

Action No. 119

Meeting No. 51, January 21, 1947

Subject: Trade Policy Provision in International Bank Loan Contracts

Action. The following action was taken:

The National Advisory Council requests the U.S. Executive Director to attempt to secure agreement by the International Bank to the incorporation as a condition in all loan contracts of a provision in the sense of the following:

Since the basic purposes of the Bank, among others, are to assist in the reconstruction and development of the territories of members, to promote the long range balanced growth of international trade and the maintenance of equilibrium in balances of payments, and to bring about a smooth transition from a wartime to a peacetime economy;

And since the commercial and financial policies of each borrower may have a direct effect upon (1) the success of projects financed by the Bank in any member country (2) the total financing needs of the borrower or of other member countries, and (3) the ability of the borrower or of other member countries to discharge their obligations to the Bank;

The borrower shall refrain from commercial and financial arrangements which are inconsistent with the basic purposes as provided in Article I of the Bank's Articles of Agreement, and if the Bank should indicate at any time that in its opinion the commercial and financial policies of the borrower are such as to impede the success of the projects financed by the Bank in any member country, or to increase unduly the total borrowing needs of member countries, or to jeopardize fulfillment of the borrower's or other member countries' obligations to the Bank, the borrower shall consult with the Bank concerning such policies with a view to taking any necessary corrective measures.