Consultations between the Contracting Parties to GATT and the representatives of the Union of South Africa have been continuing at Annecy, in order to review the effects of the new scheme of import restrictions which South Africa intends to introduce on 1 July 1949.

Representatives of the International Monetary Fund have taken part in these consultations in accordance with the terms of the GATT. The consultations are being held under the terms of GATT Article XII, paragraph 4 (a). This requires a contracting party before instituting restrictions which may be necessary "to forestall the imminent threat of or to stop, a serious decline in its monetary reserves" to consult with the other contracting parties as to the nature of its balance of payments problems and the possible effect of its restrictions on the trade of the other contracting parties.

There has been a free and frank exchange of views between the South African representatives and the representatives of the Contracting Parties on all aspects of the problem. The views expressed have been transmitted to the Government of South Africa for their consideration.

This is the first time that a consultation prior to the imposition of restrictions necessary to correct a balance of payments situation has taken place among the Contracting Parties. It is the first time that a country, before imposing such restrictions, has discussed with a group of other countries the probable effects of the restrictions on the export trade of those countries and the best way of avoiding an unnecessary contraction of international trade as a whole.