

Exchange Transactions of the International Monetary Fund

During the year ending June 30, 1954, the policies and procedures of the International Monetary Fund have been further developed to provide more effective support to member countries who may be in temporary balance of payments difficulties or who may require Fund assistance in connection with the introduction or maintenance of convertibility for their currencies. The volume of currency purchases from the Fund has shown a marked increase over the previous 12 months and the variety of exchange transactions has grown considerably. Waivers have been granted for the first time under Article V to permit members to use more than their normal yearly increment of drawings from the Fund, additional stand-by credit arrangements have been approved, and the Fund has sold sterling and Deutsche marks to member countries as well as United States dollars.

In the 12 months ending June 30, 1954, the Fund's resources were drawn on by Brazil, Chile, Japan, Turkey and Mexico to the equivalent of \$225.79 million (U.S.), compared with drawings of only \$70.75 million in the preceding 12-month period. During the Fund fiscal year ending April 30, 1954, currency re-purchases totalling \$145.1 million were made by eight member countries with gold and dollars.

In December 1953, the Fund's policy on stand-by credit arrangements was reviewed and it was agreed that in special cases, for example in connection with programmes for the maintenance or achievement of currency convertibility, consideration would be given to requests for stand-bys of longer duration than the six months previously permitted. At the same time, the Fund decided that the charge of $\frac{1}{4}$ of 1 per cent payable for stand-by arrangements might be offset against the service charge payable on drawings under such an arrangement. As of July 1, 1954, Belgium, Finland, Mexico, and Peru had entered into stand-by arrangements with the Fund for \$50 million, \$5 million, \$50 million, and \$12.5 million respectively, against which Finland had drawn its full \$5 million and Mexico \$22.5 million.

During the year, the Fund's schedule of charges on purchases of exchange was revised and simplified; charges on holdings which exceed a member's quota by not more than 50 per cent were somewhat increased, while charges on holdings in excess of this percentage were slightly reduced.

Article XIV Consultations

Beginning in 1952, the Fund has consulted each year with member countries maintaining exchange restrictions under the transitional period arrangements provided for in Article XIV. These consultations are held to ascertain whether the balance of payments position and prospects of these countries are such as to justify the continued maintenance of exchange restrictions. As of June 30, 1954, 45 member countries were still maintaining exchange restrictions under Article XIV. However, the consultations during the preceding 12 months revealed a welcome general trend towards