

DOCUMENT OF INTERNATIONAL MONETARY FUND  
AND NOT FOR PUBLIC USE

**IMMEDIATE  
ATTENTION**

EBS/76/232

CONFIDENTIAL

May 17, 1976

To: Members of the Executive Board  
From: The Secretary  
Subject: Benin - Exchange System

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 Wednesday, May 19, 1976. In the absence of such request, the decision proposed by the staff will be deemed approved by the Executive Board and will be recorded in the minutes of the next meeting thereafter.

Att: (1)



CONFIDENTIAL

INTERNATIONAL MONETARY FUND

Benin - Exchange System

Prepared by the African Department

(In consultation with the Exchange and Trade Relations,  
Legal, and Treasurer's Departments)

Approved by Charles L. Merwin

May 14, 1976

In the attached communication dated May 11, 1976, the Government of Benin, through the President of the Council of Ministers of the West African Monetary Union, notified the Fund that it has decided to let its currency, the CFA franc, float under the same conditions as the French franc. On March 15, the French Government informed the Fund that it had decided to suspend until further notice interventions aimed at limiting the margins for the French franc within those prescribed by the European common margins arrangement and that the authorities intended to see that the exchange market functioned in an orderly fashion (see EBS/76/136). The relationship between the CFA franc and the French franc remains unchanged at CFAF 1 = F 0.02.

The following decision is submitted for consideration by the Executive Board:

1. On May 11, 1976, the Fund was advised that the Government of Benin had decided to let the currency of Benin, the CFA franc, float under the same conditions as the French franc and that the rate remains CFAF 1 = F 0.02.

2. The Fund notes the decision of the Government of Benin.

ATTENTION MR. NANA-SINKAM ALTERNATE EXECUTIVE DIRECTOR  
REFERENCE OUR TELEX-OF MAY 5 AND CONVERSATION THIS DAY  
WE REPRODUCE BELOW TEXT MESSAGE SENT BY OUR ABIDJAN AGENCY  
ON MARCH 22, 1976 TO MR. YAMEOGO AT THE REQUEST OF  
MR. HENRI KONAN BEDIE

QUOTE

"IN MY CAPACITY AS CHAIRMAN OF THE COUNCIL OF MINISTERS OF THE WEST AFRICAN  
MONETARY UNION, I HAVE THE HONOR TO INFORM YOU THAT ALL MEMBER STATES OF  
THE UNION HAVE DECIDED TO MAINTAIN THE PARITY OF THEIR COMMON CURRENCY WITH  
THE FRENCH FRANC FOLLOWING FRANCE'S RENUNCIATION OF THE OBLIGATION TO  
MAINTAIN ITS CURRENCY WITHIN THE LIMITS PROVIDED FOR IN THE EUROPEAN  
NARROW MARGINS AGREEMENT AS THE FUND WAS NOTIFIED ON MARCH 15. HENCE THE  
EXCHANGE RATE OF THE CFA FRANC, THE VALUE OF WHICH REMAINS EQUAL TO TWO  
FRENCH CENTIMES, WILL MOVE IN PARALLEL WITH THE FLUCTUATIONS OF THE FRENCH  
FRANC.

PLEASE SO INFORM THE MANAGING DIRECTOR AND EXECUTIVE BOARD OF THE FUND."

END OF QUOTE

REGARDS

THE VICE GOVERNOR

CHARLES KABORE

Received in Cable Room  
May 11, 1976