

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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Committee on Balance-of-Payments Restrictions

**REPORT ON THE SIMPLIFIED CONSULTATIONS
WITH INDIA AND PAKISTAN**

1. The Committee met on 15 November 1994, under the Chairmanship of Mr. Peter Witt (Germany), to conduct consultations with India and Pakistan under the simplified procedures for regular consultations with developing countries (BISD 20S/47) and the 1979 Declaration on Trade Measures Taken for Balance-of-Payments Purposes (BISD 26S/205).

2. The Committee had the following documents before it:

India

BOP/321 Statement supplied by India
BOP/W/159 Secretariat background paper
IMF Background papers dated 22 February and 28 October 1994

Pakistan

BOP/322 Basic document supplied by Pakistan
BOP/W/158 Secretariat background paper
IMF Background papers dated 22 February and 26 October 1994.

3. On the basis of the above-mentioned documents, and taking into account paragraph 8 of the Declaration on Trade Measures Taken for Balance-of-Payments Purposes, the Committee reached the following conclusions:

India

4. The Committee appreciated the courage and sagacity with which India had carried out its economic reform programme. It encouraged India to continue implementing its import liberalization programme. The Committee noted that, if the balance of payments showed sustained improvement, India's aim was to move to a régime by 1996/97, in which import licensing restrictions would only be maintained for environmental and safety reasons. Members of the Committee welcomed the significant improvement in India's balance-of-payments position since the last consultation, but recognized that it remained volatile. The Committee, therefore, determined that a full consultation was desirable, the timing of which, in the second half of 1995, would be established in discussion with India, the IMF and other interested parties.

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Pakistan

5. The Committee commended Pakistan for the implementation of its macroeconomic adjustment and structural reform programme initiated in 1988, which included a substantial liberalization of the import régime. It also recognized that Pakistan's balance-of-payments position remained under pressure and that improvements registered in 1993/94 did not necessarily reflect a sustainable trend. The Committee welcomed Pakistan's willingness to revise its notification on the list of items subject to import restrictions for balance-of-payments reasons (L/6830).

6. The Committee decided to recommend to the Council that Pakistan be deemed to have fulfilled its obligations under Article XVIII:12(b) for 1994. It also decided that the next regular consultation with Pakistan should be a full consultation.