

EBS/87/212

CONFIDENTIAL

October 6, 1987

To: Members of the Executive Board

From: The Secretary

Subject: Bolivia - Compensatory Financing Facility - Repurchase Under Paragraph 7 of Decision No. 6224-(79/135), August 2, 1979

Attached for the information of the Executive Directors is a paper on a repurchase to be made by Bolivia under paragraph 7 of the decision on the compensatory financing facility adopted at EBM/79/135 on August 2, 1979.

Mr. Kaibni (ext. 7721) is available to answer technical or factual questions relating to this paper.

Att: (1)

INTERNATIONAL MONETARY FUND

BOLIVIA

Compensatory Financing Facility--Repurchase Under  
Paragraph 7 of Decision No. 6224-(79/135),  
August 2, 1979

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Prepared by the Research Department

(In consultation with the Western Hemisphere, Exchange and  
Trade Relations, Legal, and Treasurer's Departments)

Approved by Jacob A. Frenkel

October 6, 1987

In December 1986 Bolivia made a purchase of SDR 64.1 million under Decision No. 6224-(79/135), adopted August 2, 1979, as amended, in respect of an export shortfall calculated for the 12 months ended December 1986 (EBS/86/264, 11/26/86). That purchase was made under the early drawing procedure by which exports for the last six months (July-December) of the shortfall year were estimated.

As shown in the table, actual data now available for the entire shortfall year indicate that exports for the year ended December 1986 amounted to SDR 539.9 million, SDR 50.7 million more than the estimate of SDR 489.2 million used in EBS/86/264. Replacing the data used in EBS/86/264 by the actual data for the year ended December 1986 has the effect of reducing the compensable shortfall for that year from SDR 67.9 million to SDR 30.0 million. <sup>1/</sup> Since the purchase amounted to SDR 64.1 million, Bolivia was overcompensated by SDR 34.1 million.

In accordance with paragraph 7 of the Decision on Compensatory Financing of Export Fluctuations (Executive Board Decision No. 6224-(79/135), adopted August 2, 1979, as amended, Bolivia is being requested to make a prompt repurchase of the amount of overcompensation. Completion of the repurchase will be reported in a subsequent report to Executive Directors on transactions and operations.

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<sup>1/</sup> The compensable shortfall of SDR 67.9 million had been adjusted downward by SDR 1.6 million on account of an estimated buildup of tungsten stocks in the shortfall year. However, final data reveal that tungsten exports were higher than estimated at the time of the purchase and that the actual level of stocks declined in the shortfall year. Therefore no stock adjustment is required in determining the shortfall based on actual data for the shortfall year.

Table. Bolivia: Final Calculation of Shortfall  
and Amount of Overcompensation

(In millions of SDRs)

	Calendar Years			Projected	
	1984	1985	1986	1987	1988
Exports					
As reported in EBS/86/264	762.8	662.3	489.2 <u>1/</u>	452.2	487.2
Actual	762.8	662.3	539.9		
Shortfall					
Estimated in EBS/86/264			67.9 <u>2/</u>		
Based on actual data			30.0 <u>3/</u>		
Overcompensation			34.1 <u>4/</u>		

1/ Based on estimated data for the last six months (July-December 1986) of the shortfall year.

2/ Net of stock adjustment of SDR 1.6 million.

3/ Actual data indicated no stock buildup.

4/ Amount by which purchase (SDR 64.1 million) exceeds the actual shortfall (SDR 30.0 million).