Mr. S.A. Hasnie, Pakistan, explained the nature of import restrictions applied by his country, the extent to which they could be regarded as discriminatory, and the justification for the present import policy of his Government. He emphasized that the so-called discriminatory element in the application of import restrictions could not be removed by unilateral action on the part of the country practising such restrictions to conserve its dollar resources for the procurement of essential goods. If the dollar area could contribute to the economic development of under-developed countries, thereby raising their productivity and purchasing power, then such discrimination was likely to vanish.

Mr. Hasnie defended bilateralism as the quickest and most effective method of achieving multilateralism, and also as a means to expand trade. He explained how bilateral agreements helped Pakistan in diversifying trade, especially at a time when some of the traditional channels became clogged at the other end.

Mr. Hasnie did not subscribe to the suggestion that high tariffs were as detrimental to foreign trade as quantitative restrictions. In his opinion, the level of tariffs depended essentially on the type of economy which each country possessed. A country which imported raw materials in order to manufacture goods, could not but keep its tariffs extremely low. Such countries were, therefore, making no sacrifice by not raising the level of tariffs. Pakistan, on the other hand, being an importer of manufactured goods, could ill afford to reduce its sources of income derived from customs duties, when large sums were required for its economic development and for building up its defences quickly and effectively in the present uncertain conditions.

Mr. Leo Tuominen, Finland, said that Finland found itself in a position which was more difficult than that of other European GATT members, for Finland, not participating in the European Payments Union, would be meeting with greater difficulties in the future, as far as the abolition of restrictive practices was concerned, than countries which were members of the Union, and which had thereby achieved a certain convertibility of their currencies. In his opinion the question of removing restrictions would have to be decided on at a future stage, namely when the justification for maintaining them ceased. In view of the difficult circumstances which had been affecting countries like his own, which were not members of the E.P.U., the time to lift these restrictions had not yet come. On the other hand, he said, Finland was doing what it could to facilitate as much as possible imports from countries which were willing to buy Finnish goods in order to overcome the difficulty of inconvertibility of currencies. On the subject of bilateral agreements Mr. Tuominen said that his Government did not regard bilateral trade dealings as any more important than trade on a reciprocal basis, which was freely being carried on with other countries. Finland's exports under bilateral agreements, he said, were not holding up in any way the traditional exports to the United States, Brazil, South Africa and other countries. Bilateral agreements were concluded only when necessary because of inconvertibility of exchanges and in no case would trade with other countries or areas be made to suffer because of their existence.
The delegate of Brazil, Mr. Edgar Mello, said that Brazil's commercial policy had been based exclusively upon the need for maintaining a reasonable equilibrium in her balance of payments. By means of its exchange policy Brazil had, during the first six months of 1951, eliminated the system of import quotas on some essential products while for less essential goods a more flexible treatment was adopted such as the previous licensing of future quotas. An international trade surplus was, he said, for some countries the only source of receipts to balance their liabilities in foreign currency. That there must be strict discipline in such trade was obvious on account of the permanent lack of equilibrium in the balance of payments.

Mr. Mello said that the figures showed that the controls adopted by his Government had in no way hindered the expansion of their foreign transactions. During the first six months of 1951 both the number of licences issued and the value of the imports exceeded the equivalent totals for the same period of 1950 by 150 per cent. After reviewing the trade agreement policy of his Government, Mr. Mello said that the policy adopted by Brazil was the result of the present economic conditions of the world; it could not, he said, be taken as discriminatory but on the contrary it was a very liberal one.

The Chairman, Mr. Johan Melander, Norway, summed up by saying that there were two tendencies evidenced in the debate. Some countries said that the time was now ripe for relaxation. Other countries agreed that this aim was desirable but doubted whether it could be put into practice at the present time. As to the character of the restrictions, there was a general feeling, he said, that these should be conducted on a non-discriminatory basis so far as possible. Obviously, he said, those countries being discriminated against will watch carefully for the possibility of relaxations. On the subject of bilateralism, Mr. Melander said that obviously countries with arrangements for payments facilities, such as the OEEC group, or the sterling area group, had a greater chance for multilateral settlement of payments than countries outside these groups, since all the surpluses of a country in any of these groups can be used to cover deficits where they arose. Countries outside these groups have to apply the bilateral approach to a larger extent. He felt that the Contracting Parties should take note of this and should view the position of the countries outside the payments groups with sympathy.

Mr. Melander said that the discussion had shown that the Contracting Parties were very concerned with the maintenance of quantitative restrictions for balance of payments reasons, and clearly regarded such restrictions as a method of carrying out an economic policy. Some delegates had suggested that equilibrium could be restored by internal financial measures, but most countries appeared to think that this automatic and indirect method was not the best one and certainly not the only one. He noted that all countries wanted to increase their productivity, but in the less developed countries there was a tendency to do so by using quantitative restrictions to control non-essential imports.

In conclusion, Mr. Melander said that in his view the structural disequilibrium in the world today was a very long term affair and one must consider that import restrictions were bound to remain in force for some time to come, although clearly it was the desire of many countries to lighten the burden of these restrictions and to improve their administration.

After the setting up of a working party with Mr. J.G. Phillips, Australia, as Chairman, the United States delegate, Mr. John Leddy, referred to the Chairman's summary and said that his Government would have drawn a rather less gloomy conclusion from the debate. He said that many delegations had referred to the relaxation of restrictions in the past few years and stressed that quantitative restrictions were by no means a long-term measure but were essentially a temporary measure for resolving financial difficulties.

Mr. Leddy also considered that there had been a notable improvement in the balance of payments position of many countries in recent months.