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SR.10/8
11 November 1955
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GENERAL AGREEMENT ON TARIFFS AND TRADE

SUMMARY RECORD OF THE EIGHTH MEETING

Held at the Palais des Nations, Geneva
on Monday, 7 November at 10 a.m.

Chairman: Mr. L. D. WILGRESS (Canada)

Subjects discussed: 1. Transport Insurance
2. GATT/Fund Relations
3. Balance-of-Payments Import Restrictions.

1. Transport Insurance

The CHAIRMAN drew attention to the report by the International Chamber of Commerce (L/383/Add.2), the resolution adopted by its Congress (L/383) and the memorandum of the International Union of Marine Insurance (L/383/Add.1). He suggested that before discussing these and the resolution proposed by the United States (L/383/Add.3), it might be useful to appoint a small group to consult with representatives of the International Chamber.

The appointment of a consulting group was agreed, composed of the following delegations: Chile, France, India, Norway, Pakistan, the United Kingdom and the United States, with Mr. Barboza-Carneiro (Brazil) as Chairman.

2. GATT/Fund Relations (L/398)

The CHAIRMAN recalled the discussion of this matter at the Ninth Session and the instruction to the Executive Secretary to hold discussions before the present Session with the Fund staff. The note by the Executive Secretary (L/398) concluded that consultations with the Fund with a view to preparing a draft formal agreement could not usefully take place until the entry into force of the Organizational Agreement could be foreseen with reasonable certainty, and suggested that the CONTRACTING PARTIES might wish to defer further substantive discussion of the matter until the Eleventh Session.

Mr. PHILLIPS (United Kingdom) agreed with the Executive Secretary's conclusion. The United Kingdom attached the greatest importance to the question of improving the day to day liaison between GATT and the Fund; this was necessary no matter when the organization entered into being. He would suggest therefore that, if the

Organizational Agreement had still not been ratified, by the Eleventh Session the CONTRACTING PARTIES then take definite action in the matter so that soon thereafter they might have effective liaison arrangements between the GATT and the Fund, even in the absence of the Organization.

Mr. MACHADO (Brazil) requested clarification of the manner in which it was intended to modify or amend the relations with the Fund and questioned any action that might commit the Organization in advance. While not opposed to improving the administrative co-ordination between the two secretariats, he would be against any suggestion to modify the existing substantive relations of the functions and powers of the two organizations. There should be no possibility of duplicating the procedures required of governments consulting with the two organizations. Moreover, there was the equally important question of liaison with the regional Economic Commissions of the United Nations. Economic development was as valid a reason for the imposition of restrictive measures as balance of payments difficulties, and as it was possible to justify by the Fund's findings the existence of the latter, so also should the existence of economic development problems be able to be certified by the appropriate body. He requested that at the Eleventh Session, in addition to further discussing the question of liaison with the Fund, the matter of liaison with the regional Commissions be also gone into.

The EXECUTIVE SECRETARY referred to the conclusion reached at the last Session that when the Agreement was administered on a more formal and permanent footing, it would be desirable to move toward the implementation of Article XV:1. That paragraph had never been implemented, partly because the CONTRACTING PARTIES wished to gain experience in the field of common interest between the GATT and the Fund, and partly for the legal and technical reasons that the present administration of the Agreement was not juridically an organization and it was therefore impossible to make the usual inter-agency agreement. He agreed with the Brazilian delegate that clearly any proposals for a formal agreement would require ratification by the governing body of the new Organization, which was the reason for his suggestion that discussion of such an agreement be deferred until the establishment of the Organization could be foreseen with some certainty. It was also clear that any preliminary discussion of this matter with the Fund was without prejudice to any decision of the new Organization. Insofar as closer administrative co-ordination was concerned, he regarded that as an existing and continuing responsibility of the secretariat and was sure that this view was shared by the Fund staff. Both secretariats wished to work together in such a manner as would best serve their two governing bodies whose functions were so closely linked in the field of balance of payments restrictions. The close connexion between the two secretariats was maintained precisely in order to avoid placing governments in the position of having to justify or consult on the same matters before both organizations, and he fully shared the view of the Brazilian Delegate that governments should not be put in a position of double jeopardy.

As far as the suggestion for an office in Washington was concerned, it had already been explained during the budget discussion that the secretariat did not wish to make such a proposal to the CONTRACTING PARTIES at this stage. He had spoken at the same time of the efforts of the secretariat toward closer co-operation with the regional Economic Commissions and had stated that, either he or the Deputy Executive Secretary would attend their annual sessions. He was also discussing with the Secretary-General the question of representation of the United Nations, including the regional organizations, at the annual sessions of the CONTRACTING PARTIES. If a further written report on this matter were desired he would be glad to make one at the next Session.

Mr. HEBBARD (International Monetary Fund) agreed with the Executive Secretary's view of the continuing liaison between and role of the two secretariats. Since the Ninth Session the Fund had issued two publications where attention was drawn to the decision on closer co-operation and where this decision was welcomed. In connexion with the consultations under Articles XII and XIV, he explained that, as in the case of the Australian consultation in June, the Fund had, in the case of some of the consultations about to take place, again prepared special papers not required for purposes of the Fund consultations but useful for the GATT consultations, in order to facilitate and assist the latter. As a result, the Fund was generally prepared to give assistance at this Session with respect to consultations, including those with Fund members which had not yet begun their 1955 consultations with the Fund.

It was agreed to defer further substantive discussions of GATT/Fund relations to the Eleventh Session.

3. Balance of Payments Import Restrictions

Australia: Article XII:4(b) Consultation (L/370, 1/414 Add.1 and 2)

The CHAIRMAN referred to the report (L/370) of the Working Party appointed by the Intersessional Committee to conduct the consultations with Australia under Article XII:4(b) on its intensification of import restrictions notified to the CONTRACTING PARTIES on 22 March. The Government of Australia had recently notified a further intensification of restrictions to take effect on 1 October (L/414 and Add. 1 and 2). The CONTRACTING PARTIES were now called upon to determine whether these measures constituted a substantial intensification in the sense of Article XII:4(b), in which event Australia should be invited to consult under that paragraph. The Fund had agreed that, if a consultation were held during the present Session, its mission would be prepared to consult with the CONTRACTING PARTIES, pursuant to Article XV:2. If the CONTRACTING PARTIES determined in that sense, this consultation could be conducted by the Working Party which would carry out consultations under Article XIV:1(g) and in conjunction with the consultations with Australia under that Article. The Chairman drew attention to the list of topics which the Intersessional Committee referred to the Working Party for its guidance in the conduct of the June consultation with Australia and to the suggestion of the Working Party that future

consultations would be facilitated by advance preparation and by the use of a plan of this kind (IC/SR.19/Annex) suitably amended and adopted on each occasion. This list of topics was largely instrumental in making the consultation with Australia the best the CONTRACTING PARTIES had conducted on balance-of-payments restrictions and was an important step in giving effect to the wish expressed at the Ninth Session that these consultations should be made more effective.

Mr. WARWICK SMITH (Australia) referred to the Intersessional Working Party's Report (L/370) on the consultations with Australia in June under the provisions of Article XII:4(b), concerned with the examination of Australia's quantitative import restrictions which became effective on 1 April 1955. The Australian Government's view, when Article XII was under consideration in the review Session, was that there was no need to amend the wording of the Article, but rather that the consultations held under its provisions should be made more effective. The submission of the Working Party report to the present Session provided an opportunity for the CONTRACTING PARTIES to express their views on the effectiveness of the plan followed in the June consultations and, in particular, on the conclusion recorded in paragraph 5 of the report that future consultations would be "greatly facilitated" by use of a similar plan "suitably amended and adopted on each occasion". The Australian delegation supported this proposal, but would stress the need for flexibility in following any such plan.

With regard to the new measures notified to the CONTRACTING PARTIES (L/414 Add.1 and 2), Mr. Warwick Smith said that his Government after studying the balance-of-payments prospects after the opening sales of the 1955/56 Wool season, had decided that it had no alternative but to introduce a further reduction in the level of import licensing as from 1 October 1955. The previous Budget year had ended with a substantial surplus, but in view of the signs of inflationary pressure and the continuing deficit in the balance-of-payments position, the Budget introduced on 24 August 1955 contained no taxation concessions and no new forms of expenditure were approved. A nominal surplus was estimated after making provision for "other commitments" and if the traditional method of presentation had been adopted the 1955/56 Budget would have shown a larger estimated surplus. As Budgets were introduced before the opening of the new season's wool auctions it was difficult to make an accurate assessment of balance-of-payments prospects. In the event, wool prices had shown a decline of about 11d. per lb. greasy on the previous year's average price, and on present prospects export receipts from wheat and flour in 1955/56 might well be some 20 per cent below those of the previous season. In the light of these altered prospects for wool and wheat there were few grounds for expecting that total export receipts in the present year would exceed about £A 730 m. - a drop of some £A30,000,000 on the previous year and when invisibles and capital movements were taken into account the reserves were expected to decline during the year by roughly the amount by which imports exceeded £A 625 m.. The April restrictions were expected to reduce imports to an annual rate of £A 730 m., but it should be borne in mind that there was a time-lag of about six months between the imposition of the restrictions and

their full effectiveness. It was in this context that the further import restrictions had been introduced and his Government were also taking measures in the internal field designed to ease inflationary pressures and to curb the excess demand brought about by the heavy increase in import expenditures over the past eighteen months.

The full text of Mr. Warwick Smith's statement is reproduced in document W.10/7.

Mr. LEDDY (United States) said that the consultations with Australia in June had made an effective contribution, one which would not, however, have been possible without the cooperation of Australia. He agreed that a plan along the lines suggested by the Working Party should be used for further consultations, adapted in each case to fit the circumstances. The United States recognized the Australian difficulties and agreed that in fixing their policy they must take account of the timelag between the imposition of restrictions and the time when any effect became apparent. They had noted also the fact that Australia had introduced both monetary and fiscal measures to help towards the solution of this problem. His delegation would wish to learn more about the scheme of all country import applications for given commodities which was of interest to the United States.

Mr. SYMONS (United Kingdom) agreed with the comments of the Australian delegate on the procedure adopted in the Working Party and shared the desire that consultations under Article XII and others be made fully effective. He paid tribute to the full and frank presentation of the Australian case which had made a significant contribution to the further working out of the problem. His delegation supported the proposal concerning the future procedure to be adopted, recognizing the need for flexibility and adaptation in the light of the circumstances of each consultation.

Mr. SWAMINATHAN (India) recognized that Australia was seriously trying to deal with recurring and serious difficulties. Any country which depended on the export of one or two primary products was particularly vulnerable and must be regarded with sympathy. The Australian measures were constructive and his delegation appreciated the frankness with which the case was presented. No simple method of sudden import restrictions was being followed, but a number of internal measures had also been taken; the Australian public was completely informed of the situation and an annual economic report was to be presented to Parliament in the future. As to the working party's proposed plan to guide consultations, the Indian delegation agreed on its usefulness and with other speakers as to modifications that might have to be made in the light of particular circumstances.

Mr. AZIZ AHMAD (Pakistan) said that his delegation appreciated the manner of presentation of the position, and sympathized with Australia in her present difficulties. The plan for consultations was satisfactory, but care should be taken to preserve flexibility. For a country like Pakistan for example it might not always be possible to provide all the answers required in the short time available for balance-of-payments consultations. His delegation were prepared to accept a general plan along the lines proposed provided flexibility were assured.

Mr. HOCKIN (Canada) supported the proposed plan, of course subject to flexibility. The success of the June consultations had also been due to the co-operation of Australia and the efforts of others concerned. Canada attached importance to these examinations generally, in view of its desire that a serious attempt be made by all contracting parties to administer the Agreement so as to preserve its integrity and maintain it as an instument regulating international trade. Individual examinations were of special importance at this time when there had been real progress toward freer trade and payments systems. As balance-of-payments difficulties became less serious, balance-of-payments consultations assumed greater importance. The CONTRACTING PARTIES must assure themselves of the continued necessity of those restrictions that remianed and use the consultations as a means to urge further efforts toward their elimination. Progress had been made by many countries in this field and the generally favourable position of those who had removed restrictions should encourage those who were still fearful. It was significant that during a period of slackening activity in the dollar area the results of removal of controls continued to be satisfactory and there had been no increase in trade controls. A number of countries recognized the primary importance of internal measures and the decision of a leading trading country not to fall back on external controls in its present difficulties was particularly notable. These periodic examinations of balance-of-payments problems were a reminder of the Agreement's role in keeping countries on this course.

Mr. MACHADO (Brazil) considered that the question went beyond that of balance-of-payments measures introduced for reasons of protection. Australia's measures had been taken to protect its reserve position and they had first to justify their necessity before the Fund. But the CONTRACTING PARTIES must examine the matter in the light of its impact or trade. The reasons given by Australia for the existence of this situation were linked to the prospects for the export of their commodities. Were the CONTRACTING PARTIES merely going to examine the question from the point of view of import restrictions and not look at the underlying causes which lay in the problems of the export of primary commodities? Unless the causes were gone into it was difficult to apply in the field of trade a multilateral policy effectively.

Mr. SIRIWARDENE (Ceylon) said that his Government supported the Australian request and appreciated the active efforts Australia was making to cope with their difficulties. It was necessary to understand the position of exporters of primary commodities, subject as they were to fluctuations in world conditions, and he hoped the consultations, while providing an opportunity to understand the measures would, also give an opportunity to consider the reasons with sympathy.

Mr. ABE (Japan) expressed regret that the Australian import control was both discriminatory and restrctive insofar as Japanese imports were concerned. The Administrative Order of November 1954 regarding quotas for Japanese products, listed thirty-six where discrimination was practised between these products and the same products from the non-dollar zone. Imports from Japan did not require spending of dollars and, moreover, the balance of trade

between Japan and Australia was favourable to Australia. This discrimination could not be justified under the terms which permitted countries to discriminate under the Agreement. He was not, of course, raising the matter as a complaint, or in connexion with the consultation, since Australia had invoked Article XXXV with respect to Japan. But, since the first paragraph of that Article referred to the principles of the Havana Charter, he wished to draw the attention of the CONTRACTING PARTIES to this fact and the Working Party might give some attention to this.

Mr. WARWICK SMITH (Australia) appreciated the interest of the Japanese delegation in the treatment accorded imports of Japanese goods by Australia. As he had noted, Australia was not in relationship with Japan under the Agreement. It seemed appropriate - and the Australian delegation would be glad to co-operate - that the Japanese delegation take up privately with the Australian delegation any points they might wish to raise in this connexion.

The CHAIRMAN said the debate showed agreement that the procedure of the June consultation with Australia had made an effective contribution to the work of the CONTRACTING PARTIES in conducting consultations. The need for flexibility in the list of topics for examination in balance-of-payment consultations had, however, been emphasized. There appeared also to be agreement that the recent intensification of restrictions required consultation in terms of Article XII:4(b).

The report of the Working Party on the consultations with Australia in June was adopted.

The CONTRACTING PARTIES determined that the measures of intensification of import restrictions which took effect on 1 October constituted a substantial intensification of restrictions in the sense of Article XII:4(b), and invited the Government of Australia to consult under the provisions of that paragraph. This consultation was referred to the Working Party to be established on balance-of-payments restrictions.

Consultations under Article XIV:1(g) (L/360)

The CHAIRMAN recalled that five contracting parties, Australia, Ceylon, New Zealand, Rhodesia and Nyasaland and the United Kingdom had indicated their intention to enter into consultations under Article XIV:1(g) at the present Session. The Fund had supplied documentation and advised that its mission was prepared to consult in this connexion, pursuant to Article XV:2.

It was agreed to refer the consultations with these countries to the Working Party to be established on balance-of-payments restrictions.

Sixth Annual Report under Article XIV:1(g) (W.10/3)

The CHAIRMAN referred to the preliminary draft of this report prepared by the Secretariat, a revision of which, taking into account further information which might be supplied, was to be issued for the Working Party. Of the twenty

countries applying restrictions under Article XIV of Annex J, Burma, Chile, Italy, and Uruguay had not yet supplied revised answers to the questionnaire.

The representatives of Burma, Chile and Italy hoped to have instructions or a report within a short time. Uruguay was not represented at the meeting.

Mr. JHA (India) while not wishing to make direct suggestions on this preliminary draft, was concerned that the report in its final form should cover certain particular points. At the last Session, India had pleaded for greater freedom for the under-developed countries to have recourse to quantitative restrictions as an instrument of development, but they had emphasized at that time that they were seeking a non-discriminatory framework and attached importance to the abolition of all kinds of discriminatory restrictions. General thinking was conditioned by the fact that most contracting parties discriminated against the dollar area, and that the abolition of this discrimination was not easy of achievement and was linked to the issue of convertibility. Discrimination was, however, practised elsewhere and there seemed no reason why a boldor attack should not be made since the bilateral balanc- the soft currency area. Much progress had been made since the bilateral balancing of the immediate post-war years and most non-dollar currencies were now convertible in terms of each other. The OEEC and EPU were an outstanding example of progress in this field and had achieved a significant degree of liberalisation in the trade of European countries by evolving payments arrangement suited to their powers. The payments arrangement was not confined to Europe since it included the sterling area, but the trade liberalization schemes did not extend to sterling area countries outside Europe, although those countries cleared their accounts through the EPU. The Japanese representative had drawn attention to the fact that there should be no real difference for Australia as to whether imports originated in the sterling area or from Japan or other soft currency countries. This was a problem of discrimination in both directions. India did not discriminate between soft currency countries and for many years had discriminated only against the dollar area. They were not, therefore, in a position to offer special bilateral concessions to induce other countries to extend liberalization schemes to India or not to discriminate against them. This was a problem not just between particular countries of the sterling area and the OEEC, but for the CONTRACTING PARTIES as a whole, and he would prefer that the report should approach the matter from the point of view that here were two clear breaches of the terms and objectives of the Agreement which should be investigated.

It was probably true that discrimination against the dollar area was a different order of problem and that the time had not yet arrived to attempt to deal with it, but it would be helpful to all countries and would advance the date of convertibility if soft currency countries were to become one single currency area, and there would only remain the step between the soft and hard currency areas. India had continuously tried to reduce the area of discrimination even with the dollar area. (Mr. JHA referred to the listing of countries having "global lists" in paragraph 10 of the draft, which should have included India). Discrimination had a tendency to prolong itself and become more

difficult of abolition by creating interests within the country. Moreover, so long as soft currency countries pursued an export policy of favouritism toward the dollar area they created difficulties for themselves, as that area, being more liberally provided with raw materials, could continue to under-cut them in their own markets. It might, therefore, at some time in the future, be necessary to end discrimination with the dollar area by some bold abrupt step before countries felt really in a position of security. Mr. Jha hoped, however, that in this particular report on discrimination, the situation as between soft currency countries would be brought out more clearly.

Mr. MACHADO (Brazil) said that the multilateral principles of the Agreement were affected not only by discrimination for balance-of-payments reasons. These existed, of course, but a much more important form of discrimination was written into the Agreement in the exceptions provided for preferential systems, and, for countries with neither balance-of-payments nor economic development problems, the system of waivers had evolved to provide discrimination in their favour. The example of discrimination thus came from the strongest countries. It was necessary at this time to consider realistically whether the multilateral principles were not in fact sheltering bilateral practices of concern to certain interests. In his view, the CONTRACTING PARTIES should deal with the basic and general problem of discrimination as a whole and not limit themselves to discrimination under one particular Article.

Mr. WHITE (New Zealand) said this his country was in a similar position to India in that liberalization measures applied equally to the sterling area and OEEC countries whereas liberalization measures of the latter did not always apply to New Zealand. This was a difficult question as it concerned the relationship of countries under the Agreement with their obligations to the OEEC and the Fund and should be explored and covered in the annual report on discrimination.

Mr. HOCKIN (Canada) said that the observations of the Indian delegate showed the continuing danger that regional systems although established so as to broaden areas of trade and payments in effect operated over a period of years so as to apply discrimination for what appeared to be protective reasons. The solution proposed by the Indian delegate would however appear merely to widen the area of discrimination by the inclusion of others in the system. Mr. Hockin did not quite see how this could lessen the difficulties of transition to freer trade and payments. In practise, from the Canadian point of view, the result would be to narrow the area in which non-discrimination could be practised. The point of view of countrieswhich extended non-discriminatory treatment should not be lost sight of.

Mr. WARWICK SMITH (Australia) said that he would have points to raise in the working party both as to fact and emphasis in the report as it would emerge in final form.

Mr. SYMONS (United Kingdom) also had certain points of emphasis on which his delegation would wish to comment at a later stage. The question raised by India was a difficult one and there would be advantage in eliciting all the facts concerning this type of discrimination either as an inquiry by the secretariat or as a result of the Working Party discussions.

The CHAIRMAN repeated that a revised draft would be distributed for the working party. The discussion had shown a desire that the Working Party should examine all aspects of discriminatory treatment including discrimination difficult to justify for balance-of-payments reasons.

Preparation of the Sixth Annual report was referred to the working party to be established on balance-of-payments restrictions.

Procedures for consultation and report under Article XIV:1(g) in 1956

The CHAIRMAN referred to the practice in the past of asking the Working Party to consider any modifications or adaptations that might be made in the procedure for the implementation of the provisions of paragraph 1(g) of Article XIV in the following year.

Consideration of these procedures was referred to the Working Party.

3. New Zealand Waiver Article XV:6

The CHAIRMAN referred to the waiver granted to New Zealand for such time as New Zealand satisfied the CONTRACTING PARTIES that its action in exchange matters continued to be fully consistent with the Fund's principles and with the intent of the General Agreement. Annual consultations with the CONTRACTING PARTIES were provided for under the waiver.

The Chairman suggested that the consultation with New Zealand under the waiver should be conducted in conjunction with New Zealand's consultation under Article XIV:1(g) in which event this item should also be referred to the balance-of-payments Working Party. Pursuant to paragraph XV:2 the CONTRACTING PARTIES were required to consult with the Fund in this connexion.

Mr. WHITE (New Zealand) recalled that at the Intersessional Committee his delegation had questioned whether it would be necessary to hold a consultation under the waiver at the present session. When the waiver had been granted the CONTRACTING PARTIES noted that New Zealand had taken no exchange action which frustrated the intent of the General Agreement and the basic purpose of the waiver was simply to ensure that this state of affairs continued. New Zealand did not propose to present a separate report, considering that the background paper which he understood the Fund to have prepared relative to the Article XIV:1(g) consultations would contain full information on the system in force and would be relevant. His Government had doubted the need to consult as there seemed little to consult about. The waiver, granted only in January,

had accepted New Zealand's position in regard to exchange matters, and his Government had taken no action to alter the position in the few months since then. If the CONTRACTING PARTIES wished, however, they were willing to consult with them. Not being a member of the Fund, New Zealand could not consult with it and the subject matter for the consultation would be more restricted than the consultation of a Fund member. The primary purpose would be to ensure that New Zealand was doing nothing by exchange action to frustrate the intent of the General Agreement. This would not of course preclude the CONTRACTING PARTIES obtaining the Fund's views in the terms of Article XV.

He reiterated that no exchange action had been taken since the granting of the waiver. Exchange was made available in full for all imports, whether they came in under import licences or whether they came in free from import licensing as the majority of them did. For this reason, a consultation seemed unnecessary.

Mr. HOCKIN (Canada) considered that consultation should be carried out as the full terms of the waiver must be complied with and the Decision called for annual consultation.

It was agreed that a consultation with New Zealand should be held under the terms of the Decision and this was referred to the Working Party to be established on balance-of-payments restrictions.

4. Czechoslovak waiver Article XV:6 (L/427 and Add.1)

The CHAIRMAN referred to the waiver granted to Czechoslovakia for such time as Czechoslavakia satisfied the CONTRACTING PARTIES that its action in exchange matters was fully consistent with the principles of the special exchange agreement and in accordance with the intent of the General Agreement. Annual consultations with the CONTRACTING PARTIES were provided for under the waiver. Czechoslovakia had submitted a report (L/427) and was prepared to consult with the CONTRACTING PARTIES on these exchnage matters. In its report, Czechoslovakia stated that it was not applying any transitional restrictions on transfers and payments for current international transaction, and therefore would not have been obliged to consult with the CONTRACTING PARTIES under Article XI of a special exchange agreement, had Czechoslovakia signed such an agreement. A consultation had been initiated with the International Monetary Fund in this connexion pursuant to Paragraph 2 of Article XV.

Mr. HAJEK (Czechoslovakia) referred to the Decision of 5 March 1955, under paragraphs 1 and 2 of which two types of consultation might comes into consideration this year. With regard to paragraph 2, Czechoslovakia had taken no action during the preceding year which would have required reporting to the CONTRACTING PARTIES had Czechoslovakia signed a special exchange agreement and consultations under this paragraph were therefore not necessary. With reference to paragraph 1, the report contained the relative information, including descriptions of the legal provisions regulating the foreign exchange economy of Czechoslovakia and of its foreign trade system. He drew attention to Article 4 of the Foreign

Exchange Act (L/427 Annex A) whose provisions served as proof of the non-existence of any foreign exchange and payment restrictions in the allocation of funds to pay for imports. It appeared from this information that there were no provisions aiming at restricting foreign trade. As Czechoslovakia planned its balance of payments, no special provisions were necessary to achieve a state of balance. Neither did Czechoslovakia practice a multiple currency system. His government believed that the information supplied served adequately to prove the lack of provisions regarding foreign exchange contrary to the aims of the Agreement.

The consultation with Czechoslovakia pursuant to the Decision was referred to the working party to be established on Balance-of-Payments Restrictions.

The CONTRACTING PARTIES agreed to the establishment of a working party on Balance-of-Payments Restrictions with the following membership and terms of reference:

Chairman: Mr. W.C. Naudé (South Africa)

Membership:

Australia	Czechoslovakia	Japan
Belgium	Dominican Republic	New Zealand
Canada	France	Norway
Chile	Federal Republic of Germany	Pakistan
Cuba	India	United Kingdom
		United States

Terms of reference:

1. To conduct the consultations with Australia under Article XII:4(b)
2. To conduct the consultation with Australia, Ceylon, New Zealand, Rhodesia and Nyasaland and the United Kingdom under Article XIV:1(g)
3. To prepare the Sixth Annual Report on Discriminatory Import Restrictions as required by Article XIV:1(g)
4. To recommend procedures for the conduct of consultations and the preparation of a report under Article XIV:1(g) in 1956.
5. To conduct the consultation with New Zealand pursuant to the Decision of 20 January 1955.
6. To conduct the consultation with Czechoslovakia pursuant to the Decision of 5 March 1955.

The meeting adjourned at 12.30 p.m.