

DOCUMENT OF INTERNATIONAL MONETARY FUND  
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**FOR  
AGENDA**

EBS/86/21  
Correction 1

CONFIDENTIAL

January 30, 1986

To: Members of the Executive Board

From: The Secretary

Subject: Notification by the United States of Restrictions Imposed for  
Security Reasons Under Executive Board Decision No. 144 and  
Complaint by the Socialist People's Libyan Arab Jamahiriya  
Under Rule H-2

The attached page 2 of EBS/86/21 (1/29/86) is being reissued to  
correct in paragraph 1 the spelling of the People's Libyan Arab Jamahiriya.

Att: (1)

INTERNATIONAL MONETARY FUND

Notification by the United States of Restrictions Imposed  
for Security Reasons under Executive Board Decision No. 144  
and Complaint by the Socialist People's Libyan Arab Jamahiriya  
under Rule H-2

Prepared by the Legal Department

(In consultation with other Departments)

Approved by Francois Gianviti

January 29, 1986

1. On January 16, 1986 members of the Executive Board were notified of a communication received from the Executive Director for the United States with respect to the imposition of restrictions under Executive Board Decision No. 144-(52/51), August 14, 1952 (Attachment I). The communication specifically referred to the U.S. Libyan Sanctions Regulations of January 10, 1986, implementing Executive Order No. 12543 of January 7, 1986, and the Libyan Sanctions Regulations of January 15, 1986, implementing Executive Order No. 12544 of January 8, 1986; copies of the Executive Orders and the Regulations were attached.

Subsequently, the Fund received two communications from the Governor for the Socialist People's Libyan Arab Jamahiriya which were circulated to the Executive Board (EBS/86/8, 1/15/86 and EBS/86/8, Sup. 1, 1/22/86). The first of these two communications stated that the U.S. Executive Order of January 8 was contrary to the Articles of Agreement, and was transmitted to the Managing Director "for any appropriate action". The second communication also asserted that the Executive Order of January 7 contained elements inconsistent with the Fund's Articles of Agreement, and requested that the Socialist People's Libyan Arab Jamahiriya's complaint against the U.S. actions which were referred to in both communications "be brought before the Fund's Executive Board for discussion as soon as possible".

2. The second communication from the Socialist People's Libyan Arab Jamahiriya constitutes a complaint under Rule H-2, in that a member requests that the Board discuss the member's assertions that another member is not complying with its obligations relating to exchange measures under the Articles of Agreement. Rule H-3 therefore is applicable. Rule H-3 states:

"Upon receipt of a complaint from a member, the Executive Board shall make arrangements promptly for consultation with the members directly involved."

The Executive Board, at its meeting on Friday, January 24, 1986, pursuant to Rule H-3, and on the proposal of the Managing Director, decided that he should consult with the Executive Directors for the United States and the Socialist People's Libyan Arab Jamahiriya on the matters raised in the communications from the United States and the Socialist People's Libyan Arab Jamahiriya, and that he would inform the Executive Board about the outcome of those consultations on Friday, January 31, 1986, when the complaint by the Socialist People's Libyan Arab Jamahiriya will be on the agenda of the Executive Board.

3. As noted above, the United States authorities have availed themselves of the provisions of Executive Board Decision No. 144. Under the terms of that decision, exchange restrictions that are subject to the approval of the Fund and that, in the judgment of the member, are solely related to the preservation of national or international security, are to be notified to the Fund, preferably in advance, or at least promptly but ordinarily not later than 30 days after imposing such restrictions.

Executive Board Decision No. 144 also provides that:

"Unless the Fund informs the member within 30 days after receiving notice from the member that it is not satisfied that such restrictions are proposed solely to preserve such security, the member may assume that the Fund has no objection to the imposition of the restrictions."

In accordance with this provision, the relevant 30-day period begins on the day after receiving the U.S. notification, that is, starts on January 17, 1986, so that the 30-day period expires at midnight, February 15, 1986.

4. Two additional procedural matters under Executive Board Decision No. 144 and Rule H-3 might be noted.

First, the U.S. measures that would require the approval of the Fund under the Articles of Agreement will be considered to be consistent with the Articles unless the Fund takes a decision that it is not satisfied that the restrictions were imposed solely to preserve national or international security, and so informs the member. Such a decision of the Executive Board would be taken by a majority of the votes cast. In calculating the votes cast, abstentions would not be counted.

Secondly, the consultation process envisaged under Rule H-3 is not coterminous in time with the period under Executive Board Decision No. 144. This means that consultations under Rule H-3 do not interrupt the running of the 30-day period under Executive Board Decision No. 144, and that the consultations could continue beyond 30 days.

5. A list of the instances in which members have availed themselves of the provisions of Executive Board Decision No. 144 is attached (Attachment II).