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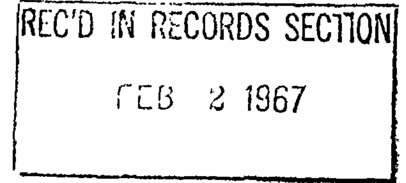
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON


REC'D IN RECORDS SECTION
FEB 2 1967

February 1, 1967

CONFIDENTIAL (FR)

TO: Federal Open Market Committee

FROM: Mr. Holland

There is attached for your consideration a copy of a staff memorandum regarding criteria for increasing membership in the Federal Reserve network of reciprocal currency arrangements. This memorandum was prepared in response to the discussion at the meeting of the Committee on November 22, 1966.

Robert C. Holland, Secretary,
Federal Open Market Committee.

Attachment

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CONFIDENTIAL (FR)

February 1, 1967.

Criteria for Increasing Membership in the Federal Reserve Network of Reciprocal Currency Arrangements

The suggestion recently made that the Federal Reserve should now enlarge its swap network and enter into additional reciprocal currency ("swap") arrangements with the central banks of Denmark, Norway, Mexico, and Venezuela raises broad questions concerning the purposes of such arrangements and the principles that should govern the size of the network.

This paper concludes that, in the light of the nature and purposes of reciprocal currency arrangements, the Federal Reserve should maintain such arrangements only with a relatively small number of major central banks. However, there might be more advantages than disadvantages in including some central banks that are not now included.

In any extension of membership, it would be desirable to follow criteria that are as objective as possible. The following four criteria are tentatively suggested:

(1) The country should have a currency that is convertible within the meaning of Article VIII of the Articles of Agreement of the International Monetary Fund.

(2) The central bank, with its government's approval, should wish to enter into and maintain a reciprocal currency arrangement with the Federal Reserve on a banking basis, and should be prepared to treat swap drawings as short-term credits and to exchange relevant information freely and frankly, without diplomatic participation or intervention.

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(3) The country's financial structure, including its exchange market, should be such that it is subject to the types of international flows with which the swap arrangements are designed to cope.

(4) The country should be of at least a certain size in international trade and finance. Size might appropriately be measured by official reserves, foreign trade, IMF quotas, or some other magnitude or combination of magnitudes.

Alternative or additional considerations may seem relevant--for example, political and economic stability, and closeness of financial relations with the United States. But such considerations are difficult to formulate objectively. And the four fairly straightforward criteria suggested above would probably insure in practice that the partner central banks also had whatever additional qualifications might be thought desirable.

Some countries that could qualify under criteria (1), (3), and (4) may not wish to join (i.e. may not meet criterion (2)). This may be the case, for example, for a member of the sterling area, such as Australia. Insofar as sterling area countries keep their reserves in sterling rather than dollars, short-term flows of funds to or from them show up in U.K. reserves and liabilities as well as in their own reserves. Any desired offsetting can be handled through their arrangements with the U.K., or under swap arrangements between the U.K. and the U. S.

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Of the four countries mentioned as possible new adherents to reciprocal currency arrangements, only Mexico now satisfies the first criterion (convertibility). Denmark and Norway plan to accept the obligations of Article VIII this year. Venezuela could probably do so soon, but has not indicated that it will.

It seems possible that all four central banks satisfy the second criterion (intent), although the Bank of Mexico has not expressed great interest. Further detailed discussions would be necessary in each case to make sure that the Federal Reserve and its prospective partners approach reciprocal arrangements from similar or compatible points of view.

Mexico, Denmark and Norway would appear to satisfy the third criterion (financial and exchange market structure). The case is less clear for Venezuela with respect to its foreign exchange market, but may be clarified should Venezuela make the bolivar convertible, agree upon a realistic par value with the IMF, and simplify its exchange rate structure.

Whether a particular country satisfies the fourth criterion (size) depends on the measures of size and the cut-off points that are chosen. Under most reasonable measures of size, all four countries would qualify if any one of them would qualify (and also if Austria, now a member of the network, continues to qualify). Mexico is smaller than the others in terms of its foreign trade, but not in terms of its reserves and IMF quota.

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The only large convertible currency country besides Mexico that is outside the present swap network is Australia. Kuwait, Saudi Arabia, and Ireland are also Article VIII countries and have large reserves, but they are far down the list in terms of foreign trade and IMF quotas. Countries which have fairly large reserves, IMF quotas, and foreign trade, but do not yet have convertible currencies, include India, Spain, South Africa, and Brazil. Other nonconvertible countries with large reserves include Portugal, Thailand, Malaysia, and Israel.

It may be that a few of these countries will accept the obligations of Article VIII in the years ahead and ultimately become candidates for membership in reciprocal currency arrangements among central banks. But it appears that application of the proposed criteria, using a size cut-off that would admit Denmark, Norway, Mexico, and Venezuela to the swap network, would not logically point to the inclusion of more than one or two other countries over the next few years.

Nature and Purposes of Swap Arrangements

Swap arrangements represent reciprocal lines of short-term credit. Their use is intended to prevent temporary international flows, especially flows of volatile capital, from having large effects on the reserve assets of the central banks concerned. This greater stability of reserves is in turn thought to minimize the danger of cumulative uneasiness and speculation in exchange markets. In fact, the very existence of the arrangements, even when they are not used, is thought to have a stabilizing effect. The availability of credit facilities can

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help to reduce the danger that a country may be forced by a temporary imbalance to change its exchange rate or impose new controls on capital movements. Thus they reduce incentives to speculate on such developments.

The credit nature of a swap drawing is seen most clearly when a foreign central bank draws on the Federal Reserve (as Canada, Japan, Italy, and Belgium have done in the past, and as Britain has done recently). The dollars it receives are added to its reserves and become available for use in supporting its currency in exchange markets.

The credit aspect may be somewhat less obvious when the Federal Reserve draws on a foreign central bank, since the System typically uses the foreign currency thus acquired to purchase uncovered dollars from the foreign bank, so that at the end of the operation, the foreign bank holds no more dollars than it did immediately before the swap transaction took place. But usually the foreign bank had acquired during the preceding days additional dollars, and it is these marginal dollars that are now replaced with dollars covered, in effect, by an exchange rate guarantee. The rationale is that without the guarantee, the foreign bank would not have been so willing to acquire and hold the additional dollars, and might instead have purchased gold, or requested the United States to draw on the IMF. In this sense, the swaps provide short-term credit to the United States.

It is, of course, not certain exactly what the course and timing of events would have been in the absence of any given swap drawing by the United States. The use of swaps is part of a continuing relationship. If a particular inflow to a foreign central bank was clearly

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temporary (perhaps a seasonal movement over year-end), the bank might have held the dollars even without cover, knowing that they would soon flow out again. On the other hand, it is possible that there could have been a ratcheting movement adverse to the United States, in which the foreign central bank, in the absence of swaps, might have taken temporary reserve gains in gold and subsequent losses in dollars. Even if it cannot be demonstrated that every use of swaps by the System has averted a fluctuation in U. S. reserves that would otherwise have taken place and would have given rise to exchange market uneasiness, if not to outright speculative transactions, many drawings undoubtedly have worked in this direction.

From the nature and purpose of the reciprocal facilities, and from the history of their use, it seems clear that these facilities are most useful to the United States when they are with the central banks of foreign countries that are important in international trade and finance, and when they are with banks with which the Federal Reserve is able to develop intimate day-to-day contact and a common point of view. Swap drawings, to be useful, must be immediately available in response to a telephone call; therefore mutual confidence and familiarity are helpful. On the other hand, to guard against the possibility that drawings might be abused, by being used to obtain longer-term credits or guarantees and to delay necessary international adjustments, both parties must recognize the temporary nature of the accommodation and must repay quickly.

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Considerations re Enlarging Membership

There is no need here to review the substantial advantages derived from the existing arrangements, but only to consider the results of increasing the number of adhering countries. The extension of reciprocal currency arrangements to additional countries may have a number of advantages and disadvantages.

Among the disadvantages, there is first the danger that as more and more foreign central banks have the opportunity to obtain temporary exchange guarantees from the Federal Reserve through swaps, they may tend to hold fewer uncovered dollars on the average than they would otherwise have done. A second and related danger is that once the "club" is opened for membership, many countries may feel impelled by prestige considerations to submit applications and to demonstrate eligibility by appearing unwilling to hold increases in dollar balances without cover. A third danger is that a system that increasingly damps the fluctuations in countries' reserves may make the public more sensitive to any fluctuations that do occur; it may thus freeze reserves to some extent, and lead to unwise policy actions designed to keep them from declining even temporarily.

A fourth danger is that some present members of the network, who have been reluctant to see it grow in dollar terms as fast as it has, will be dismayed at the prospect of a wider membership, especially if it takes in central banks with which they have not had close relations. This possibility will have to be guarded against, or at least prepared for, in negotiations prior to any extension of the network.

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Against these possible disadvantages there would be some advantages in increasing the number of countries involved in the arrangements. The major advantage would be the opportunity provided to place membership in the network on a logically consistent basis, based on reasonably objective criteria.

This would help to dispel the notion that the members of the Group of Ten are somehow special and distinct from the rest of the world. Austria now is the only country involved in reciprocal currency arrangements that is not in the Group of Ten; but Austria shares many characteristics with Continental Group of Ten countries. Admission of additional Scandinavian countries and of some Latin American countries, according to uniform principles, would serve to demonstrate that the Federal Reserve views the world as made up not of two distinct groups of countries but of a spectrum of countries, and that network membership, while in some respects arbitrary, has a reasonable rationale deriving from objective considerations.

The use of objective criteria for swap membership would weaken any incentive that countries might have to attempt to qualify for entry by becoming apparently unwilling holders of dollars. It would also help to avoid making admission to the network look like a political act, which could make very awkward the exclusion of some other country, and could involve arguments and issues having little to do with the purposes and functions of reciprocal currency arrangements or central banking.

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From new swap arrangements, the United States and the Federal Reserve would reap the same kinds of benefits as from present arrangements. The new credit facilities, of course, would be small relative to the existing ones. But while capital flows to or from a single small or medium sized country may not be upsetting to exchange markets or create serious problems for the U. S. authorities, flows involving several such countries at once can create real problems which additional swap arrangements might make more manageable. There would also be opportunities to develop close working relationships with, and understanding of, the new partner countries. And the benefits felt by those countries as a result of the new relationship might make them more willing to follow trade, payments, and reserve policies that were helpful to the United States.

A case could, of course, be made that any country that needs reserves needs reciprocal currency arrangements as well. Even for a very small country, local problems of capital flight and exchange rate uncertainty can be very serious. On this argument, the swap network might appropriately swell until its membership became coterminous with IMF membership of more than 100 countries.

The argument is not persuasive, either from a general point of view or from the viewpoint of the United States. It was argued above that the swap network, as a supplement to reserves, has a specialized function: to finance or be available to finance, temporary and reversible flows, such as occur among large countries with developed

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financial systems--flows which, in the absence of such facilities, could endanger the stability of the international monetary system.

The legitimate short-term credit needs of small countries, must, of course, be met. But they need not be met with reciprocal currency arrangements among central banks. And a large-scale proliferation of such agreements would interfere with the effective management of the network, which depends on the kind of close day-to-day working relationships that are impossible to maintain with more than a limited number of countries.

If the foregoing line of analysis is sound, it may be readily agreed that the Federal Reserve should not seek, either in its own interest or in the general interest, a swap network so wide as to embrace all countries that might wish to participate. On the other hand, it might also be agreed that there is merit in avoiding any expansion of the group that will appear "clubby"--e.g. one limited to small European countries. But some expansion of the network could be the means of rationalizing it by making membership depend as much as possible on objective and self-qualifying principles.

Criteria for Membership

A very wide variety of criteria, both objective and subjective, may be relevant. These include both measurable characteristics of countries, their economies, and their histories, and also-perhaps more importantly--prospective attitudes and intentions towards reciprocal currency arrangements themselves; toward markets, stability, freedom,

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and frankness; and toward the United States. A catalogue of relevant criteria might be very long, and the inclusion or weighting of particular criteria by different judges might reasonably be very different.

As a short-cut, it is tentatively suggested that four relatively straightforward and reasonably objective criteria might suffice. It seems possible that all central banks that could satisfy these three criteria might also satisfy more detailed and varied criteria, and that, conversely, no central bank that did not meet these simple criteria would meet a more complicated test. The four are as follows:

(1) The country should have a currency that is convertible within the meaning of Article VIII of the Articles of Agreement of the International Monetary Fund.

(2) The central bank, with its government's approval, should wish to enter into and maintain a reciprocal currency arrangement with the Federal Reserve on a banking basis, and should be prepared to treat swap drawings as short-term credits and to exchange relevant information freely and frankly, without diplomatic participation or intervention.

(3) The country's financial structure, including its exchange market, should be such that it is subject to the types of international flows with which the swap arrangements are designed to cope.

(4) The country should be of at least a certain size in international trade and finance. Size might appropriately be measured by official reserves, foreign trade, IMF quotas, or some other magnitude or combination of magnitudes.

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Criterion (1) - Article VIII Convertibility

This criterion insures at least a minimum degree of adherence to freedom of international transactions and external convertibility (although the Fund has sometimes been lax in policing Article VIII status once achieved). It requires that the country be a member of the IMF, whose role in international financial affairs it is the policy of the United States to emphasize and strengthen. (Switzerland qualifies since, though not a member, it is associated with the IMF's General Arrangements to Borrow; also, it does maintain the requisite degree of convertibility). This criterion permits the foreign currencies acquired by the Federal Reserve through swaps to be counted without question as U. S. reserve assets. Also, convertible currencies are eligible for use in transactions with the IMF.

Criterion (2) - Intent and Behavior

This criterion is to some extent subjective, although the question whether the foreign bank wishes to have a reciprocal currency arrangement and has its government's approval is factual. Willingness to treat swap drawings as short-term credits and to exchange relevant information freely and frankly is about as clear-cut a proxy as seems possible for a much wider range of attitudes which it would be desirable to find in a partner central bank. Absence of diplomatic interference is vital to the smooth working of reciprocal arrangements in times of tension, when they are most needed. Obviously, considerable discussion with people at the central bank concerned, and careful study of its behavior in other relationships over the recent past, is necessary to judge whether it may be depended upon to meet this criterion.

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Criterion (3) - Financial and Exchange Market Structure

Swap arrangements are useful only to countries that may experience the kinds of volatile capital flows with which such arrangements are intended to cope. Such a country will have a well-developed financial system and an actively functioning exchange market.

An active exchange market also enhances the useability to the Federal Reserve of the foreign currency when acquired. Since the Federal Reserve typically uses the currencies it acquires under mutual currency arrangements for transactions with the partner central bank, it might be thought that no additional requirement is necessary. But from time to time it may be desirable to use foreign currencies in other ways, e. g., for third-currency swaps, or for direct intervention in exchange markets (rather than via the partner central bank).

More generally, it may seem questionable to count as reserve assets holdings of a currency that cannot readily be traded. And it may be desirable, in judging whether reserve changes reflect temporary and reversible capital movements, to have the benefit of signals from an exchange market in which commercial banks and traders deal with each other as well as with the central bank. Usually, there will be such a market or markets (though there need not be one in the United States) for the convertible currency of any sizable country. Therefore, this third criterion will normally be satisfied if the first and fourth criteria are satisfied.

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Criterion (4) - Size

This criterion, although objective, is open to the criticism that it is arbitrary. But some simple, though arbitrary, cut-off seems preferable to a much longer listing of economic, financial, and institutional characteristics. Also, arbitrariness with regard to size is preferable to arbitrariness with regard to geographical location.

Perhaps the single measure of a country's economic and financial size that is most appropriate for this purpose is the size of its official reserves including gold, foreign exchange, and reserve position in the IMF. Only countries with large reserves can suffer losses large enough to have a significant destabilizing effect internationally. Only countries with large reserves can shift the composition of their reserves as between gold, foreign exchange, and IMF positions in large amounts. Only countries with large reserves are likely to be the recipients of significant amounts of volatile capital during periods of tension and uncertainty.

Large reserves, particularly if maintained over a period of years, are usually an indication of a certain degree of internal stability and creditworthiness. They usually provide a country with a sufficient cushion in periods of difficulty so that market mechanisms can be permitted to continue operating while remedial policy actions are being devised and implemented. All these characteristics are precisely those that make it likely that the Federal Reserve and the central bank of the country concerned will find a reciprocal currency arrangement mutually advantageous.

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Table 1, attached, lists all IMF member countries (and Switzerland) that held $400 million or more of reserves at the end of 1966. That figure is chosen so that the list will include all four of the countries with which new currency arrangements are presently being considered.

Reserves alone, however, are not a wholly satisfactory indicator. Some account should probably also be taken of the size of a country's international transactions, which does not always correlate well with size of reserves. To be susceptible to large changes in international capital flows with which swap arrangements can appropriately deal, a country needs to engage in international transactions on a substantial scale. Only if its foreign trade is sizable, for example, can there be large leads and lags in foreign payments and receipts.

As an indication of this aspect of a country's size, Table 2 lists all IMF member countries (and Switzerland) whose merchandise exports plus imports totaled $2-1/2 billion or more in 1965, the cut-off point again being chosen so as to include all four of the countries with which new currency arrangements are presently under consideration. A more comprehensive measure of international transactions might be desirable, but statistics of capital flows are difficult to use because of data problems, including the fact that such flows are usually measured net rather than gross.

It will be seen from Table 1 that there are sixteen IMF member countries outside the present swap network that had reserves of more than $400 million at the end of 1966. Table 2 shows that there were twelve

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IMF member countries, not in the swap network, that had exports plus imports of more than $2-1/2 billion in 1965. Nine countries appear on both lists--the four with which new reciprocal currency arrangements are presently under consideration, plus Australia, Spain, South Africa, India, and Brazil.

A third listing might be made ranking countries by the size of their IMF quotas and GAB commitments (Table 3). This measure is generally favored in international liquidity discussions as a possible basis for distributing any reserve assets that may be newly created by international agreement. It has the merit of having been negotiated and accepted as a rough measure of a country's size for international monetary purposes at a certain point in time. But special political considerations may have been given undue weight in some cases, and the calculation has been revised only piecemeal since it was first negotiated in 1944. Countries on the IMF quota list that would rank with or above Mexico, Venezuela, Denmark, and Norway are the five that also appear on Tables 1 and 2 plus China (Taiwan), Argentina, Pakistan, and New Zealand.

Rankings of countries by size cannot, of course, settle the question of how large the membership of the swap network ought to be. But they do provide a useful indication, given a decision on the approximate size of the network, or on the desirability of including a particular country in it, of what additional countries might appropriately also be considered.

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In particular, it appears that size criteria chosen to include Denmark, Norway, Mexico, and Venezuela would not include very many other nonmember countries. Application of the other three criteria--on convertibility, intent, and financial and exchange market structure--narrow the field much further. India and Brazil, for example, seem unlikely to be able to assume the obligations of Article VIII and to seek the benefits and assume the obligations implied in a reciprocal currency arrangement for many years, at least.

It also appears that on any size criterion that includes Austria (already a member), exclusion of any of the four additional countries now being considered might be difficult to justify.

Conclusion

In considering an extension of the swap network, it seems desirable to lean as heavily as possible on general principles and objective criteria if satisfactory ones can be devised. Conversely, a modest extension of the network could be the means of making its membership conform to such principles and criteria. These could provide not only an orderly framework for discussion and decision within the Federal Reserve System, but also a means of explaining to particular central banks why the System does or does not feel it appropriate to negotiate arrangements with them. The four criteria proposed in this paper are not the only possible ones, but they do appear to provide a useful set of guides, and they have the advantage of brevity.

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In applying these or any other standards, one would still need to consider individual arrangements very carefully on a case by case basis. This is especially the case under the second criterion suggested here, dealing with the intent and behavior of the partner central bank and with its capacity to develop a relationship that is frank and free of diplomatic pressures and complications. For example, the fact that the central banks of Denmark and Norway currently participate in the Basle arrangements in support of sterling sheds some light on their prospective behavior as swap partners.

Additional factors that are not comprehended within the formal criteria may have an important bearing on the manner and timing of any extension of the network. In this connection, for example, the attitudes of present members towards an extension are relevant. Also relevant is the fact that Mexico and Venezuela currently have swap arrangements with the U. S. Treasury that will not expire until December 1967 (Mexico) and March 1968 (Venezuela). Finally, there is the question whether, if it were deemed desirable to enter into new arrangements with all the four central banks now being considered, these should be arranged one or two at a time, or whether instead the four might better be announced at one time, assuming that all four countries will have achieved Article VIII convertibility fairly soon.

Whatever decisions are made in the light of *ad hoc* considerations of this sort, it would seem desirable that they fit in with a longer-run aim of establishing swap network membership on a basis that is systematic and readily explained.

Attachments.

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Table 1. Countries having Official Reserves of $400 Million or More in 1966[1/]
(In millions of dollars)

Country and category[2/]	Reserves Dec. 1963	Dec. 1964	Dec. 1965	Dec. 1966
United States	16,843	16,672	15,450	14,882
Other countries whose central banks have reciprocal currency arrangements with the Federal Reserve:				
Germany	7,650	7,882	7,429	8,033
France	4,908	5,724	6,343	6,733
Italy	3,406	3,824	4,415	4,566
Switzerland	3,078	3,123	3,247	3,327
United Kingdom	3,147	2,316	3,004	3,099
Canada	2,603	2,881	3,027	2,683
Netherlands	2,102	2,349	2,416	2,448
Belgium	1,940	2,192	2,304	2,320
Japan	2,058	2,019	2,152	2,119
Austria	1,229	1,317	1,311	1,333
Sweden	758	964	972	1,027
Other countries with convertible currencies[3/]				
Australia	1,842	1,906	1,531	(1,600-Nov.)
Kuwait 4/	867	973	929	(1,041-June)
Saudi Arabia	514	585	726	750
Mexico	543	583	534	(486-Sept.)
Ireland	406	446	410	494
Other countries with reserves of $400 million or more:				
Spain	1,147	1,513	1,409	(1,218-Nov.)
Portugal	842	954	1,009	(1,067-Nov.)
Thailand	576	660	739	924
South Africa	763	701	577	780
Venezuela	745	831	843	776
Malaysia	552	586	640	(660-Sept.)
Israel	515	545	643	621
India	607	498	599	(605-Nov.)
Denmark	470	647	586	597
Norway	354	387	476	529
Brazil	216	222	505	(421-Sept.)

1/ Excluding countries not members of the IMF, except Switzerland. Reserves comprise gold, reserve positions in the IMF, and foreign exchange.
2/ Within each category, countries are listed by size of reserves in 1966.
3/ Within the meaning of Article VIII of the Articles of Agreement of the IMF.
4/ Includes holdings of Government.
Source: IMF, *International Financial Statistics*, February 1967.

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Table 2. Countries having Foreign Trade of $2.5 Billion or More in 1965[1/]
(In millions of dollars)

Country and category[2/]	Exports (fob)	Imports (cif)	Total
United States	27,400	23,189	50,589
Other countries whose central banks have reciprocal currency arrangements with the Federal Reserve			
Germany	17,901	17,482	35,383
United Kingdom	13,710	16,137	29,847
France	10,053	10,341	20,394
Canada	8,535	8,713	17,248
Japan	8,452	8,170	16,622
Italy	7,208	7,347	14,555
Netherlands	6,392	7,460	13,852
Belgium-Luxembourg	6,382	6,374	12,756
Sweden	3,971	4,377	8,348
Switzerland	2,960	3,697	6,657
Austria	1,600	2,100	3,700
Other countries with convertible currencies[3/]			
Australia	2,978	3,762	6,740
Mexico	1,146	1,560	2,706
Other countries with trade of $2.5 billion or more			
Denmark	2,320	2,822	5,142
India	1,682	2,904	4,586
Venezuela	2,784	1,453	4,237
South Africa	1,507	2,701	4,208
Spain	967	3,004	3,971
Norway	1,443	2,210	3,653
Finland	1,427	1,646	3,073
Hong Kong	1,143	1,569	2,712
Argentina	1,493	1,198	2,691
Brazil	1,595	1,096	2,691

1/ Excluding countries not members of the IMF except Switzerland.
2/ Within each category, countries are listed by total of exports and imports.
3/ Within the meaning of Article VIII of the Articles of Agreement of the IMF.
Source: IMF, International Financial Statistics, January 1967.

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Table 3. Countries having IMF Quotas plus GAB Commitments of $150 Million or More on December 31, 1966
(In millions of dollars)

Country and category 1/	IMF quota	GAB commitment	IMF quota plus GAB commitment	Reciprocal Currency Arrangement with F.R.
United States	5,160	2,000	7,160	2/ 4,500
Other countries whose central banks have reciprocal currency arrangements with the Federal Reserve				
United Kingdom	2,440	1,000	3,440	1,350
Germany	1,200	1,000	2,200	400
France	985	550	1,535	100
Italy	625	550	1,175	600
Japan	725	250	975	450
Canada	740	200	940	500
Netherlands	520	200	720	150
Belgium	422	150	572	150
Sweden	225	100	325	100
Switzerland	3/	3/ 200	3/ 200	200
Austria	175	--	175	100
Other countries with convertible currencies 4/				
Australia	500	--	500	--
Mexico	270	--	270	--
Other countries with IMF quotas of $150 million or more				
India	750	--	750	--
China (Taiwan)	550	--	550	--
Argentina	350	--	350	--
Brazil	350	--	350	--
Spain	250	--	250	--
Venezuela	250	--	250	--
South Africa	200	--	200	--
Pakistan	188	--	188	--
Denmark	163	--	163	--
New Zealand	157	--	157	--
Norway	150	--	150	--
United Arab Republic	150	--	150	--
Yugoslavia	150	--	150	--

1/ Within each category, countries are listed by size of IMF quota plus GAB commitment.
2/ Total of Federal Reserve arrangements, including $400 million with BIS not shown separately.
3/ Switzerland is not a member of the IMF, but is associated with the Fund's General Arrangements to Borrow in the amount indicated.
4/ Within the meaning of Article VIII of the Articles of Agreement of the IMF.
Source: IMF, International Financial Statistics, February 1967.