



Yale SCHOOL OF MANAGEMENT
Program on Financial Stability

EliScholar – A Digital Platform for Scholarly Publishing at Yale

YPFS Resource Library

4-9-2009

Transcript of a Press Briefing by Caroline Atkinson, Director, External Relations Department, International Monetary Fund

International Monetary Fund (IMF)

<https://elischolar.library.yale.edu/ypfs-documents2/4838>

This resource is brought to you for free and open access by the Yale Program on Financial Stability and [EliScholar](#), a digital platform for scholarly publishing provided by Yale University Library. For more information, please contact ypfs@yale.edu.



TRANSCRIPT

Transcript of a Press Briefing by Caroline Atkinson, Director, External Relations Department, International Monetary Fund

April 9, 2009

Listen with [Speechify](#)
0:00 14:06

Washington, D.C.

Thursday, April 9, 2009

[Webcast \(/external/mmedia/view.asp?eventID=1433\)](#) of the press briefing

MS. ATKINSON: Good morning. I'm Caroline Atkinson, the Director of the External Relations Department at the IMF. I would like to welcome you and the journalists that are participating via the Online Media Briefing Center to our biweekly press briefing. As usual, this briefing is embargoed until 10:30 a.m. Washington time, 1430 GMT.

Let me first mention some upcoming dates for management travel and other press conferences. We're of course coming into a very busy time. Well, we seem to be constantly in a busy time, but the Managing Director, Dominique Strauss-Kahn, is traveling now to Thailand. He will be there on April 11 and 12 to attend the fourth East Asia Summit and the ASEAN Global Dialogue. At the East Asia Summit, which will take place in Pattaya in Thailand, Mr. Strauss-Kahn will participate in a discussion about how the crisis is affecting Asia and what policies will help to overcome the challenges. In Bangkok he will speak at the ASEAN Global Dialogue on the global efforts to tackle the current crisis, and the latter event will be open to the press.

Since this is our last regular briefing before the Spring Meetings, let me briefly highlight a few of the media events that are coming up for the meetings. First, next Thursday, April 16 at 9:00 a.m. [Washington time], we will release the analytical chapters of the World Economic Outlook (WEO) and we will hold a press conference that morning. These are Chapters 3, "From Recession to Recovery: How Soon and How Strong?", and Chapter 4, "How Financial Linkages Fuel the Fire: The Transmission of Financial Stress from Advanced to Emerging Economies." Later that day at 2:30 p.m. [Washington time], Mr. Strauss-Kahn will speak at the National Press Club to preview the upcoming Spring Meetings. I urge journalists who will be in town to attend that open event at the National Press Club.

The following week on Tuesday, April 21 at 9:00 a.m. we will release the Global Financial Stability Report, and on Wednesday, the World Economic Outlook. On both of these, we will hold briefings. They will be released at 9:00 a.m., and advanced copies will be available to the media under embargo via the Online Media Briefing Center.

Then on Thursday, April 23, the Managing Director will hold his customary opening press briefing here at 11:00 a.m. Later that day at 1:30 p.m. he will deliver the keynote address at a conference on "New Ideas in Development After the Financial Crisis" that is taking place at SAIS at Johns Hopkins [University], up the road here, jointly with the Center for Global Development.

On Friday, April 24, the Fund and the World Bank will release their joint Global Monitoring Report. First Deputy Managing Director Mr. Lipsky will participate in the press conference on that day on that report. On the same day we will be releasing the African Regional Economic Outlook during a press

conference with Antoinette Sayeh, Director of the African Department. Other department directors will be available to the press during those days, although the other Regional Economic Outlooks are going to be issued, most of them, in the following month and in early May around the world in the regions that they're reporting on.

On Saturday, April 25, the IMFC, the IMF's policy steering committee, will be meeting, and following that meeting, the committee will issue a communiqué as usual. There will be a joint press conference with the Managing Director and the IMFC Chair, Egyptian Finance Minister, Youssef Boutros-Ghali.

Let me remind you that these events are listed on our website, but also you need to get accreditation for the Spring Meetings if you haven't done it yet.

So with that let me turn to you who are here in the room and those online to submit questions. And as usual, please state your affiliation before your question.

I'll take a question from online first of all. "In what form is China going to lend the \$40 billion to the Fund? When is the Fund going to allocate the committed \$250 billion of SDRs?" On the first question, it's up for the Chinese, as any other government, to announce their commitment. We do of course expect the G-20 to live up to the commitments for \$250 billion in bilateral financing that would then be rolled into the \$500 billion NAB. And we look forward to these commitments being announced. A number of them have already been announced as you know, and we actually are going to put up a list for easy reference on our website showing you the commitments. Sometimes there's a range because some of the commitments are made in terms of SDRs, but we normally list the dollar amount. The European commitment is made in the form of euros.

The second question was about the SDR allocation. As you know, this is something that needs to go to the IMF Board and then to be approved by an 85 percent majority of the Board of Governors. We are working intensively on getting papers ready for our Board to discuss to look at options for how to do the SDR allocation and when to do it. The work is proceeding rapidly. I can't give you a date for when we expect it to be completed, but we are hopeful that it won't be too long.

QUESTIONER: Thank you. I am here with my perennial subject, the global currency. You remember when I first started asking about it, it was an esoteric subject and, frankly, the first response I ever got from the IMF was that it hadn't been studied enough to give a definitive assessment. Do you intend now that there is growing international interest in the subject to study it -- actually study it? I think there was actually a request from a high-ranking Russian official for that to happen.

MS. ATKINSON: Thank you. As you quite rightly point out, there has been a lot of discussion recently and people tend to mean slightly different things when they say a global currency because a single currency obviously involves kind of in-depth agreement such as you have in Europe with the euro. At the other end of the extreme is said we in a sense already have a global currency or we have a denomination at any rate with the SDR which is an amalgam of and an averaging of certain currencies. I think the SDR allocation that the G-20 countries, including of course Russia, have called for and supported, suggests that there is a value in this way of increasing global liquidity.

Whether that leads to further development of and use of the SDR remains to be seen. At the moment, the SDR can be useful as a way to augment countries' reserves and as a means for countries to obtain other currencies that they may use in international transactions. And of course we're looking intensively at how we can move forward with that SDR allocation. Thank you.

QUESTIONER: And if I may stay with the subject for one more moment, another idea, not only from [the Russian] government but I also noted an American economist suggest it as well, was that the SDR itself, the basket, should be expanded. That economist -- his name escapes me for the moment -- said that the renminbi obviously needs to be included here and suggested pushing out the pound sterling completely or partially out of the basket to do that. But generally speaking, is this something that is feasible, and how is it done technically? What is required to change the basket of currencies?

MS. ATKINSON: On your latter part, we can get back to you on the technicalities because as I've learned especially in the last week, some of these financial issues can be quite complicated, and I don't want to say something that I'm not absolutely sure is right about the majorities that are needed and that sort of thing. I will answer to the first part of your question that the sort of key factor for currencies in the SDR is that these should be usable, freely exchangeable, highly convertible currencies and that is true of all of the current currencies that are in that basket. It's just a sort of factual view as opposed to a normative view.

QUESTIONER: Caroline, do you expect the proposal to go to the Board on the SDR allocation before the IMF meetings or afterwards? The other thing, could you please explain to us exactly where does the SDR allocation come from? It's not physical money that's exchanged. Right? It's just SDRs, and then the question is how do you then translate that into reserves which one would think all currencies?

MS. ATKINSON: Let me have a go at both of those questions. On the first question, we don't have a Board date yet. The Spring Meetings are terribly soon. Of course, we've had a lot of things happen very quickly in recent weeks and months and so on, but I expect that we're working quickly on it. I'm not sure how feasible it is to get something before or after the Spring Meetings, and we'll just have to see on that. I suspect that these things will take some -- a little bit longer than two weeks to put

together given the other things. But there is clearly a lot of momentum to move quickly, and I would imagine that the IMFC will also be supportive of that.

On where SDRs come from, and I will get back to you but I am going to give you a sort of broad-brush answer. The IMF allocates SDRs to all of its members by a decision of its members. When you receive an allocation as a country you also have a holding of SDRs, so the books are balanced. A certain number of SDRs are created as a balance sheet entry and then if nothing else happens, countries just hold the SDRs. The SDR is a reserve asset, so a country that has received an allocation and continues to hold that allocation in the IMF's accounts can show that holding as part of their reserve assets. Indeed if you look at the IMF's International Financial Statistics or countries' reserves data, you will see that a number of countries have SDR holdings along with other holdings of currency or gold in their reserves. So this is a way of increasing the liquidity and the reserves of every country by 250 billion and it gets distributed according to countries' quota shares. And there is an important twist to that, that the G-20 also supported swift passage of the Fourth Amendment which was a doubling of the existing SDRs to 43 or something billion SDRs as opposed to the current outstanding amount. But it was not going to be done pro rata because there are some countries that have never had an initial SDR allocation that joined the IMF after that and so they would under the Fourth Amendment be given an SDR allocation, and the Fourth Amendment is close to ratification. It has 77 percent or something of the votes, so support from the U.S., which requires congressional approval, would put that over the top. But in a general allocation, every country gets their part of the 250 billion, assuming that goes ahead, according to their current quota share, and that's about 60/40 advanced economies versus emerging economies. So every country would have their reserves bolstered, and for low income countries it's equivalent to about \$19 billion. If they then want to use that to buy something, one thing they can do is just keep it in their reserves and have a cushion so they can use other money to buy things. But if those reserves are used, it's essentially like a no-questions-asked loan which they then pay the SDR rate of interest on which is currently quite low. It's less than a half of a percent, 0.4.

So I hope that helps you. We're certainly happy to provide more -- in fact, we do have fact sheets and Q&A's up on our website now. If you find that the Q&A doesn't quite answer your question, you can send us an email and we'll try and tweak it so that we provide information. Thanks.

QUESTIONER: Could you talk just a little bit about the state of negotiations with Turkey right now? Has the country given any signal to the IMF that it's considering inviting the IMF back to reach an accord on a loan, and what size of a loan would that perhaps be?

MS. ATKINSON: As we've been saying, discussions have been continuing, and indeed in the margins of the G-20 meeting, there was some interaction there with our Managing Director. I can't give you an idea of the amount that will be under discussion. Minister Simsek has said that they're seeking a standby arrangement and those discussions continue to be active.

QUESTIONER: I have a question regarding the IMF final evaluation of the amount of toxic assets. Yesterday it was published that the IMF is increasing the amount to \$4 trillion, I think of which 900 in euro and 31 coming from U.S. toxic assets. Could you elaborate on this?

MS. ATKINSON: As you know, we don't comment on reports of leaked documents. I think there have been a number of different stories in the press around those numbers and I'm sure you've seen all of those. And as I said in my opening remarks, we will be releasing the GFSR in the week after on Tuesday, the 21st of April, and that's when our numbers will be final and that's when they'll be released.

QUESTIONER: My question is there's also lingering confusion over the gold. When is this gold going to be sold? Does this mean that the income model under which it was going to be sold is going to be changed? What's the status of all that, please?

MS. ATKINSON: The communiqué I think had very important language. I hope I've got it right in my head. If I haven't then you should stick with what's in the communiqué.

QUESTIONER: Right, because the communiqué never mentioned -- but it said it was part of the income model.

MS. ATKINSON: It said consistent with the IMF's income model, I think something like additional proceeds would be used to support or could be made available to support additional lending. And again we're looking at the options, the ways to do that. The amount of money, we're still talking about the agreement that was made in April 2008 amongst all the IMF member countries. That agreement has been ratified by some countries. It's under discussion in others. And that is the sort of base and that's where all the numbers for the amounts of gold that are going to be sold and the mechanisms and so on are in place. And the numbers are important because that is what has been agreed under or envisaged under the central bank agreements of gold sales. So none of that changes.

QUESTIONER: Caroline, the confusion is, and I don't know, I mean the analysts are confusing I think everybody too because some --

MS. ATKINSON: Refer to our website and fact sheets.

QUESTIONER: Yes, I know, but we are talking about the 403 tons? We're not talking about additional gold sales?

MS. ATKINSON: We're talking about -- and I think the language in the communiqué is quite clear, it says agreed gold sales.

QUESTIONER: Which was the 403 tons.

MS. ATKINSON: Agreed gold sales.

QUESTIONER: I'm sorry. I do need to ask about my particular region of the world for updates on whatever countries you may have, but specifically on Ukraine.

MS. ATKINSON: On Ukraine, there is a mission on the ground now. I think as we said last week the mission was due to go back. We're looking -- we're expecting some -- the government announced that they expect some actions that will take place next week and we're involved in discussions with the authorities there now.

QUESTIONER: Basically no news on that front. What about Latvia, Romania and Moldova now especially in view of the recent disturbances in Chisinau?

MS. ATKINSON: I have nothing for you on Moldova. Of course, the recent disturbances are a concern and we hope that that will be addressed just as in the case of any other country. On Latvia, we did have a staff visit recently as you may know, and we'll continue the discussions at the Spring Meetings. It's likely that we would have a full mission later on after the Spring Meetings. Often we do have a number of missions that go out to countries after the authorities have been here for the Spring Meetings.

QUESTIONER: My understanding is they are coming earlier than the Spring Meetings. I saw an announcement of a press event they are doing, and when I say they, I definitely remember the Latvian Finance Minister, but I think also maybe a Deputy Prime Minister or someone like that. So do you know anything about that visit before the Spring Meetings?

MS. ATKINSON: No, I'm sorry, I don't. I'll have to get back to you on that. My information is just that we expect to be discussing with them at the Spring Meetings.

And lastly on Romania, as you know, we announced I think in late March, March 25, that there was agreement at the staff level and the IMF Board will probably meet to consider -- we expect it to meet to consider that in the period ahead.

Thank you all very much, and we look forward to you being here for all these many press events in the next two weeks. Thank you.

IMF EXTERNAL RELATIONS DEPARTMENT

Public Affairs

E-mail: publicaffairs@imf.org (<mailto:publicaffairs@imf.org>)

Fax: 202-623-6220

Media Relations

E-mail: media@imf.org (<mailto:media@imf.org>)

Phone: 202-623-7100