

INTERNATIONAL MONETARY FUND

MASTER FILES
ROOM C-525
PRESS RELEASE NO. 95/4

0411

FOR IMMEDIATE RELEASE
January 23, 1995

IMF Board of Governors Vote to Complete 10th Quota Review; Request Executive Board to Continue Work Under the 11th Review

The Board of Governors of the International Monetary Fund (IMF), following a recommendation by the IMF Executive Board, has passed a resolution declaring the Tenth General Review of Quotas ^{1/} completed and requesting the IMF Executive Board to continue its work on quotas in connection with the Eleventh General Review.

Article III, Section 2(a) of the IMF's Articles of Agreement provides that the Board of Governors shall conduct a general review of quotas at intervals of not more than five years and if it deems appropriate propose an adjustment of the quotas of members. Under the Tenth Review, this five-year period ended on March 31, 1993, five years after the date on which the Ninth General Review should have been concluded (which formally occurred on June 28, 1990). Under these circumstances, the Board of Governors requested the Executive Board to complete its work on the Tenth Review and submit a report and proposals to it by December 31, 1994.

In the report on its work on the Tenth Review, the Executive Board concluded that the overall size of the IMF for the time being was broadly sufficient to enable it to effectively promote its purposes and to fulfill its central role in the international monetary system. In arriving at this conclusion, the Executive Board noted that the entry into effect of the Ninth Quota Review in late 1992 had provided the IMF with substantial usable financial resources. Thus, the Executive Board expressed the view that the IMF is relatively well positioned to meet a prospective substantial demand for its resources over the next three years. Nevertheless, the IMF's liquidity position, which is expected to decline over time from its currently strong position, and the adequacy of members' quotas will be closely monitored by the Executive Board in the period ahead.

The Executive Board also reviewed the working of the quota formulas, based on updated economic data through 1990, and it noted that the results give a reasonably comprehensive measure of the relative economic size of member countries and that the quota formulas are broadly working as intended. The Executive Board also agreed to continue its work on quotas as part of the Eleventh Quota Review, examining such questions as the extent to which a number of member countries have actual quota shares that remain substantially out of line with their shares in calculated quotas, issues relating to the long-run decline in the share of developing countries in the total of IMF quotas, the use of population and other variables in the quota formulas, and a review of the methodology used in calculating quotas for the successor states of the former Soviet Union.

^{1/} A member's quota in the IMF broadly reflects its standing in the world economy, and determines, in particular, its voting power, its access to IMF financing, and its allocation of SDRs. The total of IMF quotas currently amount to SDR 144.9 billion (about US\$213.5 billion)

