

GENERAL AGREEMENT ON TARIFFS AND TRADE

COMMITTEE OF CONTRACTING PARTIES ON SPECIAL EXCHANGE AGREEMENTS

SECOND MEETING, LONDON, NOVEMBER, 1948.

NOTES ON DISCUSSIONS ON 9TH NOVEMBER, 1948.

22. CORRIGENDA.

Members of the Committee asked for the following changes in the notes on previous discussions:-

(a) GATT/CEA/N.1. Item 10.

The representative of New Zealand asked for the deletion of the words "and it could be provided if thought desirable" at the end of the second paragraph under the second sub-heading.

(b) GATT/CEA/N.3. Item 17.

The representative of New Zealand asked that the first two sentences should be rewritten as follows: "The representative of New Zealand put forward further arguments in favour of the short form of agreement as proposed in GATT/CEA/W.3."

(c) GATT/CEA/N.3. Item 18.

The representative of Pakistan asked that it be recorded that it was he who had addressed the enquiry to the Committee.

23. ARTICLE VII - RESTRICTIONS ON CURRENT PAYMENTS.

The representative of New Zealand proposed amendments in the draft of Article VII with the effect of limiting the prohibition on restrictions to those directly affecting imports and exports, including normal charges such as freight and insurance and to allow the use of restrictions and controls which are intended to make effective quantitative restrictions on imports and exports which are imposed in accordance with the provisions of the General Agreement, (see items 4 and 5 in GATT/CEA/6 and the notes on the discussions on Article VIII, Sections 2 and 3 in GATT/CEA/N.1.) The representative of the United Kingdom gave his views at some length on these proposals and the Committee agreed that the following record of his statement should be included in the notes of the meeting:

The United Kingdom representative considered that the point raised by the New Zealand representative was in practice covered by Article VIII (corresponding to Article VI of the Fund Agreement) which gave the Acceding Government the right to exercise controls to regulate international capital movements. It had always been recognised since the earliest discussions of the subject, even before Bretton Woods, that an effective control of capital movements would require procedures covering both payments and receipts to ensure (a) that, where payments purported to be for imports, goods were in fact imported to the full value of the payment made and (b) that, where goods were exported, payment to the full value of the goods exported was in fact received. Without such controls there would be no means of ensuring that capital was not exported under cover of what purported to be current transactions. Such controls might, in the opinion of some, be regarded as restrictions, but that was merely a matter of nomenclature which had never been held to impair the right conferred by Article VI of the Fund. Hence any member, whether or not /applying

applying quantitative restrictions to imports or exports, had the right to exercise controls to ensure that payments made in respect of imports were in fact only such payments as are appropriate to imports made and that payments for exports are in fact received to the full value of such exports. This appeared to cover the whole of what the New Zealand Government asked.

24. PROPOSED ADJOURNMENT.

The representative of New Zealand asked that the meeting should not finish that day and that the discussions should be continued so as to allow for time for communication with his Government or, failing that, that the Committee should meet again before finally deciding upon the recommendations to be submitted to the CONTRACTING PARTIES. The Chairman drew attention to the fact that the Committee's terms of reference require that a suitable draft agreement shall be circulated to the contracting parties one month before the Third Session which is to be held in April. Members of the Committee were of the opinion that it would be difficult to reach a final conclusion even if the meeting were to continue for several days and also they thought it would be difficult to arrange to meet again more than a month prior to the Third Session. Accordingly it was agreed to adjourn and to distribute an Interim Report to the contracting parties, recording the Committee's work and the extent of agreement thus far reached, but to withhold definitive recommendations for a second report; it was thought that a third meeting could be held at the time of the Third Session to complete the draft of a special exchange agreement and to consider again the views of the New Zealand Government.

25. REPORT TO THE CONTRACTING PARTIES.

The Committee completed its examination and amendment of the text of the "Set of Rules" intended to govern the exchange arrangements of contracting parties which are not members of the Fund and also the text of a sample instrument of accession, these two documents to be attached as annexes to the Committee's Interim Report. Further, the Committee considered and agreed upon the text of a report to be distributed to the contracting parties.

26. NEXT MEETING.

The Committee agreed to meet again a few days prior to the Third Session of the CONTRACTING PARTIES at the place where that Third Session would be held.

Document Number	Language	Short Title of Document
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Working Party on Commodity Problems

Symbol: CWP/

1	E.F.	Draft Agreement on Commodity Arrangements - Comments by ILO
2	E.F.	Amendments proposed by French Delegation
3	E.F.	Statement by Australian Representative
4	E.F.	Statement by Japanese Representative
5	E.F.	Statement by German Representative
6	E.F.	Amendments to Draft Agreement - Proposals by Federation of Rhodesia and Nyasaland
7	E.F.	Amendments to Draft Agreement - Comments and Proposals by Indonesian Delegation
8	E.F.	Consolidated Amendments to Draft Agreement
9	E.F.	Preamble and Art. I of Draft Agreement
10	E.F.	Relationship between GATT and SACA
11	E.F.	New Article on Relations with other Inter-governmental Organisations
12	E.F.	Draft of Articles II and III of SACA
12/Corr.1	Bil.	Corrigendum
13	E.F.	Document circulated by Australian Representative
14	E.F.	Belgian Proposals on redraft of Article I
15	E.F.	Draft of Articles IV and V
16	E.F.	Statement by Australian Representative
17	E.F.	Draft of Articles VI to IX
18	E.F.	Draft of Article IV:5
19	E.F.	Draft Agreement on Commodity Arrangements
20	E.F.	Amendments to Articles VI and VII
21	E.F.	Draft - Final Report of Working Party