

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

RESTRICTED
LIMITED B
GATT/CEA/9
28 March 1949
Original: ENGLISH

GENERAL AGREEMENT ON TARIFFS AND TRADE
Contracting Parties

Committee on Special Exchange Agreements

Changes in Par Values

The Chairman of the Contracting Parties has received the following letter dated March 22 from the Managing Director of the International Monetary Fund:

"The Committee on Special Exchange Agreements of the CONTRACTING PARTIES in the course of its London meeting requested the Fund to communicate its views on one particular aspect of the provision of the Special Exchange Agreement pertaining to changes in par values. A clarification of this provision was suggested by the Delegate of Pakistan in connection with the consideration of the respective terms of the Special Exchange Agreement.

"You will understand that this communication does not represent a formal ruling of the Fund, but it is an informal explanation offered with the purpose of facilitating the discussion of the Special Exchange Agreement.

"From our understanding of the discussion, the Delegate of Pakistan wanted to know whether, under the terms of the draft Special Exchange Agreement, a previous change of the par value of a currency made under the provisions of the Fund Agreement has any bearing on the computation of the 10 per cent change in the initial par value permissible without objection by the CONTRACTING PARTIES.

"Article VI, par. 6, of the London draft of the Special Exchange Agreement clearly indicates that changes in the par value made under the provision as 'uniform proportionate changes' shall not be taken into account in determining whether a proposed change of the par value exceeds the 10 per cent of the initial par value to which change the CONTRACTING PARTIES shall raise no objection. Both the initial par value (expressed in gold or in U.S. dollars of the weight and fineness in effect on July 1, 1944) and the 10 per cent of the initial par value remain rigid figures expressing the relation of a member currency at a certain date to gold or to U.S. dollars of the weight and fineness in effect on July 1, 1944. If the par value of the currency (and consequently its relation to gold and to U.S. dollars of the weight and fineness in effect on July 1, 1944) is altered either by uniform or other changes, such action does not exercise influence on the relation of the member currency to gold as determined at the time when the initial par value was established.

"Suppose the initial par value of a currency expressed in terms of gold and in terms of U.S. dollars of the weight and fineness in effect on July 1, 1944, was the following:

1 member currency unit = 1 gram of fine gold

and

1 member currency unit = 1.125276 U.S. dollars of weight
and fineness in effect on
July 1, 1944.

The 10 per cent of the initial par value (expressed in gold and
U.S. dollars of the weight and fineness in effect on July 1, 1944)
will remain

0.1 grams of fine gold

and

0.1125276 U.S. dollars (1944)

without regard to whether and when uniform par value changes occur.

"I hope that this explanation will be useful to clarify the
meaning of the terms of the special exchange agreement."

Document Symbol	Language	Title of document
Symbol: GATT /CEA/W		
1	E. F.	Drafts of Special Exchange Agreements
2	E. F.	Revised drafts of Special Exchange Agreements with Provisions of Articles of Agreement of IMF
3	E. F.	Proposal of New Zealand Representative
4	E.	Revision of Drafts A and B in GATT/CEA/W.2.
5	E.	Draft Instrument of Accession
6	E. F.	Committee of the Contracting Parties on Special Exchange - Arrangements Comments by the Legal Adviser