During the last discussion which has taken place in the Working Party, the French delegation has stated its basic position as to the proposals presented by certain delegations with a view to strengthening Articles XII to XIX. In the meantime, draft amendments have been proposed to the sub-group by the delegations of the United Kingdom and the United States and have been discussed and examined under every angle. It is now possible for our delegation to state more precisely the observations it has to make on these various proposals. These observations could be placed under three headings:

(i) Some of the proposed amendments seem acceptable;

(ii) Others raise serious objections;

(iii) Finally, it seems that the United Kingdom and the United States' proposals will have to be completed on certain points in order to fulfil the needs of international trade.

1. The delegation admits that a certain adjustment of Articles XII to XIX may be necessary and is ready to accept the elimination of paragraph 3 of Article XII, of 1(a) of Article XIV as well as various minor modifications which aim at alleviating the text of these articles without weakening their contents.

In second line, the United States proposal on token imports does not raise any real objection, provided that the wording can be amended on certain points.

Finally, the French delegation has no major objection to the British proposal for strengthening some of the rules, in order to take into account the situation of a currency threatening to become scarce. While believing the British draft amendment not entirely satisfactory, the French delegation is ready to consider the inclusion in Article XII of the ideas which it contains.
2. On the other hand, the French delegation is not able to agree to two of the proposed amendments of the present text of Article XII: The proposed replacement by a procedure of approval or interdiction by the CONTRACTING PARTIES of the present procedure of consultation in the event of quantitative restrictions, is not acceptable to the French delegation: the new method would lead to the abandonment by governments of their power of decision on matters as essential as employment, economic prosperity and the integrity of the monetary reserves of their central bank. As to the last point it seems difficult to admit that the CONTRACTING PARTIES would have the final word on the elimination of restrictions while those decisions may create for the national banks losses which, in a few days, may amount to hundreds of millions of dollars. The idea of separating authority from responsibility in a matter so vitally important to national life raises on behalf of France the most serious objections.

As to the idea of putting a time-limit of two years at the utmost on quantitative restrictions, the French delegation believes that it is neither in accordance with the spirit of Article XII, which states that quantitative restrictions are justified by the balance-of-payments situation, nor compatible with the rules of the International Monetary Fund which, under Article 8 of its Rules, can permit payment restrictions for a period of more than two years. Nor is this proposal adapted to economic reality, as financial crises do not, like some illnesses, respect a time-limit. Experience unfortunately has proved that a financial crisis may last for more than two years.

3. While feeling obliged to state some objections to certain amendments proposed by the United Kingdom and United States delegations, the French delegation wishes however to contribute in a constructive manner to the revision work. It believes necessary in particular, to take care that modifications made in Article XII to XIV will not lead to a decrease of commerce in two particularly important sectors of world trade: (1) in regional trade; and (2) in the relations between under-developed countries and industrialized countries.

(1) As to regional trade, it will have to be stated clearly in the text of Article XIV that the strengthening of the GATT rules will not oblige the member countries of OEEC to suspend, even in part, the liberation measures presently in force, or to renounce further progress now envisaged in the liberation field. The text will have to be worded in a rather broad way in order to cover the development of regional trade not only in Europe but also in the other continents. The French delegation reserves the right to propose in future an amendment aiming at this purpose.
(2) On the other hand, the French delegation believes that the facilities given to under-developed countries under the new Article XVIII will not have a real interest for these countries if they are not able to conclude, as in the past, bilateral agreements between themselves and with the industrialized countries. Such agreements are sometimes necessary for enabling them to overcome balance-of-payments difficulties and to maintain trade currents which would be jeopardized by a non-discriminatory treatment too rigidly applied. In such cases, the use of bilateral agreement seems plainly justified.

In order that under-developed countries may be able to participate in such agreements with industrialized countries, the latter countries must not be prevented from doing so by new trade rules. That is why the French delegation suggests either to maintain the present text of Articles XII to XIV, slightly modified as stated above, or to add to the text of Article XIV a clause authorizing the maintenance of the use of bilateral agreements, when justified by balance-of-payments reasons.