6 January 1955

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

REDDRAFT OF SECTION B OF THE PROPOSED ARTICLE XVIII

Taking Account of the Discussion in
Sub-Group I-A on 5 January 1955

5. In order to safeguard its external financial position and balance of payments, a contracting party coming within the definition set out in sub-paragraph (a) of paragraph 4 of this Article may restrict the quantity or value of merchandise permitted to be imported, subject to the provisions of paragraphs 6 to 10 below.

6. The institution, maintenance or intensification of import restrictions under this Section shall be limited to the extent necessary

(i) to forestall a threat of, or to stop, a serious decline in its monetary reserves, or

(ii) in the case of a contracting party with very low monetary reserves, to achieve a reasonable rate of increase in its reserves.

7. In applying these restrictions, the contracting party may determine their incidence on imports of certain products or classes of products which are more essential in the light of its policy of economic development; Provided that those restrictions shall be applied in such a way as to avoid unnecessary damage to the commercial or economic interests of any other contracting party, and as not to prevent unreasonably the importation of any description of goods in minimum commercial quantities and of commercial samples, or compliance with patent, trade mark, copyright or similar procedures.

8. In carrying out its domestic policies, the contracting party shall pay due regard to the need for restoring equilibrium in its balance of payments and to the desirability of assuring an economic development of productive resources. Notwithstanding the provisions of paragraph 6 above, no contracting party shall be required to withdraw or modify restrictions on the ground that a change in the programmes referred to in paragraph 2 above would render unnecessary the restrictions which it is applying under this Section.

Spec/8/55
9. Any contracting party introducing or maintaining restrictions under this Section shall, before introducing such restrictions or making changes in the application of such restrictions (or, in circumstances in which prior notification is impracticable, immediately after doing so), notify the Organization in writing. It shall consult with the Organization, if requested to do so, and give sympathetic consideration to the recommendations which may be made by the Organization in the course of such consultation. It shall progressively relax such restrictions as conditions improve, maintaining them only to the extent necessary to remove the threat to its monetary reserves, and shall eliminate them as soon as conditions no longer justify such maintenance.

10. The restrictions introduced or maintained in accordance with this Section shall be applied in a non-discriminatory manner in accordance with the provisions of Article XIII of this Agreement; Provided that a contracting party applying such restrictions would be free to deviate from the provisions of Article XIII in the same way as it may be authorized to do as regards restrictions on payments and transfers for current international transactions under the Articles of Agreement of the International Monetary Fund or under a special exchange agreement entered into pursuant to paragraph 6 of Article XV of this Agreement.