

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/533

3 October 1956

Limited Distribution

GATT-FUND RELATIONS

Note by the Executive Secretary

1. At the Ninth Session the CONTRACTING PARTIES deferred consideration of the report of a special group set up to study the question of relations between the CONTRACTING PARTIES and the International Monetary Fund, (Third Supplement, BISD, pages 195-205) but approved the specific recommendations of the group, which are as follows:
 - (a) The CONTRACTING PARTIES should draw the attention of the Fund to their intention to have the GATT staff, in appropriate cases and where practicable, discuss with the Fund staff trade matters which had implications for exchange policy, and should inform the Fund that the GATT staff would be prepared, at the request of the Fund, to enter into similar discussions, where practicable, on the trade effects of exchange matters under Fund consideration.
 - (b) Pursuant to this intention, the Executive Secretary should be authorized to work out with the Fund procedures for ensuring the maximum practicable degree of cooperation between the two staffs on matters of mutual concern to the CONTRACTING PARTIES and the Fund.
 - (c) The Intersessional Committee should be authorized to conduct such consultations with the Fund as might seem appropriate in pursuance of the objectives of paragraph I of Article XV.
 - (d) The CONTRACTING PARTIES should draw the attention of the International Monetary Fund to the new arrangements with respect to the Intersessional Committee, should explain that this would make consultation between the CONTRACTING PARTIES easier and more expeditious than hitherto, and should express the hope that this should improve progressively the efficiency of consultation both ways between them.
 - (e) The Executive Secretary should be requested to pursue consultations with representatives of the Fund with a view to preparing a joint draft of a formal agreement between the Fund and the proposed Organization for consideration by both parties at a suitable future date.

2. In a note submitted to the Tenth Session (L/398) the Executive Secretary reported on the action which he had taken for implementing these recommendations. It was noted that both the Fund and the GATT secretariat were giving further consideration to the matter and that more time would be needed for arrangements to be made to give effect to recommendations (a) and (b). As regards recommendation (e), the Executive Secretary was of the view that consultations on the drafting of a formal agreement between the Fund and the proposed O.T.C. could not usefully take place until the entry into force of the O.T.C. Agreement could be foreseen with a reasonable degree of certainty. In the light of the Executive Secretary's report the CONTRACTING PARTIES decided at the Tenth Session to defer further substantive discussion of the question of GATT-Fund relations until the Eleventh Session.

3. Since the Tenth Session the Executive Secretary has been in touch with the Managing Director of the Fund, and cooperation between the staffs of GATT and the Fund, which has been making increasing contributions to the effective implementation of Article XV of the General Agreement in the past, has been further extended. In response to a proposal by the Executive Secretary the Fund has agreed that a further contribution could be made towards extending the collaboration between the two institutions by the transmission of certain Fund documents for use by the GATT secretariat.

4. Hitherto, the Fund has been supplying the CONTRACTING PARTIES only with the background papers and the results of the Fund's consultations with those of its members with which the CONTRACTING PARTIES are holding consultations under the provisions of the General Agreement, and copies of these are distributed to the contracting parties. Under the new arrangement the Fund will transmit such background papers and consultation results as well as the detailed reports on the consultations, in respect of all common members whether or not the CONTRACTING PARTIES are consulting with them. The additional material to be transmitted under the new arrangement, i.e. the detailed consultation reports for all common members and the background papers and the related results of consultations with Fund members with which the CONTRACTING PARTIES are not consulting, will be for the confidential use of the GATT secretariat only, and will otherwise be restricted to the extent the Fund might request at any time. Further, the arrangement to transmit the additional material will be subject to the right of an Executive Director concerned to object to the transmission of any particular document. This new arrangement has been approved by the Executive Board, and is hereby submitted for approval by the CONTRACTING PARTIES.