

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
LIMITED C
GATT/CP.4/38
30 March 1950
ORIGINAL: ENGLISH

Contracting Parties
Fourth Session

WORKING PARTY "E" ON BALANCE OF PAYMENTS QUESTIONS

Report to the Contracting Parties

TERMS OF REFERENCE

The Working Party was appointed at the 13th meeting of the Fourth Session on March 6, with the following terms of reference:

1. To examine the documentation which has been, or may be, submitted on the discriminatory application of import restrictions under the transitional arrangements of Article XIV and Annex J of the General Agreement, and to prepare a draft report to be adopted by the Contracting Parties in accordance with the provisions of paragraph 1 (g) of Article XIV.
2. To recommend arrangements for contracting parties taking action under paragraph 1 of Annex J to keep the Contracting Parties regularly informed regarding such action.
3. To determine which contracting parties are substantially intensifying import restrictions and should therefore be invited to consult with the Contracting Parties in accordance with Article XII (4) (b), and to report thereon to the Contracting Parties.

At the 14th meeting on March 13, the following was added to the terms of reference:

4. 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.

I. REPORT BY THE CONTRACTING PARTIES ON THE DISCRIMINATORY APPLICATION OF IMPORT RESTRICTIONS (REQUIRED BY PARAGRAPH 1 (g) OF ARTICLE XIV)

The Working Party examined the documentation submitted in response to the Secretariat's enquiry of 7 October 1949 (GATT/CP/39) and discussed with the representatives of contracting parties the restrictions applied by their governments under the transitional period arrangements of Article XIV and Annex J of the General Agreement. These discussions provided an opportunity for members of the Working Party to obtain additional information on aspects of the restrictions of particular interest to them. The following are the contracting parties whose representatives elaborated upon the replies of their governments: Australia, Canada, Ceylon, Chile, Czechoslovakia, France, Greece, India, Netherlands, New Zealand, Norway, Pakistan, Southern Rhodesia, South Africa and the United Kingdom. The reply of Brazil was received too late for consideration by the Working Party.

In addition, four of the Annecy acceding governments which have not yet become contracting parties, namely, Denmark, Finland, Italy and Sweden, had submitted replies to the Secretariat's enquiry, but their representatives did not take part in the discussions of the Working Party.

The Working Party has prepared the draft report, attached hereto, and recommends that this be approved by the Contracting Parties as constituting the first report required by paragraph 1 (g) of Article XIV.

The Working Party agreed that, in preparing this report, it was not required to consider whether the measures being taken by the reporting countries were consistent with the Agreement. The Working Party agreed that the means provided by the Agreement for assessing the consistency of a contracting party's import control measures with the provisions of the Agreement lay in the appropriate consultation procedures, and procedures for the settlement of disputes, provided for elsewhere in the Agreement.

II. SUBMISSION OF REPORTS REQUIRED BY PARAGRAPH 1 OF ANNEX J

The Working Party discussed the provisions of paragraph 2 of Annex J which requires contracting parties taking action under paragraph 1 to keep the Contracting Parties regularly informed regarding such action, and gave consideration to the adoption of procedures for

the submission of reports. The Working Party's recommendations were submitted to the Contracting Parties in document GATT/CP.4/ 35

III. CONSULTATIONS ON THE INTENSIFICATION OF IMPORT RESTRICTIONS REQUIRED BY ARTICLE XII 4 (b)

In the course of its discussions with representatives of contracting parties which are taking action under Articles XII and XIV, mentioned above in Section I, the Working Party endeavoured to ascertain in the case of each country whether an intensification of the restrictive measures applied had taken place since it became a contracting party. The results of that enquiry were reported to the Contracting Parties in document GATT/CP.4/31.

IV. THE SOUTH AFRICAN IMPORT RESTRICTIONS

The Working Party examined the communications from South Africa on the application of import restrictions and submitted a report to the Contracting Parties in document GATT/CP.4/36.