

The contents of this document are preliminary and subject to change.

GRAY/10/3688

September 21, 2010

**Statement by Mr. Nogueira Batista and Mr. Saboia on Draft Provisional Agenda for the  
Twenty-Second Meeting of the International Monetary and Financial Committee  
(Preliminary)  
Executive Board Meeting 10/93  
September 22, 2010**

Some directors see merits in the new arrangements for the Annual Meetings, including the fact that the IMFC and the Development Committee will be held in the same day. We remain to be convinced that all these changes are for the better. We are particularly concerned with the fact that governors' agendas have now become excessively compressed. We should be open to revisiting these arrangements, after the Annual Meetings, if we realize that they are not conducive to greater engagement of governors and ministers.

At the outset, we would like to recall that governors come from different backgrounds. This fact should be taken into account in deciding on how meetings are conducted. Governors that are fluent in English have an advantage in settings where interactivity is valued. These governors are more at ease to make their point in less time. Consistent with the IMF diversity agenda, interactivity and adequate time management should not come at the expense of the participation of governors who rely on translation services or written statements.

**IMFC/G-20 Ministerial breakfast**

The main topic of the IMFC meeting will probably be quota reform. We, therefore, agree that it is appropriate for ministers to address it in their first gathering at breakfast on Friday, as proposed in the provisional agenda. However, we wonder why the DAR Constitution Hall was selected as the venue for the meeting. Large rooms are more suitable for lectures or conferences than for a dialogue in which all ministers are expected to take part.

**Early warning exercise**

We regret that the early warning exercise will be held Friday evening instead of Saturday, as we had suggested. It is not reasonable to expect jetlagged ministers to focus their attention on this complex topic at such a late hour on Friday. Some governors and ministers will have arrived Thursday evening or Friday in the morning. Besides, for multi-country chairs, Friday evening or afternoon are typically reserved for constituency meetings.

### **Plenary session**

In the present circumstances, the main topic of the plenary session should be quota and governance reforms. Unfortunately, the addition under item 3 of the subtopics “surveillance and lending mandates” and “reform of the international monetary system” would spread the discussion far too wide. These three topics are at different stages of discussion in the Executive Board. On quotas, member countries are expected to meet an agreed deadline. The IMFC’s guidance on this topic at the next meeting will be crucial. On surveillance and lending mandates, some decisions have already been taken. There is little clarity as to what guidance governors would be expected to provide at the next meeting. Many issues remain obscure and require further analysis by the Executive Board. There is even less clarity as to what guidance governors are supposed to offer on the topic of “reform of the international monetary system”, an issue that has been superficially examined by the Executive Board. We therefore propose that item 3 be focused on the IMF Quota and Governance Reforms.

### **IMFC Communiqué**

We attach importance to a proper discussion and approval of the Press Communiqué. Unfortunately, the IMFC’s track record on this matter has not been encouraging. In the last two meetings, IMFC members were not allowed to effectively participate in the discussion of the text. A basic requirement is that the Chair remain neutral, not taking sides on contentious issues.

At the IMFC meeting in Istanbul, for instance, the text submitted to the plenary had a bracketed reference to the notion that the Managing Director should be selected irrespective of nationality. The bracketed reference was removed from the text, without a proper discussion and even without a proper explanation of what was being proposed (it remained unclear whether the Chair was proposing to delete the brackets or the text between brackets). Some governors attempted to participate in the discussion but were not given the floor, in view of the rushed manner in which the session was conducted.

At the last IMFC meeting in Washington, the Communiqué came from the drafting session with no brackets. One governor introduced a last minute change on a controversial matter (the notion that IMF reforms should be treated as a package). This was immediately taken up by the Chair and a rushed discussion followed. Again, as in Istanbul, some governors were not allowed to voice their objections.

We do not favor last minute amendments. However, if they come up, IMFC members should be given sufficient time to consult with their fellow governors and their delegations. When governors cannot be present, interventions by their representatives in the plenary should be considered equally authoritative.

It should remain clear that governors, not the Management or the Chairman, have the prerogative to assess if and how an agreed text from the G-20 or from any other grouping of countries may be relevant to the discussion of the IMFC draft communiqué. In the last IMFC meeting, some G-20 governors were not allowed to voice their opinions, with the argument that the G-20 had already approved a text on the same subject.

Needless to say, these practices undermine the often proclaimed goal of enhancing ministerial engagement in the IMF.