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December 6, 1994

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

The Secretary has received the following memorandum dated December 5, 1994, from Mr. Kaeser:

Please inform the Executive Board of the following communication which I received from the National Bank of Poland:

We would like to inform the International Monetary Fund of a change of Poland's exchange rate arrangements that came into effect on November 30, 1994.

As you know, since the last realignment of September 13, 1994, the value of the zloty was being depreciated against the basket of currencies every business day by a uniform amount so that the monthly devaluation was approximately 1.5 percent. The uniform amount of daily devaluation was being adjusted occasionally in order to come close to the monthly depreciation rate of approximately 1.5 percent. On November 30, 1994, the National Bank of Poland decided to reduce the rate of monthly depreciation of the zloty against the currency basket to approximately 1.4 percent. Therefore, the daily depreciation changed from the lately practiced 18 to 17 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.

Other Distribution:
Department Heads

