Item 5: SPECIAL EXCHANGE AGREEMENTS

Addendum

Communications from the Government of Haiti and the International Monetary Fund regarding Article XI of the Special Exchange Agreement

By a telegram dated August 14, and by letter dated August 29, 1951, the Government of Haiti advised that it wished to avail itself of the transitional arrangements under Article XI, paragraph 1 of its Special Exchange Agreement for a further period of nine months. The following explanation is given in the letter:

"Since 1915 the traditional monetary policy of the Republic of Haiti has always been based on free trade and exchange stability. The signature of the Special Exchange Agreement in January 1951 has in no way affected Haitian monetary policy, which has not been marked since that date by any restriction on exchange transactions.

"However, the introduction of a monetary reform in Haiti is now under consideration. The proposed reform will entail no change in the present par value of the gourde, and no permanent exchange restrictions or control. It will primarily consist of the adoption of a new cover and issue system for the gourde designed to adapt Haitian currency to the exigencies of the country's economic development.

"The Haitian Government's desire to take advantage of the provisions of Article XI of the Special Exchange Agreement for a further period of at least nine months is attributable solely to caution. The Government regards its application for this extension as a wise and prudent step in the light of the difficulties which may arise and have to be solved when the new system is adopted.

"I should be grateful if you would inform the Contracting Parties to GATT to that effect, where necessary, and reassure them as to the significance of the extension requested by the Republic of Haiti".
A copy of the letter was forwarded to the International Monetary Fund for advice. The following letter, bearing the date of September 26, has been received from the Fund:

"Your letter of September 5th dealing with a communication received from the Government of Haiti has been under consideration in the Fund. Because of the Annual Meeting of our Board of Governors, it has not been possible for us to give full consideration to the points raised by the Government of Haiti before the Sixth Session of the Contracting Parties convened.

"In the communication from the Government of Haiti dated August 29th, a request is made for a nine-month extension of the provisions of Article XI of its Special Exchange Agreement; but, as we understand the situation, Haiti does not now -- nor did it do so at the time of joining GATT -- maintain restrictions on the making of payments and transfers. In view of the statement of the Government of Haiti, there would appear to be no restrictive arrangements in Haiti to which the provisions of Article XI would apply.

"The request for an extension of nine months -- which we would interpret to mean that Haiti intends to remain under the transitional arrangements for another nine months before accepting the obligations of Articles VII and X -- may be based on the belief that, should an emergency situation arise, new restrictions on payments and transfers might be imposed under the provisions of Article XI.

"Since the Haitian Government may have felt some uncertainty about the scope and possibilities of action under Article XI, we believe that it would be useful to explain to the Government of Haiti that new restrictions would not fall under the authority of Article XI, although they might be authorized with the consent of the Contracting Parties under Articles VII or IX. In the light of the letter received from the Government of Haiti we assume that at the end of nine months it will be possible for Haiti to notify the Contracting Parties that it will fulfill its obligations under Articles VII and X."