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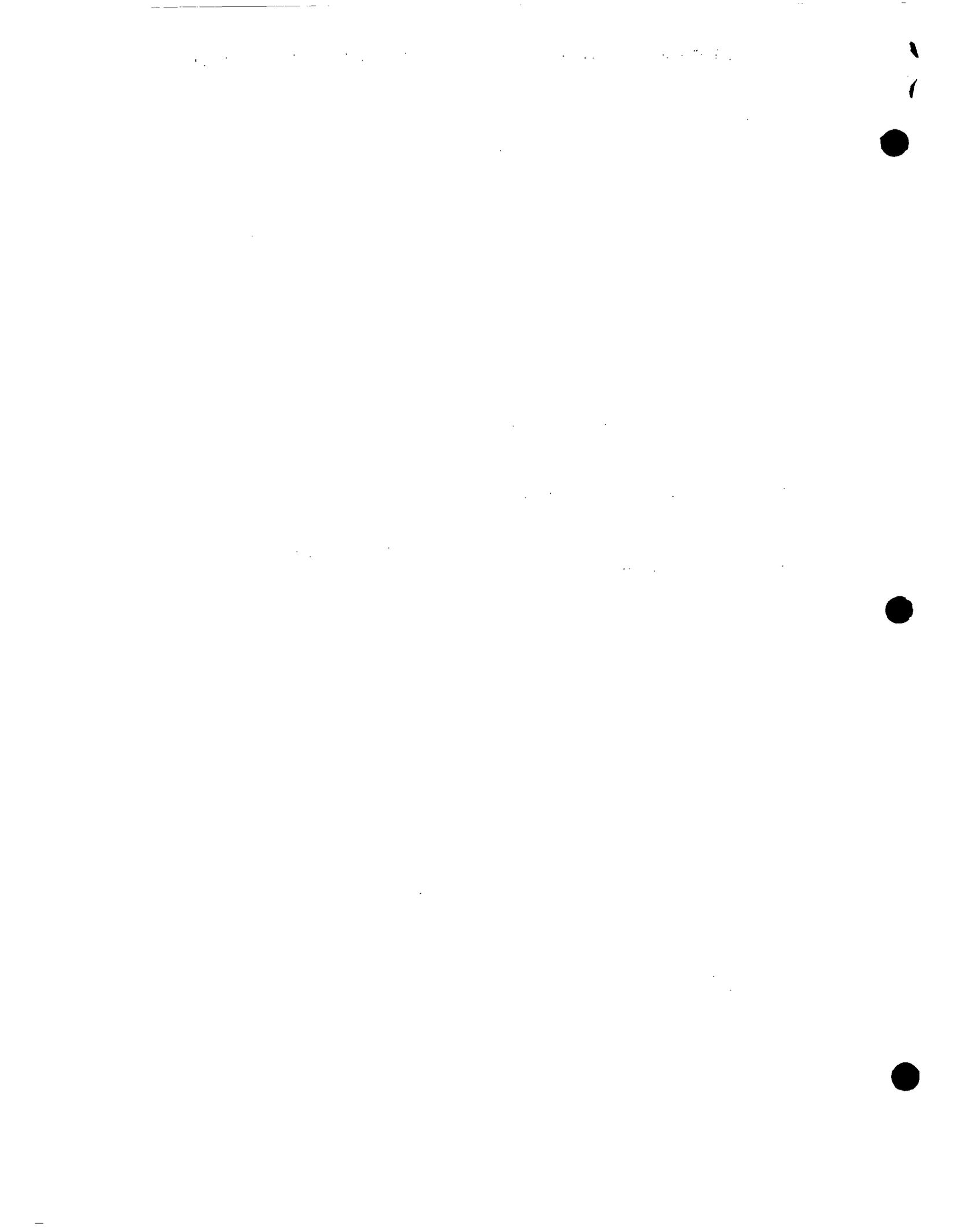
July 11, 1984

To: Members of the Executive Board  
From: The Acting Secretary  
Subject: Bolivia - Exchange System

The attached paper on a change in the exchange system of Bolivia is circulated for the information of the Executive Directors.

Att: (1)

Other Distribution:  
Department Heads



INTERNATIONAL MONETARY FUND

Bolivia--Exchange System

Prepared by the Western Hemisphere Department and the  
Exchange and Trade Relations Department.

(In consultation with the Legal Department)

Approved by E. Wiesner and Manuel Guitián

July 11, 1984

In the attached communication dated June 20, 1984 the Bolivian authorities have notified the Fund of a change in Bolivia's exchange system. On June 11, 1984 the tax on the sale of foreign exchange was increased from 1.8 percent to 4.8 percent of the buying rate of the respective foreign currency. As a consequence, with effect from June 11, 1984, the Central Bank's selling rate for the U.S. dollar has been changed from \$b 2,039 = US\$1 to \$b 2,099 = US\$1; the Central Bank's buying rate for the U.S. dollar remained unchanged at \$b 2,000 = US\$1. The increase in the tax on foreign exchange sales together with the already existing \$b 1.00 banking commission places the selling rate for the U.S. dollar to the general public at \$b 2,100 per US\$1 (compared with \$b 2,040 previously), and creates a spread of 5 percent between the selling and buying rate measured in terms of the latter.

The above-mentioned action, which entailed a 1.5 percent devaluation of the midpoint rate of the Bolivian peso vis-à-vis the U.S. dollar, gives rise to a multiple currency practice subject to Fund approval under Article VIII, Section 3. This multiple currency practice is maintained by Bolivia in addition to other exchange practices subject to Fund jurisdiction, which are described in the staff report for the 1984 Article IV consultation with Bolivia (SM/84/141, 6/20/84). This report, which includes a staff assessment of Bolivia's exchange rate policy, has been scheduled for consideration by the Executive Board on July 18, 1984. In the meantime, no action by the Executive Board is proposed.

Attachment

INTERFUND  
WASHINGTON, DC

JUNE 20, 1984

PURSUANT TO RESOLUTION NO. 102/84 OF THE BOARD OF DIRECTORS OF THE  
CENTRAL BANK, DATED JUNE 7, 1984, THE SELLING EXCHANGE RATE FOR THE  
U.S. DOLLAR IS CHANGED AS FOLLOWS:

|  |                     |
|--|---------------------|
| BUYING RATE US\$1  | \$B 2,000.00        |
| CENTRAL BANK OF BOLIVIA'S<br>1.5 PER THOUSAND COMMISSION | \$B 3.00            |
| NATIONAL TREASURY'S<br>4.8 PERCENT TAX                   | <u>\$B 96.00</u>    |
| SELLING PRICE TO THE BANKING<br>SYSTEM AND PUBLIC SECTOR | \$B 2,099.00        |
| BANKING SYSTEM'S COMMISSION                              | \$B 1.00            |
| FINAL SELLING PRICE                                      | <u>\$B 2,100.00</u> |

THE NEW EXCHANGE RATE SHALL APPLY TO ALL TRANSACTIONS IN FOREIGN  
EXCHANGE AS FROM JUNE 11, 1984. THEREFORE, THE BUYING EXCHANGE RATE,  
I.E., BOLIVIAN PESOS 2,000 PER U.S. DOLLAR, SHOULD BE APPLIED TO ALL OF  
OUR OPERATIONS WITH YOU. PLEASE TAKE NOTE OF THIS COMMUNICATION.

REGARDS

LUIS RIVEROS  
ASSISTANT MANAGER  
FOREIGN DEPARTMENT  
NAVIANA

Received in Cable Room June 20, 1984