

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

CONTRACTING PARTIES
Ninth Session

SUMMARY RECORD OF THE FOURTEENTH MEETING

Corrigendum

Page 4, first two paragraphs

Delete from the third sentence to the end of Mr. Louw's (South Africa) statement and substitute the following:

"The South African Government also considered that the right of contracting parties to maintain quantitative restrictions to protect monetary reserves must be retained, but that the provisions of Article XII:2(b) should be carefully examined by the Working Party with a view to evolving stricter procedures to ensure fuller implementation of these provisions by all countries. His delegation recognized that so long as most currencies still remained inconvertible, the right to discriminate in the application of balance-of-payments import restrictions would have to be retained for use by countries actually short of a particular currency so long as such shortages persisted. They felt, however, that this right had been abused in the past, and had proposed an amendment of Article XIV to limit the scope of discrimination practised under that Article and in particular strictly to limit the use of bilateral quota agreements as the principal method for exercising the right to discriminate. South Africa regarded the growing use of such agreements with concern. Its export trade has suffered as a result, and his Government considered that countries applying such agreements were not observing the spirit of the Agreement.

"His Government agreed with the views which had been expressed suggesting that stricter rules covering the use of balance-of-payments import restrictions should be included in the Agreement to meet conditions which would prevail when convertibility of the main currencies of the world was restored. Without faithful observance of such rules, the success of any concerted move towards convertibility would be seriously jeopardized. They would agree that a transitional period should be allowed between the restoration of convertibility and the coming into force of such stricter rules. It was essential that the transitional period should be of limited duration and that no special exception from the new rules to cover so-called 'hard-core' cases should be permitted after the expiry of this period."

Page 11, last two paragraphs and page 12

Replace Mr. Anzilotti's (Italy) statement by the following:

"Mr. ANZILOTTI (Italy) stated that his Government associated itself with the views expressed by several delegations that ultimately quantitative restrictions could only be permitted for balance-of-payments difficulties, and that consequently their use for protective purposes should not be allowed. In this connection, the Italian delegation emphasized that it could not accept special rules allowing exceptions in the realm of agricultural products. It was also necessary to ensure that the pretext of monetary requirements was not used to achieve protective ends. The rules limiting the possibility of application of quantitative restrictions should be drawn up, taking account of the fact that the restrictions themselves entailed wide consequences of a commercial character; they should be as closely defined as possible within the framework of the Agreement. The International Monetary Fund on its side should continue to be the body charged with evaluating and pronouncing on the general balance-of-payments situation of each country, but it was clear that any intervention on its part should be linked to the action of the GATT. Furthermore, it was necessary that quantitative restrictions should not cause, as a result of the choice of certain products, particular damage to any individual contracting party.

"The Italian delegation shared the view of several other delegations that authorizations to apply such restrictions should be of a completely temporary nature and limited to the period absolutely indispensable in order to reach equilibrium in the balance of payments. Accordingly the CONTRACTING PARTIES must be in a position to follow closely the evolution of the situation which led to the application of such restrictions and the measures envisaged to cope with the situation.

"The procedure presently contained in the Agreement should be carefully examined. Another question which deserved careful consideration was the point made by the Belgian delegation that the CONTRACTING PARTIES should take account of the work and the results obtained by other organizations within a more restricted framework".