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COMMITTEE ON MEMBERSHIP - SURINAM

Meeting 76/1
August 26, 1976

J. Amuzegar, Chairman

Executive Directors

A. Kafka
K. Kawaguchi

E. Pieske

Alternate Executive Directors

C. J. Lohmann, Temporary

T. de Vries

A. W. Rhodin, Secretary

Also Present

D. Lynch
P. Kent

European Department: H. Ungerer. Legal Department:
G. P. Nicoletopoulos, Deputy General Counsel; P. R. Lachman.
Secretary's Department: J. A. Kay, J. W. Lang. Treasurer's
Department: D. Williams. Western Hemisphere Department:
J. Del Canto, Director; J. D. Guenther, J. Restrepo. Technical
Assistants to Executive Directors: V. Amiel, I. M. Cobbold,
K. Nakayama. Secretary's Department, IBRD: U. K. Ghoshal.

The Committee members considered a staff memorandum relating to the calculation of a quota for Surinam (EB/CM/Surinam/76/1, 8/10/76).

The Chairman remarked that the staff had suggested that Surinam be offered an initial quota of SDR 19 million if it joined the Fund prior to the effective date of the second amendment of the Articles, and that the suggested initial quota be increased to a maximum of SDR 25 million in accordance with the provisions of the Sixth General Review of Quotas. The higher suggested quota of SDR 25 million would also be the quota if Surinam became a member of the Fund after the second amendment of the Articles becomes effective. He had learned that the authorities of Surinam agreed to the proposed quota. With respect to the payment of the subscription, the staff had indicated that full payment in local currency, with a subsequent repurchase of 25 per cent of SDR 19 million in assets acceptable to the Fund, would be consistent with Surinam's reserve position. Surinam had also applied for membership in the World Bank.

Mr. de Vries recalled that until relatively recently Surinam had been a part of the Kingdom of the Netherlands, and that several separate consultation missions had visited it within this constitutional arrangement. Consequently, the Fund was much better acquainted with Surinam than it often was with applicants for membership. He confirmed that the Surinam authorities agreed to the proposed initial quota and to the later increase. They also agreed to the suggested modes of payment. He therefore hoped that the Committee members would approve the proposals put forward by the staff.

Mr. Pieske said that the calculations seemed to be fully justified on the basis of the precedents followed for previous members of similar size. Moreover, Surinam with its relatively high official reserves--equivalent to eight months of imports--was fully able to make a payment of 25 per cent of its proposed initial quota in reserve assets. The provision for enabling Surinam to make the initial subscription entirely in its own currency and to repurchase 25 per cent in assets acceptable to the Fund within three months was acceptable. He could therefore support the proposals made by the staff.

Mr. Kafka stated that he had no problem with the proposals put forward by the staff. However, he would be interested to know whether the national income figures included transfer payments from the Netherlands.

The staff representative from the Treasurer's Department explained that the national income figures used by the staff were those that had been submitted by the Surinam authorities and had been drawn up in accordance with the UN classification; they would generally be regarded as satisfactory for the present purposes. The figures submitted by the Surinam authorities were in fact GNP figures, which the staff had reduced by a small margin, consistent with past practice, and which were based on expenditure estimates. Therefore payments would not be directly included in such estimates.

Mr. Kafka explained that he was not questioning the validity of the quota calculation. He only wished to be sure that the national income figures had not been calculated in a slightly unusual manner, because there were few countries that received such high subsidies from outside as did Surinam. It would of course be wrong if the subsidies had slipped into the national income calculation. It would be helpful if a breakdown of the national income figures was included in the report that the Committee would no doubt be submitting to the Executive Directors.

The staff representative from the Treasurer's Department stated that there was nothing in the national income figures that seemed untoward or that suggested the need for a change or adjustment.

The Director of the Western Hemisphere Department commented that even if the quota calculation made on the basis of 1967 GNP were to appear slightly on the high side, the growth of Surinam's GNP in the past nine years had been sufficiently rapid to justify the proposed figure.

Mr. Kawaguchi stated that he had no difficulty with the staff proposals. He did, however, share Mr. Kafka's curiosity about the national income figures, which seemed slightly on the high side in view of the stage of development in Surinam.

The staff representative from the Treasurer's Department undertook, in conjunction with staff representatives from other departments, to examine the GNP figures for Surinam and to prepare an appropriate explanation for inclusion in the report by the Committee to the Executive Directors.

The staff representative from the World Bank explained that, as the Committee was prepared to take a certain position regarding the size of the quota for Surinam, the World Bank would contact the designated representative of Surinam and ask him to confirm that the corresponding World Bank subscription would be acceptable. Assuming that the response by Surinam's representative was favorable, the World Bank would prepare appropriate papers for consideration by the Board of Governors.

The Chairman, summarizing the discussion, stated that it was his understanding that the Committee was in favor of offering Surinam an initial quota of SDR 19 million, and of permitting Surinam to pay its subscription in local currency within three months of becoming a member. Furthermore, Surinam should be required to repurchase within three months after having paid the subscription an amount equivalent to 25 per cent of the quota in assets acceptable to the Fund. The Committee report to the Executive Board, containing a breakdown of the national income figure, and a draft Resolution for submission to the Board of Governors would be circulated for clearance by Committee members.

The Committee members approved the procedure proposed by the Chairman and adjourned at 3:20 p.m.

APPROVED: November 22, 1976

