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"SCANDINAVIAN" DRAFT PLAN FOR DEALING WITH THE PROBLEMSOF "MARKET DISRUPTION"

I. A multilateral solution, which makes bilateral agreements unnecessary should be aimed at. The goal should be to achieve a successive elimination of the restrictions now in force through an automatically working elimination plan in which also the countries that invoke Article XXXV against Japan should take part. Countries which apply restrictions according to Article XII should apply remaining quotas in a non-discriminatory manner.

II. Tentatively the existing import and export quotas should be increased by 10 per cent the first year and by 15 per cent annually during the following six-year period to be completely eliminated at the end of that period. In cases where imports have been restricted, but no quotas established, import possibilities should be increased in the same manner. In cases where imports have been less than x per cent of the national production of the article in question, a basic quota of at least x per cent of the national production of that article should be fixed. This quota should then be increased by 15 per cent annually and the restrictions should likewise be totally eliminated after seven years.

The system should be reviewed by the CONTRACTING PARTIES two years after its introduction.

III. This system should not be circumvented by other discriminatory measures.

IV. As a complement to the elimination plan an escape-clause-institute should be established.

The escape clause could tentatively be constructed as follows:

A contracting party, which considers itself being subject to market disruptions according to an agreed definition, shall, in order to find suitable solutions, consult with a special panel established for this purpose by the CONTRACTING PARTIES. If no solution can be found by the panel, the matter shall be brought before the CONTRACTING PARTIES.

In critical circumstances, where delay would cause damage which it would be difficult to repair, the party concerned may provisionally take appropriate action (including quantitative import restrictions) without prior consultation, but after having notified the GATT secretariat and the exporting country in question. Consultations should be initiated immediately thereafter.