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**FOR  
AGENDA**

SM/82/17  
Supplement 1

CONTAINS CONFIDENTIAL  
INFORMATION

February 26, 1982

To: Members of the Executive Board  
From: The Secretary  
Subject: Colombia - Staff Report for the 1981 Article IV Consultation

The attached supplement to the staff report for the 1981 Article IV consultation with Colombia (SM/82/17, 1/26/82) has been prepared on the basis of additional information.

Att: (1)

INTERNATIONAL MONETARY FUND

COLOMBIA

Staff Report for the 1981 Article IV Consultation  
Supplementary Information

Prepared by the Staff Representatives for the 1981  
Consultation with Colombia

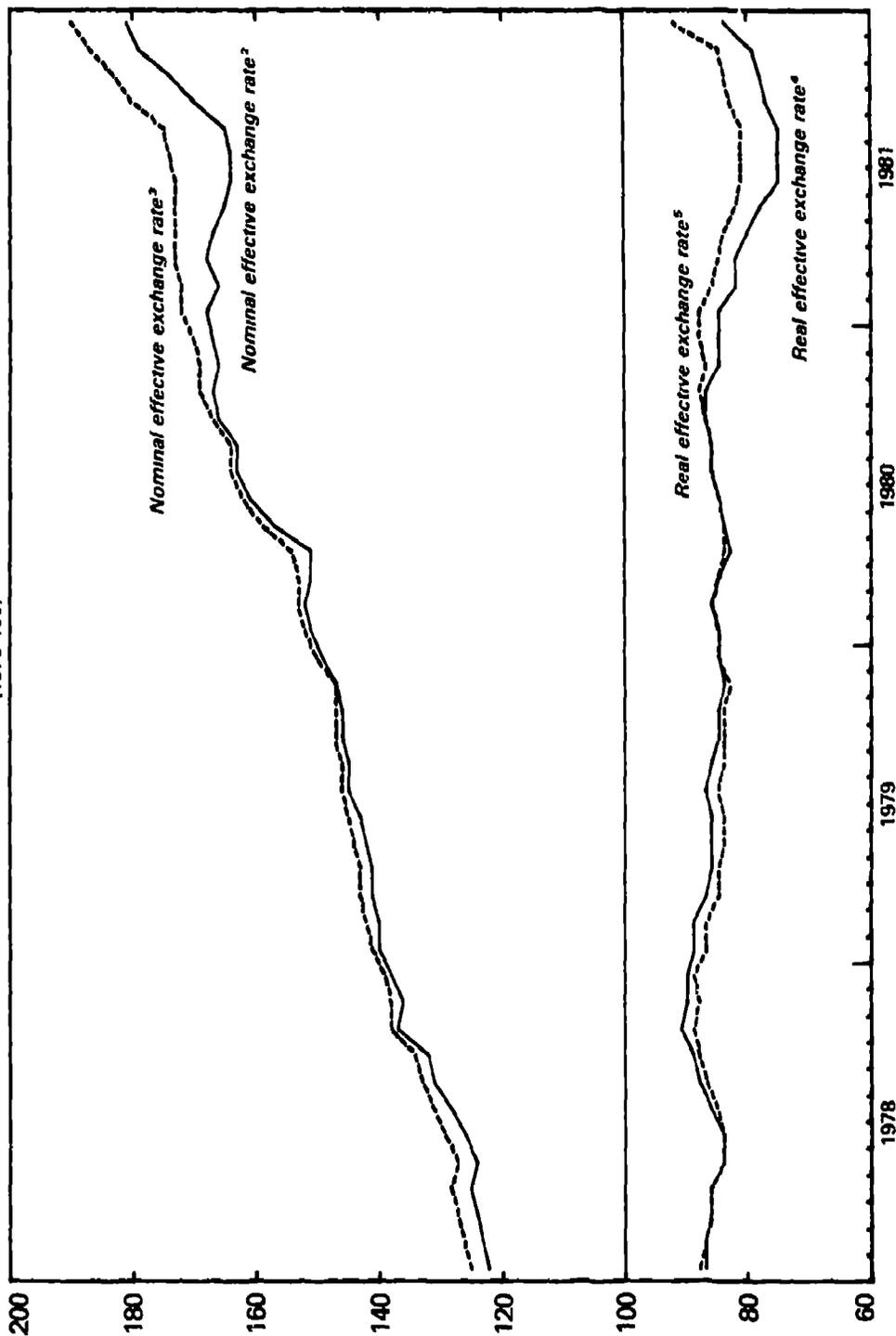
Approved by E. Walter Robichek and Manuel Guitian

February 25, 1982

SM/82/17 (Colombia - Staff Report for the 1981 Article IV consultation), on pages 6 and 13, and Chart 1, noted that the real effective value of the peso had appreciated by 16-1/2 per cent during the first eight months of 1981. The report also noted that, subsequently, the peso depreciated in real effective terms by an estimated 5-1/2 per cent between end-August and end-October. Using the same methodology (i.e., a calculation based on Colombia's total foreign trade and on a basket of its 18 most important partners in this trade, weighted by their respective trade shares), but on the basis of revised price data and more up-to-date information, the real effective value of the Colombian peso appears to have appreciated by some 14 per cent during the first eight months of 1981 and by only 2 per cent over the year as a whole (Chart 1).

The Banco de la Republica calculates real effective exchange rate changes on the basis of Colombia's nontraditional exports only, and on a basket of its 12 most important markets for these exports, weighted by their respective market shares. On this measurement, a real effective appreciation of the peso, equivalent to only one half of the one cited in the previous paragraph took place over the first eight months of 1981, and a real effective depreciation of 4-1/2 per cent over 1981 as a whole.

CHART 1  
**COLOMBIA**  
**EFFECTIVE EXCHANGE RATE INDICES<sup>1</sup>**  
 (1975=100)



Source: Banco de la Republica and Fund staff estimates.

<sup>1</sup>In Colombian pesos per unit of foreign exchange.

<sup>2</sup>Adjusted by exchange rate movements in Colombia's 18 major trading partners.

<sup>3</sup>Adjusted by exchange rate movements in Colombia's 12 major trading partners for its nontraditional exports.

<sup>4</sup>Adjusted by exchange rate and price movements in Colombia's 18 major trading partners.

<sup>5</sup>Adjusted by exchange rate and price movements in Colombia's 12 major trading partners for its nontraditional exports.