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GENERAL AGREEMENT ON TARIFFS AND TRADE

CONTRACTING PARTIES
Fifteenth Session

DISCRIMINATION FOR BALANCE-OF-PAYMENTS REASONS

The following is the text of a decision of the Executive Directors of the International Monetary Fund which is communicated to the CONTRACTING PARTIES by the Fund representatives at the fifteenth session:

"The following decision deals exclusively with discriminatory restrictions imposed for balance-of-payments reasons.

"In some countries, considerable progress has already been made towards the elimination of discriminatory restrictions; in others, much remains to be done. Recent international financial developments have established an environment favourable to the elimination of discrimination for balance-of-payments reasons. There has been a substantial improvement in the reserve positions of the industrial countries in particular and widespread moves to external convertibility have taken place.

"Under these circumstances, the Fund considers that there is no longer any balance-of-payments justification for discrimination by members whose current receipts are largely in externally convertible currencies. However, the Fund recognizes that where such discriminatory restrictions have been long maintained a reasonable amount of time may be needed fully to eliminate them. But this time should be short and members will be expected to proceed with all feasible speed in eliminating discrimination against member countries, including that arising from bilateralism.

"Notwithstanding the extensive moves toward convertibility, a substantial portion of the current receipts of some countries is still subject to limitations on convertibility, particularly in payments relations with State-trading countries. In the case of these countries the Fund will be prepared to consider whether balance-of-payments considerations would justify the maintenance of some degree of discrimination, although not as between countries having externally convertible currencies. In this connexion the Fund wishes to reaffirm its basic policy on bilateralism as stated in its decision of 22 June 1955."