

RESTRICTED
LIMITED B

GATT/CP.3/3

26 January 1949

ORIGINAL: ENGLISH

GENERAL AGREEMENT ON TARIFFS AND TRADE

Contracting Parties

Third Session

Item 5 of Advance Provisional Agenda

IMPORT RESTRICTIONS IMPOSED BY THE UNION OF
SOUTH AFRICA
REFERENCE GATT/CP/3

Note by the Chairman

On 16 November, 1948, I circulated to Contracting Parties a letter received from the Government of the Union of South Africa regarding restrictions imposed on imports into South Africa in accordance with the provisions of Article XII (2)(a)(i) and XIV (1)(b) of the General Agreement on Tariffs and Trade. At the same time, I sent a copy of this letter to the Managing Director of the International Monetary Fund for the information of the Fund and for such comments as they might wish to make.

I took this action after consultation with the Executive Secretary of ICITO and on the assumption that the letter from the Government of the Union of South Africa was to be construed as an indication of the readiness of that Government to consult with the Contracting Parties in accordance with Article XII (4)(a) of the General Agreement on Tariffs and Trade. In the absence of any request for an emergency session of the Contracting Parties, it was assumed that the consultation would take place at the Third Session of the Contracting Parties and provision was made accordingly in the advance draft of the provisional agenda.

On 18 January 1949, the Managing Director of the International Monetary Fund replied as follows to my communication to him as explained in a subsequent cable:

"Dear Mr. Wilgress:

I refer to your cable of December 23, 1948, informing the Fund that your letter of November 26, concerning South Africa import restrictions, is to be considered as offering the Fund an opportunity to comment upon the South African action and not as the initiation of consultation. I note that the comments of the Fund will be circulated to the Contracting Parties and will be considered at either

their third session or a special session if requested by any Contracting Party.

In these circumstances the Fund feels that at the present time it may most appropriately comment as follows:

(1) A serious decline in South Africa's monetary reserves has occurred during 1948, and strong immediate remedial measures were necessary to forestall the imminent threat of a further decline in these reserves.

(2) Among the measures immediately necessary were those designed to restrict imports directly, either through quantitative restrictions on imports or exchange restrictions, or both.

(3) Since the beginning of November the Fund has been in direct communication with the Union of South Africa concerning the imposition of restrictions on payments for imports from non-sterling area countries. The Fund has agreed to the exchange restrictions proposed by South Africa in this regard. These exchange restrictions are the measures referred to in paragraph 7, subparagraphs (ii) and (iii) of the letter dated November 12, 1948, from the Union of South Africa to the Chairman of the Contracting Parties.

Sincerely yours,

(signed) Gutt
Managing Director"

Subsequently, I received a request from the United States Government that I institute a consultation with the International Monetary Fund in accordance with the exchange of letters between myself and the Managing Director of the Fund, dated 9 September and 28 September 1948 respectively, as the United States Government consider that the institution of such consultation would expedite the ascertainment of relevant statistical and other facts as a basis for a further appraisal of this matter in the light of the provisions of the General Agreement.

I have accordingly asked the Managing Director of the Fund to treat my original communication as the initiation of a consultation and to make available to the Contracting Parties such information and advice additional to that contained in Mr. Gutt's letter of 18 January 1949 as might be of assistance to the Contracting Parties in their consultations with the Government of South Africa in accordance with Article XII (4)(a) of the General Agreement.

