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IMF MOVING TO NORMALIZE ITS RELATIONS WITH IRAQ — Administration Position on IMF Opening Is Unclear —

WASHINGTON, D.C. — The International Monetary Fund's movement to normalize its relations with Iraq was greeted today with dismay and concern by **Joint Economic Committee (JEC) Chairman Jim Saxton (R-N.J.)**.

The IMF is planning to send a mission to Iraq to lay the foundations for normalizing relations, and to consider Iraqi requests for technical assistance. In an interview with an Arab newspaper based in London, a high-level IMF official first disclosed the IMF plans. According to IMF official Paul Chabrier, "Despite the existence of tension and friction between Iraq and the United Nations, I think we are moving towards a form of normalization with it (Iraq)."

"The IMF's preparation for normal relations with Iraq is a sad commentary on the decision-making process at the IMF," Saxton said. "The IMF plan for a visit to Baghdad in response to an Iraqi request is incredible under current circumstances. It also raises the question whether the U.S. Treasury Department is unaware of this IMF initiative, or is acquiescing to it. In either case, the Treasury needs to become more vigilant and stop the IMF opening to Iraq immediately.

"As I pointed out early this year, Iraq, as a sponsor of terrorism and an international outlaw state, should not even be a member of the IMF. The continuation of Iraq's membership in the IMF conveys a measure of international acceptance that is inappropriate under current conditions. I continue to believe that Iraq and other sponsors of terrorism, such as Libya, should be expelled from the IMF. The disclosure of an IMF mission soon to leave for Libya to provide potential technical assistance reinforces my concerns.

"The use of U.S. taxpayer dollars to assist Iraq, Libya, or other such nations through the IMF is unacceptable. The Treasury Department should be attempting to stop such missions and expel members who sponsor terrorism. This episode also underlines the rather low membership standards of the IMF — standards which need to be significantly tightened for a number of reasons.

"The existence of the IMF Iraq initiative also illustrates the dangers of the IMF's lack of transparency. If the IMF were more open and responsive to the views of others, it probably would not make these kinds of mistakes in the first place. The IMF's recent solicitation of public relations consultants at taxpayer expense indicates the IMF has yet to face up to the extent of real problems in its operations," Saxton said.

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