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ATTENTION**

MASTER FILES

ROOM C-120

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EBD/83/161

June 3, 1983

To: Members of the Executive Board

From: The Secretary

Subject: Implementation of the Three-Month Period Specified
in the Procedures for Surveillance

The document entitled "Surveillance over Exchange Rate Policies," attached to Decision No. 5392-(77/63), includes certain Procedures for surveillance. Of these, Procedure II states that "Not later than three months after the termination of discussions between the member and the staff, the Executive Board shall reach conclusions and thereby complete the consultation under Article IV." This three-month period begins from the last day of discussions between the authorities and the staff mission and it is counted off on a calendar basis. Accordingly, the first Board day (viz., Monday, Wednesday, or Friday) upon the completion of the three-month period is regarded as the deadline for Executive Board discussion. Sometimes Executive Board consideration and completion of the Article IV consultation are delayed beyond the three-month deadline (see SM/83/43, 3/1/83, pp. 29-30), and in such cases, Board approval is usually sought on a lapse-of-time basis for an extension of the period. The procedure is administered flexibly in the sense that if Board discussion is scheduled just one or two Board days after the deadline, the three-month waiver paper seeking Board approval is not necessarily circulated.

However, there are certain periods during the year when Board meetings would normally be avoided for the convenience of Executive Directors. For example, in 1983 Board meetings were not scheduled in the weeks of February 7-11 and April 25-29 because of Interim and Development Committee meetings, respectively. For the same reason, Board meetings are not likely to be scheduled during August 8-19, 1983 because of the informal Board recess and during approximately September 16-30 because of the Annual Meetings and ancillary meetings, including caucus meetings. It would be appropriate and convenient to recognize these recurrent and normal gaps in the Board's schedule when applying the three-month rule. Accordingly, if a three-month deadline falls in a period such as one of those mentioned above when a Board meeting would normally not be scheduled, the Friday of the week immediately following such a period would be regarded as the applicable deadline for the purposes of the rule. For example, if a three-month deadline were to fall during August 8-19, or September 16-30, 1983, the applicable deadline would be August 26 or October 7, 1983,

respectively. The choice of Friday of the following week, e.g., Friday, August 26 rather than Monday, August 22, seems preferable in order to provide some flexibility in scheduling items that are likely to have bunched up in the period when Board meetings had not been held.

Applying the three-month period in this way would have the advantage of reducing the number of requests for postponement of the three-month deadline that have to be placed before the Board. For instance, some 16 out of 41 requests for postponement submitted to the Board in the past year (see SM/83/43, p. 30) could have been avoided under the interpretation of the three-month period proposed here. In view of the above, it is proposed that the application of the three-month period suggested here be adopted from now onward, beginning with the informal Board recess in August, to deadlines that would otherwise have fallen during periods when Board meetings would normally not be held because of the informal Board recess, Annual Meetings of the Board of Governors, Interim or Development Committee meetings, and similar reasons.

In the absence of a request by an Executive Director by the close of business on Wednesday, June 8, 1983 that this matter be brought to the agenda for discussion, the method of applying the three-month rule proposed above will be adopted in implementing the Procedures for Surveillance.

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