

DOCUMENT OF INTERNATIONAL MONETARY FUND
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**IMMEDIATE
ATTENTION**

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ROOM C-120

III

EBD/83/248

September 28, 1983

To: Members of the Executive Board

From: The Secretary

Subject: Iceland - Acceptance of Obligations of
Article VIII, Sections 2, 3, and 4

It is not proposed to bring the attached note by the staff regarding acceptance by Iceland of the obligations of Article VIII, Sections 2, 3, and 4 of the Articles of Agreement to the agenda of the Executive Board for discussion, unless an Executive Director so requests by the close of business on Monday, October 3, 1983. In the absence of such a request, the draft decision will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Iceland--Acceptance of Obligations of Article VIII,
Sections 2, 3, and 4

Prepared by the Exchange and Trade Relations Department,
the European Department, and the Legal Department,

Approved by C. David Finch, L.A. Whittome, and
George Nicoletopoulos

September 28, 1983

In the attached communication dated September 19, 1983, Iceland has informed the Fund that it has accepted the obligations of Article VIII, Sections 2, 3, and 4 of the Articles of Agreement.

The exchange system of Iceland was described in "Iceland--Staff Report for the 1982 Article IV Consultation" (SM/82/144, 7/21/82) and "Iceland--Recent Economic Developments" (SM/82/153, 8/3/82). In the decision taken at the conclusion of that consultation, approval was granted for the retention by Iceland of an exchange restriction, to be eliminated by end-1982, and a multiple currency practice. Approval for the multiple currency practice arising from the temporary assessment of a 10 percent tax on purchases of foreign exchange for travel abroad was subsequently extended until December 31, 1983 or the completion of the next Article IV consultation, whichever was the earlier (EBD/82/317, 12/23/82).

A staff team visited Reykjavík in September 1983 to conduct the 1983 Article IV consultation with Iceland. The Icelandic authorities confirmed that, as intended, the exchange restriction relating to furniture imports was eliminated on December 31, 1982. On July 29, 1983 the multiple currency practice arising from the exchange tax on travel abroad was also eliminated. The staff notes that Iceland now maintains an exchange system that is free of restrictions on payments and transfers for current international transactions.

The following draft decision is proposed for adoption by the Executive Board:

The Fund notes with satisfaction that with effect from
September 19, 1983 Iceland has accepted the obligations of
Article VIII, Sections 2, 3, and 4 of the Articles of Agreement.

Attachment

Reykjavík
September 19, 1983

Mr. J. de Larosiere, Managing Director
International Monetary Fund
Washington, DC 20431
U.S.A.

Dear Mr. de Larosiere:

I wish to inform you that Iceland, in accordance with Article XIV, Section 1, no longer wishes to avail itself of the transitional arrangement of Article XIV of the Articles of Agreement and is prepared to accept the obligations of Article VIII, Sections 2, 3, and 4.

Yours sincerely,

/s/

Jóhannes Nordal
Governor
Central Bank of Iceland
and
Governor for Iceland