

September 5, 1990 - 90/167

Statement by the Managing Director on
Consents to Quota Increases and Acceptances of Third Amendment
Executive Board Meeting 90/134
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Before turning to our agenda I would wish to reflect with you on the work that is now proceeding in capitals toward consenting to the increase in quotas under the Ninth General Review and toward acceptance of the Third Amendment of the Articles. More specifically, I wish to explore with you what we, Executive Directors, management, and staff, can do to assist and speed up the steps that are required in our capitals.

I submit that it is our responsibility to demonstrate clearly and unequivocally the support of the membership at large for the institution through a speedy consent to the quota increase and acceptance of the Third Amendment. Events of recent weeks have dramatically demonstrated, once again, how unforeseen circumstances and events can fundamentally affect the world economy and monetary system. The Fund should stand ready, and be seen to be ready, to assist its member countries. Of course we all hope that tensions in the Middle East will soon lessen and that the number of severely affected countries will remain limited, but we cannot be sure. There always is a danger that we may still have to face a worse-case scenario for a number of members and for the world economy as a whole. In short, we must be in a position to give confidence to our members regarding the Fund's ability to assist them when necessary.

Therefore, I believe that we should set ourselves as a firm objective to achieve the necessary participation requirement and acceptance of the Third Amendment by the time of the spring 1991 meeting of the Interim Committee. A firm date for that meeting has not yet been set, but you have just received a memorandum of the Secretary suggesting that Committee members accept Monday, April 29, 1991 as the date for the next spring meeting. We are of course all aware that the participation requirement for consent to the quota increase is very high, namely, 85 percent until the end of 1991. However, this should not lead us to an attitude of looking over our shoulder and waiting for the example to be given by the largest shareholders. All of us must proceed because the consent of all is the objective. Similarly, we all are aware that approximately one third of the membership, accounting for somewhat over 20 percent of total voting power, either voted against the resolution on the Third Amendment, or formally recorded an abstention, or did not participate in the voting. We all respect the reticence that a number of you continue to have vis-à-vis the Third Amendment. Those sentiments have been duly recorded in our discussions and again in the voting by Governors. However, what is now at stake is the life and future and the credibility of the institution and, to that effect, we may need to set aside our reticence vis-à-vis the amendment in order to achieve the quota increase

which the institution and its membership needs. I will be talking to the Executive Directors who have in their constituencies members that did not reply positively to the resolution on the Third Amendment.

In order to give specific content to the objective of speeding up the quota increase and the Third Amendment, the staff will contact all delegations at the time of the Annual Meeting in order to obtain a full update regarding:

(a) The legislative and other steps that are required in each country in order to consent to the quota increase and to accept the Third Amendment;

(b) What steps have already been undertaken and what remains to be done; and

(c) What is the likely timing for these procedures to be completed.

I would appreciate it if the authorities of your member countries would stand ready to give us all the information and the timetable and calendar at the time of the Annual Meetings. I realize that a number of questions have already been addressed to the staff regarding some procedural issues. Accordingly, we intend soon to issue appropriate material that may help member countries in completing the necessary procedural steps.

May I go one step further. I would not like to wait another four weeks or so before knowing where we stand. I really need to have a view now. To that effect, I would very much appreciate it if Executive Directors could inquire from their main countries--I have in mind a total number of about the 35 to 40 largest member countries of the institution--on progress toward consent to the quota increase and acceptance of the Third Amendment, whether all work can be finalized before the end of April next year and, if necessary, what steps would be needed to accelerate the existing timetable. Could you please channel that information to the Secretary.