IMMEDIATE ATTENTION

EBS/00/226

CONFIDENTIAL

November 14, 2000

To: Members of the Executive Board

From: The Secretary

Subject: **Financial Transactions Plan for the Quarterly Period December 2000–February 2001**

Attached for consideration by the Executive Directors is a paper on the proposed financial transactions plan for the quarterly period December 2000–February 2001.

It is not proposed to bring this matter to the agenda of the Executive Board for discussion unless an Executive Director so requests by noon on Wednesday, November 22, 2000. In the absence of such a request, the draft decisions that appear on page 11 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Questions may be referred to Mr. Corr (ext. 38774) and Mr. Hatch (ext. 37552).

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Financial Transactions Plan for the Quarterly Period December 2000–February 2001 and Review of the Guidelines for Use of Currencies

Prepared by the Treasurer's Department

(In consultation with the Area and Other Departments)

Approved by Eduard Brau

November 14, 2000

I. Summary

1. This paper proposes a financial transactions plan for December 2000–February 2001 in accordance with Rule O-10, which calls for quarterly decisions on the use of currencies and SDRs in operations and transactions conducted through the General Resources Account.[1] The paper also reviews the operation of the current quota-based guidelines for the use of currencies under the financial transactions plan, as called for by the Board at the time of the last review in November 1998.

- Transfers under the **current financial transactions plan** for September–November 2000, at SDR 0.4 billion, are expected to be substantially lower than planned owing primarily to much lower drawings under Fund arrangements. Receipts in currencies should amount to some SDR 1.0 billion.

- The **proposed financial transactions plan** for December 2000–February 2001 provides for transfers of SDR 2.0 billion, financed mainly in SDRs rather than in currencies. The plan does not take into account the possibility of purchases by Argentina, given the uncertainty about the amounts and timing of possible purchases. Once the phasing of purchases becomes clear, the staff will propose an augmentation to the transfer side of the plan for Executive Board decision.

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[1] The current financial transactions plan runs through November 30, and is set out in *Financial Transactions Plan for the Quarterly Period September-November 2000* (EBS/00/173, 8/18/00).

- The staff proposes that **Korea** be added to the list of countries considered sufficiently strong for inclusion in the transactions plan, bringing to 39 the number of members included in the plan. Korea has Fund credit outstanding and would therefore be subject to **early repurchases**, amounting to SDR 1,528 million in the upcoming December 2000–February 2001 quarter. The Korean authorities agree with this proposal.

- The current **quota-based guidelines for allocating currencies** under the financial transactions plan have worked effectively over the past two years in narrowing the large differences in creditor members' Fund positions relative to quota that had developed under the earlier reserve-based system. The staff concludes the guidelines remain appropriate.

Decisions related to the proposed financial transactions plan for December 2000–February 2001 and the review of guidelines for the use of currencies appear on page 11.

II. Implementation of the Current Financial Transactions Plan

2. The current financial transactions plan for the period September–November 2000 provides for SDR 2.5 billion in transfers and SDR 1.4 billion in receipts (Table 1).[2] Actual **transfers** are expected to amount to only SDR 0.4 billion. A large number of purchases were either delayed beyond the current period or are not now expected to materialize, including the considerable amount that could have been drawn under Russia's extended arrangement. As a result, currency use has inevitably been uneven on the transfer side of the transactions plan.

3. **Receipts** in currencies, largely comprising repurchases, are estimated to reach SDR 1.0 billion, somewhat below the planned amount of SDR 1.4 billion. Currency use has been reasonably balanced among members included for receipts, and the overall pattern of currency use, on a net cumulative basis, has thus remained broadly balanced.

[2] As agreed at EBM/00/18, the final outcome of the financial transactions plan will be published three months after the end of the quarter, together with an explanatory note for the public, on the Fund's external website: (http://www.imf.org/external/fin.htm).

Table 1. Estimated Use of Currencies and SDRs in Transfers and Receipts under the Financial Transactions Plan for the Period September - November 2000

(In millions of SDRs)

Member	Transfers Proposed (1)	Transfers Used (2)	Col. (2) as % of Col. (1)	Receipts Proposed (3)	Receipts Used (4)	Col. (4) as % of Col. (3)	Net Transfers Budget (5)	Net Transfers Amount (6)
Australia	21.0	0.0	0.0	50.0	35.1	70.2	-29.0	-35.1
Austria	12.0	0.0	0.0	12.0	8.4	70.0	0.0	-8.4
Belgium	30.0	0.0	0.0	28.0	19.6	70.0	2.0	-19.6
Botswana	1.0	0.0	0.0	1.0	0.7	70.0	0.0	-0.7
Brunei Darussalam	1.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
Canada	42.0	0.0	0.0	45.0	31.5	70.0	-3.0	-31.5
Chile	6.0	0.0	0.0	15.0	10.5	70.0	-9.0	-10.5
China	31.0	0.0	0.0	37.0	25.9	70.0	-6.0	-25.9
Czech Republic	5.0	2.0	40.0	0.0	0.0	0.0	5.0	2.0
Denmark	11.0	0.0	0.0	11.0	7.7	70.0	0.0	-7.7
Finland	8.0	2.4	30.0	8.0	5.6	70.0	0.0	-3.2
France	71.0	17.0	23.9	186.0	130.3	70.0	-115.0	-113.3
Germany	86.0	0.0	0.0	216.0	147.0	68.0	-130.0	-147.0
Greece	5.0	0.0	0.0	6.0	4.2	70.0	-1.0	-4.2
Hungary	7.0	0.0	0.0	0.0	0.0	0.0	7.0	0.0
Ireland	6.0	1.4	23.3	14.0	9.8	70.0	-8.0	-8.4
Israel	6.0	2.4	40.0	0.0	0.0	0.0	6.0	2.4
Italy	47.0	0.0	0.0	100.0	70.0	70.0	-53.0	-70.0
Japan	88.0	0.0	0.0	83.0	58.4	70.4	5.0	-58.4
Kuwait	9.0	0.0	0.0	5.0	3.5	70.0	4.0	-3.5
Luxembourg	2.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0
Netherlands	34.0	2.4	7.1	72.0	50.4	70.0	-38.0	-48.0
New Zealand	6.0	0.0	0.0	6.0	4.2	70.0	0.0	-4.2
Norway	11.0	0.0	0.0	12.0	8.4	70.0	-1.0	-8.4
Oman	1.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
Poland, Republic Of	9.0	0.0	0.0	0.0	0.0	0.0	9.0	0.0
Portugal	6.0	2.4	40.0	10.0	7.0	70.0	-4.0	-4.6
Qatar	2.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0
Saudi Arabia	46.0	0.0	0.0	0.0	0.0	0.0	46.0	0.0
Singapore	6.0	0.0	0.0	6.0	4.2	70.0	0.0	-4.2
Slovenia, Republic Of	2.0	0.0	0.0	2.0	1.4	70.0	0.0	-1.4
Spain	20.0	0.0	0.0	48.0	33.6	70.0	-28.0	-33.6
Sweden	16.0	0.0	0.0	18.0	12.6	70.0	-2.0	-12.6
Switzerland	23.0	0.0	0.0	25.0	17.6	70.2	-2.0	-17.6
Trinidad And	2.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0
United Arab Emirates	4.0	0.0	0.0	10.0	7.0	70.0	-6.0	-7.0
United Kingdom	71.0	0.0	0.0	71.0	62.4	88.0	0.0	-62.4
United States	246.0	35.3	14.3	303.0	221.2	73.0	-57.0	-185.9
Total Currencies	1,000.0	65.3	6.5	1,400.0	998.2	71.3	-400.0	-932.9
SDRs	1,500.0	349.7	23.3	-	-	-	1,500.0	349.7
Total Plan	2,500.0	415.0	16.6	1,400.0	998.2	71.3	1,100.0	-583.2

III. Proposed Financial Transactions Plan for December 2000–February 2001

Members considered sufficiently strong

4. **All members currently included in the financial transactions plan remain sufficiently strong** to have their currencies used in Fund transactions. The assessment procedures are summarized in Box 1. On the basis of its current and prospective balance of payments and reserve position, the staff proposes that **Korea** be added to this list with effect from December 1, 2000. The Korean authorities agree with this proposal. This would bring to 39 the number of members included in the financial transactions plan.[3]

5. **Korea's external position has continued to show remarkable strength** as reflected in particular in the buildup of foreign exchange reserves and the improvement in its external debt profile. The staff considers that Korea's external strength is likely to be sustained. As Korea has Fund credit outstanding, inclusion would make it subject to **early repurchase expectations.**[4] The minimum early repurchases to be made would be SDR 1,528 million during the December 2000–February 2001 period (Box 2). These early repurchases would reduce Korea's indebtedness to the Fund from the current level of SDR 4,463 million (273 percent of quota) to SDR 2,935 million (180 percent of quota) by end-February 2001. The continued inclusion of Korea in the list of strong countries in subsequent quarters would further reduce Korea's outstanding Fund credit by minimum specified amounts that would be determined every quarter on the basis of Korea's external reserve position. Once outstanding Fund credit has been eliminated, Korea would be included in the financial transactions plan with its allocation for transfers determined on the same basis as for all other countries that participate in the plan.

6. **The staff has also initiated consultations with the Mexican authorities,** with a view to inclusion of Mexico in a forthcoming financial transactions plan. Mexico's external position has shown a steady improvement, as reflected in its ability to finance the current account deficit mainly through inflows of long-term capital. Mexico repaid all its outstanding Fund credit in August and projected changes in its external debt profile and service are likely to reduce its vulnerability to external shocks.

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[3] These members include: *Australia, Austria, Belgium, Botswana, Brunei Darussalam, Canada, Chile, China, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Japan, Korea, Kuwait, Luxembourg, the Netherlands, New Zealand, Norway, Oman, Poland, Portugal, Qatar, Saudi Arabia, Singapore, Slovenia, Spain, Sweden, Switzerland, Trinidad and Tobago, the United Arab Emirates, the United Kingdom, and the United States.*

[4] A review of the guidelines on early repurchases is scheduled to be taken up by the Executive Board in early January 2001.

Box 1. Selection of Members for Inclusion in the Financial Transactions Plan

Members are selected for inclusion in the financial transactions plan on the basis of an assessment by the Executive Board of the strength of their external positions. The procedures for the assessment were agreed by Executive Directors in 1997.[1] They rely on the traditional indicators set out in the Articles (balance of payments and reserve positions and exchange market developments) supplemented by a small set of additional indicators, including in particular indicators of short-term external debt and debt-service.

The staff reviews countries for inclusion each quarter and makes proposals to the Board as warranted by members' circumstances. The analysis focuses on significant recent developments in the external position of members currently included in the plan and on the situation of others that are potential candidates for inclusion.

Recent data on official international reserves, current and prospective external current account balance, exchange rate developments, and external debt indicators are presented in Tables 3 and 4.

[1] Assessment of Members' External Strength for Inclusion in the Operational Budget—Role of Supplementary Indicators, EBS/97/183 (9/24/97) and Concluding Remarks by the Acting Chairman at EBM/97/105, BUFF/97/106 (10/28/97).

Main elements of the plan

7. The proposed financial transactions plan for December 2000–February 2001 provides for total transfers of SDR 2.0 billion and receipts of SDR 2.8 billion (Table 2). The projections for purchases underlying the proposal for transfers, which are prepared in close consultation with area departments, are subject to some uncertainty. **Transfers** during the coming period will be financed mainly in SDRs in order to continue progress in reducing the level of SDRs in the General Resources Account toward the agreed target range of SDR 1.0–SDR 1.5 billion. The proposal for **receipts** makes room for expected early repurchases of SDR 1.5 billion by Korea and takes into account the likely demand by members to acquire SDRs from the General Resources Account to pay charges, and the possibility that members currently expected to repurchase in SDRs may choose to make these payments in currencies instead.

8. The proposal for transfers does not take into account purchases by Argentina in the upcoming transactions plan period in light of uncertainties at this time about the size and timing of such purchases. Once the phasing of Argentina's purchases becomes clear, the staff will propose an augmentation to the transfers side of the plan for Executive Board decision.

Box 2. Early Repurchase Expectations—Calculation of Amount for Korea

Under the current guidelines for early repurchase,[1] the formula used to calculate the minimum reduction in a member's indebtedness to the Fund is based on gross reserves, with gold valued at SDR 35 an ounce:

1.5 percent of latest gross reserves plus (minus)

5.0 percent of the increase (decrease) in gross reserves over the previous six months

The latest available data for Korea in *International Financial Statistics* indicate that gross reserves were SDR 71,259.7 million at end-September 2000 and SDR 62,071.3 million at end-March 2000. Thus:

1.5 percent of SDR 71,259.7 million = SDR 1,068.90 million

5.0 percent of SDR 9,188.4 million = SDR 459.42 million

Total = SDR 1,528.32 million

The formula is subject to the constraints that the amount of the early repurchase expectation cannot exceed 4 percent of the member's reserves in a quarter, or 10 percent of reserves over a year, and cannot reduce its reserves below 250 percent of quota. None of these constraints applies to Korea in December 2000–February 2001. In addition, Korea does not have any scheduled repurchases falling due during the upcoming quarter, which would otherwise be applied towards reducing the calculated amount for early repurchases. Korea would thus be expected to reduce its indebtedness to the Fund by the end of the December 2000–February 2001 quarter by the full calculated amount of SDR 1,528.32 million.

[1] The guidelines for early repurchase are set out in Decision No. 6172-(79/101) adopted June 28, 1979 (See *Selected Decisions*, Twenty-Fourth Issue, pages 319-321).

Table 2. Proposed Use of Currencies and SDRs for Transfers and Receipts for the Quarterly Period December 2000 - February 2001
(In millions of SDRs)

Member	Transfers	Receipts
Australia	11	80
Austria	6	30
Belgium	15	72
Botswana	1	2
Brunei Darussalam	1	0
Canada	21	104
Chile	3	22
China	15	80
Czech Republic	3	0
Denmark	5	26
Finland	4	22
France	36	297
Germany	42	340
Greece	3	14
Hungary	3	0
Ireland	3	22
Israel	3	0
Italy	23	165
Japan	43	206
Korea 1/	--	--
Kuwait	5	18
Luxembourg	1	0
Netherlands	17	121
New Zealand	3	14
Norway	6	27
Oman	1	1
Poland	5	0
Portugal	3	19
Qatar	1	0
Saudi Arabia	23	0
Singapore	3	14
Slovenia	1	3
Spain	10	76
Sweden	8	41
Switzerland	11	56
Trinidad and Tobago	1	0
United Arab Emirates	2	17
United Kingdom	36	163
United States	122	748
Total Currencies	500	2,800
SDRs	1,500	--
Total Plan	2,000	2,800

1/ Korea would be included for early repurchases of SDR 1,528 million.

Proposed use of currencies

9. **The proposed allocation of currencies among members is shown in Table 2.** The method of calculation is described in the Annex. Projected transfers in currencies of SDR 0.5 billion represent 0.33 percent of the quotas of members included in the financial transactions plan, and the allocation of transfers for each member is therefore equivalent to 0.33 percent of its quota. Receipts in currencies of SDR 2.8 billion have been allocated to those members whose reserve position in the Fund in terms of their quota is projected to be above the average ratio of reserve positions to quota at the end of the plan period. The resulting distribution of reserve positions at end-February 2001 would be broadly even, except for those members that have only recently participated in the financing of the Fund. To the maximum extent practicable, individual currencies would be used in transfers and receipts in proportion to the proposed amounts. As in previous periods, the extent to which this is possible will depend on the volume and timing of transactions, and the operational need to avoid too many currencies in a single transaction.[5]

Consultation with and concurrence of members in the use of their currencies

10. To the extent that consultation with or concurrence of members is required for use of currencies in transfers and receipts, it is proposed that consideration of the proposed financial transactions plan by the Executive Board constitute the necessary consultation, and concurrence will be assumed unless an objection is raised by an Executive Director.

Proposed use of SDRs [6]

11. The Fund's holdings of SDRs are expected to be about SDR 3.1 billion at the beginning of the December 2000–February 2001 period. Inflows of SDRs to the General Resources Account during the coming period (repurchases, payment of charges, and interest on the Fund's SDR holdings, and any additional quota payments) are expected to total about SDR 1.2 billion, while outflows of SDRs (remuneration payments and acquisitions of SDRs by members) are estimated at SDR 0.7 billion. Assuming full utilization of the proposed transfers in SDRs (SDR 1.5 billion), the Fund's SDR holdings would decline to about SDR 2.1 billion at end-February 2001, i.e., toward the lower end of the agreed target range of SDR 1.0–1.5 billion. This would be more than adequate to meet

[5] In the event that settlement of substantial amounts of arrears or unanticipated advance repurchases result in receipts of particular currencies in excess of the planned amounts, the staff would make offsetting adjustments in the execution of receipts in other currencies. If the remaining receipts were insufficient to allow for full adjustment, or total receipts were less than expected, this would be reflected in larger-than-expected reserve positions for some members. These differences would be automatically taken into account in subsequent periods under the quota-based allocation system.

[6] The proposed plan does not provide for transfers or receipts of SDRs for transactions or operations that must take place in SDRs (such as periodic charges), or that may take place in SDRs at the initiative of members (such as repurchases), since those transactions do not require Board approval. However, estimates of these flows are taken into account in calculating the amount of SDR transfers and currency receipts proposed.

the payment of remuneration and SDR acquisitions by members against currencies specified by the Fund during the following transactions plan period.[7]

Liquidity position of the Fund

12. **The liquidity position of the Fund has continued to improve since the time of the last review in September 2000,**[8] with the Fund's liquidity ratio (net uncommitted usable resources relative to liquid liabilities) expected to reach 181 percent at end-November 2000. Assuming full implementation of the proposed financial transaction plan, the Fund's liquidity position would continue to strengthen and the liquidity ratio would reach nearly 197 percent at end February 2001. The projections reflect the fact that Argentina's existing Fund arrangement is no longer considered precautionary, but do not include at this stage any purchases or additional commitments for Argentina.

Indicators of Fund Liquidity, 1999 to February 2001

(In SDR billions; end of period)

	1999	November 2000	February 2001
Usable resources	94.9	113.4	114.6
Net uncommitted usable resources	63.0	80.4	82.8
Liquid liabilities	54.8	44.4	42.1
Liquidity ratio (percent) 1/	115.0	181.1	196.6

1/ The liquidity ratio is defined as the ratio of net uncommitted usable resources to liquid liabilities.

[7] The liquidity of SDRs for recycling through the General Resources Account is assured mainly through voluntary transactions by agreement with twelve participants that have established two-way arrangements for buying and selling SDRs. In addition, to ensure the conversion of SDRs into freely usable currency, the Fund prepares a quarterly designation plan. For this upcoming plan period, see the accompanying Board paper: "Designation Plan for the Quarterly Period December 2000–February 2001."

[8] See *Fund's Liquidity and Financing Needs—Review*, EBS/00/196 (9/20/2000).

IV. GUIDELINES FOR USE OF CURRENCIES—REVIEW

13. The current guidelines for the use of currencies in the financial transaction plan, which specify the rules of allocation for transfers and receipts, were adopted by the Executive Board in November 1998.[9] At that time, the Board agreed to review the newly adopted guidelines not later than December 31, 2000. This section serves as the basis for this review. A draft decision completing the review is contained on page 11.

14. **Adoption of the current guidelines marked a significant departure from the previous system** of allocating currencies in the financial transactions plan, which relied heavily on gross reserves as an allocative key. In moving to the current system based on quotas, the Board was guided by three main considerations:

- the reserve holdings of members relative to their quotas have become significantly more dispersed than was the case in the past, driving a wedge between the basis for contributing to the financing of the Fund (reserves) and the standard measure of each member's rights and obligations in the Fund (quotas);

- differences in the measurement, reporting, and usability of reserves are widespread; and

- the introduction of the Euro altered fundamentally the level and definition of reserves for members using this common currency.

15. **A key objective of the current guidelines was to facilitate a narrowing of differences in Fund positions in relation to quota.** When the current guidelines were adopted, the pattern of currency use was extremely uneven, as reflected in the wide dispersion of Fund positions relative to quota of the members then participating in the transactions plan (Figure 1, top panel). Over the past two years, differences in Fund positions have been all but eliminated. The smooth convergence of Fund positions was aided by the large net receipt of currencies amounting to about SDR 28.5 billion, which was heavily concentrated in early 1999 following the coming into effect of the increase in quotas under the Eleventh General Review (Figure 1, middle panel). Since that time, Fund positions for most creditor members have consistently been maintained in a narrow band around the average; relatively minor differences remain for members that have only recently begun to participate in the financing of the Fund through the financial transactions plan (Figure 1, bottom panel).

16. The guidelines adopted in 1998 have worked as intended and the staff anticipates that they will continue to operate without difficulty. No change in the guidelines appears to be warranted, but the staff will keep their operation under review and bring any issues that may arise to the attention of Directors in the context of papers on the financial transactions plan.

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[9] Decision No. 11837—(98/121), adopted November 30, 1998. See also *Operational Budget—Review of Guidelines for Allocation of Currencies,* EBS/98/194 (11/17/98).

Proposed Decisions

The following draft decisions, which may be adopted by a majority of the votes cast, are proposed for adoption by the Executive Board:

Decision 1

The Executive Board approves the list of members considered sufficiently strong and the financial transactions plan for the period December 2000–February 2001, as set out in EBS/00/226.

Decision 2

The Fund has reviewed the guidelines for the use of currencies in the General Resources Account approved by Decision No. 11837—(98/121), adopted November 30, 1998, and decides that they remain appropriate.

Figure 1. Reserve Positions in Fund in Percent of Quota

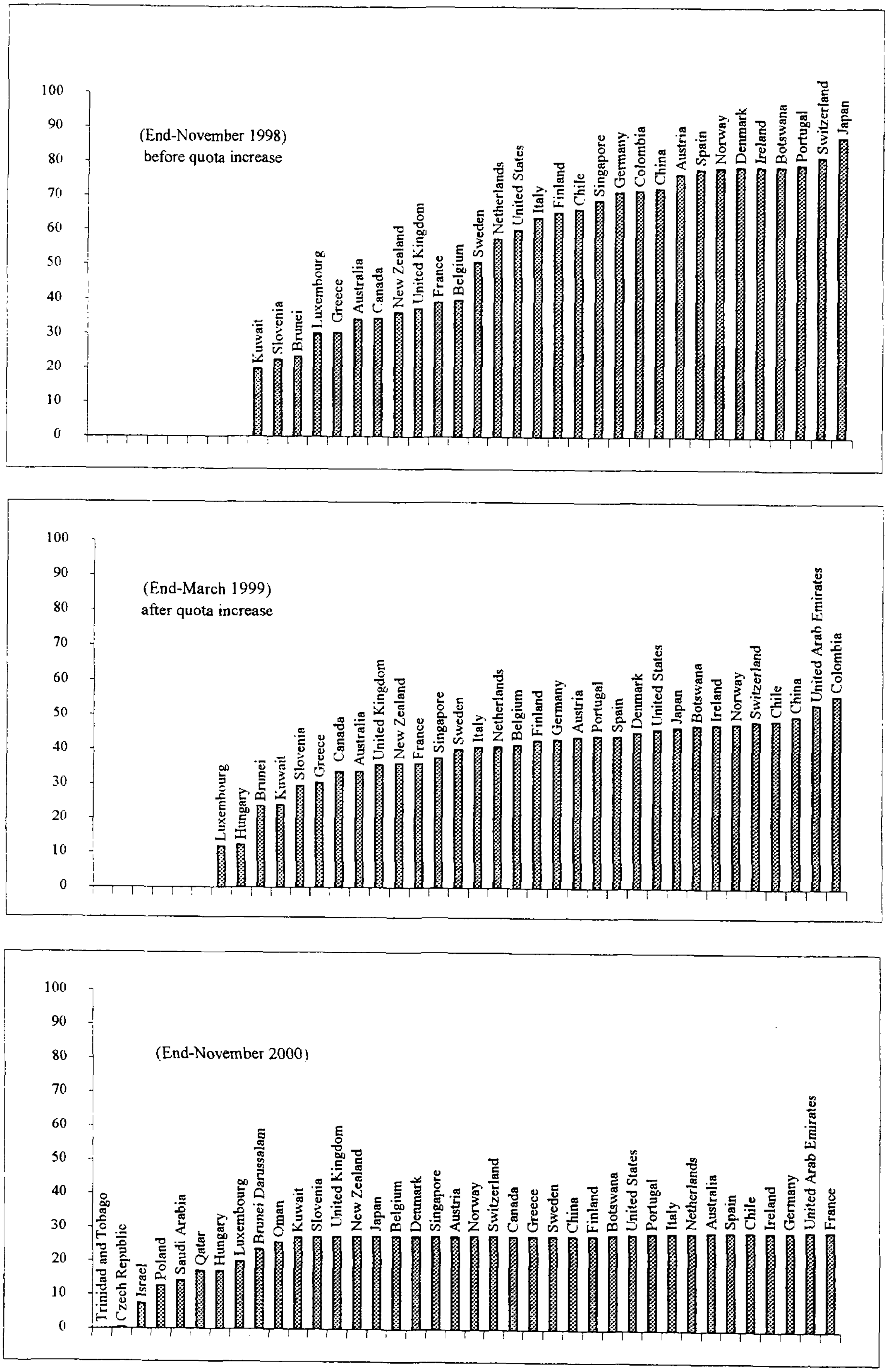

Table 3. Reserves, Balance of Payments, and Exchange Rate Indicators

	Total Gross Reserves				Current Account			Percent Change in Exchange Rates			
	SDR Millions	Percent Change Over Most Recent		Months of	(Percent of GDP)			Against SDR	In Effective terms over last		
	Sep-2000			Imports				since end-	12 Mos.	12 Mos.	24 Mos.
	or latest	3 months	12 months	2000	1999	2000	2001	June 2000	Nominal	Real	
* Australia	11,761	-2	13	2.0	-5.8	-4.4	-4.6	-8	-6	-5	0
* Austria	11,481	2	1	2.0	-2.8	-2.7	-2.4	-8	-3	-2	-5
Bahamas, The	354 Jul-00	0	1	2.2	-15.0	-8.6	-7.4	3	3	3	4
Bahrain	1,132	3	15	3.4	-6.1	1.3	1.1	-3	7	6	3
Barbados	389 Aug-00	29	53	4.4	-5.2	-3.3	-3.7	3	4	1	2
* Belgium[1]	7,719	4	-11	0.7	4.7	4.8	5.1	-8	-4	-3	-6
* Botswana	4,787 Aug-00	3	13	26.4	9.9	14.6	16.2	-1	4	0	8
Brazil	21,539 Jul-00	3	-28	3.5	-4.7	-4.2	-4.1	1	10	16	-26
* Brunei Darussalam	1,533 Dec-96	...	...	8.6	49.7	74.5	71.2	3	0	-7	-14
* Canada	23,425	5	26	1.2	-0.4	1.4	1.2	3	3	3	4
* Chile	10,898	0	5	7.9	-0.1	-1.7	-2.8	2	-2	0	-6
* China	124,390 Aug-00	2	10	7.7	1.6	1.3	0.8	5	3	2	-5
Cyprus	1,458 Aug-00	1	15	4.6	-2.6	-2.8	-2.5	-5	-4	-3	-9
* Czech Republic	9,392 Aug-00	-3	8	4.0	-1.9	-3.4	-3.3	-3	0	-1	-4
* Denmark	11,120 Jul-00	-8	-33	3.2	1.1	2.1	2.8	-8	-5	-5	-6
Egypt[2]	10,317 Jul-00	-2	-14	7.4	-1.9	-1.8	-1.9	1	8	6	8
Estonia	594	-2	6	1.8	-5.7	-6.4	-6.5	-6	-2	-5	7
* Finland	5,950	0	2	2.5	5.2	5.5	5.8	-8	-6	-4	-7
* France	31,703	-7	0	1.5	2.7	2.7	3.4	-8	-5	-6	-9
* Germany	48,399	0	0	1.2	-0.9	-0.2	0.0	-8	-6	-6	-10
* Greece	11,683 Jul-00	-4	-27	4.6	-4.1	-7.0	-6.9	-9	-7	-7	-8
* Hungary	7,938 Aug-00	-2	11	3.4	-4.3	-3.7	-5.2	-5	-6	-1	2
Iceland	316	0	-10	1.4	-6.9	-9.7	-10.5	-7	0	2	2
* Ireland	4,024	3	5	0.9	0.6	-0.6	-0.9	-8	-7	-3	-7
* Israel	16,985 Aug-00	1	6	5.8	-2.6	-1.7	-2.0	5	12	10	1
* Italy	22,913	8	21	1.3	0.7	0.5	0.8	-8	-5	-4	-7
* Japan	275,310	9	40	9.4	2.5	2.7	2.4	1	10	7	34
Korea	71,260	6	51	5.6	6.1	2.0	0.7	3	10	12	14
* Kuwait	4,980	14	62	11.2	16.9	30.5	26.3	4	5	5	5
Latvia	638	1	14	2.5	-9.8	-7.9	-6.4	1	13	2	29
Lithuania	1,009	-3	12	2.7	-11.2	-7.4	-6.8	3	19	2	34
Malaysia	24,741 Aug-00	-2	4	3.7	15.9	10.4	6.7	3	3	3	9
Malta	1,185 Jul-00	-2	-6	5.2	-3.5	-4.7	-4.1	-3	2	1	2
Mauritius	500	-1	10	2.8	-0.9	1.0	1.1	2	6	6	9
Mexico	26,289	7	12	3.2	-2.9	-3.4	-3.7	9	4	10	22

Table 3. Reserves, Balance of Payments, and Exchange Rate Indicators

	Total Gross Reserves				Current Account			Percent Change in Exchange Rates			
	SDR Millions Sep-2000 or latest	Percent Change Over Most Recent		Months of Imports	(Percent of GDP)			Against SDR since end-June 2000	In Effective terms over last		
		3 months	12 months	2000	1999	2000	2001		12 Mos. Nominal	12 Mos. Real	24 Mos. Real
Morocco	3,735	2	-13	4.5	-0.8	-1.9	-1.1	-2	4	2	3
* Netherlands	8,675	13	2	0.7	5.7	6.2	6.5	-8	-5	-4	-5
* New Zealand	2,457 Aug-00	-1	-13	2.2	-6.8	-6.1	-5.2	-11	-10	-9	-10
* Norway	16,590	10	24	5.5	3.9	14.3	13.3	-6	-4	-2	-3
* Oman	521 Aug-00	-7	-50	1.3	-1.1	13.0	10.4	3	6	2	-2
* Poland	18,927 Jul-00	1	1	5.8	-7.6	-6.9	-6.6	3	3	12	8
* Portugal	7,257	5	4	2.3	-8.8	-10.9	-12.3	-8	-3	-2	-3
* Qatar	959 Dec-99	...	37	2.4	-9.7	15.4	17.8	3	6	7	5
* Saudi Arabia	13,085 Aug-00	1	24	3.5	-1.1	12.1	11.6	3	6	3	-4
* Singapore	59,204 Aug-00	3	7	6.2	25.0	23.5	21.5	3	0	0	-4
Slovak Republic	3,255	7	54	3.9	-5.7	-3.9	-4.7	-5	2	8	6
* Slovenia	2,358 Jul-00	-3	-2	3.3	-3.9	-2.5	-2.4	-10	-6	-3	-2
South Africa	4,913	-2	20	2.3	-0.4	-0.7	-1.4	-7	-4	0	3
* Spain	25,908	3	6	2.2	-2.1	-2.9	-2.6	-8	-4	-3	-4
Swaziland	278 Aug-00	7	2	3.9	1.1	1.1	3.0	-4	-1	-8	-5
* Sweden	11,019	-1	-2	1.8	2.6	2.6	2.5	-9	-1	-2	-4
* Switzerland	26,039	2	-9	4.2	11.6	10.5	10.3	-5	-2	-3	-3
Thailand	24,432	3	7	5.0	10.0	8.1	6.4	-6	-4	-3	-2
* Trinidad & Tobago	971 Jun-00	47	86	3.7	0.2	1.2	-4.3	4	5	7	9
Tunisia	1,038 Jul-00	-10	-19	1.7	-2.1	-3.4	-3.1	-3	-2	-2	-2
* United Arab Emirates	7,792 Dec-99	12	20	3.1	0.8	22.5	20.3	3	6	6	4
* United Kingdom	24,154 Aug-00	4	15	0.9	-1.2	-1.5	-2.0	1	3	4	2
* United States	50,762 Aug-00	-2	-6	0.6	-3.6	-4.2	-4.2	5	4	5	1
Uruguay	1,981	11	29	7.1	-2.9	-2.5	-2.0	2	-1	1	1
Venezuela	10,905	15	30	7.8	4.4	8.9	6.7	3	-6	6	19

Sources: IFS, Information Notice System, and staff estimates.

Notes: Total Gross Reserves: Reserve data as reported in IFS (line: 1..SZF). Reserve cover is latest gross reserves as a percent of projected imports of goods and services for 2000.

Exchange Rates: Exchange rate movements against the SDR are calculated as of October 23, 2000, except for the Bahamas, Barbados, Cyprus, Czech Republic, Egypt, Estonia, Hungary, Israel, Korea,Latvia, Lithuania, Mexico, Morocco, Mauritius, Swaziland, and Tunisia (all as of end-September 2000), as well as Hungary, and Slovak Republic (all as of end-August 2000), and Poland (as of end-July 2000). Changes in effective exchange rates are as of end-August 2000.

* Indicates member is included for transfers of its currency in the current financial transactions plan.

[1] Current account data are for Belgium-Luxembourg.

[2] Egypt's current account figures exclude official transfers and are reported on a fiscal year basis.

Table 4. Indicators of Short-Term External Debt and Total Debt Service

	Short-Term External Debt End-December 1999				Total External Debt Service in % of Exports of Goods & Services		
	(Millions of U.S. dollars)	% Change over previous: 6 months	12 months	As % of Reserves	1999	2000	2001
* Australia	42,924	27	23	281	25.1	22.6	22.8
Bahamas, The	14,118	9	-16	3,041	2.3	3.0	3.4
Bahrain	7,597	16	28	517	8.0	6.0	6.8
Barbados	1,476	11	111	291	6.4	5.0	5.0
* Botswana	13	0	160	0	3.7	3.3	2.9
Brazil	33,927	-4	-16	120	143.5	103.1	60.5
* Brunei Darussalam	439	10	1,272	24	...	...	...
* Chile	6,819	-27	-23	48	25.2	22.7	34.2
* China	18,923	-22	-40	12	9.6	5.8	6.1
Cyprus	2,790	19	20	147	3.7	3.9	3.6
* Czech Republic	5,261	3	-30	43	12.8	13.2	14.3
Egypt	3,998	-23	-4	30	11.5	10.7	11.8
Estonia	1,207	67	253	157	8.4	8.1	7.6
* Greece	18,373	7	10	120	...	...	...
* Hungary	4,819	14	-16	47	26.8	23.8	22.5
Iceland	1,804	7	13	439	...	...	...
* Israel	3,579	-4	19	16	19.5	18.0	18.2
* Korea	35,116	3	18	38	23.7	12.0	10.6
* Kuwait	4,789	-5	8	74	1.1	0.7	...
Latvia	242	8	29	29	8.4	10.0	7.3
Lithuania	607	34	53	46	20.0	15.8	11.4
Malaysia	7,780	-1	-16	24	5.3	5.8	5.3
Malta	1,633	4	29	105	1.5	1.5	1.5
Mauritius	754	26	31	116	7.2	7.6	...
Mexico	23,473	-11	-20	69	46.7	42.6	27.3
Morocco	2,095	17	10	43	30.5	26.0	24.8
* New Zealand	6,446	24	-14	201	20.6	21.5	20.1
* Oman	1,712	-2	11	252	16.0	9.1	7.6
* Poland	6,609	-7	8	27	16.8	19.6	21.0
* Portugal	24,806	-8	-16	263	...	...	...
* Qatar	2,622	-4	20	199	25.3	20.8	21.8
* Saudi Arabia	10,603	29	21	62	10.7	7.8	7.9
* Singapore	77,530	-20	-29	100	...	...	...
Slovak Republic	1,883	9	-25	45	19.5	13.6	13.5
* Slovenia	577	-15	-1	19	8.0	11.9	12.0
South Africa	13,458	1	9	211	22.3	20.6	20.6
Swaziland	51	122	104	14	2.4	2.3	2.7
Thailand	14,223	-25	-41	45	19.0	19.9	20.1
Trinidad & Tobago	852	-4	37	66	7.8	10.3	6.1
Tunisia	1,203	-9	20	88	18.3	21.2	17.7
* United Arab Emirates	4,000	-21	-27	37	2.9	2.0	2.1
Uruguay	3,545	-6	-8	138	36.1	39.1	38.8
Venezuela	4,681	-16	-10	33	26.2	25.6	24.9

Sources: BIS external debt database via EDSS (short-term debt); and staff estimates (total debt service and exports).

Notes: Short-term debt data represent consolidated cross-border claims in all currencies and local claims in non-local currencies with remaining maturities of up to and including one year, as reported to the BIS by banks in 18 countries and the off-shore banking centers.

Allocation of Currencies in the Financial Transactions Plan

17. This Annex outlines the steps involved in calculating amounts of currencies for transfers and receipts in the financial transactions plan. The relevant data used in preparing the financial transactions plan for December 2000–February 2001 are presented in Tables 5 and 6.

Transfers

18. The currencies of all members included in the financial transactions plan are allocated for transfers in proportion to their quotas. Total currency transfers in the proposed transactions plan for December 2000–February 2001 amount to SDR 500 million, or 0.33 percent of the quotas of all members in the plan. Applying this common ratio to the quota of each member included in the plan thus yields individual transfer amounts for each member that are equivalent to 0.33 percent of its quota.

Receipts

19. Receipts in currencies are allocated to members included in the financial transactions plan in proportion to the deviation of their individual positions in the Fund above the projected average of Fund positions in terms of quota at the end of the plan period.[10] The calculation of receipts involves the following steps:

- Proposed transfers are added to Fund positions at the beginning of the plan period to arrive at a projection for end-period positions that does not take into account receipts.[11] These positions are shown in Column 4 of Table 5.

- Projected end-period positions are measured against the benchmark for balanced positions in the Fund: the projected end-period average of Fund positions in terms of quota, which takes into account the total amount of receipts. The individual Fund positions that would be consistent with the end-period average are shown in Column 5 of Table 5.

[10] A member's position in the Fund comprises its reserve tranche position plus any outstanding loans under permanent borrowing arrangements such as the GAB or the NAB.

[11] Any changes in Fund borrowing under the GAB or the NAB are also taken into account; no such borrowing is currently expected.

- The difference between individual Fund positions and the benchmark positions may be positive or negative, depending on whether individual positions are above or below the projected average, respectively (Column 6 of Table 5). The share of each member in the total of all positive differences is the allocative key for receipts (Column 5 in Table 6). Applying these shares to the total amount of receipts of SDR 2,800 million gives the individual amount of receipts for each member (Column 7 of Table 5).

Table 5. Calculation of Transfers and Receipts in Currencies
December 2000 - February 2001
(In millions of SDRs)

	Quota 1/ (1)	Beginning Period Fund Positions (2)	Transfers (3)	End-Period Fund Positions Without Receipts (2)+(3) (4)	Fund Positions Consistent with End-Period Average 2/ (5)	Deviation From End-Period Average (4)-(5) (6)	Receipts 3/ (7)	Projected End-Period Fund Positions (8)
Australia	3,236.4	935	11	946	823	123	80	866
Austria	1,872.3	516	6	522	476	46	30	492
Belgium	4,605.2	1,267	15	1,282	1,172	111	72	1,210
Botswana	63.0	18	1	19	16	3	2	17
Brunei Darussalam	150.0	35	1	36	38	-2	0	36
Canada	6,369.2	1,760	21	1,781	1,620	160	104	1,677
Chile	856.1	249	3	252	218	34	22	230
China	4,687.2	1,300	15	1,315	1,193	123	80	1,235
Czech Republic	819.3	2	3	5	208	-203	0	5
Denmark	1,642.8	453	5	458	418	40	26	432
Finland	1,263.8	352	4	356	322	34	22	334
France	10,738.5	3,153	36	3,189	2,732	457	297	2,892
Germany	13,008.2	3,791	42	3,833	3,310	523	340	3,493
Greece	823.0	228	3	231	209	21	14	217
Hungary	1,038.4	177	3	180	264	-84	0	180
Ireland	838.4	244	3	247	213	34	22	225
Israel	928.2	68	3	71	236	-165	0	71
Italy	7,055.5	2,026	23	2,049	1,795	254	165	1,884
Japan	13,312.8	3,661	43	3,704	3,387	317	206	3,498
Kuwait	1,381.1	374	5	379	351	27	18	361
Luxembourg	279.1	55	1	56	71	-15	0	56
Netherlands	5,162.4	1,483	17	1,500	1,313	187	121	1,379
New Zealand	894.6	246	3	249	228	21	14	235
Norway	1,671.7	461	6	467	425	42	27	440
Oman	194.0	50	1	51	49	1	1	50
Poland	1,369.0	172	5	177	348	-171	0	177
Portugal	867.4	247	3	250	221	29	19	231
Qatar	263.8	45	1	46	67	-21	0	46
Saudi Arabia	6,985.5	987	23	1,010	1,777	-767	0	1,010
Singapore	862.5	238	3	241	219	21	14	227
Slovenia	231.7	63	1	64	59	5	3	61
Spain	3,048.9	883	10	893	776	118	76	817
Sweden	2,395.5	664	8	672	609	63	41	631
Switzerland	3,458.5	955	11	966	880	87	56	910
Trinidad and Tobago	335.6	0	1	1	85	-84	0	1
United Arab Emirates	611.7	180	2	182	156	26	17	165
United Kingdom	10,738.5	2,947	36	2,983	2,732	251	163	2,820
United States	37,149.3	10,484	122	10,606	9,451	1,154	748	9,858
Total	151,209.1	40,770	500	41,270	38,470	2,800	2,800	38,470

Note: Fund positions may not sum to totals due to rounding.
1/ Eleventh General Review quota for all members except Brunei Darussalam, which has not yet consented to its quota increase.
2/ Fund positions equivalent to the end-period average of 25.44 percent of quota (Table 6).
3/ Calculated in proportion to positive deviations or, equivalently, based on shares in deviations above average (Table 6).

Table 6. Projected Fund Positions During the Period
December 2000 - February 2001

(In percent of quota; shares in deviations shown in percent of total)

	Beginning Period Fund Positions (1)	End-Period Fund Positions Without Receipts (2)	Fund Positions Consistent with End-Period Average (3)	Deviation From End-Period Average (4)	Shares in Deviations Above Average (5)	Projected End-Period Fund Positions (6)
Australia	28.89	29.23	25.44	3.79	2.85	26.76
Austria	27.58	27.90	25.44	2.46	1.07	26.30
Belgium	27.52	27.84	25.44	2.40	2.56	26.28
Botswana	28.14	29.73	25.44	4.29	0.06	26.56
Brunei Darussalam	23.52	24.18	25.44	-1.26	0.00	24.18
Canada	27.63	27.96	25.44	2.52	3.72	26.33
Chile	29.06	29.41	25.44	3.97	0.79	26.84
China	27.74	28.06	25.44	2.61	2.84	26.35
Czech Republic	0.29	0.65	25.44	-24.79	0.00	0.65
Denmark	27.54	27.85	25.44	2.41	0.92	26.27
Finland	27.82	28.14	25.44	2.70	0.79	26.40
France	29.37	29.70	25.44	4.26	10.60	26.93
Germany	29.14	29.46	25.44	4.02	12.13	26.85
Greece	27.68	28.05	25.44	2.60	0.50	26.35
Hungary	17.02	17.31	25.44	-8.13	0.00	17.31
Ireland	29.14	29.49	25.44	4.05	0.79	26.87
Israel	7.32	7.64	25.44	-17.80	0.00	7.64
Italy	28.72	29.05	25.44	3.60	5.90	26.71
Japan	27.50	27.82	25.44	2.38	7.35	26.28
Kuwait	27.07	27.43	25.44	1.99	0.64	26.12
Luxembourg	19.87	20.23	25.44	-5.21	0.00	20.23
Netherlands	28.73	29.06	25.44	3.62	4.33	26.72
New Zealand	27.46	27.80	25.44	2.36	0.49	26.23
Norway	27.60	27.96	25.44	2.52	0.98	26.35
Oman	25.63	26.15	25.44	0.71	0.03	25.63
Poland	12.58	12.95	25.44	-12.49	0.00	12.95
Portugal	28.49	28.83	25.44	3.39	0.68	26.64
Qatar	16.96	17.34	25.44	-8.11	0.00	17.34
Saudi Arabia	14.14	14.47	25.44	-10.98	0.00	14.47
Singapore	27.55	27.90	25.44	2.46	0.49	26.28
Slovenia	27.27	27.70	25.44	2.26	0.12	26.40
Spain	28.98	29.31	25.44	3.86	2.73	26.81
Sweden	27.72	28.06	25.44	2.61	1.45	26.34
Switzerland	27.63	27.94	25.44	2.50	2.01	26.33
Trinidad and Tobago	0.00	0.30	25.44	-25.14	0.00	0.30
United Arab Emirates	29.35	29.68	25.44	4.23	0.60	26.90
United Kingdom	27.44	27.78	25.44	2.34	5.82	26.26
United States	28.22	28.55	25.44	3.11	26.77	26.54
Total	26.96	27.29	25.44	1.85	100.00	25.44
Standard Deviation	8.24					7.41