

FONDO MONETARIO INTERNACIONAL

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Communiqué of the Interim Committee of the Board of Governors of the International Monetary Fund

1. The Interim Committee of the Board of Governors of the International Monetary Fund met in Bangkok, Thailand on October 13-14, 1991 under the chairmanship of Mr. Carlos Solchaga, Minister of Economy and Finance of Spain. Mr. Michel Camdessus, Managing Director, participated in the meeting, which was also attended by a number of observers. A U.S.S.R. delegation was invited to attend some of the discussion.

2. The Committee observed that the pronounced slowdown of world economic growth this year was expected to be followed in 1992 by a moderate recovery. The recent moderation of inflation would likely continue, improving prospects for sustained growth in the medium term.

Monetary and fiscal policies in the industrial countries should continue to focus on achieving the medium-term objectives of sustained global expansion, progress toward price stability, and provide the basis for lower real interest rates. Structural reforms, including measures to reduce trade restrictions and to improve the functioning of labor markets, are needed to enhance economic efficiency and, in many countries, reduce persistently high unemployment. Continued progress in fiscal consolidation would help to increase saving, raise private investment and potential output, and alleviate the debt-service burden of heavily indebted countries. The need to raise global saving is heightened by the new claims on resources associated with reconstruction in the Middle East, unification in Germany, the economic transformation of Eastern Europe, and prospects for reform in the U.S.S.R. It is essential that these additional demands be met by reductions in the absorption of saving by governments and an increase in private saving. In that respect, an important contribution could be made by reassessing spending on defense and subsidies.

3. The Committee was unanimous in its concern over the delays in the Uruguay Round and the attendant risks to the world economy. The Committee emphasized that the liberalization of the trade system would contribute importantly to global economic growth and thereby to the resolution of the debt problem. The failure of the Round could seriously jeopardize the international trade and payment system, of which the multilateral institutions are an integral part, as well as the outward-looking economic reforms supported by the Fund and the World Bank, under which many countries have proceeded unilaterally to dismantle trade barriers. The Committee therefore urged all governments to attach the highest political priority to a speedy and successful conclusion to the Round in order to realize the efficiency gains on which future growth depends.

4. The Committee reaffirmed its support for the international debt strategy. It was encouraged by the progress made by an increasing number of developing countries toward restoring external viability and achieving sustainable growth. This testifies to the effectiveness of the growth-oriented adjustment policies that have been supported by the international community and of the instruments developed to assist members in the resolution of their debt difficulties, including commercial bank debt and

*Issued in Washington, D.C. and Bangkok.

debt service reduction. The Committee welcomed emerging trends toward capital repatriation and the recovery of private direct investment flows, as well as the resumption in some cases of voluntary capital market financing. It stressed the importance of continued adequate and timely financial support for all countries that are sustaining sound policies. In this context, the list of countries eligible for support under the ESAF should be kept under consideration with a view to a possible expansion.

Direct financial assistance from bilateral creditors and official debt restructuring remain essential. As concerns specifically the poorest, most indebted countries, the Committee acknowledged the need for more concessional restructuring terms in support of sound economic actions. The Committee called on the Paris Club to continue its discussions on how best to implement promptly additional debt relief measures, on a case by case basis, that go well beyond the relief already granted under the Toronto terms. The Committee also urged commercial banks to provide support to countries engaged in strong economic reform programs that have continued to service their debt despite very difficult external circumstances. It also called upon all parties to work expeditiously toward a normalization of financial relations in those cases where restructuring of bank debt is a necessary complement to strong domestic adjustment efforts.

5. The Committee warmly welcomed the continuing commitment of Eastern European countries to stabilizing and reforming their economies along market oriented lines in spite of the added difficulties caused by the collapse of trade in the former CMEA area. The Committee reasserted the importance for these countries to move speedily with institutional and structural reform, including the opening of their economies. The Committee praised the rapid and effective response of the Fund to the changes in Eastern Europe, and its role, in cooperation with the World Bank, the EBRD, the G-24 and the Paris Club, in organizing financing for the region in 1991. Adjustment efforts in these countries must continue to be actively supported during the next few years by adequate and timely financing, with private financing playing an increasingly important role. Improved access to industrial country markets also is indispensable to the reorientation and recovery of these economies.

6. The Committee welcomed the intention of the authorities in the U.S.S.R. to intensify reliance on market mechanisms and to integrate the economy into the multilateral trade and payments system. In view of the present circumstances of the country, the Committee warmly welcomed the signing of the Special Association between the U.S.S.R. and the Fund, as a step toward membership. The wide ranging expertise that has become available under this association will assist the authorities in moving forward with urgently needed economic stabilization and structural reforms so as to overcome the current crisis and set the stage for a successful transformation of the economy.

7. The Committee took stock of the progress made by members in consenting to increases in their quotas under the Ninth General Review and in accepting the Third Amendment of the Articles. The Committee urged those members who have not yet done so to complete the necessary procedures before the end of this year.

8. The Committee expressed its appreciation to the Kingdom and people of Thailand for their warm hospitality. It agreed to hold its next meeting in Washington, D.C. on Monday, April 27, 1992.

INTERIM COMMITTEE ATTENDANCE

October 13-14, 1991

Chairman

Carlos Solchaga, Minister of Economy and Finance, Spain

Managing Director

Michel Camdessus

Members or Alternates

Hamad AL-SAYARI, Governor, Saudi Arabian Monetary Agency
(Alternate for Mohammad Abalkhail, Minister of Finance and
National Economy, Saudi Arabia)
Abubakar ALHAJI, Minister of Finance and Economic
Development, Nigeria
Ahmed Huraïd AL-TAYER, Minister of State for Finance and
Industry, United Arab Emirates
Pierre BEREGOVOY, Minister of State for Economy, Finance,
and the Budget, France
Nicholas F. BRADY, Secretary of the Treasury, United States
Guido CARLI, Minister of the Treasury, Italy
Domingo Felipe CAVALLO, Minister of Economy, Argentina
Abderrahmane HADJ-NACER, Governor, Banque Centrale d'Algérie
Ryutaro HASHIMOTO, Minister of Finance, Japan
JAFFAR Hussein, Governor, Bank Negara Malaysia
(Alternate for Anwar Ibrahim, Minister of Finance, Malaysia)
John Charles KERIN, Treasurer, Australia
Wim KOK, Deputy Prime Minister and Minister of Finance,
Netherlands
Rolf KULLBERG, Governor, Bank of Finland
Norman LAMONT, Chancellor of the Exchequer, United Kingdom
LI Guixian, State Councillor and Governor of the
People's Bank of China
Philippe MAYSTADT, Minister of Finance, Belgium
Donald MAZANKOWSKI, Deputy Prime Minister and Minister of
Finance, Canada
Marcilio Marques MOREIRA, Minister of Economy, Finance,
and Planning, Brazil
MAWAKANI Samba, Vice Governor, Banque du Zaïre
(Alternate for Nyembo Shabani, Governor, Banque du Zaïre)
Manmohan SINGH, Minister of Finance, India
Mariano RUBIO JIMENEZ, Governor, Banco de España
(Alternate for Carlos Solchaga, Minister of Economy and
Finance, Spain)
Theo WAIGEL, Federal Minister of Finance, Germany

Observers

Horst Bockelmann, Economic Adviser and Head of the Monetary
and Economic Department, BIS
Henning Christophersen, Vice President, CEC
Kenneth K.S. Dadzie, Secretary-General, UNCTAD
Arthur Dunkel, Director General, GATT
Q.S. Fareed, Director, Office of the Director-General for
Development and International Economic Cooperation, UN
Markus Lusser, Chairman of the Governing Board, Swiss
National Bank
Peter Mountfield, Executive Secretary, Development Committee
Izevbuwa Osayimwese, Head, Economics and Finance
Department, OPEC
Jean-Claude Paye, Secretary-General, OECD
Lewis T. Preston, President, World Bank

U.S.S.R.

Grigory Alexeyevich Yavlinsky, Deputy Chairman, Committee for the
Management of the National Economy

