First sub-topic: **BALANCE-OF-PAYMENTS RESTRICTIONS** (Continued)

**Relations with the International Monetary Fund**

Most delegations commenting on this subject have proposed that there be closer collaboration between the International Monetary Fund and the CONTRACTING PARTIES.

(a) The principal issue appears to be the division of authority between the two organizations in the field of balance-of-payments restrictions. The most widely supported positions are:

1. **The Fund should make all financial determinations**, including a determination of the general level or "quantum" of restrictions that are justified;

2. **The Fund should render advice** to the CONTRACTING PARTIES, but the CONTRACTING PARTIES should reach their own decisions.

(b) The second issue relates to special exchange agreements. The New Zealand delegation proposed that the provisions for special exchange agreements with non-Fund members should be deleted from the Agreement (see L/270).

**Balance-of-payments restrictions for economic development**

More lenient rules: A number of delegations proposed that the rules relating to balance-of-payments restrictions should be more lenient for under-developed countries than others. The only specific proposal along these lines is in Section B of the secretariat draft of Article XVIII (W.9/17).2

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1 *W.9/18* contained a list of document references to various proposals in this field. The present document, therefore, limits specific references to a few proposals which may be helpful to the Working Party as a basis for discussion.

2 Greece has proposed certain changes to the secretariat draft (L/277).
Second sub-topic: PROTECTIVE RESTRICTIONS FOR ECONOMIC DEVELOPMENT

The positions submitted by delegations fall generally into the following categories:

(a) **More lenient rules:**

1. Those who believe the present provisions for economic development are adequate to meet the special needs of under-developed countries;

2. Those generally in favour of more lenient rules for economic development;

3. Those who supported in principle section C of the secretariat draft of Article XVIII (see plenary statement by Chile – SR.9/15).

(b) **Eligibility:** A specific issue has to do with eligibility for the use of exceptions for quantitative restrictions.

1. Australia and New Zealand proposed that any special provisions for economic development should be available to any country engaged in rapid development, regardless of the degree of development it has achieved;

2. Some others opposed the extension of any such exceptions to cover countries not in the early stages of development,

(c) **Bilateral agreements:**

1. One delegation proposed that bilateral agreements should be permitted to under-developed countries for the sake of economic development.

2. Some delegations opposed the use of bilateral agreements by any country.

Third sub-topic: QUANTITATIVE RESTRICTIONS FOR PROTECTIVE PURPOSES

Some delegations favoured the elimination of all quantitative restrictions for other than balance-of-payments purposes. Most suggestions on protective quantitative restrictions, however, related specifically to the provisions on the use of agricultural quantitative restrictions.

**Agricultural quantitative restrictions:**

Positions fall generally into the following categories:

1. Agricultural quantitative restrictions should be prohibited (Turkey – see L/282);
(2) **Strengthen the present provisions** (e.g. subject agricultural quantitative restrictions to periodic review) (Dominican Republic—see Press Release/197);

(3) **Substitute a new criterion** limiting their use to prevent a country from acquiring more than a fair share of world markets;

(4) **Alter the present provisions** so as to meet the problem of a country which maintains domestic price supports (United States—see Press Release/205).