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Mr. George Nicoletopoulos

Room 8-313
#11

EB/CREED/80/2

July 28, 1980

To: Members of the Committee on Rules for the 1980
Regular Election of Executive Directors

From: The Committee Secretary

Subject: Interim Report on 1980 Regular Election of Executive Directors

The attached memorandum has been prepared following the receipt by the Managing Director of a formal notification from the Executive Director for Saudi Arabia relating to the appointment of an Executive Director by that member pursuant to Article XII, Section 3(c). In the absence of an objection from a member of the Committee by noon on Tuesday, July 29, 1980, this report will be deemed approved for transmittal to the Executive Board for its consideration on a lapse-of-time basis.

Att: (1)

Other Distribution:
Members of the Executive Board
Department Heads

DRAFT

To: Members of the Executive Board July 28, 1980

From: Bernard J. Drabble, Chairman, Committee on Rules
for the 1980 Regular Election of Executive Directors

Subject: Interim Report on 1980 Regular Election of Executive Directors

The Committee for the 1980 Regular Election of Executive Directors met on July 17 and discussed the timetable for action required by the Executive Board and held a preliminary exchange of views on the question of the number of Executive Directors to be elected. Two major factors in these considerations were, first, the virtual certainty that Saudi Arabia would again be able to appoint an Executive Director pursuant to Article XII, Section 3(c), and second, the request by China that the Fund consider, expeditiously, an increase in its quota.

The effect of the latter factor will be considered further by the Committee in the light of any recommendations that the Executive Board may make to the Board of Governors with respect to China's quota.

In connection with the first matter, the appointment of an Executive Director under Article XII, Section 3(c), two decisions are required of the Executive Board. The first decision is needed for the calculations made under Article XII, Section 3(c). These are made in accordance with certain conventions, one of which is set out in Executive Board Decision No. 597-4 of July 28, 1950, as follows:

"The phrase 'the preceding two years' as used in Art. XII, Sec. 3(c), shall be deemed to be the two-year period ending on the July 31 preceding the dates of regular biennial elections of Executive Directors. However, this decision shall be reconsidered if such regular elections are held in other months than September."

As the Annual Meeting starts on September 30, the 1980 Regular Elections will be held in a month "other than September" and the decision must be "reconsidered". There is no reason not to continue to use July 31 for this purpose as was done in the past, for example, in 1976, when the elections were held in a month "other than September". The Committee recommends that the Executive Board adopt Decision I set out at the end of this paper which reaffirms the July 31 date.

The second decision that must be taken concerning the appointment of an Executive Director under Article XII, Section 3(c) is to fulfill the requirement of Section 18(b) of the By-Laws that:

"The Executive Board shall prescribe a period within which a member that may appoint an Executive Director in accordance with Article XII, Section 3(c) shall notify the Managing Director whether it will appoint an Executive Director. . . ."

In 1978, the Executive Director elected by Saudi Arabia informed the Committee in advance of July 31 that Saudi Arabia would appoint, and the procedure adopted by the Executive Board for the purpose of By-Law 18(b) was to instruct the Managing Director to ask Saudi Arabia to confirm that it would appoint if the calculations made as of July 31 of that year so indicated.

The Executive Director appointed by Saudi Arabia has sent the attached communication to the Managing Director notifying him that Saudi Arabia would again appoint an Executive Director if the calculations confirm that it will be so entitled. The Committee proposes that this communication to the Managing Director be deemed to satisfy the requirements of By-Law 18(b) and that the Managing Director be asked to inform all members of this notification in accordance with By-Law 18(a).

The following decisions are proposed for adoption by the Executive Board:

- I. The Executive Board has reconsidered Executive Board Decision No. 597-4 of July 28, 1950 for the purpose of the 1980 Regular Election of Executive Directors, and decides that "the preceding two years", as used in Article XII, Section 3(c), shall be the two-year period ending July 31, 1980.
- II. In view of the fact that the calculations made under Article XII, Section 3(c) indicate that a member will again be eligible to appoint an Executive Director and the Executive Director appointed by that member has notified the Managing Director by a communication dated July 28, 1980 that the member will appoint if the calculations for the two-year period ending July 31, 1980 confirm that it will be eligible to appoint, the communication shall be considered to fulfill the requirements of Section 18(b) of the By-Laws. The Managing Director shall notify all members of the receipt of this notification as soon as possible after July 31, 1980.

To: The Managing Director

Date: July 28, 1980

From: Mahsoun B. Jalal

Subject: Appointment of an Executive Director by Saudi Arabia
under Article XII, Section 3(c)

I have been instructed to notify you on behalf of the Government of Saudi Arabia that, if the calculations made under Article XII, Section 3(c) indicate that Saudi Arabia is eligible to appoint an Executive Director for the two-year period beginning November 1, 1980, it will make this appointment. As in the past, this Executive Director will cast the votes only of Saudi Arabia.