

**IMMEDIATE
ATTENTION**

EBD/10/50

July 14, 2010

To: Members of the Executive Board

From: The Secretary

Subject: **Tuvalu—Representative Rate for the Australian Dollar as the Currency of Tuvalu**

Attached for consideration by the Executive Directors is a paper on the representative rate for the currency of Tuvalu.

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 Wednesday, July 21, 2010**. In the absence of such a request, the draft decision that appears on page 2 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

It is not intended that this paper will be posted on the Fund's external website.

Questions may be referred to Mr. De Luca (ext. 38258) and Mr. Bunsoong (ext. 35987) in FIN.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

**Tuvalu—Representative Rate for the Australian Dollar
as the Currency of Tuvalu**

Prepared by the Finance Department

In consultation with the Asia and Pacific, Legal,
and Monetary and Capital Markets Departments

Approved by Andrew Tweedie

July 13, 2010

1. Tuvalu became a member of the Fund on June 24, 2010. As a new member, Tuvalu will need to establish procedures with the Fund for determining a representative exchange rate for its currency, in accordance with Rule O-2(b)(i) of the Fund's Rules and Regulations, as proposed in this paper for Board consideration.
2. Pursuant to its national legislation, Tuvalu does not issue a currency of its own but uses the Australian dollar as legal means of payment, which for the purposes of the Articles of Agreement of the Fund is deemed to be the currency of Tuvalu.¹
3. Staff has consulted with the authorities of Tuvalu which have proposed that the representative exchange rate for the currency of Tuvalu be the same as that of the Australian dollar.

¹ See *Tuvalu—Report of the Committee on Membership* (EBD/10/8, 02/22/10).

PROPOSED DECISION

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

The Fund finds, after consultation with the authorities of Tuvalu, that the representative exchange rate for the currency of Tuvalu is the same as that for the Australian dollar.

Attachment



Government of Tuvalu
**Office of the Minister of
Finance and Economic Planning**
Private Mail Bag, Vaiaku, Funafuti
TUVALU

Phone No: + (688) 20201, Fax No: + (688) 20210

Email Address: minfepl@tuvalu.tv

11 June 2010

Sir,

Reference consultation for determining a representative rate for the currency of Tuvalu:

1. The currency of Tuvalu is the Australian dollar. At present the rates of exchange with the U.S dollar are 1.0580 buying and 1.1990 selling in spot exchange transactions in the domestic exchange market.
2. This is to propose that the Fund find the Australian dollar exchange rate in the international market to be the representative rate for the currency of Tuvalu under Rule O-2(b) of the Fund's Rules and Regulations.
3. We will inform the Fund of any change in the representative rate for the currency described above.

Very truly yours,

Hon. Lotoala Metia
Minister for Finance and Economic Planning

The Managing Director
International Monetary Fund
Washington, D.C. 20431