PRESS COMMUNIQUE

1. The Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries (the Development Committee) held its fourth meeting in Washington on September 3-4, 1975, under the chairmanship of Mr. Henri Konan Bédié, Minister of Economy and Finance for the Ivory Coast. The meeting was held in the Sheraton-Park Hotel, during the period of the Annual Meetings of the World Bank and the International Monetary Fund. Mr. Robert S. McNamara, President of the World Bank, Mr. H. Johannes Witteveen, Managing Director of the International Monetary Fund, and Mr. Henry J. Costanzo, Executive Secretary, took part in the meeting, which was also attended by representatives from twelve international and regional organizations and Switzerland as observers.

2. The Committee considered and approved for presentation to the Boards of Governors of the Bank and the Fund a report covering the progress of its work during the period October 1974-June 1975. The report, inter alia, noted the unanimous support given by the Committee to the establishment of a one-year Third Window in the World Bank for up to $1 billion of intermediate term lending; expressed the Committee's hope for early progress in the establishment of a Special Trust Fund, toward which end the Committee had urged a comprehensive consideration by the Executive Directors of the IMF; and recorded the Committee's action in establishing a 12-member Working Group on access by developing countries to capital markets, as part of the Committee's approach to the longer-term problem of the capital requirements of developing countries. The report noted the role the Development Committee expected to play in facilitating international actions in the field of development and transfer of resources. In this connection, it referred to the need for substantial increases in real terms in external assistance, improved access to capital markets, trade liberalization and commodity arrangements, the effective functioning of the international monetary system, and appropriate domestic policies in developing countries as areas where such possible future actions were needed.
3. The Committee was informed by the Managing Director of the IMF of the status of consideration by the IMF's Executive Directors of questions associated with the establishment of a Special Trust Fund. The Committee was also informed of the consensus in the Interim Committee that the IMF sell a portion of its gold for the benefit of developing countries without resulting in a reduction of other resources for their benefit. The Committee welcomed this understanding, and agreed in principle that a Trust Fund should be established using profits derived from IMF gold sales, without neglecting the consideration of other possible sources of financing, for balance of payments assistance primarily to lower income countries. The Committee also agreed to ask the Executive Directors of the IMF to continue their work on the Trust Fund, in response to the Committee's earlier request, with a view to completing it at an early date, taking into account various suggestions which have been made, including the possible use of gold profits for stabilization of export earnings.

4. The Committee was also informed by the President of the World Bank of the establishment and of the funding status of the Bank's new Third Window intermediate lending facility. The Committee stressed the important contribution this facility will make toward meeting the capital needs of the developing countries and urged that additional contributions be made in order to provide sufficient funds to support the $1 billion target level of lending operations.

5. The Committee agreed that the Executive Board of the IBRD should give prompt consideration to a selective increase of the capital of the IBRD, and subsequently consider a general expansion of the capital base of the Bank.

6. The Committee received a status report from the Working Group on Access to Capital Markets, covering the organization of the Group and its initial consideration of measures to support access to capital markets by developing countries, with particular attention to a possible multilateral guarantee facility, and a review of regulatory and other constraints on access to capital markets.

7. The Committee reviewed its program of work for the period immediately ahead, and in addition to the promotion of the establishment of a Special Trust Fund and work on improved access to capital markets, agreed to give special attention at its meetings during 1976:

- to an up-dating and enlargement of the analysis of the situation of developing countries prepared by the World Bank for the Committee's meeting last June, as well as a study of policies which developing countries might pursue to increase their growth;

- to means of improving the current situation affecting resource transfers, taking account of several suggestions made by members of the Committee, including quantitative aid targets and their implementation;

- to a survey of the policies, programs and capital resource situations of the various international and regional lending institutions and initiative in other international bodies, to help avoid duplication of functions and to promote a coordinated approach to the problem of transfer of resources;
8. In considering its future work program, the Committee gave special attention to the question of commodity price fluctuations and to their consequences on the export earnings of developing countries. The Committee agreed to give priority attention to these questions in its program of work for 1976, including especially possible measures for the financing of buffer stocks, for the stabilization of export earnings, and other efforts to assist the developing countries in the area of trade, and to begin its examination of them at its next meeting.

9. The Committee confirmed its earlier agreement that it would meet next in Kingston, Jamaica, on January 9 and 10, 1976, immediately following the meeting of the Interim Committee of the IMF.