

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES

Eighth Session

SUMMARY RECORD OF THE SEVENTEENTH MEETING

Held at the Palais des Nations, Geneva,
on Monday, 19 October, 1953, at 10 a.m.

Chairman: Mr. SEIDENFADEN (Denmark)

Subject discussed: Statement by the South African delegation on changes
in South Africa's import controls

The EXECUTIVE SECRETARY asked the CONTRACTING PARTIES to appoint an acting chairman for this meeting, in the absence of the Chairman and the Vice-Chairman. Mr. SANDERS (United Kingdom) proposed that Mr. Seidenfaden (Denmark) be invited to take the chair. This was agreed, and Mr. Seidenfaden (Denmark) thanked the CONTRACTING PARTIES for the tribute they had paid him in asking him to preside over the meeting.

Dr. BOTHA (South Africa)¹ informed the contracting parties that an important decision had been taken by his Government regarding the future application of balance-of-payment import restrictions. Since the introduction of these restrictions in 1948, the Government of South Africa had taken steps to ensure that the United Kingdom would acquire for the benefit of the central reserves of the sterling area a substantial part of South Africa's gold production. The measures, which were taken because of South Africa's close commercial, financial and strategic connections with the United Kingdom and its interest in the restoration of sterling as a sound international currency, had involved a degree of discrimination against imports from dollar sources. Import control had, of course, the effect of distorting the economy and raising the cost structure of the country applying restrictions. Although their complete abolition would not be possible in the immediate future the Government of South Africa had decided to abolish discrimination in their application as from the beginning of 1954, by issuing only one type of import permit which would be valid for purchases from any country in the world. This decision had been rendered possible by considerable improvements in the competitive position of the United Kingdom and the Western European countries which exported to South

¹ The full text of this statement has been issued in Press Release No. 141.

African markets. However, to continue to strengthen the central reserves of the sterling area, the Government had decided to renew the existing arrangements to sell a minimum of 4 million ounces of gold, valued at approximately £50,000,000 to the United Kingdom each year. It attached so much importance to enabling South African importers to buy in the cheapest markets and so reduce the country's cost structure, that they were prepared to face the risk of losing reserves, rather than to continue discrimination.

The South African Government felt it imperative that the fullest co-operation between creditor and debtor countries should be established, in order to create the conditions necessary for the re-establishment of multilateral trade on a world-wide basis. Unless that was done, there would be a serious danger that the Western World would be permanently split into two separate monetary and trading areas. The South African Government ardently believed in convertibility and multilateral trade, and therefore hoped that their trading partners in the Western world and particularly the United States - the principal creditor country which was able to exercise such profound influence on international economic conditions - would be able to readjust their policies to avoid that danger.

Mr. ISBISTER (Canada) expressed appreciation for the announcement made by the representative for South Africa on the decision by his Government, which was an important milestone in the development of the Agreement. The step was in full accord with its letter and spirit. The Canadian delegation was convinced that progress towards a more liberal régime would benefit the economy and would contribute to the eventual elimination of restrictions. The Canadian delegation had noted the important reasons for the decision: to enable its importers to buy at the cheapest markets, thus avoiding the distortions caused by import controls and to contribute to the eventual attainment of convertibility and multilateral trade, so as to obviate the danger of the world being split into trading blocs. This action, taken at a time when other countries were making intensive studies of the future course to follow in their economic policies, was particularly significant.

Mr. BROWN (United States) warmly welcomed the announcement by the delegate of South Africa as a most encouraging piece of news. The elimination by South Africa of discrimination in its import licensing would no doubt be an encouragement to others. It was a further good omen indicating the general improvement mentioned by representatives in discussing the balance-of-payments restrictions. His delegation was gratified by the reasons given for this step by the South African Government, and by their judgment that it was in the best interest of its economy to allow importers to buy in the cheapest markets. It was to be hoped the action would not react unfavourably on South Africa's gold and dollar reserves. The United States delegation believed the future would prove that the decision had been a wise one and had benefited the country.

It was agreed that the statement by the delegate for South Africa be reproduced in full and distributed to all contracting parties.

The CHAIRMAN congratulated the Government of South Africa on the significant step it had taken which was indeed in full accord with the spirit of the General Agreement.

Dr. BOTHA (South Africa) thanked the Chairman and the representatives of Canada and the United States for their remarks.

The meeting rose at 10.30 a.m.