CONSULTATION WITH AUSTRALIA UNDER ARTICLE XII:4(b)

Statement by Representative of the International Monetary Fund, Supplementing the Fund's Paper of 13 June 1955 - "Australia: Economic Developments and Changes in the Restrictive System"

In view of the shortness of time available to the Fund to prepare for the present consultation, it was not possible for the Government of Australia to supply certain requested information in time to incorporate the information in the Fund's paper of 13 June 1955. The response of the Government of Australia has now been received. This supplement indicates the resulting modifications in the Fund's paper of 13 June 1955.

Since the Fund has not yet conducted its 1955 consultations with Australia, and since the representatives of Australia have submitted a paper to the Intersessional Committee, this supplement does not attempt to duplicate, or to give the Fund's assessment of, certain matters of Australian policy and judgment. Reference can be made to IC/W/33 for the Australian Government's assessment of future private capital movements (p.3); the prospects for and importance of wool prices (pp.1 to 3); the prospects for an improvement in the reserve position (pp.2 and 3); and motivation of tax reduction policy (p.6 item b).

The following should be substituted for the statements in the Fund's paper:

Page 3, paragraph 2: "developing" should read "threatening to develop".

Page 3, paragraph 4: More recent information indicates a budget surplus of around £A 50 million.

Page 3, last paragraph: It is now estimated that there will be a shortfall of £A 15 million below the £180 million Loan Council Programme. This is to be met out of the budget surplus.

Page 5, last paragraph: The November 1954 judgment related to the metal trades.

Page 6, table: The latest estimates of trade for the year 1954-1955 are:

<table>
<thead>
<tr>
<th>£A million</th>
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<tbody>
<tr>
<td>Exports f.o.b.</td>
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<tr>
<td>Imports f.o.b.</td>
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<tr>
<td>Trade balance</td>
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Page 14, first paragraph: The recent intensification measures have not been applied to dollar imports. Total spending on dollar imports has been increasing and the Australian Government thinks it likely that it will increase in the coming year.

Page 14, second paragraph: The first three sentences should be revised to read as follows:

"The new import cuts bear most heavily on consumer goods such as textiles, assembled motor cars, cigarettes and tobacco, crockery carpets, furnishings, cutlery and electrical goods. Of the essential goods in Category A which are also further restricted are such commodities as timber, barbed wire, wire netting, hand tools, paper other than newsprint, and yarns. The twenty per cent in the administrative category affects such commodities as newsprint, chemicals, components for manufacture of motor vehicles, materials for tyre manufacture, tractors, and machinery including agricultural machinery. Unassembled motor vehicles, although in the administrative category, are licensed at 85 per cent of the base year. All petroleum products are licensed freely."