Review Working Party I on
Quantitative Restrictions
Sub-Group A on Article XVIII

VIEWS AND PROPOSALS
RELATING TO SECTION B OF PROPOSED ARTICLE XVIII

Balance-of-Payments Provisions for Under-developed Countries

The basis for discussion is the draft section B contained in W.9/17. In addition to oral explanations given by the Executive Secretary when presenting his draft, a note explaining the rationale of this section is given on page 3 of W.9/40. Further explanations of the provisions of this section are to be found in a written note submitted by the Deputy Executive Secretary in Sec/138/54. The following are amendments which have been proposed either orally or in writing.

Paragraph 5

The secretariat has proposed to replace the first eight words of this paragraph by the following:

"If a contracting party coming within the definition set out in sub-paragraph (a) of paragraph 4 of this article,..."

The Brazilian delegation proposed to replace the words "for the development of industrial and other economic resources" in lines 2 and 3 by the expression "for economic development".

The Indian delegation proposed to insert a phrase in the third line to cover any threats to a country's monetary reserves caused by a falling of its export earnings. The Chilean delegation proposed the insertion of the words "or a substantial fall in exports" before the phrase "which threatens its monetary reserves".

The Brazilian delegation proposed the deletion of the words "permitted to be" in the 5th line.

The Chilean delegation proposed the addition at the end of paragraph 5 of the provisions of Article XII:3(b)(i) of the present Agreement.

New paragraph between 5 and 6

The Chilean delegation proposed the inclusion of a new paragraph embodying the provisions of Article XII:2(a) of the present Agreement.

Spec/3/55

English only
Paragraph 6

Brazil proposed to replace the words "to allow" in line 6 by "not to prevent".

The Pakistan delegation commented on the provision relating to token imports and would prefer the wording used in the present Agreement in Article XII:3(c)(ii).

Brazil also proposed the insertion of the following words in the penultimate line after "balance of payments":

"as well as to maximize its external means of payment in terms of imports of capital goods necessary for the implementation of its programme of economic development".

Paragraph 7

The Indian delegation considered it impracticable and difficult for countries to give prior notification of such import restrictions, and the Chilean delegation has proposed to insert in line 3 after the words "such restrictions" the following phrase:

"(or, in circumstances in which prior notification is impracticable, immediately after doing so),"

The Brazilian delegation, on the other hand, proposed to replace the word "before" in line 2 by "when". It also proposed to change the word "Organization" in lines 3, 4 and 5 to "secretariat". The words "It shall consult..." beginning in line 3 should be changed to the following:

"it shall give the secretariat clarifications concerning the motives of its decisions".

Paragraph 8

The Pakistan delegation commented on the proposed provision regarding non-discrimination by pointing out the difficulties faced by an under-developed country which relied for its external income on a limited number of primary exports. It felt that under-developed countries should not be deprived of the power to conclude bilateral agreements for the purpose of clearing surpluses in primary commodities.

The Chilean delegation proposed that the wording in the proviso should be changed along the lines of the present Article XIV:1(b).

Other proposal

The Indonesian delegation expressed the view that Section B should contain only those provisions at present embodied in paragraphs 5, 6 and the first half of the draft; it considered the rest unnecessary.