CONTRACTING PARTIES

DRAFT

First Report, 1950 by the Contracting Parties on the Discriminatory Application of Import Restrictions under the Transitional Period Arrangements of Article XIV

Amendments proposed by the United States Delegation to CP/3/Rev. 2.

1. Substitute new paragraph 7 as follows:

Many countries in the post-war period have been unable to acquire the amounts of the various currencies which their importers would desire to spend under regimes of non-discriminatory importation. The inconvertibility of many of the world's leading currencies is of course closely related to this problem. The provisions of Article XIV and Annex J are designed to enable countries to obtain additional imports with their available means of payment by departing from the rule of non-discrimination. This rule, if strictly enforced, would necessitate uniform import restrictions and thus require certain countries to contract their imports from some sources while they still possessed unutilized means of financing such imports. It may therefore be claimed that by departure from the rule of non-discrimination it has been possible to bring about an increase in the total trade of countries in balance-of-payments difficulties.

2. Amend paragraph 22 as follows:

The relative freedom of trade between most countries of the sterling area as compared with restrictions imposed on imports from other countries, particularly the dollar area, is of course bound up closely with the fact that intra-area payments are, for the most part, made in sterling and that no exchange control is maintained by the United Kingdom on transfers of sterling within the area. The existence of a common currency and certain intra-area trade arrangements have contributed in some measure to the emergence of patterns of trade within the area which otherwise might not have developed. The balancing of intra-area payments on a multilateral basis which reflects this pattern of trade and the comparative freedom of capital movements is of course related to the fact that the economies of the members of the sterling area are in large measure complementary. Broadly speaking, and subject to convertibility arrangements between the sterling area and certain other countries, payments in respect to individual transactions between traders within the sterling area and those in other currency areas are conducted largely in sterling.
3. **New paragraph 27 as follows:**

In respect to the effects of discriminatory import restrictions on the export trade of the contracting parties replying to the Secretariat's questionnaire, several countries noted that their exports, particularly luxury products and other items of lesser essentiality, have been adversely affected. This was particularly emphasized by countries imposing no discriminatory restrictions, and by those applying such restrictions to a relatively small portion of their total imports. While certain countries indicated that bilateral quota arrangements had resulted in a well-balanced exchange of products with their trading partners, others pointed out that, while exports in certain products might have been increased, goods which they otherwise might not have imported had sometimes been accepted as a condition for obtaining more important commodities. It was indicated in a number of cases that the control of imports had been used as a means of promoting exports to other countries imposing discriminatory import restrictions.

4. **Suggestions for Inclusion in Covering Statement Transmitting Working Party Report to the CONTRACTING PARTIES**

The Working Party agreed that, in preparing this report, it was not required to consider whether the measures being taken by the reporting countries were consistent with the Agreement. The Working Party agreed that the means provided by the Agreement for testing the consistency of any specific measure with the Agreement's terms lay in the consultation procedures provided for elsewhere in the Agreement.