A number of delegations submitted either orally or in writing specific proposals for strengthening the provisions governing the use of quantitative restrictions for balance-of-payments purposes. In some respects, the most far-reaching set of proposals was that of the United Kingdom. The United Kingdom made a clear distinction between the rules to govern the period after major currencies had become convertible and the period of transition until that time.

For the post-convertibility period, the United Kingdom proposals envisage a fixed time period for the removal of existing balance-of-payments import restrictions and that thereafter restrictions for balance-of-payments reasons could only be maintained, subject to review by the CONTRACTING PARTIES, for an initial period of one year. With the prior approval of the CONTRACTING PARTIES, this period could be extended for a maximum further period of one year. Import restrictions under these new rules should be non-discriminatory. It was also proposed that the Agreement be amended to permit of discrimination in the event of an overall shortage of a particular currency. The United Kingdom indicated its intention of developing these proposals in detail in the Working Party.

In addition to a number of statements supporting the approach embodied in these proposals, several delegations submitted specific amendments to accomplish similar objectives, e.g. the proposals submitted by the Benelux delegations in document L/271.

Other proposals submitted for tightening the existing provisions related, inter alia, to eliminating provisions based on postwar transitional conditions, to outlawing bilateral agreements, to strengthening the provisions for consultation with affected countries, and to reinforcing the obligation to avoid unnecessary damage to the economies of other countries.

Two Governments - Australia and New Zealand - considered that the present rules governing the use of quantitative restrictions for balance-of-payments reasons are carefully drawn and should not be changed, though they could be more strictly administered. The United Kingdom proposed that the existing provisions should be.
maintained until convertibility but felt that the Working Party should consider the need for improving the administration of the present rules during that period. Several other delegations also stressed the need for better administration of the present rules during any transition period.

In contrast with those delegations recommending tighter rules, some appeared to favour maintaining or even increasing the existing flexibility. While no representative submitted detailed proposals along these lines, mention was made in the course of discussion of the desirability of avoiding interference with regional arrangements and the possibility of the gradual elimination of protective quantitative restrictions by negotiation.

There was considerable discussion of the special balance-of-payments problems of underdeveloped countries, but in view of the order of discussion decided upon by the CONTRACTING PARTIES, these questions will be dealt with later in this analysis.
ANNEX LISTING SPECIFIC PROPOSALS ON
BALANCE-OF-PAYMENTS PROVISIONS

Proposal by

The Executive Secretary
United States
Greece
Benelux
Australia
Germany
International Chamber of Commerce

Reference

L/189, pages 9 to 10
L/246, page 3
L/277, page 3
L/271, pages 2 to 5
L/274, page 2
L/261, page 4
Doc. 100/59-tr.

ARTICLE XI

Paragraph 2(c)

Denmark

L/273, page 4

Interpretative Note

Germany

L/261/Add.1

ARTICLE XII

Paragraph 1

Germany

L/261/Add.1

Paragraph 2(a)

Germany
Chile

L/261/Add.1
L/272, page 2

Paragraph 3(a)

Germany
Executive Secretary

L/261/Add.1
L/189, page 10

Paragraph 3(b)

Germany
Chile

L/261/Add.1
L/272, page 2
Paragraph 3(c)
Chile
Germany

Paragraph 4(a)
Executive Secretary

Paragraph 4(b)
Germany
Executive Secretary

Paragraph 4(c)
Executive Secretary

ARTICLE XIV

The Entire Article
Germany

Paragraph 1 (a), (c), (d), (g), (h)
Executive Secretary

Paragraph 1 (f), (g) and (h)
Union of South Africa

Paragraph 3(b)
Executive Secretary

New paragraph 6
Greece

ARTICLE XV

Paragraph 1
Executive Secretary

Paragraphs 6 and 7
New Zealand

Paragraph 9
Executive Secretary