An alternative scheme was suggested by some which had the benefit of demonstrating a responsive attitude and a multilateral approach toward achieving short-term benefits to the United States trade account. This involved a proposed *acceleration* of the timing of the Kennedy Round tariff cuts by our trading partners and a *deceleration* or postponement of the implementation of some of our own tariff cuts. This acceleration/deceleration proposal appeared promising; however, our trading partners linked the implementation of this scheme to legislative approval of the elimination of the American Selling Price (ASP) system of valuing certain chemicals and other goods for customs duty purposes—an American nontariff barrier of sorts.

The acceleration/deceleration proposal was not implemented and thus did not benefit our trade account in 1968. However, the principle of multilateral consultations on short-term trade measures to meet countries' temporary balance of payments problems was firmly established.

This important principle was employed during the Group of Ten Ministerial Meeting in Bonn in November 1968. The Federal Republic of Germany agreed to manipulate its border tax adjustments for the explicit purpose of reducing its trade surplus by a substantial amount. This was done in consultation with Germany's trading partners—and with their approval. Another outcome of this meeting and of the monetary crisis occurring at the time was a decision by the French Government to alter its tax system and its border tax adjustments in such a way as to benefit France's trading position, and thus to help France meet her short-term balance of payments problems. This was recognized to be an alternative during the course of the Bonn Meeting; France's trading partners have accepted these temporary measures designed to improve her trade account. In the circumstances, it is an appropriate alternative to the more permanent effect created by a change of parity.

The General Agreement on Tariffs and Trade in Article XII permits a country with balance of payments problems temporarily to employ direct measures to improve its balance of trade. These recent actions by Germany and France are new examples of direct measures that can be employed. The use of border tax adjustments by surplus and deficit countries to help improve a temporary balance of payments problem is an alternative preferable to quota restrictions and it could develop into an appropriate additional temporary measure under certain circumstances. Never substituting for appropriate fiscal and monetary policy and perhaps other measures, short-term border adjustments can contribute to the workings of the process by which balance of payments equilibrium is reestablished in a nation's accounts.