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ORIGINAL: ENGLISH

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONTRACTING PARTIES
Fourth Session

WORKING PARTY "E" ON BALANCE OF PAYMENTS QUESTIONS

Report to the Contracting Parties on the additional Terms of Reference

Concerning the communications from South Africa

1. The Working Party examined the communications from South Africa in accordance with the additional terms of reference as follows:

"The Contracting Parties have taken note that the International Monetary Fund is currently considering the financial aspects of the South African import restrictions and have also noted that it is contemplated that a report on this subject will be received by the Contracting Parties from the International Monetary Fund. Working Party E shall, at such time as it deems appropriate in view of the Fund's consideration, deal with the communication from South Africa on the application of import restrictions in terms of Article XIV: 1 (g) and other appropriate provisions of the General Agreement."

2. As instructed, the Working Party examined the communications from the Government of South Africa (SECRET/CP/1 and Add.1) describing the system of import restrictions introduced on 1 January, 1950, on which South Africa had consulted with the Contracting Parties during the Third Session at Annecy.

3. In the course of its examination the Working Party was presented with two statements by the representatives of the Fund. The first (GATT/CP.4/E/3) advised that the Fund was consulting with the South African Government on all aspects of its balance-of-payments problem and had found that "the monetary reserves of the Union were at a very low level and that the general level of the restrictions established by the Union was at present justified by the position of these reserves", but that it was not in possession of sufficient information to inform the Contracting Parties as to its opinion on the monetary aspect of the discriminatory measures. The second statement (GATT/CP.4/E/4) contained data on South Africa's foreign exchange reserves and balance of payments supplementing the reports supplied by the Fund to the Contracting Parties during the Third Session. But with regard to the report by the Fund on the monetary aspects of the discriminatory measures, envisaged in paragraph 50 of the final report of Working Party 3 appointed at the Third Session, on "New Import Restrictions Contemplated by the Union of South Africa" (GATT/CP.3/43), it was learned from the representatives of the Fund that their discussions with South Africa were still in progress and that they could not give

an assurance that it would be possible for them to report to the Contracting Parties before the end of the present session. The representative of South Africa supplemented the communication of his Government with additional information and the Working Party examined certain of the facts involved in the practical application of the South African system of import control.

4. In conclusion, the Working Party recommends that the consultation undertaken by South Africa under Article XII: 4 (a) be considered by the Contracting Parties as having been satisfactorily concluded. With regard to the discriminatory aspects of the South African programme, the Working Party was not able to complete its work since the report of the International Monetary Fund envisaged in its terms of reference, had not been received. Therefore further consideration of the discriminatory aspects of the South African programme will have to be deferred pending the receipt of the further report of the International Monetary Fund on the financial aspects of the South African import restrictions.