

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/644/Add.1

12 August 1957

Limited Distribution

Original: English

REPORTS OF THE ARTICLE XII:4(b)

CONSULTATIONS COMMITTEE

## Addendum

### Additional Documentation for the Consultation with the Netherlands<sup>1</sup>

In the report on the Consultation with the Netherlands it was noted (in paragraph 6, on page 61 of L/644) that the results of the International Monetary Fund's 1957 Consultations with the Netherlands, when available, should be added to the documentation for that GATT consultation. The following results have been transmitted by the Fund by letter dated 26 July 1957:

Results of the International Monetary Fund's 1957 Consultation  
with the Netherlands

"1. The Government of the Netherlands has consulted the Fund under Article XIV, Section 4, of the Fund Agreement concerning the further retention of its transitional arrangements.

"2. Although the Netherlands economy continued to expand in 1956, it did so at a somewhat slower rate than in the preceding years, while demand rose rapidly. The increase in demand was initiated by tax reductions in 1955 and substantial wage increases in early 1956 and was reinforced by boom conditions. Fixed investment (including housing construction) and inventories both increased markedly; there was also a significant rise in private consumption. The monetary authorities took steps to limit the expansion of credit.

"3. Partly as a consequence of the tendency toward overspending, the substantial 1955 surplus on goods and services in the balance of payments turned into a deficit in 1956. Imports rose more sharply than exports; the net income from services decreased. Gold and foreign exchange holdings declined.

"4. Further measures have been introduced to restrain demand, including a recent additional increase in the rediscount rate. Private consumption is being reduced, partly through price increases and partly through an increase in indirect taxes. Certain incentives to private investment have been removed and government spending has been cut. The Government has stated that it is prepared to take further measures should the programme already inaugurated prove inadequate.

<sup>1</sup> As a part of the consultation report, this document is not to be de-restricted.

"5. The Fund notes with satisfaction that the Netherlands used monetary and fiscal policies to cope with their balance of payments difficulties; restrictions have not been intensified in the present situation and the Netherlands authorities state such action is not under consideration. The Fund is also pleased that it continues to be the policy of the Netherlands Government to reduce and eliminate the remaining restrictions and the Fund hopes that with an improvement in the balance of payments this process will be continued. The Transferable Guilder Area has been widened since the last consultation, reflecting further progress in reducing bilateralism. The Netherlands authorities state they are in the process of abolishing as far and as soon as practicable the bilateral agreements still in force.

"6. In concluding the 1957 consultations, the Fund has no other comments to make on the transitional arrangements maintained by the Netherlands."

