

GATT/AIR/130

19 MAY 1958

SUBJECT: REQUEST FOR CONSULTATION UNDER ARTICLE XII:4(a) BY PERU

1. THE FOLLOWING COMMUNICATION HAS BEEN RECEIVED FROM THE PERUVIAN GOVERNMENT:

"I HAVE BEEN INSTRUCTED BY MY GOVERNMENT TO INFORM YOU THAT THE BALANCE-OF-PAYMENTS SITUATION OF PERU HAS BEEN PARTICULARLY DIFFICULT DURING THE PAST MONTHS; IN 1957, THE TRADE DEFICIT REACHED \$70 MILLION AND THE MONETARY RESERVES OF THE COUNTRY WERE SEVERELY DEPLETED. THE PERUVIAN GOVERNMENT THEREFORE CONSIDERS THAT THE CONDITIONS ENVISAGED IN PARAGRAPH 2(a) OF ARTICLE XII OF THE GENERAL AGREEMENT (UNREVISED) ARE FULFILLED AND THAT PERU IS ENTITLED, UNDER PARAGRAPH 1 OF ARTICLE XII TO RESTRICT THE QUANTITY OR VALUE OF MERCHANDISE PERMITTED TO BE IMPORTED.

"CONSEQUENTLY, I HAVE BEEN INSTRUCTED BY MY GOVERNMENT TO INFORM YOU THAT PERU WISHES TO CONSULT WITH THE CONTRACTING PARTIES UNDER ARTICLE XII:4(a) AS TO THE NATURE OF ITS BALANCE-OF-PAYMENTS DIFFICULTIES, ALTERNATIVE CORRECTIVE MEASURES WHICH MAY BE AVAILABLE, AND THE POSSIBLE EFFECT OF THE PROPOSED MEASURES ON THE ECONOMIES OF OTHER CONTRACTING PARTIES.

"MY GOVERNMENT HAS CONSIDERED THE DESIRABILITY TO RESTRICT THE QUANTITY OR VALUE OF MERCHANDISE PERMITTED TO BE IMPORTED THROUGH ADMINISTRATIVE QUOTAS OR TRADE CONTROL MEASURES. HAVING REGARD TO THE TRADITIONAL POLICY FOLLOWED BY PERU IN THIS FIELD AND THE CONVICTION HELD BY MY GOVERNMENT THAT THE IMPOSITION OF QUANTITATIVE RESTRICTIONS OR EXCHANGE CONTROL MEASURES IN ORDER TO MEET THE COUNTRY'S BALANCE-OF-PAYMENTS DIFFICULTIES WOULD HAVE MORE SERIOUS EFFECTS ON

INTERNATIONAL TRADE THAN A TEMPORARY INCREASE IN IMPORT CHARGES ON ALL PRODUCTS, MY GOVERNMENT HAS DECIDED TO REQUEST FROM THE PARLIAMENT THE NECESSARY AUTHORITY TO INCREASE EXISTING CUSTOMS DUTIES FOR A PERIOD OF THREE YEARS. THE GOVERNMENT OF PERU HAS TAKEN THIS DECISION AFTER CONSULTING THE INTERNATIONAL MONETARY FUND, WHICH HAS EXPRESSLY APPROVED THE PROPOSED MEASURES. AS THE PROVISIONS OF ARTICLE XII OF THE GENERAL AGREEMENT ARE NOT SUFFICIENTLY PRECISE TO ENABLE US TO DETERMINE WHETHER THE PROPOSED MEASURES ACTUALLY COME WITHIN THE SCOPE OF ARTICLE XII, THE GOVERNMENT OF PERU FEELS THAT THE MOST PRACTICAL PROCEDURE WOULD BE TO INITIATE AT THE EARLIEST POSSIBLE MOMENT THE CONSULTATION PROVIDED FOR IN PARAGRAPH 4(a) OF THAT ARTICLE WHICH, ON THE BASIS OF THE WORDING OF THAT PARAGRAPH DOES NOT SEEM TO BE APPLICABLE ONLY TO RESTRICTIONS MADE EFFECTIVE THROUGH ADMINISTRATIVE MEASURES.

"AS MY GOVERNMENT'S PROPOSALS HAVE ALREADY BEEN SUBMITTED TO AND APPROVED BY PARLIAMENT AND AS THE GOVERNMENT, OWING TO THE URGENCY OF THE SITUATION, FEELS OBLIGED TO INSTITUTE THE MEASURES WITHOUT DELAY, I SHOULD BE GRATEFUL IF YOU WOULD IMMEDIATELY INFORM THE CONTRACTING PARTIES AND TAKE THE NECESSARY STEPS SO THAT THE REQUESTED CONSULTATION COULD BE CARRIED OUT WITH THE LEAST POSSIBLE DELAY."

2. PURSUANT TO THE INTERSESSIONAL PROCEDURES, I AM CONVENING THE INTERSESSIONAL COMMITTEE TO MEET AT 3 P.M. ON TUESDAY, 3 JUNE 1958, AT THE PALAIS DES NATIONS, GENEVA, TO EXAMINE THIS REQUEST BY THE PERUVIAN GOVERNMENT AND TO CONSIDER ANY ACTION THAT MIGHT BE APPROPRIATE IN THE CIRCUMSTANCES. MEMBERS OF THE COMMITTEE ARE REQUESTED TO INFORM ME AS SOON AS POSSIBLE THE NAMES OF THEIR REPRESENTATIVES TO THIS MEETING.

E. WYNDHAM WHITE