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**FOR
AGENDA**

EBD/62/51

April 24, 1962

To: Members of the Executive Board
From: The Secretary
Subject: United Arab Republic - Request for Increase in Quota

The Managing Director proposes to place the attached communication from the Minister of Economy of the United Arab Republic on the agenda of the Executive Board Meeting scheduled for Wednesday, April 25, for initial disposition.

Att: (1)

Other Distribution:
Department Heads
Division Chiefs

United Arab Republic
Ministry of Economy
Office of the Minister

April 23, 1962

Dear Mr. Jacobsson:

I have the honor to submit herewith an official request for a special increase of the quota of the United Arab Republic by \$30 million, thus bringing its quota to \$120 million.

The United Arab Republic is an original member of the Fund. Its original quota of \$45 million was adjusted to \$60 million in 1948, and increased by 50 per cent to \$90 million in 1960 in accordance with the general increase of quotas at that time. The United Arab Republic considered but did not request a quota increase larger than 50 per cent, although a number of Fund members have done so. The present request would result in a quota 100 per cent larger than that which the United Arab Republic had from 1948 to 1960.

Further consideration of the economic position and the balance of payments of the United Arab Republic make it clear that the special increase requested above is justified by the major characteristics of the economy of the United Arab Republic. Exports are largely of a raw material character and are subject to wide variations from year to year by reason of changes in price, changes in output, or both. Raw cotton alone constitutes from two thirds to three fourths of total exports. The domestic production of foodstuffs is subject to some variability and, since the amount produced in good years barely meets domestic requirements, these variations give rise to corresponding variations in imports. A stronger secondary reserve, in the form of a larger quota in the Fund, will increase the ability of the United Arab Republic to meet the inevitable fluctuations in its balance of payments receipts and payments, as well as to facilitate its programs of financial stabilization and economic growth.

Comparisons of the requested quota of the United Arab Republic with the actual quotas of members not too dissimilarly situated will show that its request is justified in relation to the amount and variability of trade, and population.

A request for a proportionate increase in the United Arab Republic's subscription to the International Bank for Reconstruction and Development is also being made.

Sincerely yours,

A. M. Kaissouni
Minister of Economy

Mr. Per Jacobsson
Managing Director
International Monetary Fund
Washington 25, D. C.