

INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 87/59

10:00 a.m., April 15, 1987

R. D. Erb, Acting Chairman

Executive Directors

A. Abdallah
Dai Q.

A. Donoso

G. Grosche
J. E. Ismael
A. Kafka

M. Massé

H. Ploix

C. R. Rye
G. Salehkhoul
A. K. Sengupta
K. Yamazaki
S. Zecchini

Alternate Executive Directors

M. K. Bush
H. G. Schneider

T. Alhaimus

J. Reddy
J. Hospedales
M. Foot
H. Fugmann

C. V. Santos
I. A. Al-Assaf
L. Filardo

J. de Beaufort Wijnholds

O. Kabbaj
L. E. N. Fernando

J. W. Lang, Jr., Acting Secretary
K. S. Friedman, Assistant

1.	Executive Director	Page 3
2.	Administrative and Capital Budgets, FY 1988	Page 3
3.	Surveillance - Implementation of Procedures - Review	Page 3
4.	Surveillance - Amendment of Procedures	Page 4
5.	Somalia - Overdue Financial Obligations - Report and Complaint Under Rule S-1	Page 4
6.	Bangladesh - Technical Assistance	Page 5
7.	People's Republic of China - Technical Assistance	Page 5

8. Recent Experience of Developing Countries with Floating
Exchange Rates - Auction and Interbank Markets -
Publication Page 5
9. Approval of Minutes Page 5
10. Executive Board Travel Page 6

Also Present

Administration Department: G. F. Rea, Director; H. J. O. Struckmeyer, Deputy Director; D. S. Cutler, A. D. Goltz, T. J. Hill, N. S. Jackson, J. B. Kaiser, P. J. McClellan, M. Oka, T. N. Usmani, H. Wiesner, L. A. Wolfe. Legal Department: W. E. Holder. Advisors to Executive Directors: L. P. Ebrill, G. D. Hodgson, K. Murakami, A. Ouanes, G. Pineau, D. C. Templeman, K. Yao. Assistants to Executive Directors: A. R. Al-Abdullatif, J. R. N. Almeida, O. S.-M. Bethel, G. K. Hodges, L. Hubloue, K.-H. Kleine, M. A. Kyhlberg, V. K. Malhotra, T. Morita, S. Rebecchini, E. L. Walker.

1. EXECUTIVE DIRECTOR

The Acting Chairman welcomed Mr. Hospedales as Alternate Executive Director.

2. ADMINISTRATIVE AND CAPITAL BUDGETS, FY 1988

The Executive Directors, meeting in restricted session, considered the administrative and capital budgets for FY 1988 (EBAP/87/69, 4/1/87; Sup. 1, 4/13/87; and Sup. 2, 4/14/87). They also had before them as background information a paper on the review of the Fund's income position for FY 1987 and FY 1988 (EBS/87/70, 4/3/87), a nationality distribution list (EBAP/87/72, 4/2/87), and a paper on Executive Board and other meetings of Executive Directors in 1986 (Secretary's Circular No. 87/35, 4/8/87).

The Executive Directors agreed to continue their discussion in the afternoon.

DECISIONS TAKEN SINCE PREVIOUS BOARD MEETING

The following decisions were adopted by the Executive Board without meeting in the period between EBM/87/58 (3/30/87) and EBM/87/59 (4/15/87).

3. SURVEILLANCE - IMPLEMENTATION OF PROCEDURES - REVIEW

The Executive Board has reviewed the general implementation of the Fund's surveillance over members' exchange rate policies, as required by Paragraph VI of Procedures for Surveillance contained in the document entitled "Surveillance over Exchange Rate Policies" attached to Decision No. 5392-(77/63), adopted April 29, 1977, including the procedures for the conduct of consultations under Article IV, which in principle shall comprehend the regular consultations under Article VIII and Article XIV, and approves the continuation of the procedures as described in SM/87/29, in the light of the Managing Director's summing up, until the next review, which shall be conducted not later than April 1, 1988. (SM/87/29, Sup. 2, 3/30/87)

Decision No. 8563-(87/59), adopted
April 1, 1987

4. SURVEILLANCE - AMENDMENT OF PROCEDURES

The second and third sentences of Paragraph II of Procedures for Surveillance contained in the document entitled "Surveillance over Exchange Rate Policies" attached to Decision No. 5392-(77/63), adopted April 29, 1977, shall be amended to read as follows:

In principle, the consultations under Article IV shall comprehend the regular consultations under Articles VIII and XIV, and shall take place annually. They shall include consideration of the observance by members of the principles set forth above as well as of a member's obligations under Article IV, Section 1. (SM/87/30, Sup. 1, 3/30/87)

Decision No. 8564-(87/59), adopted
April 1, 1987

5. SOMALIA - OVERDUE FINANCIAL OBLIGATIONS - REPORT AND COMPLAINT UNDER RULE S-1

1. The complaint of the Managing Director dated April 7, 1987 regarding Somalia's overdue obligation in the SDR Department, in EBS/87/72 (4/7/87), is noted. It shall be placed on the agenda of the Executive Board on the same date as the review of Decision No. 8540-(87/35) G/TR. If at that time Somalia is not current in its obligation to pay charges in the SDR Department, the Fund will consider suspending the right of Somalia to use SDRs it acquires after the suspension pursuant to Article XXIII, Section 2(b), other than for settlement of financial obligations to the Fund.

2. The Fund urges Somalia to become current in its financial obligations to the Fund promptly and to avoid thereby the need for the Fund to take remedial action.

3. Consideration of the complaint in accordance with Rule S-1 particularly affects Somalia. The member shall be informed by rapid means of communication of this matter and of its right to present its views through an appropriately authorized representative.

Decision No. 8565-(87/59) S, adopted
April 14, 1987

6. BANGLADESH - TECHNICAL ASSISTANCE

In response to a request from the Bangladeshi authorities for technical assistance in the tax field, the Executive Board approves the proposal set forth in EBD/87/103 (4/9/87).

Adopted April 13, 1987

7. PEOPLE'S REPUBLIC OF CHINA - TECHNICAL ASSISTANCE

In response to a request from the Chinese authorities for technical assistance in the central banking area, the Executive Board approves the proposal set forth in EBD/87/99 (4/7/87).

Adopted April 13, 1987

8. RECENT EXPERIENCE OF DEVELOPING COUNTRIES WITH FLOATING EXCHANGE RATES - AUCTION AND INTERBANK MARKETS - PUBLICATION

The Executive Board approves the proposal for publication, in the Occasional Paper series, of the staff paper entitled "Recent Experience of Developing Countries with Floating Exchange Rates: Auction and Interbank Markets" as set forth in SM/87/67 (3/12/87).

Adopted April 13, 1987

9. APPROVAL OF MINUTES

a. The minutes of Executive Board Meetings 86/111 and 86/112 are approved. (EBD/87/89, 3/25/87)

Adopted March 31, 1987

b. The minutes of Executive Board Meetings 86/113 through 86/116 are approved. (EBD/87/94, 3/30/87)

Adopted April 3, 1987

c. The minutes of Executive Board Meeting 87/27 are approved. (EBD/87/96, 4/2/87)

Adopted April 8, 1987

d. The minutes of Executive Board Meetings 86/117 through 86/121 are approved. (EBD/87/97, 4/3/87)

Adopted April 9, 1987

e. The minutes of Executive Board Meetings 86/122 and 86/123 are approved. (EBD/87/100, 4/8/87)

Adopted April 14, 1987

10. EXECUTIVE BOARD TRAVEL

Travel by Executive Directors as set forth in EBAP/87/71 (4/1/87), EBAP/87/74 (4/2/87), EBAP/87/76 (4/6/87), and EBAP/87/79 (4/9/87), by Advisors to Executive Directors as set forth in EBAP/87/70 (3/31/87), EBAP/87/74 (4/2/87), and EBAP/87/78 (4/7/87), and by an Assistant to Executive Director as set forth in EBAP/87/77 (4/7/87) is approved.

APPROVED: October 30, 1987

LEO VAN HOUTVEN
Secretary