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Armstrong

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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CONTRACTING PARTIES

WORKING PARTY "K" ON CONSULTATIONS UNDER
ARTICLE XII: 4(b)

Statements by the Cuban Representative
at the meetings of the Working Party
held on 17 and 21 November

A. First Statement (regarding United Kingdom consultation)

Mr. Chairman:

The Delegation of Cuba fully endorses the statement just made by the delegate of the United States, as respects both its content and the conclusion reached that the improvement in the United Kingdom's balance of payments position and the remarkable increase in its gold and dollar reserves justify the beginning of relaxation of discriminations against dollar imports.

We consider Mr. Brown's statement to be a very careful and fair assessment of the facts bearing on the United Kingdom's external financial position vis-a-vis the dollar countries. Mr. Brown's statement has struck us as giving proper weight to the different factors, both favorable and unfavorable, bearing on the present situation of the United Kingdom and on developments in the near future.

Therefore, Mr. Chairman, there is very little that we can add to what seems to us, together with the very excellent background material supplied to the Contracting Parties by the International Monetary Fund, a very complete, reasonable and fair summation of the facts that ought to be considered when carrying out a consultation like the one we are engaged in now.

We just want to emphasize, Mr. Chairman, that in reaching the same conclusion as has the Delegation of the United States, we have especially taken into consideration the unfavorable effects that the present rise in import prices may have on the United Kingdom's ability to begin, in a small and careful measure, the relaxation of the present discriminations against dollar imports. After giving this factor all due weight, we nevertheless feel that the upward trend in the price of many important commodities that the United Kingdom exports from its overseas territories to the dollar countries and particularly to the United States, will more than outweigh the unfavorable effect of the increase in prices of goods that the United Kingdom needs to import from the dollar countries.

In considering also the impact that the rearmament program will undoubtedly have on the United Kingdom's economy, we have come to the conclusion that, this program in the United States being a very important factor in maintaining a high level of effective demand for many export products of the United Kingdom, the overall effect of the rearmament program on the United Kingdom's external financial position is bound to be a favorable one.

In regard to the effect of the increased import prices, I wish to call the attention of the Working Party to the fact that a comparison of the import program of the United Kingdom from dollar areas that was drawn up in September of 1949 and the import program drawn up in mid-1950 shows that in fact the latter program leaves what amounts to an allowance of about 1% for increase in the import prices. In other words, the program of dollar imports drawn by

the United Kingdom in mid-1950 was 13% smaller in dollar value than the program drawn up in September 1949, when the United Kingdom was at the bottom of its external financial difficulties during the post-war period. Therefore, the price increase of United Kingdom imports from the dollar area will not represent a reduction in the ability of the United Kingdom to import from the dollar area in 1950 as compared to 1949, unless and until dollar import prices rise by more than 13%. It is true that in the course of this consultation the United Kingdom delegate has said that the 25% reduction in dollar imports agreed to at the Commonwealth Finance Ministers' Conference in September 1949 is no longer applicable and that it was so recognized at the Commonwealth Finance Ministers' Conference held this year. But the point we want to make, Mr. Chairman, is that taking into consideration the 13% allowance for price increases, the improvement in the present external financial position of the United Kingdom and the prospects of further improvement in the near future justify in our view a relaxation of discriminatory restrictions on dollar imports, far beyond the figure reflected in the import program drawn up in September 1949.

Finally, Mr. Chairman, we wish to refer to a point that was mentioned by Sir Stephen Holmes in his last remarks at the end of this morning's meeting. He said that he felt that the different speakers who have taken a position favorable to the beginning of relaxations of discriminations against dollar imports have not duly considered a most important factor bearing on this situation: that is, the existence of the sterling area.

We wish to make it clear, Mr. Chairman, that as far as my Delegation is concerned --- and I believe this is the case with other Delegations sharing our views --- we have taken into consideration, and perhaps too much so, the existence of the special financial arrangements that the United Kingdom has with many countries and that are commonly known under the name of the sterling area.

I wish to make it clear, Mr. Chairman, that it is just because we are perfectly aware that the United Kingdom's gold and dollar reserves have to be used to satisfy the needs of many countries besides the United Kingdom itself, that we have taken the position that the present situation calls only for the beginning of relaxations of restrictions on dollar imports. If we had not considered the existence of the sterling area, and consequently we had assumed that the United Kingdom's reserves should be regarded as taking care of the United Kingdom's own needs only, we would have asked, Mr. Chairman, not a beginning, and a small beginning at that, of the relaxations, but an outright and total removal of discriminatory restrictions on dollar imports. It is, therefore, the taking into due consideration of the existence of the sterling area that has dictated our attitude of endorsing the position of the United States Delegation, that is, a position very moderate and reasonable as regards the policy that the United Kingdom should pursue in the light of the present improvement of its balance of payments and of its central reserves.

Thank you.

B. Second Statement (regarding Australia consultation)

Mr. Chairman:

My Delegation wishes to associate itself with the statements made by the delegates for the United States and for Canada in connection with the consultation on Australia's discriminatory import restrictions.

We also feel, Mr. Chairman, that the time has come for Australia to

begin gradual and careful relaxation of the discriminations in force against imports from the dollar countries.

I wish to say, Mr. Chairman, that we have come to this conclusion after a most careful consideration of all the factors having a bearing on Australia's present external financial position and the trend of that position in the near future.

As representative of a country whose economy depends to a very large extent on the fluctuations of a single export product, I am fully aware of the dangers that, for a country in the position of Australia, are involved in the taking of hasty and drastic steps in the removal of import restrictions. We realize that for a country depending upon the export of a few primary commodities, the ups and downs of which are violent and sudden, very great care should be taken in removing restrictions. Thus, Mr. Chairman, we realize that at this stage we could not ask Australia to take action that may be full of danger. But after having said this, Mr. Chairman, I should also reiterate that the present position of Australia's balance of payments and level of reserves and the general trend of the factors bearing on that balance of payment and on that level of reserves justify that Australia begin a gradual and progressive relaxation of the discriminatory restrictions on imports from dollar sources. And that, Mr. Chairman, is all we are asking.

My country does not have an important export trade to Australia, and therefore is not directly suffering the effects of the discriminations against dollar imports. But for us, Mr. Chairman, even if our interest is not directly involved, the problem is a most important one on grounds of principle. We feel that when the Articles on the balance of payments import restrictions were drafted, a most generous consideration was given to the problems that the countries having balance of payment difficulties were facing, and that all necessary exceptions were made in the Agreement to meet the needs of those countries. We therefore feel, Mr. Chairman, that when the situation calls for and justifies a beginning of relaxation of discriminations, the countries party to the General Agreement should begin to honor their obligations and commitments in this field. That is, Mr. Chairman, the fundamental point of principle involved and that makes us take this attitude in regard to the Australia consultation although my country is not materially affected by the present discriminations.

Thank you.