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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Lissakers, Bernes, Esdar, Grilli, Milleron, Pickford, & Yoshimura (IMF) to Managing Director & Members of Executive Board re: Work Program on Strengthening Architecture of International Monetary System (3 pages)	10/30/98	P1/b(1) Unclass.
002. memo	Lissakers, Bernes, Esdar, Grilli, Milleron, Pickford, & Yoshimura (IMF) to Managing Director & Members of Executive Board re: Work Program on Strengthening Architecture of International Monetary System (3 pages)	10/30/98	P1/b(1) Unclass.
003. memo	Lissakers, Bernes, Esdar, Grilli, Milleron, Pickford, & Yoshimura (IMF) to Managing Director & Members of Executive Board re: Work Program on Strengthening Architecture of International Monetary System (3 pages)	10/30/98	P1/b(1) Unclass.

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[History of the Department of the Treasury - Supplementary Documents] [1]

jp30

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Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
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b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

1998-SE-008969

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

July 30, 1998

ASSISTANT SECRETARY

Information

MEMORANDUM FOR SECRETARY RUBIN
DEPUTY SECRETARY SUMMERS

FROM: Timothy F. Geithner TFG
Assistant Secretary (International Affairs)

SUBJECT: IMF Resources: Contingency Planning

I thought it would be prudent to take a look at potential demands for Fund resources in the short term, and our options for responding in the event we face further delays on the quota increase and the NAB. This note provides a quick first cut at these questions.

cc: U/S Lipton

CURRENT IMF LIQUIDITY: CONTINGENCY PLANNING

ISSUE: Prudence requires that, of the $38 billion in uncommitted liquid quota resources available to the IMF for future operations and contingencies, all but a small amount of these funds be retained to protect the encashability of liquid claims on the Fund. Consequently, both the Fund and the Treasury have indicated that only some $3-8 billion is available for new lending.

The Fund currently projects new commitments through the end of the year to amount to some $3 billion (after Russia and Indonesia) and reflows of about $5 billion, primarily from an expected repayment of $2.7 billion by Korea at the end of the year. In these circumstances, we need to consider options for dealing with requests for Fund support that might exceed current projections, taking into account the possibility that funding by Congress turns out to be inadequate, significantly delayed, or not forthcoming at all.

A. POSSIBLE COUNTRY REQUESTS

The following table gives a rough estimate of the countries that might request IMF support as well as the range of support that they could request under normal circumstances, from 100% of quota (the annual limit for stand-by and extended arrangements) to 300% of quota (cumulative limit). It is possible, but not considered likely, that any of the following countries would seek funding above the 300% of quota limit which may be exceeded in "exceptional circumstances."

Our selection and categorization of countries is based on informal talks with Treasury staff, USED/IMF, and Fund staff. To have a sharper picture we will need to look further into staff assessments and adjust in the light of ongoing discussions between IMF staff and the relevant countries.

Taken together, for the countries considered "almost certain" to seek Fund support (Ukraine) or "quite possible" (Turkey, South Africa, Malaysia), the range of support under normal circumstances would be from $5.1 billion (if all requests were at 100 percent of quota) to $15.3 billion (all at 300 percent of quota).

Potential Magnitude of Requests

	100 % of Quota	**300 % of Quota**	**Remarks**
Almost Certain			
Ukraine	$1.3 billion (minus $532 million already committed under existing program leaves $768 million)	$3.9 billion (minus $532 million leaves about $3.4 billion)	Program request imminent. Likely amount $2.3 to $2.5 billion.

Quite Possible			
Turkey	$856 million	$2.6 billion	Staff monitored program began one month ago (normally lasts at least 6 months before moving to a funding program). Turkish government wants to avoid any closer relations with IMF before elections next year.
South Africa	$1.8 billion	$5.5 billion	Strong aversion to seeking program, but reserves very low.
Malaysia	$1.1 billion	$3.3 billion	Different views on likelihood/timing of request.
Some Possibility			
Brazil	$2.9 billion	$8.7 billion	If Brazil requests a program it's likely to be much more than 300 percent.
Nigeria	$1.7 billion	$5.1 billion	As recently as one month ago, not a serious candidate; now a possibility. Government has held talks with IMF about necessary prior actions for getting a staff-monitored program, which would normally last at least 6 months.

B. SCOPE FOR FURTHER USE OF QUOTA RESOURCES

As noted above, Treasury estimates that the IMF has $3 to $8 billion in uncommitted liquid quota resources available for new commitments of IMF credits. (This takes into account the recent additional financing packages for Indonesia and Russia.)

IMF staff has estimated that other new commitments through the end of the year, net of repayments, will amount to about $3 billion. (This is for all countries, not only the medium-to-large size countries noted above.)

C. OTHER FINANCING OPTIONS

The following options, which are roughly in ascending order of difficulty, are not mutually exclusive. They could be used in combination with each other and with remaining quota resources.

1. Full use of the GAB for new programs.

-- About $14.25 billion will remain following activation for the new Russia program. This would easily cover a combination of requests at the low end of the possible range ($5.1 billion for 4 most likely countries at 100 percent of quota), but not at the upper end ($15.3 billion).

-- A more fundamental problem is that of the four countries considered most likely to be seeking support in the near term, none is a GAB participant, and only one--Malaysia--stands a reasonable chance of meeting the "threat to the stability of the system" test. (There may be a possibility of meeting this test by grouping several countries together. We will check into this.)

Brazil, though less likely to seek support, would probably meet the test. Nigeria would not.

2. Refinance existing programs from GAB.

-- Some Fund staff believe that, even if new programs would not meet the "systemic" test, it is possible to refinance existing programs (e.g., for the Asian countries) using the GAB, thus freeing quota resources for new programs.

3. Campaign for bilateral lending to the IMF.

– The Fund has undertaken borrowing from bilateral lenders in the past to supplement existing resources, including short-term borrowing in situations comparable to the current one where resources were at extremely low levels but a quota increase was anticipated.

-- Possible lenders: Japan, Germany, ECB, and BIS.

– However, bilateral lenders would almost certainly exact a price, including, possibly, a commitment by the U.S. to agree to a change in the quota resolution to permit the quota increase to go into effect without U.S. approval if Congress had not acted by a specific deadline (see #5 below).

4. **Go deeper into the 30 percent reserve cushion (e.g., by $10 billion).**

Treasury estimates the current reserve cushion (i.e., 30 percent liquidity ratio) at $30 to $35 billion. Given the risks involved, and our public statements about the danger of digging deeper into the cushion, we would presumably do so only under certain circumstances, such as:

-- some understanding among countries to avoid encashing reserve tranche positions;

-- near certainty that drawing down the cushion would be temporary through some combination of factors, such as:

  o the near certainty of a quota increase in the offing;

  o near certainty of substantial repayment by Korea in December;

  o if a large portion of the new credit extended involved relatively early repayment (SRF rather than EFF);

-- recognition, backed up by public statements from the USG and IMF, that the risk of not digging into the cushion outweighs the risk to the IMFs financial position.

5. **Proceed with the quota increase without the United States.**

-- would provide about $45 billion in additional usable resources;

-- might be acceptable to other countries -- they would surely prefer to a campaign for increased bilateral lending;

-- but would entail loss of U.S. veto, and may be interpreted by Congress as proof that the IMF doesn't need our money.

6. **Borrow on the markets.**

-- Does not require Congressional approval, but has never been done.

-- The amount of resources that could be borrowed is uncertain but could provide a modest supplement to tide the Fund over in the event that the delay in the quota increase was expected to be temporary. Prospects for a large scale mid-term borrowing as an alternative to a quota increase would be more problematic, particularly at a time when markets would perceive Congressional inaction as a sign of lack of U.S. support for the institution.

- Would represent a significant precedent with potentially important implications regarding the IMF's role in the system, the fundamental nature of the Fund as a cooperative organization of official lenders and borrowers, members' control of and accountability for the institution's activities.

7. **Sell some portion of IMF's gold resources ($4 billion book value; $32 billion market).**

   - Politically/bureaucratically very difficult. Would require approval by 85 percent of the Board.

   - At best useful at the margins. The more this option is exercised, the greater the effect on gold prices, the less return on sales.

TREASURY CLEARANCE SHEET

NO.__________
DATE:_________

MEMORANDUM FOR: ☒ SECRETARY ☒ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER __________

FROM: Assistant Secretary Geithner
THROUGH:
SUBJECT: IMF Reserves: Contingency Planning

REVIEW OFFICES (Check when office clears)

☐ Under Secretary for Finance
☐ Domestic Finance
☐ Economic Policy
☐ Fiscal
☐ FMS
☐ Public Debt

☐ Under Secretary for International Affairs
☐ International Affairs

☐ Enforcement
☐ ATF
☐ Customs
☐ FLETC
☐ Secret Service
☐ General Counsel
☐ Inspector General
☐ IRS
☐ Legislative Affairs
☐ Management
☐ OCC

☐ Policy Management
☐ Scheduling
☐ Public Affairs/Liaison
☐ Tax Policy
☐ Treasurer
☐ E & P
☐ Mint
☐ Savings Bonds

☐ Other __________

NAME (Please Type)	INITIAL	DATE	OFFICE	TEL. NO.
INITIATOR(S)				
L. McDonald	LMcD	7/29/98	Office of International Monetary Policy	622-0159
REVIEWERS				
J. Lister	JML	7/29/98	Director, International Monetary Policy	622-0112
B. Newman	LMcD for	7/29/98	Alternate USED/IMF	623-7761
C. Atkinson	CA for	7/29/98	DAS, Int'l Monetary & Financial Policy	622-0489

SPECIAL INSTRUCTIONS

☐ Review Officer Date ☐ Executive Secretary Date

DO F 70-02.1 (04/89)

1998-SE-010155

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

September 1, 1998

The Honorable Trent Lott
Majority Leader
United States Senate
Washington, D.C. 20510

Dear Mr. Leader:

As the 105th Congress returns to complete its business in the few weeks remaining before adjournment, I am writing to urge once again that Congress immediately consider and pass the Administration's request for $18 billion in critical funding for the International Monetary Fund (IMF).

Since late last year, we have been urging action on this priority legislation. Events over the last eight months - not to mention the last few days and weeks - underscore the impact on the U.S. economy of developments abroad, including in Asia and Russia. We simply cannot afford any further delay in providing the IMF with the resources it requires to help contain the threat of further financial and political instability around the world.

Let me be clear, the fundamentals of the American economy remain sound, with continuing good prospects for strong growth with low inflation, but recent developments testify clearly to the impact of global uncertainty on U.S. financial markets and, ultimately, on our economy. While there has been progress in stabilizing economies in countries such as Korea and Thailand, which are implementing strong IMF programs, we have already seen a decline in US exports to key markets in Asia by over 20 percent through June of this year, amounting to over $22 billion worth of exports on an annualized basis.

Against this backdrop, it is critical that the United States take the steps necessary to protect the interests of American workers, businesses, and farmers. More broadly, a fully equipped IMF is in the economic interest of our important trade partners throughout Latin America. While we agree that the IMF needs reform, and are committed to continuing our strong efforts to achieve meaningful change, it remains an effective and indispensable tool in the management of the international economy. I respectfully urge you and your colleagues to act with the utmost dispatch to pass this legislation.

Sincerely,

Robert E. Rubin

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

September 1, 1998

The Honorable Thomas Daschle
Minority Leader
United States Senate
Washington, D.C. 20510

Dear Mr. Leader:

As the 105th Congress returns to complete its business in the few weeks remaining before adjournment, I am writing to urge once again that Congress immediately consider and pass the Administration's request for $18 billion in critical funding for the International Monetary Fund (IMF).

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Sincerely,

Robert E. Rubin

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

September 1, 1998

SECRETARY OF THE TREASURY

The Honorable Richard Gephardt
Minority Leader
U. S. House of Representatives
Washington, D.C. 20515

Dear Mr. Leader:

As the 105th Congress returns to complete its business in the few weeks remaining before adjournment, I am writing to urge once again that Congress immediately consider and pass the Administration's request for $18 billion in critical funding for the International Monetary Fund (IMF).

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Sincerely,

Robert E. Rubin

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

September 1, 1998

SECRETARY OF THE TREASURY

The Honorable Newt Gingrich
Speaker
U. S. House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

As the 105th Congress returns to complete its business in the few weeks remaining before adjournment, I am writing to urge once again that Congress immediately consider and pass the Administration's request for $18 billion in critical funding for the International Monetary Fund (IMF).

Since late last year, we have been urging action on this priority legislation. Events over the last eight months - not to mention the last few days and weeks - underscore the impact on the U.S. economy of developments abroad, including in Asia and Russia. We simply cannot afford any further delay in providing the IMF with the resources it requires to help contain the threat of further financial and political instability around the world.

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Sincerely,

Robert E. Rubin

- Drafted by Mark Jaskowiak and Marne Levine (OASIA and L.A.)

- cleared by Linda Robertson, Tim Geithner, Mike Froman, Russ Munk — per NCC

- NCC to RER (signature)

- NCC/ML revised per RER

- RER signed

- NCC original to LA (ML) for delivery

- NCC/DI to LS, RER (reading)

- NCC cc to MF, SS, NC/DI/PA/AK, Howard S.

- Please Log and file

- 9/1/98

1998-SE-010155

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

September 4, 1998

SECRETARY OF THE TREASURY

The Honorable Newt Gingrich
Speaker
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Thank you for your letter on the IMF and Russia. The questions you raise involve enormously complicated issues both about Russia, and about the structure and efficacy of IMF stabilization programs. Let me attempt to address your concerns as fully as possible, but I am also available to discuss these issues with you further.

With respect to Russia, I would caution against the conclusion that Russia's problems are an indictment of the IMF's policy prescriptions or conditionality. To blame the Russian financial crisis on the IMF is like blaming the medicine when the patient has not taken it. As I wrote to you in July, IMF financing has supported some critical policy reforms like privatization, trade liberalization, monetary and exchange reforms, and structural fiscal reforms like the creation of a Treasury system. In fact, Russia's current deep financial crisis and political turmoil does not change the fact that Russia, with IMF assistance, made real progress over the last seven years: over seventy percent of the economy is now in private hands, trade has been liberalized, market distorting subsidies have been cut and the overall level of government expenditures has been reduced by 43%. But, there is an enormous amount still to be done.

The IMF and the Kiriyenko government realized that key fiscal reforms were needed to reduce government borrowing, control spending, and create a fair, business-friendly tax system with low rates uniformly applied. These steps were not accomplished, and the IMF consequently withheld a portion of its planned disbursements below planned levels. Other key reforms that you rightly highlight, such as protection of investor and property rights, are among those to be supported by future IMF/World Bank lending, if the new government takes the right steps.

In my July letter to you on Russia, I said that there was a reasonably good chance that reform would move forward in the period ahead. And that was the point: a reasonably good chance, which it was greatly in our interest to support, but well short of certainty. This assertion of a reasonably good chance was based on the fact that President Yeltsin and the reformist Kiriyenko government had just taken some important steps, largely in the form of decrees, to cut Russia's federal deficit. And there was every indication that the government planned to continue on that course. Events have unfortunately gone the other way. The Kiriyenko government has been sacked and now the chances of reform moving forward are very uncertain.

Of course, it would have been vastly preferable if the Kiriyenko government had been able to forge a broad political consensus in favor of the full program of fiscal restraint and reform. But the reality is they were not: there was, and is, strong opposition in the Duma and elsewhere from powerful special interests and from those who seek a return to communism. In the end, the opposition helped fuel great market skepticism, and a breakdown in confidence ultimately followed. But, if the Fund had not acted quickly to support key elements in the government's anti-crisis program, it would have been rightly criticized for timidity and for a failure to seize a critical opportunity to stabilize Russia's economy.

You asked why the IMF does not require real reforms before providing the money. In fact, judgments about whether particular policy progress has justified each monthly or quarterly disbursement have been a constant feature of Russia's IMF programs. On many occasions, policy actions were taken precisely because of the threat of a delay in an IMF disbursement. In many instances, the judgment has not been easy: some required actions have been taken while others have not. Over time, with our support, the Fund's emphasis on prior actions has increased. However, in crisis situations, some immediate financing is often required: but even then the bulk of the financing is provided in subsequent trenches dependent on reform.

The most recent IMF package for Russia was structured so that disbursements would only be made when reforms had actually been given the force of law. IMF financing goes to Russia's central bank to support foreign exchange reserves. IMF funds that bolster reserves are used to support Russia's exchange rate. The first and thus far only disbursement, representing roughly 20% of the total $22.6 billion IFI package announced in July, was delivered only after promised reforms became law, either by the Duma or by presidential decree. These prior actions included new tax administration procedures and a budget code; more uniform application of the VAT, including incorporation of barter transactions; a simplified small business tax; and reductions in federal subsidies. Because two other actions were not taken, the IMF Board cut the disbursement by $800 million from $5.6 billion to $4.8 billion.

I believe, on balance, that the IMF has supported the right reform agenda in Russia. And I suspect that their list of essential reforms does not differ greatly from yours or mine, although there is always room for differences on how to prioritize reforms. The IMF cannot succeed when there is insufficient political support for reform, but it can measure its assistance with the pace of reform. That is what the IMF has done, and we will work to keep this the policy going forward – in Russia and other countries.

I also feel that it is important to recognize the positive work that the IMF is doing around the world to contain destabilizing financial crises. In Thailand and Korea, there are real signs that by working to implement their IMF support programs, these countries are beginning to stabilize their economies and are beginning to return to the path of sustainable growth. In both countries, key interest rates have now declined to pre-crisis levels. In close collaboration with the IMF, both countries are moving to implement stimulative fiscal policies, that will help both to restore growth and to alleviate the suffering of the most vulnerable elements of their societies. Thailand has also taken serious steps toward restructuring its banking system. While both of these countries still have significant work ahead of them to achieve sustainable stability and restore market confidence, their actions so far demonstrate the effectiveness of IMF programs when combined with the political determination to implement them.

Yesterday, the IMF convened a special meeting of Latin American economic officials to assess financial and economic conditions in our own hemisphere. This is a further example of the IMF's unique ability to promote the stability of the international financial system in a way that serves the clear and direct economic and national security interests of the United States. This is why I feel it is so critical that the Congress act immediately to approve the Administration's request for $18 billion in urgently required IMF funding.

Sincerely,

Robert E. Rubin

Robert E. Rubin

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

September 1, 1998

SECRETARY OF THE TREASURY

The Honorable Newt Gingrich
Speaker
U. S. House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

As the 105th Congress returns to complete its business in the few weeks remaining before adjournment, I am writing to urge once again that Congress immediately consider and pass the Administration's request for $18 billion in critical funding for the International Monetary Fund (IMF).

Since late last year, we have been urging action on this priority legislation. Events over the last eight months - not to mention the last few days and weeks - underscore the impact on the U.S. economy of developments abroad, including in Asia and Russia. We simply cannot afford any further delay in providing the IMF with the resources it requires to help contain the threat of further financial and political instability around the world.

Let me be clear, the fundamentals of the American economy remain sound, with continuing good prospects for strong growth with low inflation, but recent developments testify clearly to the impact of global uncertainty on U.S. financial markets and, ultimately, on our economy. While there has been progress in stabilizing economies in countries such as Korea and Thailand, which are implementing strong IMF programs, we have already seen a decline in US exports to key markets in Asia by over 20 percent through June of this year, amounting to over $22 billion worth of exports on an annualized basis.

Against this backdrop, it is critical that the United States take the steps necessary to protect the interests of American workers, businesses, and farmers. More broadly, a fully equipped IMF is in the economic interest of our important trade partners throughout Latin America. While we agree that the IMF needs reform, and are committed to continuing our strong efforts to achieve meaningful change, it remains an effective and indispensable tool in the management of the international economy. I respectfully urge you and your colleagues to act with the utmost dispatch to pass this legislation.

Sincerely,

Robert E. Rubin

(712-6)

Newt Gingrich
Sixth District
Georgia

(202) 225-0600

Office of the Speaker
United States House of Representatives
Washington, DC 20515

September 2, 1998

Honorable Robert Rubin
Secretary of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Mr. Secretary:

I received your letter yesterday urging Congress to immediately appropriate $18 billion for the International Monetary Fund (IMF). You mentioned that "[E]vents over the past eight months – not to mention the last few days and weeks – underscore the impact on the US economy of developments abroad, including Asia and Russia."

I agree. But, I would add that those developments also go to the heart of concerns over the performance of the IMF and its impact on the world economy. Russia is a case in point. As I wrote to you in July, I have serious concerns about what reforms actually have been achieved by IMF and other loans to Russia. Russia is the IMF's largest borrower. Since 1992, the IMF has approved over $30 billion in loans to Russia, over $22 billion of which have already been spent.[1]

What appears to have happened is the IMF has taken on the attributes of badly run commercial banks it usually seeks to bail out. In the case of Russia, the IMF apparently has increased its loan exposure to a bad risk in the hopes that postponement of default will somehow revive the Russian economy and result in subsequent repayment. Meanwhile, the IMF seems to expect that Moscow will come to its senses and embrace real economic reform without being *required* to do so by its lender. If this is indeed what occurred, it raises crucial questions that need to be fully and satisfactorily answered before any more American taxpayers dollars are committed to the IMF.

Where has all this money gone? How much of this money has left Russia? How much of this money is in the hands of corrupt officials or their corrupt business associates? What reforms were promised and not instituted? Can we expect any more favorable impact of future IMF loans to Russia?

---

[1] This figure does not include vast loans by other lenders including the World Bank and Japan, in addition to bilateral assistance from the US, EU countries and other donors.

Perhaps more fundamentally, why didn't the IMF require the kinds of *real* reforms that will save the Russian economy *before* the money was provided, including investors rights, private property protection, and the like? It appears this did not happen, which is why both domestic and foreign private investment in Russia has dried up. Without private investment, there is no hope for a reversal of Russia's economic fortunes. Without *real* reform, there is no hope for encouraging private investment.

Mr. Secretary, as the Congress continues its consideration of your request for an IMF quota increase, these and other questions need to be adequately answered. I look forward to hearing from you.

Sincerely,

Newt

Newt Gingrich

TREASURY CLEARANCE SHEET

No. [redacted]

Date:

MEMORANDUM FOR: ☐ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE [redacted]Y
☐ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEG[redacted]N
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION [redacted]H
☐ TESTIMONY ☐ OTHER ______

FROM: P. [illegible]
THROUGH: ______
SUBJECT: Gingrich Russia Letter

REVIEW OFFICES (Check when office clears)

☐ Under Secretary for Finance
- ☐ Domestic Finance
- ☐ Economic Policy
- ☐ Fiscal
  - ☐ FMS
  - ☐ Public Debt

☐ Under Secretary for International Affairs
- ☐ International Affairs

☐ Enforcement
- ☐ ATF
- ☐ Customs
- ☐ FLETC
- ☐ Secret Service

☐ General Counsel
☐ Inspector General
☐ IRS
☐ Legislative Affairs
☐ Management
☐ OCC

☐ Policy Management
- ☐ Scheduling

☐ Public Affairs/Liaison
☐ Tax Policy
☐ Treasurer
- ☐ E & P
- ☐ Mint
- ☐ Savings Bonds

☐ Other______

NAME (Please Type)	INITIAL	DATE	OFFICE	TEL. NO.
INITIATOR(S)				
REVIEWERS				
E. Knight	vhr for	9/4/98	no legal objection	

SPECIAL INSTRUCTIONS

☐ Review Officer ______ Date

☐ Executive Secretary ______ Date

(04/89) DO F 80-02.1

- prepared by Nancy Lee and Mark Jaskowiak (OASIA

- NCC to LS (review)

- LS cleared with changes per Clay Lowery

- Tim G. cleared per Clay Lowery

- NCC to OMB and OMB comments incorporated

- MF cleared per NCC

- NCC to RER

- NCC revised per RER

- RER OK to autopen per NCC

- 9/4/98

- Please Log and file

and associate w/ 98-SE-01055
and ~~98-S~~ 98-SE-010242

1998-SE-011605

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

September 25, 1998

ASSISTANT SECRETARY

INFORMATION

MEMORANDUM FOR SECRETARY RUBIN
DEPUTY SECRETARY SUMMERS

FROM: Timothy F. Geithner TFG
Assistant Secretary (International Affairs)

SUBJECT: IMF Legislation

We need to decide on an approach to final negotiations on the content of IMF funding legislation (NAB & quota). While the House Republicans' bottom line has yet to reveal itself, we expect continued pressure to deliver new policy reforms as pre-conditions for funding. (At the moment, it appears that the key desired reforms will relate primarily to transparency and IMF interest rates.) We expect Chairman Livingston will contact us again shortly to schedule the Republican Leaders meeting early next week. Presumably, they will then outline a set of "pre-conditions" applicable to the NAB or quota, or both.

We think the most valuable elements of a viable package would include the following:

- A public G-7 commitment (and U.S. certification thereof) to pursue a set of reforms in addition to those already agreed in the Senate bill (See (A) below).
- Language certifying to ~~important but unheralded~~ reforms that the IMF has already implemented, or is about to ~~(B below)~~.
- An Administration commitment to Executive actions to pursue Democratic reforms that are not included in the final legislation (principally labor rights), prospectively in the form of a letter from the Secretary (C). Staff to Reps. Frank and Bonior inform us that Rep. Frank expects this communication as soon as possible.
- Provisions requiring us to use our voice and vote to pursue a broad range of reforms, including, *inter alia,* key elements of the Halifax II process: global architecture, moral hazard, private sector burden-sharing, etc. Many of these are already contained in the House Banking bill.
- An advisory ~~commission on the IMF~~
- A new set of consolidated, rationalized reporting requirements

As additional alternatives, we could consider an Executive Order to pursue reform agendas

EXECUTIVE SECRETARIAT

outside the IMF and a Camdessus letter committing to pursue reforms.

At the moment, we have no way of knowing whether such a package would satisfy either the Republicans or Democrats in the end, but it's our best guess based on current intelligence. We have not figured out a way to satisfy pending House Republican demands for new policy reforms as pre-conditions for funding. Currently, these include policies on transparency (mandatory release of LOIs, PFPs and PINs, as described under (A), below) and IMF interest rates (charging "market interest rates, adjusted for risk" on IMF loans.) Their continued insistence on such pre-conditions carries the threat not only of losing the NAB or quota, or both, but of a cut-off of ESF authority. ?

We've structured the details of the three key components of our proposed package as follows:

(A) Legislative provisions conditioning the availability of funds on U.S. certification that the G-7 has publicly agreed to work to implement the following policies at the IMF:

Consistent with an [illegible] program?

- Borrowers required to liberalize trade restrictions, at minimum consistent with existing international agreements
- Borrowers required to eliminate the pervasive practice of directed lending and market-distorting subsidies
- Borrowers required to develop nondiscriminatory (foreign vs. domestic creditors) insolvency procedures
- Mandatory release of Letters of Intent and Policy Framework Papers by borrowers, with redactions of sensitive information
- Mandatory release of summaries of Board discussions (PINs) on country programs, changes in general IMF policy, and perhaps Article IV reviews, with redactions

Essential agreement among the G-7 on the first two points was reached in the Spring, in the context of the Senate bill. No agreement has been attempted yet on the other elements, although very preliminary discussions have been held among G-7 Executive Directors.

(B) Legislative provisions conditioning the availability of funds on U.S. certification that the IMF, as a result of U.S. initiatives, has implemented the following reforms:

- Monthly release of current IMF liquidity data
- External evaluations of Fund program and policies
- Anti-corruption: governance measures as part of IMF conditionality and adoption of Code on Fiscal Transparency
- Publication of Executive Board meeting agenda and reports to the Interim Committee
- Voluntary release of PINs on Article IV Board discussions
- Greater release of Letters of Intent by borrowing countries
- Higher interest rates for short-term emergency loans (SRF)
- Greater access to IMF archives

(C) Administration commitment to pursue labor [and environmental] reforms: Principally embodying the relevant provisions of the House Banking bill, these would presumably include Executive actions instructing the USED to use our voice and vote to:

- Structure programs so that borrowers commit to affording workers core labor rights
- Integrate core labor rights into policy dialogues with borrowers, taking into account ILO views and IMF surveys of labor market practices and policies
- Design labor market flexibility measures that are consistent with core labor rights
- [Promote recognition by the IMF that macroeconomic developments and policies can affect and be affected by environmental policies, including through work with MDBs.]

The Bonior and Frank staffs have implied that the focus should be on the labor provisions, which is consistent with most of the discussions and legislative provisions to date. This is partly out of recognition that environmental concerns are better addressed through MDB projects and policies. However, we may have to consider including environmental language, as suggested by the bracketed language from the Banking bill, but we should be cognizant of the real limitations on what we can offer in this regard.

cc: U/S Lipton
A/S Robertson

1998-SE-012405

DEPARTMENT OF THE TREASURY
WASHINGTON
November 2, 1998

ASSISTANT SECRETARY

ACTION

MEMORANDUM FOR SECRETARY RUBIN

FROM: Timothy F. Geithner TFG
Assistant Secretary, International Affairs

SUBJECT: IMF Quota and NAB: Joint Notification to Congress

ACTION-FORCING EVENT:

U.S. funding for the quota increase and the New Arrangements to Borrow (NAB) cannot be made available to the IMF until you and Chairman Greenspan provide written notification to Congress that the major shareholders of the Fund have publicly agreed to and will act to implement certain policies set out in the IMF funding legislation.

RECOMMENDATION:

That you sign the draft letters at tab 1. (Fed staff has reviewed and cleared the letters.)

Agree _____ Disagree _____ Let's discuss _____

BACKGROUND:

Title VI, Section 601 of the omnibus spending bill (the "Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999") provides that "None of the funds appropriated in this title may be obligated or made available to the International Monetary Fund until 15 days after the Secretary of the Treasury and the Chairman of the Board of Governors of the Federal Reserve System jointly provide written notification to the appropriate committees that the major shareholders of the Fund have publicly agreed to, and will act to implement in the Fund" a number of reforms relating to lending conditions, transparency, and interest rates and maturities for certain IMF loans. A copy of the relevant provisions from the legislation are at tab 2.

On October 30, Executive Directors of the IMF from the G-7 countries issued a joint statement in which they indicated that they would act to implement in the Fund the above policies. A copy of the joint statement is at tab 3. The Fund has agreed to put the EDs' statement on the IMF's website to ensure that it is fully available to the public.

The Declaration of G-7 Finance Ministers and Central Bank Governors issued today referred to the EDs' statement, noting "As our Executive Directors at the IMF have outlined, we have agreed to support a broader range of reforms to improve the effectiveness of the IMF including transparency and accountability of the IMF, changes in lending policies, terms of lending and improved conditionality."

The legislation requires that notification be sent to the Committees on Appropriations, Foreign Relations, and Banking, Housing, and Urban Affairs of the Senate, and the Committees on Appropriations and Banking and Financial Services of the House of Representatives.

Next steps: Separately, we will be sending you a memo on the various steps that are required for the quota increase and adherence to the NAB to take effect.

Attachments:

Tab 1:	Draft joint certification letters
Tab 2:	Relevant provisions from the legislation
Tab 3:	Joint statement by G-7 Executive Directors

cc: Principal DAS Truman

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

The Honorable Ted Stevens
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510-6025

Dear Mr. Chairman:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

For your information, we are enclosing a copy of the Declaration of G7 Finance Ministers and Central Bank Governors, as well as a copy of a memorandum from the representatives of these shareholders to the Managing Director and members of the Executive Board of the IMF concerning this matter, both of which were issued on October 30.

Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

The Honorable Jesse Helms
Chairman
Committee on Foreign Relations
United States Senate
Washington, D.C. 20510-6225

Dear Mr. Chairman:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

The Honorable Alphonse M. D'Amato
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510-6075

Dear Mr. Chairman:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

The Honorable Bob Livingston
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515-6015

Dear Mr. Chairman:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

The Honorable James A. Leach
Chairman
Committee on Banking and Financial Services
U.S. House of Representatives
Washington, D.C. 20515-6050

Dear Mr. Chairman:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

The Honorable Robert C. Byrd
Ranking Member
Committee on Appropriations
United States Senate
Washington, D.C. 20510-6025

Dear Senator Byrd:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

The Honorable Joseph R. Biden, Jr.
Ranking Member
Committee on Foreign Relations
United States Senate
Washington, D.C. 20510-6225

Dear Senator Biden:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

The Honorable Paul S. Sarbanes
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510-6075

Dear Senator Sarbanes:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

The Honorable David R. Obey
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515-6015

Dear Mr. Obey:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

The Honorable John J. LaFalce
Ranking Member
Committee on Banking and Financial Services
U.S. House of Representatives
Washington, D.C. 20515-6050

Dear Mr. LaFalce:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DECLARATION OF G7 FINANCE MINISTERS AND CENTRAL BANK GOVERNORS

The financial problems which began in Asia last year have exposed weaknesses in emerging market countries and in the international financial system.

2. At our meeting in Washington on 3 October, we, the Finance Ministers and Central Bank Governors of the G7 countries, agreed on the importance of intensified co-operation among us in meeting the challenges of the current situation and on the need to work together quickly on a wide range of reforms to strengthen the international financial system. Today our Leaders announced agreement on a number of follow up steps to this end which we will be implementing as rapidly as possible.

MEETING THE CHALLENGES OF THE CURRENT SITUATION

3 We welcome the positive developments since our meeting on 3 October. As we said following that meeting, we reaffirm our commitment to create or sustain the conditions for strong, domestic demand-led growth and financial stability in each of our economies. The authorities will continue to be vigilant in the light of the shift in the balance of risks on a global basis. There has also been important progress in a number of other areas:

(i) we welcome the positive steps that have been taken towards the implementation of the IMF Quota Increase and the New Arrangements to Borrow. We call for these to be implemented as soon as possible. Together they will provide additional resources of $90 billion for the IMF which should be used to ensure the stability of the international financial system;

(ii) in consultation with our partners, we further commit ourselves to supplement the Fund's resources where necessary through the activation of the New Arrangements to Borrow and the General Arrangements to Borrow;

(iii) in Europe, it will be necessary to push forward with structural reforms and, in continental Europe, prepare for the euro, and reduce unemployment to sustain conditions conducive to robust domestic demand;

(iv) in Japan, legislation has now been passed on the banking sector, a major step forward in the process of strengthening the financial system. The Japanese authorities have made clear their intention that the essential swift and effective action to complete the process, including the recapitalisation of banks, with appropriate conditions, will be taken as a matter of urgency. This action, together with a sustained boost to domestic demand, is a key precondition for the restoration of market confidence and growth not just in Japan but in the whole Asian region;

(v) in the US, it will be important to continue to maintain sound policies which promote solid growth and low inflation;

(vi) the policy commitments by the Government of Brazil, which we will work with the international community to support;

(vii) the progress made in many countries in Asia toward establishing the foundation for recovery;

(viii) in response to the current exceptional circumstances in the international capital markets, we are agreed that strengthened arrangements for dealing with contagion are needed:

- the central element would be the establishment of an enhanced IMF Facility which would provide a contingent short-term line of credit for countries pursuing strong IMF approved policies. This facility could be drawn upon in times of need and would entail appropriate interest rates along with shorter maturities;

- the facility would be accompanied by appropriate private sector involvement;

- in appropriate circumstances the facility could be complemented, in individual cases, by bilateral contingent financing activated alongside the IMF facility. It would remain up to individual G7 governments and other governments concerned to decide in each case whether to provide such bilateral financing;

(ix) we also welcome the new World Bank emergency facility, to provide additional funding on special terms to the most vulnerable groups in society and for restructuring the financial sector. We welcome the progress the World Bank has made in the development of this facility. We also support the more active use of loan guarantees to encourage greater private sector involvement in emerging market financing.

REFORMS TO THE INTERNATIONAL FINANCIAL SYSTEM

4. Following detailed discussions, including with colleagues from other industrial and emerging market economies, we, the Finance Ministers and Central Bank Governors of the G7 countries, are now agreed on the following specific reforms to strengthen the international financial system. We have agreed to carry these forward through our own actions and in the appropriate international financial institutions and forums. These reforms are designed to: increase the transparency and openness of the international financial system; identify and disseminate international principles, standards and codes of best practice; strengthen incentives to meet these international standards; and strengthen official assistance to help developing countries reinforce their economic and financial infrastructures. They also include policies and processes to ensure the stability and improve the surveillance of the international financial system. Finally, they aim at reforming the International Financial Institutions, such as the IMF, while deepening cooperation among industrialised and developing countries.

CRISIS PREVENTION

Transparency and policy-making procedures

5. We agree on the need for greater transparency and openness in the financial operations of individual countries, of financial and corporate institutions, and of the International Financial Institutions. The cornerstone for this is stronger and more comprehensive internationally agreed principles, standards and Codes of best practice, as well as the extension of international surveillance of their implementation.

6. We agree in the public sector to deliver greater transparency in economic policy-making and in disclosure of economic statistics and key indicators. We therefore commit ourselves to:

(i) comply with the IMF's Code of Good Practices on Fiscal Transparency;

(ii) comply with an internationally agreed Code of Conduct on Monetary and Financial Policy. We urge the IMF quickly to complete its work on this Code by the 1999 Spring meetings;

(iii) disseminate regular and timely information about the aggregate foreign exchange liquidity position of our public sectors and to work cooperatively to improve the compilation and dissemination of similar information in relation to financial and corporate sectors.

(iv) support efforts underway in the IMF to reach decisions by the end of 1998 on steps to strengthen the SDDS, including the provision of more comprehensive information on reserves and improving statistics on external debt and a country's international investment position.

7. Similar standards of transparency are required in the private sector. We call upon:

(i) the OECD, in consultation with the World Bank and other regulatory bodies, quickly to complete its work on a Code of principles of sound corporate governance and structure by the May 1999 Ministerial;

(ii) the IASC to finalise by early 1999 a proposal for a full range of internationally agreed accounting standards. IOSCO, IAIS, and the Basle Committee should complete a timely review of these standards;

(iii) the appropriate committees headquartered in the BIS, in conjunction with emerging market countries, national authorities, and other relevant private and public sector bodies, to examine the question of appropriate transparency and disclosure standards for private sector financial institutions involved in international capital flows, such as investment banks, hedge funds and other institutional investors.

8. We commit ourselves to endeavour to ensure that private sector institutions in our countries comply with these principles, standards and codes of best practice.

9. We call upon:

(i) all countries which participate in global capital markets similarly to commit to comply with these internationally agreed codes and standards;

(ii) the IMF to monitor, in close co-operation with the standard-setting bodies, the implementation of these codes and standards as part of its regular surveillance under Article IV;

(iii) the IMF to publish in a timely and systematic way the results of its surveillance of the degree to which each of its member countries meets internationally recognised codes and standards of transparency and disclosure in the form of a Transparency Report;

(iv) the Fund, World Bank, OECD and the international regulatory and supervisory organisations to work closely together to provide advice and, where necessary, assistance to countries to help them meet these internationally agreed codes and standards.

<u>Stability of the International Financial System</u>

10. We agree that better processes are needed for monitoring and promoting stability in the international financial system and for the International Financial Institutions, working closely with the international supervisory and regulatory bodies, to conduct surveillance of national financial sectors and their regulatory and supervisory regimes with all relevant information accessible to them.

11. We agree therefore that we will:

(i) support the establishment of a process for strengthened financial sector surveillance using national and international regulatory and supervisory expertise, including through a process of peer review, and the IMF's regular surveillance of its member countries under Article IV;

(ii) to this end bring together the key international institutions and key national authorities involved in financial sector stability better to cooperate and to co-ordinate their activities in the management and development of policies to foster stability and reduce systemic risk in the international financial system and to exchange information more systematically on risks in the international financial system.

At our meeting on 3 October we asked Dr Tietmeyer to consult the relevant international bodies on these reforms and we look forward to his conclusions.

12. We call upon other countries which participate in the global capital market to give their support to the establishment and operation of the process.

13. We commit ourselves to strengthen, in our own countries, the regulatory focus on risk management systems and prudential standards in financial sector institutions; in particular, examining the implications arising from the operation of leveraged international financial organizations including hedge funds and offshore institutions. Appropriate means should be sought to encourage off-shore centres to comply with internationally agreed standard. We call upon other countries which participate in the global capital markets to take similar action.

14. In addition, as part of the process of developing better ways to respond to crises, we call upon :

(i) the private sector to facilitate "collective action clauses" for more orderly workout arrangements, and we will consider the use of such clauses in our own sovereign and quasi-sovereign bond issues;

(ii) the World Bank in cooperation with the IMF and other multilateral development banks to work with their members to put in place effective insolvency and debtor-creditor regimes;

(iii) the IMF to move ahead, under carefully designed conditions and on a case by case basis, with its recently reaffirmed policy of lending into arrears. We will instruct our Executive Directors to monitor application of this policy carefully in the current environment;

(iv) the private sector to build upon its experience with some emerging market countries in developing market-based contingent financing mechanisms, the conditions of which might provide either greater payments flexibility or the assurance of new financing in the event of adverse market developments. The private sector also needs to be involved appropriately in crisis management and resolution.

15. We recognise that the opening of capital markets in emerging economies must be carried out in a careful and well sequenced manner if countries are to benefit from closer integration into the global economy. In particular, financial sectors and regulatory and supervisory regimes must be robust and adequate to deal with risk. The international financial institutions should play a constructive role in the process of orderly opening of the capital account.

16. We agree that more attention must be given in times of crisis to the effect of economic adjustment on the most vulnerable groups in society. We therefore call upon the World Bank to develop as a matter of urgency general principles of good practice in social policy, in consultation with other relevant institutions These should be drawn upon in developing adjustment programmes in response to crises.

IMF REFORMS

17. As our Executive Directors at the IMF have outlined, we have agreed to support a broader range of reforms to improve the effectiveness of the IMF including transparency and accountability of the IMF, changes in lending policies, terms of lending and improved conditionality.

18. In particular, we call upon:

(i) all IFIs to adopt a presumption in favour of release of information, except where this might compromise confidentiality;

(ii) the IMF to develop a formal mechanism for systematic evaluation, involving external input, of the effectiveness of its operations, programmes, policies and procedures.

NEXT STEPS

19. We agree to take immediately the actions to which we have committed ourselves. These measures will strengthen the fundamentals of the international financial system and assist crisis-affected countries to find a route out of their current difficulties.

20. Moreover, we need to widen our efforts to strengthen the international financial system. Our aim is to create an international financial system for the twenty first century that captures the full benefits of global markets and capital flows, minimizes the risk of disruption, and better protects the most vulnerable while promoting the international monetary stability which is an element of a stable international financial system. We will initiate further work on a number of other important areas to identify additional concrete steps to strengthen the international financial architecture. These include:

(i) examining, in addition to the measures already described, the scope for strengthened prudential regulation in industrial countries to encourage sound analysis and careful weighing of risks and rewards, including consideration of appropriate transparency and disclosure standards for all financial market participants;

(ii) further strengthening prudential regulation and financial systems in emerging markets by examining the scope for measures to increase the resilience of financial systems and to promote the adoption of international standards and best practice, for example by maximising market disciplines and other legal and regulatory means to motivate countries to adopt and enforce international standards and practices;

(iii) consideration of the elements necessary for the maintenance of sustainable exchange rate regimes in emerging markets, including consistent macroeconomic policies that promote stability in individual countries and in the system as a whole;

(iv) developing new ways to respond to crises, by exploring the possibilities of new structures for official finance the conditions of which would reflect better the evolution of modern markets, and by examining new procedures for coordination of the relevant international bodies and national authorities and for greater participation by the private sector in crisis containment and crisis resolution, including through the use of innovative financing techniques;

(v) assessing proposals for strengthening the IMF, so as to improve its programmes and procedures in crisis prevention and resolution; and assessing proposals for strengthening the Interim and Development Committees of the IMF and World Bank;

(vi) minimising the human cost of financial crises and encouraging the adoption of policies that better protect the most vulnerable in society.

21. The reform of the international financial system is in the interest of all countries and all need to be involved in the process. We therefore commit ourselves to consult widely throughout the international community, particularly with emerging market and other industrial countries, to build a broad consensus in support of this declaration, and to encourage others to take similar action. We will therefore:

(i) ask the relevant international institutions and organisations to carry forward the proposals above and report back to us by the time of the Spring Meetings;

(ii) discuss these issues in other appropriate international fora, including the Interim Committee.

22. We will meet as necessary to monitor progress as envisaged at our meeting in Washington. We will report to G7 Heads before their meeting in Cologne on:

(i) the effect of the immediate action taken in restoring stability to the international financial system;

(ii) progress in implementing the reforms to the system to improve transparency and prevent crises on which we are agreed and which are set out above;

(iii) our proposals for action in the areas for further work set out above.

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Lissakers, Bernes, Esdar, Grilli, Milleron, Pickford, & Yoshimura (IMF) to Managing Director & Members of Executive Board re: Work Program on Strengthening Architecture of International Monetary System (3 pages)	10/30/98	P1/b(1) Unclass.

This marker identifies the original location of the withdrawn item listed above. For a complete list of items withdrawn from this folder, see the Withdrawal/Redaction Sheet at the front of the folder.

COLLECTION:

Clinton Administration History Project

OA/Box Number: 24124

FOLDER TITLE:

[History of the Department of the Treasury - Supplementary Documents] [1]

jp30

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

GENERAL PROVISIONS—THIS TITLE

CONDITIONS FOR THE USE OF APPROPRIATED FUNDS FOR THE INTERNATIONAL MONETARY FUND

SEC. 601. None of the funds appropriated in this title may be obligated or made available to the International Monetary Fund until 15 days after the Secretary of the Treasury and the Chairman of the Board of Governors of the Federal Reserve System jointly provide written notification to the appropriate committees that the major shareholders of the Fund have publicly agreed to, and will act to implement in the Fund the following policies:

(1) Policies providing that conditions in standby or other arrangements regarding the use of Fund resources include, in addition to appropriate monetary policy conditions, requirements that the recipient country, in accordance with a schedule for action—

(A) liberalize restrictions on trade in goods and services, consistent with the terms of all international trade agreements of which the borrowing country is a signatory;

(B) eliminate the systemic practice or policy of government directed lending on non-commercial terms or provision of market distorting subsidies to favored industries, enterprises, parties, or institutions; and

(C) provide a legal basis for nondiscriminatory treatment in insolvency proceedings between domestic and foreign creditors, and for debtors and other concerned persons.

(2) Policies providing that within 3 months after any meeting of the Executive Board of the Fund at which a Letter of Intent, a Policy Framework Paper, an Article IV economic review consultation with a member country, or a change in a general policy of the Fund is discussed, a full written summary of the meeting should be made available for public inspection, with the following information redacted:

(A) Information which, if released, would adversely affect the national security of a country, and which is of the type that would be classified by the United States Government.

(B) Market-sensitive information.

(C) Proprietary information.

(3) Policies providing that within 3 months after any meeting of the Executive Board of the Fund at which a Letter of Intent, a Memorandum of Understanding, or a Policy Framework Paper is discussed, a copy of the Letter of Intent, Memorandum of Understanding, or Policy Framework Paper should be

made available for public inspection with the following information redacted:

(A) Information which, if released, would adversely affect the national security of a country, and which is of the type that would be classified by the United States Government.

(B) Market-sensitive information.

(C) Proprietary information.

(4) Policies providing that, in circumstances where a country is experiencing balance of payments difficulties due to a large short-term financing need resulting from a sudden and disruptive loss of market confidence and in order to provide an incentive for early repayment and encourage private market financing, loans made from the Fund's general resources after the date of the enactment of this section are—

(A) made available at an interest rate that reflects an adjustment for risk that is not less than 300 basis points in excess of the average of the market-based short-term cost of financing of its largest members; and

(B) repaid within 1 to 2½ years from each disbursement.

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. memo	Lissakers, Bernes, Esdar, Grilli, Milleron, Pickford, & Yoshimura (IMF) to Managing Director & Members of Executive Board re: Work Program on Strengthening Architecture of International Monetary System (3 pages)	10/30/98	P1/b(1) Unclass.

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COLLECTION:

Clinton Administration History Project

OA/Box Number: 24124

FOLDER TITLE:

[History of the Department of the Treasury - Supplementary Documents] [1]

jp30

RESTRICTION CODES

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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COLLECTION:

Clinton Administration History Project

OA/Box Number: 24124

FOLDER TITLE:

[History of the Department of the Treasury - Supplementary Documents] [1]

jp30

RESTRICTION CODES

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CS

To: Distribution

Room:

Date: November 3, 1998

Department of the Treasury

Office of the Assistant Secretary for International Affairs

Office of International Monetary Policy

For info/files.

Copies of the Rubin/Greenspan certification letters and one copy of the attachments that went with each letter.

Distribution: JLister, MJaskowiak, CAtkinson, TGeithner, TTruman, ASalladin, RMunk, RSinkfield, EKnight, NComstock

LM

Larry McDonald
Room 3507
1440 New York Avenue
Phone (202) 622-0159
Fax (202) 622-5117

1998-SE-012405

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 2, 1998

The Honorable Ted Stevens
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510-6025

Dear ~~Mr. Chairman~~ Ted:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

For your information, we are enclosing a copy of the Declaration of G7 Finance Ministers and Central Bank Governors, as well as a copy of a memorandum from the representatives of these shareholders to the Managing Director and members of the Executive Board of the IMF concerning this matter, both of which were issued on October 30.

Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 2, 1998

The Honorable Jesse Helms
Chairman
Committee on Foreign Relations
United States Senate
Washington, D.C. 20510-6225

Dear Mr. Chairman:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 2, 1998

The Honorable Alphonse M. D'Amato
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510-6075

Dear Mr. Chairman:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 2, 1998

The Honorable Bob Livingston
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515-6015

Dear ~~Mr. Chairman~~ BJ:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 2, 1998

The Honorable James A. Leach
Chairman
Committee on Banking and Financial Services
U.S. House of Representatives
Washington, D.C. 20515-6050

Dear ~~Mr. Chairman~~ Jim:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 2, 1998

The Honorable Robert C. Byrd
Ranking Member
Committee on Appropriations
United States Senate
Washington, D.C. 20510-6025

Dear Senator Byrd:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 2, 1998

The Honorable John J. LaFalce
Ranking Member
Committee on Banking and Financial Services
U.S. House of Representatives
Washington, D.C. 20515-6050

Dear Mr. ~~LaFalce~~: JJ

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 2, 1998

The Honorable David R. Obey
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515-6015

Dear ~~Mr. Obey~~ Paul:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

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Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 2, 1998

The Honorable Paul S. Sarbanes
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510-6075

Dear ~~Senator Sarbanes~~ Paul:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

For your information, we are enclosing a copy of the Declaration of G7 Finance Ministers and Central Bank Governors, as well as a copy of a memorandum from the representatives of these shareholders to the Managing Director and members of the Executive Board of the IMF concerning this matter, both of which were issued on October 30.

Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 2, 1998

The Honorable Joseph R. Biden, Jr.
Ranking Member
Committee on Foreign Relations
United States Senate
Washington, D.C. 20510-6225

Dear ~~Senator Biden~~ Joe:

Pursuant to Section 601 of Title VI of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277, we hereby notify you that the major shareholders of the International Monetary Fund (IMF) have publicly agreed to, and will act to implement in the IMF, the policies set forth therein.

For your information, we are enclosing a copy of the Declaration of G7 Finance Ministers and Central Bank Governors, as well as a copy of a memorandum from the representatives of these shareholders to the Managing Director and members of the Executive Board of the IMF concerning this matter, both of which were issued on October 30.

Sincerely,

Robert E. Rubin
Secretary of the Treasury

Alan Greenspan
Chairman of the Board of Governors
of the Federal Reserve System

Enclosures

EXECUTIVE SECRETARIAT CORRESPONDENCE MEMO COVER SHEET

Monday, November 02, 1998

PROFILE #: 1998-SE-012405

DATE CREATED: 11/02/1998

ADDRESSEE: Robert E. Rubin
Secretary

AUTHOR: Geithner, Timothy F.
AS, International Affairs

SUBJECT: IMF Quota and NAB: Joint Notification to Congress

ABSTRACT: IMF Quota and NAB: Joint Notification to Congress

RM 3419 TO REVIEWERS TO EXECUTIVE SECRETARY

IN: IN:

TO THE SECRETARY

DATE SIGNED:

DISTRIBUTION: AS, INTERNATIONAL AFFAIRS

NCC to RER
signature 11/2/98

RER signed
11/2/98

NCC original to
OASIA (Clary McDonald)
for delivery to Fed
11/2/98

NCC cc to MF
11/2/98

NCC/DI to LS (reading)

NCC cc to SS
DI/PA/AK
11/2/98

TREASURY CLEARANCE SHEET

NO.__________
DATE:________

MEMORANDUM FOR: ☒ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☒ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER __________

FROM: Assistant Secretary Geithner
THROUGH:
SUBJECT: IMF Quota and NAB: Joint Notification to Congress

REVIEW OFFICES (Check when office clears)

☐ Under Secretary for Finance
☐ Domestic Finance
☐ Economic Policy
☐ Fiscal
☐ FMS
☐ Public Debt

☐ Under Secretary for International Affairs
☐ International Affairs

☐ Enforcement
☐ ATF
☐ Customs
☐ FLETC
☐ Secret Service
☐ General Counsel
☐ Inspector General
☐ IRS
☐ Legislative Affairs
☐ Management
☐ OCC

☐ Policy Management
☐ Scheduling
☐ Public Affairs/Liaison
☐ Tax Policy
☐ Treasurer
☐ E & P
☐ Mint
☐ Savings Bonds

☐ Other __________

NAME (Please Type)	INITIAL	DATE	OFFICE	TEL. NO.
INITIATOR(S)				
L. McDonald	LJM	10/30/98	Office of International Monetary Policy	622-0159
REVIEWERS				
J. Lister	[illegible]	10/30/98	Office of International Monetary Policy	622-0112
C. Atkinson	CA	10/30/98	DAS, Int'l Monetary & Financial Policy	622-0489
R. Munk/A. Salladin	[illegible]	10/30/98	Asst. General Counsel (International)	622-1899/1949
R.Sinkfield	[illegible]	10/30/98	DAS Legislative Affairs (International)	622-1960
L. Robertson			Asst. Sec. Legislative Affairs	622-1900
E.Knight	[illegible]	10/30/98	General Counsel	622-0287

SPECIAL INSTRUCTIONS

☐ Review Officer Date __________

☐ Executive Secretary Date __________

DO F 70-02.1 (04/89)

1998-SE-013015

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

ASSISTANT SECRETARY

ACTION

MEMORANDUM FOR SECRETARY RUBIN

FROM: Timothy F. Geithner
Assistant Secretary (International Affairs)

ACTION

SUBJECT: Consent to IMF Quota Increase

ACTION-FORCING EVENT:

The recent IMF legislation provided that funding for the quota increase (and the NAB) cannot be obligated or made available to the IMF until 15 days after you and Chairman Greenspan provide written notification that the Fund's major shareholders have agreed to and will act to implement certain policies set out in the legislation. The fifteen-day waiting period will expire on Tuesday, November 17, after which time it would be appropriate to inform the IMF of our consent to the quota increase.

RECOMMENDATION:

That you sign the attached letter notifying the IMF that we consent to the increase in the U.S. quota.

Agree ✓ Disagree ____ Let's discuss ____

BACKGROUND:

U.S. consent will be a major step forward towards the general quota increase's becoming effective, which cannot occur until members accounting for not less than 85 percent of IMF quotas signal their consent. (The United States accounts for a bit more than 18 percent of present total quotas.) We are required to pay to the Fund the increase in our quota within 30 days of either (a) the date on which we notify our consent; or (b) the date on which the 85 percent threshold is reached, whichever occurs later. Currently, 39 members representing about 34.5 percent of quotas have consented. We expect that the 85 percent threshold will be reached in early December.

Under separate cover we are providing you a draft letter to the IMF giving adherence to the NAB.

cc: DS Summers
Acting Principal DAS Truman

EXECUTIVE SECRETARIAT

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 17, 1998

The Honorable Michel Camdessus
Managing Director
International Monetary Fund
700 19th Street, N.W.
Washington, D.C. 20431

Dear Mr. Camdessus:

In my capacity as United States Governor of the International Monetary Fund, I have the honor to notify you that the United States hereby consents to the increase in its quota to SDR 37,149.3 million in accordance with Board of Governors' Resolution No. 53-2 on "Increase in Quotas of Fund Members – Eleventh General Review."

Sincerely,

Robert E. Rubin

Robert E. Rubin

TREASURY CLEARANCE SHEET

NO.__________
DATE:________

MEMORANDUM FOR: ☐ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER ________

FROM: Assistant Secretary Geithner
THROUGH:
SUBJECT: IMF Quota Consent

REVIEW OFFICES (Check when office clears)

☐ Under Secretary for Finance
☐ Domestic Finance
☐ Economic Policy
☐ Fiscal
☐ FMS
☐ Public Debt

☐ Under Secretary for International Affairs
☐ International Affairs

☐ Enforcement
☐ ATF
☐ Customs
☐ FLETC
☐ Secret Service
☐ General Counsel
☐ Inspector General
☐ IRS
☐ Legislative Affairs
☐ Management
☐ OCC

☐ Policy Management
☐ Scheduling
☐ Public Affairs/Liaison
☐ Tax Policy
☐ Treasurer
☐ E & P
☐ Mint
☐ Savings Bonds

☐ Other ________

NAME (Please Type)	INITIAL	DATE	OFFICE	TEL. NO.
INITIATOR(S)				
L. McDonald	[illegible]	11/13/98	Office of International Monetary Policy	622-0159
REVIEWERS				
J. Lister	[illegible]	11/13/98	Office of International Monetary Policy	622-0112
C. Atkinson	[illegible]	"	Sr. DAS, Int'l Monetary & Fin'l Policy	622-0489
R. Munk	RLM	11/16/98	Asst. General Counsel (International)	622-1949
E. Knight	EGK	11/16/98	General Counsel	622-0287

SPECIAL INSTRUCTIONS

☐ Review Officer Date

☐ Executive Secretary Date

DO F 70-02.1 (04/89)

To PA 11/16/98

PA ready for RER signature

PA to RER
(signature)

RER signed 11/16/98

PA original to CASIA for
delivery 11/17/98

PA cc DI/AK

For statutory reasons, redacted + autopeaned

Please log in 11/17/98

1998-SE-013109

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

ASSISTANT SECRETARY

November 20, 1998

MEMORANDUM FOR SECRETARY RUBIN

FROM: Timothy Geithner
Assistant Secretary (International Affairs)

SUBJECT: Payment of U.S. Quota Increase to IMF

ACTION-FORCING EVENT

The United States will be required to pay the increase in its IMF quota subscription (about $14.8 billion) within 30 days after notification by the IMF, now expected in early December, of the entry into effect of the increase in quotas.

- The increased subscription is to be paid by writing up the U.S. letter of credit to the IMF (75 percent of the total, or about $11.1 billion equivalent) and transferring reserve assets to the IMF (25 percent of the total, or about $3.7 billion equivalent).

We propose to make the reserve asset transfer in the form of German marks. The $3.7 billion equivalent of marks would *initially* come from the holdings of the ESF. But the Federal Reserve had indicated that it would sell some of its mark holdings to Treasury to replenish the ESF marks used for the reserve asset payment and, separately, to re-balance the Federal Reserve's and ESF's shares of U.S. foreign exchange reserves.

- The Treasury General Account (TGA) would transfer about $3.7 billion to the ESF in return for the German marks required to make the reserve asset payment. The ESF would subsequently use these dollars (and about $1.4 billion equivalent of ESF yen) in the purchase of about $5 billion equivalent of Federal Reserve marks. (Figures do not add due to rounding.)

- Total ESF assets would end up essentially unchanged, but there would be a slight reduction, at current exchange rates, in total ESF foreign exchange assets and a shift in composition to higher-yielding marks from lower-yielding yen. ESF dollar assets would increase temporarily during the interval between the TGA's transfer of dollars to the ESF and the subsequent re-balancing transactions.

RECOMMENDATION

That you authorize me to undertake the arrangements necessary to pay the increased U.S. quota subscription and conduct the subsequent re-balancing transactions with the Federal Reserve.

Agree ___________ Disagree ___________ Let's Discuss ___________

If you agree, please sign the authorization at Tab A

ANALYSIS/BACKGROUND

A. Quota Payment

The IMF estimates that it will receive consent from enough countries to achieve an 85% weighted majority in early December, enabling it to notify its members that the increase in quotas pursuant to the latest quota review has become effective and that members which have consented to the increase must pay it within 30 days thereafter. Failure to pay in a timely manner could result in a reduction in the country's relative voting share in the IMF (and could result in temporary loss of the U.S. veto in the IMF).

The Congress authorized and appropriated funds for an increase in the U.S. quota in the IMF amounting to SDR 10,622.5 million (about $14.8 billion at the current dollar/SDR exchange rate). Under IMF rules and the provisions of the applicable Resolution of the Board of Governors, 75 percent of this amount is to be paid by writing up the letter of credit which the U.S. has issued to the IMF and the remaining 25 percent by transferring reserve assets (in the form of either SDRs or foreign currencies or some combination of the two) to the IMF.

- The increase in the U.S. subscription to the IMF does not result in a net budget outlay because the U.S. receives a liquid, interest bearing claim on the IMF for any dollars or reserve assets transferred to the IMF. This claim is an asset of the TGA.

In considering the form in which we would make the reserve asset payment, our guiding principle has been to preserve ESF flexibility. We viewed favorably the Fed's willingness to sell marks to Treasury to make this payment because we wanted to avoid using ESF foreign currency holdings as the source of payment, so as to maintain the ESF's capacity to intervene in support of the dollar. We have the German monetary authorities' assent in our plan to use marks in the transfer of reserve assets. We preferred not to use SDRs to make the payment, so as to maintain the highest possible ESF capacity for future SDR monetization, which is the most flexible source of expansion of ESF dollar resources.

- For the U.S. monetary authorities (Fed and Treasury *together*), there will be a decline in foreign exchange reserves associated with making the reserve asset payment, as the Federal Reserve's System Open Market Account (SOMA) will have $3.7 billion equivalent fewer marks.

- The TGA will experience a cash decline of approximately $3.7 billion when the ESF, in the above-mentioned re-balancing transactions, credits the Federal Reserve with dollars in return for marks. This decline was accounted for in the planning the Treasury refunding for the current quarter.

B. Re-Balancing

Our quarterly reviews with FRBNY (in its capacity as our fiscal agent and portfolio manager) of the ESF portfolio have highlighted a growing management issue: The distribution of mark and yen holdings between the ESF and the SOMA has grown increasingly disproportional for some time now and needs to be re-balanced. Not only is this disproportion increasingly complicating the management of certain investments common to the ESF and SOMA portfolios, it also has the potential to raise liquidity issues that could constrain future ESF operations.

- Currently, the ESF holds about 45% of combined Treasury-Fed foreign exchange reserves; the SOMA holds about 55%. The ESF has more yen than marks; the division is about 60/40. The SOMA has more marks than yen; the division is about 65/35. These proportions are the result of historical developments, rather than specific portfolio objectives.

- The ESF's division implies a view on our part that intervention is more likely in yen than in marks. Historically, however, we have tended to intervene more in marks, and the ESF is not now neutrally positioned, should we need to do so again. Also, there are the pragmatic issues of whether the Fed would be willing to keep up yen sales as long as Treasury or whether Treasury would want to keep up mark sales if it meant liquidating investments with price risk.

- A 50/50 split of both marks and yen between the ESF and the SOMA would be in keeping with the practice of splitting the financing of intervention 50/50. Also, to the extent that ESF's and the Fed's foreign currency portfolios and returns are identical, it would limit the divergence in shares of reserves over time resulting from unequal balances.

The Federal Reserve is willing to sell marks to Treasury to replenish the ESF's mark holdings in the wake of the reserve asset payment and, going further, to bring into better balance the foreign exchange holdings of the ESF and the SOMA. However, Chairman Greenspan wants to guard against creating an impression that the Fed is somehow monetarily financing the reserve asset payment and, therefore, he has asked that the reserve asset payment be completed *before* the re-balancing transactions take place.

- When the reserve asset payment takes place is dependent on 85% of IMF members ratifying the quota increase. Currently, we expect that to occur in early December. Should reserve asset payment not be made until late December, we might have to defer the re-balancing transactions into early January.

- The most liquid parts of the ESF's German mark portfolio will be temporarily cleaned out during the interval between the time when the reserve asset payment is made and the time when the re-balancing occurs.

To address Chairman Greenspan's concerns, we plan for the reserve asset payment and the re-balancing transactions to occur in two separate steps, as shown below. The amounts shown below would vary with exchange rate changes in the mark and the yen, and there could be a net positive or negative impact on ESF dollars as a result. However, the transactions are structured in such a way that any impact should be marginal. (See Tab B for schematic presentations on the transactions and the re-balancing effects.)

Step One – Reserve Asset Payment

- The ESF makes the reserve asset payment (about $3.7 billion equivalent) to the IMF in the form of marks.

- The TGA transfers the dollar counterpart to the ESF.

Step Two – Re-Balancing ESF and SOMA Portfolios

- The Fed sells an amount of marks (about $5 billion equivalent) to the ESF that will balance total mark holdings across the SOMA and ESF.

- Simultaneously, the ESF pays the Fed an amount of yen (about $1.4 billion equivalent) that will balance total yen holdings across the SOMA and ESF and the remaining amount needed in dollars (about $3.7 billion). This dollar amount would be essentially identical to the dollar amount that the TGA transferred to the ESF in Step One. The ESF's sale of yen would realize a gain, relative to historical average cost of acquisition, that would have a positive effect on the U.S. budget.

We would make a public announcement at the time of the quota payment (Step One above), making plain that this is a *Treasury* operation. That should relieve Chairman Greenspan's concerns about any appearance of monetary financing of the quota payment. Separately, we would later announce the re-balancing transactions (Step Two above) when they occur. These announcements should preclude erroneous speculation among private market analysts as to the purposes of the transactions.

- The ESF payment of dollars to the Fed in the Step Two would be reflected in the *Daily Treasury Statement (DTS)* and in a change in the Fed's balance sheet. We would also need to make clear that this dollar outflow related to the re-balancing transactions, so that it would not be seen in the market as reflecting some other ESF operation, which analysts might incorrectly conclude was an ESF credit under the multilateral financial support mechanism for Brazil.

- The outflow of $1.4 billion equivalent of ESF yen would not raise the same visibility issue. The yen outflow would not show in the *DTS*, although it would show in the next quarterly report on Treasury and Federal Reserve foreign exchange operations and subsequently in the *Treasury Bulletin*. The decline in U.S. reserves resulting from the reserve asset payment would show in the first reserve assets press release following the payment.

Attachments: Tab A: Authorization to Assistant Secretary for International Affairs
Tab B: Schematics on the Transactions and Re-Balancing Effects

THE SECRETARY OF THE TREASURY
WASHINGTON

SUBJECT: AUTHORIZATION TO THE ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS TO INCREASE THE U.S. QUOTA SUBSCRIPTION IN THE INTERNATIONAL MONETARY FUND AND TO PURCHASE GERMAN MARKS FROM THE FEDERAL RESERVE SYSTEM

By virtue of the authority vested in me as Secretary of the Treasury, including 31 U.S.C. 301 (b), 31 U.S.C. 321, and 31 U.S.C. 5302, I hereby authorize the Assistant Secretary for International Affairs to undertake the arrangements, as set forth in his memorandum to me of November __, 1998, to increase the U.S. quota subscription in the International Monetary Fund and also to re-balance the foreign exchange portfolio of the Exchange Stabilization Fund (ESF) through the purchase of German marks from the Federal Reserve System against the sale of ESF dollars and Japanese yen.

This authorization expires January 31, 1999.

Robert E. Rubin

Recommendation for Meeting Quota Increase and Balancing ESF and SOMA FX Portfolios

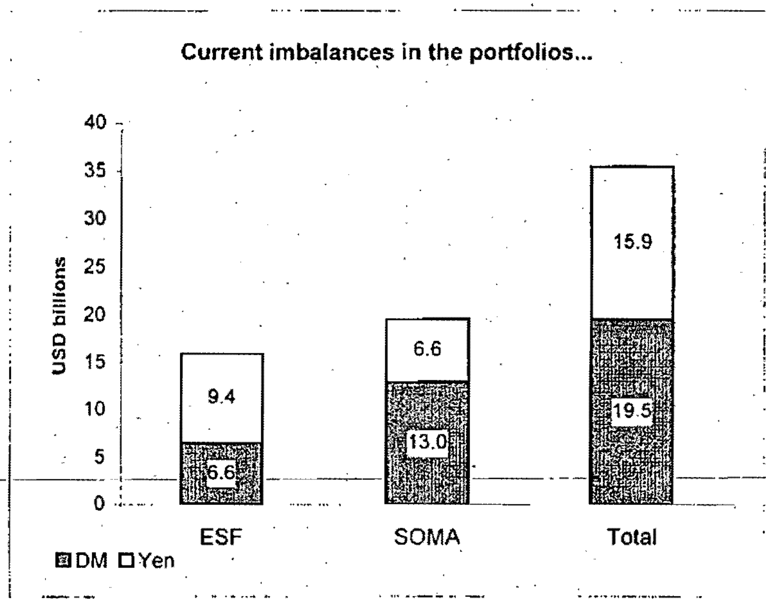
USD Equivalent Values as of October 30, 1998

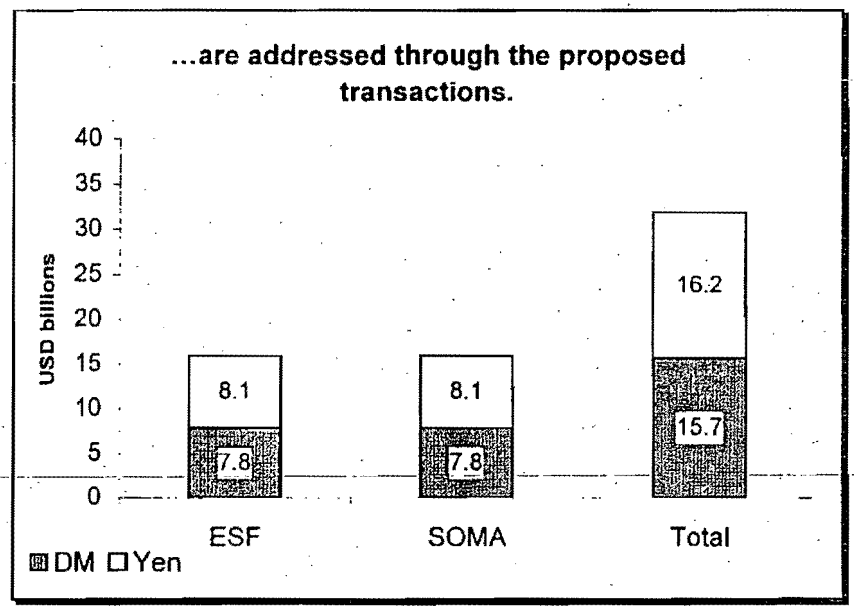
STEP ONE (USD millions)	Mark Holdings SOMA	Mark Holdings ESF	Yen Holdings SOMA	Yen Holdings ESF	Dollar Holdings ESF	Treasury General Account (changes)	IMF
	12,833	6,496	6,645	9,511	16,046		
TRANSACTIONS							
1. ESF transfers German marks to IMF		**-3,650**					**3,650**
		2,846					
2. TGA transfers the USD equiv. of the payment to ESF					**3,650**	**-3,650**	
					19,696		
	SOMA	***ESF***	***SOMA***	***ESF***	***ESF***	**TGA**	
Step 1 Results:	**12,833**	**2,846**	**6,645**	**9,511**	**19,696**	**-3,650**	

STEP TWO (USD millions)	Mark Holdings SOMA	Mark Holdings ESF	Yen Holdings SOMA	Yen Holdings ESF	Dollar Holdings ESF	Treasury General Account (changes)
	12,833	2,846	6,645	9,511	19,696	
TRANSACTIONS						
1. Fed sells DM to ESF	**-4,994**	**4,994**				
	7,840	**7,840**				
2. ESF pays for DM with combination of yen and USD			**1,433**	**-1,433**	**-3,561**	
			8,078	**8,078**	**16,136**	
	SOMA	***ESF***	***SOMA***	***ESF***	***ESF***	***TGA (change)***
Step 2 Results:	**7,840**	**7,840**	**8,078**	**8,078**	**16,136**	**0**

Portfolio Implications

USD equivalent Values as of October 30, 1998





Current Mark/Yen Breakdown

	ESF	SOMA	
DM	34%	66%	100%
Yen	59%	41%	100%

FX Portfolio Values ($billions)

	ESF	SOMA	Total	*Change*
DM	7.8	7.8	15.7	*-3.7*
Yen	8.1	8.1	16.2	*0.0*
Total	15.9	15.9	31.8	*-3.7*
Change	*-0.1*	*-3.6*	*-3.7*	

Proposed Mark/Yen Breakdown

	ESF	SOMA	
DM	50%	50%	100%
Yen	50%	50%	100%

Current Portfolio Composition

	ESF	**SOMA**
DM	41%	66%
Yen	59%	34%
	100%	100%

Proposed Portfolio Composition

	ESF	**SOMA**
DM	49%	49%
Yen	51%	51%
	100%	100%

Note: Numbers reflect some rounding differences from actual figures.

Market Rates: DM 1.6565
Y 116.45

1999-SE-000290

DEPARTMENT OF THE TREASURY
WASHINGTON

UNDER SECRETARY

JAN 7 1999

MEMORANDUM FOR DEPUTY SECRETARY SUMMERS

FROM: Timothy F. Geithner
Under Secretary (International Affairs)

SUBJECT: Checklist for Meeting with IMF Managing Director Camdessus

Time and Place — Thursday, January 7, 1999 — 5:00 p.m.
IMF: Room 12-300

Other U.S. Participants — Ted Truman
Caroline Atkinson
Karin Lissakers

Checklist of Issues

1. **Russia**

- What is the IMF's strategy on Russia?
- Any possibility of strengthening budget?
- Need to lower expectations about our IMF accord?

(detail at Tab 1)

2. **Brazil**

- What to do about Brazil missing program targets on monetary dimension (i.e. domestic assets)?
- Wait to see early January results, but if no improvement need to think hard about revising program.
- Political developments in the past week have been a mixed bag.
- Is the IMF engaging enough with the Brazilian authorities on a regular basis and vice versa?
- Central bank involvement in forex futures market -- will Brazil publish that data as they said? (Brazil apparently does not want to publish the data, despite Malan's assurances to Stan Fischer that they would do so.)

3. **Pakistan**

- Oppose IMF proposals to increase financing beyond pre-sanction levels and front load.
- Use of CCFF inappropriate.
- Pattern of IMF behavior in this region of the world (Pakistan, Iran and Iraq) is very troubling to us on foreign policy grounds as well as economic grounds.

(detail at Tab 2)

4. **Iraq**

- We're particularly disturbed that the Fund would be so careless as to suggest publicly that there would be any normalization of relations with Iraq.

5. **Belarus and Ukraine**

- On Belarus, can't agree to proposed CCFF given limited conditionality and short track record.
- On Ukraine, support IMF's stance (though not sure how resolute Fund will be); Treasury part of U.S. delegation visiting next week will emphasize need to get back on track with IMF.

(detail at Tab 1)

6. **Architecture**

- Contingent Reserve Support Mechanism (CRSM) on Board agenda on January 13. We like staff's middle option (focusing on program augmentation), but rest of G-7 quite split. Where is rest of Board? Need to limit excessive micro-management.
- In order to get Europeans on board and isolate Japanese, crucial for IMF to resolve any differences with G-10 central bankers (ECSC) on template. (We still want to get reserves published weekly with a one week lag. Recognize that G-10 Central Bank Governors supported weaker version.) Can't Camdessus help with the French?
- Where is IMF on standards?
- Thoughts on Interim Committee reform.

7. **Core Labor Standards**

- How will IMF be addressing?
- We have legislative commitment to push to ensure that "maintenance and improvement of core labor standards are routinely incorporated as an integral goal in the policy dialogue with recipient countries . . ."

Russia

- Not optimistic about budget. Current draft likely only to get worse in subsequent Duma readings (has passed 1st reading). Fund and Russia apparently on divergent paths.
- Have you had any response to your letter?
- Do you see any realistic scenario in which Primakov revisits this budget and strengthens it? (If the Duma weakens it substantially this could give the govt the pretext for revising it.)
- If budget is not strengthened, is there a basis for a program? May have to deal with debt problem separately.
- Forbearance on debt may be preferable to new financing in a weak policy environment.
- Appears Russia now in period of drift where political stability, rather than reform, is paramount concern.
- Fund needs to be engaged, but may not be able make significant progress on stabilization.
- Along with World Bank, should look at ways to push reform forward in some structural areas which will help lay ground-work for growth when GOR re-embraces reform path.

Ukraine

- Ukrainian ownership of a comprehensive reform program highly unlikely in foreseeable future.
- Ukraine has made progress on implementing reform only in the context of an impending crisis combined with a firm IFI stance on conditionality.
- We fully support the Fund's stance on Ukraine (though we are not sure how resolute the IMF will be).
- In the absence of domestic political will to reform, need to make effective use of IFI leverage:
    - Heavy external debt repayments (both to the Fund and to private creditors) in 1999 and meager foreign reserves means that Ukraine needs IFI funds to avoid a BoP crisis as early as end of first quarter
    - The USG must certify by February 18, 1999 that Ukraine has made progress on economic reform or Ukraine will not receive 50% ($85M) of US bilateral aid.
- A delegation of our officials (Ted Truman, Carlos Pascual, Steve Sestanovich) during the week of January 11 will deliver the message that Ukraine must take this opportunity to get back on track with the Fund and avoid crisis. (Have met with Fund and Bank staff.)
- Understand that the IMF mission in mid-January will do the same.

Belarus

- Understand you have decided to re-engage with Belarus and have negotiated a short staff monitored program leading to a CCFF in three months.
- As you know we can't agree on decision to provide funding based on limited conditionality and short track record ($100M in funding with no tranching, 3 month required track record, and weak conditionality such as tolerance of a hopelessly distorted exchange rate regime).

- We see no solid indication that Belarus intends real changes in policy course, e.g., renewed flirtation with monetary union with Russia, which would seem to be absolutely essential before there is any contemplation of new financing. Even low access under CCFF is supposed to be in the context of a generally appropriate policy stance.
- Sends the wrong message to countries in the region which Fund rightly holds to higher standards.

Pakistan and the IMF

Issue: We are very concerned about the IMF's decision to augment lending to Pakistan, chiefly through the use of CCFF resources on the order of $500 million, all of which is programmed to be disbursed this month. The IMF has not yet demonstrated the need for these additional resources, especially up-front. In addition, we are troubled by the use of fast-disbursing, low conditionality lending to Pakistan since the new program lacks an ambitious list of prior actions and Pakistan consistently has been one of the worst performers on IMF programs.

We have tried to rally other G-7 to ask that the size of the program be scaled back and further conditionality be negotiated, but have only received limited support (e.g., the Germans). As a result, we have signaled to Fund staff that we are prepared to oppose the program. The State Department is supporting our decision, provided we don't "kill the deal".

Talking Points:

- While we have agreed to resume IFI lending to forestall a crisis in Pakistan, we strongly oppose IMF proposals to increase assistance above pre-sanction levels. Significant increases in IFI lending undermine efforts to curb nuclear proliferation.

- In addition, we do not believe the IFIs have successfully demonstrated that such augmentation is necessary to ensure that Pakistan will meet its financing gap this fiscal year. Nor has the Fund demonstrated why Pakistan should receive the bulk of IFI disbursements up-front.

- Although the CCFF is intended to compensate Pakistan for an export shortfall in cotton, overall exports have remained steady and Pakistan's terms of trade have improved due to the dramatic fall in oil prices.

- Rather than meeting a legitimate need, it appears that the Fund is using the CCFF solely as a mechanism for providing additional low conditionality, fast-disbursing assistance to Pakistan, a country that has repeatedly failed to meet its IFI commitments.

Background

For 1998/99, the IMF staff have included a proposed increase in IFI financing of about $400 million over previously programmed levels. In addition, the IMF is endorsing up-front lending in January of $1.2 billion, of which $850 million is new: $500 million from the CCFF and $350 million from a World Bank Structural Adjustment Loan. (Despite this new lending, the *net* increase in IFI disbursements in FY 1998/99 is only $400 million because a portion of the ESAF/EFF originally intended for disbursement this fiscal year is being pushed into FY 99/00, the World Bank is scaling back the size of its power sector loan.)

In our view, the IMF has failed to provide sufficient justification for this increased financing. Balance of payments assumptions do not, for example, include the $325 million already provided as compensation for the F-16s. In addition, Fund staff have identified a residual financing gap of $3.45 billion, but it is our understanding that likely sources of financing could be closer to $3.8 billion (although staff have been hard to pin down on this point).

In addition, the Fund has provided no information on financing needs through January which might justify the front-loading of IFI resources. Other sources have suggested that the Fund is anxious to get reserves up to pre-testing levels of $1.4 billion as fast as possible; we believe that Pakistan's very poor record track record on IFI programs suggests that further tranching, linked to additional conditionality, is a better option.

In addition, we have new concerns about Pakistan's performance since learning that the resumption of Pakistan's ESAF/EFF will require three waivers. The first, for net foreign assets, we expected. However, we believe the GOP's request for two additional waivers – one on arrears of the Water and Power Authority and the second for failure to harmonize agricultural income tax policies -- are troubling.

We also object to the use of CCFF resources for Pakistan, which are being provided in order to compensate for a shortfall in cotton exports. In addition, there is no evidence of an overall export shortfall, which shows exports have been relatively steady in the $8.1-$8.4 billion range since 1995/96. Finally, the "export shortfall" has occurred in the context of an overall terms of trade improvement for Pakistan due to the enormous windfall it has reaped from the drop in oil prices.

OASI7 (Deborah Crane)
to LS

please log and file
1/7/98

1999-se-010461

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

September 24, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Lawrence H. Summers LHS

SUBJECT: U.S. Proposal for a Y2K Facility in the IMF

As part of the International Monetary Fund's contingency planning for the Year 2000 problem, we have proposed that a new, temporary facility be established to respond to international liquidity problems that some less developed or emerging market member countries may incur around the century date change. While we hope that such a facility will not be needed, we believe its availability will be reassuring to international investors and to financial markets.

Response to the concept of a new Y2K proposal thus far within the G-7 and IMF Executive Board has been highly favorable. The main issues to be resolved concern terms and access to this temporary facility.

We and other G-7 member countries favor tough terms, including a significant interest premium, in view of two considerations. First, the exclusive purpose of this special Y2K facility is to address liquidity problems that are directly related to Y2K; and second, these Y2K problems are likely to be a one-time phenomenon and of short duration. An alternative proposal by the IMF Managing Director entails softer terms and accessibility. We intend to push for a decision next week during the IMF/World Bank Meetings to adopt our proposal.

010461

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

ASSISTANT SECRETARY

SEP 23 1999

ACTION

MEMORANDUM FOR SECRETARY SUMMERS

FROM: Edwin M. Truman EMT
Assistant Secretary
International Affairs

SUBJECT: Memorandum to The President Concerning Our Y2K Facility Proposal

ACTION FORCING EVENT:

In the course of meetings taking place over the next several days, we hope to gain endorsement for our proposed temporary Y2K facility in the IMF. Press attention on this decision is likely, and the President should be informed about our plan.

RECOMMENDATION:

That you sign the attached information memorandum to the President informing him of our proposal for a Y2K facility.

Approve: Not ok to autopen for LS 9/24 Disapprove: ____________ Let's Discuss: ____________

BACKGROUND:

Issuance of our proposal on September 10 calling for a temporary Y2K facility in the IMF was immediately followed by the IMF MD's proposal. Reaction to the concept of establishing such a Y2K facility has been very favorable, both in the G-7 and in the IMF Executive Board. The issues to be resolved concern terms and accessibility. Our proposal calls for tougher terms than those offered by the MD. Specifically, we propose an interest premium of at least 250 basis points and bullet repayment by June 30, 2000, while the MD proposes an interest premium of 100 basis points and repayment within approximately one year.

We are pushing for approval of features contained in our proposal for two reasons: First, the exclusive purpose of this special Y2K facility is to address liquidity problems that are directly related to Y2K; and second, these Y2K problems are likely to be a one-time phenomenon and of short duration.

cc: U/S Geithner

EXECUTIVE SECRETARIAT CORRESPONDENCE MEMO COVER SHEET

Thursday, September 23, 1999

PROFILE #: 1999-SE-010461

DATE CREATED: 09/23/1999

ADDRESSEE: Lawrence H. Summers
Secretary

AUTHOR: Truman, Edwin
International Affairs

SUBJECT: Memorandum To The President Concerning Our Y2K Facility Proposal

ABSTRACT: Memorandum to the President Concerning Our Y2K Facility Proposal.

RM 3419

TO REVIEWERS

IN:

TO EXECUTIVE SECRETARY

IN:

TO THE SECRETARY

To PA 9/23/99

PA returns for edits

To PA 9/23/99

PA to NCC 9/23/99

PA ccAK

NCC to LS (signature)

B.D. autopenned ~~LS signed~~ NCC ok to autopen per LHS

NCC to PA

PA original to WH.

DATE SIGNED:

DISTRIBUTION: AS, INTERNATIONAL AFFAIRS

9/24/99

09/23/1999 06:15:40 PM

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

INFORMATION

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