EXECUTIVE COMMITTEE

Second Session

Revised Draft of Provisional Working Arrangements between the International Trade Organization and the International Monetary Fund (Item 4(b) of the Provisional Agenda)

Since the draft of provisional working arrangements with the Fund was issued (document ICIT0/EC.2/2/Add.2), the Executive Secretary has held further consultations with officials of the Fund and consequently wishes to suggest the modifications indicated in the following revised draft. This draft does not, of course, involve any commitment on the part of the Fund or of the Executive Committee.

1. The International Monetary Fund accepts the objective of paragraph 1 of Article 24 of the Havana Charter that the International Trade Organization and the Fund shall pursue a co-ordinated policy with regard to exchange questions within the jurisdiction of the Fund and questions of quantitative restrictions and other trade measures within the jurisdiction of the Organization. \(\boxed{\text{I}}\), and agrees to cooperate with the Organization to this end. \(\boxed{\text{II}}\)

\(\boxed{\text{II}}\). The Fund and the Organization therefore agree to bring into effect the following working arrangements as soon as the Organization is established and commences operations. \(\boxed{\text{II}}\)

In order to give effect to such coordinated policy the Fund and the Organization agree to cooperate in accordance with the following working arrangements.
1. The two organizations will afford to each other every facility for reciprocal representation at the conferences of the Organization and the meetings of the Board of Governors of the Fund and at any other international meeting called or sponsored by either body. The Organization will invite the Fund to send representatives to attend the meetings of the Conference of the Organization as observers. The Executive Directors of the Fund will recommend to the Chairman of the Board of Governors that representatives of the Organization be invited to attend the meetings of the Board of Governors as observers.

2. The Executive Board of the Organization may at its discretion invite a representative of the Fund to attend meetings of the Board at which questions of particular interest to the Fund are to be discussed; and similarly, the Executive Directors of the Fund may at their discretion invite a representative of the Organization to attend meetings of the Executive Directors at which questions of particular interest to the Organization are to be discussed.

3. The Director-General of the Organization and the Managing Director of the Fund shall make administrative arrangements to ensure the closest possible collaboration and liaison between the staffs of the two organizations.

Depending upon the decision of the Organization as to the site of its headquarters, it may be desirable to provide that the Director-General and the Managing Director should consider the desirability of appointing a permanent representative of each organization at the headquarters of the other, and if, in their judgment, such appointments would facilitate collaboration and liaison between the staffs of the two organizations, they should proceed to appoint such representatives.
4. Subject to the need for the preservation of secrecy in special circumstances, there shall be the fullest possible exchange of information between the Organization and the Fund relating to foreign exchange, quantitative restrictions, monetary reserves and balance of payments.

The Organization shall furnish as required to the Fund trade statistics collected by the Organization in accordance with Article 39 of the Havana Charter. The Organization shall determine how much of, and when, this information shall be published, but if the Fund so requests any part of this information shall be supplied to the Fund confidentially prior to publication.

The Fund shall furnish as required to the ITO statistics collected by the Fund within its special sphere. The Fund shall determine how much of, and when, this information shall be published, but if the Organization so requests any part of this information shall be supplied to the Organization confidentially prior to publication.

In order to facilitate cooperation between the Fund and the Organization in accordance with the provisions of the Havana Charter and of this Arrangement the Fund and the Organization shall, to the extent necessary for this purpose, exchange information relating to foreign exchange, quantitative restrictions, monetary reserves and balance of payments, subject to the necessary limitations of safeguarding confidential material; provided, however, that any such limitation shall not be such as would frustrate or impair the effective cooperation between the two Organizations in accordance with
Article 24 and these Working Arrangements.

The Fund and the Organization agree to strive, consistently within their respective agreements with the United Nations, for maximum cooperation with a view to the most efficient use of their technical personnel in their respective collection, analysis, publication, standardization, improvement and dissemination of statistical information. They recognize the desirability of avoiding duplication in the collection of statistical information whenever it is practicable for either of them to utilize information or materials which the other may have available or may be specially qualified and prepared to collect, and agree to combine their efforts to secure the greatest possible usefulness and utilization of statistical information and to minimize the burdens placed upon national governments and other organizations from which such information may be collected.

5. The Organization and the Fund shall cooperate in the preparation of a report, not later than 1 March 1950, and in each year thereafter, on action still being taken by Members of the Organization under sub-paragraphs (b) and (c) of paragraph 1 of Article 23 and under Annex K of the Havana Charter. This cooperation shall be intended to ensure that the preparation of

The provisions of paragraph 4 have been drafted in general terms since the determination of the statistical responsibilities of the Organization under Article 39 is a matter which requires separate consideration and consultation with a number of specialized agencies and the United Nations. Similarly, the statistical responsibilities of the Fund depend upon general arrangements regarding the international collection of statistics to which in due course the Organization will be a party.
the above-mentioned reports, under paragraph 1(g) of Article 23 of the Havana Charter, and of the reports required under Article XIV, Section 4, of the Articles of Agreement of the Fund shall be coordinated. So far as possible these reports shall be coordinated with the reports required under Article XIV, Section 4, of the Articles of Agreement of the Fund.

6. In respect of any Member of the Organization which is not a member of the Fund, the Organization shall consult the Fund on the preparation and conclusion of a special exchange agreement between that Member and the Organization, in pursuance of Article 24 of the Havana Charter.

7. In the event that a Member of the Organization maintains multiple rates of exchange in respect of its currency, consistently with the Articles of Agreement of the Fund, the Fund shall cooperate with the Organization, under Article 35 of the Havana Charter, in the formulation of rules governing the conversion of the currency of that Member into currencies of countries which maintain multiple rates of exchange consistently with the Articles of Agreement of the Fund or with special exchange agreements, by other Members of the Organization in determining the value of products subject to customs duties or other charges or restrictions based upon or regulated in any manner by value; and such rules shall be subject to revision at the suggestion of either Organization.

8. The Director-General of the Organization and the Managing Director of the Fund shall as soon as possible consult for the purpose of formulating
recommendations for an agreement between the two organizations regarding procedures for consultation under paragraph 2 of Article 24 of the Havana Charter. Such recommendations shall be submitted for approval by the Executive Board confirmation by the Conference of the Organization and the Executive Directors Board of Governors of the Fund. As regards the Organization, the recommendations shall subsequently be submitted to the Conference for confirmation as required by paragraph 3 of Article 24. Pending the conclusion of a formal agreement on procedures, the Director-General and the Managing Director shall make such informal administrative arrangements shall be concluded by the Organization and the Fund as may be required for such consultations.

9. The Organization and the Fund shall each give sympathetic consideration to representations received from the other Organization on all matters of interest to it.

10. This Agreement shall enter into force on the day on which it has been accepted by the competent authorities of the two Organizations, and shall be subject to revision by agreement of the two Organizations.

This wording leaves entirely to the discretion of the Director-General and the Managing Director the informal arrangements pending an agreement although they would no doubt seek guidance from their Executive Board and Executive Directors respectively. The Executive Committee may, however, wish to consider whether it would be desirable to give some guidance in this paragraph as to the type of arrangement which should be considered; for example, the paragraph might ask the Director General and the Managing Director to consider as part of these arrangements the establishment of a Joint Committee consisting of three members appointed by the Organization and three members appointed by the Fund, to which would be referred all questions concerning monetary reserves, balance of payments and foreign exchange arrangements which the ITO is called upon to consider; any such Joint Committee to be required to work to a timetable and to report within a specified period; the Fund meanwhile being required to communicate to the Joint Committee and to the Organization its findings on all matters in respect of which the determination of the Fund has to be accepted in accordance with paragraph 2 of Article 24.