

RESTRICTED
GATT /CP.2/W.2
18 August 1948
ORIGINAL : ENGLISH

GENERAL AGREEMENT ON TARIFFS AND TRADE
Contracting Parties
Second session
Item 17(a) of the agenda

ARTICLE XV, EXCHANGE ARRANGEMENTS

UNITED STATES PROPOSAL FOR A DRAFT LETTER
TO MANAGING DIRECTOR OF
IMF PROVIDING FOR CONSULTATION

The United States delegation suggests for the consideration of the CONTRACTING PARTIES that the following letter be sent by the Chairman of the CONTRACTING PARTIES to the Managing Director of the International Monetary Fund to form the basis, with the reply from the Fund, for consultation between the CONTRACTING PARTIES and the International Monetary Fund pursuant to the various provisions of the General Agreement contemplating such consultation:

Dear Sir:

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:

"1. 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. Paragraph 3 of Article XV provides:

"3. 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 cooperate 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, I shall notify you of each particular instance in which the CONTRACTING PARTIES desire consultation and shall furnish you with all information available which may assist you in considering the question. It might be necessary to await a meeting of the contracting parties before formal consultation could be undertaken, but I have been authorized between meetings to request such consultation and thus afford you the opportunity to become familiar with the subject matter involved.

I would appreciate an indication that the Fund is prepared to consult with the CONTRACTING PARTIES on matters contemplated by the General Agreement from time to time at the request of the CONTRACTING PARTIES communicated to you by me. The procedures can be worked out on a case by case basis until we have had a little experience on the basis of which we may want to work out a more formal procedure.