

EBS/71/364
Supplement 1

CONFIDENTIAL

December 22, 1971

To: Members of the Executive Board
From: The Acting Secretary
Subject: Yugoslavia - Change in Par Value

Attached, for the records of Executive Directors, are the cables from Yugoslavia and the communication to the Managing Director from Mr. Lieftinck with respect to the change in the par value of the Yugoslav dinar.

Att: (2)

To the Managing Director:

Pursuant to the Fund's cable of December 19 the Government of Yugoslavia has decided to ask the International Monetary Fund to concur in a new par value of the Yugoslav dinar of Din 17.00 per US\$1. The Yugoslav Government believes that this change in par value is necessary to correct a fundamental disequilibrium in accordance with Section 5(a) of Article IV of the Fund agreement.

In addition the Yugoslav Government believes stabilization measures discussed with recent Fund's mission necessitates support. To this effect price freeze also introduced to remain temporarily in effect until end February. New measures on personal incomes under consideration.

Subject to Fund concurrence the new par value will become effective at 0001 a.m. Belgrade time on December 22.

Ivo Perisin
Governor for Yugoslavia

Interfund

Cable formal request for change in par value dispatched under No. 45 and test No. 844 and repeated. Proposed par value for dinar expressed in gold one dinar equal 48.1478029 milligrams of fine gold.

Narodnabanka

December 21, 1971

Mr. P. P. Schweitzer
Managing Director
International Monetary Fund
Washington, D.C.

Dear Mr. Schweitzer:

I have been informed by the Yugoslav authorities that they wish to propose a change in the par value of the dinar in order to correct a fundamental disequilibrium. The new par value they propose to adopt is 17 dinars per one U.S. dollar, or 48.1478 milligrams of fine gold per one dinar, effective from Wednesday December 22, 1971 at 0001 o'clock local time.

I have also been informed that the Yugoslav authorities wish to notify the Fund that Yugoslavia avails itself of the wider margins in accordance with paragraph 1(a) of Board Decision No. 3463-(71/126) of December 18, 1971.

Sincerely yours,

Sgd. xxxxxxx

P. Lieftinck