

GENERAL AGREEMENT ON
TARIFFS AND TRADE

SR.11/3
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CONTRACTING PARTIES
Eleventh Session

Page 15

SUMMARY RECORD OF THE THIRD MEETING

Held at the Palais des Nations, Geneva, on
Monday 15 October 1956, at 10.30 a.m.

Chairman: H.E. Mr. F. García OLDINI (Chile)

- Subjects discussed:
1. Brazilian tariff and schedule
 2. Belgian waiver
 3. GATT/Fund relations
 4. Balance-of-payments import restrictions
 - (a) Consultations under Article XII:4(b)
 - (b) The question of consultations with Australia under Article XII:4(b)
 - (c) Consultations under Article XIV:1(g)
 - (d) Seventh Annual Report under Article XIV:1(g)
 - (e) Procedures for consultations and report under Article XIV:1(g) in 1957

1. Brazilian Tariff and Schedule

The CHAIRMAN announced that this item would be examined next week but appeared on today's agenda in order that the CONTRACTING PARTIES could hear a statement by the Minister of Finance of Brazil.

Mr. ALKIMIN (Brazil) said that his government attached the greatest importance to the problem of reforming the Brazilian tariff and he thought it was appropriate that after attending the International Monetary Fund and the International Bank for Reconstruction and Development meetings he should address the CONTRACTING PARTIES and give a frank presentation of the reasons which had led up to the proposal since the necessary modifications would require the consent of the CONTRACTING PARTIES. He explained that the intention was to replace the present customs tariff by another more in keeping with the requirements of Brazil's economic development. The technical details would be presented by the Brazilian delegation later in the Session.

He outlined the commercial and financial programme being undertaken by the Brazilian Government with the aim of stabilizing the development of the Brazilian economy and encouraging free enterprise. He acknowledged that the realization of these aims would depend on foreign trade and it was the policy of his Government to avoid measures that would result in a reduction of the volume of trade. To this end as much foreign exchange as possible was being allocated for import payments despite the fact that national debt commitments in the last few years had been heavy.

He was pleased to report that recent internal measures to combat inflation had shown positive results which were reflected in an improvement of the exchange rate. Measures for fiscal reform consisting of four main laws which will cover the customs tariff, the consumption tax, income tax and stamp tax were at present under the consideration of the National Congress. In conjunction with these measures the Customs Tariff Act was being reviewed, the full application of which would depend on the consent of the CONTRACTING PARTIES.

He pointed out that the fiscal effects of these measures were of a nature essential to the Brazilian economy. It was hoped that they would be made effective as soon as possible so that the 1957 budget would be strengthened by the increased revenue resulting from them. This increased revenue would constitute one of the government's most powerful weapons in countering budgetary deficits and inflationary pressures.

He explained that the tariff reform would, in practice, merely result in the transfer to fiscal revenue of that part of receipts which, under the present auction system constituted a burden on imports. He added that the measures would not result in any decrease in the volume of imports or changes in their composition.

He thought, therefore, that the problem submitted to the CONTRACTING PARTIES did not take on the proportions it might appear to have at first sight and for this reason his Government had decided to ask the CONTRACTING PARTIES for the right to deviate from its obligations in Schedule III annexed to the General Agreement. The aim of the proposals was to arrive at a customs tariff constituting a single tax of a protectionist nature. He stated this was desirable from a technical viewpoint and hoped the CONTRACTING PARTIES would recognize the merits and justness of the proposal.

The full text of Mr. Alkimin's statement is reproduced in Press Release GATT/310.

2. Belgian waiver (L/505 and L/515)

The CHAIRMAN referred to the Decision by the CONTRACTING PARTIES on 3 December 1955 which in accordance with the provisions of the "hard core" Decision of 5 March 1955, authorized Belgium to maintain quantitative restrictions on imports of specified products. Under paragraph 6 of the Conditions and Procedures of the Decision of 5 March 1955 the Belgian Government was required to submit an annual report on action taken for review by the CONTRACTING PARTIES. The Government of Belgium had presented its first annual report (L/515), and certain statistics which had been circulated to the contracting parties.

Mr. FORTHOMME (Belgium) recalled that at the last Session his government had inferred that preliminary procedures for the removal of the restrictions would take some time; and that further study would be needed. Nevertheless, as indicated in the report (L/515), some progress had been made in relaxing the restrictions and it was hoped that the first measures in the process of harmonizing agricultural policy with that of the Netherlands would be applied next autumn. He added that if any delegations were interested in the legislation for compulsory amalgamation of holdings, recently adopted by the Belgian Government, the text of this law could be made available.

Mr. GUNDELACH (Denmark) said that the relaxations that had been made were of limited scope and on products of secondary importance. There had been no change with respect to dairy products, eggs and swine and other major items. At this stage, however, measures and plans to be developed for the future elimination of the restrictions were of more concern. When the waiver was granted it was understood that restrictions would be eliminated as soon as an agreement was entered into with the Netherlands for the harmonization of agricultural policies and when an agricultural fund and administrative machinery for the elimination of the restrictions were established the Belgian Government was to submit more detailed and precise information on the policies to be pursued through these mediums as soon as practicable after 3 May 1956. Unfortunately it had not been in a position to do so. Any review of the operation of the restrictions would be difficult unless some indication of the future line of action were given by the Belgian Government and it was urged that as far as possible the working party be supplied with the information envisaged in the Decision of 3 December 1955. At the Tenth Session the Danish delegation had held the view that in order to avoid any aggravation of the surplus problem products where Belgium was a net exporter should be excluded from the waiver. His Government hoped to pursue this point further on the basis of further statistical information when the working party is constituted.

Mr. PARBONI (Italy) said that his delegation noted the report with interest. He had observed that many of the relaxations made were as a result of unfavourable weather conditions and it was not sure whether they would be maintained. It was not possible, therefore, to assess the progress made in relaxing the restrictions. When the Belgian request for a waiver was discussed the Italian delegation had expressed the hope that a plan for the gradual relaxation of the restrictions would be put into effect. The present report did not show the Belgian Government to be conforming to the envisaged objectives within the prescribed time limit and it was hoped that in the near future the Belgian Government would announce new measures for the gradual relaxation of the restrictions so that they could be entirely removed within the period permitted by the waiver.

Mr. HOCKIN (Canada) said that his Government attached considerable importance to the annual review under the waiver. His delegation therefore regretted that detailed information on the measures to be developed for the elimination of the restrictions was not supplied, although it understood the problems faced by the Belgian Government. He proposed that the report be examined further by a working party.

Mr. CORSE (United States) said that his delegation was pleased to note that some progress had been made towards the relaxation and elimination of the restrictions. He shared the general view expressed on the fact that no programme for the adjustment of Belgian agricultural policy had become available. His delegation had certain specific and detailed problems to raise in connexion with the waiver and hoped that when the matter was considered by a working party the Belgian Government would be prepared to comment on them. The first of these problems was the desirability to report regularly on total quotas available and on licensing periods; secondly it was known that licensing requirements remained in force on certain imports which were supposed not to be under controls, and thirdly the possibility of direct consultation with Belgium on certain products with respect to the criteria of providing a fair and reasonable share of the market.

Mr. JOCKEL (Australia) recalled that at the Tenth Session it was only after a thorough examination of the request by the Government of Belgium that his Government had been prepared to support the waiver. His Government supported the setting up of a working party and was prepared to examine the Belgian report sympathetically but thoroughly.

The CHAIRMAN said that it seemed from the discussion that there had been general support for the establishment of a working party to study the report.

It was agreed to establish a working party with the following terms of reference and membership:

Terms of reference:

To examine the First Annual Report of the Government of Belgium under the Decision of 3 December 1955 and to report thereon to the CONTRACTING PARTIES.

Chairman: Mr. N. Bertram (Rhodesia and Nyasaland)

Membership:

Australia	Federal Republic of	Kingdom of the Netherlands
Belgium	Germany	New Zealand
Canada	Greece	Peru
Cuba	Indonesia	United Kingdom
Denmark	Italy	United States
France	Luxemburg	

3. GATT/Fund Relations (L/533)

The EXECUTIVE SECRETARY recalled that at the Ninth Session the CONTRACTING PARTIES had examined this matter and had approved certain recommendations, two of which required action by him. One of these concerned consultations with the Fund with a view to preparing a draft formal agreement between the Organization for Trade Cooperation and the Fund, and on this point he had suggested to the CONTRACTING PARTIES at the Tenth Session that such consultations could not usefully take place until the entry into force of the Organizational Agreement could be foreseen with reasonable certainty. This situation remained unchanged. With respect to the other recommendation, that of ensuring the maximum practicable degree of cooperation between the two staffs, the discussions which the Executive Secretary had had with the Fund Staff had been carried to a useful conclusion. He would take this opportunity to express to the Fund representative his appreciation of the understanding way in which he had been received by the Managing Director, the Assistant Managing Director and the other members of the staff during his recent visits to Washington. The results, though modest, would contribute to further effective cooperation between the two institutions. Principally, arrangements had been made with the Fund for the transmission of additional documents to the GATT secretariat. These arrangements which were outlined in L/533 had been approved by the Executive Directors of the Fund and it only remained for approval by the CONTRACTING PARTIES to bring them into effect.

The CONTRACTING PARTIES approved the new arrangements as described in the last paragraph of the Executive Secretary's Note L/533.

4. Balance-of-payments imports restrictions

(a) Consultations under Article XII:4(b) (L/528)

The CHAIRMAN explained that the United States Government had proposed that the CONTRACTING PARTIES, acting pursuant to the first clause of the first sentence of Article XII:4(b) of the General Agreement, invite contracting parties applying import restrictions under Article XII to enter into consultations with them between the Eleventh and the close of the Twelfth Sessions.

Mr. CORSE (United States), referring to the gratifying significance which the Chairman of the CONTRACTING PARTIES had attached to this proposal in his opening statement, explained the nature of his Government's proposal; it was proposed the CONTRACTING PARTIES should invite the governments maintaining import restrictions under Article XII to consult on these restrictions at some designated time before the end of the Twelfth Session. The interests of each contracting party and any exceptional problems would be considered sympathetically in the planning of the consultations, in order to avoid any unnecessary inconvenience. The plan which the CONTRACTING PARTIES had approved the previous year for consultations under Article XII regarding intensification of restrictions (BISD Fourth Supplement, page 44) with appropriate modifications could be used for the proposed consultations. It was not proposed that the procedures and standards of the amended Article XII be brought into force. Since the General Agreement came into force no full scale discussion on the nature and effects of the import restrictions had taken place; there were five contracting parties consulting annually under Article XIV, and a few countries had consulted under Article XII:4. A frank exchange of views on import restrictions would contribute to better mutual understanding and to general progress towards the objectives of the Agreement. Since the proposal was made the United States Government had received favourable comments on it both from dollar and non-dollar countries. This reaction had been expected as it was known that the interest of non-dollar countries in the import restrictions had been steadily growing. This development suggested that the proposed consultations would be of interest to contracting parties generally. Many details would have to be discussed in order to ensure that the proposed programme would be effectively carried out. Consultations between the CONTRACTING PARTIES and the International Monetary Fund would have to be arranged for. The failure to give comprehensive consideration to balance-of-payments import restrictions constituted an important gap in the activities of the CONTRACTING PARTIES. During the past few years tremendous changes had taken place in production, trade patterns, monetary reserves, currency stability, and the like. In the circumstances it would be in the interest of the vitality of the General Agreement for the CONTRACTING PARTIES to discuss with the governments concerned the extent and significance of the developments that had taken place in the field of import restrictions. He hoped that the CONTRACTING PARTIES would agree to have this matter fully considered in a working party and that the proposal would be carried forward constructively in the interest of all contracting parties.

Mr. HOCKIN (Canada) said that his Government regarded the annual balance-of-payments consultations as one of the most important tasks of the CONTRACTING PARTIES. They provided the contracting parties with an opportunity to discuss

mutual problems arising out of import control methods and kept continually in the fore the rights and obligations of all contracting parties regarding import control measures. He had very much appreciated the cooperation of the countries that had been consulting regularly. However, most of the contracting parties had not so far been invited to consult. For this reason he welcomed this proposal for extensive consultations on balance-of-payments restrictions. Post-war balance-of-payments difficulties had up to now made it impracticable for the CONTRACTING PARTIES to implement that clause of paragraph 4(b) of Article XII. However, a number of countries had recently experienced a more favourable payments position, and while there had already been significant relaxation of restrictions over the past year, much remained to be done in freeing world trade of restrictive controls. He felt that an extension of the balance-of-payments consultations would provide the CONTRACTING PARTIES with an opportunity for examining what further progress could be made.

Mr. STUGU (Norway) observed that international organizations dealing with economic problems in recent years had attached particular importance to the dismantling of quantitative restrictions which had been instituted in war and post-war years to safeguard the balance of payments. The Norwegian Government had consistently supported this policy of trade liberalization. Consequently and as a result of improved economic conditions, these restrictions had now become much less important. Quantitative restrictions were, however, only one of the numerous impediments to trade, and his Government had been concerned about the tendency in many countries to replace quantitative restrictions by other measures which had the same adverse effects on trade, e.g. multiple exchange rates, deposit schemes, special import taxes, and other measures of an administrative nature. The unwillingness on the part of the high tariff countries to reduce excessive tariffs on a multilateral and automatic basis was another matter to be taken into account. While the Norwegian Government was prepared to cooperate in the proposed consultations, it wished to point out that quantitative restrictions were only one aspect of a much broader problem and were at any rate in decline. While it was true that in many countries inflationary pressures hindered progress towards convertibility, it would be unfair to seek the cause of international imbalance purely from the debtors' side; for the structural surplus position of certain countries were in many ways even more responsible for the difficulties in achieving a harmonious development of world trade. To reduce economic activity in deficit countries for the purpose of redressing international equilibrium would involve the risks of hampering the rise in standards of living, the maintenance of full employment and desirable levels of real income and effective demand.

Baron BENTINCK (Kingdom of the Netherlands) said that on many occasions his Government had expressed great interest in the elimination of quantitative restrictions, and shown its willingness to consider all possible steps to achieve full compliance with the general rule set out in Article XI. In view of the existence of the revised text of Article XII which resulted from the Review of the Agreement, and having regard to the discussions and conclusions of the Review Session concerning the shortcomings of the 1948 text and the need for improvements both in the provisions of the Agreement and administrative arrangements, the questions arose whether it would be wise to enter at this stage into a full-scale application of the provisions of the old Article, and whether it would not be

preferable to wait until the revised Agreement entered into force, and embark upon this delicate exercise on the basis of new procedures. The revised Article XII:4 envisaged two stages in dealing with balance-of-payments restrictions: first there would be a general review of the situation; and only at a later stage, and in the light of the outcome of the general review, would country-by-country consultations be held. Furthermore, such review and consultations would be held only when the CONTRACTING PARTIES were fully equipped to deal effectively with the substantial work that would be involved. It might well prove possible to draw up suitable interim rules for the proposed consultations, but this would not alter the fact that the delays in the ratification of the amendment protocols and organizational agreement of 1955 limited the scope of activities of the CONTRACTING PARTIES. Cooperation of the Fund would be necessary in such consultations and for this purpose a high degree of coordination would be required. It would be important to know what findings could reasonably be expected from that organization concerning the restrictions maintained by the consulting contracting parties.

It had been pointed out that inflationary pressures had been responsible for the slackening in the march towards convertibility, and to a complete elimination of import restrictions. Many of the countries called upon to consult, including the more important trading nations, were therefore likely to claim that there remained certain justifications for the maintenance of import restrictions. In the absence of sufficient criteria the CONTRACTING PARTIES would find it difficult to judge whether or not a country's restrictions were excessive. In that event the consultations would probably mean no more than an investigation of whether the conditions mentioned in Article XII:3(c) were being fulfilled. Consultations on a wide scale would have greater value when more general progress in the monetary field had been achieved and when measures to safeguard balance-of-payments positions had become exceptional.

Furthermore, under the "hard core" waiver all contracting parties would be communicating their requests for concurrence before the end of 1957, and, consequently, all the quantitative restrictions of the most difficult nature would be examined in that year. The CONTRACTING PARTIES might be overloading their programme if, at the same time, they should organize a considerable number of balance-of-payments consultations, whereas it might prove easier to deal effectively with the real balance-of-payments restrictions when the hard-core restrictions had been singled out. The United States proposal therefore appeared to involve a number of problems which had to be examined carefully. If it were found possible, however, to solve these problems it could be expected that the Netherlands Government would cooperate in this endeavour.

Mr. KLEIN (Federal Republic of Germany) said that consistently with its positive attitude towards any efforts to promote the expansion of trade, his Government had participated in the work of the different international organizations in this field; consultations on restrictions being clearly provided for in the Agreement his Government would be prepared to participate in the proposed consultations if they were decided upon by the CONTRACTING PARTIES. However, the position of his Government depended on the attitude of the other contracting parties, and on the number of countries which would participate. Further points of interest included the general programme of the consultations, such as the

terms of reference and organization, as well as the timetable. Recently a large number of countries, notably the Federal Republic of Germany, had made considerable progress in relaxing quantitative restrictions and in reducing discrimination, whereby the restrictions which constituted the hard-core problem were being brought to the fore. At this stage balance-of-payments problems could no longer be considered in isolation from the economic and social policies of the different countries. Owing to excessive expectations of the public at the outset of the recent tariff negotiations the positive, although modest results of the negotiations had been depreciated in public opinion, and it had even been stated that the conference was a failure. The CONTRACTING PARTIES should avoid similar events with respect to the proposed consultations; any such disillusionment might be detrimental to the position of the Agreement.

Import restrictions had not only been permitted on the ground of balance-of-payments difficulties, but had been instituted and sanctioned on the ground of facilitating domestic price support programmes or market regulations. Further, the application of the rules of the General Agreement had been withheld by a large number of contracting parties from their trade with an important trading nation, and this for reasons lying rather in the field of economic and social policy. That the CONTRACTING PARTIES were not averse to taking such policy into account might be seen in the revision of Article XVIII at the Review Session on the basis of the needs and interests of the less-developed countries. The CONTRACTING PARTIES should at least avoid creating new difficulties for governments which in most cases were already coping with numerous difficult problems. It was doubtful whether consultations had any chance of success if attempts were made therein to take decisions of principle which had the effect of binding the commercial policy of some countries in the long run. The present time was not favourable for such action. If such consultations must be instituted the CONTRACTING PARTIES should proceed as pragmatically and realistically as possible. The position of Germany would depend on the final arrangements and timetable, adopted which should therefore be closely examined.

Mr. NAUDE (Union of South Africa) said that his Government welcomed this constructive proposal of the United States. Undoubtedly many aspects had to be examined. If a working party were to deal with this proposal it would constitute an extremely useful forum.

Mr. FORTHOMME (Belgium) said that his delegation was fully in favour of consultations of the type proposed by the United States. A full-scale examination of quantitative restrictions would involve problems of methods, procedures and a time schedule etc., which all required close attention and should therefore be examined by a working party.

Mr. PRIESTER (Dominican Republic) stated that his Government was favourably impressed by the proposal, as it had been concerned about the general indifference towards quantitative restrictions. He could not share the view of some other delegations that such restrictions should be examined together with other barriers to trade. Such other measures might well be left for examination at some other time, while the question of quantitative restrictions was both serious and urgent. The fact that twenty-five contracting parties were still applying balance-of-payments restrictions was, in itself, a sufficient reason to take stock of them.

In fact, the revised Agreement provided for such consultations. Though the hopes concerning convertibility had become lower since the Review there was no reason to ignore the question simply because total, formal convertibility was not in sight. If these consultations were carefully planned they would facilitate a constructive solution of the problem of quantitative restrictions. Therefore, the proposal should be examined further in a working party.

Mr. MONSERRAT (Cuba) said that the interest of his Government in this matter was well known, since it had always considered that a constructive implementation of Article XII was essential to the satisfactory and efficient functioning of the General Agreement. The timing of proposed consultations, however, must be carefully studied; for if the economic position of industrial countries had improved, the economies of underdeveloped countries were under even greater balance-of-payments stresses, principally due to fluctuations in the prices of primary commodities.

Mr. MACHADO (Brazil) said that the problem should be approached in a realistic and pragmatic manner. Balance-of-payments restrictions were no new problem for the CONTRACTING PARTIES which had been dealing with them for almost ten years. The general consultations now proposed by the United States would involve a departure from the established practices of the CONTRACTING PARTIES. Why such an innovation was proposed at this juncture, when GATT/Fund relations had been improved to such an extent that effective cooperation could be expected to take good care of the existing restrictions, was particularly puzzling. Fundamentally the CONTRACTING PARTIES must not lose sight of the fact that trade restrictions were the effect rather than the cause of the serious problems facing the various countries of the world. If the problem was in any sense a new one, it could well be left for attention by the new organization which it was hoped would soon come into being.

Mr. PRENDERGAST (New Zealand) said that his Government had considerable reservations in regard to the proposal. Balance-of-payments problems and restrictions arising therefrom were already covered to some extent and in certain essential aspects by means of the Annual Report and in the annual consultations. He wished to know whether the countries which were already consulting under Article XIV:1(g) would be asked to undergo a further form of investigation in addition to the already comprehensive form of enquiry. If there were questions of any restrictions being maintained inconsistently with paragraphs 2 and 3 of the present Article XII, the procedures of paragraph 4(d) of that article was freely available to any contracting party adversely affected. In contrast to the diligent attention lavished on quantitative restrictions maintained for balance-of-payments reasons, agricultural policies which gave rise to trade restrictions, agricultural waivers, and which create endless difficulties for the primary producing countries seemed to have been indifferently regarded. The proposal in question seemed to indicate a general tendency for GATT to enquire more actively into trade restrictions on manufactured goods, while restrictions on agricultural imports were paid less attention. He repeated that his Government had considerable reservations in regard to the proposal.

It was agreed that the proposal of the United States should be considered by a working party on balance-of-payments restrictions.

(b) Consultations with Australia under Article XII:4(b) (L/493 & Add.1 and L/548 Paragraph II)

The CHAIRMAN recalled that in June 1956 the Australian Government had submitted a statement announcing certain changes in its import restrictions. Pursuant to paragraph 4(b) of Article XII which provides that the CONTRACTING PARTIES ... shall invite any contracting party substantially intensifying its restrictions to consult within thirty days, the Intersessional Committee, in conformity with its procedures, considered the question of inviting Australia to consult. In its report to the CONTRACTING PARTIES the Committee had stated that note had been taken of the fact that the changes in import restrictions were part of a series of measures designed to deal with Australia's balance-of-payments difficulties, concerning which Australia had twice consulted in the past year, and that there would be practical difficulties in arranging a consultation within a period of thirty days. The Committee had therefore decided not to consider at that time the applicability of the mandatory provision of Article XII:4(b) quoted above but to recommend to the CONTRACTING PARTIES that the question of inviting Australia to consult with them on these measures be examined at the Eleventh Session.

Mr. WOODROW (Australia) stated that as already pointed out, the changes in the Australian import licensing system which operated from 1 July 1956 were part of the series of measures taken to deal with continuing balance-of-payments difficulties about which consultations had already taken place in July 1955 and at the Tenth Session. The consultations at the Tenth Session related particularly to the further import licensing restrictions imposed as from 1 October 1955 which it had then been expected would by the middle of 1956 have reduced imports to an annual rate of £A650 million - a figure which on the information then available had appeared to be the maximum that could be permitted if the drain on international reserves was to be halted. By the second quarter of 1956, however, it had become clear that the October measures would be insufficient to bring the import rate down to anything like the target figure of £A650 million. In point of fact imports during the second quarter were still flowing in at a rate of over £A800 million. After a careful review of the situation the Government had reluctantly come to the conclusion that if a further serious decline in reserves was to be avoided some additional action in the import licensing field would have to be taken. Particulars of the new measures which became effective from 1 July had been given in documents L/493 and L/493 Add.1. In determining the extent of the further licensing restrictions to be imposed, the Government had taken into account the fact that both export receipts and net private capital inflow had been maintained at a somewhat higher level than previously expected. The combined effect of the new restrictions and the October 1955 restrictions was still expected to leave the import total for 1956/57 at a figure in excess of £A700 million. Therefore the import target set at the time of the imposition of the October 1955 restrictions had been raised, and even after the new measures had made their effects felt, the Australian import licensing system would still be less restrictive to trade than was contemplated when the last consultation had taken place at the Tenth Session.

Mr. FORTHOMME (Belgium) requested that this matter be referred to the working party to be set up on balance-of-payments restrictions.

Mr. HOCKIN (Canada) thought it unwise to discuss the intensification of restrictions at a plenary meeting and proposed that it be dealt with in a working party in order to give all governments concerned an opportunity to study the case.

Mr. SIMONET (Austria) said that the recent intensification had serious effects on Austrian exports of paper and textiles. He endorsed the proposal that this be taken up in a working party.

Mr. HAGEN (Sweden) supported the proposal that the matter be referred to the Working Party.

The CONTRACTING PARTIES agreed to refer this matter to the working party to be established on balance-of-payments restrictions. The International Monetary Fund had been advised of the possibility of such a consultation being initiated at this Session, and had accepted, in the event of a consultation being held, to consult with the CONTRACTING PARTIES thereon.

(c) Consultations under Article XIV:1(g)

The CHAIRMAN recalled that five contracting parties, Australia, Ceylon, New Zealand, Rhodesia and Nyasaland and the United Kingdom had indicated their intention to enter into consultations under Article XIV:1(g) at the present Session. The Fund had been invited and had accepted to consult with the CONTRACTING PARTIES concerning these consultations.

It was agreed to refer the consultations with these countries to the working party to be established on balance-of-payments restrictions.

(d) Seventh Annual Report under Article XIV:1(g)

The CHAIRMAN said that a preliminary draft of this report was being prepared by the secretariat. The assistance of the Fund in the drafting of this report would be helpful.

It was agreed that this task be delegated to the working party to be established on balance-of-payments restrictions.

(e) Procedures for consultation and report under Article XIV:1(g) in 1957

The CHAIRMAN referred to the practice in the past of asking the working party to consider any modifications or adaptations that might be made in the procedure for the implementation of the provisions of paragraph 1(g) of Article XIV in the following year.

SR.11/3
Page 26

It was agreed that the Working Party on balance-of-payments restrictions should be asked to consider this in the light of the outcome of the deliberations on item (a) above and in consultation with the Fund representative.

The meeting rose at 12.25 p.m.