

Draft General Council Decision
concerning the proposed
WTO Agreements with the IMF and with the WB

With reference to item 7 on the Agenda for the General Council meeting of 7 November 1996, Airgram 473, please find enclosed the text of a draft Decision by the General Council (and two Addenda) concerning the proposed WTO Agreements with the IMF and the World Bank.

In light of the informal consultations held by the General Council Chairman it appears that this text meets with the consensus of Members.

WORLD TRADE ORGANIZATION

RESTRICTED

WT/GC/W/42

4 November 1996

(96-4624)

AGREEMENTS BETWEEN THE WTO AND THE IMF AND THE WORLD BANK

Draft Decision

Recalling the increasing linkages between the various aspects of economic policymaking that fall within the respective mandates of the World Trade Organization ("WTO"), the International Monetary Fund ("IMF") and the International Bank for Reconstruction and Development ("World Bank"), the call for greater coherence among economic policies contained in the Marrakesh Agreement Establishing the World Trade Organization, and the invitation of Ministers for the Director-General of the WTO to review with the Managing Director of the International Monetary Fund and the President of the World Bank the implications of the WTO's responsibilities for its cooperation with the Bretton Woods institutions, as well as the forms such cooperation might take, with a view to achieving greater coherence in global economic policymaking;

Recognizing the close collaborative relationship existing over the past several decades between the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade and the IMF and the World Bank, the importance of continuing and strengthening those relationships, and the negotiating mandate contained in the General Council Decision on the Relationship between the WTO and the IMF and World Bank (document WT/GC/M/5),

Taking note of the statement by the Director-General on Consultations and Coherence (WT/GC/W/42/Add.1), and of the budgetary implications of the Agreements (WT/GC/W/42/Add.2),

The General Council hereby *decides*:

(1) The proposed Agreement between the International Monetary Fund and the World Trade Organization ("IMF Agreement") as contained in Annex I of WT/GC/W/43 and the proposed Agreement between the International Bank for Reconstruction and Development and the World Trade Organization ("World Bank Agreement") as contained in Annex II of WT/GC/W/43 (collectively the "Agreements") are hereby approved. The Director-General is authorized to sign these Agreements on behalf of the World Trade Organization and to implement the Agreements in accordance with the provisions of this Decision and any subsequent decisions that may be taken by the General Council.

(2) The Director-General shall inform Members and consult with them regularly as to matters relating to the implementation of the Agreements. To this effect, the Director-General shall, *inter alia*, hold consultations with Members under the auspices of the Chairman of the General Council, as appropriate but at least two times per year. These consultations shall include reports on the coherence consultations between the Director-General and the Managing Director of the IMF and the President of the World Bank, WTO observership in IMF and World Bank bodies, any IMF or World Bank observership in the Dispute Settlement Body (DSB), any written communications between the organizations pursuant to the Agreements, any joint research or technical cooperation projects undertaken pursuant to the Agreements, and the general scope of contacts with the IMF pursuant to paragraph 10 of the IMF Agreement and with the World Bank pursuant to paragraph 8 of the World Bank Agreement.

(3) The Director-General is invited to build on the Agreements that have been concluded and thus to pursue the consultations on Coherence provided for in paragraph 2 of each Agreement, with a view to meeting the provision established in Article III:5 of the Marrakesh Agreement Establishing the World Trade Organization and the mandate contained in the Declaration on the Contribution of the World Trade Organization to Achieving Greater Coherence in Global Economic Policymaking. Any conclusions reached as a result of such consultations shall be submitted to the General Council for approval.

(4) In respect of the implementation and interpretation of these Agreements, it is decided that:

- (a) The procedures for granting IMF observership in the DSB pursuant to paragraph 6 of the IMF Agreement shall be implemented as follows: The Director-General shall convey the invitation of the DSB to the IMF to send a member of its staff as an observer to meetings of the DSB where matters of jurisdictional relevance to the IMF are to be considered. For other meetings of the DSB, the Director-General may propose to the Chairman of the DSB that a member of the IMF's staff be admitted as an observer to a particular meeting, or in respect of particular agenda items proposed for a meeting, of the DSB.

For meetings of other WTO bodies for which attendance is not specifically provided for or excluded in the Agreements or in the above sub-paragraph, the Director-General may propose to the Chairman of a WTO body that a member of the IMF's staff be admitted as an observer to a meeting where particular matters of common interest to the WTO and the IMF will be under discussion; similarly, the Director-General may propose to the Chairman of a WTO body that a member of the World Bank staff be admitted as an observer to a meeting where particular matters of common interest to the WTO and the World Bank will be under discussion.

- (b) In light of Articles III:5 and V:1 of the Marrakesh Agreement Establishing the World Trade Organization, Article XV of the General Agreement on Tariffs and Trade 1994 (and, in particular, Article XV:2) and Articles XI and XII of the General Agreement on Trade in Services, the General Council considers it appropriate that whenever the IMF wishes to submit its views to a panel on whether an exchange measure within its jurisdiction is consistent with the IMF's Articles of Agreement, it shall submit these views by directing a letter containing those views to the Chairman of the DSB. The Chairman of the DSB shall inform the chairman of the panel of the availability of this communication which, unless the panel decides otherwise, shall remain confidential to the panel and to the parties to the dispute.

Nothing in this Decision nor in the Agreements shall affect the rights and obligations of Members under the Dispute Settlement Understanding, including those provided for in Article 13 thereof.

- (c) In the Agreements, each reference to the *WTO*, to the *Fund* or to the *World Bank* as such (and not explicitly to the *WTO Secretariat*, the *Fund's staff* or the *World Bank's staff*), or to the *institution* or the *organization*, is understood to refer to the decision-making bodies of the WTO, the IMF and the World Bank, respectively.
- (d) In respect of the work of dispute-settlement panels, documentation to be provided to the IMF and the World Bank does not include documents submitted or prepared in the course of the work of panels, but only the panels' final reports to the DSB.

- (e) The established competences and practices in budgetary matters will be preserved. In accordance with these competences and practices, the Secretariat will keep the Committee on Budget, Finance and Administration duly informed of the budgetary consequences of the Agreements.
- (5) The General Council reaffirms the importance of the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries. In its view, the improved co-operation between the WTO and the IMF and the World Bank provided for in these Agreements should enhance the possibilities for governments to respond effectively to the issues addressed in that Decision.