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

Balance-of-Payments Consultations held under Article XII:4(b)
and Article XIV:1(g)

In accordance with certain specific provisions of the General Agreement on Tariffs and Trade, the CONTRACTING PARTIES have held at their present Session consultations with a number of governments on the import restrictions which they apply for the purpose of safeguarding their balance-of-payment and monetary reserves. Participating in these consultations were Australia, Ceylon, France, Italy, Netherlands, Pakistan and the United Kingdom. The consultations with Italy and the Netherlands took place in connection with the discriminatory application of such import restrictions; those with France and Pakistan concerned the measures taken by them in recent months to intensify their import restrictions; and those with the other three countries, namely Australia, Ceylon and the United Kingdom, related to both of these aspects of their import restrictions.

The idea of consultation is basic to the spirit of the General Agreement and the purpose of consultations on import restrictions is to afford an opportunity for a full and frank exchange of views. The CONTRACTING PARTIES discussed in considerable detail the financial basis and the policy and administration of the restrictions in question, in some cases in reference to specific commodities. The discussion of specific commodities with a view to illustrating the actual working of the restrictive systems, in the opinion of the CONTRACTING PARTIES, considerably improved the understanding not only of the problems facing the countries imposing restrictions but of the difficulties which were created for exporting countries by the restrictions.

As provided for in the General Agreement the CONTRACTING PARTIES consulted fully with the International Monetary Fund and representatives of the Fund participated in the consultations conducted by the CONTRACTING PARTIES. In each of their consultations, the CONTRACTING PARTIES had before them and made use of background material prepared in the Fund in connection with its consultations under Article XIV of the Fund Agreement. They also took into account the results of the Fund's consultations with the countries concerned. Further, with respect to the consultations on recent measures to intensify import restrictions, determinations were received from the Fund in accordance with the provisions of the General Agreement.

In the course of the consultations, the representatives of several consulting contracting parties amplified the information furnished concerning the internal monetary and fiscal measures adopted by their governments. The CONTRACTING PARTIES showed considerable interest in these measures and discussed with the consulting countries the relationship between internal monetary and fiscal policy and their balance-of-payment position.
The consultations were successfully concluded after a full and frank discussion in which the governments concerned readily provided the information required by the CONTRACTING PARTIES and opinions were freely exchanged. The representatives of the governments whose restrictions were the subject of the consultations indicated that they had taken full note of the views expressed by other contracting parties and that these views would be conveyed to their respective governments for consideration.

The CONTRACTING PARTIES have made arrangements to carry out similar consultations with Brazil, Chile, Finland, Sweden, New Zealand, Southern Rhodesia and the Union of South Africa. These consultations have been initiated in accordance with the provisions of GATT and will be continued by the CONTRACTING PARTIES at a later convenient time.