

EU failing to find consensus on IMF chief to succeed Lagarde



Paris: EU members have so far been unable to reach a consensus on a candidate to succeed Christine Lagarde as head of the International Monetary Fund and may yet need a vote to break the deadlock, officials said Thursday.

EU states had given themselves a deadline of the end of July to find a candidate to head the Washington-based global lender, which by tradition – but not rule – is led by a European.

But reflecting tensions all too familiar in Brussels, the process to replace Lagarde, who is to become head of the European Central Bank, has been mired in disputes between northern and southern EU member states.

“At this stage, although some candidates’ names gather more support than others, there is not yet a full consensus around one name,” said an official from France’s finance ministry, asking not to be identified by name.

French Finance Minister Bruno Le Maire, who is leading the talks on finding a European candidate, has spoken to “all his colleagues” over the last few days and in particular his German counterpart Olaf Scholz.

Sources say that five candidates are currently in contention – from southern Europe Spain’s Finance Minister Nadia Calvino and her Portuguese counterpart Mario Centeno, and from northern Europe, former Dutch finance minister Jeroen Dijsselbloem and Bank of Finland chief Olli Rehn.

The fifth candidate – from central Europe and a possible compromise figure – is Kristalina Georgieva, the current number two at the World Bank.

Southern EU states fear that Rehn and Dijsselbloem, who enjoys German backing, excessively favour economic austerity which risks harming growth.

Southern countries have particularly long memories of Dijsselbloem because of his tough stance against southern nations like Greece when he headed the group of EU finance ministers.

“I can’t spend all my money on drinks and women and then ask for help,” he said in one particularly notorious comment in 2017. But northern countries are also underwhelmed with the southern European candidates, with Calvino in particular seen as having insufficient experience.

“This situation shows the splits between the north and the south and the difficulties for the Europeans in agreeing on a solid candidate,” a source close to the talks told AFP.

The ECB's outgoing chief Mario Draghi said last week that he was "not available" for the position. At 71, he is too old to hold the post, according to IMF rules, which state that the managing director must be under 65 when appointed.

This leaves Georgieva – but the snag is that she will soon be 66, above the age limit of 65. "The other members of the fund will need to make an exception for her, and that it is not a given," one source said.

Adding to the uncertainty, Le Maire has allowed Britain, after its government shake-up last month, one more day to present a candidate, source said. This could allow a candidacy by Canadian-born Bank of England governor Mark Carney, who holds Canadian, British and Irish nationality.

Sources said a vote by ministers is a possible way to break the impasse, adding that Le Maire has raised this as an option. But this would also have the disadvantage of exposing to the world the inability of Europeans to unite around a single top-level candidate, the sources said.

The IMF says any of the fund's 189 members can nominate a candidate between July 29 and September 6, after which the board will announce its shortlist of up to three names. But with the US and Europe having the biggest voting blocs in the IMF, it would be difficult for an outside candidate to upset the tradition whereby they divvy up the IMF and World Bank jobs between them.

The convention has nonetheless come under strain in recent years, with developing economies demanding a greater say at the Washington-based institutions. US Treasury Secretary Steven Mnuchin emphasised at a meeting of G7 ministers last month that naming a European to head the IMF was a convention, "not an official policy".

Possible non-European candidates could include the general manager of the Bank of International Settlements and former

Bank of Mexico governor Agustín Carstens, and Lesetja Kganyago, the governor of the central bank of South Africa. The IMF plans to select its new leader by October 4.