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**IMMEDIATE
ATTENTION**

EBD/00/5

January 14, 2000

To: Members of the Executive Board

From: The Secretary

Subject: **Revised Representative Exchange Rate Definitions—
CFA franc and Tunisian dinar**

Attached for consideration by the Executive Directors is a paper on the revised representative exchange rate definitions for the CFA franc and Tunisian dinar.

It is not proposed to bring this matter to the agenda of the Executive Board for discussion *unless an Executive Director so requests by noon on Monday, January 24, 2000. In the absence of such a request, the draft decisions that appear on pages 2–4 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.*

Ms. Bernhardt (ext. 36671) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

**Revised Representative Exchange Rate Definitions—CFA franc
and Tunisian dinar**

Prepared by the Treasurer's Department

(In consultation with Other Departments)

Approved by Eduard Brau

January 14, 2000

1. The Fund maintains representative exchange rate definitions for the currencies of all Fund members for the purpose of establishing a rate for the exchange of a member's currency to be used in financial transactions with the Fund and between members.¹

2. As discussed in EBS/98/219,² following the introduction of the euro, the representative exchange rate definitions for the CFA franc (the currency of Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Republic of Congo, Côte d'Ivoire, Republic of Equatorial Guinea, Gabon, Guinea-Bissau, Mali, Niger, Senegal, and Togo) and the Tunisian dinar warrant revision as their current representative exchange rate definitions refer to the French franc.³

3. Following consultations, the CFA franc members have proposed a representative exchange rate definition that substitutes the euro for the French franc. Financial relations with the Fund for the CFA franc countries are conducted through three fiscal agencies, Banque des Etats de l'Afrique Centrale (BEAC), Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO), and Banque Centrale des Comoros, thus three revised representative rate definitions are proposed to take into account that these three fiscal

¹ Article XIX, Section 7(a) and Rule 0-2.

² The EMU and Fund—Operational Issues, EBS/98/219 (12/11/98).

³ In addition two members' representative exchange rate definitions were fixed to the deutsche mark. Bosnia and Herzegovina's representative exchange rate definition has been revised (EBD/99/57, 4/28/99). Estonia has indicated it would prefer to retain the current representative rate definition for the kroon until further notice.

agencies have undertaken to inform the Fund of any change in the representative rate of the currency of their respective members (see Decision Nos. 1, 2, and 3.)

4. The Tunisian dinar has been traded in the interbank foreign exchange market since 1994, and the Banque Centrale de Tunisie intervenes in the market to meet its exchange rate objective. The Banque Centrale de Tunisie ascertains and publishes daily average exchange rates of the Tunisian dinar as determined in the market. After consulting with the Tunisian authorities, a new representative exchange rate definition is proposed that reflects these exchange arrangements (see Decision No. 4).

5. Based on the consultations with these members, the following draft decisions are proposed for consideration by the Executive Board.

Decision No. 1

Representative Exchange Rate Definition for the Currency of Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo

1. The Fund finds, after consultation with the authorities of Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo, that the representative exchange rate for the CFA franc, under Rule O-2, paragraph (b)(ii), against the U.S. dollar, is the rate obtained on the basis of the relationship between the CFA franc and the euro, and the representative rate for the euro.
2. Banque Centrale des Etats de l'Afrique de l'Ouest, Dakar will immediately inform the Fund of any change in the representative rate.

Decision No. 2

Representative Exchange Rate Definition for the Currency of Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, and Gabon

1. The Fund finds, after consultation with the authorities of Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, and Gabon, that the representative exchange rate for the CFA franc of these members, under Rule O-2, paragraph (b)(ii), against the U.S. dollar, is the rate obtained on the basis of the relationship between the CFA franc and the euro, and the representative rate for the euro.
2. Banque des Etats de l'Afrique Centrale, Yaounde, Cameroon will immediately inform the Fund of any change in the representative rate.

Decision No. 3

Representative Exchange Rate Definition for the Currency of Comoros

1. The Fund finds, after consultation with the authorities of Comoros, that the representative exchange rate for the CFA franc, under Rule O-2, paragraph (b)(ii), against the U.S. dollar, is the rate obtained on the basis of the relationship between the CFA franc and the euro, and the representative rate for the euro.
2. Banque Centrale des Comoros will immediately inform the Fund of any change in the representative rate.

Decision No. 4

Representative Exchange Rate Definition for the Currency of Tunisia

1. The Fund finds, after consultation with the authorities of Tunisia, that the representative exchange rate for the Tunisian dinar, under Rule 0-2(b)(i), against the U.S. dollar, is the average interbank market rate as ascertained and reported by the Banque Centrale de Tunisie.
2. The Banque Centrale de Tunisie will immediately inform the Fund of any change in the representative rate.