

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ARTICLE XV:6 - INDONESIA

Request for Waiver

With reference to the communication received from the Government of Indonesia, reproduced in document L/2529, the Government of Indonesia has transmitted the following statement in support of its request for a waiver from paragraph 6 of Article XV:

"In the view of the Government of Indonesia the important considerations, from the viewpoint of Indonesia's trading partners, are that Indonesia shall act in a manner fully consistent with the principles set out in the model special exchange agreement drawn up by the CONTRACTING PARTIES in 1949, that Indonesia shall not, by exchange action frustrate the objectives of the General Agreement, that upon request Indonesia shall stand ready to consult with the CONTRACTING PARTIES concerning its exchange restrictions on payments and transfers in connexion with imports and that Indonesia shall be willing to provide to the CONTRACTING PARTIES such information as may be required in order to carry out such consultations. All of these are obligations which Indonesia is very willing to undertake.

"The precise circumstances which underlie Indonesia's request for a waiver are different in detail from previous cases which have come before the CONTRACTING PARTIES but the situation appears to be sufficiently similar so that no detailed explanation is required. The Government of Indonesia gives the CONTRACTING PARTIES the assurance that, in spite of peculiarities of its economic organization, it is prepared to apply its exchange regulations in a manner compatible with the objectives of the General Agreement and to undertake the obligations mentioned above."

Should the Council wish to recommend to the CONTRACTING PARTIES that a waiver be granted to the Government of Indonesia, consideration might be given to the following text, which is based on the waiver granted to the Government of Cuba on 7 August 1964 (L3S/23).

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ANNEX

Draft Decision Granting to the Government of Indonesia
a Waiver from the Provisions of Paragraph 6 of Article XV

Having received from the Government of Indonesia a request to be relieved from the requirement, prescribed in paragraph 6 of Article XV of the General Agreement, that any contracting party which ceases to be a member of the International Monetary Fund shall enter into a special exchange agreement with the CONTRACTING PARTIES;

Noting that, owing to special circumstances, the application of the provisions of paragraph 6 of Article XV to Indonesia would raise a number of legal and practical difficulties; and

Noting the assurances given by Indonesia that it will act in exchange matters in a manner fully consistent with the principles of the special exchange agreement as adopted by the CONTRACTING PARTIES in their Resolution of 20 June 1949¹ and in accordance with the intent of the General Agreement;

The CONTRACTING PARTIES, acting pursuant to the provisions of Article XXV:5 of the General Agreement,

Decide:

1. Without derogation from any other provisions of Article XV, Indonesia shall be relieved from the provisions of paragraph 6 of Article XV, for such time as Indonesia satisfies the CONTRACTING PARTIES by means of 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. Indonesia shall report to the CONTRACTING PARTIES promptly on any action taken by it which would have been required to be reported to the CONTRACTING PARTIES had Indonesia signed the special exchange agreement.
3. Indonesia shall consult at any time, subject to thirty days notice, with the CONTRACTING PARTIES at the request of any contracting party which considers that Indonesia has taken exchange action which 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.
4. If, as a result of the consultation referred to in paragraph 3, the CONTRACTING PARTIES find that Indonesia has taken exchange action contrary to the intent of the General Agreement, they may determine that the present Decision shall cease to apply and Indonesia will thereafter be bound by the provisions of paragraph 6 of Article XV of the General Agreement.

¹BISD, Volume II, page 17.