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INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 65/7

10:00 a.m., January 29, 1965

F. A. Southard, Acting Chairman

Executive Directors	Alternate Executive Directors
J. J. Anjaria	
	W. O. Habermeier
M. C. Bicalho	A. Coutinho
W. B. Dale	J. S. Hooker
K. Eklöf	O. Schelin
	E. Domenech
	J. González del Valle
	R. Daniel
L. Kandé	A. W. Yameogo
S. Kiingi	P. L. Faber
	G. Teyssier
P. Lieftinck	H. M. H. A. van der Valk
	S. J. Handfield-Jones
A. Z. Saad	A. Mansour
	C. P. Caranicas
	J. A. Kirbyshire
	A. Nikoi
	Chalong Pungtrakul
	I. S. Sun
A. van Campenhout	M. Toussaint

Roman L. Horne, Secretary
A. Mountford, Assistant

Also Present

Mr. Kemal Siber, Counselor for Financial, Commercial and Economic Affairs, Embassy of the Republic of Turkey. African Department: J. W. Kratz, M. A. Qureshi. Asian Department: D. S. Savkar, Director; H. C. Murphy, Deputy Director; A. Abadjis, R. Amatayakul, C. G. Chang, C. C. Liang, A. A. Mattera, P. Narvekar, A. Raman, Tun Thin. European Department: L. A. Whittome, Director; R. Evensen, R. J. Familton, J. K. Rosenblatt. Exchange Restrictions Department: E. Sturc, Director; R. V. Anderson, J. H. C. De Looper, W. F. Hughes, W. J. R. Woodley. Fiscal Affairs Department: G. Dutto, A. H. Gantt. Legal Department: H. Aufricht, J. G. Evans, F. Hodel. Middle Eastern Department: A. R. Bengur. Secretary's Department: W. L. Hebbard, Deputy Secretary. Treasurer's Department: C. B. Fink, R. Kroc, R. H. Miller. Western Hemisphere Department: J. Del Canto, Director; S. T. Beza, P. J. Brand, J. W. Crow, E. Zayas. The IMF Institute: P. Walter, C. Tognetti. Information Office: L. R. Azócar, N. K. Humphreys. Technical Assistants to Executive Directors: J. S. H. Hunter, D. C. Keys, T. Kondo, A. C. Lamb, P. S. Mirza, L. Plum, J. R. Vallet.

1. APPROVAL OF MINUTES

The draft minutes of Meetings 64/55 and 64/61 were approved.

2. COSTA RICA - ACCEPTANCE OF OBLIGATIONS OF ARTICLE VIII, SECTIONS 2, 3, AND 4, AND STAND-BY ARRANGEMENT

The Executive Board considered a staff report on the acceptance by Costa Rica of the obligations of Article VIII, Sections 2, 3, and 4, of the Articles of Agreement (EBD/65/3, 1/6/65) and Costa Rica's request for a one-year stand-by arrangement in an amount equivalent to $10 million, together with the staff's analysis and recommendation that the Fund agree to the request and grant the necessary waiver under Article V, Section 4, of the Articles of Agreement (EBS/65/7, 1/11/65).

Mr. González del Valle made the following statement:

The economic development of Costa Rica suffered a serious setback in 1963 and 1964 due to the natural disaster brought about by the violent eruption of the Irazú volcano. The persistence of such an unfortunate event for more than 20 months, beginning in March 1963, has caused profound disruptions in the basic relationships of production, investment, and employment. Moreover, this came at a time when Costa Rica was barely beginning to recover from the economic stagnation of the period 1959-1961, which in turn had resulted from the extreme vulnerability of the Costa Rican economy to the world coffee market.

The amount of the damages and losses resulting from the abnormal activity of the Irazú volcano is yet to be evaluated. An estimate made in August 1964 by the Costa Rican authorities shows that after 15 months of volcanic eruption the damages in terms of agricultural and cattle production lost, communications disrupted, water supply installations damaged, and housing units destroyed amounted to more than 153 million colones. It was also estimated that the devaluation of property directly attributable to the eruption reached 100 million colones. Given the size of the Costa Rican economy, these figures represent a substantial loss which must be offset rapidly if the process of economic development is to continue at all.

To satisfy the most urgent needs created by the disaster, some help has been received from friendly countries, but the weight of the costs involved in economic rehabilitation is being undertaken primarily by the Costa Ricans themselves. On the one hand, the Government has increased public expenditures in order to defend and preserve natural resources, relocate population, repair communications and water supply installations, rebuild schools and homes, etc. On the other hand, the private sector has contributed substantially by investing in new agricultural, industrial, and cattle-raising enterprises outside the area directly affected by the volcanic activity and by joining the Government in the extraordinary human efforts demanded by the national emergency.

It is against the background just described that recent financial developments in Costa Rica have to be evaluated, because here we have a clear case where the problems of monetary and exchange stability are unavoidably complicated by the difficult task of over-all economic rehabilitation. It is therefore remarkable that Costa Rica was able to achieve considerable progress in strengthening its financial policies in recent years. This has particularly been the case in the fiscal, exchange, and export promotion fields.

Prior to 1963 Costa Rica's public finances were confronted with a wide range of difficulties, among which the accumulation of floating debt, the weakness of the tax structure, and the limited scope of expenditure administration were particularly serious. In the last two years measures have been taken to help deal with these problems, and the Costa Rican Government is now making determined efforts to bring about a reasonable degree of fiscal equilibrium as soon as possible. The income tax system has been both modernized and broadened; the land tax base is gradually being enlarged; new excise and sales taxes have been established and, in general, the tax collection machinery is now more effective. On the expenditure side, the technique of program budgeting was perfected in 1964 and will be applied fully beginning this year; moreover, the Central Government has taken measures to limit the amount of transfers to official institutions to the legitimate operating and investment requirements of such entities within the framework of a national development plan.

With regard to the exchange policy, the determination of the Costa Rican authorities to maintain a convertible and stable colón has now been formally ratified by their decision to assume the obligations of Article VIII, Sections 2, 3, and 4 of the Fund Agreement from February 1, 1965. Notwithstanding the strong pressures on the balance of payments during the last three years, Costa Rica has consistently pursued an exchange policy free from restrictions and discriminatory practices. The decision of the Costa Rican authorities to assume the obligations of Article VIII is particularly relevant to the economic integration of Central America, since now the five member countries of the Common Market will enjoy a comparable exchange structure, which is expected to provide a firm basis for further progress in the Central American aspirations for monetary integration.

The strengthening of the export base is one of the major objectives of Costa Rica's present economic policy. Both the diversification and the expansion of exports are considered essential to improve the balance of payments structure and, consequently, support the long-range objectives of a sound financial policy. The banking system is expected to play an important role in the diversification of exports, and selective credit policies are now being implemented for this purpose. Specific credit programs have already been set up to finance an increased production of cotton, bananas, sugar, cattle, etc. The

rehabilitation of high-quality coffee plantations is also being supported. Industrial exports, which in the last two years proved to be highly successful with the opening of the Central American Common Market, are expected to make further advances and will continue to enjoy encouragement from the Government and the banking system.

The three important areas of economic policy just described constitute the core of the financial program for 1965 in support of which the Costa Rican authorities now request a stand-by arrangement with the Fund. In essence, such a program calls for a sounder fiscal policy, noninflationary financing of any remaining fiscal deficit, an appropriate rate of expansion of the domestic credit of the Central Bank, and a continuation of present monetary and exchange policies. These objectives are consistent with the efforts being made by the Costa Rican public and private sectors to bring about a rapid rehabilitation of the national economy and to resume the process of economic and social development. I therefore support the requested stand-by arrangement and respectfully ask the Executive Board to approve it.

Mr. Dale welcomed the move of Costa Rica to Article VIII status in the Fund. In a certain sense the move was largely symbolic, because Costa Rica had actually for some time had no restrictions on current payments. He supported the stand-by, which he regarded as a reasonable arrangement with the Fund. The balance of payments and monetary policies followed by Costa Rica for some time gave rise to no concern. He noticed with particular interest the general undertakings of the Government of Costa Rica in the fiscal field, as embodied in the letter of intent and discussed in the staff report on the proposed stand-by. The U.S. authorities had hoped that the bulk of the fiscal deficit would be closed by budgetary means, through increased revenues and reduced expenditures, and that much less reliance would have been placed on the issuance of debt instruments. He hoped there would be no need for further requests for short- and medium-term foreign borrowing to cover the budgetary deficit. He understood that the fiscal program contemplated under the stand-by would be viable with the existing sources of finance, and that the present program did not inherently require additional new external budgetary assistance. His own analysis indicated that the Government's fiscal program for 1965, as embodied in the stand-by paper, would involve some difficulty in these measures, and the Government of Costa Rica was to be commended for its intention to undertake them. However, this program, even if implemented, would not go beyond mere fiscal equilibrium in 1965. It would not provide for increased public sector savings to finance Costa Rica's contribution to the investment program, which would be necessary for Costa Rica's continued economic growth. In concert with other interested agencies, the U.S. authorities maintained a continuing interest in helping to enhance Costa Rica's public sector savings, and they intended to continue to offer technical assistance to the Government of Costa Rica in fiscal and related fields. He hoped that in planning ahead for 1966 and subsequent years,

the Costa Rican Government would make every effort to provide for the public sector savings that would be so important for future economic growth. He noted in this connection that for 1962, at any rate, the total tax revenue of the Costa Rican economy was about 11 per cent of gross national product. He compared this with Thailand, which the Executive Board would later be discussing, and where the tax revenues, at 14 per cent of GNP, were not regarded by the staff as too high.

Mr. Kirbyshire joined Mr. Dale in welcoming Costa Rica's move to Article VIII status. The Costa Rican authorities deserved congratulations on this move, and on their determination to maintain a unified exchange system free of restrictions, particularly in the difficult situation caused by the recent eruption of the Irazú volcano. With reserves down to the level of barely one month's imports, and the expected 25 per cent reduction in coffee production due to damage by the volcano, the need for a stand-by was very clear and he was happy to support the request. His doubts centered mainly on the fiscal situation. He welcomed the plans of the Costa Rican authorities to increase revenue, to control more effectively government expenditure. He also welcomed their intention to reduce subsidy payments to the autonomous agencies, to restrict reliance on Central Bank credit, and to avoid any further increase in short-term foreign indebtedness. These were all useful steps in the right direction, but he felt the underlying fiscal position still looked weak. His impression was that the Costa Rican authorities clearly expected their budgetary position to be dependent on a continuing supply of external assistance. He noted the intention of the Costa Rican authorities, in order to avoid increasing the floating debt, to maintain a balance between actual receipts and the issue of orders to make cash payments; however, he would have thought that in these circumstances, it could theoretically happen that the authorities, at a time when they were up against their ceiling on borrowing from the Central Bank, might be forced either not to live up to these intentions to pay only against receipts, or to go into default on the servicing of the existing internal short-term debt. He asked if there was any indication that this situation might arise, and whether the Costa Rican authorities had any ideas of how they might deal with it if it did arise.

Mr. Domenech supported the proposed stand-by arrangement with Costa Rica. He considered that the mere fact that Costa Rica was assuming the obligations of Article VIII, evaluated in the light of its present economic and financial situation, was sufficient reason for the Fund to support the country with a second line of reserves. Because of the eruption of the Irazú volcano and the weakened financial reserves position, Costa Rica was faced with an uncertain economic future, but he was happy to see that the authorities were implementing a courageous program of credit and fiscal measures designed to promote growth while defending the foreign reserve position. Despite balance of payments difficulties Costa Rica had maintained an exchange system free of restrictions, and now the move to Article VIII status was further proof of its determination to maintain a liberal payments system.

Mr. Lieftinck greatly welcomed the projected step by Costa Rica to join the club of the Article VIII countries. This was a courageous decision. It was true that Costa Rica had a liberal system of payments, free of restrictions, but he did consider this decision to assume the obligations of Article VIII as very important indeed. It would greatly facilitate the further integration of Costa Rica into the Central American Common Market, and in this connection he was pleased by the progress made in the diversification of its exports. At the same time, the acceptance of the Article VIII obligations required that the country take all necessary measures to safeguard internal and external stability, and he noted that the Costa Rican authorities were working on a very slight margin, particularly with respect to external stability. Also there were certain weaknesses in the internal field, particularly with respect to the fiscal system. He appreciated the fiscal plan for 1965, and he hoped the authorities would also be successful in their intention to strengthen the fiscal base further, and in the implementation of cautious credit policies.

Mr. Lieftinck expressed his sympathy to Costa Rica for the disastrous effects of the eruption of the volcano. This in itself justified reasonable Fund assistance. This natural disaster had certainly influenced the budgetary position, particularly in 1963/64, and might also have an effect in 1965. It called for some redistribution of production in the country, and emergency measures to mitigate its economic and social impact. Under such conditions, the Fund should be ready to assist Costa Rica. The request for a stand-by was also motivated by the very narrow margin on which the country was operating, and the acceptance of the Article VIII obligations. He supported the move by Costa Rica to Article VIII, and the proposed stand-by arrangement.

The staff representative responded to the point raised by Mr. Kirbyshire and said the Costa Rican authorities and the staff had estimated that it would be possible to get along in 1965 without increasing the floating debt, because adequate financing was provided. This problem had arisen in serious form in 1961, because expenditures had not been related to the financing available, and consequently the floating debt had increased substantially.

Mr. González del Valle thanked the Executive Directors for their comments.

Decisions

a. Acceptance of Obligations of Article VIII, Sections 2, 3, and 4. The discussion turned to the text of the draft decision on the acceptance by Costa Rica of the obligations of Article VIII, Sections 2, 3, and 4. No changes were suggested.

The decision was:

> The Fund notes Costa Rica's acceptance of the obligations of Article VIII, Sections 2, 3, and 4 from February 1, 1965.

Decision No. 1818-(65/7), adopted
January 29, 1965

b. Stand-By Arrangement. The discussion turned to the text of the proposed stand-by arrangement. No changes were suggested.

The decision was:

The Government of Costa Rica has requested the Fund to agree to a stand-by arrangement. The Fund agrees to the request, approves the stand-by arrangement attached to EBS/65/7, Sup. 1, and grants the necessary waiver under Article V, Section 4, of the Articles of Agreement.

Decision No. 1819-(65/7), adopted
January 29, 1965

3. TURKEY - 1964 ARTICLE XIV CONSULTATIONS AND STAND-BY ARRANGEMENT

The Executive Board took up the staff report and recommendations on the 1964 Article XIV consultations with Turkey (SM/65/6, 1/18/65), and considered the request by Turkey for a stand-by arrangement in an amount equivalent to $21.5 million, together with the staff analysis and recommendation that the Fund agree to the request (EBS/65/11, 1/18/65). Mr. Kemal Siber, Counselor for Financial, Commercial and Economic Affairs of the Turkish Embassy in Washington, was also present.

Mr. van Campenhout made the following statement:

I wish to express my great appreciation of the staff's excellent reports. The clarity of Part I of the consultations paper deserves to be specially commended. I have no exception to take to the staff's appraisal and am in agreement with their recommendations.

There are three encouraging developments in the situation which became known only a few days ago.

First, the rise in real gross national product, which was expected to reach only 4 per cent for 1964, has actually reached 5.6 per cent.

Second, the latest figures indicate that exports in 1964 have reached the record level of $412 million. This compares with the previous estimate of $375 million mentioned in the staff report and is higher than the amount of $410 million expected from the expansion of exports in 1965.

Third, workers' remittances have brought $8 million in 1964, while the estimate was $3 million. It is interesting to note the trend of these remittances which increased by nearly $5 million in the last three months of the year.

In brief, the rate of economic growth and the improvement in important factors of the external position have been better in 1964 than was previously expected.

These developments are to be welcomed and may be related to the purposeful policy of the Turkish Government toward development in stability maintained despite the difficulties of noneconomical origin, which marked the first half of the year. The Government has remained mindful of the potential danger of inflationary pressures, as shown by the prompt introduction of restraining measures when a climate of excessive expansion tended to appear late in 1964.

The Government continues its efforts to improve the economic and financial machinery on a broad front: through the reorganization of the State Economic Enterprises, the improvement of the tax collection system, amelioration in the preparation of development projects, and increased adaptation of the Administration to its new economic tasks. I have been personally impressed by the alertness and determination of the authorities in that respect.

The need to give a high priority to the expansion of exports is well perceived. At this time, legislative measures are under consideration to encourage foreign participation in the development of the mining industries, which could contribute substantially to exports. More generally, the need to encourage private investment either from internal savings or foreign capital is well recognized.

I also wish to say that the contribution of the OECD Consortium for Turkey is, of course, much appreciated and in particular the efforts recently made to accelerate the timing of the aid so that disbursements coincide more closely with the period to be covered.

In concluding, I would like to express the hope that my colleagues will be able to support the proposed stand-by arrangement, which appears to me fully justified in the circumstances.

Mr. Dale joined the staff in commending the policy followed by the Turkish authorities in 1964, when considerable difficulties were presented to economic policy because of certain noneconomic events. The Turkish authorities, in a careful and well-considered way, had been responsive to the needs presented by these unexpected events. The staff had also rightly pointed to the dangers that might be presented by the insertion of the price support objectives into the operations of the official agricultural marketing enterprises.

Mr. Dale referred to the more difficult balance of payments problem presenting itself to the authorities in 1965, particularly because of the sharp increase in anticipated debt amortization by about $80 million. The debt service cost in future years might continue to rise because of the relatively heavy external borrowing by Turkey in recent years. This would make it all the more important that the Consortium be fully successful in obtaining the commitment of foreign aid to Turkey. He supported the stand-by.

Mr. Lieftinck said the Turkish problem at present was less that of establishing and maintaining monetary stability and more of remedying the structural weaknesses. These structural weaknesses were partly the aftermath of a period of inflation, with the usual features of investment distortions and the building up of a high foreign debt. Partly, they were the consequence of institutional deficiencies, combined with a long period of mismanagement in the use of economic resources, and partly, they were connected with the high dependence of the economy on weather conditions and the result of harvests. He paid tribute to the authorities for their serious efforts, particularly in the last two years, to establish and maintain internal monetary stability. In the budgetary field they had been cautious and had established a three-monthly review of budgetary performance, and had adjusted expenditures from time to time in accordance with revenues. The authorities had also followed an intelligent policy with respect to credit control.

Mr. Lieftinck said the Five-Year Plan would make for more rational development planning and should be conducive to a better use of the available economic resources. However, he agreed with the staff that too much attention seemed to be given to long-term public infrastructure investment and too little to investments which would result in a larger immediate mobilization of productive capacity. It was unfortunate that too much private investment was being directed toward luxury housing and too little to the industrial sector and the mineral sector, although perhaps the mineral sector would lend itself more to public development or to some kind of joint development with the assistance of foreign capital and know-how. He welcomed the efforts to create more favorable conditions for the development of the private industrial sector.

Mr. Lieftinck said that although the organization and functioning of the State Economic Enterprises had been given more attention recently, all that had actually been achieved was a funding of the debt and the setting up of committees and the preparation of legislation which might take several years to come into effect. The difficulties had existed for many years, and he would have hoped for quicker results. There were also great institutional deficiencies in the tax system. The success of the efforts to improve tax revenue had been small compared with the growth of gross national income. More would have to be done to generate income and savings in the public sector. In particular, the taxation of agricultural income was still deficient, and tax collection generally presented a serious problem. Another structural weakness was the high dependence of Toprak (the Soil Products Marketing Organization) and the State Economic Enterprises and the Monopolies Administration on direct financial assistance from the Central Bank and the Government. This was partly a result of a shortage of working capital, but was also partly connected with certain price policies, which should be reconsidered.

Mr. Lieftinck said that the economic conditions did not give sufficient stimulus to exports; the weakness of the Turkish economy could not be remedied unless there was greater promotion and stimulation of exports.

What Turkey needed most was assistance in overcoming the structural weaknesses, rather than assistance in overcoming temporary balance of payments disequilibria. Turkey was suffering from a chronic weakness in its balance of payments, and for a long time would need foreign assistance. In these circumstances, Fund assistance to Turkey presented a problem. Nevertheless, he was prepared to go along with the proposed stand-by arrangement to Turkey, because on the basis of these structural weaknesses, Turkey was faced with temporary fluctuations in its balance of payments position. He certainly hoped that the time would come when the Turkish balance of payments improved to the extent that Fund assistance would not be a mixture of long-term assistance and short-term assistance.

Mr. Habermeier noted that progress had been faster in 1964 than expected; this was particularly welcome with respect to the high exports and the increasing workers' remittances, which were important features of Turkey's balance of payments. He expected exports would continue to receive primary attention, and that tourism and remittances would bring more foreign exchange. He agreed with the staff appraisal, specifically the desirability of stabilization of fiscal and monetary policies with determination. He noted the staff view regarding structural weaknesses in taxation and the State Enterprises, and also agreed with the staff's comments on credit policy and the review of price policies. The highest priority should be given to increasing the foreign exchange earnings. He endorsed the staff's views about the bilateral payments agreements, and agreed with the proposed recommendations and the proposed stand-by arrangement, which was justified under the special conditions. Like Mr. Lieftinck, he thought the stand-by should provide Turkey with a valuable second line of reserves and help safeguard steady policies in the monetary, fiscal, and foreign trade fields when temporary fluctuations occurred. He supported what Mr. Dale had said on the need for the Consortium to alleviate successfully the high foreign debt burden of Turkey. To set the record straight, Mr. Habermeier said that the figure of $52 million given for German external assistance in 1963/64 to Turkey, while numerically correct, did not in the view of the German authorities represent external financial assistance in the sense of long-term assistance. About $15 million of it was cash assistance, given in 1964, which would be repaid over a period of two years by export deliveries to Germany.

Mr. Kirbyshire said the staff report revealed no basic improvement in the Turkish economy, although the authorities had had fair success in tackling the temporary difficulties in 1964. The measures taken to counteract the slowdown in growth in the first half of 1964, a slowdown which was due mainly to noneconomic causes, showed both welcome flexibility and praiseworthy circumspection. He endorsed warmly the intention of the authorities not to endanger their long-term policy of development without inflation, while echoing the cautionary note of the staff appraisal.

Mr. Kirbyshire referred to the continued unsatisfactory position of the State Economic Enterprises, and said that although there had been some improvement both financially and administratively in 1964, the main problems

of management and price policy remained. He shared Mr. Lieftinck's disappointment that further progress had not been made, and was disturbed that the Committee charged with reorganizing these Enterprises was not due to finish its work before 1966. With respect to the Central Bank credit granted to Toprak, it was not reassuring that the authorities intended to expand the activity of this organization. It would surely be better to concentrate first on reforming the existing situation, and in particular to adjust the purchase and sale prices. Few countries could claim to have found a perfect solution to the problem of agricultural price policy, but the need of resources to finance development was so great in Turkey that subsidizing consumption was altogether too costly a luxury. On the external side, the staff appraisal and recommendations put the correct stress on the need for the utmost economy in the use of foreign exchange and for further determined efforts to expand earnings. Apart from the importance of these policies for Turkey's immediate difficulties, pursuit of them would also reassure Turkey's creditors that their own efforts as regards new assistance and debt rescheduling were being matched on the Turkish side.

Mr. Kirbyshire considered the Turkish intention to establish a network of bilateral trade and payments agreements with African countries particularly disappointing, in view of the progress made in terminating earlier bilateral agreements. The proposed recommendations were somewhat weak on this point and he entirely agreed with what the staff appraisal said about the undesirable effects of this policy on the drive to improve the structure of Turkish exports and to maximize earnings of convertible currencies.

Mr. Kirbyshire supported the proposed stand-by arrangement. He felt it would have been preferable if paragraph 5 of the letter of intent had contained, as well as the reference to earlier measures to expand foreign exchange earnings, a firm commitment to implement these measures energetically and if necessary to devise further measures for the conservation and the earning of foreign exchange. More generally, the question of refinancing earlier drawings, of which the present stand-by was another example, was a familiar topic, and he would only refer to what he and other Executive Directors had already said on this subject. On another general point, he thought there was a need for all the parts of a package of assistance to coincide both in time and in conditions. In the Turkish case, he would have preferred, in the interests both of Turkey and its creditors, to see the present stand-by linked in some way to reaching an understanding in the Consortium on how the whole problem of Turkish debt should be tackled. In practice, this might be done by having a different schedule for the timing of drawings under the stand-by. He hoped that the debt rescheduling efforts of the Consortium would be successful. He understood that the IBRD had some interest in a large hydro-electric project in Turkey, and was planning to send a general economic mission there, and he asked what steps were being taken to ensure that the two institutions kept in close touch on general economic developments in Turkey.

Mr. Teyssier agreed with the staff appraisal, and welcomed the encouraging signs of recovery which were shown by the most recent statistical data

relating to exchange earnings from exports and workers' remittances. He understood that the sudden and quite important increase in remittances coincided with the termination of contracts of workers abroad by the end of 1964. He felt that reduction of the fiscal deficit raised a delicate problem, as it depended not only on the implementation of an efficient tax program, but also on the reorganization of the State Enterprises. He fully shared the views expressed by Mr. Lieftinck about the necessity of prompt and vigorous measures in this field. He supported the proposed stand-by arrangement.

Mr. Handfield-Jones agreed with Mr. Lieftinck that the Turkish problem was not so much one of the achievement and maintenance of monetary stability as of the structural weaknesses of the economy. The Turkish authorities had been able to pursue a very effective set of policies directed at the maintenance of exchange and price stability, and the effectiveness of these policies, together with the fact that the stand-by would not involve the greatest possible use of the Fund's resources, enabled him to support the proposed stand-by. However, recalling what Mr. Plumptre had said on another occasion about the problem of persistent debtors, he noted that Turkey was the only other country, besides Chile, which had had a drawing outstanding on every New Year's Day since 1947. The staff paper was disturbing, in that it provided a picture of "roll-over" which underlined the fact that in effect the assistance provided by the Fund to Turkey was of a relatively long-term nature. The need for this was reflected in the letter of intent, which said that "Developments so far in 1964 indicate the difficulties Turkey faces in attempting to pursue the objectives of a realistic development plan with limited external reserves. In particular, the low level of reserves means that there is relatively little scope for adapting domestic economic policies to changing conditions without also impairing the attainment of the plan's objectives. In view of this, the Turkish Government would greatly welcome continued reliance on the support of the International Monetary Fund." (ibid., Annex, p. 2). He was not opposing the extension of relatively long-term assistance to Turkey, but thought the Fund should recognize that this was in fact what it was doing.

In connection with the longer-term structural problems of the Turkish economy, Mr. Handfield-Jones echoed Mr. Lieftinck's regrets that the investment program had been directed to relatively long-lived investment with a low immediate productive yield. However, investment in more directly productive industries would perhaps come indirectly, as a result of policies which stimulated efficiency in the economy as a whole. He agreed with other speakers about the importance of pursuing policies in agriculture which were directed at efficient and productive growth.

The Acting Chairman referred to Mr. Kirbyshire's remarks about the World Bank's plans for a mission to Turkey, and said that the Fund staff was in close touch with the IBRD staff, particularly the head of that mission. With respect to the table in the consultations paper which indicated Turkey's repurchase obligations, which several Executive Directors had welcomed, he said the staff would try to strike a balance between having no

tables in Part I of reports and introducing into Part I the great range of tabulated material that already appeared in Part II of reports. The staff would try to find those areas where tabulated presentation in Part I would be helpful.

The Director of the Exchange Restrictions Department said several Executive Directors had observed that the Turkish balance of payments problem was a long-term problem and required long-term support. The staff had therefore welcomed the establishment, by Turkey's trading partners which were members of the OECD, of a Consortium to aid Turkey. However, this Consortium had needed time to develop its policies. Meanwhile, Turkey had to implement its plan, and there had been the danger that, lacking sufficient and timely financial support, it might in the process impair its trade and payments regime. Maintenance of a sound trade and payments regime--in the staff view--would strengthen confidence in Turkey and thereby facilitate an increased volume of trade with the rest of the world. It was partly in support of that objective, and also to strengthen confidence abroad in Turkey's economic policy, that the Fund had agreed to stand-by arrangements with Turkey. The stand-by arrangements also reinforced the position of the Turkish authorities in meeting domestic pressures against the policy of development with stability. The staff had impressed upon the members of the Consortium that Fund financing should not be a factor in their global calculations of Turkey's needs. This had been recognized at the last meeting, held in January 1965, of the Consortium when the long-term debt problem of Turkey had been discussed. It had specifically been noted at that meeting that obligations to the Fund should be excluded from any consideration, and that it would be desirable for these obligations to be repaid on time so as to strengthen Turkey's secondary line of reserves to help meet unexpected developments that might arise, for example, as a result of its dependence as an agricultural economy on weather conditions. The repurchase obligations to the Fund were included in the $254 million being sought from the Consortium for the year 1965. He hoped that the situation would develop in such a manner that Turkey would not have to use its facilities under the proposed stand-by.

The Director of the Exchange Restrictions Department shared the misgivings of several Executive Directors about the expansion of Toprak's activities, because of the tendency to raise unduly prices paid to producers and thereby encourage a higher level of consumption and retard the utilization of resources for development. On the other hand, in an agricultural society assurance of relative stability in prices to be received for their produce gave small farmers an important incentive to produce and invest. As regards workers' remittances, the figure for the last three months was relatively large and it reflected--as observed by Mr. Teyssier--the three-year cycle of workers going to Western Europe for employment. The number of workers from Turkey obtaining employment in Western European countries, however, was increasing every month and the figure for the remittances might be augmented further, provided they were transferred through banking channels or the postal system, rather than by importing durable consumer goods.

Mr. van Campenhout thanked the Executive Directors for an interesting and exhaustive discussion of the Turkish situation, and said their remarks would be communicated to the Turkish Government.

The Acting Chairman said there had been reference in the discussion and in the paper to the OECD Consortium. He proposed, in view of the close collaboration between the Fund and the Consortium, that the papers under consideration be made available to the Consortium for their further work. This was approved. Mr. van Campenhout indicated that the Turkish Government agreed.

Decisions

a. 1964 Article XIV Consultations. The discussion turned to the text of the draft decision. Several Executive Directors suggested changes.

The decision was:

1. The Government of Turkey has consulted the Fund under Article XIV, Section 4 of the Fund Agreement concerning the further retention of its transitional arrangements.

2. Economic activity slackened in the first half of 1964 owing to noneconomic factors, but resumed its upward course in the second half in response to a return of business confidence, expansionary measures taken by the authorities, and good harvests of the main cash crops. Real gross national product expanded 5.6 per cent compared with a rise of 7.5 per cent in 1963 and the average annual rate of growth of 7 per cent aimed at in the Five-Year Development Plan (1963-67). Over most of the year prices were stable.

3. The budget approved for the fiscal year 1964 provided for a substantial expansion in total expenditures and for their financing from noninflationary sources. However, by October 1964 it was clear that revenue would be less than expected; the authorities accordingly took steps to reduce expenditures and, while a deficit is still forecast, it is to be financed from noninflationary sources. The budget for the fiscal year 1965, as submitted to the Parliament, proposes further increases in both expenditures and revenue. The Fund welcomes the efforts being made to improve revenue collections as well as the continuance of the policy of reviewing the budget's implementation every fourth month, in order to insure a balance. Determined enforcement of taxes at existing rates could greatly assist the Government in its effort to finance development by noninflationary means. The Fund welcomes the plans to effect substantial improvements in the operations and financial situation of the State Economic Enterprises by early 1966, since the inadequate performance of this large sector has considerably hindered the achievement of the objectives of the development plan in conditions of internal price stability.

4. Commercial bank credit was fairly stable over the first eight months of 1964 but subsequently began to expand at a faster rate as economic activity revived. Central Bank credit also expanded considerably largely because of the increased requirements of the Treasury and the organizations concerned with marketing of agricultural products. By November the authorities considered some change of emphasis desirable and restraining action was implemented. The Fund believes this adjustment in monetary policy was timely, and hopes that the authorities will take such further measures as may be required to maintain relative price stability, to continue the strengthening of public confidence in the national currency and to encourage the accumulation of savings with the banking system.

5. Turkey's balance of payments situation continued to be difficult in 1964 and further use of second-line reserves in the form of a short-term credit from the European Fund as well as drawing on the Fund's resources was necessary. At the same time, the authorities took steps to restrain imports. As a result, monetary reserves which amounted to $46.1 million at the end of 1963, did not decline further in 1964. Some improvement in foreign exchange earnings is anticipated in 1965 partly because of the steps taken to encourage exports and invisible receipts. However, debt service is expected to be equivalent to more than half estimated export earnings. The Fund welcomes the measures taken to expand foreign exchange earnings but considers that further determined effort is greatly needed.

6. During 1964 a significant number of items were transferred from the liberalized list to the quota list and guarantee deposits were increased. The Fund hopes that domestic credit and fiscal measures and an expansion of exports will enable a gradual liberalization of the restrictive system in the period ahead. The bilateral trade and payments agreement with Iran was terminated. The Fund welcomes the proposed termination of the remaining bilateral agreements with Finland, Israel and Yugoslavia, and urges Turkey to continue to reduce its reliance on bilateralism.

7. The Fund does not object on a temporary basis to the multiple currency practices arising from the tax levied on exchange purchased for foreign travel and on the cost of transportation and will review this matter during the next consultations.

8. In concluding the 1964 consultations, the Fund has no other comments to make on the transitional arrangements maintained by Turkey.

Decision No. 1820-(65/7), adopted
January 29, 1965

b. Stand-By Arrangement. The discussion turned to the text of the proposed stand-by arrangement. No changes were suggested.

The decision was:

Turkey has requested a stand-by arrangement with the Fund.

The Fund does not object to the request and approves the stand-by arrangement set forth in EBS/65/11, Sup. 1.

Decision No. 1821-(65/7), adopted
January 29, 1965

4. THAILAND - 1964 ARTICLE XIV CONSULTATIONS

The Executive Board took up the staff report and recommendations on the 1964 Article XIV consultations with Thailand (SM/65/7, 1/19/65).

Mr. Pungtrakul made the following statement:

The economic condition of Thailand has been ably and clearly discussed in the staff report on the 1964 Article XIV consultations. It is to be noted that in development Thailand relies on the potentials and on the initiatives of the private sector to achieve the desired growth in the gross national product, while the Government continues to emphasize the improvement of basic facilities, such as transport, power, irrigation and education. As the population grows and economic activities expand further, it becomes necessary for the Government to provide more and better facilities. Thus, each successive development plan requires an increasing amount of expenditure for infrastructure and education.

Under such circumstances, it is correctly pointed out that a condition of monetary stability must be maintained to foster and to ensure an orderly progress. The Thai Government realizes this requirement and intends to maintain both internal and external monetary stability. Several pertinent views and recommendations are made by the staff toward this end. These are the necessity for a positive monetary control, measures to increase tax revenues, the improvement of industrial efficiency by reducing reliance on quantitative restrictions and the enlargement of exports. The Thai authorities, being well aware of the current situation, concur with these views and recommendations and have, in fact, taken steps along the line as recommended. In this context, the following brief comments are considered appropriate.

First, it is to be mentioned that the cash deficit to be incurred in government spending during fiscal year 1965, beginning in October

1964 and ending in September 1965, will likely be lower than what was estimated at the time of the consultations. This outcome is due partly to the improvement in tax collection.

Second, the increase in liquidity in the economy, as described in the staff report, has been fairly well identified and is closely watched by the Government.

Third, efforts are continuing to be made to reduce reliance on quantitative restrictions for protective reasons.

Fourth, studies are underway in Thailand to promote export in order to enhance further increase. However, the attainment of this goal will depend on the international economic condition and, in particular, on international cooperation. Continued betterment in the international scene in this respect will be greatly beneficial to a country like Thailand.

With these brief observations, I wish to conclude by saying that the recommendations made in the staff report are valid and that the Thai Government finds them acceptable.

Mr. Anjaria said the growth rate of the Thai economy had been satisfactory; monetary stability had been maintained and the external reserve position was very good indeed. There were fiscal and monetary problems, but the Thai authorities were aware of the need for a greater effort in those directions. He noted particularly that the armory of techniques for monetary management was not very satisfactory. The commercial banks in Thailand were not indebted to the central bank, and there was the question of finding some way to curb the marginal expansion of credit. He endorsed the staff suggestion regarding the acquisition of power to regulate marginal reserve ratios. On the fiscal side, while the 14 per cent ratio of taxation to gross national product was not low, it was certainly not too high. Further taxation would be essential for the reasons mentioned by Mr. Pungtrakul. There would be increasing need for investment in infrastructure and education, as development gathered momentum. In order to secure both stability and progress, at each stage it would be necessary to raise adequate resources and to adjust the pace of development and the various demands on the national output. He noted Thailand had only a few restrictions on current payments. There were also some quantitative restrictions on imports, which the authorities had said they were prepared to reconsider. He understood the hesitation of the Thai authorities to accept the obligations of Article VIII, but it certainly was satisfactory that the economy had no immediate problems, and that the development effort had been proceeding smoothly and satisfactorily. The priorities in the Development Plan looked right at present, and the external position was so strong that there was a sufficient margin in the event of any unfortunate adverse turn on external account. He congratulated the Thai authorities for their great achievement.

Mr. Dale extended warm congratulations to the Thai authorities on the performance of the economy and on the policies they had been following and intended to follow. He noted that although there was some uncertainty as to the accuracy of the price indices, there was an indication that prices had actually been reduced in the year ending September 1964, perhaps somewhat more in wholesale prices than in the cost of living. With respect to the increase in the liquidity of the economy, the staff rightly warned this might eventually produce a problem. Of course, the willingness of the population to hold increasing balances of liquid funds was a source of confidence and strength and possibly also a source of some trouble in the future. As the staff rightly pointed out, this was a reason for continued caution in monetary and fiscal policies. The external position was apparently so strong that the Thai authorities could well afford to consider a shift to Article VIII at some time in the future.

Mr. Habermeier said Thailand had achieved a remarkable combination of strong and continuous growth with internal and external stability. Because there were no immediately pressing problems, attention could be turned to the longer-term aspects of the Thai economy. The Six-Year Development Plan had been working satisfactorily, and he welcomed the emphasis and the priority being given in the second phase of the Plan to irrigation, transportation, and the further development of agriculture. A very positive element of the second phase of the Plan was the intention to finance a major part of the investment out of internal resources. He hoped, as in the first phase of the Plan, that the deficit spending envisaged would not pose a major problem. Maybe it would turn out again to be smaller than estimated.

Mr. Habermeier agreed with the appraisal and the recommendations proposed by the staff. He especially endorsed the priorities for the Thai development efforts, mentioned in paragraph 3 of the proposed recommendations, particularly in the second part where the increase in agricultural yield and the need to increase industrial efficiency were mentioned. These were aspects of long-term development which really deserved emphasis. The German authorities considered this the correct approach, and as a consequence German aid to Thailand had been concentrated on the electrification system, railroad transportation, and the telephone communications system, as well as on aid for the promotion of small and medium-sized industries, and technical aid to agriculture. With respect to the recommendation that "The Fund hopes that the development effort will be backed by adequate measures to increase tax revenue so as to ensure the maintenance of financial stability," (ibid., Part I, p. 16) other Executive Directors had underlined the necessity that taxation should be increased to cope with increasing budget deficits. However, he noted that while total taxation in relation to GNP was relatively low, at 14 per cent, nevertheless total domestic fixed investment was relatively high, at almost 20 per cent. This indicated that private savings had been substantial, although they had taken a relatively liquid form. This situation was not dangerous so long as there was confidence in the currency, and in this respect he shared the staff view that

efforts should be made to consolidate these liquid savings, and that the monetary instruments should be broadened to bring these liquidities under control. However, by advocating an over-all increase in taxation, not only by a better tax collection and by the growth of the economy but also by increasing direct taxation and the over-all level of taxation, the staff seemed to be indicating that a shift from private savings to public savings was also necessary. He asked whether this question had been reviewed with the Thai authorities, and whether they also endorsed this emphasis.

Mr. Sun said it was indeed a pleasure to read of the impressive economic progress that Thailand had achieved during 1964. Thailand's rate of economic growth was certainly one of the highest in its area, averaging about 6 per cent annually in recent years. Exports had been diversified and had increased sharply during the past year, with the result that a comfortable reserve position had been built up. Both price levels and exchange rates were stable, creating a favorable atmosphere for further economic development. Agricultural production had increased, but more intensive measures still needed to be employed to increase per unit yield. The Government had stepped up its development efforts with emphasis on infrastructural improvement. This seemed to be a right move to increase over-all industrial efficiency and productivity. Population had continued to increase at a rate of 3 per cent per annum, a figure, equal to that of China, which was still on the high side. The effects of this population pressure could be seen in some parts of Bangkok, although Thailand had also made good progress in increasing its per capita income. The government budget had shown a continued deficit. With foreign reserves increasing, there was a marked increase in liquidity. Mr. Pungtrakul's statement gave some encouraging statistics in this respect. It was satisfying that the Thai authorities were closely watching the liquidity situation. He supported the staff recommendations.

Mr. Lieftinck said the performance by Thailand had been impressive, and he congratulated the authorities. Attention had been given to the agricultural progress attained by Thailand, and the plans for further development of agriculture, and he would concentrate his observations on the industrial sector. Industrialization was being encouraged, mainly by tax benefits provided under the Industrial Investment Act and by protection from competing imports, and also by the financial facilities given by the Industrial Finance Corporation of Thailand. However, most of the manufacturing industries suffered from high costs, probably attributable to shortages of technical and managerial skills, and in some cases to obsolete plans and equipment. In connection with the greater attention that would be paid to transportation and irrigation, mention was made of the lack of available trained personnel. He was anxious to know what the Government was doing to improve education, particularly technical education, in order to solve this problem. The Government had increased the allocations for education, but the share of education in total expenditure was expected to fall slightly. He hoped the Government would not give an undue weight to encouraging industries by tax benefits and protection while disregarding the fundamental need of better technical education. He noted that no specific time limit had been set for the removal of infant industry protection,

and that thus far it had not been possible to remove protection in any important case. This was a common experience in many developing countries, where temporary protection very often became permanent. He hoped the authorities would keep this in mind, and would introduce certain elements in their policies which would make it easier to give this policy a temporary character.

Mr. Lieftinck welcomed the creation of the Industrial Finance Corporation of Thailand, which had made a good and effective start on stimulating and facilitating industrial development. When discussing the interest rate structure, the staff team had suggested that in view of the recent rapid increase in time deposits, banks should be encouraged to accept longer-term deposits. The report then went on, "Since the institutional facilities for industrial credit are not yet adequate in Thailand, the longer-term funds could then be used for some medium-term industrial financing by banks, taking care at the same time not to endanger their liquidity position" (ibid., p. 11). There might be some merit in this last suggestion, but he could not fully endorse it. From the point of view of industrial financing, he would hesitate to encourage commercial banks to go too much into that field, particularly as there was a specialized institution, the Industrial Finance Corporation of Thailand, which had been established for this very purpose. He was also somewhat hesitant because the interest rates which the commercial banks charged were quite high, from 9 to 15 per cent, while the Industrial Finance Corporation of Thailand charged 7.5 to 8 per cent.

Responding to Mr. Habermeier's comments on the last sentence of paragraph 3 of the recommended decision, the staff representative pointed out that the proposed language referred only to the need to increase tax revenues; this could be achieved by improving tax collections, for which scope apparently existed, as well as by raising tax rates. He also recalled that the Board decision on the previous year's consultations with Thailand similarly called for greater efforts to raise additional revenue. He agreed that the staff report and appraisal went somewhat further than this in suggesting that the need and scope for increasing tax rates be kept under review. The intention here was not to suggest measures which would merely transfer private savings to the public sector. As Mr. Habermeier had pointed out, there was a substantial flow of private savings but it was to be noted that, for the economy as a whole, there had been a deficit on the current account of the balance of payments in almost all recent years. Government expenditures for economic development had been increasing and the prospect was for further increases, especially as physical and administrative bottlenecks are progressively eliminated. The cash deficit on the Central Government had increased from B 1 million in 1961/62 to B 357 million in 1962/63 and further to B 555 million in 1963/64. In suggesting a review of the tax system, the staff also had in mind the fact that direct taxes now provide only 10 per cent of total revenues. In the light of the present tax rates, exemptions and concessions, and in the light of the fact that some authorities in Thailand had expressed doubts that the recent income expansion had been equitably distributed, there was prima facie reason to believe that the burden of direct taxation could be increased moderately without undue

disincentive effects. These matters were discussed with the Thai authorities. While their judgment appeared to be that the growth of the economy and improvements in collection machinery would probably yield an adequate expansion of revenues, they agreed that, as a long-term matter, the tax system should be kept under review.

Mr. Pungtrakul thanked the various speakers for their kind comments, and said these views would be conveyed to the Government.

Mr. Habermeier said that in view of the explanation given by the staff, his hesitations to endorse the last sentence of the third paragraph of the draft recommendations were much diminished. He was well aware that there was a need to increase total domestic resources for investment in Thailand, and that there were special problems in the budgetary field. He disagreed, however, with the staff's view of the current account deficit, and said he did not think the Fund should expect a country like Thailand to run a current account surplus.

The staff representative said the Government Savings Bank was the only savings bank in the country. There were no restrictions on the establishment of private savings banks, but none had yet been set up. The authorities had indicated that they would give further thought to the encouragement of private savings banks. While the interest rate structure generally seemed conducive to the encouragement of savings, the rate paid by the Government Savings Bank, 3 per cent, was low.

Mr. Pungtrakul said he understood Mr. Habermeier was concerned lest increased public savings by higher taxes might not cut down the private savings. He said there had been high private savings in recent years in the form of savings deposits in the Government Savings Bank, as well as in the savings accounts in the commercial banks. Savings also came in the form of purchases of Government ten-year bonds, with an 8 per cent interest rate. Savings had done so well in recent years that they presented a kind of dilemma, because the Government might not need so much, but at the same time it wanted to encourage the securities market to develop.

The discussion turned to the text of the recommended decision. One change was suggested.

The decision was:

1. The Government of Thailand has consulted the Fund under Article XIV, Section 4, of the Fund Agreement concerning the further retention of its transitional arrangements.

2. The Thai economy has made good progress during the past year. Aggregate output is estimated to have increased by 5 to 6 per cent as both agricultural and industrial production expanded. Domestic monetary conditions have been generally stable. Exports increased sharply and there was another sizable gain in international reserves. The Fund welcomes the continued growth along with financial stability in Thailand.

3. The authorities have been expanding the development effort, with emphasis on infrastructure and agricultural projects. Intensive measures appear necessary to increase agricultural yields and industrial efficiency. The Fund hopes that the development effort will be backed by adequate measures to increase tax revenue and by continued stimulus of private savings so as to ensure the maintenance of financial stability.

4. The balance of payments position of Thailand is good and reserves are high. Current payments are virtually free from restrictions; but some quantitative import restrictions, including prohibitions, are maintained for protective reasons. The Fund agrees with Thailand's policy objective of reducing reliance on such quantitative restrictions by developing an appropriate tariff structure.

5. In concluding the 1964 consultations, the Fund has no other comments to make on the transitional arrangements maintained by Thailand.

Decision No. 1822-(65/7), adopted
January 29, 1965

5. EXECUTIVE BOARD AGENDA - FEBRUARY 1965

The Executive Board considered the proposed agenda for February (EBD/65/15, 1/28/65).

Mr. Kirbyshire asked whether the subject of Fund assistance to Korea, which had been mentioned in a newspaper the previous day, was likely to be added to the list of topics for discussion during February.

The Acting Chairman replied to Mr. Kirbyshire, and said it was possible that Korea might be added to the agenda. He believed that the letter mentioned in the press report was a letter of thanks, which he had sent to the officials of Korea following his visit to Korea in August 1964, indicating the Fund's continued interest in following their efforts. He thought it possible that a proposal for some form of assistance to Korea, of the sort which the Korean authorities were hoping for, might be sent to the Executive Board, but he would not want it placed formally on the agenda until the staff's discussions with the Korean authorities had been completed.

The proposed agenda for February was approved, it being understood that changes would be made as the work necessitated.

DECISIONS TAKEN SINCE PREVIOUS BOARD MEETING

The following decisions were adopted by the Executive Directors without meeting in the period between EBM/65/6 (1/25/65) and EBM/65/7 (1/29/65).

6. PHILIPPINES - SCHEDULE OF REPURCHASES

The Philippines has proposed that repurchase in respect of the purchase equivalent to US$28,300,000 on January 23, 1962, be made in seven installments of the equivalent of US$3,500,000 each not later than February 1, 1965, May 1, 1965, August 1, 1965, November 1, 1965, February 1, 1966, May 1, 1966, August 1, 1966, and the equivalent of US$3,800,000 not later than November 1, 1966 (EBS/65/16, 1/22/65). The proposal of the Philippines is agreed.

Decision No. 1823-(65/7), adopted
January 27, 1965

7. AUDIT COMMITTEE, F.Y. 1965

The recommendation set forth in EBAP/65/12 (1/19/65) that, in accordance with Section 20(b) of the By-Laws, El Salvador, Thailand, and the United Kingdom should each be requested to nominate a person to serve on the Audit Committee for the fiscal year ending April 30, 1965 is agreed.

Adopted January 25, 1965

8. EXECUTIVE BOARD TRAVEL

Travel by three Executive Directors as set forth in EBAP/65/13 (1/22/65), EBAP/65/14 (1/25/65), and EBAP/65/15 (1/25/65) is approved.

9. STAFF TRAVEL

Travel by the Managing Director to London as set forth in EBAP/65/17 (1/27/65) is approved.

APPROVED BY THE EXECUTIVE BOARD:
Meeting 65/23, April 28, 1965

PIERRE-PAUL SCHWEITZER
Chairman

ROMAN L. HORNE
Secretary