

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUGGESTIONS FOR STANDARD PRACTICES UNDER THE ADMINISTRATION OF IMPORT LICENCE AND EXCHANGE CONTROLS TO MINIMIZE COMMERCIAL UNCERTAINTIES AND HARDSHIPS

Statement submitted by the United States Delegation

It is one of the prime objectives of the GATT and of the International Monetary Fund that quantitative restrictions and exchange controls should eventually be eliminated, and exception is made only for emergency periods and specially justified conditions. Unfortunately, however, conditions have not yet allowed many countries to give up these methods of direct control of their import trade, and the exigencies of the rearmament program might further postpone the date of their withdrawal. For so long as they are maintained, therefore, it seems important to reduce the undue uncertainties and hardships to merchants resulting from the varying and unpredictable operation of such trade controls. It is believed that this can be done without weakening the essential effectiveness of the measures of control.

Such uncertainties and hardships can be minimized by the general adoption of the best present practices of those governments which have given most attention to their methods of operating these trade controls. In effect, such adoption would constitute merely a fuller implementation of the general provisions and intent of the GATT. In addition to meeting the complaints of the traders, the general adoption of such practices would minimize the accumulation of international commercial debts, and would avoid abrupt interruptions in the flow of commodities between countries.

As a basis for discussion, the United States suggests the following standards:

1. The granting of an import licence should carry with it assurance that any foreign exchange necessary for payment will be obtainable when due. When both import licences and exchange permits are required, the operation of the two requirements should be co-ordinated. If more than one rate of exchange applies in payment for imports, the import licence or exchange permit should fix the type of exchange which shall apply in the settlement for the particular transaction.
2. Any additional or more burdensome conditions on importation should not apply to shipments of goods already en route from point of origin in the supplying country at the time the change is announced or, alternatively, which arrive within 30 days thereafter, at the option of the government.
3. To minimize undue hardship to merchants, goods proven to have been covered by confirmed prior order at the time the change was announced, and not marketable elsewhere without appreciable loss, or already paid for or covered by an irrevocable letter of credit, should receive special consideration on an individual case basis, provided their delivery can be completed within a specified period.

Such exempt transitional shipments may be counted against any specific import quota or exchange allocation that may be established for the particular class of goods. This practice is to apply to goods en route (or delivered within 30 days), provided for in point 2, as well as to these individual hardship cases.

