GENERAL AGREEMENT ON TARIFFS AND TRADE

Seventh Session of the Contracting Parties

Belgian Import Restrictions on Dollar Goods:
Belgian Proposals for Relaxation

At the Sixth Session the delegations of the United States and Canada complained that import restrictions by the Belgium-Luxembourg Economic Union had damaged their trade and that the matter should be dealt with by the Contracting Parties as a departure from obligations under the GATT. It was agreed not to pursue the matter further during the Sixth Session, bearing in mind an assurance from the Belgian delegation that the B.L.E.U. was not altering the fundamentals of its commercial policy, that Belgium intended to abide by the rules of GATT and that the duration of application of these dollar restrictions would be reduced to the strictest minimum.

In February 1952, the GATT Intersessional Committee appointed a working party to consider the matter but agreed to delay the calling of the Working Party until the International Monetary Fund could make available information on its consultation to be held with Belgium under Article XIV of the Fund's Articles of Agreement.

In considering the Belgian dollar import restrictions at their Seventh Session, the Contracting Parties had before them and made full use of the results of the Fund's consultation with Belgium as well as background material prepared in the Fund in connection with its consultation. The Belgian delegation have informed the Contracting Parties that the Belgian Government now feels that it is justified in proceeding in its return, albeit cautiously, to a régime of freedom from quantitative restrictions and therefore it proposes as a first step to institute shortly significant measures of relaxation in its dollar import restrictions.

The delegations of the United States and Canada have expressed their satisfaction with the Belgian proposals and have agreed that no useful purpose would be served in exploring the problem further at this Session, pending the announcement of the details of the Belgian proposals in the next two or three months.

Representatives of the delegations who took part in the discussion stressed the value of the GATT consultation procedure which, in this case, has led to satisfactory results while avoiding the need to resort to retaliatory action.

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The French delegation pointed out that the measures of increased liberalization which Belgium proposed to take regarding imports from the dollar area might involve the risk of a subsequent deterioration in the balance of payments position of other European countries, in particular with the dollar area.

This point of view was supported by the representatives of Italy and the Netherlands.

In commenting upon this French statement, the United States and Canadian delegations stated their concern at the use of any joint arrangements amongst Western European countries to discourage a country in the position of Belgium from relaxing its import restrictions consistently with its international obligations.