

INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 85/184

10:00 a.m., December 20, 1985

R. D. Erb, Acting Chairman

Executive Directors

Alternate Executive Directors

C. H. Dallara

A. R. Ismael, Temporary

H. Fujino

G. Ercel, Temporary

S. de Forges

M. Z. M. Qureshi, Temporary

Huang F.

M. Sugita

B. Goos

J. E. Ismael

Jaafar A.

J. Hospedales, Temporary

M. Foot

S. Simonsen, Temporary

M. Massé

J. A. K. Munthali, Temporary

M. A. Weitz, Temporary

E. M. Taha, Temporary

G. Ortiz

J. J. Polak

A. V. Romuáldez

O. Kabbaj

A. Vasudevan, Temporary

S. Zecchini

N. Coumbis, Temporary

J. W. Lang, Jr., Acting Secretary

S. J. Fennell, Assistant

1.	Philippines - Review Under Stand-By Arrangement	Page 3
2.	Sudan - Overdue Financial Obligations - Report and Complaint Under Rule S-1	Page 4
3.	Sierra Leone - Overdue Financial Obligations - Report and Complaint Under Rule S-1	Page 5
4.	Executive Board Committees - Nomination	Page 5
5.	Approval of Minutes	Page 6
6.	Executive Board Travel	Page 6

Also Present

IBRD: A. Sonmez, East Asia and Pacific Regional Office. Asian Department: P. R. Narvekar, Deputy Director; D. Burton, R. Kibria, A. Singh. Exchange and Trade Relations Department: M. Guitián, Deputy Director; C. Brachet. External Relations Department: G. P. Newman. Fiscal Affairs Department: V. Tanzi, Director; H. Bierman, L. Mutén. Legal Department: Ph. Lachman. Personal Assistant to the Managing Director: R. M. G. Brown. Advisors to Executive Directors: L. P. Ebrill, S. Ganjarerndee, H.-S. Lee, G. Nguyen, G. W. K. Pickering, Song G., D. C. Templeman. Assistants to Executive Directors: I. Angeloni, A. Bertuch-Samuels, J. de la Herrán, V. Govindarajan, N. Haque, Z. b. Ismail, S. King, H. Kobayashi, R. Msadek, J. Reddy, M. Sarenac.

1. PHILIPPINES - REVIEW UNDER STAND-BY ARRANGEMENT

The Executive Directors considered a restricted staff paper on the second review under the stand-by arrangement for the Philippines (EBS/85/261, 11/25/85).

At the conclusion of the discussion, the Executive Board took the following decision:

1. The Philippines has consulted with the Fund in accordance with paragraph 4.d of the stand-by arrangement for the Philippines (EBS/84/226, Sup. 2, 12/18/84) and the letters from the Prime Minister and Minister of Finance and the Governor of the Central Bank of the Philippines dated October 31, 1984 and April 30, 1985, with annexed memoranda, in order to reach understandings subject to which the Philippines may make further purchases under the stand-by arrangement. The Philippines also has requested the Fund to waive observance of the performance criteria in paragraphs 4.a(iii) and 4.a(iv) of the stand-by arrangement as modified in the first program review (EBS/85/109, 5/1/85).

2. The letter from the Prime Minister and Minister of Finance and the Governor of the Central Bank of the Philippines dated November 13, 1985 shall be attached to the stand-by arrangement for the Philippines, and the letters of October 31, 1984 and April 30, 1985 shall be read as supplemented by the letter of November 13, 1985.

3. The Fund grants the waiver requested by the Philippines.

4. The Philippines will not make purchases under the stand-by arrangement that would increase the Fund's holdings of the Philippine currency in the credit tranches beyond 25 percent of quota or increase the Fund's holding of that currency resulting from purchases of borrowed resources beyond 12 1/2 percent of quota:

a. during any period in which the data at the end of the preceding period indicate that:

(i) the floor on net international reserves of the monetary authorities specified in paragraph 10 and Table 4 of the letter of November 13, 1985; or

(ii) the limit on reserve money specified in paragraph 8 and Table 2 of the same letter; or

- (iii) the limit on net domestic borrowing of the National Government specified in paragraph 6 and Table 2 of the same letter; or
 - (iv) the limit on the domestic borrowing requirement of the public sector specified in paragraph 6 and Table 2 of the same letter; or
 - (v) the limit on Central Bank credit to the Philippines National Bank specified in paragraph 16 and Table 2 of the same letter is not observed; or
- b. if:
- (i) the limit on approval of new nonconcessional external borrowing with maturities of 1-12 and 1-5 years specified in paragraph 14 and Table 4 of the letter of November 13, 1985; or
 - (ii) the limit on short-term external debt specified in paragraph 14 and Table 4 of the same letter is not observed.

5. In paragraph 4.d of the stand-by arrangement in EBS/84/226, Supplement 2, "November 1, 1985" shall be replaced by "January 15, 1986."

6. In paragraph 1 of the stand-by arrangement in EBS/84/226, the reference to "paragraphs 2, 3, 4, and 5" shall be changed to "paragraphs 2, 3, 4, 5, and 6," and in paragraph 6 of the stand-by arrangement as amended (EBS/85/109), "paragraph 5" shall be changed to "paragraph 6."

Decision No. 8154-(85/184), adopted
December 20, 1985

DECISIONS TAKEN SINCE PREVIOUS BOARD MEETING

The following decisions were adopted by the Executive Board without meeting in the period between EBM/85/183 (12/18/85) and EBM/85/184 (12/20/85).

2. SUDAN - OVERDUE FINANCIAL OBLIGATIONS - REPORT AND COMPLAINT UNDER RULE S-1

1. The complaint of the Managing Director dated December 11, 1985 regarding Sudan's overdue obligation in the SDR Department, in EBS/85/275 (12/11/85), is noted. It shall be placed on the agenda

of the Executive Board for January 3, 1986. If at that time Sudan is not current in its obligation to pay charges in the SDR Department, the Fund will consider suspending the right of Sudan to use SDRs that it acquires after the suspension pursuant to Article XXIII, Section 2(b).

2. Consideration of the complaint in accordance with Rule S-1 particularly affects Sudan. 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. (EBS/85/275, 12/11/85)

Decision No. 8155-(85/184) S, adopted
December 18, 1985

3. SIERRA LEONE - OVERDUE FINANCIAL OBLIGATIONS - REPORT AND COMPLAINT UNDER RULE S-1

1. The complaint of the Managing Director dated December 13, 1985 regarding Sierra Leone's overdue obligation in the SDR Department, in EBS/85/278 (12/13/85), is noted. It shall be placed on the agenda of the Executive Board for January 6, 1986. If at that time Sierra Leone is not current in its obligation to pay charges in the SDR Department, the Fund will consider suspending the right of Sierra Leone to use SDRs that it acquires after the suspension pursuant to Article XXIII, Section 2(b).

2. Consideration of the complaint in accordance with Rule S-1 particularly affects Sierra Leone. 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. (EBS/85/278, 12/13/85)

Decision No. 8156-(85/184) S, adopted
December 18, 1985

4. EXECUTIVE BOARD COMMITTEES - NOMINATION

The Executive Board approves the nomination by the Managing Director for the vacant position on the Committee on Executive Board Administrative Matters and the Committee on Liaison with the CONTRACTING PARTIES to the GATT as set forth in EBD/85/314 (12/16/85).

Adopted December 19, 1985

5. APPROVAL OF MINUTES

The minutes of Executive Board Meetings 85/38 and 85/39 are approved. (EBD/85/312, 12/13/85)

Adopted December 19, 1985

6. EXECUTIVE BOARD TRAVEL

Travel by Executive Directors as set forth in EBAP/85/313 (12/18/85) is approved.

APPROVED: AUGUST 14, 1986

JOSEPH W. LANG, JR.
Acting Secretary