GENERAL AGREEMENT ON TARIFFS AND TRADE
Fourth Session of the Contracting Parties

CONTRACTING PARTIES HEAR U.K. STATEMENT ON IMPORT RESTRICTIONS

Under Article XII, paragraph 4(b) of the General Agreement the Contracting Parties as a whole may invite any contracting party which is applying import restrictions for balance of payments reasons to enter into consultation. They "shall invite any contracting party substantially intensifying such restrictions to consult within 30 days."

Mr. R.J. Shackle, United Kingdom, presented a Statement, in which it was pointed out that at the third session of the Contracting Parties at Annecy the U.K. had brought to the attention of the Contracting Parties, in connection with Article XII 4(b), the emergency measures taken by the U.K. in July 1949, to halt the decline in their gold and dollar reserves, pending the working out of a revised programme of imports for the dollar area and had offered to provide further information in due course as to the revised programme.

The U.K. Statement, now presented to the Contracting Parties, first examined the Sterling Area Gold and Dollar Deficit in 1949 and concluded that the U.K. gold and dollar holdings (U.S. $1,688 millions at 31 December) were considerably below the level at the commencement of ERP ($2,241 at 31 March 1948) and compared with over $4 billion (or over $10 billion at present prices) in 1938, when the U.K. had very substantial investments as well. "So long as these reserves remain so far below the level which can be regarded as adequate for supporting the great volume of trade between the sterling and dollar areas it is essential for the U.K. to programme dollar imports on a conservative basis," the Statement concluded.

The U.K. Statement then examined the Dollar Import Programme, recalling that the U.K. Government announced in October 1949 that it would be necessary to limit dollar imports in 1950 to an annual rate of about $1,200 million, compared with dollar imports of $1,576 million during the 12 months ended 30 June 1949. Accordingly a programme had been drawn up for the first half of 1950 providing imports from dollar sources of about $600 million. "It must be pointed out," the Statement added, "that this programme does not consist of a series of firm commitments; it is rather a set of decisions to guide Government buying policy and the licensing of private imports during the period. In particular, the programme rests on two important assumptions.

(a) that the dollar prices of the commodities concerned remain at approximately their current level;

(b) that a high level of economic activity and demand is maintained in the dollar area - an assumption of the utmost importance in its implications for the dollar
same time as the U.K. programme. In order to cover this point it was decided that the Working Party should first determine which contracting parties were substantially intensifying import restrictions and should therefore be invited to consult the Contracting Parties under Article XII 4(b). The Working Party would also examine the measures taken by the United Kingdom.

Earlier the Contracting Parties had discussed agenda item 12, Report on Exceptions to the Rule of Non-Discrimination. (See GATT No.8, page 5). Under Article XIV, paragraph 1(g) the Contracting Parties are required to report before 1 March, 1950, on discriminatory administration of import restrictions which are now being maintained to safeguard their balance of payments. A Working Party under the Chairmanship of Mr. John J. Deutsch, Canada, was set up to examine the documents submitted, or which may be submitted, on the discriminatory application of import restrictions and to submit proposals for the preparation of a report.

This same working party, under Mr. Deutsch, will also deal with the Import Restrictions under Article XII 4(b), as described earlier in this release.