

**IMMEDIATE  
ATTENTION**

EBD/92/313

December 30, 1992

To: Members of the Executive Board

From: The Acting Secretary

Subject: Report on Delayed Completion of Article IV Consultations  
and Extension of Approval of Exchange Measures

There follows the report for January 1993 notifying Executive Directors of delays in completing Article IV consultations beyond the cycles specified (including grace periods, where applicable), requesting Executive Board approval for extensions of the three-month period between the dates of conclusion of consultation discussions and Board consideration of consultation reports, and requesting a short-term extension of Executive Board approval of exchange measures previously approved under Article VIII.

Proposed decisions appear on page 5. Unless there is an objection from an Executive Director by noon on Wednesday, January 6, 1993, the proposed decisions will be deemed approved by the Executive Board, and they will be so recorded in the minutes of the next meeting thereafter.

1. Notification of delay in completion of  
Article IV consultations

Table 1 lists member countries for which the completion of the next consultation under Article IV has exceeded, or is likely to exceed in the month of January 1993, the consultation cycle specified at the time of the last consultation including, where applicable, the three-month grace period for the completion of Article IV consultations. 1/ The consultation cycles of member

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1/ In addition, 21 member countries for which no date for Executive Board consideration has been scheduled will have used part of the grace period by the end of January. In descending order by the extent to which the grace period has been used, they are: Guinea, Korea, Israel, Swaziland, Singapore, Kiribati, the United Arab Emirates, Papua New Guinea, Cameroon, Ireland, El Salvador, Bhutan, Botswana, Cape Verde, Fiji, Congo, Ethiopia, Oman, Hong Kong, Zimbabwe, and Saudi Arabia.

Table 1. Delays In Completing Article IV Consultations

Member	Date Board Completed Last Consultation	Stipulated Date for Completion of Next Consultation	New Deadline for Next Consultation	Expected Delay in Completion of Consultation (in months) <u>1/</u>
Haiti	6/26/89*	6/26/90	Postponed <u>2/</u>	...
Somalia	11/13/89*	11/13/90	Postponed <u>2/</u>	...
Liberia	12/22/89*	12/22/90	March 1993 <u>2/</u>	36
Malta (24 months)	6/20/90	6/20/92	1/25/93 <u>3/</u>	7
Aruba (24 months)	1/11/91	1/11/93	May 1993 <u>4/ 5/</u>	5
<u>Malawi</u>	2/15/91*	2/15/92	1/25/93 <u>6/</u>	8
Zaire	3/06/91	3/06/92	April 1993 <u>2/</u>	11
Burkina Faso	3/13/91	3/13/92	February 1993 <u>3/ 6/</u>	9
<u>Morocco</u>	3/20/91	3/20/92	February 1993 <u>3/ 6/</u>	8
Equatorial Guinea	3/22/91	3/22/92	January 1993 <u>2/ 3/</u>	7
Algeria	6/03/91*	6/03/92	January 1993 <u>2/ 7/</u>	5
Afghanistan	6/12/91	6/12/92	June 1993 <u>2/</u>	10
Ecuador	7/19/91*	7/19/92	1/8/93 <u>3/</u>	3
<u>Benin</u>	7/26/91	7/26/92	1/8/93 <u>7/</u>	3
Mali	8/23/91*	8/23/92	March 1993 <u>6/</u>	4
Angola	9/04/91	9/04/92	April 1993 <u>3/</u>	5
Peru	9/12/91*	9/12/92	February 1993 <u>7/</u>	3
Uruguay	9/16/91*	9/16/92	1/8/93 <u>7/</u>	1
Côte d'Ivoire	9/20/91	9/20/92	1/6/93 <u>4/</u>	--
Gabon	9/30/91*	9/30/92	February 1993 <u>3/</u>	2
<u>Nigeria</u>	10/02/91	10/02/92	February 1993 <u>3/</u>	2
<u>Brazil</u>	10/04/91	10/04/92	April 1993 <u>2/</u>	4
<u>Mongolia</u>	10/04/91	10/04/92	May 1993 <u>7/</u>	5

Source: Policy Development and Review Department.

1/ Beyond the three-month grace period, where applicable.

2/ Postponed because of change of government or unsettled political situation.

3/ Postponed at the request of the authorities.

4/ Delayed because of staff constraints.

5/ Consultation discussions are held in the context of the consultation with the Kingdom of the Netherlands.

6/ Delayed to combine discussions with program request and/or review.

7/ Delayed because of ongoing discussions on the use of Fund resources.

\* The Executive Board has had a subsequent opportunity to discuss developments in this country on the basis of a report on use of Fund resources, overdue financial obligations to the Fund, or an Article XIV consultation.

countries on cycles other than the standard 12-month cycle are shown beside the name of the country. The names of member countries which have been added to the list for January, or for which a further delay beyond the month of January has become necessary, are underlined and brief explanations of the principal reasons for the delay are given below in the order countries are listed in the table. Precise dates are indicated in cases where an Executive Board meeting has tentatively been scheduled (see Secretary's Circular No. 92/119, December 14, 1992).

The 1992 Article IV consultation discussions with the Kingdom of the Netherlands - Aruba, which have been delayed due to staff constraints, are now expected to take place in March 1993.

The 1992 Article IV consultation with Malawi had been delayed to permit concurrent consideration of the mid-term review of the additional annual arrangement under the enhanced structural adjustment facility. As the ESAF commitment period was extended to May 31, 1993 (EBD/92/155), the Article IV consultation will now proceed separately. The Article IV consultation mission concluded its discussions October 27, 1992, and Executive Board discussion is now scheduled for January 25, 1993.

At the request of the authorities, the 1992 Article IV consultation discussions with Morocco were delayed in order to combine them with the review under the current stand-by arrangement, compile sufficient data to assess economic developments in 1992, and complete the preparatory work for discussions on policies and prospects for 1993. On the basis of discussions held in Rabat during November 17-December 2, 1992, a staff report is being prepared and is expected to be issued in January 1993.

Conclusion of the 1992 Article IV consultation with Benin has been briefly delayed while the staff obtains clarification from the authorities on policy developments that could have a bearing on a requested arrangement under the enhanced structural adjustment facility.

The 1992 Article IV consultation discussions with Nigeria, which were delayed to accommodate the authorities' request for Fund staff assistance in drafting a medium-term strategy paper, were held in Abuja and Lagos during the period October 19-November 5, 1992. It is now expected that the consultation will be concluded by February 1993.

The 1992 Article IV consultation discussions with Brazil have been delayed as a result of the recent change in government. In view of the political situation in the months prior to end-September (when President Collor was separated from office) and the existence of an interim Administration until December 22, 1992, the Brazilian authorities have not been in a position to receive a Fund mission to

conduct the Article IV consultation discussions. A team of senior Brazilian officials did visit the Fund in late November to exchange views on economic policies for 1993, and it was tentatively agreed that a Fund mission would visit Brasilia in late January 1993.

Conclusion of the 1992 Article IV consultation with Mongolia has been delayed due to ongoing discussions with the authorities regarding possible use of Fund resources under the enhanced structural adjustment facility. Consultation discussions between the staff and the authorities are expected to be concluded in early 1993.

2. Extension of Period for Board  
Consideration of Article IV Consultations

Under the procedures for surveillance, the three-month period between the date of conclusion of the consultation discussions with the authorities and Board consideration of the consultation report will end on the dates specified below. Brief explanations of the principal reasons for the requests for extension are provided in the footnotes of the table below.

Member	Date of Conclusion of Staff Discussions	Deadline for Completion	New Deadline for Completion
Armenia	10/30/92	1/30/93	2/12/93 <u>1/</u>
Benin	9/30/92	12/30/92	1/08/93 <u>2/</u>
Côte d'Ivoire	9/30/92	12/30/92	1/06/93 <u>1/3/</u>
Malta	10/09/92	1/09/93	1/25/93 <u>4/</u>

Source: Policy Development and Review Department.

1/ Extension requested due to staff constraints.

2/ Extension requested while staff obtains clarification on recent policy developments.

3/ Extension requested due to heavy agenda of the Executive Board.

4/ Extension requested to allow incorporation in the staff report of information on developments that occurred after conclusion of the consultation discussions.

Proposed Decision

Because the consultation with the members listed above will not be completed within the specified period, the following draft decision is proposed for adoption by the Executive Board:

"Notwithstanding the period of three months specified in Procedure II of the document entitled "Surveillance Over Exchange Rate Policies" attached to Decision No. 5392-(77/63), adopted April 29, 1977, as amended, the Executive Board extends the period for completing the next Article IV consultation with Armenia, Benin, Côte d'Ivoire, and Malta to the dates indicated in EBD/92/313."

3. Extension of approval for exchange  
measures subject to Article VIII

An extension of approval of Nicaragua's multiple currency practice is requested while negotiations on a program that could be supported by arrangements under the enhanced structural adjustment facility continue into February 1993. On external policies, the authorities are considering a further liberalization of the exchange markets, which could mean the elimination of the existing multiple currency practice. Executive Board consideration of the request for use of Fund resources is expected to take place no later than May 1993.

Proposed Decision

"The approval for the retention by Nicaragua of the multiple currency practice arising from the existence of a dual exchange market, granted under Executive Board Decision No. 10215-(92/144), adopted December 2, 1992, is extended until May 31, 1993."

Other Distribution:  
Department Heads

