

DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE

**FOR
AGENDA**

EBS/83/254
Supplement 1

CONFIDENTIAL

December 30, 1983

To: Members of the Executive Board

From: The Acting Secretary

Subject: Zimbabwe - Purchase Transaction - Buffer Stock Financing
Facility - Special Stocks Under the International Sugar
Agreements

Attached is the request from Zimbabwe for a purchase equivalent to SDR 2,099,000 referred to in EBS/83/254 which contains the staff's analysis and recommendation. This subject is scheduled for consideration on Wednesday, January 4, 1984.

Att: (1)

DECEMBER 12, 1983

IMMEDIATE - INTERFUND,
WASHINGTON, D.C.
U.S.A.

524 FOR TREASURY DEPARTMENT.

REFER TO YOUR TELEX OF DECEMBER 23 REGARDING PURCHASE UNDER BUFFER STOCK (SUGAR) DECISION. WE HEREBY MAKE THE FOLLOWING REQUEST:

1. AS FISCAL AGENCY FOR THE GOVERNMENT OF ZIMBABWE, WE DESIRE TO PURCHASE FROM THE INTERNATIONAL MONETARY FUND THE EQUIVALENT OF SDR 2,099,000 IN U.S. DOLLARS 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 THE PROVISIONS OF THE FUND AGREEMENT AND RELATES TO THE MINIMUM LEVEL OF SUGAR STOCKS THAT ZIMBABWE, AS AN EXPORTING MEMBER OF THE INTERNATIONAL SUGAR AGREEMENT, IS OBLIGATED TO ACCUMULATE IN THE TWELVE MONTHS ENDED JUNE 30, 1982.
3. PLEASE ARRANGE PAYMENT OF U.S. DOLLARS TO ACCOUNT OF RESERVE BANK OF ZIMBABWE, HARARE, WITH FEDERAL RESERVE BANK OF NEW YORK, NEW YORK, ON THE VALUE DATE OF PURCHASE.
4. THE EQUIVALENT OF DESIRED PURCHASE NAMELY ZIMBABWE DOLLARS 2,214,758.80 WILL BE CREDITED TO FUND'S NO. 1 ACCOUNT WITH RESERVE BANK OF ZIMBABWE, HARARE, ON THE VALUE DATE OF PURCHASE.
5. WE STATE THAT PURCHASE 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 ZIMBABWE 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 ZIMBABWE 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 ZIMBABWE 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 ZIMBABWE'S SDR ACCOUNT WITH SDR 10,495 ON VALUE DATE OF PURCHASE.

REGARDS,

V.S.KUMALO,
MINISTRY OF FINANCE,
ECONOMIC PLANNING AND DEVELOPMENT
HARARE, ZIMBABWE

Received in Cable Room December 29, 1983.