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MASTER FILES

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EBD/85/233

September 4, 1985

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

There is attached for the information of the Executive Directors a paper on a recent change in the exchange arrangements of Israel.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

ISRAEL

Exchange Arrangements

Prepared by the European Department and the
Exchange and Trade Relations Department

(In consultation with the Legal Department)

Approved by L.A. Whittome and J.T. Boorman

September 4, 1985

Effective September 4, 1985, the Israel authorities introduced a new currency unit called the "new shekel" with a value equal to 1,000 of the former shekel. This action was foreshadowed in a notification received from the Israel authorities on August 26, 1985 (see below). The old and new currencies will be legal tender concurrently for a year following introduction of the new unit while, for a further year, it will be possible to convert freely the old shekel into the new shekel.

INTERFUND WASHINGTON

AUGUST 26, 1985

ATTENTION: DR. J.J. POLAK

I WOULD LIKE TO INFORM YOU THAT THE GOVERNMENT PROPOSES TO INTRODUCE A NEW CURRENCY UNIT--THE NEW SHEKEL--EQUIVALENT TO IS 1,000.

THIS PROPOSAL WILL BE BROUGHT BEFORE THE KNESSET ON SEPTEMBER 3 WITH A VIEW TO ITS BECOMING EFFECTIVE ON SEPTEMBER 4.

THE NEW SHEKEL AND THE IS WILL BOTH BE LEGAL TENDER CONCURRENTLY FOR A YEAR FROM THE DATE ON WHICH THE NEW SHEKEL IS INTRODUCED. THEREAFTER, FOR A FURTHER YEAR, IT WILL BE POSSIBLE TO CONVERT THE IS INTO NEW SHEKELS FREELY.

WITH BEST REGARDS,

DR. MOSHE Y. MANDELBAUM
GOVERNOR
BANK OF ISRAEL