

EBS/83/157
Supplement 1

CONFIDENTIAL

August 22, 1983

To: Members of the Executive Board

From: The Secretary

Subject: Dominican Republic - Purchase Transaction - Buffer Stock
Financing Facility - Special Stocks Under the International
Sugar Agreement

Attached is the request from the Dominican Republic for a purchase equivalent to SDR 12,643,000 referred to in EBS/83/157 (7/28/83), which contains the staff's analysis and recommendation. This subject is scheduled for consideration on Wednesday, August 24, 1983.

Att: (1)

SANTO DOMINGO, DOMINICAN REPUBLIC
AUGUST 19, 1983
263-83
SENORES
INTERNATIONAL MONETARY FUND
TREASURER'S DEPARTMENT
WASHINGTON, D.C.

1. AS FISCAL AGENCY FOR THE GOVERNMENT OF DOMINICAN REPUBLIC, WE DESIRE TO PURCHASE FROM THE INTERNATIONAL MONETARY FUND SDR 12,643,000 IN ACCORDANCE WITH THE TERMS OF ARTICLE V, SECTIONS 3 AND 4 OF FUND AGREEMENT, AND THE PROVISIONS OF PARAGRAPH 1 OF DECISION NO. 2772-(69/47), ADOPTED JUNE 25, 1969 AS AMENDED BY DECISION NO. 4913-(75/207), ADOPTED DECEMBER 24, 1975 AND DECISION NO. 5597-(77/171), ADOPTED DECEMBER 16, 1977. IN THIS CONNECTION WE STATE THAT WE WILL COOPERATE WITH THE INTERNATIONAL MONETARY FUND IN AN EFFORT TO FIND, WHERE REQUIRED, APPROPRIATE SOLUTIONS FOR THE BALANCE OF PAYMENT DIFFICULTIES.

2. WE DO HEREBY REPRESENT THAT THIS PURCHASE IS NEEDED IN ACCORDANCE WITH PROVISIONS OF THE FUND AGREEMENT AND RELATES TO THE MAXIMUM LEVEL OF SUGAR STOCKS THAT THE DOMINICAN REPUBLIC, AS AN EXPORTING MEMBER OF THE INTERNATIONAL SUGAR AGREEMENT, IS OBLIGATED TO ACCUMULATE IN THE PERIOD ENDING DECEMBER 31, 1983.

3. PLEASE CREDIT DOMINICAN REPUBLIC'S SDR ACCOUNT WITH SDR 12,643,000 ON THE VALUE DATE OF PURCHASE.

4. THE EQUIVALENT OF DESIRED PURCHASE NAMELY DOMINICAN PESOS 13,675,100.89 WILL BE CREDITED TO FUND'S NO. 1 ACCOUNT WITH OURSELVES ON THE VALUE DATE OF PURCHASE.

5. WE STATE THAT REPURCHASE IN RESPECT OF THIS PURCHASE WILL BE MADE IN ACCORDANCE WITH ARTICLE V, SECTION 7 AND THE FUND'S POLICIES AND PRACTICES AT THE TIME OF REPURCHASE. WE FURTHER STATE THAT DOMINICAN REPUBLIC WILL REPURCHASE IN ACCORDANCE WITH PARAGRAPH 1(A) OF DECISION NO. 5703-(78/39), ADOPTED MARCH 22, 1978 AS AMENDED BY DECISION NO. 6862-(81/81), ADOPTED MAY 13, 1981. FURTHERMORE WE STATE THAT DOMINICAN REPUBLIC WILL REPURCHASE IN ACCORDANCE WITH PARAGRAPH 6 OF DECISION NO. 5597-(77/171), ADOPTED DECEMBER 16, 1977, IT BEING UNDERSTOOD THAT REPURCHASE UNDER PARAGRAPH 6(I) IS TO BE MADE WITHIN 90 DAYS FROM THE RELEASE OF STOCKS FROM THE CONTROL OF THE INTERNATIONAL SUGAR ORGANIZATION AND UNDER PARAGRAPH 6(II) PROMPTLY, I.E., WITHIN A FEW DAYS, IN CASE THE LOAN IN FOREIGN EXCHANGE FOR WHICH THE SPECIAL STOCK IS PLEDGED AS COLLATERAL AND PURCHASES OUTSTANDING EXCEED THE AMOUNT THAT DOMINICAN REPUBLIC IS ENTITLED TO PURCHASE UNDER THIS DECISION. IN THIS CONNECTION WE SHALL INFORM THE INTERNATIONAL MONETARY FUND WITHIN 15 DAYS OF ANY LOANS FOR WHICH THE SPECIAL STOCK HAS BEEN USED AS COLLATERAL.

6. REGARDING SERVICE CHARGE, PLEASE DEBIT DOMINICAN REPUBLIC'S SDR ACCOUNT WITH SDR 63,215 ON VALUE DATE OF PURCHASE.
7. PLEASE ARRANGE TO CREDIT OUR ACCOUNT WITH FEDERAL RESERVE BANK OF NEW YORK, NEW YORK WITH U.S. DOLLARS EQUIVALENT TO SDR 12,643,000 ON VALUE DATE OF PURCHASE.
8. WE STATE THAT ANY USE OF SDRS AT THIS TIME UNDER ARTICLE XIX, SECTION 2(A) IS IN ACCORDANCE WITH SECTION 3(A) OF THIS ARTICLE.
9. HOWEVER, WE AUTHORIZE YOU TO ARRANGE ON OUR BEHALF FOR ALL OR PART OF THIS AMOUNT TO BE SOLD TO PARTICIPANTS OR PRESCRIBED HOLDERS THAT AGREE TO ACQUIRE THEM UNDER ARTICLE XIX, SECTION 2(B).

REGARDS,
BANCENTRAL