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GATT/CEA, 1949  
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ORIGINAL: ENGLISH

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONTRACTING PARTIES

COMMITTEE ON SPECIAL EXCHANGE AGREEMENTS  
DRAFTING COMMITTEE REPORT

Draft Resolution

The CONTRACTING PARTIES,

CONSIDERING that paragraph 6 of Article XV of the General Agreement on Tariffs and Trade provides that any contracting party, which is not a member of the International Monetary Fund, shall, within a time to be determined by the CONTRACTING PARTIES after consultation with the Fund, become a member of the Fund, or, failing that, enter into a special exchange agreement with the CONTRACTING PARTIES,

CONSIDERING that paragraph 6 of Article XV of the General Agreement provides further that any contracting party which ceases to be a member of the Fund shall forthwith enter into a special exchange agreement with the CONTRACTING PARTIES,

CONSIDERING further that, in accordance with paragraph 7 of the said Article, such special exchange agreement shall provide to the satisfaction of the CONTRACTING PARTIES that the objectives of the General Agreement will not be frustrated as a result of action in exchange matters by the contracting party in question, and taking into account that the terms of such agreement shall not impose obligations on that contracting party in exchange matters generally more restrictive than those imposed by the Articles of Agreement of the International Monetary Fund on the members of the Fund,

HEREBY ADOPT the text annexed to the Resolution as the text of the special exchange agreement for the purpose of the above mentioned provisions of the General Agreement;

RESOLVE that each of the Governments of Burma, Ceylon, New Zealand and Pakistan shall enter into a special exchange agreement in the terms of the text annexed to this Resolution by depositing an instrument of acceptance on or before (date) unless it has become a member of the Fund on or before that date;

RESOLVE that each government which shall hereafter become a contracting party and which is not then a member of the Fund shall enter into a special exchange agreement in the terms of the text annexed to this Resolution by depositing an instrument of acceptance within \_\_\_ months after it becomes a contracting party, unless it has become a member of the Fund before the expiration of that period;

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RESOLVE that any contracting party which ceases to be a member of the Fund shall enter into a special exchange agreement in the terms of the text annexed to this Resolution by depositing an instrument of acceptance forthwith (which shall in no event be later than thirty days after it ceases to be a member of the Fund);

AUTHORIZE the Chairman of the CONTRACTING PARTIES to sign on their behalf each of the agreements referred to above; and to take all necessary action to give effect to this Resolution.

ANNEX

DRAFT OF SPECIAL EXCHANGE AGREEMENT

(Note: The following preamble replaces that included in the tentative draft of the Special Exchange Agreement, - GATT/CEL/7.)

WHEREAS paragraph 6 of Article XV of the General Agreement on Tariffs and Trade (hereinafter referred to as "the General Agreement") provides that any contracting party which is not a member of the International Monetary Fund (hereinafter called the Fund) shall, within a time to be determined by the contracting parties to the General Agreement on Tariffs and Trade acting jointly (hereinafter called the CONTRACTING PARTIES), after consultation with the Fund, become a member of the Fund, or, failing that, enter into a special exchange agreement with the CONTRACTING PARTIES; (1)

WHEREAS paragraph 7 of the said Article provides that such special exchange agreement shall provide to the satisfaction of the CONTRACTING PARTIES that the objectives of the General Agreement will not be frustrated as a result of action in exchange matters by the contracting party in question, and taking into account that the terms of such agreement shall not impose obligations on the contracting party in exchange matters generally more restrictive than those imposed by the Articles of Agreement of the International Monetary Fund on members of the Fund;

WHEREAS by Resolution of 1949 the CONTRACTING PARTIES adopted the text of the special exchange agreement for the purpose of giving effect to the above-mentioned provisions of the General Agreement and authorized their Chairman to sign on their behalf a special exchange agreement in the terms of this text with any contracting party which is not a member of the Fund and to take all necessary action to give effect to that Resolution;

THE CONTRACTING PARTIES,

and

The Government of \_\_\_\_\_ acting through its representative duly authorized for this purpose

HEREBY AGREE AS FOLLOWS :

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- (1) The exact recital of the preamble may need slight adjustment to meet individual circumstances; it may, for instance, be necessary to replace the first paragraph of the preamble by the following text in the case of a contracting party which has ceased to be a member of the Fund:

"WHEREAS paragraph 6 of Article XV of the General Agreement on Tariffs and Trade (hereinafter referred to as the "General Agreement") provides that any contracting party which ceases to be a member of the International Monetary Fund (hereinafter called "the Fund") shall forthwith enter into a special exchange agreement with the CONTRACTING PARTIES."

Article I

Exchange Stability and Orderly Exchange Arrangements

*Article I  
The purpose of this*

The Acceding Government of \_\_\_\_\_ shall collaborate with the CONTRACTING PARTIES to promote exchange stability, to maintain orderly exchange arrangements with other contracting parties to the General Agreement, and to avoid competitive exchange alterations, and to assist in the elimination of restrictions on the making of payments and transfers for current international transactions with a view to the establishment of a multilateral system of payments and to the promotion of international trade,

*Article I  
no change*

*and to contribute to the promotion and maintenance of high level of employment and real income and to the development of all a p. a primary sector of economic activity*

Article II

Determination of Initial Par Value

1. Unless an initial par value has been previously agreed in the instrument by which the Acceding Government accedes to this Agreement between the Government of \_\_\_\_\_ and the CONTRACTING PARTIES, the Acceding Government of \_\_\_\_\_ shall, within thirty days after the CONTRACTING PARTIES so request, communicate to them the par value of its currency based on the rates of exchange prevailing at the time. The par value so communicated shall be the initial par value of its currency for the purpose of this Agreement unless within ninety days after the request has been received (a) the Acceding Government of \_\_\_\_\_ notifies the CONTRACTING PARTIES that it regards the par value as unsatisfactory, or (b) the CONTRACTING PARTIES notify the Acceding Government of \_\_\_\_\_ that in their opinion the adoption of such par value would not serve the purposes of exchange stability and orderly exchange arrangements. When such notification is given, the CONTRACTING PARTIES and the Acceding Government of \_\_\_\_\_ shall, within a period to be determined by the CONTRACTING PARTIES, agree upon a suitable initial par value.

*Article II  
amendment*

~~after the adoption of the agreement...~~

*be considered as a condition precedent to the agreement among the contracting parties*

2. Delete: 1/

3 2. The par value of the Acceding Government's currency of the Government of \_\_\_\_\_ shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

4 3. The CONTRACTING PARTIES will keep the Acceding Government of \_\_\_\_\_ currently informed on the par values of the currencies of the other contracting parties,

*Art. III, 919* *Deleted*  
Article III

Gold Transactions based on Par Value

1. The Acceding Government of \_\_\_\_\_ shall not buy gold at a price above the par value for its currency plus the margin permissible under this Article, or sell gold at a price below the par value minus the margin permissible under this Article.

2. The margins permissible for transactions in gold by the Acceding Government of \_\_\_\_\_ shall be the same as those permissible to contracting parties which are members of the Fund, and the CONTRACTING PARTIES shall keep the Acceding Government of \_\_\_\_\_ informed of such margins.

Article IV

Foreign Exchange Dealings based on Parity

The maximum and minimum rates for exchange transactions between the currency of the Acceding Government \_\_\_\_\_ and the currencies of other contracting parties taking place within the territories of that Acceding Government shall not differ from parity:

- (a) in the case of spot exchange transactions, by more than 1% one percent, and
- (b) in the case of other exchange transactions, by a margin which exceeds the margin for spot exchange transactions by more than the CONTRACTING PARTIES consider reasonable.

Article V

Obligations regarding Exchange Stability

The Acceding Government of \_\_\_\_\_ undertakes through appropriate measures consistent with this Agreement, to permit within its territories exchange transactions between its currency and the currencies of other contracting parties only within the limits prescribed under Article IV. An Acceding The Government of \_\_\_\_\_ whose monetary authorities, for the settlement of international transactions, in fact freely buy and sell gold within the limits prescribed under Article III, shall be deemed to be fulfilling this undertaking.

1/ Deletions refer to the draft Articles in GATT/CEA/7.

Article VI

Changes in Par Value

1. The Acceding Government of \_\_\_\_\_ shall not propose a change in the par value of its currency except to correct a fundamental disequilibrium.
2. A change in the par value of the Acceding Government's currency of \_\_\_\_\_ may be made only on the proposal of the Acceding Government of \_\_\_\_\_ and only after consultation with the CONTRACTING PARTIES.
3. When a change is proposed, the CONTRACTING PARTIES shall first take into account the changes, if any, which have already taken place in the initial par value of the Acceding Government's currency of \_\_\_\_\_ as determined under Article 11.
  - (a) does not exceed 10% of the initial par value, the CONTRACTING PARTIES shall raise no objection;
  - (b) does not exceed a further 10% of the initial par value, the CONTRACTING PARTIES may either concur or object, but shall declare their attitude within ninety-six hours if the Acceding Government of \_\_\_\_\_ so requests;
  - (c) is not within (a) or (b), the CONTRACTING PARTIES may either concur or object, but shall be entitled to a longer period in which to declare their attitude.
4. The CONTRACTING PARTIES shall concur in a proposed change which is within the terms of (b) or (c) of paragraph 3 if they are satisfied that the change is necessary to correct a fundamental disequilibrium. In particular, provided they are so satisfied, they shall not object to a proposed change because of the domestic social or political policies of the Acceding Government of \_\_\_\_\_.
5. If the Fund, in accordance with Article IV, Section 7 of the Articles of Agreement of the Fund, makes uniform proportionate changes in the par values of the currencies of Fund members, the Acceding Government of \_\_\_\_\_ will change its par value proportionately, unless it informs the CONTRACTING PARTIES within ninety-six hours after it has been notified by the CONTRACTING PARTIES of the Fund's action that it does not wish the par value of its currency to be changed.
6. Changes in the par value made under paragraph 5 shall not be taken into account in determining whether a proposed change falls within (a), (b) or (c) of paragraph 3.
7. Delete.
- 8.7 7. If the Acceding Government of \_\_\_\_\_ changes the par value of its currency despite the objection of the CONTRACTING PARTIES, in cases where the CONTRACTING PARTIES are entitled to object, the Acceding Government of \_\_\_\_\_ shall be deemed to have failed to carry out its obligations under this agreement.

Article VII

Avoidance of Restrictions  
on Current Payments

1. Subject to the provisions of Articles IX and XI, the /Acceding/ Government of \_\_\_\_\_ shall not, without the approval of the CONTRACTING PARTIES, impose restrictions on the making of payments and transfers for current international transactions.
2. /No Acceding/ The Government of \_\_\_\_\_ shall not engage in, or permit /any of its fiscal agents referred to in paragraph 4 of Article XIII/its Treasury, central bank, stabilization fund, or other similar fiscal agency, to engage in, any discriminatory currency arrangements or multiple currency practices except as authorized under this Agreement or approved by the CONTRACTING PARTIES. If such arrangements and practices /were engaged in on/have been maintained since January 1, 1948, (the date on which the General Agreement was first provisionally applied), the /Acceding/ Government of \_\_\_\_\_ shall consult with the CONTRACTING PARTIES as to their progressive removal. /unless they are/. This paragraph shall not apply to such arrangements or practices maintained or imposed under paragraph 1 of article XI, in which case the provisions of paragraph 3 of that Article shall apply.
3. Exchange contracts which involve the currency of any contracting party and which are contrary to the exchange control regulations of that contracting party maintained or imposed consistently with the Articles of Agreement of the Fund or with the provisions of this Agreement shall be unenforceable in the territories of the /Acceding/ Government of \_\_\_\_\_. In addition, the /Acceding/ Government of \_\_\_\_\_ may, by mutual accord with other contracting parties, cooperate in measures for the purpose of making the exchange control regulations of either contracting party more effective, provided that such measures and regulations are consistent with this Agreement or with the Articles of Agreement of the Fund, whichever may be applicable to the contracting party whose measures or regulations are involved.

Article VIII

Controls of Capital Transfers

1. The Acceding Government of \_\_\_\_\_ may exercise such controls as are necessary to regulate international capital movements, but may not exercise these controls in a manner which will restrict payments for current transactions or which will unduly delay transfers of funds in settlement of commitments, except as provided in Articles (IX) and (XI).
2. The CONTRACTING PARTIES may request the Acceding Government of \_\_\_\_\_ to exercise controls to prevent a large or sustained outflow of capital if they consider that such outflow would be likely to have results which might endanger the objectives of this Agreement or of the General Agreement.

Article IX

Scarce Currencies

1. The Acceding Government of \_\_\_\_\_ is authorized to impose temporarily, after consultation with the CONTRACTING PARTIES, limitations on the freedom of exchange operations in a currency which has formally been declared scarce by the Fund in accordance with Article VII, Section 3 (a) of the Articles of Agreement of the Fund. Subject to the provisions of Articles IV and V of this Agreement, the Acceding Government of \_\_\_\_\_ shall have complete jurisdiction in determining the nature of such limitations, but they shall be no more restrictive than is necessary to limit the demand for the scarce currency to the supply held by, or accruing to, the Acceding Government of \_\_\_\_\_; and they shall be relaxed and removed as rapidly as conditions permit. The authorization here mentioned shall expire whenever the Fund formally declares the currency in question to be no longer scarce.
2. If the Acceding Government of \_\_\_\_\_ is imposing limitations in accordance with paragraph 1, it shall give sympathetic consideration to any representations by the contracting party whose currency has been declared scarce regarding the administration of such restrictions.
3. The CONTRACTING PARTIES shall request any contracting party against which restrictions may be permitted under this Article not to invoke the obligations of any engagement entered into with the Acceding Government of \_\_\_\_\_ prior to this Agreement in such a manner as will prevent the operation of the provisions of this Article.



Article X

Convertibility of Balances Held  
by Other Contracting Parties

1. The [Acceding] Government of \_\_\_\_\_ shall buy balances of its currency held by another contracting party if the latter, in requesting the purchase, represents:
  - (a) that the balances to be bought have been recently acquired as a result of current transactions; or
  - (b) that their conversion is needed for making payments for current transactions.
  
2. The [Acceding] Government of \_\_\_\_\_ shall have the option to pay either in the currency of the contracting party making the request or in gold.
  
3. The obligation under paragraph 1 shall not apply
  - (a) when the convertibility of the balances has been restricted consistently with Article VII or VIII; or
  - (b) when the balances have accumulated as a result of transactions effected before the removal by the [Acceding] Government of \_\_\_\_\_ of restrictions maintained or imposed under Article XI; or
  - (c) when the balances have been acquired contrary to the exchange regulations of the [Acceding] Government of \_\_\_\_\_; or
  - (d) when the currency of the contracting party requesting the purchase has been declared scarce and the Acceding Government has been so notified under Article IX; or
  - (e) with the approval of the CONTRACTING PARTIES, in any particular circumstance in which the fulfilment of the obligations of paragraph 1 of this Article would dangerously threaten exchange stability.

Article XI

Transitional Period

1. In the post-war transitional period the [Acceding] Government of \_\_\_\_\_ may, notwithstanding the provisions of any other article of this Agreement, maintain and adapt to changing circumstances [(and, in the case of Acceding Governments whose territories have been occupied by the enemy, introduce where necessary)] (1) restrictions on payments and transfers for current international transactions. The Acceding Government shall, however, have continuous regard in its foreign exchange policies to the intent of the General Agreement and of this Agreement; and, as soon as conditions permit, it shall take all possible measures to develop such commercial and financial arrangements with other contracting parties as will facilitate international payments and the maintenance of exchange stability. In particular, the [Acceding] Government of \_\_\_\_\_ shall withdraw restrictions maintained or imposed under this paragraph as soon as it is satisfied that it will be able, in the absence of such restrictions, to settle its balance of payments in a manner which will not unduly impair its external financial position.
2. The [Acceding] Government of \_\_\_\_\_ shall notify the CONTRACTING PARTIES, within thirty days [of the entry into force of this Agreement] after it accepts this Agreement whether it intends to avail itself of the transitional arrangements in ~~agreement with~~ paragraph 1, or whether it is prepared to accept the obligations of Articles VII and X. [In the event that] if the [Acceding] Government of \_\_\_\_\_ avails itself of the transitional arrangements, it shall notify the CONTRACTING PARTIES as soon as it is prepared to accept the above-mentioned obligations.
3. Not later than March 1, 1950, and in each year thereafter, the CONTRACTING PARTIES shall report on the restrictions still in force under paragraph 1. Not later than March 1, 1952, and in each year thereafter, if the [Acceding] Government of \_\_\_\_\_ still retains any restrictions inconsistent with Article VII or X, it shall consult with the CONTRACTING PARTIES as to their further retention. The CONTRACTING PARTIES may, if they deem such action necessary in exceptional circumstances, make representations to the [Acceding] Government of \_\_\_\_\_ that conditions are favourable for the withdrawal of any particular restriction, or for the general abandonment of restrictions, inconsistent with the provisions of any other article of this Agreement. The [Acceding] Government of \_\_\_\_\_ shall be given a suitable time to reply to such representations. If the CONTRACTING PARTIES find that the [Acceding] Government of \_\_\_\_\_ persists in maintaining restrictions which are inconsistent with the intent of this Agreement, the [Acceding] Government of \_\_\_\_\_ shall be deemed to have failed to carry out its obligations under this Agreement.

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(1) "In the case of a Government whose territories have been occupied by the enemy, e.g., Burma, insert after the word "circumstances" in the fourth line of paragraph one of Article XI "and introduce where necessary".

Article XII

Furnishing of Information

1. In accordance with paragraph 8 of Article XV of the General Agreement, the [Acceding] Government of \_\_\_\_\_ shall furnish the CONTRACTING PARTIES with such information as they may require in order to carry out their functions under the General Agreement and this Agreement, including, as a minimum, national data on the following matters:

- (a) Official holdings at home and abroad of (1) gold, (2) foreign exchange.
- (b) Holdings at home and abroad by banking and financial agencies, other than official agencies, of (1) gold, (2) foreign exchange.
- (c) Production of gold.
- (d) Gold exports and imports according to countries of destination and origin.
- (e) Total exports and imports of merchandise, in terms of local currency values, according to countries of destination and origin.
- (f) International balance of payments, including (1) trade in goods and services, (2) gold transactions, (3) known capital transactions, and (4) other items.
- (g) International investment position, i.e. investments within the territories of the [Acceding] Government of \_\_\_\_\_ owned abroad and investments abroad owned by persons in the territories of the [Acceding] Government of \_\_\_\_\_ so far as it is possible to furnish this information.
- (h) National income.
- (i) Price indices, i.e., indices of commodity prices in wholesale and retail markets and of export and import prices.
- (j) Buying and selling rates for foreign currencies.
- (k) Exchange controls, i.e. a comprehensive statement of exchange controls in effect at the date when this Agreement enters into force and details of subsequent changes as they occur.
- (l) Where official clearing arrangements exist, details of amounts awaiting clearance in respect of commercial and financial transactions, and of the length of time during which such arrears have been outstanding.

2. In requesting information, the CONTRACTING PARTIES shall take into consideration the ability of the [Acceding] Government of \_\_\_\_\_ to furnish the data requested. The [Acceding] Government of \_\_\_\_\_ shall be under no obligation to furnish information in such detail that the affairs of individuals or corporations are disclosed. The [Acceding] Government of \_\_\_\_\_ undertakes, however, to furnish the desired information in as detailed and accurate a manner as is practicable, and, so far as possible, to avoid mere estimates.

Article XIII

Miscellaneous Provisions

1. The relevant explanation of terms contained in Article XIX of the Articles of Agreement of the Fund shall apply to this Agreement.
2. The CONTRACTING PARTIES shall at all times have the right to communicate their views informally to the Acceding Government of \_\_\_\_\_ on any matter arising under this Agreement.
3. The CONTRACTING PARTIES shall suspend the operation of Article IV and V of this Agreement for the same period of time and to the same extent as the Fund suspends the operation of corresponding provisions of its Articles of Agreement in accordance with Article XVI, Section 1, of the Articles of Agreement of the Fund.
4. The Government of \_\_\_\_\_ shall designate from time to time an agent or agents who shall act on its behalf in matters relating to the application of this Agreement.
5. The CONTRACTING PARTIES shall designate a person or persons an agent or agents who may act on their behalf in carrying out the provisions of this Agreement.
6. Without prejudice to Article XXIII of the General Agreement, whenever in the opinion of the CONTRACTING PARTIES the Acceding Government of \_\_\_\_\_ fails to observe any of the provisions of this Agreement, the CONTRACTING PARTIES shall make representations to the Acceding Government. The Acceding Government of \_\_\_\_\_ shall be given reasonable time to reply to such representations.
7. The CONTRACTING PARTIES shall seek an understanding with the Fund to the effect that,
  - (a) whenever the CONTRACTING PARTIES consult the Fund on exchange matters particularly affecting an Acceding the Government of \_\_\_\_\_, the latter will be offered an opportunity to present its case directly to the Fund, and
  - (b) an Acceding the Government of \_\_\_\_\_ may initiate direct consultation between itself and the Fund in appropriate cases, provided that it shall notify the Chairman of the CONTRACTING PARTIES upon such occasion that it avails itself of this right.

Article XIV

Amendments to this Agreement

(This text was subject to reservations in the Drafting Committee)

1. Amendments to this Agreement may be suggested at any time by any contracting party. An amendment to this Agreement adopted by the CONTRACTING PARTIES shall become effective upon acceptance by the Government of \_\_\_\_\_.
2. The CONTRACTING PARTIES may decide that any amendment adopted by them under paragraph 1 is of such a nature that if the Government of \_\_\_\_\_ does not accept it within a period specified by the CONTRACTING PARTIES, the Government of \_\_\_\_\_ shall be free to withdraw from the General Agreement or to remain a contracting party with the consent of the CONTRACTING PARTIES.

Article XV

Acceptance, Entry into Force and Termination

1. This Agreement shall be signed on behalf of the CONTRACTING PARTIES by their Chairmen and should be deposited with the Secretary-General of the United Nations, who is hereby authorized to register this Agreement.
2. The Government of \_\_\_\_\_ may accept this Agreement by depositing an instrument of acceptance with the Secretary-General of the United Nations. The Secretary-General will inform the CONTRACTING PARTIES of the date of deposit of such instrument of acceptance.
3. This Agreement shall enter into force thirty days after the Government of \_\_\_\_\_ deposits an instrument of acceptance in accordance with paragraph 2.
4. The provisions of this Agreement, entered into pursuant to Article XV of the General Agreement, shall be deemed to be included within that Article.
5. This Agreement shall terminate on the day on which the Government of \_\_\_\_\_ becomes a member of the Fund or ceases to be a contracting party.

IN WITNESS WHEREOF, the Chairman of the CONTRACTING PARTIES has signed this Agreement.

DONE at ANNEXY, this \_\_\_\_\_ day of \_\_\_\_\_ one thousand nine hundred and forty-nine.