

# INTERNATIONAL MONETARY FUND

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The Executive Board of the International Monetary Fund has submitted a Resolution to the Board of Governors proposing an increase in Fund quotas to approximately SDR 90 billion from SDR 61 billion.

The Governors are to vote on the proposed Resolution, without meeting, by March 31, 1983. The adoption of the Resolution requires a majority of 85 per cent of the total voting power of the Fund's membership.

The Resolution is accompanied by a report of the Executive Board on matters relating to the Eighth General Review of Quotas, and follows agreements reached by the Interim Committee at its meeting on February 10-11, 1983 in Washington, D.C. Annexed to the Resolution are the quotas proposed for each member which were arrived at in the following way:

Forty per cent of the overall increase was distributed to all members in proportion to their present individual quotas, and the balance of 60 per cent was distributed in the form of selective adjustments in proportion to each member's share in the total of the calculated quotas, i.e., the quotas that broadly reflect members' relative positions in the world economy.

Twenty-five per cent of the increase in each member's quota will be paid in SDRs, or in currencies of other members prescribed by the Fund, subject to their concurrence.

The Executive Board also considered the position of the 17 members with very small quotas, i.e., those quotas that are currently less than SDR 10 million. As noted in its report to the Board of Governors, the Executive Board recommends that the quotas of these 17 members shall, after being increased by the method applicable uniformly to all members, be further adjusted to the next higher multiple of SDR 0.5 million. All other quotas would be rounded to the next higher multiple of SDR 0.1 million.

Under the Resolution, members would have until November 30, 1983 to consent to the proposed increases. In order to meet this date members will need to expedite whatever action may be necessary under their laws to enable them to give their consent to the quotas proposed for them. A member's quota cannot be increased until it has consented to the increase and paid the subscription in full. No increase in quota becomes effective before the date of the Fund's determination that members having not less than 70 per cent of present quotas have consented to the increases proposed for them.

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The report of the Executive Board to the Board of Governors on the increase in quotas of Fund members under the Eighth General Review, and the Resolution as sent to the Board of Governors with the Annex showing the proposed quotas for all members, are attached.

**Attachments**

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Report of the Executive Directors to the Board of Governors:  
Increase in Quotas of Fund Members - Eighth General Review

1. Article III, Section 2(a) of the Articles of Agreement provides that "The Board of Governors shall at intervals of not more than five years conduct a general review, and if it deems it appropriate, propose an adjustment of the quotas of the members. It may also, if it thinks fit, consider at any other time the adjustment of any particular quota at the request of the member concerned." This report and the attached Resolution on increases in quotas under the current, i.e., Eighth, General Review are submitted to the Board of Governors in accordance with Article III, Section 2.
2. The Seventh General Review of Quotas was completed by Board of Governors Resolution No. 34-2, adopted December 11, 1978. To comply with the five-year interval prescribed by Article III, Section 2(a), the Eighth General Review has to be completed not later than December 11, 1983. In the Report of the Executive Board to the Board of Governors on Increases in Quotas of Fund Members--Seventh General Review, it was stated that:

"The Executive Board will review the customary method of calculating quotas after the Seventh Review of Quotas has been completed. In the context of the next general review of quotas, the Executive Board will examine the quota shares of members in relation to their positions in the world economy with a view to adjusting those shares better to reflect members' relative economic positions while having regard to the desirability of an appropriate balance in the composition of the Executive Board."
3. At its meeting in Helsinki, Finland, in May 1982, the Interim Committee urged the Executive Board to pursue its work on the Eighth General Review as a matter of high priority. At that meeting the Committee also "... noting that the present quotas of a significant number of members do not reflect their relative positions in the world economy, ... reaffirmed its view that the occasion of an enlargement of the Fund under the Eighth General Review should be used to bring the quotas of these members more in line with their relative positions, taking account of the case for maintaining a proper balance between the different groups of countries." At its meeting in Toronto, Canada, in September 1982, the Committee noted that "there was widespread support in the Committee on the urgent need for a substantial increase in quotas under the Eighth General Review" and "urged the Executive Board to pursue its work on the issues of the Review as a matter of high priority, so that the remaining issues on the size and distribution of the quota increase could be resolved by the time of the Committee's next meeting in April 1983."

4. In its discussions on the Eighth General Review, the Executive Board has considered, inter alia, (i) the method of calculating quotas; (ii) the size of the overall increase in quotas; (iii) the distribution of the overall increase; (iv) the position of countries with very small quotas in the Fund; and (v) the mode of payment for the increase in quotas.

5. As regards the Executive Board's review of the method of calculating quotas, the Executive Board agreed to certain changes regarding the quota formulas used for calculating quotas in connection with the Eighth General Review. The Executive Board accepted the quota calculations based on the revised quota formulas as reasonable indicators of the relative positions of countries in the world economy, though some Directors felt that they do not provide a wholly satisfactory measure of relative economic positions. It is understood that the changes that have been made do not preclude further appropriate changes in connection with future reviews.

6. At the meeting of the Interim Committee held in Washington in February 1983, which had been advanced from April 1983, agreement was reached on all major issues of the Eighth Review, as reflected in the relevant passages from the Committee's communique of February 11, 1983, as follows:

"(a) The total of Fund quotas should be increased under the Eighth General Review from approximately SDR 61.03 billion to SDR 90 billion (equivalent to about US\$98.5 billion).

(b) Forty per cent of the overall increase should be distributed to all members in proportion to their present individual quotas, and the balance of sixty per cent should be distributed in the form of selective adjustments in proportion to each member's share in the total of the calculated quotas, i.e., the quotas that broadly reflect members' relative positions in the world economy.

(c) Twenty-five per cent of the increase in each member's quota should be paid in SDRs or in usable currencies of other members."

The Committee also considered the possibility of a special adjustment of very small quotas, i.e., those quotas that are currently less than SDR 10 million, and agreed to refer this matter to the Executive Board for urgent consideration in connection with the implementation of the main decision.

7. As requested by the Interim Committee at its meeting on February 11, 1983, the Executive Board has considered the position of the 17 members with very small quotas--i.e., those with quotas that at present are less than SDR 10 million. The Executive Board proposes that the quotas of these members should, after being increased in accordance with (b) quoted

in paragraph 6 above, be further adjusted to the next higher multiple of SDR 0.5 million. The Executive Board proposes that all other quotas be rounded to the next higher multiple of SDR 0.1 million. The rounding to SDR 0.5 million would provide for larger quota increases relative to present quotas for most of the members with very small quotas.

8. In accordance with the agreement reached by the Interim Committee at its meeting on February 11, 1983, on items (a) and (b) quoted in paragraph 6 above and with rounding adjustments indicated in paragraph 7 above, the Executive Board proposes to the Board of Governors that the new quotas of members be as set out in the Annex to the proposed Resolution. These increases would raise Fund quotas from approximately SDR 61 billion to approximately SDR 90 billion.

9. Article III, Section 3(a) provides that 25 per cent of any increase shall be paid in special drawing rights, but permits the Board of Governors to prescribe, inter alia, that this payment may be made on the same basis for all members, in whole or in part in the currencies of other members specified by the Fund, subject to their concurrence. Paragraph 5 of the Resolution provides that 25 per cent of the increase in quotas proposed as a result of the current review should be paid in SDRs or in currencies of other members selected by the Fund, subject to their concurrence, or in any combination of SDRs and such currencies. The balance of the increase shall be paid in a member's own currency. A reserve asset payment will help strengthen the liquidity of the Fund and will not impose an undue burden on members because under the existing decisions of the Fund a reserve asset payment will either enlarge or create a reserve tranche position of an equivalent amount. In addition, the Fund stands ready to assist members that do not hold sufficient reserves to make their reserve asset payments to the Fund to borrow SDRs from other members willing to cooperate; these loans would be made on the condition that such members would repay on the same day the loans from the SDR proceeds of drawings of reserve tranches which had been established by the payment of SDRs.

10. Under the proposed Resolution, a member will be able to consent only to the amount of quota proposed for it in the Annex. A member will be able to consent to the increase in its quota at any time before 6:00 p.m., Washington time, November 30, 1983. In order to meet this time, members will have until the end of November 1983 to complete whatever action may be necessary under their laws to enable them to give their consents.

11. A member's quota cannot be increased until it has consented to the increase and paid the subscription. Under the proposed Resolution, the increase in a member's quota will take effect only after the Fund has received the member's consent to the increase in quota and a member has paid the increase in subscription, provided that the quota cannot become effective before the date on which the Fund determines that the participation requirement in paragraph 2 of the proposed Resolution has been satisfied. The Executive Board is authorized by paragraph 3 of the proposed Resolution to extend the period of consent.

12. The participation requirement in paragraph 2 will be reached when the Fund determines that members having not less than seventy per cent of the total of quotas on February 28, 1983 have consented to the increases in their respective quotas as set out in the Annex.

13. The proposed Resolution provides that a member must pay the increase in its subscription within 30 days after (a) the date on which the member notifies the Fund of its consent, or (b) the date on which the participation requirement is met, whichever is the later.

14. The Executive Board recommends that the Board of Governors adopt the attached Resolution that covers all the matters on which the Governors are requested to act. The adoption of the Resolution requires positive responses from Governors having an 85 per cent majority of the total voting power.

Attachment

Proposed Resolution of the Board of Governors:  
Increase in Quotas of Fund Members--Eighth General Review

WHEREAS the Executive Board has submitted to the Board of Governors a report entitled "Increases in Quotas of Fund Members--Eighth General Review" containing recommendations on increases in the quotas of individual members of the Fund; and

WHEREAS the Executive Board has recommended the adoption of the following Resolution of the Board of Governors, which Resolution proposes increases in the quotas of members of the Fund as a result of the Eighth General Review of Quotas and deals with certain related matters, by vote without meeting pursuant to Section 13 of the By-Laws of the Fund;

NOW, THEREFORE, the Board of Governors hereby RESOLVES that:

1. The International Monetary Fund proposes that, subject to the provisions of this Resolution, the quotas of members of the Fund shall be increased to the amounts shown against their names in the Annex to this Resolution.
2. A member's increase in quota as proposed by this Resolution shall not become effective unless the member has notified the Fund of its consent to the increase not later than the date prescribed by or under paragraph 3 below and has paid the increase in quota in full, provided that no increase in quota shall become effective before the date of the Fund's determination that members having not less than 70 per cent of the total of quotas on February 28, 1983 have consented to the increases in their quotas.
3. Notices in accordance with paragraph 2 above shall be executed by a duly authorized official of the member and must be received in the Fund before 6:00 p.m., Washington time, November 30, 1983, provided that the Executive Board may extend this period as it may determine.
4. Each member shall pay to the Fund the increase in its quota within 30 days after the later of (a) the date on which it notifies the Fund of its consent, or (b) the date of the Fund's determination under paragraph 2 above.
5. Each member shall pay twenty-five per cent of its increase either in special drawing rights or in the currencies of other members specified, with their concurrence, by the Fund, or in any combination of special drawing rights and such currencies. The balance of the increase shall be paid by the member in its own currency.

Proposed Quota  
(In millions of SDRs)

1. Afghanistan	86.7
2. Algeria	623.1
3. Antigua and Barbuda	5.0
4. Argentina	1,113.0
5. Australia	1,619.2
6. Austria	775.6
7. Bahamas	66.4
8. Bahrain	48.9
9. Bangladesh	287.5
10. Barbados	34.1
11. Belgium	2,080.4
12. Belize	9.5
13. Benin	31.3
14. Bhutan	2.5
15. Bolivia	90.7
16. Botswana	22.1
17. Brazil	1,461.3
18. Burma	137.0
19. Burundi	42.7
20. Cameroon	92.7
21. Canada	2,941.0
22. Cape Verde	4.5
23. Central African Republic	30.4
24. Chad	30.6
25. Chile	440.5
26. China	2,390.9
27. Colombia	394.2
28. Comoros	4.5
29. Congo, People's Republic	37.3
30. Costa Rica	84.1
31. Cyprus	69.7
32. Denmark	711.0
33. Djibouti	8.0
34. Dominica	4.0
35. Dominican Republic	112.1
36. Ecuador	150.7
37. Egypt	463.4
38. El Salvador	89.0
39. Equatorial Guinea	18.4
40. Ethiopia	70.6

	<u>Proposed Quota</u> (In millions of SDRs)
41. Fiji	36.5
42. Finland	574.9
43. France	4,482.8
44. Gabon	73.1
45. Gambia, The	17.1
46. Germany	5,403.7
47. Ghana	204.5
48. Greece	399.9
49. Grenada	6.0
50. Guatemala	108.0
51. Guinea	57.9
52. Guinea-Bissau	7.5
53. Guyana	49.2
54. Haiti	44.1
55. Honduras	67.8
56. Hungary	530.7
57. Iceland	59.6
58. India	2,207.7
59. Indonesia	1,009.7
60. Iran, Islamic Republic of	1,117.4
61. Iraq	504.0
62. Ireland	343.4
63. Israel	446.6
64. Italy	2,909.1
65. Ivory Coast	165.5
66. Jamaica	145.5
67. Japan	4,223.3
68. Jordan	73.9
69. Kampuchea, Democratic	25.0
70. Kenya	142.0
71. Korea	462.8
72. Kuwait	635.3
73. Lao People's Democratic Republic	29.3
74. Lebanon	78.7
75. Lesotho	15.1
76. Liberia	71.3
77. Libya	515.7
78. Luxembourg	77.0
79. Madagascar	66.4
80. Malawi	37.2

Proposed Quota  
(In millions of SDRs)

81.	Malaysia	550.6
82.	Maldives	2.0
83.	Mali	50.8
84.	Malta	45.1
85.	Mauritania	33.9
86.	Mauritius	53.6
87.	Mexico	1,165.5
88.	Morocco	306.6
89.	Nepal	37.3
90.	Netherlands	2,264.8
91.	New Zealand	461.6
92.	Nicaragua	68.2
93.	Niger	33.7
94.	Nigeria	849.5
95.	Norway	699.0
96.	Oman	63.1
97.	Pakistan	546.3
98.	Panama	102.2
99.	Papua New Guinea	65.9
100.	Paraguay	48.4
101.	Peru	330.9
102.	Philippines	440.4
103.	Portugal	376.6
104.	Qatar	114.9
105.	Romania	523.4
106.	Rwanda	43.8
107.	St. Lucia	7.5
108.	St. Vincent	4.0
109.	Sao Tome & Principe	4.0
110.	Saudi Arabia	3,202.4
111.	Senegal	85.1
112.	Seychelles	3.0
113.	Sierra Leone	57.9
114.	Singapore	250.2
115.	Solomon Islands	5.0
116.	Somalia	44.2
117.	South Africa	915.7
118.	Spain	1,286.0
119.	Sri Lanka	223.1
120.	Sudan	169.7

Proposed Quota  
(In millions of SDRs)

121.	Suriname	49.3
122.	Swaziland	24.7
123.	Sweden	1,064.3
124.	Syrian Arab Republic	139.1
125.	Tanzania	107.0
126.	Thailand	386.6
127.	Togo	38.4
128.	Trinidad and Tobago	170.1
129.	Tunisia	138.2
130.	Turkey	429.1
131.	Uganda	99.6
132.	United Arab Emirates	385.9
133.	United Kingdom	6,194.0
134.	United States	17,918.3
135.	Upper Volta	31.6
136.	Uruguay	163.8
137.	Vanuatu	9.0
138.	Venezuela	1,371.5
139.	Viet Nam	176.8
140.	Western Samoa	6.0
141.	Yemen Arab Republic	43.3
142.	Yemen, People's Democratic Republic of	77.2
143.	Yugoslavia	613.0
144.	Zaire	291.0
145.	Zambia	270.3
146.	Zimbabwe	191.0