New Zealand Proposals

1. The text of a self-contained text of Section B of Article XVIII should only be agreed provisionally, until the text of Articles XII to XIV is known.

2. If the new text of Articles XII to XIV is similar to the existing text in GATT, and does not contain provisions unacceptable to under-developed countries such as time limit and prior approval, Section B of Article XVIII should not be a replica of that text but should contain a full recognition of the special factors to be taken into account in applying it to under-developed countries, and a favourable interpretation in respect of any points of difficulty for under-developed countries.

3. Paragraph 2 of Article XVIII (W.9/101) could then read in part as follows:

"2. They agree therefore that those contracting parties should enjoy additional facilities to enable them .......

(b) to apply quantitative restrictions under Articles XII, XIII and XIV in a manner which takes full account of the effects on their balances of payments of their stage of economic development."

4. Section B could read:

"5. The CONTRACTING PARTIES recognize that countries coming within the definition set out in sub-paragraph (a) of paragraph 4 of this Article normally experience balance-of-payments problems of a severe and continuing nature arising from factors such as the following:

(a) a low level of monetary reserves in relation to their needs for economic development;

(b) a high level of demand for imports arising from the application of their programmes of economic development;

(c) a rising level of consumption which reduces the availability of goods for export;

(d) an uncertainty in export earnings which are dependent on a relatively small number of primary commodities;

(e) a need to conserve external financial resources, whether arising from export earnings external credits or otherwise, for use in the importation of capital goods and other products which are not available domestically and which must be given priority in the light of their development programmes;"
(f) /any other special factors/.

"6. Accordingly, in all cases in which the CONTRACTING PARTIES are called upon to consider or deal with the application of Articles XII, XIII and XIV to countries operating under this Section, they shall take full account of the above factors and in particular:

(a) the requirement of an imminent threat of a serious decline in monetary reserves under sub-paragraph 2(a) of Article XII shall not apply if it is established that because of such factors a threat of a continuing nature exists;

(b) in any consultations called for under Articles XII, XIII and XIV the CONTRACTING PARTIES shall give special consideration to the effects on its balance-of-payments position of the application of a contracting party's programme of economic development;

(c) the requirement under paragraph 3 of Article XII not to prevent the importation of any description of goods in minimum commercial quantities shall not apply to prevention which is established as reasonable in the light of the contracting party's need to restrict its imports generally and to give priority to those products or classes of products which are more essential in the light of its development programme;

(d) /any other special considerations arising from the text of Article XII to XIV/."

5. In Section E of Article XVIII (W.9/101) the requirement of an annual review of measures under Section B would be dropped.