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September 19, 1994

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

The Secretary has received the following memorandum dated September 15, 1994, from Mr. Kaeser:

I wish to inform you that effective September 13, 1994, the National Bank of Poland reduced the rate of monthly depreciation of the zloty against the currency basket from 1.6 percent to approximately 1.5 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 in Poland's exchange rate arrangements that came into effect on September 13, 1994

As you know, since the last step devaluation of August 27, 1993, the value of the zloty was being depreciated against the basket of the currencies every business day by a uniform amount so that the monthly devaluation was approximately 1.6 percent. The uniform amount of daily devaluation was being adjusted occasionally in order to come close to the monthly depreciation rate of approximately 1.6 percent. On September 13, 1994 it was decided to reduce the rate of monthly depreciation of the zloty against the currency basket to approximately 1.5 percent. The practice of daily depreciation changed from 18 to 15 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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