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ROOM C-120

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EBD/84/147

May 21, 1984

To: Members of the Executive Board
From: The Secretary
Subject: Western Samoa - Exchange Arrangements

Attached for the information of the Executive Directors is a paper on Western Samoa's exchange arrangements.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Western Samoa--Exchange Arrangements

Prepared by the Asian Department and the Exchange and
Trade Relations Department

(In consultation with the Legal Department)

Approved by Tun Thin and Manuel Guitian

May 18, 1984

In the attached communication dated May 15, 1984 the Western Samoa authorities notified the Fund that effective May 7, 1984 the mid-point exchange rate of the Western Samoa tala against the New Zealand dollar was changed from WS\$1.0600 = \$NZ 1 to WS\$1.1071 = \$NZ 1. This action represents a 4.3 percent depreciation of the tala against the New Zealand dollar.

The devaluation partly reverses the real appreciation of the tala that took place from the third quarter of 1983 as a result of an acceleration in the rate of domestic inflation. The Chairman's summing up at the conclusion of the 1983 Article IV consultation with Western Samoa in January 1984 noted that continued maintenance of a flexible exchange rate policy was indispensable as a means of channeling resources into the export- and import-competing sectors. The staff is of the view that the present action by Western Samoa constitutes a welcome step in this direction.

Attachment

TO: INTERFUND
WASHINGTON, DC

FROM: TREASURY
WESTERN SAMOA

MAY 15, 1984

EFFECTIVE 7 MAY 1984 THE MID RATE BETWEEN THE WESTERN SAMOA TALA
AND THE NEW ZEALAND DOLLAR HAS BEEN ADJUSTED FROM ONE NEW ZEALAND DOLLAR
EQUALS WESTERN SAMOA TALA 1.0600 TO NEW ZEALAND DOLLAR ONE EQUALS WESTERN
SAMOA TALA 1.1071.

KOLONE VAAI
FINANCIAL SECRETARY

Received in Cable Room: May 16, 1984