PROPOSAL TO AMEND THE WAIVERS ON ARTICLE XV:6

Note by the Chairman of the Working Party

I have been thinking over the experience we have had over the last few years with the consultations with Czechoslovakia and New Zealand under the waivers from the provisions of Article XV:6. I think it will be conceded that these consultations have been something in the nature of a formality. This is not intended in any sense as any criticism of the parties involved. It seems to me to arise from the nature of the subject-matter of the waiver which, as distinct from other matters covered by waivers, does not seem to require regular consultations, whether or not there has been any action taken which would render consultation desirable and fruitful. This appears to have been recognized when the CONTRACTING PARTIES were considering the somewhat similar situation in the case of the provisional accession of Switzerland, where the CONTRACTING PARTIES provided for consultation upon the request of any contracting party which considered that Switzerland had taken exchange action which might have a significant effect on the application of the provisions of the General Agreement, or was inconsistent with the principles and objectives of the Special Exchange Agreement. I would, therefore, suggest that the Working Party examine this matter and, if they agree with my view, make recommendations to the CONTRACTING PARTIES for appropriate amendments to the Czechoslovak and New Zealand waivers.

I attach hereeto suggestions for such amendments, in the form of proposed decisions (Annex I). Annex II shows the texts of the Decisions granting the waivers, as amended.
ANNEX I

A. AMENDMENT OF DECISION OF 5 MARCH 1955 GRANTING CZECHOSLOVAKIA A WAIVER OF THE PROVISIONS OF ARTICLE XV:6

Decision of November 1957

DESiRING to modify the reporting and consultation provisions in their Decision of 5 March 1955 granting Czechoslovakia a waiver of the provisions of paragraph 6 of Article XV,

The CONTRACTING PARTIES, acting in pursuance of paragraph 5 of Article XXV,

DECIDE that:

1. Paragraph 1 of the Decision of 5 March 1955 is amended by deleting therefrom the words "annual consultations and such other consultations as may be held pursuant to this Decision, together with the information required thereof," and by inserting in place thereof the words "such consultations as may be held pursuant to this Decision, together with the information required to be reported to the CONTRACTING PARTIES;"

2. Paragraph 2 of that Decision is amended by deleting therefrom the words "and consult with the CONTRACTING PARTIES annually on any action taken by it during the preceding year", and by inserting in place thereof the words "the CONTRACTING PARTIES promptly on any action taken by it"

3. Paragraph 3 of that Decision is amended by deleting therefrom the words "has frustrated the intent of the provisions of the General Agreement;", and by inserting in place thereof the words "may have a significant effect on the application of the provisions of the General Agreement or is inconsistent with the principles of the special exchange agreement;" and

4. Paragraph 4 of that Decision is amended by deleting therefrom the words and figures "If as a result of the consultations referred to in paragraphs 2 and 3," and by inserting in place thereof the words and figure "If, as a result of the consultation referred to in paragraph 3, "

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1BISD, Third Supplement, page 43.
B. AMENDMENT OF DECISION OF 20 JANUARY 1955 GRANTING NEW ZEALAND A WAIVER OF THE PROVISIONS OF ARTICLE XV:6

Decision of November 1957

DESIRING to modify the reporting and consultation provisions in their Decision of 20 January 1955 granting New Zealand a waiver of the provisions of paragraph 6 of Article XV,

The CONTRACTING PARTIES, acting in pursuance of paragraph 5 of Article XXV,

DECIDE that:

1. Paragraph 1 of the Decision of 20 January 1955 is amended by deleting therefrom the words "annual consultations and such other consultations as may be held pursuant to this Decision, together with the information required thereof," and by inserting in place thereof the words "such consultations as may be held pursuant to this Decision, together with the information required to be reported to the CONTRACTING PARTIES,"

2. Paragraph 3 of that Decision is amended by deleting therefrom the words "and consult with the CONTRACTING PARTIES annually on any action taken by it during the preceding year", and by inserting in place thereof the words "the CONTRACTING PARTIES promptly on any action taken by it"

3. Paragraph 4 of that Decision is amended by deleting therefrom the words "has frustrated the intent of the provisions of the General Agreement;", and by inserting in place thereof the words "may have a significant effect on the application of the provisions of the General Agreement or is inconsistent with the Fund's principles."; and

4. Paragraph 5 of that Decision is amended by deleting therefrom the words and figures "If as a result of the consultations referred to in paragraphs 3 and 4," and by inserting in place thereof the words and figure "If, as a result of the consultation referred to in paragraph 4,".

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1 BISD, Third Supplement, page 42
ANNEX II

A. DECISION OF 5 MARCH 1955 GRANTING CZECHOSLOVAKIA A WAIVER OF THE PROVISIONS OF ARTICLE XV:6 AS AMENDED BY THE PROPOSED DECISION

THE CONTRACTING PARTIES, acting in pursuance of paragraph 5 of Article XXV, decide that:

1. Without derogation from any other provisions of Article XV Czechoslovakia shall be relieved from the provisions of paragraph 6 of Article XV, for such time as Czechoslovakia satisfies the CONTRACTING PARTIES by means of annual consultations and such other consultations as may be held pursuant to this Decision, together with the information required therefor, such consultations as may be held pursuant to this Decision, together with the information required to be reported to the CONTRACTING PARTIES, that its action in exchange matters is fully consistent with the principles of the special exchange agreement and in accordance with the intent of the General Agreement;

2. Czechoslovakia shall report to and consult with the CONTRACTING PARTIES annually on any action taken by it during the preceding year the CONTRACTING PARTIES promptly on any action taken by it which would have been required to be reported to the CONTRACTING PARTIES had Czechoslovakia signed the special exchange agreement;

3. Czechoslovakia shall consult at any time, subject to thirty days' notice, with the CONTRACTING PARTIES at the request of any contracting party which considers that Czechoslovakia has taken exchange action which has frustrated the intent of the provisions of the General Agreement, may have a significant effect on the application of the provisions of the General Agreement or is inconsistent with the principles of the special exchange agreement; and

4. If as a result of the consultations referred to in paragraphs 2 and 3, the CONTRACTING PARTIES find that Czechoslovakia has taken exchange action contrary to the intent of the General Agreement they may determine that the present Decision shall cease to apply and Czechoslovakia will thereafter be bound by the provisions of paragraph 6 of Article XV of the General Agreement.

1 The words to be deleted are shown enclosed in square brackets, and those to be inserted are underlined.
THE CONTRACTING PARTIES, acting in pursuance of paragraph 5 of Article XXV, decide that:

1. Without derogation from any other provisions of Article XV New Zealand shall be relieved from the provisions of paragraph 6 of Article XV for such limited period of time as New Zealand satisfies the CONTRACTING PARTIES by means of annual consultations and such other consultations as may be held pursuant to this Decision, together with the information required therefor, such consultations as may be held pursuant to this Decision, together with the information required to be reported to the CONTRACTING PARTIES, that its action in exchange matters continues to be fully consistent with the Fund's principles and with the intent of the provisions of the General Agreement;

2. Notwithstanding the provisions of paragraph 1(f) of Article XIV New Zealand may take action under paragraph 1 of that Article for such time and to such extent as such action would be available if New Zealand had joined the Fund or signed the special exchange agreement;

3. New Zealand shall report to and consult with the CONTRACTING PARTIES annually on any action taken by it during the preceding year the CONTRACTING PARTIES promptly on any action taken by it which would have been required to be reported to the CONTRACTING PARTIES had New Zealand signed the special exchange agreement;

4. New Zealand shall consult at any time subject to thirty days' notice, with the CONTRACTING PARTIES at the request of any contracting party which considers that New Zealand has taken exchange action which has frustrated the intent of the provisions of the General Agreement may have a significant effect on the application of the provisions of the General Agreement or is inconsistent with the Fund's principles; and

5. If as a result of the consultations referred to in paragraphs 3 and 4, the CONTRACTING PARTIES find that New Zealand has taken exchange action contrary to the intent of the General Agreement they may determine that the present waiver shall cease to apply and New Zealand will thereafter be bound by the provisions of paragraph 6 of Article XV of the General Agreement.