FILES

NOT FOR PUBLIC USE

INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 76/52

10:00 a.m., March 26, 1976

H. J. Witteveen, Chairman
W. B. Dale, Deputy Managing Director

Executive Directors	Alternate Executive Directors
J. Amuzegar	C. P. Caranicas
	J. H. Kjaer
S. Y. Cross	T. Leddy
	H. G. Schneider
N. Deif	M Finaish
	D. Lynch
R. Gavaldá	S. Sevilla
S. Jagannathan	W. M. Tilakaratna
	W. Temple-Seminario
K. Kawaguchi	M. Wakatsuki
	Sein Maung
P. Lieftinck	T. de Vries
H. R. Monday	
	E. Sacerdoti, Temporary
E. Pieske	G. Laske
	P. J. Bull
F. Suárez	R. Guarnieri
	J. Foglizzo
R. J. Whitelaw	R. S. Deane
	S. Nana-Sinkam

W. L. Hebbard, Secretary
J. A. Kay, Assistant

Also Present

African Department: E. A. Arowolo, S. E. Cronquist, P. J. Duran, M. Russo. Asian Department: A. Singh, S. M. Thakur. Eruopean Department: L. Hansen. Exchange and Trade Relations Department: E. Sturc, Director; D. K. Palmer, Deputy Director; K. B. Dillon, S. K. Mookerjee, T. Sweeney. Legal Department: J. Gold, General Counsel and Director; J. G. Evans, Deputy General Counsel; G. P. Nicoletopoulos, Deputy General Counsel; J. K. Oh, S. A. Silard, J. V. Surr. Middle Eastern Department: A. K. El Selehdar, Deputy Director. Research Department: J. J. Polak, Economic Counsellor and Director; L. M. Goreux, M. Gurfinkel, Z. Hodjera, N. Kaibni. Treasurer's Department: D. S. Cutler, R. H. Miller, D. Williams. Western Hemisphere Department: J. Del Canto, Director; E. W. Robicheck, Deputy Director; L. A. Aspra, S. T. Beza. Bureau of Language Services: J. S. Haszard, Director. Information Office: P. de Fontnouvelle, H. Hartmann. Personal Assistant to the Managing Director: D. W. Green. Advisors to Executive Directors: J. K. E. Cole, F. K. Hussein. Technical Assistants to Executive Directors: S. Arancibia, E. Avillez, M. Berger, D. Berthet, I. M. Cobbold, A. Doizé, B. Goos, G. Heyden Q., R. Khonsary, H. Kuroda, E. Leung, C. J. Lohmann, A. G. Morris, K. Nakayama, A. B. Nymark, S. K. Panya, S. P. Upasani, A. van Dorssen, L. F. Vílches, M. A. Wasfy, P. Zimmer, A. G. Zoccali.

1. ARGENTINA - PURCHASE TRANSACTION - COMPENSATORY FINANCING

The Executive Directors considered the staff's analysis and recommendation with respect to a request from Argentina for a purchase under paragraphs 2, 3, and 4 of the decision on Compensatory Financing of Export Fluctuations (EBS/76/140, 3/18/76; Cor. 1, 3/19/76; and Sup. 1, 3/23/76).

The Director of the Western Hemisphere Department made the following statement:

> The paper before the Board speaks for itself, but I would like to add a few comments on both the "shortfall" in Argentine exports and the test of Argentina's "cooperation with the Fund in order to find appropriate solutions for its balance of payments difficulties."
>
> On the "shortfall," at the time the Board dealt with the first compensatory financing drawing by Argentina on December 19, 1975, emphasis was placed on the drastic fall of Argentina's meat exports due to marketing difficulties abroad (EBS/75/463). It was expected at that time that there would be good grain crops in early 1976, but unfortunately weather conditions (drought) in the latter part of 1975 and early 1976 changed this outlook. The year 1975 closed with an SDR 930 million overall balance of payments deficit; gross official reserves stood at SDR 385 million, while net official reserves were negative by SDR 455 million. The reserve position has further deteriorated in 1976.
>
> On the test of "cooperation with the Fund," and as agreed with the Argentine authorities at the time when the first oil facility drawing and the first compensatory financing drawing were negotiated last fall, a review mission was sent by the Fund to Buenos Aires for a one-week period, beginning February 22, and this mission was able to record substantial progress in the management of the exchange rate system, and a significant reduction of restrictions. During the mission, the authorities discussed with the staff a plan to consolidate the three exchange markets for trade and trade related transactions where rates were $a 74, $a 89, and $a 105 per U.S. dollar, into a single market to apply to trade and other current account transactions, where the rate would be $a 140 per U.S. dollar. The rate in this market would continue to be adjusted on a crawling peg basis. A free and fluctuating rate for tourism and nontrade invisibles was instituted in January 1976; the quotation for this rate has recently been around $a 300 per U.S. dollar. The Argentine authorities also agreed, on the occasion of the visit of the Fund mission, to reduce a number

of restrictions, as indicated in the second paragraph of page 3 of the staff memorandum (EBS/76/140, corrected).

Following the visit of the Fund mission, beginning on March 6, 1976, the President of the Central Bank of Argentina, accompanied by technicians, visited the Fund to review with the staff their program and a possible further use of Fund resources beyond the compensatory financing facility. On the occasion of this visit, the staff reiterated its view that in order to qualify for any further use of the Fund's resources in the credit tranches a substantial strengthening of internal policies would be required, particularly in the area of incomes and fiscal policies.

More recently, on the occasion of the change in Administration that took place earlier this week, Brigadier General Joaquin de las Heras, Delegate of the Military Junta with powers as Minister of Economy of Argentina, cabled the Managing Director on March 24 expressing the Government's decision to go ahead with the Argentine request for a purchase under the compensatory financing facility and confirming its decision "to continue to cooperate with the Fund in an effort to find appropriate solutions for the balance of payments difficulties."

Although we have not received an official announcement of new policies, which are in the process of being formulated, according to reliable press sources, the new Argentine Government has issued a communiqué indicating that it will introduce economic measures immediately to stimulate a recovery of output and to gradually control inflation, which has reached nearly 475 per cent in the past 12 months. A new comprehensive economic plan will be introduced aimed at stimulating productivity and overcoming a shortage of essential raw material imports and falling domestic demand. Tax laws will be adjusted to cut the budget deficit, which is running at over 60 per cent. The communiqué also states that the Military Junta will seek to promote private investment, domestic and foreign, and ensure remunerative prices to farmers and realistic exchange rates to overcome Argentina's balance of payments deficit. In a separate statement the Government has announced a bank holiday, freezing of bank accounts, and the temporary suspension of foreign exchange and stock market transactions.

Mr. Gavaldá said that the exogenous factors associated with the period preceding the export shortfall were a weaker demand for goods associated with the world recession and with unfavorable weather conditions--the impact of which was heightened by the restrictions on beef imports maintained by the members of the European Communities--and the worsening of Argentina's terms of trade, which in any event had been adversely affected by the oil price increase. Nevertheless, substantial progress had been made in liberalizing the trade and payments system, and measures had been taken to bring about a major devaluation of the peso in terms of national currency.

It had however to be recognized, Mr. Gavaldá continued, that the overall balance of payments performance had been affected by certain domestic developments, including a rise in internal demand stimulated by a mounting fiscal deficit, an increased rate of inflation, inadequate price incentives, and foreign debt repayment. The reversal of the situation and the restoration of equilibrium in both domestic and external accounts constituted the principal objective of the recovery plan being considered by the new team working in the economic field. Moreover, the Executive Directors could rest assured that it was the intention of the Argentine authorities to continue collaborating with the Fund.

Mr. Suárez said that he found Argentina's drawing fully justified under the terms of the compensatory financing decision. He noted that, paradoxically, the drawing was to some extent at least required to compensate for trade restrictions proposed by other members on Argentina. He also wished to note that, regardless of the attitude that might be taken on the efficiency of restrictions, part of the Rome communiqué, which ought to apply only to the oil facility, appeared to have crept into the compensatory financing decision for Argentina when it ought not to have done so. He would certainly support the proposed drawing.

Mr. Temple-Seminario said that he too would support the proposed decision. He completely agreed with the staff that, on balance, the shortfall had been caused by circumstances outside the member's control. In particular, exports of meat and grain had suffered, respectively, from restrictions and from bad weather conditions. It was commendable that, in the circumstances the Argentine authorities had reduced indirect restrictions, and he felt certain that, for the future, the authorities would take the appropriate financial measures. He therefore asked Mr. Gavaldá to convey the best wishes of his chair to the Argentine authorities.

Mr. Lieftinck stated that, with an eye more to the future than to the past, he would support the request--for which there was sufficient justification--especially after hearing the statement by the Director of the Western Hemisphere Department. The one point on which the staff might have been rather overoptimistic was the cooperation between Argentina and the Fund over the previous six months. He could of course agree that substantial improvements had been brought about in the exchange field, but the domestic remedial measures had definitely fallen short of the expectations cherished by the Executive Directors. In particular, the delay in the fiscal program was unfortunate, especially as the only measure that had been taken, namely, an increase in duties on exports, was an inappropriate way of compensating for the support that the devaluation had given exporters. It was true that the increased duties would provide temporary relief to the budget, but they would certainly not assist in improving the balance of payments position, and other fiscal measures had been unduly delayed. He therefore hoped that the new authorities would provide a performance that was more satisfactory both for the country and for the Fund; in that expectation he would approve the draft decision.

Mr. Bull commented that he wondered whether the communication received from Argentina was indeed a bona fide communication, since it appeared from the morning's newspapers that the Minister of Economy had not yet been appointed. If in fact the staff could reassure him on that point, he would not have great difficulty in supporting the proposed drawing on the compensatory financing facility. Nevertheless, there were several aspects of Argentina's policies in recent months that made him think, as Mr. Lieftinck had done, that the staff's expressions with respect to cooperation between Argentina and the Fund had been somewhat overoptimistic.

The progress made by Argentina under the policies set out in earlier Fund papers had been disappointing, Mr. Bull observed. In particular, it had apparently attempted to solve its balance of payments problems by drawing on expensive swap arrangements instead of coming to the Fund with a comprehensive program and drawing on the credit tranches. The authorities had in fact done little more than postpone their attempts to find a real solution to their balance of payments difficulties. Moreover, the main effect of the devaluation had turned out to be the provision of some relief for the budget, thus enabling the authorities to delay the long overdue fiscal adjustments.

However, his criticisms applied only to the past, Mr. Bull remarked. He would accept in good faith the assurances given by Mr. Gavaldá and the staff regarding the intentions of the new authorities to cooperate with the Fund. Even so, he had some misgivings when he heard the Director of the Western Hemisphere Department talk of reviving the economy. The authorities would need to exercise careful judgment in selecting their measures and in choosing the priorities; for the time being it was of overriding importance to restore equilibrium in the balance of payments and to pay attention to the country's fiscal needs rather than to bring about an immediate pickup in economic activity.

He had no difficulty with the calculations for the drawing on the compensatory financing facility, Mr. Bull remarked, although he had some doubts regarding the extent to which the shortfall in export earnings was attributable to factors beyond the country's control. The restrictions imposed by EC countries on meat imports had certainly not helped Argentina; but they had by no means been the only factor causing difficulties for the Argentine balance of payments.

The Director of the Western Hemisphere Department explained that the message from the Argentine authorities to the Managing Director confirming their intention to continue to cooperate with the Fund had come from General Joaquin de las Heras, who was exercising the powers of the Minister of the Economy. Unofficially, he had learned that the Government was trying to co-opt Mr. Jose Martinez de Hoz, a civilian who had already been Minister of Finance, and who was well known not only to the Fund but throughout the Western world. Meanwhile, General Joaquin de Joaquin de la Heras was exercising the functions of the Minister of the Economy, and the statement of economic policy was an official statement of the Junta. While the statement was not an economic plan, it did indicate the policies that the authorities intended to follow; and they seemed to be much in line with what the Fund would consider appropriate.

So far as cooperation between the former authorities and the Fund was concerned, the Director of the Western Hemisphere Department said that the staff had been encouraged by the fact that, in a very serious payments situation and with accelerating inflation, the authorities had at least managed to develop an exchange rate system that could not only absorb the accelerating inflation but, through a rapidly moving exchange rate, reverse the deteriorating balance of payments position. Moreover, even in those difficult circumstances, the authorities had reduced restrictions, as they had undertaken to do when they had made clear their intention to request a purchase under the oil facility in October 1975. There was no question, however, that urgent action was needed in the areas of incomes and fiscal policies.

Mr. Bull stated that he had been sufficiently satisfied by the explanation of the Director of the Western Hemisphere Department to give the proposed decision his full support. At the same time he would like, on behalf of his authorities, to express his best wishes to the Argentine authorities for a return to economic well being in their country.

Mr. Leddy commented that the Argentine case represented a curious outcome of the adoption of the revised decision on the Compensatory Financing of Export Fluctuations in December 1975. The more such cases came to light, the more Mr. Bull's contention that it was unwise to base the formula so heavily on the two preshortfall years would be seen to be justified. But more experience with the revised facility was certainly needed before a judgment could be made.

Like certain other speakers, Mr. Leddy remarked, while he would note that he had been disappointed with some of the results of the policies followed by the Argentine authorities in the past, he felt that it was important to look to the future. Nevertheless, he had been rather disturbed by the judgment in the paper to the effect that the export shortfall was due largely to circumstances outside the control of the Argentine authorities. While it was clear that the ban on meat imports by the European Communities was serious and that the shortfall in grain due to poor weather was most unfortunate, he was still troubled by the rather summary short treatment given to the judgment regarding the causes of the shortfall, and he wondered whether the staff could say anything further about the extent to which it was due to circumstances outside the control of the member. He hoped that in future, if there were nebulous questions of the sort under discussion, the staff could offer a fuller treatment than they had done on the present occasion. He would support the proposed decision.

Mr. Amuzegar stated that he found Argentina's request for a drawing under the compensatory financing facility to be fully justified. Like others, he considered it regrettable that developing countries should be placed in such a difficult situation at least in part as a result of the decisions and actions of richer trading partners. While it was possible to sympathize with some of the comments that had been made about past developments, the Argentine people and the Argentine authorities deserved all the support that the Fund could offer them at the present time. He therefore supported the proposed decision and he wished the Argentine authorities more prosperous time in the future.

Mr. Monday stated that he believed that the Executive Directors should look to the future rather than to the past. Argentina had suffered a considerable shortfall in its exports during the past year, largely due to the decline in exports following import restrictions in its major meat markets; unfavorable weather conditions had adversely affected its grain crops; and the recession in the economies of the country's major trading partners had reduced the demand for its exports in general. In those circumstances, Argentina was perfectly justified in requesting a drawing under the compensatory financing facility, and he would fully support the request.

Mr. Foglizzo maintained that Argentina had been faced by a large shortfall in export earnings, mainly due to circumstances beyond its control. In that connection, he agreed with Mr. Bull that while the EC ban on meat imports had certainly not helped Argentina, it was necessary to maintain a balanced view because, as could be seen from Table 5, while the total decline in exports had been some SDR 800 million between 1974 and 1975, and the value of meat exports had fallen by about SDR 276 million, or one third from the average of 1973/74 to 1975, the unit value of meat exports had also declined by 30 per cent between 1974 and 1975 because of the fall in world demand. Hence, Argentina's difficulties had not been due to a fall in the volume of exports alone. In any event, the prospects for the two coming years were brighter, and it was on that basis that the staff had found a large compensable shortfall, something that he found perfectly reasonable.

Although the overall achievements of the authorities might have been disappointing since October 1975, Mr. Foglizzo observed, some of the measures and policies referred to in the staff paper were welcome. He hoped that collaboration with the Fund would be fruitful and that the authorities would accept Fund assistance in setting up a broad and appropriate economic program.

Mr. Kawaguchi said that he considered the causes of the shortfall to be beyond the control of the Argentine authorities. While he shared the feeling of some speakers that the economic performance of the country had not been very satisfactory in the past, the situation had been difficult and he was reassured by the prompt declaration of the new Government that it intended to cooperate with the Fund in the future. Prompt action by the Fund, despite any misgivings that might be felt, would be helpful to the new authorities and to the stabilization of the Argentine economy. His Government had always been friendly with the Argentine people and it was in a spirit of national cooperation that he would support the proposed decision.

Mr. Whitelaw noted that some speakers had expressed doubt regarding the extent to which the export shortfall was beyond the control of the Argentine authorities. Mr. Leddy had mentioned that he could agree that the fall in grain exports had been due to circumstances outside the control of the authorities because of the poor weather conditions and that the fall in meat exports had been due to restrictions on imports by other countries. In that connection it was worth mentioning that Table 5 showed that grains and meat together accounted for 71 per cent of Argentina's exports. Thus, if the case was accepted for those two products, it would be difficult to quibble about the remainder.

In the present discussion as well as in debates on earlier requests, Mr. Whitelaw noted, speakers had referred to the generosity of the compensatory financing arrangements. However, Table 3 showed that out of a formula shortfall of SDR 1,136.1 million, the Fund was compensating for SDR 110 million. It was not particularly generous to compensate for 10 per cent of the shortfall thrown up by the formula. As to the fall in unit values, to which Mr. Foglizzo had referred in connection with Argentine meat prices, it had to be recognized that restrictions on the import of a commodity would in themselves affect not only the volume but also the price; it was hardly possible to say that the fact that the price of Argentine meat had fallen by 30 per cent was entirely independent of the EC restrictions. He strongly supported the proposed decision and he wished the Argentine authorities success.

Mr. Sacerdoti said that he too would support the request by Argentina. The shortfall had certainly been caused in part by the country's economic policies, but on balance it was factors outside the control of the authorities that had played a major role in bringing it about. He was glad to note that Argentina was cooperating with the Fund to find appropriate solutions to its balance of payments difficulties; in particular, he welcomed the willingness of the authorities to devalue the peso, thus increasing both the incentive to export and the volume of production available for the purpose. He hoped that the further steps to strengthen the performance of the Argentine economy would be carried to fulfillment.

Mr. Laske said that, while he would certainly support the Argentine request, he would mention that it was not only factors outside the control of the authorities that had played a large role in the poor export experience of the past year. The staff had mentioned that that experience was in part due to the country's general economic situation, and that situation had to a large extent been brought into existence by inappropriate policies. However, as there had been political change in Argentina, it would be unreasonable to look too much to the past. He would therefore invite Mr. Gavaldá to convey to his Argentine authorities his chair's best wishes for the future of Argentina, which certainly had great economic potential.

Mr. Lynch recalled that Mr. Suárez had not been entirely happy with the inclusion of information on restrictions in a paper dealing with the compensatory financing facility. It was his understanding that the point had been raised at the time of the review of the facility, and that it had been agreed that such information would be included. It seemed to him desirable that it should be. As to the request itself, the Argentine authorities had provided substantial assurances, and it would certainly be in the interest of the country to live up to them. He would therefore support the request.

Mr. Leddy, responding to Mr. Whitelaw's comments, explained that he had recognized the external factors in the shortfall. The question he had raised was whether, under a different set of policies, there might not have been a shortfall at all, notwithstanding the effects of the external factors. It was that kind of question that he would like to see examined in more detail in the future.

The staff representative from the Research Department, in reply to an earlier comment by Mr. Leddy, noted that in the particular case of Argentina, the staff would have reached the same figure for the size of the compensable shortfall--namely, SDR 110 million--under the 1966 decision as under the 1975 decision, because the application of the lower limit of forecast would not have allowed the staff to forecast the two post-shortfall years below the shortfall year. As to analyzing the extent to which the shortfall was beyond the member's control, that was something that was not at all easy to do. However, the staff would try to take the analysis even further in future papers than it had in the present one.

Mr. Gavaldá assured Mr. Bull that there was a Government in power in Argentina. For the time being, the ministries were being headed by military officers, but in a few weeks they would call on well-known civilians to take over cabinet positions. Moreover, the communication from the Minister of the Economy stated that the authorities confirmed their decision to continue to cooperate with the Fund in an effort to find appropriate solutions for their balance of payments difficulties. It was therefore clearly the intention of the new Government to maintain good relations with the Fund and to adopt appropriate policies.

Some speakers had indicated that they felt that inadequate fiscal policies had led to the difficulties of the previous Government, Mr. Gavaldá continued. A whole package of fiscal legislation had been placed before Congress in order to improve the budget situation; but Congress had been unable to reach any decision. Naturally, that had led to a very unsatisfactory situation because the budget deficit had been almost without precedent. However, it had to be recognized that the officials operating in the economic field had made a considerable effort both internally and externally. While the increase in export duties that accompanied the newly depreciated exchange rate was of course not the best measure that the country could have adopted, not only had it to some extent been agreed with the staff but it was the only way to obtain some income for the government budget pending congressional decision on the new tax laws.

Moreover, in the external field the authorities had made a considerable effort in devaluing the peso and avoiding restrictions, Mr. Gavaldá considered. When the Executive Directors had discussed Argentina's intention to request a purchase under the oil facility, the matter of restrictions had been raised and the Executive Directors would be pleased to know that it was from that moment that the authorities had changed their policy on imports and payments restrictions.

The question of restrictions was a very delicate one, Mr. Gavaldá observed. If the Fund wished to continue discussing the matter of restrictions in developing countries, it would be better to take up the question for the world as a whole because it was not fair to put the blame on minor countries for imposing little restrictions while there were major countries that imposed large restrictions which undoubtedly affected the economies of primary producers. It was clear that the ban on beef imports by the European Communities was a very serious matter, and even if there had been some mismanagement by the Argentine authorities of the deficit of some $900 million that Argentina had faced in 1975 it could be said that--vis-à-vis the more realistic historical levels of 1973--some $430 million were due to the EC ban on beef imports and that an additional gap of $210 million could be accounted for by the higher prices of oil imports. Hence it was evident that more than 70 per cent of the overall deficit on the balance of payments was due to external factors beyond the control of the authorities. It was important to be quite clear where the difficulties lay because, despite the efforts that the new authorities would certainly make, the country was bound to encounter further difficulties as long as the major importers of its export products continued to impose restrictions. Moreover, Executive Directors ought to consider most seriously not only the problem of restrictions that developing countries or debtor countries imposed in self defense but also the restrictions that some groups of countries in better economic circumstances imposed for different reasons. Naturally, the European Communities could make a case for banning beef imports; but the effect was serious not only for Argentina but also for Uruguay, Paraguay, Australia and Yugoslavia.

As to the amount of the compensable shortfall, Mr. Gavaldá remarked that he would have made the same observation as Mr. Whitelaw. While the formula could throw up a large shortfall, the ceiling of 25 per cent of quota meant that in fact the compensation covered only a small part of the total. Thus, in the present case, even if the shortfall was not entirely due to circumstances beyond the control of the authorities, there could be no doubt whatsoever that the equivalent of SDR 110 million came within that category.

In conclusion, Mr. Gavaldá thanked Executive Directors for the support they had given. Naturally, the new Government intended to restore equilibrium to the balance of payments and to continue the long-standing tradition of Argentina, which was to pay its foreign debts.

The Executive Directors then turned to the decision, which they approved.

The decision was:

The Fund has received a request by the Government of Argentina for a purchase of the equivalent of SDR 110 million under paragraphs 2, 3, and 4, of the Decision on Compensatory Financing of Export Fluctuations (Executive Board Decision No. 4912-(75/207), adopted December 24, 1975). The Fund agrees to the requested purchase and grants the necessary waiver of the conditions of Article V, Section 3(a)(iii) of the Articles of Agreement on the repurchase terms set forth in the cable to the Fund dated March 22, 1976.

Decision No. 5016-(76/52), adopted
March 26, 1976

2. OIL FACILITY - ZAMBIA - INTENTION TO REQUEST PURCHASE

The Executive Directors considered the staff's analysis and recommendation in connection with Zambia's intention to request a final purchase under the 1975 oil facility (EBS/76/122, 3/12/76; and Sup. 1, 3/22/76).

Mr. Nana-Sinkam said that he would support the request by Zambia. Taking into account the decision adopted by the Executive Directors regarding the position of Zaïre at EBM/76/50 (3/24/76), it would be interesting to know whether the Zambian authorities had been in touch with the staff or with Mr. Monday, since the two countries were almost equally dependent on copper.

Mr. Temple-Seminario said that he noted that Zambia had remained within the limit set in its letter of intent of October 1975 both for total domestic credit and for net credit to the Government. Such an achievement was most commendable, since copper exports had fallen in volume and in price, which were both factors beyond the control of the authorities. He would therefore warmly support the proposed decision.

Mr. Amuzegar said that he too would support Zambia's request.

The staff representative from the African Department explained that the staff had received no communication from Zambia concerning the action of Zaïre or other copper producers. There was, however, a staff mission in Zambia to discuss further assistance because of the large deficit forecast in 1976, largely on account of the low copper price, the difficulties of shipping copper, and the inability of Zambia to borrow on the private market abroad. While the action of any producer clearly had an effect on any other producer, copper was an undifferentiated product whose price was fixed in the world market. The staff had tried to see what the effect of changes in exchange rates by other producers would be on the export earnings of Zambia, but it was not something that was at all easy to do.

Mr. Monday said that he was grateful for support by the Executive Directors. He confirmed that the Fund had a mission in Zambia and that his Alternate Executive Director was attending the discussions. The Zambian authorities were considering possible drawings under the higher credit tranches, and undoubtedly the subject of the exchange rate would be raised.

The Executive Directors then turned to the proposed decision, which they approved.

The decision was:

1. The Fund has received a communication dated February 23, 1976 from the Government of Zambia informing the Fund of Zambia's intention to request a final purchase under Executive Board Decisions No. 4634-(75/47), adopted April 4, 1975, and No. 4954-(76/16), adopted February 11, 1976. Zambia has made representations in accordance with paragraph 5 of Decision No. 4241-(74/67), adopted June 13, 1974.

2. Since October 1975 Zambia accumulated further arrears in respect of payments for current international transactions. Zambia has stated that the restrictions involved in these arrears are temporary and of an emergency nature. In view of the emergency character of these restrictions, the Fund considers that Zambia should not be precluded from making a final purchase under the 1975 oil facility.

3. The Fund determines that a purchase in the amount of SDR 10.79 million would not be inconsistent with the purposes of the decisions referred to in paragraph 1 above, agrees to the purchase, notes the representations made by the Government of Zambia in accordance with paragraph 5 of Executive Board Decision No. 4241-(74/67), and grants the necessary waiver of the conditions of Article V, Section 3(a)(iii) of the Articles of Agreement on the repurchase terms set forth in the communication dated October 15, 1975.

Decision No. 5017-(76/52), adopted
March 26, 1976

3. AMENDMENT - FINAL REVIEW OF TEXTS, AND CLOSING DATE FOR GOVERNORS' VOTE

The Executive Directors considered the text of the draft report to the Board of Governors, the proposed amendment of the Articles of

Agreement and the proposed resolution by the Board of Governors set out in DAA/76/11 (3/24/76) together with a number of corrigenda circulated by the staff (see Annex I and Annex II).

The General Counsel explained that the two lists of corrigenda shown in Annex I and Annex II had been compiled as the result of suggestions by Executive Directors and staff members. No issue of substance arose in either list. Mistakes of punctuation and typographical errors had been cleaned up without being mentioned in the lists. As a result of discussions between the staff and Executive Directors in recent days, three suggestions for changes in the report had emerged. He gave an assurance that they were not matters of substance.

In the text of the Articles of Agreement, the General Counsel continued, there were also three suggestions for changes. Although they too were not matters of substance, they ought to be recorded. They were:

Article V, Section 6(c). The first sentence should read "the currencies provided or accepted by the Fund under this Section shall be selected in accordance with policies that take into account the principles of Section 3(d) or Section 7(i) of this Article."

Article V, Section 9(b)(iii). The text should read "the amount it has received from the Fund in currency or special drawing rights under Article III, Section 3(c) since the date applicable under (b)(i) above."

Schedule B, paragraph 6. The paragraph should read "all rules and regulations, rates, procedures, and decisions in effect at the date of the second amendment of this Agreement shall remain in effect until they are changed in accordance with the provisions of this Agreement."

The Executive Directors noted the changes proposed by the General Counsel.

Mr. Bull, referring to the section describing the changes in the provisions dealing with the special drawing right on page 4 of "Part I: Introduction" explained that his authorities would prefer paragraph 1 to read "participants will be able to enter into transactions by agreement without the necessity for decisions by the Fund (Chapter Q, Section 2(v)), and a participant transferring special drawing rights in such a transaction need not observe the requirement of need that is included in the Articles (Chapter Q, Section 2(viii))."

The Executive Directors accepted the proposal by Mr. Bull.

Mr. Bull continued with a reminder to the Executive Directors that at the Jamaica meeting the Interim Committee had invited the Executive

Directors to continue their consideration of the Substitution Account without delaying completion of the comprehensive draft amendment. His authorities therefore wondered whether in the report to the Board of Governors there should not be some comment to the effect that the Executive Directors were continuing their study of the Substitution Account in accordance with the mandate given by the Interim Committee in Jamaica.

Mr. Sevilla supported Mr. Bull's position.

Mr. Pieske, on the other hand, remarked that the report dealt with the amendment of the Articles of Agreement and not with all the subject matters contained in the communiqués issued by the Interim Committee. It would therefore be wise for the Executive Directors to limit themselves to the question of amendment. The report was after all not intended to be a general statement of policy by the Executive Directors.

Mr. Bull remarked that if the proposal he had put forward would cause difficulty for certain Executive Directors, he would be satisfied if a statement to the effect that the Executive Directors were continuing their studies on the Substitution Account were included in their report to the Interim Committee for its meeting in September 1976.

The Executive Directors accepted Mr. Bull's compromise proposal.

Mr. Bull mentioned that his authorities believed that it would be useful to drop Schedule A and Schedule F. But, as he understood it, Schedule A had historical significance and if to drop it at the present stage would cause inconvenience he would not persist.

The General Counsel commented that he would find it easier to drop Schedule F than to drop Schedule A. If Schedule F were dropped there would need to be some redrafting of the text because of the references to the provisions in the schedule. The rules set out in Schedule F had been the subject of great controversy, and it might be unwise to delete the schedule without mature consideration, if only because of the complexity of the negotiations that had led to its acceptance.

Schedule A on the other hand, the General Counsel remarked, was a matter of some substance because there might be legal differences between original members, namely, those listed in Schedule A that had accepted the Articles of Agreement before a certain date, and other members, because the latter were subject to resolutions by the Board of Governors prescribing terms for admission. Some of the resolutions could have continuing force even though they did not affect the permanent rights and obligations of members under the Articles. It would introduce considerable complication if the distinction between the original members and other members were eliminated.

Mr. Bull indicated that in the light of the explanation given by the General Counsel he would withdraw his proposal.

Mr. Sevilla asked for some explanation of the practical consequences of eliminating Schedule A.

The General Counsel conceded that there were no continuing substantive differences between original members and other members. In fact, the differences under membership resolutions, with very few exceptions, were exhausted on the day of the establishment of a par value. Nevertheless there were differences, and at the moment those differences were not exhausted because not every member that had joined the Fund under a membership resolution had established a par value. The situation would be modified again to some extent when the amendment of the Articles took effect. Nothing would be added to any existing minor differences in the position of other members if Schedule A was retained. The only effect of retaining Schedule A would be to preserve the difference between the original members and other members because of any terms that might continue to apply to the latter.

Mr. Leddy, turning to page 63 of the report and draft Article XII, Section 3, noted that there was some inconsistency between the wording "each other member" and "individual members" in the report and "each of the members" in the text of Article XII, Section (i)(ii).

The General Counsel explained that in both the text of the report and in the Articles it was necessary to make it clear that the agreements between the additional appointed Executive Director and the remainder of his former constituency need not be with all members of the constituency. The use of the term "each of the members" had created some ambiguity, which had been eliminated by speaking of "individual members" instead of "each other member." However, in Article XII, Section 3(i)(ii) no problem was created by retaining the words "each of the other members" because of the new reference to "a member" in the next sentence. It would be clear that the language would mean that the Executive Director would approach each of the other members of the constituency individually for the purpose of separate agreements.

Mr. Leddy said that he accepted the explanation by the General Counsel.

Mr. Schneider referred to paragraph 2 in Chapter P--The Council--on page 65 of the report and to paragraph 1(b) of Schedule D to the Articles of Agreement, and said that it was his understanding that if the Council decided to have a restricted session, that did not necessarily mean that Executive Directors would be excluded; it was up to the Council to decide who should attend the restricted session.

The General Counsel stated that he was in agreement with what Mr. Schneider had said, which was in no way inconsistent with the text. On the one hand, the schedule stated that if the session of the Council was declared to the unrestricted, all the listed persons, including the Executive Directors, were entitled to attend. If the session was declared to be restricted, on the other hand, only the Councillors would be entitled to attend; but they in turn could determine who might attend in addition to themselves and, of course, attendance could vary from meeting to meeting.

The Executive Directors thereupon approved the text of their report to the Board of Governors and the text of the Articles of Agreement for transmission to Governors for a vote by mail, in accordance with the decision taken at the previous meeting (EBM/76/51, 3/24/76).

Mr. Deif, recalling that at the previous meeting the Chairman had expressed the hope that the final date for the vote by the Governors could be April 30, 1976, stated that he had sent to the Secretary a formal note proposing that the date should be in the middle of May. He wished to know what would happen if only a relatively small number of Governors was able to reply by the deadline that had been chosen. Would those Governors whose votes were not received by the deadline be considered as having abstained, or would the Executive Directors be able to extend the deadline if only a small number of replies had been received?

The General Counsel explained that under Section 13(c) of the By-Laws, if the replies received did not include a majority of the Governors exercising two thirds of the total voting power, which was required for a quorum of the Board of Governors, the motion would be considered lost. It was perhaps worth adding that whether a Governor voted on a resolution or not would in no way prejudice the position of his country vis-à-vis the amendment. If it seemed likely that the requisite number of responses to constitute a quorum would not be received by the deadline, the staff could recommend to the Executive Directors that they should extend the deadline. The staff naturally watched the progress of votes by mail with the greatest care.

The Secretary confirmed that if the staff found that the closing date for an important vote by the Governors was approaching and that it was unlikely that a quorum would be reached, the Executive Directors would have the opportunity to change the decision regarding the last day for voting.

Mr. Deif inquired whether it was possible to change the last day for voting before the deadline actually arrived. In other words, was it not desirable to have a phrase to that effect in the proposed resolution?

The General Counsel explained that changing the date of the deadline was within the powers of the Executive Directors and that nothing would be added by so stating in the resolution.

The Chairman explained that all members would have to undertake ratification procedures, and that a delay of ten days or so in the vote by mail could disturb the legislative timetables of members and thus cause further delay in the adoption of the amendment. He therefore hoped that, with the explanations given by the staff, Mr. Deif could accept April 30 as the closing date for the vote by Governors.

Mr. Deif said that he would abide by the rule of the majority but that he was not satisfied.

Mr. Bull stated that his authorities too had considerable misgivings about the date fixed for the vote by mail. He would, however, do his best to satisfy them on the basis of the statements he had just heard.

The Executive Directors thereupon agreed that April 30, 1976 should be the last day for the Governors' vote by mail on the amendment of the Articles of Agreement, in accordance with the consensus reached at the previous meeting (EBM/76/51, 3/24/76).

Mr. Amuzegar stated that he was sure that all Executive Directors shared his feeling of profound appreciation for the work done by the General Counsel and his colleagues in his own and other departments with respect to the second amendment. It would therefore be appropriate if the Executive Directors were to approve a special resolution recognizing and commending the results of those endeavors. He hoped that Mr. Lieftinck could be asked to prepare such a resolution for approval by the Executive Directors.

Mr. Lieftinck thereupon read the following resolution:

> The Executive Directors express their high appreciation for the excellent work which the General Counsel, the Economic Counsellor and many other persons, both professional and non-professional, from numerous parts of the staff have done in the preparation of the proposed second amendment to the Articles of Agreement.

The Executive Directors adopted the resolution.

4. TRUST FUND - TERMS

The Executive Directors considered a text based on a suggestion by Mr. Bull for revising Section 8: Terms in SM/76/33, Revision 1--Trust Fund - Use of Resources (3/2/76). The proposed language was:

> 8. Terms
>
> Assistance by the Trust to each qualifying member will be in the form of ten-year loans with an interest rate of 0.5 per cent per annum. The loans will have a grace period of five years and will be repayable in semiannual installments over the next five years. Before the end of the grace period for the first loan, the Trustee shall review the terms of the outstanding loans.

Mr. Bull said that his authorities were happy with the proposed language, and that they hoped the matter could be decided at the present meeting. They would, however, like to see the words "on a case-by-case basis" added at the end of the text.

Mr. Cross stated that he could accept the language proposed.

Mr. Amuzegar suggested that the last sentence should read "before the end of the grace period for the first loan, the Trustee shall review the repayment terms of the outstanding loans."

Mr. Deif said that he could accept the proposed language, but only without Mr. Bull's latest addition.

Mr. Sacerdoti remarked that he did not see the purpose of Mr. Bull's proposal. It was surely sufficient to say that the Trustee should review the repayment terms of the outstanding loans. Such language would give the Trustee ample flexibility either to transform all loans into grants or to decide to examine loans on a case-by-case basis, or indeed to set up criteria on which to decide the matter. If Mr. Bull's language were adopted it would not be possible to take a decision relating to all the outstanding loans as a matter of principle. It would be unfortunate to limit the possibility of a review, if only because the text under discussion represented a compromise between those Executive Directors who wished to emphasize grants and those who preferred to emphasize loans.

Mr. Bull said that if his proposal seemed likely to cause difficulties for his colleagues he would withdraw it, as he was concerned to reach a decision during the present meeting.

Mr. Cross observed that he would favor accepting Mr. Bull's proposal because it made explicit what was implicit.

The General Counsel remarked that, as he understood it, the review to be undertaken before the end of the grace period would cover the terms of all the outstanding loans on a particular date. It was therefore difficult to see the precise effect of adding the words "on a case-by-case basis." It might allay the fears of some Executive Directors if he recalled that his colleague had explained at an earlier meeting that the language could not possibly imply that the terms would be stiffened. What had to be decided was whether the review would consist of a separate decision for each loan or a general decision on how to approach all the forthcoming repayments.

The Chairman recalled that it had been understood that the Trustee, in undertaking the review, could take decisions on the basis of certain criteria. In other words, certain repayments could be rescheduled or canceled, but it had not been the intention to look separately at each repayment. Naturally, if a decision were taken to adopt a certain line of action in the event of serious difficulties arising for certain members, it would be necessary to examine the position of individual countries.

The Economic Counsellor explained that individual members might contract loans on which repayment might start to fall due some two or three years apart. It would therefore be difficult on a given date to consider all of them on a case-by-case basis; indeed, if the words "on a case-by-case basis" were added, the Fund might find itself legally compelled to undertake an activity in which it could not in fact engage.

The General Counsel added that the intention had been that a review would be conducted at what would in due course become a precise date and that in the course of that review the Trustee could lay down general criteria that could be applied to the change in circumstances of each loan. The sentence as it stood seemed therefore to give the necessary flexibility.

Mr. Cross indicated that the term "before the end of the base period" was rather vague; the next day would qualify as being before the end of the base period. He therefore proposed that the language should read "toward the end of the grace period."

The Executive Directors accepted the proposal by Mr. Cross.

Mr. Pieske said that the reference to a "case-by-case basis" seemed useful because it would mean that if the Trustee wished to change the repayment terms, it would not have to change them for all members alike. The same point might perhaps be made by saying "the Trustee shall review repayment terms of any or all the outstanding loans."

The General Counsel commented that the language might give a flavor of possible discrimination, which was something that Executive Directors would clearly wish to avoid.

Mr. Lieftinck said that he could accept the proposed text, and that he was grateful to Mr. Bull and Mr. Cross for having cooperated in finding an acceptable compromise. To overcome the present difficulty, he would suggest the inclusion of the phrase "in the light of circumstances" as a way of indicating that the Trustee would be guided in its decision following the review by the circumstances prevailing at the time.

Mr. Foglizzo indicated that he would like to see the section end with the words "the Trustee shall review the terms of outstanding loans on the basis of the same criteria for all recipients." The purpose would be to ensure that there was no discrimination between members.

Mr. Temple-Seminario said that he felt that the last sentence gave the impression that the Trust Fund would be operating only in terms of loans, and that had not been the intention of the Executive Directors on the last occasion that the matter had been discussed. His authorities would certainly be upset that there was not even a mention of grants. He therefore proposed that the last sentence should end with the words "the Trustee shall review the repayment terms of outstanding loans to study whether those loans would be repaid or would be converted into grants on the basis of uniform criteria."

The Chairman remarked that, while it was clearly intended that there should be grants, the language before the Executive Directors represented a compromise that had received wide support. The only reason the matter had been brought to the agenda of the present meeting was because Mr. Cross had had difficulties in accepting it. Now that Mr. Cross had been able to agree, it would be unwise to try to introduce more explicit language.

Mr. Whitelaw said that while the compromise sentence was acceptable, he wondered what would happen if, toward the end of the five-year grace period, the Trustee decided that the loans would not, after all, need to be repaid with interest. In those circumstances how would the Fund's administrative costs be covered?

The Chairman explained that the 0.5 per cent per annum interest rate would be paid even during the grace period, and the staff considered that the amount received would amply cover any cost that could be attributed to the administration of the Trust Fund.

After further discussion, the Executive Directors agreed that the last sentence should read "toward the end of the grace period for the first loan, the Trustee shall review, in the light of circumstances, the repayment terms of outstanding loans on the basis of uniform criteria."

Mr. Bull stated that irrespective of the policy adopted toward the Trust Fund and of his authorities' strong support for the concept of grants in connection with the Trust Fund, and despite the policy of the U.K. Government, which had been set out in its White Paper on the subject, his authorities in no way favored converting the terms of existing U.K. Government loans into grants.

The Executive Directors concluded for the time being their discussion of the Trust Fund.

DECISIONS TAKEN SINCE PREVIOUS BOARD MEETING

The following decisions were adopted by the Executive Directors without meeting in the period between EBM/76/51 (3/24/76) and EBM/76/52 (3/26/76).

5. BARBADOS - REPRESENTATIVE RATE FOR BARBADOS DOLLAR

The Fund finds, after consultation with the authorities of Barbados, that the representative exchange rate for the Barbados dollar under Rule O-3, paragraph (c)(i), against the U.S. dollar is the mid-point between buying and selling rates of the Central Bank of Barbados for spot delivery of the U.S. dollar. The Central Bank of Barbados will promptly advise the Fund of any change in the representative rate (EBD/76/57, 3/23/76).

Decision No. 5018-(76/52) S, adopted
March 25, 1976

6. BURMA - TEMPORARY POSTPONEMENT OF REPURCHASE COMMITMENT

The repurchase equivalent to SDR 13.5 million which falls due not later than April 5, 1976 in respect of the purchase of a like amount on April 6, 1973 under the stand-by arrangement of February 2, 1973 (Executive Board Decision No. 3861-(73/8), adopted February 2, 1973) is temporarily postponed until not later than May 31, 1976 (EBS/76/142, 3/23/76).

Decision No. 5019-(76/52) S, adopted
March 25, 1976

7. INCREASE IN QUOTAS OF MEMBERS - SIXTH GENERAL REVIEW - GOVERNORS' VOTE

The Executive Board approves the report of the Secretary (EBD/76/59, 3/23/76) on the canvass of the votes of the Governors on Resolution No. 31-2 respecting an adjustment of the quotas of members, approved by the Executive Board for submission to the Board of Governors (EBM/76/21, 2/20/76). The Governors' vote on the Resolution is recorded as follows:

In favor of Resolution	302,634
Votes of members not cast	8,110
Votes against	1,820
Abstentions recorded	11,550

Decision No. 5020-(76/52), adopted
March 24, 1976

8. EXECUTIVE BOARD TRAVEL

Travel by Executive Directors as set forth in EBAP/76/60 (3/23/76) and EBAP/76/63 (3/24/76) is approved.

APPROVED BY THE EXECUTIVE BOARD:
Meeting 76/108, July 23, 1976

H. JOHANNES WITTEVEEN
Chairman

ROGER V. ANDERSON
Acting Secretary

Statement by the General Counsel
on Corrigenda in DAA/76/11

The following textual corrections in DAA/76/11 have been made as the result of suggestions received so far.

Report

Page	
Table of Contents:	Delete "Account" in D Delete "of the Fund's Assets" in H
1	First line of last paragraph: substitute "three" for "four"
4	Last line: "section 2(i) and (iii)"
5	Third paragraph under (d), second sentence to read: "Similarly, members will be able to obtain the currencies of other members when they have been specified by the Fund for repurchase."
6	First main paragraph, last sentence: substitute "individual" for "each of the" and "them" for "other members." Also, "section 2(b)" instead of "section 2."
	Next paragraph: insert brackets as follows: "(and in one instance an absolute majority)."
	Last paragraph, penultimate line: insert "the" before "legal"
7	End of penultimate paragraph: and "(Article XXX(i))"
	Penultimate line of 4: delete "they", add "made" after "been"
13	Paragraph 6, line 8: substitute "On" for "After"
14	Third sentence: substitute "A currency that does not fall under Article XXX (f) for the Fund's purposes nevertheless may be freely exchangeable for other currencies although it is not widely used for international payments." In next sentence insert "only" before "if".

Report Page	
17	Title: delete "Account"
	Paragraph 2, line 17: insert "and transactions" after "operations"
19	Paragraph 8, 3 lines from end: add ", other than a reserve tranche purchase," after "purchase"
25	Paragraph (iii), end: add ", as is the present practice.
26	Paragraph (vi), first sentence: "period" for "periods" twice
37	Title: delete "of the Fund's Assets"
40	Paragraph (f), last line: read "of a fixed price, in the gold market; and"
41	Paragraph 4, line 5: substitute "6" for "5(a)"
45	Line 9: delete "(ii), (iii), and (iv)"
47	Paragraph (b), line 3: delete "Fund's"
48	Paragraph (e): substitute "Special Drawing Rights Department" for "Special Drawing Account"
62	Last full paragraph, line 4: substitute "(iii) and (iv)" for "(ii) and (iii)"
63	Incomplete paragraph, penultimate sentence: substitute "individual members" for "each other member" and delete "each of" before "these other members"
64	Paragraph (f): substitute for last two sentences "It is intended that existing interpretations and conventions would continue to apply."

Report Page	
65	Paragraph 2, lines 2 and 3: read "as there are Executive Directors, because each member that appoints and each group of members that elects an Executive Director will appoint one"
70	Line 5: delete "(h) and"
71	Paragraph (xi), last sentence: read "It is hoped that participants in the Special Drawing Department will collaborate regarding the exchange of freely usable currencies provided in transactions with designation, as would be normal practice pursuant to Article XXII."
76	Paragraph (iii), line 10: substitute "may" for "will"
81	XII 3(b): substitute "Maintenance of" for "No decrease in"
86	Line 5: insert "April 30" in blank
89	Paragraph 1: read "The proposals for modifications (Proposed Second Amendment) that are included in the attachment to this Resolution and are to be incorporated in the Articles of Agreement of the International Monetary Fund are approved."

Articles of Agreement attached to Resolution in Part IV

12	Subsection (c), line 3: substitute "result" for "results"
13	Subsection (j): insert "(j)" before "(i)" in (iii) and "(j)" before second "(i)" in (iv)
14	Section 9(a), line 3: substitute "a member's" for "the member's"
18	Subsection (h), line 3: delete "the"

<u>Report</u> <u>Page</u>	
19	Subsection (i): to correct the syntax, read: "The General Resources Account shall be reimbursed from time to time in respect of the expenses of administration of the Special Disbursement Account paid from the General Resources Account by transfers from the Special Disbursement Account on the basis of a reasonable estimate of such expenses."
	Subsection (j), last line: for "account" substitute "Special Disbursement Account"
32	Section (i) (ii), penultimate line: substitute "A member" for "Each of the other members"
	Subparagraph (iii): second sentence to become first sentence of subparagraph (iv)
35	Subparagraph (iii) delete "the" in second and third lines
41	Section 2: delete "of the General Department" in line 2 and substitute "prescribed" for "other" in penultimate line
	Section 3, last line: insert "prescribed" before "holders"
50	Last line: add new sentence "For the purposes of this provision, an agreement under Article XII, Section 3(i) (ii) by a member that is a participant shall entitle an appointed Executive Director to vote and cast the number of votes allotted to the member."
69	Paragraph 11, third line: after "if" insert "the special drawing right is the common denominator and"
70	Paragraph 1 (a), first two lines: read "Each member that appoints an Executive Director and each group of members that has the number of votes allotted to them cast by an elected"

Report Page	
72	Insert as (e) (and not as suggested at EBM/76/51 at bottom of page 71): "For the purposes of (b) and 3(b) above, an agreement under Article XII, Section 3(i) (ii) by a member, or by a member that is a participant, shall entitle a Councillor to vote and cast the number of votes allotted to the member."

Statement by the General Counsel
on Corrigenda in DAA/76/11 - Supplement

The reference to page 14 of the Report in the Corrigenda should be to page 22, and the sentence should read as follows:

> "A currency that does not fall under Article XXX (f) for the Fund's purposes because it is not widely used for international payments may nevertheless be freely exchangeable for other currencies in some of the principal exchange markets."

Report Page	
4	Last line: "section 2(i) and 3"
45	Line 8: add at end "other"
65	Paragraph 2, lines 2 and 3: read "as there are Executive Directors, because each member that appoints and each group of members that elects an Executive Director will appoint one"
71	Paragraph (xi), last sentence: in Corrigenda read "Special Drawing Rights Department"