SM/84/231

CONTAINS CONFIDENTIAL
INFORMATION

October 19, 1984

To: Members of the Executive Board

From: The Secretary

Subject: Buffer Stock Financing Facility - Report on the Sixth International Tin Agreement

There is attached for the information of the Executive Directors the 1983/84 annual report on the operation of the Sixth International Tin Agreement.

If Executive Directors have technical or factual questions relating to this paper, they should contact Mr. Kaibni (ext. (5)7721).

Att: (1)

Other Distribution:
Department Heads

CONTAINS CONFIDENTIAL INFORMATION

INTERNATIONAL MONETARY FUND

# Buffer Stock Financing Facility--Report on the Sixth International Tin Agreement

Prepared by the Research Department

(In consultation with other Departments)

Approved by R.R. Rhomberg

October 18, 1984

This report on developments in connection with the Sixth International Tin Agreement (ITA) during its second year of operation (July 1983-June 1984) is being circulated for the information of Executive Directors in accordance with paragraph 5 of Executive Board Decision No. 7247-(82/147), adopted November 12, 1982. 1/ The report is presented in three sections and two annexes. The sections deal with: (1) tin market developments and intervention operations by the International Tin Council (ITC); (2) use of Fund resources under the buffer stock financing facility; and (3) conclusions. Participation in the Sixth ITA and the text of Decision No. 7247-(82/147) dealing with Fund financing of members' contributions to the Sixth ITA, are presented in Annex I and Annex II, respectively.

## 1. Tin market developments and intervention operations under the Tin Agreement

### a. Tin market developments

There was some improvement in the balance between world demand and supply for tin in 1983/84. After falling at an average annual rate of 5 percent from 1980 to 1982 as the international recession intensified the impact of long-term substitution of other materials for tin, the world demand for tin (defined as consumption in the market economies and imports into major CMEA countries) recovered by 3 percent in 1983 in response to the economic recovery in industrial countries (Table 1). On this measure, demand in 1983, however, was still 6.3 percent below demand in 1980. Meanwhile, the world supply of tin, which had remained high through 1981, fell by 13 percent in 1982 and by another 9 percent in 1983 largely in response to the imposition of export controls on producing members of the ITA. 2/ Accordingly, world demand exceeded world supply of tin in 1983

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1/ The Sixth ITA entered into force provisionally on July 1, 1982 and, unless extended for up to two years by a two-thirds majority vote of the membership, will terminate on June 30, 1987.

2/ As shown in Table 2, Bolivia, which is one of the world's five largest producers but is not a member of the Sixth ITA, also experienced declining production.

for the first time since 1976. World demand is estimated to rise by 2 percent in 1984, while world supply is expected to fall by another 6 percent. As a result, a larger deficit is estimated for 1984, and commercial stocks which began to decline from the third quarter of 1983, are expected to decline further over the course of 1984.

Table 1. Summary of World Tin Position, 1980-84

(In thousands of metric tons)

| | 1980 | 1981 | 1982 | 1983 | 1984 1/ |
|---|---|---|---|---|---|
| (1) Production of tin-in-concentrates 2/ | 200.9 | 204.7 | 190.5 | 171.8 | 161.2 |
| Primary metal | | | | | |
| (2) Production 2/ | 198.0 | 196.6 | 180.0 | 158.1 | 148.8 |
| (3) Consumption 2/ | 174.2 | 162.7 | 157.1 | 161.3 | 165.0 |
| (4) Exports from China, P.R. 3/ | 3.9 | 4.7 | 4.4 | 3.3 | 2.0 |
| (5) U.S. Government disposals (tin metal) | -- | 5.9 | 4.2 | 2.9 | 3.0 |
| (6) Imports into the U.S.S.R. and the German Democratic Republic | 14.2 | 14.3 | 14.4 | 15.4 | 15.4 |
| (7) Current supply [(2)+(4)+(5)] | 201.9 | 207.2 | 188.6 | 164.3 | 153.8 |
| (8) Current demand [(3)+(6)] | 188.4 | 177.0 | 171.5 | 176.7 | 180.4 |
| (9) Excess (+) or deficit (-) [(7)-(8)] | 13.5 | 30.2 | 17.0 | -12.4 | -26.6 |

Source: International Tin Council.

1/ Estimated by ITC.
2/ Excluding CMEA countries and the People's Republic of China.
3/ As reported by importing countries.

Table 2. Tin Production 1/ and Export Earnings of Major Tin-Producing Countries, 1980-84

(Production in thousand tons; exports in millions of SDRs)

| | 1980 | 1981 | 1982 | 1983 | 1984 2/ |
|---|---|---|---|---|---|
| Australia | | | | | |
| Production | 11.6 | 12.9 | 12.6 | 9.6 | 8.5 |
| Exports | 80 | 91 | 85 | 120 2/ | ... |
| Bolivia 3/ | | | | | |
| Production | 27.3 | 29.8 | 26.8 | 24.7 | 24.0 |
| Exports | 290 | 291 | 252 | 212 | ... |
| Indonesia | | | | | |
| Production | 32.5 | 35.3 | 33.8 | 26.6 | 22.7 |
| Exports | 349 | 371 | 316 | 310 | ... |
| Malaysia | | | | | |
| Production | 61.4 | 59.9 | 52.3 | 41.4 | 38.5 |
| Exports | 884 | 787 | 576 | 692 | ... |
| Thailand | | | | | |
| Production | 33.7 | 31.5 | 26.1 | 20.0 | 19.5 |
| Exports | 426 | 358 | 306 | 226 | ... |
| Total | | | | | |
| Production | 166.5 | 169.4 | 151.6 | 122.3 | 113.2 |
| Exports | 2,029 | 1,989 | 1,535 | 1,560 | ... |

Sources: International Tin Council; International Financial Statistics; national statistics; and Fund staff estimates.
1/ Production of tin-in-concentrates.
2/ Estimated.
3/ Not a member of the Sixth ITA.

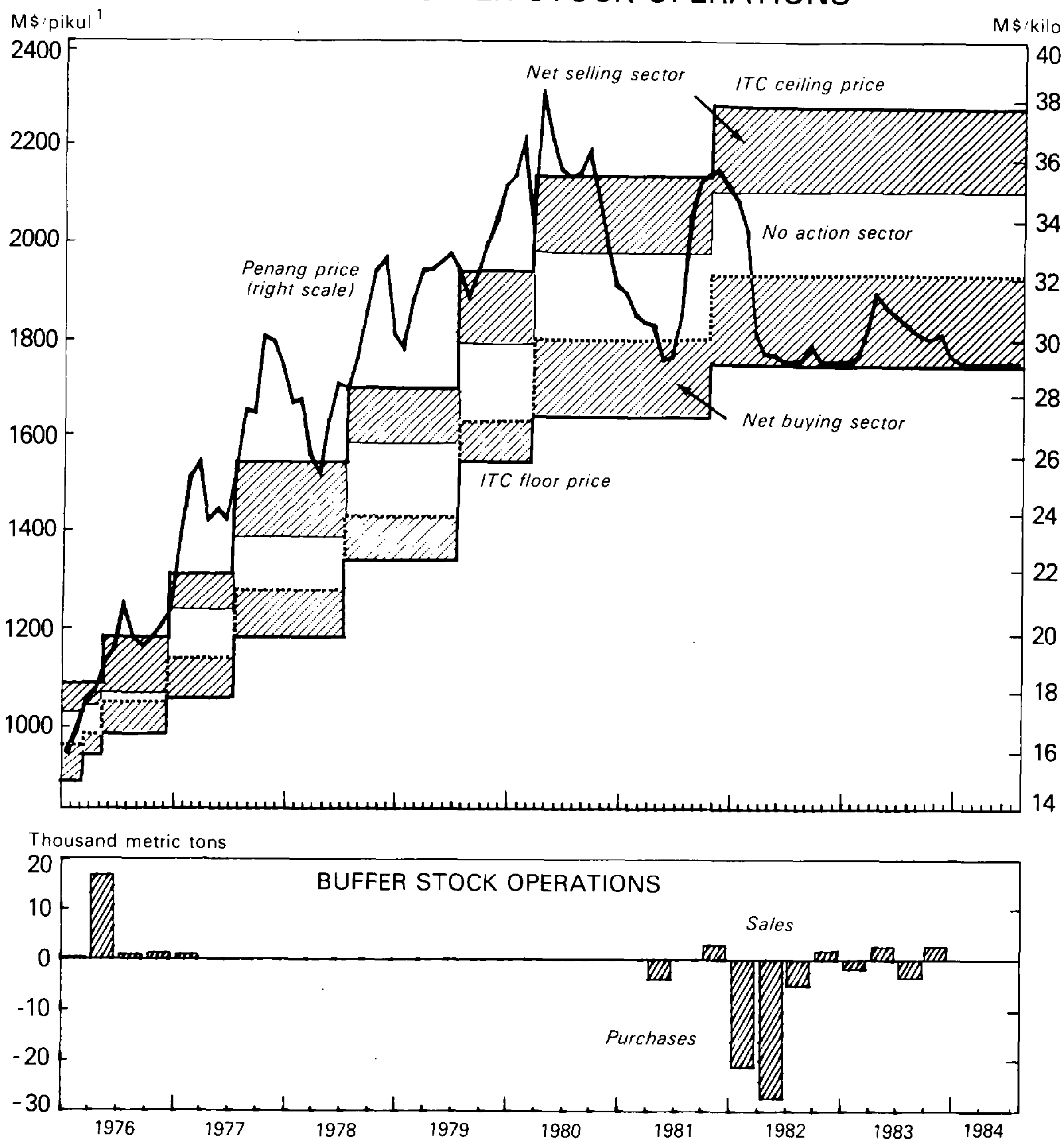
Reflecting the excess supply situation during the 1981-82 recession, the price of tin on the Penang market, the indicator price for the operation of the Sixth ITA, fell by 17 percent during the first half of 1982 (Chart). The price remained at, or just above, the floor price of the Agreement of M$29.15 per kg through the second half of 1982, but increased subsequently in response to the recovery in demand and reached M$31.46 per kg in April 1983 (Table 3). The price settled within a narrow range around M$30 per kg until December 1983 when it fell again to the floor level and has since remained at or just above the floor price.

Table 3. Tin Prices and Intervention Range, 1981-84

| | | Penang Price | | | | | | LME |
|---|---|---|---|---|---|---|---|---|
| | | Intervention Range | | | | | | Spot Price |
| | | Floor | Ceiling | Lowest | Highest | Average | | Average |
| | | --- (Malaysian ringgit per kilogram) --- | | | | | (US$ per pound) | |
| 1981 | January | 27.28 | 35.47 | 30.18 | 32.92 | 31.46 | 6.43 | 6.50 |
| | February | 27.28 | 35.47 | 30.45 | 31.27 | 30.74 | 6.17 | 6.18 |
| | March | 27.28 | 35.47 | 29.90 | 31.15 | 30.49 | 6.07 | 6.18 |
| | April | 27.28 | 35.47 | 28.80 | 31.64 | 30.39 | 6.05 | 5.68 |
| | May | 27.28 | 35.47 | 28.57 | 29.72 | 29.23 | 5.75 | 5.68 |
| | June | 27.28 | 35.47 | 28.85 | 29.70 | 29.32 | 5.71 | 5.69 |
| Average 1980/81 | | | | 31.61 | 33.13 | 32.38 | 6.66 | 6.71 |
| | July | 27.28 | 35.47 | 28.87 | 33.28 | 30.74 | 5.93 | 6.05 |
| | August | 27.28 | 35.47 | 33.00 | 35.32 | 34.11 | 6.52 | 6.57 |
| | September | 27.28 | 35.47 | 34.89 | 35.45 | 35.27 | 6.81 | 6.78 |
| | October | 29.15 | 37.89 | 35.40 | 35.62 | 35.54 | 7.02 | 6.86 |
| | November | 29.15 | 37.89 | 35.45 | 35.84 | 35.67 | 7.17 | 7.18 |
| | December | 29.15 | 37.89 | 34.50 | 35.60 | 35.11 | 7.09 | 7.24 |
| 1982 | January | 29.15 | 37.89 | 33.65 | 35.50 | 34.62 | 6.97 | 7.31 |
| | February | 29.15 | 37.89 | 29.15 | 35.00 | 33.60 | 6.60 | 7.25 |
| | March | 29.15 | 37.89 | 29.62 | 30.38 | 30.19 | 5.89 | 5.79 |
| | April | 29.15 | 37.89 | 29.00 | 29.68 | 29.43 | 5.71 | 5.72 |
| | May | 29.15 | 37.89 | 29.21 | 29.54 | 29.41 | 5.84 | 5.77 |
| | June | 29.15 | 37.89 | 29.15 | 29.21 | 29.17 | 5.66 | 5.03 |
| Average 1981/82 | | | | 31.82 | 33.37 | 32.74 | 6.43 | 6.46 |
| | July | 29.15 | 37.89 | 29.15 | 29.15 | 29.15 | 5.62 | 5.13 |
| | August | 29.15 | 37.89 | 29.15 | 29.68 | 29.23 | 5.65 | 5.53 |
| | September | 29.15 | 37.89 | 29.18 | 31.21 | 29.75 | 5.72 | 5.75 |
| | October | 29.15 | 37.89 | 29.15 | 29.35 | 29.18 | 5.59 | 5.62 |
| | November | 29.15 | 37.89 | 29.15 | 29.20 | 29.16 | 5.60 | 5.43 |
| | December | 29.15 | 37.89 | 29.15 | 29.15 | 29.15 | 5.63 | 5.44 |
| 1983 | January | 29.15 | 37.89 | 29.15 | 29.15 | 29.15 | 5.80 | 5.48 |
| | February | 29.15 | 37.89 | 29.15 | 29.52 | 29.32 | 5.86 | 5.91 |
| | March | 29.15 | 37.89 | 29.58 | 30.61 | 30.19 | 5.99 | 6.09 |
| | April | 29.15 | 37.89 | 30.50 | 31.83 | 31.46 | 6.20 | 6.25 |
| | May | 29.15 | 37.89 | 30.71 | 31.45 | 31.02 | 6.13 | 6.13 |
| | June | 29.15 | 37.89 | 30.50 | 31.24 | 30.77 | 6.01 | 6.06 |
| Average 1982/83 | | | | 29.54 | 30.13 | 29.79 | 5.82 | 5.74 |
| | July | 29.15 | 37.89 | 29.97 | 30.97 | 30.52 | 5.93 | 5.98 |
| | August | 29.15 | 37.89 | 30.01 | 30.51 | 30.25 | 5.83 | 5.81 |
| | September | 29.15 | 37.89 | 29.60 | 30.43 | 30.04 | 5.79 | 5.78 |
| | October | 29.15 | 37.89 | 29.55 | 30.26 | 30.01 | 5.80 | 5.78 |
| | November | 29.15 | 37.89 | 30.01 | 30.31 | 30.16 | 5.83 | 5.79 |
| | December | 29.15 | 37.89 | 29.15 | 29.97 | 29.35 | 5.69 | 5.60 |
| 1984 | January | 29.15 | 37.89 | 29.15 | 29.16 | 29.15 | 5.65 | 5.49 |
| | February | 29.15 | 37.89 | 29.15 | 29.22 | 29.16 | 5.66 | 5.58 |
| | March | 29.15 | 37.89 | 29.15 | 29.20 | 29.15 | 5.76 | 5.63 |
| | April | 29.15 | 37.89 | 29.15 | 29.15 | 29.15 | 5.77 | 5.64 |
| | May | 29.15 | 37.89 | 29.15 | 29.15 | 29.15 | 5.74 | 5.71 |
| | June | 29.15 | 37.89 | 29.15 | 29.30 | 29.23 | 5.74 | 5.74 |
| Average 1983/84 | | | | 29.43 | 29.80 | 29.61 | 5.77 | 5.71 |
| | July | 29.15 | 37.89 | 29.15 | 29.17 | 29.15 | 5.65 | 5.64 |
| | August | 29.15 | 37.89 | 29.15 | 29.15 | 29.15 | 5.67 | 5.58 |
| | September | 29.15 | 37.89 | 29.15 | 29.15 | 29.15 | 5.58 | 5.50 |

CHART

# TIN PRICE, ITC INTERVENTION RANGE AND BUFFER STOCK OPERATIONS




[1] One pikul = 133 1/3 pounds

[2] Net sales or purchases during quarter

Factors contributing to the recent weakness of tin prices include the appreciation of the Malaysian ringgit against most major currencies, and high real interest rates which have reduced end-users' willingness to hold stocks and curtailed speculation in all metals. In addition, although the level of commercial stocks is declining gradually, it remains at a very high level--the equivalent of more than 40 percent of annual world demand--and thereby serves to constrain any upward movement in prices.

As a result of the price and volume movements in 1983, aggregate earnings of the five major tin exporting countries rose marginally (by 1.6 percent) from SDR 1.35 billion in 1982 to SDR 1.56 billion in 1983, compared with average earnings of SDR 2 billion in 1980-81 (Table 2).

### b. Intervention operations by the ITC

Through the first two years of operation of the Sixth ITA, both market intervention by the Buffer Stock Manager of the ITC and export controls imposed on producing members have remained in effect.

As may be seen from the Chart and Table 3, the tin indicator price has remained in the lower sector of the price intervention range since March 1982; the Buffer Stock Manager was therefore required to be a net buyer of tin in the market. Holdings of tin in the buffer stock of the Sixth ITA, which had risen by 2,422 tons during the first year (July 1982-June 1983) of operation of the agreement, increased from 30,188 tons at end-June 1983 to 33,723 tons at end-September 1983 but then declined to 31,338 tons at end-December 1983. These movements represented a net purchase of 1,150 tons between July and December 1983. Additional net purchases of 715 tons were made in the first quarter of 1984 raising holdings to 32,053 tons at end-March 1984, the latest period for which detailed information on market intervention is available. 1/

As the Buffer Stock Manager increased his purchases to defend the floor price, the financial position of the buffer stock deteriorated sharply in the first half of 1984. The initial cash contributions by producing and consuming members were used up during the first six months of the Agreement, and intervention in the subsequent period has been financed by large commercial borrowings on the security of warrants against tin in the buffer stock at substantial interest cost.

In response to a developing shortage of funds, producing members of the Sixth ITA have suggested that buffer stock resources be augmented by bringing the Agreement into force definitively, rather than it remaining in provisional status as at present. This would raise the authorized size of the buffer stock by 10,334 tons to 50,000 tons. However, consuming members have been unwilling to agree to this proposal. Producing members

1/ In addition, the buffer stock of the Fifth ITA held 23,707 tons at end-March 1984.

have therefore acted unilaterally by agreeing to make voluntary cash contributions to the buffer stock. On July 27, 1984 Malaysia contributed M$58.5 million (£18.8 million) which, valued at the floor price of the Agreement, is equivalent to 2,007 tons of tin, or about half its original contribution to the buffer stock. Australia has recently announced that it will voluntarily contribute £3.2 million, also equilvalent to about half its original contribution in tin metal, if other producing members also make similar contributions.

By comparison with the first year of the Sixth ITA, export controls on producing members were intensified slightly for the second year of operation. The total permissible quarterly export tonnage was reduced from 23,200 tons in the four quarters to June 30, 1983 to 22,000 in the four quarters to June 30, 1984. The same limit was also imposed for the third and fourth quarters of 1984. 1/

Other action in support of export control taken in 1983-84 included stepped-up actions by the governments of Thailand, Malaysia and Indonesia to curb the smuggling of tin-in-concentrates to Singapore for smelting. As a result, it is anticipated that illegal exports of tin metal will be reduced from an estimated 16,500 tons in 1983 to around 12,000 tons in 1984. In addition, South East Asian producing countries and the United States agreed in December 1983 that disposals by the General Services Administration (GSA) of tin surplus to the U.S. strategic stockpile would be limited to 3,000 tons per year in 1983 and 1984 if the world tin market remained weak. GSA sales in 1983 amounted to 2,865 tons.

A separate measure in support of intervention operations was a decision by the Council of the Fifth ITA in March 1984 that the tin metal held in the buffer stock of the Fifth ITA would not, as originally anticipated, be distributed to members by June 30, 1984, but would be held until such time as the Council considered appropriate. 2/ This decision was taken because the release of the 23,707 tons of tin in the buffer stock of the Fifth ITA would have undermined the already weak market.

For the third year of the Sixth ITA, it is expected that the increased resources made available voluntarily by producing members, together with the anticipated strengthening of world demand for tin may result in some improvement in the market price. This, however, will also depend on supply restraint being maintained through the application of

1/ The individual producing members' permissible shares in total exports are currently (in tons per quarter): Malaysia (9,128), Indonesia (5,526), Thailand (4,530), Australia (2,125), Zaire (350), and Nigeria (341).

2/ See SM/84/75 (4/10/84).

export controls and continued efforts to reduce smuggling, especially as tin output in some countries not subject to export control, notably Brazil, is expected to increase. 1/

## 2. Use of Fund resources under the buffer stock financing facility

The Fund has decided that the provisions of the Fourth ITA (July 1971-June 1976), the Fifth ITA (July 1976-June 1982), and the Sixth ITA (July 1982-June 1987) were consistent with the principles referred to in the decision establishing the buffer stock financing facility (Decision No. 2772-(69/47), adopted June 25, 1969, as amended by Decison No. 4913-(75/207), adopted December 24, 1975). The purchases made and amounts outstanding in relation to the respective Agreements are shown in Table 4. 2/ With respect to the Sixth ITA, purchases by three of the six producing members were made during the first year of operation of the agreement for a total amount of SDR 94.71 million. These purchases by Indonesia (SDR 27.7 million), Malaysia (SDR 45.2 million), and Thailand (SDR 21.81 million) represented each country's respective total compulsory contribution to the buffer stock required by the Sixth ITA coming into force provisionally. 3/ All producing members of the Sixth ITA (i.e., the three countries that financed their contributions through BSFF purchases and three others, Australia, Nigeria and Zaire) had made their contributions to the buffer stock by June 30, 1983. Therefore, if the Sixth ITA remains in force provisionally, no other purchases may be made in relation to this Agreement because the six-month limit referred to in paragraph 2 of Decision No. 7247-(82/147), adopted November 12, 1982, has expired. If the Agreement were to enter into force definitively, the authorized size of the buffer stock would be increased by 10,334 tons, to be contributed equally by producing and consuming members of the Agreement. The contribution of producing members, valued at the floor price of M$29.15 per kg at current exchange rates, is the equivalent of about SDR 63.5 million and represents the maximum of possible additional purchases. However, the definitive entry into force of the Sixth ITA is unlikely, given the expressed opposition of consuming members to such action.

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1/ In June 1984 the ITC approved the Kuala Lumpur Tin Market (KLTM) as a recognized market for the operation of the Sixth ITA following the closure of the Penang Straits Tin Market on October 1, 1984. This shift is expected to result in improved confidence among buyers since the KLTM will be operated by an independent company using an open bid and offer system similar to that on th LME. The KLTM, like the Penang market, will conduct only spot transactions, but the delivery period will be reduced from 60 to 45 days.

2/ From Table 4 it may be seen that no country's total purchases outstanding under the BSFF, including purchases in relation to the International Natural Rubber Agreement, exceed the limit of 45 percent of quota.

3/ Malaysia also made a concurrent repurchase of SDR 45.2 million in respect of its purchase of SDR 58.5 million under the Fifth ITA.

Table 4. Purchases Relating to the International Tin Agreements

(In millions of SDRs)

| Member | Number of Purchases or Date of Purchase | Amount | Outstanding (as of August 31, 1984) | | | |
|---|---|---|---|---|---|---|
| | | | | | Total BSFF 1/ | |
| | | | Amount | Percent of quota | Amount | Percent of quota |
| Fourth International Tin Agreement | Number of Purchases | | | | | |
| 1. Bolivia | 5 | 13.464 | | | | |
| 2. Indonesia | 4 | 5.585 | | | | |
| 3. Malaysia | 1 | 7.290 | | | | |
| 4. Nigeria | 3 | 1.528 | | | | |
| 5. Thailand | 1 | 2.140 | | | | |
| Subtotal | | 30.007 | | | | |
| Fifth International Tin Agreement | Date of Purchase | | | | | |
| 1. Bolivia | 6/82 | 24.47 | 24.47 | 27.0 | 24.47 | 27.0 |
| 2. Malaysia | 6/82 | 58.5 | 13.3 | 2.4 | | |
| 3. Thailand | 10/82 | 17.0 | 17.0 | 4.4 | | |
| Subtotal | | 99.97 | 54.77 | | | |
| Sixth International Tin Agreement | | | | | | |
| 1. Indonesia | 1/83 | 27.7 | 27.7 | 2.7 | 61.5 | 6.1 |
| 2. Malaysia | 3/83 | 45.2 | 45.2 | 8.2 | 117.3 | 21.3 |
| 3. Thailand | 6/83 | 21.81 | 21.81 | 5.6 | 56.3 | 14.6 |
| Subtotal | | 94.71 | 94.71 | | | |
| Grand Total | | 224.687 | 149.48 | | 259.57 | |

Source: International Monetary Fund.

1/ Drawings in relation to the buffer stocks of natural rubber as well as tin.

Total purchases outstanding in relation to the Fifth and Sixth ITAs amount to SDR 149.48 million. Repurchases in relation to the Fifth ITA under the normal 3-5 year schedule will begin in June 1985. In addition, if the Council of the Fifth ITA decides to liquidate the buffer stock of that Agreement, an early repurchase by Bolivia, Malaysia, and Thailand will be expected to the extent that purchases are outstanding. 1/ Repurchases in relation to the Sixth ITA are scheduled to commence in January 1986.

## 3. Conclusions

The second year of operation of the Sixth ITA has been extremely difficult. Although there was some improvement in the balance between world demand and supply due to economic recovery in the industrial countries, the intensification of export controls imposed under the Agreement, and increased measures against smuggling, the impact on prices was short lived. Due partly to a very large, albeit declining, level of stocks overhanging the market, the tin price since late December 1983 returned to a level at or just above the floor price of the Agreement. The Buffer Stock Manager was able to defend the floor price but the financial position of the buffer stock deteriorated sharply. The infusion of resources to the buffer stock through voluntary contributions by producing members of the Agreement from July 1984 onward has improved the financial position of the buffer stock, at least temporarily. Further support may be expected from continued observance of export controls and from efforts to curb smuggling of tin. The extent of any price recovery is, however, likely to be constrained by the still large volume of commercial stocks.

Since all producing members fulfilled their contributions to the buffer stock prior to June 30, 1983, the six-month limit on requests for purchases under the buffer stock financing facility has expired. No further purchases are therefore expected unless the Agreement enters into force definitively, in which case the capacity of the buffer stock could be enlarged through additional contributions. The definitive entry into force of the Agreement is, however, not likely in view of the expressed opposition of consuming members.

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1/ In accordance with paragraph l.b. of Decision No. 5703-(78/39), adopted March 22, 1978, as amended.

## Participation in the Sixth International Tin Agreement

The membership of the agreement has remained unchanged since the last report. Member countries are listed in the attached table together with their votes in the ITC and their percentage share in tin production or consumption which are used to determine the distribution of votes, the amount of a member's contribution to the buffer stock, and the individual producing members' shares in permissible exports during periods of export control. 1/ All producing members have made their contributions to the buffer stock; however, the contributions of four consuming members--Belgium/Luxembourg, Greece, Italy, and Poland--are still outstanding.

The producing members of the agreement currently account for 57 percent of total world production of tin (in-concentrates), while the consuming member countries account for 49 percent of total world consumption of tin (primary metal). These shares are significantly lower than in 1978-80 when members' production was 80 percent, and members' consumption was 52 percent of the respective world totals.

1/ See Article XIV and Annex A of the Sixth ITA, the latter attached to SM/82/200 (10/8/82).

Table. Sixth International Tin Agreement
Membership, Votes, and Percentages 1/

| | Votes | Percentages 2/ |
|---|---|---|
| Producing member | | |
| Australia | 99 | 9.66 |
| Indonesia | 249 | 25.12 |
| Malaysia | 407 | 41.49 |
| Nigeria | 20 | 1.55 |
| Thailand | 205 | 20.59 |
| Zaire | 20 | 1.59 |
| Total | 1,000 | 100.00 |
| Consuming member | | |
| Canada | 47 | 4.60 |
| EC | (497) | (49.39) |
| Belgium/Luxembourg 3/ | 27 | 2.42 |
| Denmark | 6 | 0.08 |
| France | 98 | 10.16 |
| Germany | 156 | 16.49 |
| Greece 3/ | 9 | 0.43 |
| Ireland | 5 | 0.01 |
| Italy 3/ | 54 | 5.37 |
| Netherlands | 61 | 6.13 |
| United Kingdom | 81 | 8.30 |
| Finland | 7 | 0.25 |
| India | 31 | 2.90 |
| Japan | 341 | 36.75 |
| Norway | 10 | 0.50 |
| Poland 3/ | 47 | 4.57 |
| Sweden | 7 | 0.17 |
| Switzerland | 13 | 0.87 |
| Total | 1,000 | 100.00 |

1/ Effective July 1, 1984.
2/ Based on the proportionate production or consumption of tin during the previous three years.
3/ No contribution to the buffer stock to date.

INTERNATIONAL MONETARY FUND

Buffer Stock Financing Facility: Sixth International Tin Agreement

Executive Board Decision No. 7247-(82/147)

November 12, 1982

1. The Fund, having considered the text of the Sixth International Tin Agreement, as established by the United Nations Tin Conference on June 26, 1981, and applied provisionally among the members who have decided to do so, finds that the terms of this Agreement relating to the international buffer stock established under the Agreement are consistent with the principles referred to in Executive Board Decision No. 2772-(69/47), adopted June 25, 1969, as amended.

2. In view of paragraph (1) above, the Fund will meet, subject to the provisions of Executive Board Decision No. 2772-(69/47), as amended, a member's requests for a purchase in connection with the financing by a member of its compulsory contributions to the normal buffer stock established under the Sixth Interntional Tin Agreement, if its request is received in the Fund not later than six months after the date of the contribution or, in respect of contributions made before the date of this decision, not later than 90 days after the date of this decision.

3. A member that has outstanding purchases under this decision

(a) shall make repurchases in respect of these purchases in accordance with paragraph 1(a) of Decision No. 5703-(78/39), adopted March 22, 1978, as amended, and

(b) will be expected to repurchase at an earlier date than would be required under (a) above,

(i) when, and to the extent that, the International Tin Council makes refunds, and

(ii) if the Sixth Interntional Tin Agreement terminates without being replaced by a new International Tin Agreement providing for a buffer stock, when transfers in liquidation are made to the member. Any transfer of tin metal from the buffer stock to the member will be treated as a distribution in currency, valued at the average price for tin prevailing on the appropriate market (London or Penang) on the day of distribution.

4. If the Sixth International Tin Agreement is to be replaced by a new International Tin Agreement providing a buffer stock,

(a) a transfer of all or part of a member's share under the existing Agreement to the buffer stock account of the new Agreement will not be treated as a distribution in currency for the purpose of repurchase, if within 180 days of the termination of the existing Agreement, the Fund finds the terms of the new Agreement to be consistent with the principles referred to in Executive Board Decision No. 2772-(69/47), as amended.

(b) members that do not participate in the new Agreement will be expected to repurchase in accordance with paragraph 3(b)(ii) above.

5. The staff will keep the Executive Board informed on the operation of the buffer stock and other developments in connection with the Sixth International Tin Agreement by reports that will be made at least once a year, and the Fund may make such review of this decision as is appropriate in the light of these reports.