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United States Senate

COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510-6275

March 10, 2021

VIA ELECTRONIC TRANSMISSION

President Joseph R. Biden
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Mr. President,

I am concerned about the executive director vacancies at several multilateral development banks. As of the date of this letter, there are executive director vacancies at the International Monetary Fund, World Bank, Asian Development Bank, and the European Bank for Reconstruction and Development. When you assumed office, several of these executive director positions were held by appointees of former President Trump – each either nominated and serving as acting executive director pending confirmation, or nominated and confirmed by the Senate to serve specified statutory term lengths at their respective banks. It has been the practice for presidents to allow executive directors at multilateral development banks to serve out their terms at their respective banks regardless of what administration appointed them to their position. President Trump allowed for each of President Obama’s appointees to serve out his or her term before selecting a replacement of his own. However, your administration elected to fire each of President Trump’s appointees prior to their term ending. It is my understanding that prior to assuming office, your team contacted these Executive Directors and informed them that if they did not resign, then they would be fired on January 20, 2021, the day that you assumed office.

Your administration has made repeated statements regarding the importance of U.S. engagement in multilateralism. However, removing executive directors before a permanent replacement is ready does not bode well for U.S. representation on the international stage. In fact, it hinders U.S. influence and allows countries like China, which has been stealthily exerting ever greater influence within multilateral institutions, to fill the void in leadership.

It is imperative that the U.S. has leadership in place to combat Chinese influence in multilateral institutions. China routinely brags about its economic success on the world stage, yet continues to receive grants and loans designed to lend aid to those countries in dire need of resources to stabilize their economies. President Trump made it a point to nominate individuals who would push back against China’s efforts to exploit multilateral institutions for its own ends. They worked with donor countries to try to prevent China from receiving grants and loans.

There was a concerted effort to identify and counter Chinese efforts to exert greater control over the operations of multilateral development banks. This required working closely with our allies, as you often advocate. Building coalitions at the international level is difficult, and that difficulty is compounded by removing U.S. officials, who were making inroads in building successful, long-term coalitions from their positions, prior to the end of their terms. This practice weakens the position of the United States, it does not strengthen it. Your administration must build on what was working in the previous administration and take a tough stance on China.

To ensure the continuity and stability of U.S. engagement in multilateral development banks, Congress purposefully established term lengths for executive directors, intending for them to be untethered to election cycles. Please explain the legal authority that permits your administration to fire executive directors of multilateral development banks prior to the conclusion of these terms. Please also explain whether you have a plan in place to fill the vacancies that you created. Given that you have not nominated anyone to replace the individuals you removed, I also would be interested in your timeline for making new appointments and the qualities you are looking for in individuals to fill such positions.

Sincerely,



Charles E. Grassley

Rankling Member

Committee on the Judiciary