ITEM 5 - SPECIAL EXCHANGE AGREEMENTS

Questions which require further attention at the Sixth Session

Note by the Executive Secretary

I. Reports on Exchange Restrictions in 1951

1. Article XI of the Special Exchange Agreement between the Contracting Parties on the one hand and the Governments of Haiti and Indonesia on the other require the Contracting Parties to report annually on the restrictions on payments and transfers for current international transactions which are maintained in the postwar transitional period. The reports on special exchange restrictions in Haiti and Indonesia which were prepared by the International Monetary Fund for the assistance of the Contracting Parties were distributed in GATT/CP.6/33, and at the plenary meeting on 1st October (GATT/CP.6/SR.17) it was decided to defer consideration of these reports until a later meeting.

2. Before the close of the present Session action is required on the following points:

(i) Haiti - The report by the Fund indicates that there were no restrictions on payments or transfers in force in Haiti in March 1951. The Contracting Parties may wish to adopt the statement submitted by the Fund (GATT/CP.6/33) as the report of the Contracting Parties required under Article XI.

(ii) Indonesia - The report by the Fund describes the restrictions in force in Indonesia as of March 1951. The Contracting Parties may wish to adopt the statement of the Fund (GATT/CP.6/33) as their report required under Article XI, and to record the additional data submitted by the delegation of Indonesia (GATT/CP.6/33/Add.1).

II. Reports on Exchange Restrictions in 1952

3. Since it is not clear at this time whether the status of Indonesia and Haiti will change before March 1952, the Contracting Parties may wish to arrange for the same preparatory assistance as was given this year by the Fund for the annual report required under Article XI in March 1952. The Contracting Parties may, therefore, wish to request the Fund to supply the same assistance as was provided for the 1951 report.
III. Consultations on the Retention of Exchange Restrictions in 1952

4. Paragraph 3 of Article XI of the special exchange agreements provides that, not later than March 1, 1952, a government which still retains restrictions inconsistent with Article VII or X shall consult with the Contracting Parties as to their further retention. As the Contracting Parties will not be in session in March 1952, such consultation would have to be initiated under the procedural arrangement made at the Fifth Session (GATT/CP.5/Add.2, paragraph 9). A government required to consult with the Contracting Parties under Article XI, paragraph 3 should advise the Chairman not later than March 1, 1952 that it is initiating such consultation. The Chairman will then communicate with the Fund in accordance with Article XV, paragraph 2 of the General Agreement and circulate to the contracting parties the report and determinations of the Fund.

5. A government consulting under Article XI, paragraph 3 may wish to take advantage of Article XIII paragraph 5(b) and initiate direct consultation with the Fund. In that case it should advise the Chairman of the Contracting Parties not later than March 1, 1952 of its action. In order to enable such direct consultation to take place, the Contracting Parties should authorize the Chairman to seek an understanding with the Fund as provided for in Article XIII paragraph 5.

6. A consultation initiated, either under the procedural arrangement referred to above or directly with the Fund, would be concluded at the Seventh Session, provided, however, that if an earlier conclusion of the consultation were considered necessary, a special session would be convened by the Chairman.

IV. Action required of Burma

7. At the plenary meeting on 1st October the representative of Burma stated that his Government was negotiating with the Fund with a view to becoming a member. Therefore, on behalf of his Government he requested an extension of the time limit, for joining the Fund or entering into a special exchange agreement with the Contracting Parties, until the opening of the Seventh Session.

8. This matter has been discussed with the representatives of the Fund who advised that the Fund has no objection to the proposed extension.\(^1\)

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\(^1\) The representative of the Fund has also advised that "the Executive Board of the Fund has extended the period in which Burma may accept membership under the terms established by the Fund Board of Governors until January 15, 1952".
In the event that the Contracting Parties agree to grant Burma's request, they may decide:

"That the time limit for action by the Government of Burma, pursuant to paragraph 6 of Article XV, to become a member of the International Monetary Fund or to enter into a special exchange agreement with the Contracting Parties, be extended to the opening date of the Seventh Session of the Contracting Parties".

Points for decision: Paragraph 2(i)
2(ii)
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