

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

BALANCE-OF-PAYMENTS INFORMATION RELATING TO CHANGES IN IMPORT RESTRICTIONS

Note by the Executive Secretary

1. At the seventeenth session, the CONTRACTING PARTIES discussed the question of implementation of the provisions of paragraph 4(a) of Article XII and paragraph 12(a) of Article XVIII. As a result, a revised set of procedures was adopted and these are set out on pages 18 and 19 in the Ninth Supplement to the Basic Instruments and Selected Documents. The principal consideration underlying these procedures, as may be seen from the summary record of the discussions at that session (SR.17/8), is that the Council should be in a position to act promptly on matters arising under Article XII:4(a) and Article XVIII:12(a), so that there could be no criticism that the CONTRACTING PARTIES lacked effective procedures for dealing with any recrudescence of import restrictions.
2. Whether these procedures can be effectively operated, of course, depends on whether the CONTRACTING PARTIES or the Council are always in possession of the necessary data enabling decisions to be taken as to whether a consultation is required under the provisions in question and any consultation initiated to be carried out. Paragraph 2 of the procedures therefore provides for the prompt transmission of detailed information on changes in import restrictions by contracting parties. During the discussion at the seventeenth session, the representative of the International Monetary Fund also called attention to a decision by the Fund requesting its members to supply it with information concerning import restrictions so as to enable the examination of the balance-of-payments situation in order to facilitate the Fund's collaboration with the CONTRACTING PARTIES.
3. In implementation of the existing procedures and the broad policies adopted by the Fund and the CONTRACTING PARTIES as referred to above, contracting parties, when notifying changes in import restrictions requiring consideration by the Council, should therefore supply information on their balance-of-payments and monetary reserve position, as well as on the quantitative restrictions. It is suggested that such information, which should be sent to the International

Monetary Fund at the same time as it is transmitted to the GATT secretariat should, whenever possible, cover the following points:

- (1) Nature of import restrictions planned (or newly imposed)¹ and estimate of savings in external payments achieved by new import restrictions.
- (2) To the extent that relevant information has not already been made available to the Fund:
 - (a) developments in the balance of payments and foreign exchange reserves;
 - (b) factors influencing the money supply, e.g. bank credit to the public and private sectors;
 - (c) other new measures being taken which will affect the foreign exchange reserve position, either directly (e.g. external borrowing, control of invisible payments) or indirectly (e.g. internal fiscal and monetary measures).
- (3) To the extent possible, an estimate of the future course of the balance of payments and reserve position, taking into account new measures taken or planned.

¹Cf. Section III of the "Plan" for consultations on balance-of-payments restrictions (BISD, Seventh Supplement, p.98) and paragraph 2 of the report adopted by the CONTRACTING PARTIES on 10 November 1959, which reads: "...the CONTRACTING PARTIES...urge all contracting parties applying import controls and restrictions to keep the secretariat informed of any changes in their control systems and transmit to it all relevant documentation (such as new laws and decrees, regulations, programmes, policy statements, public notices, licensing instructions, etc.)..." (BISD, Eighth Supplement, page 74).