (Greece)

Delete from the seventh line the words "in the early stage of development" and substitute "during the period of its economic development". (Greece)

Add in the tenth line after "of new industries", the words "or the development and reconstruction of existing industries". (Greece)

Delete the word "special" in the first line. (Brazil)

Replace the words "to promote the establishment of particular industries in order to raise the general standard of living of the population", in lines 2 and 3, by the following words, "required for the implementation of programmes for economic development". (Brazil)

Replace "establishment of new industries", in lines 9 and 10, by "implementation of these programmes". (Brazil)

Replace present (b) by the following: "(b) to apply quantitative restrictions (i) to maintain the country's propensity to import within the limits of its capacity to import, and (ii) to give priority to the importation of those products or classes of products which are more essential in the light of its programme of economic development". (Brazil)

Paragraph 3

Delete from the first line the words "in the early stage of development" and substitute "in the period of its economic development". (Greece)
Replace the expression "in the early stage of development and which can only afford low standards of living for its people", in lines 1 and 2, by the expression "which can only afford a low level of real and net national product per capita". (Brazil)

Section D

A new paragraph should be added at the end of the Article embodying the provisions of Article XIV:5 of the present Agreement. (Chile)