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February 22, 1995

To: Members of the Executive Board
From: The Secretary
Subject: Republic of Poland - Exchange Arrangements

The Secretary has received the following memorandum dated February 21, 1995 from Mr. Kaeser:

I wish to inform you that effective February 16, 1995, the National Bank of Poland reduced the rate of monthly depreciation of the zloty against the currency basket from 1.4 percent to approximately 1.2 percent.

The following communication was received from the authorities of the National Bank of Poland:

We would like to inform the International Monetary Fund of a change of Poland's exchange rate arrangements that came into effect on February 16, 1995.

As you know, since the last realignment of November 30, 1994, the value of the zloty was being depreciated against the basket of currencies every business day by a uniform amount so that the monthly devaluation was approximately 1.4 percent. The uniform amount of daily devaluation was being adjusted occasionally in order to come close to the monthly depreciation rate of approximately 1.4 percent. Since February 16, 1995 the rate of monthly depreciation of the zloty against the currency basket has been reduced to approximately 1.2 percent. Therefore, the daily depreciation changed from the lately practiced 0.0016 to 0.0014 zlotys (new zlotys), and will continue to require some fine-tuning to stay in line with the assumed rate of monthly devaluation. The currency composition of the basket and other characteristics of Poland's exchange rate system remain the same.

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