

## INTERNATIONAL MONETARY FUND

## Minutes of Executive Board Meeting 83/159

12:00 noon, November 22, 1983

J. de Larosière, Chairman  
W. B. Dale, Deputy Managing Director

Executive Directors

J. de Groote  
  
A. Donoso  
R. D. Erb  
M. Finaish  
  
J. E. Ismael  
R. K. Joyce  
A. Kafka  
G. Laske  
G. Lovato  
R. N. Malhotra  
Y. A. Nimatallah  
J. J. Polak  
A. R. G. Prowse  
  
M. A. Senior  
J. Tvedt  
N. Wicks  
Zhang Z.

Alternate Executive Directors

J. K. Orleans-Lindsay, Temporary  
H. G. Schneider  
X. Blandin  
M. Teijeiro  
  
T. Alhaimus  
T. Yamashita  
Jaafar A.  
  
C. Robalino  
G. Grosche  
C. P. Caranicas  
  
T. de Vries  
K. G. Morrell  
O. Kabbaj  
E. I. M. Mtei  
J. L. Feito  
  
T. A. Clark

L. Van Houtven, Secretary  
J. C. Corr, Assistant

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3. Brazil - Consultation Under Extended Arrangement -  
Request for Waiver and Modification of Performance  
Criteria; and Use of Fund Resources - Buffer Stock  
Financing Facility - International Sugar Agreement. . . . . Page 4
4. Mali - 1983 Article IV Consultation - Postponement . . . . . Page 4

Also Present

Administration Department: H. O. Struckmeyer, Deputy Director. European Department: L. A. Whittome, Counsellor and Director. Exchange and Trade Relations Department: C. D. Finch, Director; W. A. Beveridge, Deputy Director; S. J. Anjaria, P. J. Quirk. Fiscal Affairs Department: A. A. Tait, Deputy Director. Legal Department: G. P. Nicoletopoulos, Director; J. G. Evans, Jr., Deputy General Counsel; A. O. Liuksila. Research Department: W. C. Hood, Economic Counsellor and Director; N. M. Kaibni. Treasurer's Department: W. O. Habermeier, Counsellor and Treasurer; D. S. Cutler. Western Hemisphere Department: S. T. Beza, Associate Director; J. Ferrán, H. Ghesquiere, A. M. Jul, T. F. Lehwing, R. Ramaciotti, T. M. Reichmann, S. C. de Sosa. Advisor to the Managing Director: E. W. Robichek. Personal Assistant to the Managing Director: S. P. Collins. Advisors to Executive Directors: J. R. N. Almeida, C. J. Batliwalla, S. El-Khoury, H.-S. Lee, Y. Okubo, I. R. Panday, P. D. Péroz, M. Z. M. Qureshi. Assistants to Executive Directors: H. Alaoui-Abdallaoui, R. Bernardo, M. Camara, M. B. Chatah, L. E. J. Coene, G. Ercel, I. Fridriksson, V. Govindarajan, D. Hammann, K. A. Hansen, C. M. Hull, H. Kobayashi, J. Reddy, M. Rasyid, A. A. Scholten, S. Sornyanontr.

1. WORK PROGRAM - LEVEL OF SDR INTEREST RATE

The Chairman recalled that, at the Executive Board's recent discussion of the work program (EBM/83/150, 10/24/83), a number of Directors had asked whether there was a present need for a paper on the level of the SDR interest rate, particularly if, as had been widely assumed, the paper would not contain proposals to change either the present method of determining the SDR interest rate or its level in relation to the combined market rate. The conclusions of an extensive analysis of the issue by the Treasurer's Department were that the level of the SDR interest rate was not unsatisfactory, and that there was no strong reason to propose any change in the method of calculating the SDR interest rate in present circumstances. He had reviewed the matter with the Treasurer, and he agreed with those conclusions. Consequently, the Executive Board need not discuss a paper on the matter at present, and the topic of the level of the SDR interest rate should be removed from the tentative schedule of Executive Board meetings. Executive Directors might, however, find it useful to have issued for their information a short paper reviewing the subject.

The Executive Board could review the matter at any time, the Chairman continued. In any event, a decision had been taken in 1980 requiring a review of the valuation of the SDR in the course of 1985 so that a revision of the basket would take effect on January 1, 1986, unless the Fund decided otherwise.

The Executive Directors took note of the Chairman's remarks.

2. REPLENISHMENT OF FUND RESOURCES

The Chairman commented that the recent passage of legislation in the Congress authorizing the U.S. subscription under the Eighth General Review of Quotas was welcome. It was expected that the President of the United States would sign the legislation shortly. The action would facilitate the completion of the negotiations on the SDR 6 billion loan being conducted with the Saudi Arabian authorities and with a group of central banks associated in the Bank for International Settlements. He had asked the Treasurer to contact the relevant authorities in order to accelerate the completion of the negotiations.

The Executive Directors took note of the Chairman's remarks.

3. BRAZIL - CONSULTATION UNDER EXTENDED ARRANGEMENT - REQUEST FOR WAIVER  
AND MODIFICATION OF PERFORMANCE CRITERIA; AND USE OF FUND RESOURCES -  
BUFFER STOCK FINANCING FACILITY - INTERNATIONAL SUGAR AGREEMENT

The Executive Directors, meeting in restricted session, considered a staff paper on the consultation under the extended arrangement for Brazil and its request for a waiver and modification of performance criteria (EBS/83/227, 10/19/83; Cor. 1, 11/21/83; Sup. 1, 11/15/83; Sup. 2, 11/17/83; and Sup. 3, 11/21/83), together with Brazil's request for a purchase equivalent to SDR 64,470,000 under the buffer stock financing facility (EBS/83/228, 10/20/83; and Sup. 1, 11/16/83).

The Executive Directors agreed to continue their discussion in the afternoon.

DECISION TAKEN SINCE PREVIOUS BOARD MEETING

The following decision was adopted by the Executive Board without meeting in the period between EBM/83/158 (11/21/83) and EBM/83/159 (11/22/83).

4. MALI - 1983 ARTICLE IV CONSULTATION - POSTPONEMENT

Notwithstanding the period of three months specified in Procedure II of the document entitled "Surveillance over Exchange Rate Policies" attached to Decision No. 5392-(77/63), adopted April 29, 1977, the Executive Board agrees to extend further the period for completing the 1983 Article IV consultation with Mali to not later than December 9, 1983.

Decision No. 7561-(83/159), adopted  
November 21, 1983

APPROVED: March 27, 1984

LEO VAN HOUTVEN  
Secretary