The Dominican Republic is in an unique situation. It is first a country within the dollar area, second, it is an under-developed country which has neither any preferential tariff arrangements of any kind nor any sheltered market on account of geographical proximity. These basic facts determine our basic opposition to quantitative restrictions in any form, because being a small country with no domestic market of importance and with only a very few primary export products, we are bound to feel more than anybody else around this table the full impact of quantitative restrictions, regardless of whether they are imposed for balance-of-payments reasons or for other purposes.

However, we are world traders, and as such we are realists and not Utopians. As much as we would wish that the French never would have invented quantitative restrictions in the year 1930 as they introduced these measures to defend the high internal price for French wheat against the pressure of a tremendous Australian wheat offer resulting from a bumper crop down there, which found its usual outlet in the United States of America suddenly closed by the increase in United States wheat tariffs, as much as we - and a great part of the world - regret this invention of quantitative restrictions, we realize that this easiest way to cope with difficulties in the field of commercial or financial policy will be with us for many years to come. The only thing we can do is to join forces with those who wish to limit the application of quantitative restrictions as far as realistically possible and to eliminate the discriminatory features which threaten the expansion of multilateral trade on the basis of mutual advantages whenever and wherever a chance is given to us to act accordingly.

With this aim in mind and not impressed by considerations belonging to the realm of economic theories, we wish to contribute our modest share to this debate about quantitative restrictions for balance-of-payments reasons in a revised GATT instrument.
Let me say that I am deeply impressed by the wide area of consent which apparently emerged from this present debate. There is a consensus that quantitative restrictions for balance-of-payments reasons have to be curbed and that some form of control is necessary. This in itself is not a small achievement, which in our eyes compensates for the disunity regarding the scope of control to be exercised and the time limit for quantitative restrictions to be imposed, etc. We are sure that a formula can be hammered out eventually. But we have first to bring in sharper focus the essential points in which we all here around this table differ. This will be done and can be done in a smaller working committee which I believe has to pin-point the issues.

Having said that much, I wish to stress the main points of our views in this matter.

1. The progress made in the overall position of international exchange reserves, the splendid economic recovery of continental Western Europe and of the sterling area together with the multiplying effect of the American aid with regard to the world economy, leads us to believe that the time has come to tighten the present rules for quantitative restrictions for balance-of-payments reasons, in the interest of increasing the degree of unrestricted multilateral trade on a world-wide basis.

We don't go along with the British and United States views that we should have two sets of rules, one for the present situation, very nicely called period of transition, and the other for the normal period after major currencies have become convertible. This seems to me rather impracticable for the simple reason that it implies something which probably will not exist for many years to come, namely a kind of free exchange of currencies in the so-called normal period. Maybe we are wrong, maybe the world is on the eve of a tremendous boom period which will create those favourable conditions. But we think GATT should not gamble on that, but should be realistic. That means we should develop now one new set of rules which will take into account things as they probably will develop within the next three to five years, namely, increasing foreign exchange reserves and expanding world trade. In other words, we are in favour of an optimum, but not in favour of a maximum set of rules.

Such an optimum set of rules on quantitative restrictions for balance-of-payments reasons would require a tightening of Article XII, which would limit the use of those restrictions for clear-cut cases of balance-of-payments difficulties, described in simple language. This already implies that paragraph 3(b) of Article XII has to be oppressed. In this we agree with the Canadian delegation.

From our general approach follows automatically that the key issue will be the administration of the new Article XII. Here we suggest that the procedures should be spelled out in a separate revised article.

As we already explained in our opening statement, we are for a well-balanced division of labour between the International Monetary Fund and GATT. The IMF, with its excellent experts on monetary and financial matters, should deal with the overall question, whether or not the specific country is entitled to use quantitative restrictions for balance-of-payments reasons and how much restriction would be
needed to balance the payment account. In cases when GATT countries are not members of the IMF, this function of checking the monetary position could be entrusted to the Bureau of International Statistics.

The commercial application of the quantitative restrictions once the IMF or BIS have given the green light, should be subject to approval and checking by the CONTRACTING PARTIES. This is a main issue for us, because we have seen in practice, how the application of quantitative restrictions for balance-of-payments reasons was used for protecting certain industries.

The argument that with regard to the survey necessary a prior approval would not be appropriate, has made some impression on our delegation. However, one could consider a prior tentative approval of whatever new body the GATT organization will have, be it an Executive Committee or the Panel.

We are also in favour that the consultation procedures should be strongly revised. That means the consultation should extend not only to the principle, but to the actual commercial execution of quantitative restrictions.

In cases of permitted quantitative restrictions the revised article should contain provisions which will make it mandatory that a primary commodity representing the main export item of countries with export economies should be subject to such quantitative restrictions only in cases of real emergencies and then only in due proportion to restrictions imposed simultaneously on other items. Those restrictions on primary commodities, if and when imposed, should be the first to be removed when the situation of that country applying quantitative restrictions permits relaxation of those measures.

In order to reduce the incidence of discrimination inherent in the application of quantitative restrictions one should investigate whether or not the new rules should stipulate that not later than blank years after the imposing of quantitative restrictions the latter should be converted into tariff quotas.

Regarding the scarce currency clause I believe that once the convertibility of major currencies has become a fact, one could do without such a clause. However, from our point of view things look differently as we contemplate only "a gradual approach to convertibility". Therefore we are in favour of maintaining such a clause.

The Cuban proposal that in cases of permitted discrimination in the administration of quantitative restrictions on account of the scarce currency clause, the discrimination should be directed only against the goods of that country whose currency is scarce in the other economy, deserves serious consideration. However, in case of dollar shortage, its practical application in favour, for instance, of the non-dollar hard currencies seems to be rather difficult.

Summing up, we wish to state that we are very sympathetic towards the British and the United States proposal to make rules now for the period of convertibility, but from a practical point of view we wish to give priority to the tightening of the present rules so that the road to convertibility and expanding world trade can be travelled faster and more expeditiously. After we have agreed on some set of rules for the actual situation, it will be easier to agree later on rules for the time of convertibility, which is the ultimate goal of all of us.