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August 5, 1982

To: Members of the Executive Board

From: The Secretary

Subject: Norway - Change in Exchange Arrangements

The Managing Director has received the following memorandum dated August 3, 1982 from Mr. Sigurdsson:

I hereby transmit the following communication, which I have received from my Norwegian authorities:

I have the honour to advise you that the Norges Bank has decided, in consultation with the Ministry of Finance, to revise the weights assigned to the currencies comprising the "basket" upon which the fixing of the Krone's international value is based. The new weights will in all essentials match those used by Norges Bank and the Ministry of Finance when calculating the trend in relative unit labour costs in, or the competitive position of, manufacturing industry.

The new and old weights are shown below.

		<u>New Weights</u>	<u>Old Weights</u>
Deutsche Mark	DEM	17.7 pct	14 pct
Swedish Krona	SEK	15.0 pct	18 pct
Pound Sterling	GBP	14.7 pct	13 pct
US Dollar	USD	11.0 pct	25 pct
French Franc	FRF	9.2 pct	4 pct
Danish Krone	DKK	6.8 pct	7 pct
Japanese Yen	JPY	6.0 pct	6 pct
Netherlands Guilder	NLG	4.6 pct	4 pct
Canadian Dollar	CAD	3.6 pct	-
Italian Lira	ITL	3.3 pct	2 pct
Finnish Markka	FIM	3.0 pct	3 pct
Belgian Franc	BEC	2.4 pct	2 pct
Austrian Schilling	ATS	1.5 pct	-
Swiss Franc	CHF	1.2 pct	2 pct
		<hr/> 100	<hr/> 100

In agreement with the Ministry of Finance, August 1978 is to be maintained as the basis for the exchange rate index. On its own this will bring about a certain adjustment of the exchange rates for foreign currency, the result of which will be a somewhat weaker Krone. Maintaining the same basis for the exchange rate index as before will achieve a certain correction of the appreciation to which the Krone has been subject, and which has in part been an unintended effect of the weights employed up to now.

Norges Bank will as previously, and to the extent necessary, purchase and sell foreign currency in the market in order to keep the exchange rate index based on the new weights within the previously practised margins in relation to the basis value (August 1978 = 100).

Other Distribution:
Department Heads