

INTERNATIONAL MONETARY FUND

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Saudi Arabia and the International Monetary Fund have entered into an agreement under which the Fund will be able to borrow up to a total amount of SDR 1.5 billion to assist in financing purchases by members for the same purposes and in the same circumstances as are prescribed in the recently revised General Arrangements to Borrow (GAB). The agreement, which will establish a revolving line of credit, will enter into force when the revised GAB becomes effective.

Under the existing GAB, ten industrial members of the Fund stand ready to lend to the Fund to enable it to finance drawings by GAB participants when the Fund needs to supplement its resources in order to forestall or cope with an impairment of the international monetary system. The total size of the credit lines under the GAB is at present approximately SDR 6.4 billion. On February 24, 1983, the Executive Board approved revisions and an enlargement of the GAB (see Press Release No. 83/19), including a provision for participation by Switzerland. The modifications will, inter alia, increase the amount of resources available to the Fund under the GAB to SDR 17 billion, and can make GAB resources available to finance drawings by any Fund member. The revised GAB will become effective when all ten participants--Belgium, Canada, Deutsche Bundesbank, France, Italy, Japan, Netherlands, Sveriges Riksbank, United Kingdom and the United States--have notified the Fund that they concur in the amendments and in the enlarged credit commitments. Participants are asked to do so by December 31, 1983.

The credit arrangement with Saudi Arabia will be separate from but associated with the revised GAB. The effect of the agreement will be to increase the total amount of resources available to the Fund under or associated with the revised and enlarged GAB to SDR 18.5 billion. The Fund will be able to make calls under the credit arrangement during a period of five years, corresponding to the initial period of effectiveness of the revised GAB. Thereafter the arrangement can be renewed for further periods, either in its present form or in a modified form, as subsequently agreed between Saudi Arabia and the Fund.