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GENERAL AGREEMENT ON TARIFFS AND TRADE

Fourteenth Session of the CONTRACTING PARTIES

GATT CONSULTATIONS ON IMPORT RESTRICTIONS

The CONTRACTING PARTIES to GATT have just concluded consultations with France, New Zealand, the Union of South Africa and the United Kingdom on the import restrictions which these countries apply on balance-of-payments grounds. Under the GATT such consultations are held regularly and the purpose is to provide an opportunity to discuss whether there is a continued need for a country to maintain the restrictions and to explore measures which could be taken by the country to create conditions in which such restrictions could be reduced or eliminated. These consultations are conducted by a committee of thirteen member countries. The International Monetary Fund supplied certain documentation and its representatives participated in the consultations.

A full and frank exchange of views took place on various aspects of the restrictions, including problems faced by the countries concerned and the prospects for their future balance-of-payments position. The consulting countries took note of various representations made to them by other countries. Reference was also made to the recent return to external convertibility of currencies, and the general view of the CONTRACTING PARTIES is that with the bulk of world trade now being conducted on a convertible currency basis, there is a unique opportunity for the achievement of a world-wide system of non-discriminatory trade on a multilateral basis which the contracting parties sought when they created the GATT.

During the consultations the Union of South Africa confirmed that it has maintained the degree of liberalization achieved up to 1957 despite the adverse developments in its payments situation. The Union applies restrictions but not discrimination and it reaffirmed its policy directed towards the complete elimination of restrictions as soon as this can be done without prejudice to its external financial position. New Zealand, which is facing serious difficulties in its external payments, expressed the firm desire to resume the course of progressive advance towards the complete elimination of restrictions and discrimination when the situation improves. France referred to the various measures it took at the end of 1958 and stated that having accepted the recommendation that further steps should be taken in order progressively to eliminate discrimination, the Government is currently studying measures of further liberalization for products which so far have not been freed for importation from all countries. It stated that some measures may be put into force in the near future. The United Kingdom recognized that with the changes that took place in December 1958 the remaining payments advantage in importing from one country rather than another has disappeared, and reaffirmed its intention, declared at the Montreal Conference last year, to proceed with the removal of controls on imports from dollar sources and the hope to make a start in 1959 with as wide a range of consumer goods and foodstuffs as possible.

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Note 1: The consultation with the United Kingdom was completed on 28 May. On the same day the United Kingdom Government announced measures to remove controls on imports of many consumer goods from the dollar area, to open to the dollar area global quotas covering some other imports, and to increase certain dollar quotas. Details of this measure have been reported in the press on 29 May.

Note 2: A similar consultation had been scheduled with the Netherlands, but prior to the opening of the session, the Netherlands Government considered that its external financial position no longer justified the maintenance of restrictions on balance-of-payments grounds and decided to cease to apply restrictions under Article XII of GATT. The consultation under that Article was therefore no longer required.