

DRAFTING COMMITTEE OF THE PREPARATORY COMMITTEE OF THE UNITED NATIONS  
CONFERENCE ON TRADE AND EMPLOYMENT

TEXT OF ARTICLES 29 AND 30 AS TENTATIVELY AGREED AT  
THE SEVENTH AND EIGHTH MEETINGS

Article 29

Exchange Arrangements

1. The Organization shall seek co-operation with the International Monetary Fund to the end that the Organization and the Fund may pursue a co-ordinated policy with regard to exchange questions within the competence of the Fund and questions of quantitative restrictions or other trade measures within the competence of the Organization.
2. Members shall not seek by exchange action to frustrate the purposes of this Charter and shall not seek by trade action to frustrate the purposes of the Articles of Agreement of the International Monetary Fund.
3. In order to avoid the imposition of trade restrictions and discriminations through exchange techniques and in order to avoid the danger of conflicting jurisdiction between the Organization and the International Monetary Fund in exchange matters, Members of the Organization shall also undertake membership of the International Monetary Fund Provided

that any country, which is not a member of the International Monetary Fund may become a Member of the Organization if upon accepting this Charter it undertakes to enter into a special exchange agreement with the

that any country which is willing to join the Organization but unwilling to join the International Monetary Fund, may become a Member of the Organization if it enters into a special exchange agreement with the Organization, which would

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Organization which would become part of its obligations under this Charter and Provided further\*  
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that a Member of the Organization, which ceases to be a member of the International Monetary Fund, shall forthwith enter into a special exchange agreement with the Organization, which shall then become part of its obligations under this Charter.

4. A special exchange agreement between a Member and the Organization under paragraph 3 must provide to the satisfaction of the Organization, in collaboration throughout with the International Monetary Fund, that the purposes common to the Organization and the Fund will not be frustrated as a result of action in exchange matters by the Member in question.

5. A Member, which has made a special exchange agreement under paragraph 3 of this Article, undertakes to furnish the Organization with such information as it may require, within the general scope of Section 5 of Article VIII of the Articles of Agreement of the International Monetary Fund, in order to carry out its functions relating to this special exchange agreement.

6. The Organization shall seek and accept the opinion of the International Monetary Fund as to whether action by the Member in exchange matters is permissible under the terms of the special exchange agreement and shall act in collaboration with the International Monetary Fund on all questions which may arise in the working of a special exchange agreement under this Article.

#### Article 30

##### General Undertaking Regarding Subsidies - Elimination of Export Subsidies - Exceptions

1. If any Member grants or maintains any subsidy, including any form of income or price support, which operates directly or indirectly to increase

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\* The Legal Drafting Sub-Committee has been asked to reconcile these two alternatives.

exports of any product from, or to reduce imports of any product into its territory, the Member shall notify the Organization in writing as to the extent and nature of the subsidization, as to the estimated effect of the subsidization on the quantity of the affected product or products, imported into or exported from the territory of the Member and as to the conditions making the subsidization necessary. In any case in which it is determined that serious prejudice to the interest of any other Member is caused or threatened by any such subsidization, the Member granting the subsidization shall, upon request, discuss with the other Member or Members concerned, or with the Organization, the possibility of limiting the subsidization.

2. (a) No Member shall grant, directly or indirectly, any subsidy on the exportation of any product, or establish or maintain any other system, which results in the sale of such product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market, due allowance being made for differences in conditions and terms of sale, for differences in taxation, and for other differences affecting price comparability. The preceding sentence shall not be construed to prevent any Member from exempting exported products from duties or taxes imposed in respect of like products when consumed domestically, from remitting such duties or taxes which have accrued, or from using the proceeds of such duties or taxes to make payments to domestic producers.

(b) Members shall give effect to the provisions of this paragraph at the earliest practicable date, but in any event not later than three years from the day on which this Charter enters into force. If any Member considers itself unable to make the provisions of this paragraph effective in respect of any specified product or products upon the expiration of such period, such Member shall, at least three months before the expiration of such period, give to the Organization a notice in writing to that effect, accompanied by a complete analysis of the

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practices in question and the facts justifying them and an indication as to the extension of the period desired. It shall then be determined whether the extension requested should be made.

3. A system for the stabilization of the domestic price or of returns to domestic producers of a primary product, which results over a period in the sale of the product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market, may be determined by the Organization not to involve a subsidy on exportation under the terms of paragraph 2 if it has also resulted over a period in the sale of the product for export at a price higher than the comparable price charged for the like product to domestic buyers, and if the system is so operated, either because of the effective limitation of production or otherwise, as not to stimulate exports unduly or otherwise seriously prejudice the interest of other Members.

4. (a) In any case of subsidization of a primary commodity, if a Member considers that its interest is seriously prejudiced by the subsidy or if the Member granting the subsidy considers itself unable to comply with the provisions of paragraph 2 within the time limit laid down therein, the difficulty may be determined to be a special difficulty of the kind referred to in Chapter VII, and in that event, the procedure laid down in that Chapter shall be followed.

(b) If it is determined that the measures provided for in Chapter VII have not succeeded, or do not promise to succeed, within a reasonable period of time, in removing or preventing the development of a burdensome world surplus of the primary product concerned, the requirements of paragraph 2 shall cease to apply in respect of such product as from the effective date of such determination and shall not be re-applied in respect of such product until a date determined in accordance with procedures approved by the Organization.

/5. Notwithstanding

5. Notwithstanding the provisions of paragraph 2 and sub-paragraph 4 (b), no Member shall grant any subsidy on the exportation of any product which has the effect of acquiring for that Member a share of world trade in that product in excess of the share which it had during a previous representative period, account being taken insofar as practicable of any special factors which may have affected or may be affecting the trade in that product. The selection of a representative period for any product and the appraisal of any special factors affecting the trade in the product shall be made initially by the Member granting the subsidy; Provided, that such Member shall, upon the request of any other Member having an important interest in the trade in that product, or upon the request of the Organization, consult promptly with the other Member or with the Organization regarding the need for an adjustment of the base period selected or for the re-appraisal of the special factors involved.

6. Any determination required by or appropriate to the operation of this Article shall be made under procedures established by the Organization in accordance with paragraph 6 of Article 66.

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