

RESTRICTED
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ORIGINAL: ENGLISH

General Agreement on Tariffs and Trade

Contracting Parties

Second Session

Letter from the Chairman of the Contracting Parties to the Managing Director of the International Monetary Fund regarding relations of the Contracting Parties with the International Monetary Fund.

The following letter has been sent on 9 September in accordance with the decision of the Contracting Parties at their eleventh meeting on 24 August 1948.

"The General Agreement on Tariffs and Trade, which has now been put into provisional application by all but one of the countries participating in the negotiation thereof, provides in paragraph 1 of Article XV as follows :

"The CONTRACTING PARTIES shall seek co-operation with the International Monetary Fund to the end that the CONTRACTING PARTIES and the Fund may pursue a co-ordinated policy with regard to exchange questions within the jurisdiction of the Fund and questions of quantitative restrictions and other trade measures within the jurisdiction of the CONTRACTING PARTIES."

Throughout the Agreement various provisions call for consultation or agreement between the CONTRACTING PARTIES, that is the contracting parties to the General Agreement acting jointly, and the International Monetary Fund on matters of common concern. In particular, paragraph 2 of Article XV calls for a wide range of consultation, and paragraph 3 of Article XV provides :

"The CONTRACTING PARTIES shall seek agreement with the Fund regarding procedures for consultation under paragraph 2 of this Article."

In view of the fact that the General Agreement on Tariffs and Trade has been given only provisional rather than definitive application, it is the view of the CONTRACTING PARTIES that an elaborate agreement to implement paragraph 3 quoted above is not necessary at this time. However, questions may arise in the interim which would require the CONTRACTING PARTIES to seek the co-operation of the Fund.

Under such circumstances it is proposed by the CONTRACTING PARTIES that the Fund agree to co-operate with the CONTRACTING PARTIES in carrying out the provisions of the General Agreement in accordance with the terms thereof and, in particular, to consult, at the request of the

CONTRACTING PARTIES, on matters as contemplated by the General Agreement. If such cases arise, the Chairman of the CONTRACTING PARTIES will notify the Managing Director of the Fund of each particular instance in which the CONTRACTING PARTIES desire consultation and will furnish the Fund with all information available which may assist the Fund in considering the question. Since various provisions of the General Agreement call for consultation between the CONTRACTING PARTIES and the Fund, it might be necessary in particular cases to await a meeting of the contracting parties before formal consultation could be undertaken. However, the CONTRACTING PARTIES have authorised their Chairman to initiate requests, either at the direction of the CONTRACTING PARTIES or on the Chairman's own initiative if the contracting parties are not in session, for the Fund to consult with the CONTRACTING PARTIES in accordance with the provisions of the General Agreement. This arrangement should make it possible for the Fund to undertake with a minimum of delay such studies as may be necessary and should afford the Fund opportunity to become familiar with the subject matter involved in advance of consultation with the CONTRACTING PARTIES in particular cases.

The Fund may from time to time wish to request consultation with the CONTRACTING PARTIES on matters of common interest, and, in such cases, the CONTRACTING PARTIES will be prepared to consult upon such requests.

Any request for consultation by either the Fund or the CONTRACTING PARTIES shall be accompanied by available information which would contribute to the effectiveness of the consultation. In such cases, due regard shall be paid to the need to safeguard confidential information and to any special obligations of the Fund and the CONTRACTING PARTIES in this respect.

The particular procedures in implementation of these arrangements can be worked out case by case until sufficient experience has been acquired on the basis of which more formal procedures can be developed if necessary.

If the foregoing arrangements are acceptable to the Fund, a reply to that effect would be appreciated."

