

**GENERAL AGREEMENT ON  
TARIFFS AND TRADE****SECRET**  
GATT/CP.4/E/3  
18 March 1950

ORIGINAL: ENGLISH

CONTRACTING PARTIES  
Fourth SessionWORKING PARTY "E" ON BALANCE OF PAYMENTS QUESTIONSSouth African Import Restrictions

Letter dated 17 March 1950 addressed to the Chairman of the Contracting Parties by the Head of the Mission of the International Monetary Fund to the Fourth Session.

"Working Party E deals, pursuant to its terms of reference, with "the communication from South Africa on the application of import restrictions in terms of Article XIV 1(g) and other appropriate provisions of the General Agreement."

"In the course of the preliminary consideration of the South African communications recently transmitted to the Contracting Parties, the Chairman of the Working Party requested the representatives of the Fund to state the Fund's position in respect to the method of cooperation of the Fund in connection with the consideration of the South African communication. In view of the relevance of the subject matter, I am repeating below my statement made in Working Party E, March 16, 1950, in response to the question of the Chairman :

"(1) The Fund has examined the system of restrictions imposed by the Union of South Africa on its international transactions. IMF finds that this system comprises quantitative trade restrictions, exchange restrictions, and certain discriminatory aspects. The Fund is continuing consultations with the Union on all aspects of its balance of payments problem.

"(2) The Fund has been recently reviewing the overall balance of payments position of South Africa in the light of its system of restrictions imposed on international transactions. The Fund found that the monetary reserves of the Union are at a very low level and the general level of the restrictions established by the Union is at present justified by the position of these reserves.

"(3) IMF is not at present in possession of sufficient information to enable it to judge whether the discriminatory aspects of the restrictions are justified in the light of pertinent provisions of GATT but is continuing to study this question.

"(4) In accordance with its Articles of Agreement the Fund has approved the installation of a system of exchange restrictions in South Africa. The Fund, however, is considering whether the significance of these exchange restrictions has been materially altered by recent changes and in particular by their association with the trade restrictions recently imposed."

"(5) The Fund Mission will transmit to the Contracting Parties within a few days data on the South African foreign exchange reserves and balance of payments, which should be read in connection with the two reports supplied by the Fund to the Contracting Parties at Annecy. Any subsequent conclusions that the Fund may come to as a result of its study of the discriminatory aspects of the restrictions in the light of Articles XIV and XV of GATT will be transmitted to the Contracting Parties in due course."