

DRAFT OF

REPORT OF THE WORKING PARTY ESTABLISHED BY THE  
INTERSESSIONAL COMMITTEE TO CONDUCT THE  
CONSULTATION WITH AUSTRALIA UNDER ARTICLE XII:4(b)

1. In accordance with the requirements of paragraph 4(b) of Article XII and with paragraph 6 of the Intersessional Procedures approved at the Ninth Session<sup>1</sup>, the Australian Government transmitted on 22 March 1955 a notification of its decision to intensify its import restrictions, effective 1 April 1955. The information supplied by the Australian Government was circulated to contracting parties in documents L/350 and Add.1.
2. Following the initiative taken by the Chairman and the Executive Secretary in accordance with the intersessional procedures, the Intersessional Committee decided, through a postal ballot held in April, to waive the time limit for the initiation of a consultation under Article XII:4(b) and to consider the matter when next it met for other business. The Committee was subsequently convened to meet on 23 June 1955, and the matter was placed on the agenda for that meeting.
3. The Australian Government indicated from the outset that it would be willing to consult in whichever way might be decided by the Intersessional Committee, and showed its readiness to consult fully by sending to the meeting of the Intersessional Committee a number of well-qualified representatives.
4. At its meeting on 24 June 1955, the Intersessional Committee appointed this working party under the chairmanship of Dr. W.C. Naudé (Union of South Africa), instructing it to conduct the consultation initiated with Australia pursuant to Article XII:4(b) and to submit a report thereon to the next session of the CONTRACTING PARTIES.
5. The Working Party had before it a plan for the consultation proposed by the Chairman of the CONTRACTING PARTIES and accepted by the Intersessional Committee for the use of the Working Party. In accordance with the recommendation, the Working Party addressed itself during its discussion to all of the subjects suggested in that plan. It did not, however, attempt to follow the plan in precisely the order in which the subjects were proposed. It found that some of the subjects could best be treated in other than the order proposed and that certain changes would be desirable if the plan were to be used for future consultations. However, its experience showed that the consultation was greatly facilitated by such advance preparation, and consequently it wished to suggest to the CONTRACTING PARTIES that they should consider the use of a plan of this kind, suitably amended, for future consultations.

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<sup>1</sup> Basic Instruments and Selected Documents, Third Supplement, p.11

6. The Working Party wishes to report to the CONTRACTING PARTIES that the consultation was satisfactorily concluded. It also wishes to record its appreciation of the complete co-operation it received throughout the consultation from the Australian delegation, the very valuable information supplied by it, and the frankness and thoroughness with which that delegation answered the questions posed by members of the Working Party. The consultation is recorded in a summary note which, together with two statements by the Australian delegation, is annexed to this report. These annexes contain certain information considered to be of a confidential nature, and the Working Party therefore recommends that they should not be derestricted.

7. Pursuant to the provisions of Article XV, the Intersessional Committee had invited the International Monetary Fund to consult with the CONTRACTING PARTIES in connexion with this consultation with Australia, and the Fund had accepted the invitation. Consequently, the representative of the Fund participated in the consultation conducted by the Working Party. In accordance with established procedures, the Fund supplied certain background material prepared by its Staff. This material and a statement by the representative of the Fund are also included in confidential annexes to this report. As the Fund had held no consultation under its Articles of Agreement with the Government of Australia since the Ninth Session of the CONTRACTING PARTIES, it had no results of a consultation to submit, as it had done on previous occasions.

CONFIDENTIAL ANNEXES

Annex A: Summary note on the consultation with Australia under Article XII:4(b).

(Draft to be circulated separately.)

Annex B: Statement submitted by the Australian delegation on 24 June 1955.

(Text in IC/W/33 to be attached to the report.)

Annex C: Supplementary statement made by the Australian representative on 25 June 1955.

(Text in IC/W/35 to be attached to the report.)

Annex D: Background paper prepared by the Staff of the International Monetary Fund on economic developments and changes in restrictive system in Australia.

(Copies of this paper were distributed to members of the Committee. The full text, incorporating the corrections and supplementary information contained in IC/W/38, will be reproduced.)

Annex E: Statement made by the Fund representative at the meeting of the Working Party.

(For text, see next page.)

ANNEX E: STATEMENT MADE BY THE REPRESENTATIVE OF  
THE INTERNATIONAL MONETARY FUND

The International Monetary Fund will soon be conducting its 1955 consultation with Australia under Article XIV of the Fund Agreement. It is anticipated that the results of this consultation, together with the background material prepared in connexion therewith, will be transmitted to the CONTRACTING PARTIES for use in your Article XIV:1(g) consultations at the Tenth Session.

Although the Fund's 1955 consultation with Australia has not yet been conducted, the Fund has prepared a paper on developments in the economic position and restrictive system of Australia. This paper has been distributed to the members of the Intersessional Committee. The data in this paper support the picture given by the representative of Australia.

Supplementary statement

In connexion with the requirements of Article XV:2 of the General Agreement the general level of restrictions of Australia which are under reference does not go beyond the extent necessary at the present time to stop a serious decline in its monetary reserves.

The Fund has not yet considered any alternative measures which may be available to Australia. As I have said, the Fund expects shortly to be conducting its Article XIV consultations with Australia. The question of alternatives will be explored at that time. As I have indicated, the Fund expects to transmit the results of that consultation to the CONTRACTING PARTIES.