

EBS/83/153

CONFIDENTIAL

July 25, 1983

To: Members of the Executive Board

From: The Secretary

Subject: Zambia - Exchange Arrangements

Attached for the information of the Executive Directors is a paper on a recent change in Zambia's exchange arrangements.

Att: (1)

CONFIDENTIAL

INTERNATIONAL MONETARY FUND

Zambia--Exchange Arrangements

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

(In consultation with the Legal Department)

Approved by J.B. Zulu and S. Kanesa-Thasan

July 22, 1983

The Governor of the Central Bank of Zambia has notified the Fund of a change in Zambia's exchange arrangements, as described in the attached communication received on July 18, 1983.

With effect from July 6, 1983 the Zambian kwacha has been delinked from the SDR and pegged to a new basket of currencies reflecting Zambia's trade with its major trading partners. The composition of the basket will be reviewed periodically to reflect changes in Zambia's trade structure. The Zambian kwacha was also depreciated on July 6, 1983, by 1 percent vis-à-vis its intervention currency, the U.S. dollar, and the authorities have expressed their intention to manage the exchange rate flexibly. The new mid-point rate for the kwacha is K 1.21215 = US\$1, and the official buying and selling rates are K 1.20609 and K 1.23033 = US\$1, respectively.

A staff team visited Lusaka in June and a Zambian delegation visited Washington in July to conduct the review under Zambia's stand-by arrangement with the Fund. The staff report on those discussions, expected to be issued shortly, will contain a discussion of Zambia's exchange rate policies.

Attachment

INTERFUND  
WASHINGTON, DC

JULY 18, 1983

I WISH TO NOTIFY YOU THAT WITH EFFECT FROM JULY 6TH, 1983 THE ZAMBIAN KWACHA WAS DELINKED FROM THE SDR AND PEGGED TO A NEW BASKET OF CURRENCIES REFLECTING ZAMBIA'S TRADE PATTERN.

THE MARGIN BETWEEN THE BASE RATE AND THE BUYING AND SELLING RATES REMAINS UNCHANGED.

B.R. KUWANI  
GOVERNOR  
BANK OF ZAMBIA LUSAKA

Received in Cable Room: July 18, 1983