

INTERGOVERNMENTAL GROUP OF TWENTY-FOUR ON INTERNATIONAL MONETARY AFFAIRS

EIGHTH MEETING OF MINISTERS

COMMUNIQUÉ

Washington, D.C.
September 28, 1974

1. The Ministers held their Eighth Meeting in the Sheraton Park Hotel, Washington, D.C. on September 28, 1974. Mr. Smail Mahroug, Minister of Finance of Algeria, was in the chair, with Mr. N. M. Perera, Finance Minister of Sri Lanka and Mr. Amilear Vargas Gavilano, Minister of Finance of Peru, as Vice-Chairmen. The meeting was attended by Mr. H. J. Witteveen, Managing Director of the International Monetary Fund, Mr. Gamani Corea, Secretary- General of the United Nations Conference on Trade and Development, and Mr. R. McNamara, President of the World Bank.
2. The meeting was preceded by the Seventeenth Meeting of the Deputies with Mr. R. Bouraoui, Algeria, in the chair, and Mr. L. Jayawardena, Sri Lanka, acting as Vice-Chairman, and Mr. A. Wagner, Peru, as rapporteur.
3. The Ministers expressed their concern regarding the difficult and complex problems facing the international economy, which include generalized inflation and the prospects of recession as well as the acute problems confronting the developing countries specifically. These could only be surmounted by the cooperative efforts of the international community as a whole, and with national anti-inflationary policies that took into account the repercussions on other countries and particularly the problems faced by the developing countries.
4. Ministers stressed that all countries should participate fully in all stages of international consultations and decision-making and expressed concern at the trend away from this goal.
5. Ministers discussed the main issues before the Joint Annual Meetings of the Boards of Governors of the International Monetary Fund and the International Bank for Reconstruction and Development. They reiterated their view that the improved management of the international economy both in the short and long terms required a "tripartite" approach encompassing measures in the monetary, development finance and commercial spheres.
6. Ministers had before them the Draft Composite Resolution approved by the Executive Board of the International Monetary Fund for submission to the Board of Governors, which implements the recommendations of the Committee of Twenty. They reiterated their view that the recommendations of the Committee do not represent an adequately balanced approach. They pointed out that Part I of the Outline was only a broad conception and reaffirmed their understanding that no part of it will be implemented without the explicit endorsement of the entire membership of the Fund.

7. Ministers took note of the draft parallel resolutions of the Boards of Governors of the IBRD and IMF establishing a Joint Ministerial Committee for the Transfer of Real Resources. While it had been possible to reach an agreed text for consideration by the Boards of Governors, this text did not fulfill the expectations of the developing countries either with regard to the mandate of the Committee or its procedures. They wished to record their understanding that:

a) the Joint Ministerial Committee is to promote the transfer of real resources in amounts and on conditions necessary to the development process, and to maintain an overview of that process in coordination with other international institutions with competence in the area of the Committee's work;

b) to that end, the Secretariat of certain other organizations and institutions including the GATT, the OECD, and UNCTAD, will participate in the work of the Committee;

c) the Joint Committee shall not duplicate the work of the UN Emergency Operation regarding the most seriously affected countries and shall coordinate its work with the United Nations' overall assistance operations, both short and long term, as closely as possible;

d) the Committee shall be empowered to make, in coordination with the World Bank and the Fund, whatever arrangements at the Secretariat and technical levels it deems necessary to enable it to achieve its purposes;

e) the work program of the Committee shall include the amounts and quality of official development assistance; a review of the policies and procedures of multilateral development finance organizations; improvement of access to financial markets in general, and international financing schemes for commodity regulation and price stabilization. Priority shall be given to:

(i) the problem of the countries most seriously affected by the current economic situation;

(ii) access to capital markets and the promotion of the flow of capital resources to developing countries;

(iii) protection and expansion of the real value of the export earnings of the developing countries.

8. Ministers pointed out that the proposed Interim Committee of the IMF would also need to give urgent and continuing attention to the transfer of real resources in the context of the adjustment process.

9. Ministers welcomed the establishment of the Extended Fund Facility, and expressed the hope that its provisions would be improved at an early date. Ministers reaffirmed their view that this facility could not be considered as a substitute for the Link and emphasized once again that a final decision to establish the Link should be taken without further delay and, in any event, no later than February 1975.

10. Ministers remained emphatic on the need to revise the quota system of the IMF so as to: (1) reflect more accurately the requirements of developing countries for, and their ability to

contribute to, balance-of-payments finance; (ii) reflect recent balance-of-payment positions and creditor positions of IMF members; and (iii) to increase participation by developing countries in decision-making.