EBD/93/28

February 19, 1993

To: Members of the Executive Board

From: The Secretary

Subject: Republic of Kazakhstan - Exchange Arrangements

There is attached for the information of the Executive Directors a paper on the exchange arrangements of the Republic of Kazakhstan.

Mr. Shadman-Valavi (ext. 34532) or Mr. Allum (ext. 38535) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

REPUBLIC OF KAZAKHSTAN

Exchange Arrangements

Prepared by the European II and
Monetary and Exchange Affairs Departments

(In consultation with the other Departments)

Approved by John Odling-Smee and Manuel Guitián

February 18, 1993

The Republic of Kazakhstan became a member of the Fund on July 15, 1992. In the attached communication, the authorities of the Republic of Kazakhstan have notified the Fund, pursuant to paragraph 7 of the Membership Resolution, 1/ of the exchange arrangements that the Republic of Kazakhstan intends to apply in fulfillment of its obligations under Article IV, Section 1, of the Articles of Agreement.

In the notification, the authorities of the Republic of Kazakhstan have stated that the currency of the Republic of Kazakhstan is the Russian ruble. The official exchange rate, which is defined as the value of the ruble against the U.S. dollar as ascertained by the Central Bank of Russia (CBR) on the basis of the Moscow interbank foreign currency exchange, is applied to foreign exchange surrendered to the National Bank of Kazakhstan (NBK), official external debt service payments, purchases of foreign currency from the Republican Hard Currency Fund, and accounting purposes by state enterprises. The NBK publishes the exchange rate of the Russian ruble for 25 currencies and the ECU that are quoted by the CBR on the basis of the international cross rate relationship between the U.S. dollar and the currencies concerned. On February 3, 1993, the market exchange rate was rub 572 per U.S. dollar.

A second exchange rate emerges from a weekly auction of foreign exchange at the NBK's Hard Currency Exchange, in which the NBK and authorized dealers in foreign exchange participate. A single fixed rate is applied to all transactions conducted at each auction, the buying and selling rates being the same. At the auction held on January 27, 1993, the exchange rate was rub 580 per U.S. dollar.

In addition, a third exchange rate emerges from foreign exchange operations of authorized banks with resident enterprises and individuals. This rate is market-determined, except that the spread between buying and

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1/ Board of Governors' Resolution No. 47-12 (approved on April 27, 1992).

selling rates must not exceed 10 per cent. On February 2, 1993, the buying rates ranged from rub 570 to rub 580, and the selling rates from rub 620 to rub 630, respectively, per U.S. dollar

In light of this notification, the Republic of Kazakhstan has been classified by the staff with the group of countries whose currencies are pegged to another currency.

Attachment

ATTACHMENT

ҚАЗАҚСТАН РЕСПУБЛИКАСЫНЫҢ МИНИСТРЛЕР КАБИНЕТІ

КАБИНЕТ МИНИСТРОВ РЕСПУБЛИКИ КАЗАХСТАН

199__ жылғы _____ № _____ № _____ данасы

_____ 199__ года № _____ экз. №

August 14, 1992

Mr. Michel Camdessus
Managing Director
International Monetary Fund
Washington D.C., 20431

Dear Mr. Camdessus:

I would like to submit the notification of the exchange arrangements that the Republic of Kazakhstan intends to apply in accordance with our obligations under Article IV of the IMF's Articles of Agreement.

The currency of the Republik of Kazakhstan is the ruble (100 kopeks = 1 ruble), which is used as the common currency of the Commonwealth of Independent States (CIS).

The National State Bank of Kazakhstan (NSBK) quotes one official exchange rate - i.e. market. Market exchange rate is used for purposes of exchange surrender (sale) to NSBK, official enterprise accounting, purchases of foreign currency from the republican hard carrency fund, and official external debt service payments and is quoted against the U. S. dollar on a weekly basis at a rate equal to that quoted by the Central Bank of Russia.

The market exchange rate is annouced to commercial banks by the NSBK at 9:00 am each Wednesday, and become effective from this moment. The NSBK quotes cross rates for 25 currencies and the ECU. The cross rates are equivalent to those quoted by the Central Bank of Russia, and are based on the exchange rates

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prevailing in foreign exchange markets on the previous Monday. Single rates are quoted (without spreads). On August 12, 1992, market exchange rate was quoted at ruble 161.70 to the U.S. dollar.

In addition, since June 1992, a weekly auction of foreign exchange has been conducted each Tuesday at the NSBK's Hard Currency Exchange. Participition in the market is limited to the NSBK and members of the exchange, the latter comprising banks and other credit institutions authorized to conduct foreign currency operations. Enterprises may buy and sell foreign exchange on exchange through authorized banks. A single fixed rate is applied to all transactions conducted at each session. The buying and selling rates are identical. The auction rate on dollar accounts was ruble 163.80 per U. S. dollar on August 11, 1992.

Banks authorized to conduct foreign currency operations have unrestricted authority to purchase foreign currency from resident enterprises and individuals and may sell foreign currency to residents for approved purposes. Banks are free to determine the exchange rate for each transaction, subject to an official limit of 10 percent between the buying and selling rates. On August 12, 1992, banks quoted buying rates for the U. S. dollar of ruble 150 to 160, and selling rates of ruble 170 to 180.

Enterprises are free to sell and buy foreign exchange from other outside the auctions through the intermediation of authorized banks with no limit on the exchahge rate.

Sincerely yours,

Daulet K. Sembayev
First Deputy Prime Minister