

**IMMEDIATE
ATTENTION**

EBS/00/173

CONFIDENTIAL

August 18, 2000

To: **Members of the Executive Board**

From: **The Acting Secretary**

Subject: **Financial Transactions Plan for the Quarterly Period
September–November 2000**

Attached for consideration by the Executive Directors is a paper on the proposed financial transactions plan for the quarterly period September–November 2000.

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 Friday, August 25, 2000. In the absence of such a request, the draft decision that appears on page 8 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Mr. Corr (ext. 38774) and Mr. Hatch (ext. 37552) are available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

**Financial Transactions Plan for the Quarterly Period
September–November 2000**

Prepared by the Treasurer's Department

(In consultation with the Area and Other Departments)

Approved by Barry S. Newman

August 18, 2000

I. SUMMARY

1. This paper proposes a financial transactions plan for September–November 2000 in accordance with Rule O-10, which calls for quarterly decisions on the use of currencies and SDRs in operations and transactions conducted through the General Resources Account.¹
 - Transfers under the **current financial transactions plan** for June–August 2000, at SDR 1.2 billion, are expected to be substantially lower than planned owing primarily to the decision by Mexico not to make further drawings under its stand-by arrangement and delays in the timing of purchases by other members. Receipts in currencies should amount to some SDR 1.3 billion.
 - The **proposed financial transactions plan** for September–November 2000 provides for transfers of SDR 2.5 billion, financed mainly in SDRs rather than in currencies. Currency receipts are projected at SDR 1.4 billion. The Fund's SDR holdings, currently SDR 2.3 billion, would be reduced during the coming period toward the upper end of the target range of SDR 1.0–1.5 billion.
 - At this time, no new members are proposed to be added to the list of countries considered sufficiently strong for inclusion in the transactions plan.
 - Differences in creditor members' positions in the Fund relative to quota continued to narrow during the current plan period, and are expected to remain closely aligned.

A draft decision appears on page 8.

¹ The current financial transactions plan runs through August 31, and is set out in *Financial Transactions Plan for the Quarterly Period June–August 2000* (EBS/00/88, 5/17/00).

II. IMPLEMENTATION OF THE CURRENT FINANCIAL TRANSACTIONS PLAN

2. The current financial transactions plan for the period June–August 2000 provides for SDR 3.0 billion in transfers and SDR 2.0 billion in receipts (Table 1). Actual **transfers** are expected to amount to SDR 1.2 billion. A large number of purchases under current and prospective arrangements were either delayed beyond the current period or are not now expected to materialize, including the sizable amount that could have been drawn under Mexico’s stand-by arrangement which is now being treated as precautionary.

3. **Receipts** in currencies, largely comprising repurchases, are estimated to reach SDR 1.3 billion, below the planned amount of SDR 2.0 billion which had allowed room for possible voluntary advance repurchases.

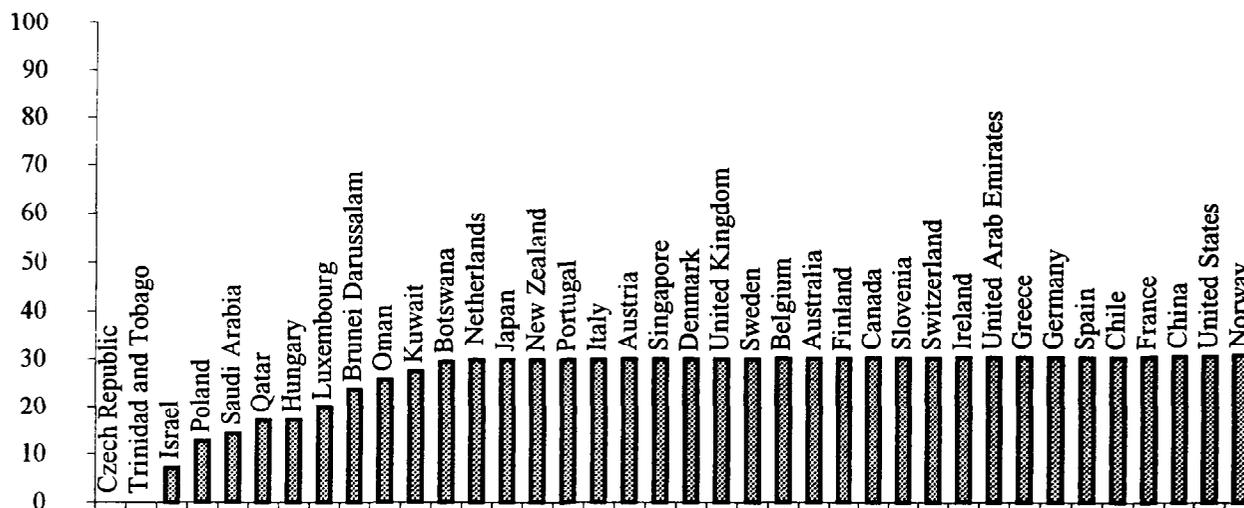
4. As a result of significantly fewer than expected purchases being made during the current plan period, currency use has inevitably been somewhat uneven on the transfer side of the transactions plan.² On the receipts side, however, currency use has been reasonably balanced among members included for receipts. The overall pattern of currency use, on a net cumulative basis, also remains broadly balanced (see figure).³

² The Brunei dollar has not been used in Fund transactions because the authorities have not yet established the technical arrangements to allow exchange of the Brunei dollar for a freely usable currency in Fund transactions. This matter will be taken up with the Brunei authorities during this fall’s 2000 Annual Meetings and the next Article IV consultation mission scheduled for October 2000.

³ As agreed at EBM/00/18, the final outcome of the financial transactions plan will be published three months after the end of the quarter, beginning with the plan for March–May 2000, together with an explanatory note for the public. See EBS/00/19, (2/14/00) and Supplement 1 (2/28/00).

Reserve Tranche Positions in Percent of Quota

(End-August 2000)



Source: Annex II Table 6. Brunei Darussalam has not consented to its Eleventh General Review quota increase.

III. PROPOSED FINANCIAL TRANSACTIONS PLAN FOR SEPTEMBER–NOVEMBER 2000

Main elements of the plan

5. The proposed financial transactions plan for September–November 2000 provides for total transfers of SDR 2.5 billion and receipts of SDR 1.4 billion (see text table). The projections for purchases underlying the proposal for transfers, which are prepared in close consultation with area departments, are subject to some uncertainty.

Estimates of transfers and receipts

6. **Transfers** during the coming period will be comprised entirely of purchases. It is intended that the financing of these transactions would rely more heavily on SDRs than on currencies in order to continue progress in reducing the level of SDRs in the General Resources Account toward the agreed target range. The proposal for **receipts** takes into account the likely demand by members to acquire SDRs from the General Resources Account to pay charges, and the possibility that members currently expected to repurchase in SDRs may choose to make these payments in currencies instead. Proposed receipts under the upcoming transactions plan may, however, need to be revised in light of the recent announcement by the Mexican authorities that they are considering the possibility of early repayment of Mexico's outstanding liabilities to the Fund. In the event of any such

prepayments, the staff will inform the Board of any necessary changes to the receipts side of the September–November 2000 transactions plan.

Proposed Distribution of Currencies and SDRs
September–November 2000 Financial Transactions Plan

(in billions of SDRs)

	Transfers	Receipts	Net
Currencies	1.0	1.4	-0.4
SDRs	1.5	--	1.5
Total	2.5	1.4	1.1

Members considered sufficiently strong

7. The staff's assessment of member's external positions is summarized in Annex I. All members currently included in the financial transactions plan remain sufficiently strong to have their currencies used in Fund transactions. No new members are proposed for addition to the list of sufficiently strong members at this time, although some members not currently included have shown recent signs of external strength and will be kept under review for possible inclusion in a future plan. Accordingly, the external positions of the following 38 members are considered sufficiently strong for their inclusion in the financial transactions plan: *Australia, Austria, Belgium, Botswana, Brunei Darussalam, Canada, Chile, China, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Japan, Kuwait, Luxembourg, the Netherlands, New Zealand, Norway, Oman, Poland, Portugal, Qatar, Saudi Arabia, Singapore, Slovenia, Spain, Sweden, Switzerland, Trinidad and Tobago, the United Arab Emirates, the United Kingdom, and the United States.*

Proposed use of currencies

8. The proposed allocation of currencies (Table 2) is based on the guidelines adopted by the Executive Board in November 1998.⁴ The method of calculation is described in Annex II, together with detailed data used for the calculations.

9. Projected transfers in currencies of SDR 1.0 billion represent 0.66 percent of the quotas of members included in the financial transactions plan, and the allocation of transfers for each member is therefore equivalent to 0.66 percent of its quota. Receipts in currencies of SDR 1.4 billion have been allocated to those members whose reserve position in the Fund in terms of their quota is projected to be above the average ratio of reserve positions to quota at the end of the plan period. The resulting distribution of reserve positions at end-November 2000 would be broadly even, except mainly for those members that have only recently participated in the financing of the Fund.

Proposed use of SDRs⁵

10. The Fund's holdings of SDRs are expected to be about SDR 2.3 billion at the beginning of the September–November 2000 period. Inflows of SDRs to the General Resources Account during the coming period (repurchases, payment of charges, and interest on the Fund's SDR holdings, and any additional quota payments) are expected to total about SDR 1.3 billion, while outflows of SDRs (remuneration payments and acquisitions of SDRs by members) are estimated at SDR 0.7 billion. Assuming full utilization of the proposed transfers in SDRs (SDR 1.5 billion), the Fund's SDR holdings would decline to about SDR 1.4 billion at end-November 2000, i.e., to the upper end of the agreed target range of SDR 1.0–1.5 billion. This would be more than adequate to meet the payment of remuneration and SDR acquisitions by members against currencies specified by the Fund during the following transactions plan period.⁶

⁴ See *Operational Budget—Review of Guidelines for Allocation of Currencies*, EBS/98/194 (11/17/98).

⁵ The proposed plan does not provide for transfers or receipts of SDRs for transactions or operations that must take place in SDRs under the Articles of Agreement or decisions of the Fund (such as periodic charges), or that would take place in SDRs at the initiative of members (such as repurchases), since those transactions do not require Board approval. However, estimates of these flows are taken into account in calculating the amount of SDR transfers and currency receipts proposed.

⁶ The liquidity of SDRs for recycling through the General Resources Account is assured mainly through voluntary transactions by agreement with twelve participants that have established two-way arrangements for buying and selling SDRs. In addition, to ensure the conversion of SDRs into freely usable currency, the Fund prepares a quarterly designation plan. For this upcoming plan period, see the accompanying Board paper: "Designation Plan for the Quarterly Period September—November 2000."

Implementation of the proposed financial transactions plan

11. To the maximum extent practicable, individual currencies would be used in transfers and receipts in proportion to the proposed amounts. As in previous periods, the extent to which this is possible will depend on the volume and timing of transactions, and the operational need to avoid too many currencies in a single transaction. In the event that settlement of substantial amounts of arrears or unanticipated advance repurchases result in receipts of particular currencies in excess of the planned amounts, the staff would make offsetting adjustments in the execution of receipts in other currencies. To the extent that the remaining receipts are insufficient to allow for full adjustment, or total receipts are less than expected, this will be reflected in larger-than-expected reserve positions for some members. These differences are automatically taken into account in subsequent periods under the quota-based allocation system.

Liquidity position of the Fund

12. The liquidity position of the Fund has continued to improve in line with the staff's expectations at the time of the last review in March 2000.⁷ During the current transactions plan period, the Fund's net uncommitted usable resources rose by SDR 2.4 billion. Accordingly, with its liquid liabilities on a continued, albeit slower, downward trend, the Fund's liquidity ratio (net uncommitted usable resources relative to liquid liabilities) is expected to reach about 167 percent at end-August 2000. Assuming full implementation of the proposed financial transaction plan, the Fund's liquidity position would continue to strengthen along the lines shown in the table below.

Consultation with and concurrence of members in the use of their currencies

13. To the extent that consultation with or concurrence of members is required for use of currencies in transfers and receipts, it is proposed that consideration of the proposed financial transactions plan by the Executive Board constitute the necessary consultation, and concurrence will be assumed unless an objection is raised by an Executive Director.

⁷ See *Fund's Liquidity and Financing Needs—Review*, EBS/00/51 (3/17/2000). A staff paper for the next semiannual review is expected to be issued shortly.

Indicators of Fund Liquidity, End-1999 to End-November 2000

(In SDR billions; end of period)

	1999	August 2000	November 2000
Usable resources	94.9	110.2	109.5
Net uncommitted usable resources	63.0	78.1	81.3
Liquid liabilities	54.8	46.9	46.5
Liquidity ratio (percent)	115.0	166.5	174.8

Consultation with and concurrence of members in the use of their currencies

14. To the extent that consultation with or concurrence of members is required for use of currencies in transfers and receipts, it is proposed that consideration of the proposed financial transactions plan by the Executive Board constitute the necessary consultation, and concurrence will be assumed unless an objection is raised by an Executive Director.

Proposed Decision

The following draft decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

The Executive Board approves that list of members considered sufficiently strong as set out in EBS/00/173, paragraph 7, and the financial transactions plan for the period September–November 2000 as set out in EBS/00/173.

Table 1. Estimated Use of Currencies and SDRs in Transfers and Receipts under the
Financial Transactions Plan for the Period June - August 2000

(In millions of SDRs)

Member	Transfers		Col. (2) as % of Col. (1)	Receipts		Col. (4) as % of Col. (3)	Net Transfers	
	Proposed	Used		Proposed	Used		Budget	Amount
	(1)	(2)	(3)	(4)	(5)	(6)		
Australia	32.0	0.0	0.0	42.0	26.9	64.0	-10.0	-26.9
Austria	19.0	0.0	0.0	24.0	15.4	64.0	-5.0	-15.4
Belgium	46.0	0.0	0.0	55.0	35.2	64.0	-9.0	-35.2
Botswana	1.0	0.0	0.0	1.0	0.7	68.5	0.0	-0.7
Brunei Darussalam	1.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
Canada	63.0	0.0	0.0	91.0	62.4	68.5	-28.0	-62.4
Chile	8.0	0.0	0.0	13.0	8.4	64.2	-5.0	-8.4
China	46.0	14.0	30.4	67.0	42.9	64.0	-21.0	-28.9
Czech Republic	8.0	0.0	0.0	0.0	0.0	0.0	8.0	0.0
Denmark	16.0	0.0	0.0	20.0	12.8	64.0	-4.0	-12.8
Finland	13.0	0.0	0.0	19.0	12.2	64.2	-6.0	-12.2
France	107.0	11.2	10.5	182.0	116.6	64.0	-75.0	-105.3
Germany	129.0	0.0	0.0	219.0	150.0	68.5	-90.0	-150.0
Greece	8.0	0.0	0.0	12.0	7.7	64.2	-4.0	-7.7
Hungary	10.0	0.0	0.0	0.0	0.0	0.0	10.0	0.0
Ireland	8.0	0.0	0.0	14.0	9.6	68.5	-6.0	-9.6
Israel	9.0	0.0	0.0	0.0	0.0	0.0	9.0	0.0
Italy	70.0	0.0	0.0	85.0	54.4	64.0	-15.0	-54.4
Japan	132.0	0.0	0.0	163.0	104.3	64.0	-31.0	-104.3
Kuwait	14.0	0.0	0.0	0.0	0.0	0.0	14.0	0.0
Luxembourg	3.0	0.0	0.0	0.0	0.0	0.0	3.0	0.0
Netherlands	51.0	0.0	0.0	63.0	43.2	68.5	-12.0	-43.2
New Zealand	9.0	0.0	0.0	10.0	6.8	67.9	-1.0	-6.8
Norway	17.0	5.0	29.4	29.0	19.9	68.5	-12.0	-14.9
Oman	2.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0
Poland, Republic Of	14.0	0.0	0.0	0.0	0.0	0.0	14.0	0.0
Portugal	9.0	0.0	0.0	10.0	6.4	64.0	-1.0	-6.4
Qatar	3.0	0.0	0.0	0.0	0.0	0.0	3.0	0.0
Saudi Arabia	69.0	0.0	0.0	0.0	0.0	0.0	69.0	0.0
Singapore	9.0	0.0	0.0	11.0	7.1	64.1	-2.0	-7.1
Slovenia, Republic Of	2.0	0.0	0.0	3.0	2.1	68.5	-1.0	-2.1
Spain	30.0	0.0	0.0	47.0	32.2	68.5	-17.0	-32.2
Sweden	24.0	4.0	16.7	28.0	19.2	68.5	-4.0	-15.2
Switzerland	34.0	9.3	27.5	44.0	30.1	68.5	-10.0	-20.8
Trinidad And Tobago	3.0	0.0	0.0	0.0	0.0	0.0	3.0	0.0
United Arab Emirates	6.0	0.0	0.0	7.0	4.7	67.7	-1.0	-4.7
United Kingdom	107.0	0.0	0.0	146.0	92.9	63.6	-39.0	-92.9
United States	<u>368.0</u>	<u>0.0</u>	<u>0.0</u>	<u>595.0</u>	<u>354.0</u>	<u>59.5</u>	<u>-227.0</u>	<u>-354.0</u>
Total Currencies	1,500.0	43.6	2.9	2,000.0	1,277.6	63.9	-500.0	-1,234.1
SDRs	<u>1,500.0</u>	<u>1,196.0</u>	<u>79.7</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,500.0</u>	<u>1,196.0</u>
Total Plan	3,000.0	1,239.6	41.3	2,000.0	1,277.6	63.9	1,000.0	-38.1

Table 2. Proposed Use of Currencies and SDRs for
Transfers and Receipts for the Quarterly Period
September - November 2000
(In millions of SDRs)

Member	Transfers	Receipts
Australia	21	30
Austria	12	16
Belgium	30	37
Botswana	1	1
Brunei Darussalam	1	0
Canada	42	62
Chile	6	9
China	31	53
Czech Republic	5	0
Denmark	11	15
Finland	8	12
France	71	121
Germany	86	137
Greece	5	8
Hungary	7	0
Ireland	6	9
Israel	6	0
Italy	47	58
Japan	88	107
Kuwait	9	0
Luxembourg	2	0
Netherlands	34	41
New Zealand	6	7
Norway	11	21
Oman	1	0
Poland	9	0
Portugal	6	7
Qatar	2	0
Saudi Arabia	46	0
Singapore	6	8
Slovenia	2	3
Spain	20	30
Sweden	16	21
Switzerland	23	35
Trinidad and Tobago	2	0
United Arab Emirates	4	6
United Kingdom	71	95
United States	<u>246</u>	<u>451</u>
Total Currencies	1,000	1,400
SDRs	1,500	--
Total Plan	<u>2,500</u>	<u>1,400</u>

Selection of Members for Inclusion in the Financial Transactions Plan September–November 2000

15. This Annex summarizes the key considerations underlying the staff's proposal for the members to be included in the financial transactions plan for September–November 2000. The procedures for the assessment of members' external strength were agreed by Executive Directors in 1997.⁸ The analysis focuses on significant recent developments in the external position of members currently included in the plan and on the situation of others that are potential candidates for inclusion. Recent data on official international reserves, current and prospective external current account balance, exchange rate developments, and external debt indicators are presented in Tables 3 and 4.⁹

16. The external positions of all members currently included in the financial transactions plan remain sufficiently strong for their continued participation in Fund transactions. Among members not currently included in the transactions plan, Korea continues to show signs of external strength with the uninterrupted buildup in its foreign exchange reserves and has, in recent months, been discussed as a candidate for near-term inclusion in the transactions plan.

17. In May 2000, at the time of the assessment for the June–August 2000 financial transactions plan,¹⁰ the staff noted that it was in discussions with the Korean authorities about the possible inclusion of Korea in the plan for early repurchases in light of its strengthening external position. As noted in the recently issued staff report on the seventh and eighth reviews under Korea's stand-by arrangement,¹¹ the authorities indicated during the review discussions that early repayments to the Fund at this time may lead to complacency during a critical period of reforms and that they would consider making advance repurchases only after the current arrangement expires in early December 2000. Accordingly, assuming the ongoing recovery in its external position is sustained, the staff would expect to propose Korea's inclusion in the list of sufficiently strong members beginning with the December 2000–February 2001 quarter.

⁸ The selection process is described in a staff paper entitled *Assessment of Members' External Strength for Inclusion in the Operational Budget—Role of Supplementary Indicators*, EBS/97/183 (9/24/97). The process relies on the traditional indicators set out in the Articles (balance of payments and reserve positions and exchange market developments) supplemented by a small set of additional indicators, including in particular indicators of short-term external debt and debt-service. See also *Concluding Remarks by the Acting Chairman at EBM/97/105*, BUF/97/106 (10/28/97).

⁹ Where available, the staff has taken into account information on reserve liabilities and off-balance sheet liabilities of the monetary authorities. However, these data are not currently available on a consistent basis for a large number of countries under consideration.

¹⁰ See Annex I of EBS/00/88 (5/17/00).

¹¹ See *Republic of Korea—Seventh and Eighth Reviews Under the Stand-By Arrangement*, EBS/00/137, Supplement 1 (8/1/2000), which is scheduled to be discussed by the Executive Board on August 23, 2000.

18. The staff will continue to review other countries as potential candidates for inclusion in future plans on the basis of the traditional and supplementary indicators, and will make proposals as warranted by the strength of their external positions.

Table 3. Reserves, Balance of Payments, and Exchange Rate Indicators

	Total Gross Reserves				Current Account			Percent Change in Exchange Rates			
	SDR Millions Jun-2000 or latest	Percent Change Over		Months of Imports 2000	(Percent of GDP)			Against SDR since end- March 2000	In Effective terms over last		
		Most Recent			1999	2000	2001		12 Mos. Nominal	12 Mos. Real	24 Mos. Real
	3 months	12 months									
* Australia	12,049	2	6	2.2	-5.7	-4.8	-4.9	0	-10	-9	-5
* Austria	11,300	-2	-2	2.1	-2.8	-2.0	-1.8	-2	-4	-4	-5
Bahamas, The	371 May-00	19	9	2.3	-14.8	-8.6	-7.3	3	2	3	6
Bahrain	1,098	5	8	3.5	-5.0	2.9	2.2	3	6	5	5
Barbados	276 Jun-99	41	17	3.2	-5.2	-3.3	-4.0	3	4	4	2
* Belgium ¹	7,431	-7	-15	0.7	4.8	4.8	5.1	-2	-5	-4	-6
* Botswana	4,655 May-00	2	9	25.9	9.5	12.1	11.3	-4	-4	-9	-10
* Brunei Darussalam	1,533 Dec-96	...	...	8.6	37.8	41.7	...	3	0	-7	-15
* Canada	22,329	-2	18	1.2	-0.4	1.1	0.9	7	-1	-1	-2
* Chile	10,910	3	-1	8.0	-0.1	-2.4	-3.2	1	-2	0	-2
* China	122,186 May-00	2	9	8.8	1.6	1.6	1.3	3	2	0	-5
Cyprus	1,443 May-00	5	50	4.6	-2.6	-2.8	-2.5	-1	-5	-3	-6
* Czech Republic	9,728 May-00	3	11	4.4	-2.0	-3.4	-3.3	-1	-1	-3	-4
* Denmark	12,246 May-00	-9	-17	3.6	1.1	2.0	2.6	-3	-6	-5	-5
Egypt ²	10,625 May-00	1	-16	7.3	-2.8	-2.7	-2.9	1	9	8	11
Estonia	607	12	11	2.0	-6.1	-6.5	-6.4	-1	-2	-10	7
* Finland	5,849	-3	-3	2.4	5.3	5.6	5.3	-2	-7	-6	-7
* France	33,970	6	5	1.7	2.6	3.0	3.2	-2	-5	-6	-8
* Germany	48,411	-3	-2	1.3	-0.9	-0.3	0.0	-2	-7	-7	-9
* Greece	11,282	-8	-26	5.2	-4.1	-4.9	-4.9	-3	-8	-8	-4
* Hungary	7,857	-1	12	3.5	-4.3	-4.5	-4.4	-2	-7	-2	-2
Iceland	315	-1	1	1.4	-6.7	-7.8	-7.3	-3	5	9	8
* Ireland	3,932	1	0	0.9	0.6	-0.6	-0.9	-2	-7	-5	-8
* Israel	16,656	-1	1	5.9	-2.6	-2.1	-2.8	-1	7	7	1
* Italy	21,113	-3	13	1.2	0.7	1.1	1.4	-2	-5	-5	-6
* Japan	253,499	12	37	9.0	2.5	2.6	2.5	0	19	16	26
Korea	67,400	9	45	5.8	6.1	2.1	0.7	0	7	7	23
* Kuwait	4,356	7	37	4.9	16.5	28.7	24.4	2	4	7	9
Latvia	631	-1	-6	3.2	-9.7	-8.7	-7.8	1	14	-2	27
Lithuania	1,036	4	9	2.9	-11.2	-7.4	-6.9	3	20	150	251
Malaysia	25,216	1	10	4.2	15.8	13.6	7.4	3	2	2	4
Malta	1,297 May-00	-2	3	5.7	-3.5	-4.7	-4.6	-1	2	2	2
Mauritius	508	-5	10	2.9	-0.9	1.0	1.1	-1	6	9	12
Mexico	24,668	-9	5	3.1	-2.9	-3.3	-3.8	1	0	7	14
Morocco	3,677	-5	7	4.6	-0.8	-1.9	-1.1	0	4	3	4

Table 3. Reserves, Balance of Payments, and Exchange Rate Indicators

	Total Gross Reserves			Current Account (Percent of GDP)			Percent Change in Exchange Rates				
	SDR Millions Jun-2000 or latest	Percent Change Over Most Recent		Months of Imports 2000	1999	2000	2001	Against SDR since end- March 2000	In Effective terms over last		
		3 months	12 months						12 Mos. Nominal	12 Mos. Real	24 Mos.
* Netherlands	7,708	-8	-11	0.6	5.7	6.2	6.5	-2	-5	-5	-5
* New Zealand	2,552 May-00	-14	-17	2.3	-8.1	-6.2	-5.2	-6	-10	-10	-10
* Norway	15,387 Apr-00	4	15	5.3	3.9	14.3	13.3	-2	-6	-5	-5
* Oman	391	-32	-65	0.9	-4.6	15.0	14.0	3	4	1	0
* Poland	18,956 May-00	3	0	5.8	-7.6	-6.9	-6.6	-4	7	15	8
* Portugal	6,885	-6	-3	2.3	-8.8	-10.4	-10.5	-2	-4	-3	-3
* Qatar	959 Dec-99	...	37	2.6	-4.0	14.0	12.8	3	5	6	7
* Saudi Arabia	12,530	1	18	2.7	-1.2	6.6	1.6	3	4	1	-3
* Singapore	57,624 May-00	3	6	6.4	25.0	23.6	22.4	3	0	0	-8
Slovak Republic	3,098 May-00	19	80	3.4	-5.7	-4.7	-3.9	-4	4	18	4
* Slovenia	2,353 May-00	5	-11	3.3	-3.0	-2.3	-2.8	-5	-7	-2	0
South Africa	5,005	3	32	2.3	-0.4	-0.7	-1.3	-3	-6	-5	-16
* Spain	25,073	-1	-6	2.3	-2.2	-2.2	-1.9	-2	-5	-3	-4
Swaziland	260 May-00	-7	-4	3.7	1.1	1.1	3.0	-3	-1	2	0
* Sweden	11,080	-5	7	1.7	2.6	2.6	2.5	-4	3	2	-7
* Switzerland	25,486	1	-14	4.1	11.3	10.0	10.3	1	-3	-3	-3
Thailand	23,589	0	2	5.1	9.1	7.2	6.0	-4	-4	-3	0
* Trinidad & Tobago	660 Mar-00	-5	25	2.6	0.2	1.2	-4.3	3	5	6	11
Tunisia	1,146 May-00	-21	-2	1.9	-2.1	-3.4	-3.1	-2	-4	-4	-1
* United Arab Emirates	7,792 Dec-99	12	20	3.1	1.1	19.3	13.5	3	4	4	6
* United Kingdom	21,853 Feb-00	-2	-3	0.9	-1.2	-1.7	-1.9	-3	3	4	5
* United States	51,666 May-00	-2	-5	0.6	-3.6	-4.1	-4.1	3	3	4	5
Venezuela	9,448	7	6	7.5	4.4	7.2	4.7	0	-7	6	19

Sources: IFS, Information Notice System, and staff estimates.

Notes: Total Gross Reserves: Reserve data as reported in IFS (line: 1..SZF). Reserve cover is latest gross reserves as a percent of projected imports of goods and services for 2000.

Exchange Rates: Exchange rate movements against the SDR are calculated as of August 7, 2000, except for the Bahamas, Barbados, Cyprus, Egypt, Estonia, Hungary, Latvia, Lithuania, Mexico, Morocco, Swaziland, and Tunisia (all as of end-July 2000), as well as Czech Republic, Israel, Mauritius, and Slovak Republic (all as of end-June 2000), and Poland (as of end-May 2000). Changes in effective exchange rates are as of end-May 2000.

* Indicates member is included for transfers of its currency in the current financial transactions plan.

¹ Current account data are for Belgium-Luxembourg.

² Egypt's current account figures exclude official transfers and are reported on a fiscal year basis.

Table 4. Indicators of Short-Term External Debt and Total Debt Service

	Short-Term External Debt				Total External Debt Service		
	(Millions of U.S. dollars)	End-June 1999		As % of Reserves	in % of Exports of Goods & Services		
		% Change over previous:			1999	2000	2001
		6 months	12 months				
Australia	33,791	-3	2	210	24.8	22.8	22.8
Bahamas, The	12,926	-23	-32	2,640	2.3	2.9	3.3
Bahrain	6,538	10	18	445	8.2	6.9	7.9
Barbados	1,329	90	240	361	6.4	5.0	5.4
Botswana	13	160	-58	0	3.7	3.4	3.3
Brunei Darussalam	398	1,144	-63	22	...	...	...
Chile	9,346	5	-7	64	25.2	23.1	34.9
China	24,263	-23	-20	15	9.6	8.0	8.8
Cyprus	2,341	0	7	123	3.7	3.9	3.6
Czech Republic	5,098	-32	-19	40	12.5	14.1	8.9
Egypt	5,167	24	30	37	10.0	9.6	10.7
Estonia	721	111	81	89	8.1	7.6	7.1
Greece	17,174	3	2	114	...	...	...
Hungary	4,212	-26	-25	40	28.2	20.1	...
Iceland	1,679	5	46	399	...	...	...
Israel	3,745	24	33	17	19.6	18.1	18.1
Korea	34,134	15	6	38	23.7	12.8	11.2
Kuwait	5,025	13	0	86	1.9	1.4	...
Latvia	225	20	137	27	8.3	10.2	7.6
Lithuania	454	14	77	33	20.0	20.2	19.4
Malaysia	7,882	-15	-28	23	5.3	5.9	5.3
Malta	1,567	24	46	91	1.5	1.5	1.5
Mauritius	597	4	19	88	7.2	7.6	...
Mexico	26,518	-9	-6	80	43.8	36.0	27.9
Morocco	1,794	-6	-21	36	30.5	26.0	24.8
New Zealand	5,211	-31	-26	155	21.2	22.0	21.8
Oman	1,753	14	7	335	16.6	6.5	5.4
Poland	7,083	16	34	28	16.8	19.6	21.0
Portugal	26,925	-9	7	292	...	...	...
Qatar	2,745	26	24	209	24.8	19.0	23.3
Saudi Arabia	8,212	-6	14	49	9.3	5.8	6.5
Singapore	96,698	-12	-18	127	...	...	...
Slovak Republic	1,720	-31	-33	42	14.6	12.4	11.5
Slovenia	675	16	65	22	8.0	7.2	10.0
South Africa	13,324	8	-1	199	21.8	19.8	19.5
Swaziland	23	-8	-43	7	2.4	2.3	2.7
Thailand	19,052	-21	-31	60	19.0	17.5	19.1
Trinidad & Tobago	890	43	18	100	7.8	10.2	6.0
Tunisia	1,327	32	32	88	18.3	21.2	17.7
United Arab Emirates	5,049	-8	59	47	2.9	2.1	2.3
Venezuela	5,565	7	15	44	26.2	28.5	28.0

Sources: BIS external debt database via EDSS (short-term debt); and staff estimates (total debt service and exports).

Notes: Short-term debt data represent consolidated cross-border claims in all currencies and local claims in non-local currencies with remaining maturities of up to and including one year, as reported to the BIS by banks in 18 countries and the off-shore banking centers.

Allocation of Currencies in the Financial Transactions Plan

19. This Annex outlines the steps involved in calculating amounts of currencies for transfers and receipts in the financial transactions plan. The relevant data used in preparing the financial transactions plan for September–November 2000 are presented in Tables 5 and 6.

Transfers

20. The currencies of all members included in the financial transactions plan are allocated for transfers in proportion to their quotas. Total currency transfers in the proposed transactions plan for September–November 2000 amount to SDR 1,000 million, or 0.66 percent of the quotas of all members in the plan. Applying this common ratio to the quota of each member included in the plan thus yields individual transfer amounts for each member that are equivalent to 0.66 percent of its quota.

Receipts

21. Receipts in currencies are allocated to members included in the financial transactions plan in proportion to the deviation of their individual positions in the Fund above the projected average of Fund positions in terms of quota at the end of the plan period.¹² The calculation of receipts involves the following steps:

- Proposed transfers are added to Fund positions at the beginning of the plan period to arrive at a projection for end-period positions that does not take into account receipts.¹³ These positions are shown in Column 4 of Table 5.
- Projected end-period positions are measured against the benchmark for balanced positions in the Fund: the projected end-period average of Fund positions in terms of quota, which takes into account the total amount of receipts. The individual Fund positions that would be consistent with the end-period average are shown in Column 5 of Table 5.
- The difference between individual Fund positions and the benchmark positions may be positive or negative, depending on whether individual positions are above or below the projected average, respectively (Column 6 of Table 5). The share of each member in the total of all positive differences is the allocative key for receipts (Column 5 in

¹² A member's position in the Fund comprises its reserve tranche position plus any outstanding loans under permanent borrowing arrangements such as the GAB or the NAB.

¹³ Any changes in Fund borrowing under the GAB or the NAB are also taken into account; no such borrowing is currently expected.

Table 6). Applying these shares to the total amount of receipts of SDR 1,400 million gives the individual amount of receipts for each member (Column 7 of Table 5).

Constraint on currency use

22. Individual currency use is subject to a constraint, formally expressed as a floor on the Fund's holdings of currency relative to quota. The floor is set at one half the projected average of all usable currency holdings at the end of the plan period; for the period September–November 2000, the projected average is 71.5 percent, resulting in a floor of 35.8 percent. Given the inverse relationship between currency holdings and reserve tranche positions, the floor on currency holdings is equivalent to a ceiling of 64.2 percent (100–35.8) on individual reserve tranche positions. As shown in Table 6, currency use is not in practice constrained under the quota-based allocation system.

Table 5. Calculation of Transfers and Receipts in Currencies
September - November 2000
(In millions of SDRs)

	Quota 1/ (1)	Beginning Period Fund Positions (2)	Transfers (3)	End-Period Fund Positions Without Receipts (2)+(3) (4)	Fund Positions Consistent with End-Period Average 2/ (5)	Deviation From End-Period Average (4)-(5) (6)	Receipts 3/ (7)	Projected End-Period Fund Positions (8)
Australia	3,236.4	970	21	991	921	70	30	961
Austria	1,872.3	557	12	569	533	36	16	553
Belgium	4,605.2	1,367	30	1,397	1,311	86	37	1,360
Botswana	63.0	18	1	19	18	1	1	18
Brunei Darussalam	150.0	35	1	36	43	-6	0	36
Canada	6,369.2	1,916	42	1,958	1,813	145	62	1,896
Chile	856.1	259	6	265	244	22	9	256
China	4,687.2	1,427	31	1,458	1,334	124	53	1,405
Czech Republic	819.3	0	5	5	233	-228	0	5
Denmark	1,642.8	490	11	501	468	34	15	486
Finland	1,263.8	379	8	387	360	27	12	375
France	10,738.5	3,267	71	3,338	3,056	282	121	3,217
Germany	13,008.2	3,935	86	4,021	3,702	319	137	3,884
Greece	823.0	248	5	253	234	19	8	245
Hungary	1,038.4	177	7	184	296	-112	0	184
Ireland	838.4	253	6	259	239	20	9	250
Israel	928.2	66	6	72	264	-193	0	72
Italy	7,055.5	2,096	47	2,143	2,008	135	58	2,085
Japan	13,312.8	3,949	88	4,037	3,789	248	107	3,930
Kuwait	1,381.1	377	9	386	393	-7	0	386
Luxembourg	279.1	55	2	57	79	-22	0	57
Netherlands	5,162.4	1,531	34	1,565	1,469	96	41	1,524
New Zealand	894.6	265	6	271	255	17	7	264
Norway	1,671.7	514	11	525	476	49	21	504
Oman	194.0	50	1	51	55	-4	0	51
Poland	1,369.0	172	9	181	390	-208	0	181
Portugal	867.4	258	6	264	247	17	7	257
Qatar	263.8	45	2	47	75	-28	0	47
Saudi Arabia	6,985.5	987	46	1,033	1,988	-955	0	1,033
Singapore	862.5	257	6	263	245	18	8	255
Slovenia	231.7	70	2	72	66	6	3	69
Spain	3,048.9	917	20	937	868	69	30	907
Sweden	2,395.5	716	16	732	682	50	21	711
Switzerland	3,458.5	1,042	23	1,065	984	81	35	1,030
Trinidad and Tobago	335.6	0	2	2	96	-94	0	2
United Arab Emirates	611.7	185	4	189	174	14	6	183
United Kingdom	10,738.5	3,207	71	3,278	3,056	222	95	3,183
United States	37,149.3	11,376	246	11,622	10,573	1,049	451	11,171
Total	151,209.1	43,437	1,000	44,437	43,037	1,400	1,400	43,037

Note: Fund positions may not sum to totals due to rounding.

1/ Eleventh General Review quota for all members except Brunei Darussalam, which has not yet consented to its quota increase.

2/ Fund positions equivalent to the end-period average of 28.46 percent of quota (Table 6).

3/ Calculated in proportion to positive deviations or, equivalently, based on shares in deviations above average (Table 6).

Table 6. Projected Fund Positions During the Period
September - November 2000

(In percent of quota; shares in deviations shown in percent of total)

	Beginning Period Fund Positions (1)	End-Period Fund Positions Without Receipts (2)	Fund Positions Consistent with End-Period Average (3)	Deviation From End-Period Average (4)	Shares in Deviations Above Average (5)	Projected End-Period Fund Positions (6)
Australia	29.98	30.62	28.46	2.16	2.15	29.70
Austria	29.77	30.41	28.46	1.95	1.12	29.56
Belgium	29.67	30.33	28.46	1.86	2.63	29.52
Botswana	29.24	30.83	28.46	2.37	0.05	29.24
Brunei Darussalam	23.52	24.18	28.46	-4.28	0.00	24.18
Canada	30.08	30.74	28.46	2.28	4.46	29.77
Chile	30.29	30.99	28.46	2.53	0.66	29.94
China	30.45	31.11	28.46	2.65	3.81	29.98
Czech Republic	0.00	0.61	28.46	-27.85	0.00	0.61
Denmark	29.86	30.53	28.46	2.06	1.04	29.61
Finland	29.99	30.62	28.46	2.16	0.84	29.67
France	30.43	31.09	28.46	2.63	8.66	29.96
Germany	30.25	30.91	28.46	2.45	9.80	29.86
Greece	30.19	30.80	28.46	2.34	0.59	29.83
Hungary	17.02	17.70	28.46	-10.76	0.00	17.70
Ireland	30.14	30.85	28.46	2.39	0.62	29.78
Israel	7.06	7.70	28.46	-20.76	0.00	7.70
Italy	29.71	30.38	28.46	1.92	4.15	29.56
Japan	29.66	30.33	28.46	1.86	7.62	29.52
Kuwait	27.32	27.97	28.46	-0.49	0.00	27.97
Luxembourg	19.87	20.59	28.46	-7.88	0.00	20.59
Netherlands	29.66	30.32	28.46	1.86	2.95	29.53
New Zealand	29.67	30.34	28.46	1.88	0.52	29.56
Norway	30.75	31.40	28.46	2.94	1.51	30.15
Oman	25.63	26.15	28.46	-2.32	0.00	26.15
Poland	12.58	13.24	28.46	-15.22	0.00	13.24
Portugal	29.70	30.39	28.46	1.93	0.51	29.59
Qatar	16.95	17.71	28.46	-10.75	0.00	17.71
Saudi Arabia	14.14	14.79	28.46	-13.67	0.00	14.79
Singapore	29.84	30.54	28.46	2.07	0.55	29.61
Slovenia	30.12	30.98	28.46	2.52	0.18	29.68
Spain	30.08	30.74	28.46	2.27	2.13	29.75
Sweden	29.88	30.54	28.46	2.08	1.53	29.67
Switzerland	30.13	30.80	28.46	2.33	2.48	29.78
Trinidad and Tobago	0.00	0.60	28.46	-27.86	0.00	0.60
United Arab Emirates	30.17	30.82	28.46	2.36	0.44	29.84
United Kingdom	29.86	30.52	28.46	2.06	6.80	29.64
United States	30.62	31.29	28.46	2.82	32.20	30.07
Total	28.73	29.39	28.46	0.93	100.00	28.46
Standard Deviation	9.05					8.64

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