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EBD/95/149

November 8, 1995

To: Members of the Executive Board

From: The Secretary

Subject: Colombia - Change in the Representative Rate for the
Currency of Colombia

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 noon on Monday, November 13, 1995. In the absence of such a request, the draft decision will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Mr. Moustapha (ext. 37637) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Change in Representative Rate for the Currency of Colombia

Prepared by the Treasurer's Department

(In consultation with the Legal, Monetary and Exchange
Affairs, and the Western Hemisphere Departments)

Approved by David Williams

November 8, 1995

The representative rate for the Colombian peso under Rule 0-2, paragraph (b)(i), against the U.S. dollar, was established on the basis of the average selling rate of the Banco de la Republica for U.S. dollars in the certificate market (Executive Board Decision No. 4439-(74/135) S, adopted October 25, 1974).

On January 21, 1994, the issuance of new foreign exchange certificates was discontinued, and since then the exchange rate of the Colombian peso against the U.S. dollar has been allowed to float within a band with a width of 14 percent. The Fund consulted with the Banco de la Republica on the determination of a representative rate for the peso for spot delivery in the foreign exchange market (Attachment). As a result of these consultations, the Fund found that the representative rate of the peso against the U.S. dollar is the rate certified to the public by the Banking Superintendency, which corresponds to the mean of the weighted averages of the U.S. dollar/peso buying and selling rates at which exchange market intermediaries have engaged in transactions. This rate has been reported daily by the Banco de la Republica, and it was equal to 994.99 Colombian pesos per U.S. dollar on October 30, 1995. A formal change in the definition of the representative rate remains to be adopted.

In view of the foregoing, the following draft decision is proposed for adoption by the Executive Board.

The Fund finds, after consultation with the Colombian authorities, that the representative exchange rate for the Colombian peso under Rule 0-2, paragraph (b)(i), against the U.S. dollar is the rate certified to the public by the Banking Superintendency, which corresponds to the mean of the weighted averages of the U.S. dollar/peso buying and selling rates at which exchange market intermediaries have engaged in transactions. It is understood that the

Banco de la Republica will continue to report to the Fund the representative rate of the Colombian peso on a daily basis, and will inform the Fund promptly of any change in exchange arrangements that may affect the determination of the representative exchange rate.

Attachment

Consecutivo No. 2457

October 30, 1995

From: Joaquín Bernal R.
Director
Foreign Exchange Department
Banco de la Republica
Santafé de Bogotá

To: Treasurer's Operations for General Resources
IMF

Reference is made to your telex dated October 26, 1995. We confirm the contents of our fax message dated April 27, 1994 in the following sense:

"The representative exchange rate for the Colombian peso under Rule 0-2, para B (I) against the U.S. dollar is the rate certified to the public by the Banking Superintendency, which corresponds to the mean of the weighted averages of the U.S. dollar/peso buying and selling rates at which exchange market intermediaries have engaged in transactions."

The representative market exchange rate was one U.S. dollar equalled 994.99 Colombian pesos on October 30, 1995.

Best regards,

/s/

Joaquin Bernal R.
Director

Received in Fund October 30, 1995

