

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Spec(75)7  
23 June 1975

## BALANCE-OF-PAYMENTS COMMITTEE

### Draft Note by the Chairman

As Council was informed (see C/M/101 page 3) a "Review of the Work of the Balance of Payments Committee 1970-74" was undertaken by the secretariat. The completed report is contained in document Spec(75)1/Rev.2. Members of the Committee found certain points came to mind upon reading this report. These are listed below for the Council's information. In transmitting the report, and the points it raises, the members of the Committee were in full agreement that nothing should prejudice action in the multilateral trade negotiations.

#### I. Non-uniformity of treatment of import restrictions

1. There have been many cases where trade restrictions imposed for balance-of-payments purposes were not notified to GATT. Should this situation be remedied through a general notification requirement?
2. Some cases of surcharges and import deposits have been examined by GATT working parties set up for the purpose, while other cases were referred to the Balance-of-Payments Committee on an ad hoc basis. Should a uniform procedure be followed?
3. Some surcharge cases have been the object of a waiver, while other cases were dealt with through adoption of agreed conclusions. Should a uniform procedure be followed?

#### II. Adaptation to established practice

The Committee has long had to deal with an increasing number of cases in which techniques of trade control other than quantitative restrictions were imposed for balance-of-payments reasons. Although the Committee has followed a pragmatic approach in this respect, the question remains of whether the terms of reference of the Committee should not be adapted to practice. Does this established practice warrant reconsideration of the legal framework?

### III. Difficulty of follow-up action

A number of contracting parties have ceased to invoke or expressly disinvoked GATT balance-of-payments provisions after the Balance-of-Payments Committee had concluded that justification on balance-of-payments grounds no longer existed for their import restrictions. At present, the Balance-of-Payments Committee has no means to ascertain whether its recommendations to remove the restrictions have been implemented. Should present procedure be modified to remedy this situation?

### IV. Working arrangements

1. At present, the Committee's consultations are based on documentation provided by the consulting country, as well as background materials supplied by the Fund. Should the basis of information be broadened to include when possible documentation and questions prepared by the secretariat, possibly in co-operation with the Fund and the consulting country?