In the third paragraph of its terms of reference the Working Party was asked:

"To determine which contracting parties are substantially intensifying import restrictions and should therefore be invited to consult with the Contracting Parties in accordance with Article XII (4) (b), and to report thereon to the Contracting Parties."

In the course of its examination of the documentation submitted by contracting parties on the discriminatory application of import restrictions under Article XIV and Annex J, the Working Party has discussed with representatives of contracting parties taking action under Articles XII and XIV the details of the import restrictions applied by their governments and has availed itself of this opportunity to obtain information regarding the intensification of restrictions since the date on which the respective governments became contracting parties. The following are the contracting parties whose import restrictions for balance of payments purposes were examined in this connection: Australia, Canada, Ceylon, Chile, Czechoslovakia, France, Greece, India, Netherlands, New Zealand, Norway, Pakistan, Southern Rhodesia, South Africa and the United Kingdom. In addition, the Working Party understands that Brazil and Burma are applying restrictions under Article XII, but they did not reply to the Secretariat's enquiry of 7 October, 1949 (GATT/CP/39) and their representatives attending the Fourth Session were unable to furnish information.

The information presented to the Working Party regarding the changes introduced since 1948 in import restriction programmes for balance-of-payments purposes indicated that the matter respecting intensification which the Working Party was asked to consider arises in the case of Australia, Ceylon, India, New Zealand, Pakistan, Southern Rhodesia, the United Kingdom and Chile.

The representatives of Australia, Ceylon, India, New Zealand, Pakistan, Southern Rhodesia and the United Kingdom informed the Working Party of the agreement reached in July, 1949, by these countries to endeavour to reduce imports from the dollar area by 25% below the level of 1948 in order to halt a severe drain on their central reserves. Because of the substantial devaluation of currencies which has occurred since July, 1949, and the particular circumstances which have existed in each of the countries in the group, it was not possible for the Working Party to distinguish clearly between the effects of these developments upon the rate of dollar imports, and those resulting from an intensification of restrictions as such. In the case of Chile, it would appear that
the dollar import budget for 1950 is substantially reduced owing to the expectation of reduced dollar earnings. Since it was represented that the amount of dollar imports would in any case tend to be reduced by a decline in export incomes, and that the import budget was subject to revision if the outlook for dollar earnings became more favourable, it was not possible to reach a final conclusion at this time concerning the question of substantial intensification. However, the representatives of Australia, Ceylon, Chile, India, New Zealand, Pakistan, Southern Rhodesia and the United Kingdom stated that they were willing to enter into consultations with the Contracting Parties regarding the recent changes in the import restriction programmes of their governments.

Accordingly the Working Party recommends that consultations under Article XII (4) (b) be undertaken with Australia, Ceylon, Chile, India, New Zealand, Pakistan, Southern Rhodesia and the United Kingdom regarding the recent changes in the import restriction programmes of these countries. The Working Party was informed however, by the representative of the International Monetary Fund that, except for the United Kingdom, the Fund could not be ready during the time available at this Session to enter into consultations with the Contracting Parties with respect to these countries. Consequently the Working Party recommends that Australia, Ceylon, Chile, India, New Zealand, Pakistan, Southern Rhodesia and the United Kingdom be invited to consult at the Fifth Session of the Contracting Parties. The Working Party recommends further that the International Monetary Fund be formally advised that consultations will take place at the Fifth Session with Australia, Ceylon, India, New Zealand, Pakistan, Southern Rhodesia, the United Kingdom and Chile.