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January 25, 1990

To: Members of the Committee of the Whole
on Review of Quotas

From: The Secretary

Subject: Ninth General Review of Quotas - Period of
Data Used in Quota Reviews

The attached paper has been prepared at the request of an Executive Director on January 24, 1990, during Meeting 90/9 of the Committee of the Whole on Review of Quotas.

Mr. Roncesvalles (ext. 6525) or Mr. Tweedie (ext. 7811) is available to answer technical or factual questions relating to this paper.

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INTERNATIONAL MONETARY FUND

Ninth General Review of Quotas -
Period of Data Used in Quota Reviews

Prepared by the Treasurer's Department

Approved by David Williams

January 25, 1990

As requested at Meeting 90/9 (1/24/90) of the Committee of the Whole on the Ninth General Review of Quotas, this note briefly discusses the practice as regards the period of the data used for the purpose of making quota calculations in connection with general reviews of quotas.

The Articles do not prescribe the criteria to be used in connection with increasing quotas under a general review. The modalities for conducting a review of quotas, including the data and the period of the data to be used in making quota calculations, are agreed by the Executive Board in connection with each review. The practice followed in past quota reviews has been that the quota calculations for each review have been based on the latest period of data available at the time of the establishment of the Committee of the Whole for the review. As can be seen from the attached table, this practice has generally resulted in avoiding an overlapping of the five-year periods used in the case of data on trade in goods and services and private transfers. ^{1/} The lag between the latest year for which data were used in making quota calculations and the conclusion of the relevant review of quotas has typically been of the order of slightly more than two years, though this lag has varied in the past from as short as 13 months in the case of the 1959 Increase in Quotas to more than three years under the Sixth General Review, when work extended well beyond the review period. The lag under the Ninth Review, using data ending in 1985, would be of the order of four and a quarter years by March 31, 1990.

^{1/} The only cases of overlapping calculation periods have been the Seventh Review, when the quota cycle was shorter than five years, and the Eighth Review which was completed more than eight months prior to the end of the review period. Data for GDP and reserves are for the latest year and hence do not overlap, while the variability measure requires a long-run period of 13 years. The data for goods, services and private transfers are averaged over a five-year period.

If the next general review of quotas was to be completed by March 31, 1993, a Committee of the Whole would need to be established not later than March 31, 1992, and at that time it could be expected that data up to 1990 would be available for the purpose of making quota calculations, i.e., updating by five years the data used in the Ninth Review. If the next review was to be completed by March 31, 1995, a Committee of the Whole would need to be established not later than March 31, 1994, and it would be reasonable to expect data to be available up to 1992. In the latter case, the use of a five-year average of the data on goods and services and private transfers would imply a gap of two years (i.e., 1986 and 1987) with respect to the data used in the Ninth Review. As noted above, the Executive Board could decide to have quota calculations made that would include those two years, though a different period of averaging the data would affect the working of the coefficients in the quota formulas.

Attachment

Timing of Quota Reviews in Relation to the Data Used in Each Review

	Date of Board of Governors' adoption of Resolution completing the review	Date of establish- ment of the Committee of the Whole	Last year for which data were used for making quota calculations	Length of period between the latest data used in quota calculations and the completion of the review
1959 Increase	February 2, 1959	-- <u>1/</u>	1957	1 yr., 1 mo.
Third Review	December 16, 1960 <u>2/</u>	December 21, 1959	No calculation	No increase
Fourth Review	March 31, 1965	October 16, 1964	1962	2 yrs., 3 mos.
Fifth Review	February 9, 1970	November 5, 1969	1967	2 yrs., 1 mo.
Sixth Review	March 22, 1976	December 17, 1973	1972	3 yrs., 3 mos.
Seventh Review	December 11, 1978	February 28, 1977	1976	1 yr., 11 mos.
Eighth Review	March 31, 1983	July 24, 1981	1980	2 yrs., 3 mos.
Ninth Review	March 31, 1990	March 27, 1987	1985	4 yrs., 3 mos.
	(March 31, 1993)	(March 31, 1992)	(1990)	--
	(March 31, 1995)	(March 31, 1995)	(1992)	--

1/ This ad hoc review was initiated by a Resolution of the Board of Governors passed at its 1958 Annual Meeting.

2/ Date of Executive Board decision, as no general quota increases were proposed.

