

EBD/93/78

May 4, 1993

To: Members of the Executive Board
From: The Secretary
Subject: Republic of Turkmenistan - Exchange Arrangements

There is attached for the information of the Executive Directors a paper on the exchange arrangements of the Republic of Turkmenistan.

Mr. Shadman-Valavi (ext. 34532) or Mr. Georgiou (ext. 37294) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

REPUBLIC OF TURKMENISTAN

Exchange Arrangements

**Prepared by the European II and
Monetary and Exchange Affairs Departments**

(In consultation with the other Departments)

Approved by John Odling-Smee and Manuel Guitián

May 3, 1993

Turkmenistan became a member of the Fund on September 22, 1992. In the attached communication, the authorities of Turkmenistan have notified the Fund, pursuant to paragraph 7 of the Membership Resolution, 1/ of the exchange arrangements Turkmenistan intends to apply in fulfillment of its obligations under Article IV, Section 1 of the Articles of Agreement.

In the notification, the authorities of Turkmenistan have stated that the currency of Turkmenistan is the Russian ruble. The official exchange rate, which is defined as the value of the ruble against the U.S. dollar as announced twice a week by the Central Bank of Russia (CBR) on the basis of the Moscow interbank foreign currency exchange, is quoted by the State Central Bank of Turkmenistan (SCBT). The official rate is used by the SCBT for purposes of official accounting and official external debt payments. The SCBT does not publish exchange rates of the Russian ruble for other currencies.

A market-determined exchange rate emerges from the foreign exchange operations of the authorized banks among themselves and with resident enterprises and individuals. Authorized banks can only purchase or sell foreign exchange within the territory of Turkmenistan. There are no limits on the amount of foreign exchange that could be purchased or sold by authorized banks. In addition, resident enterprises are allowed to buy and sell foreign exchange among themselves without intermediation of the authorized banks.

Based on this notification, the Republic of Turkmenistan has been classified by the staff with the group of countries whose currencies are pegged to another currency.

Attachment

1/ Board of Governor's Resolution No. 47-13 (approved on April 27, 1992).

4/5/1993 7:35:28

05 14 26

228127 BANK SU

TELEX : 64111

TO : WASHINGTON D.C.

ATTN: MR. MICHEL CAMDES US, MANAGING DIRECTOR,
INTERNATIONAL MONETARY FUND

FROM: N.I.SAPAROV, CHAIRMAN

THE STATE CENTRAL BANK OF TURKMENISTAN

DATE: APRIL 5, 1993.

DEAR MR. CAMDESSUS:

IN ACCORDANCE WITH OUR OBLIGATIONS UNDER ARTICLE IV OF THE
IMF ARTICLES OF AGREEMENT , I HEREBY SUBMIT THE NOTIFICATION
OF THE EXCHANGE AGREEMENT THAT TURKMENISTAN INTENDS TO APPLY.

THE CURRENCY OF TURKMENISTAN IS THE RUBLE (100 KOPEKS=1 RUBLE)
THE STATE CENTRAL BANK OF TURKMENISTAN (SCBT) QUOTES ONE OFFICIAL
EXCHANGE RATE ON A WEEKLY BASIS WHICH IS THE RATE QUOTED BY THE
CENTRAL BANK OF RUSSIA. THIS EXCHANGE RATE IS USED FOR PURPOSES
OF OFFICIAL ACCOUNTING AND OFFICIAL EXTERNAL DEBT PAYMENT. ON
APRIL 1, 1993 , THE OFFICIAL EXCHANGE RATE (SALE OF RUBLES) WAS
QUOTED AT RUB 692 TO THE USD.

BANKS AUTHORISED TO CONDUCT FOREIGN CURRENCY OPERATIONS
HAVE UNRESTRICTED AUTHORITY TO PURCHASE FOREIGN CURRENCY
FROM RESIDENT ENTERPRISES AND INDIVIDUALS AND MAY SELL FOREIGN
EXCHANGE TO RESIDENTS. SOME LIMITS APPLY TO THE SALE OF FOREIGN
EXCHANGE TO INDIVIDUALS FOR TRAVEL ABROAD. BANKS ARE ONLY
ALLOWED TO PURCHASE AND SELL FOREIGN EXCHANGE WITHIN TURKMENISTAN.
THEY AND THEIR CUSTOMERS ARE FREE TO DETERMINE THE EXCHANGE
RATE FOR EACH TRANSACTION. ENTERPRISES AND INDIVIDUALS CAN OPEN
FOREIGN CURRENCY ACCOUNTS WITH BANKS AUTHORISED TO DEAL IN
FOREIGN EXCHANGE.

ENTERPRISES ARE FREE TO BUY AND SELL FOREIGN EXCHANGE AMONG
THEMSELVES WITHOUT THE INTERMEDIATION OF AUTHORISED BANKS
AT A FREELY DETERMINED EXCHANGE RATE. ENTERPRISES ARE FREE
TO USE THEIR FOREIGN EXCHANGE HOLDINGS FOR PAYMENTS FOR IMPORTS
AND
INVISIBLES.

SINCERELY YOURS,

CHAIRMAN

N.I.SAPAROV