

INTERNATIONAL MONETARY FUND

Representative Rate for the Currency of Azerbaijan

Prepared by the Treasurer's Department

(In consultation with the European II, Legal, and
Monetary and Exchange Affairs Department)

Approved by David Williams

April 13, 1995

The representative rate for the currency of Azerbaijan, the manat, against the U.S. dollar was determined on December 28, 1992, under Rule O-2(b)(ii) to be the rate obtained on the basis of the fixed relationship of the manat to the Russian ruble and the representative exchange rate for the Russian ruble in the Moscow Interbank Foreign Currency Exchange (the "interbank market") as ascertained by the Central Bank of Russia (Executive Board Decision No. 10252-(92/157) G/S, adopted December 28, 1992).

The manat became the sole legal tender in Azerbaijan on January 1, 1994. Currently, the exchange rate is allowed to float against all currencies. Exchange rates for non-cash transactions are determined at foreign exchange auctions conducted twice a week by the Baku Interbank Currency Exchange (BICEX). Commercial banks licensed to deal in foreign exchange and the Azerbaijan National Bank (ANB) participate in the auctions. The ANB determines an official exchange rate against the U.S. dollar every Wednesday which is equal to the Wednesday auction rate. The auction rate is determined as the market clearing rate. The official rate is used for all official foreign exchange transactions, including transactions by state owned enterprises, and valuation of foreign assets.

The Fund staff has consulted with the authorities on the revision of the representative rate. Accordingly, it is proposed that the representative rate for the manat against the U.S. dollar be the official rate established by the ANB according to the results of the BICEX auction. On April 12, 1995, the rate so defined was 4,395 manats per U.S. dollar. It is understood that the ANB will communicate to the Fund the representative rate of the manat at least once a month, and will promptly inform the Fund of any change in exchange arrangements that may affect the determination of the representative rate (see attached communication from the ANB).

The following draft decision is therefore proposed for adoption by the Executive Board:

The Fund finds, after consultation with the authorities of Azerbaijan, that the representative rate under Rule 0-2(b)(i) for the manat against the U.S. dollar is the official exchange rate set by the Azerbaijan National Bank according to the auction results of the Baku Interbank Currency Exchange (BICEX).

Attachment

EBD/95/54

Corrected: 4/17/95

TO: TREASURER'S, IMF

FROM: NATIONAL BANK OF AZERBAIJAN

REPRESENTATIVE EXCHANGE RATE OF THE MANAT

1. THE AZERBAIJAN REPUBLIC HAS CHANGED THE METHOD FOR DETERMINING THE OFFICIAL EXCHANGE RATE FOR THE CURRENCY OF THE AZERBAIJAN REPUBLIC, THE MANAT, AGAINST THE U.S. DOLLAR. ACCORDINGLY, WE PROPOSE THAT THE REPRESENTATIVE EXCHANGE RATE UNDER RULE 0-2(B)(I) FOR THE MANAT AGAINST THE U.S. DOLLAR BE THE OFFICIAL EXCHANGE RATE SET BY THE AZERBAIJAN NATIONAL BANK ACCORDING TO THE AUCTION RESULTS OF THE BAKU INTERBANK CURRENCY EXCHANGE (BICEX).

2. THE AZERBAIJAN NATIONAL BANK WILL COMMUNICATE TO THE FUND THE REPRESENTATIVE EXCHANGE RATE OF THE MANAT AT LEAST ONCE A MONTH AT THE END OF THE MONTH AND WILL PROMPTLY INFORM THE FUND OF ANY CHANGE IN THE EXCHANGE ARRANGEMENTS WHICH MAY EFFECT THE DETERMINATION OF THE REPRESENTATIVE EXCHANGE RATE.

3. ON APRIL 12, 1995 THE REPRESENTATIVE EXCHANGE RATE OF THE MANAT WAS 4,395 TO ONE U.S. DOLLAR.

SINCERELY YOURS
FOUAD AKHOUNDOV
DEPUTY BOARD CHAIRMAN
NATIONAL BANK OF AZERBAIJAN

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