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**IMMEDIATE
ATTENTION**

EBD/97/120

October 22, 1997

To: Members of the Executive Board
From: The Secretary
Subject: **Thailand—Change in the Representative Rate**

It is not proposed to bring the attached memorandum to the agenda of the Executive Board for discussion unless an Executive Director so requests by the close of business on Monday, October 27, 1997. 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.

Mrs. Ecevit (ext. 37582) is available to answer technical or factual questions relating to this paper.

Att: (1)

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Department Heads

INTERNATIONAL MONETARY FUND

Thailand—Change in the Representative Rate

Prepared by the Treasurer's Department

(In consultation with the Asia and Pacific, Legal, and
Monetary and Exchange Affairs Departments)

Approved by David Williams

October 22, 1997

The representative rate for the Thai baht as currency of Thailand was determined under Rule O-2(b)(i) to be the daily fixing rate against the U.S. dollar for interbank transactions (Executive Board Decision No. 6027-(79/13) G/S , adopted January 16, 1979).

On July 3, 1997 the Thai authorities informed the Fund that, as of July 2, 1997, the exchange system for the Thai baht had been changed from a rate set in reference to a basket of currencies of Thailand's major trading partners to a managed float whereby the value of the baht would be determined by market forces. The Bank of Thailand will ascertain the rate of the baht against the U.S. dollar on a daily basis.

The Fund staff has consulted with the authorities of Thailand on the determination of a new representative exchange rate for the baht. As a result of these consultations, it is proposed that the Fund find that the representative exchange rate for the Thai baht under Rule O-2(b)(i), against the U.S. dollar, be the average rate for U.S. dollars in the interbank market as ascertained by the Bank of Thailand (see Attachment).

In view of the foregoing, the following draft decision is proposed for adoption by the Executive Board:

The Fund finds, after consultation with the Thai authorities, that the representative exchange rate for the Thai baht under Rule O-2(b)(i), against the U.S. dollar, is the average interbank market rate as ascertained and reported by the Bank of Thailand.

Attachment

TH.D
BANK OF THAILAND
GPO BOX 154
BANGKOK, (THAILAND)

SEPT. 12, 1997

REFERENCE YOUR TELEX DATED 11 JULY 1997 WITH REGARD TO THE PROPOSED REPRESENTATIVE EXCHANGE RATE DEFINITION FOR THE THAI BAHT, WE WOULD LIKE TO INFORM YOU THAT THE REPRESENTATIVE EXCHANGE RATE FOR THE THAI BAHT IS DEFINED AS: THE REPRESENTATIVE EXCHANGE RATE FOR THE THAI BAHT, UNDER RULE O-2, PARAGRAPH (B) (I) AGAINST THE U.S. DOLLAR IS THE AVERAGE RATE FOR U.S. DOLLARS IN THE INTERBANK MARKET AS ASCERTAINED BY THE BANK OF THAILAND. THE BANK OF THAILAND WILL IMMEDIATELY INFORM THE FUND OF ANY CHANGE IN THE REPRESENTATIVE EXCHANGE RATE OF THE THAI BAHT.

REGARDS

Received in the Fund on September 11, 1997