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INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 83/86

10:00 a.m., June 17, 1983

J. de Larosière, Chairman
W. B. Dale, Deputy Managing Director

| Executive Directors | Alternate Executive Directors |
|---|---|
| A. Alfidja | |
| | H. G. Schneider |
| | A. Le Lorier |
| | C. A. Salinas, Temporary |
| R. D. Erb | J. C. Williams, Temporary |
| M. Finaish | T. Alhaimus |
| | Jaafar A. |
| | T. Yamashita |
| R. K. Joyce | |
| | C. Robalino |
| G. Laske | |
| G. Lovato | C. P. Caranicas |
| | C. J. Batliwalla, Temporary |
| | J. E. Suraisry |
| J. J. Polak | |
| | K. G. Morrell |
| G. Salehkhou | |
| | E. I. M. Mtei |
| | J. L. Feito |
| J. Tvedt | |
| | M. Hull, Temporary |
| Zhang Z. | Wang E. |

L. Van Houtven, Secretary
K. S. Friedman, Assistant

Also Present

C. F. Schwartz, Special Consultant. Administration Department: G. E. Gondwe. African Department: J. B. Zulu, Director. Asian Department: H. C. Kim. Central Banking Department: P. N. Kaul, Director. European Department: B. Rose, Deputy Director. Exchange and Trade Relations Department: D. K. Palmer, Associate Director; W. A. Beveridge, Deputy Director; S. Mookerjee, Deputy Director; M. Allen, M. Guitian. External Relations Department: C. S. Gardner, Deputy Director. Fiscal Affairs Department: V. Tanzi, Director. Legal Department: G. P. Nicoletopoulos, Director; Ph. Lachman, J. K. Oh. Research Department: W. C. Hood, Economic Counsellor and Director; L. Alexander, N. M. Kaibni, E. C. Meldau-Womack, B. E. Rourke, H. H. Zee. Secretary's Department: J. W. Lang, Jr., Deputy Secretary; A. P. Bhagwat. Treasurer's Department: D. Williams, Deputy Treasurer; D. S. Cutler, T. B. C. Leddy, T. M. Tran. Western Hemisphere Department: S. T. Beza, Associate Director; M. E. Bonangelino, M. T. Hernandez, E. C. Suss, F. van Beek. Personal Assistant to the Managing Director: N. Carter. Advisors to Executive Directors: S. R. Abiad, J. R. N. Almeida, J. Delgadillo, S. El-Khouri, S. M. Hassan. Assistants to Executive Directors: E. M. Ainley, H. Arias, R. Bernardo, J. Bulloch, T. A. Connors, G. Ercel, I. Fridriksson, A. Halevi, H. Kobayashi, M. J. Kooymans, P. Leeahtam, V. K. S. Nair, Y. Okubo, G. W. K. Pickering, M. Z. M. Qureshi, J. Reddy, D. I. S. Shaw, N. Toe.

1. BELIZE - 1983 ARTICLE IV CONSULTATION, AND PURCHASE TRANSACTION - COMPENSATORY FINANCING FACILITY

The Executive Directors considered the staff report for the 1983 Article IV consultation with Belize (SM/83/80, 5/13/83; and Cor. 1, 6/9/83), together with a request from Belize for a purchase under the compensatory financing facility (EBS/83/107, 5/25/83; and Sup. 1, 6/15/83). They also had before them a report on recent economic developments in Belize (SM/83/107, 6/1/83; and Cor. 1, 6/9/83).

Mr. Joyce made the following statement:

This is the first Article IV consultation with Belize. My authorities are particularly grateful to the staff for the helpful and positive way in which the discussions were conducted. They are in general agreement with the conclusions of the staff paper.

Recent developments

The economy of Belize, which had been growing at an annual rate of about 5 percent through most of the 1970s, has not been performing well in recent years. Since 1978, growth has weakened and indeed last year real output declined by 2 percent. Unemployment continues to be at unacceptably high levels, especially in Belize City. The decline, however, has been accompanied by a reduction in inflation, which is now running at 6-7 percent.

The slowing down in economic activity in Belize in 1982 was attributable in large part to sharp falls in export receipts from sugar, coupled with reduced world demand for certain manufactured goods, notably textiles. There was a continued falling off in construction activity, reflecting the impact of higher interest rates and the termination of a number of public investment projects.

My authorities do not anticipate a strong recovery in 1983, although the decline in economic activity will be halted. Renewed growth in the industrial countries should strengthen export demand for agricultural products and manufactured goods and should also facilitate the development of tourism. Average sugar prices are expected to stay weak in 1983 and this will likely offset gains from increased sugar production. Some recovery is expected in construction, especially in the public sector where work continues on the Belize City water and sewerage project financed through aid funds.

My authorities expect that there will be a further deterioration in the trade balance in 1983. Modest growth in exports will be more than offset by rising imports associated with the water and sewerage project. In addition, the traditional surplus on services, composed mainly of emigrant remittances and local expenditures by the British garrison, is expected to narrow, leading to a further increase in the current account deficit, now running at about 7 percent of GDP.

None of these developments augurs well for the immediate future. Moreover, Belize faces structural and developmental problems in the medium term.

Policy

The immediate priority is to restore balance in the economy, and particularly in the fiscal position. The revenues of the Central Government have declined in recent years, largely because the Government's finances are heavily dependent on import duties. Taxes on imports were raiised both in 1981 and in 1982 and further tax increases were announced in the budget for the current fiscal year. However, the impact on revenues of the latest increases is not likely to be large in the absence of strong growth in imports. The Government, therefore, is giving priority to strengthening the collection of taxes, particularly income taxes, and to restraining the overall growth in public expenditures. A new Office of Budget and Management has been established to tighten fiscal accounting and procedures and a review of the current budget is to be carried out in November.

The authorities recognize that restraint in public service wage settlements is essential if government outlays are to be curbed and demand pressures restrained. The increase is likely to be of the order of 5 percent or slightly below current rates of inflation.

Substantial improvements are needed in the performance of the public enterprises. A number of these enterprises have not been well managed in the past and existing management arrangements are being reviewed. The Government is determined that the public enterprises operate in future on a more commercially sound basis and that, where necessary, prices and tariffs be increased in order to reduce subsidies and hence drawings on the Central Government.

My authorities intend to pursue a conservative monetary policy. They agree that it is important to stimulate increased private savings through the banking system and will continue to follow a flexible interest rate policy. However, growth of savings in recent months has not been large. In these circumstances it is important to restrain the public sector's demands for bank credit. The authorities also agree with the staff that steady growth of savings through the medium term is essential in order to strengthen investment.

The Government remains concerned about the external financial position and will be reviewing the situation to see whether further measures are required. They agree that it is important to avoid a substantial loss of reserves in 1983. The authorities are also committed to following a realistic exchange rate policy. Although a substantial part of Belize's export sales still go to Britain, sales to the United States predominate, and hence the authorities believe that it is appropriate to keep the Belize dollar pegged to the U.S. dollar. Belize has not introduced exchange restrictions, although import levies have been increased for revenue purposes.

Belize has benefited from official development assistance from a number of countries and it is hoped that these flows of concessionary funds will at least be maintained. In addition, there has been from time to time extensive foreign borrowing by both the public and the private sectors. However, the Government is determined to avoid dependence on nonconcessional credits, particularly for nonproductive purposes. Debt service payments have increased since 1978 but, because of the high concessional content of much of the indebtedness, are still less than 2.5 percent of GDP.

The Government is committed to achieving more rapid development and diversification of agriculture, forestry, and fisheries, as well as greater processing of agricultural products. In this connection, my authorities remain concerned about reduced access for Belizean sugar to the U.S. market as a result of the quota restrictions imposed by the United States in 1982. Opportunities may also exist for a further expansion in manufacturing. My authorities agree with the staff that over the longer term in would be counterproductive to establish industries that were heavily dependent on tariff protection. Nonetheless, the Government has felt obliged in present circumstances to introduce some important restrictions to encourage local production in the first instance. The authorities also believe that there are selective possibilities for the development of tourism. The Government's strategy is to concentrate on providing infrastructure and other conditions necessary to encourage private investment. A recent visit to the United States by the Prime Minister and members of the Cabinet has yielded a number of inquiries from potential investors.

I would like to express the thanks of my authorities for the technical assistance provided by the Fund in the fields of government financing and money and banking. This, together with the additional help in assisting the authorities to improve the statistical services, will provide a basis for better management of the government finances and of the economy.

Belize has made a request for a purchase of SDR 3.6 million under the compensatory financing facility. The calculations are based upon actual figures for merchandise exports for the 12 months ended March 1983. I believe the request is straightforward and I would ask Executive Directors to give it their approval.

Finally, my authorities have notified the Fund that Belize is prepared to accept the obligations of Article VIII of the Fund's Articles of Agreement.

Extending his remarks, Mr. Joyce noted that International Financial Statistics (IFS) now contained a page for Belize.

Mr. Hull said that he broadly agreed with the appraisal in the staff report, and that the request for a drawing under the compensatory financing facility met all the relevant criteria and should be approved. The external position had weakened, and there was a clear balance of payments need to use the Fund's resources; gross official reserves had fallen below the equivalent of six weeks of imports, and the current account deficit was projected to increase in 1983 to the equivalent of more than 7 percent of GDP. Moreover, the export shortfall, particularly for major commodities, appeared to be temporary. The terms of trade had declined by 30 percent and, given the imposition by Belize's trading partners of quotas on sugar exports and the destocking by European and U.S. retail outlets of garment products, the shortfall was attributable largely to circumstances beyond the country's control. The authorities had met the test of cooperation, as they were receiving technical assistance from two Fund experts and, on their recommendation, had already established an Office of Budget and Management. He hoped that the authorities would continue to keep in close touch with the Fund.

Several welcome fiscal measures had already been introduced, Mr. Hull went on, but he agreed with the staff that substantially more might have to be done. Commercial foreign borrowing was costly and a highly undesirable means of financing the budget deficit. He attached importance to the authorities' commitment to review their monetary and fiscal projections in order "to tighten the stance of financial policies if necessary." In that connection, the Government's intention of holding civil servants' wage increase to 5 percent in 1983 was commendable. However, there had been no wage increase for two years, and he wondered whether the authorities' objective was feasible.

An improvement in the management of the parastatal enterprises seemed needed, Mr. Hull remarked. The reorganization of the Electricity Board was welcome, and he urged the authorities to complete efforts at placing the Marketing Board on a commercial footing. Tariff increases seemed unavoidable, and he wondered whether there was any indication of their likely scale.

The assistance being provided by a Fund advisor in the monetary policy area was welcome, Mr. Hull said, and the authorities' decision to delay implementing any offshore banking activities before a banking supervision department came into operation was prudent. Monetary policy would have to continue to be carefully monitored; the flexible interest rate policy was welcome.

Externally, Mr. Hull remarked, the authorities preferred to continue to peg the Belize dollar to the U.S. dollar. They had conceded that that arrangement had caused certain problems, but they believed that the problems were manageable. Still, the U.S. dollar did not completely dominate Belize's external transactions, and the nominal effective exchange rate had increased by 10 percent since 1981. The authorities should perhaps consider pegging the Belize dollar to an appropriate currency basket, such as the SDR or a trade-weighted basket of the currencies of Belize's five major trading partners.

He was pleased that Belize maintained an exchange system that was entirely free of restrictions, Mr. Hull stated. Despite some intensification of trade restrictions in late 1982, the import regime seemed to be relatively liberal. Mr. Joyce's statement that Belize intended to accept the obligations of Article VIII was very welcome.

For the medium term, Mr. Hull noted, the authorities had adopted a firm development strategy that favored agriculture and industries based on agriculture. Their cautious approach toward offshore banking, offshore manufacturing, and the expansion of high-volume tourism was prudent and warranted. Making appropriate structural changes was at least as important for small economies as for larger ones.

The authorities should be encouraged to continue their efforts to improve the coverage of economic and statistical data, Mr. Hull commented. He hoped that the Fund would continue to provide significant technical assistance, and he was pleased that data on Belize were being included in IFS.

Mr. Williams said that he broadly agreed with the staff appraisal in SM/83/80. Mr. Joyce had noted that the authorities also agreed with the appraisal. They were to be commended for their decision to accept the obligations of Article VIII. The next Article IV consultation with Belize should be held on the standard 12-month cycle. Finally, the request to use the compensatory financing facility met all the relevant conditions and should be approved.

Mr. Suraisry stated that the proposed decision was acceptable.

The staff representative from the Western Hemisphere Department said that the authorities recognized that it might well be difficult to keep the increase in civil servants' wages to 5 percent. Nevertheless, they were determined to resist the pressures and to meet their wage limit objective.

Regarding public sector tariff increases, the staff representative from the Western Hemisphere Department noted that the losses incurred by the Electricity Board had been due in part to the breakdown of management in 1982. The authorities had replaced the management of the Electricity Board and the entire Board of Directors in an effort to improve the utility's management. The first objective was to re-establish normal management procedures in the Electricity Board, with the usual emphasis on revenue collection and cost minimization. They did not intend to increase tariffs until their efforts to re-establish normal managerial operations produced positive results. Eventual tariff adjustments certainly had not been ruled out, but it was difficult to say how large they would have to be. One indication was the recommendation of a consultant's study for a tariff increase of the order of 10 percent to meet the terms of a proposed loan agreement with the Caribbean Development Bank.

Mr. Joyce remarked that the unions had requested a 20 percent increase in wages. However, the authorities continued to believe that they could successfully resist the unions' pressure and hold the adjustment to about 5 percent, which would involve a decline in real wages if the present rate of inflation continued.

The devaluation of the Mexican peso had had a significant effect on Belize, Mr. Joyce noted. A number of consumers crossed the border into Mexico from northern Belize in order to make purchases, many of which did not show up in Belize's import statistics. The transactions probably did not have any significant impact on the import statistics, but they were important for the livelihood of traders in the country's northern border towns.

The Chairman made the following summing up:

There was broad agreement with the views expressed in the staff appraisal of this first Article IV consultation report for Belize.

Directors noted the decision taken in the past year to strengthen the public finances through tax increases and expenditure restraint, and the improvement in tax administration and in the management of the public enterprises, and they welcomed the intention of the authorities to take additional corrective measures as needed. Directors stressed the importance of the effort to improve fiscal management and budgeting procedures that is being carried out with technical assistance from the Fund. Directors commended the authorities on their pursuit of a flexible interest rate policy. The cautious attitude adopted with regard to the development of offshore banking in Belize was also welcomed.

With regard to the external situation, the prospective widening of the deficit on the external current account was noted. A question was asked regarding the appropriateness of the continued peg of Belize's currency to the U.S. dollar. Directors also observed that the exchange system of Belize has remained free of restrictions, and they welcomed the acceptance by Belize of the obligations of Article VIII of the Fund's Articles of Agreement.

It is expected that the next Article IV consultation with Belize will be held on the standard 12-month cycle.

The Executive Board then took the following decision:

Purchase Transaction - Compensatory Financing Facility

1. The Fund has received a request by the Government of Belize for a purchase of SDR 3.6 million under the Decision on Compensatory Financing of Export Fluctuations (Executive Board Decision No. 6224-(79/135), adopted August 2, 1979).

2. The Fund notes the representation of Belize and approves the purchase in accordance with the request.

Decision No. 7434-(83/86), adopted
June 17, 1983

2. WORK PROGRAM - MID-TERM REVIEW

The Executive Directors reviewed the work program until the 1983 Annual Meeting.

The Chairman made the following statement:

When the Executive Board considered the current work program on March 21, we agreed to review it in the first part of June. Accordingly, I shall now comment briefly on the salient aspects of the work program until the Annual Meetings.

1. Use of Fund resources

During the review of the policy on enlarged access and the preliminary discussion on May 18 of access limits after the new quotas come into effect, Executive Directors requested further consideration of a number of aspects of the enlarged access policy. In response, the staff will prepare papers as needed, which would discuss the issues raised: these will include, among others, the possible establishment of a cumulative access limit covering all Fund facilities; factors that should guide a decision on the appropriate scale of access within the limits in individual cases; the principles for future revision of access limits; the financing of enlarged access, particularly by borrowing; and other issues, such as the mixing ratio and the simplification of its administration. Further consideration of the enlarged access policy is scheduled tentatively for July 25 and, if needed, this subject would be brought back to the agenda for conclusion in late August. In this connection, Directors will note that on June 2, we are taking up the question of requests by oil exporters for drawings under the compensatory financing facility; Board discussion of the staff paper on certain selected policy issues related to the compensatory and buffer stock financing facilities, including a review of experience with financing fluctuations in the cost of cereal imports, is now scheduled for July 15; and we will consider on June 20 a staff paper on developments in and prospects for international capital markets.

It is planned to circulate before the Annual Meetings a paper providing the basis for the next Executive Board review of stand-by and extended arrangements. This paper will assess the record on the progress made in these programs toward the attainment of a viable balance of payments position with due account of evolving world conditions and review the record on all other features of adjustment programs agreed with the Fund. Board consideration of this paper is scheduled tentatively for October 17, after the Annual Meetings.

2. Fund's liquidity position and financing needs

In the light of the recent discussion of the Fund's liquidity position, and in particular the financing of the commitments that the Fund is entering into before the increase in quotas comes into effect, we are continuing discussions with the Saudi Arabian authorities on a third tranche from the Saudi Arabian Monetary Agency (SAMA) and we have initiated discussions on further borrowing from other countries that are in a position to lend to the Fund. I shall keep you informed of the progress of these discussions and, as they approach conclusion, which I strongly hope will be by the end of July, papers for decision by the Executive Board will be circulated. Preparatory staff work on borrowing from the private markets is continuing, in case it should become necessary.

The Board's semiannual review of the Fund's liquidity position and financing needs is tentatively scheduled for September 7. In connection with the discussion on enlarged access to Fund resources, the staff expects to prepare a paper reviewing the guidelines for Fund borrowing after the quota increases under the Eighth General Review have come into effect, for Board consideration on a date to be agreed.

3. Surveillance and World Economic Outlook

A World Economic Outlook paper, "Main Issues," will be circulated in time for a Board discussion on June 29. The published staff report on the World Economic Outlook, which Directors have received in draft form and which will be circulated to them two to three weeks prior to the Board meeting, would provide background material for that discussion. I would like to note that the usual pre-Interim Committee World Economic Outlook discussion is scheduled for September 9 and that the first of a planned series of papers bearing on the approach to surveillance, "Issues in the Assessment of Exchange Rates of Industrial Countries in the Context of Their Economic Policies," is tentatively on the agenda for August 31.

4. SDR matters

As you know, a paper on considerations relating to a possible proposal for an allocation of SDRs in the current basic period is included in the work program; the intention is to take up this subject in the Board in the second half of July.

In the last work program statement, I mentioned several papers addressed to the possibilities for improving the attractiveness of the SDR. Two of them, concerning the frequency of adjustments of the SDR interest rate, the frequency of payments of SDR interest and remuneration, and official adoption of the acronymic nomenclature SDR, would be on the agenda for July 13. Further papers, concerning the level of the SDR interest rate and the simplification of operations in SDRs are scheduled for Board consideration on August 24 and September 7, respectively.

5. Area departments' work program

During the period June through September, we should expect our work program to include over 50 Article IV consultations, about 15-18 requests for stand-by arrangements, more than 20 reviews of ongoing adjustment programs with upper credit tranche conditionality, several compensatory financing facility requests, and possibly one or two requests for extended arrangements. Clearly, it is going to be a heavy schedule.

Appendix I includes a listing of Article IV consultations and reviews under stand-by and extended arrangements, along with the tentative timing for Board consideration.

6. Other policy and operational matters

In addition to the work on the Annual Report, which would have to be completed by the end of July, I would like to mention the following items under this heading:

(a) The periodic report to the Executive Board on technical assistance programs has been circulated (EBD/83/139). Two other papers from the current work program, viz., "The Seminar Program for Non-Officials" and "Interest Rates and Tax Treatment of

Interest Income and Expenses" would be issued shortly. As agreed at the time of the last work program discussion, these papers are to be brought to the agenda if requested by an Executive Director.

(b) Following the Executive Board discussion on May 16 of the Fund's income position, papers, as may be necessary, which would review the Fund's charges, remuneration, and reserves, are under preparation and would be issued in time for Board consideration, which is scheduled tentatively for September 2.

(c) The designation plan and the operational budget for the September-November quarter are on the agenda for September 12.

(d) The timing for Board consideration of the draft line agenda (i.e., not annotated) for the next meeting of the Development Committee, tentatively on July 6, will need to be coordinated with the World Bank.

(e) The draft agenda for the Interim Committee meeting would be brought before the Executive Board around late August/early September.

(f) A paper on multiple exchange rate regimes is under preparation and would be issued in September.

(g) A paper reviewing the currentness and coverage of data published in International Financial Statistics (IFS) is under preparation for circulation after the Annual Meetings.

(h) A study on the economies of small, developing island countries is expected to be circulated before the Annual Meetings, and we could have a seminar discussion on it in the period after the Annual Meetings.

7. Administrative matters

A paper reviewing expatriate benefits has been tentatively scheduled for July 29, on which date we could also have a discussion on the nature and scope of the 1984 compensation review. The timing for Board consideration of both these papers will, of course, need to be coordinated with the World Bank.

A tentative schedule of Executive Board meetings has been circulated. (Secretary's Circular No. 83/53, Revision 2.)

Mr. Robalino said that he fully agreed with the Chairman's statement. He was pleased that a staff paper reviewing stand-by and extended arrangements was to be circulated before the 1983 Annual Meeting. Previous staff papers had reviewed the effect of Fund programs on member countries' growth rates, exports, and current account deficits, and the new paper could usefully assess the effect of programs on imports of goods and nonfactor services.

Commenting on the Fund's liquidity position and financing needs, Mr. Robalino said that he continued to feel uncomfortable about the commitment gap on borrowed resources. The time was ripe to look again, and more closely than hitherto, at the prospects for market borrowing. He continued to believe that a paper on the possible need for a bridging credit facility might be appropriate. That subject could be included in the scheduled paper on the Fund's liquidity position and financing needs.

The staff paper on the simplification of operations in SDRs, which was scheduled to be discussed in September 1983, was welcome, Mr. Robalino remarked. As for the work program of the various area departments, it would be useful to have a detailed report in the near future comparing the work in each department and the ceilings on personnel. Finally, the proposed papers on interest rates and the tax treatment of interest income and expenses, and the scheduled review of the coverage of IFS were welcome; in the short run, the publications coverage of domestic interest rates and nonbank institutions could be improved.

Mr. Laske said that he fully agreed with the proposed work program, which was a logical continuation of the program that had been discussed at EBM/83/51 (3/21/83). He was pleased that negotiations with potential official lenders to the Fund were proceeding. His authorities were skeptical about the prospects for borrowing by the Fund in the private markets. Proposals for such borrowing would have to be thoroughly examined before any approach to the markets was made.

It had been agreed, Mr. Laske recalled, that the published version of the World Economic Outlook would be based on a draft that had been circulated for comment by the Executive Directors. Drafts had been circulated in April 1983. The Executive Board had not discussed that draft before it was published, as it had been agreed that the draft on which the published version of the World Economic Outlook was to be based would be an update of the papers that had been discussed in January. However, the analysis in the draft that was finally published had been deepened on the basis of new information; significant changes in the staff's assumptions had been made, and some of them were inconsistent with those of his authorities. In the future, the Executive Board should discuss the draft that was to be published at the same time that it considered the staff report on the World Economic Outlook to avoid the gap between the two that had occurred in 1983.

The Executive Board had agreed, Mr. Laske noted, that, on the occasion of the discussion of the staff report for the Article IV consultation with a member country, the consultation cycle that was to be applied to the country would be stipulated. As a general rule the standard 12-month cycle was to be applied to the major countries, to other countries that had a significant effect on the world economy, and to countries whose economic situation warranted examination on a regular basis. In cases where the 12-month cycle need not be applied, a cycle of 18 months, or even 24 months, would be appropriate. In fact, however, most of the countries that had been discussed in recent months had been placed in the standard 12-month cycle. The Executive Board might discuss the groups of countries that should be placed in the standard cycle and those for which a longer cycle would be permissible. For instance, in the case of Belize, which had just been discussed, a cycle longer than the standard 12 months would probably be acceptable; similarly, the United Arab Emirates, which had also been discussed recently, probably need not be on the 12-month cycle. On the other hand, an ad hoc decision on the appropriate cycle could be taken if the position of a country changed significantly.

Mr. Polak noted that there had been broad support for a further allocation of SDRs during the conference on the SDR that had been held in the Fund in March 1983, and that the matter was on the proposed agenda of Executive Board meetings, which also included certain technical SDR matters that had been discussed by the Board in mid-1982. However, during the conference there had been considerable discussion of various possible ways of making the SDR more usable in the private sector. Indeed, the agreement on that issue had been the most important one during the conference and, given its importance for the future of the SDR, it should be brought to the Executive Board's agenda.

Miss Batliwalla said that she had no particular difficulty in accepting the Chairman's comprehensive work program. It was a demanding one, but it could not have been otherwise in view of the urgent need to react to the present difficult world environment. The Interim Committee meeting in September 1983 would certainly be influenced by the progress that the Executive Directors would be able to make on the various aspects of the proposed work program.

As the Chairman had noted, Miss Batliwalla continued, further consideration of the enlarged access policy would involve the examination of a number of closely interrelated issues, and different viewpoints on them would probably emerge. The proposed work program gave the impression that the intricate enlarged access policy issues could be resolved in one or two meetings, and that conclusion could be reached in late August. However, one or two rounds of discussion on that important matter, which would involve decisions on sensitive and complex issues, such as cumulative limits covering all Fund facilities and multiples of access, were likely to be insufficient. The proposed discussion could be seen as a preliminary one. It would be advisable not to reach decisions until the Interim Committee had had an opportunity to discuss the issues on the basis of a detailed report by the Executive Board. The same approach could be taken to the proposed discussion of the compensatory financing facility.

As for the review of the Fund's liquidity position and financing needs, Miss Batliwalla said, it might be useful to take early stock of the liquidity position. The proposed date in September might be too late, particularly if official lending arrangements proved to be inadequate to cover the projected financing gap and an approach to the markets was called for. The Managing Director's efforts to arrange official borrowing were certainly appreciated, but she was worried that a lack of available liquidity at the present crucial stage might result in a hiatus in Fund operations and in delays in meeting justifiable requests to use the Fund's resources. The time was perhaps ripe for the Fund to have a formal discussion on market borrowing.

Mr. Feito said that he fully supported the Chairman's statement. During the previous discussion on the external debt problems of developing countries, the Executive Board had concluded that further work was needed to deepen the Board's knowledge of that important issue and to monitor developments. The forthcoming World Economic Outlook reports and discussion as well as the analysis of the international capital markets would touch on the debt problems but, given their great importance, a separate discussion on them might well be warranted. A full review of the external debt situation and prospects could usefully be added to the proposed work program. It could be a part of the discussions that were regularly held in the period prior to an Interim Committee meeting, such as those held to analyze the exchange rates of industrial countries in the context of their overall economic policy stance.

Miss Le Lorier said that the proposed work program was fully acceptable. The staff paper reviewing stand-by and extended arrangements could usefully include a section dealing with the interrelation of Fund-supported programs, and particularly countries in the same region. The examination could cover the assumptions made at the beginning of Fund-supported programs and the subsequent policy changes and modifications of programs.

Mr. Morrell said that the proposed work program was appropriate. Would the staff report reviewing stand-by and extended arrangements merely describe the arrangements of the previous year, or contain a basic evaluation of the Fund's approach to designing adjustment programs? A more broad-ranging review of the programs, going beyond an analysis of the extent to which balance of payments objectives had been achieved, would be useful.

The first of the welcome series of papers on the Fund's approach to surveillance was on the proposed agenda, Mr. Morrell noted. He hoped that the paper, "Issues in the Assessment of Exchange Rates of Industrial Countries in the Context of Their Economic Policies," would cover the effect of the countries' exchange arrangements on other member countries. The series should analyze ways in which the Fund could play a stronger role in the surveillance of protectionism. Finally, the proposed study on small island economies was welcome, and he looked forward to its discussion after the 1983 Annual Meeting.

Mr. Joyce said that he too accepted the proposed work program. He wondered whether the planned series of papers on the approach to surveillance would deal with the question of forward-looking debt analysis.

Preparatory staff work on borrowing in private markets was continuing, Mr. Joyce noted, and he agreed with Miss Batliwalla that the Executive Board should begin to address the matter. In that connection, a progress report would be useful. The Treasurer's Department could explain its findings to date with respect to the difficulties associated with borrowing by the Fund in the private markets.

He agreed with Mr. Laske, Mr. Joyce said, that it would be useful to have a clearer reading of the circumstances in which the standard 12-month consultation cycle should be applied. In the case of Belize, the application of the 12-month cycle was welcome, as Belize was a new member, and both the authorities and the staff were gaining a greater understanding of the economic developments in the country and the statistical base. For many smaller countries, a regular consultation each 12 months was useful for the country, although not necessarily for the work of the Fund itself.

Mr. Salehkhou commented that the proposed work program contained important policy issues, some of which had already been considered on a preliminary basis. He agreed with the Chairman that those issues should be further considered on an urgent basis, but they required extensive preparation by the Executive Directors, and the required time and concentration would be in short supply during the summer months, when vacations were taken and Ramadan was celebrated. The Ramadan holiday involved fasting that overstretched the physical capacity of those involved to deal with difficult tasks. Moreover, manpower resources in Executive Directors' offices were insufficient to deal with the increasing workload.

The heavy schedule up to the 1983 Annual Meeting left little room for adequate consideration of important staff papers, Mr. Salehkhou continued. Major policy items, such as the buffer stock financing facility, the compensatory financing facility, and the enlarged access policy, which which were to be discussed in July, should be carefully and patiently analyzed if meaningful conclusions were to be drawn. Other important policy issues were to be considered immediately after the informal Board recess in August. Those topics included exchange rate policies in industrial countries, the Fund's liquidity position, SDR operations, and a further consideration of the enlarged access policy. To the extent possible, no substantive policy or country items should be added to the proposed schedule unless less important items already on the agenda were postponed and the Executive Directors were given adequate notice.

Some of the scheduled items, Mr. Salehkhou noted, particularly the staff paper on capital markets, dealt with the debt problems and credit prospects of the developing countries, which would be important topics of discussion during the 1983 Annual Meeting. Discussion of that paper in September, rather than earlier, would have ensured that the topics were still fresh in mind and that the information was as current as possible; the atmosphere of the international banking scene was changing rapidly, and there was some feeling that a second banking crisis was imminent. Some of the policy items that were proposed for discussion in late August or early September could be scheduled earlier, and their place could be taken by the discussion on capital markets and the debt situation. He understood that it might well be difficult to prepare the relevant papers in time to meet his request, but he hoped that his concerns would be kept in mind when scheduling important policy items in future periods.

The suggestion for further discussion of the policy on enlarged access was appropriate, Mr. Salehkhou considered, but he doubted whether the Executive Board needed to arrive at hasty conclusions in late August. The full effects of the quota increases under the Eighth General Review would not be felt until well into 1984, and any premature determination of the access limits in anticipation of the future temporary liquidity increase would fail to take into account global economic trends.

He welcomed the Managing Director's efforts to negotiate further borrowing agreements, which were to be discussed in late July, Mr. Salehkhou remarked. The agreements would have a profound effect on the Fund's liquidity and on the discussions on enlarged access. The staff paper on the Fund's liquidity position, however, was scheduled to be discussed on September 7, while the discussion on enlarged access was to be held on July 25. It would be helpful to have any preliminary information on liquidity developments and their effects on the Fund's financing need in time for the discussion of the enlarged access policy.

He looked forward to the discussions on a possible further allocation of SDRs and on ways of improving the attractiveness of the SDR, Mr. Salehkhou stated. The discussions on the capital markets and the World Economic Outlook should provide an adequate background for the discussions on SDR matters; in particular, they should underscore the urgent need of developing countries for concessionary credit.

Mr. Lovato stated that the proposed work program was acceptable. He agreed with Mr. Laske that a more flexible approach should be taken to the scheduling of Article IV consultations with smaller countries.

Mr. Schneider said that he broadly agreed with the outline of the work program. In the work on the use of Fund resources, first priority should be given to the issues of financing of enlarged access, and particularly borrowing by the Fund. Given the Fund's tight liquidity position and the commitment gap, great importance should be attached to finding a reasonable balance between the existing need of member countries for the Fund's financial support of viable adjustment programs, and the regular volume of resources at the disposal of the Fund. He shared the Chairman's hope that the urgently needed financing would be obtained in the coming several months from SAMA and other sources. It was important to bear in mind that a number of member countries continued to suffer from structural imbalances that could best be corrected by the implementation of a Fund-supported program; the Fund was the only international financial institution that could prescribe certain economic conditions to foster needed adjustment.

Commenting on SDR matters, Mr. Schneider said that he hoped that the staff paper on a possible further allocation of SDRs would pave the way for the Chairman to make a proposal at the 1983 Annual Meeting. The papers on improving the attractiveness of the SDR, especially the frequency of adjustment of the SDR interest rate, were welcome.

Finally, he had noted the proposed work program of the area departments, and the comments by Mr. Laske and Mr. Joyce on that matter, Mr. Schneider said. The number of Article IV consultations that were to be discussed in the period up to the 1983 Annual Meeting was rather large. The conclusions on cycling that had been reached during the previous annual review of the implementation of surveillance had been interpreted too rigidly. In his statement of March 28, 1983 (EBM/83/55), the Chairman had mentioned that "the criteria for determining the countries under a strict cycle was agreed, i.e., economies having a substantial impact on other countries, members with Fund-supported programs, and situations where there are substantial doubts about medium-term viability." It was his understanding that the standard 12-month cycle would be applied to those three groups, but in fact nearly all countries apparently had been kept on the 12-month cycle. The Fund's strict surveillance should not be watered down, but management could use a more flexible approach, especially in cases involving smaller countries that did not have economic problems necessitating continuous surveillance. The Fund lacked the manpower needed to continue the narrow interpretation of the application of the 12-month cycle. Staff members were frequently unavailable in headquarters because they were on mission. Frequent consultations ran the danger of reducing the quality of staff reports, many of which had to be written hastily.

Mr. Mtei commented that he had no difficulty in accepting the proposed work program. He hoped that the Managing Director would be able to make a positive recommendation concerning a substantial allocation of SDRs.

He agreed with Mr. Laske, Mr. Mtei continued, that countries that were not facing difficult economic problems and that did not have a significant effect on the international economy should be on the 18-month or 24-month consultation cycle, so that the area departments could concentrate on countries whose economic situation was difficult. One of the reasons for the declining trend in commitments of Fund resources for smaller member countries was the delays in reaching agreement on adjustment programs. The area departments--particularly the African Department--should be given more staff, so that countries facing difficult economic problems could prepare Fund-supported programs fairly quickly.

Mr. Morrell commented that frequent consultations benefited small countries, which had limited manpower and little access to outside economic expertise. The fact that a particular consultation report did not attract much attention in the Executive Board should not be taken as a measure of the full significance of the consultation. In effect, consultations with smaller countries constituted a kind of macroeconomic technical assistance. That fact should be kept in mind during the discussion of the staff paper on small island economies.

Mr. Alfidja remarked that his position on the frequency of Article IV consultations was the same as Mr. Morrell's. Proposals on that matter should be flexible, and the countries concerned should be given the opportunity--either directly or through their Executive Director--to hold consultations on either a 12-month or an 18-month basis.

Mr. Finaish said that he agreed with the Chairman's statement. He sympathized with speakers who felt that small countries that were not facing serious economic problems need not consult the Fund on a rigid 12-month cycle. In general, the Executive Directors concerned--in particular, Executive Directors with multicountry constituencies--should be consulted by the staff about the appropriate cycle for individual countries. However, he could see the point made by previous speakers that consultations could be considered a form of technical assistance, particularly in the case of new members. That assistance, however, was of help not only to the countries concerned but also to the entire membership, which could benefit from the information reported by the staff. On the whole, a flexible approach to the issue of frequency of consultations could certainly be found.

Mr. Erb commented that he assumed that the staff paper on enlarged access would include an examination of alternative schedules for reducing the access limits in phases. As for the issue of the Fund's liquidity position and financing needs, he agreed with Mr. Laske on Fund borrowing in the private markets. The discussions in the Board on the matter should not imply or give a signal that the Fund was borrowing, was about to engage in private market borrowing, or was even actively contemplating it

He agreed with Mr. Morrell, Mr. Erb continued, that the Fund staff should maintain close contact with member countries. However, there should be some flexibility with respect to the frequency of Article IV consultations: if the economic situation in a country had not changed significantly since the previous consultation, the next consultation could be delayed; if the situation had changed, the frequency could be moved closer to the standard 12-month cycle. It would be a mistake to base the frequency of Article IV consultations on country size alone. That issue was connected with the planned discussion of the coverage of data in IFS, and he hoped that the relevant paper would be discussed in the period after the 1983 Annual Meeting. The paper should examine the kind of information that was generally useful to analysts who followed economic developments in member countries.

In his opening statement, Mr. Erb noted, the Chairman had mentioned that the Executive Board could discuss the nature and scope of the 1984 compensation review. Such a discussion should certainly be held, and a brief staff paper outlining the issues involved should be circulated as a background document.

Mr. Polak said that he, like Mr. Finaish, felt that each of the two basically different views on the frequency of consultations had something positive to offer. A possible compromise solution, which had been used for the Netherlands Antilles, a small island economy, was to have a staff mission conduct a kind of semiconsultation between regular consultations, without a report to the Executive Board but including a report to the member country. The report should provide the technical assistance that the authorities might require, while serving the purpose of keeping the staff well informed.

Mr. Zhang stated that the proposed work program was acceptable. He doubted whether the Executive Directors could reach a consensus on the enlarged access policy on July 25. The negotiations on further official borrowing might not be concluded by that time. In any event, any decision by the Executive Board on policy aspects of the use of Fund resources would have to take into account the views of the Interim Committee at its September 1983 meeting.

Mr. Suraisry said that he generally agreed with the Chairman's statement. There was some merit in the arguments both for and against frequent consultation with member countries. A possible compromise, in addition to that which Mr. Polak had suggested, was to leave the scheduling to the Executive Director and the authorities concerned. While some member countries attached importance to consultations on a 12-month cycle, others were not opposed to a cycle of 18 months or 24 months.

Mr. Joyce commented that it was not clear to him whether an Article IV consultation with a member country could take place only if the authorities concerned agreed. He sympathized with Mr. Suraisry, but his compromise should apply only in those cases in which the Fund did not believe that a member country should hold consultations on the standard 12-month cycle.

Mr. Suraisry said that that was understood in his suggested compromise.

The Chairman remarked that he too agreed with Mr. Joyce. In cases in which the Fund, acting on the basis of established criteria, considered that there was some doubt whether an individual member country should hold consultations on a 12-month or 18-month cycle, the authorities should be asked which they preferred. The Fund, and not individual member countries, was responsible for applying the established criteria on the frequency of consultations.

The Associate Director of the Exchange and Trade Relations Department explained that the area departments had been proceeding in the way that the Chairman had described. They had consulted the individual member countries, and there had been no differences of view on the frequency of consultations. Thus far, almost all of the proposals concerning the frequency of consultations had been based on the standard 12-month cycle. However, there were at least four cases to be discussed in the near future in which a longer cycle would be proposed. The experience with the established criteria on the frequency of consultations was rather brief. In the period after the 1983 Annual Meeting, the staff could circulate a note on the first six months' experience. It was instructive to note that the authorities of one small country had asked to be placed on the 12-month consultation cycle on the ground that, while they were not facing economic problems, the economic situation in the country was changing.

The Director of the Legal Department commented that the kind of flexible approach toward scheduling of Article IV consultations that had been suggested at the present meeting posed no legal difficulties. Under the Articles, each member country must consult the Fund periodically. The

Executive Board had decided that the periodic consultations must in principle be annual. The possible solutions that the Chairman had mentioned would be consistent with that legal framework.

Mr. Erb remarked that the staff should consider whether staff time would be saved if Article IV consultations were always held on a regular schedule, so that both the authorities and the staff concerned could expect a consultation to take place on a specified date. A more flexible approach might be quite time-consuming if it involved considerable negotiation between the staff and the authorities concerned on the date for the next consultation. As for the amount of time that the Executive Board spent on individual country items, it could be reduced if speakers made relatively short statements.

The Deputy Managing Director noted that there was an important logistical constraint--limited staff--on frequent consultations with most member countries. The staff had roughly estimated that, under the established criteria, the 12-month cycle would involve 110 countries. That number was essentially manageable. As was well known, the area and other departments concerned with consultations were hard pressed. Any proposals for increasing the number of countries on the 12-month consultation cycle should be examined carefully, as they would clearly affect the budget and the size of the staff.

The Associate Director of the Exchange and Trade Relations Department said that the staff paper reviewing stand-by and extended arrangements would be a rather broad-based one. It would describe the ways in which the conditionality guidelines and the decision on enlarged access had been applied. The paper would not deal with the question of forward-looking debt projections, which was a relatively new issue that had not been raised in the period covered by the paper. The matter that Mr. Erb had raised, concerning the phased reduction of the access limits, would be covered in the paper. However, the paper would describe various alternatives and their implications; it would not contain specific proposals.

A separate discussion on debt problems was not planned, the Associate Director of the Exchange and Trade Relations Department remarked. There had not been sufficient time for meaningful trends to emerge since the previous review of the debt situation. On the other hand, when the Board examined various staff reports on the major countries in the coming period, it would undoubtedly also discuss both the application of the guidelines and the Board's judgments that had been expressed during the debt review. In the period March-September 1983, most, if not all, of the major countries would be discussed by the Executive Board, and the relevant reports contained the staff's analysis and conclusions concerning the countries' debt policies. It might be useful for the Executive Directors to continue to examine the specific debt situations in individual member countries in the coming period, and to take a more general look at the debt situation later in the year.

Mr. Erb considered that it would be useful for the staff to continue to monitor and analyze systematically the various approaches that different member countries were taking to restructuring their external debt. The staff could periodically circulate a paper updating the information that had been provided in the relevant papers for the discussion on debt in April 1983.

The Associate Director of the Exchange and Trade Relations Department said that, for the purpose of information, the staff could describe the various debt reschedulings. After the Executive Board had seen the report, it might wish to request the staff to provide such information in the future in an occasional paper.

The Special Consultant commented that the program of work thus far in 1983 on the World Economic Outlook had not evolved in the way that had been planned. The Managing Director had asked the staff to undertake a special study on the evolving situation in the developing countries and the outlook for recovery, and the relevant paper had been circulated in mid-January and discussed in early February, prior to the spring meeting of the Interim Committee. The staff had subsequently prepared the larger report that had become the May 1983 publication entitled "World Economic Outlook." In preparing that report, the staff had reviewed all the original figures and had added projections for 1984, and had also found it necessary to deepen the analysis and expand the text. A draft of th report had been circulated to the Executive Directors for their comments. That course of preparation of the published World Economic Outlook had been a special one.

In the future, the Special Consultant continued, it would seem desirable to use the kind of schedule that had been followed in 1982, and which had originally been planned for 1983. Accordingly, well before the meeting of the Interim Committee, the staff would issue a draft of the World Economic Outlook that was to be published, allowing three weeks for the Executive Directors to comment on it. At the same time, the staff would circulate a shorter paper dealing with the main issues concerning the World Economic Outlook. The Executive Board discussion on the World Economic Outlook would focus on the main issues paper, but the full draft of the World Economic Outlook for publication would be available as a background document and Directors would have an opportunity to comment. That schedule had worked well in 1982. It had not been possible to follow it in 1983, although in the published version of the World Economic Outlook the staff had followed as carefully as possible the policy guidelines and analysis that had been discussed by the Executive Board in February and subsequently by the Interim Committee.

Mr. Laske remarked that he had originally accepted the proposed procedures for the World Economic Outlook in 1983, feeling that they were the best way to handle the special situation. His comments on the outcome, which had not been fully satisfactory, had been made with the benefit of hindsight, and he was pleased that in the future the World Economic Outlook would be handled on the basis of the fully satisfactory procedures that had been used in 1982.

The Economic Counsellor recalled that the various possible ways of making the SDR more usable in the private sector had been examined in a staff paper that the Executive Board had discussed prior to the conference on the SDR. The staff had not planned to prepare a further paper specifically on that subject. The paper that the Treasurer's Department was preparing on potential official uses of the SDR could provide an example to those in the private sector who might wish to make greater use of the SDR. At present, the use of SDR-style assets in the private sector was declining from a very low level. While the Fund could certainly try to promote the use of the SDR in the private sector, it was unlikely that much progress would be made. The staff would certainly keep the matter under review.

Mr. Polak said that he wished to pursue the matter with the staff on a bilateral basis.

The Chairman remarked that some Executive Directors apparently felt that it was ambitious to plan to conclude the discussions on enlarged access in late August; they seemed to feel that it would perhaps be more realistic, and perhaps advantageous from a policy viewpoint, to wait for the guidance of the Interim Committee at its fall meeting. It seemed best to leave the options open while proceeding as he had proposed in his opening statement. Accordingly, the Executive Board would discuss the enlarged access policy on July 25, soon after the discussion of the compensatory financing facility.

He planned to report to the Executive Board in July on his discussions with potential official lenders, the Chairman continued, and he would report briefly on progress immediately after his return to headquarters from the various discussions with lenders. Hence, toward the end of July, the Executive Board would have a better understanding of the progress that the Fund had made in covering its financing gap. It seemed best to wait and see whether there would be sufficient progress to reach a decision at the end of August. If the Executive Directors felt that the elements of a compromise existed, and that they had sufficient knowledge of the parameters within which to move ahead, they should do so, as the matter was clearly within their competence. However, if the Executive Directors believed that they needed more time and the guidance of the Interim Commitee, they could of course proceed accordingly.

The Executive Board was also likely to return to the issues of enlarged access and the compensatory financing facility after the meetings in July, as there seemed to be a number of questions that still had to be answered, the Chairman said. While the Executive Board would have to take a step-by-step approach to gaining a better understanding of the issues, which were difficult, it seemed best to try to reach a possible agreement by August or early September, especially if the Interim Committee was to be able to give guidance to the Executive Board. Accordingly, the Executive Directors had no alternative but to undertake a heavy work program in July. As some of them had mentioned, an indication of the Fund's liquidity position would be needed before conclusions were reached on the compensatory financing facility and enlarged access, as all the issues were interrelated. In preparing the relevant papers the staff would greatly benefit from a detailed written indication of Executive Directors' various suggestions, such as Mr. Erb's on the possible reduction of enlarged access in phases.

The Deputy Managing Director commented that at the time of the scheduled review of expatriation benefits, at end-July, the staff could provide a paper outlining the basic elements of the 1984 compensation review. The main parameters of the review had been established under the arrangements agreed by the Executive Board after its consideration of the Kafka report.

The Executive Board agreed to proceed on the basis of the proposed work program.

## DECISION TAKEN SINCE PREVIOUS BOARD MEETING

The following decision was adopted by the Executive Board without meeting in the period between EBM/83/85 (6/15/83) and EBM/83/86 (6/17/83).

### 3. EXECUTIVE BOARD TRAVEL

Travel by Executive Directors as set forth in EBAP/83/157 (6/15/83) is approved.

APPROVED: October 28, 1983

LEO VAN HOUTVEN
Secretary

Timetable for Article IV Consultations Included in the Work Program Until the end of September

| | Country | Tentative Expected/Scheduled Date for Board Discussion |
|---|---|---|
| 1. | France | June 3 |
| 2. | Guinea-Bissau | June 6 |
| 3. | Ethiopia | June 8 |
| 4. | St. Lucia | June 8 |
| 5. | Ivory Coast | June 10 |
| 6. | Upper Volta | June 10 |
| 7. | Portugal | June 13 |
| 8. | United Arab Emirates | June 13 |
| 9. | Barbados | June 15 |
| 10. | Israel | June 15 |
| 11. | Belize | June 17 |
| 12. | South Africa | June 20 |
| 13. | Turkey | June 22 |
| 14. | Panama | June 24 |
| 15. | Egypt | June, 2nd half |
| 16. | Tunisia | June, 2nd half |
| 17. | Venezuela | Late June |
| 18. | Niger | June |
| 19. | Afghanistan | End-June |
| 20. | Papua New Guinea | July 1 |
| 21. | Oman | July 6 |
| 22. | Viet Nam | July 6 |
| 23. | Colombia | July 8 |
| 24. | Norway | Early July |
| 25. | Tanzania | July 11 |
| 26. | Nepal | July, 1st half |
| 27. | Bangladesh | Mid-July |
| 28. | Costa Rica | Mid-July |
| 29. | Ireland | Mid-July |
| 30. | Korea | Mid-July |
| 31. | United States | July 20 |
| 32. | Kuwait | July, 2nd half |
| 33. | Germany | July 27 |
| 34. | Cyprus | Late July |
| 35. | Ghana | Late July |

| | Country | Tentative Expected/Scheduled Date for Board Discussion |
|---|---|---|
| 36. | Lesotho | Late July |
| 37. | Malaysia | Late July |
| 38. | Malta | Late July |
| 39. | Gambia, The | End-July |
| 40. | Guinea | July |
| 41. | Benin | Early August |
| 42. | Iraq | Early August |
| 43. | Zaïre | August, 2nd half |
| 44. | Bahrain | Late August |
| 45. | Yemen Arab Republic | Late August |
| 46. | Zimbabwe | End-August |
| 47. | Romania | End-August/early Sept. |
| 48. | Sierra Leone | End-August/early Sept. |
| 49. | El Salvador | Early September |
| 50. | Madagascar | Early September |
| 51. | Saudi Arabia | Early September |
| 52. | Sweden | Early September |
| 53. | Philippines | September, 1st half |
| 54. | Seychelles | Mid-September |
| 55. | Mali | September |
| 56. | Nigeria | September |

Reviews Under Stand-By and Extended Arrangements Included in the Work Program Until the End of September

| | Country | Tentative Expected/Scheduled Date for Board Discussion |
|---|---|---|
| 1. | Ivory Coast | June 10 |
| 2. | South Africa | June 20 |
| 3. | Hungarian People's Republic | June 24 |
| 4. | Dominican Republic | Late June |
| 5. | Jamaica | Late June |
| 6. | Bangladesh | Mid-July |
| 7. | Costa Rica | Mid-July |
| 8. | India | Mid-July |
| 9. | Yugoslavia | July, 2nd half |
| 10. | Argentina | Late July |
| 11. | Chile | Late July |
| 12. | Uganda | End-July |
| 13. | Brazil | Early August |
| 14. | Togo | August, 2nd half |
| 15. | Mauritius | Late August |
| 16. | Sudan | Late August |
| 17. | Somalia | End-August |
| 18. | Zambia | End-August |
| 19. | Zimbabwe | End-August |
| 20. | Romania | End-August/early Sept. |
| 21. | Philippines | September, 1st half |
| 22. | Kenya | Mid-September |
| 23. | Panama | September |