

INTERNATIONAL MONETARY FUND

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After examination of the terms of the 1979 International Natural Rubber Agreement, and the 1981 Sixth International Tin Agreement, the International Monetary Fund has decided that its buffer stock financing facility may be used for the financing of eligible members' compulsory contributions to the buffer stocks of the two Agreements.

The Fund's buffer stock financing facility was established in 1969, and can provide balance of payments assistance to eligible member countries in connection with the financing of their compulsory contributions to buffer stock agreements that the Fund determines and which meet established criteria. Drawings may be made up to 50 per cent of a member's quota. A member using the facility undertakes to cooperate with the Fund in an effort to find solutions to its balance of payments difficulties. Drawings are to be repurchased within three to five years or earlier to the extent that contributions are refunded or the borrowing country's balance of payments improves. Outstanding drawings under the buffer stock financing facility are subject to the Fund's regular charges.

The International Natural Rubber Agreement, which entered into force provisionally in October 1980, and definitively in April 1982, provides for the joint operation of an international buffer stock of 550,000 tons of rubber to stabilize world rubber prices within an agreed intervention price range. The Agreement will be in operation through October 1985. Similarly, the Sixth International Tin Agreement came into force on July 1, 1982 for five years with a possible extension for another two years. It currently provides for a total buffer stock of 39,666 tons of tin as well as export controls as the principal operating mechanisms to stabilize the price of tin within an intervention range which may be adjusted to conform with the medium-term price trend.

Since the establishment of the buffer stock financing facility, the Fund has assisted member countries in connection with the Fourth and Fifth International Tin Agreements (1971-76 and 1976-82), and stood ready to assist members in connection with the First International Cocoa Agreement (1973-76), under which no drawings were made. The Fund is currently assisting members in connection with special stocks established under the 1977 International Sugar Agreement (1978-84). So far, the buffer stock financing facility has been used by 11 countries with total drawings amounting to the equivalent of SDR 247 million. Of these drawings, an amount equivalent to SDR 143 million is at present outstanding.