PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE
ON TRADE AND EMPLOYMENT

COMMITTEE II

SUMMARY OF POINTS RAISED CONCERNING
QUANTITATIVE RESTRICTIONS

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An attempt has been made to set out the points which have been raised by the various countries with regard to the above items according to the information available on 2 November. It will be observed that on that date the discussion on item C:2 (Article 20) was not yet concluded. For that and other reasons, the summary made may have to be completed or modified.

Abbreviations:
The symbols identifying the documents used have been shortened - e.g. CII/IV/1 means E/FC/T/C.II/IV/1 (Verbatim Report of the Fourth Meeting of Committee II) etc. "Q.r." means "Quantitative Restrictions". "b.o.p." means "balance of payments".
Article 19: General elimination of Quantitative Restrictions

**Australia** (C.II/PV/4, page 38):

Objects to view that protection of a new or growing industry by q.r. is more restrictive than protection by other means.

**Australia** (C.II/PV/4, page 37):

Suggests provision for permission of q.r. to support price control measures introduced during war (not covered by Article 19:2a which refers to early post-war transitional period only). Deadline of July 1, 1949 to be extended. The words "extraordinary and abnormal circumstances" not applicable since they refer only to conditions of distress.

**Australia** (C.II/PV/4, page 38):

Formulation of 19:2d to be postponed until wool agreement is concluded.

**Australia** (C.II/PV/4, page 39):

Suggests change in 19:2e(i). As it stands, it "may not be sufficient to protect exporting countries against action by an importing country whereby that importing country by introducing a small measure of restriction of its own production, could impose an embargo against imports which might injure supplying countries".

**Belgium-Luxemburg** (C.II/26):

Article 19:2e to read:

"Import quotas on agricultural products, imported in any form whatsoever, when such quotas become necessary because of price depreciation on the domestic market due to the combined effects of national production and the importation of a particular commodity, quotas may be applied as soon as price depreciation reaches the point where sales on the domestic market are effected below the normal price. By normal price is understood that which covers the cost price of domestic production".
(Article 19, continued)

**Brazil** (5 16, p.6):

19:1 Suggests obligation of countries to notify ITO of q.r. imposed and accept its recommendations for their elimination.

**Brazil** (5 16, p.6):

Provision similar to 19:2a (ii) excluding the words "early" and "temporary" and the conditions attached (from "provided"), but with the following addition "or by private interests and accumulated during or in consequence of the war, as well as when designed to permit the adjustment of the conditions of production from the war period to normal times".

**Brazil** (7 16, p.6):

Provision similar to 19:2a(i) and 19:2b: "To preserve scarce materials or natural reserves subject to depletion which would endanger domestic supply."

**Brazil** (7 16, p.6):

Suggests paragraph similar to 19:2c but excluding the words "and grading".

**Brazil** (7 16, p.6):

19:2e q.r. to be permitted: "with a view to making effective the limitation or sale of a domestic product".

**Brazil** (7 16, p.6):

Suggests the following wording of provision similar to 19:2e: "with a view to making effective the limitation of production and sale of a domestic product".

**Canada** (C II/PV/4, p.39):

19:2a Wishes to include clause protecting price control especially in cases when neighbouring countries do not apply such control.
Article 19 (continued)

Canada (C.II/PV/4, p.40):

Wishes to reword 19:2e so as to take into consideration "the tariff situation that prevailed in the previous representative period".

China (C.II/PV/2, pages 16-18, also C.II/PV/5, page 13):

19:2: Underdeveloped countries to be able to use q.r., exchange control and subsidies until the share of the population engaged in industry etc. or income derived therefrom has reached 50%.

China: (C.II/PV/5, p.15):

Article 19:2e to be "thoroughly revised as not to imply any restraint on the right of all member governments to consolidate their national economy by making any qualitative or quantitative adjustment of their agricultural imports".

Chile (C.II/PV/4, p.34):

Wishes to delete the word "agricultural" in Article 19:2e (first line).

Cuba (C.II/18):

Suggests addition to Article 19:2e:

"(f) Temporary restrictions on the importation of any product intended to protect, for a definite period, a new industry in countries which have not completed their industrial development".

Czechoslovakia (C.II/5, page 2):

19:2 Suggests that "any country shall be entitled to maintain import restrictions for commodities which are an object of State monopolies, meaning by that governmental monopolies of a financial character".

Czechoslovakia (C.II/PV/5, page 3):

19:2 Argues use of q.r. for commodities object of State monopolies and for the support of price control.
Article 19 (continued)

France (C.II/PV/2, page 13-16):

19:2 Wishes to maintain q.r. and exchange control - on articles such as luxuries - over transitional period the duration of which cannot be determined in advance but must be ascertained according certain criteria. The charter provisions are too absolute and too definite to deal with their problems of reconstruction and modernization of their economy.

India (E/P0/T/W.14, page 30):

19:2a Q.r. to be permitted when causing increase in national production and employment. The transitional period to be prolonged to five years.

India (C.II/PV/2, page 38):

19:1 For its programme of planned economic development, India wished to "retain all the necessary instruments of the regulation, control and direction of trade and all forms of enterprise".

India (C.II/PV/5, page 11):

Suggests extension of 19:2 c (i) and c (ii) to provide for supporting the price of products when such support "is considered necessary by the national economies". Takes exception to the rule in 19:2 in last sentence.

India (E/P0/T/W.14, page 30):

19:2c Objects to preservation of the ratio of imports to domestic production prevailing in a previous representative period.

Netherlands (C.II/21)

19:2 Draws attention to special position of low tariff countries and suggests they may be allowed either to maintain q.r. or increase certain tariffs.
Article 19 (continued)

Netherlands (C.II/FV/5, page 16, 19):
19:2a Deadline of 1 July 1949 unsatisfactory for reconstruction requirements.

Netherlands (C.II/FV/5, page 19):
19:2e(ii) The provision to the effect that the surplus should be made available to certain groups of domestic consumers free of charge, should be deleted. Further, the word "temporary" should be deleted.

Netherlands (C.II/FV/5, page 20):
19:2o Suggests (instead of last sentence) that "in the case of a q.r. a member should try not to disturb the relationship between the importing countries that might have developed if the imports had not been restricted".

New Zealand (C.II/21):
19:2 Suggests that countries similar to New Zealand be permitted to maintain q.r. "on a selective basis" and under certain conditions.

United Kingdom (C.II/FV/5, page 24):
"The standards should not be so chosen that imports cannot comply with them; for obviously, if so, this method would simply be an additional means of protection."

United Kingdom (C.II/FV/5, page 27):
19:2o To be extended so as to apply also to the products of fisheries. Manufactured goods should not be included.
Union of South Africa (C.II/14)

19:2 Quotas to be permitted in certain cases:
(a) Import quotas to be permitted if they do not curtail consumption;
(b) Tariffs and other charges on goods subject to restrictions should be reduced to a minimum;
(c) The quota should be determined for a definite period and announced in good time, according to the commodity;
(d) No quota on seasonal products when similar domestic products not available (if also provision for storage);
(e) Validity of licences to be flexible;
(f) Quota only when "importing country produces a substantial proportion of the requirements"; no quota on different products (other than synthetic);
(g) No extraneous conditions to be attached to import licence; no licence fees;
(h) All bona fide importers to share in quota;
(i) Import quota not to be employed as means of maintaining abnormal disparity between domestic and foreign price;
(j) There should be provision to take care of complaints (along lines of Article 30)

Union of South Africa (C.II/FV 4):

19:2e (i) Wishes closer definition of the words "like domestic product" (19:2, line 3) (to prevent abuse).
Article 20, Restrictions to Restore Equilibrium in the Balance of Payments

Australia (W.12):

See this document for suggested new version of Article 20.

Chile (C.II/IV/2, Page 21)

20:3c The country opposing q.r. introduced by another should carry the burden of proving that the latter's b.o.p. is not unfavourable.

Cuba (C.II/18)

20:3 Suggests that the following words be omitted from Article 20:3c, letter C, penultimate line, after the word "Chapter": "the suspension of which the Organization does not recommend against", and the following additional paragraph introduced "The member who has brought the matter before the Organization may proceed in the same manner if the Organization has not given its decision within three months of the matter being placed before it by the member."

Brazil (W.16)

20:1 2n to be permitted "when the international organizations fail to furnish the necessary means to correct or avoid large deficits in a member's b.o.p."

Czechoslovakia

Intend to maintain q.r. only for safeguarding equilibrium in her b.o.p. Elimination to go hand in hand with Article XIV of I.M.F.

Poland (C.II/17)

See this document giving the views of the Polish observer on Article 20.
Article 21: Nondiscriminatory Administration of Quantitative Restrictions

United Kingdom (C.II/PV/5, page 25)

21:2 The distribution of quotas to be made according to commercial considerations not on the basis of imports during a "representative period".

Cuba (C.II/18)

Wishes to define the representative period (Art. 21:2, line 13) as "based on the years in which import trade in the member state establishing the system of quotas has not been restricted by quantitative measures, high tariff protection or other trade barriers".
Article 22 Exceptions from Rule of Nondiscrimination.

Brazil (W.16, p.6)

Suggests simplified version of Art. 22: "These restrictions shall not discriminate between member countries except for restrictions corresponding to exchange restrictions permitted by the Articles of Agreement of the I.M.F."