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**IMMEDIATE  
ATTENTION**

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ROOM C-525

0422

EBD/92/166

July 28, 1992

To: Members of the Executive Board  
From: The Secretary  
Subject: Estonia - Representative Rate for the Estonian Kroon

It is not proposed to bring the attached memorandum to the agenda of the Executive Board for discussion unless an Executive Director so requests by the close of business on Friday, July 31, 1992. In the absence of such a request, the draft decision will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Ms. Voulgaris (ext. 37629) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:  
Department Heads



INTERNATIONAL MONETARY FUND

Representative Rate for the Currency of Estonia

Prepared by the Treasurer's Department

(In consultation with the European II, Legal,  
Monetary and Exchange Affairs, and Policy  
Development and Review Departments)

Approved by David Williams

July 27, 1992

The Republic of Estonia became a member of the Fund on May 26, 1992 with a quota equivalent to SDR 31 million.

The currency of Estonia is the kroon, which is pegged to the deutsche mark at the rate of 8 kroons per deutsche mark. Kroons are freely exchanged for other currencies in the foreign exchange market. However, mechanisms for monitoring and collecting exchange rates are not sufficiently developed, and currently a representative exchange rate for the kroon in terms of the U.S. dollar cannot be readily ascertained.

The authorities of Estonia have informed the Fund that they wish to propose the representative exchange rate for the kroon against the U.S. dollar to be obtained on the basis of the fixed relationship of the kroon to the deutsche mark, and the representative exchange rate of the deutsche mark in terms of the U.S. dollar. It is understood that the Bank of Estonia (Central Bank) will advise the Fund immediately of any change in the fixed relationship between the kroon and the deutsche mark, or of any change in exchange arrangements that may affect the determination of the representative exchange rate (see Attachment).

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

The Fund finds, after consultation with the authorities of Estonia, that the representative exchange rate for the kroon against the U.S. dollar, under Rule 0-2(b)(ii), is the rate obtained on the basis of the fixed relationship of the kroon to the deutsche mark and the representative exchange rate for the deutsche mark.

Attachment

TO: TREASURY INTERFUND  
FROM: EESTI PANK/BANK OF ESTONIA  
DATE: 27.07.1992  
OUR TELEX REF: 0222  
NO: 2  
ATTN: MR. EDGARDO DECARLI

REFERENCE CONSULTATION FOR DETERMINING THE REPRESENTATIVE EXCHANGE RATE FOR THE CURRENCY OF ESTONIA:

THIS IS TO PROPOSE THAT THE FUND FIND, AFTER CONSULTATION WITH THE AUTHORITIES OF ESTONIA, THAT THE REPRESENTATIVE EXCHANGE RATE FOR THE KROON AGAINST THE U.S. DOLLAR, UNDER RULE 0-2(B)(II), IS THE RATE OBTAINED ON THE BASIS OF THE FIXED RELATIONSHIP OF THE KROON TO THE DEUTSCHE MARK AND THE REPRESENTATIVE EXCHANGE RATE FOR THE DEUTSCHE MARK.

THE CURRENT FIXED EXCHANGE RATE OF THE ESTONIAN KROON IS EEK 8 = DM 1. THE BANK OF ESTONIA WILL ADVISE THE FUND IMMEDIATELY OF ANY CHANGE IN THE FIXED RELATIONSHIP BETWEEN THE KROON AND THE DEUTSCHE MARK, OR OF ANY CHANGE IN EXCHANGE ARRANGEMENTS THAT MAY AFFECT THE DETERMINATION OF THE REPRESENTATIVE EXCHANGE RATE.

NO. 7

ANDRUS VIIRG  
BANK OF ESTONIA

Received in Fund July 27, 1992