



THE SECRETARY OF THE TREASURY

WASHINGTON

April 24, 1992

The Honorable Otto Stich
Head of the Ministry of Finance
Ministry of Finance
3003 Berne, Switzerland

Eidg. Finanzdepartement
11. MAI 1992
Reg.-Nr.

Dear Mr. Minister:

Thank you for your recent letter regarding Switzerland's membership and representation in the International Monetary Fund. I understand Under Secretary Mulford and Ambassador Brunner recently had a productive meeting on this subject.

As you know, we have strongly supported Swiss membership in the IMF and look forward to an active Swiss role in the institution. Towards this end, we worked hard during the membership process to ensure that Switzerland achieved a fair quota that adequately reflected its position in the international economy and importance as a major international financial center.

As I have mentioned to you previously, the Swiss quota approved by the Board of Governors puts Switzerland in a good position to gain an existing seat on the IMF Executive Board. I can assure you of our support in this regard. We will keep your interests in mind as representation issues arise in the coming weeks. Your own efforts to establish a constituency will be of paramount importance, however, so I would encourage your strong determination to do what is necessary to build a constituency, assuming a favorable outcome in your May 17 referendum.

I look forward to seeing you at the Spring meetings.

Sincerely,

Nicholas F. Brady



OTTO STICH

MEMBER OF THE SWISS GOVERNMENT
HEAD OF THE MINISTRY OF FINANCE

3003 Berne, March 31, 1992

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His Excellency
The Honorable
Nicolas Brady
Secretary of the Treasury
U.S. Treasury Department
Washington D.C. 20220 / USA

Mr. Secretary, *and dear colleague*

You may recall that on April 24, 1991, after lengthy negotiations, the International Monetary Fund proposed a quota of 1.7 billion SDR for Switzerland. The Swiss authorities recognize that this would have hardly been possible without your support and owe you a debt of gratitude.

The parliament passed the bill concerning the Swiss membership with a great majority but - as you may know - two committees with totally different motivations collected signatures to force a referendum on this matter. They were successful and the vote will be held on May 17, 1992. At the beginning of the referendum campaign the opinion leaders of the parliament, of the economy and of the press made absolutely clear that they will fully support the Federal Council and the Swiss National Bank in their efforts to obtain membership. Although a plebiscite is always subject to a degree of uncertainty, I am personally convinced that we will get the upper hand.

Considering the brisk pace at which the international negotiations on the accession of the CIS-States to the Bretton Woods Institutions are taking place, I am conscious

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of the fact that the Swiss referendum will be held at a very late stage. But I can assure you that owing to the rules and the circumstances of our direct democracy it was impossible to set an earlier date, which I of course regret.

Nevertheless you will understand that if the outcome of the vote is positive Switzerland will spare no effort to build a constituency. I would greatly appreciate if you could keep in mind the Swiss desire of a representation that reflects its quota in the forthcoming G-7 negotiations regarding the accession of the CIS-states to the Bretton Woods Institutions.

Sincerely,

Otto Stich

O. Stich