

**A n n u a l   R e p o r t**  
**o n**

**Exchange Arrangements  
and Exchange Restrictions**

**1999**



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**Letter of Transmittal to Members  
and Governors of the Fund**

August 27, 1999

Dear Sir:

I have the honor to transmit to you a copy of the International Monetary Fund's *Annual Report on Exchange Arrangements and Exchange Restrictions, 1999*, which has been prepared in accordance with the provisions of Article XIV, Section 3 of the Articles of Agreement.

On behalf of the Executive Board, I should like to express our appreciation of the cooperation of the countries in the preparation of the Report.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'M Camdessus', with a long horizontal flourish extending to the right.

—  
Michel Camdessus  
*Chairman of the Executive Board  
and Managing Director*

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**Note:** The term “country,” as used in this publication, does not in all cases refer to a territorial entity that is a state as understood by international law and practice; the term also covers some territorial entities that are not states but for which statistical data are maintained and provided internationally on a separate and independent basis.



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## **PREFACE**

The Annual Report on Exchange Arrangements and Exchange Restrictions has been published by the IMF since 1950. It draws on information available to the IMF from a number of sources, including that provided in the course of official visits to member countries, and it has been prepared in close consultation with national authorities. The information is presented in tabular format.

This project was coordinated in the Monetary and Exchange Affairs Department by a staff team directed by R. Barry Johnston and coordinated by Judit Vadasz, comprising Virgilio A. Sandoval, Fabienne Piccinni, and Andrew Sewell. It draws on the specialized contribution of that department (for specific countries), with assistance from staff members of the IMF's six area departments, together with staff of other departments. The report was edited by Gail Berre and Martha Bonilla of the External Relations Department, and was produced by Ms. Piccinni and the IMF Graphics Section.

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## DEFINITION OF ACRONYMS

*Note:* This list does not include acronyms of purely national institutions mentioned in the country chapters.

ACP	Atlantic, Caribbean, and Pacific countries
ACU	Asian Clearing Union (integrated by Bangladesh, India, the Islamic Republic of Iran, Myanmar, Nepal, Pakistan, and Sri Lanka)
AFTA	ASEAN free trade area (see ASEAN, below)
AMU	Asian monetary unit
ANZCERTA	Australia-New Zealand Closer Economic Relations and Trade Agreement
APEC	Asian-Pacific Economic Union
ASEAN	Association of South East Asian Nations (integrated by Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand)
ATC	Agreement of Textiles and Clothing
BCEAO	Central Bank of West African States (Banque centrale des états de l'Afrique de l'ouest). (The West African States are Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.)
BEAC	Bank of Central African States (Banque des états de l'Afrique centrale). (The Central African States are Cameroon, Central African Republic, Chad, the Republic of Congo, Equatorial Guinea, and Gabon.)
BLEU	Belgian-Luxembourg Economic Union
CACM	Central American Common Market (integrated by Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua)
CAEMC	Central African Economic and Monetary Community
CAP	Common agricultural policy (of the EU)
CARICOM	Caribbean Common Market (integrated by Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago)
CEEAC	Economic Community of Central African States
CEFTA	Central European free trade area
CEPGL	Economic Community of the Great Lakes Countries (integrated by Burundi, the Democratic Republic of the Congo, and Rwanda)
CEPT	Common effective preferential tariff of the ASEAN free trade zone
CET	Common external tariff
CFA	Communauté financière africaine
CIS	Commonwealth of Independent States
CMA	Common monetary area (a single exchange control territory comprising Lesotho, Namibia, South Africa, and Swaziland)
CMCF	Caribbean Multilateral Clearing Facility
COMESA	Common Market for Eastern and Southern Pacific (Angola, Burundi, Comoros, Democratic Republic of the Congo, Egypt, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Sudan, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe)
CPI	Consumer price index
EAC	East African Cooperation
ECB	European Central Bank
ECCB	Eastern Caribbean Central Bank (Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines)
ECCM	Eastern Caribbean Common Market
ECLAC	Economic Commission for Latin America and the Caribbean
ECOWAS	Economic Community of West African States (CEDEAO) (Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo)
ECSC	European Coal and Steel Community
ECU	European currency unit
EEA	European economic area
EFTA	European Free Trade Association
EMS	European monetary system
EMU	European Economic and Monetary Union
ERM	Exchange rate mechanism (of the EMS)
EU	European Union (formerly European Community) (integrated by Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom)
FSU	Former Soviet Union
GCC	Gulf Cooperation Council (Cooperation Council for the Arab States of the Gulf) (Bahrain, Oman, Qatar, Saudi Arabia, and the United Arab Emirates)
GSP	Generalized system of preferences

LAIA	Latin American Integration Association (integrated by Argentina, Bolivia, Brazil, Chile, Colombia, Dominican Republic, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela)
LC	Letter of credit
LIBOR	London interbank offered rate
MERCOSUR	Southern Cone Common Market (integrated by Argentina, Brazil, Paraguay, and Uruguay)
MFA	Multifiber Arrangement
MFN	Most favored nation
MOF	Ministry of Finance
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
OECD	Organization for Economic Cooperation and Development
OECS	Organization of Eastern Caribbean States (integrated by Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines)
OGL	Open general license
OPEC	Organization of the Petroleum Exporting Countries
PTA	Preferential trade area for Eastern and Southern African states
SACU	Southern African Customs Union (integrated by Botswana, Lesotho, Namibia, South Africa, and Swaziland)
SADC	Southern Africa Development Community (integrated by Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe)
SDR	Special drawing rights
SIBOR	Singapore interbank offered rate
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement (signed by Australia, Cook Islands, Fiji, Kiribati, Nauru, New Zealand, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu)
UAPTA	Union of account of the PTA
UDEAC	Central African Customs and Economic Union
UN	United Nations
UNITA	National Union for the Total Independence of Angola
VAT	Value-added tax
WAEC	West African Economic Community (CEAO) (dissolved)
WAEMU	West African Economic and Monetary Union (formerly WAMU, integrated by Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo)
WAMA	West African Monetary Agency (formerly WACH)
WTO	World Trade Organization (supersedes GATT)

## INTRODUCTION

The report provides a detailed description of the exchange arrangements and exchange restrictions of individual member countries, as well as Aruba and the Netherlands Antilles, for which the Kingdom of the Netherlands has accepted the IMF Articles of Agreement. In general, the description relates to the exchange and trade systems as of the end of 1998, but in appropriate cases, reference is made to significant developments that took place in early 1999.

The description of the exchange and trade system is not necessarily confined to those aspects involving exchange restrictions or exchange controls. As in previous reports, questions of definition and jurisdiction have not been raised, and an attempt has been made to describe exchange and trade systems in their entirety, except for the tariff structure, nontariff measures, and in most cases, direct taxes on imports and exports.

Following a standardized approach, the description of each system is broken down into similar headings, and the coverage for each country includes a final section that lists chronologically the more significant changes during 1998 and early 1999.

The report is presented in a tabular format that enhances transparency and the uniformity of treatment of the information among countries and includes the coverage on the regulatory framework for capital movements. The information is drawn from a new exchange arrangements and exchange restrictions

database established by the IMF. The country tables present an abstract of the relevant information available to the IMF. The organization of the tables is explained in the Compilation Guide (see page 2) that provides an explanation of the entries in this database. The table on Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries (Appendix I) provides an overview of the characteristics of the exchange and trade systems of IMF member countries, and Appendix II contains a country table matrix providing a listing of the possible entries in this database.

When information in a particular category within a section is not available at the time of publication, the category is displayed with a note to that effect (that is, n.a.). When information is available on all but a particular item or items within a category, these items are not included in the table. In cases where members provided the IMF with the information that a category or an item is not regulated, these are marked by "n.r."

The following refinements have been made to the tables: (1) The classification system of the exchange rate arrangements has been revised to reflect a new system that has been adopted by the IMF; (2) The categories within the section on payments for invisible transactions and current transfers have been merged, essentially because most of the members have liberalized these payments and transfers and thus do not differentiate between the regulation of individual items; and (3) Transfers of gambling/prize earnings have been moved to capital transactions.



# COMPILATION GUIDE

## Status Under IMF Articles of Agreement

<b>Article VIII</b>	The member country has accepted the obligations of Article VIII, Sections 2, 3, and 4 of the IMF's Articles of Agreement.
<b>Article XIV</b>	The member country continues to avail itself of the transitional arrangements of Article XIV, Section 2.

## Exchange Arrangement

<b>Currency</b>	The official legal tender of the country.
Other legal tender	The existence of another currency that is allowed to be used officially in the country.
<b>Exchange rate structure</b>	The existence of more than one exchange rate that may be used simultaneously for different purposes and/or by different entities. If there is one exchange rate, the system is called unitary; if there are more than one, the system is called dual or multiple.
<b>Classification</b>	
Exchange rate with no separate legal tender	The currency of another country circulates as the sole legal tender, or the member belongs to a monetary or currency union in which the same legal tender is shared by the members of the union.
Currency board arrangements	A monetary regime based on an implicit legislative commitment to exchange domestic currency for a specified foreign currency at a fixed exchange rate, combined with restrictions on the issuing authority to ensure the fulfillment of its legal obligation.
Conventional pegged arrangement	The country pegs its currency (formally or de facto) at a fixed rate to a major currency or a basket of currencies, where the exchange rate fluctuates within a narrow margin of at most $\pm 1\%$ around a central rate.
Pegged exchange rate within horizontal bands	The value of the currency is maintained within margins of fluctuation around a formal or de facto fixed peg that are wider than $\pm 1\%$ around the central rate.
Crawling peg	The currency is adjusted periodically in small amounts at a fixed, preannounced rate or in response to changes in selective quantitative indicators.
Crawling band	The currency is maintained within certain fluctuation margins around a central rate that is adjusted periodically at a fixed preannounced rate or in response to changes in selective quantitative indicators.
Managed floating with no preannounced path for the exchange rate	The monetary authority influences the movements of the exchange rate through active intervention in the foreign exchange market without specifying, or precommitting to, a preannounced path for the exchange rate.
Independently floating	The exchange rate is market determined, with any foreign exchange intervention aimed at moderating the rate of change and preventing undue fluctuations in the exchange rate, rather than at establishing a level for it.
<b>Exchange tax</b>	The existence of a special tax on foreign exchange transactions.
<b>Exchange subsidy</b>	Foreign exchange transactions are subsidized by using separate, nonmarket exchange rates.
<b>Forward exchange market</b>	The existence of a forward exchange market.
Official cover of forward operations	Official coverage of forward operations refers to the case where an official entity (the central bank or the government) assumes the exchange risk of certain private foreign exchange transactions.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	The official requirements affecting the selection of currency and the method of settlement of transactions with other countries. When a country has concluded payment agreements with other countries, the terms of these agreements often lead to a prescription of currency for specified categories of payments to and from the countries concerned.
<b>Payment arrangements</b>	
Bilateral payment arrangements	Two countries conclude an agreement to prescribe specific rules for payments to each other, including cases where private parties are also obligated to use specific currencies. These agreements can be either operative or inoperative.
Regional arrangements	More than two parties participate in a payment agreement.
Clearing agreements	The official bodies of two or more countries agree to offset with some regularity the balance that arises in the payments to each other as a result of exchange of goods, services, or less often, capital.
Barter agreements and open accounts	The official bodies of two or more countries agree to offset exports of goods and services to one country with imports of goods and services from the same country, without effective payment.
<b>Administration of control</b>	The authorities' division of responsibilities for policy and the administration of exchange controls, and the extent of delegation of powers to outside agencies (often banks authorized to effect foreign exchange transactions).
<b>International security restrictions</b>	Restrictions on payments and transfers for international transactions imposed by member countries for reasons of national or international security.
In accordance with Executive Board Decision No. 144-(52/51)	International security restrictions on the basis of IMF Executive Board Decision No. 144-(52/51) establishing the obligation of members to notify the IMF before imposing such restrictions, or, if circumstances preclude advance notification, as promptly as possible.
In accordance with UN sanctions	Sanctions imposed against a second party on the basis of a UN decision.
<b>Payment arrears</b>	Official or private residents of a member default on their payments or transfers to non-residents. This category includes only the situation in which the domestic currency is available for the residents to settle their debts, but they are unable to obtain foreign exchange, for example, because of the presence of an officially announced or unofficial queuing system. The category does not cover nonpayment of private parties due to the bankruptcy of the party concerned.
<b>Controls on trade in gold (coins and/or bullion)</b>	The existence of separate rules for trading gold both domestically and with foreign countries.
<b>Controls on exports and imports of banknotes</b>	The existence of regulations for the physical movement of means of payment between countries. When information is available, the category distinguishes between separate limits for the: <ul style="list-style-type: none"> <li>(1) exports and imports of banknotes by travelers; and</li> <li>(2) exports and imports of banknotes by banks and other authorized financial institutions.</li> </ul>

## Resident Accounts

The category describes the manner in which the country treats resident accounts, if any, that are maintained in the national currency or in foreign currency, locally or abroad, and the facilities and limitations attached to such accounts. When there is more than one type of resident account, the nature and operation of the various types of accounts are also described: for example, if residents are allowed to open foreign exchange accounts with or without approval from the foreign exchange authority or if

these accounts are allowed to be held domestically or abroad. Also, it is important to note whether the balances on accounts held by residents in domestic currency are allowed to be converted into foreign currency.

### Nonresident Accounts

The category describes the manner in which the country treats local nonresident accounts, if any, that are maintained in the national currency or in foreign currency, and the facilities and limitations attached to such accounts. When there is more than one type of nonresident account, the nature and operation of the various types of accounts are also described.

#### Blocked accounts

Blocked accounts of nonresidents are usually accounts in domestic currency. Regulations do not allow or limit the conversion and/or transfer of the balances of such accounts.

### Imports and Import Payments

Describes the nature and extent of exchange and trade restrictions in imports.

#### Foreign exchange budget

Information on the existence of a foreign exchange plan, i.e., a prior allocation of a certain amount of foreign exchange, usually on an annual basis, for the importation of specific types of goods and services; in some cases, also differentiating between individual importers.

#### Financing requirements for imports

Information on specific import financing regulations limiting the rights of residents to conclude private contracts in which the financing options differ from the official regulations.

#### Documentation requirements for release of foreign exchange for imports

##### Domiciliation requirements

The obligation to domicile the transactions with a specified (usually domestic) financial institution.

##### Preshipment inspection

Most often a compulsory government measure aimed at establishing the veracity of the import contract in terms of volume, quality, and price.

##### Letters of credit

Private parties are obligated to use letters of credit as a form of payment for their imports.

##### Import licenses used as exchange licenses

The import licenses are not used for trade purposes but to restrict the availability of foreign exchange for legitimate trade.

#### Import licenses and other nontariff measures

##### Positive list

A list including goods that may be imported.

##### Negative list

A list including goods that may not be imported.

##### Open general licenses

The item indicates arrangements whereby certain imports or other international transactions are exempt from the restrictive application of licensing requirements.

##### Licenses with quotas

Refers to cases where a license for the importation of a certain good is granted, but a specific limit is imposed on the amount to be imported.

##### Other nontariff measures

May include the prohibition to import certain goods or all goods from a certain country. Several other nontariff measures are used by members (e.g., phytosanitary examinations, setting of standards, etc.), but these are not entirely covered by the annual report.

#### Import taxes and/or tariffs

A brief description of the import tax/tariff system, including taxes levied on the foreign exchange made available for imports.

**State import monopoly** Private parties are not allowed to engage in the import of certain commodities or they are limited in their activity.

## Exports and Export Proceeds

**Repatriation requirements** Identifies restrictions on the use of export proceeds as well as regulations on exports. Refers to the obligation of exporters to bring into the country export proceeds.

**Surrender requirements** Refers to regulations requiring the recipient of export proceeds to sell, sometimes at a specified exchange rate, any foreign exchange proceeds in return for local currency to the central bank, commercial banks, or authorized exchange dealers.

**Financing requirements** Information on specific export financing regulations limiting the rights of residents to conclude private contracts in which the financing options differ from the official regulations.

**Documentation requirements** The same categories are used as in the case of imports.

**Export licenses** Restrictions on the right of residents to export goods. These restrictions may take the form of quotas (when a certain quantity of shipment abroad is allowed) or without quotas, when the licenses are issued at the discretion of the foreign trade authority.

**Export taxes** A brief description of the export tax system, including the existence of taxes that are levied on the foreign exchange earned by exporters.

## Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** Describes the procedures for effecting payments abroad for current transactions in invisibles with reference to prior approval requirements, the existence of quantitative and indicative limits, and/or bona fide tests. Detailed information on the most common categories of transactions is provided only when regulations differ for the various categories. Indicative limits establish maximum amounts up to which the purchase of foreign exchange is allowed upon declaration of the purpose of the transaction, mainly for statistical purposes. Amounts above those limits are granted if the bona fide nature of the transaction is established by the presentation of appropriate documentation. Bona fide tests also may be applied for transactions for which quantitative limits have not been established.

**Trade-related payments** The comprehensive category includes freight/insurance (including possible regulations on non-trade-related insurance payments and transfers); unloading/storage costs; administrative expenses; commissions; and customs duties and fees.

**Investment-related payments** The comprehensive category includes profits/dividends; interest payments (including interest on debentures, mortgages, etc.); amortization of loans or depreciation of direct investments; and payment and transfer of rent.

**Payments for travel** Includes international travel for pleasure, recreation, business, etc.

**Personal payments** The comprehensive category includes medical costs; study abroad costs; pensions (including regulations on the payment and transfer of pensions by both state and private pension providers on behalf of nonresidents, as well as the transfer of pensions due to residents); and family maintenance/alimony (including regulations on the payment and transfer abroad of family maintenance/alimony by residents and the transfer of family maintenance/alimony received by residents from abroad).

**Foreign workers' wages** Transfer abroad of earnings by nonresidents working in the country.

**Credit card use abroad** Use of credit and debit cards to pay for invisible transactions.

**Other payments** The comprehensive category includes subscription/membership fees; authors' royalties; and consulting/legal fees.

## Proceeds from Invisible Transactions and Current Transfers

	Encompasses all regulations governing exchange receipts derived from transactions in invisibles, as well as a description of any limitations on their conversion into domestic currency and the use of those receipts.
<b>Repatriation requirements</b>	The concepts of repatriation and surrender requirements are similar to those applied to export proceeds.
<b>Restrictions on use of funds</b>	Refers mainly to the limitations imposed on the use of receipts previously deposited in certain bank accounts.

## Capital Transactions

	Describes regulations influencing capital movements. The concepts of controls and capital transactions are interpreted broadly. Thus, controls on capital movements include prohibitions; need for prior approval, authorization, and notification; multiple currency practices; discriminatory taxes; and reserve requirements or interest penalties imposed by the authorities that regulate the conclusion or execution of transactions or transfers with respect to both inward and outward capital flows or the holding of assets at home by nonresidents and abroad by residents. The coverage of the regulations would apply to receipts as well as payments and to actions initiated by nonresidents and residents. Moreover, because of their close association with capital movements, information is also provided on local financial operations conducted in foreign currency. Regarding the latter, it indicates specific regulations in force limiting residents and nonresidents in issuing a security denominated in foreign currency or generally limitations on concluding a contract expressed in terms of foreign exchange.
<b>Controls on capital and money market instruments</b>	Refers to the public offering or private placement on a primary market or listing on a secondary market.
On capital market securities	Refers to shares and other securities of a participating nature, and bonds and other securities with an original maturity of more than one year.
<i>Shares or other securities of a participating nature</i>	Transactions with shares and other securities of a participating nature are included in this category if the investment is not effected with the goal to acquire a lasting economic interest in the management of the enterprise concerned, which is treated under direct investments.
<i>Bonds or other debt securities</i>	Refers to bonds and other securities with an original maturity of more than one year. The term "other securities" includes notes and debentures.
On money market instruments	Refers to securities with an original maturity of one year or less, and includes short-term instruments, such as certificates of deposit and bills of exchange. It also includes treasury bills and other short-term government paper, banker's acceptances, commercial paper, interbank deposits, and repurchase agreements.
On collective investment securities	Includes share certificates and registry entries or other evidence of investor interest in an institution for collective investment, such as mutual funds, and unit and investment trusts.
<b>Controls on derivatives and other instruments</b>	Refers to operations in other negotiable instruments and nonsecuritized claims not covered under the above subsections. These may include operations in rights; warrants; financial options and futures; secondary market operations in other financial claims (including sovereign loans, mortgage loans, commercial credits, negotiable instruments originating as loans, receivables, and discounted bills of trade); forward operations (including those in foreign exchange); swaps of bonds and other debt securities; credits and loans; and other swaps (interest rate, debt/equity, equity/debt, foreign currency, as well as swaps of any of the instruments listed above). Included here are controls on operations in foreign exchange without any other underlying transaction (e.g., on spot or forward trading on the foreign exchange markets, on forward cover operations, etc.).

**Controls on credit operations**

**Commercial credits**

Covers operations directly linked with international trade transactions or with the rendering of international services.

**Financial credits**

The category includes credits other than commercial credits granted by all residents, including by banks to nonresidents or vice versa.

**Guarantees, sureties, and financial backup facilities**

The category includes sureties, guarantees, and financial backup facilities by residents to nonresidents and vice versa. It also includes guarantees and sureties, including securities pledged for payment or performance of a contract, such as warrants or avals, performance bonds, and standby letters of credit; and financial backup facilities, which are credit facilities used as a guarantee for independent financial operations.

**Controls on direct investment**

Refers to investment for the purpose of establishing lasting economic relations both abroad by residents and in the country by nonresidents. These investments are essentially for the purpose of producing goods and services, and, in particular, investments that allow investor participation in the management of the enterprise. It includes the creation or extension of a wholly owned enterprise, subsidiary, or branch, and the acquisition of full or partial ownership of a new or existing enterprise that results in effective influence over the operations of this enterprise.

**Controls on liquidation of direct investment**

Refers to the transfer of principal, including the initial capital and capital gains, of a direct investment as defined above.

**Controls on real estate transactions**

Refers to the acquisition of real estate not associated with direct investment. It includes, for example, control on investments of a purely financial nature in real estate or the acquisition of real estate for personal use.

**Controls on personal capital movements**

Covers transfers initiated on behalf of private persons and intended to benefit another private person. It includes transactions involving property to which a promise of a return to the owner with payments of interest is attached (loans, settlements of debt in their country of origin by immigrants), or transfers free of charge to the beneficiary (gifts and endowments, loans, inheritances and legacies, and emigrants' assets).

**Provisions specific to commercial banks and other credit institutions**

Describes regulations that are specific to these institutions, such as monetary, prudential, and foreign exchange controls. Inclusion of an entry in this part does not necessarily signify that the aim of the measure is to control the flow of capital. Some of these items (borrowing abroad, lending to nonresidents, purchase of locally issued securities denominated in foreign exchange, investment regulations) could merely be repetitions of the entries under respective categories of controls on capital and money market instruments, controls on credit operations, or direct investments when the same regulations apply to commercial banks than to other residents.

**Open foreign exchange position limits**

This item describes the existence and contents of regulations on certain commercial bank balance sheet items (including capital) or absolute limits covering commercial banks' positions in foreign currencies (including gold).

**Provisions specific to institutional investors**

Describes controls specific to institutions, such as insurance companies and pension funds.

**Other restrictions imposed by securities laws**

Refers to additional regulations on capital movements imposed by those laws, such as restrictions on the listing of foreign securities on local security markets.



# ISLAMIC STATE OF AFGHANISTAN

(Position as of December 31, 1994)

## Status Under IMF Articles of Agreement

Article XIV Yes.

### Exchange Arrangement

**Currency** The currency of the Islamic State of Afghanistan is the Afghani. Two types of Afghanis are in circulation; that which circulates in the north is illegal in Kabul and other areas under Taliban control.

#### Exchange rate structure

**Dual** The Da Afghanistan Bank (DAB), the central bank, maintains an official rate defined in terms of the U.S. dollar. The official rate is applied to no more than 10% of convertible currency transactions, including a few transactions of the central government (mainly debt-service payments) and certain foreign currency incomes earned in the Islamic State of Afghanistan. Almost all other official transactions are conducted at a commercial rate set by the government. A free market, in the form of a money bazaar, is also operative. In the north, the free market exchange rate is about Af 75,000 per \$1, and in other areas, it is about Af 25,000 per \$1. The exchange rate applied to transactions of international organizations is set at 80% of the level of the commercial exchange rate.

#### Classification

**Independently floating** Most convertible currency transactions are effected at the floating commercial market rate. The DAB posts rates for deutsche mark, French francs, Indian rupees, Pakistan rupees, pounds sterling, and Swiss francs.

**Exchange tax** n.a.

**Exchange subsidy** n.a.

**Forward exchange market** There are no arrangements for forward cover against exchange rate risk operating in the official market or the commercial banking sector.

## Arrangements for Payments and Receipts

**Prescription of currency requirements** Settlements with countries with which the Islamic State of Afghanistan maintains bilateral payment agreements are made in bilateral accounting dollars in accordance with the procedures set forth in these agreements. Exchange rates for trade under bilateral payment agreements are determined under each agreement. The proceeds from exports of karakul to all countries must be obtained in convertible currencies. There are no other prescription of currency requirements.

#### Payment arrangements

**Bilateral payment arrangements** The Islamic State of Afghanistan maintains bilateral payment agreements with Bulgaria, China, and Russia. Some of these have been inactive for several years, and others are being phased out.

*Operative* Yes.

*Inoperative* Yes.

**Administration of control** Foreign exchange transactions are controlled by the government through the DAB. No restrictions apply to transactions in the free exchange market.

**International security restrictions** n.a.

**Payment arrears** n.a.

**Controls on trade in gold (coins and/or bullion)****Controls on external trade**

Imports and reexports of gold are permitted, subject to regulations. Exports of gold bullion, silver, and jewelry require permission from the DAB and the Ministry of Finance. Commercial exports of gold and silver jewelry and other articles containing minor quantities of gold or silver do not require a license. Customs duties are payable on imports and exports of silver in any form, unless the transaction is made by, or on behalf of, the monetary authorities.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

Travelers may take out up to Af 2,000 in domestic banknotes and Af 50 in coins.

**On imports***Domestic currency*

Travelers may bring in up to Af 2,000 in domestic banknotes and Af 50 in coins.

*Foreign currency*

Travelers entering the Islamic State of Afghanistan are required to spend a minimum of the equivalent of \$26 a day in foreign exchange. They may bring in any amount of foreign currency but must declare it when entering the country if they intend to take out any unspent amount on departure, subject to the above minimum conversion requirement.

**Resident Accounts**

**Foreign exchange accounts permitted** n.a.

**Accounts in domestic currency convertible into foreign currency** n.a.

**Nonresident Accounts**

**Foreign exchange accounts permitted** n.a.

**Domestic currency accounts** n.a.

**Blocked accounts** n.a.

**Imports and Import Payments****Foreign exchange budget**

An annual import program drawn up by the Ministry of Commerce covers both public and private sector imports. Adjustments in the public sector import plan are made as circumstances change. The import plan for the private sector, drawn up on the basis of proposals submitted by the Chamber of Commerce, is indicative.

**Financing requirements for imports** n.a.

**Documentation requirements for release of foreign exchange for imports****Letters of credit**

Payments for imports through the banking system to countries with which the Islamic State of Afghanistan has payment agreements may usually be made only under LCs. Payments to other countries may be made under LCs, against bills for collection, or against an undertaking by the importer to import goods of at least an equivalent value to the payment made through the banking system. Except for public sector imports under the government budget, all importers are required to lodge minimum import deposits with banks when they open LCs. The deposit ratios, based on the c.i.f. value of imports, are 20% for essential products and range from 30% to 60% for other products.

**Import licenses and other nontariff measures**

Imports are not subject to licenses, but import transactions must be registered before orders are placed abroad.

Positive list	Most bilateral agreements, however, specify quantities (and sometimes prices) for commodities to be traded.
Negative list	The importation of certain drugs, liquor, arms, and ammunition is prohibited on grounds of public policy or for security reasons; in some instances, however, special permission to import these goods may be granted. The importation of a few textiles and selected nonessential consumer goods is also prohibited.
Licenses with quotas	There are no quantitative restrictions on most imports, but tariff rates on most consumer items range from 30% to 50%.
Import taxes and/or tariffs	No.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	Export proceeds from bilateral accounts may be retained in bilateral clearing dollar accounts with the DAB. These retained proceeds may either be used directly by the original exporter or sold to other importers. In either case, the retained proceeds are converted at the clearing rate applicable to that particular bilateral arrangement. In the case of exports to countries trading in convertible currencies, export proceeds may be retained abroad for three, six, or twelve months, depending on the country of destination. During the relevant period, the exporter may use these funds to import any goods not included on the list of prohibited goods. Alternatively, at the end of the relevant holding period limit, foreign exchange holdings abroad must be repatriated and held in a foreign currency account with a bank in the Islamic State of Afghanistan or sold at the commercial exchange rate.
Surrender requirements	Proceeds from exports of raisins, fresh fruits, animal casings, skins, licorice roots, medicinal herbs, and wool must be surrendered immediately at the commercial exchange rate.
Financing requirements	n.a.
Documentation requirements	n.a.
Export licenses	Export transactions must be registered. The exportation of opium and museum pieces is prohibited. Otherwise, control is exercised only over exports to bilateral agreement countries.
Without quotas	Yes.
Export taxes	n.a.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	Foreign exchange for most private purposes may be acquired in the money bazaar.
Investment-related payments	No information is available on amortization of loans or depreciation of direct investments.
Payments for travel	The DAB levies a charge of Af 0.75 per \$1 and 1% of hard currency for permits that approve the exportation of convertible currency by authorized travelers.
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	The limit for tourist travel is \$1,000, except for private travel to India, for which the limit is the equivalent of \$700. The limit for business travel is \$15,000.
Personal payments	For medical treatment, the central bank levies a commission of Af 0.75 per \$1. No information is available for other types of personal payments other than medical costs.
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Normally, the DAB grants \$2,500 for medical treatment.
Foreign workers' wages	Foreign employees working in the Afghan public and private sectors must convert 60% of their foreign currency salaries into Afghanis at the official rate.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	n.a.
Restrictions on use of funds	n.a.

### Capital Transactions

Controls on capital and money market instruments	n.a.
Controls on derivatives and other instruments	n.a.
Controls on credit operations	n.a.
Controls on direct investment	

Inward direct investment

Investments require prior approval and are administered by the Investment Committee. The law stipulates that foreign investment in the Islamic State of Afghanistan can take place only through joint ventures, with foreign participation not exceeding 49%, and that an investment approved by the Investment Committee requires no further license in order to operate in the Islamic State of Afghanistan. The Foreign and Domestic Private Investment Law includes the following provisions:

- (1) income tax exemption for four years (six years outside Kabul province), beginning with the date of the first sale of products resulting from the new investment;
- (2) exemption from import duties on essential imports (mainly for capital goods);
- (3) exemption from taxes on dividends for four years after the first distribution of dividends, but not more than seven years after the approval of the investment;
- (4) exemption from personal income and corporate taxes on interest on foreign loans that constitute part of an approved investment;
- (5) exemption from export duties, provided that the products are not among the prohibited exports; and
- (6) mandatory procurement by government agencies and departments from enterprises established under the law, as long as the prices are not more than 15% higher than those of foreign suppliers.

Controls on liquidation of direct investment	Capital may be repatriated after five years at an annual rate not exceeding 20% of the total registered capital.
Controls on real estate transactions	n.a.
Controls on personal capital movements	n.a.
Provisions specific to commercial banks and other credit institutions	n.a.
Provisions specific to institutional investors	n.a.
Other controls imposed by securities laws	n.a.

### Changes During 1995–98

The IMF has not received from the authorities the information required for a description of the exchange and trade system since 1995.

# ALBANIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

### Exchange Arrangement

**Currency** The currency of Albania is the Albanian lek.

**Other legal tender** In special cases, and with prior approval from the Bank of Albania (BOA), foreign exchange may serve as a means of payment.

**Exchange rate structure** Unitary.

#### Classification

**Independently floating** The exchange rate of the lek is determined on the basis of supply and demand for foreign exchange. The BOA calculates and announces the daily average exchange rates for the dollar and 22 other major currencies. No margins are set between buying and selling rates for the official exchange rate. Government transactions are conducted at market rates. However, the commercial banks charge commissions ranging from 0.2% to 2%, depending on the amount, for cashing traveler's checks.

**Exchange tax** No.

**Exchange subsidy** No.

**Forward exchange market** No.

## Arrangements for Payments and Receipts

**Prescription of currency requirements** Payment for all merchandise trade is made in convertible currencies. All transactions under bilateral payment agreements were suspended in 1992, and the settlement of clearing accounts is pending the outcome of negotiations.

#### Payment arrangements

**Bilateral payment arrangements**

*Inoperative*

Albania maintains bilateral payment agreements in nonconvertible currencies with Algeria, Bulgaria, Cuba, the Czech Republic, Egypt, Hungary, the Democratic People's Republic of Korea, Poland, Romania, and Vietnam. Albania also maintains bilateral payment agreements in convertible currencies with Bulgaria, China, Cuba, the Czech Republic, Greece, the Democratic People's Republic of Korea, Romania, Turkey, Vietnam, and the Federal Republic of Yugoslavia (Serbia/Montenegro).

#### Administration of control

The BOA is vested with the powers to administer exchange controls. The BOA may (1) license, authorize, regulate, supervise, and revoke the licenses of foreign exchange market operations, as well as second-tier banks; (2) define the limits of their activities; and (3) regulate and supervise foreign exchange operations and international payments. There is a reporting requirement on banks and exchange dealers for transactions above \$15,000 or its equivalent at the exchange rate prevailing on the date the transaction is effected.

**International security restrictions** No.

#### Payment arrears

**Official** Albania has arrears on debts with China, Greece, Turkey, and with a number of commercial creditors.

**Private** Yes.

<b>Controls on trade in gold (coins and/or bullion)</b>	n.r.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	Natural and juridical persons are allowed to take out up to lek 100,000 a person in banknotes and coins. The BOA may authorize larger amounts.
<i>Foreign currency</i>	Foreign visitors may take abroad in cash or traveler's checks foreign exchange in an amount equal to the amount declared when entering the country. Albanian natural or juridical persons are not allowed to export amounts larger than \$15,000 or its equivalent.
On imports	
<i>Domestic currency</i>	Natural and juridical persons are allowed to import up to lek 100,000 in domestic banknotes and coins. The BOA may authorize larger amounts.
<i>Foreign currency</i>	Natural and juridical persons are allowed to import foreign currency and traveler's checks up to \$15,000 or its equivalent in any other currency.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	
Held domestically	Yes.
Held abroad	Residents (natural or juridical persons) may open and maintain foreign-currency-denominated accounts with banks and financial institutions abroad only with the prior approval of the BOA.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	For imports equal to or larger than \$5,000 or its equivalent, the following documents must be submitted: (1) an application for carrying out the transaction as well as a declaration specifying in detail the nature of the transaction; (2) a contract and an invoice (or a pro forma invoice) issued by the natural or juridical person supplying the goods; and (3) a declaration issued by the natural or juridical person wishing to carry out the transaction with the bank that the underlying document has not been used to support previous transactions.
Letters of credit	LCs, bank guarantees, or cash against documents should be used for the payment of imports equal to or in excess of \$200,000 or its equivalent.

Import licenses used as exchange licenses	Yes.
<b>Import licenses and other nontariff measures</b>	The import of the following products are prohibited: (1) dangerous waste, such as toxic corrosives, residual waste for explosives, and radioactive materials; (2) military poisons, chemical weapons, and other strong poisons; (3) narcotics and psychotropic substances; and (4) animal products from infected countries.
Positive list	Yes.
Open general licenses	Yes.
<b>Import taxes and/or tariffs</b>	There are five tariff rates: zero, 5%, 10%, 20%, and 30% that are applied to the c.i.f. value.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	All private and public companies or individuals operating in the export sector are required to repatriate their foreign exchange receipts.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	There are export bans on raw hides and skins, metal scraps, copper and articles thereof, works of art, arms and ammunitions, as well as parts and accessories thereof, explosives and pyrotechnic products.
Without quotas	Yes.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Supporting documents for transactions exceeding \$5,000 are required.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Purchases of these instruments abroad by residents require prior approval of the BOA. Trade in these instruments is subject to the control of the Albanian Securities Commission.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<i>Bonds or other debt securities</i>	
Sale or issue locally by nonresidents	Yes.

Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
On money market instruments	
<i>Sale or issue locally by nonresidents</i>	Yes.
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
On collective investment securities	
<i>Sale or issue locally by nonresidents</i>	Yes.
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	Transactions in these instruments are subject to the control of the Albanian Securities Commission, but these are not yet regulated.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	n.r.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	Commercial banks may not, without the prior approval of the BOA, extend credit to non-residents, except banks and other financial institutions.
Financial credits	
<i>By residents to nonresidents</i>	Commercial banks may not, without the prior approval of the BOA, extend credit to non-residents, except banks and other financial institutions.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	Yes.
<b>Controls on direct investment</b>	
Outward direct investment	Outward direct investments are subject to the prior approval of the BOA.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Purchases are subject to the prior approval of the BOA.
Purchase locally by nonresidents	The controls relate only to the purchase of land.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	Yes.
Gifts, endowments, inheritances, and legacies	
<i>To residents from nonresidents</i>	n.r.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Lending to nonresidents (financial or commercial credits)	Commercial banks may not, without the prior approval of the BOA, extend credit to non-residents, except to banks and other financial institutions.



Lending locally in foreign exchange	The BOA may impose credit ceilings on outstanding stock of credits for each commercial bank.
Differential treatment of deposit accounts held by nonresidents	
<i>Credit controls</i>	Yes.
Investment regulations	
<i>Abroad by banks</i>	Yes.
<i>In banks by nonresidents</i>	Yes.
Open foreign exchange position limits	The limit is 10% of the banks' capital for a single currency and 20% for all currencies.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
Provisions specific to institutional investors	n.r.
Other controls imposed by securities laws	n.r.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# ALGERIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: September 15, 1997.

### Exchange Arrangement

#### Currency

The currency of Algeria is the Algerian dinar.

#### Exchange rate structure

Unitary.

#### Classification

Managed floating with no preannounced path for the exchange rate

The external value of the dinar is set at the interbank foreign exchange market. No margin limits are imposed on buying and selling exchange rates in the interbank foreign exchange market. However, a margin of DA 0.017 has been established between the buying and selling rates of the Bank of Algeria (BOA) for the dinar against the dollar.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Authorized banks may provide forward cover to residents, but this has not taken place.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Settlements with countries with which no payment agreements are in force are made in convertible currencies. Payments under foreign supply contracts may be made in either the currency in use at the headquarters of the supplier or that of the country of origin of the merchandise, except that transactions with Morocco may be effected in dollars through special clearing accounts maintained at the central banks of the respective countries.

#### Payment arrangements

##### Clearing agreements

Specified noncommercial settlements with Morocco and Tunisia are made through a Moroccan dirham account at the Bank of Morocco and a Tunisian dinar account at the Bank of Tunisia.

#### Administration of control

The BOA has general jurisdiction over exchange controls. Authority for a number of exchange control procedures has been delegated to seven commercial banks and the Postal Administration.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade

Residents may purchase, hold, and sell gold coins in Algeria for numismatic purposes. Unworked gold for industrial and professional use is distributed by the Agence nationale pour la distribution et la transformation de l'or et des autres métaux précieux (AGENOR); this agency is also authorized to purchase gold in Algeria and to hold, process, and distribute any other precious metals.

Controls on external trade

AGENOR is authorized to import and export any precious metals, including gold. Gold used by dentists and goldsmiths is imported by AGENOR. Gold and other precious metals are included on the list of items importable by concessionaires.

#### Controls on exports and imports of banknotes

On exports

*Domestic currency*

Resident travelers may take out up to DA 200 a person.

<i>Foreign currency</i>	Foreign nonresident travelers may reexport any foreign currency they declared upon entry. Resident travelers may export foreign currency withdrawn from their foreign currency accounts up to the equivalent of F 50,000 a trip for an unlimited number of trips a year.
On imports	
<i>Domestic currency</i>	Resident travelers may reimport up to DA 200 a person. Nonresidents are not permitted to bring in Algerian dinar banknotes.
<i>Foreign currency</i>	There are no restrictions on the importation of foreign banknotes, but residents and non-residents must declare them when they enter Algeria.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	These accounts may be freely credited with book transfers of convertible currencies from abroad using either postal or banking facilities, imported convertible foreign currencies that were declared at the time of the account holder's entry into the country, and domestic bank-to-bank book transfers between accounts held by individuals. These accounts may be debited freely for book transfers abroad but only through the banking system. They may also be debited for purchases of dinars, for book transfers in dinars, and for purchases of convertible foreign currencies to be physically exported by the account holder. The interest rate payable on deposits in these accounts is fixed quarterly by the BOA.  Economic entities are also allowed to open foreign currency accounts for receiving and making foreign currency transfers, including the retained proportion of their export proceeds. They may transfer funds in these accounts to other foreign currency accounts or use them to make payments in Algeria or to make foreign currency payments for goods and services pertaining to their business.
Held abroad	No.
Accounts in domestic currency convertible into foreign currency	These accounts are permitted in limited cases, such as for embassies.

### Nonresident Accounts

Foreign exchange accounts permitted	These accounts may be credited with foreign currency banknotes and other means of payment denominated in foreign currency, as well as other dinar-denominated funds that meet all requirements for transfers abroad. They may be debited without restrictions to make transfers abroad, to export through withdrawals of foreign banknotes, and to make dinar payments in Algeria. These accounts pay interest and may not show a net debit position.
Domestic currency accounts	Final departure accounts may be opened, without prior authorization, in the name of any natural person residing in Algeria who is not of Algerian nationality, and who intends to leave Algeria to return to his or her country of origin. These accounts may be credited with an amount equivalent to the holdings as of October 20, 1963, of the person concerned; with the proceeds from sales of real estate by the account holder, provided that the funds are paid directly by a ministerial officer; with the proceeds of the sale of securities through a bank; and with any other payments up to DA 2,000. These accounts may be debited without prior approval for certain payments in Algeria on behalf of the account holder.
Convertible into foreign currency	Outward transfers require individual approval from the BOA.
Blocked accounts	Individual suspense accounts may be opened without authorization and may be credited with payments from any country.

### Imports and Import Payments

Foreign exchange budget	No.
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<b>Financing requirements for imports</b>	Payments for imports of gold, other precious metals, and precious stones must be made from foreign currency accounts. External borrowing by importers for import financing purposes must be arranged through the authorized intermediary banks.
Advance payment requirements	Except when otherwise indicated by the BOA, down payments for imports may not exceed 15% of the total value of imports. When a public agency, public enterprise, or ministry incurs expenditures for imports deemed to be urgent or exceptional, the bank may effect payment before exchange and trade control formalities have been completed.
Advance import deposits	Although not an official regulation, domiciled banks may require from the importer, as part of their normal commercial operations, a deposit in dinars up to the full value of the imports.
<b>Documentation requirements for release of foreign exchange for imports</b>	Imports must be insured by Algerian insurers.
Domiciliation requirements	All imports are subject to obligatory domiciliation at an authorized intermediary bank, which an importer must establish by submitting a commercial contract or pro forma invoice. Import payments may be made freely but only through the domiciled bank, which effects payments in foreign exchange and debits the importer's account with corresponding amounts in dinars valued at the official exchange rate.
Preshipment inspection	Yes.
Letters of credit	Yes.
<b>Import licenses and other nontariff measures</b>	Any juridical or natural person registered under the Commercial Register (including concessionaires and wholesalers) may import goods without prior authorization; no license is needed.
Negative list	There are no legal restrictions against Israel, but there are no imports from Israel in practice. A small number of imports are prohibited for religious or security reasons.
<b>Import taxes and/or tariffs</b>	No.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Proceeds must be repatriated within 120 days. Petroleum companies are subject to the same rule, but proceeds may be deposited in a guaranteed account with a foreign correspondent bank of the BOA.
Surrender requirements	All export proceeds from crude and refined hydrocarbons, byproducts from gas, and mineral products must be surrendered to the BOA. Exporters of other products must surrender 50% of the proceeds to the interbank market; the remaining portion may be retained in a foreign currency account. Exporters may use the funds in these accounts for imports or other payments pertaining to their business, or they may transfer the funds to another foreign currency account. Proceeds from exports of nonhydrocarbons and nonminerals may be surrendered to commercial banks and other authorized participants in the interbank foreign exchange market.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	The requirements are not enforced in practice.
Letters of credit	Yes.
Guarantees	Yes.
Domiciliation	Yes.
Preshipment inspection	Yes.
<b>Export licenses</b>	All exports to Israel are prohibited, and certain exports are prohibited for social or cultural reasons regardless of destination.
<b>Export taxes</b>	No.

## Payments for Invisible Transactions and Current Transfers

### Controls on these transfers

Investment-related payments	Information is not available on the payment or transfer of amortization of loans or depreciation of direct investments.
<i>Prior approval</i>	Profit remittances are permitted, provided tax obligations have been met.
Payments for travel	Foreign exchange allocation for tourism by Algerian residents was suspended in October 1986. Pilgrims traveling to Saudi Arabia receive an allowance in Saudi Arabian riyals. The amount is fixed for each pilgrimage and may be provided in the form of checks that may be cashed on arrival for those traveling by air or by sea. Travel tickets purchased by nonresidents for travel abroad must be paid for with imported foreign exchange.
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	The quantitative limit is DA 15,000.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	
<i>Prior approval</i>	Approval of the BOA is required for transfers of pension income. For family maintenance and alimony payments, the BOA must authorize the granting of foreign exchange. Limits are set on a case-by-case basis.
<i>Quantitative limits</i>	The limits for medical costs are DA 15,900 for adults, and DA 7,600 for children under 15 years old. For studies abroad, the limit is DA 7,500.
<i>Indicative limits/bona fide test</i>	Information is not available on family maintenance and alimony transfers.
Foreign workers' wages	Residents of other countries working in Algeria under technical cooperation programs for public enterprises and agencies, or for certain mixed companies may transfer abroad up to 100% of their salaries.
<i>Indicative limits/bona fide test</i>	Yes.
Credit card use abroad	No.
Other payments	
<i>Prior approval</i>	Approval of the BOA is required for payments relating to subscriptions and membership fees and consulting and legal fees.
<i>Indicative limits/bona fide test</i>	Yes.

## Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes.
Surrender requirements	Fifty percent of receipts must be surrendered to the banks.
Restrictions on use of funds	No.

## Capital Transactions

Controls on capital and money market instruments	Capital transfers to any destination abroad are subject to individual approval by the BOA.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase abroad by residents	Yes.
On money market instruments	
<i>Purchase abroad by residents</i>	Yes.

On collective investment securities	
<i>Purchase abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	
Purchase abroad by residents	Yes.
<b>Controls on credit operations</b>	There are controls on all credit transactions, guarantees, sureties, and financial backup facilities by residents to nonresidents.
<b>Controls on direct investment</b>	
Outward direct investment	Yes.
Inward direct investment	Foreign direct investment is freely permitted, except in certain specified sectors, provided that it conforms to the laws and regulations governing regulated activities and that prior declaration is made to the authorities.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Yes.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Banks and financial institutions may borrow from abroad for their own needs or for those of their clients.
Lending locally in foreign exchange	Banks and financial institutions may on-lend foreign funds borrowed abroad.
Differential treatment of deposit accounts in foreign exchange	
<i>Interest rate controls</i>	The interest rates applicable to foreign currency accounts are determined quarterly by the BOA.
Open foreign exchange position limits	Banks and financial institutions are required to meet the following: (1) a maximum spread of 10% between their position (short or long) in each currency and the amount of their counterpart funds in domestic currency; and (2) a maximum spread of 30% between total exposure (short and long positions, whichever is highest) for all foreign currencies and domestic currency resources.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

## ANGOLA

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

Article XIV Yes.

### Exchange Arrangement

Currency The currency of Angola is the Angolan readjusted kwanza.

Exchange rate structure Unitary.

#### Classification

Crawling peg All transactions take place at the official exchange rate, and exchange houses are obliged to deal at the official exchange rate set for commercial banks. Between July 1998 and September 1998, the central bank implemented weekly devaluations of 4.5% (in dollar terms). In October 1998 and December 1998, the exchange rate was devalued by 6.3% and 12.5%, respectively. The official exchange rate stood at KZR 700,000 per \$1 at end-December 1998. These adjustments are not preannounced. The National Bank of Angola (BNA) applies a spread of 1% to its buying and selling exchange rates (primary official), and commercial banks apply a spread of 4.08% to their buying and selling rates (secondary official). An illegal parallel rate also exists as a result, and the premium as of end-1998 was between 58.81% and 58.97%.

Exchange tax The BNA applies an exchange tax of 1%.

Exchange subsidy No.

Forward exchange market No.

### Arrangements for Payments and Receipts

Prescription of currency requirements The BNA prescribes the currency to be used in import and export transactions, which is either that of the country of origin of imports or the country of destination of exports, or the dollar.

#### Payment arrangements

Barter agreements and open accounts Bilateral arrangements, which do not contain bilateral payment features, are maintained with Brazil, Portugal, and Spain.

#### Administration of control

The BNA is the exchange authority and may delegate its powers pertaining to specific activities to other entities. The BNA has authorized commercial banks and exchange houses to carry out transactions in the official foreign exchange market. Foreign exchange dealers licensed to operate in foreign exchange may deal only in banknotes and traveler's checks. The BNA has delegated authority to banks to license and execute permitted invisible and capital transactions in foreign exchange.

International security restrictions n.a.

#### Payment arrears

Official Yes.

Private Yes.

#### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade Residents are permitted to hold and trade gold only in the form of jewelry.

Controls on external trade Imports and exports of gold are the monopoly of the BNA.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

Exports of domestic currency are prohibited.

*Foreign currency*

Residents are permitted to take out more than \$5,000 in foreign exchange only if they present exchange purchase documents. Nonresidents are allowed to bring into the country any amount of foreign exchange, but these amounts must be declared. When leaving Angola, nonresidents are allowed to take with them up to the amount declared.

**On imports***Domestic currency*

Reimports of domestic currency are prohibited.

*Foreign currency*

There are no limits on the amount of foreign banknotes or traveler's checks that a person may bring into the country, but any amount must be declared upon arrival.

**Resident Accounts****Foreign exchange accounts permitted****Held domestically**

Checkbooks may not be issued against personal accounts. These accounts may be credited with retained export earnings, foreign currency transferred from abroad, cash, traveler's checks, foreign payment orders, and interest accrued. They may be debited with sales against domestic currency, but not for settlement of imports of goods and invisibles or capital payments. Transfers between these accounts are prohibited.

**Held abroad**

Enterprises in the petroleum sector are allowed to open foreign exchange accounts to pay for imports of goods and services. Approval is required to open these accounts.

**Accounts in domestic currency convertible into foreign currency**

No.

**Nonresident Accounts****Foreign exchange accounts permitted**

These accounts may be credited with foreign exchange transferred from abroad or the deposit of proceeds from the account holder's activities in Angola. They may be debited with the sale of foreign exchange or the repatriation of all or part of the existing deposit.

**Domestic currency accounts**

Accounts in readjusted kwanzas may be opened or held by nonresidents, but the funds in such accounts may only be withdrawn to cover expenses incurred during their stay in Angola. Nonresidents have two types of domestic currency accounts: type A and type B. The type A account must be credited by selling cash and by depositing the receipts from the nonresidents' activity in the country (when allowed by the BNA), and must be debited by issuance of checks for payments of the local expenses and by the purchase of the means of payments abroad.

The type B account must be credited with the deposit of the receipts of the nonresidents' activity in the country with residents' entities (when allowed by the BNA), and must be debited by issuance of checks for payment of local expenses.

**Convertible into foreign currency**

These accounts are permitted, but prior approval is required.

**Blocked accounts**

No.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

n.a.



**Documentation requirements for release of foreign exchange for imports**

Preshipment inspection Yes.

Letters of credit Yes.

**Import licenses and other nontariff measures**

**Positive list** All imports are subject to licensing. The issuance of import licenses for transactions paid with foreign exchange purchased from the banking system is subject to the availability of foreign exchange. Import licenses are also required for statistical purposes even if the foreign exchange is not purchased from the banking system. These licenses are issued upon application. Licenses for imports requiring foreign exchange from the banking system are granted only to importers registered with the Ministry of Commerce and require a pro forma invoice from the supplier valid for 30 days that includes the price and shipment cost, as well as a bank guarantee of payment of the local currency counterpart. Prior to shipment, products must be submitted for inspection to ascertain compliance with market-competitive pricing by the Société générale de surveillance. Import licenses are valid for 180 days after issuance and may be extended once for an additional 180 days. A license fee of 0.1% of the import value is levied. The importation of goods using the importer's own funds requires the prior sale of foreign currency to a commercial bank in an amount equal to the value of the operation in question. It is also possible to import under the bonded warehouse system, in which case the importer applies to the commercial bank for the requisite authorization, presenting the required documentation. Merchandise imports involving credit from the exporter are subject to analysis by the BNA as a means of ensuring optimal and sound management of external financial resources and guaranteeing compliance with, and maintenance of, a sustainable level of indebtedness. Accordingly, in submitting the import documentation to the commercial bank, importers must attach the terms and conditions of credit with respect to the goods to be imported, and must then follow the same procedures that apply to other arrangements.

**Negative list** There are no restrictions regarding the importation of arms, ammunition, and money.

**Import taxes and/or tariffs** Yes.

**State import monopoly** There is a state import monopoly on oil and derived products.

**Exports and Export Proceeds**

**Repatriation requirements** Yes.

**Surrender requirements** Except for foreign oil and mine companies, all export proceeds must be surrendered to the BNA or the commercial bank through which exports were carried out. The BNA may authorize exporters of goods and services, not related to oil and mine sectors, to retain the totality of foreign exchange earnings to be deposited in accounts at local banks. Proceeds from exports must be collected and surrendered within 30 days of shipment. Some Angolan firms may receive a portion of their export earnings in foreign exchange in accounts opened abroad for that purpose. The decision to grant eligibility for this special arrangement is based on the role that such accounts play in generating revenue for Angola. However, the amounts involved are determined on a case-by-case basis.

Foreign oil companies are allowed, under a contract, to retain part of export receipts abroad for payment of imports of goods and services, profits transfer, and the amortization of capital. These companies must only import funds for payment of royalties, taxes, and local expenses. Diamond companies are allowed to retain in banks in the country or abroad a percentage of the receipts of exports for payment of imports of goods and services.

**Financing requirements** n.a.

**Documentation requirements**

Letters of credit Yes.

Domiciliation	Yes.
Preshipment inspection	Yes.
<b>Export licenses</b>	
Without quotas	Except for exports of the foreign oil companies, all exports of goods and services are subject to licensing. Exports of arms and ammunition and ethnological collections are prohibited. Special export regimes apply to aircraft, animals and animal products, historical objects, minerals and mineral products, toxic substances, cotton, rice, pork, coffee, cereals, wood and wood products, tobacco, and petroleum. Reexports of goods other than capital goods and personal belongings are also prohibited.
<b>Export taxes</b>	Yes.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

Trade-related payments	Freight and insurance service contracts with nonresidents are subject to licensing. Preferential treatment is given to domestic air and sea transportation companies, and imports not insured domestically are approved only in exceptional cases.
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*Prior approval* Yes.

#### Investment-related payments

*Prior approval* Yes.

*Quantitative limits* Foreign investors may remit dividends provided the investment in the resident company exceeds \$250,000. In this case, an authorization from the MOF is required only as a formality. Regarding limits, there is no information available for the amortization of loans or depreciation of direct investments.

#### Payments for travel

*Quantitative limits* Resident nationals may, upon presentation of their passports and airline tickets, purchase foreign exchange from financial institutions as follows: (1) children up to the age of 18 years, up to \$2,500 a person a trip to any country; and (2) individuals over 18 years, up to \$5,000 a person a trip to any country. Companies may purchase foreign exchange from financial institutions to cover their employees' travel expenses abroad on trips of up to 30 days for business, service, or training, with the following daily limits: (1) president or equivalent, \$350; (2) vice-president or equivalent, \$300; and (3) department director or equivalent, \$200. If a person returns to Angola earlier than planned, the remaining foreign exchange must be resold to a financial institution.

#### Personal payments

*Prior approval* For medical expenses, foreign exchange is provided through the National Health Board on a case-by-case basis at the official rate.

*Quantitative limits* For medical expenses, the limit is \$5,000. Education travel costs are normally expected to be covered by scholarships, but an additional foreign exchange amount may be granted: up to \$2,500 a month is granted to residents who spend up to 90 days abroad for educational, scientific, or cultural purposes. For family maintenance and alimony payments, up to the equivalent of \$1,500 a month may be granted to Angolans or foreigners residing abroad who are direct ascendants or descendants of, and financially dependent on, residents in Angola, provided that (1) they are minor descendants under 18 years or, if of legal age, demonstrate that they are students or are incapable of working; or (2) they are ascendants over 60 years or, if younger, demonstrate they are incapable of working. Information is not available for the transfer of pensions.

*Indicative limits/bona fide test* No information is available for the transfer of pensions.

#### Foreign workers' wages

*Prior approval* Yes.

## Other payments

*Prior approval* Yes.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements** Yes.

**Surrender requirements** Service earnings must be surrendered to the BNA or to the commercial banks within 180 days of receipt, unless the provider is authorized by the BNA to retain a certain proportion of the proceeds.

**Restrictions on use of funds** Yes.

### Capital Transactions

**Controls on capital and money market instruments** Foreign investment activities (i.e., the setting up of new companies or branches, but also acquisition of equity, total or partial takeover of operations, and lending related to profit sharing) are subject to the provisions of the Foreign Investment Law as well as the provisions of foreign exchange legislation and regulations. Implementation is the responsibility of the Foreign Investment Institute. Foreign investments in the areas of petroleum production, diamond mining, and financial institutions are governed by separate legislation. All capital transfers are subject to licensing by the BNA, which has delegated certain authority to the commercial banks.

## On capital market securities

*Shares or other securities of a participating nature*

Purchase locally by nonresidents Yes.

Sale or issue locally by nonresidents Yes.

Purchase abroad by residents Yes.

Sale or issue abroad by residents Yes.

## On money market instruments

*Purchase locally by nonresidents* Yes.

*Sale or issue locally by nonresidents* Yes.

*Purchase abroad by residents* Yes.

*Sale or issue abroad by residents* Yes.

## On collective investment securities

No markets exist in Angola for such securities.

*Purchase abroad by residents* Yes.

*Sale or issue abroad by residents* Yes.

**Controls on derivatives and other instruments**

There are no such instruments in Angola, but, in principle, transactions are covered by foreign exchange and foreign investment legislation.

**Controls on credit operations**

There are controls on all credit operations.

**Commercial credits**

Resident foreign companies must obtain prior authorization from the MOF and, above certain limits, from the BNA to borrow abroad.

**Controls on direct investment**

**Outward direct investment**

According to the Exchange Control Law, Angolan citizens are permitted to invest abroad.

**Inward direct investment**

Foreign investment is prohibited in the following areas: (1) defense, internal public order, and state security; (2) central banking and currency issue; and (3) other areas reserved for the state. Direct investments in the mining sector are encouraged.

<b>Controls on liquidation of direct investment</b>	Foreign investors are guaranteed the right to transfer abroad the proceeds of the sale of investments, including gains and amounts owed to them after payments of taxes due, but prior approval of the MOF is required.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Yes.
Purchase locally by nonresidents	Yes.
<b>Controls on personal capital movements</b>	
Loans	
<i>To residents from nonresidents</i>	Yes.
Transfer of assets	
<i>Transfer into the country by immigrants</i>	Yes.
Transfer of gambling and prize earnings	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Yes.
Maintenance of accounts abroad	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Reserve requirements apply to local currency deposits only.
<i>Liquid asset requirements</i>	Yes.
Differential treatment of deposit accounts held by nonresidents	
<i>Liquid asset requirements</i>	Yes.
Investment regulations	
<i>Abroad by banks</i>	Yes.
<i>In banks by nonresidents</i>	Yes.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<p><i>September 30.</i> The exchange arrangement was reclassified from “other conventional fixed peg arrangements” to “crawling peg.”</p> <p><i>December 31.</i> The official exchange rate was devalued to KZR 700,000 per \$1.</p>
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# ANTIGUA AND BARBUDA

*Position as of December 31, 1998*

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: November 22, 1983.

### Exchange Arrangement

<b>Currency</b>	The currency of Antigua and Barbuda is the Eastern Caribbean dollar issued by the ECCB.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Exchange arrangement with no separate legal tender	The Eastern Caribbean dollar is pegged to the U.S. dollar, the intervention currency, at EC\$2.70 per US\$1. The ECCB also quotes daily rates for the Canadian dollar and the pound sterling.
<b>Exchange tax</b>	A foreign exchange levy of 1% is applied on purchases of foreign currency.
<b>Exchange subsidy</b>	n.a.
<b>Forward exchange market</b>	No.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	Settlements with residents of member countries of the CARICOM must be made either in the currency of the country concerned or in Eastern Caribbean dollars. Exports to Jamaica are settled in U.S. dollars. Settlements with residents of other countries may be made in any foreign currency or in Eastern Caribbean dollars.
<b>Payment arrangements</b>	
Regional arrangements	Antigua and Barbuda is a member of the CARICOM.
Clearing agreements	Yes.
<b>Administration of control</b>	The MOF applies exchange control to all currencies.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	Yes.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	n.a.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	External accounts may be opened, especially in tourist-oriented industries or export trade where receipts are primarily in foreign currency and a large number of inputs are imported or financed in foreign currency.
Held domestically	These accounts may be opened, but commercial banks are required to report external accounts operations to the MOF on a monthly basis.
Held abroad	n.a.
<b>Accounts in domestic currency convertible into foreign currency</b>	n.a.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	External accounts may be maintained in any currency and may be credited with receipts from sales of merchandise (whether from export-oriented or local production) or from remittances. Commercial banks are required to report external accounts operations to the MOF on a monthly basis.
<b>Domestic currency accounts</b>	n.a.
<b>Blocked accounts</b>	n.a.

### Imports and Import Payments

<b>Foreign exchange budget</b>	n.a.
<b>Financing requirements for imports</b>	n.a.
<b>Documentation requirements for release of foreign exchange for imports</b>	Payments for authorized imports are permitted upon application and submission of documentary evidence.
<b>Import licenses and other nontariff measures</b>	Certain commodities require individual licenses, unless imported from CARICOM countries. Antigua and Barbuda follows the CARICOM rules of origin adopted.
<b>Open general licenses</b>	Most goods may be freely imported under OGLs granted by the MOF and the Ministries of Industry and Commerce.
<b>Import taxes and/or tariffs</b>	Antigua and Barbuda applies the CARICOM's CET. Tariff rates range from zero to 25% for nearly all items. There are no tariffs on a number of items, including milk and poultry. Exemptions from import duties exist for some goods, including basic foods and agricultural goods. Other exemptions for machinery, equipment, and raw materials are granted on a case-by-case basis.
<b>State import monopoly</b>	n.a.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	n.a.
<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	n.a.
<b>Export licenses</b>	No.
<b>Export taxes</b>	Reexports are not subject to any tax if transactions take place within the bonded area.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments for invisibles (related to authorized imports) exceeding EC\$100,000 require prior approval for certain categories, except for payments for freight, insurance, unloading and storage costs, administrative expenses, commissions, and profits and dividends, which are not subject to controls.
<b>Investment-related payments</b>	Profits may be remitted in full after compliance with corporate income tax payments. Information is not available on the amortization of loans or depreciation of direct investments.
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.

Payments for travel	
<i>Prior approval</i>	Approval is required only for amounts exceeding the equivalent of EC\$100,000.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	Information is not available on the transfer of pensions.
<i>Prior approval</i>	Payments related to family maintenance and alimony are allowed if provided for in the contract.
<i>Quantitative limits</i>	For payments related to medical and studies abroad, approval on a case-by-case basis is required only for amounts exceeding the equivalent of EC\$100,000.
<i>Indicative limits/bona fide test</i>	Yes.
Foreign workers' wages	
<i>Prior approval</i>	These remittances are allowed, if provided for in the contract.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Other payments	
<i>Prior approval</i>	Payments for consulting and legal fees are allowed, if provided for in the contract.
<i>Quantitative limits</i>	The limit for subscriptions and membership fees is EC\$10,000 a year.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	No.
Controls on derivatives and other instruments	No.
Controls on credit operations	No.
Controls on direct investment	
Outward direct investment	Large transfers abroad for investment purposes may be phased over time by the Financial Secretary.
Controls on liquidation of direct investment	No.
Controls on real estate transactions	
Purchase locally by nonresidents	An alien landholding license is required, and the purchase must be approved by the Cabinet.
Controls on personal capital movements	No.
Provisions specific to commercial banks and other credit institutions	
Lending to nonresidents (financial or commercial credits)	MOF approval is required for these transactions. Loans are subject to a 3% stamp duty.

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Provisions specific to institutional investors	n.a.
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Other controls imposed by securities laws	n.a.
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### Changes During 1998

No significant changes occurred in the exchange and trade system.



# ARGENTINA

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: May 14, 1968.

### Exchange Arrangement

<b>Currency</b>	The currency of Argentina is the Argentine peso.
<b>Other legal tender</b>	Transactions in convertible currencies are permitted, and contracts in these currencies are legally enforceable, although the currencies are not legal tender.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Currency board arrangement	The external value of the peso is pegged to the U.S. dollar under a currency board type of arrangement. Exchange rates of other currencies are based on the buying and selling rates for the U.S. dollar in markets abroad.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	Swap transactions and forward exchange operations are permitted in any currency, and the rates may be freely negotiated.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	Transactions with countries with which there are no payment agreements must be settled in freely convertible currencies.
<b>Payment arrangements</b>	
Regional arrangements	Within the framework of the multilateral clearing system of the LAIA, payments between Argentina and Brazil, Chile, Colombia, Dominican Republic, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela are settled voluntarily through payment agreements and a reciprocal credit mechanism. All payments between Argentina and Bolivia must be made through the accounts specified in the agreements.
	Argentina has agreements with Cuba, Malaysia, and Russia. Payments between Argentina and these countries are settled on a voluntary basis through accounts opened with the Central Bank of Argentina (BCRA) and the other central banks concerned, with the exception of Cuba, where settlement through the accounts specified in the agreements is obligatory.
<b>Clearing agreements</b>	Yes.
<b>Administration of control</b>	All exchange transactions are carried out through entities authorized expressly for this purpose with no restrictions on the purchase or sale of foreign exchange at market prices. These authorized entities include banks, exchange agencies, exchange houses, exchange offices, and financial companies. Each type of institution is subject to separate regulations. Credit funds and mortgage savings and loan companies may also make certain foreign exchange transactions on the condition that they meet certain additional capital requirements.
<b>International security restrictions</b>	
In accordance with UN sanctions	Restrictions on current payments with respect to Iraq, Libya, and the Federal Republic of Yugoslavia (Serbia/Montenegro) are imposed.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	Residents may hold gold coins and gold in any other form in Argentina or abroad. Financial institutions, exchange houses, and exchange agencies may buy or sell gold in the form

	of coins or good delivery bars among themselves, and may buy such gold from their clients, as well as other precious metals, the market value of which is based on the daily list prices of major transactions.
Controls on external trade	The importation of gold coins and bars is not restricted. Gold exports must be paid for in convertible currencies. Imports of gold by industrial users are subject to a statistical duty of 0.5%, as well as a sales tax. Institutions may carry out arbitrage operations with their clients in gold coins or bars against foreign banknotes. Authorized institutions may export gold to entities abroad.
Controls on exports and imports of banknotes	No.

### Resident Accounts

Foreign exchange accounts permitted	Authorized banks may open accounts in pesos or in foreign exchange provided that identification requirements aimed, inter alia, at preventing money laundering have been met. Foreign exchange accounts must be denominated in convertible currencies and may be credited only with cash or with remittances in the following currencies: U.S. dollars for current accounts, savings, and fixed-term deposits; and other currencies that the BCRA explicitly authorizes at the request of financial institutions for deposits in savings and fixed-term accounts. Credit balances may be used freely in Argentina or abroad. Transfers between accounts may be made freely. The use of checking accounts denominated in U.S. dollars is allowed for domestic transactions.
Held domestically	Yes.
Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Authorized banks may open accounts in pesos or in foreign exchange provided that identification requirements aimed, inter alia, at preventing money laundering have been met.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	
Preshipment inspection	For a reduced list of products.
Import licenses and other nontariff measures	
Negative list	Restrictions are in force solely for security, hygiene, and public health reasons.
Open general licenses	For a reduced list of products.
Licenses with quotas	Quantitative restrictions are applied to the automobile sector and to some paper products, and to footwear.

Other nontariff measures	There are no nontariff barriers on intra-MERCOSUR trade. Argentina, however, applies a special regime to automobile and sugar imports with the authorization of MERCOSUR, pending agreement on a common regime for these sectors. Quantitative restrictions are applied to the automobile and to footwear. There is a quantitative restriction on clothes, and some capital and secondhand goods.
Import taxes and/or tariffs	<p>A substantial portion of intra-MERCOSUR trade is conducted at a zero tariff rate, but member countries may maintain tariffs for some items. Argentina applies tariffs to certain textiles, paper, and iron and steel products. This regime was in force until the end of 1998, at which time tariffs were reduced to zero. There is no common regime in MERCOSUR for automobiles and sugar.</p> <p>Argentina and the MERCOSUR countries apply a CET to imports from the rest of the world that encompasses all products. CET rates currently range from zero to 20%. The majority of products are taxed with an additional 3% tariff until December 31, 2000. There are three lists of exceptions to the CET: (1) the national list for 300 products until 2001; (2) capital goods list with 14% CET until 2001; and (3) computers and telecommunications list with a maximum CET of 16% until 2006.</p>
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	
Without quotas	Licenses are required for arms, sensitive goods, and war materials.
With quotas	Quantitative restrictions on exports only on protected animal species.
Export taxes	A 5% export duty is applied to untanned, pickled aplite, and wet blue leathers, and a 3.5% duty is applied to soybeans, groundnuts, flax, turnips, sunflower seeds, and cotton.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

#### Controls on capital and money market instruments

On capital market securities

*Shares or other securities of a participating nature*

Sale or issue locally by nonresidents	Under the regulations of the National Securities Commission (CNV), foreign investors must meet the same requirements as those applicable to Argentine investors to make a public offering of securities in Argentina. In each case, they must establish a permanent
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representative office and a domicile in Argentina to receive notices. They must state whether the securities are also being offered to the public in their country of origin, and specify the initial and periodic information requirements to which they are subject. If the CNV believes that the regulations in the country of origin properly protect local investors and guarantee an adequate flow of information, the CNV may lower the requirements for these investors. The CNV may authorize foreign investors on a case-by-case basis to submit only such information as they would periodically submit to the corresponding authority in their jurisdiction of origin.

*Bonds or other debt securities*

Sale or issue locally by nonresidents The same conditions apply as for the sale or issue of shares of a participating nature.

On money market instruments

*Sale or issue locally by nonresidents* The control is applied only for commercial papers.

On collective investment securities

*Sale or issue locally by nonresidents* Yes.

**Controls on derivatives and other instruments**

Sale or issue locally by nonresidents Approval of the CNV is required for public offerings.

**Controls on credit operations** No.

**Controls on direct investment**

Inward direct investment Yes.

**Controls on liquidation of direct investment** No.

**Controls on real estate transactions**

Purchase locally by nonresidents For purchases of real estate in border areas, a foreign investor must seek prior approval for the project from the Border Superintendency of the Ministry of Defense. This limitation exists for national security reasons.

**Controls on personal capital movements** No.

**Provisions specific to commercial banks and other credit institutions**

Lending to nonresidents (financial or commercial credits) The credit granted by financial intermediaries must be used in the country and must finance investment, production, commercialization, and consumption of goods and services for internal demand or exports.

**Provisions specific to institutional investors**

Limits (max.) on securities issued by nonresidents and on portfolio invested abroad Yes.

Limits (max.) on portfolio invested abroad There is a 25% limit of the investment trust portfolio, but this limit does not apply to MERCOSUR. For diversification and according to law, no more than 10% of pension funds may be invested in securities issued by a foreign sovereign, or in securities of foreign corporations issued abroad.

Limits (min.) on portfolio invested locally In the event that the trust's assets consist of the securities, a tender offer should be made in Argentina or abroad with a minimum of 75% of the investment being made in assets issued and traded in Argentina.

Currency-matching regulations on assets/liabilities composition Yes.

**Other controls imposed by securities laws** Due to the implicit list associated with positions in different currencies other than the U.S. dollar, additional capital is required to cover those lists. Deposits and loans in those currencies are computed to build the position.

**Changes During 1998****Capital transactions**

Provisions specific to institutional investors

*September 1.* Limits on the net global position in foreign currency were eliminated.

**Changes During 1999****Imports and import payments**

*January 1.* Tariffs on certain textiles, paper, and iron and steel products were reduced to zero for intra-MERCOSUR trade.

## ARMENIA

(Position as of April 30, 1999)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: May 29, 1997.

#### Exchange Arrangement

##### Currency

The currency of Armenia is the Armenian dram.

##### Exchange rate structure

Unitary.

##### Classification

##### Independently floating

The exchange rate of the dram against the dollar is determined on the basis of exchange rates in the interbank market and at foreign exchange auctions held five times a week in the Yerevan Stock Exchange (YSE) and twice a week in the Gjumry Stock Exchange (GSE). Banks and financial dealers holding licenses from the Central Bank of Armenia (CBA) may participate in the auctions. Anyone may buy and sell at the auction through banks. However, since late 1996, foreign exchange transactions have taken place predominantly in the interbank market in which the CBA also participates. The CBA intervention in the foreign exchange market is limited to the smoothing of exchange rate fluctuations. The CBA quotes official rates in terms of dollars daily on the basis of the weighted average rate in the interbank market and at the foreign exchange auctions on the previous trading day. This rate is used for accounting valuation of all foreign exchange transactions of all economic agents, including the MOF. Exchange rates for other major currencies are calculated either on the basis of quotations on the YSE, when applicable, or solely on the basis of quotations for the dollar in major international interbank markets against the currencies concerned. Foreign exchange is also freely bought and sold by enterprises and persons without restrictions through authorized banks and licensed exchange bureaus that conduct cash transactions.

##### Exchange tax

No.

##### Exchange subsidy

No.

##### Forward exchange market

Residents and nonresidents may freely negotiate forward exchange contracts for both commercial and financial transactions in all leading convertible currencies in the domestic exchange market and at major international foreign exchange markets. However, for the time being, the forward exchange market in Armenia is still undeveloped, although some banks sign forward contracts in small amounts.

##### Official cover of forward operations

Yes.

### Arrangements for Payments and Receipts

##### Prescription of currency requirements

No.

##### Payment arrangements

##### Bilateral payment arrangements

##### *Inoperative*

Armenia maintains agreements with Russia and Turkmenistan.

##### Regional arrangements

Armenia is a signatory of the 1993 Treaty of Economic Union (with Azerbaijan, Belarus, Kazakhstan, Kyrgyz Republic, Moldova, Russia, Tajikistan, and Uzbekistan), which provides for the eventual establishment of a customs union, a payments union, cooperation on investment, industrial development, and customs procedures. Armenia also joined the Agreement on the Establishment of Payments Union of CIS member countries. Armenia is a member of the Black Sea Economic Cooperation (BSEC) organization (with Albania,

	Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, and Ukraine). Bilateral free trade agreements have been signed with Georgia, the Kyrgyz Republic, Moldova, Russia, Tajikistan, and Ukraine, though only the agreement with Russia is in operation.
Clearing agreements	There is an arrangement with Turkmenistan for the importation of natural gas. In addition, bilateral clearing agreements with the Baltic countries and the other countries of the FSU exist, but all have become largely inoperative.
Administration of control	The CBA has overall responsibility for regulating financial relations between Armenia and other countries in close collaboration with the MOF. Resident and nonresident currency dealers, including banks, may undertake foreign exchange transactions without restriction. There are no restrictions on current and capital movements unless otherwise specified by the CBA (in which case, one month's notice is required).
International security restrictions	n.a.
Payment arrears	No.
Controls on trade in gold (coins and/or bullion)	A license is required for trading.
Controls on domestic ownership and/or trade	There are no specific regulations governing domestic trade in gold.
Controls on external trade	Yes.
Controls on exports and imports of banknotes	
On exports	
Foreign currency	Individuals are authorized to transfer, deliver, and export currency denominated in foreign exchange up to \$10,000 in cash or its equivalent without any restriction. Exports exceeding that amount are permitted through bank transfers.

### Resident Accounts

Foreign exchange accounts permitted	
Held domestically	Yes.
Held abroad	These accounts are permitted, but prior approval is required.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.

**Documentation requirements for release of foreign exchange for imports**

No.

**Import licenses and other nontariff measures**

Negative list

Import licenses from the Ministry of Agriculture and the Ministry of Health are required and granted on a case-by-case basis to import medicinal preparations and pesticides. Imports of weapons, military equipment and parts, and explosives require special authorization from the government.

**Import taxes and/or tariffs**

There are two rates of customs duties: zero and 10%; most imports are zero rated. Products imported from countries in the CIS are exempted.

**State import monopoly**

n.a.

### Exports and Export Proceeds

**Repatriation requirements**

The CBA has the power, as specified by legislation, to impose repatriation requirements on export proceeds.

**Financing requirements**

No.

**Documentation requirements**

No.

**Export licenses**

Export licenses are required for medicines, wild animals and plants, and textile products exported to the EU. In addition, special government permission is required for the export of nuclear technology, nuclear waste, related nonnuclear products, and technology with direct military applications. Minimum threshold prices for the export of ferrous and nonferrous metals and the reexport of foreign-produced goods thereof remain in force.

Without quotas

Yes.

**Export taxes**

No.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

No.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**

No.

**Restrictions on use of funds**

No.

### Capital Transactions

**Controls on capital and money market instruments**

No.

**Controls on derivatives and other instruments**

No.

**Controls on credit operations**

No.

**Controls on direct investment**

No.

**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

Purchase locally by nonresidents

In accordance with the constitution, nonresidents are not allowed to acquire land in Armenia.



**Controls on personal capital movements** No.

**Provisions specific to commercial banks and other credit institutions**

Differential treatment of deposit accounts held by nonresidents

*Reserve requirements*

Effective April 9, 1999, the CBA eliminated the option for banks to hold 50% of required reserves against deposits in foreign exchange in either foreign or domestic currency.

Open foreign exchange position limits

The long foreign exchange position (the positive difference between foreign assets and liabilities) at the end of any business day must not exceed 40% of the bank's total capital. Effective March 1, 1998, the overall position must not exceed 40% of the bank's capital at the end of any business day, while the open position in nonconvertible currencies must not exceed 10% of the bank's total capital. Effective April 1, 1999, the limit on the overall foreign exchange position was lowered to 30%.

*On nonresident assets and liabilities*

Yes.

*On resident assets and liabilities*

Yes.

**Provisions specific to institutional investors**

No.

**Other controls imposed by securities laws**

No.

### Changes During 1998

**Capital transactions**

Provisions specific to commercial banks and other credit institutions

*March 1.* The overall position must not exceed 40% of the bank's total capital at the end of any business day, while the open position in nonconvertible currencies must not exceed 10% of the bank's total capital.

### Changes During 1999

**Capital transactions**

Provisions specific to commercial banks and other credit institutions

*April 1.* The CBA eliminated the option for banks to hold 50% of required reserves against deposits in foreign exchange in either foreign or domestic currency.

*April 1.* The limit on the overall foreign exchange position of banks was lowered to 30% of their capital.

# ARUBA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 15, 1961.

### Exchange Arrangement

<b>Currency</b>	The currency of Aruba is the Aruba florin.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Conventional pegged arrangement	The florin is pegged to the dollar at Af. 1.79 per \$1. The Centrale Bank van Aruba (CBA), the central bank, deals with local commercial banks within margins of 0.002795% on either side of parity.
<b>Exchange tax</b>	A foreign exchange commission of 1.3% is levied on all payments to nonresidents, except when settled in Netherlands Antillean guilders. Certain institutions or groups are exempted from paying this commission.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	No.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	The CBA administers foreign exchange control.
<b>International security restrictions</b>	
In accordance with UN sanctions	Yes.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	The exportation of domestic banknotes is prohibited.
<i>Foreign currency</i>	The exportation of foreign banknotes requires a license, except for traveling purposes.

## Resident Accounts

<b>Foreign exchange accounts permitted</b>	
Held domestically	These accounts are permitted, but prior approval is required.
Held abroad	The opening of an account held abroad must be reported to the CBA.
<b>Accounts in domestic currency convertible into foreign currency</b>	These accounts are not allowed.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Balances up to Af. 200,000 are convertible.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for re-release of foreign exchange for imports	No.
Import licenses and other nontariff measures	
Licenses with quotas	The importation of eggs may be subject to quotas depending on the domestic supply situation.
Import taxes and/or tariffs	Yes.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	Yes.
Surrender requirements	Unless specifically exempted, export proceeds must be converted into local currency within eight working days or credited to a foreign currency account with a local foreign exchange bank or deposited in a foreign bank account approved by the CBA.
Financing requirements	No.
Documentation requirements	No.
Export licenses	No.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	Most restrictions on these transactions have been eliminated.
Investment-related payments	
<i>Indicative limits/bona fide test</i>	Interest payments on all types of loans can be executed if a license has been obtained from the CBA to conclude the loan. As regards profits and dividends, documents should be submitted to the CBA with respect to the amount involved. Authorization may proceed only if a license was obtained for the loan. In the case of depreciation of direct investments, a special license is required.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes.
Surrender requirements	Unless specifically exempted, proceeds must be converted into local currency within eight working days or credited to a foreign currency account with a local foreign exchange bank or deposited in a foreign bank account approved by the CBA.

**Restrictions on use of funds** No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Outward transactions less than Af. 200,000 a year for natural persons and Af. 500,000 a year for entities (excluding commercial banks and institutional investors) are free. As of July 1, 1998, these ceilings are not only applicable to investments but also to all capital transactions with nonresidents. This implies that a CBA license is only required for capital transaction in excess of these ceilings.
On capital market securities	There are controls on all these transactions.
<b>Controls on derivatives and other instruments</b>	There are controls on all these transactions.
<b>Controls on credit operations</b>	There are controls on all these transactions.
<b>Controls on direct investment</b>	
Outward direct investment	The CBA may require divestment, repatriation, and surrender of proceeds to the CBA.
Inward direct investment	Yes.
<b>Controls on liquidation of direct investment</b>	Yes.
<b>Controls on real estate transactions</b>	There are controls on all these transactions.
<b>Controls on personal capital movements</b>	Personal capital transactions must be settled through the banking system and foreign accounts approved by the CBA. All personal capital movements, except the transfer of gambling and prize earnings, are controlled.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Yes.
<i>Liquid asset requirements</i>	Yes.
Differential treatment of deposit accounts held by nonresidents	
<i>Reserve requirements</i>	Yes.
<i>Liquid asset requirements</i>	Yes.
<i>Credit controls</i>	Yes.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on portfolio invested abroad	Yes.
Limits (min.) on portfolio invested locally	The limits are 40% of the first Af. 10 million of outstanding liabilities; 50% of the second Af. 10 million; and 60% of the remaining liabilities.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

**Capital transactions** *July 1.* The ceilings for capital transfers of natural and juridical persons exempted from license requirements have been increased to Af. 200,000 and Af. 500,000, respectively.

# AUSTRALIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: July 1, 1965.

### Exchange Arrangement

#### Currency

The currency of Australia is the Australian dollar. It also circulates in several other countries, including Kiribati, Nauru, and Tuvalu.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

The exchange rate of the Australian dollar is market-determined. Authorized foreign exchange dealers may deal among themselves, with their customers, and with overseas counterparties at mutually negotiated rates for both spot and forward transactions in any currency with regard to trade- and non-trade-related transactions. However, the Reserve Bank of Australia (RBA) retains discretionary power to intervene in the foreign exchange market. There is no official exchange rate for the Australian dollar. The RBA publishes an indicative rate for the Australian dollar based on market observation at 4 p.m. daily.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Active trading takes place in forward and futures contracts.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

The RBA has responsibility for oversight of the foreign exchange market, including the authorization of foreign exchange dealers. The Australian Transaction Reports and Analysis Center (AUSTRAC), a law enforcement agency, receives information on international transactions including those in cash, which it can pass on to a number of other enforcement and governmental agencies.

#### International security restrictions

##### In accordance with UN sanctions

Restrictions are placed on external payments and transfers relating to Iraq and Libya to give effect to UN Security Council resolutions imposing sanctions against those countries. Restrictions also apply to transactions involving the authorities of the Federal Republic of Yugoslavia (Serbia/Montenegro).

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

No.

#### Controls on exports and imports of banknotes

The exportation or importation of notes and coins totaling \$A 10,000 or more must be reported to AUSTRAC.

#### On exports

##### Foreign currency

Residents must purchase foreign currency from an authorized dealer. Nonresident travelers may take out any foreign currency they brought into Australia.

## Resident Accounts

### Foreign exchange accounts permitted

Held domestically

Local purchases and sales of foreign currency must be through an authorized dealer.

Held abroad

Yes.

Accounts in domestic currency convertible into foreign currency

Conversion must be effected through an authorized foreign exchange dealer.

## Nonresident Accounts

### Foreign exchange accounts permitted

Local purchases and sales of foreign currency must be through an authorized dealer.

### Domestic currency accounts

Yes.

Convertible into foreign currency

Conversion must be effected through an authorized foreign exchange dealer.

### Blocked accounts

Only those accounts affected by UN sanctions are blocked.

## Imports and Import Payments

### Foreign exchange budget

No.

### Financing requirements for imports

No.

### Documentation requirements for release of foreign exchange for imports

No.

### Import licenses and other nontariff measures

There are no import-licensing requirements or quotas on imports other than the tariff quota, which applies to certain cheeses and curd.

### Negative list

For some products, imports are allowed only if written authorization is obtained from the relevant authorities or if certain regulations are complied with. Among the goods subject to control are narcotic, psychotropic, and therapeutic substances, firearms and certain weapons, certain chemicals and primary commodities, some glazed ceramic ware, and various dangerous goods. These controls are maintained mainly to meet health and safety requirements; to meet certain requirements for labeling, packaging, or technical specifications; and to satisfy certain obligations arising from Australia's membership in international commodity agreements.

### Import taxes and/or tariffs

Most tariffs have been reduced to a maximum of 5%. By the year 2000, tariffs on passenger motor vehicles (PMVs) are being reduced to 15%, and tariffs on textiles, clothing, and footwear will be reduced to a maximum of 25%.

PMV tariffs will stabilize at their 2000 levels before falling to 10% in 2005. Tariffs on textile, clothing, and footwear products will also pause at their 2000 levels until 2005, at which time tariffs will be reduced to 17.5% from 25% for clothing and finished textiles, and to 10% from 15% for footwear.

The ANZCERTA establishes free trade in goods. The SPARTECA provides nonreciprocal, duty-free access to most markets in Australia and New Zealand for other members. Trade between Papua New Guinea and Australia is covered by the Agreement on Trade and Commercial Relations between Australia and Papua New Guinea.

Developing countries receive tariff preferences on exports to Australia under the Australian System of Tariff Preferences for Developing Countries, with a uniform preferential margin of 5%. Preferences have been eliminated on imports of certain industries such as textiles, clothing and footwear, chemicals, vegetable and fruit preparations, tuna, and sugar, except from the least-developed countries and South Pacific Island Territories.

### State import monopoly

No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	<p>Export prohibitions and restrictions in effect are designed to ensure quality control, administer trade embargoes, and meet obligations under international arrangements. These prohibitions are also set up to restrict the exportation of certain defense materials; regulate the exportation of goods that involve high technology and have dual civilian and military applications; maintain adequate measures of control over designated cultural property, resources, flora, and fauna; secure conservation objectives; and respond to specific market distortions abroad. Remaining controls on primary products apply mainly to food and agricultural products.</p> <p>Approval must be obtained from the government to export coal, liquid natural gas, bauxite, alumina, and mineral sands. Export controls apply to uranium to ensure compliance with the government's nonproliferation policy obligations. Restrictions also apply to certain other nuclear and related materials. Licenses are required for exports of unprocessed wood, including wood chips. The Australian Dairy Corporation administers export control powers in relation to prescribed dairy products under the provisions of the Dairy Produce Act. All exporters of controlled dairy products must be licensed. This system allows the control of exports to markets where quantitative restrictions apply and ensures that export prices do not fall below minimum prices agreed to under the WTO for these products.</p> <p>Effective July 1, 1998, exports of red meat and livestock can be made only by persons or firms licensed by the Commonwealth Department of Agriculture, Fisheries and Forestry (AFFA). If other countries impose quantitative restrictions on imports of meat or livestock, the AFFA may, in conjunction with industry, introduce measures to control Australian exports to conform with those restrictions.</p> <p>Other Commonwealth statutory marketing authorities that have export control powers are the Australian Horticultural Corporation, the Australian Honey Board, the Australian Wheat Board, and the Australian Wine and Brandy Corporation. The Australian Wheat Board's powers make it the sole exporter of Australian wheat.</p>
<b>With quotas</b>	<p>Australia has a complete ban on the export of merino ewes, genetic material, ova, and embryos to any country other than New Zealand. However, merino breeding rams purchased at designated export auctions and semen from rams included in the National Register of Semen Export Donors may be exported, subject to an annual quota (currently limited in total to 900 rams a year), and until December 17, 1998, the approval of the Department of Primary Industries and Energy (DPIE). On December 17, 1998, the responsibilities of the DPIE were altered and the AFFA has to approve the export of semen from rams. No ram sold and nominated for the collection of semen for export may be physically exported. There is no restriction on the export of merino rams or reproductive material to New Zealand. The above restrictions do not apply to merino rams intended for slaughter; however, the export of these rams is subject to controls to ensure they do not enter breeding flocks.</p>
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

## Capital Transactions

### Controls on capital and money market instruments

The purchase of shares and other securities of a participatory nature, which may be affected by laws and policies on inward direct investment, is restricted. Foreign governments, their agencies, and international organizations are not permitted to issue bearer bonds and, when borrowing in the Australian capital market, must advise the Australian authorities of the details of each borrowing after its completion. Subject to certain disclosure requirements, overseas banks may issue securities in the wholesale capital market in amounts of \$A 500,000 or more.

#### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents Yes.

Sale or issue abroad by residents Yes.

##### *Bonds or other debt securities*

Sale or issue locally by nonresidents Yes.

#### On money market instruments

*Sale or issue locally by nonresidents* Yes.

### Controls on derivatives and other instruments

Sale or issue locally by nonresidents Yes.

### Controls on credit operations

#### Commercial credits

*By residents to nonresidents* Yes.

#### Financial credits

*By residents to nonresidents* Yes.

### Controls on direct investment

#### Inward direct investment

Prior authorization is required for (1) proposals by foreign interests that would result in the ownership of a shareholding of 15% or more by a single foreign interest or associates, or 40% or more by two or more unrelated foreign interests in an Australian corporation; however, foreign investment in businesses, other than those in the restricted sectors, with total assets of less than \$A 5 million (less than \$A 3 million for rural properties) is exempt from examination and notification; (2) all investments in the banking, civil aviation, airports, shipping, media, and telecommunication sectors, which are subject to special restrictions; (3) direct investments by foreign governments or their agencies irrespective of size; and (4) proposals to establish new businesses in other than the restricted sectors of the economy where the total amount of the investment is \$A 10 million or more.

#### Controls on liquidation of direct investment

No.

### Controls on real estate transactions

#### Purchase locally by nonresidents

All acquisitions of real estate must be notified, unless exempt by regulation. Acquisitions of nonresidential commercial real estate for development are normally approved as are acquisitions of developed nonresidential commercial real estate. Acquisition of developed nonresidential commercial real estate is exempt where the total value of the property is less than \$A 5 million.

Approval is also normally granted for residential land for development or for the acquisitions of dwellings (including condominiums), direct from a developer, either "off the plan," while under construction, or completed but never occupied, provided that no more than 50% of the total number of dwellings are sold to foreign investors.



	Foreign acquisitions of established residential real estate are not normally approved except in cases involving temporary residents who acquire accommodation for a period in excess of 12 months, subject to resale of the property upon departure. Foreign persons who are entitled to reside permanently in Australia are not required to seek approval to acquire any form of residential real estate. Foreign acquisition of residential real estate (including condominiums) within a designated integrated tourist resort is exempt from authorization.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	Banks are subject to prudential requirements, e.g., liquidity management, credit concentration.
Investment regulations	
<i>In banks by nonresidents</i>	Nonresidents may invest in authorized deposit-taking institutions up to a limit of 15%. Effective July 1, 1998, any investment larger than 15% must be approved by the Treasurer.
Open foreign exchange position limits	On March 27, 1998, the RBA removed open foreign exchange position limits on authorized foreign exchange dealers.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	The rules of the Australian Stock Exchange require that, to be a participating organization of the Australian Stock Exchange, a majority of the directors of a brokerage must be Australian residents. This rule does not prohibit foreigners from owning a brokerage.

### Changes During 1998

<b>Exports and export proceeds</b>	<p><i>July 1.</i> The function of issuing licenses transferred back to AFFA when the Australian Meat and Livestock Corporation was concluded.</p> <p><i>December 17.</i> The responsibilities of the DPIE were altered in the Administrative Arrangement Orders, and the Department was renamed the Department of Agriculture, Fisheries and Forestry.</p>
<b>Capital transactions</b>	
Provisions specific to commercial banks and other credit institutions	<p><i>March 27.</i> The RBA removed open foreign exchange position limits on authorized foreign exchange dealers.</p> <p><i>July 1.</i> Under the Financial Sector (Shareholdings) Act a person has to apply to the Treasurer to hold a stake in an authorized deposit-taking institution of more than 15%. The applicant has to satisfy the Treasurer that this is in the national interest.</p>

# AUSTRIA

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: August 1, 1962.

### Exchange Arrangement

#### Currency

As of January 1, 1999, the currency of Austria is the euro. In cash transactions, however, the legal tender remains the Austrian schilling until 2002, when euro banknotes and coins will be issued.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

Austria participates in a currency union (EMU) comprising 11 members of the EU: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. Internal exchange rates in respect to the national currencies of EMU participants were fixed to the euro on January 1, 1999, whereas the external exchange rate of the euro is market-determined. The conversion rate between the euro and the Austrian schilling was set at S 13.7603 per €1. The ECB has the right to intervene to smooth out fluctuations in external exchange rates.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Settlements with all countries may be made either in foreign currencies or through free euro accounts.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Operative*

There are no bilateral payment agreements; however, several bilateral agreements exist for the promotion and protection of investments, which include provisions on transfers between the signatories.

#### Administration of control

Most exchange transactions are effected through Austrian banks authorized by the central bank.

#### International security restrictions

In accordance with UN sanctions

Restrictions are imposed on certain current payments and transfers to Libya in accordance with a UN Security Council resolution. Certain restrictions on payments and transfers for current international transactions to the government of Iraq are still in force.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

No.

#### Controls on exports and imports of banknotes

No.

## Resident Accounts

#### Foreign exchange accounts permitted

Held domestically

Yes.

Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	These are accounts affected by UN sanctions against Iraq and Libya, and by the virtue of EU regulations against the Federal Republic of Yugoslavia (Serbia/Montenegro).

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	Export and import licenses must be issued by the Federal Ministry for Economic Affairs for industrial products and by the Federal Ministry of Agriculture and Forestry for agricultural products. As a member of the EU, Austria applies all import regulations based on the common commercial policy, i.e., for industrial products import restrictions in the textile and clothing sectors and statistical surveillance for products falling under the scope of the ECSC Treaty. There are also regulations vis-à-vis China for imports of some consumer products based on current EU law.
Positive list	Yes.
Licenses with quotas	Yes.
Import taxes and/or tariffs	Austria applies the Common Import Regime of the EU.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	Licenses for exports must be obtained from the relevant ministry or at the time of clearance from the customs authorities. For most exports, licenses are not required. Export licenses are issued with due consideration for the provisions of relevant EU trade agreements and the fulfillment of quotas established in accordance with such agreements, and the needs of the Austrian economy.
Without quotas	Yes.
With quotas	Yes.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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## Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

## Capital Transactions

<b>Controls on capital and money market instruments</b>	In some cases, reporting requirements to the Austrian National Bank exist.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	
Inward direct investment	In the auditing and legal professions, the transport sector, and the electric power generation sector certain restrictions apply for investments by nonresidents and Austrian residents who are not nationals of one of the countries of the EEA.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	The acquisition of real estate is subject to approval by local authorities.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Reserve requirements apply only to deposits held in euro.
<i>Liquid asset requirements</i>	Liquid asset requirements apply only to deposits held in euro.
Open foreign exchange position limits	The net amount of an open position must not exceed 30% of own funds at the end of any business day; the total sum of all open positions must not exceed 50% of own funds.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Yes.
Limits (max.) on portfolio invested abroad	Yes.
Limits (min.) on portfolio invested locally	Yes.
Currency-matching regulations on assets/liabilities composition	Yes.
<b>Other controls imposed by securities laws</b>	No.

**Changes During 1998**

No significant changes occurred in the exchange and trade system.

**Changes During 1999****Exchange arrangement**

*January 1.* The currency of Austria became the euro. The conversion rate between the euro and the Austrian schilling was set irrevocably at S 13.7603 per €1.

# AZERBAIJAN

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

## Exchange Arrangement

Currency The currency of Azerbaijan is the Azerbaijan manat.

Exchange rate structure Unitary.

### Classification

Managed floating with no preannounced path for the exchange rate The external value of the manat is determined on the basis of morning trading sessions. The morning session is limited to Baku Interbank Currency Exchange (BICEX) member banks. The official exchange rate is determined by the Azerbaijan National Bank (ANB) on the basis of BICEX trading. The afternoon trading is operated by the Organized Interbank Foreign Currency Exchange (OICEX), which includes all banks with foreign exchange licenses. The OICEX uses BICEX facilities for clearing and operates under trading rules and procedures laid out in a collective agreement signed by each participating member. Trading under OICEX is, however, restricted to a band of  $\pm 0.5\%$  of the official ANB rate. Since September 1998, trading has also been allowed on the open interbank market, which also includes all banks with foreign exchange licenses.

Exchange tax No.

Exchange subsidy No.

Forward exchange market No.

## Arrangements for Payments and Receipts

Prescription of currency requirements Settlements with the Baltic countries, Russia, and the other countries of the FSU are effected through correspondent accounts of the commercial banks in these countries or through correspondent accounts of the respective central banks.

### Payment arrangements

Bilateral payment arrangements

*Inoperative* Yes.

Clearing agreements Azerbaijan is a member of the Payment Union of the CIS countries, which has become inoperative.

Barter agreements and open accounts Yes.

### Administration of control

The ANB regulates foreign exchange transactions, conducts foreign currency operations, and administers official gold and convertible currency reserve holdings. The ANB also has overall responsibility for issuing licenses to deal in foreign exchange and to open foreign exchange accounts abroad; for regulating foreign exchange operations, including implementing and monitoring compliance with the law; and for establishing prudential rules governing foreign exchange operations. The Ministry of Trade regulates foreign trade, while the Customs Service Law regulates the organization and operation of customs.

International security restrictions No.

Payment arrears n.a.

Controls on trade in gold (coins and/or bullion) Controls are administered by the cabinet of ministries jointly with the ANB.

Controls on external trade A license is required to conduct international trade in gold.

**Controls on exports and imports of banknotes**

The exportation and importation of foreign banknotes are regulated by the ANB and the customs agencies.

**On exports***Domestic currency*

No more than 50,000 manats in banknotes may be taken out of the country.

*Foreign currency*

Yes.

**On imports***Foreign currency*

Yes.

## Resident Accounts

**Foreign exchange accounts permitted****Held domestically**

No declaration of the origin of foreign exchange is required for individuals, who may transfer freely foreign exchange held in these accounts to their close relatives up to \$10,000 and, upon authorization, larger amounts to their bank accounts abroad, or may freely convert it into domestic currency.

**Held abroad**

Resident enterprises may open and use foreign exchange bank accounts in banks abroad, subject to authorization by the ANB. Enterprises are obliged to repatriate the foreign exchange held in accounts abroad (except the amount used to pay for imports).

There is no regulation for individuals who open and use foreign exchange bank accounts in banks abroad.

**Accounts in domestic currency convertible into foreign currency**

Natural and juridical persons may purchase foreign exchange through authorized banks on the BICEX, the OICEX, and the open interbank market, and authorized banks may also purchase foreign exchange in these markets on their own account, in accordance with the regulations of the ANB. These regulations do not set any limit.

## Nonresident Accounts

**Foreign exchange accounts permitted**

Foreign exchange in these accounts may be transferred abroad or sold to the banks for manats subject to authorization.

**Domestic currency accounts**

Nonresident enterprises may also open and operate accounts in manats and use them for domestic transactions, in accordance with instructions issued by the ANB.

**Convertible into foreign currency**

The same regulations apply as for resident accounts.

**Blocked accounts**

n.a.

## Imports and Import Payments

**Foreign exchange budget**

No.

**Financing requirements for imports****Advance payment requirements**

Advance import payments of more than 180 days prior to the delivery of goods are not allowed. Prepayments by bank transfers for import contracts of goods and services are limited to the equivalent of \$10,000. Subject to authorization of the ANB, the amount may exceed the indicative limit.

**Documentation requirements for release of foreign exchange for imports****Letters of credit**

Prepayments by bank transfers in excess of \$10,000 require either an LC or the authorization of the ANB.

**Import licenses and other nontariff measures****Negative list**

Yes.

<b>Import taxes and/or tariffs</b>	Tariffs are unified at 15% for most goods and for imports from all countries. Capital and input goods are subject to a tariff rate of 5%. A customs fee of 0.15% is levied on imports from all sources.
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<b>State import monopoly</b>	No.
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### Exports and Export Proceeds

<b>Repatriation requirements</b>	Residents are required to repatriate all proceeds from exports within 180 days and transfer them to a licensed bank in Azerbaijan within 10 days of receipt, unless specifically exempted by the government. Expenses, commissions, and taxes paid abroad relating to economic activities may be deducted from the proceeds prior to transfer to a licensed bank.
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<b>Financing requirements</b>	Yes.
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#### **Documentation requirements**

Letters of credit	Yes.
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Guarantees	Yes.
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<b>Export licenses</b>	No.
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<b>Export taxes</b>	No.
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### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Resident individuals are allowed access to the BICEX, the OICEX, and the open interbank market, through authorized banks, to purchase noncash foreign exchange for transfer abroad for paying bona fide current international transactions.
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#### **Trade-related payments**

<i>Indicative limits/bona fide test</i>	Any amount may be paid without limitation, on the basis of documents confirming that trade-related costs have been actually incurred. General limitations apply to advance payments.
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#### **Investment-related payments**

<i>Indicative limits/bona fide test</i>	Yes.
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#### **Payments for travel**

<i>Indicative limits/bona fide test</i>	The indicative limit is \$10,000. This limit may be exceeded on the basis of an expense estimate.
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#### **Personal payments**

<i>Indicative limits/bona fide test</i>	The limit is \$10,000 for payments related to medical costs, studies abroad, and family maintenance and alimony.
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#### **Foreign workers' wages**

<i>Prior approval</i>	Yes.
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#### **Other payments**

<i>Indicative limits/bona fide test</i>	The indicative limit for subscriptions and membership fees varies from \$1,000 to \$5,000 a year.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Proceeds must be repatriated within six months and transferred to a licensed bank within 10 days of receipt.
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<b>Restrictions on use of funds</b>	No.
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## Capital Transactions

### Controls on capital and money market instruments

#### On capital market securities

A securities law was approved in September 1998, which emphasizes the safeguarding of investors' rights.

#### *Shares or other securities of a participating nature*

##### Purchase locally by nonresidents

There are no controls, except for banks that sell their shares to nonresidents within the quota specified by the ANB.

##### Sale or issue locally by nonresidents

This process is regulated by the government in coordination with the ANB by establishing quotas and trading authorization procedures.

##### Purchase abroad by residents

The transfer of funds is permitted with the approval of the ANB.

##### Sale or issue abroad by residents

Regulated by the laws on joint-stock companies, securities, and stock exchanges, and by in-house instruction of the ANB. Sale is mainly by prior subscription (an organized market is just emerging).

#### *Bonds or other debt securities*

##### Sale or issue locally by nonresidents

The same regulations apply as for shares or other securities of a participating nature.

##### Purchase abroad by residents

The same regulations apply as for shares or other securities of a participating nature.

##### Sale or issue abroad by residents

The same regulations apply as for shares or other securities of a participating nature.

#### On money market instruments

##### *Purchase abroad by residents*

Subject to authorization by the ANB.

##### *Sale or issue abroad by residents*

Subject to authorization by the ANB.

#### On collective investment securities

##### *Sale or issue locally by nonresidents*

Subject to authorization by the ANB.

##### *Purchase abroad by residents*

Subject to authorization by the ANB.

##### *Sale or issue abroad by residents*

Subject to authorization by the ANB.

### Controls on derivatives and other instruments

These instruments are currently not available, and the legislation concerning derivatives has not been formulated. Regulations on forward transactions involving government bonds have now been developed on the initiative of banks in collaboration with the ANB. The regulations have not been applied so far, in view of the insignificant volume of government bonds.

### Controls on credit operations

#### Commercial credits

##### *By residents to nonresidents*

Subject to authorization by the ANB.

#### Financial credits

##### *By residents to nonresidents*

Yes.

#### Guarantees, sureties, and financial backup facilities

No.

### Controls on direct investment

#### Outward direct investment

Direct investment abroad requires ANB authorization.

#### Inward direct investment

Profits may be reinvested in local currency held in Azerbaijan or converted into foreign currency and transferred without controls. Foreign investors are granted certain privileges: enterprises or joint ventures with foreign equity capital ownership of more than 30% are entitled to a two-year holiday on profit taxes, imports and exports of goods and services

	may be undertaken without licenses, and exporters of manufactured goods are allowed to retain 100% of their foreign exchange earnings.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	
Transfer of gambling and prize earnings	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Yes.
Lending to nonresidents (financial or commercial credits)	Subject to authorization by the ANB.
Purchase of locally issued securities denominated in foreign exchange	Yes.
Open foreign exchange position limits	
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<i>September 30.</i> Open interbank currency trading was allowed.
<b>Capital transactions</b>	
Controls on capital and money market instruments	<i>September 30.</i> A securities law, emphasizing investors' rights, was approved.

# THE BAHAMAS

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: December 5, 1973.

### Exchange Arrangement

#### Currency

The currency of The Bahamas is the Bahamian dollar.

#### Other legal tender

Commemorative coins in denominations of B\$10, B\$20, B\$50, B\$100, B\$150, B\$200, B\$250, B\$1,000, and B\$2,500 in gold, and B\$10 and B\$25 in silver are legal tender but do not circulate. The U.S. dollar circulates concurrently with the Bahamian dollar.

#### Exchange rate structure

##### Dual

In addition to the official exchange market, there is a market in which investment currency may be negotiated between residents through the Central Bank of The Bahamas (CBB); the current premium bid and offer rates are 20% and 25%, respectively. The use of investment currency is prescribed for the purchase of foreign currency securities from nonresidents and direct investments outside The Bahamas. In certain circumstances, the CBB may also permit residents to retain and use foreign currency from other sources to make such outward investments.

#### Classification

##### Conventional pegged arrangement

The Bahamian dollar is pegged to the U.S. dollar, the intervention currency, at B\$1 per US\$1. Buying and selling rates for the pound sterling are also officially quoted, with the buying rate based on the rate in the New York market; the selling rate is 0.5% above the buying rate. The CBB deals only with commercial banks. For transactions with the public, commercial banks are authorized to charge a commission of 0.50% buying and 0.75% selling per US\$1, and 0.50% buying or selling per £1.

#### Exchange tax

A stamp tax of 1.5% is applied to all outward remittances.

#### Exchange subsidy

No.

#### Forward exchange market

Commercial banks may provide forward cover for residents who are due to receive or must pay foreign currency under a contractual commitment. Commercial banks may not, however, sell foreign currency spot to be held on account in cover of future requirements without the CBB's permission. Authorized dealers may deal in foreign currency forward with nonresidents without prior approval from the CBB. Commercial banks may execute forward deals among themselves at market rates and must ensure when carrying out all forward cover arrangements that their open spot or forward position does not exceed the equivalent of B\$500,000 long or short.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

The exchange control system of The Bahamas makes no distinction between foreign territories. Settlements with residents of foreign countries may be made in any foreign currency or in Bahamian dollars through an external account. Foreign currencies comprise all currencies other than the Bahamian dollar.

#### Payment arrangements

No.

#### Administration of control

Exchange control is administered by the CBB, which delegates to authorized dealers the authority to approve allocations of foreign exchange for certain current payments, including payments for imports up to B\$100,000; approval authority for cash gifts is not delegated, except in the Family Islands.

#### International security restrictions

No.

<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	Residents, other than authorized dealers, are not permitted to hold or deal in gold bullion. However, residents who are known users of gold for industrial purposes may, with the approval of the CBB, meet their current industrial requirements. There is no restriction on residents' acquisition or retention of gold coins.
Controls on external trade	Authorized dealers are not required to obtain licenses for bullion or coins, and no import duty is imposed on these items. Commercial imports of gold jewelry do not require a license and are duty free, although a 10% stamp tax is required. A 1.5% stamp tax payable to customs is also required on commercial shipments of gold jewelry from any source.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	A traveler may export banknotes up to B\$200.
<i>Foreign currency</i>	Bahamian travelers need CBB approval to export foreign banknotes.
On imports	
<i>Domestic currency</i>	Importation is subject to CBB approval.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	These accounts are permitted, but prior approval is required.
Held abroad	These accounts are permitted, but prior approval is required.

<b>Accounts in domestic currency convertible into foreign currency</b>	No.
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### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
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<b>Domestic currency accounts</b>	With the prior approval of the CBB, authorized banks may also open external accounts in Bahamian dollars for nonresident companies that have local expenses in The Bahamas and for nonresident investors. Authorized banks may freely open external accounts denominated in Bahamian dollars for winter residents and for persons with residency permits who are not gainfully employed in The Bahamas. Persons of a foreign nationality who have been granted temporary resident status are treated in some respects as nonresidents but are not permitted to hold external accounts in Bahamian dollars. External accounts in Bahamian dollars are normally funded entirely from foreign currency originating outside The Bahamas, but income on registered investments may also be credited to these accounts with the approval of the CBB.
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Convertible into foreign currency	These accounts are permitted, but prior approval is required.
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<b>Blocked accounts</b>	The accounts of residents emigrating from The Bahamas who are redesignated upon departure as nonresidents are blocked for amounts in excess of B\$25,000 for a period of four years. Balances on blocked accounts are transferable through the official exchange market after that time or through the Investment Currency Market at any time; they may also be invested with the approval of the CBB in certain resident-held assets, or they may be spent locally for any other purpose.
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### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
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<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	Prior approval from the CBB is required to make payments for imports exceeding B\$100,000, irrespective of origin, except in the Family Islands, where this authority is delegated to clearing bank branches. This approval is normally given automatically upon submission of pro forma invoices or other relevant documents proving the existence of a purchase contract.
<b>Import licenses and other nontariff measures</b>	
Negative list	The importation of certain commodities is prohibited or controlled for social, humanitarian, or health reasons. For all imports of agricultural products, a permit must be obtained from the Ministry of Agriculture. All other goods may be imported without a license. Customs entries are subject to a stamp tax of 7%.
<b>Import taxes and/or tariffs</b>	Import duties vary from zero to 210%. The tariff rate on most goods is 42%, and the average tariff rate is 35%. Stamp duties on imports vary from 2% to 7%. There is no import duty on certain tourist-related goods, but these goods are subject to stamp duties ranging from 8% to 20%.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Yes.
Surrender requirements	The proceeds of exports must be offered for sale to an authorized dealer as soon as the goods have reached their destination or within six months of shipment; alternatively, export proceeds may be used in any manner acceptable to the CBB.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	
Without quotas	Export licenses are not required, except for crawfish, conch, and arms and ammunition.
<b>Export taxes</b>	Yes.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	There are no restrictions on current payments. However, there are limits on the approval authority delegated to commercial banks by the CBB. Authorized dealers may make payments to nonresidents on behalf of residents for certain services and other invisibles, such as commissions, royalties, education, and nonlife-insurance premiums, within specified limits. CBB approval is required for payments in excess of those limits or for categories of payments not delegated.
Trade-related payments	
<i>Prior approval</i>	For unloading and storage costs and commissions, CBB approval is required for transactions over B\$3,000 and B\$6,000, respectively.
<i>Indicative limits/bona fide test</i>	Yes.
Investment-related payments	Information is not available for amortization of loans or depreciation of direct investments.
<i>Prior approval</i>	For all investments with approved status, permission is given upon application for the transfer.
Payments for travel	
<i>Prior approval</i>	Yes.

<i>Quantitative limits</i>	Under delegated authority, the limits for tourist travel are B\$1,000 a person above the age of 18 years and B\$500 a person up to the age of 18 years a trip. For business or professional travel, the limit is B\$10,000 a person a year. The allowance for tourist travel excludes the cost of fares and travel services, which are normally obtained against payment in Bahamian dollars to a travel agent in The Bahamas. Foreign exchange obtained for travel may not be retained abroad or used abroad for purposes other than travel; any unused balance must be surrendered within a week of issue or, if the traveler is still abroad, within one week of returning to The Bahamas.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	
<i>Quantitative limits</i>	Under delegated authority, residents are entitled to a foreign exchange allowance of B\$3,000 a person a trip for study-related costs.
<i>Indicative limits/bona fide test</i>	Subject to adequate documentary evidence, an education allowance is granted by the CBB without a limit. Apart from a B\$1,000 cash allowance, authorized dealers may approve all medical payments to doctors or medical establishments.
Foreign workers' wages	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	The limit is 50% of wages and salaries.
<i>Indicative limits/bona fide test</i>	If commitments outside The Bahamas are more than 50% of wages and salaries, additional amounts may be remitted. Temporary residents may also repatriate all of their accumulated savings resulting from their employment in The Bahamas.
Credit card use abroad	
<i>Prior approval</i>	Approval is required for residents to hold an international credit card, which may not be used to pay for life-insurance premiums and capital items.
Other payments	
<i>Prior approval</i>	There is prior approval for consulting and legal fees.
<i>Quantitative limits</i>	Under delegated authority, the limit for subscription and membership fees is B\$1,000, and B\$3,000 for consulting and legal fees.
<i>Indicative limits/bona fide test</i>	An indicative limit is applied to consulting and legal fees.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Residents are obliged to collect all proceeds without delay.
<b>Surrender requirements</b>	All foreign currency proceeds must be offered for sale to an authorized dealer without delay.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	All outward capital transfers require exchange control approval, and outflows of resident-owned capital are restricted. Inward transfers by nonresidents, which are encouraged, are required to go through the exchange control approval process, although the subsequent use of the funds in The Bahamas may require authorization.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	In principle, inward investment by nonresidents is unrestricted. However, the consent of the CBB is required for the issue or transfer of shares in a Bahamian company to a

	nonresident and for the transfer of control of a Bahamian company to a nonresident. The extent of such approvals generally reflects the government's economic and investment policy guidelines.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Residents are not permitted to purchase foreign currency securities with official exchange, export proceeds, or other current earnings; payment must be made with investment currency. All purchases, sales, and swaps of foreign currency securities by Bahamian residents require permission from the CBB and are normally transacted through authorized agents, who are free to act on behalf of nonresidents in relation to such transactions without any further approval from the CBB. All foreign securities purchased by residents of The Bahamas must be held by, or to the order of, an authorized agent.
Sale or issue abroad by residents	Sale proceeds from such resident-held foreign currency securities, if registered at the CBB by December 31, 1972, are eligible for sale in the investment currency market. Unregistered securities may be offered for sale at the official rate of exchange.
<i>Bonds or other debt securities</i>	
Purchase locally by nonresidents	Nonresident buyers of Bahamian-dollar-denominated securities must fund the acquisition of such securities from foreign currency sources. Interest, dividends, and capital payments on such securities may not be remitted outside The Bahamas, unless the holdings have been properly acquired by nonresidents.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
On money market instruments	The same regulations apply as for shares or securities of a participating nature.
On collective investment securities	The same regulations apply as for shares or securities of a participating nature.
<b>Controls on derivatives and other instruments</b>	The same regulations apply as for shares or securities of a participating nature.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	A resident company wholly owned by nonresidents is not allowed to raise fixed capital in Bahamian dollars, although approval may be granted to obtain working capital in local currency. If the company is partly owned by residents, the amount of local currency borrowing for fixed capital purposes is determined in relation to residents' interest in the equity of the company. Banks and other lenders resident in The Bahamas must have permission to extend loans in domestic currency to any corporate body (other than a bank) that is also resident in The Bahamas but is controlled by any means, whether directly or indirectly, by nonresidents. However, companies set up by nonresidents primarily to import and distribute products manufactured outside The Bahamas are not allowed to borrow Bahamian dollars from residents for either fixed or working capital. Instead, they must provide all their financing in foreign currency, and foreign currency loans are normally permitted on application.
<i>To residents from nonresidents</i>	Residents other than authorized banks must obtain permission to borrow foreign currency from nonresidents, and authorized dealers are subject to exchange control direction of their foreign currency loans to residents. Residents must also obtain permission to pay interest on, and to repay the principal of, foreign currency loans by conversion of Bahamian dollars. When permission is granted for residents to accept foreign currency loans, it is conditional upon the currency being offered for sale without delay to an authorized dealer, unless the funds are required to meet payments to nonresidents for which permission has been specifically given.
Financial credits	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.

Guarantees, sureties, and financial backup facilities

*By residents to nonresidents* Yes.

*To residents from nonresidents* Yes.

**Controls on direct investment**

Outward direct investment

The use of official exchange for direct investment abroad is limited to B\$100,000 or 30% of the total cost of the investment (whichever is greater) for investments from which the additional benefits expected to accrue to the balance of payments from export receipts, profits, or other earnings within 18 months of the investment will at least equal the total amount of investment and will continue thereafter. Investments abroad that do not meet the above criteria may be financed by foreign currency borrowed on suitable terms, subject to individual approval from the CBB, by foreign currency purchased in the investment currency market, or by the retained profits of foreign subsidiary companies. Permission is not given for investments that are likely to have adverse effects on the balance of payments.

Inward direct investment

CBB approval is required.

**Controls on liquidation of direct investment**

In the event of a sale or liquidation, nonresident investors are permitted to repatriate the proceeds, including any capital appreciation, through the official foreign exchange market.

**Controls on real estate transactions**

Purchase abroad by residents

Residents require the specific approval of the CBB to buy property outside The Bahamas; such purchases, if for personal use, may be made only with investment currency, and approval is limited to one property a family. Incidental expenses connected with the purchase of property for personal use may normally be met with investment currency. Expenditures necessary for the maintenance of the property or arising directly from its ownership may, with permission, be met with foreign currency bought at the current market rate in the official foreign exchange market.

Purchase locally by nonresidents

Foreigners intending to purchase land for commercial purposes or property larger than five acres in size must obtain a permit from the Investments Board. If such an application is approved, payment for the purchase may be made either in Bahamian dollars from an external source or in foreign currency. Nonresidents wishing to purchase property for residential purposes may do so without prior approval but are required to obtain a Certificate of Registration from the Foreign Investment Board on completion of the transaction.

Sale locally by nonresidents

Approval is required.

**Controls on personal capital movements**

Loans

*By residents to nonresidents* Yes.

*To residents from nonresidents* Yes.

Gifts, endowments, inheritances, and legacies

*By residents to nonresidents* Yes.

Settlement of debts abroad by immigrants

Yes.

Transfer of assets

*Transfer abroad by emigrants* Yes.

Transfer of gambling and prize earnings

Residents are not allowed to remit funds for gaming purposes.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad

Yes.



Lending locally in foreign exchange	Exchange control approval is required to make loans to residents.
Open foreign exchange position limits	The limit is B\$500,000 for a long or short position.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	In the securities market, a Mutual Funds Act and regulation that provides for licensing of Mutual Funds Administrators and Registration of Mutual Funds is enforced.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# BAHRAIN

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: March 20, 1973.

### Exchange Arrangement

#### Currency

The currency of Bahrain is the Bahrain dinar.

#### Exchange rate structure

Unitary.

#### Classification

#### Pegged exchange rate within horizontal bands

The Bahrain dinar has a fixed relationship to the SDR at the rate of BD 0.47619 per SDR 1. The exchange rate of the dinar in terms of the SDR may be set with margins of  $\pm 7.25\%$  of this fixed relationship. In practice, however, the dinar has maintained a stable relationship with the dollar, the intervention currency. The middle rate of the dinar for the dollar is quoted by the Bahrain Monetary Agency (BMA) and has remained unchanged since December 1980. The BMA provides daily recommended rates to banks for amounts up to BD 1,000 in dollars, pounds sterling, and euros based on the latest available dollar rates against those currencies. The BMA does not deal with the public. In their dealings with the public, commercial banks are required to use the BMA's rates for dollars, pounds sterling, and euros, but they are authorized to charge a commission of 2% (special rates of commission apply for transactions up to BD 1,000). The banks' rates for other currencies are based on the BMA's dollar rates and the New York market rates against the dollar.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

The BMA monitors the forward exchange transactions of commercial banks through the open position of banks' monthly returns.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

All settlements with Israel are prohibited. Otherwise, no requirements are imposed on exchange payments or receipts.

#### Payment arrangements

No.

#### Administration of control

There is no exchange control legislation.

#### International security restrictions

#### In accordance with Executive Board Decision No. 144-(52/51)

Yes.

#### In accordance with UN sanctions

Yes.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

#### Controls on external trade

Imports of gold jewelry are subject to a 10% customs duty, but gold ingots are exempt. Brokers doing business in gold and other commodities must obtain BMA approval before they can register with the Ministry of Commerce.

#### Controls on exports and imports of banknotes

No.

### Resident Accounts

**Foreign exchange accounts permitted**

Held domestically Yes.

Held abroad Yes.

Accounts in domestic currency convertible into foreign currency Yes.

### Nonresident Accounts

Foreign exchange accounts permitted Yes.

Domestic currency accounts Yes.

Convertible into foreign currency Yes.

Blocked accounts No.

### Imports and Import Payments

Foreign exchange budget No.

Financing requirements for imports No.

**Documentation requirements for release of foreign exchange for imports**

Letters of credit Yes.

**Import licenses and other nontariff measures**

Negative list Licenses are required for imports of arms, ammunition, and alcoholic beverages. All imports from Israel are prohibited. Imports of a few commodities are prohibited from all sources for reasons of health, public policy, or security. Imports of cultured pearls are prohibited.

Other nontariff measures Mandatory government procurements give preference to goods produced in Bahrain and member countries of the GCC, provided that the quality and prices of these goods are within specified margins of the prices of imported substitutes (10% for goods produced in Bahrain and 5% for goods produced in member countries of the GCC).

Import taxes and/or tariffs The rates of customs tariffs range between 5% and 10% on most commodities but the rate is 20% on vehicles, launches, and yachts; 100% on tobacco; and 125% on alcoholic beverages.

State import monopoly No.

### Exports and Export Proceeds

Repatriation requirements No.

Financing requirements No.

Documentation requirements No.

Export licenses All exports to Israel are prohibited.

Export taxes No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

## Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	Proceeds from invisibles from Israel are prohibited.

## Capital Transactions

<b>Controls on capital and money market instruments</b>	No exchange control requirements are imposed on capital receipts or payments by residents or nonresidents, but payments may not be made to or received from Israel.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	There is a limit of 25% on holding of shares of joint stock companies by GCC nationals and 24% by other nonresidents.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<i>Bonds or other debt securities</i>	
Purchase locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	No.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Purchase of real estate by nonresidents is prohibited, except for GCC nationals.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	Banks are subject to special rules regarding the payment of dividends and the remittance of profits without exchange control restrictions. Licensed offshore banking units may freely engage in transactions with nonresidents, although transactions with residents are not normally permitted.
Lending to nonresidents (financial or commercial credits)	Yes.
Lending locally in foreign exchange	Lending is limited to 15% of each bank's capital base.
Differential treatment of deposit accounts in foreign exchange	
<i>Credit controls</i>	Yes.
Differential treatment of deposit accounts held by nonresidents	
<i>Liquid asset requirements</i>	Yes.

<i>Credit controls</i>	Yes.
Open foreign exchange position limits	Banks are allowed to set their own individual limits.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Yes.
<b>Other controls imposed by securities laws</b>	n.a.

### **Changes During 1998**

No significant changes occurred in the exchange and trade system.

# BANGLADESH

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: April 11, 1994.

### Exchange Arrangement

#### Currency

The currency of Bangladesh is the Bangladesh taka.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The taka is pegged to a weighted currency basket of Bangladesh's major trading partners. The Bangladesh Bank (BB) deals with authorized domestic banks only in dollars, the intervention currency. Authorized banks are free to set their own buying and selling rates for the dollar and the rates for other currencies, based on cross rates in international markets. In early July 1998, the authorities widened the buy/sell margin from 20 to 30 poisha (to approximately 0.7% from 0.4%).

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Forward contracts are available from authorized banks, covering periods of up to six months for export proceeds and import payments, and up to three months of remittances of surplus collection from foreign shipping companies and airlines. Authorized banks are permitted to retain working balances with their foreign correspondents. Currency swaps and forward exchange transactions are permitted when they are effected against underlying approved commercial transactions.

#### Official cover of forward operations

The BB does not transact in the forward market, nor does it regulate transactions beyond the normal requirements of prudential supervision.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Settlements normally take place in convertible currencies and, in some cases, through non-resident taka accounts. Settlements with ACU member countries are required to be effected through the ACU in terms of the AMU (equivalent in value to the dollar). Settlements for trade under bilateral commodity exchange agreements are effected through special nonconvertible dollar accounts. Payments for imports may be made to any country (with the exception of countries from which importation is prohibited). They may be made (1) in taka for credit in Bangladesh to a nonresident bank account of the country concerned; (2) in the currency of the country concerned; or (3) in any freely convertible currency. Export proceeds must be received in freely convertible foreign exchange or in taka from a nonresident taka account.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Inoperative*

Bangladesh maintains commodity exchange agreements in nonconvertible dollars with Bulgaria, China, the Czech Republic, and Hungary.

##### Regional arrangements

Bangladesh is a member of the ACU.

##### Clearing agreements

Yes.

#### Administration of control

Exchange control is administered by the BB in accordance with general policy formulated in consultation with the MOF. Commercial banks and specialized financial institutions are issued licenses as authorized dealers (authorized banks) in foreign exchange. The Chief

Controller of Imports and Exports of the Ministry of Commerce is responsible for registering exporters and importers and for issuing the Import Policy Order (IPO). Registered importers may make their imports in terms of the IPO against LCs. LC authorization forms (LCAFs) are issued by authorized dealers and do not require a separate import license.

### **International security restrictions**

In accordance with UN sanctions

On the basis of a UN Security Council resolution, all settlements with Iraq and the Federal Republic of Yugoslavia (Serbia/Montenegro) are prohibited.

### **Payment arrears**

No.

### **Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade

There are no restrictions on the internal sale, purchase, or possession of gold or silver ornaments (including coins) and jewelry, but there is a prohibition on the holding of gold and silver in all other forms except by licensed industrialists or dentists.

Controls on external trade

The importation and exportation of gold and silver require special permission. However, adult female travelers are free to bring in or take out any amount of gold jewelry without prior approval from the BB. Exports of gold jewelry and imports of gold and silver for the export/manufacture of jewelry are allowed under the Jewelry Export Scheme.

### **Controls on exports and imports of banknotes**

On exports

*Domestic currency*

A resident or a nonresident may take out up to Tk 500 in domestic currency.

*Foreign currency*

Nonresidents may take out the foreign currency and traveler's checks they declared on entry or up to \$5,000 or the equivalent brought in without declaration. They may also, without obtaining the approval of the BB, reconvert taka notes up to Tk 6,000 into convertible foreign currencies at the time of their departure. Residents may take out foreign currency and traveler's checks up to the amount of any travel allocation they are granted, and also up to \$5,000 brought in without declaration when returning from a previous visit abroad.

On imports

*Domestic currency*

The importation of Bangladesh currency notes and coins exceeding Tk 500 is prohibited.

*Foreign currency*

Foreign currency traveler's checks and foreign currency notes may be brought in freely up to \$5,000, but larger amounts should be declared to customs upon arrival in Bangladesh.

## **Resident Accounts**

### **Foreign exchange accounts permitted**

Held domestically

Bangladesh nationals and persons of Bangladesh origin who are working abroad are permitted to open foreign currency accounts denominated in deutsche mark, Japanese yen, pounds sterling, or dollars. These accounts may be credited with (1) remittances in convertible currencies received from abroad through normal banking and postal channels; (2) proceeds of convertible currencies (banknotes, traveler's checks, drafts, etc.) brought into Bangladesh by the account holders, provided that amounts exceeding \$5,000 have been declared to customs upon arrival in Bangladesh; (3) transfers from other foreign currency accounts opened under the former Wage Earners' Scheme; and (4) transfers from nonresident foreign currency deposit accounts. The accounts may be debited without restriction, subject to reporting to the BB.

Residents, when returning from abroad, may bring in any amount of foreign currency and may maintain a resident foreign currency deposit account with the foreign exchange brought in. However, proceeds of exports of goods and services from Bangladesh or commissions arising from business deals in Bangladesh are not allowed to be credited to such accounts. Balances in these accounts are freely transferable abroad and may be used for

travel in the usual manner. These accounts may be opened in deutsche mark, Japanese yen, pounds sterling, and dollars. Exporters and local joint-venture firms executing projects financed by a foreign donor or international agency may open foreign currency accounts. Foreign currency accounts may also be opened in the names of diplomatic missions in Bangladesh, their expatriates, and diplomatic bonded warehouses (duty-free shops).

*Approval required*

Yes.

Held abroad

Residents who had opened an account abroad when previously residing abroad may maintain such an account after returning to Bangladesh.

**Accounts in domestic currency convertible into foreign currency**

No.

### Nonresident Accounts

**Foreign exchange accounts permitted**

Bangladesh nationals residing abroad; foreign nationals, companies, and firms registered or incorporated abroad; banks and other financial institutions, including institutional investors; officers and staff of Bangladesh missions and government institutions; autonomous bodies; and commercial banks may open interest-bearing nonresident foreign currency deposit accounts denominated in deutsche mark, Japanese yen, pounds sterling, or dollars. These accounts may be credited in initial minimum amounts of \$1,000 or \$500 (\$25,000 for foreigners), with remittances in convertible currencies and transfers from existing foreign currency deposit accounts maintained by Bangladesh nationals abroad. The accounts bear interest if their terms range from one month to one year. Bangladesh nationals may maintain a foreign currency account abroad while residing abroad and may continue to hold the account after returning to Bangladesh. The balance, including interest earned, may be transferred in foreign exchange by the account holder to any country or to any foreign currency deposit account maintained by Bangladesh nationals abroad. The balances in the accounts, which are freely convertible into taka, must be reported monthly by banks to the BB. Nonresident Bangladeshis who do not open or maintain a foreign currency deposit account while abroad may open a nonresident foreign currency deposit account with foreign exchange brought in from abroad within six months of the date of their return to take up permanent residence in Bangladesh. All nonresident accounts are regarded for exchange control purposes as accounts related to the country in which the account holder is a permanent resident (the accounts of the United Nations and its agencies are treated as resident accounts).

*Approval required*

Nonresident foreign currency accounts may be opened by authorized dealers without prior approval from the BB for Bangladesh nationals and foreign nationals who reside abroad and for foreign firms operating abroad. Specified debits and credits to these accounts may be made in the account holder's absence by authorized dealers without prior approval from the BB. Certain other debits and credits may be made without prior approval from the BB, but are subject to ex post recording.

**Domestic currency accounts**

Foreign missions and embassies, their expatriate personnel, foreign airline and shipping companies, and international nonprofit organizations in Bangladesh may open interest-bearing accounts, but the interest earned may be disbursed only in local currency.

Convertible into foreign currency

All diplomatic missions operating in Bangladesh, their diplomatic officers, home-based members of the mission staffs, international nonprofit organizations (including charitable organizations functioning in Bangladesh and their respective personnel), foreign oil companies engaged in oil exploration in Bangladesh and their expatriate employees, UN organizations and other international organizations, foreign contractors and consultants engaged in specific projects, and foreign nationals residing in Bangladesh (regardless of their status) are allowed to maintain convertible taka accounts. These accounts may be credited freely with the proceeds of inward remittances in convertible foreign exchange and may be debited freely at any time for local disbursements in taka, as well as for remittances abroad in convertible currencies. Transfers between convertible taka accounts are freely permitted.

*Approval required*

Yes.

**Blocked accounts**

Nonresident taka accounts of Bangladesh nationals may be blocked by the BB.



### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	
Advance payment requirements	Advance payments for imports require approval from the BB, which is normally given only for specialized or capital goods.
<b>Documentation requirements for release of foreign exchange for imports</b>	
Domiciliation requirements	Yes.
Preshipment inspection	An inspection is required for items prescribed in the Import Policy Order.
Letters of credit	Payment against imports is generally permissible only under cover of irrevocable LCs. However, perishable food items of value not exceeding \$7,000 a consignment may be imported overland without LCs; capital machinery and industrial raw materials may also be imported without LCs. Recognized export-oriented units operating under the bonded warehouse system may effect imports of up to four months' requirements of their raw and packing materials by establishing import LCs without reference to any export LC. They may also effect such imports by opening back-to-back LCs (either on a sight basis under the Export Development Fund, or up to 180 days on a usance basis) against export LCs received by them. Authorized dealers may establish LCs on an f.o.b. basis without the approval of the BB, subject to certain conditions. Foreign exchange for authorized imports is provided automatically by authorized dealers when payments are due.
<b>Import licenses and other nontariff measures</b>	All importers (including all government departments, with the exception of the Ministry of Defense) are required to obtain LCAFs for all imports. Under the authority of the IPO issued by the Chief Controller, importers are allowed to effect imports against LCAFs issued by authorized dealer banks without an import license. Single-country LCAFs are issued for imports under bilateral trade or payments agreements and for imports under tied-aid programs. LCAFs are otherwise valid worldwide, except that imports from Israel and imports transported on flag vessels of Israel are prohibited. Goods must be shipped within 17 months of the date of issuance of LCAFs in the case of machinery and spare parts, and 9 months in the case of all other items.
Positive list	Items not specified in the control list of the IPO are freely importable, provided that the importer has a valid import registration certificate.
Negative list	The controlled list contains 110 items in about 1,400 categories at the four-digit level of the Harmonized System Codes. The importation of these items is restricted or prohibited either for public safety, religious, environmental, and social reasons, or because similar items are produced locally. Up to 26 items are restricted purely for trade purposes (7 of which are banned and 19 restricted). Imports from Israel are prohibited.
Open general licenses	All items not on the control list are freely importable by registered importers.
Licenses with quotas	Imports of specified raw materials and packing materials by industrial consumers are governed by an entitlement system, based on the requirements for various industries during each import program period established by the Board of Investment. Firms in the industrial sector are given an entitlement to import specified raw materials and packing materials, and LCAFs are issued on the basis of the entitlement. The entitlement system does not apply to raw materials and packing materials that are freely importable but does apply to items appearing on the controlled list. Separately, industrial consumers may be issued with LCAFs for parts and accessories of machinery. Goods imported against LCAFs issued to industrial consumers must be used in the industry concerned and must not be sold or transferred without prior approval.
<b>Import taxes and/or tariffs</b>	There are seven tariff bands: zero, 2.5%, 7.5%, 15%, 20%, 30%, and 40%.
<b>State import monopoly</b>	No.

## Exports and Export Proceeds

<b>Repatriation requirements</b>	Yes.
<b>Surrender requirements</b>	Proceeds from exports must be received within four months of shipment unless otherwise allowed by the BB. Exporters are permitted to retain 7.5% of the proceeds of exports of ready-made garments and 40% of the proceeds from other exports; they may use retained earnings for bona fide business purposes, such as business travel abroad; participation in trade fairs and seminars; and imports of raw materials, spare parts, and capital goods. They may also be used to set up offices abroad without prior permission from the BB. Joint ventures, other than in the garment industry, located in export processing zones (EPZs) are allowed to retain 80% of their export earnings in a foreign currency deposit account and to place the remaining 20% in a bank account in domestic currency.
<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	
<b>Domiciliation</b>	Yes.
<b>Export licenses</b>	Exports to Israel are prohibited. Exports of about 20 product categories are banned. Some of these are restricted for nontrade reasons, while others are restricted to ensure the supply of the domestic market. Export licenses are required for all banned or restricted items.
<b>With quotas</b>	Quotas are imposed on garment exports by the Chief Controller of Imports and Exports on the basis of the previous year's performance. The Export Promotion Bureau monitors quota use in order to reallocate unfilled quotas.
<b>Export taxes</b>	Exports of jute are taxed.

## Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments for invisibles related to authorized trade transactions are generally not restricted.
<b>Trade-related payments</b>	There are controls on administrative expenses and commissions.
<i>Prior approval</i>	For unloading and storage costs, prior approval is required. Up to 5% of export receipts (up to 33.3% in the case of books) may be remitted abroad for commissions without prior approval from the BB.
<b>Investment-related payments</b>	Authorized dealers are allowed to remit dividends to nonresident shareholders without the prior approval of the BB on receipt of applications from the companies concerned; applications must be supported by an audited balance sheet and profit-and-loss account, a board resolution declaring dividends out of profits derived from the normal business activities of the company, and an auditor's certificate that tax liabilities are covered. Authorized dealers may remit profits of foreign firms, banks, insurance companies, and other financial institutions operating in Bangladesh to their head office on receipt of applications supported by documentation. These remittances are, however, subject to ex post checking by the BB.
<i>Prior approval</i>	No approval is required if loan agreements conform to Board of Investment (BOI) guidelines.
<i>Quantitative limits</i>	Information is not available for amortization of loans or depreciation of direct investments.
<i>Indicative limits/bona fide test</i>	Information is not available for amortization of loans or depreciation of direct investments.
<b>Payments for travel</b>	
<i>Quantitative limits</i>	The limit for personal travel by resident Bangladesh nationals to countries other than Bhutan, India, Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka is \$3,000 a year; the allowance for air travel to these seven countries is \$1,000 a person a year. For new exporters, the indicative limit for business travel is \$6,000, while established exporters are permitted to use balances held under the Export Retention Scheme (7.5% of exports of ready-made garments and 40% of other export proceeds). Manufacturers producing for the domestic market and importers are granted business travel allowances equivalent to 1% of turnover

	as declared in tax returns, and 1% of the value of imports, respectively. There is an annual ceiling of \$5,000 in both cases.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	Foreign currency for education is made available up to the cost of tuition and living expenses, as estimated by the educational institution concerned. No prior permission is required for the remittance of fees for undergraduate, postgraduate, and some professional courses. Foreign exchange is available for the costs of dependents abroad, after production of a certificate from the Bangladesh embassy in the country concerned, up to a reasonable level based on prevailing prices.
<i>Prior approval</i>	Prior approval is required for the transfer of pensions.
<i>Quantitative limits</i>	Up to \$10,000 may be obtained for medical costs without prior approval. Larger amounts are subject to the approval of the BB.
<i>Indicative limits/bona fide test</i>	Applications for foreign exchange for studies abroad and for family maintenance are accepted upon verification of their bona fide nature.
Foreign workers' wages	
<i>Quantitative limits</i>	Foreign nationals may freely remit up to 50% of net salary in connection with service contracts approved by the government. The entire amount of their leave salaries and savings can also be freely remitted.
<i>Indicative limits/bona fide test</i>	Yes.
Credit card use abroad	
<i>Prior approval</i>	General approval is given for the use by exporters against the foreign exchange retention entitlement and for the use against the travel allowance by other residents.
<i>Quantitative limits</i>	Credit cards may be used up to the amounts authorized for travel allowance.
Other payments	
<i>Prior approval</i>	No prior permission is required for the remittance of royalties and technical fees of up to 6% of sales, and of training and consulting fees of up to 1% of sales.
<i>Indicative limits/bona fide test</i>	Industrial enterprises producing for local markets may remit up to 1% of sales receipts declared in the previous year's tax return.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	Exporters of services are permitted to retain 5% of the proceeds and to use retained earnings for bona fide business purposes. Bangladesh nationals working abroad may retain their earnings in foreign currency accounts or in nonresident foreign currency deposit accounts. Unless specifically exempted by the BB, all Bangladesh nationals who reside in Bangladesh must surrender any foreign exchange coming into their possession, whether held in Bangladesh or abroad, to an authorized dealer within one month of the date of acquisition. However, returning residents may keep, in foreign currency accounts opened in their names, foreign exchange brought in at the time of return from abroad, provided that the amount does not represent proceeds from exports from Bangladesh or commissions earned from business activities in Bangladesh. Residents may retain up to \$5,000 brought into the country without declaration. Foreign nationals residing in Bangladesh continuously for more than six months are required to surrender within one month of the date of acquisition any foreign exchange representing their earnings with respect to business conducted in Bangladesh or services rendered while in Bangladesh.
<b>Restrictions on use of funds</b>	Foreign exchange retainable as above may be used for travel abroad or bona fide business purposes.

## Capital Transactions

### Controls on capital and money market instruments

#### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents

Nonresidents may buy Bangladesh securities through stock exchanges against payment in freely convertible currency remitted from abroad through banking channels.

Sale or issue locally by nonresidents

Proceeds from sales, including capital gains and dividends earned on securities purchased in Bangladesh, may be remitted abroad in freely convertible currency. Nonresidents cannot issue securities in Bangladesh.

#### On money market instruments

These transactions are not allowed.

#### On collective investment securities

##### *Purchase locally by nonresidents*

These transactions are not allowed.

##### *Sale or issue locally by nonresidents*

These transactions are not allowed.

##### *Purchase abroad by residents*

These transactions are not allowed.

##### *Sale or issue abroad by residents*

These transactions are subject to prior approval of the Securities and Exchange Commission. If an instrument is denominated in foreign currency, prior BB approval is required.

### Controls on derivatives and other instruments

Purchase locally by nonresidents

These transactions are not allowed.

Sale or issue locally by nonresidents

These transactions are not allowed.

Purchase abroad by residents

Authorized dealer banks may obtain hedging abroad against exchange rate risks on underlying trade transactions.

Sale or issue abroad by residents

Yes.

### Controls on credit operations

#### Commercial credits

##### *By residents to nonresidents*

Export payments deferred for more than 120 days require BB authorization.

##### *To residents from nonresidents*

Deferred import payments are permitted for up to 360 days in advance for capital machinery and for up to 180 days for industrial raw materials. Private industrial units may borrow funds from abroad without the approval of the BOI if the interest rate does not exceed 4% above the LIBOR, if the repayment period is more than seven years, and if the down payment is less than 10%. All other borrowing by industrial units requires prior BOI approval.

#### Financial credits

##### *By residents to nonresidents*

Except in specific cases, credits are subject to prior BB approval.

##### *To residents from nonresidents*

Authorized dealers (i.e., commercial banks) may obtain short-term loans and overdrafts from overseas branches and correspondents for a period not exceeding seven days at a time.

#### Guarantees, sureties, and financial backup facilities

##### *By residents to nonresidents*

Banks may issue guarantees/sureties in favor of nonresidents in relation to permissible current transactions on behalf of residents.

##### *To residents from nonresidents*

Receipt of guarantees/sureties by residents from abroad requires full disclosure of the underlying transaction.

### Controls on direct investment

#### Outward direct investment

All outward transfers of capital require approval, which is sparingly granted for resident-owned capital.

Inward direct investment	Investments, except in the industrial sector, require approval. The Foreign Private Investment (Promotion and Protection) Act provides for the protection and equitable treatment of foreign private investment, indemnification, protection against expropriation and nationalization, and guarantee for repatriation of investment. There is no ceiling on private investment. Tax holidays are granted for periods of up to nine years, depending on the location.
<b>Controls on liquidation of direct investment</b>	Requests for repatriation of the proceeds from liquidation of direct investment (in unlisted companies) are subject to prior scrutiny of the BB.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Remittances of funds for these purchases are not permitted.
Purchase locally by nonresidents	Purchases of real estate by a nonresident with funds from abroad are allowed.
Sale locally by nonresidents	Repatriation of sales proceeds are subject to prior approval by the BB, which is not normally granted.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	These transactions are not allowed.
<i>To residents from nonresidents</i>	These transactions are not allowed, except for industrial enterprises borrowing according to BOI guidelines/approval.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	Transfer of title to nonresidents by way of inheritances is not restricted, but income from, and sale proceeds of, such assets are normally not transferable abroad and are required to be used locally with prior authorization from the BB.
<i>To residents from nonresidents</i>	A resident Bangladesh national requires the prior approval of the government of Bangladesh for receiving any gift/endowment from a foreign donor. Inheritances are to be disclosed to the BB. Net current income from estates inherited abroad are to be repatriated.
Settlement of debts abroad by immigrants	These transactions are normally not allowed, except for repayments on borrowing for industrial investments according to BOI guidelines.
Transfer of assets	These transactions are not allowed, except for moveable personal effects.
<i>Transfer abroad by emigrants</i>	These transactions are not allowed, except for normal travel allowance permissible to residents.
<i>Transfer into the country by immigrants</i>	These transactions are permitted, subject to the declaration requirement in respect of foreign exchange in excess of \$5,000.
Transfer of gambling and prize earnings	Gambling is prohibited in Bangladesh.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	The same regulations apply as for financial credits.
Maintenance of accounts abroad	The maintenance of these accounts is subject to notification to the BB.
Lending to nonresidents (financial or commercial credits)	Lending to nonresidents is not allowed, except with prior BB approval and in specific cases.
Lending locally in foreign exchange	Lending is subject to prior approval by the BB.
Purchase of locally issued securities denominated in foreign exchange	Purchases are subject to prior approval by the BB.
Differential treatment of deposit accounts in foreign exchange	
<i>Interest rate controls</i>	Banks are required to maintain interest rates on foreign currency deposits in line with international market rates.

Open foreign exchange position limits	The limits that the BB places on each authorized dealer's net open position are set at 12.5% of capital.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on portfolio invested abroad	Domestic institutional investors may not acquire investment assets abroad.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<i>July 5.</i> The buy/sell margin of the taka was widened.
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# BARBADOS

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: November 3, 1993.

### Exchange Arrangement

#### Currency

The currency of Barbados is the Barbados dollar.

#### Other legal tender

Gold coins with face values of BDS\$50, BDS\$100, BDS\$150, BDS\$200, and BDS\$500 are legal tender and are in limited circulation.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The Barbados dollar is pegged to the U.S. dollar, the intervention currency, at BDS\$2 per US\$1. Buying and selling rates for the Canadian dollar, the euro, and the pound sterling are also officially quoted on the basis of their cross-rate relationships to the U.S. dollar. The quoted rates include commission charges of 0.125% buying and 1.75% selling against the U.S. dollar, and 0.1875% buying and 1.8125% selling against the Canadian dollar, euro, and pound sterling. Effective April 5, 1998, certain businesses are allowed to change foreign currency.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

The Central Bank of Barbados (CBB) periodically obtains forward cover in the international foreign exchange market to cover or hedge its own or the central government's exchange risks associated with foreign exchange loans that are not denominated in U.S. dollars. Commercial banks are allowed to obtain forward cover in the international markets. The CBB and commercial banks enter into swap transactions in U.S. dollars, while commercial banks freely switch between nonregional currencies.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Settlements with residents of countries outside the CARICOM area may be made in any foreign currency or through an external account in Barbados dollars. Settlements with residents of CARICOM countries other than Jamaica, Suriname, and Trinidad and Tobago may be made in the currency of the CARICOM country. Settlements with residents of Jamaica, Suriname, and Trinidad and Tobago may be made in U.S. dollars. Retail outlets are permitted to issue change in the same foreign currency in which purchases were made.

#### Payment arrangements

##### Regional arrangements

Barbados is a member of the CARICOM.

##### Clearing agreements

Under clearing arrangements with regional monetary authorities, the CBB currently sells only three CARICOM country currencies: the Bahamian dollar, the Eastern Caribbean dollar, and the Belize dollar. The Trinidad and Tobago, Guyana, and Jamaica dollars now float against the U.S. dollar, and the CBB sets indicative selling rates based on rates supplied by the monetary authorities of these countries. These rates are applicable only to government transactions.

#### Administration of control

Exchange control applies to all countries, except those in the OECS, and is administered by the CBB, which delegates to authorized dealers the authority to approve normal import payments and foreign exchange for cash gifts. Further authority is delegated to commercial banks in respect of current account transactions ranging from BDS\$7,500 to BDS\$250,000. Trade controls are administered by the Ministry of Commerce, Consumer Affairs and

Business Development (MCCABD). On April 20, 1998, authorized dealers were permitted to release foreign currency up to the equivalent of BDS\$5,000 for certain undocumented imports from CARICOM and BDS\$500 for undocumented nontrade transactions, such as visa fees and subscriptions. On September 2, 1998, the authority to approve payments to OECS countries was delegated to authorized dealers.

**International security restrictions**

No.

**Payment arrears**

No.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade

Residents, other than the monetary authorities, authorized dealers, and industrial users, are not permitted to hold or acquire gold in any form other than jewelry or coins for numismatic purposes. Any gold acquired in Barbados must be surrendered to an authorized dealer, unless exchange control approval is obtained for its retention.

Controls on external trade

The importation of gold by residents is permitted for industrial purposes and is subject to customs duties and charges. Licenses to import gold are issued by the MCCABD. No license is required to export gold, but exchange control permission is required.

**Controls on exports and imports of banknotes**

On exports

*Domestic currency*

Effective April 20, 1998, travelers may take out up to BDS\$500.

*Foreign currency*

Effective April 20, 1998, travelers may take out up to the equivalent of BDS\$1,000. Non-resident visitors may freely export any foreign currency they previously brought in.

## Resident Accounts

**Foreign exchange accounts permitted**

Held domestically

Subject to specific conditions under delegated authority, authorized dealers may maintain foreign currency accounts in the names of individuals and companies resident in Barbados. Certain receipts and payments may be credited and debited to foreign currency accounts under conditions established at the time the account is opened. Other credits and debits require individual approval. However, where authority has not been delegated to authorized dealers, the permission of the CBB is required.

*Approval required*

Approval is given on the basis of the anticipated frequency of receipts and payments in foreign currency.

Held abroad

These accounts are permitted, but permission of the CBB is required.

**Accounts in domestic currency convertible into foreign currency**

n.a.

## Nonresident Accounts

**Foreign exchange accounts permitted**

The same regulations apply as for resident accounts.

**Domestic currency accounts**

These accounts may be credited with the proceeds from the sale of foreign currencies, with transfers from other external accounts, with bank interest, and with payments by residents for which the CBB has given general or specific permission. The accounts may be debited for payments to residents of Barbados for the cost of foreign exchange required for travel or business purposes and for any other payment covered by delegated authority to authorized dealers. Other debits and any overdrafts require individual approval.

Convertible into foreign currency

Balances on external accounts are convertible.



**Approval required** Nonresident holders of foreign currency accounts are not required to obtain central bank approval to remit funds abroad when the funds were not the result of payment for trade or nontrade transactions.

**Blocked accounts** The CBB may require certain payments in favor of nonresidents that are ineligible for transfer to be credited to blocked accounts. Balances in blocked accounts may not be withdrawn without approval, other than for the purchase of approved securities.

### Imports and Import Payments

**Foreign exchange budget** No.

#### Financing requirements for imports

**Advance payment requirements** Authorized dealers may release foreign exchange up to the equivalent of BDS\$250,000 (c.i.f.) for advance payments for imports into Barbados. Other advance payments require the prior approval of the CBB.

**Documentation requirements for release of foreign exchange for imports** Payments for authorized imports are permitted upon application and submission of documentary evidence (invoices and customs warrants) to authorized dealers; payments for imports of crude oil and its derivatives are subject to the approval of the CBB.

**Import licenses and other nontariff measures** Certain imports require individual licenses. Some items on the import-licensing list may be freely imported throughout the year, while others are subject to temporary restrictions (particularly agricultural products, which tend to be subject to seasonal restrictions). Individual licenses are also required for imports of commodities that are subject to the provisions of the Oils and Fats Agreement between the governments of Barbados, Dominica, Grenada, Guyana, St. Lucia, St. Vincent, and Trinidad and Tobago whether the goods are being imported from CARICOM countries or from elsewhere. Special licensing arrangements have been made for the regulation of trade between Barbados and other CARICOM countries in 22 agricultural commodities.

**Licenses with quotas** Not all goods that are subject to licensing are subject to quantitative restrictions or import surcharges.

**Import taxes and/or tariffs** Customs duties correspond to the CET of CARICOM. On April 1, 1998, the range of CARICOM CET was narrowed to 5%–20%. There is a surtax of 75% on some imports that had been previously subject to quantitative restrictions. A VAT of 15% is levied.

**State import monopoly** n.a.

### Exports and Export Proceeds

**Repatriation requirements** Yes.

**Surrender requirements** Yes.

**Financing requirements** n.a.

**Documentation requirements** n.a.

**Export licenses** Specific licenses are required for the exportation of certain goods to any country, including rice, sugarcane, rum, molasses, certain other food products, sewing machines, portland cement, and petroleum products. All other goods may be exported without license.

**Without quotas** Yes.

**With quotas** Exports of sugar to the United Kingdom and the United States are subject to bilateral export quotas, as are exports of rum to the EU.

**Export taxes** n.a.

## Payments for Invisible Transactions and Current Transfers

### Controls on these transfers

#### Trade-related payments

<i>Prior approval</i>	Approval is required for amounts above the limit.
<i>Quantitative limits</i>	For freight and insurance, the limit is BDS\$250,000 a transaction, including insurance payments and premiums, as long as the amount is approved for payment by the Supervisor of Insurance. The same limit is applied for unloading and storage and administrative expenses; the limit for commissions is BDS\$100,000. Above the limits, approval is required.
<i>Indicative limits/bona fide test</i>	Yes.

#### Investment-related payments

<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	The limit for interest payments is BDS\$50,000 a year for individuals. For payments of profits and dividends, approval is required for amounts above BDS\$250,000, except for listed companies from the CARICOM region on the securities exchange of Barbados, where the limit is BDS\$2 million.
<i>Indicative limits/bona fide test</i>	Yes.

#### Payments for travel

<i>Quantitative limits</i>	The limits are BDS\$7,500 a person a calendar year for private travel, and BDS\$750 a day; for business travel, up to BDS\$50,000 a person a calendar year.
<i>Indicative limits/bona fide test</i>	Yes.

#### Personal payments

<i>Prior approval</i>	Approval is required for amounts above the limit.
<i>Quantitative limits</i>	The limits are as follows: for medical costs, BDS\$100,000 a year; for studies abroad, BDS\$50,000 a person a year; for cash gifts, BDS\$5,000; and for alimony and other maintenance expenses, BDS\$50,000. Nonresidents may have their pensions remitted to them while residing outside Barbados.
<i>Indicative limits/bona fide test</i>	Yes.

#### Foreign workers' wages

<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Nonresidents are allowed to remit amounts to cover commitments while employed in Barbados.
<i>Indicative limits/bona fide test</i>	Yes.

#### Credit card use abroad

<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	The limits are BDS\$7,500 a person a year for private travel and BDS\$750 a day; for business travel, up to BDS\$50,000 a person a year.
<i>Indicative limits/bona fide test</i>	Yes.

#### Other payments

<i>Prior approval</i>	Approval is required for amounts above the limit.
<i>Quantitative limits</i>	The limit for subscriptions and membership fees is BDS\$50,000 a person a year, and for consulting and legal fees, BDS\$100,000 for each nonresident beneficiary.
<i>Indicative limits/bona fide test</i>	Yes.

## Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	Foreign currency proceeds from invisibles must be sold to authorized dealers.
<b>Restrictions on use of funds</b>	n.a.

## Capital Transactions

### Controls on capital and money market instruments

#### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents	The issuance and transfer to nonresidents of securities registered in Barbados require exchange control approval, which is freely given provided that an adequate amount of foreign currency is brought in for their purchase.
Purchase abroad by residents	These purchases require exchange control approval, and certificates of title must be lodged with an authorized depository in Barbados except for regional securities purchased through the Securities Exchange of Barbados. Earnings on these securities must be repatriated and surrendered to an authorized dealer.

Sale or issue abroad by residents	Exchange control approval is required.
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<i>Bonds or other debt securities</i>	The same regulations apply as for shares or other securities of a participating nature.
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#### On money market instruments

<i>Purchase locally by nonresidents</i>	The same regulations apply as for shares and other securities of a participating nature.
<i>Purchase abroad by residents</i>	The same regulations apply as for shares and other securities of a participating nature.

#### On collective investment securities

<i>Purchase locally by nonresidents</i>	The same regulations apply as for shares and other securities of a participating nature.
<i>Purchase abroad by residents</i>	The same regulations apply as for shares and other securities of a participating nature.

### Controls on derivatives and other instruments

n.a.

### Controls on credit operations

The approval of the CBB is required for all credit operations.

### Controls on direct investment

Direct investments require exchange control approval.

### Controls on liquidation of direct investment

Liquidation of proceeds is permitted, provided that evidence documenting the validity of the remittance is submitted, all liabilities related to the investment have been discharged, and the original investment was registered with the CBB.

### Controls on real estate transactions

Purchase abroad by residents	Purchases require exchange control approval.
Purchase locally by nonresidents	Nonresidents may acquire real estate in Barbados for private purposes with funds from foreign currency sources; local currency financing is not ordinarily permitted.
Sale locally by nonresidents	Proceeds from the realization of such investments equivalent to the amount of foreign currency brought in may be repatriated freely. Capital sums realized in excess of this amount may be repatriated freely on the basis of a calculated annual rate of return on the original foreign investment as follows: for the last five years, at 8%; for the five years immediately preceding the last five years, at 5%; and for any period preceding the last 10 years, at 4%. Amounts in excess of the sum so derived are restricted to remittances of BDS\$30,000 a year.

**Controls on personal capital movements**

Loans	Exchange control permission is required for the granting or receiving of loans.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	The limit for gifts is BDS\$5,000 and BDS\$30,000 a year for endowments, inheritances, and legacies.
Settlement of debts abroad by immigrants	Yes.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	Effective September 4, 1998, the limit was raised to BDS\$100,000 from BDS\$30,000.
Transfer of gambling and prize earnings	Nonresidents may take out amounts won.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad	Any borrowing abroad by authorized dealers to finance their domestic operations requires the approval of the CBB. Authorized dealers may assume short-term liability positions in foreign currencies for the financing of approved transfers in respect of both trade and non-trade transactions.
Maintenance of accounts abroad	Accounts must be maintained with overseas correspondent banks.
Lending to nonresidents (financial or commercial credits)	Exchange control permission is required.
Purchase of locally issued securities denominated in foreign exchange	Investment in local securities requires CBB approval.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	There is no reserve requirement on deposits in foreign exchange. For domestic currency deposits in commercial banks, there is a cash reserve requirement of 5%.
<i>Liquid asset requirements</i>	There is no liquidity requirement on deposits in foreign exchange. For domestic currency deposits in commercial banks, there is a liquidity requirement of 25% (12% in treasury bills, 8% in government debentures, and 5% in cash).
Differential treatment of deposit accounts held by nonresidents	Nonresident deposit accounts are treated the same as resident deposit accounts. Differential treatment is based on whether the amount is in domestic currency.
Open foreign exchange position limits	Limits are set by the CBB.
<b>Provisions specific to institutional investors</b>	Approval is required for investment of pension funds abroad. A 6% tax is levied on portfolio investments of pension funds with foreign companies that are not registered with the Barbados Supervisor of Insurance.
<b>Other controls imposed by securities laws</b>	n.a.

**Changes During 1998**

<b>Exchange arrangement</b>	<i>April 5.</i> Certain business establishments were allowed to change foreign currency.
<b>Arrangements for payments and receipts</b>	<i>April 20.</i> Travelers were allowed to take out up to BDS\$500 in Barbados rates and the equivalent of BDS\$1,000 in foreign currency. <i>April 20.</i> Authorized dealers were permitted to release foreign currency up to the equivalent of BDS\$5,000 for certain undocumented imports from CARICOM countries and BDS\$500 for undocumented nontrade transactions, such as visa fees and subscriptions.

*September 2.* The authority to approve payments to OECS countries was delegated to authorized dealers.

**Imports and import payments**

*April 1.* The range of CARICOM CET was narrowed to 5%–20% from 5%–25%.

**Capital transactions**

Controls on personal capital movements

*September 4.* The limit for remittances abroad by emigrants was raised to BDS\$100,000 from BDS\$30,000.

# BELARUS

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article XIV

Yes.

## Exchange Arrangement

### Currency

The currency of Belarus is the Belarussian rubel.

### Exchange rate structure

#### Multiple

There are four exchange rates in effect: (1) the auction rate at the Interbank Currency Exchange (ICB) on which the official exchange rate is based and at which surrender of export receipts take place; (2) the supplementary market (set up in January 1998) where exporters may sell foreign exchange to the National Bank of Belarus (NBB) through banks after fulfilling the surrender requirements; (3) the interbank market rate; and (4) a rate for individual cash transactions.

### Classification

Managed floating with no preannounced path for the exchange rate

The official exchange rate of the rubel was managed within an exchange rate band established in January 1996. Depreciation of the rubel within these limits was allowed. In the period between end-February 1997 and end-February 1998, the authorities permitted the official rate to depreciate in nominal terms from Rbl 22,800 to Rbl 32,670 per \$1. Most transactions take place through the interbank market exchange rate. The cash market rate and the supplementary auction rate are market-determined, but the supplementary auction rate is limited to the selling of foreign exchange by enterprises.

As of June 1998, the foreign exchange market consisted of the following three segments: (1) the official rate that is determined by the NBB for the "morning" trading session of the Minsk Interbank Currency Exchange (MICE); (2) the cash rate at exchange bureaus that is "orally" (i.e., through the telephone) regulated by the NBB; and (3) an "afternoon" trading session introduced by the NBB in late January 1998.

Effective June 19, 1998, the NBB issued a regulation requiring that all foreign exchange transactions above a stipulated amount involving the rubel, and any one of four foreign currencies (the euro, the U.S. dollar, the Russian ruble, or the hryvnia), and above the amounts sold according to the existing mandatory 30% surrender requirement to be undertaken in the supplementary session of the MICE rather than on the interbank market as before.

Effective January 22, 1999, foreign currency above the mandatory surrender amount may be sold on the interbank market.

### Exchange tax

Repatriation of profits in convertible currency is subject to a 15% tax payable in convertible currency.

### Exchange subsidy

n.a.

### Forward exchange market

The forward market is regulated by the same provisions as the spot market.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

In accordance with the Agreement on the Establishment of a Payment Union of Member Countries of the CIS (1994) and bilateral payment agreements between Belarus and the central banks of those countries, settlements between Belarus and CIS member countries are effected in the national currencies of the parties involved in the settlements, in the currencies of the Payment Union of Member Countries of the CIS and in freely convertible currencies, in accordance with legislation in effect within the territory of the country. Settlements between Belarus and CIS member countries and the Baltic countries are effected

using noncash procedures via correspondent accounts of authorized banks and central banks.

In accordance with bilateral payment agreements between the NBB and the central banks of Armenia, Azerbaijan, the Kyrgyz Republic, Latvia, Lithuania, Moldova, Tajikistan, Ukraine, and Uzbekistan, only settlements for operations ensuing from the functions of central banks are effected via correspondent accounts of central banks. Settlements for all other accounts are effected via correspondent accounts of authorized banks.

In accordance with bilateral payment agreements between the NBB and the central bank of Estonia, settlements between economic agents may be effected both via correspondent accounts of authorized banks and via correspondent accounts of central banks. Effective March 23, 1998, the NBB halted all Belarussian rubel transactions between residents and nonresidents and among nonresidents. Effective March 26, 1998, Belarussian rubel payments by nonresidents to residents were again allowed, as well as those payments by residents to nonresidents, excluding the payments for some groups of commodities for which payment in foreign currency is now required.

### **Payment arrangements**

#### **Bilateral payment arrangements**

Belarus maintains bilateral payment agreements with 14 countries, including the CIS countries.

#### *Operative*

Yes.

#### **Regional arrangements**

There are arrangements with Moscow and various other regions in Russia.

#### **Clearing agreements**

There is an agreement with Uzbekistan calling for the exchange of cotton from Uzbekistan for strategic goods from Belarus on a balanced basis. There are also agreements with Moldova and Ukraine.

#### **Barter agreements and open accounts**

Barter trade of certain goods requires approval from the Commission of the Council of Ministers on the Issuance of Authorization to Engage in Commodity-Exchange Operations. Barter agreements are effected at the level of economic agents.

### **Administration of control**

The Parliament is responsible for legislating exchange control regulations and the NBB for administering them.

### **International security restrictions**

No.

### **Payment arrears**

#### **Official**

Yes.

#### **Private**

n.a.

### **Controls on trade in gold (coins and/or bullion)**

#### **Controls on domestic ownership and/or trade**

Residents are required to obtain a license from the MOF to deal in precious stones and metals.

#### **Controls on external trade**

Permission for nonresidents to export precious metals and precious stones is granted by the Cabinet of Ministers of Belarus.

### **Controls on exports and imports of banknotes**

#### **On exports**

##### *Domestic currency*

Residents and nonresidents may export up to the equivalent of 100 times the minimum wage.

##### *Foreign currency*

Any person may export Russian rubles up to the equivalent of 500 times the minimum wage set in Russia. Resident and nonresident natural persons may export \$500 in cash and any sum in traveler's checks without permission and any sum with the permission of an authorized bank.

#### **On imports**

##### *Domestic currency*

Up to the previously exported amount may be imported.

*Foreign currency*

There are no limitations on the import of foreign currency other than Russian rubles. For Russian rubles, up to the equivalent of 500 times the minimum wage set in Russia may be imported.

**Resident Accounts****Foreign exchange accounts permitted***Held domestically*

Without declaring the sources of their foreign exchange, residents may open foreign currency accounts at commercial banks in Belarus authorized to transact in foreign exchange.

*Held abroad*

These accounts are permitted, but prior approval of the NBB is required.

**Accounts in domestic currency convertible into foreign currency**

Balances may be converted for payments to import goods, labor, and services; payments for business trip expenditures and training abroad; and repayments of loans and interest. Insurance companies may convert balances to establish insurance funds from net profits.

**Nonresident Accounts****Foreign exchange accounts permitted**

Nonresident juridical persons may maintain foreign exchange accounts with authorized banks in Belarus. The source of the funds can be receipts from abroad; proceeds from the sales of goods and services in the territory of Belarus, including sales to residents; debt-service payment; interest earned on balances in the accounts; funds from other foreign exchange accounts of nonresidents in Belarus; and earnings from investments from the performance of other operations with residents and nonresidents. These accounts may be debited for purchases of goods and services and for investments, as well as for payments to residents and nonresidents. Funds from these accounts may be freely repatriated or exchanged for Belarussian rubels at the market exchange rate through authorized banks.

*Approval required*

Approval is required to open accounts for nonresident juridical persons, with countries for which the appropriate agreements have been concluded between the governments or the national banks.

**Domestic currency accounts**

Nonresident juridical persons may open I (investment) accounts and T (current) accounts at authorized commercial banks. Nonresident juridical persons may also open C accounts at authorized banks. I accounts may be credited with the Belarussian rubel counterpart of foreign exchange sales, dividends, resources from the liquidation of enterprises, and compensation in the event of the nationalization of enterprises. Resources from I accounts may be used to purchase foreign currency, shares of enterprises, privatization checks, etc.

T accounts are used for current operations. Proceeds from the sale of foreign currencies and of goods and services, and resources from the placement of money in deposits and other debt obligations of banks, etc. are transferred into them. Resources from T accounts may be used to purchase goods and services and bonds, and to pay for current expenditures. Funds in C accounts are used for investments in securities issued by the Belarussian government and the NBB. Proceeds from the sale of freely convertible currencies and/or Russian rubles, as well as proceeds from the redemption or sale of government and NBB securities by nonresidents, are deposited in C accounts if the original purchases were made with payments from C accounts.

*Convertible into foreign currency*

Balances on type I and C accounts may be converted into foreign currency. In this process, balances on type C accounts may be converted into foreign currency under condition that the nonresident was a holder of securities of the government or the NBB for a period of time established by the NBB. Currently the period of time has not been established (conversion is effected regardless of the period of time that the nonresident holds the securities).

*Approval required*

Yes.

**Blocked accounts**

n.a.



## Imports and Import Payments

<b>Foreign exchange budget</b>	n.a.
<b>Financing requirements for imports</b>	Effective June 1, 1998, the Council of Ministers and the NBB issued a resolution that established a list of priority imports (energy and medicines), which legally could be purchased from nonresidents for rubels in addition to foreign currency. Effective October 23, 1998, imports may be paid for only in foreign exchange. Exceptions to this rule are settlements effected on T accounts (settlements in Belarussian rubels on these accounts may be effected for any goods, labor, and services).
<b>Advance payment requirements</b>	For (1) down payments for goods or services exceeding \$100,000, a foreign bank guarantee is required; (2) payments for imports more than 60 days in advance of the receipt of the goods in Belarus, special permission from the Ministry of Foreign Economic Relations (MFER) is required (for goods imported under barter or clearing arrangements, the period is 180 days).
<b>Documentation requirements for release of foreign exchange for imports</b>	
Import licenses used as exchange licenses	Yes.
<b>Import licenses and other nontariff measures</b>	
Positive list	Import licenses are required for importing certain pesticides, herbicides, and industrial wastes.
Negative list	The importing of radioactive or toxic wastes, as well as publications or videos that are against state morals, health, or security is prohibited.
Licenses with quotas	Importers are required to obtain a license in order to apply for an import quota for ethyl alcohol and alcoholic beverages.
<b>Import taxes and/or tariffs</b>	There are no customs barriers between Belarus and Russia, and a common trade policy for third countries exists. The tariff structure consists of rates of 1% to 5% that apply to goods such as plants, seeds, foodstuffs, raw materials, ores, petroleum, and spare parts, and of rates of 40% to 100% that apply to goods such as weapons, ammunition, precious metal products, carpets, and motor vehicles. Certain customs duty rates were raised to harmonize them with those applied by Russia. There are numerous exemptions. Regular import duty rates apply to countries with MFN status. Duties are applied at twice the MFN rate on imports from countries without MFN status. Duties on imports from developing countries covered by Russia's system of preferences are half the MFN rate or zero.
<b>State import monopoly</b>	Imports of alcohol and tobacco products are effected by state monopolies.

## Exports and Export Proceeds

<b>Repatriation requirements</b>	All proceeds must be repatriated within 120 days of shipping, including goods exported under a barter or clearing contract. Special approval of the MFER is needed for longer periods of time.
<b>Surrender requirements</b>	<p>At the beginning of 1998, the authorities decided informally that 90% of the foreign exchange acquired through the surrender requirement (30%) would be made available to energy-importing enterprises to pay the energy bill. The remainder is generally used for other priority imports, such as medicines. The foreign exchange surrendered by the exchange bureaus is used for various purposes under the guidance of the Committee of State Control, the Cabinet of Ministers, and the Board of the NBB.</p> <p>On July 20, 1998, a temporary 10% mandatory surrender requirement in the afternoon session of the MICE was introduced until January 1, 1999. The exchange rate applicable to this surrender is the rate prevailing in the afternoon session.</p>

<b>Financing requirements</b>	On June 30, 1998, a list of exports was designated with a joint resolution of the Council of Ministers and the NBB for which payments may be received only in foreign exchange.
<b>Documentation requirements</b>	A transaction certificate is required.
<b>Export licenses</b>	
Without quotas	Export bans exist for some medicinal herbs, art and antique collections, certain wild animals, and goods imported into Belarus on a humanitarian basis. Exports of certain goods, including amber, ores and concentrates, and precious metals and stones, require a license that is subject to the approval of the Precious Metals Committee of the Ministry of Finance.
With quotas	Mineral fertilizers and waste, and scrap of ferrous and nonferrous metals are subject to export quotas and licensing requirements.
<b>Export taxes</b>	Customs duties for exports to non-CIS countries have been eliminated. VAT and excise taxes are collected on excisable goods that are exported to CIS countries.
Other export taxes	A rent payment applies for exported timber and products thereof.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

##### Payments for travel

##### *Quantitative limits*

Individuals (residents and nonresidents) are permitted to acquire cash foreign currency up to the equivalent of \$200 a day at a single exchange office (purchases of \$200 of foreign currency each at several exchange offices can be made). No restrictions have been established on the acquisition by individuals of noncash foreign currency. There are no restrictions on the purchase of foreign exchange for bona fide expenses related to business travel.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	All service export proceeds must be repatriated after 60 days, unless special permission for a longer period of repatriation has been granted by the MFER.
<b>Surrender requirements</b>	A requirement of 30% applies to receipts in freely convertible currencies and Russian rubles.
<b>Restrictions on use of funds</b>	n.a.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	The MOF and the NBB establish quotas and procedures for transactions by residents and nonresidents in securities. The export and import of securities is allowed without limitation. There is a registration procedure for control purposes with the Committee on Securities (CS).
<b>On capital market securities</b>	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	The permit of the NBB, as well as the registration of the CS, is required.
Sale or issue locally by nonresidents	The permit of the NBB, as well as the registration of the CS, is required.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<i>Bonds or other debt securities</i>	Registration of securities is required. The NBB regulates the issue of CDs and saving certificates by banks. These may be issued both in domestic currency and in foreign exchange. Banks are not allowed to export bank certificates.

Purchase locally by nonresidents	The permit of the NBB, as well as the registration of the CS, is required.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<b>On money market instruments</b>	
<i>Purchase locally by nonresidents</i>	An NBB permit is required to purchase government securities or securities issued by the NBB.
<i>Sale or issue locally by nonresidents</i>	Yes.
<i>Purchase abroad by residents</i>	An NBB permit is required.
<i>Sale or issue abroad by residents</i>	Yes.
<b>On collective investment securities</b>	
<i>Purchase abroad by residents</i>	An NBB permit is required.
<b>Controls on derivatives and other instruments</b>	
Purchase abroad by residents	An NBB permit is required.
<b>Controls on credit operations</b>	
<b>Commercial credits</b>	
<i>To residents from nonresidents</i>	External borrowing by residents must be registered with the NBB. Yes.
<b>Financial credits</b>	
<i>By residents to nonresidents</i>	An NBB permit is required if the credit is for more than 180 days.
<i>To residents from nonresidents</i>	Yes.
<b>Controls on direct investment</b>	
Outward direct investment	Yes.
Inward direct investment	Foreign investment must be registered at the MFER, and financial institutions must also register it at the NBB. In the case of insurance institutions, foreign investment must also be registered at the State Insurance Oversight Committee. Certain activities require special approval (license). When establishing an enterprise with foreign investments, the size of a foreign investor's share is not restricted, except for insurance organizations and banks, where it may not exceed 49%.
<b>Controls on liquidation of direct investment</b>	Foreign investors are guaranteed full repatriation of their initial investment capital and profits earned in Belarus.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	An NBB permit is required.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Maintenance of accounts abroad	The opening of bank accounts abroad requires approval from the NBB.
Lending locally in foreign exchange	Permitted for settlements with nonresidents.
Open foreign exchange position limits	Open foreign exchange position limits are established depending on the type of foreign currency (freely convertible currency and currency with restricted convertibility). Requirements are also established with regard to limits on the differential between off-balance-sheet assets and liabilities. Limits are computed as a whole by type of foreign currency regardless of whether the asset (liability) belongs to a resident or nonresident.

<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<p><i>January 22.</i> The NBB established an additional afternoon market at the ICB where enterprises, after fulfilling their surrender requirements, could sell (but not purchase) foreign exchange through banks to the NBB through auctions.</p> <p><i>June 19.</i> The NBB issued a regulation requiring that all foreign exchange transactions above a stipulated amount involving the rubel and any one of four foreign currencies (the euro, the U.S. dollar, the Russian ruble, or the hryvnia), and above the amounts sold according to the existing mandatory 30% surrender requirement to be undertaken in the supplementary session of the MICE rather than on the interbank market as before.</p>
<b>Arrangements for payments and receipts</b>	<p><i>March 23.</i> The NBB halted all Belarussian rubel transactions between residents and non-residents and between nonresidents and nonresidents.</p> <p><i>March 26.</i> Belarussian rubel payments by nonresidents to residents were allowed again as before, as well as those by residents to nonresidents, excluding payments for some groups of commodities for which payment in foreign currency is now required.</p>
<b>Imports and import payments</b>	<p><i>June 1.</i> A resolution established a list of priority imports that legally could be purchased from nonresidents for rubels in addition to foreign currency.</p> <p><i>October 23.</i> Imports were allowed to be paid only in foreign exchange.</p>
<b>Exports and export proceeds</b>	<p><i>June 30.</i> A resolution established a list of export goods for which residents may accept only foreign exchange.</p> <p><i>July 20.</i> A temporary, mandatory surrender requirement of 10% was introduced in the afternoon session of the MICE until January 1, 1999.</p>

### Changes During 1999

<b>Exchange arrangement</b>	<p><i>January 22.</i> Foreign currency above the mandatory surrender amount may be sold on the interbank market.</p>
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# BELGIUM

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 15, 1961.

## Exchange Arrangement

### Currency

As from January 1, 1999, the currency of Belgium is the euro. In cash transactions, however, the legal tender remains the Belgian franc until 2002, when euro banknotes and coins will be issued.

### Exchange rate structure

Unitary.

### Classification

Exchange arrangement with no separate legal tender

Belgium participates in a currency union (EMU) comprising 11 members of the EU: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. Internal exchange rates in respect to the national currencies of EMU participants were fixed to the euro on January 1, 1999, whereas the external exchange rate of the euro is market-determined. The conversion rate between the euro and the Belgian franc was set at BF 40.3399 per €1. The ECB has the right to intervene to smooth out fluctuations in external exchange rates.

### Exchange tax

No.

### Exchange subsidy

No.

### Forward exchange market

Banks are allowed to engage in spot and forward exchange transactions in any currency, and they may deal among themselves and with residents and nonresidents in foreign notes and coins.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

No.

### Payment arrangements

No.

### Administration of control

No.

### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

Belgium applies exchange restrictions against Iraq, Libya, and the Federal Republic of Yugoslavia (Serbia/Montenegro).

In accordance with UN sanctions

Yes.

### Payment arrears

No.

### Controls on trade in gold (coins and/or bullion)

No.

### Controls on exports and imports of banknotes

No.

## Resident Accounts

### Foreign exchange accounts permitted

Held domestically

Yes.

Held abroad

Yes.

Accounts in domestic currency convertible into foreign currency Yes.

### Nonresident Accounts

Foreign exchange accounts permitted Yes.  
 Domestic currency accounts Yes.  
 Convertible into foreign currency Yes.  
 Blocked accounts These are accounts affected by international security restrictions.

### Imports and Import Payments

Foreign exchange budget No.  
 Financing requirements for imports No.  
 Documentation requirements for release of foreign exchange for imports No.  
 Import licenses and other nontariff measures  
 Positive list Individual licenses are required for certain specified imports from all countries (most imports do not require an import license when imported from member countries of the EU), including many textile and steel products, diamonds, weapons, and nontextile products from China. All other commodities are free of license requirements.  
 Licenses with quotas Along with other EU countries, the BLEU applies quotas on a number of textile products from non-EU countries in the framework of the MFA and also applies a system of minimum import prices to foreign steel products, quotas on a number of steel products from Russia and Ukraine, and quotas on a number of products from China (shoes, ceramic, and porcelain).  
 Import taxes and/or tariffs Belgium applies the Common Import Regime of the EU to imports of most other agricultural and livestock products from non-EU countries.  
 State import monopoly No.

### Exports and Export Proceeds

Repatriation requirements No.  
 Financing requirements No.  
 Documentation requirements No.  
 Export licenses Export licenses are required only for a few products (mostly of a strategic character), for weapons, and for diamonds.  
 Without quotas Yes.  
 Export taxes No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.

**Restrictions on use of funds** No.

### Capital Transactions

**Controls on capital and money market instruments**

On capital market securities

*Shares or other securities of a participating nature*

Sale or issue locally by nonresidents The public issue or sale of debt securities that are not of EU origin is controlled.

On money market instruments

*Sale or issue locally by nonresidents* The public issue or sale of money market securities and instruments that are not of EU origin is controlled.

On collective investment securities

*Sale or issue locally by nonresidents* The public issue or sale of collective investment securities that are not of EU origin is controlled.

**Controls on derivatives and other instruments**

Sale or issue locally by nonresidents The public issue or sale of instruments and claims that are not of EU origin is controlled.

**Controls on credit operations**

No.

**Controls on direct investment**

Inward direct investment

No authorization is required for inward direct investment in Belgium, except for a take-over by or on behalf of a person, company, or institution from a non-EU state, and the acquisition of Belgian flag vessels by shipping companies not having their principal office in Belgium.

**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

No.

**Controls on personal capital movements**

No.

**Provisions specific to commercial banks and other credit institutions**

No.

**Provisions specific to institutional investors**

Currency-matching regulations on assets/liabilities composition

These regulations are maintained, but the introduction of the euro has considerably reduced the significance of such regulations. The EU gives the right to its member states to maintain such regulations.

**Other controls imposed by securities laws**

No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

### Changes During 1999

**Exchange arrangement**

*January 1.* The currency of Belgium became the euro. The conversion rate between the euro and the Belgian franc was set irrevocably at BF 40.3399 per €1.

# BELIZE

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 14, 1983.

### Exchange Arrangement

#### Currency

The currency of Belize is the Belize dollar.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The Belize dollar is pegged to the U.S. dollar, the intervention currency, at the rate of BZ\$1 per US\$0.50. The Central Bank of Belize (CBB) quotes daily rates for the Canadian dollar, the pound sterling, and a number of currencies of CARICOM member countries.

#### Exchange tax

A stamp duty of 1.25% is levied on all conversions from the Belize dollar to a foreign currency.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Regional arrangements

Belize is a member of CARICOM.

##### Clearing agreements

Belize participates in the CMCF.

#### Administration of control

The CBB is responsible for administering exchange control, which applies to all countries. Authority covering a wide range of operations is delegated to the commercial banks in their capacity as authorized dealers. Only in exceptional cases or in applications involving substantial amounts is reference made directly to the CBB. However, all applications for foreign exchange processed by authorized dealers are regularly forwarded to the CBB for audit and record keeping.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

Residents may not hold gold except with specific authorization from the CBB.

##### Controls on external trade

Gold may not be imported or exported without the approval of the CBB.

#### Controls on exports and imports of banknotes

##### On exports

##### *Domestic currency*

Each traveler may take abroad up to BZ\$100. Amounts beyond these limits require the approval of the CBB, which is liberally granted when justified.

##### *Foreign currency*

The amount of foreign currency that each resident traveler may take abroad is left to the discretion of the commercial banks. It is subject to availability and guided by limits. Non-residents may take out up to the amount imported or the limits specified.



**On imports***Domestic currency*

Each traveler may bring in up to BZ\$100.

**Resident Accounts****Foreign exchange accounts permitted**

These accounts may be opened both domestically and abroad, but prior approval is required.

**Accounts in domestic currency convertible into foreign currency**

No.

**Nonresident Accounts****Foreign exchange accounts permitted**

Banks must have permission from the CBB to open external or foreign currency accounts.

**Domestic currency accounts**

These accounts may be credited with proceeds from the sale of foreign currency.

**Convertible into foreign currency**

Yes.

**Blocked accounts**

The CBB may stipulate that sums to be credited or paid to foreign residents be credited to a blocked account.

**Imports and Import Payments****Foreign exchange budget**

Yes.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

Prepayments for imports require authorization from the CBB; in most cases such authorization is delegated to the commercial banks. The CBB rations its sales of foreign exchange to commercial banks on an ad hoc basis, except for a few essential import items, such as fuel and pharmaceuticals.

**Letters of credit**

Yes.

**Import licenses and other nontariff measures****Negative list**

For reasons of health, standardization, and protection of domestic industries, import licenses from the Ministry of Commerce and Industry are required for a number of goods—mostly food and agricultural products, and certain household and construction products; such licenses are liberally granted.

**Import taxes and/or tariffs**

Import tariff rates range from 5% to 25%, with a number of items (particularly, agricultural inputs) entering duty free. Imports by most of the public sector and certain nonprofit entities, imports of an emergency or humanitarian nature, and goods for reexport are exempt from import duties; goods originating from the CARICOM area are also exempt. Some items are subject to revenue replacement duties ranging from 15% to 25%. Specific duties and surcharges apply to certain products. There is a 15% VAT.

**State import monopoly**

No.

**Exports and Export Proceeds****Repatriation requirements**

Yes.

**Surrender requirements**

Export proceeds must be surrendered to authorized dealers not later than six months after the date of shipment, unless otherwise directed by the CBB. The CBB makes direct purchases of sugar export proceeds, bypassing the traditional practice of purchasing from commercial banks.

<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Export licenses are required for live animals, excluding pets; fish, crustaceans, and mollusks, excluding agricultural species; lumber and logs; beans; citrus fruits; and sugar.
<b>Without quotas</b>	Yes.
<b>Export taxes</b>	Reexports and transshipments are subject to a 3% customs administration fee.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	The CBB rations its sale of foreign exchange for invisible payments to commercial banks on an ad hoc basis, except for a few essential items, such as insurance.
<b>Trade-related payments</b>	There are controls on the payment of commissions.
<i>Prior approval</i>	For the payment and transfers of commissions, approval is granted by the CBB, subject to clearance by the Commissioner of Income Tax (CIT).
<b>Investment-related payments</b>	Information is not available on the payment of amortization of loans or depreciation of direct investments.
<i>Prior approval</i>	For interest payments, approval is granted by the CBB, subject to clearance by the CIT. For transfer of profits and dividends, income statement and declaration of dividends must be presented along with clearance from the CIT.
<b>Payments for travel</b>	
<i>Quantitative limits</i>	The limits are (1) for nonbusiness travel by residents, up to BZ\$5,000 a person a trip; (2) for business travel by residents, BZ\$500 a person a day, up to a maximum of BZ\$20,000 a year; (3) for business or nonbusiness travel by nonresidents, BZ\$500 a person a year, unless payment is made from an external account or from proceeds of foreign currency. Resident travelers are required to sell their excess holdings of foreign currencies to an authorized dealer upon returning to Belize.
<i>Indicative limits/bona fide test</i>	Yes.
<b>Personal payments</b>	Payments related to medical costs are made directly to a doctor or hospital, with original invoices or bills supporting the application.
<i>Prior approval</i>	For transfer of pension and payments for family maintenance and alimony, approval by the CBB is required.
<i>Quantitative limits</i>	The limit for gifts is BZ\$100 a donor.
<i>Indicative limits/bona fide test</i>	Foreign exchange is provided by authorized dealers for payment of correspondence courses when applications are properly documented.
<b>Foreign workers' wages</b>	
<i>Prior approval</i>	Approval is granted by the CBB, subject to clearance by the CIT.
<b>Other payments</b>	
<i>Prior approval</i>	For the transfer of consulting and legal fees, approval is granted by the CBB, subject to clearance by the CIT.
<i>Indicative limits/bona fide test</i>	Similar requirements apply for subscriptions and membership fees as for study abroad.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
<b>Surrender requirements</b>	Proceeds must be sold to an authorized dealer.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	All capital transfers require the approval of the CBB, but controls are liberally administered.
<b>Controls on derivatives and other instruments</b>	Yes.
<b>Controls on credit operations</b>	Yes.
<b>Controls on direct investment</b>	
Outward direct investment	Yes.
Inward direct investment	Inward direct investment must be registered with the CBB for future repatriation of profits.
<b>Controls on liquidation of direct investment</b>	Repatriation of proceeds requires clearance by the CIT.
<b>Controls on real estate transactions</b>	Yes.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Yes.
Maintenance of accounts abroad	Yes.
Lending to nonresidents (financial or commercial credits)	Yes.
Lending locally in foreign exchange	Yes.
Purchase of locally issued securities denominated in foreign exchange	Yes.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# BENIN

(Position as of February 28, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 1, 1996.

### Exchange Arrangement

#### Currency

The currency of Benin is the CFA franc.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The CFA franc is pegged to the euro, the intervention currency, at the fixed rate of CFAF 100 per €0.1524, which is the official buying and selling rate. Exchange rates for other currencies are derived from the rate for the currency concerned in the Paris exchange market and the fixed rate between the euro and the CFA franc. They include a bank commission of 0.25% on transfers to all countries outside the WAEMU, which must be surrendered to the Treasury.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Effective February 1, 1999, residents were authorized to contract forward exchange cover in accordance with the regulations on imports and exports of goods and services.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Settlements with France, Monaco, and other countries linked to the French Treasury through an Operations Account are made in CFA francs, French francs, or the currency of any other Operations Account country.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Inoperative*

Yes.

##### Regional arrangements

An Operations Account is maintained with the French Treasury that links Operations Account countries. All purchases or sales of foreign currencies or euros against CFA francs are ultimately settled through a debit or credit to the Operations Account.

#### Administration of control

Exchange control is administered by the MOF, which also supervises the following: borrowing abroad; the issuing, advertising, or offering for sale of foreign securities in Benin; inward direct investment and all outward investment; and the soliciting of funds in Benin for placement in foreign countries. Effective February 1, 1999, the amount of transfers authorized without supporting documentation was raised to CFAF 300,000 from CFAF 100,000.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade

Authorization from the Directorate of External Commerce, issued after a favorable ruling by the Directorate of Monetary and Financial Affairs of the MOF, is required to hold, sell, import, export, or deal in raw diamonds and precious and semiprecious materials. In practice, residents are free to hold, acquire, and dispose of gold in any form in Benin.

Controls on external trade	Imports and exports of gold from or to any other country require prior authorization of the MOF.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	The export of CFAF banknotes by travelers is not prohibited. However, repurchase of exported banknotes by the BCEAO remains suspended. Furthermore, the shipment of BCEAO banknotes between authorized intermediaries and their correspondents located outside the WAEMU zone is strictly forbidden.
<i>Foreign currency</i>	The reexportation of foreign banknotes by nonresident travelers is allowed up to the equivalent of CFAF 250,000; the reexportation of foreign banknotes above these ceilings requires documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposits in local banks.
On imports	
<i>Domestic currency</i>	Travelers may freely import CFAF banknotes. The amounts must be declared at customs, however.
<i>Foreign currency</i>	Resident and nonresident travelers may bring in any amount of foreign banknotes and coins (except gold coins) of countries outside the Operations Account area. Residents bringing in foreign banknotes and foreign currency traveler's checks exceeding the equivalent of CFAF 25,000 must declare them to customs upon entry and sell them to an authorized intermediary bank within eight days.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	Effective February 1, 1999, residents are allowed to open foreign exchange accounts with local banks or with banks abroad after obtaining authorization from the MOF with the approval of the BCEAO.
Held domestically	Accounts in foreign currency held by residents with domestic financial institutions are subject to prior authorization by the MOF.
Held abroad	Currently, the law does not expressly forbid the holding of accounts in banks located abroad. It does, however, forbid any transfer that would constitute the amassing of assets abroad by a resident, except where authorized by the MOF.
<b>Accounts in domestic currency convertible into foreign currency</b>	Only nonresidents may hold convertible accounts without restriction.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Effective February 1, 1999, authorization is issued by the BCEAO.
Approval required	The law does not contain specific provisions regarding nonresident accounts in foreign currency. In practice, the law is interpreted as requiring prior authorization for these accounts from the MOF.
<b>Domestic currency accounts</b>	Because the BCEAO has suspended the repurchase of banknotes circulating outside the territories of the WAEMU zone, nonresident accounts may not be credited or debited with BCEAO banknotes. These accounts may not be overdrawn without prior authorization of the MOF. Transfers of funds between nonresident accounts are not restricted.
Convertible into foreign currency	Nonresidents may freely debit their foreign accounts in francs for the purpose of purchasing foreign currency on the official foreign exchange market.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for re-release of foreign exchange for imports</b>	
Domiciliation requirements	All imports exceeding CFAF 500,000 are subject to the requirement.
Preshipment inspection	All imports exceeding CFAF 3 million are subject to inspection.
<b>Import licenses and other nontariff measures</b>	
Negative list	Certain imports, e.g., narcotics, are prohibited from all sources.
<b>Import taxes and/or tariffs</b>	Customs duties consist of four bands: 5%, 10%, 15%, and 20%. A statistical tax of 5% is levied on the c.i.f. value of imports.
<b>State import monopoly</b>	Imports of petroleum products are made by a state company and licensed private enterprises.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Receipts must be collected within 180 days of the arrival of the shipment at its destination. Effective February 1, 1999, proceeds from exports to WAEMU countries are no longer required to be repatriated.
Surrender requirements	Proceeds must be surrendered to authorized banks within 30 days of the payment due date. They must then be surrendered to the BCEAO by the authorized intermediaries as transfers via the issuing institution.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	
Letters of credit	Yes.
Domiciliation	Proceeds must be domiciled with an authorized intermediary bank when valued at more than CFAF 500,000. Effective February 1, 1999, exports to WAEMU countries need not be domiciled.
<b>Export licenses</b>	
Without quotas	Exports are permitted on the basis of a simple authorization from the Directorate of Foreign Trade, which issues a certificate of origin, as needed. Exports of diamonds, gold, and all other precious metals, however, require prior authorization of the MOF, with the exception of articles with a small gold content, travelers' personal effects weighing less than 500 grams, and coins (fewer than 10 pieces, irrespective of their face value and denomination).
With quotas	Exports of teakwood and other varieties of unprocessed wood and charcoal are banned.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments for invisibles to France, Monaco, and the Operations Account countries (WAEMU members, and Cameroon, Central African Republic, Republic of Congo, Gabon, Equatorial Guinea, Chad, and the Comoros) are permitted freely; those to other countries are subject to approval. Payments for invisibles related to trade are permitted by a general authorization when the basic trade transaction has been approved or does not require authorization. Bona fide tests are conducted by authorized intermediary banks. Effective
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	February 1, 1999, payments and incomes of foreign ships in the WAEMU zone and WAEMU ships abroad are included under current operations.
Investment-related payments	
<i>Prior approval</i>	The transfer of funds to service loans requires prior approval if the loan itself was subject to approval. Payments for the depreciation of direct investment are not expressly provided for in the regulation and, as such, require prior approval from the MOF.
Payments for travel	
<i>Prior approval</i>	Prior approval is required only for allowances that exceed the indicative limits and is granted after a bona fide test.
<i>Quantitative limits</i>	Effective February 1, 1999, limits on foreign exchange allowances were eliminated. The threshold of foreign exchange to be surrendered by residents after travel was raised to CFAF 300,000 from CFAF 50,000.
<i>Indicative limits/bona fide test</i>	Bona fide tests are conducted by authorized intermediaries; and for amounts exceeding the indicative limits, by the MOF.
Personal payments	
<i>Prior approval</i>	For payments related to studies abroad and family maintenance and alimony, prior approval is required when amounts requested exceed the indicative limits.
<i>Indicative limits/bona fide test</i>	Bona fide tests are conducted by authorized intermediary banks; and for amounts exceeding the indicative limits, by the MOF.
Foreign workers' wages	
<i>Quantitative limits</i>	Upon presentation of an appropriate pay voucher, a residence permit, and documents indicating family situation, foreigners working in Benin may transfer up to 50% of their net salary abroad if they live with their family in Benin, or up to 80% if their family is living abroad.
Credit card use abroad	
<i>Quantitative limits</i>	The same limits apply as for tourist and business travel.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes.
Surrender requirements	Receipts from France, Monaco, and Operations Account countries are exempt from the requirement. Proceeds from transactions with France, Monaco, and the Operations Account countries may be retained. Effective February 1, 1999, all amounts due from residents of other countries in respect of services, and all income earned in those countries from foreign assets, must be collected and surrendered within one month of the due date or the date of receipt.
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	<p>Capital movements between Benin and France, Monaco, and the Operations Account countries are free of restrictions. Capital transfers to all other countries require authorization from the MOF and at least 75% of investment abroad must be financed by foreign borrowing.</p> <p>The liquidation of foreign investment is subject to reporting to the MOF and the reinvestment of proceeds is subject to prior authorization, except for the countries mentioned above. If no authorization is given for the reinvestment, the proceeds in foreign exchange must be surrendered to an authorized intermediary bank within one month. Transfers of capital abroad are subject to restrictions. Capital inflows to WAEMU countries are unrestricted with the exception of direct investment, which is subject to prior declaration, and certain borrowing operations, which require prior authorization.</p>
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In line with the new direction of economic policy aimed at attracting foreign investment, new exchange laws currently being adopted by the WAEMU member states provide for the elimination of all restrictions on capital inflows.

In implementation of the provisions indicated in this document, the term "foreigner" refers to countries that are not members of the franc zone. However, with respect to the local issue and offer for sale of foreign securities, the term "foreigner" means all the countries outside the territory of the member state concerned.

With the exception of the issue and sale in the country of foreign securities, operations in securities are not covered explicitly by specific laws. However, by their nature, these operations are still subject to the provisions governing foreign investment and lending.

Effective February 1, 1999, transfers related to the sale of foreign securities by residents and to proceeds of disinvestments by nonresidents were allowed. Foreign investment in WAEMU countries became unrestricted. Such operations are subject to reporting for statistical purposes. The prior authorization of the Public Saving and Financial Market Regional Council is required for the issuance and marketing of securities and capital assets of foreign entities, as well as for publicity and advertising of investments abroad. Any investment by residents abroad requires the prior approval of the MOF.

#### On capital market securities

##### *Shares or other securities of a participating nature*

Sale or issue locally by nonresidents The issue of securities in Benin by nonresidents is subject to prior approval by the MOF, as are sales of holdings in foreign companies or entities.

Purchase abroad by residents Yes.

Sale or issue abroad by residents Yes.

*Bonds or other debt securities* The same provisions apply as for shares or other securities of a participating nature.

#### On money market instruments

*Sale or issue locally by nonresidents* Yes.

*Purchase abroad by residents* Yes.

*Sale or issue abroad by residents* Yes.

#### On collective investment securities

*Sale or issue locally by nonresidents* Yes.

*Purchase abroad by residents* Yes.

#### **Controls on derivatives and other instruments**

These instruments, which are virtually unknown in Benin, are governed by the regulations generally applicable to securities and investments, except options, which after February 1, 1999, residents may freely purchase or sell abroad.

Purchase locally by nonresidents Yes.

Sale or issue locally by nonresidents Yes.

Purchase abroad by residents Yes.

Sale or issue abroad by residents Yes.

#### **Controls on credit operations**

The issue of a loan in the form of securities requires prior approval by the MOF. Such approval is not required, however, for loans contracted by authorized intermediaries or for borrowing under specific conditions in terms of the amount and interest rate. Effective February 1, 1999, foreign borrowing by residents became unrestricted.

#### Commercial credits

##### *By residents to nonresidents*

Granting of such credits is subject to the following provisions: (1) Claims resulting from exports of goods must be collected and the corresponding amounts repatriated through the BCEAO within 30 days of the payment due date stipulated in the commercial contract. In general, the period allowed for payment must not exceed 180 days following the arrival of the merchandise at its destination. (2) Claims resulting from service provision must also be



	collected and subsequently surrendered on the foreign exchange market within two months of the payment due date, which is not subject to administrative limits.
<i>To residents from nonresidents</i>	These credits may be freely granted. Repayment is usually authorized, subject to presentation of the relevant proof of execution of the commercial operation or provision of the service and of the payment due date.
<b>Financial credits</b>	
<i>By residents to nonresidents</i>	The granting of financial credits is subject to prior authorization by the MOF. The transfer of funds abroad for this purpose requires a foreign exchange authorization, submitted to the MOF for approval, along with the appropriate documentation.
<i>To residents from nonresidents</i>	These credits may be freely granted. Transfers of such funds must be processed through an authorized intermediary. However, if these operations take place between a direct investment company established in Benin and its parent company located abroad, they are considered direct investments and are therefore subject to prior declaration to the MOF.
<b>Guarantees, sureties, and financial backup facilities</b>	
<i>By residents to nonresidents</i>	The granting of guarantees, backing, and security is subject to prior authorization by the MOF.
<i>To residents from nonresidents</i>	These facilities are freely granted, and the funds involved must be transferred from abroad by an authorized intermediary. However, if these operations take place between a direct investment company established in Benin and its parent company located abroad, they are considered direct investments and are therefore subject to prior declaration to the MOF.
<b>Controls on direct investment</b>	
<b>Outward direct investment</b>	Investment abroad by a resident, including the purchase of real property, is subject to prior approval by the MOF. The investor must submit a written request indicating the authorized intermediary charged with making the payment. Whether the funds are transferred abroad or deposited to a foreign account in francs, the payment may not be made before the end of the period agreed to by the parties.
<b>Inward direct investment</b>	These investments are subject to prior declaration to the MOF, which has a two-month period during which it may request postponement of projects. The transfer of a direct investment by one nonresident to another nonresident is also subject to prior declaration.
<b>Controls on liquidation of direct investment</b>	Proceeds from the sale or liquidation of foreign direct investments or the sale of real property may be freely transferred abroad or credited to a foreign account in francs upon presentation of the required documentation to the MOF and receipt of its response. The liquidation of investments—whether inward or outward—must be declared to the Ministry within 20 days of each transaction.
<b>Controls on real estate transactions</b>	
<b>Purchase abroad by residents</b>	Investment abroad by a resident, including the purchase of real property, is subject to prior approval by the MOF. The investor must submit a written request indicating the authorized intermediary charged with making the payment. Whether the funds are transferred abroad or deposited to a foreign account in francs, the payment may not be made before the end of the period agreed to by the parties.
<b>Purchase locally by nonresidents</b>	No restrictions on purchases, except in the case of direct investment in an enterprise, branch, or corporation.
<b>Sale locally by nonresidents</b>	Proceeds from the sale or liquidation of foreign direct investments and the sale of real property may be freely transferred abroad or credited to a foreign account in francs upon presentation of the appropriate documentation to the MOF and receipt of its response.
<b>Controls on personal capital movements</b>	
<b>Loans</b>	
<i>By residents to nonresidents</i>	Lending by residents to nonresidents requires the prior authorization of the MOF.  The individuals concerned may not engage in such operations as a regular profession without first being licensed and included in the list of financial institutions.

<i>To residents from nonresidents</i>	The borrower must obtain prior authorization from the MOF if the amount of the loan exceeds CFAF 50 million and if the interest rate exceeds the normal market rate. Loans contracted to finance imports and exports are exempt from authorization.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	With the exception of inheritances and legacies, payment of which is generally expressly authorized, other operations require prior authorization of the MOF.
Settlement of debts abroad by immigrants	Immigrants who have obtained resident status must obtain prior authorization from the MOF for the settlement of debts contracted abroad while they were nonresidents.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	Upon presentation of emigration documents, the parties concerned may transfer a maximum of CFAF 250,000 a person without prior authorization. Amounts over and above this ceiling may be transferred with authorization from the MOF.
Transfer of gambling and prize earnings	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Authorized intermediaries may borrow freely abroad.
Maintenance of accounts abroad	Banks and financial institutions are not authorized to hold liquid assets outside the WAEMU zone, except to cover current operations.
Lending to nonresidents (financial or commercial credits)	These transactions may be freely conducted in the case of commercial credits. Effective February 1, 1999, for other loans and financial credits or the purchase of securities issued abroad, prior authorization by the MOF is required, after the approval of the BCEAO.
Lending locally in foreign exchange	Domestic lending denominated in foreign exchange or purchases of foreign-currency-denominated securities issued in Benin require prior authorization by the MOF.
Purchase of locally issued securities denominated in foreign exchange	These purchases require prior approval by the MOF.
Differential treatment of deposit accounts in foreign exchange	
<i>Credit controls</i>	Yes.
Investment regulations	The same regulations apply as for foreign investment.
<i>Abroad by banks</i>	Yes.
<i>In banks by nonresidents</i>	Yes.
Open foreign exchange position limits	There are no prudential ratios; open positions result through special derogations.
<b>Provisions specific to institutional investors</b>	Effective February 1, 1999, restrictions are imposed by the Insurance Code of the Inter-African Conference on Insurance Markets.
<b>Other controls imposed by securities laws</b>	Yes.

### Changes During 1998

#### Capital transactions

Controls on capital and money market instruments	<i>September 16.</i> The WAEMU regional stock exchange began operations in Abidjan.
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### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> The CFA franc peg to the French franc was replaced with a peg to the euro.
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	<i>February 1.</i> Residents were authorized to contract forward exchange cover in accordance with the regulations on imports and exports of goods and services.
<b>Arrangements for payments and receipts</b>	<i>February 1.</i> The amount of transfers authorized without supporting documentation was raised to CFAF 300,000 from CFAF 100,000.
<b>Resident accounts</b>	<i>February 1.</i> Residents are allowed to open foreign exchange accounts with local banks or with banks abroad after obtaining authorization from the MOF with the approval of the BCEAO.
<b>Nonresident accounts</b>	<i>February 1.</i> Authorizations to open nonresident accounts are issued by the BCEAO.
<b>Imports and import payments</b>	<i>February 1.</i> The limit for the domiciliation requirement was raised to CFAF 5 million.
<b>Exports and export proceeds</b>	<i>February 1.</i> Proceeds from exports to WAEMU countries are no longer required to be repatriated. <i>February 1.</i> Exports to WAEMU countries need not be domiciled.
<b>Payments for invisible transactions and current transfers</b>	<i>February 1.</i> Limits on foreign exchange allowances were eliminated. The threshold of foreign exchange to be surrendered by residents after travel was raised to CFAF 300,000 from CFAF 50,000. <i>February 1.</i> All amounts due from residents of other countries in respect of services, and all income earned in those countries from foreign assets, must be collected and surrendered within one month of the due date or the date of receipt. <i>February 1.</i> Payments and incomes of foreign ships in the WAEMU some and WAEMU ships abroad are included under current operations.
<b>Capital transactions</b>	
Controls on capital and money market instruments	<i>February 1.</i> Transfers related to the sale of foreign securities by residents and to proceeds of disinvestments by nonresidents were allowed. Foreign investment in WAEMU countries became unrestricted. Such operations are subject to reporting for statistical purposes. The prior authorization of the Public Saving and Financial Market Regional Council is required for the issuance and marketing of securities and capital assets of foreign entities, as well as for publicity and advertising of investments abroad. Any investment by residents abroad requires the prior approval of the MOF.
Controls on derivatives and other instruments	<i>February 1.</i> Transfers relating to option purchases were allowed.
Controls on credit operations	<i>February 1.</i> Foreign borrowing by residents became unrestricted.
Provisions specific to commercial banks and other credit institutions	<i>February 1.</i> Loans granted to nonresidents are subject to the prior authorization of the MOF, after the approval of the BCEAO.
Provisions specific to institutional investors	<i>February 1.</i> Restrictions are imposed by the Insurance Code of the Inter-African Conference on Insurance Markets.

## BHUTAN

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

Article XIV Yes.

### Exchange Arrangement

Currency The currency of Bhutan is the Bhutanese ngultrum.

Other legal tender The Indian rupee is also legal tender.

Exchange rate structure Unitary.

#### Classification

Conventional pegged arrangement The ngultrum is pegged to the Indian rupee at a rate of Nu 1 per Re 1. The rates for currencies other than the Indian rupee are determined on the basis of the prevailing quotations by the Reserve Bank of India for those currencies.

Exchange tax No.

Exchange subsidy No.

Forward exchange market No.

### Arrangements for Payments and Receipts

Prescription of currency requirements No.

#### Payment arrangements

Bilateral payment arrangements

*Operative* Yes.

#### Administration of control

The MOF controls external transactions and provides foreign exchange for most current and capital transactions. The MOF has delegated to the Royal Monetary Authority (RMA) the authority to release foreign exchange (other than Indian rupees) for current transactions. The RMA is charged with implementing the surrender requirements for proceeds from merchandise exports and approving the use of foreign exchange for payments for invisible transactions.

Payments and remittances by residents to nonresidents other than in cash and traveler's checks are required to be channeled through authorized banks in Bhutan.

International security restrictions No.

Payment arrears No.

#### Controls on trade in gold (coins and/or bullion)

Controls on external trade Imports of gold and silver, up to stipulated quantities, by Bhutanese citizens are permitted. Imports beyond this requires special permission from the MOF.

Controls on exports and imports of banknotes The importation and exportation of cash and securities are subject to declaration of value at the customs point of entry into, and departure from, Bhutan.

On exports

*Domestic currency* Yes.

*Foreign currency* Yes.

## On imports

*Domestic currency*

Yes.

*Foreign currency*

Foreign currency notes purchased from authorized banks or declared on entry may be exported freely.

**Resident Accounts****Foreign exchange accounts permitted**

The following categories of persons are permitted to open and maintain U.S.-dollar-denominated foreign currency accounts with authorized banks in Bhutan: (1) diplomatic missions in Bhutan and their expatriate employees, (2) representative offices of donor agencies and their expatriate employees, (3) third-country contracting firms and their expatriate employees engaged to execute projects financed by donor agencies, and (4) any person, who is the national of a third country, who is resident in Bhutan.

Held domestically

These accounts are permitted, but approval of the RMA is required.

Held abroad

Residents of Bhutan are not allowed to hold foreign exchange accounts abroad. However, Bhutanese citizens living abroad must close foreign exchange accounts upon return and repatriate any balances to Bhutan.

**Accounts in domestic currency  
convertible into foreign currency**

No.

**Nonresident Accounts****Foreign exchange accounts permitted**

These accounts are permitted, but prior approval is required.

**Domestic currency accounts**

Yes.

Convertible into foreign currency

Yes.

Approval required

Yes.

**Blocked accounts**

Yes.

**Imports and Import Payments****Foreign exchange budget**

An import license issued by the MOF is required for the importation of capital and intermediate goods from countries other than India. Foreign exchange for all payments related to merchandise imports is automatically made available by authorized banks against import licenses.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

Domiciliation requirements

Yes.

Letters of credit

Yes.

**Import licenses and other nontariff measures**

Import licenses are governed by Rules and Procedures for Imports of Goods from third countries issued by the MOF.

**Import taxes and/or tariffs**

Imports from India are free from tariffs and are subject only to the Bhutan sales tax (BST). Tax rates range from zero for essential commodities to 50% on tobacco products and alcoholic beverages.

Imports from countries other than India are subject to tariffs. The maximum tariff rate is 30%, with the exception of the rates for beer (50%), and for tobacco and other alcoholic beverages and spirits (100%). Effective September 1998, the BST is levied at the existing scheduled rates on all third-country imports, in addition to the applicable tariff.

State import monopoly n.a.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Yes.
Surrender requirements	Proceeds in currencies other than the Indian rupee must be surrendered to the RMA either directly or through the Bank of Bhutan within 90 days.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	
Letters of credit	Yes.
Guarantees	Yes.
Domiciliation	Yes.
Preshipment inspection	Yes.
<b>Export licenses</b>	
Without quotas	Yes.
With quotas	Yes.
<b>Export taxes</b>	Export taxes are applied only to exports of unprocessed timber, apples, oranges, and cardamom. Exports to countries other than India receive a rebate at rates ranging from 5% to 20% of the c.i.f. value, with the lowest rate applying to unprocessed primary products and the highest rate applying to processed products.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	All invisible payments, other than those made in Indian rupees, must be approved by the RMA. The RMA is charged with setting limits (indicative in most cases) up to which foreign exchange can be made available for payments for invisible transactions.
Investment-related payments	No information is available on the payment of amortization of loans or depreciation of direct investments.
Payments for travel	
<i>Quantitative limits</i>	There is a travel allowance of \$1,500 per ticketed passenger per calendar year. In case of business travel, the foreign exchange cost of an air ticket and country-specific per diem covering accommodation are provided to travelers. There are no time limits, but two weeks is considered the norm.
Personal payments	Educational fees and tuition are covered fully and without any limits through direct payments to the universities or institutions abroad. Students also receive a monthly stipend of \$900 and a one-time settling-in allowance of \$1,500; the settling-in allowance and three monthly stipends are paid in advance.
	For medical expenses, subject to referral by a local physician for treatment abroad, foreign exchange is provided to cover the cost of treatment and medicine and for living expenses abroad. Living expenses vary from country to country, but there are no set limits for the other expenses, and all reasonable expenses are covered.
<i>Quantitative limits</i>	A citizen of Bhutan who, under the recommendation of a medical specialist, is proceeding to a third country for medical treatment is permitted to purchase foreign exchange from authorized banks, within the limit prescribed by the RMA for the cost of treatment, medicine, and living expenses.
Foreign workers' wages	
<i>Prior approval</i>	Any national of a third country who, with the prior approval of the royal government of Bhutan, is employed directly by a public or private organization in Bhutan is permitted to remit his or her salary and savings in foreign exchange through an authorized bank.

*Quantitative limits*

The RMA may set limits on any or all such remittances as it deems necessary.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Foreign exchange proceeds of any receipts or holdings by Bhutanese citizens and companies should be repatriated to Bhutan by transferring such claims and funds to authorized banks in Bhutan.
<b>Surrender requirements</b>	All receipts from invisible transactions in currencies other than the Indian rupee must be surrendered to the RMA.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	All capital transactions must be approved by the RMA.
<b>Controls on derivatives and other instruments</b>	Yes.
<b>Controls on credit operations</b>	Yes.
<b>Controls on direct investment</b>	Yes.
<b>Controls on liquidation of direct investment</b>	Yes.
<b>Controls on real estate transactions</b>	Yes.
<b>Controls on personal capital movements</b>	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Maintenance of accounts abroad	Yes.
Investment regulations	
<i>Abroad by banks</i>	Up to \$5 million (gross) investment is allowed.
<i>In banks by nonresidents</i>	n.a.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on portfolio invested abroad	Yes.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Imports and import payments</b>	<i>September 1.</i> The BST is levied at the existing scheduled rates on all third-country imports, in addition to the applicable tariff.
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## **BOLIVIA**

*(Position as of April 30, 1999)*

### **Status Under IMF Articles of Agreement**

#### **Article VIII**

Date of acceptance: June 5, 1967.

### **Exchange Arrangement**

#### **Currency**

The currency of Bolivia is the Bolivian boliviano.

#### **Exchange rate structure**

Unitary.

#### **Classification**

#### **Crawling peg**

The official selling rate is determined at auctions held daily by the Central Bank of Bolivia (CBB). The official exchange rate is the average of the bid rates accepted in the latest auction and applies to all foreign exchange operations in Bolivia. The auctions are conducted by the Committee for Exchange and Reserves in the CBB. Before each auction, the Committee decides on the amount of foreign exchange to be auctioned and a floor price below which the CBB will not accept any bids. This floor price is the official exchange rate and is based on the exchange rate of the dollar. The CBB is required to offer in all auctions unitary lots of \$5,000 or multiples thereof; the minimum allowable bid is \$5,000. Successful bidders are charged the exchange rate specified in their bid. In general, the spreads between the maximum and minimum bids have been less than 2%. Economic agents may buy and sell foreign exchange freely. All public sector institutions, including public enterprises, must purchase foreign exchange for imports of goods and services through the CBB auction market. Until January 13, 1999, sales of foreign exchange by the CBB to the public were subject to a commission of Bs 0.01 per \$1 over its buying rate when the commission was raised to Bs 0.02.

#### **Exchange tax**

No.

#### **Exchange subsidy**

No.

#### **Forward exchange market**

No.

### **Arrangements for Payments and Receipts**

#### **Prescription of currency requirements**

No.

#### **Payment arrangements**

#### **Regional arrangements**

Payments between Bolivia and Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela must be made through accounts maintained with each other by the CBB and the central bank of the country concerned, within the framework of the multilateral clearing system of the LAIA.

#### **Clearing agreements**

Yes.

#### **Administration of control**

The CBB is in charge of operating the auction market for foreign exchange. The MOF, together with the CBB, is in charge of approving public sector purchases of foreign exchange for debt-service payments.

#### **International security restrictions**

No.

#### **Payment arrears**

No.

#### **Controls on trade in gold (coins and/or bullion)**

Gold may be traded freely, subject to a tax that varies according to the gross value of sale of gold bullion: 7% on the gross value of sale of gold bullion for official quotations larger than \$700 a troy ounce; 1% for official quotations between \$400 and \$700; and 4% for official quotations of less than \$400 a troy ounce.



**Controls on exports and imports of banknotes** No.

### **Resident Accounts**

**Foreign exchange accounts permitted**

Held domestically Yes.

Held abroad Yes.

**Accounts in domestic currency convertible into foreign currency** Yes.

### **Nonresident Accounts**

**Foreign exchange accounts permitted** Yes.

**Domestic currency accounts** Yes.

Convertible into foreign currency Yes.

**Blocked accounts** No.

### **Imports and Import Payments**

**Foreign exchange budget** No.

**Financing requirements for imports** No.

**Documentation requirements for release of foreign exchange for imports**

Letters of credit LCs have to be opened at a bank in the Bolivian banking system.

**Import licenses and other nontariff measures**

Negative list Certain imports are controlled for reasons of public health or national security.

**Import taxes and/or tariffs** Bolivia has a general uniform import tariff of 10%. A tariff of 5% is applied to capital goods and a rate of 2% is applied to imports of books and printed matter. Donations of food, including wheat, are exempt from the import tariff.

**State import monopoly** No.

### **Exports and Export Proceeds**

**Repatriation requirements** No.

**Financing requirements** No.

**Documentation requirements**

Preshipment inspection Effective April 1, 1999, the process of export verification has been eliminated and replaced by a revision process by public entities. If necessary, however, exporters may contract specialized agencies for verification.

**Export licenses** No.

**Export taxes** There is a system of tax rebates for indirect taxes and import duty paid on production costs of exported goods and services, including the duty component of depreciation of capital goods used. Exporters of small items whose value in Bolivia's annual exports is less than

\$3 million, receive tax rebates of 2% or 4% of the f.o.b. export value under a simplified procedure, and other exporters receive tax and import duty rebates based on annually determined coefficients that reflect their documented cost structure. Effective April 1, 1999, tax rebates for large exporters are based on the duties paid on total production costs.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

##### Investment-related payments

There are no controls on the payment for amortization of loans or depreciation of direct investments.

##### *Prior approval*

Public sector purchases of foreign exchange for debt service must be approved by the MOF and the CBB. Profit remittances are subject to a 12.5% tax, which is computed as equivalent to the 25% income tax times the presumed net profit of 50% of the amount remitted.

### Proceeds from Invisible Transactions and Current Transfers

#### Repatriation requirements

No.

#### Surrender requirements

Banks, exchange houses, hotels, and travel agencies may retain the proceeds from their foreign exchange purchases from invisible transactions, including those from tourism. They are required, however, to report daily their purchases on account of these transactions.

#### Restrictions on use of funds

No.

### Capital Transactions

#### Controls on capital and money market instruments

No.

#### Controls on derivatives and other instruments

No.

#### Controls on credit operations

##### Commercial credits

##### *To residents from nonresidents*

All foreign credits, including suppliers' credits to government agencies and autonomous entities, and credits to the private sector with official guarantees are subject to prior authorization by the MOF and to control by the CBB. All proceeds of borrowings from foreign public sector agencies must be surrendered to the CBB.

##### Financial credits

##### *To residents from nonresidents*

Yes.

#### Controls on direct investment

No.

#### Controls on liquidation of direct investment

No.

#### Controls on real estate transactions

No.

#### Controls on personal capital movements

No.

#### Provisions specific to commercial banks and other credit institutions

##### Borrowing abroad

Financial institutions may make loans in the form of credits denominated in foreign currency for imports of capital goods and inputs for the external sector with resources from international financial institutions, foreign government agencies, or external lines of credit. All overseas credits of less than a two-year term are subject to reserve requirements.

Differential treatment of deposit  
accounts in foreign exchange

*Reserve requirements*

By May 31, 1998, differential treatment of foreign exchange deposits was eliminated by lifting the reserve requirement for boliviano deposits with a maturity of more than one year. The changes also include a provision to extend reserve requirements to all foreign liabilities of banks.

Open foreign exchange position limits

The limit is 80% of the value of the banks' net worth minus their fixed assets.

*On resident assets and liabilities*

Yes.

*On nonresident assets and liabilities*

Yes.

**Provisions specific to institutional  
investors**

Limits (max.) on portfolio invested  
abroad

The maximum limit that pension fund administrators may invest abroad varies between 10% and 50% of the total value of the Individual Capitalization Fund. The specific limit is decided by the CBB. Pension fund administrators may invest abroad through authorized primary and secondary markets.

**Other controls imposed by securities  
laws**

No.

### Changes During 1998

**Capital transactions**

Provisions specific to commercial  
banks and other credit institutions

*May 31.* Changes were made in the reserve requirement for eliminating it for boliviano deposits of more than one year. Reserve requirements were extended to all foreign liabilities of banks.

### Changes During 1999

**Exchange arrangement**

*January 12.* The commission on the sales of foreign exchange by the CBB to the public was increased to Bs 0.02 per \$1.

**Exports and export proceeds**

*April 1.* Tax rebates for large exporters are based on the duties paid on their total production costs, while the process of export verification was eliminated and replaced by a pension process managed by public entities.

# BOSNIA AND HERZEGOVINA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

## Exchange Arrangement

<b>Currency</b>	The currency of Bosnia and Herzegovina is the convertible marka (KM).
Other legal tender	The deutsche mark circulates widely in the two constituent entities of Bosnia and Herzegovina. In addition, the Croatian kuna circulates widely in the Croat majority area of Bosnia and Herzegovina, and the Yugoslav dinar circulates in the Republika Srpska.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Currency board arrangement	The convertible marka is pegged to the deutsche mark at KM 1 per DM 1. The Central Bank of Bosnia and Herzegovina (CBBH) no longer publishes indicative exchange rates for other currencies. The CBBH guarantees unrestricted convertibility of the KM for DM.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	No.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	There are no foreign exchange controls in place for transactions in KM.
<b>International security restrictions</b>	n.a.
<b>Payment arrears</b>	n.a.
<b>Controls on trade in gold (coins and/or bullion)</b>	n.a.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	Yes.
<i>Foreign currency</i>	There are no limits on the amount of cash that may be taken across international borders.

## Resident Accounts

<b>Foreign exchange accounts permitted</b>	
Held domestically	Individuals and exporters may hold foreign exchange in accounts with commercial banks and do not need to supply evidence of the source of these funds.
Held abroad	These accounts may be opened, but prior approval is required from the MOF in the two entities.

**Accounts in domestic currency convertible into foreign currency**

The conversion of KM deposits in DM is guaranteed and commercial banks may convert balances on these accounts into any other currency.

**Nonresident Accounts****Foreign exchange accounts permitted**

No approval is required if the investment is registered according to the investment law.

**Domestic currency accounts**

Yes.

**Convertible into foreign currency**

These accounts may be opened, but prior approval is required.

**Blocked accounts**

Yes.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

No.

**Import licenses and other nontariff measures****Positive list**

Yes.

**Negative list**

Yes.

**Open general licenses**

Yes.

**Licenses with quotas**

Yes.

**Other nontariff measures**

Yes.

**Import taxes and/or tariffs**

No.

**State import monopoly**

No.

**Exports and Export Proceeds****Repatriation requirements**

Yes.

**Surrender requirements**

Yes.

**Financing requirements**

No.

**Documentation requirements**

Exporters have to be authorized to engage in foreign trade. Customs requires that exporters provide documents accompanying the goods.

**Export licenses**

No.

**Export taxes**

No.

**Payments for Invisible Transactions and Current Transfers****Controls on these transfers**

No.

**Proceeds from Invisible Transactions and Current Transfers****Repatriation requirements**

Yes.

Surrender requirements	No.
<b>Restrictions on use of funds</b>	Following an agreement with Germany, the CBBH will provide documentation to Germany on pensions from Germany that are being paid by the commercial banks under its jurisdiction to the workers concerned.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	No.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
Financial credits	
<i>By residents to nonresidents</i>	Yes.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	Only prudential regulations on banks apply.
<b>Controls on direct investment</b>	In March 1998, a liberal state foreign investment law was adopted.
<b>Controls on liquidation of direct investment</b>	Full repatriation of capital is permitted, after compliance with tax laws.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	MOF approval is required.
Purchase locally by nonresidents	Yes.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	The foreign exchange law prescribes limits.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	Yes.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	Yes.
<i>Transfer into the country by immigrants</i>	Yes.
Transfer of gambling and prize earning	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Yes.
Maintenance of accounts abroad	Yes.

Lending locally in foreign exchange	Yes.
Purchase of locally issued securities denominated in foreign exchange	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Yes.
<i>Liquid asset requirements</i>	Yes.
<i>Credit controls</i>	Yes.
Investment regulations	
<i>Abroad by banks</i>	Yes.
<i>In banks by nonresidents</i>	Yes.
Open foreign exchange position limits	Yes.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	There are controls in the law on stocks, shares, and securities.

### Changes During 1998

#### Capital transactions

Controls on direct investment	<i>March 31.</i> A liberal state foreign investment law was adopted.
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# **BOTSWANA**

*(Position as of February 28, 1999)*

## **Status Under IMF Articles of Agreement**

### **Article VIII**

Date of acceptance: November 17, 1995.

### **Exchange Arrangement**

#### **Currency**

The currency of Botswana is the Botswana pula.

#### **Exchange rate structure**

##### **Dual**

External loans undertaken by parastatals before October 1, 1990 are protected from exchange rate movements under a Foreign Exchange Risk-Sharing Scheme (FERSS). Under the scheme, risks associated with exchange rate fluctuations up to 4% are fully borne by the borrower, while the next 6% and the following 5% of fluctuations are shared between the borrower and the government in ratios of 50:50 and 25:75, respectively. Risks associated with exchange rate fluctuations in excess of 15% are fully borne by the government. The scheme is symmetrical in that the borrower and the government share any gains from an appreciation in the external value of the pula on the same basis. Under the FERSS, borrowers obtain foreign exchange for servicing their external debt at exchange rates that may differ from the market rate by more than 2%. The scheme is to be phased out once the existing loans are fully repaid. No new loans will be issued under the scheme.

#### **Classification**

##### **Conventional pegged arrangement**

The exchange rate of the pula is determined with reference to a weighted basket of currencies comprising the SDR and the South African rand. The central bank deals in four currencies: the dollar, the South African rand, the euro, and the pound sterling. Foreign exchange bureaus are licensed to deal in foreign currencies, on a spot basis only.

#### **Exchange tax**

No.

#### **Exchange subsidy**

No.

#### **Forward exchange market**

Forward exchange cover is offered by the commercial banks, and effective February 25, 1998, the maturity dates of forward exchange contracts/transactions are not restricted by exchange controls, but instead left to commercial judgment of the participants.

#### **Official cover of forward operations**

Yes.

## **Arrangements for Payments and Receipts**

#### **Prescription of currency requirements**

Payments to or from residents of foreign countries must normally be made or received in a foreign currency or through a nonresident-held pula account in Botswana. Effective February 25, 1998, residents were permitted to make payments for goods and services sourced from outside Botswana using pula-denominated checks, provided traders outside Botswana are willing to accept such checks. Banks in Botswana are, in turn, authorized to settle such checks when sent for collection by banks outside Botswana, subject to supporting documentation for checks in amounts exceeding P 10,000.

The requirement for payment from abroad to be made in foreign currencies was abolished with the removal of exchange controls on February 8, 1999. Transacting parties are free to determine the currency of the transaction.

#### **Payment arrangements**

##### **Bilateral payment arrangements**

Botswana is a signatory to various bilateral trade agreements: China, the Czech Republic, Republic of Korea, Malawi, Romania, Russia, the Slovak Republic, the Federal Republic of Yugoslavia (Serbia/Montenegro), Zambia, and Zimbabwe.

##### *Operative*

Yes.



<i>Inoperative</i>	Yes.
Regional arrangements	Botswana is a member of the SACU, which allows for free import movements and, hence, has no restrictions on trade-related payments among the SACU countries.
Administration of control	Until the abolition of exchange controls on February 8, 1999, the Bank of Botswana administered exchange control on behalf of the government of Botswana. For practical/operational purposes, several administrative powers of the Bank of Botswana had been delegated to commercial banks.
International security restrictions	No.
Payment arrears	No.
Controls on trade in gold (coins and/or bullion)	Until the abolition of exchange controls on February 8, 1999, dealing in gold was restricted, and was only dealt with in terms of Sections 3 and 4 of the Exchange Control Regulations, which stated that only authorized dealers were permitted to deal in gold.
Controls on exports and imports of banknotes	
On exports	
Domestic currency	Until February 8, 1999, residents were allowed to export up to P 10,000 a person a day. Since then, travelers are only required to complete a declaration form for amounts equal to or in excess of P 10,000 at the time of travel.
Foreign currency	Until February 9, 1999, residents were allowed to take out up to the equivalent of P 10,000 a trip. Visitors may take out any foreign currency that they brought in with them.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	Commercial banks are authorized to open foreign currency accounts for permanent and temporary residents and nonresidents. These accounts facilitate foreign receipts and payments for approved transactions, without having to convert foreign currency receipts into pula and vice versa, and to protect against fluctuations in exchange rates. Until February 24, 1998, commercial banks were allowed to open foreign currency accounts in any currency at their discretion, up to the equivalent of P 1 million for individuals and P 10 million for companies. On February 25, 1998, commercial banks were authorized to open foreign currency accounts for their customers for any amount in any currency at the discretion of banks.
Held abroad	On February 25, 1998, residents were permitted to open and maintain foreign currency abroad without prior approval from the Bank of Botswana.
Accounts in domestic currency convertible into foreign currency	No.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	Until February 8, 1999, when exchange controls were abolished, advance payments were permitted only for a legitimate commercial need.

<b>Documentation requirements for release of foreign exchange for imports</b>	Until February 8, 1999, payments for imports of value exceeding P 10,000 a transaction required supporting documentation before foreign exchange was released.
<b>Import licenses and other nontariff measures</b>	Import licenses are regulated by customs and excise legislation.
Negative list	Yes.
<b>Import taxes and/or tariffs</b>	As a member of the SACU, Botswana applies a common external tariff only on imports from outside the SACU.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Until February 8, 1999, residents were required to obtain proceeds in a foreign currency or from a nonresident pula account within six months of the date of exportation. Effective February 8, 1999, repatriation requirements were abolished. Effective February 25, 1998, maximum limits for exports free of payments increased for the following goods: bona fide nonmonetary gifts, P 20,000 for a permanent resident a year; rejected goods, P 100,000 a transaction, subject to providing documentary evidence; and commercial samples (i.e., goods for exhibitions or other promotional purposes), P 150,000 a transaction.
Surrender requirements	Retention of export proceeds for up to one year to finance certain transactions was permitted by the Bank of Botswana on a case-by-case basis. Effective February 8, 1999, surrender requirements were abolished.
<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Certain exports are subject to licensing, mainly for revenue reasons. The exportation of a few items, such as precious and semiprecious stones, requires permits.
Without quotas	Yes.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Until February 8, 1999, when exchange controls were abolished, authorized dealers required documentary evidence for payments in excess of P 10,000 a transaction to establish that the payment is for a legitimate purpose and a current account transaction.
Investment-related payments	Authorized dealers may authorize remittances of interim dividends without reference to the Bank of Botswana for companies listed in the Botswana Stock Exchange (BSE) and may approve other remittances of dividends/profits without reference to the Bank of Botswana subject to satisfactory supporting documentation.
<i>Quantitative limits</i>	Authorized dealers were permitted to authorize interest payments at a rate not exceeding 2% a month on import-related payment charges, i.e., interest charged on arrears, but prior Bank of Botswana approval was required if the charge was more than 2% a month. The repayment of loans was not to be more than P 2 million for a company and P 200,000 for individuals. Effective February 8, 1999, these requirements were abolished.
<i>Indicative limits/bona fide test</i>	Until February 8, 1999, there were indicative limits for the payment of interest.
Payments for travel	
<i>Quantitative limits</i>	Permanent and temporary residents were permitted to retain unused foreign exchange travel facilities in foreign currency notes, coins, or traveler's checks up to the equivalent of P 10,000 instead of P 2,000. Any excess amount was to be surrendered to an authorized dealer within six months of the date of return. Effective February 8, 1999, these requirements were abolished.

## Personal payments

*Prior approval*

Until February 8, 1999, residents required prior approval of the Bank of Botswana to take up pension from nonresidents.

## Foreign workers' wages

No.

*Quantitative limits*

Effective February 8, 1999, no restrictions are imposed on remittances of foreign workers' wages.

### Proceeds from Invisible Transactions and Current Transfers

## Repatriation requirements

No.

## Surrender requirements

The amount of unused foreign currency for travel that a resident was allowed to retain for future travel use was the equivalent of P 10,000 in currency or traveler's checks. Any excess amount was to be surrendered within six months of the date of return. Effective February 25, 1998, foreign currencies received in payment for goods and services in Botswana by traders were to be surrendered in 30 days instead of three days. Effective February 8, 1999, foreign currencies received in payment for goods and services in Botswana by traders may be retained and surrendered to authorized dealers or other foreign exchange dealers at the discretion of such traders.

## Restrictions on use of funds

No.

### Capital Transactions

#### Controls on capital and money market instruments

## On capital market securities

*Shares or other securities of a participating nature*

## Purchase locally by nonresidents

Effective February 25, 1998, no restrictions are placed on the participation of nonresidents in debt instruments issued in the domestic market, except that nonresidents are not permitted to purchase central bank bills (Bank of Botswana Certificates—BoBCs), or any money market instrument, the purpose of which is to mop up excess liquidity in the system.

## Sale or issue locally by nonresidents

Nonresidents are permitted to issue long-term, pula-denominated bonds traded on the BSE, subject to the listing requirements of the BSE.

## Purchase abroad by residents

Individuals and business entities could invest abroad up to P 1 million and P 30 million, respectively, in offshore securities. These limits were abolished on February 8, 1999.

## On money market instruments

*Purchase locally by nonresidents*

Nonresidents are not permitted to buy the monetary instruments used by the Bank of Botswana to absorb excess liquidity.

#### Controls on derivatives and other instruments

These transactions are subject to foreign exposure limits of a particular bank.

#### Controls on credit operations

## Commercial credits

*By residents to nonresidents*

Nonresident-controlled companies (including branches of foreign companies) were allowed to borrow locally from all sources up to P 1 million. Banks and other credit institutions in Botswana were permitted to grant loans and other credit facilities to nonresident-controlled entities up to 10:1 debt-to-equity ratio (after the initial tranche of P 1 million), without prior authorization from the Bank of Botswana. These limits were abolished on February 8, 1999.

<i>To residents from nonresidents</i>	Effective February 25, 1998, authorized dealers were permitted to receive loan funds from nonresident sources on behalf of the permanent resident customers up to an equivalent of P 200,000 and P 2 million for individuals and companies, respectively, without any prior reference to the Bank of Botswana. Interest on these loans was restricted to 1% above the relevant LIBOR and ½% above the bank prime lending rate for foreign-denominated and pula loans, respectively. These limits were abolished on February 8, 1999.
<b>Controls on direct investment</b>	
Outward direct investment	Authorized dealers were allowed to make foreign currency available to individuals and companies for amounts of up to P 1 million and P 30 million, respectively, for either acquiring interest in existing business ventures or establishing new business. Companies must have been in operation for two years and registered with the Commissioner of Taxes. These limits and requirements were abolished on February 8, 1999.
<b>Controls on liquidation of direct investment</b>	After February 25, 1998, proceeds up to P 100 million were allowed to be repatriated immediately, but the excess of that amount was allowed to be repatriated in tranches as agreed upon with the Bank of Botswana. With the abolition of exchange controls on February 8, 1999, these limits were removed.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Purchases limited to P 1 million for individuals and P 30 million for business entities were allowed, provided they used their foreign exchange allowances. These limits were removed on February 8, 1999.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Lending to nonresidents (financial or commercial credits)	Loans to nonresident customers are restricted to 25% of unimpaired capital of a commercial bank, and in aggregate, loans to nonresidents should not exceed 800% of a bank's unimpaired capital.
Purchase of locally issued securities denominated in foreign exchange	These transactions are subject to the listing requirements of the BSE.
Open foreign exchange position limits	Prudential limits are set for exposure per currency and for the overall foreign currency risk exposure. For major dealing currencies, the limit is 15% of a bank's unimpaired capital and for others, it is 5%. The limit for the overall foreign exchange exposure is 30% of the unimpaired capital of a bank using the shorthand method.
<b>Provisions specific to institutional investors</b>	Effective February 25, 1998, while the initial tranche (an amount that a nonresident-controlled entity can borrow without having brought capital from external sources) remained at P 1 million, the debt-to-equity ratio was increased from 4:1 to 10:1. Prior approval of the Bank of Botswana is required for any amount in excess of this limit.
Limits (max.) on portfolio invested abroad	Institutional investors, such as pension funds and life assurance companies, may invest not more than 70% of their assets outside Botswana. This restriction is imposed by the Registrars of Insurance and Pension and Provident Funds.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<i>February 25.</i> The maturity dates of forward contracts are no longer restricted by exchange controls, but left to the commercial judgment of the commercial banks subject to banks adhering to the foreign exchange exposure limits.
<b>Arrangements for payments and receipts</b>	<i>February 25.</i> Residents are permitted to make payments for goods and services sourced from outside Botswana using pula-denominated checks, provided traders outside Botswana are willing to accept such checks. Banks in Botswana are in turn authorized to settle such

	checks when sent for collection by banks outside Botswana, subject to supporting documentation for checks of amounts in excess of P 10,000.
<b>Resident accounts</b>	<i>February 25.</i> The limits on foreign currency accounts that may be opened with banks in Botswana have been removed. Residents are free to open foreign currency accounts for any amount at the discretion of banks.
<b>Exports and export proceeds</b>	<i>February 25.</i> The maximum limits for exports free of payments increased for the following goods: bona fide monetary gifts, P 20,000 for a permanent resident a year; rejected goods, P 100,000 a transaction, subject to providing documentary evidence; and commercial samples (that is, goods of exhibitions or other promotional purposes), P 150,000 a transaction.
<b>Proceeds from invisible transactions and current transfers</b>	<i>February 25.</i> Foreign currencies received in payment for goods and services in Botswana by traders may be surrendered in 30 days instead of three days.
<b>Capital transactions</b>	
Controls on capital and money market instruments	<p><i>February 25.</i> Participation in any pula bond issue by nonresidents is not restricted by nonresidents by exchange controls. Nonresidents, however, are not permitted to buy any instrument of money market, the purpose of which is to mop up excess liquidity from the domestic financial system.</p> <p>Nonresidents are now permitted to issue pula-denominated bonds, provided such instruments are listed on the BSE and are long-term instruments with an original maturity in excess of one year, subject to prior approval of the Bank of Botswana and the BSE.</p> <p>The maximum holding by an individual nonresident portfolio investor in any equity securities listed on the BSE was increased to 10% of total issued and paid-up shares of a company. The cumulative aggregate shareholding for all nonresident portfolio investors or their nominees thereof was also increased to 55% of the free stock of a locally incorporated company.</p>
Controls on credit operations	<i>February 25.</i> The amount that residents of Botswana may borrow from external sources was increased to P 200,000 from P 100,000 for individuals, and to P 2 million from P 1 million for companies and other corporate entities.
Controls on direct investment	<i>February 25.</i> Banks were authorized to sell foreign currency to residents who wish to make investments outside Botswana up to a limit of P 30 million (up from P 10 million) for companies and other corporate entities up to a limit of P 1 million (up from P 100,000) for individuals a calendar year. Income from such investments must be reported to the Commissioner of Taxes and sale proceeds on final liquidation, and if not reinvested, must be repatriated to Botswana.
Controls on liquidation of direct investment	<i>February 25.</i> The immediate repatriation of disinvestment proceeds was increased to P 100 million from P 50 million, with any excess being repatriated in tranches at the Bank of Botswana's approval.
Provisions specific to institutional investors	<i>February 25.</i> While the initial tranche (an amount that a nonresident-controlled entity can borrow without having brought capital from external sources) remained at P 1 million, the debt-to-equity ratio was increased from 4:1 to 10:1. Prior approval of the Bank of Botswana is required for any amounts in excess of this limit.

### Changes During 1999

<b>Arrangements for payments and receipts</b>	<i>February 8.</i> All exchange controls were abolished.
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## **BRAZIL**

*(Position as of March 31, 1999)*

### **Status Under IMF Articles of Agreement**

#### **Article XIV**

Yes.

### **Exchange Arrangement**

#### **Currency**

The currency of Brazil is the Brazilian real.

#### **Exchange rate structure**

Unitary.

#### **Classification**

#### **Independently floating**

Before January 18, 1999, there were two official exchange markets. In both exchange markets, the rates were freely negotiated between the authorized dealers and their clients. Banks conducted arbitrage operations between both markets; spot transactions had to be settled within two working days. The Central Bank of Brazil (CBB) established an adjustable band for the external value of the national currency. A band of R\$1.12–R\$1.22 was established on January 22, 1998. On March 31, 1998, the band was changed to R\$1.1370 per US\$1 (floor) and R\$1.1420 per US\$1 (ceiling). On April 30, 1998, the spread of the band was widened to 60 basis points from 50 basis points. The new band was R\$1.1435 per US\$1 and R\$1.1495 per \$1 (ceiling). Rates for other currencies were based on the U.S. dollar rates in Brazil and the rates for specific currencies in the international market.

Effective January 13, 1999, the central bank widened the exchange rate band within which the real fluctuated to between R\$1.20 and R\$1.32. Widening the band allowed for a gradual depreciation of the real. The central bank also announced that it was to adjust the band every three days. The new band allowed for a 10 percent variation between the floor and ceiling.

However on January 18, 1999, the central bank announced that the exchange rate of the real will be determined by market forces. Central bank interventions in the foreign exchange market will be occasional, limited, and designed to counter disorderly market conditions.

Transactions in the exchange markets are carried out by banks, brokers, and tourist agencies authorized to deal in foreign exchange; the tourist agencies and brokers deal only in banknotes and traveler's checks.

#### **Exchange tax**

The maximum tax on credit, foreign exchange operations, and insurance operations and on transactions in financial instruments or securities (IOF) is limited by law to 25%. For foreign exchange transactions, this tax is zero. A 0.5% tax is applied to the following transactions: (1) investments in Brazilian fixed-income funds; (2) inflows related to interbank operations between foreign financial institutions and banks authorized to conduct foreign exchange transactions in Brazil; and (3) holdings of short-term assets in Brazil by nonresidents. A 2.5% tax is applied to remittances related to obligations of credit card administration companies to pay for purchases by its customers.

#### **Exchange subsidy**

No.

#### **Forward exchange market**

Banks are permitted to trade foreign exchange on a forward basis within the statutory limits (bought, sold) of the exchange position; such transactions must be settled within 360 days.

### **Arrangements for Payments and Receipts**

#### **Prescription of currency requirements**

Prescription of currency is related to the country of origin of imports or the country of final destination of exports, unless otherwise prescribed or authorized. Settlements with Hungary are made in the terms specified in the bilateral agreement. Settlements with

countries with which Brazil has no payment agreements and no special payment arrangements are made in U.S. dollars.

### **Payment arrangements**

#### **Bilateral payment arrangements**

##### *Operative*

Settlements with Hungary are made in U.S. dollars every 90 days, and interest rates payable on balances are based on those in the international capital market.

#### **Regional arrangements**

Brazil is a member of LAIA.

#### **Clearing agreements**

Payments between Brazil and Argentina, Bolivia, Chile, Colombia, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela can be made through special central bank accounts within the framework of the multilateral clearing system of the LAIA.

### **Administration of control**

The National Monetary Council is responsible for formulating the overall foreign exchange policy. In accordance with the guidelines established by the Council, exchange control regulations affecting foreign capital and the management of international reserves are under the jurisdiction of the CBB. The Ministry of Budget and Management enforces limits on foreign borrowing by the public sector. Foreign trade policy is formulated by the Ministry of Development, Industry, and Trade, implemented by the Secretariat of Foreign Trade (SECEX) and carried out by the Department of Foreign Trade Operations (DECEX). The Department of International Negotiations (DEINT) or the SECEX is responsible for formulating guidelines for tariff policy. The DEINT also decides on changes in customs duties under the provisions of existing legislation. The MOF coordinates public sector import policy.

### **International security restrictions**

#### **In accordance with UN sanctions**

There are restrictions imposed on Libya and Iraq.

### **Payment arrears**

No.

#### **Controls on trade in gold<sup>d</sup> (coins and/or bullion)**

There are two separate markets for gold transactions: the financial and commercial markets. Over 50% of transactions occur in the financial market, which is regulated by the CBB. The first domestic negotiation of newly mined gold on this market is subject to a 1% financial transactions tax. Rules regarding gold transactions for industrial purposes are defined separately by the federal states, which also establish different rates for the commercial tax levied on them. The CBB and authorized institutions are empowered to buy and sell gold on the domestic and international markets. Purchases of gold are made at current domestic and international prices; the international price is considered a target price.

#### **Controls on domestic ownership and/or trade**

Yes.

#### **Controls on external trade**

The CBB and authorized institutions may buy and sell gold for monetary use on the international market. Imports and exports of gold for nonmonetary use are subject to the same procedures as those that are applied through the SECEX in respect of other products.

#### **Controls on exports and imports of banknotes**

Travelers may take out or bring in domestic or foreign banknotes, checks, or traveler's checks without restriction but must declare to customs any amount over the equivalent of US\$10,000.

## **Resident Accounts**

### **Foreign exchange accounts permitted**

Institutions authorized to operate in the foreign exchange market may open these accounts.

#### **Held domestically**

Yes.

#### **Held abroad**

Yes.

#### **Accounts in domestic currency convertible into foreign currency**

No.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	These accounts may be held by embassies, foreign delegations, and international organizations recognized by the Brazilian government; foreign international transportation companies; foreign citizens in transit in the country; and Brazilian citizens living abroad.
<b>Domestic currency accounts</b>	
Convertible into foreign currency	Natural and juridical persons (financial and nonfinancial institutions) may hold these accounts. Only the resources deposited in nonresident banks or the resources that have entered Brazil through foreign currency sales and have not been withdrawn may be repatriated to foreign countries. These resources continue to be available to nonresidents once they are withdrawn, but only in the national currency.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	n.a.
<b>Financing requirements for imports</b>	External financing of imports for periods in excess of 360 days must be registered in the "Financial Operations Registry," an electronic system. Financing is considered approved by the CBB if the registration is not refused by its Department of Foreign Capital (FIRCE) within five days. The time to finalize anticipatory settlements for critical imports is 30 days. Payment for financed imports for periods of up to 360 days must be contracted for future liquidation, before the registration of the import declaration (ID) of the foreign obligation must be paid until the last day of the second month after the month that the related ID registration took place elapsed, except in the following cases: (1) imports due to drawback transactions; (2) imports of petroleum and some of its by-products; (3) imports up to the equivalent of US\$10,000; (4) imports up to equivalent of US\$80,000 embarked prior to June 30, 1999, and originating from MERCOSUR, Bolivia, or Chile, with payment occurring up to two months after the ID registration; and (5) imports of popular food products specified by the MOF.
<b>Documentation requirements for release of foreign exchange for imports</b>	All importers must be registered in the SECEX Importer and Exporter Register. Goods may be imported by firms and persons and must be registered by the CBB, except for imports by the public sector (federal, state, and municipal); imports by PETROBRAS (the Brazilian government oil enterprise) and contracting or subcontracting firms engaged in oil exploration through risk contracts; imports of medicine by individuals up to US\$5,000; imports of samples without commercial value, except for pharmaceutical products up to US\$1,000; imports of products, except for those prohibited or under special control, by individuals for personal consumption; and imports of goods considered as passengers' baggage for personal use. The import subsystem of the Integrated Foreign Trade System (SISCOMEX/IMPORT) allows importers, carriers, banks, and brokers to register the various stages of an import process directly through the interlinked computers of SECEX, customs, and the CBB. Imports are grouped into the following three broad categories: (1) imports that do not require prior administrative documentation, including samples without commercial value and certain educational materials; (2) imports that require prior import licenses issued by the SISCOMEX/IMPORT; and (3) prohibited imports. Importers are permitted to purchase foreign exchange in the exchange market within 360 days of the settlement date. There is also a limit on the direct importation and purchase on the domestic market of consumer goods by the public sector (the government, autonomous agencies, and public enterprises).
<b>Domiciliation requirements</b>	Required for imports originating or proceeding from countries under restrictions determined by the UN Security Council and imports of bovines in any form originating or proceeding from the United Kingdom.
<b>Letters of credit</b>	The drafts or LCs must be settled on maturity against the presentation of the appropriate documents by the importer. Exchange contracts for imports financed under LCs must be closed on the date of settlement or two working days before the maturity date of the LCs.
<b>Other</b>	Federal ministries and subordinate agencies and public enterprises are required to submit, for approval by the Ministry of Budget and Management, an annual investment program specifying their expected import requirements.



**Import licenses and other nontariff measures**

Some imports require prior approval from the DECEX (i.e., an import license), which is usually given promptly to registered importers of nonprohibited items. As a rule, licenses are valid for 60 days, except for imports of custom-made capital goods. The Secretariat of Federal Revenue issues clearance certificates for certain groups of commodities to special bonded warehouse importers. Import licenses for a number of specified imports may be obtained after the commodities have been landed and customs clearance obtained. The importation of certain products requires approval of the Ministry of Science and Technology. For some products, eligibility for exemption from import duties may be precluded by the existence of a satisfactory domestic equivalent. Most imports are exempt from prior approval requirements.

**Negative list**

Imports of agrochemical products not authorized under Brazilian regulations, weapons, and certain drugs that are not licensed for reasons of security, health, morality, or industrial policy are prohibited.

**Open general licenses**

OGLs are no longer issued by the SECEX. Issuance is restricted to their annexes, up to the existing remainder of issued OGLs.

**Licenses with quotas**

In addition to imports under Brazilian concessions covered by the LAIA agreement, goods imported into the Manaus and Tabatinga free zones are subject to an annual quota. Foreign goods up to the equivalent of US\$2,000 imported into the Manaus free trade zone may be transferred to other parts of Brazil (as a passenger's baggage) free of import taxes. In accordance with WTO rules, quotas are imposed on imports of textiles from China, Hong Kong SAR, Korea, Panama, and Taiwan Province of China due to their effect on the domestic industry. The tariff rate on imports of toys is 25% plus a possible safeguard extension of 15%. For vehicles carrying more than nine persons, the tariff is 65%. For automobiles, transport vehicles, motorcycles, and bicycles, tariffs are 35%, while assemblers established in Brazil may be favored with a special tariff of 17.5%.

**Other nontariff measures**

Sanitation and measurement requirements must be observed.

**Import taxes and/or tariffs**

The MERCOSUR customs union agreement stipulates a CET ranging from zero to 20% on about 85% of traded goods, and the remaining 15% of goods (including a list of national exceptions, capital goods, and computer goods) are subject to a schedule of adjustments designed to bring them into line with the CET within five or six years. The adjustment regime allowed Brazil and Argentina to maintain tariffs on some intra-area trade until January 1, 1999, and Paraguay and Uruguay to maintain some intra-area tariffs until January 1, 2000. The number of goods on Brazil's list of national exceptions to MERCOSUR is 450.

**Taxes collected through the exchange system**

Foreign exchange transactions related to imports of goods have IOF exemption, and foreign exchange transactions related to imports of services have a tariff of zero.

**State import monopoly**

Imports of petroleum and derivatives are conducted by the state.

**Exports and Export Proceeds****Repatriation requirements**

Yes.

**Financing requirements**

Advances on foreign exchange contracts are allowed for operations with terms up to 360 days, and the maximum time for anticipatory settlements is 180 days related to the shipment day.

**Documentation requirements**

Documentation includes invoices, international shipment notification, and export registration. There is a simplified arrangement for foreign exchange transactions related to exports up to the equivalent of US\$10,000.

**Preshipment inspection**

Inspection is required for commodities subject to standardization.

**Export licenses**

Exports of wild animals and their hides, hair, plumes, or eggs in any form, jacaranda-da-Bahia wood, ipecacuanha plants, red and drab varieties of honey, and antiques of more than 100 years are prohibited. Exports of certain goods require prior approval of the SECEX, including those effected through bilateral accounts, exports without exchange cover, exports on consignment, reexports, commodities for which minimum export prices are fixed by the SECEX, and exports requiring prior authorization from government agencies.

SISCOMEX integrates the activities related to the registration, monitoring, and control of foreign trade operations into a single computerized flow of information. The SISCOMEX comprises two subsystems (exports and imports). The exports subsystem allows exporters, carriers, banks, and brokers to register the various stages of an export process directly through the interlinked computers of the SECEX, customs, and the CBB.

**With quotas**

Exports of sawed or cleft pine woods, mahogany, Brazilian walnut, and virola are subject to quotas. For exports of ethyl alcohol and sugar in any form, including sugarcane syrup inappropriate for human consumption, the eligibility for exemption from the export tax of 40% is subject to quotas on the basis of an annual quantity exceeding domestic necessity authorized by the Industry, Trade, and Tourism Minister and the MOF. Imports under Brazilian concessions subject to quotas due to agreements in the LAIA member countries and goods imported into the Manaus and Tabatinga free zones are subject to an annual quota. Foreign goods up to the equivalent of US\$2,000 imported into the Manaus free trade zone may be transferred to other parts of Brazil (as a passenger's baggage) free of import taxes.

**Export taxes**

Exports are free from these taxes or are subject to a zero rate duty, with the exception of exports of (1) raw hides, which are subject to an export duty of 9%; and (2) cigarettes to Latin America, which are subject to an export duty of 150%.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

Payments for current invisibles not covered by current regulations require approval from the CBB's Exchange Department (DECAM) or the FIRCE. Indicative limits/bona fide tests apply to all payments for invisible transactions and current transfers.

**Trade-related payments**

For unloading and storage costs there are established rules and surveillance procedures related to the operations freely conducted in the commercial market. The payment of insurance requires prior approval from the Brazilian governmental reinsurance enterprise.

*Prior approval*

Yes.

**Investment-related payments**

In addition to certain restrictions on remittances stipulated in the Foreign Investment Law, limits on income tax deductions are placed on remittances of royalties and technical assistance fees. It has been possible, however, to make payments of interest on own capital. This kind of payment may be deducted from income tax liability to determine the taxable income of companies, subject to income withholding tax at the rate of 15%. Profit remittances related to direct investments are exempt from withholding for income tax purposes. Payments due to depreciation of direct investments are not established by the laws and regulations. As a result, remittances abroad from direct investments are treated as dividends, interest on own capital, capital gains, and return (repatriation) of capital.

*Prior approval*

Payments for medium- and long-term external debt are subject to prior approval by, and registration with, the CBB's FIRCE, and the issue of a certificate of registration, which is the authorization to remit abroad the related interest, expenses, and fees, provided that due taxes are paid. Profit and dividend remittances are allowed only when the foreign capital concerned, including reinvestments, contracts for patents and trademarks, and for technical, scientific, and administrative assistance, are registered with the CBB's FIRCE. Those contracts must be registered with the Financial Registration, an electronic system that was available only for import financing.

*Quantitative limits*

Amounts due as royalties for patents or for the use of trademarks, as well as for technical, scientific, and administrative assistance and the like, may be deducted from income tax liability to determine the taxable income, up to the limit of 5% of gross receipts in the first five years of the company's operation; amounts exceeding this limit are considered profits.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**

Yes.

**Surrender requirements**

Exchange proceeds from current invisibles must be sold to the authorized banks at the prevailing market rate.

**Restrictions on use of funds**

n.a.

**Capital Transactions****Controls on capital and money market instruments**

Residents are allowed to purchase bonds or other debt securities, money market securities, and collective investment securities through dedicated offshore investment funds (FIEEX).

Foreign investment funds are organized in the form of open-end mutual funds. Participation is limited exclusively to natural and juridical persons and to funds and other collective investment entities resident, domiciled, or headquartered in Brazil. Foreign investment funds may be managed by a multipurpose bank, commercial bank, investment bank, brokerage firm, or securities distributor under the supervision and direct responsibility of the manager of the institution.

Until February 10, 1999, a minimum of 60% of the fund's investments had to be in securities representative of the federal government's external debt and a maximum of 40% in other securities traded in the international market. Then the minimum share of Brady bonds in FIEEX funds was increased to 80%. These securities must be kept abroad in a custodial account in the fund's name. The fund is authorized to conduct operations in organized derivative markets abroad solely for the purpose of hedging the securities making up the respective portfolio.

Inward and outward transfers of resources through foreign investment funds are subject to registration with the CBB for purposes of monitoring and controlling Brazilian investment, as well as the respective income, investment repatriation, and capital gains. Transfers are processed in foreign currency through the free exchange rate market.

Earnings from the redemption of shares of foreign investment funds are subject to an IOF of 0.38%. There is also a 20% income tax to be withheld by the managing institution of the foreign investment funds on the date of the redemption payment or credit and paid within three working days of the two-week period following the occurrence of the taxable event.

**On capital market securities***Shares or other securities of a participating nature***Purchase locally by nonresidents**

The direct purchase of shares of Brazilian companies by nonresidents basically occurs through direct investments and portfolio investments made by institutional investors through the managers of the respective portfolios. Depositary receipts (DRs) constitute another method of acquiring shares through stock exchanges. They provide a mechanism for the placement of shares of Brazilian enterprises in the international markets. DRs are certificates representing a certain number of shares of a given enterprise that confer upon their holders all of the rights inherent in said shares, including dividends, bonuses, splits, and market-quoted value. A Brazilian sponsoring enterprise places its shares in the custody of an institution headquartered in Brazil and authorized by the Securities Commission (CVM) to provide custody services for the specific purpose of DR issues (custodian institution). At the same time, an institution abroad (the depositary bank) issues the corresponding DRs based on the securities held in custody in Brazil. Investments effected through the DR mechanism are exempt from income tax on capital gains. The rate applicable to earnings obtained in Brazil is 10%, as these are investments in variable-income assets. In addition, there are specific regulations for investments in the MERCOSUR environment.

As for other securities, such as debentures and other fixed-income securities, the regulations do not provide for direct purchases by nonresidents, although they may be effected indirectly through fixed-income funds. Resources of societies, portfolios, and investment funds established in accordance with Resolution No. 2,384 are allowed to be applied in debentures convertible to equities. Securities portfolios held in the country by foreign institutional investors (i.e., pension funds, nonprofit institutions, and insurance companies) must be managed by an institution operating in the country and authorized by the CVM. The foreign investor has the option of applying for two types of registration for the portfolio: an "individual account" or an "omnibus account." The individual account registration

allows the investor to operate in its own name only, while the omnibus account registration allows the account holder to operate only on behalf of third parties, known in the market as “passengers.”

The management institution is responsible for the registration of foreign investment with the CBB, foreign exchange settlements, the collection of taxes, portfolio bookkeeping, and the safekeeping of documents related to the portfolio.

There is no limit or hold period for financial transfers resulting from inflows, flowbacks, and profits or dividends from capital duly registered with the CBB, provided that the accounting rules and tax laws are complied with. The transfers must be processed through banks authorized to conduct foreign exchange operations, with guaranteed access to the free foreign exchange market to purchase foreign currency.

Natural and juridical persons resident or domiciled in MERCOSUR countries may invest freely in Brazilian stock exchanges without the necessity of trading through investment funds or portfolios. The Brazilian market may be accessed directly by contacting a member institution of the Brazilian securities distribution system, or indirectly through the intermediation of an institution in the securities distribution system of the investor’s country.

The Brazilian intermediary institution, through which the foreign investor trades, represents the investor vis-à-vis the Brazilian authorities with respect to the operational, exchange, and tax aspects, and provides information on the operations executed. These investments may be made in U.S. dollars, in the currency of the country of origin of the investment, or in reais. Operations involving the repatriation of capital are exempt from income tax withholding.

Earnings from variable-income investments are subject to a 10% income tax withholding (but exempt from income tax on capital gains), and those from fixed-income investments are subject to a 15% income tax withholding except those from fixed-income funds as of September 1, 1999, when the tax was reduced to zero. Remittances of capital gains are subject to income tax at a rate of 15%.

Sale or issue locally by nonresidents

The sale of shares of foreign enterprises in Brazil is regulated essentially for the MERCOSUR environment through share custody certificates or directly. The only way to sell other foreign securities in Brazil is through DRs, which allow the placement of certificates representing these shares in the Brazilian market. Inward and outward remittances associated with investments must be processed through banks authorized to conduct foreign exchange operations in the floating exchange rate market for transactions from MERCOSUR countries and in the free exchange rate market for DR transactions. There are no limits or hold periods for the investments, although authorization is required for DR issues.

Purchase abroad by residents

Brazilian natural and juridical persons may make investments through the purchase of custody certificates on Brazilian stock exchanges representing shares issued by companies headquartered in MERCOSUR countries. These securities may be purchased through foreign investment funds or through direct equity investments in enterprises abroad. Regulations permit employees of firms belonging to foreign economic groups to purchase shares of the main company up to US\$20,000. Outside MERCOSUR, residents are allowed to purchase depository receipts, issued abroad, based on securities issued in Brazil by resident issuers.

Sale or issue abroad by residents

In addition to the rules already mentioned governing the purchase of shares on stock exchanges by residents and the specific regulations for MERCOSUR, collective investments may be made through Brazilian investment companies and funds.

Issues of securities abroad by residents are accorded the same treatment as direct external borrowing operations. Thus, exchange contracts involving the entry of foreign currencies must be authorized in advance by the CBB. Fund transfers associated with issues of securities abroad are subject to the conditions of the respective certificates of registration issued by the CBB, the conditions of which are set forth in the contract between the debtor and the creditor.

#### *Bonds or other debt securities*

Purchase locally by nonresidents

Nonresidents are allowed to purchase bonds or other debt securities through dedicated investment funds.

Sale or issue locally by nonresidents	n.r.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Bonds and some other debt securities may be issued by residents, but are subject to prior approval by, and registration with, the CBB's FIRCE and the issue of a certificate of registration, which is the authorization to remit abroad the related interest, expenses, fees, and amortization of principal, provided that due taxes are paid. There is a minimum average maturity of 90 days.
<b>On money market instruments</b>	
<i>Purchase locally by nonresidents</i>	Nonresidents are allowed to purchase money market instruments issued by the central bank through dedicated investment funds.
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
<b>On collective investment securities</b>	
<i>Purchase locally by nonresidents</i>	Residents are allowed to issue commercial paper subject to approval by, and registration with, the CBB's FIRCE and the issue of a certificate of registration, which is the authorization to remit abroad the related principal and other payments, provided that due taxes are paid.  Portfolio investments by foreign investors in fixed-income instruments are restricted to two classes of fixed-income funds: the fixed-income funds that are subject to a transaction tax of 0.5%, from March 17, 1999, through June 30, 1999, and 2% thereafter, and the privatization funds, which are tax free.  Collective investment in local shares by nonresidents is regulated in investment companies, investment funds, and diversified stock portfolios. For collective investments in other securities, the instruments provided for in the regulations are the foreign capital fixed-income funds, privatization funds, real estate investment funds, and emerging enterprises investment funds. The IOF is assessed on the latter two types of investments at rates ranging from zero to 10%. Their establishment, as well as changes in their bylaws, must be authorized in advance by the CVM, except for the foreign capital fixed-income funds. The constitution of those funds must be announced in writing to the CBB within a maximum of five days. The CBB may determine changes in the regulations of the fixed-income funds. Funds entering the country are subject to registration with the CBB for purposes of controlling foreign capital and future remittances abroad of cash dividends or bonuses and capital gains realized in the sale of the company's shares.  Inward and outward remittances associated with investments must be processed through banks authorized to conduct foreign exchange operations, with guaranteed access to the free exchange rate market to purchase foreign currency.
<i>Sale or issue locally by nonresidents</i>	n.r.
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	
Purchase locally by nonresidents	Foreign capital fixed-income funds may conduct operations in organized derivative markets in the country, including futures operations carried out in markets managed by stock exchanges or commodities, and futures exchanges. The resources of investors from MERCOSUR countries may be invested in the domestic options and futures market. The use of funds entering the country for the purchase of fixed-income securities and in operations carried out in derivatives markets is prohibited. There are no restrictions on investments in derivatives operations in Brazil by recipients of direct investments.
Sale or issue locally by nonresidents	Nonresident financial institutions are allowed to issue swaps in the domestic market, subject to constituting the regulatory capital charge against the counterparty credit risk of such operations if they are not guaranteed by a clearing house.
Purchase abroad by residents	Private sector entities may engage in hedging operations with financial institutions or stock exchanges abroad to protect themselves against the risk of variations in interest rates,

exchange rates, and commodity prices. The costs of such operations must conform to the parameters in force in the international market. The CBB may, at its sole discretion, require foreign exchange compensation sufficient to eliminate the effects of operations not in line with the established objective, or executed outside those parameters, without prejudice to other sanctions that may apply. Payments and receipts in foreign currency scheduled or expected to occur in the future in connection with commercial or financial rights or obligations may also be protected by hedging. Hedging operations, however, are limited at any time (1) in interest rate and currency swaps, to the amount of the underlying commercial or financial rights and obligations remaining in foreign currency; and (2) in commodities swaps, where open positions are limited to the physical volume of the commodity to be exported, imported, or traded in the domestic market.

Sale or issue abroad by residents

The same regulations apply as for purchases abroad by residents.

### Controls on credit operations

#### Commercial credits

*By residents to nonresidents*

Only two forms of credits are permitted: (1) the Exporting Financing Program (PROEX), which is financed with national budget funds—PROEX resources may not be used to establish any facility for foreign public or private entities, insofar as financing is granted on a case-by-case basis, because credit may not be made available to nonresidents for use in several installments spread over a period of time; and (2) the Machinery and Equipment Export Financing Program (FINAMEX), which is operated through agent banks by the Special Agency for Industrial Financing (FINAME). It provides funds so that financial institutions (FINAME agents) can grant loans to national exporters at rates and on terms similar to those available to their foreign competitors.

*To residents from nonresidents*

Commercial credits with terms in excess of 360 days must be authorized by, and registered with, the FIRCE of the CBB.

Prepayment of exports must be authorized by the CBB prior to the entry of the foreign exchange into Brazil. Operations governed by these regulations have a 361-day minimum term and are exempt from income tax and from the taxes on credit, exchange, insurance operations, and securities operations. The CBB authorizes and registers external financing for imports of capital goods, intermediate goods, raw materials, and other goods and merchandise, regardless of the type of importer or the destination of the merchandise, if the operations have a term of at least one year.

In private sector import operations without the direct or indirect surety or guarantee of a public sector entity, the financing terms—interest rate, spread, down payment—are freely contracted by the parties. In the case of a public sector entity and in cases involving the direct or indirect surety or guarantee of a public sector entity, interest rates may not exceed the LIBOR rate for the reference period plus specified maximum spreads.

#### Financial credits

*By residents to nonresidents*

Requests for authorization may be approved by the CBB, as there is no legal impediment to doing so.

*To residents from nonresidents*

The proceeds of financial credits granted to residents must be kept within the country, and the resources must be used for investment in economic activities. Exchange contracts involving the entry of foreign exchange in connection with borrowing are subject to prior approval by the CBB. The minimum average maturity for external loans is 90 days.

Payments for medium- and long-term external debt in foreign currency are subject to prior approval by, and registration with, the CBB's FIRCE, and the issue of a certificate of registration, which is authorization to remit abroad the related principal amortization (repayments).

Remittances of loan, credit, or financing interest in excess of the interest rate indicated in the respective contract and registration are considered as principal payments. A 15% income tax rate is levied on remittances of interest and other income associated with foreign loan operations, except when bilateral agreements to avoid dual taxation specify another rate or when the borrower or lender is tax exempt.

The federal government, states, municipalities, the federal district, and their foundations and agencies, as well as multilateral organizations and foreign government agencies located abroad are exempted.

Guarantees, sureties, and financial backup facilities

*By residents to nonresidents*

Guarantees by nonfinancial juridical persons in credit operations for their foreign subsidiaries are subject to prior authorization by the CBB.

Exchange operations involving financial transfers abroad in execution of bank sureties and guarantees in question are carried out exclusively through the floating exchange rate market when such guarantees relate or are linked to (1) imports and other foreign currency operations not covered by certificates issued by the CBB or by a facility; and (2) repatriation of amounts entering the country as advance payment for exports in the event of nonshipment of the goods.

Exchange operations involving financial transfers associated with the execution of payment guarantees for imports, loans, or external financing covered by certificates of authorization or registration issued by the CBB are processed through the free exchange rate market.

*To residents from nonresidents*

There are no restrictions on guarantees provided by nonresidents to residents in connection with foreign capital registered with the CBB, subject to the presentation of a formal statement by the foreign entity furnishing the guarantee. Data concerning the guarantee and the costs incurred in obtaining it are included in the Certificate of Authorization or Registration of the guaranteed operation. If costs are incurred in obtaining the guarantee, the credit operation must be authorized in advance by the CBB.

There are no specific regulations governing other operations. In the event of execution of a guarantee, the beneficiary must arrange for the entry of the corresponding foreign exchange directly through the banking system.

## Controls on direct investment

Outward direct investment

Banks authorized to conduct foreign exchange operations may transfer up to US\$5 million for each financial group, including all remittances in the last 12 months, and they are basically required to keep on file and make available to the CBB the documents mentioned in said regulations. Transfers exceeding the established limit must first be submitted to the CBB no less than 30 days in advance of the exchange contract, and, regardless of the amount, exchange operations in which the purchaser of the foreign exchange is an entity belonging to the direct or indirect public administration are subject to prior authorization by the CBB. In this case, remittances must be processed through the free exchange rate market.

Brazilian enterprises may invest in financial institutions abroad through the floating exchange rate market. However, such investments by nonfinancial enterprises require prior approval of the CBB and must meet some specified conditions. Investments abroad by institutions authorized to operate by the CBB must obtain the prior opinion of the CBB's Department of Financial System Organization and satisfy several conditions, especially with respect to paid-up capital, net assets, time in operation, fixed-asset ratio, and borrowing ceilings.

Inward direct investment

Applications for the registration of foreign direct investment and technology are not subject to prior authorization. Investments in commercial banks are limited to 30% of the voting capital, if there are restrictions on the operations of Brazilian banks in the markets where their main offices are located. The establishment in Brazil of new branches of financial institutions domiciled abroad is prohibited. Also, any increase in the percentage of equity participation in financial institutions headquartered in Brazil by natural or juridical persons resident or domiciled abroad is prohibited, except for authorizations resulting from international agreements, from reciprocity arrangements, or in the interest of the Brazilian government as expressed by presidential decree.

In the case of highway freight transportation, there are limitations on equity participation of up to one-fifth of the voting capital stock, except for companies established before July 11, 1980, to which different rules apply. In future capital increases by subscription, however,

such entities are required to pay up to four-fifths of said increases in ordinary registered shares through national underwriters.

Foreign participation in journalistic and radio and television broadcasting enterprises is prohibited. Direct or indirect equity participation by foreign enterprises or capital in the health care sector in Brazil is also prohibited, except in special cases.

The registration of foreign investment through the verification of patent or trademark rights as a means of paying in capital is subject to prior recording of the deed of transfer or assignment of the rights to use the patent or trademark with the National Institute of Industrial Property, and is limited to the value stated in the latter. The investment is registered in the currency of the country where the beneficiary is domiciled or headquartered, and must be requested from the CBB by the party receiving the investment.

Foreign investments via the contribution of goods without exchange cover are subject to electronic registration with the CBB and authorization by the SECEX. The goods, machinery, or equipment must be used in the production of goods or the provision of services, must have a useful life of more than five years, and must be part of the enterprise's assets for at least five years.

Investments through currency transfers are not subject to prior authorization. This type of investment may take place through the free exchange rate market to pay up the subscribed capital of enterprises already operating in Brazil, to organize a new enterprise, or to acquire an interest in an existing Brazilian enterprise.

Branches of foreign companies may be opened, subject to the prior issuance of an authorizing decree by the president of the republic. A branch is considered an office of a foreign enterprise. Enterprises established in Brazil with any degree of foreign equity participation are not covered by this restriction.

The entry of resources associated with the investment must be processed through a banking institution authorized to conduct foreign exchange operations.

#### **Controls on liquidation of direct investment**

Remittances of proceeds must be processed through banks authorized to conduct foreign exchange operations.

#### **Controls on real estate transactions**

No.

#### **Controls on personal capital movements**

##### **Loans**

n.r.

##### **Gifts, endowments, inheritances, and legacies**

###### *By residents to nonresidents*

Gifts and endowments require the approval of the CBB.

###### *To residents from nonresidents*

There are no controls, but documentary support is required.

##### **Settlement of debts abroad by immigrants**

Yes.

##### **Transfer of assets**

###### *Transfer abroad by emigrants*

The beneficiary must prove he or she is leaving Brazil definitely and certificates of Secretariat of Federal Revenue are required.

###### *Transfer into the country by immigrants*

There are no controls, but documentary support is required.

##### **Transfer of gambling and prize earnings**

Remittances for gambling are not permitted.

#### **Provisions specific to commercial banks and other credit institutions**

##### **Borrowing abroad**

Foreign borrowing for terms exceeding 360 days is subject to authorization and registration with the CBB. The CBB requires that banks authorized to conduct foreign exchange operations obtain facilities abroad for terms of up to 360 days to extend commercial credit in Brazil.



	<p>The National Bank for Economic and Social Development, private investment or development banks, commercial banks authorized to conduct foreign exchange operations, and multipurpose banks with a commercial portfolio (if authorized to conduct foreign exchange operations and holding an investment or development portfolio) are permitted to contract loans abroad to be onlent to enterprises in Brazil by issuing commercial paper. They may also borrow abroad by issuing floating-rate notes, fixed-rate notes, floating-rate certificates of deposit, fixed-rate certificates of deposit, government bonds, and private bonds.</p> <p>Financial institutions in the National Rural Credit System may borrow abroad to finance costs, investment, or the marketing of agricultural and livestock production.</p> <p>Banks may raise funds abroad to be onlent to natural or juridical persons to finance the construction or purchase of new real estate. Banks authorized to conduct foreign exchange operations may use facilities contracted for terms exceeding 360 days with banks abroad to finance imports by resident enterprises. The public sector may engage in external credit operations for the settlement of internal debt. The rate of the IOF applied to lending operations in foreign currency is zero.</p>
Lending to nonresidents (financial or commercial credits)	There are no legal provisions authorizing banks or credit institutions headquartered in Brazil to grant financial loans to nonresidents or to purchase securities issued abroad for terms exceeding 360 days. This restriction does not apply to the foreign branches of Brazilian banks with regard to commercial credit.
Lending locally in foreign exchange	All contracts, securities, or other documents, as well as any obligations executable in Brazil that require payment in foreign currency, are null and void. Consequently, banks are prohibited from granting foreign currency loans within Brazil. However, this restriction does not apply to the onlending of external foreign currency loans.
Purchase of locally issued securities denominated in foreign exchange	Domestic operations in foreign currencies are prohibited.
Open foreign exchange position limits	<p>Until February 1, 1999, the limits differed according to the exchange market in which the transactions took place. After February 1, 1999:</p> <p>(1) Banks authorized to conduct foreign exchange operations may hold long positions of up to US\$6 million, including all currencies and all of each bank's branches. Amounts exceeding this ceiling have to be deposited with the CBB in U.S. dollars. The ceiling on banks' short exchange position is contingent upon each bank's adjusted net worth.</p> <p>(2) For licensed dealers (brokerage firms; securities distributors; and credit, financing, and investment enterprises), the ceiling on the long exchange position is US\$500,000, and no short exchange position is allowed.</p> <p>(3) Licensed tourism agencies may not maintain exchange positions, but they are required to observe the daily operational ceiling (cash) of US\$200,000; any surpluses have to be sold to licensed banks or dealers.</p> <p>(4) Providers of tourist accommodations may have cash holdings in foreign currencies of up to US\$100,000 to meet their operational needs; any surplus has to be sold to licensed banks or dealers.</p>
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on portfolio invested abroad	Institutional investors may invest up to 10% of their technical reserves in investment fund shares abroad. Private social security agencies may also invest up to 50% of their reserves, together with other investments up to the same ceiling, in shares of open companies, publicly issued convertible debentures, bonds for subscriptions to shares issued by open companies, and certificates of deposit for shares issued by companies headquartered in MERCOSUR countries.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

**Exchange arrangement**

*January 20.* The adjustable band for the external value of the real was revised to R\$1.12–R\$1.22.

*March 31.* The band was changed to R\$1.1370–R\$1.1420 per US\$1.

*April 30.* The spread of the band widened to 60 basis points from 50, the new band being R\$1.1435–R\$1.1495.

**Arrangements for payments and receipts**

*July 30.* Travelers may take out or bring in domestic and foreign banknotes, cheques, or traveler's checks without restriction, but must declare amounts in excess of the equivalent of US\$10,000.

**Exports and export proceeds**

*September 8.* A simplified arrangement for foreign exchange transactions related to exports up to the equivalent of US\$10,000 was introduced.

**Capital transactions**
**Controls on credit operations**

*February 26.* The minimum average maturities for external loans were increased to two years for new loans and to one year for renewed loans.

### Changes During 1999

**Exchange arrangement**

*January 13.* The exchange rate band was widened to R\$1.20–R\$1.32.

*January 18.* The exchange rate became determined by market forces. The exchange rate arrangement was reclassified to "independently floating."

*March 12.* The tax applied to foreign capital fixed-income funds was reduced to 0.5% from 2% for the period March 7 through June 30, 1999.

**Imports and import payments**

*March 17.* The timeframe for contracting foreign exchange transactions related to imports became more flexible.

**Capital transactions**

*February 10.* The minimum share of Brazilian Brady bonds in FIEX funds has been increased to 80% from 60%.

**Controls on credit operations**

*January 27.* The minimum average maturity for external loans was reduced to 90 days.

**Provisions specific to commercial banks and other credit institutions**

*February 1.* The ceiling on banks' short-exchange position became equal to each bank's net worth.

# BRUNEI DARUSSALAM

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: October 10, 1995.

### Exchange Arrangement

#### Currency

The currency of Brunei Darussalam is the Brunei dollar.

#### Other legal tender

The Singapore dollar is also legal tender.

#### Exchange rate structure

Unitary.

#### Classification

#### Currency board arrangement

The Brunei dollar is issued by the Brunei Currency Board (BCB) only against payments in Singapore dollars and at par. Under the terms of a 1967 Currency Interchangeability Agreement (CIA) between the BCB and the Board of Commissioners of Currency of Singapore (BCCS), the Singapore dollar is customary tender in Brunei Darussalam and the Brunei dollar in Singapore. The BCB and BCCS have accepted each other's currency and have agreed to mutual exchange at par and without charge. They have instructed their banks to do the same with their customers. Any excess currency is repatriated regularly, with the issuing institution bearing the costs, and settlements are made in the other country's currency. The BCB deals only in Singapore dollars and does not quote rates for other currencies. Banks, however, are free to deal in all currencies, with no restrictions on amount, maturity, or type of transaction.

The Brunei Association of Banks fixes daily buying and selling rates for electronic transfers and sight drafts in 17 other currencies on the basis of the interbank quotations for these currencies in relation to the Singapore dollar. Banks in Brunei Darussalam must apply these rates for transactions with the general public for amounts up to B\$100,000. Exchange rates for amounts exceeding B\$100,000 are set competitively by each bank on the basis of the current interbank quotations for the Singapore dollar on the Singapore market.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

There is no forward market for foreign exchange in Brunei Darussalam. However, as a result of the CIA, foreign exchange risk can be hedged in terms of Singapore dollars by resorting to facilities available in that country, including foreign currency futures and options traded on the Singapore International Monetary Exchange (SIMEX), over-the-counter forward transactions arranged by banks in Singapore, and the short-term foreign exchange swap market operated among the banks in the Singapore money market.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Regional arrangements

Brunei Darussalam is a member of the ASEAN.

##### Administration of control

There are no formal exchange controls, but the MOF retains responsibility for exchange control matters.

#### International security restrictions

No.

#### Payment arrears

No.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade Only banks licensed to operate in Brunei Darussalam, and gold dealers and jewelers specifically authorized by the MOF may buy and sell gold bars. Gold bars are not subject to import duty, but a 10% duty is levied on the importation of gold jewelry.

Controls on external trade Yes.

Controls on exports and imports of banknotes No.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically Yes.

Held abroad Yes.

Accounts in domestic currency convertible into foreign currency Yes.

**Nonresident Accounts**

Foreign exchange accounts permitted There is no distinction between accounts of residents and nonresidents of Brunei Darussalam.

Domestic currency accounts Yes.

Convertible into foreign currency Yes.

Blocked accounts No.

**Imports and Import Payments**

Foreign exchange budget No.

Financing requirements for imports No.

Documentation requirements for release of foreign exchange for imports No.

**Import licenses and other nontariff measures**

Negative list A few imports are banned or restricted for environmental, health, safety, security, or religious reasons.

Import taxes and/or tariffs Except for cigarettes and alcoholic beverages, most imports are subject to tariff rates of up to 200%. Some 70% of items (including basic foodstuffs, construction materials, and educational materials) are zero rated. Most other goods are subject to tariff rates of 5%, 15%, or 20%. Fireworks are subject to a 30% duty, while automobiles are subject to duties ranging between 40% and 200%, depending on engine size. In accordance with the CEPT scheme for the AFTA, Brunei Darussalam will eliminate its tariffs on imports from other ASEAN members by 2003, with the exception of about 120 tariff lines that are permanently excluded from the plan.

State import monopoly No.

**Exports and Export Proceeds**

Repatriation requirements No.

<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Export licenses are required for alcoholic beverages, cigarettes, diesel, gasoline, kerosene, rice, salt, and sugar. There are no export taxes.
Without quotas	Yes.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	There are indicative limits/bona fide tests for all payments for invisible transactions and current transfers.
Investment-related payments	Interest payments are subject to a 20% withholding tax. Information is not available on the payment of amortization of loans and depreciation of direct investments.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	No.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	
Inward direct investment	There are no sectoral controls, but activities relating to national food security and those based on local resources require some degree of local participation. Industries producing for the local market that are not related to national food security and industries that solely export may be fully foreign owned. Joint ventures are particularly encouraged in export-import industries and activities supporting such industries. At least one-half of the directors of a company must be either Brunei citizens or residents of Brunei Darussalam.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Only Brunei citizens are allowed to own land. However, foreign investors may lease land on a long-term basis, including sites destined for industry, agriculture, agroforestry, and aquaculture.
<b>Controls on personal capital movements</b>	
Transfer of gambling and prize earnings	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	No.
<b>Provisions specific to institutional investors</b>	No.

**Other controls imposed by securities laws**      No.

### **Changes During 1998**

No significant changes occurred in the exchange and trade system.

# BULGARIA

(Position as of April 30, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: September 24, 1998.

### Exchange Arrangement

#### Currency

The currency of Bulgaria is the Bulgarian lev.

#### Exchange rate structure

Unitary.

#### Classification

##### Currency board arrangement

An amendment of the Law on the Bulgarian National Bank (BNB) effectively established a currency board arrangement. The deutsche mark (DM) was chosen as the peg currency, and the lev was pegged at the rate of lev 1,000 per DM 1, close to the current market rate at that time. Effective January 1, 1999, the euro replaced the deutsche mark as a peg at the rate of lev 1,955.83 per €1. The BNB is required to sell and purchase on demand and without restriction currencies of the EMU member countries for lev on the basis of spot exchange rates that may not differ from the official exchange rate by more than 0.5%.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

Balances continue to exist on clearing accounts maintained under former bilateral arrangements. These arrangements are now inoperative, and the only transactions that take place on clearing accounts are those that are intended to settle the balances. Valuation and settlement of the balances take place in convertible currencies.

### Payment arrangements

#### Bilateral payment arrangements

##### *Inoperative*

There are arrangements with Albania, Cambodia, Guinea, the People's Democratic Republic of Korea, the Lao People's Democratic Republic, Romania, and Syria. Bulgaria has outstanding transferable ruble accounts with Cuba, Mongolia, and Romania. The settlement of the debit balance with Romania is under negotiation. The debit balance with Poland was settled on March 31, 1998, with Hungary on April 30, 1998, whereas with Germany, it was restructured on the same date.

#### Barter agreements and open accounts

There are inactive agreements with the Islamic State of Afghanistan, Ethiopia, Ghana, Guyana, Mozambique, Nicaragua, and Tanzania.

### Administration of control

Foreign exchange control is exercised by the MOF, the BNB, authorized banks, the customs administration, border guards, and port offices.

### International security restrictions

#### In accordance with Executive Board Decision No. 144-(52/51)

Yes.

### Payment arrears

#### Private

Four commercial banks that are in bankruptcy have outstanding debt-service arrears.

### Controls on trade in gold (coins and/or bullion)

#### Controls on domestic ownership and/or trade

The MOF controls the acquisition, possession, processing, and disposal of gold, silver, and platinum. The BNB is the only institution entitled to purchase, sell, and hold gold. All

domestic transactions for industrial purposes must be conducted at current prices through the BNB. Commercial banks are allowed to make transactions in precious metals. Resident individuals may hold gold but may not trade or deal in it.

#### Controls on external trade

The BNB is the only institution entitled to import or export gold without special permission. Local natural persons are not allowed to export and import precious metals, precious stones, and coins made of precious metals without a permit from the MOF in any amounts other than those generally considered to be normal for personal and family use. Banks authorized to make currency transactions abroad may export and import precious metals, provided the latter represent objects of bank operations and the BNB has issued a permit. Nonresidents may import precious metals in ingots, their products and precious stones, as well as coins made of precious metals in amounts generally considered to be normal for personal and family use. Nonresidents leaving the country may export precious metals in ingots, their products and precious stones, as well as coins made of precious metals up to the amounts imported and declared by them, as well as articles of such composition purchased in the country whose value shall not exceed the amount of convertible foreign currency imported and declared by them at customs. Resident legal persons are allowed to import and export gold with the permission of the MOF and the Ministry of Trade and Tourism.

#### Controls on exports and imports of banknotes

##### On exports

###### *Domestic currency*

Residents and nonresidents may take out banknotes and coins up to lev 10,000; permission from the BNB is required for larger amounts.

###### *Foreign currency*

Residents may take out up to the equivalent of \$1,000 without restriction, from \$1,000 to \$10,000 upon presentation of a statement of account (receipt) by a bank, and more than \$10,000 with the permission of the BNB.

##### On imports

###### *Domestic currency*

Residents and nonresidents may bring in banknotes and coins up to lev 10,000; permission from the BNB is required to import larger amounts.

###### *Foreign currency*

The amount must be declared, and nonresidents may take out unspent foreign currency notes upon departure.

### Resident Accounts

#### Foreign exchange accounts permitted

##### Held domestically

Residents may maintain these accounts in Bulgaria. Balances on these accounts earn interest at international market rates. The crediting and debiting of foreign currency accounts are not subject to any regulations. Transfers abroad may be made with permission from the MOF and the BNB, except for cases related to payments for invisible transactions and current transfers. These payments can be realized after the required documents are presented to the respective commercial bank.

##### Held abroad

While opening accounts with foreign banks is not explicitly banned, like all transfers abroad, transfers from Bulgaria to these accounts are subject to regulation. Prior permission from the BNB and MOF is required.

#### Accounts in domestic currency convertible into foreign currency

No.

### Nonresident Accounts

#### Foreign exchange accounts permitted

The crediting and debiting of these accounts are not subject to any regulations.

#### Domestic currency accounts

Yes.

#### Convertible into foreign currency

No.



**Blocked accounts** No.

### Imports and Import Payments

**Foreign exchange budget** No.

**Financing requirements for imports** No.

**Documentation requirements for release of foreign exchange for imports** Yes.

**Import licenses and other nontariff measures**

**Positive list** Licenses are required for imports of military hardware and related technologies, natural gas, endangered flora and fauna, radioactive and nuclear materials, pharmaceuticals, herbicides, pesticides, unbottled alcohol, jewelry, rare and precious metals, asbestos, asbestos products, narcotic and psychotropic products, gambling machines, etc. Licenses for most of these goods are normally granted within two working days. The Export and Import Trade Policy Measures eliminated import licenses for natural gas.

**Negative list** Imports of certain goods (dangerous substances with ozone-depleting potential, machinery and equipment for air conditioning using Freon 12; refrigerators, freezers, and other equipment using Freon 11 or 12) are banned for health and security reasons.

**Other nontariff measures** Imports of tobacco products; coal, petroleum, and fuels; livestock and meat; dairy products; certain grains; ferrous metals and alloys; textiles; and sugar must be registered at the Ministry of Trade and Tourism. Effective August 23, 1998, the import of products for the production of CDs also has to be registered. Effective January 1, 1999, the registration regime was abolished for tobacco products, livestock and meat, dairy products, and certain grains and sugar. A registration regime was introduced for natural gas and scrap.

**Import taxes and/or tariffs** Import tariffs range from 5% to 80%, and are calculated on a transaction-value basis in foreign currency and converted to leva. The maximum rate of import tariffs for nonagricultural goods is 35%, and for agricultural goods, it is 74%. Certain products are allowed temporarily to be imported without customs duties within specified quantities (active substances for the production of insecticides, fungicides, and herbicides, some agricultural machinery and their spare parts, flour, live breeding animals, etc.). Other products are allowed temporarily to be imported without customs duties (equipment, spare parts, information technology products, and chemicals for control of the environment and emissions control; special installations for recovery of poisoned lands; substances, materials, and equipment for replacement of ozone-destructive technologies; equipment, machines, and spare parts used in mines and geological research activities; installations, equipment, and spare parts for production of energy from nontraditional alternative sources; medical equipment for human and veterinary medicine, etc.) The import surcharge of 4% was reduced to 2% on July 1, 1998, and eliminated on January 1, 1999. The arithmetic mean tariff for all products was reduced to 16.18% from 17.88%. Certain temporary import tariff quotas were abolished.

**State import monopoly** No.

### Exports and Export Proceeds

**Repatriation requirements** Proceeds from exports must be repatriated.

**Surrender requirements** Proceeds do not have to be surrendered; they may be retained in foreign currencies or sold in the interbank exchange market.

**Financing requirements** No.

**Documentation requirements** Exports of tobacco products, coal, petroleum, meat, dairy products, wine, certain grains, textiles, pharmaceuticals, CDs, ferrous and nonferrous metals and alloys must be registered with the Ministry of Trade and Tourism. Effective January 1, 1999, the registration

requirement for tobacco products, meat, dairy products, and wine were abolished, whereas a registration requirement was introduced for scrap metal.

#### Export licenses

On January 1, 1998, the Regulation on the Export and Import Regime abolished certain bans and altered the coverage of export registration arrangements. Special licenses are required for the settlement of outstanding balances of the multilateral clearing arrangements. Export licenses are required for exports of military hardware and related technologies, endangered flora and fauna, wild plants and animals, livestock, radioactive materials, crafts and antiques, seeds, untreated wood, jewelry, and rare and precious metals. Licenses are normally granted within two working days. On April 27, 1999, the exports to the Federal Republic of Yugoslavia (Serbia/Montenegro) of oil products and some chemical goods (with dangerous substances) were banned for health and ecological reasons.

#### Without quotas

Yes.

#### Export taxes

On January 1, 1998, the export tax on cereals was abolished while certain export taxes were amended; taxes were reduced on average by 40%. Until October 1, 1998, export taxes were levied on certain types of timber, raw hides, certain livestock, wool, sunflower oil, grain, and waste and scrap of ferrous and nonferrous metals. On October 1, 1998, export taxes on sunflower oil, sunflower seeds, and processed wood details were abolished. Effective January 1, 1999, the export tax on livestock, scrap, copper products, wool, grain, and raw hides was eliminated. Taxes are quoted in dollars, but paid in leva.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

##### Trade-related payments

###### *Indicative limits/bona fide test*

Payments needed for trade are processed by banks against appropriate documents, proving the necessity of the transfer.

##### Investment-related payments

Profits and dividends may be transferred abroad, provided the foreign investor has paid his/her taxes.

###### *Indicative limits/bona fide test*

Payments of interest are allowed on loans approved by the MOF against presentation of the approval and loan agreement, and a bank document certifying receipt of the convertible exchange.

##### Personal payments

Remittances related to family maintenance and alimony payments are not explicitly regulated, but have been treated implicitly as transfers abroad that are not related to merchandise imports, and therefore require prior permission from the BNB in consultation with the MOF.

###### *Prior approval*

Approval of the Ministry of Health is required for medical treatment against the presentation of the protocol by the committee on medical treatment abroad (under the Ministry of Health) and a document by a foreign medical treatment institution. For pensions, approval of the MOF is required.

###### *Quantitative limits*

The presentation of a document by the foreign educational and training institution is required, as well as approval of the MOF. Costs related to education are limited to \$10,000 a year.

###### *Indicative limits/bona fide test*

Yes.

##### Foreign workers' wages

These remittances are not explicitly regulated but have been treated implicitly as transfers abroad that are not related to merchandise imports, and therefore require prior permission from the BNB in consultation with the MOF. Prior permission is not required in cases where foreign workers are employed in Bulgarian companies abroad.

###### *Prior approval*

Yes.

##### Other payments

###### *Indicative limits/bona fide test*

The presentation of documents issued by the respective international organization proving the necessity of the transfer is required.

## Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Proceeds from invisible transactions must be repatriated.
Surrender requirements	No.
<b>Restrictions on use of funds</b>	No.

## Capital Transactions

### Controls on capital and money market instruments

#### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents	There are no controls, except for privatization funds' shares, which are nontradable in the secondary market.
Purchase abroad by residents	Except for licensed commercial banks, prior permission of the BNB, in consultation with the MOF, is required.

##### *Bonds or other debt securities*

Purchase abroad by residents	Except for licensed commercial banks, prior permission of the BNB, in consultation with the MOF, is required.
Sale or issue abroad by residents	Except for licensed commercial banks, prior permission of the BNB, in consultation with the MOF, is required.

#### On money market instruments

<i>Purchase abroad by residents</i>	Except for licensed commercial banks, prior permission of the BNB, in consultation with the MOF, is required.
<i>Sale or issue abroad by residents</i>	Except for licensed commercial banks, prior permission of the BNB, in consultation with the MOF, is required.

#### On collective investment securities

<i>Purchase locally by nonresidents</i>	There are no controls, except for privatization funds' shares, which are nontradable in the secondary market.
<i>Sale or issue locally by nonresidents</i>	Prior permission of the MOF is required.
<i>Purchase abroad by residents</i>	Except for licensed commercial banks, prior permission of the MOF, in consultation with the BNB, is required.
<i>Sale or issue abroad by residents</i>	Except for shares issued by residents in foreign currency and for shares issued by privatization funds, which are nontradable in the secondary market.

### Controls on derivatives and other instruments

Purchase abroad by residents	Except for licensed commercial banks, prior permission of the BNB, in consultation with the MOF, is required.
Sale or issue abroad by residents	Except for licensed commercial banks, prior permission of the BNB, in consultation with the MOF, is required.

### Controls on credit operations

Commercial credits	Credits extended abroad or received from abroad require the permission of the MOF.
Financial credits	Except for licensed commercial banks, credits extended abroad or received from abroad require the permission of the MOF.
Guarantees, sureties, and financial backup facilities	Except for licensed commercial banks, residents need permission from the MOF.

**Controls on direct investment**

Outward direct investment	Investments abroad require permission from the MOF.
Inward direct investment	Only intercompany loans require permission from the MOF.

**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

Purchase abroad by residents	Purchases must be approved by the MOF.
Purchase locally by nonresidents	Prior permission of the MOF is required. Nonresidents may not purchase and own land. If they inherit land, they must dispose of it within a three-year period.
Sale locally by nonresidents	Prior permission of the MOF is required.

**Controls on personal capital movements**

Loans	Residents require the permission of the MOF for borrowing and lending.
Gifts, endowments, inheritances, and legacies	The permission of the MOF is required for gifts and endowments.
Settlement of debts abroad by immigrants	The permission of the MOF is required.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	The permission of the MOF is required.
Transfer of gambling and prize earnings	The permission of the MOF is required.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad	Licensed banks may borrow abroad without the authorization of the BNB only if they do not request a guarantee from the government of Bulgaria and if their borrowing complies with the prudential regulations set up by the BNB.
Maintenance of accounts abroad	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	These accounts are subject to some restrictions set by the BNB.
<i>Liquid asset requirements</i>	Yes.
Open foreign exchange position limits	Effective January 13, 1998, the requirements for observing open foreign currency positions were increased. Each bank is required to observe daily (1) a maximum ratio of up to 25% between its open position in any particular currency and the amount of its own funds, excluding the euro and the currencies of the EMU countries; and (2) a maximum ratio of up to 60% between its net open foreign currency position and the amount of its own funds, excluding the euro and the currencies of the EMU countries.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

**Changes During 1998**

<b>Status under IMF Articles of Agreement</b>	<i>September 24.</i> Bulgaria accepted the obligations of Article VIII.
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**Arrangements for payments and receipts**

*March 3.* The debit balance with Poland was settled.

*April 30.* The debit balance with Hungary was settled and the balance with Germany was restructured.

**Imports and import payments**

*January 1.* The Regulation on the Export and Import Regime altered import bans, import registration arrangements, and import tariff rates and coverage.

*August 23.* The import of products for the production of CDs has to be registered.

**Exports and export proceeds**

*January 1.* The Regulation on the Export and Import Regime abolished certain export bans, altered the coverage of export registration arrangements, abolished the export tax on cereals, and amended certain export taxes. Taxes were reduced on average by 40%.

*January 1.* The export tax on cereal was abolished, while other export taxes were amended.

*October 1.* Export taxes on sunflower oil, sunflower seeds, and processed wood details were abolished.

**Capital transactions****Provisions specific to commercial banks and other credit institutions**

*January 13.* The requirements for observing open foreign currency positions were increased. Each bank is required to observe daily (1) a maximum ratio of up to 25% between its open position in any particular currency and the amount of its own funds, excluding the deutsche mark; and (2) a maximum ratio of up to 60% between its net open foreign currency position and the amount of its own funds, excluding the euro and the currencies of the EMU countries.

**Changes During 1999****Exchange arrangement**

*January 1.* The euro replaced the deutsche mark as a peg at the rate of lev 1,955.83 per €1.

**Imports and import payments**

*January 1.* The import surcharge was eliminated.

*January 1.* The Export and Import Trade Policy Measures eliminated import licenses for natural gas. The registration regime was abolished for tobacco products, livestock and meat, dairy products, and certain grains and sugar. A registration regime was introduced for natural gas and scrap. The temporary import tariff quotas were abolished. The arithmetic mean tariff for all products was reduced to 16.18% from 17.88%. The maximum rate of import tariffs for nonagricultural goods is 35%, and for agricultural goods it is 74%.

**Exports and export proceeds**

*January 1.* The Export and Import Trade Policy Measures abolished the registration requirements for tobacco products, meat, dairy products, and wine. The license requirements for export of sunflower oil and livestock were abolished. The export of scrap must be registered. The export tax on livestock, scrap, copper products, wool, grain, and raw hides was eliminated.

*April 27.* The exports to the Federal Republic of Yugoslavia (Serbia/Montenegro) of oil products and some chemical goods (with dangerous substances) were banned for health and ecology reasons.

**Capital transactions****Provisions specific to commercial banks and other credit institutions**

*January 1.* Each bank is required to observe daily (1) a maximum ratio of up to 25% between its open position in any particular currency and the amount of its own funds, excluding the euro and the currencies of the EMU countries; and (2) a maximum ratio of 60% between its net open foreign currency position and the amount of own funds, excluding the euro and the currencies of the EMU countries.

# BURKINA FASO

(Position as of February 28, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 1, 1996.

### Exchange Arrangement

#### Currency

The currency of Burkina Faso is the CFA franc.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The CFA franc is pegged to the euro, the intervention currency, at the fixed rate of CFAF 100 per €0.1524. Exchange rates for other currencies are derived from the rate for the currency concerned in the Paris exchange market and the fixed rate between the euro and the CFA franc. They include a bank commission of 0.25% on transfers to all countries outside the WAEMU, which must be surrendered in its entirety to the Treasury.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Effective February 1, 1999, residents were authorized to contract forward exchange cover in accordance with the regulations on imports and exports of goods and services.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

Because Burkina Faso is linked to the French Treasury through an Operations Account, settlements with France, Monaco, and other Operations Account countries (WAEMU members, and Cameroon, the Central African Republic, Chad, the Comoros, the Republic of Congo, Equatorial Guinea, Gabon, and Guinea-Bissau) are made in CFA francs, euros, or the currency of any other Operations Account country. Certain settlements are channeled through special accounts. Settlements with all other countries are usually effected either through correspondent banks in France or the country concerned in the currencies of those countries, or through foreign accounts in CFA francs, in euros, or in other currencies of the Operations Account area.

### Payment arrangements

#### Bilateral payment arrangements

*Inoperative*

Yes.

#### Regional arrangements

An Operations Account is maintained with the French Treasury that links Operations Account countries. All purchases or sales of foreign currencies or euros against CFA francs are ultimately settled through a debit or credit to the Operations Account.

#### Clearing agreements

A multilateral clearing agreement exists within the framework of the WAMA between WAEMU members, Cape Verde, the Gambia, Ghana, Guinea, Liberia, Mauritania, Nigeria, and Sierra Leone.

### Administration of control

Exchange control is administered by the Directorate of the Treasury in the MOF. The approval authority for exchange control (except for imports and exports of gold, forward exchange cover, and the opening of external accounts in foreign currency) has been delegated to the BCEAO, which is also authorized to collect, either directly or through banks, financial institutions, the Postal Administration, or judicial agents, any information necessary to compile balance of payments statistics.

All exchange transactions relating to foreign countries must be effected through authorized banks, the Postal Administration, or the BCEAO. Settlements with a country outside the Operations Account area must be formally approved by the customs administration.

	Effective February 1, 1999, the amount of transfers authorized without supporting documentation was raised to CFAF 300,000 from CFAF 100,000.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	
Official	Restructuring of arrears of debts to Libya and the Baltic countries, Russia, and the other countries of the FSU is in progress.
Private	n.a.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on external trade	Imports of gold require prior MOF authorization, which is seldom granted. Exempt from this requirement are (1) imports by or on behalf of the Treasury or the BCEAO; (2) imports of manufactured articles containing minor quantities of gold (such as gold-filled or gold-plated articles); and (3) imports by travelers of gold objects up to a combined weight of 500 grams. Both licensed and exempt imports of gold are subject to customs declaration. Exports of gold are liberalized.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	The exportation of CFA franc banknotes by nonresident travelers is not prohibited. However, repurchases by the BCEAO of exported banknotes are still suspended. In addition, shipments of BCEAO banknotes among authorized intermediaries and their correspondents situated outside the WAEMU are officially prohibited.
<i>Foreign currency</i>	The reexportation of foreign banknotes by nonresident travelers is allowed up to the equivalent of CFAF 500,000; the reexportation of foreign banknotes above this ceiling requires documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposits lodged in local banks.
On imports	
<i>Domestic currency</i>	There are no restrictions on the importation by resident or nonresident travelers of banknotes and coins issued by the BCEAO.
<i>Foreign currency</i>	Residents and nonresidents may bring in any amount of foreign banknotes and coins (except gold coins) of countries outside the Operations Account area. Residents bringing in foreign banknotes and foreign currency traveler's checks exceeding the equivalent of CFAF 50,000 must declare them to customs upon entry and sell them to an authorized intermediary bank within eight days.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	Effective February 1, 1999, residents are allowed to open foreign exchange accounts with local banks or with banks abroad after obtaining authorization from the MOF, with the approval of the BCEAO.
Held domestically	
<i>Approval required</i>	The holding of these accounts is subject to prior approval by the MOF upon the recommendation of the BCEAO and in coordination with the Chairman of the Council of Ministers of the WAEMU.
Held abroad	The holding of these accounts is not explicitly prohibited, but regulations prohibit any transfer tending to develop a resident's foreign holdings, unless approved by the MOF.
<i>Approval required</i>	Yes.
<b>Accounts in domestic currency convertible into foreign currency</b>	No.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Effective February 1, 1999, the authorization is issued by the BCEAO.
Approval required	The holding of these accounts is not expressly covered by regulations. In practice, based on an interpretation of the regulations, such holdings require the prior approval of the MOF.
<b>Domestic currency accounts</b>	Because the BCEAO has suspended the repurchase of banknotes circulating outside the WAEMU territories, nonresident accounts may not be credited or debited with BCEAO banknotes. These accounts may not be overdrawn without the prior authorization of the MOF. Transfers of funds between nonresident accounts are not restricted.
Convertible into foreign currency	Foreign accounts denominated in CFA francs may be freely debited for the purpose of purchases by nonresidents of any foreign currencies on the official exchange market.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	
Domiciliation requirements	All import transactions exceeding CFAF 3 million must be domiciled with an authorized bank. The threshold was raised to CFAF 5 million on February 1, 1999.
Preshipment inspection	An inspection is required for quality and price.
<b>Import licenses and other nontariff measures</b>	A technical import visa is required for sugar, insecticides, wheat and cereal flour, tires and inner tubes for motorcycles, vegetable oil, milk, electrical batteries, food preserves, and rice. The Ministry of Industry, Commerce, and Mines may, on the basis of criteria established by the MOF, waive the prescribed formalities for imports from countries with which Burkina Faso has concluded a customs union or free-trade-area agreement.
Positive list	Import licenses were eliminated and replaced with Pre-Import Declarations (DPIs) issued for all import operations valued at CFAF 500,000 and over.
Negative list	Imports of ivory and fishing nets with a mesh smaller than 3 square centimeters are restricted.
<b>Import taxes and/or tariffs</b>	Imports, with a few exceptions, are subject to customs duties of 5%; the rates on cereals range from 4% to 26%, plus a statistical tax of 4%.  All imports from outside the ECOWAS are subject to a solidarity communal levy of 1%, and imports of certain goods that are also locally produced are subject to a protection tax ranging from 10% to 30%.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Effective February 1, 1999, exports between WAEMU countries are excluded from the repatriation requirement.
Surrender requirements	Export proceeds must be surrendered within one month of the date on which payments fall due. The authorized intermediary banks must then surrender such foreign exchange to the BCEAO via transfer through the bank of issue.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	
Domiciliation	All export transactions of more than CFAF 3 million must be domiciled with an authorized intermediary bank, except for exports between WAEMU countries, which, effective February 1, 1999, need not be domiciled.



<b>Export licenses</b>	Export licenses were eliminated and replaced with preexport declarations (DPEs) issued for exports valued at CFAF 500,000 and over. Gold, diamonds, and all other precious metals are subject to MOF authorization. Exports of ivory are subject to special regulations.
<b>Export taxes</b>	Most exports are subject to a customs stamp tax of 6% and a statistical duty of 3%.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	In the case of transfers not exceeding CFAF 100,000, no supporting document is required. This threshold was increased to CFAF 300,000 on February 1, 1999. Residents are required to pay through a licensed intermediary. Effective February 1, 1999, payments and incomes of foreign ships in the WAEMU zone and WAEMU ships abroad are included under current operations.
Trade-related payments	
<i>Indicative limits/bona fide test</i>	Yes.
Investment-related payments	
<i>Prior approval</i>	Payments for depreciation of direct investments require the approval of the MOF, since depreciation is not specifically mentioned in the regulations.
<i>Indicative limits/bona fide test</i>	There are no indicative limits and bona fide tests for the transfers of profits and dividends.
Payments for travel	
<i>Prior approval</i>	Prior approval is required only for foreign exchange allowances in excess of the indicative limits. Such approval is granted after a bona fide test.
<i>Quantitative limits</i>	For travel outside the franc zone, the limits are the equivalent of CFAF 1 million a person a trip for tourist travel, with no limit on the number of trips or age distinctions, and the equivalent of CFAF 200,000 a person a day for business travel over a period of one month.
Personal payments	
<i>Prior approval</i>	There is prior approval for payment of medical costs and studies abroad.
<i>Quantitative limits</i>	No information is available for the existence of quantitative limits for study abroad.
<i>Indicative limits/bona fide test</i>	Yes.
Foreign workers' wages	
<i>Indicative limits/bona fide test</i>	Yes.
Credit card use abroad	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	The limits are those applicable to tourist and business travel.
Other payments	
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
<b>Surrender requirements</b>	Effective February 1, 1999, all proceeds must be surrendered to an authorized dealer within one month of the due date. Resident travelers must declare to customs any foreign means of payment in excess of CFAF 50,000 that they bring in and must surrender these to an authorized bank within eight days of their return. This amount was raised to CFAF 300,000 effective February 1, 1999.
<b>Restrictions on use of funds</b>	No.

## Capital Transactions

### Controls on capital and money market instruments

Capital movements between Burkina Faso and France, Monaco, and the Operations Account countries are free of restrictions. Capital transfers to all other countries require authorization from the MOF, and at least 75% of investment abroad must be financed by foreign borrowing. The liquidation of foreign investment is subject to reporting to the MOF, and the reinvestment of proceeds is subject to prior authorization except in the franc zone countries. If no authorization is given for the reinvestments, the proceeds in foreign exchange must be surrendered to an authorized intermediary bank within one month. Effective February 1, 1999, the amount that may be transferred without supporting documents is CFAF 300,000.

#### On capital market securities

##### *Shares or other securities of a participating nature*

Sale or issue locally by nonresidents Effective February 1, 1999, prior authorization is required from the Regional Council for Public Savings and Financial Markets. The issuance and sale of securities in Burkina Faso must be declared to the MOF for statistical purposes.

Purchase abroad by residents The purchase of foreign securities from nonresidents is generally authorized.

Sale or issue abroad by residents Yes.

##### *Bonds or other debt securities*

Sale or issue locally by nonresidents Yes.

Purchase abroad by residents Yes.

Sale or issue abroad by residents Yes.

#### On money market instruments

*Sale or issue locally by nonresidents* Yes.

*Purchase abroad by residents* Yes.

*Sale or issue abroad by residents* Yes.

#### On collective investment securities

*Sale or issue locally by nonresidents* Yes.

*Purchase abroad by residents* Yes.

### Controls on derivatives and other instruments

These instruments, which are virtually nonexistent in Burkina Faso, are governed by the regulations generally applicable to securities and investments, except options, which, effective February 1, 1999, residents may freely purchase or sell abroad.

Purchase locally by nonresidents Yes.

Sale or issue locally by nonresidents Yes.

Purchase abroad by residents Yes.

Sale or issue abroad by residents Yes.

### Controls on credit operations

#### Commercial credits

##### *By residents to nonresidents*

There are no restrictions on credits related to exports of goods, provided that the date on which payment falls due is not more than 120 days after the date of shipment. For credits in connection with services rendered there are no restrictions, provided that payment takes place no more than one month after the date on which payment falls due.

##### *To residents from nonresidents*

There are no restrictions, and repayments of commercial credits are generally approved, subject to the presentation of documents attesting to the validity of the commercial operation or of the services rendered, as well as the payment due date.

## Financial credits

*By residents to nonresidents*

These credits require prior approval from the MOF. Outward transfers necessary to service such facilities require an exchange authorization, subject to the approval of the BCEAO acting on behalf of the MOF and substantiated by documentation.

*To residents from nonresidents*

There are no restrictions on these credits, but they must be reported for statistical purposes. The necessary funds must be transferred from abroad through an authorized agent. There are no restrictions on repayments of loans, provided that the authorized agent handling the settlement is provided with documentation attesting to the validity of the transaction.

## Guarantees, sureties, and financial backup facilities

The same regulations apply as for financial credits.

**Controls on direct investment**

## Outward direct investment

The investor must designate the authorized intermediary that will execute the payment. Whether the payment is made by an outward transfer of funds or by deposit to a foreign account in euros, it cannot be executed until after the period agreed to by the parties.

## Inward direct investment

Inward investments must be reported for statistical purposes.

**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

## Purchase abroad by residents

Investments made abroad by residents require prior authorization from the MOF. The investor must make the request in writing and designate the authorized intermediary that will execute the payment. Whether the payment is made by an outward transfer of funds or by deposit to a foreign account in francs, it cannot be executed until after the period agreed to by the parties.

**Controls on personal capital movements**

## Loans

The same regulations apply as for securities and investments.

*By residents to nonresidents*

Yes.

*To residents from nonresidents*

Yes.

## Gifts, endowments, inheritances, and legacies

*By residents to nonresidents*

In general, inheritances and dowries are authorized gifts; endowments require prior approval.

*To residents from nonresidents*

Yes.

## Settlement of debts abroad by immigrants

Immigrants who have acquired resident status must obtain prior approval from the MOF to settle debts incurred abroad when they were nonresidents.

## Transfer of assets

*Transfer abroad by emigrants*

These transfers may be made upon submission of emigration documents to the authorized agent handling the settlement.

*Transfer into the country by immigrants*

These transfers require authorization of the MOF.

## Transfer of gambling and prize earnings

Yes.

**Provisions specific to commercial banks and other credit institutions**

The same regulations apply as for lending to nonresidents.

## Lending to nonresidents (financial or commercial credits)

MOF approval is required. There are no restrictions if these operations involve commercial credits. Prior authorization from the MOF is required for loans, financial credits, or the purchase of securities issued abroad.

Lending locally in foreign exchange	The same regulations apply as for lending to nonresidents.
Purchase of locally issued securities denominated in foreign exchange	The same regulations apply as for lending to nonresidents.
Differential treatment of deposit accounts in foreign exchange	
<i>Credit controls</i>	Yes.
Differential treatment of deposit accounts held by nonresidents	Monetary regulations make no distinction between resident deposit accounts, nonresident deposit accounts, and foreign deposit accounts.
Investment regulations	The same regulations apply as for foreign investments.
<i>Abroad by banks</i>	Yes.
<i>In banks by nonresidents</i>	Yes.
Open foreign exchange position limits	There are no prudential ratios. Open positions result from special dispensations.
<b>Provisions specific to institutional investors</b>	Effective February 1, 1999, controls are imposed by the Insurance Code of the Inter-African Conference on Insurance Markets.
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	n.r.
Limits (max.) on portfolio invested abroad	n.r.
Limits (min.) on portfolio invested locally	n.r.
Currency-matching regulations on assets/liabilities composition	n.r.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Capital transactions</b>	<i>November 20.</i> The WAEMU regulation of external financial relations of the member states was adopted. Any investment abroad by a resident in the WAEMU countries became free from controls. Also, from the same date, the liquidation of foreign investments by residents and inward direct investments became liberalized.
Controls on capital and money market instruments	<i>September 16.</i> The WAEMU regional stock exchange began operations in Abidjan.
Controls on derivatives and other instruments	<i>November 20.</i> Residents' buying and selling of options was liberalized.

### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> The CFA franc peg to the French franc was replaced with the euro. <i>February 1.</i> Residents were authorized to contract forward exchange cover in accordance with the regulations on imports and exports of goods and services.
<b>Arrangements for payments and receipts</b>	<i>February 1.</i> The amount that may be transferred without supporting documents was increased to CFAF 300,000.
<b>Resident accounts</b>	<i>February 1.</i> Residents were allowed to open foreign exchange accounts with local banks or with banks abroad after obtaining authorization from the MOF, with the approval of the BCEAO.

<b>Nonresident accounts</b>	<i>February 1.</i> Authorization to open foreign exchange accounts is now issued by the BCEAO.
<b>Imports and import payments</b>	<i>February 1.</i> The domiciliation threshold for import operations was raised to CFAF 500,000.
<b>Exports and export proceeds</b>	<i>February 1.</i> Exports between WAEMU countries are no longer subject to domiciliation and repatriation requirements.
<b>Payments for invisible transactions and current transfers</b>	<i>February 1.</i> Payments and incomes of foreign ships in the WAEMU zone and WAEMU ships abroad are included under current operations.
<b>Proceeds from invisible transactions and current transfers</b>	<i>February 1.</i> All proceeds must be surrendered to an authorized dealer within one month of the due date.
<b>Capital transactions</b>	<i>February 1.</i> Prior authorization of the Regional Council for Public Savings and Financial Markets is required for the issue and offer for sale of securities by foreign entities.
Controls on derivatives and other instruments	<i>February 1.</i> Transfers relating to option purchases were allowed.
Provisions specific to institutional investors	<i>February 1.</i> Controls are imposed by the Insurance Code of the Inter-African Conference on Insurance Markets.

# BURUNDI

(Position as of March 31, 1999)

## Status Under IMF Articles of Agreement

Article XIV Yes.

## Exchange Arrangement

Currency The currency of Burundi is the Burundi franc.

Exchange rate structure Unitary.

### Classification

Conventional pegged arrangement The Burundi franc is pegged to a basket of currencies of Burundi's main trading partners. The Bank of the Republic of Burundi (BRB) quotes the exchange rate for 15 currencies, the euro, and the SDR.

Exchange tax No.

Exchange subsidy No.

Forward exchange market The BRB centralizes all foreign exchange operations. It can allow commercial banks to borrow foreign exchange to hedge against exchange rate risks for themselves or for their customers engaged in coffee export.

## Arrangements for Payments and Receipts

Prescription of currency requirements Settlements relating to trade with the Democratic Republic of the Congo and Rwanda in products specified in the commercial agreements with these countries are effected through a clearing process, with balances paid in convertible currencies. Nonresidents staying in a hotel or guest house in Burundi must pay their hotel bills by selling convertible currencies or by using a credit card. Payment in Burundi francs is, however, acceptable in the case of guests for whom a resident company or individual has assumed responsibility with prior authorization from the BRB and in the case of nationals of the Democratic Republic of the Congo and Rwanda, who produce declarations of means of payment issued under the auspices of the CEPGL.

### Payment arrangements

#### Bilateral payment arrangements

##### *Operative*

There are trade agreements with the Democratic Republic of the Congo and Rwanda. The agreements are not fully operational due to the present unfavorable economic situation.

#### Regional arrangements

Regional agreements exist with Eastern and Southern African countries.

#### Clearing agreements

Clearing agreements exist with members of COMESA and CEPGL.

### Administration of control

Control over foreign exchange transactions and foreign trade is vested in the BRB; authority to carry out some transactions is delegated to commercial banks. All foreign exchange operations are temporarily centralized at the BRB.

### International security restrictions

No.

### Payment arrears

Official Yes.

### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade Holders of gold mining permits issued by the ministers responsible for mining and customs may open purchasing houses for gold mined by artisans in Burundi. Gold produced by artisans may be sold only to approved houses.

Controls on external trade	Exports of gold must be declared in Burundi francs at the average daily rates communicated by the BRB. Gold exports are authorized jointly by the mining and customs departments.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	All travelers may take out up to FBu 5,000.
<i>Foreign currency</i>	The license is based on supporting documents.
On imports	
<i>Domestic currency</i>	Travelers may bring in up to FBu 5,000.
<i>Foreign currency</i>	Travelers may bring in any amount of foreign currency quoted by the BRB in addition to traveler's checks.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	Exporters of nontraditional products and enterprises in free trade zones may hold foreign exchange accounts.
Held domestically	Authorized banks may freely open foreign exchange accounts, but must forward copies of relevant documents to the BRB.
Held abroad	Prior BRB authorization is required to open these accounts.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	These accounts may be maintained by (1) natural and juridical persons of foreign nationality who reside abroad; (2) enterprises authorized to operate in the free trade zone; (3) exporters of nontraditional products who are authorized to retain 50% of their export proceeds; (4) Burundi nationals residing abroad; and (5) any other natural or juridical persons authorized by the BRB. These accounts may be credited freely with any convertible currency received from abroad. They may be debited freely for (1) conversion into Burundi francs for payments in Burundi; and (2) payments abroad for travel and representation or for the purchase of foreign goods, except for banknotes. These accounts must not be overdrawn. However, they may bear interest freely. The related bank charges and commissions must be settled in foreign exchange; and (3) up to the equivalent of \$100 may be withdrawn in banknotes upon presentation of travel documents. Withdrawals in excess of this amount are subject to the prior authorization of the central bank. If no deposits are made to the foreign account within three months of its opening, the account must be closed.
<b>Domestic currency accounts</b>	
Convertible into foreign currency	Accounts in convertible Burundi francs may be maintained by (1) natural persons of foreign nationality (such as staff of diplomatic missions) who are temporarily established in Burundi; (2) juridical persons of foreign nationality with special status (such as diplomatic missions and international organizations); and (3) any other natural or juridical persons authorized by the BRB. These accounts may be credited freely with any convertible currency, and they may be debited freely for withdrawals of Burundi francs or for conversion into foreign exchange. Up to the equivalent of \$100 in foreign currency may be withdrawn in banknotes upon presentation of travel documents (a passport and an airline ticket) for an unlimited number of trips. Withdrawals of banknotes in excess of this amount are subject to the prior authorization of the BRB. These accounts may bear interest freely and must not be overdrawn. If no deposits are made within three months of opening the account, it must be closed.
<b>Blocked accounts</b>	n.a.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	
Advance import deposits	Effective June 24, 1998, the advance import deposit was set at 50% of the import value, with the exception of key products, which were subject to a rate of 25%.  Effective July 28, 1998, oil products and those imported by Brassière et Limonadiere du Burundi are subject to a deposit rate of 10%.  The deposit requirement was suspended on March 1, 1999.
<b>Documentation requirements for release of foreign exchange for imports</b>	Effective July 3, 1998, the task of verifying import declarations and payments by commercial banks requires prior approval of the BRB. All goods imported into Burundi must be insured by approved Burundi insurers, and premiums must be paid in Burundi francs.
Preshipment inspection	All consignments of imports exceeding FBu 3 million in value may be subject to preshipment inspection with regard to quality, quantity, and price by an international supervising and oversight organization on behalf of the Burundi authorities.
Import licenses used as exchange licenses	Yes.
<b>Import licenses and other nontariff measures</b>	
Negative list	For the time being, imports of luxury or nonessential goods may not be traded at the official exchange rate. Effective July 31, 1998, the negative import list was expanded.
<b>Import taxes and/or tariffs</b>	Burundi is a member of the COMESA. There are five customs duty bands (10%, 12%, 15%, 40%, and 100%) applied to imports from countries not belonging to COMESA. Imports of petroleum products are subject to import duties ranging from 6% to 40%. A 6% service tax, which replaced the statistical tax, is levied on the c.i.f. value of imports, in addition to any applicable customs duties and fiscal duties.
<b>State import monopoly</b>	n.a.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Export proceeds must be collected within 30 days of the date of export declaration at customs for shipment by air or within 90 days for all other shipments. Deadlines for the collection of proceeds from exports of nontraditional products are set by the bank carrying out the operation.
Surrender requirements	All proceeds from traditional exports must be surrendered to an authorized bank. Exporters of nontraditional products may retain up to 50% of proceeds. Exporters operating in the free trade area are not required to surrender their export proceeds to an authorized bank.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	No.
<b>Export taxes</b>	Export taxes are levied on a range of exports. The generally applicable rate is 5%. For green coffee, the rate is set at each crop season. As of October 1998, the export tax on coffee was 31%.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	All payments for invisibles require approval.
Trade-related payments	Shipping insurance on coffee exports normally must be taken out in Burundi francs with a Burundi insurer.



<i>Indicative limits/bona fide test</i>	Unloading and storage costs are limited to amounts indicated by invoice.
Investment-related payments	Private joint-stock companies may transfer 100% of the return on foreign capital and of the share allocated to foreign directors after payment of taxes. Airlines are authorized to transfer abroad 100% of their earnings after deduction of local expenses. Transfer of rental income is permitted (after payment of taxes and a deduction of 20% for maintenance expenses). Transfers for income from rents and sale of real estate are suspended.
<i>Indicative limits/bona fide test</i>	No information is available on payments of interest.
Payments for travel	Allowances for travel are suspended. Limited allocations of foreign exchange are authorized for official missions and business travels.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	Pension transfers are carried out through the Social Security Institute.
<i>Quantitative limits</i>	The limit for medical costs is FBu 700,000, with additional transfers allowed upon presentation of invoices. For studies abroad and for family maintenance and alimony payments, allowances are suspended.
<i>Indicative limits/bona fide test</i>	Yes.
Foreign workers' wages	
<i>Quantitative limits</i>	Upon presentation of evidence of payment of taxes, foreign nationals residing and working in Burundi are permitted to transfer abroad up to 70% of their net annual income (80% in the case of foreign nationals working for companies that export at least 50% of their production).
<i>Indicative limits/bona fide test</i>	A work contract is required.
Credit card use abroad	The use of credit cards is not permitted.
Other payments	
<i>Quantitative limits</i>	Consulting and legal fees are limited to amounts indicated by invoices.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes.
Surrender requirements	Exchange receipts from invisibles must be surrendered to authorized banks.
Restrictions on use of funds	Yes.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Capital transfers abroad by residents require individual authorization.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
<i>Bonds or other debt securities</i>	
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.

## On money market instruments

*Purchase abroad by residents* Yes.

## On collective investment securities

*Purchase abroad by residents* Yes.

**Controls on derivatives and other instruments**

Purchase abroad by residents Yes.

**Controls on credit operations**

## Commercial credits

*By residents to nonresidents* Yes.

*To residents from nonresidents* Yes.

## Financial credits

*By residents to nonresidents* Yes.

## Guarantees, sureties, and financial backup facilities

*By residents to nonresidents* Yes.

**Controls on direct investment**

Outward direct investment The provision of foreign exchange for outward direct investments is suspended.

Inward direct investment Yes.

**Controls on liquidation of direct investment**

Transfers of foreign capital on which a repatriation guarantee has been granted require individual authorization.

**Controls on real estate transactions**

Purchase abroad by residents Yes.

Purchase locally by nonresidents Yes.

**Controls on personal capital movements**

## Loans

*By residents to nonresidents* Yes.

## Gifts, endowments, inheritances, and legacies

*By residents to nonresidents* Yes.

*To residents from nonresidents* Yes.

Settlement of debts abroad by immigrants Yes.

## Transfer of assets

*Transfer abroad by emigrants* Yes.

Transfer of gambling and prize earnings Yes.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad Prior approval of the BRB is required.

Maintenance of accounts abroad Prior authorization of the MOF is required.

Lending to nonresidents (financial or commercial credits)	Yes.
Lending locally in foreign exchange	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Credit controls</i>	Yes.
Differential treatment of deposit accounts held by nonresidents	
<i>Credit controls</i>	Debit balances are not permitted on foreign exchange accounts.
Investment regulations	
<i>Abroad by banks</i>	Prior approval of the BRB is required.
<i>In banks by nonresidents</i>	Yes.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Imports and import payments</b>	<i>July 31.</i> The negative import list was expanded.
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### Changes During 1999

<b>Imports and import payments</b>	<i>March 1.</i> The advance import deposit requirement was suspended.
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# CAMBODIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

### Exchange Arrangement

Currency The currency of Cambodia is the Cambodian riel.

Other legal tender The dollar circulates freely and is used for payments.

#### Exchange rate structure

Dual The exchange rate system comprises two rates: the official rate and the market rate. Adjustments to the official exchange rate are made daily by the National Bank of Cambodia (NBC) to limit the spread between the official and parallel market rates to less than 1%. In practice, the spread exceeds this range from time to time. The official exchange rate applies mainly to external transactions conducted by the government and state-owned enterprises.

#### Classification

Managed floating with no preannounced path for the exchange rate The NBC quotes daily official rates, at which the Foreign Trade Bank of Cambodia buys and sells foreign exchange. Other commercial banks are free to buy and sell foreign exchange at their own rates. Exchange transactions take place at the market rate. Foreign exchange dealers are permitted to buy and sell banknotes and traveler's checks at the market rate.

Exchange tax No.

Exchange subsidy No.

Forward exchange market No.

## Arrangements for Payments and Receipts

Prescription of currency requirements No.

Payment arrangements No.

Administration of control The responsibility for the management of foreign exchange rests with the Ministry of Economy and Finance and the NBC. The NBC is authorized to license commercial banks and other agents to engage in foreign exchange transactions and to regulate current and capital transactions. In practice, no restrictions apply.

International security restrictions No.

Payment arrears No.

#### Controls on trade in gold (coins and/or bullion)

Controls on external trade The import or export of raw gold is subject to prior declaration to the NBC if the value of each transaction equals or exceeds \$10,000.

#### Controls on exports and imports of banknotes

On exports The export of means of payment equaling or exceeding \$10,000 in foreign exchange or its equivalent in domestic currency by a traveler must be declared to customs officers at border crossings of the Kingdom of Cambodia.

Domestic currency Yes.

<i>Foreign currency</i>	Exports are subject to prior notification to the NBC.
On imports	The same regulations apply as for exports.
<i>Domestic currency</i>	Yes.
<i>Foreign currency</i>	There are no limits, but imports must be declared on entry.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	There are no limits on the balances of these accounts, the funds may be used to settle domestic obligations, and all transactions may be settled in foreign currency.
Held abroad	No.
Accounts in domestic currency convertible into foreign currency	No.

### Nonresident Accounts

Foreign exchange accounts permitted	Regulations applied to residents also apply to nonresidents.
Domestic currency accounts	No.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	Loans and borrowings, including trade credits, may be freely contracted between residents and nonresidents, provided that the loan disbursements and the repayments thereof are made through authorized intermediaries.
Documentation requirements for release of foreign exchange for imports	
Domiciliation requirements	Authorized intermediaries may be required by the NBC to submit proof of payment of imports by banker's order in support of their applications to purchase foreign exchange, and later may also be required to provide various documentary evidence confirming the entry of goods into the country. When the collection is made, the proceeds from exports of goods or services are credited to the exporter's account with the domiciled bank in accordance with the existing law.
Preshipment inspection	Preshipment import inspection is required for most goods.
Import licenses and other nontariff measures	
Negative list	Imports of certain products are subject to control or are prohibited for reasons of national security, health, environmental well-being, or public morality.
Import taxes and/or tariffs	Import duties are levied, and an excise tax of 10% applies to selected imports.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	Exporters or importers of goods and services must make payments for their commercial transactions with the rest of the world through authorized intermediaries. When the collection is made, proceeds from exports of goods or services must be credited to the exporter's account with a domiciled bank.
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Surrender requirements	Yes.
<b>Financing requirements</b>	Loans and borrowings, including trade credits, may be freely contracted between residents and nonresidents, provided that the loan disbursements and the repayments thereof are made through authorized intermediaries.
<b>Documentation requirements</b>	
Domiciliation	The proceeds from exports of goods or services must be credited to the exporter's account with a domiciled bank in accordance with the existing law.
<b>Export licenses</b>	
Without quotas	Exports of a limited list of goods by both state-owned and private sector entities must be licensed by the Ministry of Commerce. Export licenses are required for sawed timber, logs, and rice.
With quotas	Exports of rice, gems, and sawed timber are subject to a quota. Exports of antiques are restricted.
<b>Export taxes</b>	An excise tax of 10% of the estimated market value applies to exports of timber and other selected exports.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments for invisibles related to trade are not restricted, but are regulated by the Investment Law.
Payments for travel	
<i>Quantitative limits</i>	An exchange allowance of \$10,000 a person is granted at the official rate for all types of travel, irrespective of the length of stay; amounts in excess of this limit must be approved by the NBC. In practice, however, there are no limits.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	The requirement applies only to state-owned enterprises.
Surrender requirements	Only proceeds from invisibles earned by state-owned enterprises must be surrendered.
<b>Restrictions on use of funds</b>	n.a.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	There are controls on all capital and money market securities. There are no specific laws on capital market securities, and there is no issue of securities in national currency. Such operations must be undertaken solely through banks permanently established in the Kingdom of Cambodia, considered as authorized intermediaries. In the event of a foreign exchange crisis, the NBC may issue regulations to be implemented for a maximum period of three months, imposing certain temporary restrictions on the activity of authorized intermediaries, particularly on capital and money market securities.
<b>Controls on derivatives and other instruments</b>	There are no derivatives in national currency.
Purchase locally by nonresidents	Yes.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.

<b>Controls on credit operations</b>	There are controls on all credit operations. Loans and borrowing, including trade credits, may be freely contracted between residents and nonresidents, provided that the loan disbursements and the repayments thereof are made through authorized intermediaries.
<b>Controls on direct investment</b>	
Outward direct investment	The requirement of government approval is not enforced.
Inward direct investment	Foreign investors are required to obtain approval from the Council for Development of Cambodia, but there are no foreign exchange restrictions.
<b>Controls on liquidation of direct investment</b>	Proceeds from the liquidation of foreign direct investment taking place in accordance with the provisions of the investment law of the Kingdom of Cambodia may be transferred freely. However, such transfers have to be made through authorized intermediaries, which must report to the NBC all amounts equal to or exceeding \$100,000.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Nonresidents may not own land in Cambodia.
<b>Controls on personal capital movements</b>	
Loans	Loans and borrowings, including trade credits, may be freely contracted between residents and nonresidents, provided that the loan disbursements and the repayments thereof are made through authorized intermediaries.
Gifts, endowments, inheritances, and legacies	Yes.
Transfer of assets	Such operations must take place through authorized intermediaries.
<b>Provisions specific to commercial banks and other credit institutions</b>	Authorized intermediaries must provide the NBC with periodic statements of transfers or settlements and of outflows and inflows of capital carried out between the Kingdom of Cambodia and the rest of the world. Any export of foreign currency banknotes by authorized intermediaries is subject to prior declaration to the NBC. Loans and borrowing, including trade credits, may be freely contracted between residents and nonresidents, provided that the loan disbursements and repayments thereof are made through authorized intermediaries. However, in the event of foreign exchange crisis, the NBC may issue regulations to be implemented for a maximum period of three months, imposing certain temporary restrictions on the activity of authorized intermediaries, particularly on certain transactions specified in the law, their foreign exchange position, or any loans in domestic currency extended to nonresidents.
Lending to nonresidents (financial or commercial credits)	Banks may lend to nonresidents doing business within Cambodia.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Yes.
<i>Credit controls</i>	There are global and individual limits.
Investment regulations	Yes.
Open foreign exchange position limits	Banks are not allowed to exceed their short or long position in any single foreign currency by more than 5% and in all foreign currencies by more than 15% of the bank's net worth. Residents and nonresidents are not treated differently.
<b>Provisions specific to institutional investors</b>	There are no institutional investors in Cambodia.
<b>Other controls imposed by securities laws</b>	There are no securities laws.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# CAMEROON

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 1, 1996.

### Exchange Arrangement

#### Currency

The currency of Cameroon is the CFA franc.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The CFA franc is pegged to the French franc at the fixed rate of CFAF 100 per €0.1524. Exchange transactions in euros between the BEAC and commercial banks take place at the same rate. Buying and selling rates for certain other foreign currencies are also officially posted, with quotations based on the fixed rate for the euro and the rates in the Paris exchange market for the currencies concerned. The commission levied by commercial banks is freely set by each bank. However, such commission does not apply to government operations, transfers in settlement of imports covered by an import declaration domiciled with a bank, scheduled repayments of loans properly obtained, and travel allowance or representation expenses paid for official missions.

#### Exchange tax

n.r.

#### Exchange subsidy

No.

#### Forward exchange market

Yes.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Because Cameroon is an Operations Account country, settlements with France, Monaco, and the Operations Account countries are made in CFA francs, euros, or the currency of any other Operations Account country. Settlements with all other countries are usually made through correspondent banks in France in any of the currencies of those countries or in euros through foreign accounts in French francs.

#### Payment arrangements

##### Regional arrangements

An Operations Account is maintained with the French Treasury that links Operations Account countries. All purchases or sales of foreign currencies or euros against CFA francs are ultimately settled through a debit or credit to the Operations Account.

##### Clearing agreements

There are clearing arrangements in the context of the CEEAC.

##### Barter agreements and open accounts

n.r.

#### Administration of control

Exchange control is administered by the Directorate of Economic Controls and External Finance of the Ministry of Economy and Finance (MEF). Exchange transactions relating to all countries must be effected through authorized intermediaries (i.e., the Postal Administration and authorized banks). Effective September 16, 1998, exchange bureaus are also authorized to effect foreign exchange transactions.

#### International security restrictions

There are no such restrictions under the legislation in force. However, in practice, decisions are taken in accordance with the resolutions of the international community (IMF, UN, etc.).

#### Payment arrears

n.a.

#### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade

Residents are free to hold, acquire, and dispose of gold jewelry in Cameroon. Approval of the Ministry of Mines, Water, and Energy (MMWE) is required to hold gold in any other



form. Such approval is normally given only to industrial users, including jewelers. Newly mined gold must be declared to the MMWE, which authorizes either its exportation or its sale to domestic industrial users. Exports are made only to France.

**Controls on external trade**

Imports and exports of gold require prior authorization of the MMWE and the MEF, although such authorization is seldom granted for imports. Exempt from this requirement are (1) imports and exports by or on behalf of the monetary authorities, and (2) imports and exports of manufactured articles containing a small quantity of gold (such as gold-filled or gold-plated articles). Both licensed and exempt imports of gold are subject to customs declaration.

**Controls on exports and imports of banknotes**

**On exports**

*Domestic currency*

Exports of all coins and banknotes are subject to a prior declaration.

*Foreign currency*

All resident travelers, regardless of destination, must declare in writing all means of payment at their disposal at the time of departure. The reexportation of foreign banknotes is allowed up to the equivalent of CFAF 250,000; reexportation above this ceiling requires documentation showing either the importation of foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of deposits lodged in local banks.

**On imports**

*Domestic currency*

Resident travelers are authorized to import into Cameroon a maximum of CFAF 300,000 to cover their initial expenses upon their return to Cameroon.

*Foreign currency*

Yes.

### Resident Accounts

**Foreign exchange accounts permitted**

Effective August 26, 1998, residents were permitted to open foreign currency accounts at commercial banks.

**Held domestically**

The opening of foreign exchange accounts exclusively for use by enterprises in the strategic sector (petroleum), which are also allowed to maintain their accounts in a foreign currency, is subject to the prior authorization of the MEF.

**Held abroad**

The opening and maintenance of accounts abroad are forbidden.

**Accounts in domestic currency convertible into foreign currency**

No.

### Nonresident Accounts

**Foreign exchange accounts permitted**

Only accounts of CFA francs convertible into foreign currency are permitted.

**Domestic currency accounts**

The regulations pertaining to nonresident accounts are based on those applied in France. Since the BEAC has suspended the repurchase of BEAC banknotes circulating outside its zone of issue, BEAC banknotes received by the foreign correspondents of authorized banks and mailed to the BEAC agency in Yaoundé (capital of Cameroon) may not be credited to foreign accounts in CFA francs.

Nonresidents are allowed to maintain bank accounts in euros. These accounts, held mainly by diplomatic missions, international institutions, and their nonresident employees, may be credited only with (1) proceeds of spot or forward sales of foreign currencies transferred from abroad by account owners; (2) transfers from other nonresident euro accounts; and (3) payments by residents in accordance with exchange regulations. These accounts may be debited only for (1) purchases of foreign currencies; (2) transfers to other nonresident euro accounts; and (3) payments to residents in accordance with exchange regulations. Nonresidents may not maintain accounts in CFA francs abroad or accounts in foreign currency in Cameroon.

Convertible into foreign currency	Such accounts may be credited and debited only in foreign currency.
Approval required	Prior authorization of the MEF is required.
<b>Blocked accounts</b>	n.a.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	Import payments are made in accordance with the terms of the underlying contracts. However, advance payments (i.e., before the actual delivery of goods) are authorized up to 50% of the value of imports.
Minimum financing requirements	There are no restrictions on import financing. The amounts to be transferred must correspond to those contained in the pertinent import declaration.
Advance payment requirements	Up to 50% of prefinancing is authorized; the balance is authorized only upon presentation of the pertinent trade documents.
Advance import deposits	Advance import deposits are permitted if stipulated by underlying contracts.
<b>Documentation requirements for release of foreign exchange for imports</b>	
Domiciliation requirements	All import transactions for domestic consumption and valued at more than CFAF 2 million must be domiciled with a licensed bank. Transactions involving goods in transit must be domiciled with a bank in the country of final destination.
Preshipment inspection	All imports are subject to inspection by the Société générale de surveillance (SGS).
Letters of credit	LCs are allowed but are optional.
<b>Import licenses and other nontariff measures</b>	Import licenses are almost totally abolished. Importers of more than CFAF 2 million are required to fill out an import declaration with the SGS. The importing of certain products, which are included on a list established each year by the Ministry of Industrial and Commercial Development (MINDIC), remains subject to licensing.
Positive list	A list of products still subject to authorization is published annually by the MINDIC in the Programme général des échanges.
Negative list	Certain imports are prohibited for ecological, health, or safety reasons.
Open general licenses	Such licenses are available especially for long-term supply contracts.
Licenses with quotas	Quotas are applicable to imports by container.
<b>Import taxes and/or tariffs</b>	Import tariffs range from 5% to 30%. Duties on products from members of the UDEAC were eliminated in January 1998. Import surcharges apply only to imports from countries outside the UDEAC.
Taxes collected through the exchange system	Surcharges apply only to imports from countries outside the UDEAC and to imports of maize meal and cement.
<b>State import monopoly</b>	There is a state import monopoly only for imports relating to sovereign expenditure (such as defense and security). In addition, the national oil refinery (SONARA) has the monopoly on the supply of refined petroleum products. The extent of its monopoly was reduced to 80% on June 30, 1998.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Proceeds from exports to all countries must be repatriated within 30 days of the payment date stipulated in the sales contract. Oil companies are exempt from the repatriation requirement. However, waivers may be granted by the President of the Republic to companies of a strategic nature that represent the national interests.
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Surrender requirements	Export proceeds must be surrendered within the eight-day period following repatriation.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	For exports of fresh food products (vegetables, fruits), a health certificate is required before shipment.
Domiciliation	Exports to all countries are subject to domiciliation requirements for the appropriate documents. Export transactions valued at CFAF 2 million or more must be domiciled with an authorized bank.
Preshipment inspection	Exports to all countries are subject to inspection by the SGS.
<b>Export licenses</b>	Licenses are required for all exports valued at the equivalent of at least CFAF 2 million. Export licenses are issued by the MEF.
Without quotas	Yes.
<b>Export taxes</b>	Effective January 1, 1998, the export tax levied on coffee, cocoa, cotton, rubber, sugar, palm oil, and medicinal plants was reduced to 5% from 10%; a specific tax of CFAF 4,000 a ton is levied on bananas. An export tax of 17.5% is applied to timber, and a rate of 12.5% is applied to the log equivalent of processed woods. Export taxes established in the Budget Law are collected by the Directorate of Customs.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments in excess of CFAF 2 million for invisibles to France, Monaco, and the Operations Account countries require prior declaration and are subject to presentation of relevant invoices. Payments for invisibles related to trade follow the same regime as basic trade transactions, as do transfers of income accruing to nonresidents in the form of profits, dividends, and royalties.
Trade-related payments	With the exception of insurance expenses, agents may obtain authorization for the payment of all other trade-related expenses.
<i>Prior approval</i>	The payment of such expenses is authorized upon presentation of invoices and related documents when the latter are not taken into account in the basic commercial contract.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Investment-related payments	Distributed profits, dividends, and other interest paid by residents to nonresidents may be transferred.
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Transfers are authorized on the basis of conventions, contracts, minutes of annual meetings (as regards profits and dividends), and loan repayment schedules (as regards interest).
<i>Indicative limits/bona fide test</i>	Yes.
Payments for travel	
<i>Prior approval</i>	Authorization is required for any acquisition of foreign currency by residents traveling to countries other than member countries of the franc zone.
<i>Quantitative limits</i>	Residents traveling for tourism or business purposes to countries other than France, Monaco, and the Operations Account countries may be granted foreign exchange allowances subject to the following regulations: (1) for tourist travel, CFAF 100,000 a day, up to CFAF 5 million a trip; (2) for business travel, CFAF 250,000 a day, up to CFAF 10 million a trip; and (3) allowances in excess of these limits are subject to the authorization of the MEF or, by delegation, the BEAC. Returning resident travelers are required to declare all means of payment in their possession upon arrival at customs and to surrender them within eight days. In July 1998, the limit on foreign exchange allowances for travelers was increased to \$10,000 from \$1,000 a person a trip. The number of trips allowed is no longer limited.

<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	
<i>Prior approval</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Foreign workers' wages	Foreigners working in Cameroon are authorized to transfer up to 50% of their remuneration upon presentation of their pay slip and their most recent statement of income.
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Limits are determined on the basis of supporting documents provided.
Credit card use abroad	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Other payments	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Limits are determined on the basis of supporting documents provided.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	All receipts from services and all income earned abroad must be collected within one month of the due date.
Surrender requirements	Foreign currency receipts must be surrendered within one month of collection. Returning resident travelers are required to declare all means of payment in their possession upon arrival at customs and to surrender them within the following eight-day period.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Capital transactions between Cameroon and France, Monaco, and the Operations Account countries are free of exchange control. Outward capital transfers to all other countries require exchange control approval and are restricted. Inward capital transfers are free of controls, except for foreign direct investments and borrowing, which are subject to registration and authorization.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	Transactions are permitted, provided declaration is made to the MEF.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	The issuing, advertising, or offering for sale of foreign securities in Cameroon requires prior authorization of the MEF and must subsequently be reported to it. Exempt from authorization, however, and subject only to a report after the fact, are operations in connection with shares similar to securities, when their issuing, advertising, or offering for sale in Cameroon has already been authorized. All foreign securities and titles embodying claims on nonresidents must be deposited with an authorized intermediary and are classified as foreign, whether they belong to residents or nonresidents.

Sale or issue abroad by residents	Yes.
<i>Bonds or other debt securities</i>	The same regulations apply as for shares or other securities of a participating nature.
On money market instruments	Transactions in money market instruments require authorization from the MEF.
On collective investment securities	
<i>Purchase locally by nonresidents</i>	Prior authorization of the MEF is required.
<i>Sale or issue locally by nonresidents</i>	Prior declaration to the MEF is required.
<i>Purchase abroad by residents</i>	Prior authorization of the MEF is required.
<i>Sale or issue abroad by residents</i>	Prior declaration to the MEF is required.
<b>Controls on derivatives and other instruments</b>	n.a.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	Lending abroad by natural and juridical persons, whether public or private, whose normal residence or registered office is in Cameroon, or by branches or subsidiaries in Cameroon of juridical persons whose registered office is abroad, requires prior authorization of the MEF and must subsequently be reported to it. The following are, however, exempt from prior authorization and require only a report: (1) loans constituting a direct investment abroad for which prior approval has been obtained, as indicated above; (2) loans directly connected with the rendering of services abroad by the persons or firms mentioned above, or with the financing of commercial transactions either between Cameroon and countries abroad or between foreign countries, in which these persons or firms take part; and (3) loans of up to CFAF 500,000, provided the maturity does not exceed two years and the rate of interest does not exceed 6% a year.
<i>To residents from nonresidents</i>	Borrowing abroad by natural and juridical persons, whether public or private, whose normal residence or registered office is in Cameroon, or by branches or subsidiaries in Cameroon of juridical persons whose registered office is abroad, requires prior authorization of the MEF and must subsequently be reported to it. The following are, however, exempt from this authorization and require only a report: (1) loans directly connected with the rendering of services abroad by the persons or firms mentioned above, or with the financing of commercial transactions either between Cameroon and countries abroad or between foreign countries, in which these persons or firms take part; (2) loans contracted by registered banks and credit institutions; and (3) loans backed by a guarantee from the government.
Financial credits	
<i>By residents to nonresidents</i>	The authorization of the MEF is required.
<i>To residents from nonresidents</i>	Prior declaration is required.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
<b>Controls on direct investment</b>	
Outward direct investment	Direct investments abroad (including those made through foreign companies that are directly or indirectly controlled by persons in Cameroon and those made by branches or subsidiaries abroad of companies in Cameroon) require prior approval of the MEF, unless they take the form of a capital increase resulting from the reinvestment of undistributed profits or do not exceed 20% of the fair market value of the company being purchased.
Inward direct investment	Foreign direct investments in Cameroon (including those made by companies in Cameroon that are directly or indirectly under foreign control and those made by branches or subsidiaries of foreign companies in Cameroon) require prior declaration to the MEF, unless they take the form of a capital increase resulting from reinvestment of undistributed profits; the

	MEF has a period of two months from receipt of the declaration during which it may request postponement.
<b>Controls on liquidation of direct investment</b>	The full or partial liquidation of direct investments in Cameroon requires only a report to the MEF, unless the operation involves the relinquishing of a participation that had previously been approved as constituting a direct investment in Cameroon.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Prior authorization of the MEF is required.
Purchase locally by nonresidents	Prior declaration to the MEF is required.
Sale locally by nonresidents	Prior declaration to the MEF is required.
<b>Controls on personal capital movements</b>	
Loans	Loans, except for those representing an authorized investment, those relating to the provision of services or to the financing of commercial transactions, and those for amounts not exceeding CFAF 500,000, are subject to the prior authorization of the MEF.
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
Gifts, endowments, inheritances, and legacies	The authorization of the MEF is required for transfers related to these operations.
Settlement of debts abroad by immigrants	Prior authorization of the MEF is required.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Maintenance of accounts abroad	Correspondent accounts are permitted.
Lending to nonresidents (financial or commercial credits)	Yes.
Purchase of locally issued securities denominated in foreign exchange	Yes.
Differential treatment of deposit accounts held by nonresidents	Only deposits in convertible CFA francs are permitted for nonresidents.
Open foreign exchange position limits	Yes.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on portfolio invested abroad	Yes.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Arrangements for payments and receipts</b>	<i>September 16.</i> Exchange bureaus were authorized to effect foreign exchange transactions.
<b>Resident accounts</b>	<i>August 26.</i> Residents were permitted to open foreign currency accounts at commercial banks.
<b>Imports and import payments</b>	<i>January 1.</i> Duties on products from members of the UDEAC were eliminated.  <i>June 30.</i> The monopoly of SONARA on the supply to the market of refined petroleum products was reduced to 80%.

**Exports and export proceeds**

*January 1.* The export tax on coffee, cocoa, cotton, rubber, sugar, palm oil, and medicinal plants was reduced to 5%.

**Payments for invisible transactions and current transfers**

*July 31.* The limit on foreign exchange allowances for travelers was increased to \$10,000 a person a trip. The number of trips allowed is no longer limited.

**Changes During 1999****Exchange arrangement**

*January 1.* The CFA peg to the French franc was replaced with a peg to the euro.

# CANADA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: March 25, 1952.

### Exchange Arrangement

Currency	The currency of Canada is the Canadian dollar.
Exchange rate structure	Unitary.
Classification	
Independently floating	The exchange rate of the Canadian dollar is determined on the basis of supply and demand; however, the authorities intervene from time to time to promote orderly conditions in the market.
Exchange tax	No.
Exchange subsidy	No.
Forward exchange market	Forward exchange rates are freely determined in the exchange market.

### Arrangements for Payments and Receipts

Prescription of currency requirements	No.
Payment arrangements	No.
Administration of control	There are no exchange controls. The licensing of imports and exports, when required, is handled mostly by the Department of Foreign Affairs and International Trade, but other departments also issue licenses in specialized fields.
International security restrictions	
In accordance with Executive Board Decision No. 144-(52/51)	Canada maintains certain restrictions on the making of payments and transfers for current international transactions in respect of the Federal Republic of Yugoslavia (Serbia/Montenegro).
In accordance with UN sanctions	In accordance with UN Security Council resolutions, Canada imposes restrictions on financial transactions with Bosnia and Herzegovina.
Payment arrears	No.
Controls on trade in gold (coins and/or bullion)	
Controls on external trade	Reexports of gold of U.S. origin to all countries except the United States require a permit. Commercial imports of articles containing minor quantities of gold, such as watches, are unrestricted and free of license.
Controls on exports and imports of banknotes	No.

### Resident Accounts

Foreign exchange accounts permitted	
Held domestically	Yes.
Held abroad	Yes.



**Accounts in domestic currency convertible into foreign currency** Yes.

### Nonresident Accounts

**Foreign exchange accounts permitted** Yes.

**Domestic currency accounts** Yes.

**Convertible into foreign currency** Yes.

**Blocked accounts** Certain assets connected to Iraq, Libya, and the Federal Republic of Yugoslavia (Serbia/Montenegro) are frozen, pursuant to resolutions of the UN Security Council.

### Imports and Import Payments

**Foreign exchange budget** No.

**Financing requirements for imports** No.

**Documentation requirements for release of foreign exchange for imports** No.

**Import licenses and other nontariff measures** Measures consistent with international trade obligations (e.g., antidumping, countervailing duties, and safeguard provisions) are maintained. Under the terms of the Canada-Chile Free Trade Agreement, the two countries agreed to mutual exemption from antidumping measures for each other's goods when the applicable tariff has been eliminated in both countries or after six years, whichever is earlier.

**Negative list** Import permits are required for the importation of certain agricultural products, certain textile products and clothing, certain endangered species of fauna and flora, natural gas, material and equipment for the production or use of atomic energy, certain military armaments, and certain internationally controlled drugs. In addition, Health Canada does not permit the importation of drugs not registered with it. Commercial imports of used motor vehicles (less than 15 years old) have been generally prohibited, except from the United States. The prohibition on imports of used vehicles from Mexico will be phased out by January 1, 2019.

**Open general licenses** Yes.

**Licenses with quotas** Imports of some clothing and certain textile products, usually in the form of bilateral restraint agreements concluded under the MFA negotiated within the framework of the GATT, are also subject to quantitative restrictions. In accordance with the provisions of the Uruguay Round Agreement on textiles and clothing, Canada's system of import controls on textiles and clothing is being liberalized in stages over a 10-year period beginning January 1, 1995. As a result of the commitments made under the Uruguay Round Agreement, Canada has agreed to replace all agricultural import restrictions with tariff rate quotas and to ensure import access levels as negotiated in the Uruguay Round (or under the Canada-United States Free Trade Agreement).

**Import taxes and/or tariffs** No.

**State import monopoly** Certain monopolies exist at the federal level.

### Exports and Export Proceeds

**Repatriation requirements** No.

**Financing requirements** No.

**Documentation requirements** No.

**Export licenses****Without quotas**

The Export Control List identifies all goods that are controlled in order to implement inter-governmental arrangements, maintain supplies, or ensure security. It includes all items identified in the International Munitions List, the International Industrial List, and the International Atomic Energy List. In addition, controls are maintained for supply reasons and for purposes of promoting further processing in Canada (e.g., logs and herring roe) and for nonproliferation purposes (chemical, biological, and nuclear weapons and their delivery systems). The Area Control List includes a limited number of countries to which all exports are controlled. At present, the following countries are on the Area Control List: Angola, Myanmar, and Libya. Permits are required for the exportation of listed goods to all countries except, in most cases, the United States, as well as for all goods destined to countries on the Area Control List.

**Export taxes**

No.

**Payments for Invisible Transactions and Current Transfers****Controls on these transfers**

No.

**Proceeds from Invisible Transactions and Current Transfers****Repatriation requirements**

No.

**Restrictions on use of funds**

No.

**Capital Transactions****Controls on capital and money market instruments**

No.

**Controls on derivatives and other instruments**

No.

**Controls on credit operations**

No.

**Controls on direct investment****Inward direct investment**

Specific restrictions exist on inward direct investments in the broadcasting, telecommunications, transportation, financial, fishery, and energy sectors. In addition, under the provision of the Investment Canada Act, new foreign investments are generally subject to notification requirements but not to review requirements. For WTO investors, only direct acquisitions of businesses with assets exceeding Can\$184 million for 1999 are subject to review. Indirect acquisitions are no longer subject to review, except in rare circumstances. These provisions were multilateralized as part of Canada's implementation of the Uruguay Round results. Investments subject to review are required only to pass a test proving that they will yield a net benefit to Canada.

Different thresholds apply in the case of investments made by non-WTO investors and in culturally sensitive sectors. Investments subject to review are required to pass a test proving that they will be of net benefit to Canada.

The establishment of a new business, the direct acquisition of a business with assets of less than Can\$184 million for 1999, and the indirect acquisition of a business by investors from WTO members are not subject to review and need only be notified, except in cases when the Canadian business represents 50% or more of the value of the total assets acquired in the international acquisition. (The acquisition of a Canadian enterprise may be considered "direct" when it involves the acquisition of control of a corporation carrying on a Canadian business and "indirect" where it involves the transfer of control by share acquisition of a non-Canadian corporation that controls a Canadian corporation carrying on a Canadian business.)

The direct acquisition of a business whose assets exceed the above-mentioned limit is reviewed and assessed according to its net benefit to Canada, authorization being generally granted. All acquisitions or investments to establish a new business in cultural sectors such as book publishing, sound recording, and film production are normally subject to review. Reviewable cases must be resolved within 75 days, unless the investor agrees to a longer time period. In practice, most cases are resolved within 45 days.

**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

Sale locally by nonresidents

There are no controls; however, withholding taxes apply.

**Controls on personal capital movements**

No.

**Provisions specific to commercial banks and other credit institutions**

No.

**Provisions specific to institutional investors**

No.

**Other controls imposed by securities laws**

No.

### **Changes During 1998**

No significant changes occurred in the exchange and trade system.

## CAPE VERDE

(Position as of January 31, 1999)

### Status Under IMF Articles of Agreement

Article XIV Yes.

### Exchange Arrangement

Currency The currency of Cape Verde is the Cape Verde escudo.

Exchange rate structure Unitary.

#### Classification

Conventional pegged arrangement A bilateral agreement was signed between Cape Verde and Portugal on March 13, 1998, and shortly afterwards, the authorities moved to a single currency peg and adopted the Portuguese escudo as the reference currency. On March 30, 1998, the Cape Verde escudo was devalued to 0.55 from 0.50 relative to the Portuguese escudo. Following the devaluation, the difference between the rates in the official market and the informal market for foreign exchange narrowed to a range of zero to 3%, depending on the currency. The authorities have adopted the euro as the reference currency from January 1, 1999.

Exchange tax No.

Exchange subsidy No.

Forward exchange market No.

### Arrangements for Payments and Receipts

Prescription of currency requirements Most dealings in foreign exchange with the general public are conducted by the two commercial banks, Banca Commercial do Atlantico (BCA) and Caixa Economia de Cabo Verde (CECV). Proceeds from invisibles must be repatriated in convertible currencies.

#### Payment arrangements

Bilateral payment arrangements

##### *Operative*

There are agreements with São Tomé and Príncipe, under which Cape Verde is a net creditor.

##### *Inoperative*

There are agreements with Angola and Cuba, under which Cape Verde is a net creditor.

#### Administration of control

All foreign exchange transactions are under the control of the Bank of Cape Verde (BCV), the central bank. The new foreign exchange law of June 25, 1998, liberalized current account transactions, investments in securities and foreign borrowing and lending in connection with current transactions.

International security restrictions n.a.

#### Payment arrears

Official External arrears have been cleared in 1997, with the exception of those to Russia and Spain, for which rescheduling negotiations are under way. No new arrears have been accrued since.

#### Controls on trade in gold (coins and/or bullion)

Controls on external trade Imports and exports of gold require prior licensing by the BCV.

#### Controls on exports and imports of banknotes

On exports

*Domestic currency* The exportation of domestic currency by travelers is permitted up to specified limits.

<i>Foreign currency</i>	Residents traveling abroad may take out the equivalent of CVEsc 1,000,000 (approximately US\$10,000).
On imports	
<i>Domestic currency</i>	The importation of domestic currency is permitted up to specified limits.
<i>Foreign currency</i>	Foreign travelers may import foreign currency up to specified limits.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	Effective August 26, 1998, residents were permitted to open foreign currency accounts at commercial banks authorized to deal in foreign exchange. The operation of these accounts is free, but must follow the BCV regulations.
Held domestically	These accounts may be opened, but prior approval is required.
Held abroad	These accounts may be opened, but prior approval is required.
<b>Accounts in domestic currency convertible into foreign currency</b>	n.a.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	These accounts may be opened and operated freely after prior approval is granted as demand or term deposit accounts. Term deposit accounts may be maintained for no more than one year.
<b>Domestic currency accounts</b>	Nonresidents may open nonremunerated demand deposit accounts in local currency. The operation of these accounts is free, but must follow the BCV regulations.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	n.a.

### Imports and Import Payments

<b>Foreign exchange budget</b>	Yes.
<b>Financing requirements for imports</b>	All imports payable in foreign exchange required a 25% deposit in domestic currency. Deposits were remunerated at market rates. The advance deposit was eliminated on January 1, 1999.
<b>Documentation requirements for release of foreign exchange for imports</b>	Imports of goods exceeding CVEsc 100,000 and not involving payments from the country's foreign exchange resources are subject to a preregistration requirement.
Letters of credit	Yes.
<b>Import licenses and other nontariff measures</b>	Licenses, which are issued by the General Directorate of Commerce in the Ministry of Economy, Transportation, and Communications, require the endorsement of the BCV and are generally valid for 90 days; they are renewable. The provision of foreign exchange is guaranteed when the license has been previously certified by the BCV. Licenses are, in general, granted liberally for imports of medicines, capital goods, and other development-related equipment. Imports with a value of less than CVEsc 100,000 are exempt from the licensing requirement.
Positive list	Yes.
Licenses with quotas	Most locally produced food items and beverages (e.g., fish, bread, tomatoes, bananas, cereals, salt, beer, and soft drinks) are subject to a global annual import quota; some items (e.g., potatoes, onions, and poultry) are subject to seasonal quotas.
<b>Import taxes and/or tariffs</b>	Yes.

**State import monopoly** The importation of maize, rice, sugar, and cooking oil is conducted by state monopolies.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Export proceeds must be repatriated within three months, but this period may be extended.
<b>Surrender requirements</b>	Yes.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	No.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Until June 25, 1998, for amounts exceeding CVEsc 200,000, approval was required for freight/insurance, unloading/storage costs, administration expenses, commissions, interest payments, consulting and legal fees, and pensions. Since then, current account transactions have been liberalized, except for travel allowances, which were increased to the equivalent of CVEsc 1,000,000 (approx. \$10,000) from \$1,000 per person per trip. However, all transactions are subject to bona fide tests.
<b>Payments for travel</b>	
<i>Prior approval</i>	For amounts exceeding of CVEsc 1,000,000 (approx. \$10,000), approval is required.
<i>Quantitative limits</i>	Yes.
<b>Foreign workers' wages</b>	Transfers by foreign technical assistance personnel working in Cape Verde are authorized within the limits specified in the individual contracts. These contracts, as well as other contracts involving foreign exchange expenditures, are subject to prior screening by the BCV. Requests by other foreigners are examined on a case-by-case basis.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Proceeds from invisibles must be repatriated in convertible currencies.
<b>Surrender requirements</b>	Yes.
<b>Restrictions on use of funds</b>	n.a.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Capital transactions, except those for investments in securities and foreign borrowing and lending in connection with current account transactions, must be approved in advance by the BCV. The Cape Verde Stock Exchange (CVSE) was opened on March 29, 1998. It is expected to become fully operational in the second half of 1999. Transactions between residents and nonresidents through the CVSE are free.
<b>On capital market securities</b>	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	Yes.
<b>On money market instruments</b>	
<i>Purchase abroad by residents</i>	Yes.

<b>Controls on derivatives and other instruments</b>	These instruments do not exist in Cape Verde.
<b>Controls on credit operations</b>	The new foreign exchange law of June 25, 1998, liberalized foreign borrowing and lending in connection with current transactions. However, these transactions are subject to verification by institutions authorized to deal in foreign exchange or by the BCV.
Commercial credits	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
Financial credits	Special authorization from the BCV is required for these transactions.
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	Yes.
<b>Controls on direct investment</b>	
Outward direct investment	Yes.
Inward direct investment	For direct investments exceeding \$100,000, a permit is required.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	Special authorization from the BCV is required for all these transactions.
<b>Controls on personal capital movements</b>	There are controls on all personal capital movements.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Special authorization from the BCV is required for these transactions.
Maintenance of accounts abroad	These accounts may be freely opened and operated.
Lending to nonresidents (financial or commercial credits)	Special authorization from the BCV is required for these transactions.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Accounts in foreign exchange constitute the assessment base.
<i>Credit controls</i>	Special authorization from the BCV is required for these transactions.
Open foreign exchange position limits	The BCA and the CECV are allowed net foreign exchange positions of up to the equivalent of \$1.5 million and \$1 million, respectively.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<i>March 13.</i> The basket peg (to mainly European currencies) was replaced with the peg to the Portuguese escudo.
<b>Arrangements for payments and receipts</b>	<i>June 25.</i> A new foreign exchange law was adopted.

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<b>Resident accounts</b>	<i>August 26.</i> Residents were allowed to open foreign currency accounts.
<b>Capital transactions</b>	<i>March 29.</i> The CVSE was expanded to include real estate transactions.

### **Changes During 1999**

<b>Exchange arrangement</b>	<i>January 1.</i> The peg to the Portuguese escudo was replaced with a peg to the euro.
<b>Imports and import payments</b>	<i>January 1.</i> The 25% advance import deposit was eliminated.



# CENTRAL AFRICAN REPUBLIC

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 1, 1996.

### Exchange Arrangement

#### Currency

The currency of the Central African Republic is the CFA franc.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The CFA franc is pegged to the euro, the intervention currency, at the fixed rate of CFAF 100 per €0.1524. Exchange transactions in euros between the BEAC and commercial banks take place at that rate, free of commission. Buying and selling rates for certain other foreign currencies are also officially posted, with quotations based on the fixed rate for the euro and the rates in the Paris exchange market for the currencies concerned. A commission of 0.25% is levied on all capital transfers to countries that are not members of the BEAC, except those made for the account of the Treasury and for the expenses of students.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

There are no forward exchange markets. However, as allowed by the fixed peg with the euro, exporters and importers may always cover their position on the Paris foreign exchange market.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Settlements with France, Monaco, and the Operations Account countries (WAEMU members, Cameroon, the Central African Republic, Chad, the Comoros, the Republic of Congo, Equatorial Guinea, and Gabon) are made in CFA francs, euros, or the currency of any other institute of issue that maintains an Operations Account with the French Treasury. Settlements with all other countries are usually made in the currencies of those countries or in euros through foreign accounts in French francs.

#### Payment arrangements

##### Regional arrangements

An Operations Account is maintained with the French Treasury that links Operations Account countries. All purchases or sales of foreign currencies or euros against CFA francs are ultimately settled through a debit or credit to the Operations Account.

#### Administration of control

All draft legislation, directives, correspondence, and contracts having a direct or indirect bearing on the finances of the state require the prior approval of the MOF. The Autonomous Amortization Fund of the MOF supervises borrowing abroad. The Office of Foreign Financial Relations of the same ministry supervises lending abroad; the issuing, advertising, or offering for sale of foreign securities in the Central African Republic; and inward and outward direct investment. Exchange control is administered by the MOF, which has delegated some approval authority to the BEAC (control over the external position of the banks, granting of exceptional travel allocations in excess of the basic allowances, and control over the repatriation of net export proceeds), to authorized banks, and to the Postal Administration. All exchange transactions relating to foreign countries must be effected through authorized banks. Export declarations are to be made through the Directorate of Foreign Trade of the Ministry of Commerce and Industry, except those for gold, which are to be made through the BEAC.

#### International security restrictions

n.a.

#### Payment arrears

Yes.

**Controls on trade in gold (coins and/or bullion)****Controls on external trade**

Imports and exports of gold require a license, which is seldom granted. In practice, imports and exports are made by an authorized purchasing office. Exempt from prior authorization are (1) imports and exports by or on behalf of the Treasury, and (2) imports and exports of manufactured articles containing a small quantity of gold (such as gold-filled or gold-plated articles). Both licensed and exempt imports of gold are subject to customs declaration. Certain companies have been officially appointed as Offices for the Purchase, Import, and Export of Gold and Raw Diamonds.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

There is no limit on the amount of banknotes that residents and nonresidents may export from one BEAC country to another. Exports of banknotes outside the BEAC zone are prohibited.

*Foreign currency*

All resident travelers, regardless of destination, must declare in writing all means of payment at their disposal at the time of departure. The reexportation of foreign banknotes is allowed up to the equivalent of CFAF 250,000; the reexportation of foreign banknotes above this ceiling requires documentation demonstrating either their importation or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposits held in local banks.

**On imports***Domestic currency*

There is no limit on the amount of banknotes that residents and nonresidents may import from another BEAC country. Imports of banknotes from outside the BEAC zone are prohibited.

**Resident Accounts****Foreign exchange accounts permitted****Held domestically**

n.a.

**Held abroad**

n.a.

**Accounts in domestic currency convertible into foreign currency**

n.a.

**Nonresident Accounts****Foreign exchange accounts permitted**

n.a.

**Domestic currency accounts**

The regulations pertaining to nonresident accounts are based on regulations applied in France. The principal nonresident accounts are foreign accounts in euros. As the BEAC has suspended the repurchase of BEAC banknotes circulating outside the territories of its member countries, BEAC banknotes received by the foreign correspondents of authorized banks and mailed to the BEAC agency in Bangui may not be credited to foreign accounts in euros.

**Convertible into foreign currency**

n.a.

**Blocked accounts**

n.a.

**Imports and Import Payments****Foreign exchange budget**

n.a.

**Financing requirements for imports**

Minimum financing requirements	Yes.
Advance payment requirements	Yes.
Advance import deposits	Yes.

**Documentation requirements for release of foreign exchange for imports**

Domiciliation requirements	All import transactions relating to foreign countries must be domiciled with an authorized bank.
Preshipment inspection	Preshipment inspection is required for coffee, cotton, and diamonds.
Import licenses used as exchange licenses	Import declarations are required for all imports, and the import license entitles importers to purchase the necessary exchange, provided that the shipping documents are submitted to the authorized bank.

**Import licenses and other nontariff measures**

Negative list	Imports of firearms of any origin are prohibited.
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**Import taxes and/or tariffs**

The UDEAC CET applies. There are four rates: 5% for essential commodities, 10% for capital goods and inputs, 20% for intermediates, and 30% for consumer goods. The intra-UDEAC tariff is 20% of the CET.

State import monopoly	n.a.
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**Exports and Export Proceeds****Repatriation requirements**

Proceeds must be collected and repatriated within one month of the due date, which must not be later than 90 days after the arrival of the goods at their destination, unless special authorization is obtained.

Surrender requirements	Export proceeds received in currencies other than euros or those of an Operations Account country must be surrendered.
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Financing requirements	n.a.
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Documentation requirements	Yes.
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Domiciliation	All export transactions must be domiciled with an authorized bank.
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Preshipment inspection	The Office de réglementation, de contrôle et de conditionnement des produits agricoles requires preshipment inspection for coffee.
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Export licenses	All exports require a declaration.
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Without quotas	Yes.
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Export taxes	n.a.
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**Payments for Invisible Transactions and Current Transfers****Controls on these transfers**

Payments for invisibles to France, Monaco, and the Operations Account countries are permitted freely; those to other countries are subject to approval. Approval authority for many types of payment has been delegated to authorized banks. Payments for invisibles related to trade are permitted freely when the basic trade transaction has been approved or does not require authorization.

**Trade-related payments**

<i>Prior approval</i>	Yes.
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Investment-related payments	Transfers of profits and dividends are permitted freely when the basic transaction has been approved.
<i>Prior approval</i>	Yes.
Payments for travel	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Residents traveling to other countries of the franc zone may obtain an unlimited allocation in French francs. Within the BEAC zone, BEAC banknotes may be exported without limit. The allowances for travel to countries outside the franc zone are subject to the following regulations: (1) for tourist travel, CFAF 100,000 a day, with a maximum of CFAF 2 million a trip; (2) for business travel, CFAF 250,000 a day, with a maximum of CFAF 5 million a trip; (3) allowances in excess of these limits are subject to the authorization of the MOF or, by delegation, the BEAC. Returning resident travelers are required to declare all means of payment in their possession upon arrival at customs and surrender within eight days all means of payment exceeding the equivalent of CFAF 25,000. All resident travelers, regardless of destination, must declare in writing all means of payment at their disposal at the time of departure. The reexportation by nonresident travelers of means of payment other than banknotes registered in their name and issued abroad is not restricted. However, documentation is required that such means of payment have been purchased with funds drawn from a foreign account in CFA francs or with other foreign exchange.
<i>Indicative limits/bona fide test</i>	Bona fide requests for allowances in excess of the limits are normally granted.
Personal payments	
<i>Prior approval</i>	Prior approval is not required for costs covering studies abroad.
<i>Quantitative limits</i>	The allowance for sick persons traveling to countries outside the franc zone for medical reasons is CFAF 100,000 a day, with a maximum of CFAF 2.5 million. For studies abroad, the limit is CFAF 1 million.
<i>Indicative limits/bona fide test</i>	Indicative limits or bona fide tests are applied to medical costs and the costs of study abroad.
Foreign workers' wages	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Foreign nationals working in the BEAC zone are allowed to transfer 50% of their net salary upon presentation of their pay vouchers, provided that the transfers take place within three months of the pay period concerned.
Credit card use abroad	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	The use of credit cards, which must be issued by resident financial intermediaries and approved by the MOF, is limited to the ceilings set for tourism and business travel.
<i>Indicative limits/bona fide test</i>	Bona fide requests for allowances in excess of limits are normally granted.
Other payments	
<i>Prior approval</i>	Prior approval is required for consulting and legal fees.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Proceeds from transactions in invisibles with France, Monaco, and the Operations Account countries may be retained. All amounts due from residents of other countries in respect of services, and all income earned in those countries from foreign assets, must be collected within one month of the due date.
Surrender requirements	If payment is received in foreign currency, it must be surrendered within one month of the date of receipt.

**Restrictions on use of funds** n.a.

### Capital Transactions

**Controls on capital and money market instruments** Capital movements between the Central African Republic, France, and the Operations Account countries are free of exchange control. Capital transfers to all other countries require exchange control approval and are restricted, but capital receipts from such countries are permitted freely.

On capital market securities

*Shares or other securities of a participating nature*

Sale or issue locally by nonresidents The issuing, advertising, or offering for sale of foreign securities in the Central African Republic requires prior authorization from the MOF. Exempt from authorization, however, are operations in connection with (1) loans backed by a guarantee from the government; and (2) shares similar to securities, when issuing, advertising, or offering them for sale in the Central African Republic has previously been authorized.

Purchase abroad by residents Yes.

On money market instruments

*Purchase abroad by residents* Yes.

On collective investment securities

*Purchase abroad by residents* Yes.

**Controls on derivatives and other instruments**

Purchase abroad by residents Yes.

**Controls on credit operations**

Commercial credits

*By residents to nonresidents* Lending abroad by residents or by branches or subsidiaries in the Central African Republic of juridical persons whose registered office is abroad requires prior authorization from the MOF. Exempt from this authorization are (1) loans granted by registered banks, and (2) other loans when the total amount of loans outstanding does not exceed CFAF 50 million for any one lender. The contracting of loans that are exempt from authorization and each repayment must be reported to the Office of Foreign Financial Relations within 20 days of the operation, except when the amount of the loan granted abroad by the lender is less than CFAF 500,000.

*To residents from nonresidents* Foreign borrowing by the government or its public and semipublic enterprises, as well as all foreign borrowing with a government guarantee, requires the prior approval of the Director of the Budget. Borrowing abroad by residents or by branches or subsidiaries in the Central African Republic of juridical persons whose registered office is abroad requires prior authorization from the MOF. Exempt from this authorization are (1) loans constituting a direct investment abroad for which prior approval has been obtained, as indicated above; (2) loans directly connected with the rendering of services abroad by the persons or firms mentioned above, or with the financing of commercial transactions either between the Central African Republic and countries abroad, or between foreign countries in which those persons or firms take part; (3) loans contracted by registered banks; and (4) loans other than those mentioned above, when the total amount of loans outstanding does not exceed CFAF 50 million for any one borrower. Loans referred to under (4) and each repayment must be reported to the Office of Foreign Financial Relations within 20 days of the operation, unless the total outstanding amount of all loans contracted abroad by the borrower is less than CFAF 500,000.

Financial credits

*By residents to nonresidents* Yes.

<i>To residents from nonresidents</i>	Yes.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
<b>Controls on direct investment</b>	
Outward direct investment	Direct investments abroad, including those made through foreign companies that are directly or indirectly controlled by persons in the Central African Republic and those made by branches or subsidiaries abroad of companies in the Central African Republic, require the prior approval of the MOF, unless they take the form of a capital increase resulting from the reinvestment of undistributed profits.
Inward direct investment	Investments must be declared to the MOF, unless they take the form of a capital increase resulting from the reinvestment of undistributed profits; the MOF may request a postponement of up to two months from receipt of the declaration.
<b>Controls on liquidation of direct investment</b>	The liquidation of investments requires prior approval from the MOF, unless the operation involves the relinquishing of a participation that had previously been approved.
<b>Controls on real estate transactions</b>	n.a.
<b>Controls on personal capital movements</b>	
Transfer of gambling and prize earnings	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	n.a.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> The CFA franc peg to the French franc was replaced with a peg to the euro.
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## CHAD

(Position as of January 31, 1999)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: June 1, 1996.

#### Exchange Arrangement

##### Currency

The currency of Chad is the CFA franc.

##### Exchange rate structure

Unitary.

##### Classification

Exchange arrangement with no separate legal tender

The CFA franc is pegged to the euro at the fixed rate of CFAF 100 per €0.1524. Exchange transactions in euros between the BEAC and commercial banks take place at the same rate and are free of commission. Buying and selling rates for certain other foreign currencies are also officially posted, with quotations based on the fixed rate for the euro and the rates in the Paris exchange market for the currencies concerned. All transfers and exchange operations are subject to a commission levied by the Treasury. The commission rate amounts to 0.25% in the CFA franc zone and 0.5% outside the CFA franc zone.

##### Exchange tax

No.

##### Exchange subsidy

No.

##### Forward exchange market

Forward cover for imports is permitted only for specified commodities and requires the prior approval of the MOF.

##### Official cover of forward operations

Yes.

### Arrangements for Payments and Receipts

#### Prescription of currency requirements

Because Chad is an Operations Account country, settlements with France, Monaco, and other Operations Account countries (WAEMU members, Cameroon, the Central African Republic, Chad, the Comoros, the Republic of Congo, Gabon, and Equatorial Guinea) are made in CFA francs, euros, or the currency of any other Operations Account country. Settlements with all other countries are usually made in the currencies of those countries or in euros through foreign accounts in francs.

#### Payment arrangements

##### Regional arrangements

An Operations Account is maintained with the French Treasury that links Operations Account countries. All purchases or sales of foreign currencies or euros against CFA francs are ultimately settled through a debit or credit to the Operations Account.

##### Clearing agreements

Yes.

##### Administration of control

Exchange control is administered by the MOF, but it has delegated approval authority in part to the External Finance and Exchange Control Subdirectorates, which issues instructions to the authorized banks. All exchange transactions relating to countries outside the Operations Account area must be made through authorized banks. The MOF supervises public and private sector borrowing and lending abroad; the issuing, advertising, or offering for sale of foreign securities in Chad; and inward and outward direct investment. It also issues import and export authorizations for gold.

##### International security restrictions

No.

##### Payment arrears

##### Official

Yes.

**Controls on trade in gold (coins and/or bullion)****Controls on external trade**

Imports and exports of gold require prior authorization from both the MOF and the Directorate of Geological and Mining Research, as well as a visa from the External Finance Department. Exempt from this requirement are (1) imports and exports by, or on behalf of, the monetary authorities; and (2) imports and exports of manufactured articles containing a small quantity of gold (such as gold-filled or gold-plated articles). Unworked gold may be exported only to France. Both licensed and exempt imports of gold are subject to customs declaration.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

The exportation of banknotes issued by the BEAC to areas outside that of the BEAC is prohibited. Nonresidents traveling from one BEAC member country to another may take with them an unlimited amount of CFA franc zone banknotes and coins.

*Foreign currency*

Residents visiting other CFA franc zone countries may obtain an unlimited allocation in French francs. This allocation can be provided in banknotes, traveler's checks, bank drafts, and bank or postal transfers, etc. For travel to countries outside the CFA franc zone, the exchange allocation depends on the type of travel and can be made in banknotes, traveler's checks, bank drafts, or postal transfers. Nonresident travelers may take out foreign exchange or other foreign means of payment up to the amount they declared on entry into the BEAC area. If they have made no declaration on entry into one of the BEAC countries, they may take out only up to the equivalent of CFAF 500,000.

**On imports***Domestic currency*

Resident and nonresident travelers may bring in any amount of banknotes and coins issued by the BEAC, the Bank of France, or any other bank of Operations Account countries. The importation of banknotes issued by the BEAC from areas outside the BEAC area is prohibited.

*Foreign currency*

Resident and nonresident travelers may bring in any amount of foreign banknotes and coins (except gold coins) of countries outside the Operations Account area.

**Resident Accounts****Foreign exchange accounts permitted****Held domestically**

These accounts are permitted, but prior approval is required.

**Held abroad**

These accounts are permitted, but prior approval is required.

**Accounts in domestic currency convertible into foreign currency**

Yes.

**Nonresident Accounts****Foreign exchange accounts permitted**

These accounts are permitted, but prior approval is required. Principal nonresident accounts are foreign accounts in francs.

**Domestic currency accounts**

The regulations pertaining to nonresident accounts are based on regulations applied in France. Because the BEAC has suspended the repurchase of BEAC banknotes circulating outside the territories of the CFA franc zone, BEAC banknotes received by the foreign correspondents of authorized banks and mailed to the BEAC agency in Chad by the Bank of France or the BCEAO may not be credited to foreign accounts in francs.

**Convertible into foreign currency**

Yes.

**Approval required**

Yes.



**Blocked accounts** Yes.

### Imports and Import Payments

**Foreign exchange budget** No.

**Financing requirements for imports** No.

**Documentation requirements for release of foreign exchange for imports**

**Domiciliation requirements** Imports in excess of CFAF 100,000 and relating to countries outside the BEAC must be domiciled with an authorized bank.

**Letters of credit** Yes.

**Import licenses and other nontariff measures**

**Negative list** A special import authorization by the Ministry of Commerce and Industrial Promotion is required for imports of sulphur and other explosives.

**Import taxes and/or tariffs** Import tariffs on products from countries that are not members of the UDEAC range from 5% to 30% with four tariff bands. Tariffs on imports from the UDEAC countries were eliminated on January 1, 1998.

**State import monopoly** No.

### Exports and Export Proceeds

**Repatriation requirements** Export proceeds normally must be received within 180 days of the arrival of the commodities at their destination.

**Surrender requirements** Export proceeds received in currencies other than those of France or of an Operations Account country must be surrendered. The proceeds must be collected and, if received in a foreign currency, surrendered within one month of the due date.

**Financing requirements** No.

**Documentation requirements**

**Letters of credit** Yes.

**Guarantees** Yes.

**Domiciliation** Export transactions to foreign countries exceeding CFAF 50,000 must be domiciled with an authorized bank.

**Export licenses**

**Without quotas** Yes.

**Export taxes** No.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** Payments for invisibles to France, Monaco, and the Operations Account countries are permitted freely. Payments for invisibles related to trade are permitted freely if the basic trade transaction has been approved or does not require authorization.

Some current payments, however, may be subject to delay. On a temporary basis, nonresidents, except diplomatic missions and their staff, international organizations and their staff, agencies with equivalent status and their staff, as well as employees and self-employed members of the professions (professionally active in Operations Account area countries for

	less than a year), are not permitted to send transfers to countries that are not CFA franc zone members without prior authorization from the proper authorities. They may, however, receive transfers from abroad. A simple declaration is required for transfers to countries outside the BEAC area not exceeding CFAF 500,000 by residents; for transfers of more than CFAF 500,000, prior authorization must be obtained from the competent authorities. For many types of payment, approval authority has been delegated to authorized banks, which are required to execute promptly all duly documented transfer orders and to dispatch cable transfers within 48 hours of receipt of the relevant request.
Trade-related payments	Insurance on all imports with f.o.b. values exceeding CFAF 500,000 must be arranged with local insurance companies by the importer.
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Investment-related payments	Information is not available on the payment of amortization of loans or depreciation of direct investments.
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Payments for travel	Travelers—civil servants on missions, students, persons on pilgrimage, etc.—must use the following payment instruments: foreign exchange, traveler's checks, bank drafts, bank and postal transfers, etc. Residents visiting other CFA franc zone countries may obtain an unlimited allocation in French francs. This allocation can be provided in banknotes, traveler's checks, bank drafts, bank or postal transfers, etc.
<i>Prior approval</i>	For travel to countries outside the CFA franc zone, the exchange allocation is subject to prior authorization from the relevant administrative authorities.
<i>Quantitative limits</i>	Residents traveling outside the CFA franc zone for tourism, sporting events, participation in expositions, organization of fairs, participation in seminars or international meetings of a personal capacity, pilgrimages, etc., may obtain an exchange allocation equivalent to CFAF 200,000 a day up to a maximum of CFAF 4 million a person a trip for those over 10 years of age; for children under 10, the allocation is reduced by one-half. Residents traveling to countries outside the CFA franc zone for business may obtain an exchange allocation equivalent to CFAF 500,000 a day, up to a maximum of CFAF 10 million a trip.  Civil servants and government employees traveling on official business to countries outside the CFA franc zone may obtain the same exchange allocation as tourists, but only if their mission costs are less than a daily allocation of CFAF 200,000, up to a limit of CFAF 4 million.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	For countries outside the CFA franc zone, the exchange allocation for medical costs is equivalent to CFAF 250,000 a day, up to a limit of CFAF 5 million. For studies abroad, the exchange allocation for countries outside the CFA franc zone is the equivalent to a three-month scholarship plus expenses for supplies. However, a student, whether or not the holder of a scholarship, may obtain an exchange allocation not exceeding the equivalent of CFAF 2 million.
<i>Indicative limits/bona fide test</i>	Yes.
Foreign workers' wages	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.

<i>Indicative limits/bona fide test</i>	Yes.
Other payments	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	Proceeds from transactions in invisibles with France, Monaco, and the Operations Account countries may be retained. All amounts due from residents of other countries in respect of services, and all income earned in those countries from foreign assets, must be collected and, if received in foreign currency, surrendered within two months of the due date.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Capital movements between Chad and France, Monaco, and the Operations Account countries are free of exchange control; capital transfers to all other countries require exchange control approval and are restricted, but capital receipts from such countries are permitted freely. All foreign securities, foreign currencies, and titles embodying claims on foreign countries or nonresidents held by residents or nonresidents in Chad must be deposited with authorized banks in Chad.
	Additional special controls are maintained over borrowing and lending abroad; inward and outward direct investment; and the issuing, advertising, or offering for sale of foreign securities in Chad. These controls relate only to the transactions themselves, not to payments or receipts. With the exception of those controls over the sale or introduction of foreign securities in Chad, the measures do not apply to France, Monaco, and the Operations Account countries.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Sale or issue locally by nonresidents	The issuing, advertising, or offering for sale of foreign securities in Chad requires prior authorization from the MOF. Exempt from authorization, however, are operations in connection with loans backed by a guarantee from the Chadian government and shares similar to securities, when their issuing, advertising, or offering for sale in Chad has already been authorized.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
On money market instruments	
<i>Sale or issue locally by nonresidents</i>	Yes.
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
On collective investment securities	
<i>Sale or issue locally by nonresidents</i>	Yes.
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.

**Controls on derivatives and other instruments**

Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.

**Controls on credit operations****Commercial credits***By residents to nonresidents*

Lending requires prior MOF authorization. The following are, however, exempt from this authorization: (1) loans directly connected with the rendering of services abroad by the persons or firms concerned, or with the financing of commercial transactions either between Chad and countries abroad or between foreign countries in which these persons or firms take part; and (2) other loans when the total amount of these loans outstanding does not exceed CFAF 5 million for any one lender. The making of loans referred to under (2) requires no authorization, but each repayment must be declared to the MOF within 30 days of the operation.

*To residents from nonresidents*

Borrowing requires prior MOF authorization. The following are, however, exempt from this authorization: (1) loans constituting a direct investment abroad for which prior approval has been obtained, as indicated above; (2) loans directly connected with the rendering of services abroad by the persons or firms concerned, or with the financing of commercial transactions either between Chad and countries abroad or between foreign countries in which these persons or firms take part; and (3) loans other than those mentioned above when the total amount of the loan outstanding does not exceed CFAF 10 million for any one borrower, the interest rate is no higher than 7%, and the maturity is two years or less. The contracting of loans referred to under (3) requires no authorization, but each repayment must be declared to the MOF within 30 days of the operation.

**Financial credits**

The same regulations apply as for commercial credits.

**Guarantees, sureties, and financial backup facilities**

*By residents to nonresidents* Yes.

*To residents from nonresidents* Yes.

**Controls on direct investment**

Outward direct investment Investments require the prior approval of the MOF.

Inward direct investment Investments require the prior approval of the MOF, unless they take the form of a mixed-economy enterprise.

**Controls on liquidation of direct investment**

The full or partial liquidation of direct investments in Chad must be declared to the MOF within 30 days of each operation.

**Controls on real estate transactions**

Purchase abroad by residents	Yes.
Purchase locally by nonresidents	Yes.
Sale locally by nonresidents	Yes.

**Controls on personal capital movements**

Transfer of gambling and prize earnings Yes.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad	Yes.
Maintenance of accounts abroad	Yes.

Lending to nonresidents (financial or commercial credits)	Yes.
Lending locally in foreign exchange	Yes.
Purchase of locally issued securities denominated in foreign exchange	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Yes.
<i>Liquid asset requirements</i>	Commercial banks must maintain a specified minimum amount of their assets in Chad.
<i>Interest rate controls</i>	Yes.
<i>Credit controls</i>	Yes.
Investment regulations	Yes.
Provisions specific to institutional investors	n.a.
Other controls imposed by securities laws	No.

### Changes During 1998

Imports and import payments	January 1. Tariffs on imports from the UDEAC countries were eliminated.
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### Changes During 1999

Exchange arrangement	January 1. The CFA franc peg to the French franc was replaced with a peg to the euro.
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# CHILE

(Position as of April 30, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: July 27, 1977.

### Exchange Arrangement

#### Currency

The currency of Chile is the Chilean peso.

#### Exchange rate structure

##### Dual

There are two foreign exchange markets: (1) the official market, through which all current payments and authorized capital transactions, including loan receipts, must be transacted; and (2) the informal market, through which all transactions not required to be channeled through the formal market take place. The formal foreign exchange market consists of commercial banks and exchange houses and other entities licensed by the Central Bank of Chile (CBC). All current payments and most capital transactions are allowed to be channeled through the formal exchange market.

#### Classification

##### Crawling band

In both exchange markets, economic agents are free to negotiate rates; the CBC conducts transactions in the official exchange market within margins of 10% around the reference rate. This reference rate is adjusted daily on the basis of changes in the value of a basket of currencies calculated from a set formula (0.8 weight for the U.S. dollar, 0.24435 for the euro, and 5.911 for the Japanese yen), the differential between domestic and foreign rates of inflation, and a daily appreciation equivalent to 2% a year. In June 1998, the requirement that the depreciation of the reference exchange rate should be 2% a year was abolished; additionally, the width of the crawling band was reduced to 5.5% from 25%, and the rate of depreciation was increased by 2% a year.

In September 1998, the total width of the band was widened to 7% from 5.5%. The rate of crawl of the band was increased by an additional 2.4% through end-1998. In December 1998, the band was widened to 16%, and both limits of the band are to be widened by a factor of 0.013575% a day.

#### Exchange tax

No.

#### Exchange subsidy

The CBC provides a subsidy (in the form of notes indexed to inflation with a minimum maturity of six years and an interest rate of 3%) on the following service payments on some debts contracted before August 6, 1982 (the original amount of the debt was about US\$8 billion): (1) payments to Chilean banks or financial companies whose debt is indexed to the official exchange rate, and (2) payments abroad on debt obligations registered with the CBC. The subsidized rate is the official reference rate.

#### Forward exchange market

Free access is given for the purchase of dollars through forward contracts in the forward exchange market.

The central bank is authorized to offer commercial banks short-term (180-day to 360-day maturity) options to buy foreign exchange at the most depreciated end of the exchange rate band. In mid-September 1998, the central bank discontinued the window for foreign exchange options.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Regional arrangements

Settlements with Argentina, Bolivia, Brazil, Colombia, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela are made through accounts maintained

	with each other by the CBC and the central banks of each of the countries concerned within the framework of the multilateral clearing system of the LAIA.
Clearing agreements	Yes.
Administration of control	The CBC is responsible for enforcing regulations aimed at collecting balance of payments information. The Chilean Copper Commission is responsible for advising the CBC with respect to exports of copper and subproducts.
International security restrictions	No.
Payment arrears	No.
Controls on trade in gold (coins and/or bullion)	
Controls on domestic ownership and/or trade	Monetary gold may be traded only by authorized dealers, but ordinary transactions in gold between private individuals are unrestricted.
Controls on external trade	Trade is unrestricted, subject to normal export and import formalities, including registration with the CBC.
Controls on exports and imports of banknotes	No.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	Both natural and juridical persons may hold foreign currency checking accounts. The average balance is subject to legal reserve requirements. Juridical persons must take into account legal restrictions on investments, given their commercial activities (i.e., pension funds administrators). In the case of checking accounts, the commercial banks must certify the domicile reported.
Held abroad	Juridical persons subject to regulations on investment abroad (i.e., banks and pension funds) must abide by such regulations.
Accounts in domestic currency convertible into foreign currency	No.

### Nonresident Accounts

Foreign exchange accounts permitted	Checking accounts may not be held by nonresidents because holders must be domiciled in the country.
Domestic currency accounts	No.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	Payments through the official foreign exchange market require an import report issued by the CBC, which must be obtained from, and processed through, the intermediary of a local commercial bank. Access to foreign exchange is available no later than 30 days after the obligation's expiration date as documented on the import report.
Domiciliation requirements	Only resident natural or juridical persons may engage in import activities.
Import licenses and other nontariff measures	Most imports require an import report issued by the CBC. Imports of wheat, maize, edible oil, and sugar are subject to after-duty price margin limits. Antidumping and countervailing duty laws are applied.

Negative list	Imports of used motor vehicles are prohibited.
Import taxes and/or tariffs	Imports are subject to a uniform 10% tariff rate with a few exceptions (including on imports from LAIA countries and under a number of bilateral trade agreements). Starting from January 1, 1999, the uniform tariff will be reduced by 1 percentage point a year to 6%.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	A share of receipts from copper exports of CODELCO (state copper company) must be deposited in the account of the Copper Stabilization Fund at the CBC; withdrawals are permitted only under prescribed circumstances. Debtors of internal credits recorded under the Compendium of Rules on International Exchange (CEIR) are authorized to settle interest, commissions, and/or expenses corresponding to those operations effected directly abroad with export proceeds. The CBC must be informed of these settlements.
Financing requirements	Exports may be financed with advances from foreign buyers or with external or internal credits, as agreed between the trading parties. Such advances must be channeled through the formal exchange market. Credits must be identified with shipments and paid immediately after proceeds are received.
Documentation requirements	The exporter must submit an export report to the CBC through a banking company, establishing the exporter's identity and the terms of the operation.
Letters of credit	The commercial bank that receives the letter prior to payment of the foreign exchange will demand from the exporter the shipping documents of the merchandise and the additional requirements established in the LC.
Domiciliation	Yes.
Preshipment inspection	Inspections are done by customs agents, who perform the role of "customs ministers of faith"; subsequently, a shipment order is issued, which is subject to customs control.
Export licenses	No.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

Investment-related payments	There are no controls on the transfer of interest payments.
<i>Prior approval</i>	Transfers of profits require the authorization of the CBC for access to the formal market. In the case of loans, the purchase of currency for amortization must be made in the formal exchange market, subject to prior approval by the CBC, within a period either before the expiration date that appears in the loan repayment program or 10 days after the expiration date.  In the case of capital repatriation, which may only be done after complying with the minimum one-year holding period, permission must be obtained from the CBC for access to the formal exchange market.
Credit card use abroad	The CBC authorizes the commercial banks to issue credit cards. Card users must pay balances due for purchases abroad with their own resources. However, under the concept of extraordinary expenditures, each person may acquire foreign exchange in the formal market without declaring the purpose.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes.
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Surrender requirements	Proceeds from selected transactions (e.g., royalties and copyright fees, commissions, proceeds from insurance, and other benefits related to foreign trade) are subject to a 100% surrender requirement.
Restrictions on use of funds	Yes.

### Capital Transactions

#### Controls on capital and money market instruments

On capital market securities	The unremunerated reserve requirement on capital inflows was lowered from 30% to 10% in June 1998, and eliminated in September 1998.
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#### *Shares or other securities of a participating nature*

##### Purchase locally by nonresidents

Nonresidents may invest in domestic securities in three ways:

(1) Through acquisition by foreign investment funds (FICE). These are formed by foreign capital and administered by an open society established in Chile. Investments may not exceed 5% of social capital in any one company and 10% of the funds' total assets. These funds may not invest more than 40% of their portfolios in equities of the same holding period, and all FICEs as a group may not hold more than 25% of the equities of the same open society. Other requirements for FICEs are a five-year minimum holding period, a profit tax of 10%, and some portfolio restrictions that vary with the duration of the holding period;

(2) Through a financial investment (purchase of fixed-income securities and equities). These are, however, subject to a minimum holding period requirement of one year and to the general income tax law. Equities that have American Depositary Receipts (ADRs) may be acquired in the country and converted into ADRs. The issuance of primary ADRs is exempt from the above restrictions, but the issuers are subject to minimum international rating requirements. Holders of ADRs are permitted to participate in preferential share offerings, changing shares thus acquired into ADRs; and

(3) Through loans. These may also be used to finance the purchase of securities in the country. They are subject to a 4% tax on interest payments, and a 1.2% stamp duty.

##### Sale or issue locally by nonresidents

Proceeds from the sale of domestic securities by nonresidents are subject to the one-year holding period requirement if the capital inflow entered as a financial investment. The sale of equities that are the property of foreigners due to the ADR mechanism is possible, since Chilean ADRs can be converted into domestic stock. However, the resources obtained through the sale must be repatriated. ADRs issued from equities directly acquired in the Chilean stock market (also called secondary ADRs) are tightly restricted, both for the authorized period for acquiring stocks domestically and for the authorized period for acquiring foreign exchange after a local stock sale. All the associated foreign exchange operations must be effected through the formal exchange market. Issuance of foreign securities by nonresidents is subject to the same procedures applied to domestic securities. In practice, no foreign securities are traded domestically. Once the respective taxes have been paid, profits may be transferred freely without delay.

##### Purchase abroad by residents

Except for banks and pension funds, there are no restrictions on the acquisition of international fixed-income assets and current account deposits. Pension funds are authorized to hold up to 16% of their funds in foreign assets, including a variety of fixed-income assets and company shares up to 6% of the fund.

##### Sale or issue abroad by residents

Residents may issue equities and bonds abroad, and the associated foreign exchange operations must be effected through the formal exchange market. Equities may be sold according to the rules that regulate capital inflows through the mechanism of ADRs. Primary ADR issues are only subject to two minimum international risk-rating requirements, for long-term debt of BBB+ for banks and BBB for other firms.

*Bonds or other debt securities*

Purchase locally by nonresidents	Such investments must be authorized by, and registered with, the CBC. Currency must be brought in and sold in the formal exchange market. A minimum holding period of one year is required.
Sale or issue locally by nonresidents	These operations are not permitted.
Purchase abroad by residents	Residents may acquire bonds or other investment instruments abroad. However, the foreign exchange must be purchased in the formal exchange market and transferred abroad through the same market after informing the CBC. In the case of pension fund managers (PFMs), insurance companies, mutual funds, and international investment funds, limits are applied with regard to instrument types and amounts.
Sale or issue abroad by residents	Banking firms or juridical persons registered with the Superintendency of Securities and Insurance may issue bonds, subject to prior authorization by the CBC. The long-term foreign debt instruments of the firms issuing them must have a minimum classification of BBB+. Banking firms or financial institutions must have a minimum classification of A/B (BBB+ in the case of subordinate bonds). The weighted average term of the bonds should not be less than two years. In the case of subordinate bonds, the term must not be less than five years.  Effective April 15, 1999, for entities other than banks and financial firms bond issues were permitted with terms of more than two years and less than four years, with a minimum BB classification being required. In the case of bond issues for terms of four years or longer, the minimum classification required is the BB-.

*On money market instruments*

<i>Purchase locally by nonresidents</i>	In general, these acquisitions are authorized for nonresidents, but there are regulations governing the mode of inflow. The associated capital inflow liquidation and the subsequent repatriation of proceeds must be effected through the formal exchange market. Acquisitions through external loans are subject to a tax on interest of 4% and a stamp tax of 1.2%. Acquisitions through FICEs are subject to a minimum holding period of five years in addition to a 10% profit tax. In the case of financial investments, there is a minimum holding period of one year, and they are subject to the general income tax law.
<i>Sale or issue locally by nonresidents</i>	These transactions are not authorized and neither is the promotion of these or other financial services from abroad. To operate in the domestic financial market, the company must be registered and established, and must have brought in capital for operational purposes. The legal mechanism used is the creation of a Chilean agency of the foreign corporation.
<i>Purchase abroad by residents</i>	The acquisition of money market instruments by individuals and nonfinancial companies is not restricted.
<i>Sale or issue abroad by residents</i>	Yes.

*On collective investment securities*

<i>Purchase locally by nonresidents</i>	These purchases are considered financial investments subject to a minimum holding period of one year. Funds that enter Chile through an FICE are subject to a minimum holding period of five years.
<i>Sale or issue locally by nonresidents</i>	These transactions are not permitted. To operate in the domestic financial market, the company must be registered and established, and must have brought in capital for operational purposes. Once this has occurred, the sales of collective instrument securities are subject to the same domestic rules as any other investment, with no restrictions on the repatriation of profits.
<i>Purchase abroad by residents</i>	There are no restrictions for nonfinancial agents. Pension funds are also restricted by the type of fund (mainly to avoid leveraged and hedged funds), country risk, regulation, liquidity, experience of the fund, and participant's concentration.
<i>Sale or issue abroad by residents</i>	In practice, Chilean mutual funds (open funds) and investment funds (closed funds) are not offered directly abroad. To operate abroad, such funds must meet the existing regulations of the foreign country. Domestically issued instruments may be sold to nonresidents, but funds must be repatriated. These inflows are considered a financial investment subject to a

one-year holding requirement. FICEs that come into Chile under foreign ownership may be sold and traded in the New York or the London stock exchanges. The capital committed by the FICE must remain invested in Chile for five years.

### **Controls on derivatives and other instruments**

Purchase locally by nonresidents	The market is not well developed. Nonresidents may not participate in the formal market for currency derivatives, although they may conduct these transactions with nonbank institutions.
Sale or issue locally by nonresidents	To operate, foreign agents must have resident status.
Purchase abroad by residents	The CBC regulates derivative operations undertaken on external markets in foreign currencies, international interest rate commodities, and variable-return instruments. Interest rate derivatives do not exist in the local market and are not regulated. Speculative positions with derivatives abroad may be taken by nonfinancial institutions, but the currency must be remitted and returned through the formal exchange market. Provisions relating to the hedging operations that banks may carry out are maintained, as well as those relating to derivative operations in variable return instruments. The latter may also be undertaken by nonbank financial institutions.
Sale or issue abroad by residents	Derivatives for currency and interest rates exist for operations with foreign agents in over-the-counter operations, with security dealers or brokers that are authorized by the foreign authorities, or with foreign banks. There is access to formal spot exchange markets for hedging purposes. Currency and interest rate options are allowed, except for banks. For residents, including banks, other derivative contracts (interest rates, currencies, and commodity prices) are permitted up to the amount of the underlying external asset or liability position that needs to be covered. However, these contracts cannot be effected on the formal market, except by banks and institutional investors.

### **Controls on credit operations**

#### **Commercial credits**

<i>By residents to nonresidents</i>	All types of nonfinancial agents (except pension funds and insurance companies) are allowed to engage in international trade lending, but these operations must be effected through the informal exchange market.
<i>To residents from nonresidents</i>	Commercial credits may be contracted with foreign banks and financial entities under a 4% tax on interest. Associated foreign exchange transactions must be effected through the formal exchange market.

#### **Financial credits**

<i>By residents to nonresidents</i>	Operations by insurance companies, pension funds, and institutional investors are restricted. Others must operate through the informal market. Access to the formal market is extended to all credits.
<i>To residents from nonresidents</i>	Financial credits may be contracted with foreign banks and financial entities, subject to a 4% tax on interest and a stamp tax of 1.2%. Under Chapter XIV of the CEIR, debtors may use the formal market to prepay credits or to maintain the resources in an account abroad as a guarantee to creditors.

#### **Guarantees, sureties, and financial backup facilities**

<i>By residents to nonresidents</i>	These transactions are not allowed except for banks, which have to be authorized by the CBC. Only the following operations may be guaranteed or backed up by banks: external credits received by domestic enterprises, financial credits, the issuance of documents abroad, and forward contracts with authorized agents abroad.
<i>To residents from nonresidents</i>	Yes.

### **Controls on direct investment**

Outward direct investment	Restrictions exist in the case of ownership in a foreign company, investments in a project, or establishment of a company abroad. Investments may be made: (1) through the formal
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exchange market, in which case the CBC grants approval but the investment is subject to a 120-day profit repatriation while avoiding double taxation; or (2) through the informal exchange market, where the CBC must only be informed. There are also some limitations on the purchase of equities and foreign direct investment through the formal exchange market, in which case the CBC may give authorization to proceed, depending upon the specific information it is provided about the investment. There is a diversification requirement that allows a maximum investment in subsidiaries and branches in one foreign country of 20% of the capital and reserves of a local bank. Investment abroad in foreign subsidiaries and branches must be deducted from the local capital base.

Investment by commercial banks is limited to 40% of each bank's capital and reserves, and restricted to bills and bonds issued or guaranteed by foreign governments or central banks and private enterprises with a minimum long-term international debt risk rating (and its equivalent for short-term debt) of BBB.

The following transactions are permitted in the formal market: investments abroad, including acquisition of real or financial assets; and participation in companies and in contracts for the exploration and exploitation of domestic resources. There is, however, a reporting obligation to the CBC.

#### Inward direct investment

Capital contributions to new establishments or shares in existing ones are subject to a one-year minimum holding period and a minimum amount of US\$1 million. Projects of significant size may be undertaken; there is a minimum holding period of one year, and the investor enjoys favorable taxation treatment with regard to the choice between the general income tax law or the guaranteed payment profit tax of 42%. There is also guaranteed access to the formal exchange market for repatriation.

#### Controls on liquidation of direct investment

Investments must be held in Chile for at least one year to qualify for repatriation. After that period, it must be demonstrated that the assets were sold and applicable taxes paid.

#### Controls on real estate transactions

##### Purchase abroad by residents

Yes.

##### Purchase locally by nonresidents

Purchases are treated as a financial investment and are subject to a minimum investment requirement of US\$100,000 and a minimum holding period of one year.

##### Sale locally by nonresidents

The investment must have been held for one year in Chile, and it must be demonstrated that the asset was sold and applicable taxes paid.

#### Controls on personal capital movements

##### Loans

##### *By residents to nonresidents*

Chilean regulations establish that both juridical and natural persons may lend abroad. However, the currency from such loans must be remitted through the formal exchange market. The CBC must be informed about such operations.

##### *To residents from nonresidents*

These loans must be authorized by and registered with the CBC.

##### Gifts, endowments, inheritances, and legacies

n.r.

##### Settlement of debts abroad by immigrants

Transfers may be made only through the informal market.

##### Transfer of assets

##### *Transfer into the country by immigrants*

These operations are permitted but are subject to the same restrictions applicable to loans.

#### Provisions specific to commercial banks and other credit institutions

##### Maintenance of accounts abroad

Nonbank financial institutions are not allowed to maintain accounts abroad. Banks may hold foreign time deposits within the margin for financial investment abroad. External current accounts are not restricted.

Lending to nonresidents (financial or commercial credits)	Banks may purchase debt instruments and sovereign bonds issued abroad. Time deposits are considered part of the margin for financial investments. Banks satisfying a capital adequacy ratio of at least 10% may acquire stocks of foreign banks or establish branches abroad. Deposits, loans, and other assets of Chilean banks with foreign banks of Chilean ownership may not exceed 40% of the capital and reserves of the foreign bank. Banks are authorized to extend loans to natural or juridical persons resident abroad in order to finance foreign trade operations between third countries.
Lending locally in foreign exchange	Banks may grant loans or acquire securities denominated or expressed in foreign exchange provided they remain within the open position limits.
Purchase of locally issued securities denominated in foreign exchange	These purchases are subject to open position limits.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	The requirement for domestic currency time deposits is 9%. In mid-1998, the central bank reduced to 10% from 30% the nonremunerated reserve requirement applicable to foreign currency liabilities. In mid-September 1998, the central bank eliminated the nonremunerated reserve requirement, and foreign currency deposits were made subject to the same reserve requirements as domestic currency deposits (varying across deposit type) with an additional flat-across-deposit remunerated requirement that declines in steps to 10% by year end.
<i>Liquid asset requirements</i>	Yes.
<i>Interest rate controls</i>	By law, there are ceilings on interest rates for both domestic and foreign currency loans. Those ceilings are defined as one-and-a-half times the average market interest rate.
Investment regulations	
<i>Abroad by banks</i>	Foreign financial investments by commercial banks are limited to 70% of each bank's effective capital, and are restricted to bills and bonds issued or guaranteed by foreign governments or central banks and private enterprises. The total exposure to any one country may not exceed 40% of each bank's effective capital. The general minimum long-term international debt risk rating (and its equivalent for short-term debt) for the financial instruments is BBB-, and up to 20% may be invested in BB- instruments. The foreign exchange needed to invest abroad must be obtained in the formal exchange market. Investments require the prior authorization of the CBC.
<i>In banks by nonresidents</i>	Nonresidents may invest in banks, but such investments are subject to a one-year holding period.
Open foreign exchange position limits	The limit is 20% of capital and reserves. This margin includes derivative and spot instruments, foreign investment, and assets and liabilities issued abroad or denominated in foreign exchange. Additionally, there is a foreign financial investment ceiling of 40% of the capital and reserves of each bank, a maximum investment in subsidiaries and branches abroad of 20% of the capital and reserves of domestic banks, and a requirement that the balance of all acquisitions and sales of foreign exchange for a bank be positive.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	Pension funds and insurance companies may hold only foreign instruments of a minimum international long-term risk rating requirement of BBB. These investors may also acquire foreign instruments guaranteed by the U.S. Treasury, such as Brady Bonds. Acquisition of equities and variable-income assets by pension funds is restricted to instruments in some international markets. Specifically, there are rules on the transparency, regulation, and information of the stock exchange where these instruments can be acquired. However, for insurance companies, the possible stock exchange options are wider; insurance companies may invest in markets where there is a daily average of at least US\$10 million of equity transactions. Mutual funds may use the formal exchange market to make investments abroad.
Limits (max.) on portfolio invested abroad	Pension funds are permitted to invest up to 16% of their resources abroad from the previous 9%. Investments should not exceed 4.5% of the pension fund, and variable income

Currency-matching regulations on assets/liabilities composition	securities from any issuer should not exceed 10% of the fund. Insurance companies may invest 3% of their reserves and risk net worth. Life insurance companies may invest their technical reserves and their risk net worth with global limits of 15% in financial investments and 3% in real estate. The limits for general insurance companies differ from those of the life insurance companies only in the case of financial investment abroad. The limit for the former is 20%.
Other controls imposed by securities laws	Pension funds and insurance companies are only allowed to cover themselves against currency volatility up to a maximum of their foreign financial investments on a currency-by-currency basis. No.

### Changes During 1998

Exchange arrangement	<p><i>June 25.</i> The width of the crawling band was reduced to 5.5%, and the requirement that the depreciation of the reference exchange rate should be 2% a year was abolished.</p> <p><i>September 16.</i> The width was widened to 7% and the rate of depreciation increased by 2.4% through end-1998.</p> <p><i>September 16.</i> The central bank discontinued the window for foreign exchange options.</p> <p><i>December 22.</i> The width was widened to 16% and both limits of the band widened by a factor of 0.013575% a day.</p>
Capital transactions	<p><i>June 25.</i> The unremunerated reserve requirement on capital inflows was lowered to 10% from 30%.</p> <p><i>September 16.</i> The unremunerated reserve requirement on capital inflows was eliminated.</p>

### Changes During 1999

Exchange arrangement	<i>January 14.</i> The referential currency basket for the calculation of the central party rate was changed.
Imports and import payments	<i>January 1.</i> The tariff rate was reduced by 1 percentage point to 10%.
Capital transactions	
Controls on capital and money market instruments	<i>April 15.</i> For entities other than banks and financial firms, bond issues were permitted with terms of more than two years and less than four years, with a minimum BB classification being required. In the case of bond issues for terms of four years or longer, the minimum classification required is the BB-.
Provisions specific to institutional investors	<p><i>February 3.</i> The maximum amount of investment abroad allowed to pension funds was increased to 16% from 12% of the fund. For life insurance companies, the margin authorized for financial investments was widened to 15% from 10%. In the case of general insurance companies, the margin was increased to 20% from 15%.</p> <p><i>April 15.</i> The limit on investment in variable return instruments was increased to 10% from 8% of the fund.</p>

# PEOPLE'S REPUBLIC OF CHINA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: December 1, 1996.

### Exchange Arrangement

#### Currency

The currency of the People's Republic of China is the Chinese renminbi (RMB). The currency unit is the yuan.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The exchange rate of the renminbi is determined in the interbank foreign exchange market. The People's Bank of China (PBC) announces a reference rate for the renminbi against the U.S. dollar, the Hong Kong dollar, and the yen based on the weighted average price of foreign exchange transactions during the previous day's trading. Daily movement of the exchange rate of the renminbi against the U.S. dollar is—in the interbank foreign exchange market—limited to 0.3% on either side of the reference rate as announced by the PBC. The buying and selling rates of the renminbi against the Hong Kong dollar and the yen may not deviate more than 1% from the reference rate. When the banks designated for foreign exchange business formulate the quoted spot exchange rate of the renminbi against the U.S. dollar, the buying and selling rates could not exceed 0.15% of the reference rate announced by the PBC. The deviation of their quoted buying and selling rate of renminbi against the Hong Kong dollar and the yen must not exceed 1% of the reference rate. The margin between the buying rate and the selling rate of other currencies may not exceed 0.5%. The selling price for cash transactions is the same as the spot selling rate for all quoted currencies, and the buying price for cash should not exceed 2.5% of its spot rate.

The Shanghai-based China Foreign Exchange Trading System (CFETS) is a nationally integrated electronic system for interbank foreign exchange trading. At present, it is electronically linked with 37 foreign exchange trading centers located in major cities. All foreign exchange transactions are conducted through the system. Financial institutions involved in foreign exchange transactions must become members of the CFETS.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Branches of the PBC operate forward purchase and sale of renminbi against underlying transactions on a trial basis. The longest maturity is four months.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

The currencies used in transactions are determined by the respective contracts.

#### Payment arrangements

No.

#### Administration of control

The State Administration of Foreign Exchange (SAFE) is responsible for foreign exchange administration, under the administration of the PBC.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

#### Controls on domestic ownership and/or trade

Trading of gold and silver is restricted to pharmaceutical, industrial, and other approved users. Private persons may hold gold but not trade it. Nonresidents can buy gold, gold products, silver, and silver products but must present the invoice to export them.

Controls on external trade	Unlimited amounts may be imported but must be declared. Exportation requires a permit.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	The exportation of domestic currency is limited to RMB 6,000.
<i>Foreign currency</i>	Travelers on official business may carry as much foreign currency as needed according to the rules set by the MOF. Residents going abroad may carry foreign currency in cash up to \$2,000, or its equivalent. For amounts exceeding \$2,000, approval of the SAFE is required. Banks will issue a "permit to carry foreign currency abroad" based on SAFE approval, to be carried by residents going abroad with cash exceeding \$2,000. Nonresidents should apply for the permit when carrying more than \$5,000 abroad.
On imports	
<i>Foreign currency</i>	Residents and nonresidents need to declare to customs when importing into China more than \$2,000 and \$5,000, respectively.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	Domestic establishments may maintain foreign exchange accounts with approved balances for current account purposes based on certain criteria on export/import volume and amount of capital set by SAFE. Domestic establishments engaged in external contract projects, large machinery and electric product exports, and donation and aid may maintain foreign exchange accounts with balances approved by the SAFE and settle receipts and payments within the scope stipulated by the SAFE. Foreign-funded enterprises (FFE)s may open (1) foreign exchange settlement accounts for receipts under the current or capital account with a maximum amount stipulated by the SAFE for each enterprise; and (2) foreign exchange special accounts for receipts under the capital account, payments under the current account, and approved payments under the capital account. Natural persons may open foreign currency savings accounts with authorized banks.
Held domestically	These accounts are permitted, but prior approval is required.
Held abroad	These accounts are permitted, but prior approval is required.
<b>Accounts in domestic currency convertible into foreign currency</b>	Domestic establishments in need of foreign exchange may convert domestic currency into foreign currency at authorized banks by presenting valid proof and commercial bills when external payments are made.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Nonresidents staying in China for a short time may open foreign currency savings accounts; however, prior approval is required.
<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
Approval required	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	In a circular to commercial banks, the SAFE has set new rules tightening the use of foreign currency for companies operating in bonded zones that are entitled to duty-free import of export processing. The SAFE requires foreign currency bank accounts of such companies to use their own foreign exchange earnings to buy imported goods, barring them from



	purchasing foreign exchange with renminbi to finance imports. Additionally, domestic sales of imported goods by bonded zone firms must be in foreign currency, and such proceeds must be deposited in the firms' foreign currency bank accounts.
Advance payment requirements	Importers need prior registration with the SAFE of advance payment of loans exceeding 15% of the contract amount and the equivalent of \$100,000 at the time of payment; importers need to present a registration form, valid proof, and commercial documents, and carry out reconciliation procedures according to regulations.
Documentation requirements for release of foreign exchange for imports	Importers must provide valid proof and commercial bills, mainly import permits, automatic registration permits, proof of import, customs declarations, verification forms for foreign exchange payments, import contracts, and the like to obtain foreign exchange or pay directly from their foreign exchange accounts. The authorities announced new regulations requiring prior approval of payment against delivery of imports of equipment exceeding \$100,000.
Preshipment inspection	All imports require inspection prior to their release by customs at the port of entry.
Import licenses and other nontariff measures	
Positive list	To engage in foreign trade, all enterprises other than registered foreign trade companies (FTCs) must obtain approval from the local foreign trade bureau, in accordance with the Ministry of Foreign Trade and Economic Cooperation (MOFTEC) authorization, as well as a license from the local bureau for industry and commerce.
Negative list	Imports of all secondhand garments, poisons, narcotic drugs, diseased animals, and plants are prohibited. In addition, the importation of weapons, ammunition and explosives, radio receivers and transmitters, manuscripts, printed and recorded materials, and films that are deemed to be detrimental to Chinese political, economic, cultural, and moral interests is prohibited.
Licenses with quotas	Yes.
Import taxes and/or tariffs	Import tariff rates fall into two categories: general and preferential. Preferential rates are granted to imports from countries with which China has a trade treaty or agreement. Other imports are subject to the general rate of duty. China has a number of special economic zones where imports of inputs and capital goods are exempt from tariffs.
State import monopoly	FTCs conduct trade in specified products, including wheat, chemical fertilizers, crude oil and oil products, rubber, steel, timber, plywood, polyester fibers, tobacco and its products, cotton, and wool.

### Exports and Export Proceeds

Repatriation requirements	Yes.
Surrender requirements	Qualifying domestic enterprises are allowed to retain 15% of the value of their foreign trade (exports plus imports) of the previous year. Qualifying enterprises are FTCs with a trade volume greater than \$30 million and with registered capital greater than Y 10 million, and enterprises with foreign trade rights whose volume of trade exceeds \$10 million and registered capital exceeds Y 30 million. FFEs may retain their export earnings provided these earnings do not exceed the maximum amount allowed for a foreign exchange surrender account as prescribed by the SAFE; otherwise, the balance, if any, must be sold to authorized banks or sold through foreign exchange centers. Effective December 1, 1998, the foreign exchange swap centers ceased to exist. The purchases and sales of foreign exchange by FFEs have been included under the banking surrender system.
Financing requirements	No.
Documentation requirements	No.
Export licenses	
With quotas	Quotas for 24 products are allocated through a bidding system under which successful bidders are required to guarantee maximum export value by offering higher benchmark export prices.

**Export taxes**

Export duties are levied on 47 products.

## **Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**

Nontrade payments by FFEs and public enterprises are subject to the same provisions. Resident individuals are subject to different regulations.

**Trade-related payments***Quantitative limits*

The payment of export commissions proceeds are allowed according to the export contracts and the commission contracts. For a hidden commission exceeding 2% of the contract amount and a stated commission exceeding 5% of the contract amount and the equivalent of \$10,000, prior approval of SAFE is required. A hidden commission not exceeding 2% of the contract amount or a stated commission not exceeding 5% or the equivalent of less than \$10,000 could be settled directly through a bank.

*Indicative limits/bona fide test*

Proof of transaction is required for all trade-related payments. SAFE approval is required for amounts exceeding the prescribed limits for commissions. Traders may pay directly at authorized banks by presenting valid proof and commercial bills.

**Investment-related payments***Indicative limits/bona fide test*

Yes.

**Payments for travel**

The foreign exchange requirements of companies within the budget are provided according to the prescribed limits. There are no restrictions on payments for travel of FFE staff, whereas the amount of foreign exchange that can be bought by other corporations is limited.

Residents traveling to Hong Kong SAR and Macao for personal reasons may purchase up to \$1,000 worth of foreign currencies; individuals traveling to other countries or regions (including the Taiwan Province of China) may purchase up to \$2,000 worth of foreign currencies.

*Prior approval*

Approval of the SAFE is required for amounts exceeding those limits.

*Quantitative limits*

Yes.

*Indicative limits/bona fide test*

Yes.

**Personal payments***Quantitative limits*

Residents may purchase foreign exchange up to \$1,000 for payments of medicines and medical equipment abroad; for larger amounts, they must submit appropriate documentation for SAFE verification. Persons paying for their own studies abroad may be allowed a one-time purchase of foreign exchange of up to \$2,000. Larger amounts require the approval of the SAFE.

*Indicative limits/bona fide test*

Yes.

**Foreign workers' wages***Indicative limits/bona fide test*

Proof of earnings is required.

**Other payments***Indicative limits/bona fide test*

For transfers regarding subscriptions and membership fees, proof of transaction is required.

## **Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements**

Yes.

**Surrender requirements**

Foreign grants and financial aid received by domestic establishments, and foreign exchange earmarked for external payments as prescribed by aid contracts may be maintained with the approval of the SAFE. Foreign embassies and consulates, representative offices of international organizations and affiliates of foreign juridical persons, resident persons, and foreign

expatriates may retain their foreign exchange. FFEs may retain foreign exchange earnings from current account transactions, provided the retained amount does not exceed the maximum limit allowed by the SAFE. Balances, if any, must be sold to authorized banks or through foreign exchange swap centers. Effective December 1, 1998, the foreign exchange swap centers ceased to exist. The purchases and sales of foreign exchange by FFEs have been included under the banking surrender system.

#### Restrictions on use of funds

n.a.

## Capital Transactions

### Controls on capital and money market instruments

#### On capital market securities

##### *Shares or other securities of a participating nature*

##### Purchase locally by nonresidents

Nonresidents may only purchase B shares. The face value of B shares is denominated in renminbi. These shares are listed on the Chinese Securities Exchange and can only be bought by foreign investors.

##### Sale or issue locally by nonresidents

These transactions are not permitted.

##### Purchase abroad by residents

Residents, except financial institutions permitted to engage in foreign borrowing, and authorized industrial and trade enterprises or groups, are not permitted to purchase securities abroad. A qualifications review by the SAFE is required in order for financial institutions to purchase securities abroad.

##### Sale or issue abroad by residents

Prior approval by the PBC, the SAFE, or the Securities Supervisory Board (SSB) is required.

##### *Bonds or other debt securities*

##### Purchase locally by nonresidents

These transactions are not permitted.

##### Sale or issue locally by nonresidents

These transactions are not permitted.

##### Purchase abroad by residents

n.r.

##### Sale or issue abroad by residents

Prior approval by the SAFE is required. The issuing of bonds abroad must be integrated into the state's plan for the use of foreign capital. Bonds can only be issued by financial institutions or authorized enterprises approved by the SAFE.

Prepayment of external debt is prohibited when there is no prepayment clause in borrowing contracts. If there is such a clause, borrowers can use their own foreign exchange to prepay with the verification of the SAFE. Prepayments with purchased foreign exchange is prohibited. Borrowers are not allowed to purchase foreign exchange from a bank located outside the local area to repay foreign debt.

#### On money market instruments

##### *Purchase locally by nonresidents*

Nonresidents are not allowed to purchase money market instruments.

##### *Sale or issue locally by nonresidents*

Nonresidents are not allowed to sell or issue money market instruments.

##### *Purchase abroad by residents*

n.r.

##### *Sale or issue abroad by residents*

The sale or issue abroad of securities, other than stocks, requires SAFE approval.

#### On collective investment securities

##### *Purchase locally by nonresidents*

These transactions are not allowed.

##### *Sale or issue locally by nonresidents*

n.r.

##### *Purchase abroad by residents*

The same regulations apply as for the purchase of money market instruments.

##### *Sale or issue abroad by residents*

The same regulations apply as for the sale or issue of money market instruments.

**Controls on derivatives and other instruments**

Purchase locally by nonresidents	These transactions are not allowed.
Sale or issue locally by nonresidents	These transactions are not allowed.
Purchase abroad by residents	Operations in such instruments by financial institutions are subject to prior review of qualifications and to limits on open foreign exchange positions. FFEs do not need prior approval; for them, ex post registration is required.
Sale or issue abroad by residents	The same regulations apply as for purchases.

**Controls on credit operations****Commercial credits***By residents to nonresidents*

Industrial and commercial enterprises may not provide lending to nonresidents. Provision of loans to nonresidents by financial institutions is subject to review of qualifications by the SAFE and to a foreign exchange asset-liability ratio requirement.

On January 1, 1998, external borrowing regulations were revised. Approval now covers the financial situation of the enterprise, the need for the loan, and whether the terms of the loan are consistent with the use of the proceeds. For short-term loans (less than a year), the amount borrowed is subject to an overall limit determined by the SAFE on an annual basis; enterprises can conduct business within this limit without explicit approval, but subject to reporting of activity to the SAFE within one month. For medium- and long-term loans, approval is subject to a limit determined by the State Development and Planning Commission, while terms of the issue are examined by the SAFE.

*To residents from nonresidents*

Only financial institutions are permitted by the SAFE to engage in external borrowing, and authorized industrial and commercial enterprises or groups can engage in external borrowing of commercial credit. For credit over a one-year maturity, the loan must be part of the state plan for utilizing foreign capital and must be approved by the SAFE. Short-term commercial credit (with a maturity of one year or less) is subject to foreign exchange balance requirements. Financial institutions permitted to engage in foreign borrowing are free to conduct short-term foreign borrowing within the target balance without obtaining approval, but must register the borrowing with the SAFE.

Since January 1, 1998, forward LCs with a maturity exceeding 90 days but less than 365 days have been included in the category of short-term credits, while those exceeding one year have been included in medium- and long-term international commercial loans.

FFE's may borrow from nonresidents without obtaining approval but must register the borrowing with the SAFE.

Effective August 20, 1998, if there are no provisions on the advance repayment in the lending contract, no redemption of debt is permitted. If there are provisions on advance repayment, with the approval of the SAFE, enterprises may redeem debt with their own foreign exchange and may not purchase foreign exchange for that purpose. Renminbi credits extended by banks to domestic institutions should be used only for productive purposes, and may not be used to purchase foreign exchange for debt service. At the same time, domestic banks are prohibited from accepting foreign bank guarantees for yuan loans to domestic-funded enterprises. Commercial banks are to ensure that companies do not borrow from bank branches in different locations to evade controls.

**Financial credits**

The same regulations apply as for commercial credits.

**Guarantees, sureties, and financial backup facilities***By residents to nonresidents*

The provision of guarantees by authorized financial institutions and nonfinancial legal entities that have foreign exchange receipts is allowed. Without the approval of the State Council, government agencies or institutions cannot provide guarantees. On January 1, 1998, the implementation bylaws of the regulations for external guarantees by domestic institutions were issued.

The new definition of guarantees includes collateral, liens, and pledges; and banks need approval from the SAFE for each guarantee for financing transactions. They do not need

approval to issue guarantees of nonfinancing transactions, but must register them with the SAFE.

Domestic banks are allowed to extend renminbi loans to FFEs with a foreign exchange lien or guarantee provided by foreign banks. It is also required that:

- (1) Lien in foreign exchange pledged by FFEs is restricted to their foreign exchange proceeds from external borrowing;
- (2) Institutions providing guarantees are restricted to domestic foreign banks and overseas banks with good credit ratings;
- (3) Guarantees can only be granted in the form of stand-by LC or unconditional letter of guarantee for the honoring of a contract;
- (4) Renminbi loans with guarantee in foreign exchange can only be used to meet the working capital shortage of enterprises; and
- (5) FFEs that have obtained renminbi loans from domestic Chinese banks by the pledging of foreign exchange proceeds from external borrowing in lien or guarantee in foreign exchange arranged by foreign banks have to register with local SAFE branches within a certain period of time.

#### **Controls on direct investment**

##### **Outward direct investment**

Foreign exchange is provided for the investment after (1) examination of sources of foreign exchange and an assessment of the foreign exchange risk involved, (2) approval by the MOFTEC, and (3) approval and registration of outward foreign exchange remittance with the SAFE.

##### **Inward direct investment**

Nonresidents are free to invest in China as long as they meet requirements under Sino-foreign joint-venture laws and other relevant regulations, and are approved by the MOFTEC. There is no restriction on the inward remittance of funds as far as exchange control is concerned. For environmental and security reasons, inward direct investment in some industries is prohibited.

#### **Controls on liquidation of direct investment**

No.

#### **Controls on real estate transactions**

##### **Purchase abroad by residents**

The same regulations apply as for direct investment.

##### **Purchase locally by nonresidents**

The same regulations apply as for direct investment.

#### **Controls on personal capital movements**

##### **Loans**

###### *By residents to nonresidents*

Yes.

###### *To residents from nonresidents*

Yes.

#### **Provisions specific to commercial banks and other credit institutions**

##### **Borrowing abroad**

The same regulations apply as for commercial credits.

##### **Maintenance of accounts abroad**

Registration with the SAFE is required for domestic banks opening foreign exchange accounts abroad. As to domestic nonbank financial institutions and nonfinancial enterprises, prior approval by the SAFE is required.

##### **Lending to nonresidents (financial or commercial credits)**

n.r.

##### **Lending locally in foreign exchange**

Lending is mainly subject to review of qualifications by the PBC and to asset-liability ratio requirements. Borrowers need to register ex post the transaction with the SAFE and should get a permit from the SAFE to repay the principal.

Purchase of locally issued securities denominated in foreign exchange	China does not issue securities denominated in foreign currency.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	There are different reserve requirements for deposits in renminbi and in foreign currency, and also within the latter for domestic banks and for FFEs (i.e., for FFEs, 13% for deposits in renminbi, 5% for any foreign currency deposit for domestic banks, and 3% for deposits for foreign currency for over three months and 5% for less than three months).
<i>Liquid asset requirements</i>	Banks' foreign exchange liquid assets (one year or less) should not be less than 60% of liquid liabilities (one year or less) and 30% of total foreign exchange assets. Total deposits with three-month maturities, deposits in both domestic and foreign banks, funds used for purchasing transferable foreign-currency-denominated securities, deposits with the central bank, and cash holdings should not be less than 15% of banks' total foreign exchange assets. Nonbank foreign exchange liquid assets (one year or less) should not be less than 60% of liquid liabilities (one year or less) and 25% of total assets. Total deposits with three-month maturities, deposits in both domestic and foreign banks, funds used for purchasing transferable foreign-currency-denominated securities, deposits with the central bank, and cash holdings should not be less than 10% of nonbank total foreign exchange assets.
<i>Credit controls</i>	Total loans, investment guarantees (calculated as 50% of the balance guaranteed), and other foreign exchange credits provided to a legal entity by a bank or nonbank financial institution should not exceed 30% of the foreign exchange capital owned by the bank or nonbank financial institution.
Investment regulations	Bank equity investment should not exceed the difference between bank capital and mandatory paid-in capital. Nonbank financial institutions' total equity investment (excluding trust account) should not exceed the difference between their capital and mandatory paid-in capital.
Open foreign exchange position limits	For financial institutions, trading foreign exchange on their own behalf, the daily total amount traded (total open foreign exchange position) should not exceed 20% of the foreign exchange working capital. As authorized by the highest level of management, financial institutions, trading foreign exchange on their own behalf, may retain a small amount of overnight open position, but this should not exceed 1% of the foreign exchange working capital.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
Provisions specific to institutional investors	No.
Other controls imposed by securities laws	n.a.

### Changes During 1998

<b>Exports and export proceeds</b>	<i>December 1.</i> Foreign exchange swap centers ceased to exist.
<b>Capital transactions</b>	
Controls on capital and money market instruments	<i>January 1.</i> Regulations for issuing bonds denominated in foreign currency by domestic institutions were issued.
Controls on credit operations	<i>January 1.</i> The implementation bylaws of regulations for external guarantees by domestic institutions were issued.  <i>January 1.</i> Forward LCs with a maturity exceeding 90 days and less than 365 days have been included in the category of short-term credit, while those exceeding one year have been included in the category of medium- and long-term international commercial loans.  <i>January 1.</i> External borrowing regulations were changed.  <i>August 20.</i> Enterprises are barred from advance prepayment of debt.

# PEOPLE'S REPUBLIC OF CHINA—HONG KONG SAR

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 15, 1961.

### Exchange Arrangement

#### Currency

The currency of Hong Kong SAR is the Hong Kong dollar.

#### Other legal tender

Commemorative gold coins of HK\$1,000 are legal tender, but are mostly kept by collectors and seldom circulated.

#### Exchange rate structure

##### Unitary

The authorities do not maintain margins in exchange transactions.

#### Classification

##### Currency board arrangement

The currency board system in Hong Kong SAR, adopted on October 17, 1983, requires the monetary base to be backed by the reserve currency (i.e., U.S. dollar) at the fixed exchange rate of HK\$7.80 per US\$1. In Hong Kong SAR, the monetary base includes the amount of banknotes and coins issued, the balance of clearing accounts of the licensed banks held with the Hong Kong Monetary Authority (HKMA) (i.e., Aggregate Balance), and the outstanding amount of Exchange Fund Bills and Notes. Operating under the rule-based currency board system, the HKMA has undertaken to issue additional Exchange Fund paper only when there is an inflow of funds.

The issue and redemption of Certificates of Indebtedness, which provide backing for banknotes issued by the note-issuing banks, are required to be made against U.S. dollars at the fixed exchange rate of HK\$7.80 per US\$1. Starting from April 1, 1999, the issue and withdrawal of coins will also be settled against the U.S. dollar at the fixed rate of HK\$7.80 per US\$1.

An explicit Convertibility Undertaking was made by the HKMA on September 5, 1998, to licensed banks to convert Hong Kong dollar balances in their clearing accounts into U.S. dollars at the fixed exchange rate of HK\$7.75 per US\$1. This convertibility rate will move from HK\$7.75 to HK\$7.80 by 1 pip (i.e., HK\$0.0001) per calendar day starting from April 1, 1999. It would then take 500 calendar days to complete the move to the rate of HK\$7.80, where it will remain.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

The forward exchange markets are operated on private sector initiatives, and the government has no official role.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

No.

#### International security restrictions

##### In accordance with UN sanctions

UN sanctions are implemented by the Hong Kong SAR government in accordance with the relevant regulations made under the UN Sanctions Ordinance by the Chief Executive on the instructions of the Ministry of Foreign Affairs of the People's Republic of China.

Payment arrears	No.
Controls on trade in gold (coins and/or bullion)	No.
Controls on exports and imports of banknotes	No.

### Resident Accounts

Foreign exchange accounts permitted	
Held domestically	Yes.
Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	No distinction is made between resident and nonresident accounts.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	
Negative list	Imports of certain articles are subject to licensing control by the Director-General of Trade. Import licenses are required for reasons of health, safety, environmental protection, security, or for the fulfillment of Hong Kong SAR's international trade obligations.
Licenses with quotas	There is no quota on import quantity covered by a license, whereas the total import quantity of ozone-depleting substances covered by the Montreal Protocol is subject to quotas. The same applies to the import of rice where the quota arrangement is to ensure stable and sufficient supply of the staple food in Hong Kong SAR. In accordance with our commitment under the Asia Pacific Economic Co-operation, the rice trade will be fully liberalized by 2010.
Import taxes and/or tariffs	All imports are free of duty, although an excise tax for revenue and health purposes is levied on imported and domestically produced cigarettes and other tobacco products, liquors, methyl alcohol, and hydrocarbon oils.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
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<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	
Without quotas	Exports of certain articles are subject to licensing control by the Director-General of Trade. Export licenses are required for reasons of public health, safety, environmental protection, security, or for the fulfillment of Hong Kong SAR's international trade obligations.
With quotas	Exports of certain textile articles to some importing countries are subject to quotas as a result of the quantitative restrictions maintained by these countries on textile exports from Hong Kong SAR. According to the WTO Agreement on Textiles and Clothing, textile quotas would be abolished by 2005.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	There are no limitations on receipts from invisibles. Income from foreign sources, capital gains, distributions from trusts, and dividends is not taxed in Hong Kong SAR; interest income from domestic sources received by licensed banks and corporations carrying on business in Hong Kong SAR is subject to a profits tax. Interest earned on bank deposits by individuals is not subject to the salaries tax.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	No exchange control requirements are imposed on capital receipts or payments by residents or nonresidents. A license or an authorization is required for companies, whether incorporated in Hong Kong SAR or elsewhere, to conduct banking, insurance, securities, and futures dealings. Otherwise, all overseas companies are required only to register with the Companies Registry within one month of establishing a business in Hong Kong SAR.
<b>On capital market securities</b>	As part of the government's measures to fortify the financial system against market manipulation, the Stock Exchange of Hong Kong (SEHK) has strictly enforced the T+2 settlement rule, reinstated the tick rule on short selling, and reviewed the list of securities eligible for short selling since September 1998.
<b>Controls on derivatives and other instruments</b>	As part of the government's measures to fortify the financial system against market manipulation, the Hong Kong Futures Exchange (HKFE) imposed a special margin rate on open interest exceeding 10,000 contracts in late August 1998. The initial margin rate for Hang Seng Index futures, however, was reduced in late November 1998.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	No.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	The limits and restrictions stated below are set by the HKMA for prudential reasons only.

Differential treatment of deposit accounts held by nonresidents	No distinction is made between resident and nonresident deposit accounts.
Investment regulations	
<i>Abroad by banks</i>	No authorized institution incorporated in Hong Kong SAR or its holding company incorporated in Hong Kong SAR may establish or acquire by whatever means without the approval of the HKMA an overseas banking corporation that becomes the subsidiary of the institution or its holding company.
Open foreign exchange position limits	All authorized institutions are required to report to the HKMA their foreign currency positions (including options) monthly. Locally incorporated institutions are required to report their consolidated foreign currency positions. The aggregate net open position (calculated as the sum of net long/short positions of individual currencies) should normally not exceed 5% of the capital base of the institution, and the net open position in any individual currency should not exceed 10% of the capital base. For subsidiaries of foreign banks where the parent bank consolidates the foreign exchange risk on a global basis and for which there is adequate home supervision, the HKMA may accept higher limits. For branches of foreign banks, the HKMA reviews and monitors their internal limits, which are usually set by their head offices and home supervisory authorities.
Provisions specific to institutional investors	No.
Other controls imposed by securities laws	No.

### Changes During 1998

Exchange arrangement	<i>September 5.</i> The HKMA introduced several measures with a view to strengthening the currency board arrangement.
Capital transactions	
Controls on capital and money market instruments	<i>September 7.</i> The SEHK reinstated the tick rule on short selling and reviewed the list of securities eligible for short selling.  <i>September 24.</i> The strict enforcement of the T+2 settlement rule was implemented by the SEHK.
Controls on derivatives and other instruments	<i>August 31.</i> The HKFE imposed a special margin rate on open position exceeding 10,000 contracts.
Controls on credit operations	<i>September 24.</i> The HKFE lowered the initial margin rate for Hang Seng Index futures.

# COLOMBIA

(Position as of February 28, 1999)

## Status Under IMF Articles of Agreement

### Article XIV

Yes.

## Exchange Arrangement

### Currency

The currency of Colombia is the Colombian peso.

### Other legal tender

Various commemorative gold coins are also legal tender.

### Exchange rate structure

Unitary.

### Classification

### Crawling band

The Banco de la República (BR) conducts foreign exchange transactions with the MOF and authorized financial intermediaries. The BR announces the upper and lower limits of a 14-percentage-point band 10 days in advance for indicative purposes. On January 1, 1998, the annual rate of depreciation of the midpoint of the exchange rate band against the dollar was lowered to 13% from 15%, and to 9% on September 2, 1998, while preserving the band width. The BR quotes buying and selling rates for certain other currencies daily on the basis of the buying and selling rates for the dollar in markets abroad. All foreign exchange operations take place at a market-determined exchange rate. The Superintendency of Banks calculates a representative market exchange rate based on market rates (i.e., the weighted average of buying and selling effected by foreign exchange market intermediaries, excluding teller transactions and forward transactions). The government purchases foreign exchange for all public debt payments and other expenditures included in the national budget under the same conditions as other authorized intermediaries.

### Exchange tax

Surtaxes include a 7% surtax on remittances of earnings on existing oil and non-oil foreign investments, unless earnings are reinvested during five years. Also, a 3% withholding tax on foreign exchange receipts from personal services and other transfers is applied.

### Exchange subsidy

Tax credit certificates for nontraditional exports (CERTs) are granted at different percentage rates.

### Forward exchange market

Residents are permitted to buy forward cover against exchange rate risks with respect to foreign exchange debts in convertible currencies registered at the BR on international markets. Residents may also deal in over-the-counter forward swaps and options in dollars.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

Payments and receipts are normally effected in dollars, but residents and financial intermediaries are allowed to carry out operations in any currency.

### Payment arrangements

### Regional arrangements

Settlements with Argentina, Bolivia, Brazil, Chile, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela may be made through accounts maintained within the framework of the multilateral clearing system of the LAIA.

### Clearing agreements

Colombia maintains reciprocal credit agreements with China.

### Administration of control

The MOF enforces ex post control and supervision over trade transactions and is responsible for applying penalties for any violation of the trade regulations. The Superintendency of Societies and the Superintendency of Banks are also responsible for the enforcement of exchange regulations. The authorized foreign exchange intermediaries are commercial banks, financial corporations, the Financiera Energética Nacional (FEN), the Banco de Comercio Exterior de Colombia (BANCOLDEX), and savings and loans corporations. Exchange houses are authorized to carry out a limited range of foreign exchange activities

(buying and selling foreign currency and, in some cases, transferring money). The BR keeps an accounting record both of foreign investments in Colombia and of debts abroad and tracks the movement of foreign capital as well as the transfer of profits, dividends, and commissions.

**International security restrictions**

No.

**Payment arrears**

No.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade

The BR makes domestic sales of gold for industrial use directly at a price equivalent to the average quotation in the London gold market during the previous day; this price is converted into pesos at the representative market exchange rate.

**Controls on exports and imports of banknotes**

No.

### Resident Accounts

**Foreign exchange accounts permitted**

Held domestically

Such accounts are restricted to travel agencies, international transport companies in bond stores, and companies in free areas.

Held abroad

Residents may maintain foreign accounts registered at the BR (compensation accounts) and these accounts may be used to pay for imports, to invest abroad in financial assets, or to carry out any other foreign exchange operations. Proceeds from services (except interest and profits) and transfers may be used to maintain foreign accounts abroad; these accounts do not have to be registered at the BR. Special foreign accounts (special compensation accounts) are authorized for transactions among residents.

**Accounts in domestic currency convertible into foreign currency**

n.a.

### Nonresident Accounts

**Foreign exchange accounts permitted**

Credit institutions are authorized to receive current account deposits in foreign currency from nonresident individuals or firms; these deposits are freely available to the holders, but banks must report transactions through these accounts to the BR.

**Domestic currency accounts**

Deposits in these accounts need not be registered at the BR; they may be used only for trade-related transactions. Banks must report transactions through these accounts to the BR.

Convertible into foreign currency

Yes.

**Blocked accounts**

No.

### Imports and Import Payments

**Foreign exchange budget**

No.

**Financing requirements for imports**

Importers may purchase foreign exchange directly from the exchange market. In addition, they may use the proceeds from deposits held abroad. However, foreign enterprises in the oil, coal, and natural gas sectors are not permitted to purchase foreign exchange from financial intermediaries.

**Documentation requirements for release of foreign exchange for imports**

All imports must be registered at the Colombian Institute of Foreign Trade (INCOMEX).

Preshipment inspection

Yes.

Letters of credit

Yes.

**Import licenses and other nontariff measures**

Most imports are free and require registration only with INCOMEX if the f.o.b. value exceeds US\$500. There is a global free list applicable to all countries, a national list applicable only to LAIA member countries, and special lists applicable only to LAIA member countries and the Andean Pact countries. Imports of medicines, chemical products, and weapons and munitions are subject to licensing requirements.

Reimbursable imports involve purchases of official foreign exchange from a financial intermediary, including imports of machinery and equipment financed by international credit institutions. Nonreimbursable imports consist mainly of aid imports under grants and commodities constituting part of a direct investment. Import registrations are granted automatically. However, import registrations by some public sector agencies are screened by INCOMEX to determine whether local substitutes are available. Both import licenses and registrations are valid for six months, except those for agricultural and livestock products and for capital goods, which are valid for three months and for 12 months, respectively. Import licenses may be extended only once.

**Import taxes and/or tariffs**

With certain exceptions, imports are subject to the CET of the Andean Pact.

**State import monopoly**

Imports of crude oil and petroleum products are effected by Empresa Colombiana de Petroleo.

## **Exports and Export Proceeds**

**Repatriation requirements**

Yes.

**Surrender requirements**

All proceeds that are repatriated must be surrendered to authorized financial intermediaries within six months or must be maintained in foreign accounts registered at the BR. Foreign enterprises in the oil, coal, and natural gas sectors and firms in free-trade areas are not required to surrender their foreign exchange. On surrendering export proceeds in the foreign exchange market, exporters of products other than coffee, petroleum and petroleum products, and exports effected through special arrangements (such as barter and compensation) may receive tax credit certificates at any of three rates—2.5%, 4%, and 5% of domestic value added—depending on the product and the country of destination. These certificates, which are freely negotiable and are quoted on the stock exchange, are accepted at par by tax offices for the payment of income tax, customs duties, and certain other taxes.

Exports of coffee are subject to the following regulations: (1) a minimum surrender price is the sales price shown on the export declaration; (2) exporters pay a coffee contribution on the basis of international market prices; (3) the National Coffee Committee (composed of the Ministers of Finance and Agriculture and the Managing Director of the Federation) may establish a physical coffee contingent on the basis of international coffee prices; and (4) the National Coffee Committee establishes a domestic price for export-type coffee expressed in pesos per cargo of 125 kilograms.

Foreign exchange proceeds earned by the public sector may be surrendered to financial intermediaries.

**Financing requirements**

No.

**Documentation requirements****Preshipment inspection**

Yes.

**Other**

Yes.

**Export licenses**

No.

**Export taxes**

n.a.

## **Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers****Trade-related payments**

Contracts involving royalties, commissions, trademarks, or patents should be registered with INCOMEX for statistical purposes only.

## Investment-related payments

*Prior approval*

Capital must be registered with the BR before profits can be repatriated. Annual transfers of profits abroad and repatriation of capital is not restricted, but they may be temporarily restricted if international reserve holdings of the BR fall below the equivalent of three months of imports.

*Quantitative limits*

The limit on contractual interest rates for public debt is determined by the BR, which sets the maximum applicable rate. There is a deposit of 10% on the value of the repayment of loans.

### Proceeds from Invisible Transactions and Current Transfers

## Repatriation requirements

No.

## Restrictions on use of funds

No.

### Capital Transactions

**Controls on capital and money  
market instruments**

Purchases of these instruments, whether locally by nonresidents or abroad by residents, must be registered with the BR.

## On capital market securities

*Shares or other securities of a participating nature*

Nonresidents must establish an investment fund to participate in the stock market. Any portfolio investment must be registered with the BR.

## Purchase locally by nonresidents

The purchase of 10% or more of the shares of a Colombian financial institution requires the prior approval of the Superintendency of Banks. Foreign investments in the form of placement of shares in a fund established to make investments in the stock exchange and in debt papers issued by the financial sector are permitted.

## Purchase abroad by residents

Yes.

## Sale or issue abroad by residents

Yes.

*Bonds or other debt securities*

## Purchase locally by nonresidents

Nonresidents must establish an investment fund in order to purchase these securities.

## On money market instruments

*Purchase locally by nonresidents*

Yes.

*Sale or issue locally by nonresidents*

Yes.

## On collective investment securities

*Purchase locally by nonresidents*

Yes.

*Sale or issue locally by nonresidents*

Yes.

*Purchase abroad by residents*

Yes.

**Controls on derivatives and other  
instruments**

## Sale or issue locally by nonresidents

Yes.

**Controls on credit operations**

## Commercial credits

*By residents to nonresidents*

Yes.

*To residents from nonresidents*

Credits must be registered with the BR. On January 30, 1998, the nonremunerated deposit requirement for external financing was reduced to 25% of the disbursement of any loan, and the deposit period was shortened to 12 months from 18 months. On September 18,

1998, the deposit requirement was further reduced to 10%, and the period to six months. Export credits over US\$5,000 that are longer than four months are subject to a 15% deposit in dollars for 12 months. Exempted from the deposit requirement are financing of all imports; short-term loans granted by BANCOLDEX to Colombian exporters for up to 12 months for the maximum amount of US\$550 million; credit card balances; and loans destined for Colombian investments abroad. Prepayment of the loan is permitted under the authorization of the BR. In case of prepayment of the export credits, exporters must prove that over 85% of the declared value has been in fact exported. All public financing (borrowing and bond issues) in foreign currencies, including by the central and local government, is also subject to nonremunerated deposit. There is a limit determined by the BR on contractual interest rates for the public sector. Foreign loans for government entities in excess of specified amounts require prior authorization from the MOF. For loans to the government, or guaranteed by the government, the following are also required: prior authorization from the National Council for Economic and Social Policy (CONPES); prior consultation with the Interparliamentary Committee on Public Credit; and ex post approval from the President of the Republic. Such loans are also subject to the executive decree that authorizes the initiation of negotiations.

#### Financial credits

*By residents to nonresidents*

All residents are allowed to engage in international lending through the formal exchange market. The transactions must be reported to the BR.

*To residents from nonresidents*

Yes.

#### Guarantees, sureties, and financial backup facilities

*By residents to nonresidents*

Yes.

*To residents from nonresidents*

Yes.

#### Controls on direct investment

##### Outward direct investment

Investments should be registered with the BR.

##### Inward direct investment

Up to 100% ownership in any sector of the economy—except in defense and waste disposal—is allowed. Special regimes remain in effect in the financial, petroleum, and mining sectors.

#### Controls on liquidation of direct investment

Repatriation of proceeds must be registered with the BR.

#### Controls on real estate transactions

Purchases should be registered with the BR.

Purchase abroad by residents

Yes.

Purchase locally by nonresidents

Yes.

Sale locally by nonresidents

Yes.

#### Controls on personal capital movements

n.a.

#### Provisions specific to commercial banks and other credit institutions

Lending to nonresidents (financial or commercial credits)

Banks must inform the BR.

Lending locally in foreign exchange

Yes.

Differential treatment of deposit accounts in foreign exchange

*Reserve requirements*

Deposit accounts in foreign exchange are not subject to reserve requirements.

#### Investment regulations

*Abroad by banks*

Credit institutions may only invest in short-term assets abroad or in the capital of foreign financial institutions.

<i>In banks by nonresidents</i>	Nonresidents may purchase up to 100% of a local financial institution.
Open foreign exchange position limits	Effective February 26, 1999, the limits are 20% and 5% of the net worth. There are no regulations governing the net foreign exchange positions of exchange houses; they may sell their excess foreign holdings to authorized financial intermediaries because they do not have access to the BR.
<b>Provisions specific to institutional investors</b>	
Limits (min.) on portfolio invested locally	Yes.
Other controls imposed by securities laws	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<i>January 1.</i> The annual rate of depreciation of the midpoint of the exchange rate based against the U.S. dollar was lowered to 13% from 15%, while preserving the band width.
	<i>September 2.</i> The annual rate of depreciation was further lowered to 9%.
<b>Capital transactions</b>	
Controls on credit operations	<i>January 30.</i> The nonremunerated deposit requirement for external financing was reduced to 25% of the loan, and the deposit period was shortened to 12 months from 18 months.
	<i>September 18.</i> The deposit requirement was further reduced to 10%, and the period to six months.

### Changes During 1999

<b>Capital transactions</b>	
Provisions specific to commercial banks and other credit institutions	<i>February 26.</i> The limits for the open foreign exchange position were set at 20% and 5% of the net worth.



# COMOROS

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 1, 1996.

### Exchange Arrangement

#### Currency

The currency of Comoros is the Comorian franc.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The Comorian franc is pegged to the euro at CF 491. 9677 per €1. Exchange rates for currencies are officially quoted on the basis of the fixed rate of the Comorian franc for the euro and the Paris exchange market rates for other currencies.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Forward cover against exchange rate risk is authorized by the Central Bank of the Comoros (CBC) and is provided to traders by the commercial bank (the only authorized dealer) for up to three months.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Settlements with France, Monaco, and the Operations Account countries are made in Comorian francs, euros, or the currency of any other Operations Account country. Settlements with all other countries are usually made through correspondent banks in France in any of the currencies of those countries or in euros through foreign accounts in euros.

#### Payment arrangements

##### Regional arrangements

Comoros is a member of COMESA and the Cross Border Initiative.

##### Clearing agreements

Yes.

#### Administration of control

The Minister of Finance and Budget has sole authority in exchange control matters but has delegated certain exchange control powers to the CBC and to authorized banks. Exchange control is administered by the CBC. The Ministry of Finance and Budget supervises borrowing and lending abroad, inward direct investment, and all outward investment. With the exception of those relating to gold, the country's exchange control measures do not apply to (1) France (and its overseas departments and territories) and Monaco; and (2) all other countries whose bank of issue is linked with the French Treasury by an Operations Account (WAEMU members and Cameroon, Central African Republic, Chad, the Republic of Congo, Equatorial Guinea, Gabon, and Guinea Bissau).

#### International security restrictions

No.

#### Payment arrears

##### Official

Yes.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

Yes.

##### Controls on external trade

Imports and exports of monetary gold require prior authorization. Imports and exports of articles containing gold are subject to declaration, but transfers of personal jewelry within the limit of 500 grams a person are exempt from such declaration.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

Up to CF 500,000 may be exported.

*Foreign currency*

Residents traveling to France, Monaco, and the Operations Account countries may take out the equivalent of CF 500,000 in banknotes and any amount in other means of payment. Residents traveling to countries other than France, Monaco, and the other Operations Account countries may take out any means of payment up to the equivalent of CF 250,000 a person a trip. Any amount in excess of these limits is subject to CBC approval, which is granted if supporting documentation is provided. Nonresident travelers may export the equivalent of CF 500,000 in banknotes and any means of payment issued abroad in their name without providing documentary justification. Other cases are authorized pursuant to the exchange regulations when supporting documents can be produced.

**Resident Accounts****Foreign exchange accounts permitted**

Opening of these accounts is permitted, but is not practiced.

**Held domestically**

These accounts are permitted, but prior approval is required.

**Held abroad**

These accounts are permitted, but prior approval is required.

**Accounts in domestic currency convertible into foreign currency**

No.

**Nonresident Accounts****Foreign exchange accounts permitted**

These accounts are permitted, but prior approval is required.

**Domestic currency accounts**

These accounts are permitted if applicants meet the criteria for nonresident eligibility.

**Blocked accounts**

Yes.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports****Domiciliation requirements**

All import transactions must be domiciled with the authorized bank if the value is CF 500,000 or more.

**Preshipment inspection**

Yes.

**Letters of credit**

Yes.

**Import licenses and other nontariff measures**

The importation of most goods, except those originating from member countries of the EU, Monaco, and the Operations Account countries, is subject to individual licensing, which is for statistical purposes only.

**Negative list**

The importation of certain goods is prohibited from all countries for health or security reasons.

**Import taxes and/or tariffs**

There are import duty rates of 20%, 30%, and 40% for general merchandise; 150% for tobacco; 180% for spirits; and an administrative fee of 3% for imports exempt from duty.

**State import monopoly**

No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Proceeds from exports to foreign countries must be repatriated within 30 days of the expiration of the commercial contract.
Surrender requirements	Proceeds must be sold immediately after repatriation to the authorized bank.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	With a few exceptions, exports to any destination are free of licensing requirements.
Letters of credit	Yes.
Domiciliation	All export transactions must be domiciled with an authorized bank if the value is CF 500,000 or more.
Preshipment inspection	This is required in line with customs procedures.
<b>Export licenses</b>	Licenses are issued mainly for statistical purposes.
Without quotas	Yes.
<b>Export taxes</b>	There are export taxes, but they do not apply to all exports.
Other export taxes	Certain taxes apply to specific products, as required by some professional organizations.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments for invisibles to France, Monaco, and the Operations Account countries are permitted freely. Payments for invisible transactions related to authorized imports are not restricted. All other payments are subject to indicative limits and/or bona fide tests.
Investment-related payments	Repatriation of dividends and other earnings from nonresidents' direct investments is authorized and guaranteed under the Investment Code. No information is available for the payment of profits.
Payments for travel	
<i>Indicative limits/bona fide test</i>	Residents traveling to countries other than France, Monaco, and the other Operations Account countries may take out any means of payment up to the equivalent of CF 500,000 a person a trip. Any amount in excess of these limits is subject to the prior approval of the CBC, which is granted if supporting documentation is provided.
Credit card use abroad	
<i>Quantitative limits</i>	The same limits apply as for tourist and business travel.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Proceeds from transactions with France, Monaco, and the Operations Account countries may be retained. All amounts due from residents of other countries with respect to services and all income earned in those countries from foreign assets must be repatriated within one month of the due date or date of receipt.
Surrender requirements	Export proceeds in foreign currency must be sold to an authorized bank.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Capital flows between the Comoros and France, Monaco, and the Operations Account countries are, in principle, free of exchange control. Capital transfers to all other countries require exchange control approval, but capital receipts from such countries are permitted freely.
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## On capital market securities

*Shares or other securities of a participating nature*

Sale or issue locally by nonresidents Yes.

Sale or issue abroad by residents Yes.

*Bonds or other debt securities*

Purchase locally by nonresidents Yes.

Purchase abroad by residents Yes.

Sale or issue abroad by residents Yes.

On money market instruments There is no local market in these instruments.

On collective investment securities There is no local market in these instruments.

**Controls on derivatives and other instruments** There is no local market in these instruments.**Controls on credit operations**

## Commercial credits

*By residents to nonresidents* Credits must have a maximum maturity of 90 days.*To residents from nonresidents* Yes.

Financial credits Yes.

Guarantees, sureties, and financial backup facilities Yes.

**Controls on direct investment**

Outward direct investment Controls relate to the approval of the underlying transactions, not to payments or receipts.

Inward direct investment Yes.

**Controls on liquidation of direct investment** n.a.**Controls on real estate transactions** No.**Controls on personal capital movements** There are controls on all personal capital movements, except loans by residents to nonresidents.

Settlement of debts abroad by immigrants Settlement of debt is permitted upon presentation of supporting documentation.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad Yes.

Maintenance of accounts abroad Yes.

Lending to nonresidents (financial or commercial credits) Lending is permitted for economic activities in the Comoros.

Lending locally in foreign exchange Lending does not take place in practice.

Purchase of locally issued securities denominated in foreign exchange There is no local market in these securities.

Investment regulations Yes.

**Provisions specific to institutional investors** No transactions of this type are carried out.

Other controls imposed by securities laws n.a.

### **Changes During 1998**

No significant changes occurred in the exchange and trade system.

### **Changes During 1999**

**Exchange arrangement** *January 1.* The CFA franc peg to the French franc was replaced with a peg to the euro.

# DEMOCRATIC REPUBLIC OF THE CONGO

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article XIV

Yes.

## Exchange Arrangement

### Currency

Through June 29, 1998, the currency of the Democratic Republic of the Congo was the new zaïre. On June 30, 1998, the Democratic Republic of the Congo introduced a new currency, the Congo franc. The Congo franc was introduced at a rate of CGF 1 to NZ 100,000 with a 12-month transition period. The central bank set a buying rate of CGF 1.43 per \$1 and a selling rate of CGF 1.38 per \$1 when the Congo franc was introduced.

### Exchange rate structure

#### Unitary

In late 1997, the Central Bank of the Democratic Republic of the Congo (BCC) moved to unify the de facto multiple currency zones and the fragmented exchange markets. The authorities demonetized the larger denomination banknotes (NZ 500,000 and NZ 1 million) that had circulated exclusively in the southern part of the country and substituted acceptable banknotes of lower denomination (NZ 100,000). The authorities also lifted the restrictions on the transportation of currency imposed for domestic security reasons. Following these actions, exchange rates converged throughout the country, and in February 1998, the central bank reinstated a single "fixing" session in Kinshasa for exchange rate determination.

### Classification

#### Independently floating

An interbank foreign exchange market is in operation. Charges or commissions are not assessed on interbank market transactions. In their transactions with customers, commercial banks and financial institutions may charge an exchange commission not exceeding 1%. The spread between the buying and selling rates for foreign banknotes set by the commercial banks and financial institutions in the foreign exchange market must not exceed 5%.

### Exchange tax

A charge of 0.2% is levied on any exchange operation of authorized banks.

### Exchange subsidy

No.

### Forward exchange market

Yes.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

Payments from nonresidents to residents must be made in one of 23 convertible currencies whose rates are published daily by the BCC. Residents must make payments to nonresidents in one of the listed convertible currencies or by crediting nonresident accounts in Congo francs or in foreign currency. Settlements with the member countries of the CEPGL and the CEEAC are made in SDRs and through Central African Units of Account (UCAC) accounts established under arrangements concluded by the BCC with the central banks of the countries concerned. Balances on these SDR and UCAC accounts at the end of settlement periods—each quarter for CEPGL countries and each month for CEEAC countries—are transferable into the currency stipulated by the creditor. Virtually all settlements (other than for reexports) with member countries of the CEEAC are effected through accounts with foreign correspondent banks after clearing through the Central African Clearing House through its account with the BCC.

### Payment arrangements

#### Bilateral payment arrangements

##### Inoperative

Yes.

Regional arrangements	Yes.
Clearing agreements	There are arrangements with Burundi and Rwanda. Payments are made through the SDR accounts of the BCC and the central banks of the other two countries.
<b>Administration of control</b>	The BCC regulates exchange transactions, supervises authorized banks and dealers, and regulates open foreign exchange positions.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	
Official	Yes.
Private	Yes.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	Only nationals of the Democratic Republic of the Congo are allowed to purchase, transport, sell, or hold gold within the country outside the boundaries of areas covered by exclusive mining concessions. Foreign individuals or corporate persons may do so only on behalf of, and for the account of, authorized marketing agencies.
Controls on external trade	Exports of gold and diamonds by authorized marketing agencies do not require prior authorization from the BCC.
<b>Controls on exports and imports of banknotes</b>	Resident and nonresident travelers may freely hold means of payment in domestic currency. The physical importation and exportation of foreign banknotes and coins require the prior written authorization of the BCC for amounts exceeding \$20,000.
On exports	
<i>Domestic currency</i>	Yes.
<i>Foreign currency</i>	Yes.
On imports	
<i>Domestic currency</i>	The importation of banknotes of the Democratic Republic of the Congo is permitted up to the equivalent of \$100.
<i>Foreign currency</i>	An unlimited amount of banknotes and other means of payment in foreign currency may be brought into the country.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	These accounts are permitted and may be credited or debited without restrictions, may be sight or term accounts, may bear interest, and may be denominated in any currency for which the BCC publishes exchange rates.
Held domestically	Authorized banks are permitted to open accounts in foreign currency for residents and non-residents without prior approval from the BCC.
Held abroad	Public and/or semipublic enterprises may open foreign bank accounts with prior authorization from the BCC.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	These accounts may be credited or debited without restriction.
<b>Domestic currency accounts</b>	The opening of regular foreign accounts is subject to prior authorization of the BCC.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	There is a budget for imports by the government and the BCC.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for re-release of foreign exchange for imports</b>	
<b>Preshipment inspection</b>	With a few exceptions, imports are subject to a preshipment inspection. The amount, the invoice price, and the quality of imports must be verified and found acceptable by the foreign agents of the Control Office of the Democratic Republic of the Congo (OCC); however, in special cases verification may be effected upon arrival, subject to a waiver from the BCC. Verification certificates are not required for import values (f.o.b.) of up to SDR 1,000 a tariff item, or up to SDR 5,000 a shipment.
<b>Letters of credit</b>	Yes.
<b>Import licenses and other nontariff measures</b>	
<b>Positive list</b>	Yes.
<b>Negative list</b>	Certain imports, including arms, explosives and ammunition, narcotics, materials contrary to public morals, and certain alcoholic beverages, are prohibited or require special authorization from the government.
<b>Other nontariff measures</b>	All goods shipped by sea must be transported on vessels belonging to shipowners that are bonded with the Office congolais du frêt maritime (OGEFREM) and whose freight charges have been negotiated with that office.
<b>Import taxes and/or tariffs</b>	The customs tariff rates range from 5% to 30%, with a special rate of 5% for some essential industrial imports. The rate of the turnover tax ranges up to 13%.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Export or reexport proceeds must be repatriated within 30 calendar days from the date of shipment. Proceeds from exports of gold and diamonds must be received at the bank within 10 days after the date of shipment. With exports on consignment, export proceeds must be repatriated as soon as the merchandise has been sold.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	
<b>Letters of credit</b>	Yes.
<b>Guarantees</b>	Yes.
<b>Domiciliation</b>	Yes.
<b>Preshipment inspection</b>	All exports require an inspection certificate issued by the OCC; coffee exports also require a quality certificate from the National Coffee Office (ONC).
<b>Export licenses</b>	
<b>Without quotas</b>	Yes.
<b>Export taxes</b>	The export, turnover, and statistical taxes have been suspended.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments on account of invisible transactions are regulated.
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Trade-related payments	Payment of commissions for representing foreign brand names is regulated.
<i>Indicative limits/bona fide test</i>	Indicative limits or bona fide tests are applied to payment of freight, insurance, and commissions.
Investment-related payments	
<i>Indicative limits/bona fide test</i>	Yes.
Payments for travel	
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	
<i>Indicative limits/bona fide test</i>	Yes.
Foreign workers' wages	
<i>Quantitative limits</i>	Transfer abroad of foreigners' wages for the preceding year is limited. Transfer abroad of expatriates' wages is limited to 50% of net wages in the case of new employees, provided that the remaining 50% is adequate to cover local needs.
<i>Indicative limits/bona fide test</i>	Yes.
Other payments	
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes.
Surrender requirements	Proceeds must be surrendered to authorized banks. A declaration must be made for each transaction. For some operations, proceeds may be credited to a resident foreign currency account.
Restrictions on use of funds	Receipts credited to a resident's account in foreign exchange are conveyed to the authorized banks as needed by the account holders.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	There are controls on treasury bill transactions.
On capital market securities	Yes.
On money market instruments	Yes.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	Residents may borrow abroad to invest in the Democratic Republic of the Congo.
Commercial credits	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
Financial credits	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
Guarantees, sureties, and financial backup facilities	
<i>To residents from nonresidents</i>	Yes.

<b>Controls on direct investment</b>	Both outward and inward direct investments are permitted.
<b>Controls on liquidation of direct investment</b>	The repatriation of foreign capital brought in under the provisions of the Investment Code is permitted only at the time of liquidation, nationalization, or partial or total transfer of shares.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Yes.
<b>Controls on personal capital movements</b>	Capital movements are unrestricted, generally authorized, and do not require licenses. However, they must be carried out through the banking system.
Transfer of gambling and prize earnings	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Yes.
Maintenance of accounts abroad	Yes.
Lending to nonresidents (financial or commercial credits)	Bridge loans require prior consent of the BCC.
Lending locally in foreign exchange	Yes.
Open foreign exchange position limits	The ceiling on the foreign exchange position of each bank is authorized by the BCC.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Exchange arrangement</b>	<p><i>February 2.</i> The central bank reinstated a single "fixing" session for exchange rate determination.</p> <p><i>June 30.</i> A new currency, the Congo franc, was introduced at a rate of CGF 1 to NZ 100,000 with a buying rate of CGF 1.43 per \$1 and a selling rate of CGF 1.38 per \$1.</p>
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# REPUBLIC OF CONGO

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 1, 1996.

### Exchange Arrangement

#### Currency

The currency of the Republic of Congo is the CFA franc.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The CFA franc is pegged to the euro, the intervention currency, at the fixed rate of CFAF 100 per €0.1524. Exchange transactions in euros between the BEAC and commercial banks take place at the same rate. Buying and selling rates for certain other foreign currencies are also officially posted, with quotations based on the fixed rate for the euro and the rate for the currency concerned in the foreign Paris exchange market. Payments to all countries are subject to a commission of 0.75%, with a minimum charge of CFAF 75; exempt from this commission are payments of the state, the Postal Administration, the BEAC, salaries of Congolese diplomats abroad, expenditures of official missions abroad, scholarships of persons studying or training abroad, and debt-service payments due from companies that have entered into an agreement with the Republic of Congo. Foreign exchange purchased by the Diamond Purchase Office is subject to a commission of 0.5%, with a minimum charge of CFAF 100. An additional commission of 0.25% is levied on all payments to countries that are not members of the BEAC.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

There are no spot or forward exchange markets for the CFA franc. However, exporters and importers can always cover their position on the Paris foreign exchange market.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Because the Republic of Congo is an Operations Account country (WAEMU members, Cameroon, the Central African Republic, Chad, the Comoros, Republic of Congo, Equatorial Guinea, Gabon, and Guinea-Bissau), settlements with France, Monaco, and the Operations Account countries are made in CFA francs, euros, or the currency of any other institute of issue that maintains an Operations Account with the French Treasury. Settlements with all other countries are usually made in any of the currencies of those countries or in French francs.

#### Payment arrangements

##### Regional arrangements

An Operations Account is maintained with the French Treasury. All purchases or sales of foreign currencies or euros against CFA francs are ultimately settled through a debit or credit to the Operations Account.

##### Clearing agreements

Yes.

#### Administration of control

Payments to France and the Operations Account countries, although subject to declaration, are unrestricted. Settlements and investment transactions with all foreign countries, however, are subject to control.

The General Directorate of Credit and Financial Relations in the Ministry of Finance and the Budget supervises borrowing and lending abroad. Exchange control is administered by the Ministry of Economy, Planning, and Finance (MEPF), which has delegated approval authority to the General Directorate. All exchange transactions relating to foreign countries

	must be effected through authorized intermediaries—that is, the Postal Administration and authorized banks.
<b>International security restrictions</b>	n.a.
<b>Payment arrears</b>	
Official	Yes.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	Residents are free to hold gold in the form of coins, art objects, or jewelry; however, to hold gold in any other form, the prior authorization of the MEPF is required.
Controls on external trade	The prior authorization of the MEPF is required to import or export gold in any form. Exempt from the authorization requirement are (1) imports and exports by or on behalf of the Treasury or the BEAC and (2) imports and exports of manufactured articles containing a small quantity of gold (such as gold-filled or gold-plated articles). Both licensed and exempt imports of gold are subject to customs declaration. There are no official exports of gold.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Foreign currency</i>	Residents traveling for tourist or business purposes to France or the Operations Account countries are allowed to take out an unlimited amount in banknotes or other payment instruments in French francs. The reexportation of foreign banknotes is allowed up to the equivalent of CFAF 250,000; the reexportation of foreign banknotes above these ceilings requires documentation demonstrating either the importation of foreign banknotes or their purchase against other means of payment registered in the name of the traveler, or through the use of nonresident deposits lodged in local banks. The reexportation by nonresident travelers of means of payments other than banknotes issued abroad and registered in the name of the nonresident traveler is not restricted, subject to documentation that the banknotes had been purchased with funds drawn from a foreign account in CFA francs or with other foreign exchange.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	n.a.
<b>Accounts in domestic currency convertible into foreign currency</b>	n.a.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	n.a.
<b>Domestic currency accounts</b>	The regulations pertaining to nonresident accounts are based on regulations that were applied in France before the abolition of all capital controls in 1989. Because the BEAC has suspended the repurchase of BEAC banknotes circulating outside the territories of its member countries, BEAC banknotes received by foreign correspondents' authorized banks mailed to the BEAC agency in Brazzaville may not be credited to foreign accounts in euros.
<b>Blocked accounts</b>	n.a.

### Imports and Import Payments

<b>Foreign exchange budget</b>	n.a.
<b>Financing requirements for imports</b>	n.a.

**Documentation requirements for release of foreign exchange for imports****Domiciliation requirements**

Licenses for imports and all import payments from countries other than France and the Operations Account countries must be domiciled with an authorized bank and require a visa from the Foreign Trade Directorate and the General Directorate of Credit and Financial Relations.

**Import licenses used as exchange licenses**

The approved import license entitles importers to purchase the necessary exchange, provided that the shipping documents are submitted to an authorized bank.

**Import licenses and other nontariff measures**

An annual import program classifies imports by zones: (1) the countries of the UDEAC; (2) France; (3) other Operations Account countries; (4) EU countries other than France; and (5) all remaining countries. Thirteen product items under this program require licenses, and others are subject to ex post declaration.

**Open general licenses**

Except for cement, goods from all countries may be imported freely and without licenses. All imports, however, are subject to declaration.

**Licenses with quotas**

Imports of cement are subject to quotas.

**Other nontariff measures**

All imports of commercial goods must be insured through authorized insurance companies in the Republic of Congo.

**Import taxes and/or tariffs**

The common duty rates of the UDEAC member countries are 5% for basic necessities, 10% for raw materials and capital goods, 20% for intermediate and miscellaneous goods, and 30% for consumer goods products requiring special protection. Intra-UDEAC customs duties are 20% of the common external rates.

Import surcharges of 30% apply to imports of goods previously subject to quantitative restrictions. These surcharges are to be eliminated in three to six years, with the longer period applying to certain agricultural and textile products.

**State import monopoly**

No.

**Exports and Export Proceeds****Repatriation requirements**

Proceeds from exports to countries outside the BEAC zone must be collected and repatriated within 180 days of arrival of the commodities at their destination.

**Surrender requirements**

Export proceeds must be surrendered within eight days of the due date.

**Financing requirements**

n.a.

**Documentation requirements****Domiciliation**

All export transactions relating to countries other than France, Monaco, and the Operations Account countries must be domiciled with an authorized bank.

**Export licenses**

In principle, all exports require an exchange commitment. But most exports to France and the Operations Account countries may be made freely.

**Without quotas**

Yes.

**Export taxes**

Export taxes of up to 13% apply to certain goods.

**Payments for Invisible Transactions and Current Transfers****Controls on these transfers**

Payments for invisibles to France and the Operations Account countries are permitted freely; payments to other countries are subject only to declaration and presentation of appropriate documents to the MEPF for approval. For many types of payment, the monitoring function of the MEPF has been delegated to authorized banks and the Postal Administration. Payments for invisibles related to trade are permitted freely when the basic trade transaction has been approved or does not require authorization.

**Investment-related payments**

No information is available on the amortization of loans or depreciation of direct investments.

<i>Prior approval</i>	Transfers of income are permitted with the authorization of the General Directorate of Credit and Financial Relations.
Payments for travel	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Residents traveling for tourist or business purposes to France or the Operations Account countries are allowed to take out an unlimited amount in banknotes or other payment instruments in CFA francs. The allowances for travel to countries outside the franc zone are subject to the following regulations: (1) for tourist travel, CFAF 100,000 a day, with a maximum of CFAF 2 million a trip; (2) for business travel, CFAF 250,000 a day, with a maximum of CFAF 5 million a trip; and (3) for official travel, the equivalent of expenses paid and CFAF 100,000 a day, with a maximum of CFAF 2 million a trip. All resident travelers, regardless of destination, must declare in writing all means of payment at their disposal at the time of departure and to surrender within eight days all means of payment exceeding the equivalent of CFAF 25,000. Allowances in excess of the limits are subject to the authorization of the MEPF.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	No information is available on pension and family maintenance payments.
<i>Quantitative limits</i>	For medical costs, there is a limit of CFAF 100,000 a day, with a maximum of CFAF 2.5 million a trip.
<i>Indicative limits/bona fide test</i>	Yes.
Foreign workers' wages	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	The transfer of the entire net salary of a foreigner working in the Republic of Congo is permitted upon presentation of the appropriate pay voucher, provided that the transfer takes place within three months of the pay period. Transfers by residents of amounts smaller than CFAF 500,000 to nonmember countries of the franc zone are subject to simple declaration, and those exceeding CFAF 500,000 require prior authorization. Transfers to nonmember countries by nonresidents living in the Republic of Congo for less than one year are subject to authorization. Members of diplomatic missions, employees of international organizations, employees of companies operating in the Republic of Congo, government employees, and members of liberal professions are exempt from this regulation.
<i>Indicative limits/bona fide test</i>	Yes.
Credit card use abroad	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	The use of credit cards, which must be issued by resident financial intermediaries and approved by the MEPF, is limited to the ceilings applied for tourist and business travel.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	All amounts due from residents of foreign countries with respect to services and all income earned in those countries from foreign assets must be collected when due.
Surrender requirements	Proceeds should be surrendered within one month of the due date.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Capital movements between the Republic of Congo, France, Monaco, and the Operations Account countries are free, although ex post declarations are required. Most international
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capital transactions are subject to prior authorization. Capital transfers abroad require exchange control approval and are restricted, but capital receipts from abroad are generally permitted freely.

All foreign securities, foreign currency, and titles embodying claims on foreign countries or nonresidents that are held in the Republic of Congo by residents or nonresidents must be deposited with authorized banks in the Republic of Congo.

#### On capital market securities

##### *Shares or other securities of a participating nature*

Sale or issue locally by nonresidents The issuing, advertising, or offering for sale of foreign securities in the Republic of Congo requires prior authorization from the MEPF. Exempt from authorization, however, are operations in connection with (1) loans backed by a guarantee from the Congolese government; and (2) shares similar to securities whose issuing, advertising, or offering for sale in the Republic of Congo has previously been authorized.

Purchase abroad by residents Yes.

#### On money market instruments

*Purchase abroad by residents* Yes.

#### On collective investment securities

*Purchase abroad by residents* Yes.

#### Controls on derivatives and other instruments

Purchase abroad by residents Yes.

#### Controls on credit operations

##### Commercial credits

Special controls (in addition to any exchange control requirement that may apply) are maintained over borrowing and lending abroad.

*By residents to nonresidents* All lending in CFA francs to nonresidents is prohibited unless special authorization is obtained from the MEPF. The following are, however, exempt from this authorization: (1) loans in foreign currency granted by registered banks and (2) other loans whose total amount outstanding does not exceed the equivalent of CFAF 5 million for any one lender. The making of loans that are free of authorization and each repayment must be reported to the General Directorate of Credit and Financial Relations within 20 days.

*To residents from nonresidents* Borrowing requires prior authorization from the MEPF. However, loans contracted by registered banks and small loans, where the total amount outstanding does not exceed CFAF 10 million for any one borrower, the interest is no higher than 5%, and the term is at least two years, are exempt from this requirement. The contracting of loans that are free of authorization and each repayment must be reported to the General Directorate of Credit and Financial Relations within 20 days of the operation. Borrowing backed by a guarantee from the government is exempt from authorization.

##### Financial credits

*By residents to nonresidents* Yes.

*To residents from nonresidents* Yes.

##### Guarantees, sureties, and financial backup facilities

*By residents to nonresidents* Yes.

*To residents from nonresidents* Yes.

#### Controls on direct investment

Outward direct investment The prior approval of the MEPF is required.

Inward direct investment	Investments (including those made through foreign companies that are directly or indirectly controlled by persons in the Republic of Congo and those made by overseas branches or subsidiaries of companies in the Republic of Congo) require the prior approval of the MEPF, unless they involve the creation of a mixed-economy enterprise.
Controls on liquidation of direct investment	The full or partial liquidation of direct investments must be declared to the MEPF within 20 days.
Controls on real estate transactions	n.a.
Controls on personal capital movements	n.a.
Provisions specific to commercial banks and other credit institutions	n.a.
Provisions specific to institutional investors	n.a.
Other controls imposed by securities laws	n.a.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

### Changes During 1999

Exchange arrangement	<i>January 1.</i> The CFA franc peg to the French franc was replaced by the euro.
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## **COSTA RICA**

*(Position as of December 31, 1998)*

### **Status Under IMF Articles of Agreement**

#### **Article VIII**

Date of acceptance: February 1, 1965.

### **Exchange Arrangement**

#### **Currency**

The currency of Costa Rica is the Costa Rican colón.

#### **Exchange rate structure**

Unitary.

#### **Classification**

#### **Crawling peg**

The external value of the colón is determined in the interbank market. Foreign exchange trading occurs in the organized electronic foreign exchange market (MONED) among authorized traders, which is where the Central Bank (CB) carries out its intervention operations. Foreign exchange trading also takes place directly between authorized institutions outside the MONED. The government and public sector institutions conduct foreign exchange transactions with the state commercial banks and the CB at the official reference exchange rate, which is calculated at the close of each business day as the weighted average of the exchange rates used in the market during the day. The rate of the crawl is an average of nine centavos a day (on average and 10.5% on an annual basis).

#### **Exchange tax**

A tax of 15%, calculated on the average daily spread between buying and selling rates, applies to all foreign exchange transactions in the exchange market. That amount must be transferred to the CB within one day.

#### **Exchange subsidy**

n.a.

#### **Forward exchange market**

No.

### **Arrangements for Payments and Receipts**

#### **Prescription of currency requirements**

Nearly all payments for exchange transactions are made in dollars. Trade payments to Central America may be made in dollars or in local currencies.

#### **Payment arrangements**

No.

#### **Administration of control**

Regulations are issued by the CB's Superintendency of Banks and Financial Institutions.

#### **International security restrictions**

No.

#### **Payment arrears**

No.

#### **Controls on trade in gold (coins and/or bullion)**

#### **Controls on domestic ownership and/or trade**

Natural and juridical persons may buy or sell domestically produced gold (except national archaeological treasures).

#### **Controls on external trade**

Licenses from the CB are required for exports of gold.

#### **Controls on exports and imports of banknotes**

No.

### **Resident Accounts**

#### **Foreign exchange accounts permitted**

#### **Held domestically**

Yes.

Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	n.a.

### Imports and Import Payments

Foreign exchange budget	n.a.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	Imports made on a barter basis require a barter license issued by the Ministry of Economy and Commerce (MEC).
Import taxes and/or tariffs	Customs tariffs on most goods range from 5% to 20%. In addition, the following taxes are levied on imports: (1) a sales tax of 13%, from which certain essential items are exempt; and (2) selective consumption taxes at rates ranging from zero to 75%.
State import monopoly	Imports of fuel are made by Refineria Costa Ricense de Petroleo and imports of grain by the Consejo Nacional de Producción.

### Exports and Export Proceeds

Repatriation requirements	Proceeds must be repatriated within 90 days before the end of the fiscal year.
Financing requirements	n.a.
Documentation requirements	An export form must be filed.
Export licenses	
Without quotas	Licenses are required for the following: armaments, munitions, scrap iron, and scrap of nonferrous base metals from the MEC; sugar from the Agricultural Industrial Board for Sugarcane; beans, rice, ipecacuanha root, onions, cotton, meat, and thoroughbred cattle from the National Council of Production; airplanes from the Civil Aviation Board and the MEC; Indian art objects made of gold, stone, or clay from the National Museum; tobacco from the Tobacco Defense Board; textiles, flowers, lumber, certain livestock, and wild animals and plants of the forest from the Ministry of Agriculture and Livestock; bananas from the National Banana Corporation; coffee from the Coffee Institute; and sugar from the Agro-Industrial Cane League. In addition, when there is a lien on coffee in favor of a bank, that bank's approval is required before the CB will grant an export license.
Export taxes	Taxes are levied on traditional exports and, in some cases, are graduated in line with international prices. There are no taxes on nontraditional exports to countries outside Central America, and exporters of these products are entitled to receive freely negotiable tax credit certificates at the following rates based on f.o.b. value: 15% for exports to the United States, Puerto Rico, and Europe; and 20% for exports to Canada. These certificates ceased to be issued to new exporters after 1992, but exporters existing at that time benefit from them, consistent with previous contractual arrangements.

## Payments for Invisible Transactions and Current Transfers

### Controls on these transfers

Investment-related payments	<p>A 15% withholding tax is levied on all profits and dividends and remittances of interest abroad, except for remittances to foreign banks or their financial entities recognized by the CB as institutions normally engaged in international transactions, and for interest payments on government borrowing abroad.</p> <p>No information is available on the payment of amortization of loans or depreciation of direct investments.</p>
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## Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Repatriation must take place within 90 days of the end of the fiscal year.
Restrictions on use of funds	n.a.

## Capital Transactions

Controls on capital and money market instruments	No.
Controls on derivatives and other instruments	No.
Controls on credit operations	
Commercial credits	The National Budget Authority (composed of the Minister of Finance, the Minister of Planning, and the President of the CB) is in charge of authorizing the negotiation of new external credits contemplated by the central government, decentralized agencies, and state enterprises.
Financial credits	
<i>By residents to nonresidents</i>	Private commercial banks, finance companies, and cooperatives must inform the CB when contracting credits abroad.
Controls on direct investment	No.
Controls on liquidation of direct investment	No.
Controls on real estate transactions	No.
Controls on personal capital movements	n.a.
Provisions specific to commercial banks and other credit institutions	n.a.
Provisions specific to institutional investors	n.a.
Other controls imposed by securities laws	n.a.

## Changes During 1998

No significant changes occurred in the exchange and trade system.

# CÔTE D'IVOIRE

(Position as of February 28, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 1, 1996.

### Exchange Arrangement

#### Currency

The currency of Côte d'Ivoire is the CFA franc.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The CFA franc is pegged to the euro, the intervention currency, at the fixed rate of CFAF 100 per €0.1524. Exchange rates for other currencies are derived from the rate for the currency concerned in the Paris exchange market and the fixed rate between the euro and the CFA franc. The BCEAO levies no commission on transfers to or from all countries outside the WAEMU.

#### Exchange tax

Banks levy a proportional commission of 2.5‰ and a freely fixed commission a case, on transfers to all non-WAEMU countries. The proceeds of the proportional commission are repaid in full to the Treasury. Transfers between WAEMU member countries are subject to a commission freely fixed by the banks.

#### Exchange subsidy

No.

#### Forward exchange market

Effective February 1, 1999, residents were authorized to contract forward exchange cover in accordance with the regulations on imports and exports of goods and services. Forward exchange cover for eligible imports must not extend beyond one month for certain specified goods and three months for goods designated essential commodities, with renewal of cover only once. Forward cover against exchange rate risk is permitted with prior authorization from the Directorate of the Treasury of the Ministry of Economy and Finance (MEF) only for payments for imports of goods and only for the currency stipulated in the commercial contract.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Because the BCEAO is linked to the French Treasury through an Operations Account, settlements with France, Monaco, and other countries linked to the French Treasury through an Operations Account are made in CFA francs, euros, or the currency of any other Operations Account country. The BCEAO is authorized to collect, either directly or through the banks, other financial institutions, or the Post Office Administration, any information necessary for compiling the balance of payments statistics. It also has powers from the MEF for monitoring the banks' external positions.

#### Payment arrangements

##### Clearing agreements

Current payments with the Gambia, Ghana, Guinea, Liberia, Mauritania, Nigeria, and Sierra Leone are usually made through the WAMA.

##### Administration of control

Exchange control is administered by the Directorate of the Treasury in the MEF. Effective February 1, 1999, the amount of transfers authorized without supporting documentation was raised to CFAF 300,000 from CFAF 100,000.

#### International security restrictions

No.

#### Payment arrears

##### Official

Yes.

**Controls on trade in gold (coins and/or bullion)****Controls on external trade**

Imports and exports of gold from or to any other country require prior authorization from the MEF.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

The exportation of CFA franc banknotes by travelers is not prohibited. However, repurchasing by the BCEAO of exported banknotes remains suspended. In addition, the sending of BCEAO banknotes between authorized intermediaries and their correspondent banks located outside the WAEMU zone is strictly prohibited.

*Foreign currency*

The reexportation of foreign banknotes by nonresident travelers is allowed up to the equivalent of CFAF 250,000; the reexportation of foreign banknotes above this ceiling requires documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposits at local banks.

**On imports***Foreign currency*

Residents and nonresidents may bring in any amount of foreign banknotes and coins (except gold coins) of countries outside the Operations Account area. Residents bringing in foreign banknotes and foreign currency traveler's checks must declare them to customs upon entry and sell any amount exceeding the equivalent of CFAF 25,000 to an authorized intermediary bank within eight days.

**Resident Accounts****Foreign exchange accounts permitted**

Effective February 1, 1999, residents are allowed to open foreign exchange accounts with local banks or with banks abroad after obtaining authorization from the MEF, with the approval of the BCEAO.

**Held domestically**

Residents may maintain foreign exchange accounts at local financial institutions, subject to prior authorization from the MEF.

**Held abroad**

The maintenance of bank accounts abroad is not explicitly prohibited by the legislation in force; however, the legislation does prohibit all transfers aimed at the constitution of assets abroad by a resident except where authorized by the MEF.

**Accounts in domestic currency convertible into foreign currency**

No.

**Nonresident Accounts****Foreign exchange accounts permitted**

Effective February 1, 1999, authorization is issued by the BCEAO.

**Domestic currency accounts**

Because the BCEAO has suspended the repurchase of banknotes circulating outside the territories of the WAEMU zone, nonresident accounts may not be credited or debited with BCEAO banknotes. These accounts may not be overdrawn without the prior authorization of the MEF. Transfers of funds between nonresident accounts are not restricted.

**Convertible into foreign currency**

Yes.

**Blocked accounts**

No.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

Domiciliation requirements	All imports exceeding CFAF 500,000 are subject to this requirement. Effective February 1, 1999, this limit was raised to CFAF 5 million.
Preshipment inspection	Inspection for quality and price is required for imports exceeding CFAF 3 million; imports valued between CFAF 1.5 million and CFAF 3 million may be subject to random inspection.
Letters of credit	LCs are required for goods imported from outside the EU, Operations Account countries, and ACP countries.

**Import licenses and other nontariff measures**

Positive list	Imports are classified into three categories: (1) goods requiring prior authorization or the approval of ministries; (2) goods subject to quantitative or other restrictions requiring licenses issued by the Directorate of External Trade Promotions; and (3) freely importable goods.
Open general licenses	Import licenses for a shortlist of controlled products are issued by the Directorate of External Trade Promotions in the Ministry of Commerce.
Other nontariff measures	Yes.
Import taxes and/or tariffs	A maximum tariff rate of 35% is in effect. A statistical tax of 2.5% is levied on the c.i.f. value of all imports. Imports from members of the WAEMU and the ECOWAS are exempt from the surcharges.
State import monopoly	No.

**Exports and Export Proceeds**

Repatriation requirements	Proceeds from exports, including those to countries in the Operations Account area, must be received within 120 days of the arrival of the goods at their destination. Effective February 1, 1999, proceeds from exports to WAEMU countries are no longer required to be repatriated.
Surrender requirements	Foreign exchange derived from exports shall be surrendered to authorized intermediary banks within 30 days of the payment due date. The authorized intermediary banks shall then surrender the foreign exchange to the BCEAO by transfer through the bank of issue.
Financing requirements	No.
Documentation requirements	Exports require a customs declaration. Exports of cocoa and coffee are subject to a specific unitary export tax and can be effected only by exporters authorized by the Price Stabilization Fund.
Letters of credit	Yes.
Domiciliation	All exports valued at more than CFAF 1 million, regardless of their destination, must be domiciled with an authorized bank. Effective February 1, 1999, exports to WAEMU countries need not be domiciled.
Export licenses	Exports of lumber are subject to quantitative quotas allocated through an auction.
Export taxes	
Other export taxes	Yes.

**Payments for Invisible Transactions and Current Transfers**

Controls on these transfers	Payments to France, Monaco, and the Operations Account countries are permitted freely; those to other countries must be approved. Payments for invisibles related to trade are permitted freely. Effective February 1, 1999, payments and incomes of foreign ships in the WAEMU zone and WAEMU ships abroad are included under current operations.
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## Investment-related payments

*Prior approval*

The transfer abroad of funds necessary for the repayment of a loan is subject to authorization if the loan itself was subject to prior authorization. For payments of depreciation of direct investments, the prior authorization of the MEF is required, as this is not expressly provided for in the legislation.

*Indicative limits/bona fide test*

Yes.

## Payments for travel

*Quantitative limits*

The limits were CFAF 500,000 a trip for tourism and CFAF 75,000 a day up to one month for business travel. Allowances in excess of these limits were subject to authorization from the MEF. Effective February 1, 1999, limits on foreign exchange allowances were eliminated. The threshold of foreign exchange to be surrendered by residents after travel was raised to CFAF 300,000 from CFAF 50,000.

*Indicative limits/bona fide test*

Yes.

## Personal payments

*Quantitative limits*

For medical costs and studies abroad, the limits are the same as for tourist travel.

*Indicative limits/bona fide test*

For payment of medical costs and studies abroad, indicative limits are used.

## Credit card use abroad

*Quantitative limits*

Credit cards can be used up to the ceilings for tourist and business travel.

*Indicative limits/bona fide test*

The limits are the same as the limits for travel.

## Other payments

*Indicative limits/bona fide test*

Yes.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**

All proceeds from transactions with non-Operations Account countries must be collected and repatriated in full. Effective February 1, 1999, the time limit for the repatriation and surrender requirement was set at one month after the due date of receipt.

**Surrender requirements**

All proceeds from transactions with non-Operations Account countries must be surrendered.

**Restrictions on use of funds**

No.

### Capital Transactions

**Controls on capital and money market instruments**

Capital movements to foreign countries are controlled. Capital may freely enter the member countries of the WAEMU, except with respect to direct investment that is subject to prior declaration and certain loan operations requiring advance authorization. Exempt from authorization, however, are operations in connection with (1) loans backed by a guarantee from the government of Côte d'Ivoire; and (2) foreign shares similar to securities whose issuing, advertising, or offering for sale in Côte d'Ivoire has already been authorized. With the exception of controls relating to foreign securities, these measures do not apply to relations with France, Monaco, member countries of the WAEMU, and the Operations Account countries. Special controls are also maintained over the soliciting of funds for deposit with foreign natural persons and foreign firms and institutions, and over publicity aimed at placing funds abroad or at subscribing to real estate and building operations abroad; these special controls also apply to France, Monaco, and the Operations Account countries. Effective February 1, 1999, transfers related to the sale of foreign securities by residents and to proceeds of disinvestments by nonresidents were allowed. Foreign investment in WAEMU countries became unrestricted. Such operations are subject to reporting for statistical purposes. The prior authorization of the Public Saving and Financial Market Regional Council is required for the issuance and marketing of securities and capital assets of

foreign entities, as well as for publicity and advertising of investments abroad. Any investment by residents abroad requires the prior approval of the MEF.

#### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents	There are no controls, provided that a prior declaration is made in the case of direct investment.
Sale or issue locally by nonresidents	These transactions are subject to the prior authorization of the MEF. Securities that have been authorized in advance may be purchased by a resident only after the latter has obtained prior approval of the MEF. The sale of securities constituting the liquidation of an investment by means of a transfer between a nonresident and a resident may be freely executed, subject to the prescriptions concerning the financial settlement of the operation. Settlement of an operation involving securities by transfer abroad or by crediting a nonresident account requires that an exchange authorization be submitted for the approval of the MEF in conjunction with documents attesting to the validity of the operation.
Purchase abroad by residents	These purchases and the transfer abroad of funds associated with them require the prior authorization of the MEF.
Sale or issue abroad by residents	Residents are free to sell the securities of resident corporations abroad. If these operations result in the foreign control of establishments resident in Côte d'Ivoire, the foreign investors are required to file a declaration in advance with the MEF. The sale of securities constituting the liquidation of an investment abroad are subject to prior declaration to the MEF. The proceeds in foreign exchange from the sale or liquidation must be surrendered to an authorized intermediary bank.

##### *Bonds or other debt securities*

n.r.

#### On money market instruments

<i>Sale or issue locally by nonresidents</i>	These sales are subject to the prior authorization of the MEF (except sales involving the liquidation of an investment, which are not restricted).
<i>Purchase abroad by residents</i>	These purchases are subject to the prior authorization of the MEF.
<i>Sale or issue abroad by residents</i>	Residents may freely sell money market instruments abroad. Sales constituting the liquidation of an investment are subject to prior declaration. The proceeds in foreign exchange from the sale or liquidation must be surrendered to an authorized intermediary bank. The issue of money market instruments abroad by residents is governed by the provisions applicable to loans.

#### On collective investment securities

<i>Sale or issue locally by nonresidents</i>	Yes.
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.

#### **Controls on derivatives and other instruments**

Effective February 1, 1999, transfers relating to option purchases were allowed.

Purchase locally by nonresidents	n.r.
Sale or issue locally by nonresidents	n.r.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	n.r.

#### **Controls on credit operations**

##### Commercial credits

For the issue of securities constituting a loan, the borrower must request advance authorization from the MEF. However, this authorization is not required for loans contracted by authorized intermediaries or those that comply with specific conditions as to amount and interest rate.



<i>By residents to nonresidents</i>	These credits may be granted, subject to the following provisions: (1) Debts arising from the exporting of goods must be collected and the corresponding amounts repatriated through the BCEAO within 30 days of the payment due date. The payment due date is the date specified in the commercial contract. It must in any case be no more than 120 days after the shipment of the goods. (2) Debts arising from payment for services must also be collected and surrendered on the exchange market no later than two months after the payment due date. No administrative limit is set for this due date.
<i>To residents from nonresidents</i>	These credits may be freely granted. Their repayment is generally authorized, subject to the presentation of documents attesting to the validity of the commercial transaction or the provision of the service, as well as the payment due date.
<b>Financial credits</b>	
<i>By residents to nonresidents</i>	The granting of financial credits requires the prior authorization of the MEF. In order to transfer funds abroad to service these facilities, an exchange authorization must be submitted with the required vouchers to the MEF.
<i>To residents from nonresidents</i>	These facilities may be freely granted, and the funds to service them must be transferred from abroad by an authorized intermediary. However, if these operations are carried out between a direct investment company established in Côte d'Ivoire and its parent company abroad, they are considered to be direct investments and are therefore subject to prior declaration to the MEF.  The transfer abroad of the funds necessary to service a loan is subject to authorization if the loan itself required prior authorization. Requests for authorization must be accompanied by all supporting documents necessary to ensure the validity of the operation: authorization to borrow, references from the report prepared in connection with disbursement of the proceeds of the loan, and the like.
<b>Guarantees, sureties, and financial backup facilities</b>	
<i>By residents to nonresidents</i>	The granting of these facilities requires the prior authorization of the MEF. In order to transfer funds abroad to service these facilities, an exchange authorization must be submitted with the required vouchers to the MEF.
<i>To residents from nonresidents</i>	These facilities may be freely granted, and the funds to service them must be transferred from abroad by an authorized intermediary. However, if these operations are carried out between a direct investment company established in Côte d'Ivoire and its parent company abroad, they are considered to be direct investments and are therefore subject to prior declaration to the MEF.
<b>Controls on direct investment</b>	
<b>Outward direct investment</b>	Investment abroad (including purchases of real estate) by a resident is subject to prior authorization by the MEF, which must be requested by the party concerned in a letter designating the authorized intermediary that will execute payment. This payment, either by the transferring of funds abroad or by the crediting of a foreign account in euros, may not be made before the end of the time period agreed upon by the parties. Effective February 1, 1999, MEF authorization is no longer needed for investments abroad by residents in the form of securities, if the issue or sale by nonresidents was authorized by the Public Savings and Financial Market Regional Council.
<b>Inward direct investment</b>	Investments are subject to prior declaration to the MEF, which has a period of two months in which to request the suspension of the operation. The transfer of a direct investment by a nonresident to another nonresident is also subject to prior declaration. Special incentives are provided for foreign and domestic investments in certain priority sectors and priority geographical areas. The incentives include exemption from customs duties and tariffs on all imported capital equipment and spare parts for investment projects, provided that no equivalent item is produced in Côte d'Ivoire. In addition, all such investments are exempt for a specified period, depending on the investment sector or area, from corporate profit taxes, patent contributions, and capital assets taxes. In general, the exemption covers 100% of applicable tax up to the fourth-to-last year of the exemption period and is reduced progressively to 75% of the tax in the third-to-last year, 50% in the second-to-last year, and

	25% in the last year. Imports of raw materials for which no equivalents are produced locally are not exempt from import duties and taxes.
<b>Controls on liquidation of direct investment</b>	Proceeds may be freely transferred abroad or credited to a foreign account in euros after presentation of the requisite vouchers to the MEF and the Ministry's approval. Effective February 1, 1999, MEF approval is no longer needed. The liquidation of investments, whether Ivoirien investments abroad or foreign investments in Côte d'Ivoire, must be reported to the Ministry within 20 days of the operation.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Purchases are subject to prior authorization by the MEF, which must be requested by the party concerned in a letter designating the authorized intermediary that will execute payment. This payment, either by the transferring of funds abroad or by the crediting of a foreign account in euros, may not be made before the end of the time period agreed upon by the parties.
Purchase locally by nonresidents	Purchases may be freely made if they are not direct investments in a business, branch, or corporation.
Sale locally by nonresidents	Proceeds may be freely transferred abroad or credited to a foreign account in euros after presentation of the requisite vouchers to the MEF and the Ministry's approval.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	The granting of a loan by a resident to a nonresident requires the prior authorization of the MEF. Concerned individuals may not carry out such operations as a professional occupation without prior authorization, and they must be registered on the list of financial establishments.
<i>To residents from nonresidents</i>	The borrower must obtain prior authorization from the MEF, unless the amount of the loan does not exceed CFAF 50 million and the interest rate does not exceed the normal market rate. Loans contracted to finance imports and exports are not subject to prior authorization.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	Except for inheritances and gifts, for which payments are generally authorized, payments pertaining to other operations require prior authorization of the MEF.
Settlement of debts abroad by immigrants	Immigrants who have obtained resident status must obtain prior authorization from the MEF to settle debts contracted abroad while they were nonresidents.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	On presentation of documentary evidence of emigration, the parties concerned may, without prior authorization, obtain the transfer of a sum equal to a maximum of CFAF 500,000 a person. Amounts in excess may be transferred on authorization of the MEF.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Authorized intermediaries are free to borrow abroad.
Maintenance of accounts abroad	Banks and financial institutions are not permitted to hold liquid assets outside the WAEMU, except to cover the requirements of their current operations.
Lending to nonresidents (financial or commercial credits)	These operations may be freely executed in the case of commercial credits but are subject to the prior authorization of the MEF in the case of loans, financial credits, or the purchase of securities issued abroad. Effective February 1, 1999, the prior approval of the BCEAO is also needed.
Lending locally in foreign exchange	General regulations apply on lending locally in foreign currency or purchasing locally issued securities denominated in foreign exchange.
Differential treatment of deposit accounts in foreign exchange	
<i>Credit controls</i>	Yes.

Investment regulations	The same regulations apply as for foreign investment.
<i>Abroad by banks</i>	Yes.
<i>In banks by nonresidents</i>	Yes.
Open foreign exchange position limits	There are no prudential ratios. Open positions result from special dispensations.
<b>Provisions specific to institutional investors</b>	Effective February 1, 1999, controls are imposed by the Insurance Code of the Inter-African Conference on Insurance Markets.
Limits (max.) on portfolio invested abroad	Yes.
Limits (min.) on portfolio invested locally	Yes.
Currency-matching regulations on assets/liabilities composition	Yes.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

#### Capital transactions

Controls on capital and money market instruments	<i>September 16.</i> The WAEMU regional stock exchange began operations in Abidjan.
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### Changes During 1999

#### Exchange arrangement

*January 1.* The CFA franc peg to the French franc was replaced with a peg to the euro.

#### Arrangements for payments and receipts

*February 1.* The amount of transfers authorized without supporting documentation was raised to CFAF 300,000 from CFAF 100,000.

*February 1.* Residents were authorized to contract forward exchange cover in accordance with the regulations on imports and exports of goods and services.

#### Resident accounts

*February 1.* Residents are allowed to open foreign exchange accounts with local banks or with banks abroad after obtaining authorization from the MEF, with the approval of the BCEAO.

#### Nonresident accounts

*February 1.* Authorization to open foreign exchange accounts is issued by the BCEAO.

#### Imports and import payments

*February 1.* The limit for imports requiring domiciliation was raised to CFAF 5 million.

#### Exports and export proceeds

*February 1.* Proceeds from exports to WAEMU countries are no longer to be repatriated.

*February 1.* Exports to WAEMU countries need not be domiciled.

#### Payments for invisible transactions and current transfers

*February 1.* Limits on foreign exchange allowances were eliminated. The threshold of foreign exchange to be surrendered by residents after travel was raised to CFAF 300,000 from CFAF 50,000.

*February 1.* Payments and incomes of foreign ships in the WAEMU zone and WAEMU ships abroad are included under current operations.

#### Proceeds from invisible transactions and current transfers

*February 1.* The time limit for the repatriation and surrender requirement was set at one month after the due date of receipt.

#### Capital transactions

Controls on capital and money market instruments

*February 1.* Transfers related to the sale of foreign securities by residents and to proceeds of disinvestments by nonresidents were allowed. Foreign investment in WAEMU countries became unrestricted. Such operations are subject to reporting for statistical purposes. The

	prior authorization of the Public Saving and Financial Market Regional Council is required for the issuance and marketing of securities and capital assets of foreign entities, as well as for publicity and advertising of investments abroad. Any investment by residents abroad requires the prior approval of the MEF.
Controls on derivatives and other instruments	<i>February 1.</i> Transfers relating to option purchases were allowed.
Controls on direct investment	<i>February 1.</i> MEF authorization is no longer needed for investments abroad by residents in the form of securities, if the issue or sale by nonresidents was authorized by the Public Savings and Financial Market Regional Council.
Controls on liquidation of direct investment	<i>February 1.</i> MEF approval is no longer needed for nonresidents to transfer the proceeds from the liquidation of direct investments.
Provisions specific to commercial banks and other credit institutions	<i>February 1.</i> The prior approval of the BCEAO is also needed to grant loans or financial credits to nonresidents or to purchase securities abroad.
Provisions specific to institutional investors	<i>February 1.</i> Restrictions are imposed by the Insurance Code of the Inter-African Conference on Insurance Markets.

# CROATIA

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: May 29, 1995.

### Exchange Arrangement

#### Currency

The currency of Croatia is the Croatian kuna.

#### Exchange rate structure

Unitary.

#### Classification

Pegged exchange rate within horizontal bands

The exchange rate of the kuna is determined in the interbank foreign exchange market. The Croatian National Bank (CNB) may set intervention exchange rates, which it applies in transactions with banks outside the interbank market for leveling undue fluctuations in the exchange rate.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Official cover of forward operations

The CNB has provided, on occasion, swap facilities at par for banks in a limited forward market.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

Bilateral payment arrangements

*Operative*

There is an arrangement with Italy.

#### Administration of control

The CNB formulates and administers exchange rate policy and may issue foreign exchange regulations. Companies wishing to engage in foreign trade must register with the commercial courts.

#### International security restrictions

Yes.

#### Payment arrears

Official

Yes.

#### Controls on trade in gold (coins and/or bullion)

Controls on external trade

The exportation of unprocessed gold and gold coins by producers of gold or by authorized commercial banks is subject to the approval of the CNB. Importation of gold is subject to the approval of the Ministry of Economy (MOE).

#### Controls on exports and imports of banknotes

As a measure against money laundering, kuna or foreign exchange cash transactions above HRK 40,000 should be reported to the Office for the Prevention of Money Laundering.

On exports

*Domestic currency*

The exportation of Croatian currency by both residents and nonresidents is limited to HRK 2,000 a person; however, larger amounts may be exported with special permission from the CNB.

*Foreign currency*

Resident natural persons may take abroad up to the equivalent of DM 1,000. An additional amount, equivalent up to DM 2,000 may be taken out, provided that it is withdrawn from foreign currency accounts or purchased from banks for travel expenses. In both cases, the CNB may allow higher amounts to be taken out on a case-by-case basis.

## On imports

*Domestic currency*

The importation of Croatian currency by both residents and nonresidents is limited to HRK 2,000 a person; however, larger amounts may be imported with special permission from the CNB.

**Resident Accounts****Foreign exchange accounts permitted**

Resident natural and juridical persons may, in principle, open and operate foreign exchange accounts only in Croatia. However, the CNB has the authority to allow resident juridical persons to keep foreign exchange in accounts with foreign banks in order to cover the costs of business operations and to meet the requirement of regular foreign trade activities abroad. The law also makes specific provisions for resident juridical persons engaged in capital project construction abroad to maintain accounts with foreign banks, subject to a license issued by the CNB.

## Held domestically

Yes.

## Held abroad

These accounts are permitted, but prior approval is required.

**Accounts in domestic currency convertible into foreign currency**

Yes.

**Nonresident Accounts****Foreign exchange accounts permitted**

These accounts may be credited freely with foreign exchange and debited for payments abroad for conversion into domestic currency; reconversion of domestic currency into a foreign currency is permitted. As a measure against money laundering, nonresident juridical persons may not credit these accounts with foreign banknotes exceeding \$20,000 without special permission from the CNB. Nonresident juridical persons may withdraw up to the equivalent of HRK 15,000 each month from their deposit accounts. Nonresidents may open foreign exchange accounts with fully licensed banks in Croatia.

**Domestic currency accounts**

These accounts may be opened with the proceeds from sales of goods and services or with foreign exchange transferred from abroad.

## Convertible into foreign currency

Foreign exchange may be purchased with funds held in these accounts without restriction.

**Blocked accounts**

Balances in foreign exchange accounts held by residents (natural persons) of the former Federal Republic of Yugoslavia (Serbia/Montenegro) blocked since 1992 have been replaced by claims on the Croatian government.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

An invoice or agreement is required for transfers.

**Import licenses and other nontariff measures**

There are no import quotas, although such quotas are, in principle, allowed for under the trade law, under conditions envisaged under the WTO rules. All imports are free from licensing requirements except for a list of products whose importation is controlled by international agreement for noneconomic reasons (such as arms, gold, illegal drugs and narcotics, and artistic and historic work), and a small number of other products (notably iron tubes in bars—except for WTO members—and tractors older than five years). The importation of these items is allowed on a case-by-case basis.

Negative list	Yes.
Import taxes and/or tariffs	Imports are subject to customs tariffs of up to 25% ad valorem. For a number of agricultural and food products, compound duties (ad valorem plus specific customs duty) are applied. The exemption for duty-free imports by travelers is HRK 300. Goods imported by travelers and postal shipments up to the value of \$500 are subject to a simplified customs procedure with a unified tariff rate of 8%. For imports exceeding that value, the regular import tariffs and taxes are applied. Returning citizens may bring into the country household effects duty free in an amount that is relative to the period spent abroad for household effects and for private business purposes without restrictions, but are subject to the approval of the Ministry of Finance on a case-by-case basis. Under certain conditions, goods imported by nonresidents for investment purposes are exempt from import duties. Also, raw materials and intermediate products used in the production of exports are exempt from all import duties and taxes, provided that the value added of the export product is at least 30% of the value of the imported items and that export proceeds are received in convertible currency.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	Export proceeds must be collected and repatriated in full within 90 days of date of exportation. This period may be extended for 60 days with permission from the CNB. If payment terms in excess of 90 days have been agreed to with foreign importers, the credit arrangement must be registered with the CNB. Export proceeds from the countries of the CIS must be repatriated within 180 days, with the possibility of a further 60 days' extension, subject to the approval of the CNB.
Financing requirements	No.
Documentation requirements	
Guarantees	Yes.
Export licenses	Exports are free of restrictions except for certain products for which permits must be obtained (e.g., weapons, drugs, and art objects); several basic foodstuffs to ensure adequate domestic supplies; unrenovable resources (oil and natural gas); and hides and wood. As of January 1999, quantitative export restrictions on basic foods tariffs were eliminated in respect of WTO members.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Proceeds from services are, in principle, subject to the same regulations as those applying to exports.
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	Inward portfolio investment is not restricted, except in central bank short-term securities in the primary market. In general, outward investment in capital and money market securities is not allowed for either natural or nonbank juridical persons.
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## On capital market securities

*Shares or other securities of a participating nature*

Purchase abroad by residents Yes.

## On money market instruments

*Purchase locally by nonresidents* Only purchases in the primary market are restricted.

*Sale or issue locally by nonresidents* Yes.

*Purchase abroad by residents* Yes.

*Sale or issue abroad by residents* Yes.

**Controls on derivatives and other instruments**

No.

**Controls on credit operations**

For statistical purposes only, borrowing abroad, extending loans abroad, and issuing guarantees, sureties, and financial backup facilities have to be registered with the CNB.

## Commercial credits

For statistical purposes only, such transactions have to be registered with the CNB.

## Financial credits

*By residents to nonresidents* Resident juridical persons may extend financial credits to nonresidents only to an entity abroad, in which they have the majority of voting rights.

*To residents from nonresidents* Resident juridical persons may obtain financial credits from abroad only for performing activities they are registered for.

## Guarantees, sureties, and financial backup facilities

*By residents to nonresidents* Resident juridical persons may issue guarantees, sureties, and financial backup facilities only for performing activities they are registered for.

*To residents from nonresidents* For statistical purposes only such transactions have to be registered with the CNB.

**Controls on direct investment**

## Outward direct investment

Natural persons may not make foreign direct investments abroad. Foreign direct investment abroad by juridical persons must be registered with the MOE within 30 days from the signature of the contract.

## Inward direct investment

Investments must be registered with the commercial courts only.

**Controls on liquidation of direct investment**

Proceeds may be transferred after settlement of legal obligations, including tax payments.

**Controls on real estate transactions**

## Purchase abroad by residents

A natural person may not transfer capital abroad for the purposes of buying real estate. Juridical persons may buy real estate abroad for the purposes of foreign direct investment.

## Purchase locally by nonresidents

Subject to the permission of the Ministry of Foreign Affairs and the Ministry of Justice, foreign natural and juridical persons may, if not otherwise determined by law, under the assumption of reciprocity, acquire the ownership of real estate on the territory of the Republic of Croatia.

**Controls on personal capital movements**

For statistical purposes only, such transactions have to be registered with the CNB.

## Loans

*By residents to nonresidents* Natural persons may not grant credits to nonresidents.

*To residents from nonresidents* Resident natural persons are obliged to use foreign financial credits through the authorized domestic banks.

## Gifts, endowments, inheritances, and legacies

*By residents to nonresidents* Cash gifts greater than DM 3,000 must be approved by the CNB.



**Provisions specific to commercial banks and other credit institutions**

Lending locally in foreign exchange

Domestic commercial banks may not give foreign exchange credits to resident natural persons. Commercial banks may, under certain circumstances, give foreign exchange credits to juridical persons for activities they are registered for. Foreign commercial banks may extend credit in foreign exchange to both natural and juridical persons.

Differential treatment of deposit accounts in foreign exchange

*Reserve requirements*

Effective April 1998, the CNB introduced reserve requirements on banks' foreign liabilities arising out of foreign credits received for the purposes of conversion into kuna. These reserve requirements, which are payable in kuna and are not remunerated, range from 10% on guarantees, 15% on foreign exchange interbank deposits, to 30% for foreign borrowing of up to one year.

*Liquid asset requirements*

Commercial banks are required to hold 55% of foreign exchange deposits in liquid form. From September 1, 1998, one-half of this reserve requirement should be held in investment grade banks in OECD countries with investment grade sovereign ratings. The remaining 50% must be held in remunerated accounts held at the CNB. In addition, short-term foreign exchange liabilities must be covered by 53% short-term foreign exchange assets of maturity less than one year.

Open foreign exchange position limits

The limit is 30% of the bank's Tier 1 capital.

*On resident assets and liabilities*

Yes.

*On nonresident assets and liabilities*

Yes.

**Provisions specific to institutional investors**

Limits (max.) on portfolio invested abroad

Investment funds may not invest more than 5% of the value of the fund in the securities of a single issuer. However, this limit may increase to 10% provided that not more than 40% of the assets of the fund are invested in securities of other issuers. In addition, investment funds may acquire bonds of one issuer only if the total face value of these bonds does not exceed 10% of the total face value of all the bonds of the same issuer, if they are in circulation. For purposes of determining this limit, bonds of the Croatian state, member states of the EU, and other member states of the OECD are valued at one-half their face value.

Other controls imposed by securities laws

No.

**Changes During 1998****Arrangements for payments and receipts**

*March 17.* Amendments relating to money laundering were made to the Foreign Exchange System Act.

**Exports and export proceeds**

*November 17.* The period of the repatriation of export proceeds from CIS countries has been increased to 180 days.

**Capital transactions**

Provisions specific to commercial banks and other credit institutions

*April 4.* Reserve requirements on banks' foreign liabilities were introduced.

Provisions specific to institutional investors

*September 1.* One-half of the liquid asset requirement should be held in investment grade banks in OECD countries with investment grade sovereign ratings. The remaining 50% must be held in remunerated accounts held at the CNB.

**Changes During 1999****Exports and export proceeds**

*January 1.* Quantitative export restrictions on basic foods tariffs were eliminated in respect of WTO members.

## CYPRUS

(Position as of January 31, 1999)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: January 9, 1991.

#### Exchange Arrangement

##### Currency

The currency of Cyprus is the Cyprus pound.

##### Exchange rate structure

Unitary.

##### Classification

##### Pegged exchange rate within horizontal bands

The Cyprus pound is pegged to the euro at a central rate of €1.7086 per £C 1, with margins of 2.25% around the euro central rate. Subject to certain limitations, including a limit on spreads between buying and selling rates, authorized dealers (banks) are free to determine and quote their own buying and selling rates. The Central Bank of Cyprus (CBC) also quotes daily buying and selling rates for the euro, the Greek drachma, the pound sterling, and the dollar. These rates are subject to change throughout the day. It also quotes indicative rates for other foreign currencies on the basis of market rates in international money market centers.

##### Exchange tax

No.

##### Exchange subsidy

No.

##### Forward exchange market

Authorized dealers may trade in the forward market at rates freely negotiated with their customers. For dollars and pounds sterling, however, forward margins may not be larger than those applied by the CBC for cover for a similar period. Authorized dealers are allowed to purchase forward cover from the CBC at prevailing rates or to conduct forward operations between two foreign currencies for cover in one of the two currencies.

##### Official cover of forward operations

The CBC offers authorized dealers facilities for forward purchases of dollars and pounds sterling for exports for periods of up to 24 months and for imports normally for up to nine months.

### Arrangements for Payments and Receipts

##### Prescription of currency requirements

No.

##### Payment arrangements

No.

##### Administration of control

Exchange controls are administered by the CBC in cooperation with authorized dealers to whom authority has been delegated to approve applications for the allocation of foreign exchange for a number of bona fide transactions.

##### International security restrictions

##### In accordance with Executive Board Decision No. 144-(52/51)

On October 7, 1993, the CBC notified the IMF of restrictions imposed against the Federal Republic of Yugoslavia (Serbia/Montenegro) pursuant to relevant UN Security Council resolutions. These restrictions were terminated on October 16, 1996, but bank balances belonging to the National Bank of Yugoslavia remain frozen.

##### In accordance with UN sanctions

Economic sanctions against Iraq, Libya, Sierra Leone, and the UNITA organization pursuant to UN Security Council resolutions are administered by the CBC and relevant government departments.

##### Payment arrears

No.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade

Residents may hold and acquire gold coins in Cyprus for numismatic collection purposes. Residents other than the monetary authorities, authorized dealers in gold, and industrial users are not allowed to hold or acquire gold bullion at home or abroad.

Controls on external trade

The exportation of gold coins or bullion requires the permission of the CBC. Authorized dealers in gold are permitted to import gold bullion only for the purpose of disposing of it to industrial users.

**Controls on exports and imports of banknotes**

On exports

*Domestic currency*

Resident travelers may take out up to £C 100. Nonresident travelers may take out any amount of Cypriot banknotes that they imported and declared on arrival. In the case of failure to declare the banknotes imported on arrival, nonresidents may export up to the equivalent of \$1,000 in Cypriot or foreign banknotes.

Authorized dealers may dispatch any amount of Cypriot banknotes to foreign banks in exchange for foreign currency.

*Foreign currency*

Resident travelers may take out any amount of foreign banknotes purchased from authorized dealers as part of their foreign currency allowances. Nonresident travelers may take out any amount of foreign banknotes that they imported and declared on arrival, as well as any amount purchased from banks in Cyprus against external funds. In addition, departing nonresidents may convert, through authorized dealers, domestic currency up to £C 100 into foreign banknotes, which they can export.

On imports

*Foreign currency*

Nonresidents entering Cyprus should declare to customs any Cypriot or foreign banknotes that they plan to reexport, deposit with authorized dealers, or use to purchase immovable property or goods to export.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically

Residents dealing with transit or triangular trade may deposit up to 97.5% of sale proceeds in these accounts and use balances to pay for the cost of traded goods. Residents engaged in manufacturer-exporter activities may deposit up to 50% of export proceeds in these accounts and use balances to pay for imports of raw materials used in production. Both transit traders and manufacturers-exporters are, however, required to convert into Cyprus pounds at the end of each year any balances in excess of the amount that is necessary for payments of traded goods or raw materials during the following three months. Resident hoteliers may deposit in such accounts part of their receipts in foreign currency that they need to make imminent installment payments on foreign currency loans. Resident lawyers, accountants, and stockbrokers who handle funds of their nonresident clients may also maintain foreign currency accounts or external accounts with authorized dealers. Approval of the CBC is required for residents other than those referred to above and below.

Held abroad

Cypriot repatriates may keep in foreign currency accounts external accounts with banks in Cyprus, or accounts with banks abroad all of their foreign currency holdings and earnings accruing from properties they own abroad. Resident individuals temporarily working abroad may maintain their foreign currency earnings in foreign currency accounts, external accounts with banks in Cyprus, or accounts with banks abroad. Approval of the CBC is required for residents other than those referred to in this paragraph. Such approval, however, is granted only in exceptional circumstances.

**Accounts in domestic currency convertible into foreign currency**

These accounts are designated as external accounts.

## Nonresident Accounts

### Foreign exchange accounts permitted

Nonresidents may open and maintain accounts with authorized dealers, which may be credited freely with payments from nonresidents (such as transfers from other external accounts or foreign currency accounts), with proceeds from sales of any foreign currency by nonresidents (including declared banknotes), and with authorized payments from residents. Nonresidents who are temporarily employed in Cyprus by residents are allowed to deposit in external or foreign exchange accounts with authorized dealers their entire wages in cases where the terms of employment provides for room and board, or in other cases up to 80% of their monthly wages or £C 400 monthly, whichever is higher, without CBC approval.

The accounts may be debited for payments to residents and nonresidents, for remittances abroad, for transfers to other external accounts or foreign currency accounts, and for payments in cash (Cyprus pounds) in Cyprus. Companies registered or incorporated in Cyprus that are accorded nonresident status (generally designated as international business companies) by the CBC as well as their nonresident employees may maintain foreign currency accounts in Cyprus or abroad, as well as local disbursement accounts for meeting their payments in Cyprus.

### Domestic currency accounts

#### Convertible into foreign currency

These accounts are designated as external accounts, and the same regulations as for foreign currency accounts apply.

### Blocked accounts

Blocked accounts are maintained in the name of nonresidents for funds that may not immediately be transferred outside of Cyprus. Blocked funds may either be held as deposits or be invested in government securities or government-guaranteed securities. Income earned on blocked funds is freely transferable to the nonresident beneficiary or may be credited to an external account or foreign currency account.

Effective March 13, 1998, in addition to income, up to one-third of the principal or £C 50,000, whichever is higher, may be released for transfer abroad in each calendar year. Thus, blocked accounts are now in practice transferable abroad within two years after the date of blocking. In addition, blocked funds may be released for the following payments in Cyprus: (1) to meet the holder's personal expenses in Cyprus (up to £C 10,000 a year without reference to the CBC); and (2) to purchase any securities quoted on the Cyprus Stock Exchange.

## Imports and Import Payments

### Foreign exchange budget

No.

### Financing requirements for imports

#### Advance payment requirements

Prior approval of the CBC is required for remittances to suppliers exceeding £C 50,000. Authorized dealers are allowed to sell to departing residents foreign exchange up to £C 20,000 for purchases and for the importation of goods into Cyprus; for larger amounts, approval by the CBC is required.

### Documentation requirements for release of foreign exchange for imports

#### Import licenses used as exchange licenses

Import licenses are required for a small number of commodities.

#### Import licenses and other nontariff measures

Most imports are free of licensing requirements. A license is required for a small number of commodities prescribed by the Minister of Commerce, Industry, and Tourism (MCIT).

Nonresidents may not import commodities into Cyprus unless they are granted a special import license by the MCIT. The importation of goods such as motor vehicles to be used temporarily by visitors, goods to be exhibited in Cyprus and reexported, etc., is not subject to this requirement.

#### Licenses with quotas

Yes.

#### Import taxes and/or tariffs

Yes.

**State import monopoly** No.

### Exports and Export Proceeds

**Repatriation requirements** All exports whose value exceeds £C 2,000 are subject to exchange control monitoring to ensure the repatriation of the sale proceeds.

**Surrender requirements** In general, export proceeds must be surrendered to authorized dealers not later than six months after the date of exportation. However, manufacturers are required to convert into domestic currency only 50% of export proceeds; they may deposit the remaining 50% in foreign currency accounts with authorized dealers.

**Financing requirements** No.

**Documentation requirements** No.

**Export licenses** No.

**Export taxes** No.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** Payments for invisibles abroad require the approval of the CBC, but approval for certain types of payments has been delegated to authorized dealers.

**Trade-related payments** Authorized dealers may carry out payments for freight, without prior approval of the CBC. However, if the payment exceeds £C 5,000, documentary evidence must be subsequently submitted to the CBC. The CBC approves applications for the remittance of insurance premiums owed to foreign insurance companies. Payments in excess of 5% of the price of exported goods for commissions require approval of the CBC.

*Prior approval* Payments of commissions in excess of 5% of the price of exported goods require prior approval from the CBC.

*Indicative limits/bona fide test* There are indicative limits for the payment of commissions.

**Investment-related payments** Profits and dividends and interest from approved foreign investments may be transferred abroad without limitation after payment of due taxes and charges. No information is available on the payments for the amortization of loans or depreciation or direct investments.

*Prior approval* Yes.

**Payments for travel**

*Quantitative limits* Authorized dealers are allowed, without reference to the CBC, to sell to resident travelers foreign exchange up to £C 1,000 a person a trip for tourist travel. Moreover, payments for travel may be made through credit cards issued by authorized dealers. The allowance for business travel is £C 150 a day with a maximum of £C 1,500 a trip, or £C 80 a day with a maximum of £C 800 a trip if the traveler holds an international business credit card. Authorized dealers may approve, without reference to the CBC, applications by resident travel agents to pay foreign travel agents and hotels up to £C 10,000 for each organized trip.

*Indicative limits/bona fide test* The CBC approves applications for higher amounts to cover bona fide expenses without limitation.

**Personal payments**

*Prior approval* Prior approval is required for the transfer of pensions for other personal payment exceeding the quantitative limits.

*Quantitative limits* For studies abroad, exchange allowances are based on the cost of living, which is reviewed yearly. The current annual allowance for living expenses for studies in western European countries, except Greece, is £C 7,200; for North America, £C 8,400; for Australia, £C 4,800; and for Greece and all other countries, £C 4,400. There is no limit on the remittance of foreign exchange for payment of tuition fees. For family maintenance or alimony, residents may remit, through authorized dealers, up to £C 500 every six months to relatives or other persons who reside abroad without reference to the CBC.

<i>Indicative limits/bona fide test</i>	The indicative limit is £C 5,000 for medical expenses abroad. Unlimited additional amounts are provided with the approval of the CBC. For family maintenance and alimony payment, prior approval of the CBC is required for amounts exceeding £C 500 every six months. For studies abroad, greater amounts may be allowed with the approval of the CBC.
Foreign workers' wages	
<i>Quantitative limits</i>	Nonresidents who are temporarily employed in Cyprus by resident firms or individuals and are paid in local currency may deposit with authorized dealers their entire wages in cases where the terms of employment provides for room and board, or in other cases, up to 80% of their monthly remuneration or £C 400 monthly, whichever is higher, in external or foreign currency accounts. The balances in these accounts may be freely transferred abroad without reference to the CBC. For deposits or transfers of amounts in excess of the limits, approval of the CBC is required.
<i>Indicative limits/bona fide test</i>	Yes.
Credit card use abroad	Authorized dealers may issue personal credit cards valid abroad to any resident, except for residents studying abroad or temporarily living abroad. These cards, which are designated as international personal cards, may be used abroad for payments to hotels and restaurants; transportation expenses; doctors, clinics, or hospitals; international telephone calls; cash withdrawals up to £C 100 a trip; and any other payments of a total value not exceeding £C 300 a trip. In addition, international personal cards may be used for payments abroad or from Cyprus up to £C 300 for each transaction for the following purposes: examination fees, application fees for admission to foreign educational institutions, subscriptions to professional bodies or societies, fees for enrollment in professional or educational seminars or conferences, and hotel reservation fees. International personal cards may also be used for mail orders of books up to £C 300.
	Authorized dealers may also issue company cards valid abroad (designated as international business cards) to resident business people and professionals who are involved in the international trade of goods or services and travel abroad on business. Holders of international business cards may charge mail orders of books or equipment for the company up to £C 1,000, as well as the payments allowed for holders of international personal cards.
<i>Quantitative limits</i>	Yes.
Other payments	Authorized dealers may carry out payments for subscription to professional bodies or societies up to £C 300 a transaction, without reference to the CBC. Prior approval of the CBC is required for amounts exceeding £C 300.
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
<b>Surrender requirements</b>	Receipts from invisibles must be sold to an authorized dealer.
<b>Restrictions on use of funds</b>	Yes.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents	Nonresident aliens may own up to 49% of the issued capital of public companies (i.e., companies whose shares are admitted to the Cyprus Stock Exchange) other than banks,
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while there is no limit on the total percentage of the capital of such companies owned by nonresidents of Cypriot origin, provided each nonresident (Cypriot or alien) person's shareholding does not exceed 5% of the company's issued capital.

For public companies in the banking sector, the limit on total nonresident (Cypriot and alien) participation is 15% of the company's issued capital, of which not more than 6% may be owned by nonresident aliens, provided each nonresident person's shareholding does not exceed 5% of the company's issued capital.

Public companies and stockbrokers are authorized to carry out the relevant transactions with nonresidents without reference to the CBC, subject to the limits described above. Applications over these limits may be approved by the CBC.

**Sale or issue locally by nonresidents** Securities issued by nonresidents may be admitted to the Cyprus Stock Exchange, but residents are not generally permitted to purchase them.

**Purchase abroad by residents** Outward portfolio investment is permitted only for the following residents, besides institutional investors: Cypriot repatriates and residents temporarily working abroad, who may freely use their balances in foreign currency or external accounts to purchase securities abroad, and for resident employees of multinational enterprises who participate in the employee stock purchase plan offered to them by their employer.

**Sale or issue abroad by residents** Prior approval of the CBC is required.

#### *Bonds or other debt securities*

**Purchase locally by nonresidents** Nonresidents may purchase bonds admitted to the Cyprus Stock Exchange, including bonds issued by public companies and government bonds denominated in Cyprus pounds.

**Sale or issue locally by nonresidents** Securities issued by nonresidents may be admitted to the Cyprus Stock Exchange, but residents are not generally permitted to purchase them.

**Purchase abroad by residents** Except for banks and institutional investors, only Cypriot repatriates and residents temporarily working abroad may purchase such securities by using their balances in foreign currency or external accounts.

**Sale or issue abroad by residents** Prior approval of the CBC is required.

#### *On money market instruments*

**Purchase locally by nonresidents** Nonresidents may purchase treasury bills denominated in Cyprus pounds.

**Sale or issue locally by nonresidents** Prior approval of the CBC is required for residents to purchase such instruments.

**Purchase abroad by residents** Except for banks and institutional investors, only Cypriot repatriates and residents temporarily working abroad may purchase money market instruments abroad by using their balances in foreign currency or external accounts.

**Sale or issue abroad by residents** Prior approval of the CBC is required.

#### *On collective investment securities*

**Purchase locally by nonresidents** The purchase of securities issued by public investment companies in Cyprus is permitted within the limits applied to capital market securities.

**Sale or issue locally by nonresidents** Securities issued by nonresidents may be admitted to the Cyprus Stock Exchange, but residents are not generally permitted to purchase them.

**Purchase abroad by residents** Except for institutional investors, only Cypriot repatriates and residents temporarily working abroad may purchase such securities abroad by using their balances in foreign currency or external accounts.

**Sale or issue abroad by residents** Prior approval of the CBC is required.

**Controls on derivatives and other instruments** There are controls on all transactions with derivatives and other instruments.

#### *Controls on credit operations*

##### *Commercial credits*

**By residents to nonresidents** Credits with a maturity of up to 180 days for the export of goods from Cyprus may be freely granted. Other credits require approval of the CBC.

<i>To residents from nonresidents</i>	Commercial credits with a maturity of up to 200 days for imports of goods to Cyprus may be negotiated freely. Other credits are subject to approval of the CBC.
Financial credits	
<i>By residents to nonresidents</i>	Residents other than authorized dealers are not allowed to grant these credits without the approval of the CBC.
<i>To residents from nonresidents</i>	These credits are subject to approval by the CBC, which is usually granted for productive projects.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	Authorized dealers may issue these guarantees without reference to the CBC in several cases including tender guarantees up to 5% of the tender price, performance bonds up to 10% of the contract price, guarantees for the refund of advance payments, and guarantees in respect of any other transactions where an immediate payment to the nonresident beneficiary could be made under the existing exchange control rules. In other cases, prior approval of the CBC is required.
Controls on direct investment	
Outward direct investment	Approval of the CBC is required. The amount of capital that can be directly transferred abroad is limited to £C 0.5 million. If only the issue of a guarantee is required, the amount of the guarantee should not exceed £C 1 million. In cases where direct transfer of capital as well as a guarantee is required, the total amount should not exceed £C 1 million, provided the amount of capital to be directly transferred does not exceed £C 0.5 million. In exceptional cases where it appears certain that a large part of the investment will be repatriated in a short time, the governor of the CBC may approve larger amounts.
Inward direct investment	<p>Investments require prior approval of the CBC. In most cases, foreign participation of up to 100% is permitted. An application may be rejected if the proposed investment will affect national security, have adverse environmental effects, is deemed harmful for the Cypriot economy, or if the amount to be invested is lower than indicative minimum limits.</p> <p>In the agricultural sector, foreign participation of up to 49% is allowed. Applications are examined by the CBC in consultation with the Ministry of Agriculture, Natural Resources, and Environment. The indicative minimum amount of investment is £C 100,000.</p> <p>There is no limit on the percentage of foreign participation in the manufacturing sector, or in wholesale and retail trade. The CBC handles the applications if the foreign participation does not exceed 49% and the amount to be invested is lower than £C 750,000. Otherwise, applications are considered jointly by the CBC and the MCIT.</p> <p>For most other activities, foreign participation of up to 100% is permitted. Over 70 types of services have been classified into two categories for which the indicative minimum limits of investment are £C 50,000 and £C 100,000.</p> <p>Investors in the tourism sector are subject to the government tourism policy applicable at the time. The current policy provides for up to 49% of foreign participation in hotels and other tourism establishments. However, up to 100% of foreign participation may be allowed for supplementary tourism projects such as golf courses, marinas, etc. In tourist and travel agencies, up to 49% foreign participation is allowed, provided the foreign investor's contribution is at least £C 150,000. A 49% limit also applies to restaurants and recreational centers as well as agencies representing imported good services.</p> <p>Applications for direct investment in banking, insurance and other financial companies, public companies, newspaper and magazine publishing houses, and new airlines are considered on a case-by-case basis, and the extent of allowable foreign participation is decided on the merits of each individual case.</p> <p>For a small number of activities that are considered saturated, no foreign participation is allowed. These activities include land development, tertiary education, and public utility services governed by specific legislation, such as distribution of electricity, telecommunications, etc.</p>



<b>Controls on liquidation of direct investment</b>	Permission of the CBC for the repatriation of the proceeds of sale or liquidation of approved investments (including capital gains) is readily granted at any time after payment of taxes.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Residents are generally not allowed to purchase real estate abroad, except when the real estate is part of an authorized direct investment project.
Purchase locally by nonresidents	In accordance with the Immovable Property Acquisition (Aliens) Law, aliens cannot acquire immovable property in Cyprus other than by inheritance, except with the approval of the Council of Ministers, and they are required to pay the purchase price with foreign exchange. Nonresidents of Cypriot origin do not need approval of the Council of Ministers. Foreign investments in real estate for speculative purposes are not approved.
Sale locally by nonresidents	Proceeds are transferable abroad after payment of taxes, provided the seller acquired the property by paying with foreign exchange; otherwise, proceeds are transferable abroad through a blocked account.
<b>Controls on personal capital movements</b>	
Loans	Prior approval of the CBC is required for loan transactions.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	For gifts or endowments exceeding £C 500 every six months, and for the transfer of funds inherited from residents by nonresidents, prior approval of the CBC is required. Funds inherited are transferable abroad through a blocked account.
Settlement of debts abroad by immigrants	In case the immigrant debtor does not maintain sufficient balances in foreign currency or external accounts to repay a debt abroad, approval of the CBC is granted for repayment through local funds.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	Effective May 1, 1998, emigrants may transfer abroad up to £C 100,000 of their local funds. Any remaining local funds are transferable abroad through blocked accounts. In addition, emigrants who are Cypriot repatriates (i.e., residents of Cyprus who were previously residents in other countries and decide to emigrate again from Cyprus) may transfer abroad in a lump sum all their funds that they previously imported in Cyprus and converted into local funds.
Transfer of gambling and prize earnings	Prior approval of the CBC is required.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Prior approval of the CBC is required.
Maintenance of accounts abroad	Authorized dealers are allowed to maintain working balances with foreign banks within limits prescribed by the CBC, as well as deposits abroad held as cover for their deposit liabilities in foreign currencies.
Lending to nonresidents (financial or commercial credits)	Authorized dealers are allowed to grant medium- and long-term loans in foreign currencies to nonresidents of up to 20% of their deposit liabilities in foreign currencies. They are also allowed to grant loans and credits to international businesses registered in Cyprus of up to 10% of their deposit liabilities in foreign currencies.  In addition, authorized dealers are allowed to lend Cyprus pounds up to a maximum of £C 5,000 to nonresident individuals temporarily living in Cyprus, without reference to the CBC. For greater amounts, prior approval of the CBC is required.
Lending locally in foreign exchange	Authorized dealers may grant certain short-term credit facilities in foreign currency (e.g., discounting bills of exchange) to residents without reference to the CBC. For other lending to residents in foreign currency, prior approval of the CBC is required. Such approval is usually granted for the following purposes: to finance transit trade, to provide working

	capital for resident oil companies or for industries operating in the industrial free zone, to meet the financial needs of Cyprus Airways, and to finance other desirable productive projects.
Purchase of locally issued securities denominated in foreign exchange	Yes.
Differential treatment of deposit accounts in foreign exchange	The monetary regulations applied to accounts in foreign currencies, held either by nonresidents or by residents, are different from those applied to accounts in Cyprus pounds.
<i>Reserve requirements</i>	Yes.
<i>Liquid asset requirements</i>	Liquid assets in foreign currencies equal to at least 60% of deposit liabilities in foreign currencies must be maintained. For deposits in Cyprus pounds, there is no prescribed liquidity ratio. However, the liquidity positions of banks are monitored by the CBC for prudential purposes.
<i>Interest rate controls</i>	Accounts in Cyprus pounds are subject to an interest rate ceiling of 9%, whereas accounts in foreign currencies are not subject to interest rate ceilings.
<i>Credit controls</i>	Yes.
Differential treatment of deposit accounts held by nonresidents	Nonresidents' deposit accounts in foreign exchange or in domestic currency are not treated differently from deposit accounts of residents.
Investment regulations	There are prescribed assets that may be held with respect to accounts in foreign currencies. Authorized dealers can purchase securities issued abroad, such as securities issued by solvent foreign governments and traded in recognized stock exchanges abroad, within certain limits prescribed by the CBC.
<i>Abroad by banks</i>	Yes.
<i>In banks by nonresidents</i>	The same conditions apply as for portfolio investments and inward direct investments.
Open foreign exchange position limits	The net open/uncovered position in any one foreign currency and the overall aggregate net position in all foreign currencies may not exceed 10% and 15%, respectively, of the authorized dealer's capital base, except with the prior approval of the CBC.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Yes.
Limits (max.) on portfolio invested abroad	Insurance companies may invest abroad up to 25% (up from 20%) of their trust fund, in securities quoted in a number of foreign stock exchanges. Public investment companies may also invest abroad a maximum of 25% of their portfolio. Other institutional investors are not allowed to invest abroad.
Limits (min.) on portfolio invested locally	Yes.
<b>Other controls imposed by securities laws</b>	The Cyprus Stock Exchange and Securities Laws of 1993 to 1998 and the regulations issued under these laws apply to transactions by nonresidents and residents in a nondiscriminating manner.

### Changes During 1998

<b>Arrangements for payments and receipts</b>	<i>February 11.</i> Economic sanctions against Sierra Leone under UN resolutions were introduced.
<b>Nonresident accounts</b>	<i>March 13.</i> The rules concerning blocked accounts were liberalized to allow the release of blocked funds in a maximum of two years after the date of blocking. According to the new rules, in each calendar year, one-third of the principal or £C 50,000, whichever is higher, may be released and transferred abroad. Previously, transfers abroad from blocked accounts were limited to £C 50,000 in each calendar year.

<b>Imports and import payments</b>	<i>December 11.</i> The prohibition on the import of goods originating in Turkey was lifted by the MCIT.
<b>Payments for invisible transactions and current transfers</b>	<i>October 1.</i> The limit on the amount that residents may pay abroad through their international cards for any goods or services, in addition to payments for hotels and restaurants, transportation expenses, international telephone calls, and doctors, clinics, or hospitals, which are not subject to exchange control limits, and cash withdrawals up to £C 100 a trip was increased from £C 300 to £C 1,000 a trip.
<b>Capital transactions</b>	
Controls on direct investment	<i>July 1.</i> The council of Ministers decided to abolish the requirement that companies engaged in mining in Cyprus be at least 51% Cypriot-owned; this decision applies to copper and gypsum mining.
Controls on personal capital movements	<i>April 30.</i> The amount of gifts and endowments that residents are allowed to remit to non-residents through authorized dealers, without reference to the CBC, was increased from £C 200 to £C 500 every six months.  <i>May 1.</i> The amount of their local funds that emigrants may transfer abroad at the time of emigration was increased from £C 50,000 (including a parental gift of up to £C 25,000) to £C 100,000 (including a parental gift of up to £C 50,000) per family.
Provisions specific to institutional investors	<i>October 22.</i> The maximum limit on investments in foreign stock exchanges by public investment companies was raised to 25% from 20% of their portfolio.

### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> The peg to the ECU was replaced with a peg to the euro.
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# CZECH REPUBLIC

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: October 1, 1995.

### Exchange Arrangement

#### Currency

The currency of the Czech Republic is the Czech koruna.

#### Exchange rate structure

Unitary.

#### Classification

Managed floating with no preannounced path for the exchange rate

The external value of the koruna is determined by supply and demand conditions in the foreign exchange market. The Czech National Bank (CNB) may intervene in the foreign exchange market in order to smooth large intraday volatility swings of the euro/koruna rate. The CNB publishes daily rates of some selected currencies against the koruna for customs and accounting purposes. Commercial banks set their own exchange rate with no limitation.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Yes.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

The MOF and the CNB are responsible for the administration of exchange controls and regulations, in accordance with the Foreign Exchange Act. In general, the MOF exercises authority over ministries and other administrative authorities, municipal authorities, budgetary organizations, state funds, and all types of credits being extended to or accepted by the Czech Republic. The CNB exercises authority over the activities of all other agents.

#### International security restrictions

In accordance with UN sanctions

Yes.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade

Gold bullion may, with some exceptions, be traded only with authorized agents (generally banks). Trade in gold coins is free.

Controls on external trade

The export and import of gold bullion and/or more than 10 gold coins must be reported.

#### Controls on exports and imports of banknotes

There are reporting obligations on exports and imports exceeding CZK 200,000.

## Resident Accounts

#### Foreign exchange accounts permitted

Held domestically

Yes.

Held abroad	Approval is required with some exceptions.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Foreign exchange may be deposited freely, and payments may be made from these accounts in the Czech Republic or abroad without restriction.
Domestic currency accounts	Domestic currency accounts may be opened with commercial banks in koruny. Balances on these accounts may be used freely to make payments in the Czech Republic. All transfers abroad from these accounts can be made freely.
Convertible into foreign currency	Yes.
Blocked accounts	There are blocked accounts on the basis of an embargo against the Federal Republic of Yugoslavia (Serbia/Montenegro).

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	Foreign invoices may be settled only through bank transfers.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	
Negative list	Yes.
Open general licenses	Import licenses are required for a few strategic items, such as uranium ore and its concentrates, coal, natural gas, poisons, military materials, firearms and ammunition, narcotics, and clothing (excluding imports from the EU and EFTA). In addition, an automatic licensing system accompanied by levies applies to some agricultural products, mineral fuel and oils, iron and steel and their products, and some chemical products.
Licenses with quotas	Imports of hard coal (from Poland and Ukraine), uranium ore and its derivatives, and technological components containing uranium are subject to licenses with quotas.  Imports of cane sugar or beet sugar and chemically pure saccharose from the Slovak Republic are subject to tariff quotas of 3,500 tons for 1999.  Imports of izoglucose from the Slovak Republic are subject to tariff quotas of 5,000 tons for 1999.
Import taxes and/or tariffs	All imports are subject to an ad valorem customs duty of up to 32.2% for industrial goods and up to 168.1% for agricultural goods. Imports are also subject to a value-added tax of 5% or 22%. Imports from the Slovak Republic are exempt from customs duties under a customs union. Imports from developing countries are granted preferences.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	Yes.
Financing requirements	No.
Documentation requirements	No.
Export licenses	
Without quotas	The Ministry of Industry and Trade, after approval by the Ministry of Foreign Affairs, the Ministry of Defense, and the Ministry of the Interior, grants export licenses for armaments.

A limited number of products require export licenses for purposes of health control (including livestock and plants), facilitating voluntary restraints on products on which partner countries have imposed import quotas (such as textiles and steel products), or preserving for the internal market natural resources or imported raw materials (such as energy, metallurgical materials, wood, foodstuffs, pharmaceutical products, and construction materials). For the two latter groups of products, neither quantitative nor value limits are in force.

**Export taxes**

No.

**Payments for Invisible Transactions and Current Transfers****Controls on these transfers**

Remittance of investment-related payments is permitted, once tax obligations have been met.

**Proceeds from Invisible Transactions and Current Transfers****Repatriation requirements**

Yes.

**Restrictions on use of funds**

No.

**Capital Transactions****Controls on capital and money market instruments**

Effective January 1, 1999, controls were eliminated on most of the operations in foreign securities.

**On capital market securities***Shares or other securities of a participating nature***Purchase locally by nonresidents**

The purchase of shares and other securities of a participating nature may be affected by regulations on inward direct investments.

*Bonds or other debt securities***Sale or issue locally by nonresidents**

The issue of debt and mortgage securities in the Czech Republic is allowed only with a foreign exchange permit from the CNB.

**Sale or issue abroad by residents**

Prior authorization is required for issuing debt securities abroad.

**On money market instruments***Sale or issue locally by nonresidents*

The issue of debt securities in the Czech Republic is allowed only with a foreign exchange permit from the CNB.

*Sale or issue abroad by residents*

Prior authorization is required for issuing debt securities abroad.

**On collective investment securities***Sale or issue locally by nonresidents*

Share certificates can be issued in the Czech Republic only by resident investment.

*Sale or issue abroad by residents*

Share certificates may be issued by residents having a general license to issue collective investment securities.

**Controls on derivatives and other instruments**

Effective January 1, 1999, controls were eliminated on transactions in derivatives.

**Controls on credit operations**

Effective January 1, 1999, controls were eliminated on extending financial credits and operations with guarantees, securities, and financial backup facilities.

**Controls on direct investment****Inward direct investment**

There are restrictions on nonresidents investing in local telephone network and services, air transport, gaming, and setting up branches of mortgage banks.

**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

Purchase locally by nonresidents

A nonresident who is not a citizen of the Czech Republic can acquire real estate only in those cases specified by the Act:

- (1) By heritage;
- (2) For the diplomatic representation of a foreign country under the terms of reciprocity;
- (3) If it is real estate acquired in an unapportioned co-ownership of a married couple of which only one is a nonresident, or where a nonresident acquires property from a husband, wife, parents, or grandparents;
- (4) Through the exchange of domestic real estate that the nonresident owns for other domestic real estate, the usual price of which does not exceed the usual price of the former real estate;
- (5) If the nonresident has a preemption by reason of a proportioned co-ownership of real estate;
- (6) If it is a construction built by a nonresident on his own land; and
- (7) Under the terms explicitly stipulated by the Act on Mitigating the Consequences of Property Injustice.

The branches of nonresident corporations may not purchase real estate.

**Controls on personal capital movements**

No.

**Provisions specific to commercial banks and other credit institutions**

Lending locally in foreign exchange

The range is determined by the banking license granted.

Purchase of locally issued securities  
denominated in foreign exchange

The range is determined by the banking license granted.

Investment regulations

*Abroad by banks*

n.r.

*In banks by nonresidents*

Resident and nonresident investors are treated equally.

Open foreign exchange position limits

Open foreign exchange limits exist as a prudential regulation limiting commercial banks' open positions in foreign currency.

*On resident assets and liabilities*

Yes.

*On nonresident assets and liabilities*

Yes.

**Provisions specific to institutional investors**

A portfolio of securities held in a trust or in an investment fund's assets may not be formed by more than 11% of the total nominal value of securities of one kind issued by the same issuer.

Limits (min.) on portfolio invested  
locally

Yes.

**Other controls imposed by securities laws**

The Securities Commissions Act, which entered into force on April 1, 1998, removed most restrictions.

**Changes During 1998****Capital transactions**

Other controls imposed by securities  
laws

*April 1.* The Securities Commission Act entered into force, removing most restrictions on controls imposed by the previous Securities Law.

**Changes During 1999****Capital transactions**

*January 1.* A new government decree eliminating most controls on foreign securities operations entered into force.

Controls on capital and money market instruments

*January 1.* Controls on operations with foreign securities were eliminated.

Controls on derivatives and other instruments

*January 1.* Controls on operations in derivatives were eliminated.

Controls on credit operations

*January 1.* Controls on extending financial credits and transactions with sureties were eliminated.



## DENMARK

(Position as of January 31, 1999)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: May 1, 1967.

### Exchange Arrangement

Currency	The currency of Denmark is the Danish krone.
Exchange rate structure	Unitary.
Classification	
Pegged exchange rate within horizontal bands	As of January 1, 1999, Denmark participates in the ERM II, and maintains the spot exchange rate between the Danish krone and the euro within margins of 2.25% above or below the central rate.
Exchange tax	No.
Exchange subsidy	No.
Forward exchange market	Yes.

### Arrangements for Payments and Receipts

Prescription of currency requirements	No.
Payment arrangements	No.
Administration of control	No.
International security restrictions	
In accordance with Executive Board Decision No. 144-(52/51)	Yes.
In accordance with UN sanctions	Denmark maintains exchange restrictions against Iraq and against Libya.
Payment arrears	No.
Controls on trade in gold (coins and/or bullion)	No.
Controls on exports and imports of banknotes	No.

### Resident Accounts

Foreign exchange accounts permitted	
Held domestically	Yes.
Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
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Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for re-release of foreign exchange for imports	No.
Import licenses and other nontariff measures	
Open general licenses	A few items require a license when originating in Japan, the Republic of Korea, or any other country outside the EU that is a state trading country. A larger number of items require a license when originating in or purchased from Albania, Bulgaria, China, the Czech Republic, Hungary, the Democratic People's Republic of Korea, Mongolia, Poland, Romania, the Slovak Republic, the Baltic countries, Russia, and the other countries of the former Soviet Union, and Vietnam.
Licenses with quotas	Licenses are required for imports of textiles, toys, and footwear.
Import taxes and/or tariffs	No.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	
Without quotas	Except for certain items subject to strategic controls, licenses are required only for exports of waste and scrap of certain metals.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	No.
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<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	No.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Yes.
Purchase locally by nonresidents	Purchases are prohibited, except in the case of acquisitions by: <ul style="list-style-type: none"> <li>(1) persons who have formerly been residents of Denmark for at least five years;</li> <li>(2) EU nationals working in Denmark and EU-based companies operating in Denmark for residential or business purposes; and</li> <li>(3) non-EU nationals who either are in possession of a valid residence permit or are entitled to stay in Denmark without such a permit for residential or active business purposes.</li> </ul>
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	The Consolidated Act contains prudential regulations covering capital adequacy, liquidity, and large exposures. These regulations follow the relevant EU directives.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Effective limitation of foreign equities is imposed on private insurance companies and pension funds due to the 40% limitation on their holdings of equity securities.
Currency-matching regulations on assets/liabilities composition	Insurance companies are regulated by the "balance principle," which determines that consistency must be ensured between assets and liabilities denominated in the same currency.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> Denmark participates in the ERM II.
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## DJIBOUTI

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: September 19, 1980.

#### Exchange Arrangement

Currency	The currency of Djibouti is the Djibouti franc.
Exchange rate structure	Unitary.
Classification	
Currency board arrangement	The Djibouti franc is pegged to the dollar, the intervention currency, at DF 177.721 per \$1. The official buying and selling rates for currencies other than the dollar are set by local banks on the basis of the cross rates for the dollar in international markets. There is coverage of the full issue of Djibouti francs in dollars.
Exchange tax	No.
Exchange subsidy	No.
Forward exchange market	No.

#### Arrangements for Payments and Receipts

Prescription of currency requirements	No.
Payment arrangements	No.
Administration of control	No.
International security restrictions	
In accordance with UN sanctions	Yes.
Payment arrears	No.
Controls on trade in gold (coins and/or bullion)	No.
Controls on exports and imports of banknotes	No.

#### Resident Accounts

Foreign exchange accounts permitted	
Held domestically	Yes.
Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

#### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.

Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	Yes.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	
Advance import deposits	Advance import deposits are permitted up to a certain percentage of the value of imports.
<b>Documentation requirements for release of foreign exchange for imports</b>	
Letters of credit	Yes.
<b>Import licenses and other nontariff measures</b>	
Negative list	Yes.
<b>Import taxes and/or tariffs</b>	Formally, customs duties are not charged on imports, but, in practice, fiscal duties are levied by means of the general consumption tax at rates ranging from 3% to 40%. Certain commodities, including alcoholic beverages, noncarbonated mineral water, petroleum products, khat, and tobacco, are subject to a surtax of various rates. Additional taxes are levied on imported milk products and fruit juice.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	Yes.
<b>Documentation requirements</b>	
Letters of credit	Yes.
Guarantees	Yes.
Domiciliation	Yes.
<b>Export licenses</b>	No.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	No.
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<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	
Outward direct investment	Yes.
Inward direct investment	Yes.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Lending to nonresidents (financial or commercial credits)	Yes.
Lending locally in foreign exchange	Yes.
Purchase of locally issued securities denominated in foreign exchange	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Liquid asset requirements</i>	Yes.
Differential treatment of deposit accounts held by nonresidents	
<i>Liquid asset requirements</i>	Yes.
<b>Provisions specific to institutional investors</b>	
Currency-matching regulations on assets/liabilities composition	There is a matching requirement with respect to both the amount of the transaction and the intervention currency, and also with respect to maturity and interest rate.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# DOMINICA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: December 13, 1979.

### Exchange Arrangement

<b>Currency</b>	The currency of Dominica is the Eastern Caribbean dollar, issued by the ECCB.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Exchange arrangement with no separate legal tender	The Eastern Caribbean dollar is pegged to the U.S. dollar, the intervention currency.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	No.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	Settlements with residents of the territories participating in the ECCB Agreement must be made in Eastern Caribbean dollars; those with member countries of the CARICOM must be made in the currency of the CARICOM country concerned. Settlements with residents of other countries may be made in any foreign currency that is acceptable to the country where the settlement is being made.
<b>Payment arrangements</b>	
Regional arrangements	Yes.
Clearing agreements	As a member of CARICOM, Dominica participates in the CMCF.
<b>Administration of control</b>	Exchange control is administered by the MOF and applies to all countries outside the ECCB area. The MOF has delegated to commercial banks certain powers to approve sales of foreign currencies but requires that any individual foreign currency transaction in excess of EC\$250,000 must be approved by the MOF. The Ministry of Trade administers import and export arrangements and controls.
<b>International security restrictions</b>	Trade with Iraq is prohibited.
<b>Payment arrears</b>	
Official	Yes.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	Residents are permitted to acquire and hold gold coins for numismatic purposes only.
Controls on external trade	Small quantities of gold may be imported for industrial purposes only with the approval of the MOF.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	The exportation of Eastern Caribbean dollar notes and coins outside the ECCB area is limited to amounts prescribed by the ECCB.

### Resident Accounts

**Foreign exchange accounts permitted**

Held domestically

These accounts are normally confined to major exporters and may only be credited with foreign currencies obtained abroad. Payments from these accounts do not require approval.

**Accounts in domestic currency convertible into foreign currency**

Yes.

### Nonresident Accounts

**Foreign exchange accounts permitted**

These accounts are permitted, but prior approval is required.

**Domestic currency accounts**

Yes.

Convertible into foreign currency

For any single transaction in excess of EC\$250,000, approval from the MOF is required.

**Blocked accounts**

No.

### Imports and Import Payments

**Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

Payments for authorized imports are permitted upon presentation of documentary evidence of purchase to a commercial bank.

Letters of credit

Yes.

**Import licenses and other nontariff measures**

All imports from Iraq are prohibited.

Negative list

Imports of specified goods originating elsewhere than OECS countries, Belize, and CARICOM countries require a license. Imports of a subset of these goods from the more developed countries of CARICOM (Barbados, Guyana, Jamaica, and Trinidad and Tobago) also require a license.

Open general licenses

Applicable to public health and safety goods.

Licenses with quotas

There are certain quantitative restrictions on imports of beverages, flour, and margarine; quotas are allocated to traditional importers based on their historical market shares.

**Import taxes and/or tariffs**

Dominica applies the CET of CARICOM. Most rates are ad valorem ranging from zero to 30%. Lower rates apply to machinery (zero to 15%) and some essential foodstuffs (10% to 15%), while higher rates apply to domestic appliances (25% to 40%) and motor vehicles (25% to 45%). Specific duties are applied to some goods. Imports are also subject to a 1% customs service charge.

**State import monopoly**

Bulk imports of sugar and rice are effected by a state agency.

### Exports and Export Proceeds

**Repatriation requirements**

Yes.

Surrender requirements

The conversion of export proceeds to an ECCB currency account is mandatory, unless the exporter has a foreign currency account into which the proceeds may be paid.

**Financing requirements**

n.a.

**Documentation requirements**

No.



<b>Export licenses</b>	Exports to Iraq are prohibited, and specific licenses are required for the exportation of protected plant and animal species to any destination.
Without quotas	Yes.
<b>Export taxes</b>	Bananas exported by the Dominica Banana Marketing Corporation are subject to a levy of 1% if the export price is between \$0.55 and \$0.60 a pound; if the export price exceeds \$0.60 a pound, an additional levy equivalent to 25% of the excess is imposed.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Commercial banks are authorized to sell foreign currency in amounts up to EC\$250,000. Amounts over this limit require approval by the MOF, which is generally granted. Remittances of pensions, family maintenance funds, and subscriptions and membership fees are not subject to controls.
Trade-related payments	Yes.
Investment-related payments	Yes.
Payments for travel	Yes.
Personal payments	There are controls on the payment of medical costs and studies abroad.
<i>Prior approval</i>	Yes.
<i>Indicative limits/bona fide test</i>	Bona fide tests apply to the payment of medical costs.
Foreign workers' wages	
<i>Prior approval</i>	Earnings of foreign workers may be remitted after settlement of all taxes or other public liabilities.
Credit card use abroad	Yes.
Other payments	There are no controls on subscriptions and membership fees.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	Foreign currency proceeds from these transactions must be sold to a bank or deposited into a foreign currency account.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	All outward transfers of capital in excess of EC\$250,000 require MOF approval.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase abroad by residents	Yes.
<i>Bonds or other debt securities</i>	
Purchase abroad by residents	Yes.
On money market instruments	
<i>Purchase abroad by residents</i>	Yes.
On collective investment securities	
<i>Purchase abroad by residents</i>	Yes.

<b>Controls on derivatives and other instruments</b>	Yes.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	Credit operations by residents to nonresidents require MOF approval.
Financial credits	
<i>By residents to nonresidents</i>	Yes.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	MOF approval is required.
<b>Controls on direct investment</b>	
Outward direct investment	Yes.
Inward direct investment	Nonresidents are generally required to have an alien landholding license to hold shares in private and public companies and to hold property.
<b>Controls on liquidation of direct investment</b>	Proceeds may be remitted after the discharge of any related liabilities.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Yes.
Purchase locally by nonresidents	An alien landholding license is required.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	Yes.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	Yes.
Settlement of debts abroad by immigrants	
Transfer of assets	
<i>Transfer abroad by emigrants</i>	Yes.
Transfer of gambling and prize earnings	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Lending to nonresidents (financial or commercial credits)	MOF approval is required.
Lending locally in foreign exchange	These transactions are generally not permitted.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# DOMINICAN REPUBLIC

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: August 1, 1953.

### Exchange Arrangement

#### Currency

The currency of the Dominican Republic is the Dominican peso.

#### Exchange rate structure

##### Dual

In addition to the official exchange rate set by the Central Bank of the Dominican Republic (CBDR), the market exchange rate reflects commercial banks' foreign exchange transactions with the public. There is also an extrabank market rate determined by foreign exchange transactions with exchange houses.

#### Classification

Managed floating with no preannounced path for the exchange rate

The CBDR occasionally intervenes in the market via the commercial banks and foreign exchange dealers.

On July 2, 1998, the authorities adjusted the official exchange rate by 9%, bringing it in line with the commercial bank rate. The official exchange rate is adjusted on a weekly basis in line with a weighted average of the buy rate of commercial banks.

#### Exchange tax

A commission of 1.75% is charged on sales of foreign exchange.

#### Exchange subsidy

Yes.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

Settlements with Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, and Uruguay may be made through special accounts established under reciprocal credit agreements within the framework of the LAIA. All payments must be invoiced in dollars; otherwise, no obligations are imposed on importers, exporters, or other residents regarding the currency to be used for payments to nonresidents or with respect to payments in the currency in which the loan is denominated.

### Payment arrangements

#### Bilateral payment arrangements

##### Operative

Yes.

#### Regional arrangements

The Dominican Republic is a member of the LAIA.

#### Clearing agreements

Yes.

#### Barter agreements and open accounts

Settlements take place under reciprocal credit agreements with Argentina, Brazil, Chile, Colombia, and Venezuela.

### Administration of control

Exchange control policy is determined by the Monetary Board and administered by the CBDR.

### International security restrictions

No.

### Payment arrears

#### Official

Nearly all public sector debt-service payments that were in arrears have been regularized, though some arrears arising mainly from contract disputes remain.

### Controls on trade in gold (coins and/or bullion)

Whole bars of gold are to be sold to local industrial and handicraft enterprises through the central bank. Such sales must equal 1% of the physical volume of refined gold and silver produced each year, or no more than 2,000 troy ounces annually.

Controls on domestic ownership and/or trade	Individuals may purchase, hold, and sell gold coins not only for numismatic purposes, but also may buy gold as needed for industrial or handicraft purposes from the central bank, indicating in their request the purpose for which it is to be used.
Controls on external trade	Imports and exports of gold in any form other than jewelry constituting the personal effects of a traveler require licenses issued by the CBDR.
<b>Controls on exports and imports of banknotes</b>	
<b>On exports</b>	
<i>Domestic currency</i>	Travelers are allowed to export up to RD\$20,000 in domestic banknotes and RD\$100 in coins.
<i>Foreign currency</i>	Travelers are allowed to export up to US\$10,000.
<b>On imports</b>	
<i>Domestic currency</i>	Travelers are allowed to import up to RD\$20,000 in domestic banknotes and up to RD\$100 in coins.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	Natural or juridical persons may, with the prior approval of the Monetary Board, locally maintain savings or time deposit accounts in dollars or in any other freely convertible foreign currency at banks authorized to offer full services.
Held abroad	No.
Accounts in domestic currency convertible into foreign currency	Domestic currency can be converted to foreign currency.

### Nonresident Accounts

Foreign exchange accounts permitted	Natural or juridical persons may, with the prior approval of the Monetary Board, locally maintain savings or time deposit accounts in dollars or in any other freely convertible foreign currency at banks authorized to offer full services.
Domestic currency accounts	Yes.
Convertible into foreign currency	These accounts are permitted, but prior approval is required.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	Payments for oil are transacted through the CBDR at the official exchange rate, and these imports require certification of the use of foreign currency for customs clearance. According to regulations, all other purchases of foreign exchange for imports should be transacted through the commercial banks and are only subject to verification of appropriate documentation, except for the industrial free-trade zones.
<b>Import licenses and other nontariff measures</b>	
Positive list	This list includes poultry, milk, garlic, onions, bean, corn, sugar, and rice.
Negative list	Imports of live animals, seeds, plants, fruits and plant and animal products that are unhealthy, decomposing, or infected with germs, parasites, and/or substances harmful or injurious to human, plant, or animal health are prohibited.

Licenses with quotas	Imports of cement, refined sugar, poultry, rice, garlic, milk, onions, beans, and corn require licenses.
Other nontariff measures	Sugar may be imported only by domestic producers. The Association of Canned Food Manufacturers has exclusive rights to import tomato paste.
<b>Import taxes and/or tariffs</b>	Tariff rates range from zero to 35%. There is also a temporary import system for the entry into the customs area, free of import duties and taxes, of certain goods that are to be reexported in 12 months or less, after being processed, worked, or repaired. In addition, a zero rate was introduced in July 1997 for imports of inputs, machinery, and equipment to be used in the textile and agricultural sectors.
Taxes collected through the exchange system	Yes.
<b>State import monopoly</b>	The state refinery has exclusive rights to import certain petroleum products for resale.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Yes.
Surrender requirements	A 100% requirement applies to all traditional exports (i.e., cocoa, sugar, coffee, tobacco, and mineral products).
<b>Financing requirements</b>	Exporters may not extend credit to foreign buyers with a maturity of more than 30 days from the date of shipment without authorization from the CBDR.
<b>Documentation requirements</b>	Yes.
<b>Export licenses</b>	Certain exports are prohibited for environmental protection purposes.
With quotas	Licenses are required for sugar and textile imports and exports to and from the United States. Bananas are subject to quantitative restrictions in the EU, as is coffee in the markets of signatories to the International Coffee Agreement.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	All invisible payments may be made through commercial banks, subject to documentation requirements.
Trade-related payments	
<i>Prior approval</i>	Yes.
Investment-related payments	Yes.
Payments for travel	
<i>Quantitative limits</i>	Yes.
Personal payments	No controls are exercised on the transfer of pensions and family maintenance payments.
<i>Quantitative limits</i>	Yes.
Foreign workers' wages	
<i>Prior approval</i>	Prior approval of the president of the Republic is required for the hiring of Haitian workers to harvest sugarcane.
Other payments	
<i>Prior approval</i>	Technical assistance fees must be registered with the CBDR.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
<b>Surrender requirements</b>	While most exchange proceeds from invisibles may be sold in the interbank market, certain receipts (e.g., for international phone calls, international credit card transactions, jet fuel, foreign embassies' operations, and receipts from insurance claims) must be surrendered to the CBDR.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	There are no restrictions on capital inflows to the private sector, but such investments must be registered with the CBDR. External debt contracted by the public sector is subject to controls.
<b>On capital market securities</b>	The local capital market is still emerging; shares and bonds are not yet traded. Only the primary market's own operations are affected, with commercial paper denominated in domestic currency.
<i>Bonds or other debt securities</i>	
Sale or issue abroad by residents	Yes.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	
<i>To residents from nonresidents</i>	Prior CBDR approval is required.
<b>Financial credits</b>	
<i>By residents to nonresidents</i>	Banks may grant unsecured loans to a single individual or legal entity for up to 15% of their capital and reserves, and up to a maximum of 30% when secured with real guarantees, both to residents and nonresidents.
<i>To residents from nonresidents</i>	External debt can be contracted directly by the central government, subject to congressional authorization. New loans by other public entities require authorization from the president of the Republic for their subsequent registration by the Monetary Board. Private external debt must be registered with the CBDR, except for foreign exchange advances on future traditional exports, which require approval from the CBDR.
<b>Controls on direct investment</b>	
<b>Inward direct investment</b>	Investments must be registered with the CBDR. Investment in the following sectors is prohibited: (1) disposal of toxic waste and of dangerous or radioactive substances not produced in the country; (2) activities that affect public health and the environment; and (3) production of materials and equipment that affect defense and national security.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	
<b>Transfer of assets</b>	
<i>Transfer abroad by emigrants</i>	Yes.
<i>Transfer into the country by immigrants</i>	Yes.

**Provisions specific to commercial banks and other credit institutions**

Lending locally in foreign exchange

Banks authorized to offer services may grant loans in dollars to the sectors exporting goods and services to finance activities specific to their functions and to the importing sectors to cover payments abroad for the acquisition of goods and services.

Differential treatment of deposit accounts in foreign exchange

*Reserve requirements*

Foreign currency deposits taken by commercial and full-service banks are not subject to reserve requirements up to an amount in dollars equivalent to three times the bank's capital and reserves, valued at the official exchange rate. Funds taken in dollars that exceed the above-mentioned amount will be subject to a 30% reserve requirement, to be deposited in dollars in a special account in the CBDR.

Differential treatment of deposit accounts held by nonresidents

*Reserve requirements*

Yes.

Open foreign exchange position limits

Regulations are currently being drafted to prohibit open positions.

**Provisions specific to institutional investors**

No.

**Other controls imposed by securities laws**

No.

**Changes During 1998****Exchange arrangement**

*July 2.* The official exchange rate was adjusted by 9%, bringing it in line with the commercial bank rate.

*July 2.* The commission charged on sales of foreign exchange was increased to 1.75%.

**Capital transactions**

Provisions specific to commercial banks and other credit institutions

*February 12.* Reserve requirements were increased to 30%.

# ECUADOR

(Position as of February 28, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: August 31, 1970.

### Exchange Arrangement

#### Currency

The currency of Ecuador is the Ecuadoran sucre.

#### Exchange rate structure

##### Unitary

There were two exchange rates: the free market rate and the Central Bank of Ecuador (CBE) official exchange rate. All legally permitted foreign exchange transactions, other than those conducted through the CBE, were conducted in the free market. The dual exchange rate system was unified on February 12, 1999.

#### Classification

##### Independently floating

Until September 1998, the market rate of the sucre against the dollar moved within a pre-announced band. The CBE intervened within a narrow inner band that was set daily at the discretion of the CBE.

On March 25, 1998, the CBE depreciated the midpoint of the exchange rate band for the sucre by 7.5%, and widened the band from  $\pm 5\%$  to  $\pm 10\%$ . On September 14, 1998, the CBE further widened the band from  $\pm 10\%$  to  $\pm 15\%$  around the midpoint, and set the pace of depreciation of the band at 20% a year. The sucre's new lower limit was S/6,740 per \$1 and the upper limit was S/5,833 per \$1, compared with the previous limits of S/5,715 and S/5,171, respectively.

On February 12, 1999, the CBE allowed the sucre to float freely in the foreign exchange market.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Banks and other financial institutions authorized to conduct foreign exchange transactions are permitted to conduct forward swaps and options, and transactions in other financial derivative instruments, subject to the supervision and control of the Superintendency of Banks.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Exchange proceeds from all countries, except for LAIA members, must be received in convertible currencies. Whenever possible, import payments must be made in the currency stipulated in the import license. Some settlements with Hungary take place through bilateral accounts.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Operative*

There are arrangements with Cuba and Hungary.

##### Regional arrangements

Payments between Ecuador and Argentina, Bolivia, Brazil, Chile, Colombia, the Dominican Republic, Mexico, Paraguay, Peru, Uruguay, and Venezuela may be made within the framework of the multilateral clearing system of the LAIA.

##### Clearing agreements

Yes.

#### Administration of control

Public sector foreign exchange transactions are carried out exclusively through the CBE. Exports must be registered with the CBE to guarantee repatriation of any foreign exchange



proceeds from the transaction. Private sector foreign exchange transactions related to the exportation, production, transportation, and commercialization of oil and its derivatives may be carried out through the free market or through the CBE. Private sector foreign exchange transactions may be effected through banks and exchange houses authorized by the Monetary Board.

**International security restrictions** No.

**Payment arrears**

**Official** Arrears are maintained with respect to public and publicly guaranteed debt-service payments to official and private creditors.

**Controls on trade in gold (coins and/or bullion)** No.

**Controls on exports and imports of banknotes** No.

### Resident Accounts

**Foreign exchange accounts permitted**

**Held domestically** Yes.

**Held abroad** Yes.

**Accounts in domestic currency convertible into foreign currency** Yes.

### Nonresident Accounts

**Foreign exchange accounts permitted** Yes.

**Domestic currency accounts** Yes.

**Convertible into foreign currency** Yes.

**Blocked accounts** No.

### Imports and Import Payments

**Foreign exchange budget** No.

**Financing requirements for imports** Prepayments for imports by the private sector are permitted.

**Documentation requirements for release of foreign exchange for imports** No.

**Import licenses and other nontariff measures** Prior import licenses are required for agricultural, medical, and psychotropic imports. In addition, Petroecuador may, without a license, import supplies, materials, and equipment during emergencies.

**Negative list** Imports of psychotropics, used vehicles, and vehicle parts and pieces are prohibited primarily to protect the environment and health. Imports of antiques and certain items related to health and national security are also prohibited. Certain imports require prior authorization from government ministries or agencies for ecological, health, and national security reasons.

**Import taxes and/or tariffs** On March 27, 1998, new tariff rates for most goods went into effect. The rates are 2%, 6%, 9%, 14%, 17%, or 19%, 25%, and 40%. Automobiles are subject to a 40% rate calculated on the basis of a set of reference prices. For certain agricultural goods, tariffs are imposed on those with prices below a certain lower benchmark, and rebates are granted on goods with prices above an upper benchmark. Under provisions of the WTO, Ecuador has agreed to eliminate price bands of imports of 130 farm products over a seven-year

period. All private sector imports are subject to the 10% VAT. Effective February 9, 1999, goods imported into Ecuador are subject to additional tariffs ranging from 2% to 10%.

**State import monopoly**

No.

### Exports and Export Proceeds

**Repatriation requirements**

Yes.

**Surrender requirements**

All export proceeds must be surrendered to authorized financial entities. However, exporters may deduct up to 15% from their surrender requirement to cover the actual cost of consular fees and commissions paid abroad. The surrender requirement does not apply to exports effected under authorized barter transactions. The surrender requirement also does not apply to exports to countries with which Ecuador has bilateral payments agreements. In such cases, exporters are required to provide official documentation from the recipient country establishing the applicable forms of payment. Exporters of marine products are permitted to retain up to 30% of the f.o.b. value of their shipments to cover the actual cost of leasing foreign ships. Minimum reference prices are established for exports of bananas, coffee, fish products, cocoa, and semifinished products of cocoa to help ensure that exchange proceeds are fully surrendered. Payment of foreign exchange for petroleum exports is made on the basis of the sale prices stated in the sales contracts and must be surrendered within 30 days of the date of shipment.

**Financing requirements**

No.

**Documentation requirements**

Barter transactions require the prior approval of the Ministry of Foreign Trade, Industrialization, and Fisheries, and must be registered with the CBE.

**Export licenses**

Exports do not require licenses, but must be registered for statistical purposes.

**Without quotas**

The export prices of bananas, cocoa, coffee, fish, and semifinished cocoa products are subject to minimum reference prices.

**Export taxes**

All crude oil exports are subject to a tax of \$0.5 a barrel. A fee of \$1.02 a barrel is applied to crude oil exported through the pipeline.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

All public sector payments for invisibles, including interest on public debt, are transacted at the central bank rate. Other payments for current invisibles must be settled in the free market.

**Payments for travel**

Residents and nonresidents traveling abroad by air must pay a tax of \$25 a person. Airline tickets for foreign travel are taxed at 10%, and tickets for travel by ship are taxed at 8% for departure from Ecuador and 4% for the return trip.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**

Yes.

**Surrender requirements**

All receipts from invisibles must be sold in the free market, except for interest income on exchange reserves of the CBE and all invisible receipts of the public sector, which are transacted at the central bank rate.

**Restrictions on use of funds**

No.

### Capital Transactions

**Controls on capital and money market instruments**

Capital may freely enter or leave the country through the free market.

## On money market instruments

*Sale or issue locally by nonresidents* There are controls on the issue of these instruments.

## On collective investment securities

*Sale or issue locally by nonresidents* There are controls on the issue of these instruments.

**Controls on derivatives and other instruments**

No.

**Controls on credit operations**

All foreign loans granted to or guaranteed by the government or official entities, whether or not they involve the disbursement of foreign exchange, are subject to prior approval from the Monetary Board. A request for such approval must be submitted by the Minister of Finance and Public Credit to the Monetary Board, accompanied by detailed information on the loan contract and the investment projects it is intended to finance. In examining the request, the Monetary Board considers the effects that the loan and the related investment may have on the balance of payments and on monetary aggregates. For public sector entities, the projects to be financed must be included in the General Development Plan.

New external credits with a maturity of over one year that are contracted by the private sector, either directly or through the domestic financial system, must be registered with the CBE within 45 days of disbursement. Nonregistered credits are subject to a service charge equivalent to 0.25% of the credit amount.

## Commercial credits

*By residents to nonresidents* Yes.

*To residents from nonresidents* Yes.

## Financial credits

*By residents to nonresidents* Yes.

*To residents from nonresidents* Yes.

## Guarantees, sureties, and financial backup facilities

*By residents to nonresidents* Yes.

*To residents from nonresidents* Yes.

**Controls on direct investment**

No.

**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

No.

**Controls on personal capital movements**

No.

**Provisions specific to commercial banks and other credit institutions**

## Differential treatment of deposit accounts in foreign exchange

*Reserve requirements* Yes.

**Provisions specific to institutional investors**

No.

**Other controls imposed by securities laws**

No.

**Changes During 1998****Exchange arrangement**

March 25. The CBE depreciated the midpoint of the exchange rate band by 7.5%.

*September 14.* The midpoint of the exchange rate band was devalued by 15%, and the band was widened to  $\pm 7.5\%$ .

**Imports and import payments**

*March 27.* A new import tariff schedule went into effect.

**Changes During 1999**

**Exchange arrangement**

*February 12.* The sucre was allowed to float freely, and the dual exchange rate system was unified.

**Imports and import payments**

*February 17.* Goods imported into Ecuador are subject to additional tariffs ranging from 2% to 10%.

# EGYPT

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

### Exchange Arrangement

Currency The currency of Egypt is the Egyptian pound.

#### Exchange rate structure

Multiple In addition to the market exchange rate, there is a special rate of LE 1.30 per \$1 that is applied to transactions effected under the bilateral payments agreement with Sudan, and a rate of LE 0.3913 per \$1 that is used for the liquidation of minimal balances related to terminated bilateral payments agreements.

#### Classification

Conventional pegged arrangement The external value of the Egyptian pound is determined in the foreign exchange market. The dollar is used as the intervention currency by the Central Bank of Egypt (CBE). Non-bank foreign exchange dealers are permitted to operate in the free market. They may buy and sell domestic and foreign means of payment (banknotes, coins, and traveler's checks) on their own account. These transactions may be conducted either in cash or through their accounts maintained with authorized banks in Egypt. In addition, authorized nonbank dealers may broker any foreign exchange operation and transaction, except transfers to and from the country, on the accounts of their bank or nonbank customers. The spread between the CBE buying and selling rates for foreign exchange is about 0.35%.

Exchange tax No.

Exchange subsidy No.

Forward exchange market Authorized commercial banks are permitted to conduct forward foreign exchange transactions for their own account. No prior approval by the CBE is required, and the banks are free to determine the rates applied for forward transactions.

## Arrangements for Payments and Receipts

Prescription of currency requirements For countries with which indemnity agreements concerning compensation for nationalized property are in force, certain settlements are made through special accounts in Egyptian pounds with the CBE. The balances of these accounts are minimal. Suez Canal dues are expressed in SDRs and are paid by debiting free accounts in foreign currency. Settlements with Sudan are made in accordance with the terms of the bilateral agreement.

#### Payment arrangements

Bilateral payment arrangements

*Operative* There is an agreement with Sudan.

*Inoperative* There is an agreement with Russia to settle debts between Egypt and the Baltic countries and the other countries of the FSU.

Regional arrangements On June 29, 1998, Egypt joined the COMESA.

Barter agreements and open accounts Yes.

Administration of control Banks are authorized to execute foreign exchange transactions within the framework of a general authorization without obtaining specific exchange control approval.

#### International security restrictions

In accordance with UN sanctions Restrictions exist against Libya.

<b>Payment arrears</b>	There are limited technical payment arrears with certain non-Paris Club creditors.
Official	Yes.
Private	Yes.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	Banks are not authorized to deal or speculate, on their own or customers' accounts, in precious metals.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	Travelers may take out up to LE 1,000.
On imports	
<i>Domestic currency</i>	Persons arriving in Egypt may import up to LE 1,000.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	
Held domestically	Yes.
Held abroad	Yes.
<b>Accounts in domestic currency convertible into foreign currency</b>	Balances may be converted through the foreign exchange market.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	"Free accounts" may be opened in the name of any entity. These accounts may be credited with transfers of convertible currencies from abroad and transfers from other similar accounts, foreign banknotes (convertible currencies), and interest earned on these accounts. These accounts may be debited for transfers abroad, transfers to other similar accounts, withdrawals in foreign banknotes by the owner or others, and for payments in Egypt.
<b>Domestic currency accounts</b>	
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	
Negative list	Most items can be imported freely.
<b>Import taxes and/or tariffs</b>	Products are classified into seven groups for customs purposes, with tariff rates ranging from 5% to 50% (with several exceptions). Surcharges at rates of 2% and 3% apply to most imports.

State import monopoly No.

### Exports and Export Proceeds

Repatriation requirements No.

Financing requirements No.

Documentation requirements No.

Export licenses

Without quotas Exports of raw hides are restricted.

Export taxes No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements Foreign exchange earned abroad may be held indefinitely abroad or in local free accounts.

Restrictions on use of funds No.

### Capital Transactions

**Controls on capital and money  
market instruments**

On capital market securities

*Shares or other securities of a  
participating nature*

Sale or issue locally by nonresidents There are no restrictions under the Foreign Exchange Law and Regulations on the issue of securities in the country by nonresidents. Trading in securities denominated in foreign currencies must be settled in foreign currencies. The foreign exchange market may be used for transferring proceeds associated with the sale of both Egyptian securities and foreign securities.

*Bonds or other debt securities*

Sale or issue locally by nonresidents Prior approval of the Capital Market Authority is required for issuing bonds.

**Controls on derivatives and other  
instruments**

Derivatives do not exist in the Egyptian market.

**Controls on credit operations**

Commercial credits

*To residents from nonresidents*

No restrictions are applied if the maturity of the commercial credits is one year or less and if these credits are received by the private sector. Ministries, governmental administrations, public authorities, and public sector companies are all required to refer to the CBE when borrowing from abroad in convertible currencies, in order to register loans of more than one year. If external loans are used to finance capital goods or projects, such a transaction falls under the state investment plan.

**Controls on direct investment**

Inward direct investment

There are no general restrictions, but nonbank companies of foreign exchange dealers should be owned entirely by Egyptians.

**Controls on liquidation of direct investment** No.

**Controls on real estate transactions**

Purchase locally by nonresidents Yes.

Sale locally by nonresidents Yes.

**Controls on personal capital movements** No.

**Provisions specific to commercial banks and other credit institutions**

Differential treatment of deposit accounts in foreign exchange

*Reserve requirements*

Deposits in foreign currencies held by either nationals or foreign nationals are subject to a 10% requirement (the interest-free reserve ratio requirement of deposits in Egyptian pounds is 15%), which must be deposited with the CBE at LIBOR.

*Liquid asset requirements*

The requirement for assets in foreign currencies is 25%, and 20% for assets in Egyptian pounds.

**Investment regulations**

*Abroad by banks*

All banks operating in Egypt (except branches of foreign banks) are prohibited from depositing or having investment securities worth more than 40% of their capital base or 10% of their total investment abroad, whichever is lower, with a foreign correspondent bank. According to the Banking Law, all banks operating in Egypt are prohibited from owning shares exceeding 40% of issued capital in joint stock companies, locally or abroad. In addition, the face value of the shares owned by the bank in these companies may not exceed the value of the bank's issued capital and reserves.

*In banks by nonresidents*

Shareholdings by residents or nonresidents in any bank in Egypt that exceed 10% of the bank's capital requires prior approval from the CBE Board of Directors.

**Open foreign exchange position limits**

The limits are (1) for each currency (local or foreign): 10% of Tier 1 and Tier 2 capital; (2) for total long or short positions: 20% of Tier 1 and Tier 2 capital; and (3) total foreign assets to total foreign liabilities, or vice versa, not to exceed 105%.

*On resident assets and liabilities* Yes.

*On nonresident assets and liabilities* Yes.

**Provisions specific to institutional investors**

Limits (max.) on securities issued by nonresidents and on portfolio invested abroad Yes.

Limits (max.) on portfolio invested abroad Yes.

Limits (min.) on portfolio invested locally Yes.

**Other controls imposed by securities laws** Yes.

### Changes During 1998

**Arrangements for payments and receipts**

June 29. Egypt joined the COMESA.



## EL SALVADOR

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: November 6, 1946.

### Exchange Arrangement

#### Currency

The currency of El Salvador is the Salvadoran colón.

#### Other legal tender

Gold coins in denominations of C 25, C 50, C 100, C 200, and C 2,500 are legal tender, but do not circulate.

#### Exchange rate structure

Unitary.

#### Classification

#### Conventional pegged arrangement

The Central Reserve Bank (CRB) publishes the daily exchange rates, which are applied to its transactions with the public sector, and the calculation of tax obligations. These exchange rates are the simple average of the exchange rates set by commercial banks and exchange houses on the previous working day. Since January 1, 1994, the CRB has intervened in the foreign exchange market to maintain the exchange rate at C 8.75 per \$1.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

No.

### Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

#### Regional arrangements

El Salvador is a member of the CACM.

#### Administration of control

The CRB administers exchange regulations. All private sector foreign exchange transactions are delegated to the commercial banks and exchange houses. The Centro de Trámites de Exportación issues certificates of origin and health when foreign importers require them. The Salvadoran Coffee Council issues permits freely to private sector traders to conduct external or domestic trade in coffee.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

#### Controls on domestic ownership and/or trade

Yes.

#### Controls on external trade

Yes.

#### Controls on exports and imports of banknotes

No.

### Resident Accounts

#### Foreign exchange accounts permitted

#### Held domestically

Balances on these accounts may be sold to the commercial banks and exchange houses or used to make payments abroad without restriction. Transfers of funds between these

accounts are not restricted, but the commercial banks are required to submit periodic reports to the CRB on the use of such accounts.

Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	

Positive list      Import permits issued by the Ministry of Economy are required for gasoline, kerosene, fuel oil, asphalt, propane and butane gas, cloth and jute sacks, sugar, and molasses.

Import taxes and/or tariffs      Most import tariffs range up to 19%, although some products are subject to higher tariffs, such as automobiles 25%–30%, alcoholic beverages 30%, and textiles and luxury goods 20%. There are no tariffs on capital goods and selected inputs. Exporters of nontraditional products to markets outside Central America receive duty drawbacks on imported raw materials equivalent to 6% of f.o.b. value of exports.

State import monopoly      No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.

Export licenses      All exports must be registered, with the exception of exports amounting to less than \$5,000, unless the product specifications call for such certification. Export permits, issued by the MOF, are required for diesel fuel, liquefied petroleum gas, and gray cement.

Without quotas      Yes.

Export taxes      No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers      No.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements      No.

Restrictions on use of funds No.

### Capital Transactions

Controls on capital and money market instruments No.

Controls on derivatives and other instruments No.

Controls on credit operations No.

Controls on direct investment

Inward direct investment Foreign direct investments and inflows of capital with a maturity of more than one year must be registered with the Ministry of the Economy but are not restricted. Certain minimum capital requirements exist for businesses owned by foreign residents and those having foreign resident shareholders.

Controls on liquidation of direct investment No.

Controls on real estate transactions No.

Controls on personal capital movements No.

Provisions specific to commercial banks and other credit institutions

Borrowing abroad External borrowing by financial institutions is subject to a reserve requirement of 10%. The CBS remunerates reserves on short-term financial system external borrowing at the average LIBOR in the last eight weeks.

Open foreign exchange position limits The limit on the net foreign asset position of commercial banks is 10% of capital and reserves.

*On resident assets and liabilities* Yes.

*On nonresident assets and liabilities* Yes.

Provisions specific to institutional investors No.

Other controls imposed by securities laws No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# EQUATORIAL GUINEA

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 1, 1996.

### Exchange Arrangement

#### Currency

The currency of Equatorial Guinea is the CFA franc, issued by the BEAC.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The CFA franc is pegged to the euro, the intervention currency, at the fixed rate of CFAF 100 per €0.1524. Exchange transactions in euros between the BEAC and commercial banks take place at the same rate. Buying and selling rates for certain other foreign currencies are also officially posted, with quotations based on the fixed rate for the euro and the rates in the Paris exchange market for the currencies concerned. A commission of 0.5% is levied on transfers to countries that are not members of the BEAC, except for transfers in respect of central and local government operations, payments for imports covered by a duly issued license and domiciled with a bank, scheduled repayments on loans properly obtained abroad, travel allowances paid by the government and its agencies for official missions, and payments of insurance premiums.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Because Equatorial Guinea is an Operations Account country, settlements with France, Monaco, and the other Operations Account countries are made in CFA francs, euros, or the currency of any other institute of issue that maintains an Operations Account with the French Treasury. Settlements with all other countries are usually made through correspondent banks in France in the currencies of those countries or in francs through foreign accounts.

#### Payment arrangements

##### Regional arrangements

An Operations Account is maintained with the French Treasury that links Operations Account countries. All purchases or sales of foreign currencies or euros against CFA francs are ultimately settled through a debit or credit to the Operations Account.

#### Administration of control

Exchange control is administered by the Directorate General of Exchange Control (DNCC) of the MOF. Exchange transactions relating to all countries must be effected through authorized banks.

#### International security restrictions

##### In accordance with UN sanctions

Yes.

#### Payment arrears

##### Official

Yes.

#### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade

Residents are free to hold, acquire, and dispose of gold jewelry. They must have the approval of the Directorate of Mines to hold gold in any other form. Approval is not normally

given because there are no industrial users in Equatorial Guinea. Newly mined gold must be declared to the Directorate of Mines, which authorizes either its exportation or its sale in the domestic market.

#### Controls on external trade

Exports are allowed only to France. Imports and exports of gold require prior authorization from the Directorate of Mines and the MOF; authorization is seldom granted for imports. Exempt from this requirement are (1) imports and exports by or on behalf of the monetary authorities, and (2) imports and exports of manufactured articles containing a small quantity of gold (such as gold-filled or gold-plated articles). Both licensed and exempt imports of gold are subject to customs declaration.

#### Controls on exports and imports of banknotes

##### On exports

###### *Domestic currency*

Residents traveling for tourism or business purposes to countries in the CFA franc zone are allowed to take out BEAC banknotes up to CFAF 2 million; amounts in excess of this limit may be taken out in other means of payment.

###### *Foreign currency*

All resident travelers, regardless of destination, must declare in writing all means of payment at their disposal at the time of departure. The reexportation of foreign banknotes is allowed up to the equivalent of CFAF 250,000; the reexportation of foreign banknotes above this ceiling requires documentation demonstrating either the importation of foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposits lodged in local banks.

##### On imports

###### *Foreign currency*

Resident and nonresident travelers may bring in any amount of banknotes and coins issued by the BEAC, the Bank of France, or a bank of issue maintaining an Operations Account with the French Treasury, as well as any amount of foreign banknotes and coins (except gold coins) of countries outside the Operations Account area.

### Resident Accounts

#### Foreign exchange accounts permitted

##### Held domestically

Domestically held accounts in foreign currency are not allowed.

##### Held abroad

These accounts may be opened, but approval is required.

#### Accounts in domestic currency convertible into foreign currency

Yes.

### Nonresident Accounts

#### Foreign exchange accounts permitted

Accounts in foreign currency include accounts in dollars. Accounts in euros are treated identically to accounts in domestic currency. The regulations pertaining to nonresident accounts are based on regulations applied in France. These accounts are permitted; however, approval is required, except for accounts in euros.

#### Domestic currency accounts

Because the BEAC suspended in 1993 the repurchase of its banknotes circulating outside the territories of the CFA franc zone, BEAC banknotes received by the foreign correspondents of authorized banks and mailed to the BEAC agency in Equatorial Guinea by the Bank of France or the BCEAO may not be credited to foreign accounts in francs.

##### Convertible into foreign currency

Yes.

##### Approval required

Yes.

##### Blocked accounts

n.a.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	Certified bank documents are required.
Minimum financing requirements	Yes.
<b>Documentation requirements for re-release of foreign exchange for imports</b>	
Domiciliation requirements	All import transactions of which the value exceeds CFAF 500,000 must be domiciled with an authorized bank. Import transactions by residents involving goods for use outside Equatorial Guinea must be domiciled with a bank in the country of final destination.
Letters of credit	Yes.
<b>Import licenses and other nontariff measures</b>	No import licenses are required, except for gold.
Negative list	Certain goods are prohibited for security, health, or safety reasons.
<b>Import taxes and/or tariffs</b>	Equatorial Guinea applies the common duty rates of the UDEAC on imports from non-members (5% for basic necessities, 10% for raw materials and capital goods, 20% for intermediate and miscellaneous goods, and 30% for consumer goods), except for higher rates imposed on a limited number of luxury goods (15% to 40%). Duties on imports from UDEAC members are set at 20% of those for imports from nonmembers. Fiscal duties and turnover taxes are also applied to imports.
<b>State import monopoly</b>	n.a.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Proceeds from exports to all countries must be repatriated within 30 days of the payment date stipulated in the sales contract. Payments for exports must be made within 30 days of the arrival date of the merchandise at its destination.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	
Letters of credit	Yes.
Guarantees	Yes.
Domiciliation	Export transactions valued at CFAF 50,000 or more must be domiciled with an authorized bank. Exports to all countries are subject to domiciliation requirements for the appropriate documents.
<b>Export licenses</b>	No.
<b>Export taxes</b>	Yes.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments in excess of CFAF 500,000 for invisibles to France, Monaco, and the Operations Account countries require prior declaration but are permitted freely; those to other countries are subject to the approval of the MOF. Payments for invisibles related to trade are permitted freely when the basic trade transaction has been approved or does not require authorization. Transfers of income accruing to nonresidents in the form of profits, dividends, and royalties are also permitted freely when the basic transaction has been approved.
Trade-related payments	
<i>Quantitative limits</i>	Except in the case of expatriates working in Equatorial Guinea on a temporary basis, payments of insurance premiums of up to CFAF 50,000 to foreign countries are permitted; larger amounts may be authorized by the DNCC.

<i>Indicative limits/bona fide test</i>	Applied to the payment of freight and insurance costs.
Investment-related payments	Information is not available on the payment of amortization of loans or depreciation of direct investments.
<i>Quantitative limits</i>	The transfer of rental income from real property owned in Equatorial Guinea by foreign nationals is permitted up to 50% of the income declared for taxation purposes, net of tax. Remittances for current repair and management of real property abroad are limited to the equivalent of CFAF 200,000 every two years.
<i>Indicative limits/bona fide test</i>	Applied to the payment of profit and dividends.
Payments for travel	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Residents traveling for tourism or business purposes to countries in the CFA franc zone are allowed to take out BEAC banknotes up to CFAF 2 million; amounts in excess of this limit may be taken out in other means of payment. The allowances for travel to countries outside the CFA franc zone are subject to the following regulations: (1) for tourist travel, CFAF 100,000 a day, up to CFAF 2 million a trip; (2) for business travel, CFAF 250,000 a day, up to CFAF 5 million a trip; (3) allowances in excess of these limits are subject to the authorization of the MOF or, by delegation, the BEAC; and (4) the use of credit cards, which must be issued by resident financial intermediaries and approved by the MOF is limited to the ceilings indicated above for tourist and business travel. Returning resident travelers are required to declare all means of payment in their possession upon arrival at customs and to surrender within eight days all means of payment exceeding the equivalent of CFAF 25,000. All resident travelers, regardless of destination, must declare in writing all means of payment at their disposal at the time of departure. The reexportation by nonresident travelers of means of payment other than banknotes issued abroad and registered in the name of the nonresident traveler is not restricted, subject to documentation that they had been purchased with funds drawn from a foreign account in CFA francs or with other foreign exchange.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Foreign workers' wages	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	The limit is determined as a function of the salary.
<i>Indicative limits/bona fide test</i>	Yes.
Credit card use abroad	The use of credit cards, which must be issued by resident financial intermediaries and approved by the MOF, is limited to the ceilings for tourist and business travel.
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Other payments	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Proceeds from transactions in invisibles with France, Monaco, and the Operations Account countries may be retained. All amounts due from residents of other countries in respect of services and all income earned in those countries from foreign assets must be collected within a month of the due date.
Surrender requirements	Proceeds earned in countries outside the franc zone must be surrendered within a month of collection if received in foreign currency.
<b>Restrictions on use of funds</b>	n.a.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Capital movements between Equatorial Guinea and France, Monaco, and the Operations Account countries are free of exchange control. Capital transfers to all other countries require exchange control approval and are restricted, but capital receipts from such countries are freely permitted.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
On money market instruments	
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
On collective investment securities	
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	
Purchase locally by nonresidents	Yes.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<b>Controls on credit operations</b>	All credit operations and transactions in guarantees, sureties, and financial backup securities to residents from nonresidents are controlled.
<b>Controls on direct investment</b>	
Outward direct investment	Yes.
Inward direct investment	Yes.
<b>Controls on liquidation of direct investment</b>	A bona fide test is applied.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Yes.
Purchase locally by nonresidents	Yes.
Sale locally by nonresidents	Yes.



**Controls on personal capital movements**

Transfer of gambling and prize earnings    Yes.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad    Yes.

Maintenance of accounts abroad    Yes.

Lending to nonresidents (financial or commercial credits)    Yes.

Lending locally in foreign exchange    Yes.

Differential treatment of deposit accounts in foreign exchange

*Reserve requirements*    Yes.*Liquid asset requirements*    Yes.

Investment regulations    Yes.

Open foreign exchange position limits    Yes.

**Provisions specific to institutional investors**

Limits (max.) on portfolio invested abroad    Yes.

Limits (min.) on portfolio invested locally    Yes.

**Other controls imposed by securities laws**    n.a.**Changes During 1998**

No significant changes occurred in the exchange and trade system.

**Changes During 1999****Exchange arrangement***January 1.* The CFA franc peg to the French franc was replaced with a peg to the euro.

# ERITREA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

**Article XIV** Yes.

## Exchange Arrangement

**Currency** The currency of Eritrea is the Eritrean nakfa.

**Exchange rate structure** Unitary.

### Classification

**Independently floating** In April 1998, 15 foreign exchange bureaus were licensed to join the 2 commercial banks as dealers in the market. Effective May 1, 1998, after the exchange bureaus were licensed, the authorities put in place a mechanism to provide for a market determination of the exchange rate. The dealers are required to report their prevailing exchange rates to the Bank of Eritrea (BE) daily, and the midpoint of the reported rates is used to set a daily reference rate.

**Exchange tax** The BE prescribes a commission of 0.25% for purchases of foreign exchange and 0.75% for sales of foreign exchange, except for banknote transactions. Authorized dealers are permitted, but not required, to levy a service charge of up to 0.25% for buying and 0.75% for selling for their own account.

**Exchange subsidy** No.

**Forward exchange market** No.

## Arrangements for Payments and Receipts

**Prescription of currency requirements** All transactions with Ethiopia are settled in convertible currencies, except for border trade valued at below Br 2,000.

**Payment arrangements** Yes.

**Regional arrangements** Eritrea is a member of the COMESA.

**Clearing agreements** A clearing arrangement exists between the members of the COMESA.

**Administration of control** The BE oversees all foreign exchange transactions of the authorized dealers and issues dealers' licenses. It may from time to time issue regulations, directives, and instructions on foreign exchange matters. The BE issues permits only for those imports that require foreign exchange from the banking system. The National Licensing Office issues licenses for importers, exporters, and commercial agents, and the Ministry of Trade and Industry regulates foreign investments. The Asmara Chamber of Commerce issues certificates of origin for exports.

**International security restrictions** No.

**Payment arrears** No.

### Controls on trade in gold (coins and/or bullion)

**Controls on domestic ownership and/or trade** Authorization from the Ministry of Energy and Mines is required for ownership or possession of gold or other precious metals or ores. Residents may own gold jewelry without restrictions.

**Controls on external trade** Yes.

**Controls on exports and imports of banknotes** Travelers are not required to declare their foreign currency holdings upon entry or departure.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically

Only investors and individuals earning foreign exchange in connection with foreign trade are allowed to open foreign exchange accounts.

Held abroad

The opening of these accounts is restricted to resident banks. Nonbank residents may not open accounts abroad, unless specifically authorized by the BE.

**Accounts in domestic currency convertible into foreign currency**

No.

### Nonresident Accounts

#### Foreign exchange accounts permitted

Resident Eritreans working temporarily abroad may maintain nonresident dollar accounts in Eritrea, but approval is required.

#### Domestic currency accounts

Available only to members of the diplomatic community; welfare organizations; nongovernmental organizations and their personnel; as well as joint ventures and other business firms that invest their capital, wholly or partially, in foreign exchange.

Convertible into foreign currency

Yes.

**Blocked accounts**

No.

### Imports and Import Payments

#### Foreign exchange budget

No.

#### Financing requirements for imports

Most imports financed with official foreign exchange are effected under LCs or on a cash-against-documents basis. Suppliers' credits must be registered with the BE.

Advance import deposits

Only for LC type of imports.

#### Documentation requirements for release of foreign exchange for imports

Suppliers' credits must be registered with the BE.

Import licenses used as exchange licenses

Import payments made through the banking system require a permit issued by the BE upon presentation of pro forma invoices providing information as to the type, quantity, unit price, and freight cost (where applicable) of imports.

#### Import licenses and other nontariff measures

Open general licenses

All importers must have a valid trade license issued by the National Licensing Office. These licenses must be renewed each year at a fee of ERN 200. Imports of cars and other motor vehicles require prior permission from the Ministry of Transportation.

#### Import taxes and/or tariffs

Taxes collected through the exchange system

A commission of 2% is collected on imports that do not require official foreign exchange and are not aid funded (franco valuta imports).

#### State import monopoly

The company that produces tobacco and matches holds the monopoly over the importation of these products.

### Exports and Export Proceeds

#### Repatriation requirements

All export proceeds must be repatriated within 90 days of shipment; where justified, this deadline can be extended by another 90 days.

Surrender requirements

No.

<b>Financing requirements</b>	Exports may be made under LCs on an advance-payment basis or on a consignment basis.
<b>Documentation requirements</b>	All exports require documentation by the BE. Certain commodities require clearance from specific government bodies (e.g., the Eritrean Institute of Standards). In particular, live-stock and cereals require permission from the Ministry of Agriculture, and marine products require permission from the Ministry of Marine Resources.
<b>Export licenses</b>	Exporters must be licensed by the National Licensing Office. The annual licensing fee is ERN 200.
<b>Without quotas</b>	Yes.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	
<b>Trade-related payments</b>	
<i>Prior approval</i>	Yes.
<b>Investment-related payments</b>	Petroleum contractors and subcontractors may freely transfer abroad funds accruing from petroleum operations and may pay subcontractors and expatriate staff abroad. Information is not available on the payment of amortization of loans or depreciation of direct investments.
<i>Prior approval</i>	Prior approval is necessary for the transfer of interest.
<b>Payments for travel</b>	
<i>Quantitative limits</i>	For business trips, the allowance is \$250 a person a day for up to 30 days a trip. Exporters may use freely their retention balances for travel purposes. For personal travel, the allowance is \$100 a person (adult or minor) a trip. Eritrean nationals may purchase air travel tickets in local and foreign currency.
<b>Personal payments</b>	
<i>Prior approval</i>	Recommendation of the Medical Board of the Ministry of Health is required for medical payments. For studies abroad, approval is granted for higher education expenses only.
<i>Quantitative limits</i>	Up to \$10,000 for treatment other than in Ethiopia. The limit may be exceeded in special circumstances.
<i>Indicative limits/bona fide test</i>	There is an indicative limit and bona fide test for medical costs.
<b>Other payments</b>	
<i>Prior approval</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	
<b>On capital market securities</b>	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	Yes.

Purchase abroad by residents	Authorized banks may acquire securities with the approval of the BE.
On money market instruments	
<i>Purchase abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	n.a.
<b>Controls on credit operations</b>	
Commercial credits	
<i>To residents from nonresidents</i>	Foreign borrowing by residents must be registered with the BE.
Financial credits	
<i>To residents from nonresidents</i>	Authorized banks may borrow abroad or overdraw their correspondent accounts abroad with the approval of the BE.
<b>Controls on direct investment</b>	
Inward direct investment	Foreign direct investment is permitted in all sectors. However, domestic retail and wholesale trade, and import and commission agencies are open to foreign investors only when Eritrea has a bilateral agreement of reciprocity with the country of the investor; this latter condition may be waived by the government. Approved investments and their subsequent expansion are exempted from customs duties and sales tax for capital goods and spare parts associated with the investment. There are no exemptions from income tax.
<b>Controls on liquidation of direct investment</b>	For investments certified under the Investment Proclamation, foreign investors may freely remit proceeds received from the liquidation of investment and/or expansion, and payments received from the sale or transfer of shares.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Yes.
Purchase locally by nonresidents	Yes.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Borrowing is subject to prior approval of the BE.
Lending to nonresidents (financial or commercial credits)	Yes.
Lending locally in foreign exchange	Yes.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<i>April 30.</i> Fifteen foreign exchange bureaus were licensed to operate. <i>May 1.</i> The exchange rate of the Eritrean nakfa became market determined.
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# ESTONIA

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: August 15, 1994.

### Exchange Arrangement

#### Currency

The currency of Estonia is the Estonian kroon.

#### Exchange rate structure

Unitary.

#### Classification

#### Currency board arrangement

The exchange rate of the kroon is pegged to the euro at the rate of EEK 15.69664 per €1. Kroon banknotes and commercial banks' reserve deposits with the Bank of Estonia (BOE) are exchanged by the BOE into euros and vice versa at this exchange rate. Transactions in convertible currencies are freely effected by commercial banks who may freely quote their own exchange rates.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Yes.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

Settlements with the Baltic countries, Russia, and the other countries of the FSU may be effected through a system of correspondent accounts maintained by the BOE with the respective central banks. Balances accrued in these accounts may in most cases be used freely by their holders to purchase either goods or services in the country concerned. In operating these accounts, the BOE acts as an intermediary only and does not convert any balances to krooni. Kroon balances held by the central banks of the Baltic countries, Russia, and the other countries of the FSU in their correspondent accounts are fully convertible without delay. No swing credits or overdraft facilities are provided by these arrangements.

### Payment arrangements

#### Bilateral payment arrangements

##### *Inoperative*

Estonia has bilateral agreements with Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyz Republic, Latvia, Lithuania, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

These agreements provide commercial banks with a facility to effect their payments with the country concerned through correspondent accounts maintained by the BOE with the respective central banks. Commercial banks in Estonia are free to open their own correspondent accounts with commercial banks in the Baltic countries, Russia, and the other countries of the FSU.

#### Administration of control

The BOE issues and enforces foreign exchange regulations.

The MOF controls and monitors imports and exports, and licenses gold trading.

#### International security restrictions

No.

#### Payment arrears

Some external debt issues with Russia and certain other countries of the FSU are not yet settled.

#### Official

All external debt with Russia is official.

#### Controls on trade in gold (coins and/or bullion)

Trade in gold is subject to licensing requirements administered by the MOF.

Controls on domestic ownership and/or trade	Yes.
Controls on external trade	International trade in gold is subject to licensing requirements by the MOF.
Controls on exports and imports of banknotes	No.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	Yes.
Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	
Negative list	Yes.
Licenses with quotas	Licenses or special permits are required for import of the following goods: tobacco; alcohol; metals; precious metals, precious stones and articles containing these products; medicinal products; weapons; explosives; radio broadcast equipment; rare species of plants and animals and hunting trophies; goods subject to veterinary, food, and phytosanitary control; plant preservatives and fertilizers; narcotic drugs and psychotropic substances; equipment and means for recording of audiovisual production; lottery tickets; strategic goods; radioactive radiation sources; motor vehicles; building cement; and dangerous and other waste products.
Import taxes and/or tariffs	Excise duties are levied on tobacco, alcohol, motor vehicles, fuel, and packaging materials. Imports are also subject to a state duty and a VAT of 18%, which is also levied on domestically produced goods.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
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<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	
Without quotas	Licenses or special permits are required for metals; alcohol; tobacco and tobacco goods; items of cultural value; precious metals, precious stones and articles containing these products; medicinal products; weapons; explosives; rare species of plants and animals and hunting trophies; goods subject to veterinary, food, and phytosanitary control; narcotic drugs and psychotropic substances; strategic goods; radioactive radiation sources; motor vehicles; and dangerous and other waste products.
<b>Export taxes</b>	An export duty of 100% is levied on items of cultural value.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	No.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	No.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Subject to approval by the municipality concerned.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Differential treatment of deposit accounts held by nonresidents	
<i>Reserve requirements</i>	Net liabilities to foreign credit institutions are subject to reserve requirement but liabilities to domestic credit institutions are not.  On July 1, 1998, the BOE amended the mandatory reserve requirement. The cash component was reduced from 30% of required reserves to 20%, thereby raising the reserve holdings at the central bank. Financial guarantees provided by commercial banks to other financial institutions became subject to the mandatory reserve requirements from August 1, 1998.
<b>Open foreign exchange position limits</b>	
<i>On resident assets and liabilities</i>	Yes.



<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

#### Capital transactions

Provisions specific to commercial banks and other credit institutions

*July 1.* The BOE reduced the cash component of the mandatory reserve requirement to 20%.

*August 1.* Financial guarantees provided by commercial banks to other financial institutions became subject to the mandatory reserve requirement.

### Changes During 1999

#### Exchange arrangement

*January 1.* The exchange rate of the kroon was pegged to the euro.

# ETHIOPIA

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

**Article XIV** Yes.

### Exchange Arrangement

**Currency** The currency of Ethiopia is the Ethiopian birr.

**Exchange rate structure** Unitary.

#### Classification

Managed floating with no preannounced path for the exchange rate

The official exchange rate of the birr against the dollar is the marginal rate (i.e., the lowest successful bid) determined in weekly auctions for announced quantities of foreign exchange, as determined by the National Bank of Ethiopia (NBE). On August 31, 1998, the unremunerated bid bond requirement imposed at the time of purchase of foreign exchange at the auction was eliminated. On September 30, 1998, an interbank market for trading domestic and foreign exchange funds was introduced and operationalized. A wholesale foreign exchange market was introduced to replace the retail auction. Foreign exchange bureaus were allowed to engage in all approved spot/cash external current account transactions.

**Exchange tax** Authorized dealers must observe a prescribed commission of 0.5% on buying and 1.5% on selling, which accrues to the NBE, and they may levy service charges of up to 0.25% on buying and 0.75% on selling for their own accounts.

**Exchange subsidy** No.

**Forward exchange market** No.

## Arrangements for Payments and Receipts

**Prescription of currency requirements** Yes.

#### Payment arrangements

**Regional arrangements** Ethiopia is a member of the COMESA.

**Clearing agreements** Payments may be made within the framework of COMESA.

**Administration of control** The NBE transferred the responsibility for determining compliance of buyers and sellers of foreign exchange with import and export licensing requirements and foreign exchange regulations to commercial banks.

**International security restrictions** n.a.

**Payment arrears** n.a.

**Controls on trade in gold (coins and/or bullion)** Import and export exchange licenses are required by the NBE.

**Controls on domestic ownership and/or trade** The ownership of personal jewelry is permitted. However, unless authorized by the Ministry of Mines and Energy, the possession or custody of 50 ounces or more of raw or refined gold or platinum, or gold or platinum in the form of nuggets, ore, or bullion, is not permitted. Newly mined gold is sold by the Ethiopian Mineral Resources Development Corporation to the NBE.

**Controls on external trade** Licenses to import or export gold in any form are issued by the NBE.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

Travelers may take out Br 100 in Ethiopian banknotes.

*Foreign currency*

Except for short-term visitors, travelers must have an authorization to reexport foreign exchange. Reconversion of birr to foreign exchange up to \$150 may be made without the presentation of any documentary evidence; for amounts exceeding \$150, the presentation of authenticated documentary evidence indicating that the equivalent amount of foreign exchange was lawfully converted into local currency is required.

**On imports***Domestic currency*

Travelers may bring in Br 100 in Ethiopian currency.

**Resident Accounts****Foreign exchange accounts permitted**

Commercial banks may open foreign exchange retention accounts for eligible exporters of goods and recipients of inward remittances without prior approval from the NBE.

**Held domestically**

Exporters of services may open foreign exchange retention accounts with the NBE's approval.

**Held abroad**

No.

**Accounts in domestic currency convertible into foreign currency**

No.

**Nonresident Accounts****Foreign exchange accounts permitted**

Deposits to these accounts must be made in foreign exchange. Balances may be transferred freely abroad, and transfers between nonresident accounts do not require prior approval. Members of the diplomatic community must use transferable or nontransferable birr accounts for payment of local expenses. Joint ventures and individual foreign investors are permitted to open foreign currency accounts or transferable or nontransferable birr accounts to purchase raw materials, equipment, and spare parts not available in Ethiopia. All clients deal directly with commercial banks without the NBE's involvement. Ethiopian nonresidents may maintain interest-bearing accounts, but non-Ethiopians may hold only current accounts. Approval from the NBE is required.

**Domestic currency accounts****Convertible into foreign currency**

These accounts are permitted, but approval is required.

**Blocked accounts**

No.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

Imports of goods on the negative list (i.e., used clothing) are ineligible for the foreign exchange auctions. Importation under suppliers' credits requires prior approval of the terms and conditions of the credit, and such imports are limited to raw and intermediate materials, pharmaceuticals, and machinery and transport equipment. Payments by LC, mail transfer, telegraphic transfer, or cash-against-documents at sight are normally accepted, but the NBE must be consulted regarding imports on a cash-against-documents basis.

**Documentation requirements for release of foreign exchange for imports**

Final invoices that separately show f.o.b. cost and freight charges and nonnegotiable bills of lading are required. Exchange licenses may be obtained when a valid importer's license is presented. Applications for exchange licenses must be accompanied by information on costs and payment terms and evidence that adequate insurance has been arranged with the Ethiopian Insurance Corporation. Insurance may be arranged with any legally registered

	insurance company (private insurance companies included), not necessarily with the Ethiopian Insurance Corporation alone.
Import licenses used as exchange licenses	Yes.
<b>Import licenses and other nontariff measures</b>	
Negative list	The list includes used clothing and items restricted for reasons of health and security. Imports of cars and other vehicles require prior authorization from the Ministry of Transport and Communications.
Import taxes and/or tariffs	Effective December 31, 1998, the maximum tariff rate was reduced to 40%, and the number of tariff bands to 7. This measure reduced the item-weighted average tariff rate to 19.5% from 21.5%, and the trade-weighted average to 14.9% from 15.9%.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	Yes.
Surrender requirements	Effective August 31, 1998, exporters may retain 10% of their export proceeds in foreign exchange for an indefinite period. The remaining balance may be retained for a period of 28 days after which it must be converted into local currency by the customer's bank using the NBE's marginal rate of the week in the wholesale auction.
Financing requirements	No.
Documentation requirements	All exporters must prove to the NBE that they have repatriated 100% of previous exports before being allowed to export again.
Guarantees	Effective January 18, 1999, an Export Credit Guarantee Scheme was established.
<b>Export licenses</b>	
Without quotas	All exports are processed by commercial banks, with the exception of coffee exports.
With quotas	Exports of raw hides and skins are regulated or prohibited until the needs of local factories are met.
Export taxes	The exportation of coffee is subject to a customs tax of 6.5% of the exported value.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	Until August 1998, payments required exchange licenses and approval, except for the use of credit cards abroad. In September 1998, the authorities eliminated the remaining restrictions on the making of payments for current international transactions relating to business travel, education, and health, and increased the limit on holiday travel allowances to \$1,200 a person a trip. In addition, the NBE allowed the purchase of foreign exchange by foreigners in Ethiopia for remittances with only ex post verification.
Trade-related payments	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Verification of documentary evidence is required for unloading, storage, and administrative expenses. For commissions, verification by the NBE of contractual agreement between parties is required.
Investment-related payments	
<i>Prior approval</i>	After paying local taxes, foreign companies may remit dividends on their invested and re-invested capital in any currency. Prior approval for amortization of loans or depreciation of direct investments is required mainly for government transactions made through the MOF.

<i>Indicative limits/bona fide test</i>	These are subject to an assessment based on the NBE's determined criteria. Verification of contractual agreement between parties by the NBE is required.
Payments for travel	
<i>Quantitative limits</i>	There are no limits for persons traveling abroad for business purposes related to imports or exports. Persons traveling for holiday purposes may purchase up to \$1,200 directly from foreign exchange bureaus operated by commercial banks. For government travel, the allowance rates vary by country and foreign currency based on the cost of living.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	There are no limits for medical and studies abroad costs. Foreign nationals may remit up to 100% of their net earnings for the education of their children. Government students are granted foreign exchange up to the requirement of the employer.
<i>Indicative limits/bona fide test</i>	For transfers of pensions, proof of financial emolument and domicile are required. Verification by a medical board and the Ministry of Health is required for medical payments.
Foreign workers' wages	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Foreign contractual employees of the government may take out foreign exchange during the terms of their service and upon final departure, not to exceed their earnings. However, the value of fees, accommodations, gratuities, accumulated leave pay, and similar benefits may not be included for remittance purposes. Other expatriate employees may take out foreign exchange on final departure not to exceed their net earnings.  Foreign employees of foreign embassies, legations, consulates, and international organizations whose salaries are fully paid in foreign currency from sources outside Ethiopia may take out and/or transfer their net earnings not to exceed the balance in their nonresident foreign currency account, nonresident transferable birr account, and/or nontransferable birr accounts.
Other payments	
<i>Indicative limits/bona fide test</i>	For subscription and membership fees, documentation is required from the overseas institute. The NBE's verification of contractual agreements between the parties is required for the transfer of consulting and legal fees, and applications are considered on a case-by-case basis.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes.
Surrender requirements	Ten percent of proceeds may be retained indefinitely. The remaining balance may be retained for a period of 28 days only.
Restrictions on use of funds	n.a.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase abroad by residents	Yes.
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On collective investment securities	There is no market in these instruments.
<b>Controls on derivatives and other instruments</b>	There is no market in these instruments.
<b>Controls on credit operations</b>	
Commercial credits	
<i>To residents from nonresidents</i>	Yes.
Financial credits	
<i>To residents from nonresidents</i>	Banks need prior approval from the NBE to borrow funds abroad, but do not need prior approval for overdrawing their accounts with foreign correspondents or accepting deposits.
Guarantees, sureties, and financial backup facilities	These instruments are not available.
<b>Controls on direct investment</b>	
Inward direct investment	<p>Foreign investors may hold up to 100% of the shares in any venture, except the banking, insurance, and transport sectors, including trading above a certain limit.</p> <p>Investment in telecommunication, generation of electric power, and defense industry is allowed.</p> <p>All investments must be approved and certified by the Ethiopian Investment Authority (EIA). A minimum of 25% of share capital must be paid before registration. Investments are allowed in areas of agriculture, livestock and crop production, manufacturing, mining, construction, real estate, machinery leasing, social services, education, health, engineering services, technology-intensive industries, pharmaceutical and fertilizer production, and hotel and tourism.</p> <p>Exemptions from income taxes are granted for up to five years for new projects and for up to three years for major extensions to existing projects. Imports of investment goods and spare parts for such ventures are also eligible for exemption from customs duties and other specified import levies.</p>
<b>Controls on liquidation of direct investment</b>	<p>Authorization by the EIA is required for repatriation of capital, and registration of capital inflows with the EIA establishes the evidence of inflows that is required for authorization. All recognized and registered foreign investments may be terminated on presentation of documents regarding liquidation and on payment of all taxes and other liabilities. Subject to appropriate documentation, foreign investors upon final departure from Ethiopia may transfer their capital without limitations. This regulation does not apply to joint ventures established under Council of State Proclamation No. 37 of May 25, 1992. All foreign investors may also transfer abroad in convertible currency payments for debts, fees, or royalties in respect of technology transfer agreements.</p>
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	All Ethiopian passport holders may purchase real estate in Ethiopia.
Sale locally by nonresidents	Yes.
<b>Controls on personal capital movements</b>	
Loans	
<i>To residents from nonresidents</i>	These transactions are not allowed.
Gifts, endowments, inheritances, and legacies	
<i>To residents from nonresidents</i>	Yes.
Transfer of assets	
<i>Transfer into the country by immigrants</i>	Yes.

Transfer of gambling and prize earnings	These transactions are not allowed.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Banks may not borrow from, or enter into a guarantee agreement with, banks abroad unless authorized by the NBE.
Maintenance of accounts abroad	Banks may maintain nostro accounts with their correspondents.
Lending locally in foreign exchange	Domestic banks may grant personal loans to staff members of international institutions.
Purchase of locally issued securities denominated in foreign exchange	Banks may not acquire securities denominated in foreign currencies without the permission of the NBE.
Differential treatment of deposit accounts in foreign exchange	
<i>Liquid asset requirements</i>	Yes.
Differential treatment of deposit accounts held by nonresidents	
<i>Interest rate controls</i>	All nonresident accounts take the form of demand deposits for which no interest is paid.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<p><i>August 31.</i> The unremunerated bid bond requirement imposed at the time of purchase of foreign exchange at the auction was eliminated. In addition, the retail auction was replaced by a wholesale auction.</p> <p><i>September 30.</i> An interbank market for trading domestic and foreign exchange funds was introduced.</p>
<b>Imports and import payments</b>	<i>December 31.</i> The maximum tariff rate was reduced to 40%, and the number of tariff bands to 7. This measure reduced the item-weighted average tariff rate to 19.5% from 21.5%, and the trade-weighted average to 14.9% from 15.9%.
<b>Exports and export proceeds</b>	<i>August 31.</i> Exporters were allowed to retain 10% of proceeds indefinitely and the remaining 90% for 28 days. Export surrender requirements were eliminated.
<b>Payments for invisible transactions and current transfers</b>	<i>August 31.</i> The remaining restrictions on the making of payments for current international transactions relating to business travel, education, and health were eliminated, and the limit on holiday travel allowances was increased to \$1,200 a person a trip. In addition, the NBE allowed the purchase of foreign exchange by foreigners in Ethiopia for remittances with only ex post verification.

### Changes During 1999

<b>Exports and export proceeds</b>	<i>January 18.</i> An Export Credit Guarantee Scheme was introduced.
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# FIJI

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: August 4, 1972.

### Exchange Arrangement

#### Currency

The currency of Fiji is the Fiji dollar.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The external value of the Fiji dollar is determined on the basis of a weighted basket of currencies comprising the Australian dollar, the Japanese yen, the New Zealand dollar, the euro, and the U.S. dollar. The exchange rate of the Fiji dollar in terms of the U.S. dollar, the intervention currency, is fixed daily by the Reserve Bank of Fiji (RBF) on the basis of quotations for the U.S. dollar and other currencies included in the basket.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Forward exchange facilities are provided by authorized dealers for trade transactions for periods of up to six months for exports and nine months for imports, up to a ratio of their capital.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Although no specific requirements exist, settlements must be made in convertible currencies acceptable to both countries.

#### Payment arrangements

n.a.

#### Administration of control

Exchange control is administered by the RBF acting as an agent of the government; the RBF delegates to authorized dealers the authority to approve current payments and transfers up to the full amount, except for advance payments for imports.

#### International security restrictions

n.a.

#### Payment arrears

n.a.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

Residents may freely purchase, hold, and sell gold coins but not gold bullion.

##### Controls on external trade

The exportation of gold coins, except coins and collectors' pieces for numismatic purposes, requires specific permission from the RBF. The importation of gold, other than gold coins, from all sources requires a specific import license from the MOF; these are restricted to authorized gold dealers. Gold coins and gold bullion are exempt from fiscal duty but are subject to a 10% VAT. Gold jewelry is also exempt from fiscal duty but subject to a 10% VAT and is not under licensing control. Samples of gold and gold jewelry sent by foreign manufacturers require import licenses if their value exceeds F\$200. Exports of gold jewelry are free of export duty but require licenses if their value exceeds F\$1,000. Exports of gold bullion are subject to an export duty of 3%.

#### Controls on exports and imports of banknotes

##### On exports

###### Domestic currency

Exports are allowed up to F\$500 a trip for travel-related purposes only.



<i>Foreign currency</i>	Exports are allowed up to the amount declared at the time of arrival. Local travelers are allowed up to a F\$5,000 cash equivalent in foreign currency (inclusive of a maximum of F\$500 in local currency) for each overseas trip.
On imports	
<i>Domestic currency</i>	Travelers may bring in freely Fiji banknotes, but must declare them to customs or immigration officials on arrival.
<i>Foreign currency</i>	Travelers may bring in freely foreign currency banknotes, but must declare them to customs or immigration officials on arrival in order to export the unused balance on departure.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	Applicable to resident individuals and any business entity registered and operating in Fiji.
Held domestically	These accounts are permitted, but prior approval is required.
Held abroad	These accounts are permitted, but prior approval is required.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	These accounts may be credited freely with the account holders' salaries (net of tax), with interest payable on the account, or with payments from other external accounts.
<b>Domestic currency accounts</b>	These accounts may be credited freely with the account holders' salaries (net of tax); with interest payable on the account; with payments from other external accounts; with the proceeds of sales of foreign currency or foreign coins by the account holder; and with Fiji banknotes that the account holder brought into Fiji, or acquired by debit to an external account, or acquired through the sale of foreign currency in the country during a temporary visit. External accounts may also be credited with payments by residents for which either general or specific authority has been given. External accounts may be debited for payments to residents of Fiji, transfers to other external accounts, payments in cash in Fiji, and purchases of foreign exchange.
Convertible into foreign currency	These accounts are permitted, but prior approval is required.
<b>Blocked accounts</b>	n.a.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	
Advance payment requirements	Effective January 1, 1998, authorized banks may approve advance payments for imports of up to F\$500,000 on an application without specific approval from the RBF, if such payments are required by the supplier.
<b>Documentation requirements for release of foreign exchange for imports</b>	Payments for authorized imports are permitted upon application and submission of documentary evidence to authorized dealers, who may allow payments for goods that have been imported under either a specific import license or an OGL.
Domiciliation requirements	Yes.
Letters of credit	Yes.
<b>Import licenses and other nontariff measures</b>	Imports of poultry and poultry products and lubrication oils from any source require a specific import license. The Ministry of Commerce and Industry is responsible for issuing import licenses, with the exception of those for gold and timber. Import licenses and other

	nontariff measures for gold are issued by the MOF; for timber, they are issued by the Ministry of Forestry. A wide range of consumer goods are imported by national cooperative societies under a joint arrangement with six other Pacific Island countries. The import license for cyclonic building materials is jointly issued by the Department of Fair Trading and Consumer Affairs and the MOF.
Negative list	The importation of a few commodities is prohibited for security, health, or public policy reasons.
Licenses with quotas	Import licenses for frozen chicken from the United States are issued on a quota basis.
Other nontariff measures	All imports must meet required technical standards on labeling, packaging, and expiration date requirements. All agricultural and forestry products are subject to quarantine clearance.
Import taxes and/or tariffs	Import tariffs range from 5% to 22.5%. A 10% VAT is also levied.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	Exporters are required to collect the proceeds from exports within six months of the date of shipment of the goods from Fiji and may not, without specific permission, grant more than six months' credit to a nonresident buyer. Customs is delegated to process and approve all export of goods with no monetary return.
Surrender requirements	On January 1, 1999, the export retention limit was raised to 40%.
Financing requirements	n.a.
Documentation requirements	n.a.
Export licenses	Export licenses are issued by the customs department and monitored by the Comptroller of Customs. Specific licenses are required only for exports of sugar, wheat bran, copra meal, certain types of lumber, certain animals, and a few other items. The Ministry of Commerce and Industry is responsible for issuing export license for trochus shells. Irrespective of export-licensing requirements, however, exporters are required to produce an export permit for the commercial consignment of all goods with an f.o.b. value of more than F\$1,000; this permit is required for exchange control purposes.
Export taxes	A 3% export duty is levied on exports of sugar, gold, and silver.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	Controls are mostly in the form of documentation requirements. Most payments have been fully delegated to authorized banks without any restrictions or limits. On January 1, 1998, ceilings were relaxed for profits and dividends, subscriptions and membership fees, foreign workers' wages, family maintenance and alimony, and credit card use abroad. Effective January 1, 1999, limits on remittances of profits and earnings were removed. Authorized banks may make payments of up to US\$100,000 per application for profit remittances without prior approval of the RBF.
Investment-related payments	Payment of interest is allowed, provided prior approval for the loan was granted by the RBF.
<i>Prior approval</i>	Prior approval is not required, provided specific prior approval for the loan was granted by the RBF.
<i>Quantitative limits</i>	Effective January 1, 1999, limits on remittances of profits and earnings were removed. Authorized banks may make payments of up to US\$100,000 per application for profit remittances without prior approval of the RBF.
Personal payments	
<i>Prior approval</i>	For payment of medical costs, no approval is required, provided that payment is made directly to the institution. On January 1, 1998, restrictions on the party to whom payments could be made was amended to include the patient.

<i>Quantitative limits</i>	Foreign exchange provided is restricted to amounts due.
Credit card use abroad	
<i>Quantitative limits</i>	The use of credit cards for travel-related expenses is not restricted.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	Residents are required to sell all their foreign currency receipts to an authorized dealer within one month of their return.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

#### Controls on capital and money market instruments

On capital market securities Prior approval by the RBF is required for all capital market transactions.

*Shares or other securities of a participating nature*

Purchase abroad by residents

Effective January 1, 1999, locally incorporated companies are allowed to invest up to F\$500,000 a company up to an overall national ceiling of F\$5 million to buy shares in companies offshore.

#### Controls on derivatives and other instruments

There are controls on all derivative transactions.

#### Controls on credit operations

There are controls on all credit operations.

Commercial credits

Residents must obtain prior permission from the RBF to borrow amounts over F\$100,000 in foreign currency abroad.

Guarantees, sureties, and financial backup facilities

*By residents to nonresidents*

Effective January 1, 1999, the limit on bank guarantees was removed and fully delegated to commercial banks.

#### Controls on direct investment

Outward direct investment

Effective January 1, 1999, (1) nonbank financial institutions may invest up to F\$65 million in 1999; (2) the limit on overseas investment for individuals and families was increased to F\$20,000 a taxpayer, up to an overall ceiling of F\$10 million; and (3) the limit on expenditure to set up sales offices or subsidies abroad by local companies was increased to F\$500,000 a subsidiary.

Inward direct investment

Foreign investment in Fiji is normally expected to be financed from a nonresident source. Such foreign investment may be given "approved status," which guarantees the right to repatriate dividends and capital.

#### Controls on liquidation of direct investment

Such transactions require specific permission from the RBF, which is readily granted upon evidence that the investment funds originated offshore. Nonresident-owned companies are permitted to repatriate in full the proceeds from sales of assets and capital gains on investments.

#### Controls on real estate transactions

Purchase abroad by residents

The purchase of personal property abroad is not permitted.

Purchase locally by nonresidents

Approval by the Ministry of Land is required for purchases of state-owned property. Settlements require RBF approval to ensure proceeds are received in Fiji and that funds originate from abroad.

Sale locally by nonresidents Controls on settlements are effected to safeguard local interest before proceeds from sales are remitted abroad.

**Controls on personal capital movements**

**Loans**

*By residents to nonresidents* Yes.

*To residents from nonresidents* Yes.

Gifts, endowments, inheritances, and legacies

*By residents to nonresidents* On January 1, 1998, the ceiling was removed.

Settlement of debts abroad by immigrants Yes.

**Transfer of assets**

*Transfer abroad by emigrants* Effective January 1, 1999, the ceiling on emigration allowance was removed. Authorized banks may make payments up to F\$100,000 an applicant without the prior approval of the RBF.

Transfer of gambling and prize earnings Yes.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad Authorized dealers must obtain permission from the RBF to borrow abroad.

Maintenance of accounts abroad Yes.

Lending to nonresidents (financial or commercial credits) Effective January 1, 1999, the limits for lending to a newly established company or a branch of a company in Fiji (other than a bank) that is controlled directly or indirectly by persons who reside outside Fiji was raised to F\$1 million. Any amount in excess of this limit requires prior approval from the RBF. Borrowing by nonresident individuals is fully delegated to lending institutions and commercial banks.

Lending locally in foreign exchange The banks and nonbank financial institutions may not lend foreign currency to any resident of Fiji without the specific permission of the RBF.

Purchase of locally issued securities denominated in foreign exchange Yes.

**Investment regulations**

*Abroad by banks* Yes.

*In banks by nonresidents* An individual can (together with his or her relatives) own up to 15% of the voting shares of a bank or credit institution. Ownership through a company may be up to 30%. This does not preclude the establishment of branches or subsidiaries incorporated in Fiji of 100% nonresident-controlled financial institutions.

Open foreign exchange position limits Net open position limits in terms of each bank's actual capital are set at the greater of 12.5% or F\$0.4 million, and 25% or F\$0.8 million up to a maximum of F\$7.5 million, for a single currency and overall foreign currency, respectively.

The limit on gross outstanding forward foreign exchange sales contracts is set at 50% of each bank's capital in Fiji, provided net outstanding forward exchange sales contracts do not exceed F\$15 million.

**Provisions specific to institutional investors**

Limits (max.) on securities issued by nonresidents and on portfolio invested abroad Yes.

Limits (max.) on portfolio invested abroad	The limit for 1999 is F\$65 million, of which nonbank financial institutions are permitted to place F\$15 million offshore, and the Fiji National Provident Fund may place F\$50 million (up from F\$40 million in 1998).
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Other controls imposed by securities laws	n.a.
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### Changes During 1998

Imports and import payments	<i>January 1.</i> Authorized banks may approve advance payments for imports up to F\$500,000 without specific approval of the RBF.
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#### Exports and export proceeds

Payments for invisible transactions and current transfers	<i>January 1.</i> The ceilings were removed on payments for commissions, travel, costs for study abroad, subscriptions and membership fees, consulting fees, foreign workers' wages, family maintenance and alimony, and restrictions on the use of credit cards for personal use while on travel up to the imposed bank limits.
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#### Capital transactions

Provisions specific to commercial banks and other credit institutions	<i>January 1.</i> The ceiling on lending in Fiji dollars to nonresident-controlled business entities was increased to F\$1 million. Banks may lend to nonresident individuals without prior RBF approval.
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### Changes During 1999

Exports and export proceeds	<i>January 1.</i> The export retention limit was raised to 40% from 25% of an exporter's total export earnings for the previous year.
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Capital transactions	<i>January 1.</i> Locally incorporated companies were allowed to invest up to F\$500,000 a company, up to an overall national ceiling of F\$10 million to buy shares in companies offshore.
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Controls on credit operations	<i>January 1.</i> Bank guarantees were fully delegated to commercial banks.
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Controls on direct investment	<i>January 1.</i> Nonbank financial institutions may invest up to F\$65 million in 1999.
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	<i>January 1.</i> The limit on overseas investments for individuals and their relatives was increased to F\$20,000 a taxpayer, up to an overall ceiling of F\$10 million.
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	<i>January 1.</i> The limit on expenditure to set up sales offices or subsidiaries abroad by local companies remains at F\$500,000 a subsidiary.
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Controls on personal capital movements	<i>January 1.</i> The ceilings on the emigration allowance and operating profits for nonresident investors were removed.
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## FINLAND

(Position as of January 31, 1999)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: September 25, 1979.

#### Exchange Arrangement

##### Currency

As from January 1, 1999, the currency of Finland is the euro. In cash transactions, however, the legal tender remains the Finnish markka until 2002, when euro banknotes and coins will be issued.

##### Exchange rate structure

Unitary.

##### Classification

Exchange arrangement with no separate legal tender

Finland participates in a currency union (EMU) comprising 11 members of the EU: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. Internal exchange rates in respect to the national currencies of EMU participants were fixed to the euro on January 1, 1999, whereas the external exchange rate of the euro is market-determined. The conversion rate between the euro and the Finnish markka was set at Fmk 5.94573 per €1. The ECB has the right to intervene to smooth out fluctuations in external exchange rates.

##### Exchange tax

No.

##### Exchange subsidy

No.

##### Forward exchange market

Yes.

### Arrangements for Payments and Receipts

##### Prescription of currency requirements

No.

##### Payment arrangements

No.

##### Administration of control

There are no exchange controls. Import licensing is administered by the National Board of Customs. Export licensing relating to international export control regimes is administered by the trade department/foreign trade division of the Ministry of Trade and Industry.

##### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

Finland maintains exchange restrictions pursuant to UN Security Council resolutions against Iraq and Libya. Exchange restrictions on the Federal Republic of Yugoslavia (Serbia/Montenegro) and certain areas of the Republic of Bosnia and Herzegovina are terminated, with the exception of certain claims. Since June 22, 1998, Finland maintains certain exchange restrictions against the Federal Republic of Yugoslavia (Serbia/Montenegro) pursuant to EU regulations. A UN Security Council resolution on food for oil (Iraq) is implemented.

In accordance with UN sanctions

Yes.

##### Payment arrears

No.

##### Controls on trade in gold (coins and/or bullion)

No.

##### Controls on exports and imports of banknotes

No.

### Resident Accounts

**Foreign exchange accounts permitted**

Held domestically Yes.

Held abroad Yes.

**Accounts in domestic currency convertible into foreign currency** Yes.

### Nonresident Accounts

**Foreign exchange accounts permitted** Yes.

**Domestic currency accounts** Yes.

Convertible into foreign currency Yes.

**Blocked accounts** No.

### Imports and Import Payments

**Foreign exchange budget** No.

**Financing requirements for imports** No.

**Documentation requirements for release of foreign exchange for imports** No.

**Import licenses and other nontariff measures**

Negative list Yes.

Licenses with quotas The following products are subject to quantitative import restrictions and require an import license when imported into the EU: agricultural products; certain steel products subject to bilateral agreements with Russia and Ukraine; certain steel products subject to autonomous community quota for Kazakhstan; specific textile products subject to bilateral agreements with third countries, particularly third-country textile products subject to autonomous community quotas; and certain Chinese industrial products subject to autonomous community quotas.

**Import taxes and/or tariffs** No.

**State import monopoly** No.

### Exports and Export Proceeds

**Repatriation requirements** No.

**Financing requirements** No.

**Documentation requirements** No.

**Export licenses** Export licenses are required only for exports of goods related to international export control regimes and are administered by the Ministry of Trade and Industry. The sale of arms is strictly controlled by the Ministry of Defense.

Without quotas Yes.

**Export taxes** No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.

Restrictions on use of funds No.

### Capital Transactions

#### Controls on capital and money market instruments

On capital market securities

*Shares or other securities of a participating nature*

Purchase locally by nonresidents The control applies only to the purchase of shares and other securities of a participatory nature that may be affected by laws on inward direct investment and establishment.

Controls on derivatives and other instruments No.

Controls on credit operations No.

#### Controls on direct investment

Inward direct investment Acquisition of shares giving at least one-third of the voting rights in a Finnish defense enterprise to a single foreign owner requires prior confirmation by the Ministry of Defense; approval can be denied only if the safeguarding of the public defense is jeopardized.

Controls on liquidation of direct investment No.

Controls on real estate transactions No.

Purchase locally by nonresidents The controls apply only to the acquisition of real estate (1) for recreational purposes or secondary residences by nonresidents who have not previously been residents of Finland for at least five years; and (2) in the Aaland Islands.

Controls on personal capital movements No.

#### Provisions specific to commercial banks and other credit institutions

Open foreign exchange position limits Prudential regulation harmonized with EU directives is applied.

#### Provisions specific to institutional investors

Limits (max.) on portfolio invested abroad Yes.

Limits (min.) on portfolio invested locally Yes.

Currency-matching regulations on assets/liabilities composition Yes.

Other controls imposed by securities laws Yes.



**Changes During 1998****Arrangements for payments and receipts**

*June 22.* Finland introduced certain exchange restrictions against the Federal Republic of Yugoslavia (Serbia/Montenegro) pursuant to EU regulations.

**Changes During 1999****Exchange arrangement**

*January 1.* The currency of Finland became the euro. The conversion rate between the euro and the Finnish markka was set irrevocably at Fmk 5.94573 per €1.

# FRANCE

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 15, 1961.

### Exchange Arrangement

#### Currency

As from January 1, 1999, the currency of France is the euro. In cash transactions, however, the legal tender remains the French franc until 2002, when euro banknotes and coins will be issued.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

France participates in a currency union (EMU) comprising 11 members of the EU: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. Internal exchange rates in respect to the national currencies of EMU participants were fixed to the euro on January 1, 1999, whereas the external exchange rate of the euro is market determined. The conversion rate between the euro and the French franc was set at FF 6.55957 per €1. The ECB has the right to intervene to smooth out fluctuations in external exchange rates. Fixed conversion rates in terms of the euro apply to the CFP franc, which is the currency of the overseas territories of French Polynesia, New Caledonia, and Wallis and Futuna Islands. Two groups of African countries are linked to the French Treasury through an Operations Account: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo (franc de la Communauté financière africaine, issued by the BCEAO); and Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, and Gabon (franc de la Coopération financière en Afrique Centrale, issued by the BEAC). These fixed parities are CFAF 1 per €0.008385 and CFAF 1 per €0.001524, respectively.

The Comorian franc, issued by the Central Bank of the Comoros, which holds an Operations Account with the French Treasury, is linked to the French franc by a fixed parity of CF 1 to €0.001981.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Registered banks in France and Monaco, which may also act on behalf of banks established abroad or in Operations Account countries, are permitted to deal spot or forward in the exchange market in France. Registered banks may also deal spot and forward with their correspondents in foreign markets in all currencies. Nonbank residents may purchase foreign exchange forward in respect of specified transactions. All residents, including private persons, may purchase or sell foreign exchange forward without restriction. Forward sales of foreign currency are not restricted, whether or not they are for hedging purposes.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

The Ministry of Economy is the coordinating agency for financial relations with foreign countries. It is responsible for all matters relating to inward and outward direct investment and has certain powers over matters relating to insurance, reinsurance, annuities, and the like. The execution of all transfers has been delegated to registered banks and stockbrokers and to the Postal Administration.

**International security restrictions**

In accordance with UN sanctions      Restrictions on payments have been imposed on Iraq in accordance with a UN Security Council resolution.

**Payment arrears**      No.

**Controls on trade in gold (coins and/or bullion)**      No.

**Controls on exports and imports of banknotes**      Amounts exceeding the equivalent of F 50,000 must be declared to customs upon arrival or departure.

On imports

*Foreign currency*      At the request of Algeria, Morocco, and Tunisia, banknotes issued by these countries may not be exchanged in France.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically      Yes.

Held abroad      Yes.

**Accounts in domestic currency convertible into foreign currency**      Yes.

**Nonresident Accounts**

**Foreign exchange accounts permitted**      Yes.

**Domestic currency accounts**      Yes.

Convertible into foreign currency      Yes.

**Blocked accounts**      No.

**Imports and Import Payments**

**Foreign exchange budget**      No.

**Financing requirements for imports**      No.

**Documentation requirements for release of foreign exchange for imports**      A customs declaration is required.

**Import licenses and other nontariff measures**

Licenses with quotas      Licenses are required for some countries and some products. Imports of goods that originate outside of the EU and are subject to quantitative restrictions require individual licenses. Common EU regulations are also applied to imports from non-EU countries.

Other nontariff measures      Some imports from non-EU countries are subject to minimum prices; these require an administrative visa issued by the Central Customs Administration or the appropriate ministry and sometimes, exceptionally, an import license. Imports of products of the ECSC require such administrative visas when originating in non-ECSC countries. Imports from non-EU countries of most products covered by the CAP of the EU are subject to variable import levies that have replaced previous barriers. Common EU regulations are also applied to imports from non-EU countries of most other agricultural and livestock products. Quantitative restrictions consist of EU-wide and national restrictions. The former include textile and apparel limits under the MFA and voluntary export restraints.

	For some commodities, such as petroleum and petroleum products, global quotas are allocated annually. In other cases, quotas are allocated semiannually and apply to all countries (other than those that have bilaterally negotiated quotas or receive privileged treatment).
<b>Import taxes and/or tariffs</b>	Duties are collected at the time of entry into the EU in relation to the origin of the products and a tariff nomenclature. An agricultural levy (within the CAP) and, if necessary, an antidumping levy can be added.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	A customs declaration is required.
<b>Export licenses</b>	
Without quotas	Certain prohibited goods may be exported only under a special license.
<b>Export taxes</b>	Exports are not taxed, except for works of art, which are subject to the value-added tax.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Two controls were lifted: (1) a control on eurofranc issues, which was abolished on October 31, 1998; and (2) the control on the issuance of certificates of deposits by nonresident banks, which was eliminated on December 31, 1998.
On money market instruments	
<i>Sale or issue locally by nonresidents</i>	Nonresidents may only issue commercial papers.
<i>Sale or issue abroad by residents</i>	Yes.
On collective investment securities	
<i>Sale or issue locally by nonresidents</i>	The control does not apply to collective investment securities that are of EU origin and comply with the EU Directive.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	Direct investments are defined as those where foreign investors hold more than one-third of the capital. In the case of firms whose shares are quoted on the stock exchange, the threshold is reduced to 20% of the capital and applies to each individual foreign participation but not to the total of foreign participation. To determine whether a company is under foreign control, the Ministry of Economy and Finance may also take into account

	any special relationships resulting from stock options, loans, patents and licenses, and commercial contracts.
Inward direct investment	An authorization is needed for investments in areas pertaining to public order and defense.
Controls on liquidation of direct investment	The liquidation proceeds of foreign direct investment in France may be freely transferred abroad; the liquidation must be reported to the Ministry within 20 days of its occurrence. The liquidation of direct investments abroad is free from any prior application, provided that the corresponding funds had been reported to the Bank of France.
Controls on real estate transactions	No.
Controls on personal capital movements	No.
Provisions specific to commercial banks and other credit institutions	No.
Provisions specific to institutional investors	
Currency-matching regulations on assets/liabilities composition	European insurance companies are required to cover their technical reserves with assets expressed in the same currency.
Other controls imposed by securities laws	No.

### Changes During 1998

Capital transactions	<i>October 31.</i> The control on the issuance of eurofranc securities was eliminated. <i>December 31.</i> The control on the issuance of certificates of deposits was abolished.
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### Changes During 1999

Exchange arrangement	<i>January 1.</i> The currency of France became the euro. The conversion rate between the euro and the French franc was set at FF 6.55957 per €1. The fixed parities for Operations Account countries are: CFAF 1 per €0.008385 and CFAF 1 per €0.001524. The Comorian franc is fixed to the euro at CF 1 to €0.001981.
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# GABON

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 1, 1996.

### Exchange Arrangement

#### Currency

The currency of Gabon is the CFA franc.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The CFA franc is pegged to the euro, the intervention currency, at the fixed rate of CFAF 100 per €0.1524. Exchange transactions in euros between the BEAC and commercial banks take place at the same rate. Buying and selling rates for certain foreign currencies are also officially posted, with quotations based on the fixed rate for the euro and the rate for the currency concerned in the Paris exchange market, and include a commission. Commissions are levied at the rate of 0.25% on transfers made by the banks for their own accounts and on all private capital transfers to countries that are not members of the BEAC, except those made for the account of the Treasury, national accounting offices, national and international public agencies, and private entities granted exemption by the Ministry of Finance, Budget, and Participations (MOFBP) because of the nature of their activities.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

There are no forward exchange markets for the CFA franc. However, exporters and importers can always cover their position on the Paris foreign exchange market.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

Because Gabon is an Operations Account country, settlements with France, Monaco, and the other Operations Account countries (WAEMU members, Cameroon, Central African Republic, Chad, the Comoros, Republic of Congo, Equatorial Guinea, Gabon, and Guinea-Bissau) are made in CFA francs, euros, or the currency of any other institute of issue that maintains an Operations Account with the French Treasury. Settlements with all other countries are usually made through correspondent banks in France in the currencies of those countries or in euros through foreign accounts in francs.

### Payment arrangements

#### Regional arrangements

An Operations Account is maintained with the French Treasury that links Operations Account countries. All purchases or sales of foreign currencies or euros against CFA francs are ultimately settled through a debit or credit to the Operations Account.

#### Clearing agreements

Yes.

#### Administration of control

The Directorate of Financial Institutions (DFI) of the MOFBP supervises borrowing and lending abroad. Exchange control is administered by the MOFBP, which has partly delegated approval authority to the authorized banks for current payments and to the BEAC for issues related to the external position of the banks. All exchange transactions relating to foreign countries must be effected through authorized intermediaries—that is, the Postal Administration and authorized banks. Import and export authorizations, where necessary, are issued by the Directorate of External Trade of the Ministry of Commerce and Industry.

#### International security restrictions

n.a.

#### Payment arrears

No.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade

Residents are free to hold, acquire, and dispose of gold in any form in Gabon.

Controls on external trade

Imports and exports of gold require the authorization of the MOFBP. Exempt from this requirement are (1) imports and exports by or on behalf of the monetary authorities, and (2) imports and exports of manufactured articles containing a small quantity of gold (such as gold-filled or gold-plated articles). The exportation of gold is the monopoly of the Société gabonaise de recherches et d'exploitation minières. Imports of gold exempted from licensing and authorization requirements are subject to customs declaration.

**Controls on exports and imports of banknotes**

On exports

*Domestic currency*

There is no limit on the amount of banknotes that residents and nonresidents can export from one BEAC country to another, but exports of banknotes outside the BEAC zone are prohibited.

*Foreign currency*

Residents traveling outside the BEAC zone are subject to the various limits imposed on foreign exchange allowances allocated per trip, depending on the nature of the travel. Non-resident travelers may take with them foreign currency or other foreign means of payment equivalent to the maximum amount declared upon entry into the BEAC zone. Above this ceiling or in the absence of declaration, nonresidents must provide supporting documents explaining the origin of such amounts.

On imports

*Domestic currency*

There is no limit on the amount of banknotes that residents and nonresidents can import into one BEAC country from another, but imports of banknotes from outside the BEAC zone, both by residents and nonresidents, are prohibited.

*Foreign currency*

Resident and nonresident travelers may bring in any amount of banknotes and coins issued by the Bank of France or any other bank of issue maintaining an Operations Account with the French Treasury, as well as any amount of foreign banknotes and coins (except gold coins) of countries outside the Operations Account area.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically

No.

Held abroad

These accounts are permitted, but prior approval is required.

**Accounts in domestic currency convertible into foreign currency**

n.a.

**Nonresident Accounts****Foreign exchange accounts permitted**

These accounts are permitted, but prior approval is required.

**Domestic currency accounts**

The regulations pertaining to nonresident accounts are based on regulations that were applied in France before the abolition of all capital controls in 1989. Because the BEAC has suspended the repurchase of BEAC banknotes circulating outside the territories of its member countries, BEAC banknotes received by foreign correspondents' authorized banks and mailed to the BEAC agency in Libreville may not be credited to foreign accounts in francs.

Convertible into foreign currency

Yes.

**Blocked accounts**

n.a.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for re-release of foreign exchange for imports</b>	
Domiciliation requirements	All import transactions relating to foreign countries must be domiciled with an authorized bank.
Import licenses used as exchange licenses	Import declarations to or licences approved by the Ministry of Foreign Trade, and the MOFBP of DFI entitle importers to purchase the necessary foreign exchange, provided that the shipping documents are submitted to the authorized bank.
<b>Import licenses and other nontariff measures</b>	
Negative list	Some imports are prohibited for security and health reasons.
Open general licenses	Except for sugar, imports from all countries are free and do not require licenses. All imports, however, are subject to declaration.
Licenses with quotas	Importation of sugar is subject to a surcharge.
Other nontariff measures	All imports of commercial goods must be insured through authorized insurance companies in Gabon.
<b>Import taxes and/or tariffs</b>	The common duty rates of the UDEAC member countries of 5% for basic necessities, 10% for raw materials and capital goods, 20% for intermediate goods, and 30% for consumer goods are applied.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Proceeds from exports to countries outside the BEAC zone must be collected and repatriated within 30 days of the payment date stipulated in the contract, unless a special waiver is granted by the MOFBP.
Surrender requirements	Export proceeds received in currencies other than those of France or an Operations Account country must be surrendered within one month of collection.
<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	
Domiciliation	Export transactions relating to foreign countries must be domiciled with an authorized bank.
<b>Export licenses</b>	Exports are subject to declaration to the Ministry of Foreign Trade.
<b>Export taxes</b>	Export taxes are levied on mining products (0.5%) and forest products (5% to 11%).

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments for invisibles to France, and the Operations Account countries are permitted freely; payments to other countries are subject to bona fide tests in the form of declaration and presentation of appropriate documents to the MOFBP. For many types of payments, the monitoring function of the MOFBP has been delegated to authorized banks and the Postal Administration. Payments for invisibles related to trade are permitted freely when the basic trade transaction has been approved or does not require authorization.
Payments for travel	
<i>Quantitative limits</i>	Residents traveling to other countries of the franc zone may obtain an unlimited allocation of French francs. Within the BEAC zone, BEAC banknotes can be exported without limits.



	Residents traveling outside the BEAC zone are allowed to take out foreign banknotes and other means of payment up to a limit of CFAF 2 million and CFAF 5 million for tourism and business purposes, respectively.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	No information is available on the payment of pensions and family maintenance.
<i>Quantitative limits</i>	Persons traveling to countries outside the franc zone for medical reasons may obtain an exchange allocation of up to CFAF 2.5 million. Students or trainees leaving Gabon for the first time or returning to their normal place of study to countries outside the BEAC zone may obtain an exchange allowance equivalent to CFAF 1 million.
<i>Indicative limits/bona fide test</i>	Yes.
Foreign workers' wages	
<i>Quantitative limits</i>	Foreign workers are allowed to transfer 50% of their net salary upon presentation of their pay vouchers, provided that the transfers take place within three months of the pay period concerned.
Credit card use abroad	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	The use of credit cards, which must be issued by resident financial intermediaries and approved by the MOFBP, is limited to the ceilings indicated above for tourism and business travel.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Proceeds from transactions in invisibles with France, Monaco, and the Operations Account countries may be retained.
Surrender requirements	All amounts due from residents of other countries in respect of services and all income earned in those countries from foreign assets must be collected and, if received in foreign currency, surrendered within a month of the due date. Returning resident travelers are required to declare all means of payment in their possession upon arrival at customs and surrender within eight days all means of payment exceeding the equivalent of CFAF 25,000.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Capital movements between Gabon and France, and the Operations Account countries are free of exchange control, except for the sale or introduction of foreign securities. Capital transfers to all other countries are restricted and require the approval of the DFI, but capital receipts from these countries are permitted freely. All foreign securities, foreign currency, and titles embodying claims on foreign countries or nonresidents that are held in Gabon by residents or nonresidents must be deposited with authorized banks in Gabon.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Sale or issue locally by nonresidents	The issuing, advertising, or offering for sale of foreign securities in Gabon requires prior authorization from the MOFBP. Exempt from authorization, however, are operations in connection with (1) loans backed by a guarantee from the Gabonese government, and (2) shares similar to securities whose issuing, advertising, or offering for sale in Gabon has previously been authorized.
Purchase abroad by residents	Yes.

On money market instruments	Yes.
On collective investment securities	Yes.
<b>Controls on derivatives and other instruments</b>	Yes.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	Lending by residents or by branches or subsidiaries in Gabon of juridical persons whose registered office is abroad requires prior authorization from the MOFBP. The following are, however, exempt from this authorization: (1) loans granted by registered banks; and (2) other loans, of which the total amount outstanding does not exceed CFAF 50 million for any one lender. However, for loans that are free of authorization, each repayment must be declared to the Directorate of Financial Institutions within 20 days of the operation except when the total outstanding amount of all loans granted abroad by the lender does not exceed CFAF 5 million.
<i>To residents from nonresidents</i>	Borrowing by residents or by branches or subsidiaries in Gabon of juridical persons whose registered office is abroad requires prior authorization from the MOFBP. The following are, however, exempt from this authorization: (1) loans constituting a direct investment abroad for which prior approval has been obtained; (2) loans directly connected with the rendering of services abroad by the persons or firms mentioned above, or with the financing of commercial transactions either between Gabon and countries abroad or between foreign countries in which these persons or firms take part; (3) loans contracted by registered banks; and (4) loans other than those mentioned above, of which the total amount outstanding does not exceed CFAF 50 million for any one borrower. However, for the contracting of loans referred to under (4) that are free of authorization, each repayment must be declared to the Directorate of Financial Institutions within 20 days of the operation unless the total outstanding amount of all loans contracted abroad by the borrower is CFAF 5 million or less.
Financial credits	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
Guarantees, sureties, and financial backup facilities	Yes.
<b>Controls on direct investment</b>	
Outward direct investment	Investments, including those made by companies in Gabon that are directly or indirectly under foreign control and those made by branches or subsidiaries of foreign companies in Gabon, must be declared to the MOFBP unless they take the form of a capital increase resulting from reinvestment of undistributed profits.
Inward direct investment	Investments must be declared to the MOFBP within 20 days of the operation unless they take the form of a capital increase resulting from the reinvestment of undistributed profits; within two months of receipt of the declaration, the MOFBP may request the postponement of the project. Foreign companies investing in Gabon must offer shares for purchase by Gabonese nationals for an amount equivalent to at least 10% of the company's capital.
<b>Controls on liquidation of direct investment</b>	The full or partial liquidation of direct investments in Gabon must be declared to the MOFBP within 20 days of the operation unless the operation involves the relinquishing of a shareholding that had previously been approved as constituting a direct investment in Gabon.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Purchases are not permitted.
<b>Controls on personal capital movements</b>	n.a.

<b>Provisions specific to commercial banks and other credit institutions</b>	n.a.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### **Changes During 1998**

No significant changes occurred in the exchange and trade system.

### **Changes During 1999**

<b>Exchange arrangement</b>	<i>January 1.</i> The CFA franc peg to the French franc was replaced with a peg to the euro.
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# THE GAMBIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: January 21, 1993.

### Exchange Arrangement

Currency	The currency of The Gambia is the Gambian dalasi.
Exchange rate structure	Unitary.
Classification	
Independently floating	The exchange rate of the dalasi is determined in the foreign exchange market. Commercial banks and foreign exchange bureaus are free to transact among themselves, with the Central Bank of The Gambia (CBG), or with customers at exchange rates agreed on by the parties to these transactions. The CBG conducts a foreign exchange market review session on the last working day of each week with the participation of the commercial banks and foreign exchange bureaus. During this session, the average market rate during the week is announced as the rate for customs valuation purposes for the following week.
Exchange tax	No.
Exchange subsidy	No.
Forward exchange market	No.

### Arrangements for Payments and Receipts

Prescription of currency requirements	No.
Payment arrangements	
Regional arrangements	The Gambia participates in the WAMA.
Clearing agreements	Yes.
Administration of control	No.
International security restrictions	n.a.
Payment arrears	No.
Controls on trade in gold (coins and/or bullion)	No.
Controls on exports and imports of banknotes	No.

### Resident Accounts

Foreign exchange accounts permitted	These accounts are not permitted.
Accounts in domestic currency convertible into foreign currency	n.a.

### Nonresident Accounts

Foreign exchange accounts permitted	No.
Domestic currency accounts	Yes.

Convertible into foreign currency	Accounts denominated in dalasis are designated external accounts and may be opened without reference to the CBG when commercial banks are satisfied that the account holder's source of funds is from abroad in convertible foreign currency. Designated external accounts may be credited with payments from residents of other countries, with transfers from other external accounts, and with the proceeds of sales through the banking system of other convertible currencies. They may be debited for payments to residents of other countries, for transfers to other external accounts, and for purchases of other convertible currencies.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	
Negative list	Imports of certain goods are subject to prior authorization for health and security reasons.
Open general licenses	Yes.
Import taxes and/or tariffs	Customs duty rates range from zero to 20%. All merchandise imports are subject to a national sales tax of 10% calculated on the c.i.f. value. Imports by the government, diplomatic missions, and charitable organizations are exempt from this tax.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	
Without quotas	The exportation of forestry products is subject to prior authorization from the Forestry Department.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	
On capital market securities	There are no capital markets or stock exchange markets in The Gambia.

On money market instruments	There is no market in these instruments.
On collective investment securities	There is no market in these instruments.
<b>Controls on derivatives and other instruments</b>	These instruments do not exist in The Gambia.
<b>Controls on credit operations</b>	
Financial credits	
<i>To residents from nonresidents</i>	Yes.
<b>Controls on direct investment</b>	No.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Yes.
Purchase locally by nonresidents	Yes.
Sale locally by nonresidents	Yes.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Differential treatment of deposit accounts in foreign exchange	There are no deposit accounts in foreign exchange.
Open foreign exchange position limits	The limit in the interbank foreign exchange market set by the CBG must be observed on a weekly basis, and transactions must be reported daily to the CBG.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# GEORGIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: December 20, 1996.

### Exchange Arrangement

#### Currency

The currency of Georgia is the Georgian lari.

#### Exchange rate structure

Unitary.

#### Classification

Independently floating

Effective December 7, 1998, the National Bank of Georgia (NBG) ceased to intervene in the foreign exchange market and allowed the exchange rate of the lari to float. The previous exchange rate regime had been a conventional pegged arrangement. While the NBG does not intervene anymore in the market to defend the exchange rate, it intends to purchase foreign exchange provided this is consistent with its inflation objectives. The official exchange rate for the dollar is determined daily. The official rates for other currencies are determined on the basis of the cross rates for the dollar and the currencies concerned in the international market. The official exchange rates are used for budget and tax accounting purposes, as well as for all payments between the government and enterprises and other legal entities. The NBG and the major commercial banks participate in the fixing sessions at the Tbilisi Interbank Currency Exchange (TICEX) for all commercial transactions; the exchange rate of the lari is negotiated freely between the banks and foreign exchange bureaux that are licensed by the NBG and their customers. Foreign exchange bureaux are permitted to buy and sell foreign currency notes.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

A limited number of forward foreign exchange transactions were conducted in June and July 1998, but now this market is largely inoperative.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

The NBG is responsible for administering exchange control regulations, which are formulated in collaboration with the MOF. The NBG has the authority to issue general foreign exchange licenses to banks permitting them to engage in foreign exchange transactions with residents and nonresidents and to open correspondent accounts with banks outside Georgia. The NBG also has the authority to issue internal licenses to banks permitting them to engage in the same range of foreign exchange transactions as general license holders, except the opening of correspondent accounts with banks abroad. All transfers of foreign exchange by holders of internal licenses must be carried out through correspondent accounts held either with the NBG or with a bank that holds a general license. The NBG also has the authority to issue licenses for the establishment of exchange bureaux to engage in cash transactions.

#### International security restrictions

No.

#### Payment arrears

Official

Georgia accumulated official arrears to Turkmenistan. The Georgian and Turkmen authorities have already initiated negotiations on a rescheduling agreement for the full amount of the arrears accumulated.

<b>Controls on trade in gold (coins and/or bullion)</b>	A license is required to trade in gold.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	Up to four units of each currency denomination may be taken out without permission.
On imports	A declaration is required.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	There are no restrictions on the opening and use of these accounts, and the balances may be used for all authorized transactions.
Held abroad	Yes.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	
Negative list	Licenses are required for imports of weapons, narcotics, industrial equipment, pharmaceuticals, and agricultural pesticides; licenses are issued by the State Committee on Foreign Economic Relations (SCFER).
<b>Import taxes and/or tariffs</b>	A customs duty of 12% is levied on most non-CIS imports as well as imports of fuels from CIS countries; certain goods are subject to a 5% customs duty, including specific capital goods, medical goods and equipment, and certain raw materials. Items exempted from customs duties include mazut, baby food, goods for embassies, imported goods in customs warehouses, reexports, some pharmaceutical products, and raw materials and semifinished goods destined for production of exports within certain limits. All imports are subject to a 0.3% customs processing fee.
<b>State import monopoly</b>	n.a.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
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<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	
Other	Yes.
<b>Export licenses</b>	Licensing is administered by the SCFER. Licenses are required for logs; scrap metal; pine seeds; numismatic collections considered national treasures; certain biological, paleontological, archeological, and ethnographic goods; and raw materials for the production of medicine. Exports of scrap metal are subject to a specific tax equivalent to 20 percent ad valorem rate. Exports of arms and narcotics are subject, in practice, to prohibitions.
Without quotas	Yes.
<b>Export taxes</b>	All exports are subject to a general customs processing fee of 0.3%.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	There are indicative limits/bona fide tests in the case of all payments for invisible transactions and current transfers.
Investment-related payments	No information is available on the payment of amortization of loans or depreciation of direct investments.
Credit card use abroad	
<i>Prior approval</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Inward and outward capital operations are not restricted but are subject to registration requirements for monitoring purposes. The issuance, trading, recording, and redemption of government securities are regulated. The Law on Securities and Stock Exchanges is currently being developed.
On capital market securities	
<i>Bonds or other debt securities</i>	
Sale or issue abroad by residents	Yes.
On money market instruments	
<i>Purchase locally by nonresidents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	
Purchase locally by nonresidents	Yes.
Sale or issue locally by nonresidents	Yes.
Sale or issue abroad by residents	Yes.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	Under the Foreign Investment Law, the taxation and promotion of investment activities by joint ventures and foreign enterprises is regulated by the current tax legislation. Foreign investment enterprises that received licenses before this law came into effect enjoy all

	rights and benefits granted under the previous law for a period of five years from the date of issuance of those licenses.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	n.a.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Yes.
Maintenance of accounts abroad	Yes.
Lending to nonresidents (financial or commercial credits)	Yes.
Lending locally in foreign exchange	Yes.
Investment regulations	
<i>Abroad by banks</i>	Yes.
<i>In banks by nonresidents</i>	Yes.
Open foreign exchange position limits	
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<i>December 7.</i> The NBG ceased to intervene in the foreign exchange market and allowed the exchange rate of the lari to float. Accordingly, the currency has been reclassified to independently floating from a conventional pegged arrangement.
<b>Capital transactions</b>	
Controls on capital and money market instruments	<i>March 5.</i> The Law of Georgia on the Public Debt regulating the issuance, trading, recording, and redemption of government securities was passed.

# GERMANY

(Position as of April 30, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 15, 1961.

### Exchange Arrangement

#### Currency

As from January 1, 1999, the currency of Germany is the euro. In cash transactions, however, the legal tender is the deutsche mark until 2002, when euro banknotes and coins will be issued.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

Germany participates in a currency union (EMU) comprising 11 members of the EU: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. Internal exchange rates in respect to the national currencies of EMU participants were fixed to the euro on January 1, 1999, whereas the external exchange rate of the euro is market-determined. The conversion rate between the euro and the deutsche mark was set at DM 1.95583 per €1. The ECB has the right to intervene to smooth out fluctuations in external exchange rates.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Residents and nonresidents may freely negotiate forward exchange contracts for both commercial and financial transactions in all leading convertible currencies in the domestic exchange market and at major international foreign exchange markets. Germany has no officially fixed rates in the forward exchange market. All transactions are negotiated at free market rates.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

All banks in Germany are permitted to carry out foreign exchange transactions.

#### International security restrictions

In accordance with UN sanctions

In compliance with UN Security Council resolutions and EU regulations, restrictions have been imposed on the making of payments and transfers for current international transactions regarding Iraq and the Federal Republic of Yugoslavia (Serbia/Montenegro). Restrictions against Libya were suspended on April 5, 1999.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

No.

#### Controls on exports and imports of banknotes

No.

## Resident Accounts

#### Foreign exchange accounts permitted

Held domestically

Yes.

Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	Yes.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	
Negative list	Yes.
Licenses with quotas	The importation of certain nontextile goods from China is subject to the EU's annual global quota.
Other nontariff measures	Imports of numerous textile products are subject to the agreement on textiles and clothing and to bilateral agreements and regulations of the EU with various supplier countries. Most goods covered by the CAP are subject to variable import levies. Imports of rolled steel products from Russia and Ukraine are subject to an annual quota under a voluntary restrictions agreement. Imports of rolled steel products from Kazakhstan are subject to an autonomous EU quota.
Import taxes and/or tariffs	No.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	For statistical purposes, an export notification is required for all goods.
Other	Yes.
Export licenses	
Without quotas	Certain exports (mostly military and dual-use goods) are subject to individual, global, or general licensing. The customs authorities exercise control over export declarations.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Effective January 1, 1999, the restriction on purchases of federal savings bonds by nonresident entities and the prohibition on the sale or issue of bonds and/or money market securities and debt instruments denominated in euro issued by resident and nonresident banks with maturity of less than two years were abolished, as was the requirement that securities denominated in deutsche mark should only be issued under the lead management of credit institutions domiciled in Germany.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	No.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	The provisions on minimum reserve requirements were abolished as of January 1, 1999.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	There are certain provisions for the portfolio of life insurances and pension funds for prudential regulations.
Limits (max.) on portfolio invested abroad	The same regulations apply as for securities.
Currency-matching regulations on assets/liabilities composition	Currency-matching regulations for life insurances, pension funds, and old-age provision investment funds exist.
<b>Other controls imposed by securities laws</b>	Yes.

### Changes During 1998

<b>Arrangements for payments and receipts</b>	<i>May 1.</i> Restrictions for security reasons were imposed on the Federal Republic of Yugoslavia (Serbia/Montenegro).
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### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> The currency of Germany became the euro. The conversion rate between the euro and the deutsche mark was set irrevocably at DM 1.95583 per €1.
<b>Arrangements for payments and receipts</b>	<i>April 5.</i> Restrictions for security reasons against Libya were suspended.

**Capital transactions**

*January 1.* The restriction of purchases of federal savings bonds by nonresident entities and the prohibition on the sale or issue of bonds and/or money market securities and debt instruments denominated in euro issued by resident and nonresident banks with maturity of less than two years were abolished, as was the requirement that securities denominated in deutsche mark should only be issued under the lead management of credit institutions domiciled in Germany.

**Provisions specific to commercial banks and other credit institutions**

*January 1.* The provisions on minimum requirements were abolished.

# GHANA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 2, 1994.

### Exchange Arrangement

#### Currency

The currency of Ghana is the Ghanaian cedi.

#### Exchange rate structure

Unitary.

#### Classification

#### Independently floating

The exchange rate of the cedi is determined in the interbank foreign exchange market. The average exchange rate in the interbank market is used for official valuation purposes but is not always applied by authorized banks in their transactions with each other or with their customers. Rates are quoted by authorized dealers for certain other currencies, with daily quotations based on the buying and selling rates for the dollar in markets abroad.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Settlements related to transactions covered by bilateral payment agreements are made through clearing accounts maintained by the Bank of Ghana (BOG) and the central banks of the countries concerned. Proceeds from exports to countries with which Ghana does not have bilateral payment agreements must be received in the currency of the importing country (if that currency is quoted by the BOG) or debited for authorized inward payments to residents of Ghana for transfers to other official accounts related to the same country and for transfers to the related clearing account at the BOG.

#### Payment arrangements

##### Bilateral payment arrangements

##### *Inoperative*

Ghana has agreements with Bulgaria, China, Cuba, the Czech Republic, Poland, Romania, and the Slovak Republic. The clearing balances on these agreements are being settled.

#### Administration of control

The BOG records and confirms foreign capital inflows and administers foreign exchange for official payments and travel. All foreign exchange transactions by the private sector are approved and effected by authorized banks without reference to the BOG.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

Domestic transactions in gold may be authorized by the Precious Minerals Marketing Company, and certain domestic sales may be carried out by permit under the Gold Mining Products Protection Ordinance.

##### Controls on external trade

Ghanaian residents may not buy or borrow any gold from, or sell or lend any gold to, any person other than an authorized dealer. Imports of gold other than those by or on behalf of the monetary authorities are not normally licensed. The import duty on gold, including bullion and partly worked gold, is levied at a uniform rate of 25%. The gold mines export their output in semirefined form.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

The exportation of Ghanaian banknotes is permitted up to the equivalent of ₵5,000.

*Foreign currency*

Residents traveling abroad are permitted to carry up to the equivalent of \$3,000 and \$5,000 or equivalent in travelers' checks or bank drafts for direct purchases.

**On imports***Domestic currency*

Travelers may reimport up to the equivalent of ₵5,000 that they were allowed to export.

**Resident Accounts****Foreign exchange accounts permitted****Held domestically**

Yes.

**Held abroad**

These accounts are permitted, but approval is required.

**Accounts in domestic currency convertible into foreign currency**

Conversion is not allowed, except for approved purposes.

**Nonresident Accounts****Foreign exchange accounts permitted**

The accounts may be credited with authorized outward payments, with transfers from other foreign accounts, and with the proceeds from sales of convertible currency. They may be debited for inward payments, for transfers to other foreign accounts, and for purchases of external currencies upon approval by the BOG. Nonresident account status is granted to embassies, delegations, consulates, and offices of high commissioners in Ghana and to the non-Ghanaian members of their staffs. It is also available to international institutions and foreign-registered companies operating in Ghana, and to nonresident Ghanaians.

**Domestic currency accounts**

Yes.

**Convertible into foreign currency**

These accounts are permitted, but prior approval is required.

**Blocked accounts**

Funds not placed at the free disposal of nonresidents (for example, certain types of capital proceeds) may be deposited in blocked accounts, which may be debited for authorized payments, including for purchases of approved securities.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports****Preshipment inspection**

Required for imports above ₵5,000.

**Letters of credit**

Most imports are effected with confirmed LCs established through authorized banks on a sight basis.

**Import licenses and other nontariff measures****Negative list**

Yes.



<b>Import taxes and/or tariffs</b>	Tariffs range from zero to 25% of the c.i.f. value of imports. A significant portion of imports, mostly for investment, is exempted.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Exporters are required to collect and repatriate in full the proceeds from their exports within 60 days of shipment; proceeds from exports of nontraditional products may be sold at market rates upon receipt in the banks.
<b>Surrender requirements</b>	Twenty to 40% of gold and 98% of cocoa export proceeds are surrendered to the BOG. Traditional exports are not subject to surrender requirements.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	
Letters of credit	LCs are required, except for nontraditional exports.
Guarantees	Yes.
Domiciliation	Yes.
Preshipment inspection	An inspection is required, except for nontraditional exports.
<b>Export licenses</b>	No.
<b>Export taxes</b>	Cocoa exports are subject to an export tax that is calculated as the difference between export proceeds and payments to farmers, together with the Cocoa Board's costs if proceeds exceed payments.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

Trade-related payments	Freight charges may be paid to the local shipping agents; the transfer of funds to cover such charges is normally permitted, provided that the application is properly documented.
<i>Quantitative limits</i>	Quantitative limits are applied for commissions.
Investment-related payments	
<i>Prior approval</i>	Prior approval is required for the payment of amortization of loans or depreciation of direct investments.
Payments for travel	
<i>Quantitative limits</i>	Residents traveling abroad are permitted to carry up to the equivalent of \$3,000. In addition, resident travelers are permitted to carry up to the equivalent of \$5,000 in traveler's checks or bank drafts for direct purchases abroad.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
<b>Surrender requirements</b>	All receipts from invisibles must be sold to authorized dealers or held in foreign-exchange-denominated bank accounts in resident banks.
<b>Restrictions on use of funds</b>	No.

## Capital Transactions

### Controls on capital and money market instruments

#### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents Nonresidents may purchase securities listed on the Ghana Stock Exchange (GSE); individual holdings and total holdings of all nonresidents in one security listed on the GSE may not exceed 10% and 74%, respectively. For companies not listed on the GSE, nonresident participation requires the following minimum equity injections to acquire shares: (1) \$10,000 or its equivalent in capital goods when the enterprise is a joint venture; (2) \$50,000 or its equivalent in capital goods when the enterprise is wholly owned by a non-Ghanaian; and (3) \$300,000 or its equivalent in capital goods in the case of a trading enterprise involved only in the purchasing and selling of goods that is either wholly or partly owned by a non-Ghanaian and that employs at least 10 Ghanaians.

Sale or issue locally by nonresidents These transactions require prior approval from the BOG and the MOF. The transfer or repatriation of proceeds from sales must be reported to the BOG.

Purchase abroad by residents There are no restrictions on these purchases, but the purchase of foreign exchange to buy securities requires the prior approval of the BOG.

Sale or issue abroad by residents These transactions require the prior approval of the BOG.

##### *Bonds or other debt securities*

Sale or issue locally by nonresidents These transactions require the prior approval of the BOG.

Purchase abroad by residents These transactions require the prior approval of the BOG.

Sale or issue abroad by residents These transactions require the prior approval of the BOG.

#### On money market instruments

*Purchase locally by nonresidents* Current regulations do not allow nonresidents to bring in foreign exchange for the purpose of investing in local money market instruments (BOG and government securities). However, nonresidents holding local currencies may invest in these instruments.

*Sale or issue locally by nonresidents* These transactions are not allowed.

*Purchase abroad by residents* No restrictions apply to these purchases, but the purchase of foreign exchange to buy these instruments requires the prior approval of the BOG.

*Sale or issue abroad by residents* These transactions are not allowed.

#### On collective investment securities

*Purchase locally by nonresidents* These purchases require prior approval of the BOG.

*Sale or issue locally by nonresidents* These transactions, as well as the transfer abroad of proceeds associated with these sales, including those derived from the liquidation of such securities, require BOG approval.

*Purchase abroad by residents* The purchase of foreign exchange to buy such securities requires prior approval from the BOG.

*Sale or issue abroad by residents* These transactions require the consent of the MOF.

### Controls on derivatives and other instruments

Currently, a local market in derivatives and other instruments does not exist.

Purchase locally by nonresidents Yes.

Sale or issue locally by nonresidents Yes.

Purchase abroad by residents The purchase of foreign exchange to effect such transactions requires BOG approval.

Sale or issue abroad by residents Yes.

**Controls on credit operations**

## Commercial credits

*To residents from nonresidents*

Prior approval is required from the BOG for the credits, which must be channeled through the banking system. Transactions must be supported by relevant documents.

## Financial credits

*To residents from nonresidents*

These credits require BOG approval.

**Controls on direct investment**

## Outward direct investment

All capital outflows must be approved by the BOG; applications for such transfers must be supported by documentary evidence and are considered on their merits.

## Inward direct investment

Certain areas of economic activity are not open to foreigners. Foreign investments in Ghana require the prior approval of the Ghana Investment Center (GIPC) if they are to benefit from the facilities available under the GIPC Act, under which approved investments are guaranteed, in principle, the right to transfer profits and, in the event of sale or liquidation, capital proceeds. Tax holidays and initial capital allowances are also available for such investments.

The minimum qualifying amounts of investment by a non-Ghanaian are as follows: (1) \$10,000 or its equivalent in capital goods by way of equity participation in a joint-venture enterprise with a Ghanaian partner; (2) \$50,000 or its equivalent in capital goods by way of equity when the enterprise is wholly owned by a non-Ghanaian; and (3) \$300,000 or its equivalent in goods by way of equity capital when the enterprise is either wholly or partly owned by a non-Ghanaian, employs at least 10 Ghanaians, and is involved in the purchasing and selling of goods.

**Controls on liquidation of direct investment**

The GIPC Act stipulates that the assets of foreign investors may not be expropriated. Disputes over the amount of compensation are settled in accordance with the established procedure for conciliation (for example, through arbitration by the International Center for Settlements of Investment Disputes or the United Nations Commission on International Trade and Law).

**Controls on real estate transactions**

## Purchase abroad by residents

Individuals are allowed up to \$500.

## Sale locally by nonresidents

Yes.

**Controls on personal capital movements**

There are controls on all personal capital movements, except for the transfer of assets into the country by immigrants.

**Provisions specific to commercial banks and other credit institutions**

## Borrowing abroad

BOG notification is required.

## Maintenance of accounts abroad

BOG notification is required.

## Lending to nonresidents (financial or commercial credits)

Yes.

## Lending locally in foreign exchange

Yes.

## Purchase of locally issued securities denominated in foreign exchange

These purchases are allowed within reasonable or acceptable limits.

## Investment regulations

*In banks by nonresidents*

Yes.

## Open foreign exchange position limits

Based on the volume of foreign exchange transactions of dealer banks. This is subject to periodic review.

**Provisions specific to institutional investors**

No.

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Other controls imposed by securities laws      No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

## GREECE

(Position as of January 31, 1999)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: July 22, 1992.

#### Exchange Arrangement

##### Currency

The currency of Greece is the Greek drachma.

##### Exchange rate structure

Unitary.

##### Classification

Pegged exchange rate within horizontal bands

The exchange rate for the drachma is determined in daily fixing sessions in which the Bank of Greece (BOG) and authorized commercial banks participate. Since March 15, 1998, Greece has been a member of the ERM of the EMS. Greece was admitted to the ERM II on January 1, 1999.

##### Exchange tax

No.

##### Exchange subsidy

No.

##### Forward exchange market

Official cover of forward operations

The BOG provides credit institutions forward foreign exchange transactions in the form of currency swaps.

### Arrangements for Payments and Receipts

##### Prescription of currency requirements

Settlements with all countries may be made in any convertible foreign currency or through nonresident deposit accounts in drachmas.

##### Payment arrangements

No.

##### Administration of control

There are no exchange controls. Resident credit institutions are authorized to carry out all the necessary formalities for the settlement of all transactions with nonresidents and are obliged to provide to the BOG all the information necessary to compile the balance of payments. In addition, natural and juridical persons must inform the BOG, for statistical purposes, of transactions with nonresidents of sums greater than €2,000 if a domestic banking institution is not involved.

##### International security restrictions

In accordance with UN sanctions

Yes.

##### Payment arrears

No.

##### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade

Residents may freely purchase new gold sovereigns from the BOG through licensed stock-brokers at a price set by the BOG. These gold coins may be resold only to the BOG or to the Athens Stock Exchange. Holders of gold coins acquired in the free market that existed before December 22, 1965 may sell them without any formality to the BOG or to an authorized bank at the official price.

Controls on external trade

Gold bars or coins brought in by travelers and declared upon entry may be reexported after approval by the BOG.

##### Controls on exports and imports of banknotes

On exports

Residents and nonresidents leaving Greece should declare amounts of banknotes and personal checks in domestic and/or foreign currency exceeding the equivalent of €2,000. For

amounts up to the equivalent of €10,000, they must provide in the declaration the purpose of the export of banknotes and additionally: (1) if they are residents of Greece, their fiscal number; (2) if they are residents of other EU member countries, the number of their identification and/or passport number; and (3) if they are residents of other non-EU member countries, their passport number. If the amount exceeds the equivalent of €10,000, residents must also provide a copy of their tax certificate.

<i>Domestic currency</i>	Yes.
<i>Foreign currency</i>	Yes.
On imports	Residents and nonresidents entering Greece should declare the imported banknotes and personal checks in domestic and foreign currency if the total amount exceeds the equivalent of €10,000.
<i>Domestic currency</i>	Yes.
<i>Foreign currency</i>	Yes.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	Yes.
Held abroad	Yes.

#### Accounts in domestic currency convertible into foreign currency

Residents are permitted to convert drachma deposits held with resident credit institutions into foreign currency deposits.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	Special import licenses are required for specific products from certain low-cost countries under EU surveillance. Special regulations govern imports of certain items such as medicines, narcotics, and motion picture films.
Licenses with quotas	Yes.
Other nontariff measures	Yes.
Import taxes and/or tariffs	No.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
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<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	No.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

##### Payments for travel

*Indicative limits/bona fide test* The limit is the equivalent of €2,000 a trip a person in domestic or foreign currency.

##### Personal payments

*Indicative limits/bona fide test* The limit is the equivalent of €2,000 a trip a person in foreign or domestic banknotes; additional amounts are permitted upon presentation of the relevant documentation.

##### Foreign workers' wages

*Prior approval* Remittances of earnings by foreign workers are permitted, with the provision of the relevant documentation.

##### Credit card use abroad

*Indicative limits/bona fide test* The limit on withdrawal in foreign banknotes is the equivalent of €1,000 a month.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

*Shares or other securities of a participating nature*

Purchase locally by nonresidents Existing legislation on inward direct investment and establishment imposes certain restrictions on the purchase of shares and other securities of a participatory nature in the broadcasting and maritime sectors.

**Controls on derivatives and other instruments** No.

**Controls on credit operations** No.

#### Controls on direct investment

##### Inward direct investment

Investments in border regions by non-EU residents require approval for reasons of national security. There are also restrictions on the acquisition of mining rights and participation in new or existing enterprises if these are engaged in radio and television broadcasting or maritime and air transport.

**Controls on liquidation of direct investment** No.

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<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	
Transfer of gambling and prize earnings	Transfer is permitted with the provision of the relevant documents.
<b>Provisions specific to commercial banks and other credit institutions</b>	No.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	Over-the-counter transactions of equities listed on the Athens Stock Exchange are not allowed.

### **Changes During 1998**

<b>Exchange arrangement</b>	<i>March 15.</i> Greece was admitted to the ERM of the EMS.
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### **Changes During 1999**

<b>Exchange arrangement</b>	<i>January 1.</i> Greece was admitted to the ERM II.
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# GRENADA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: January 24, 1994.

### Exchange Arrangement

<b>Currency</b>	The currency of Grenada is the Eastern Caribbean dollar, which is issued by the ECCB.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Exchange arrangement with no separate legal tender	The Eastern Caribbean dollar is pegged to the U.S. dollar, the intervention currency, at EC\$2.70 per US\$1.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	No.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	Settlements with residents of member countries of the CARICOM must be made either through external accounts in Eastern Caribbean dollars, in the currency of the CARICOM country concerned, or in U.S. dollars. Settlements with residents of the former Sterling Area, other than CARICOM countries, may be made in pounds sterling, in any other former Sterling Area currency, or in Eastern Caribbean dollars to and from external accounts. Settlements with residents of other countries are made in any foreign currency or through an external account in Eastern Caribbean dollars.
<b>Payment arrangements</b>	
Regional arrangements	Yes.
Clearing agreements	Grenada participates in the CMCF.
<b>Administration of control</b>	Exchange control is administered by the MOF and applies to all countries. The MOF delegates to authorized dealers the authority to approve some import payments and certain other outward payments. The Trade Division of the MOF administers trade control.
<b>International security restrictions</b>	
In accordance with UN sanctions	There are restrictions on trade relations with Libya.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	Residents other than the monetary authorities, authorized dealers, and industrial users are not permitted to hold or acquire gold in any form other than jewelry or coins for numismatic purposes.
Controls on external trade	Imports of gold are permitted for industrial purposes only and are subject to customs duties and charges. The MOF issues licenses to import gold. The exportation of gold is not normally permitted.
<b>Controls on exports and imports of banknotes</b>	
On exports	
Foreign currency	Nonresident travelers may export, with the approval of the MOF, any foreign currency they previously brought into Grenada, and both residents and nonresidents must receive permission from the MOF to take out, in any one transaction, sums in excess of EC\$250,000.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	These accounts may be freely debited but can be credited only with foreign exchange earned or received from outside the ECCB area. Holders of these accounts must submit regular statements of debits and credits to the MOF.
Held domestically	Yes.
Held abroad	n.a.
<b>Accounts in domestic currency convertible into foreign currency</b>	n.a.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	The same regulations apply as for resident accounts.
<b>Domestic currency accounts</b>	These accounts must be credited with funds from an external source, and a statement of debits and credits must be submitted to the MOF every month for each external account.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	Payments for documented imports are free of restrictions. Payments for restricted imports and any goods and services in excess of the limits of authorized dealers require permission from the MOF.
Letters of credit	Yes.
<b>Import licenses and other nontariff measures</b>	
Negative list	Prohibited goods include whole chickens, chicken eggs, live breeding poultry, war toys, animal skins, and various drugs deemed to be dangerous.
Open general licenses	There are quantitative restrictions on certain items from non-CARICOM sources, including bulk purchases of milk; sugar; rice; a variety of tropical fruits and vegetables; carbonated beverages; arms and ammunition; industrial gas; paints; and miscellaneous items associated with furniture, clothing, and the construction industry. Items from the CARICOM area that require licenses include curry products, cigarettes, industrial gas, furniture, exotic birds, solar water heaters, and various tropical fruits and vegetables.
Licenses with quotas	Yes.
Other nontariff measures	Ceiling prices on garments, handbags, refrigerators, and stoves are set.
<b>Import taxes and/or tariffs</b>	All imports from non-CARICOM countries are subject to a CET of 25% to 35%. All imports are subject to a 5% customs service charge, and imports not exempt from customs duties are subject to a CET of 25% to 35%. Imports not granted exemptions from customs duties are subject to a general consumption tax (GCT) regime with three broad rates of 10%, 15%, and 25%. There are three additional GCT rates of 50%, 55%, and 75%, that are applied to specific items such as imports of new cars, imports of foreign used cars, and cigarettes, respectively. An environmental levy is charged that consists of an EC\$.25 duty on each imported bottle of liquor, carbonated and noncarbonated beverages, and syrups. The levy also consists of a 1% charge on the c.i.f. of white goods (durable consumer items) and a 2% charge on the c.i.f. of imported cars. Imports of capital equipment are subject to a minimum charge of 5% under the CET and 25% under the consumption tax. However,

most capital imports are granted exemptions from import duties, and all capital imports by domestic associations involved in the growing or packaging of bananas, maize, or nutmeg are exempt from import duties, provided that the imports are used for improvements in the industries.

**State import monopoly**

The Marketing and National Importing Board is the sole authorized importer of bulk purchases of milk, flour, and sugar.

### Exports and Export Proceeds

**Repatriation requirements**

Yes.

**Surrender requirements**

Proceeds must be surrendered to authorized dealers (commercial banks) in foreign exchange.

**Financing requirements**

n.a.

**Documentation requirements**

n.a.

**Export licenses**

Specific licenses are required for the exportation of exotic birds, coral, mineral products, and live sheep and goats to any destination.

**Without quotas**

Yes.

**Export taxes**

No.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

Payments for invisibles related to authorized imports are not restricted but require the approval of the MOF whenever a single transaction exceeds EC\$250,000.

**Trade-related payments**

*Prior approval*

Yes.

*Quantitative limits*

Yes.

*Indicative limits/bona fide test*

Yes.

**Investment-related payments**

*Prior approval*

Approval is granted if all related liabilities have been discharged and the investment was registered with the MOF.

*Quantitative limits*

Yes.

*Indicative limits/bona fide test*

Yes.

**Payments for travel**

*Prior approval*

Yes.

*Quantitative limits*

Yes.

*Indicative limits/bona fide test*

Yes.

**Personal payments**

*Prior approval*

For studies abroad, MOF approval is required, and permission is usually granted on presentation of documentation of registration and the costs of tuition and other expenses. For transfer of pensions, approval is granted upon proof of immigrant status. For family maintenance and alimony payments, approval is granted upon proof of established liabilities.

*Indicative limits/bona fide test*

Yes.

**Foreign workers' wages**

*Prior approval*

Approval is granted upon proof of immigrant status.

<i>Indicative limits/bona fide test</i>	Yes.
Other payments	There are no controls on the payment of subscriptions and membership fees.
<i>Prior approval</i>	MOF approval, which is granted on the basis of agreements incorporating payment for consulting and legal fees services, is required. Payments may be made up to the amount approved, subject, where applicable, to withholding on income tax.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	The surrender of foreign currency proceeds from invisibles is mandatory.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Any single outward capital transaction in excess of EC\$250,000 requires exchange control approval.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	MOF approval is required.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Certificates of title to foreign currency securities held by residents must be lodged with an authorized depository in Grenada, and earnings on these securities must be repatriated.
<i>Bonds or other debt securities</i>	
Purchase locally by nonresidents	MOF approval is required.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
On money market instruments	
<i>Sale or issue locally by nonresidents</i>	Yes.
<i>Purchase abroad by residents</i>	Yes.
On collective investment securities	
<i>Sale or issue locally by nonresidents</i>	Yes.
<i>Purchase abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	Local currency financing is not ordinarily permitted and requires the approval of the MOF.

## Financial credits

*By residents to nonresidents* Yes.

**Controls on direct investment**

Outward direct investment Yes.

Inward direct investment Cabinet approval via the Industrial Development Corporation is normally required for non-residents operating manufacturing enterprises and hotels, and an alien landholding license is required for nonresidents to hold both financial and physical property. Nonresident labor services are generally permitted with work permits, which are issued by the Ministry of Labor.

**Controls on liquidation of direct investment**

Remittances of proceeds are permitted, provided that all related liabilities have been discharged and that the original investment was registered with the MOF.

**Controls on real estate transactions**

Purchase abroad by residents An alien landholding license must be issued by the Office of the Prime Minister.

**Controls on personal capital movements**

## Loans

*By residents to nonresidents* Yes.

*To residents from nonresidents* Any borrowing abroad by nationals to finance their domestic operations generally requires the approval of the MOF.

## Gifts, endowments, inheritances, and legacies

*By residents to nonresidents* Yes.

Settlement of debts abroad by immigrants Yes.

## Transfer of assets

*Transfer abroad by emigrants* Yes.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad Authorized dealers may freely assume short-term liability positions in foreign currencies to finance approved transfers for both trade and nontrade transactions. Any borrowing abroad by authorized dealers to finance their domestic operations requires the approval of the MOF.

Lending to nonresidents (financial or commercial credits) Local currency financing requires the approval of the MOF but is not ordinarily permitted.

**Provisions specific to institutional investors** No.

**Other controls imposed by securities laws** n.a.

**Changes During 1998**

No significant changes occurred in the exchange and trade system.

# GUATEMALA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: January 27, 1947.

### Exchange Arrangement

#### Currency

The currency of Guatemala is the Guatemalan quetzal.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

The exchange rate is determined in the interbank market where the Bank of Guatemala (BOG) intervenes to moderate undue fluctuations, to purchase foreign exchange on behalf of the public sector, and to service its own external debt. All foreign exchange transactions of the public sector must take place through the BOG at a reference rate that is equivalent to the weighted average of the buying and selling rates in the interbank market during the day before the previous business day.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

In practice, most transactions in foreign exchange are denominated in dollars, domestic currency, or other means of payment, in accordance with special payment agreements.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Operative*

There are payment arrangements under the Mexico-Guatemala Clearing and Credit Reciprocal Agreement and the Panama-Guatemala Clearing and Credit Reciprocal Agreement.

###### *Inoperative*

The Clearing and Credit Reciprocal Agreement between Guatemala and El Salvador, Honduras, and Costa Rica functioned until 1995.

##### Regional arrangements

Guatemala is a member of the CACM.

##### Clearing agreements

Yes.

#### Administration of control

The BOG administers exchange controls. Foreign exchange transactions in the public sector are carried out exclusively through the BOG; those in the private sector are made through banks and foreign exchange houses authorized by the Monetary Board.

#### International security restrictions

No.

#### Payment arrears

##### Official

Arrears are maintained with respect to certain external payments related to official debt, mostly with Paris Club creditors.

##### Private

n.a.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

The BOG may buy and sell gold coins and bullion either directly or through authorized banks and is entitled to buy gold holdings surrendered by any resident. The BOG sells gold to domestic artistic or industrial users in accordance with guidelines from the Monetary Board with the government's approval.

Controls on external trade	The exportation of gold is prohibited except when the BOG issues a special export license. Gold is imported only by the BOG.
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Controls on exports and imports of banknotes	No.
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### Resident Accounts

Foreign exchange accounts permitted	Effective January 1, 1998, juridical and natural persons are eligible. Banks, however, have not yet offered these accounts because prudential regulations on foreign exchange deposits are still under discussion.
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Held domestically	Yes.
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Held abroad	No.
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Accounts in domestic currency convertible into foreign currency	No.
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### Nonresident Accounts

Foreign exchange accounts permitted	Effective January 1, 1998, juridical and natural persons are eligible.
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Domestic currency accounts	Yes.
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Convertible into foreign currency	No.
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Blocked accounts	No.
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### Imports and Import Payments

Foreign exchange budget	No.
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Financing requirements for imports	No.
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Documentation requirements for release of foreign exchange for imports	No.
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Import licenses and other nontariff measures	Imports of most goods are unrestricted and require neither registration nor a license. However, since the Uruguay Round and the GATT, Guatemalan imports of agricultural commodities and animal products have been subject to tariffs. At present, those products are incorporated in and regulated within the WTO charter as very sensitive for the Guatemalan economy.
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Open general licenses	Licenses are required for imports of coffee beans and coffee plants, lead, poultry, milk, eggs, sugar, wheat flour, and cottonseed. However, the required license is used only for intended quality and health control purposes.
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Import taxes and/or tariffs	Guatemala applies the CET for processed goods of the CACM, which ranges from zero to 19%, with virtually all intra-CACM trade exempt from tariffs. The maximum tariffs on raw materials, and intermediate and capital goods produced in Central America are 9% and 14%, respectively, while the maximum tariff rates on raw materials, and intermediate and capital goods not produced in Central America are zero and 1%, respectively.
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Some processed products, such as coffee, sugar, oil, wheat, and alcohol, which are traded with the CACM, are subject to tariffs ranging from 1% to 19%. Guatemala's tariff structure continues to exempt certain processed products from the maximum CET rate of 19%. The tariff rate for most textiles and footwear is 30%. In addition, certain agricultural products enjoy safeguard provisions and are subject to tariff rate quotas under WTO rules, which also allow tariffs well above the maximum rate for imports in excess of quota. Poultry and poultry parts are subject to a quota of 7,000 metric tons a year, with tariffs of 15% within quota and 45% in excess of quota. Other examples are apples and pears (12% and 25%);

corn (5% and 35%); rice (10% and 50%); and wheat flour (9% and 15%). These quotas are adjusted yearly, following discussions between the private sector and government.

**State import monopoly**

No.

### Exports and Export Proceeds

**Repatriation requirements**

Yes.

**Surrender requirements**

Foreign exchange proceeds must be sold to an authorized participant in the interbank market other than the BOG. The granting of export licenses is contingent upon the agreement to sell export proceeds to any authorized participant in the interbank market other than the BOG within 90 days of the date of issue (this period may be extended to 180 days).

**Financing requirements**

No.

**Documentation requirements**

No.

**Export licenses**

Exporters must obtain an export license issued by the BOG before the Guatemalan customs can authorize shipment of the merchandise. A few other items, including gold (unless the BOG issues a special export license) and silver, may not be exported in any form. In the case of exports to Central America, export licenses are required only for statistical purposes.

**With quotas**

Exports of wheat flour, ethyl alcohol, roasted coffee, and tobacco and cigarettes to Central American countries are temporarily restricted. Exports of apparel and textiles to the U.S. market are subject to quotas.

**Export taxes**

No.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

No.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**

Yes.

**Surrender requirements**

Proceeds for invisibles must be sold to an authorized financial institution at the market rate.

**Restrictions on use of funds**

No.

### Capital Transactions

**Controls on capital and money market instruments**

No.

**Controls on derivatives and other instruments**

No.

**Controls on credit operations**

Guarantees, sureties, and financial backup facilities

*To residents from nonresidents*

Yes.

**Controls on direct investment**

**Inward direct investment**

Foreign direct investment in the petroleum sector is regulated by special legislation.

**Controls on liquidation of direct investment**

No.



<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Yes.
Maintenance of accounts abroad	Yes.
Lending to nonresidents (financial or commercial credits)	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Yes.
<i>Liquid asset requirements</i>	Yes.
<i>Credit controls</i>	Yes.
Open foreign exchange position limits	The limit for banks and finance companies is 25% of the value of their paid-up capital and reserves; for exchange houses, it is 100%. Foreign exchange exceeding these limits at the end of each day must be negotiated in the interbank market or sold to the BOG.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Resident accounts</b>	<i>January 1.</i> Resident juridical and natural persons became eligible to hold accounts in foreign exchange. Banks, however, have not yet offered these accounts because prudential regulations on foreign exchange deposits are still under discussion.
<b>Nonresident accounts</b>	<i>January 1.</i> Nonresident juridical and natural persons became eligible to hold foreign exchange accounts.

# GUINEA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: November 17, 1995.

### Exchange Arrangement

#### Currency

The currency of Guinea is the Guinean franc.

#### Other legal tender

Silver commemorative coins are also legal tender.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

The exchange rate of the Guinean franc is determined by supply and demand for foreign exchange between authorized dealers and their clients, or among dealers themselves.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

All current transactions effected in Guinea must be settled in Guinean francs. Settlements on account of transactions covered by bilateral payment agreements are made in currencies prescribed by, and through accounts established under, the provisions of the agreements. Settlements with countries other than members of the WAMA are made in designated convertible currencies quoted by the Central Bank of the Republic of Guinea (CBRG).

### Payment arrangements

#### Bilateral payment arrangements

##### *Inoperative*

Guinea maintains bilateral payment agreements with Bulgaria, China, the Czech Republic, Egypt, Romania, Russia, and the Slovak Republic.

### Administration of control

Exchange control authority is vested in the CBRG, which has delegated to the commercial banks authority to (1) approve import forms and import application forms; (2) allocate foreign exchange to travelers holding foreign airline tickets; and (3) manage foreign currency accounts. All settlements with foreign countries, including payments for imports, may be effected by the commercial banks.

### International security restrictions

#### In accordance with UN sanctions

Yes.

### Payment arrears

#### Official

Yes.

#### Private

Yes.

### Controls on trade in gold (coins and/or bullion)

The CBRG purchases gold only in Guinean francs at international prices.

#### Controls on domestic ownership and/or trade

Transactions in nonmonetary gold are not subject to restrictions.

#### Controls on external trade

The exportation of gold is subject to prior authorization by the CBRG.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

Exportation is limited to GF 5,000 a person a trip.

*Foreign currency*

Exportation of foreign currency is made through the CBRG.

**On imports***Domestic currency*

Importation is limited to GF 5,000 a person a trip.

*Foreign currency*

The importation of foreign banknotes and traveler's checks is permitted, subject to declaration on entry. Residents, however, must surrender both to commercial banks within 15 days of their return.

**Resident Accounts****Foreign exchange accounts permitted****Held domestically**

Residents are free to open foreign exchange accounts with local banks. Exporters may hold all of their earnings in foreign currency in local bank accounts.

**Held abroad**

These accounts are permitted, but prior approval of the CBRG is required.

**Accounts in domestic currency convertible into foreign currency**

Accounts in convertible Guinean francs may be credited with deposits in foreign exchange, irrespective of their origin. The accounts may be debited freely and converted by commercial banks into foreign currencies without prior authorization from the CBRG. Interest rates on these accounts are negotiated between the account holder and the bank.

**Nonresident Accounts****Foreign exchange accounts permitted**

Yes.

**Domestic currency accounts**

The same regulations apply as for resident accounts.

**Convertible into foreign currency**

Yes.

**Blocked accounts**

No.

**Imports and Import Payments****Foreign exchange budget**

Yes.

**Financing requirements for imports****Minimum financing requirements**

The minimum financing requirement must be at least \$2,000.

**Advance payment requirements**

Advance payments may be established by the commercial agreement.

**Documentation requirements for release of foreign exchange for imports**

There are no restrictions on imports financed from own resources or through the foreign exchange market.

**Import licenses and other nontariff measures****Negative list**

Imports of armaments, ammunitions, and narcotics are prohibited.

**Import taxes and/or tariffs**

All imports are subject to an 18% VAT, custom duties of 8%, and customs charges of 7%, with the following exceptions: animals, flour, sugar, pharmaceutical products, and fertilizers are subject to a 6% duty and a 2% charge; and food industry imports, cement, and agricultural machinery are subject to an 8% duty and a 2% charge. In addition, a surtax of 20% to 70% is imposed on all luxury goods, and on nonalcoholic beverages, certain wines, and spirits. Imports of the three mixed enterprises in the mining sector are regulated by special agreements and are subject to a 5.6% levy.

State import monopoly No.

### Exports and Export Proceeds

Repatriation requirements Yes.

Surrender requirements Private traders may retain all of their proceeds to finance authorized imports. Gold exporters and vendors may retain all of their proceeds. Mixed enterprises may retain abroad all of their proceeds and may use them for import payments, operating costs, and external debt service.

Financing requirements No.

#### Documentation requirements

Letters of credit Yes.

Guarantees Yes.

Domiciliation All private sector exports require domiciliation with a commercial bank and submission of an export description to help prevent shortages of goods needed for domestic consumption and to identify capital outflows. Exports of the mining sector are exempt from this requirement.

Preshipment inspection Yes.

Export licenses The exportation of wild animals (dead or alive), meats, articles of historic or ethnographic interest, jewelry, articles made of precious metals, and plants and seeds require special authorization from designated agencies. Planters may be granted special authorization to export specific quantities of pineapples, bananas, or citrus fruits.

Without quotas These consist of agricultural products.

With quotas There are quotas on the export of wild animals and articles of historic or ethnographic interest.

Export taxes Exports of diamonds are subject to a tax of 3%, and exports of gold and other precious metals to a 5% tax. Mining and petroleum products are subject to other export taxes.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

Trade-related payments There are no controls on the payment of unloading and storage costs.

*Indicative limits/bona fide test* Yes.

#### Investment-related payments

*Prior approval* Prior approval is required for government operations.

*Indicative limits/bona fide test* Yes.

#### Payments for travel

*Quantitative limits* Yes.

*Indicative limits/bona fide test* Yes.

#### Personal payments

*Prior approval* Prior approval is required for the payment of pensions.

*Indicative limits/bona fide test* There are no indicative limits or bona fide tests for the payment of pensions.

#### Foreign workers' wages

*Prior approval* Approval is granted only for contracts approved by the Ministry of Labor.

<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Other payments	
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	All capital transfers through the official exchange market require authorization from the CBRG. Outward capital transfers by Guinean nationals through the official market are prohibited.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	Yes.
Sale or issue locally by nonresidents	Yes.
<i>Bonds or other debt securities</i>	There are currently no transactions involving bonds.
On money market instruments	
<i>Purchase locally by nonresidents</i>	Yes.
<i>Sale or issue locally by nonresidents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	There are controls on all these operations.
<b>Controls on direct investment</b>	
Outward direct investment	The authorization of the CBRG is required.
Inward direct investment	There are no limits on amounts that nonresidents may invest in Guinea, and all Guinean and foreign nationals may hold controlling interests in Guinean enterprises.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	The authorization of the CBRG is required for all these transactions.
<b>Controls on personal capital movements</b>	There are controls on all these operations.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Yes.
Maintenance of accounts abroad	Yes.
Lending locally in foreign exchange	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Yes.

*Liquid asset requirements* Yes.

*Interest rate controls* Yes.

*Credit controls* Yes.

Differential treatment of deposit  
accounts held by nonresidents

*Liquid asset requirements* Yes.

*Interest rate controls* Yes.

*Credit controls* Yes.

Investment regulations

*Abroad by banks* Yes.

*In banks by nonresidents* Yes.

**Provisions specific to institutional  
investors** No.

**Other controls imposed by securities  
laws** No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# GUINEA-BISSAU

(Position as of February 28, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: January 1, 1997.

### Exchange Arrangement

#### Currency

The currency of Guinea-Bissau is the CFA franc.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The CFA franc is pegged to the euro, the intervention currency, at the fixed rate of CFAF 100 per €0.1524. Exchange rates for other currencies are derived from the rate for the currency concerned in the Paris exchange market and the fixed rate between the euro and the CFA franc. They include a bank commission of 0.25% on transfers to all countries outside the WAEMU, which must be surrendered in its entirety to the Treasury.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Effective February 1, 1999, residents were authorized to contract forward exchange cover in accordance with the regulations on imports and exports of goods and services.

#### Official cover of forward operations

Yes.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

Because Guinea-Bissau is linked to the French Treasury through an Operations Account, settlements with France, Monaco, and other Operations Account countries (WAEMU members, Cameroon, Central African Republic, Chad, the Comoros, Republic of Congo, Equatorial Guinea, and Gabon) are made in CFA francs, euros, or the currency of any other Operations Account country. Certain settlements are channeled through special accounts. Settlements with all other countries are usually effected either through correspondent banks in France or the country concerned in the currencies of those countries, or through foreign accounts in CFA francs, in euros, or other currencies of the Operations Account area.

### Payment arrangements

#### Bilateral payments arrangements

##### *Inoperative*

Yes.

#### Regional arrangements

An Operations Account is maintained with the French Treasury that links Operations Account countries. All purchases or sales of foreign currencies or euros against CFA francs are ultimately settled through a debit or credit to the Operations Account.

### Administration of control

Exchange control is administered by the Directorate of the Treasury in the MOF. The approval authority for exchange control (except for imports and exports of gold, forward exchange cover, and the opening of external accounts in foreign currency) has been delegated to the BCEAO, which is also authorized to collect, either directly or through banks, financial institutions, the Postal Administration, or judicial agents, any information necessary to compile the balance of payments statistics.

All exchange transactions relating to foreign countries must be effected through authorized banks, the Postal Administration, or the BCEAO. Settlements with a country outside the Operations Account area must be formally approved by the customs administration. Effective February 1, 1999, the amount of transfers authorized without supporting documentation was raised to CFAF 300,000 from CFAF 100,000.

<b>International security restrictions</b>	No.
<b>Payment arrears</b>	
Official	Yes.
Private	n.a.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on external trade	Exports and imports of gold are prohibited unless expressly authorized.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	The exportation of CFA banknotes by nonresident travelers is not prohibited. However, repurchases by the BCEAO of exported banknotes are suspended. In addition, shipments of BCEAO banknotes among authorized intermediaries and their correspondents situated outside the WAEMU are officially prohibited.
<i>Foreign currency</i>	The reexportation of foreign banknotes by nonresident travelers is allowed up to the equivalent of CFAF 500,000; the reexportation of foreign banknotes above these ceilings requires documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payments registered in the name of the traveler or through the use of nonresident deposits lodged in local banks.
On imports	
<i>Domestic currency</i>	There are no restrictions on the importation by resident or nonresident travelers of banknotes and coins issued by the BCEAO.
<i>Foreign currency</i>	Residents and nonresidents may bring in any amount of foreign banknotes and coins (except gold coins) of countries outside the Operations Account area. Residents bringing in foreign banknotes and foreign currency traveler's checks exceeding the equivalent of CFAF 50,000 must declare them to customs upon entry and sell them to an authorized intermediary bank within eight days.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	Effective February 1, 1999, residents are allowed to open foreign exchange accounts with local banks or with banks abroad after obtaining authorization from the MOF, and with the approval of the BCEAO.
Held domestically	These accounts are permitted but approval is required.
Held abroad	The holding of these accounts is not explicitly prohibited, but regulations prohibit any transfer with the aim of increasing a resident's foreign holdings, unless approved by the MOF.
<b>Accounts in domestic currency convertible into foreign currency</b>	No.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Effective February 1, 1999, the authorization is issued by the BCEAO.
<b>Domestic currency accounts</b>	Because the BCEAO has suspended the repurchase of banknotes circulating outside the WAEMU territories, nonresident accounts may not be credited or debited with BCEAO banknotes. These accounts may not be overdrawn without the prior authorization of the MOF. Transfers of funds between nonresident accounts are not restricted.
Convertible into foreign currency	Foreign accounts denominated in CFA francs may be freely debited for the purpose of purchases by nonresidents of any foreign currency on the official exchange market.



**Blocked accounts** No.

### Imports and Import Payments

**Foreign exchange budget** No.

**Financing requirements for imports** No.

**Documentation requirements for release of foreign exchange for imports**

**Preshipment inspection** Yes.

**Import licenses and other nontariff measures** All imports, regardless of whether they involve the use of official or free market foreign exchange, require a prior import license issued by the Ministry of Commerce and Tourism, primarily for statistical purposes. Except for a short negative list, licenses are issued automatically after verification of invoice prices for goods to be taxed.

**Import taxes and/or tariffs** Since April 1, 1998, a new customs tariff entered into effect eliminating the customs service tax and the surcharge; the tariff rates are zero, 5%, 10%, 20%, and 30%.

**State import monopoly** No.

### Exports and Export Proceeds

**Repatriation requirements** Effective February 1, 1999, proceeds from exports to WAEMU countries are no longer required to be repatriated.

**Surrender requirements** Export proceeds must be surrendered within one month of the date on which payments fall due. The authorized intermediary bank must then surrender such foreign exchange to the BCEAO via transfer through the bank of issue.

**Financing requirements** No.

**Documentation requirements** Yes.

**Export licenses** All exports require a prior export license. Only exporters registered with the Ministry of Commerce and Tourism may obtain these licenses, which are granted automatically in most cases. Prior licenses are intended primarily for statistical purposes, although they are also used to check the prices of exports. There are no products of which the exportation is reserved solely for the public sector.

**Without quotas** Yes.

**Export taxes** Exports are subject to a special tax of 10%, except those to ECOWAS countries. Other agricultural exports are subject to a rural property tax of 2%. Since April 1, 1998, the customs service tax has been eliminated.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** Effective February 1, 1999, payments and incomes of foreign ships in the WAEMU zone and WAEMU ships abroad are included under current operations.

**Investment-related payments** No information is available for the payment of amortization of loans or depreciation of direct investments.

**Payments for travel** Effective February 1, 1999, limits on foreign exchange allowances were eliminated. The threshold of foreign exchange to be surrendered by residents after travel was raised to CFAF 300,000 from CFAF 50,000.

*Quantitative limits* Yes.

**Personal payments** No information is available for the payment of pensions, family maintenance, or alimony.

Foreign workers' wages

*Indicative limits/bona fide test* Yes.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements** Yes.

**Surrender requirements** Effective February 1, 1999, all amounts due from residents of other countries in respect of services, and all incomes earned in those countries from foreign assets, must be collected and surrendered within one month of the due date of the receipt.

**Restrictions on use of funds** No.

### Capital Transactions

**Controls on capital and money market instruments**

Outward capital transfers are subject to authorization from the MOF and at least 75% of investments abroad must be financed by foreign borrowing. The liquidation of foreign investment is subject to reporting to the MOF and the reinvestment of proceeds is subject to prior authorization. If no authorization is given for the reinvestment, the proceeds in foreign exchange must be surrendered to an authorized intermediary bank within one month.

Capital transfers to the WAEMU member countries are unrestricted, except for direct investments, which are subject to prior declaration, as are certain borrowing operations. Prior authorization is waived, however, in the following cases: (1) borrowing guaranteed by the government of Guinea-Bissau; (2) foreign shares that are similar to securities, the issuance, public announcement, or sale of which has already been approved in Guinea-Bissau. There is also special surveillance of calls for subscribed funds for purposes of deposit with foreign nationals, corporations, or institutions, as well as of any public announcement for the purpose of investing funds abroad or subscribing to foreign construction or real estate operations. These special provisions also apply to France, Monaco, and Operations Account countries.

**On capital market securities**

*Shares or other securities of a participating nature*

Sale or issue locally by nonresidents Yes.

Purchase abroad by residents Yes.

Sale or issue abroad by residents Residents are free to sell the shares of resident companies abroad. If the effect of such operations is to place resident Guinea-Bissau companies under foreign control, the foreign investors must make a prior declaration to the MOF.

*Bonds or other debt securities*

Purchase abroad by residents Yes.

Sale or issue abroad by residents Yes.

**On money market instruments**

*Sale or issue locally by nonresidents* Yes.

*Purchase abroad by residents* Yes.

*Sale or issue abroad by residents* Yes.

**On collective investment securities**

*Purchase abroad by residents* Yes.

*Sale or issue abroad by residents* Yes.

**Controls on derivatives and other instruments**

These investments are governed by the regulations generally applicable to securities and investments, except options, which residents may freely purchase or sell abroad.

**Controls on credit operations**

## Commercial credits

*By residents to nonresidents*

There are no restrictions on credits related to exports of goods, provided that the date on which payment falls due is not more than 180 days after the goods arrive at their destination. There are no restrictions on credits in connection with services rendered. In these cases, no deadline is set for the date on which payment falls due.

*To residents from nonresidents*

There are no restrictions, and repayments of commercial credits are generally approved, subject to the presentation of documents attesting to the validity of the commercial operation or of the services rendered.

## Financial credits

*By residents to nonresidents*

Yes.

*To residents from nonresidents*

If such transactions take place between a direct investment company established in Guinea-Bissau and its parent company situated abroad, the transactions are regarded as direct investments and are therefore subject to prior declaration to the MOF.

## Guarantees, sureties, and financial backup facilities

The same regulations apply as for financial credits.

**Controls on direct investment**

## Outward direct investment

Yes.

## Inward direct investment

The Investment Code provides for incentives to investments and protection against the nationalization and expropriation of assets.

**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

Yes.

**Controls on personal capital movements**

## Loans

*By residents to nonresidents*

Subject to authorization of the MOF.

*To residents from nonresidents*

Loans from nonresidents require notification to the MOF.

## Gifts, endowments, inheritances, and legacies

*By residents to nonresidents*

Subject to authorization of the MOF.

## Settlement of debts abroad by immigrants

Subject to authorization of the MOF.

## Transfer of assets

*Transfer abroad by emigrants*

These transactions are subject to authorization of the MOF.

*Transfer into the country by immigrants*

These transactions require notification to the MOF.

**Provisions specific to commercial banks and other credit institutions**

## Lending to nonresidents (financial or commercial credits)

There are no restrictions if these operations involve commercial credits. Effective February 1, 1999, other loans granted to nonresidents are subject to the prior authorization of the MOF, after the approval of the BCEAO.

## Lending locally in foreign exchange

The same regulations apply as for lending to residents.

## Purchase of locally issued securities denominated in foreign exchange

The same regulations apply as for lending to residents.

Differential treatment of deposit accounts in foreign exchange

*Credit controls*

Yes.

Differential treatment of deposit accounts held by nonresidents

Monetary regulations make no distinction between resident deposit accounts, nonresident deposit accounts, and foreign deposit accounts.

Investment regulations

Yes.

Open foreign position limits

Yes.

**Provisions specific to institutional investors**

Effective February 1, 1999, controls are imposed by the insurance code of the Inter-African Conference on Insurance Markets.

**Other controls imposed by securities laws**

n.a.

### Changes During 1998

**Imports and import payments**

*April 1.* A new customs tariff entered into effect, eliminating the customs service tax and the surcharge; the tariff has the rates of zero, 5%, 10%, 20%, and 30%.

**Exports and export proceeds**

*April 1.* The customs service tax was eliminated.

**Capital transactions**

*November 20.* The WAEMU regulations on external financial relations of the member states were adopted.

Controls on derivatives and other instruments

*November 20.* Residents' buying and selling of options were liberalized.

### Changes During 1999

**Exchange arrangement**

*January 1.* The CFA franc peg to the French franc was replaced by the euro.

*February 1.* Residents were authorized to contract forward exchange cover in accordance with the regulations on imports and exports of goods and services.

**Arrangements for payments and receipts**

*February 1.* The amount of transfers authorized without supporting documentation was raised to CFAF 300,000 from CFAF 100,000.

**Resident accounts**

*February 1.* Residents are allowed to open foreign exchange accounts with local banks or with banks abroad after obtaining authorization from the MOF, and with the approval of the BCEAO.

**Nonresident accounts**

*February 1.* The authorization to open nonresident accounts is issued by the BCEAO.

**Exports and export proceeds**

*February 1.* Proceeds from exports to WAEMU countries are no longer required to be repatriated.

**Payments for invisible transactions and current transfers**

*February 1.* Payments and incomes of foreign ships in the WAEMU zone and WAEMU ships abroad are included under current operations.

**Proceeds from invisible transactions and current transfers**

*February 1.* All amounts due from residents of other countries in respect of services, and all incomes earned in those countries from foreign assets, must be collected and surrendered within one month of the due date of the receipt.

**Capital transactions**

Provisions specific to commercial banks and other credit institutions

*February 1.* Other loans granted to nonresidents are subject to the prior authorization of the MOF, after the approval of the BCEAO.

Provisions specific to institutional investors

*February 1.* Restrictions are imposed by the Insurance Code of the Inter-African Conference on Insurance Markets.

# GUYANA

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: December 27, 1966.

### Exchange Arrangement

#### Currency

The currency of Guyana is the Guyana dollar.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

The exchange rate of the Guyana dollar is determined freely in the cambio market. The Bank of Guyana (BOG) conducts certain transactions on the basis of the cambio exchange rate by averaging quotations of the three largest dealers on the date the transaction takes place. In accordance with the bilateral agreements with the central banks of the CARICOM, the BOG quotes weekly rates for certain CARICOM currencies.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

The only arrangement for forward cover against exchange rate risk operates in the official sector in respect of exchange rate guarantees that are provided to certain deposits in dormant accounts. However, no exchange rate guarantee has been given for deposits made after end-March 1989.

#### Official cover of forward operations

Yes.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Operative*

There are arrangements with all CARICOM central banks.

##### Regional arrangements

Guyana is a member of the CARICOM.

#### Administration of control

No.

#### International security restrictions

No.

#### Payment arrears

##### Official

Arrears exist with Argentina, China, India, Kuwait, Libya, Russia, and the Federal Republic of Yugoslavia (Serbia/Montenegro).

##### Private

Arrears exist on certain dormant accounts holding domestic currency deposits equivalent in value to pending applications for foreign exchange. A program was initiated to settle debts outstanding under the external payment deposits schemes.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

Residents other than the monetary authorities, authorized dealers, producers of gold, and authorized industrial users are not allowed to hold or acquire gold in any form except for numismatic purposes and jewelry, at home or abroad, without special permission.

Controls on external trade	Imports and exports of gold in any form by, or on behalf of, the monetary authorities, authorized dealers, producers of gold, and industrial users require permits endorsed by the Guyana Gold Board.
Controls on exports and imports of banknotes	Travelers entering Guyana with foreign currency in excess of the equivalent of US\$10,000 must declare the amount.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	Exporters are allowed to maintain and operate foreign exchange accounts. These accounts are approved on merit but are generally granted to bona fide exporters who require imported inputs for production and/or have external loan obligations. These accounts may be credited with all or a portion of retained export proceeds and proceeds of foreign currency loans. They may be debited freely for any payments at the discretion of the account holder.
Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	These accounts may be convertible at the prevailing cambio exchange rate.

### Nonresident Accounts

Foreign exchange accounts permitted	External accounts may be opened by commercial banks without the prior approval of the central bank for citizens of Guyana residing permanently abroad, citizens of other countries temporarily residing in Guyana, nonresidents attached to diplomatic missions or international organizations, branches of companies incorporated outside of Guyana, and companies incorporated in Guyana but controlled by nonresidents abroad. These accounts may be maintained in U.S. dollars, pounds sterling, or Canadian dollars and may be credited with noncash instruments of convertible foreign currencies transferred through the banking system. These accounts may also be credited freely with all authorized payments by residents of Guyana to nonresidents; other credits require approval. They may be debited freely for payments for any purpose to residents of any country, for transfers to other external accounts, for withdrawals by the account holder in Guyana, and for transfers to nonresident accounts.
Domestic currency accounts	Yes.
Convertible into foreign currency	No.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	The BOG prepares a hard currency receipts and payments statement to monitor projected flows.
Financing requirements for imports	Import transactions effected through the cambio exchange market are permitted without restriction. Most imports of consumer goods take place on this basis. Certain payments for official imports effected by commercial banks on behalf of the BOG require the Bank's prior approval.
Documentation requirements for release of foreign exchange for imports	Requirements are related mainly to petroleum products. Documents required include invoices, bills of lading, and certificates of origin.
Import licenses and other nontariff measures	There are no licensing requirements for permissible imports, except for petroleum products and some 20 items affecting national security, health, public safety, and the environment.
Negative list	Imports of unprocessed meat, poultry, fruit, and processed fruit items are restricted, subject to import-licensing controls, from all non-CARICOM sources.

<b>Import taxes and/or tariffs</b>	The CET of CARICOM is applied to all imports from outside the market. Tariffs range from 5% to 25%. Intra-CARICOM trade is free of import duties.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Licenses are required for exports of gold and wildlife.
Without quotas	Gold exports are not subject to quotas.
With quotas	There are quotas for the supply of some commodities to preferential markets and for wild-life exports.
<b>Export taxes</b>	There are levies on exports of rice and sugar. For exports of timber, bauxite, sugar, live birds, and aquarium fish, an export duty is applied.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	No.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	All types of credit operations are controlled.
Commercial credits	
<i>By residents to nonresidents</i>	Lending to nonresident corporate entities requires approval.
<i>To residents from nonresidents</i>	Borrowing requires prior approval.
Financial credits	The same regulations apply as for commercial credit.
Guarantees, sureties, and financial backup facilities	Yes.
<b>Controls on direct investment</b>	No.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	No.

**Provisions specific to commercial banks and other credit institutions**

Lending to nonresidents (financial or commercial credits) Yes.

Lending locally in foreign exchange Yes.

Open foreign exchange position limits Open positions are presently being monitored.

**Provisions specific to institutional investors**

No.

**Other controls imposed by securities laws**

On January 22, 1999, the BOG removed the limit on bid prices in weekly treasury bill auctions.

**Changes During 1998**

No significant changes occurred in the exchange and trade system.

**Changes During 1999****Capital transactions**

Other controls imposed by securities laws

*January 22.* The BOG removed the limit on bid prices in weekly treasury bill auctions.



## HAITI

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: December 22, 1953.

#### Exchange Arrangement

##### Currency

The currency of Haiti is the Haitian gourde.

##### Other legal tender

The dollar circulates freely and is generally accepted in Haiti. Several gold coins have been issued that are legal tender but do not circulate.

##### Exchange rate structure

Unitary.

##### Classification

##### Independently floating

The exchange rate is determined in the exchange market. The Bank of the Republic of Haiti (BRH), the central bank, operates a dollar clearinghouse. Commercial banks quote buying and selling rates for certain other currencies based on the buying and selling rates of the dollar in exchange markets abroad. The market is dominated by money changers, with the banks following this market.

##### Exchange tax

No.

##### Exchange subsidy

No.

##### Forward exchange market

No.

### Arrangements for Payments and Receipts

##### Prescription of currency requirements

No.

##### Payment arrangements

##### Bilateral payment arrangements

###### *Operative*

Haiti's debt toward Argentina was rescheduled until 2001.

##### Administration of control

The BRH administers the foreign exchange system together with the Ministry of Finance and Economic Affairs (MFEA) and the Ministry of Commerce and Industry (MCI).

##### International security restrictions

n.a.

##### Payment arrears

No.

##### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

Residents may hold and acquire gold coins in Haiti for numismatic purposes. With this exception, residents other than the monetary authorities and authorized industrial users are not allowed to hold or acquire gold in any form other than jewelry, at home or abroad.

##### Controls on external trade

The BRH has the exclusive right to purchase gold domestically and to export gold in the form of coins, mineral dust, or bars. Gold in any form, other than jewelry carried as personal effects by travelers, may be imported and exported only by the BRH. Exports of gold require, in addition, prior authorization from the MCI and the MFEA, as well as an endorsement from the MCI, before customs clearance. However, commercial imports of articles containing a small amount of gold, such as gold watches, are freely permitted and do not require an import license or other authorization.

##### Controls on exports and imports of banknotes

No.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	These accounts may be credited with export proceeds, with transfers from abroad received by exchange houses, or with receipts from maritime agencies and nongovernmental organizations.
Held domestically	Yes.
Held abroad	Yes.
<b>Accounts in domestic currency convertible into foreign currency</b>	n.a.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	n.a.
<b>Blocked accounts</b>	n.a.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for re-release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	No.
<b>Import taxes and/or tariffs</b>	There are three standard tariff rates, 5%, 10%, and 15%. Several goods have special tariff rates—gasoline, 25%; and cement, rice, and sugar, 3%. A domestic turnover tax is charged on the c.i.f. value plus import duties. All imports, except for inputs used by certain export industries, are subject to a 4% verification fee.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	n.a.
<b>Export licenses</b>	Exports of agricultural products require prior authorization from the MCI. Authorization is usually granted freely but may be withheld when domestic supplies are low.
With quotas	Exports of manufactured products to the United States, such as women's and girls' blouses and shirts of cotton and synthetic fibers, men's shirts of synthetic fibers and cotton, cotton gloves, cotton pants, and cotton housecoats are subject to quotas.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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Investment-related payments	Information is not available on the payment of amortization of loans and depreciation of direct investments.
Personal payments	Information is not available on the transfer of pensions, family maintenance, and alimony.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	n.a.
Controls on derivatives and other instruments	n.a.
Controls on credit operations	n.a.
Controls on direct investment	
Inward direct investment	Investments require prior government approval. Investments in handicraft industries are not normally approved.
Controls on liquidation of direct investment	n.a.
Controls on real estate transactions	n.a.
Controls on personal capital movements	n.a.
Provisions specific to commercial banks and other credit institutions	Private banks are required to maintain at least 85% of their liabilities in domestic assets for local customers. This requirement, however, is not enforced.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	The reserve requirement for local currency deposits is 26.5%. The reserve requirement on foreign currency deposits is 12.5%.
Provisions specific to institutional investors	n.a.
Other controls imposed by securities laws	n.a.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# HONDURAS

(Position as of June 30, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: July 1, 1950.

### Exchange Arrangement

#### Currency

The currency of Honduras is the Honduran lempira.

#### Exchange rate structure

##### Dual

There are two exchange rates: the rate resulting from the auctions and the rate used for debt conversion (L 2 = \$1).

#### Classification

##### Crawling band

The exchange rate for the lempira is determined in foreign exchange auctions. Banks and exchange houses are required to sell all their daily foreign exchange purchases to the Central Bank of Honduras (CBH). Buyers (banks, exchange houses, or private individuals) bid at a price that until March 24, 1998, could not differ from the base price set by the authorities by more than 5% in either direction. On March 24, 1998, the exchange band was widened by 2 percentage points in either direction. The base exchange rate is adjusted every five auctions according to changes in the differential between domestic and international inflation and in the exchange rates of currencies of trading partners of Honduras with respect to the dollar. The amount of foreign exchange offered at each auction must be at least 60% of the CBH's purchase of foreign exchange from its agents. The minimum amount of foreign exchange to be offered and the base price are announced before the auction. Individuals willing to purchase foreign exchange must make offers in lempiras for amounts ranging between \$5,000 and \$300,000. Foreign exchange agents may purchase for their own account to satisfy private demands lower than \$5,000. The maximum amount of foreign exchange that can be purchased for this purpose is \$30,000 for commercial banks and \$10,000 for foreign exchange houses. Foreign exchange agents may charge up to 1.5% commission on sales to the public lower than \$5,000 and up to 1.2% for larger sales. Auction rates may deviate from the base rate by  $\pm 7\%$ . Auctions are held once each working day and each bidder can make up to three offers in each auction.

##### Exchange tax

No.

##### Exchange subsidy

No.

##### Forward exchange market

No.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Regional arrangements

Trade transactions with the rest of Central America may be carried out in local currencies or in dollars.

##### Administration of control

The CBH exercises control.

##### International security restrictions

No.

#### Payment arrears

##### Official

Most of these arrears were with the Paris Club creditors and were rescheduled through the Agreed Minutes signed on April 30, 1999.

**Controls on trade in gold (coins and/or bullion)** No.

**Controls on exports and imports of banknotes** No.

### Resident Accounts

**Foreign exchange accounts permitted** Banks are required to hold these deposits in (1) foreign currency notes in their vaults, (2) deposits in the CBH, (3) special accounts at correspondent banks abroad, (4) investments in high-liquidity foreign instruments, or (5) export or import financing instruments.

**Held domestically** Yes.

**Held abroad** Yes.

**Accounts in domestic currency convertible into foreign currency** No.

### Nonresident Accounts

**Foreign exchange accounts permitted** Yes.

**Domestic currency accounts** Yes.

**Convertible into foreign currency** Yes.

**Blocked accounts** No.

### Imports and Import Payments

**Foreign exchange budget** No.

**Financing requirements for imports** No.

**Documentation requirements for release of foreign exchange for imports** No.

**Import licenses and other nontariff measures** Imports of arms and similar items require a license issued by the Ministry of Security.

**Import taxes and/or tariffs** Import duties range up to 19%. Over 1,600 items from other Central American countries are exempt from import duties, except for a 1.5% import surcharge, which was lowered to 0.5% on January 1, 1998. The surcharge will be eliminated in 2000. There are duty-free and industrial processing zones that benefit from tariff exemptions.

**State import monopoly** No.

### Exports and Export Proceeds

**Repatriation requirements** Yes.

**Surrender requirements** All export earnings, except those from trade with other Central American countries, must be surrendered to banks or exchange houses within a period of 20 to 85 days. Proceeds from coffee exports must be surrendered within 20 days. Exporters are allowed to retain up to 30% of their foreign exchange proceeds to finance their own imports, as well as to pay for their authorized external obligations. Commercial banks and exchange houses are required to sell all the purchased foreign exchange to the CBH.

**Financing requirements** No.

**Documentation requirements**

Domiciliation Yes.

Preshipment inspection Yes.

**Export licenses** No licenses are required, but exports must be registered for statistical purposes.

**Export taxes** Bananas were subject to an export tax of \$0.50 for a 40-pound box. On June 1, 1999, the export tax was decreased to \$0.1, and will decrease to \$0.04 in January 2000.

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers** There are no controls on these payments, but all buyers of foreign exchange are required to fill out a form stating the purpose for which the funds will be used. There are no limits on the amount purchased.

**Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements** No.

**Restrictions on use of funds** No.

**Capital Transactions****Controls on capital and money market instruments**

On capital market securities

*Shares or other securities of a participating nature*

Purchase locally by nonresidents

Purchases of capital shares in existing domestic firms are permitted with the exception of defense-related industries, hazardous industries, and small-scale industry and commerce.

On collective investment securities

*Purchase locally by nonresidents*

There are no controls on activities involving the receipt of foreign exchange and its transfer abroad for investment in mutual funds.

*Sale or issue locally by nonresidents*

Foreign mutual funds and similar financial institutions must have permission to collect funds in Honduras for deposit or investment abroad.

**Controls on derivatives and other instruments**

No.

**Controls on credit operations**

The approval of congress is required for all public sector foreign borrowing. Private sector external debt contracts must be registered with the CBH for statistical purposes only.

Commercial credits

*To residents from nonresidents*

Yes.

Financial credits

*To residents from nonresidents*

Yes.

Guarantees, sureties, and financial backup facilities

*To residents from nonresidents*

Yes.

**Controls on direct investment**

Inward direct investment

Investments are permitted in all sectors without control, with the exception of defense-related industries, hazardous industries, and small-scale industry and commerce.

	Investments in hazardous industries require prior approval. All foreign investments must be registered with the Secretary of Economy and Trade.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	There are location and size limitations.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Borrowing requires CBH approval.
Maintenance of accounts abroad	Commercial banks must deposit abroad 38% of foreign exchange deposits held by the private sector.
Lending to nonresidents (financial or commercial credits)	CBH authorization is required.
Lending locally in foreign exchange	Financial institutions may lend 50% of their foreign exchange deposits locally in foreign exchange.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	All types of deposits are subject to a 12% requirement.
<i>Liquid asset requirements</i>	Foreign exchange deposits are subject to a 38% requirement.
<i>Credit controls</i>	Credit with 40% of funds from foreign exchange deposits must be granted to export-related activities. The remaining 10% can be lent for any purpose.
Differential treatment of deposit accounts held by nonresidents	
<i>Reserve requirements</i>	Reserve requirements and obligatory deposits were lowered by 2 percentage points on April 30, 1998. Currently, banks, nonbank financial institutions, and savings and loan associations are subject to a nonremunerated reserve requirement of 12% on all deposits both in domestic and foreign currency. In addition, for deposits in domestic currency, financial institutions were required to hold obligatory deposits at the central bank at a remunerated rate of 14% equivalent to 13% of deposits for banks, 3% for nonbank financial institutions, and 5% for savings and loans associations. On April 30, 1999, the remunerated rate was raised to 17%, and remuneration was based on market rates. For deposits in foreign currency, financial institutions are required to deposit 38% in foreign banks, and may lend 50% mainly to export activities. The central bank aims to harmonize all reserve requirements with levels prevailing in other Central American countries by 2000.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	There is no securities law.

### Changes During 1998

<b>Exchange arrangements</b>	<i>March 24.</i> The exchange band was widened by 2 percentage points in either direction.
<b>Imports and import payments</b>	<i>January 1.</i> The surcharge on imports from other Central American countries was decreased to 0.5% for over 1,600 items.
<b>Capital transactions</b>	
Provisions specific to commercial banks and other credit institutions	<i>April 30.</i> Reserve requirements and obligatory deposits was lowered by 2 percentage points.

**Changes During 1999****Arrangements for payments and receipts**

*April 30.* Most of the official payment arrears were rescheduled with Paris Club creditors.

**Exports and export proceeds**

*June 1.* The export tax on bananas was decreased to \$0.1.

**Capital transactions****Provisions specific to commercial banks and other credit institutions**

*April 30.* The rate of remunerated compulsory deposits held at the central bank was raised to 17%.



# HUNGARY

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: January 1, 1996.

### Exchange Arrangement

#### Currency

The currency of Hungary is the Hungarian forint.

#### Exchange rate structure

Unitary.

#### Classification

#### Crawling band

The National Bank of Hungary (NBH) adjusts the official exchange rate of the forint in accordance with a preannounced rate of crawl effected against a currency basket comprising the euro (70%) and the dollar (30%). On January 1, 1998, the monthly rate of depreciation against the basket of currencies was adjusted to 0.9%; then to 0.8% on June 15, 1998; then to 0.7% on October 1, 1998; and then to 0.6% on January 1, 1999. The official exchange rate is fixed at 11:00 a.m. every day against the basket and is calculated for 24 convertible currencies including the euro within margins of 2.25%, but licensed banks are free to determine their own margins within the band.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Commercial banks may engage in forward transactions at exchange rates negotiated freely between the banks and their customers.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Operative*

There are agreements with Brazil and Ecuador, under which outstanding balances are settled every 90 days.

###### *Inoperative*

There are agreements with Albania, Bulgaria, Cambodia, the Lao People's Democratic Republic, Russia, and Vietnam for the settlement of outstanding transferable or clearing ruble balances with shipments of goods.

#### Administration of control

Authority for enforcing foreign exchange regulations is vested in the NBH.

#### International security restrictions

##### In accordance with UN sanctions

Hungary maintains payments restrictions against Iraq and Libya.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

No.

#### Controls on exports and imports of banknotes

##### On exports

###### *Domestic currency*

Residents and nonresidents may take out of the country up to Ft 350,000 a trip, without authorization.

###### *Foreign currency*

Exports are limited to the equivalent of Ft 100,000 a person a trip, without authorization.

## On imports

*Domestic currency*

Imports are limited to Ft 350,000 a person a trip.

**Resident Accounts****Foreign exchange accounts permitted**

## Held domestically

Resident natural persons may freely maintain convertible currency accounts at authorized commercial banks. Resident juridical persons may open convertible currency accounts only with funds originating from specific sources, such as export proceeds, foreign borrowing, capital paid in convertible currency by the foreign owners of joint-venture companies, and proceeds from direct and portfolio investments abroad, inheritance, or donations paid in convertible currency for foundations, churches and social organizations, and budgetary institutions. Approval is required for other titles.

## Held abroad

Residents may hold, without permission, foreign exchange accounts abroad if they are working or staying abroad, maintain a resident office or are main contractors, or for the purpose of an initial capital deposit account in connection with making outward foreign direct investment, or credit accounts and margin accounts in connection with commodity stock. In all other cases, permission to hold foreign currency is required.

**Accounts in domestic currency convertible into foreign currency**

Conversion is free in all liberalized items and in all authorized cases.

**Nonresident Accounts****Foreign exchange accounts permitted**

Yes.

**Domestic currency accounts**

Yes.

## Convertible into foreign currency

Convertible forint accounts may be credited with legally acquired forint; proceeds from the conversion of convertible currency or forint acquired from nonliberalized or unauthorized transactions must be placed in a nonconvertible forint account, which does not bear interest.

**Blocked accounts**

No.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

No.

**Import licenses and other nontariff measures**

Licenses are required for a number of products, including imports destined for the settlement of outstanding balances in transferable or clearing rubles. About 95% of Hungarian imports are fully liberalized.

## Negative list

Yes.

## Licenses with quotas

Licenses are needed for products falling under the global quota on consumer goods.

**Import taxes and/or tariffs**

Goods for personal use brought in by returning Hungarian travelers are subject to a general import duty of 15%, based on the actual invoice price with a duty-free allowance of Ft 30,000. Residents, if they are employees of a domestic agency and if they are stationed abroad for more than one year, may import, free of customs duty, goods for personal use up to a value equivalent to 40% of their earnings. Goods imported to Hungary are subjected to customs duties in accordance with the established and published tariffs.

**State import monopoly**

No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Export proceeds in convertible currencies must be repatriated to Hungary upon receipt of the foreign exchange. Certain exemptions are granted, stipulated in the law, or subject to specific approval by the NBH. In the case of nonconvertible currencies, the exporters are required to make a best effort to exchange those into convertible currency and repatriate the convertible currency.
<b>Surrender requirements</b>	Foreign exchange receipts may be deposited in a foreign exchange account at a domestic bank but can only be used for all liberalized transactions. Export proceeds received in forint by nonresidents may be deposited in convertible forint accounts with licensed banks, and nonresidents are allowed to convert balances in such accounts into foreign exchange for transfer abroad.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Exports of items included in the negative list require a license.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Proceeds are subject to the same requirement as export proceeds.
<b>Surrender requirements</b>	Resident natural persons are exempted. Resident juridical persons, except for transfers defined as international economic activities (including exports) or incomes related to investments, are subject to the surrender requirement.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Sale or issue locally by nonresidents	Transactions in OECD central government bonds, and bonds (in both cases with a maturity of one year or longer) and shares of OECD-based enterprises, and the sale of shares of parent companies to the employees of its subsidiary company are free. For transactions in other instruments, a foreign exchange authorization is required. The authorization is liberally granted, on a case-by-case basis, after submitting a request and its accompanying documents. All proceeds associated with authorized transactions can be freely converted and transferred abroad by nonresidents.
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Purchase abroad by residents	The same regulations apply as for sale or issue by nonresidents. Funds required for transactions can be freely converted and transferred abroad by residents. The transaction must take place through a resident brokerage company.
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##### *Bonds or other debt securities*

Purchase locally by nonresidents	Permission of the NBH is required if the original maturity of bonds or other debt securities is less than 365 days. (Bonds and other debt securities of resident issuers with a maturity
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	originally exceeding 365 days may be offered to foreigners without a foreign exchange authorization.)
Sale or issue locally by nonresidents	The same regulations apply as for shares or other securities of a participating nature.
Purchase abroad by residents	The same regulations apply as for sale or issue by nonresidents. Funds required for transactions can be freely converted and transferred abroad by residents. The transaction must take place through a resident brokerage company.
Sale or issue abroad by residents	The permission of the NBH is required for public or private offering of bonds and other debt securities issued by residents to foreigners or for listing such securities at a recognized securities market in a foreign country if the original maturity of such securities is less than 365 days. (Bonds and other debt securities of resident issuers with a maturity originally exceeding 365 days may be offered to foreigners without a foreign exchange authorization.) Pursuant to the Securities Act, such transactions are subject to the approval of the Hungarian Banking and Capital Markets Supervision.
On money market instruments	These transactions require a foreign exchange authorization, which is granted in exceptional cases, on a case-by-case basis, after submitting a request and its accompanying documents. Proceeds associated with the transactions can be freely converted and transferred abroad.
<i>Purchase locally by nonresidents</i>	Yes.
<i>Sale or issue locally by nonresidents</i>	Yes.
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
On collective investment securities	
<i>Purchase locally by nonresidents</i>	Transactions for closed-end funds are free, but those for open-end funds require authorization, which is granted in exceptional cases.
<i>Sale or issue locally by nonresidents</i>	The same regulations apply as for transactions in money market instruments.
<i>Purchase abroad by residents</i>	The same regulations apply as for transactions in money market instruments.
<i>Sale or issue abroad by residents</i>	Transactions for closed-end funds are free, but those for open-end funds require authorization, which is granted in exceptional cases.
<b>Controls on derivatives and other instruments</b>	These transactions require authorization, which is granted in exceptional cases, on a case-by-case basis.
Purchase locally by nonresidents	As an exception, nonresidents are permitted to trade in futures contracts for individual stocks or the BUX index on the Budapest Stock Exchange.
Sale or issue locally by nonresidents	As an exception, nonresidents are permitted to trade in futures contracts for individual stocks or the BUX index on the Budapest Stock Exchange.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<b>Controls on credit operations</b>	
Financial credits	
<i>By residents to nonresidents</i>	A resident may, without the permission of the foreign exchange authority, grant credit to a direct enterprise abroad acquired in accordance with the Hungarian foreign exchange rules. The maturity of such a credit should exceed five years; otherwise, a foreign exchange authorization is required. Credits between close relatives are free; in all other cases, a foreign exchange authority authorization is needed, which is granted liberally in the case of long- and medium-term credits and granted exceptionally in the case of short-term credits.
<i>To residents from nonresidents</i>	Medium- and long-term financial credits for enterprises are allowed. In other cases, an authorization from the foreign exchange authority (NBH) is required, which is granted liberally, on a case-by-case basis. An authorization from the NBH is needed for taking up short-term credits (with a maturity not exceeding one year).

As a rule, a resident raising credit from a nonresident may avail himself of the credit in the form of a bank transfer effected to an authorized (licensed) credit institution in Hungary. The amount due in the first year of the period of repayment may not be higher than the amount, assuming equal amortization payments, for the full period of repayment. However, there is no restriction regarding the amortization from the second year of the repayment period.

Guarantees, sureties, and financial backup facilities

*By residents to nonresidents*

These transactions are allowed if they are related to liberalized transactions. In all other cases, authorization is needed, which is granted liberally, on a case-by-case basis.

**Controls on direct investment**

Outward direct investment

Equity participation in a nonresident enterprise is considered as foreign direct investment and is free if the participation in the share or equity capital or the value of assets of the foreign enterprise is more than 10%. The following preconditions should also be met: (1) the law of the country of incorporation should allow the transfer to Hungary of profits and capital in convertible foreign exchange; (2) the resident's liability should not exceed (except in the case of a branch) its share in the enterprise; (3) the resident should have no custom duty, tax, pension, health insurance, or social security contribution liability outstanding; (4) the resident should not be in bankruptcy or under liquidation and no such action should have been initiated against him or her in the year of application or the previous two calendar years; (5) during the period stipulated above, there should be no negative decision against the investor made by the foreign exchange authority; and (6) during the same period, no senior employee of the applicant should have been a senior member of the supervisory committee of an enterprise against which the foreign exchange authority had made a negative decision. If the planned investment does not meet any of the listed criteria, the application will automatically fall under the authorization procedure.

Inward direct investment

Foreign investment may be established, even in the case of fully owned foreign enterprises, without approval. Joint ventures and fully foreign-owned enterprises may also be established in duty-free zones. Such enterprises are considered Hungarian legal entities; however, due to the special status of duty-free zones, they are exempted from several regulations. Machines and equipment, technical know-how, and patents may qualify as foreign investment.

**Controls on liquidation of direct investment**

Guarantee is given by law for the transfer of the foreign investors' share of profits, the invested capital, and capital gains.

**Controls on real estate transactions**

Purchase abroad by residents

Real estate acquisition must be reported within eight days.

Purchase locally by nonresidents

Approval of local municipal authorities is required.

**Controls on personal capital movements**

Loans

*By residents to nonresidents*

Credits between close relatives are free. Otherwise, the same regulations apply as for financial credits.

*To residents from nonresidents*

Yes.

Gifts, endowments, inheritances, and legacies

*By residents to nonresidents*

A resident may donate convertible foreign exchange or currency to a nonresident, provided an authorization license of the foreign exchange authority (NBH) is granted. A resident may give a gift of pecuniary value to a nonresident, except for (1) the resident's share or participation in foreign direct investment; (2) the right of ownership in respect of real estate abroad or in Hungary; and (3) securities, money market instruments, and transferable instruments, which may be acquired by nonresidents with a foreign exchange license. (The above-mentioned operations are liberalized only in the case of close relatives.) A resident

may establish an endowment abroad, or may join a foreign endowment, only with authorization. This provision also applies to an assumption of obligation serving public interest.

#### Transfer of assets

##### *Transfer abroad by emigrants*

On first leaving Hungary for any foreign country, a private individual, who is entitled to emigrate, may take the following out of the country without the permission of the foreign exchange authority: (1) his pecuniary value; (2) the currency or foreign exchange originating from the conversion of the domestic payment instruments received for the sale of his domestic real estate; and (3) the foreign exchange or currency originating from the conversion of domestic payment instrument(s) deposited with a domestic credit institution in a registered deposit.

#### **Provisions specific to commercial banks and other credit institutions**

##### Borrowing abroad

Financial institutions must report all foreign borrowing to the NBH.

##### Lending to nonresidents (financial or commercial credits)

Short-term lending is allowed within the following rules:

(1) Total outstanding lending to nonresidents should not exceed 50% of the total amount of liabilities in foreign exchange less the own capital of the bank in foreign exchange or the amount stipulated in a foreign exchange authority license; and

(2) A bank may not have an aggregate lending with an individual borrower of more than 25% of its adjusted capital. In the case of medium- and long-term lending, a case-by-case authorization is needed, which is granted liberally after submitting a request and its accompanying documents. In the case of purchase of short-term securities with an original maturity of less than one year, their aggregate amount should not exceed 50% of the total amount of liabilities in foreign exchange less the own capital of the bank in foreign exchange. In that figure, short-term lending should also be included. In the case of purchase of medium- and long-term securities, the same rules apply as for residents. The granting of credits to foreigners by Hungarian financial institutions is, in most cases, limited to credits with maturities of up to one year. Short-term lending locally to nonresidents is allowed within the framework stipulated above.

##### Purchase of locally issued securities denominated in foreign exchange

Purchase of locally issued foreign-exchange-denominated securities is allowed, but authorization is required to issue such securities; this license is granted in exceptional cases, on a case-by-case basis.

##### Differential treatment of deposit accounts in foreign exchange

###### *Reserve requirements*

As of August 1, 1998, the interest paid on all obligatory reserves placed at the NBH is 10%.

##### Differential treatment of deposit accounts held by nonresidents

As of January 1, 1999, commercial bank liabilities to nonresidents with a maturity of less than one year are subject to the system of reserve requirements, initially with a reserve ratio of zero. Obligatory reserves held against liabilities to nonresidents will be remunerated at the same rate as reserves held against liabilities to residents.

##### Open foreign exchange position limits

The gross aggregate position is limited to 30% of the bank's adjusted capital. Banks should adhere to the limit on a daily basis.

#### **Provisions specific to institutional investors**

In the case of insurance companies, these provisions are included in the Law on Insurance Companies and Insurance Activities, which bans foreign investment by insurance companies; in the case of pension funds, in a Government Decree, which limits the share of foreign investment by pension funds in the compulsory second pillar to 10% of total assets, rising to 30% by 2002, and of other pension funds to 20% of total assets; and in the case of mutual funds, in a law.

##### Limits (max.) on portfolio invested abroad

Yes.

##### Limits (min.) on portfolio invested locally

Yes.

##### Other controls imposed by securities laws

No.

### Changes During 1998

<b>Exchange arrangement</b>	<p><i>January 1.</i> The monthly rate of depreciation was adjusted to 0.9% from 1.1%.</p> <p><i>June 15.</i> The monthly rate of depreciation was adjusted to 0.8% from 0.9%.</p> <p><i>October 1.</i> The monthly rate of depreciation was adjusted to 0.7% from 0.8%.</p>
<b>Arrangements for payments and receipts</b>	<p><i>January 1.</i> Residents and nonresidents may, without authorization, take out of the country up to Ft 350,000 a trip. Imports of domestic currency are limited to Ft 350,000 a person a trip.</p> <p><i>May 15.</i> The limit on foreign currency exports without authorization was increased from the equivalent of Ft 50,000 to the equivalent of Ft 100,000 a person a trip.</p>
<b>Resident accounts</b>	<i>January 1.</i> The legal grounds of liberalized and authorized transactions for crediting a resident juridical person's foreign exchange account kept with a licensed credit institution in Hungary was extended. The scope of operations of deposit accounts kept by residents abroad with foreign banks was also extended.
<b>Nonresident accounts</b>	<i>January 1.</i> The legal grounds of liberalized and authorized transactions for crediting a non-resident convertible forint-account with forint was extended.
<b>Imports and import payments</b>	<i>January 1.</i> About 95% of the Hungarian imports were fully liberalized.
<b>Capital transactions</b>	
Controls on capital and money market instruments	<i>January 1.</i> The issue through placing or public sale and the introduction on a recognized domestic security market of shares or other securities of a participating nature and bonds or other debt securities with a maturity of more than one year, denominated in foreign exchange and issued by OECD-based enterprises, irrespective of their credit rating by an international rating agency, have been liberalized. Residents may also purchase the above-mentioned securities and the depository receipts thereof, through resident brokerage companies, without a foreign exchange license.
Controls on credit operations	<i>January 1.</i> Residents may, without an authorization, undertake sureties, guaranties, or financial backup facilities or other financial obligations in favor of a resident's liability toward a nonresident, provided that the underlying transaction may also be concluded without authorization or prior reporting requirement.
Controls on direct investment	<i>January 1.</i> In addition to investments in joint ventures and fully foreign-owned enterprises, restrictions on investments in branches of foreign companies were eliminated. The requirements that the country of incorporation of a foreign company should be an OECD member country, and the existence of an investment protection agreement with the country of incorporation were also eliminated.
Controls on real estate transactions	<i>January 1.</i> Residents may acquire the ownership of real estate or build real estate situated abroad. However, the transaction has to be reported to the foreign exchange authority within eight days after the conclusion of the contract or the commencement of the construction activity.
Provisions specific to institutional investors	<i>August 1.</i> The interest paid on all obligatory reserves placed at the NBH is 10%.

### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> The euro replaced the deutsche mark in the currency basket to which the forint is pegged.
<b>Capital transactions</b>	
Provisions specific to institutional investors	<i>January 1.</i> Commercial bank liabilities to nonresidents with a maturity of less than one year are subject to the system of reserve requirements, initially with a reserve ratio of zero. Obligatory reserves held against liabilities to nonresidents will be remunerated at the same rate as reserves held against liabilities to residents.

## ICELAND

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: September 19, 1983.

#### Exchange Arrangement

##### Currency

The currency of Iceland is the Icelandic króna.

##### Other legal tender

A commemorative gold coin with face value of ISK 100 is legal tender, but it does not circulate.

##### Exchange rate structure

Unitary.

##### Classification

##### Pegged exchange rate within horizontal bands

The external value of the króna is pegged to a basket of eight currencies: Canadian dollar, Danish krona, Japanese yen, Norwegian krone, the pound sterling, Swedish krona, Swiss franc, and the U.S. dollar. The Central Bank of Iceland (CBI) intervenes in the exchange market to keep the exchange rate within a margin of  $\pm 6\%$  around the central rate.

##### Exchange tax

No.

##### Exchange subsidy

No.

##### Forward exchange market

Iceland has no organized forward market and the króna has no quoted forward exchange rate. However, forward contracts can be freely negotiated in all currencies.

### Arrangements for Payments and Receipts

##### Prescription of currency requirements

No.

##### Payment arrangements

No.

##### Administration of control

The Ministry of Industry and Commerce (MIC) has ultimate responsibilities for imports and, in consultation with the CBI, for capital movements and foreign exchange regulation. The MIC implements the control on inward foreign direct investment. The CBI licenses the foreign exchange dealers on a commercial basis and sets the reporting requirements for statistical purposes and for implementation of control on inward foreign direct investment.

##### International security restrictions

##### In accordance with Executive Board Decision No. 144-(52/51)

In compliance with UN Security Council resolutions, certain restrictions had been imposed on payments and transfers for current international transactions with respect to the Federal Republic of Yugoslavia (Serbia/Montenegro). Iceland imposes exchange restrictions against Libya in accordance with UN Security Council resolutions.

##### In accordance with UN sanctions

Yes.

##### Payment arrears

No.

##### Controls on trade in gold (coins and/or bullion)

No.

##### Controls on exports and imports of banknotes

No.

### Resident Accounts

##### Foreign exchange accounts permitted

##### Held domestically

All accounts in domestic banks must be identified by name and identification number.



Held abroad	Residents must inform the CBI on opening of bank accounts abroad.
Accounts in domestic currency convertible into foreign currency	n.r.

### Nonresident Accounts

Foreign exchange accounts permitted	Banks must report to the CBI the monthly positions of nonresident accounts. All accounts in domestic banks must be identified by name and identification number.
Domestic currency accounts	Yes.
Convertible into foreign currency	All accounts in domestic banks must be identified by name and identification number.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for re-release of foreign exchange for imports	No.
Import licenses and other nontariff measures	Imports of goods and services are free, except when international agreements or provisions in the special legislation provide otherwise.
Negative list	Live animals and certain other agricultural products require health certificates.
Open general licenses	Imports by tourists and foreign visitors are duty-free within general limits on the total, as well as on individual merchandise value, and quantitative limits are set on alcohol and tobacco by the customs authorities.
Import taxes and/or tariffs	Yes.
State import monopoly	Tobacco may only be imported under state trading arrangements.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	
Without quotas	Exports of military, fisheries, and agricultural products require licenses from the Ministry of Foreign Affairs and Foreign Trade.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

## Capital Transactions

### Controls on capital and money market instruments

The purchase of shares or other equity capital may be affected by laws on foreign investment in Iceland.

#### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents

Yes.

Sale or issue locally by nonresidents

Foreign governments and other authorities are prohibited from issuing debt instruments in Iceland unless permitted by the CBI.

##### *Bonds or other debt securities*

Purchase locally by nonresidents

Yes.

Sale or issue locally by nonresidents

Foreign governments and other authorities are prohibited from issuing debt instruments in Iceland unless permitted by the CBI.

#### On money market instruments

##### *Sale or issue locally by nonresidents*

Yes.

### Controls on derivatives and other instruments

Sale or issue locally by nonresidents

Foreign governments and other authorities are prohibited from issuing debt instruments in Iceland unless permitted by the CBI.

### Controls on credit operations

No.

### Controls on direct investment

#### Inward direct investment

Foreign direct investments in Iceland are regulated by a special law on foreign investment: (1) foreign investment is prohibited in the fisheries and primary fish processing industry, as only resident Icelandic citizens or domestically registered entities, where foreign ownership does not exceed 25%, may fish within the Icelandic fishing limit or operate primary fish processing facilities; this limit can be extended to 33% if the foreign investment in domestic entities does not exceed 5% of the total equity; (2) investments by foreign governments and public authorities are prohibited in Iceland; the MIC may grant exemptions from this restriction and restrictions that follow, which do not apply to residents of the EEA; (3) there are controls on the ownership or right to harness waterfalls and geothermal energy, where restrictions apply to investment in power production and distribution companies; (4) investments in domestic airlines may not exceed 49%; and (5) the above and other special laws also stipulate restricted conditions for residency of managers and majority of voting power in holding companies.

### Controls on liquidation of direct investment

No.

### Controls on real estate transactions

#### Purchase locally by nonresidents

The conditions to own real estate in Iceland are: (1) individual owners must be Icelandic citizens; (2) in the case of unlimited companies, all owners must be Icelandic citizens; and (3) joint-stock companies must be registered in Iceland, with at least 80% owned by Icelandic citizens, and all of the members of the board of directors being Icelandic citizens. Icelandic citizens must control the majority of the voting power at annual meetings. The same conditions apply if the real estate is to be leased for more than three years or if the lease agreement cannot be terminated with less than one year's notice. However, a company that is granted an operating license in Iceland may acquire real estate for its own use as long as the license does not carry with it the right to exploit natural resources. Citizens of the EEA and other foreign citizens who have been domiciled in Iceland for at least five years are exempted from these restrictions. The Minister of Justice may grant others exemption from these requirements.

**Controls on personal capital movements**

No.

**Provisions specific to commercial banks and other credit institutions****Open foreign exchange position limits**

The CBI regulates the net foreign exchange position of the banks, particularly in the foreign exchange market.

**Provisions specific to institutional investors****Limits (max.) on securities issued by nonresidents and on portfolio invested abroad**

Portfolio investments of pension funds are restricted to listed securities of organized markets within the OECD countries or elsewhere and with the approval of the Financial Supervisory Authority.

**Currency-matching regulations on assets/liabilities composition**

Foreign exchange exposure of pension funds is limited to 40% of their total assets.

**Other controls imposed by securities laws**

No.

**Changes During 1998**

No significant changes occurred in the exchange and trade system.

## INDIA

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: August 20, 1994.

#### Exchange Arrangement

##### Currency

The currency of India is the Indian rupee.

##### Exchange rate structure

Unitary.

##### Classification

##### Independently floating

The exchange rate of the rupee is determined in the interbank market. The Reserve Bank of India (RBI) purchases and sells spot and forward dollars from and to authorized dealers (ADs) in the interbank market at the market exchange rate.

##### Exchange tax

No.

##### Exchange subsidy

No.

##### Forward exchange market

ADs are allowed to deal forward in any permitted currency. Forward purchases or sales of foreign currencies against rupees with banks abroad are prohibited. The RBI may enter into swap transactions with ADs, under which it buys or sells spot dollars and sells or buys forward dollars for maturities available in the market. Effective June 12, 1998, ADs were permitted to provide forward cover to foreign institutional investors (FIIs) in respect of their fresh equity investments in India. ADs also were allowed to extend forward cover facility to FIIs to cover the appreciation in the market value of their existing investments in India. This facility has also been extended to nonresident Indians (NRIs) and overseas corporate bodies (OCBs) to cover their portfolio equity investment. ADs are allowed to extend forward cover to holders of foreign currency nonresident (FCNR) or nonresident external (NRE) accounts to enable them to hedge balances in such accounts. Effective August 20, 1998, ADs were also allowed to offer forward cover facility to FIIs to the extent of the value of their investment.

##### Official cover of forward operations

The Export Credit Guarantee Corporation of India, Ltd. (ECGC) provides protection against exchange fluctuation with respect to deferred receivables from the date of a bid up to 15 years after the award of a contract. Exchange cover is offered in Australian dollars, euros, yen, pounds sterling, Swiss francs, U.A.E. dirhams, and U.S. dollars. For payments specified in other convertible currencies, cover is provided at the discretion of the ECGC.

### Arrangements for Payments and Receipts

#### Prescription of currency requirements

For prescription of currency purposes, countries are divided into two groups:

(1) member countries of the ACU (except Nepal). All payments on account of eligible current international transactions, except payments relating to travel, must be settled through the ACU arrangement. In other cases, payments may be settled in any permitted currency. Export-import transactions financed out of loans from international financial institutions are settled outside the ACU mechanism. ADs and commercial banks in ACU countries are allowed to transfer ACU dollars among themselves instead of routing the transactions through their respective central banks.

(2) the external group (all other countries). Payments to these countries may be made in Indian rupees to the account of a resident of any of these countries or in any permitted currency, and receipts from these countries may be obtained in Indian rupees from accounts of a bank situated in any of these countries or in any permitted currency. However, special rules may apply with respect to exports under lines of credit extended by the government of India (GOI) to the governments of certain foreign countries.

**Payment arrangements**

Regional arrangements

Yes.

Clearing agreements

Although Nepal is a member of the ACU, trade between India and Nepal is settled outside the ACU mechanism. Nepal is permitted to import from India against payment in freely convertible currency, besides the existing system of payment in Indian rupees. Transactions between all other ACU member countries are settled through ACU dollar accounts.

**Administration of control**

Exchange control is administered by the RBI in accordance with the general policy laid down by the GOI, in consultation with the RBI. Much of the routine work of exchange control is delegated to ADs. Import and export licenses, where necessary, are issued by the Director General of Foreign Trade (DGFT). The RBI is responsible for approving applications for foreign currency loans under a \$5 million scheme, and for approving applications for short-term loans and credits with maturities of less than three years.

**International security restrictions**

In accordance with Executive Board Decision No. 144-(52/51)

Yes.

In accordance with UN sanctions

Yes.

**Payment arrears**

No.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade

There are no restrictions on internal trade in gold. However, gold mines continue to sell gold to industrial users through the distribution network of the State Bank of India (SBI), as well as through market sales. Forward trading in gold or silver is prohibited. Apart from a few agencies authorized by the GOI, 14 banks are authorized by the RBI to import gold for sale in the domestic market.

Controls on external trade

Exports of gold in any form other than jewelry produced in India for exportation with a gold value not exceeding 10% of the total value, and jewelry constituting the personal effects of a traveler, are prohibited subject to certain monetary limits, unless effected by or on behalf of the monetary authorities. The net exportation of gold from India is not permitted. Exporters of jewelry may import their essential inputs such as gold with import licenses granted by the licensing authority. Under this scheme, the foreign buyer may supply gold or silver in advance and free of charge for the manufacture and ultimate export of gold or silver jewelry and articles thereof.

Under the Gold Jewelry and Articles Export Promotion and Replenishment Scheme, exporters of gold jewelry and articles are entitled to replenishment of gold through the designated branches of the SBI, or any other agency nominated by the Ministry of Commerce, at a price indicated in the certificate issued by the SBI after the purchase of the gold. The scheme is limited to exports that are supported by an irrevocable LC, payment of cash on a delivery basis, or advance payment in foreign exchange. Exports of gold jewelry may also be allowed on a collection basis (documents against acceptance). The exporter has the option to obtain gold from the SBI in advance. On presentation of the required documents, the appropriate release order and gem replenishment license may be issued by the licensing authority, provided that the exporters satisfy value added and other requirements under the scheme.

Special permission for imports of gold and silver is granted only in exceptional cases where either no foreign exchange transaction is involved or the metals are needed for a particular purpose. Special permission is also granted when the gold or silver is imported for processing and reexportation, provided that payments for the importation will not be required; the entire quantity of metal imported will be reexported in the form of jewelry; and the value added will be repatriated to India in foreign exchange through an AD. The GOI has permitted the import into India of gold and silver up to certain stipulated quantities by persons of Indian nationality or origin while coming into India, subject to certain conditions and payment of the prescribed duty in foreign exchange. Gold and silver brought into the country is permitted to be sold to residents against payment in rupees.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

In general, the exportation of Indian currency notes and coins, except to Bhutan and Nepal, is prohibited. The exportation to Nepal of Indian currency notes in denominations higher than Rs 100 is also prohibited. However, resident Indians may take with them Indian currency notes not exceeding Rs 1,000 a person at any one time to countries other than Nepal when going abroad on a temporary visit.

*Foreign currency*

ADs, exchange bureaus, and authorized money changers are permitted to sell foreign currency notes and coins up to the equivalent of Rs 100 to travelers going to Bangladesh and up to \$50 or its equivalent to those going to other countries except Bhutan, Bangladesh, and Nepal. Nonresidents may take out the foreign currency notes that they brought in (and declared on entry if it exceeded \$2,500), less the amounts sold to ADs and authorized money changers in India.

**On imports***Domestic currency*

The importation of Indian currency notes and coins is prohibited. However, any person may bring in Indian currency notes (other than notes of denominations larger than Rs 100) from Nepal. Indian travelers may bring in up to Rs 1,000 a person if they previously took out this amount when traveling abroad on a temporary visit.

*Foreign currency*

Foreign currency notes may be brought in without limit, provided that the total amount is declared to the customs authorities upon arrival if the value of foreign notes, coins, and traveler's checks exceeds \$10,000 or its equivalent and/or if the aggregate value of foreign currency notes brought in at any one time exceeds \$2,500 or its equivalent.

**Resident Accounts****Foreign exchange accounts permitted**

The accounts of Indians, Bhutanese and Nepalese nationals residing in Bhutan and Nepal, as well as the accounts of offices and branches of Indian, Bhutanese, and Nepalese firms, companies, or other organizations in Bhutan and Nepal, are treated as resident accounts. However, residents of Nepal obtain their foreign exchange requirements from the Nepal Rastra Bank. Approval of the RBI is required for the opening of foreign currency accounts, both held domestically or abroad, except for those covered by general permission granted by the RBI.

**Held domestically**

These accounts are permitted, but prior approval is required.

**Held abroad**

These accounts are permitted, but prior approval is required.

**Accounts in domestic currency convertible into foreign currency**

NRIs, persons of Indian origin (PIOs), OCBs and other corporate bodies that are owned directly or indirectly to the extent of at least 60% by NRIs, and overseas trusts in which at least 60% of the interest is irrevocably held by such persons are permitted to maintain non-resident (external) accounts. Balances in such accounts are freely convertible into foreign currency. Opening of such accounts in the name of Pakistan or Bangladesh nationals, though of Indian origin, requires RBI approval.

**Nonresident Accounts****Foreign exchange accounts permitted**

(1) Ordinary nonresident rupee accounts of individuals or firms may be credited with: (i) the proceeds of remittances received in any permitted currency from abroad through normal banking channels, balances sold by the account holder in any permitted currency during his or her visit to India, or balances transferred from rupee accounts of nonresident banks; and (ii) legitimate dues paid in rupees by the account holder in India. For credits and debits exceeding Rs 100,000, the ADs are required to submit a report on Form A-4, if the debit transactions relate to investment in shares, securities, or commercial paper of Indian companies or to the purchase of immovable property in India. ADs may debit the ordinary non-resident rupee accounts for all local disbursements, including investments in India that are covered by the general or special permission of the RBI.

(2) Nonresident external rupee (NRER) accounts may be opened for nonresidents of Indian nationality or origin, or for overseas companies and partnership firms of which at least 60% is owned by nonresidents of Indian nationality or origin. In addition to ADs holding licenses under the Foreign Exchange Regulation Act (FERA), some state cooperative banks, certain urban cooperative banks, and scheduled commercial banks not holding such licenses have also been permitted by the RBI to open and maintain nonresident rupee accounts, subject to certain conditions. Such accounts may also be opened for eligible persons during temporary visits to India against the tender of foreign currency traveler's checks, notes, or coins. They may be credited with: (i) new funds remitted through banking channels from the country of residence of the account holder or from any country; (ii) the proceeds of foreign currency traveler's checks, personal checks, and drafts in the name of the account holder; (iii) foreign currency notes and coins tendered by the account holder while in India; (iv) income from authorized investments; and (v) the transfer of funds from other NRER accounts or the foreign currency nonresident (FCNR) accounts. ADs are allowed to effect transfers of funds between NRER accounts of different persons held with the same AD or different ADs for any purpose. The accounts may be debited: (i) for disbursement in India and for transfers abroad; (ii) for any other transaction if covered under general or special permission granted by the RBI; and (iii) to purchase foreign currency and rupee traveler's checks or traveler's LCs for the use of the account holder and his or her family and dependents. Investments in the shares of Indian companies, in partnership firms and the like, or in immovable property may be made with the approval of the RBI. Interest on deposits in nonresident external accounts in any bank in India is exempt from the personal income tax, although juridical persons are not entitled to this exemption. Interest earnings are transferable. The balances held in such accounts by natural persons are exempt from the wealth tax; gifts to close relatives in India from the balances in these accounts are exempt from the gift tax.

(3) FCNR accounts denominated in deutsche mark (up to December 31, 1998), euro, yen, pounds sterling, and dollars may be held in the form of term deposits by persons of Indian nationality or origin and by overseas companies as specified above. These accounts may be credited with amounts received through normal banking channels, including interest earnings. Balances may be repatriated at any time without reference to the RBI. Balances may also be used for the purposes for which debits to NRER accounts are allowed. ADs are allowed to effect transfers of funds between FCNR accounts of different persons maintained with the same AD or other ADs for any purpose, subject to certain conditions. The current FCNR accounts operate in the same manner as the old FCNR accounts, except that the issuing bank (not the RBI) bears the exchange risk.

(4) Nonresident (nonrepatriable) rupee deposit accounts may be opened by NRIs, OCBs owned predominantly by NRIs, and PIOs (except Pakistan and Bangladesh nationals). These accounts may be opened with funds in freely convertible foreign exchange remitted from abroad or funds transferred from existing NRER or FCNR accounts. The funds in these accounts are not allowed to be repatriated abroad at any time. The transfer abroad of accruing interest is permitted.

On April 1, 1998, the interest rate ceiling on nonresident foreign currency account deposits with maturity of one year and above was increased by 50 basis points, and that of deposits of below one-year maturity reduced by 25 basis points. Accounts related to all foreign countries other than Bhutan and Nepal are treated as nonresident accounts.

<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	n.a.
<b>Documentation requirements for re-lease of foreign exchange for imports</b>	n.a.

**Import licenses and other nontariff measures**

Positive list	The importation of the following is restricted: (1) certain specified precious, semiprecious, and other stones; (2) safety, security, and related items; (3) seeds, plants, and animals; (4) insecticides and pesticides; (5) drugs and pharmaceuticals; (6) chemicals and allied items relating to the small-scale sector; and (7) most consumer goods and certain other items.
Negative list	Importation of tallow, fat and/or oils rendered or unrendered of any animal origin, animal rennet, wild animals (including their parts and products), and ivory is prohibited. Imports from Iraq are also prohibited.

**Import taxes and/or tariffs**

Yes.

**State import monopoly**

The importation of certain specified types of petroleum products, fertilizers, edible and nonedible oils, seeds, and cereals is channeled through the state trading enterprises, i.e., Indian Oil Corporation Ltd., Minerals and Metals Trading Corporation of India Ltd., State Trading Corporation of India Ltd., and the Food Corporation of India.

**Exports and Export Proceeds****Repatriation requirements**

Proceeds must be repatriated by the due date of receipt or within six months of shipment, whichever is earlier. Regarding exports made to Indian-owned warehouses abroad established with the permission of the RBI, a period of up to 15 months is allowed for the realization of export proceeds. Exporters are required to obtain permission from the RBI through ADs in the event that the export value is not realized within the prescribed period. The RBI also administers a scheme under which engineering goods (capital goods and consumer durables) may be exported under deferred credit arrangements, so that the full export value is paid in installments over more than six months.

**Surrender requirements**

Exporters are permitted to retain up to 50% of foreign exchange receipts in foreign currency accounts with banks in India. In the case of 100% export-oriented units, units in export processing zones, and units in hardware/software technology parks, up to 70% of foreign exchange receipts may be retained. The scope of the Export Earners' Foreign Currency (EEFC) accounts was broadened by providing facilities to account holders to (1) open offices abroad and to meet the expenses of these offices; and (2) make investments from the account balance in overseas joint ventures up to the limit of \$15 million without reference to the RBI. Corporate exporters are permitted to extend trade-related advances to their importer clients out of their EEFC accounts up to \$3 million for each EEFC account without obtaining RBI approval. ADs are permitted to allow utilization of funds held in EEFC accounts for making bona fide payments of the account holders in foreign exchange, connected with their trade-related current account transactions without any restrictions, except in the case of remittances of agency commissions on exports, which are restricted to 12%.

**Financing requirements**

n.a.

**Documentation requirements**

n.a.

**Export licenses**

Licenses are required for exports of mineral ores and concentrates and chemicals, including those specified in the UN Convention on Chemical Weapons.

**Export taxes**

Yes.

**Payments for Invisible Transactions and Current Transfers****Controls on these transfers**

All bona fide current account transactions qualify for the release of foreign exchange either under the authority delegated to ADs or after obtaining the necessary approval from the RBI.

**Trade-related payments**

Information is not available on payments of administrative expenses.

*Quantitative limits*

ADs are permitted to allow cash remittances of commissions on exports up to 12.5% of invoice value.



Investment-related payments	Remittances are allowed, subject to certain conditions, provided that all current taxes and other liabilities have been cleared.
	Effective June 6, 1998, the RBI allowed branches of foreign companies operating in India to remit profits to their head offices without the prior approval of the RBI. Foreign banks do not need RBI approval for remittances of profits (net of taxes) earned in the normal course of business with their head offices. The remittance is subject to compliance with the Banking Act and RBI directives.
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Quantitative limits exist for interest payments.
<i>Indicative limits/bona fide test</i>	Yes.
Payments for travel	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Up to \$3,000 a person a year may be released by ADs and full-fledged money changers for one or more trips abroad, except for visits to Bhutan and Nepal. The limits for various categories of business travel are as follows: (1) the per diem for senior executives is \$500 and for others \$350; and (2) Indian firms participating in trade fairs and exhibitions, and private printers and publishers wishing to participate in overseas book fairs and exhibitions can obtain unlimited exchange from ADs, subject to rendering accounts.
<i>Indicative limits/bona fide test</i>	ADs may release foreign exchange in certain cases beyond indicative limits.
Personal payments	
<i>Quantitative limits</i>	ADs have been delegated the power to release foreign exchange in line with the estimate of overseas doctor/hospital costs. ADs have been delegated the power to release foreign exchange for higher studies abroad on the basis of the cost estimate of the university or institution abroad. ADs can allow remittances of up to \$5,000 a year for maintenance of a resident's dependents abroad.
Foreign workers' wages	
<i>Quantitative limits</i>	Foreign workers, except those from Pakistan, are permitted to make reasonable remittances to their own countries to pay insurance premiums, to support their families, and for other expenses. ADs may allow such remittances of up to 75% of the net income of a foreign worker, provided that the worker holds a valid employment visa. ADs may also allow such remittances in excess of 75% of net income, provided the remittance meets prerequisites and the worker's family is staying abroad.
<i>Indicative limits/bona fide test</i>	Yes.
Credit card use abroad	Persons going abroad for any purpose (except for employment or emigration) can use international credit cards (ICC) for all purposes, including for the purchase of articles for personal use within their entitlement of foreign exchange. The basic travel quota can also be obtained through the use of credit cards. The use of ICCs is allowed for (1) import of software through the Internet (\$18,000 a transaction), (2) payment of services obtained through the Internet, and (3) use by software engineers going abroad on assignment. Resident Indians are also allowed to hold ICCs to use locally and abroad.
Other payments	
<i>Quantitative limits</i>	The limit for subscriptions and membership fees is \$25,000 or its equivalent. There are no limits on remittances for legal expenses in connection with trade-related transactions. Remittances by Indian shipping companies for fees for solicitors and adjusters may be allowed by ADs without limit. There is no limit for remittances to foreign data service vendors for the use of international data bases.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Proceeds must be repatriated.
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Surrender requirements	Up to 50% of receipts may be retained in foreign currency accounts with banks in India. In the case of Export Oriented Units (EOUs), units created in Export Processing Zones (EPZs), or in Software Technology Parks, or in Electronic Maintenance Technology Parks, 70% of remittances may be obtained from these accounts.
Restrictions on use of funds	n.a.

## Capital Transactions

### Controls on capital and money market instruments

#### On capital market securities

##### *Shares or other securities of a participating nature*

##### Purchase locally by nonresidents

FIIIs are permitted to make investments in all securities traded on the primary and secondary markets, including equity and other securities, and instruments of companies listed or to be listed on the stock exchanges in India. FIIIs are also allowed to invest in dated government securities, either on behalf of clients or using proprietary funds. FIIIs are required to register initially with the Securities and Exchange Board of India (SEBI) and with the RBI. For the FIIIs registered for investments in equities, there is no control on the value of investments by FIIIs in the primary and secondary markets, but investments in debt instruments may not exceed 30% of the total investment. However, FIIIs can separately set up 100% debt funds, which can invest their portfolio in debt instruments within the overall approved debt ceiling.

Portfolio investments in the primary or secondary markets are subject to a ceiling of 10% of the issued share capital for individual FII holdings and 24% of issued share capital for the total holdings of all registered FIIIs in any one company, with the exception of (1) foreign investments under financial collaboration; and (2) investments through offshore single and regional funds, Global Depositary Receipts (GDRs), and convertibles in the euromarket.

On April 1, 1998, FIIIs were allowed to purchase/sell Indian treasury bills within the overall approved debt ceilings.

Effective June 15, 1998, transactions among FIIIs with respect to Indian stocks no longer require the ex post confirmation of the RBI.

Effective June 22, 1998, the authorities announced that the individual and aggregate portfolio investment ceiling for NRIs/OCBs/PIOs would be exclusive of the aggregate portfolio investment ceiling for FIIIs. The individual ceiling for NRIs/OCBs/PIOs is 5% of the paid-up capital and the aggregate investment ceilings for NRIs/OCBs/PIOs are 10% of the paid-up share capital of a company. In the case of companies listed on the stock exchange, the ceiling may be raised to 24% of paid-up capital by passing a resolution in the General Body meeting.

##### Sale or issue locally by nonresidents

Nonresidents are not permitted to issue securities in the local market. In regard of securities of Indian companies held by nonresidents, transfers to a resident must be confirmed by the RBI. Transfers of sale proceeds are permitted, subject to tax, provided no controls were imposed on the repatriation of sale proceeds while approving the original investment. Transfers between two nonresidents do not require such confirmation, but a nonresident transferee requires permission for the purchase of shares of an Indian company.

Effective July 4, 1998, Indian companies do not require RBI approval for receiving inward remittances and to issue shares to the NRI/OCB investors under the 100% scheme. Effective October 24, 1998, Indian companies do not require RBI approval for receiving inward remittances and to issue or export shares to NRI/OCB under the 20% or 40% scheme. The RBI has introduced a scheme for investment by NRIs/OCBs up to 51% of the new issues by certain Indian companies that are not listed on stock exchanges. Consequently, the 40% scheme was abolished. The companies providing investments are required to inform all partners of the details of the remittances.

Purchase abroad by residents	RBI permission is required for acquiring, holding, or disposing of any foreign security. If the acquisition is permitted, transfer of the needed funds from India is also permitted. In the case of a sale of foreign securities, the repatriation of sale proceeds to India is required, unless otherwise specified. Indians who have returned to India after a minimum continuous stay of one year abroad have been exempted from the requirement of obtaining RBI permission for continuing to hold securities already purchased prior to their return to India out of incomes earned by them while abroad. They are also free to use sales proceeds of such securities for acquisition of further securities without RBI permission. The RBI considers applications from resident employees of foreign companies and their joint ventures or wholly owned subsidiaries, in which the foreign company holds not less than 51% equity, for remittance up to \$10,000 per employee in a block of five years for acquisition of shares of the foreign company. Similarly, applications are considered from employees of Indian software companies for remittance of \$10,000 in a block of five years for acquiring shares in overseas joint ventures or wholly owned subsidiaries of Indian companies, subject to certain conditions.
Sale or issue abroad by residents	The same regulations apply as for purchases abroad by residents. In May 1998, controls on the end use of GDR funds were eased.
On money market instruments	
<i>Purchase locally by nonresidents</i>	NRIs and overseas corporate bodies (predominantly those owned to the extent of at least 60% by individuals of Indian nationality or origin and resident outside of India) are allowed to invest in money market mutual funds floated by commercial banks and public or private sector financial institutions with authorization from the RBI or the SEBI on a non-repatriation basis.
<i>Sale or issue locally by nonresidents</i>	These transactions require RBI approval.
<i>Purchase abroad by residents</i>	Residents are not permitted to purchase such instruments abroad without the authorization of the RBI.
<i>Sale or issue abroad by residents</i>	These transactions are not permitted.
On collective investment securities	Resident companies are not permitted to issue securities to nonresidents without the approval of the RBI.
<i>Purchase locally by nonresidents</i>	These transactions require the prior approval of the RBI.
<i>Sale or issue locally by nonresidents</i>	The issue of collective investment securities by nonresidents on local markets in India is not permitted.
<i>Purchase abroad by residents</i>	These transactions require the prior approval of the RBI.
<i>Sale or issue abroad by residents</i>	These transactions require permission from the RBI; the Unit Trust of India has been granted permission for issuing certain securities abroad.
<b>Controls on derivatives and other instruments</b>	
Purchase locally by nonresidents	Resident companies are not permitted to issue rupee-based derivatives and other instruments in India.
Sale or issue locally by nonresidents	These transactions are not allowed.
Purchase abroad by residents	ADs are allowed to purchase hedge instruments for corporate clients and for their own asset/liability management. From September 1998, Indian companies have been allowed access to international commodity exchanges to hedge commodity price risk. Contract length is restricted to six months, beyond which RBI clearance is required. Crude oil and petroleum products are excluded.
Sale or issue abroad by residents	These transactions require the permission of the RBI.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	A commercial credit of up to six months is allowed regarding exports on documents-against-acceptance terms. Contracts for exports involving payments to be realized beyond the normal period of six months are treated as deferred payment exports. Such exports are

permitted keeping in mind the credit terms offered, the commodity to be exported, and other related considerations. This applies to turnkey/construction/service contracts undertaken by Indian exporters on credit terms. Under the Buyer's Credit Scheme, the EXIM Bank offers credits to foreign buyers in connection with the export of capital goods and turnkey projects in India in participation with commercial banks in India. These are considered by the EXIM Bank depending upon the creditworthiness, the standing and financial position of the overseas borrower, the economic viability of the project, the standing of the Indian exporter, etc.

*To residents from nonresidents*

Proposals for raising foreign currency loans and credits, i.e., buyer's credits, supplier's credits, or lines of credits by firms, companies or lending institutions for financing imports of goods and services for a period of less than three years are considered by the RBI on their terms and conditions in connection with the terms offered in overseas markets. Exporters are allowed to raise external commercial borrowing twice the average amount of annual exports during the previous years, subject to a maximum of \$100 million without end-use restrictions (i.e., general corporate objectives, excluding investment in stock or in real estate). The maximum level of entitlement in any one year is a cumulative limit and debit outstanding under the existing \$15 million exporters scheme netted out to determine annual eligibility. External commercial borrowing guidelines for exporters and shipping companies were eased, facilitating overseas borrowing by eligible corporations.

Financial credits

These transactions require prior permission from the RBI.

*By residents to nonresidents*

Yes.

*To residents from nonresidents*

Prepayment of such loans and credits and payments of interest and other charges on such loans can be made by ADs under general permission of the RBI. Borrowing proposals, for loans for less than three years and those falling under the \$5 million and \$10 million scheme, must be cleared by the RBI. External borrowing falling outside these schemes requires government approval. External borrowing is permitted to be used for expenditures related to roads (including bridges), ports, industrial parks, and urban infrastructure (water supply, sanitation, and sewerage projects). In addition to the previously designated sectors, power, railways, telecommunications, and license fee payments are also approved uses of external borrowing. Holding companies and promoters might raise external borrowing to the equivalent of \$50 million to finance equity investment in a subsidiary company implementing infrastructure projects. Corporate borrowers may raise long-term resources with an average maturity of 8 and 16 years up to \$100 million and \$500 million, respectively, and use the funds without any end-use restrictions (i.e., general corporate objectives) excluding investments in the stock market and real estate. However, borrowings of an average maturity of 10 years and above would be outside the ceiling.

Corporate borrowers are permitted to raise external borrowing to acquire ships and vessels from Indian shipyards. Corporate borrowers who had raised funds for the import of capital goods and services through bonds, floating rate notes (FRNs), or syndicated loans are permitted to remit funds into India and deploy the same, excluding investments in the stock market or in real estate, until their actual import of capital goods and services takes place or up to one year, whichever is less. In case borrowers decide to deploy the funds abroad until the approved end-use requirement arises, they are eligible to do so in line with RBI guidelines. Borrowing limits for telecommunications projects are flexible and an increase from the present 25% to 50% of the project cost is allowed.

Guarantees, sureties, and financial backup facilities

*By residents to nonresidents*

The ADs have been allowed to give performance bonds or guarantees in favor of overseas buyers connected to bona fide exports from India and guarantees in the ordinary course of business in respect of missing documents, authenticity of signatures, and other similar purposes. The RBI has granted general permission to shipping agents to give guarantees in respect of any debt or other obligation as liability of their principals. Guarantees in favor of income tax, customs, post, and other central or state government authorities in India subject to such instructions require authorization from the RBI.

*To residents from nonresidents*

The RBI has permitted ADs to grant loans to residents against guarantees from nonresidents, subject, inter alia, to the condition that no direct or indirect payment is made abroad by way of guarantee, commission, or otherwise.

## Controls on direct investment

### Outward direct investment

Investments are subject to approval of the RBI. Proposals for participation in overseas joint ventures, the setting up of wholly owned subsidiaries abroad that involve remittance of cash, and export of goods from India are considered in light of the financial position and track record of the applicant Indian company; the past export performance; and the benefits likely to accrue in terms of foreign exchange earnings by way of exports, technology transfer, profits, dividends, and so forth. ADs have been permitted to allow investments up to \$15 million (inclusive of investment approved under the fast-track route by the RBI) in a block of three years out of funds held by the Indian investors in their EEFC accounts. Proposals of investment in joint ventures or wholly owned subsidiaries abroad up to a maximum of 50% of GDRs to be raised would be cleared by the MOF under its normal GDR approval process for overseas investment as a permitted end use. The RBI also allows investment in joint ventures or wholly owned subsidiaries abroad uniformly up to \$15 million in respect of all countries and Indian rupee investment up to Rs 600 million in Nepal and Bhutan.

For the use of investment of computer software companies with cumulative export or foreign exchange realization of \$25 million or more in the preceding three years, blanket investment approval is given by the RBI up to 50% of such foreign exchange earnings, subject to a maximum of \$25 million in a block of three consecutive financial years.

### Inward direct investment

Foreign equity up to 50%, 51%, and 74% is permitted by the RBI in specified high-priority industries on an automatic basis. The RBI also allows foreign equity holdings up to 51% in trading companies primarily engaged in export activities. Other applications require clearance from the GOI. A liberal policy is followed for investments in India by NRIs or OCBs predominantly owned by such persons. Foreign companies are also permitted to set up liaison offices in India for the purpose of carrying on liaison activities, provided their entire expenses are remitted from abroad. Applications for investment in areas that do not fall within the authority of the RBI but that are covered by the foreign investment policy are approved by the Foreign Investment Promotion Board (FIPB). Such investments may be approved up to 100% of capital on a case-by-case basis. The Ministry of Industry is the relevant agency for all issues related to foreign direct investment, including approvals. In the case of coal, hydro, and nonconventional energy-based power projects, the Power Ministry may grant automatic approvals of up to 100% foreign equity under certain conditions. Nonresidents, noncitizens, and nonbank companies not incorporated under Indian law must have permission from the RBI to initiate, expand, or continue any business activity in India and to hold or acquire shares of any company carrying on a trading, commercial, or industrial activity in India.

NRIs or PIOs may invest freely in any public or private limited company or in any partnership or proprietary concern engaged in any activity except agricultural or plantation activities and real estate business (excluding real estate development, such as construction of houses, etc.), provided: (1) funds for investment are either remitted from abroad through normal banking channels or drawn from their nonresident accounts; (2) repatriation of the capital invested will not be requested; and (3) overall limits on holdings of shares and convertible debentures bought through the stock exchange by nonresident Indians (see below) are adhered to.

Overseas companies, societies, and partnership firms of which at least 60% is owned by NRIs or PIOs, and overseas trusts in which at least 60% of the beneficial interest is irrevocably held by NRIs are also allowed to invest in any public or private limited company, in accordance with the above provisions.

NRIs and overseas companies, as defined above, may use funds derived from fresh remittances or held in their nonresident (external) or foreign currency (nonresident) accounts to (1) make portfolio investments with repatriation benefits up to 1% of the capital, provided that their total holdings of shares and convertible debentures held on either a repatriable or nonrepatriable basis by all nonresident investors do not exceed 10%, 24%, or 30% of the paid-up capital of the company or of the total paid-up value of each series of convertible debentures issued by the company; (2) invest freely in national savings certificates with full repatriation benefits; (3) invest up to 40% of the new equity capital issued by a company setting up industrial manufacturing projects; hospitals (including diagnostic centers); hotels of at least three-star category; and shipping, software, and oil exploration services with

repatriation rights for capital and income, subject to deduction of applicable Indian taxes; (4) place up to 100% in new investments, including expansion of existing industrial undertakings in specified priority industries with free repatriation of such investments. Foreign direct investment is permitted in trading companies. Trading companies must be registered with the Ministry of Commerce and must obtain a certificate of their status as either export, trading, star trading, or super star trading house before applying to the RBI for remittances or dividends. The RBI has the authority to permit foreign investment of up to 51% of the paid-up capital of such Indian companies. A higher percentage, up to 100%, is considered for approval by the FIPB, provided that the funding company is primarily engaged in exports. Existing joint-venture companies may raise the ratio of foreign equity shares to 51% of their capital through expansion of their capital base or through preferential allocation of shares to the foreign investor. Companies in certain manufacturing and tourist industries can obtain RBI automatic approval for the expansion; (5) invest on a non-repatriable basis in money market mutual funds (only NRIs and OCBs), subject to RBI approval; (6) invest up to 51% of equity on a repatriable basis in unlisted companies in all industries, except those mentioned in Annex III of the Statement of Industrial Policy; and (7) issue shares to foreign investors of up to 50%, 51%, 74%, or 100% if those Indian companies issuing the shares were engaged in specified high-priority industries, subject to fulfilling certain conditions. The RBI granted permission for such transactions and has also granted general permission to Indian companies to issue shares to foreign investors up to the level approved by the GOI (Ministry of Industry).

#### **Controls on liquidation of direct investment**

Sale of shares, securities, and immovable property requires approval of the RBI. Repatriation of after-tax sale proceeds is generally permitted, provided no condition of nonrepatriation was imposed when approving the original investment.

#### **Controls on real estate transactions**

These transactions require the permission of the RBI.

##### **Purchase abroad by residents**

Indians who have returned to India after a minimum continuous stay of one year abroad are, however, permitted to hold immovable property acquired with funds earned while they were abroad. They are also free to dispose of such property or acquire new property from the sale proceeds of such property.

##### **Purchase locally by nonresidents**

NRIs and OCBs (predominantly owned by NRIs) may invest in companies engaged in real estate development (e.g., construction of houses, etc.); up to 100% of new investments may be required to be locked in for a period of three years for disinvestment. After three years, remittances of disinvestment will be allowed up to the original investment in foreign exchange. In the cases of OCBs, profits may be repatriated up to 16%.

##### **Sale locally by nonresidents**

Repatriation of after-tax sale proceeds is generally permitted, provided no condition of nonrepatriation was imposed while approving the original investment.

#### **Controls on personal capital movements**

##### **Loans**

###### *By residents to nonresidents*

These transactions require the approval of the RBI.

###### *To residents from nonresidents*

These transactions require the approval of the RBI. NRIs are permitted to grant non-interest-bearing loans on a nonrepatriation basis to their close relatives in India.

##### **Gifts, endowments, inheritances, and legacies**

###### *By residents to nonresidents*

ADs are allowed to permit remittances of gifts up to \$1,000 a year by residents.

##### **Transfer of assets**

###### *Transfer abroad by emigrants*

These transactions require the approval of the RBI.

##### **Transfer of gambling and prize earnings**

Remittances of earnings from sweepstakes/lotteries are not permitted.

#### **Provisions specific to commercial banks and other credit institutions**

##### **Borrowing abroad**

Borrowing is subject to approval by the GOI, the MOF, and the Department of Economic Affairs. ADs may avail themselves of loans, overdrafts, and other types of fund-based credit facilities from their overseas branches and correspondents up to 15% of their

	unimpaired Tier I capital. Loans or overdrafts in excess of this limit may be obtained solely for the purpose of replenishing the dealers' rupee resources in India without prior approval from the RBI. Repayment of such borrowing requires prior approval from the RBI, which may be accorded only when the debtor bank has no outstanding borrowings in India from the RBI or any other bank or financial institution and is clear of all money market borrowings for a period of at least four weeks before the repayment.
Maintenance of accounts abroad	There are no controls on ADs maintaining accounts abroad. In all other cases (e.g., airlines and shipping companies), specific permission by the RBI is required. The RBI has granted general permission to certain categories of persons to maintain foreign currency accounts abroad for specific purposes, subject to certain conditions.
Lending to nonresidents (financial or commercial credits)	Lending is subject to RBI approval on a case-by-case basis and at a limit of \$10 million. However, ADs have been permitted to invest their temporary surplus funds in foreign treasury bills and make deposits with banks abroad subject to a limit of 15% of their Tier I capital.
Lending locally in foreign exchange	Banks may lend to residents to meet bona fide foreign exchange requirements toward preshipment credit in foreign currency for financing domestic inputs. Banks can also use their FCNR deposit resources to grant loans to residents for their bona fide foreign currency requirements.
Purchase of locally issued securities denominated in foreign exchange	No scheme is in place allowing for these transactions.
Differential treatment of deposit accounts in foreign exchange	
<i>Interest rate controls</i>	While interest rates on resident deposits for maturities of over two years have been completely deregulated, interest rates on FCNR (banks), which must be aligned with the international rates, are decided by the RBI. Interest rates on nonresident (nonrepatriable) rupee deposit schemes are deregulated for all maturities. ECBs for project financing are allowed spreads of up to 350 basis points above LIBOR/U.S. treasury bills. Corporate entities are also allowed to raise 50% of the permissible debt in the form of subordinated debt at a higher interest rate.
Differential treatment of deposit accounts held by nonresidents	
<i>Reserve requirements</i>	Yes.
<i>Liquid asset requirements</i>	An incremental cash reserve requirement of 10% on foreign currency nonresident deposits is in effect. All other foreign currency accounts remain exempted from the cash reserve requirement.
Open foreign exchange position limits	Banks are required to maintain on an ongoing basis Tier I capital at 5% of the open position limit approved by the RBI, and the overall open position limit should have a reasonable relation to the capital of the bank.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on portfolio invested abroad	Yes.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<i>June 12.</i> ADs were permitted to provide forward cover to FIIs in respect of their fresh investments in India in equity. ADs also were allowed to extend forward cover facility to FIIs to cover the appreciation in the market value of their existing investments in India. This facility has also been extended to NRIs and OCBs to cover their portfolio equity
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	investments. ADs are allowed to extend forward cover to holders of FCNR/NRE accounts to enable them to hedge balances in such accounts.
	<i>August 20.</i> ADs were allowed to offer forward cover facility to FIIs to the extent of the value of their investments.
<b>Nonresident accounts</b>	<i>April 1.</i> The interest rate ceiling on nonresident foreign currency account deposits with a maturity of one year and above was increased by 50 basis points, and that of deposits of below one-year maturity reduced by 25 basis points.
<b>Payments for invisible transactions and current transfers</b>	<i>June 6.</i> The RBI allowed branches of foreign companies operating in India to remit profits to their head offices without prior approval of the RBI. The RBI has also allowed foreign banks to make remittances to their head offices of profits (net of taxes) earned from normal business operations in India without prior approval from the RBI, subject to compliance with banking regulations and RBI's directives.
<b>Capital transactions</b>	
Controls on capital and money market instruments	<p><i>April 1.</i> FIIs were allowed to purchase/sell Indian treasury bills within the overall approved debt ceilings.</p> <p><i>May 1.</i> Controls on the end use of GDR funds were eased.</p> <p><i>June 15.</i> Transactions among FIIs with respect to Indian stocks no longer require the ex post confirmation from the RBI.</p> <p><i>June 22.</i> The authorities announced that the individual and aggregate portfolio investment ceiling for NRIs/OCDs/PIOs is exclusive of the aggregate portfolio investment ceiling for FIIs. The aggregate investment ceilings for NRIs/OCDs/PIOs would be 10% of the paid-up capital of a company. In the case of Indian companies listed on the stock exchange, the ceiling can be raised to 24% of paid-up capital.</p> <p><i>July 4.</i> Indian companies do not require RBI approval for receiving inward remittances and to issue shares to the NRI/OCB investors under the 100% scheme.</p> <p><i>October 24.</i> Indian companies do not require RBI approval for receiving inward remittances and to issue or export shares to NRI/OCB under the 20% or 40% scheme.</p>
Controls on derivatives and other instruments	<i>September 1.</i> Indian companies have been allowed access to international commodity exchanges to hedge commodity price risk. Contract length is restricted to six months, beyond which RBI clearance is required. Crude oil and petroleum products are excluded.
Controls on credit operations	<i>April 1.</i> External borrowing guidelines for exporters and shipping companies were eased, facilitating overseas borrowing by eligible corporations.



## INDONESIA

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: May 7, 1988.

#### Exchange Arrangement

##### Currency

The currency of Indonesia is the Indonesian rupiah.

##### Other legal tender

Two commemorative gold coins are also legal tender.

##### Exchange rate structure

##### Dual

A foreign exchange subsidy for food imports was introduced in February 1998 by the provision of foreign exchange at Rp 5,000 per \$1 to finance food imports, giving rise to a dual foreign exchange market.

##### Classification

##### Independently floating

The exchange rate is determined freely in the foreign exchange market.

##### Exchange tax

No.

##### Exchange subsidy

No.

##### Forward exchange market

Forward foreign currency contracts offered by domestic banks to nonresidents are limited to \$5 million for each bank and for each customer. These restrictions do not apply to trade- and investment-related transactions.

##### Official cover of forward operations

Yes.

### Arrangements for Payments and Receipts

##### Prescription of currency requirements

No.

##### Payment arrangements

##### Barter agreements and open accounts

There are countertrade arrangements as part of bids for government-sponsored construction or procurement projects, whose import component is valued at more than Rp 500 million.

##### Administration of control

In general, there are no restrictions on foreign exchange transactions. However, the Commercial Offshore Loan Team (COLT) has the authority to institute regulations regarding commercial offshore borrowing.

##### International security restrictions

Restrictions against Israel are in place.

##### In accordance with UN sanctions

Restrictions against countries on which the UN has imposed a trade embargo are in effect.

##### Payment arrears

No.

##### Controls on trade in gold (coins and/or bullion)

##### Controls on external trade

Travelers may freely take out up to Rp 65,000 a person in Indonesian commemorative gold and silver coins issued in August 1970 and up to Rp 130,000 a person in gold and silver coins issued in October 1974; amounts in excess of these limits require the prior approval of the Bank of Indonesia (BI). Gold may be imported freely. Imports are subject to a levy of Rp 25 per \$1.

##### Controls on exports and imports of banknotes

##### On exports

##### *Domestic currency*

Travelers may freely take out Indonesian notes and coins up to Rp 5 million a person. For amounts in excess of this limit and up to Rp 10 million, a declaration must be made to

customs officials, while for amounts exceeding Rp 10 million, the prior approval of the BI is required in addition to the customs declaration.

On imports

*Domestic currency*

Travelers may bring in Indonesian notes and coins up to Rp 5 million a person. For the repatriation of amounts in excess of this amount limit, the same conditions apply as for exports.

## Resident Accounts

**Foreign exchange accounts permitted**

Held domestically

Only checking and time deposit accounts are permitted.

Held abroad

Yes.

**Accounts in domestic currency convertible into foreign currency**

No checks may be drawn on foreign currency accounts.

## Nonresident Accounts

**Foreign exchange accounts permitted**

Only checking and time deposit accounts are permitted. No checks may be drawn on foreign currency accounts.

**Domestic currency accounts**

Yes.

Convertible into foreign currency

Yes.

**Blocked accounts**

No.

## Imports and Import Payments

**Foreign exchange budget**

No.

**Financing requirements for imports**

Requirements in general are set by commercial banks on the basis of their assessment. Exporters, however, require banks to guarantee a 100% face value of red-clause LCs and advance payments.

**Documentation requirements for release of foreign exchange for imports**

Cement/asbestos sheets, dry batteries, steel slabs, low-voltage electric cord, and electric light bulbs are subject to quality control.

Domiciliation requirements

Yes.

Letters of credit

LCs may be issued by foreign exchange banks in the form of sight or usance LCs. Payment settlement under usance LCs should not be more than 360 days.

**Import licenses and other nontariff measures**

Negative list

Imports from Israel and the countries against which the United Nations has imposed a trade embargo are prohibited, as are imports from all sources of most secondhand goods and of certain products. Secondhand engines, however, and their parts and other capital goods may be imported by industrial firms for their own use or for the reconditioning of their industry, in accordance with the guidelines of the Ministry of Trade (MOT) and of Industry. Certain categories of agricultural imports, including foodstuffs, beverages, and fruits, may be imported only by registered importers designated by the MOT. The procurement policies of companies approved for the importation of fruit, alcoholic beverages, and chicken are evaluated annually by the government, although explicit quantitative restrictions are not placed on these products.

Open general licenses

There is a registry of authorized importers that includes only Indonesian nationals, although foreign investors are permitted to import the items required for their own projects.

	Although all imports into Indonesia are subject to licensing requirements, most are classified under the General Importer License.
<b>Import taxes and/or tariffs</b>	Certain products are granted preferential duties within the framework of the AFTA and the WTO.
Taxes collected through the exchange system	Import taxes are collected through foreign exchange banks authorized by the MOF.
<b>State import monopoly</b>	Imports of certain goods remain restricted to approved importers, most of which are state enterprises. Pertamina has a monopoly on the importation of lubricating oil and lubricating fats, and Dahana on the importation of ammunition and explosive gelatin. The Board of Logistics has the sole right to import rice. The monopoly rights of approved importers (sole agents) also remain in effect for the importation of certain heavy equipment and motor vehicles, although this right may be transferred to general importers. The importation of trucks is subject to restriction.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	Exporters (producers or suppliers) may sell their export proceeds to the BI through a rediscount facility. Drafts may be rediscounted in rupiah or foreign currency. Such drafts denominated in currencies other than the dollar, pound sterling, yen, and euro must first be converted into dollars. The maximum remaining period to maturity of drafts that can be rediscounted by foreign exchange banks to the BI is 720 days. The BI sets the discount rate for daily rediscount transactions based on the SIBOR rate for various maturities plus a margin. The BI also provides rediscount facilities for suppliers of related products to exporters. In this case, on the basis of a local LC, a supplier may seek a bank draft and sell to the BI through a foreign exchange bank, provided the remaining days to maturity are between 30 and 180 days. The discount rate for the draft is the BI's six-month money market securities' cutoff rate.
<b>Documentation requirements</b>	
Letters of credit	Exports with sight LC conditions must be settled not later than 30 days from the date the exports are registered with the foreign exchange bank.
Domiciliation	Yes.
Preshipment inspection	Exports of goods that contain imported material that received import tax abolishment from the government must be examined before shipment.
<b>Export licenses</b>	Exports to Israel and the countries against which the UN has imposed a trade embargo are prohibited, as are exports to all countries of certain categories of unprocessed or low-quality rubber, brass and copper scrap (except from the island of Irian Jaya), iron scrap, steel scrap, and antiques of cultural value. Exporters are required to obtain trade permits issued by the MOT.
Without quotas	Exports of certain domestically produced commodities must have prior authorization from the MOT in order to meet domestic demand and to encourage domestic processing of certain raw materials. Items affected by such controls include clove seeds, logs, fertilizer, cement, iron for construction reinforcement, automobile tires, paper, asphalt, stearin, cattle, salt, wheat flour, maize, soybeans, rice, copra, olein, raw rattan, meat, and all goods produced from subsidized raw materials. Concern about domestic price stability sometimes leads to the suspension of exports of various items in this category.
With quotas	Manioc may be exported only by approved exporters. Textiles and textile products subject to import quotas in the consumer countries may be exported only by approved textile exporters, who may transfer their allocated quotas to other approved exporters through the Commodity Exchange Board.
<b>Export taxes</b>	Export taxes ranging from \$250 to \$4,800 per cubic meter are applied to sawed and processed timber. Exports of logs are subject to taxes ranging from \$500 to \$4,800 per cubic meter. Certain processed wood products are not taxed. Certain other products are subject to export taxes ranging from 5% to 30%.

On April 15, 1998, taxes on exports of logs, sawn timber, rattan, and minerals were reduced to 30%.

On April 22, 1998, the ban on palm oil exports was removed and a 40% tax on these exports was introduced and raised to 60% in July.

Taxes collected through the exchange system

Taxes are collected through foreign exchange banks authorized by the MOF.

## Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

## Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.

Restrictions on use of funds No.

## Capital Transactions

### Controls on capital and money market instruments

#### On capital market securities

##### *Shares or other securities of a participating nature*

##### *Purchase locally by nonresidents*

Foreign investors are allowed to purchase without limit shares issued by Indonesian companies in the Indonesian capital market. There is a restriction on the ownership of a joint securities company, which is a finance company.

##### *Sale or issue locally by nonresidents*

Foreign companies are permitted to issue Indonesian Depositary Receipts (IDRs) through custodian banks in Indonesia. IDRs are instruments that facilitate the trading of shares of foreign companies in the Indonesian capital market. Custodian banks in turn issue IDRs based on the shares that the foreign companies have put in the custodian bank.

##### *Sale or issue abroad by residents*

No control applies as long as the shares are not listed on the Indonesian Stock Exchange. If those securities are listed on the Indonesian Stock Exchange, they initially should comply with the Capital Market Act and with the requirement on the maximum percentage of foreign ownership of shares. However, Indonesian companies do not issue shares but rather American Depositary Receipts (ADRs) in the U.S. capital market and Global Depositary Receipts (GDRs) on the London Stock Exchange.

##### *Bonds or other debt securities*

n.r.

#### On money market instruments

##### *Sale or issue locally by nonresidents*

These transactions are prohibited.

##### *Sale or issue abroad by residents*

Banks require approval from the COLT for issuance of instruments with maturities of over two years or for amounts exceeding \$20 million a year a creditor; total issuances, however, should not exceed 30% of the bank's capital.

#### On collective investment securities

##### *Purchase locally by nonresidents*

No person may purchase more than 1% of any fund.

### Controls on derivatives and other instruments

Derivative transactions, other than those associated with foreign exchange and interest rates, are prohibited. Exception may be made by the BI for derivative transactions related to stock margins. Banks are obliged to enter into a written agreement with their clients and explain the risks of these transactions and also to submit a weekly report to the BI. Losses

from derivative transactions exceeding 10% of each bank's capital must immediately be reported to the BI. Forward sales contracts of foreign currency by domestic banks to non-residents are limited to \$5 million a bank a customer. These restrictions do not apply to trade and investment related transactions.

Purchase locally by nonresidents Yes.

Sale or issue locally by nonresidents Yes.

Purchase abroad by residents Yes.

Sale or issue abroad by residents Yes.

### Controls on credit operations

#### Commercial credits

*By residents to nonresidents* In general, resident entities are prohibited from granting credit to nonresident entities.

*To residents from nonresidents* Resident entities, especially the nonbank private sector, may borrow from nonresidents; however, they have to submit periodic reports to the BI on their borrowing. The following are subject to authorization by the BI:

(1) borrowings related to development projects using nonrecourse, limited recourse, advance payment, trustee borrowing, leasing, and similar financing;

(2) borrowings related to development projects with financing based on BOT, B&T, and similar schemes; and

(3) borrowings related to the government or a state company (including the State Bank of Pertamina), including in the form of government equity participation, guarantee for provision of feed stock supply, or guarantee for products offtaker.

#### Financial credits

*By residents to nonresidents* In general, there are no controls on the granting of credit by residents (excluding banks) to nonresident entities.

*To residents from nonresidents* Yes.

#### Guarantees, sureties, and financial backup facilities

*By residents to nonresidents* Banks are allowed to provide sureties and guarantees to nonresident entities only under the following conditions: (1) when there is sufficient contraguarantee from bona fide overseas banks (excluding overseas branches from the relevant bank); and (2) when there is a cash deposit valued at 100% of the guarantee granted.

### Controls on direct investment

#### Inward direct investment

Several sectors are controlled: (1) foreign investment companies in infrastructure projects such as seaports, electricity generation, transmission, and distribution for public use, telecommunications, shipping, airlines, potable water supply, public railways, and nuclear electric power generation should be established by way of joint venture between foreign and Indonesian partners, and the share of Indonesian partners should be at least 5% of the total capital issued at the outset of the company; and (2) a foreign investment company may be established as a straight investment, which means that 100% of the shares may be owned by a foreign citizen and/or entities. However, some of the company's shares must be sold to an Indonesian citizen and/or entities through direct placement and/or indirectly through the domestic capital market no later than 15 years after the commencement of commercial operations.

Foreign ownership of direct investments must begin to be divested by the eleventh year of production. For investments above \$50 million, divestment of 50% must be completed within 20 years. For smaller investments, the divestment requirement is less stringent.

All foreign enterprises are eligible to receive preferential customs duty treatment for imports of required raw materials for the first two years of production activity. Raw materials may be imported with no time limit. In addition, an enterprise exporting more than 65% of its production is free to hire foreign experts as needed to maintain its export commitments.

	<p>On February 1, 1998, the government removed all formal and informal barriers to foreign investment in palm oil plantations.</p> <p>On March 31 and April 1, 1998, the authorities lifted controls on foreign investment in retail trade and wholesale trade, respectively.</p> <p>On July 2, 1998, a revised and shortened negative list of activities closed to foreign investors was issued and some sectoral controls were removed.</p> <p>On October 16, 1998, controls on foreign investment in domestic banks were lifted.</p>
<b>Controls on liquidation of direct investment</b>	Investors are granted the right to repatriate capital, to transfer profits (after settlement of taxes and financial obligations in Indonesia), and to make transfers relating to expenses connected with the employment of foreign nationals in Indonesia and relating to depreciation allowances. The law provides that no transfer permit shall be issued for capital repatriation as long as investment benefits from tax relief are being received; at present, however, foreign payments do not require a transfer permit.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	According to the Agrarian Law, nonresidents are only allowed to buy land with the land title status "the right to use of land," but since the land title of real estate in Indonesia is "the right to build on land," they are not allowed to buy real estate. Nonresidents, however, are permitted to engage in inward direct investment in local real estate.
Sale locally by nonresidents	Yes.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	The COLT supervises all foreign commercial loan transactions. COLT's prior approval is required before any public enterprise, commercial bank, or public sector body may accept a loan from abroad. Resident banks or credit institutions, specifically the ones that deal with international trade and finance activities, are allowed to borrow abroad within limits. An annual borrowing ceiling is imposed by the BI for foreign commercial borrowing of more than two years' maturity. In addition, the prospective borrowers obtain COLT decisions for queuing on the international capital market before soliciting for such borrowings. Besides, banks may receive foreign commercial borrowing with maturities of no more than two years with an amount not exceeding \$20 million a creditor on a bilateral basis without prior approval from the BI, but the banks should maintain the total amount of such borrowings at or below a maximum of 30% of their capital. Trade financing, such as the issuance of LCs, red-clause LCs, supplier's and buyer's credits with maturities not exceeding one year and amounts of less than \$20 million, are not considered borrowings that require approval from the COLT. A bank that has received a medium- to long-term foreign commercial lending facility (PKLN) ceiling shall provide export credit of at least 80% of the PKLN received for the year concerned. Foreign commercial borrowings received by financial institutions, such as leasing companies, factoring companies, and consumer financing companies, may not exceed five times the company's net worth less its equity share.
Lending to nonresidents (financial or commercial credits)	Banks are not allowed to grant loans or financial and commercial credits in either rupiah or foreign exchange to nonresidents, including those with authorization from residents to obtain credit.
Lending locally in foreign exchange	Banks are permitted to lend locally in foreign exchange. Banks may also purchase locally issued securities denominated in foreign exchange, subject to the requirement that the securities must be investment grade and should not be issued by their groups. To do this, banks should take into account other exchange regulations, namely the regulation on net open position aimed at prudential control.
Purchase of locally issued securities denominated in foreign exchange	This is, however, limited by open position limits.
Differential treatment of deposit accounts in foreign exchange	Banks are free to set their interest rates on both deposits and loans in foreign exchange. In the case of taxes, revenues gained from interest on nonresident deposit accounts are taxed at 20% or at a percentage stipulated on the tax agreement between the government of

	Indonesia and the government of a nonresident entity, while the revenues gained from interest of resident deposit accounts are taxed at 15%.
Investment regulations	On January 1, 1998, the authorities lifted restrictions on branching of foreign banks.
<i>Abroad by banks</i>	Banks are only permitted to place their investments in financial institutions, and this should not exceed 25% of a bank's capital as well as 15% of the financial institution's capital.
<i>In banks by nonresidents</i>	Equity participation of foreign banks in a joint bank may exceed 85% of paid-up capital. Until October 15, 1998, foreign citizens and/or foreign legal entities could purchase shares in a commercial bank sold through the stock exchange in Indonesia, but they were not allowed to exceed 49% of the listed shares. On October 16, 1998, this limitation was lifted.
Open foreign exchange position limits	At the end of each business day, the total daily consolidated net open position (NOP), which covers both on- and off-balance sheets as well as both on- and offshore branches, must exceed 20% of bank's capital. Banks must submit a weekly report of their daily consolidated NOP to BI. Transitional period: <ul style="list-style-type: none"> <li>• The excess amount of NOP in June 1999 must be up to 70% of that of December 1998.</li> <li>• The excess amount of NOP in December 1999 must be up to 40% of that of December 1998.</li> <li>• The 20% NOP limitation will be effective by June 2000.</li> </ul>
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	Insurance and reinsurance companies licensed in Indonesia are not allowed to invest abroad except for private placement in companies conducting insurance business overseas, such as insurance companies, reinsurance companies, insurance brokers, loss adjusters, etc. Indonesian mutual funds are prohibited from investing abroad.
Limits (max.) on portfolio invested abroad	Liabilities denominated in foreign currency of insurance and reinsurance companies exceeding assets denominated in foreign currency shall not be more than 10% of shareholders' equity.
<b>Other controls imposed by securities laws</b>	Yes.

### Changes During 1998

<b>Exchange arrangement</b>	<i>February 28.</i> A foreign exchange subsidy for food was introduced, which led to the reclassification of the exchange rate system from unitary to dual.
<b>Exports and export proceeds</b>	<i>April 15.</i> Taxes on export of logs, sawn timber, rattan, and minerals were reduced to 30%. <i>April 22.</i> The ban on palm oil exports was removed, and a 40% tax on these exports was introduced. <i>July 31.</i> The tax on palm oil exports was increased to 60%.
<b>Capital transactions</b>	
Controls on direct investment	<i>January 1.</i> All formal and informal barriers to foreign investments in palm oil plantations were removed. <i>March 31.</i> Controls on foreign investments in retail trade banks were lifted. <i>April 1.</i> Controls on foreign investments in wholesale trade were lifted. <i>July 2.</i> A revised and shortened list of activities closed to foreign investors was issued, and some sectional restrictions were removed. <i>October 16.</i> Controls of nonresidents' investments in domestic listed banks were lifted.
Provisions specific to commercial banks and other credit institutions	<i>February 1.</i> Controls on branching by foreign banks were lifted.

# ISLAMIC REPUBLIC OF IRAN

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

**Article XIV** Yes.

## Exchange Arrangement

**Currency** The currency of the Islamic Republic of Iran is the Iranian rial.

### Exchange rate structure

**Multiple**

The exchange rate system consists of three officially approved rates: (1) the official “floating” rate of RIs 1,750 per \$1 applies mainly to the imports of essential goods and services of public and publicly guaranteed debt; (2) the official “export” rate of RIs 3,000 per \$1 applies to all other transactions; (3) and an effective Tehran Stock Exchange (TSE) rate applies to imports from a positive list of 30 categories of goods (mostly essential industrial raw materials).

### Classification

**Conventional pegged arrangement** The exchange rates are set by the Bank Markazi (BM).

**Exchange tax** No.

**Exchange subsidy** Government oil export proceeds, surrendered to the BM at RIs 1,750 per \$1, are mostly earmarked for government imports and external debt services, which gives rise to an implicit exchange subsidy.

**Forward exchange market** No.

## Arrangements for Payments and Receipts

**Prescription of currency requirements** No.

### Payment arrangements

**Bilateral payment arrangements** All bilateral payment arrangements have been terminated, and the outstanding credit balances are in the process of being settled.

**Regional arrangements** Settlements of current transactions with the member countries of the ACU are required to be settled in AMUs.

**Clearing agreements** Yes.

**Administration of control** Foreign exchange operations are centralized at the BM. The list of allowed imports and exports is regulated and issued periodically by the Ministry of Commerce.

**International security restrictions** n.a.

### Payment arrears

**Private** Most external payments arrears from the 1994 debt rescheduling have been settled. Bilateral negotiations with major creditors on some deferred payments are in process.

### Controls on trade in gold (coins and/or bullion)

**Controls on external trade**

Authority to trade in gold for monetary purposes is reserved for the BM. Exports of gold ingots, coins, or semifinished products are prohibited. Exports of finished articles may be effected in accordance with relevant regulations. Natural and juridical persons, including authorized banks, may import gold, platinum, and silver bullion for commercial purposes, in accordance with the relevant regulations. Travelers may bring in jewelry up to a value



equivalent to RIs 5 million and may take out the entire value, provided that it is recorded on their passport. The importation of personal jewelry with a value exceeding this amount requires approval from the BM. The exportation of Iranian gold coins for numismatic purposes requires prior approval from the BM.

### **Controls on exports and imports of banknotes**

#### **On exports**

##### *Foreign currency*

Nationals leaving Iran are allowed to purchase up to \$1,000 a person a year at the TSE rate. For traveling to neighboring countries and Southeast Asia, the allowance is \$300 and \$500, respectively. Foreign exchange from foreign-currency-denominated (FCD) accounts originating abroad and/or credit cards may be transferred by natural persons without any limitation.

#### **On imports**

##### *Domestic currency*

Yes.

##### *Foreign currency*

There is no limit on the amount of foreign exchange that foreign travelers may bring into the country, but a declaration is required to be able to repatriate the excess amount not used in the Islamic Republic of Iran.

## **Resident Accounts**

### **Foreign exchange accounts permitted**

#### **Held domestically**

Nationals may open FCD accounts; foreign nationals may maintain accounts in both foreign currency and local currency that originated abroad.

#### **Held abroad**

Yes.

### **Accounts in domestic currency convertible into foreign currency**

No.

## **Nonresident Accounts**

### **Foreign exchange accounts permitted**

Foreign exchange originating abroad and deposited in these accounts may be transferred abroad without limitations.

### **Domestic currency accounts**

The balance of rial accounts may be used only in the Islamic Republic of Iran.

#### **Convertible into foreign currency**

No.

#### **Blocked accounts**

n.a.

## **Imports and Import Payments**

### **Foreign exchange budget**

No.

### **Financing requirements for imports**

#### **Minimum financing requirements**

Yes.

#### **Advance payment requirements**

Requirements range from 15% to 100%, depending on the type of imports. Import deposits are unremunerated but refundable.

#### **Advance import deposits**

Yes.

### **Documentation requirements for release of foreign exchange for imports**

There is a positive import list for 30 broad categories of goods for imports at the effective TSE rate.

#### **Domiciliation requirements**

Yes.

Preshipment inspection	Yes.
Letters of credit	Imports through LCs and bills of exchange are permitted.
Import licenses used as exchange licenses	Yes.
<b>Import licenses and other nontariff measures</b>	All importers must obtain import licenses from relevant ministries together with the approval of the central bank for foreign exchange allocation at a particular exchange rate or the opening of LCs with the respective commercial banks. Clearance through customs is authorized upon presentation of shipping documents endorsed by an authorized bank and of a permit issued by the Ministry of Commerce. Certain goods, such as pharmaceuticals, must be accompanied by a special permit issued by the Ministry of Health, Treatment, and Medical Education, and telecommunication devices require a permit issued by the Ministry of the Post, Telegraph, and Telephone.
Positive list	Import regulations distinguish between authorized, conditional, and prohibited goods. Authorized goods cover a broad category of items, which is announced periodically by the Ministry of Commerce.
Negative list	Conditional goods can be imported under certain conditions. Imports from Israel are prohibited.
Open general licenses	At the beginning of each year, the Ministry of Commerce issues the list of goods that may be imported without prior approval.
Licenses with quotas	Yes.
<b>Import taxes and/or tariffs</b>	Most imports are subject to an ad valorem commercial benefit tax in addition to any applicable customs duties.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	All non-oil export proceeds are 100% repatriated and surrendered to commercial banks (except for a "bonus" exemption) against a fixed rate of R1s 3,000 per \$1, who then surrender the funds to the central bank after a maximum of 15 days. Upon surrendering, exporters are given the right in the form of "import certificates" to repurchase the full amount of foreign exchange from the central bank, and can either use this right themselves for importing, or sell the right on the TSE to other permitted importers. The period between the date goods are exported and the date foreign exchange earnings are repatriated to the banking sector was extended to eight months from six months. An exporter may receive a 1% bonus in the form of retention allowance for each month of early repatriation and surrender.
Surrender requirements	The ratios are the same as those for the repatriation requirement.
<b>Financing requirements</b>	Yes.
<b>Documentation requirements</b>	
Letters of credit	The export of goods and services through LCs and/or trustee transactions and bills of exchange is permitted.
Guarantees	Shorter-term trade financing is currently undertaken through bank-to-bank credit lines, where exporters are certain of receiving their sales proceeds on a sight basis through a post-importing financing facility already established between the BM and the respective foreign banks. Under this umbrella facility, the central bank provides an implicit foreign exchange guarantee against rial/dollar devaluation (but not against fluctuations in cross rates, which would have to be met by the importers).
Preshipment inspection	Inspection by the customs authorities generally applies to all exports.
<b>Export licenses</b>	The Ministry of Commerce issues an overall export license for goods on the authorized list.
Without quotas	Yes.

With quotas	Yes.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

Trade-related payments	Freight charges may only be transferred through LCs or bills of exchange up to a maximum of 30% of the f.o.b. value of goods; to transfer more than 30% requires the approval of the BM. Only Iranian insurance companies may issue insurance policies for the import of goods. Approval is on a case-by-case basis for unloading and storage costs, and payment of administrative charges. There is no control on the payment of commissions.
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*Prior approval* Yes.

#### Investment-related payments

*Prior approval* Approval is on a case-by-case basis for profits and dividends.

*Indicative limits/bona fide test* There are indicative limits and bona fide tests for payment of amortization of loans or depreciation of direct investments.

#### Payments for travel

*Quantitative limits* The limits are \$1,000 a year for a person with an individual passport and \$500 a person for those traveling with a group passport. In the case of travel to neighboring countries and to Southeast Asia, the limits are \$300 and \$500 a year a person, respectively, for individual passports, and \$150 a person for group passports.

*Indicative limits/bona fide test* Yes.

#### Personal payments

Iranian nationals are allowed to pay pensions and family maintenance to nonresidents by obtaining foreign exchange from exchange bureaus and are allowed to transfer pensions and family maintenance through the banking system.

*Prior approval* Yes.

*Quantitative limits* Budget allowances are provided on a monthly basis to students on scholarships abroad approved by the Ministry of Higher Education, and can be converted into foreign exchange at the "floating" rate of Rls 1,750 per \$1. All other students abroad are allowed to purchase foreign exchange for tuition and boarding at the TSE rate (with limits), and beyond that from externally sourced FCD accounts. For other invisible payments, additional amounts beyond BM limits can also be legally paid for from externally sourced FCD accounts. Individuals who seek medical treatment abroad may obtain a foreign exchange allowance if it is approved by the High Medical Council of the Ministry of Health at Rls 1,750 per \$1 and Rls 3,000 per \$1 for other charges, like hotel expenses.

*Indicative limits/bona fide test* The High Medical Council of the Ministry of Health sets these limits.

#### Foreign workers' wages

*Prior approval* Yes.

*Quantitative limits* Foreign nationals working in the public sector in the Islamic Republic of Iran whose services are considered essential are allowed to remit up to 50% of their net salaries per month at the export rate of Rls 3,000 per \$1 with prior approval of the central bank, up to an annual limit of \$500. Foreign workers in the private sector do not qualify for outward remittances.

*Indicative limits/bona fide test* Yes.

#### Other payments

Payment of consulting/legal fees with the confirmation of the Bureau of Legal Services of Iran is permitted.

*Prior approval* Yes.

*Quantitative limits* There are quantitative limits for payment of subscriptions and membership fees.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes.
Surrender requirements	Yes.
Restrictions on use of funds	Yes.

### Capital Transactions

#### Controls on capital and money market instruments

On capital market securities

*Shares or other securities of a participating nature*

Purchase locally by nonresidents

Nonresidents may invest in instruments traded on the TSE, but the investment is not protected under the investment law.

#### Controls on derivatives and other instruments

n.a.

#### Controls on credit operations

There are controls on all credit operations and all transactions with sureties, guarantees, and financial backup facilities.

#### Controls on direct investment

Outward direct investment

Permitted with the confirmation of the High Council for Investment.

Inward direct investment

Controls are administered by the Organization for Investment and Economic and Technical Assistance of the Ministry of Economic Affairs and Finance, if the investment took place in accordance with the Law Concerning Attraction and Protection of Foreign Capital Investment.

#### Controls on liquidation of direct investment

The repatriation of capital is guaranteed with the approval of the Organization for Investment and Economic and Technical Assistance of the Ministry of Economic Affairs and Finance and the BM.

#### Controls on real estate transactions

n.a.

#### Controls on personal capital movements

Loans

*By residents to nonresidents*

Yes.

*To residents from nonresidents*

Yes.

Gifts, endowments, inheritances, and legacies

*By residents to nonresidents*

Yes.

Settlement of debts abroad by immigrants

Yes.

Transfer of assets

*Transfer abroad by emigrants*

Yes.

#### Provisions specific to commercial banks and other credit institutions

Borrowing abroad

Yes.

Maintenance of accounts abroad

Yes.

Differential treatment of deposit  
accounts in foreign exchange

*Interest rate controls* Yes.

*Credit controls* Yes.

Differential treatment of deposit  
accounts held by nonresidents

*Interest rate controls* Yes.

*Credit controls* Yes.

Investment regulations Yes.

Open foreign exchange position limits Yes.

**Provisions specific to institutional  
investors** n.a.

**Other controls imposed by securities  
laws** n.a.

### Changes During 1998

**Exports and export proceeds**

*January 28.* The amount of earnings from the export of goods that may be allocated to exporters for their imports is 100%.

# IRAQ

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

### Exchange Arrangement

Currency The currency of Iraq is the Iraqi dinar.

Exchange rate structure Unitary.

#### Classification

Conventional pegged arrangement The Iraqi dinar is pegged to the dollar, the intervention currency. The exchange rates are set by the Central Bank of Iraq (CBI). The CBI undertakes transactions in the listed currencies only with authorized dealers.

Exchange tax No.

Exchange subsidy No.

Forward exchange market No.

## Arrangements for Payments and Receipts

Prescription of currency requirements Settlements with foreign countries normally must be made in any of the listed currencies or in Iraqi dinars from a nonresident account, provided that the funds in the account were obtained originally through credits in any one of the listed currencies. Payments to and receipts from Israel are prohibited.

Payment arrangements n.a.

Administration of control Exchange control authority is vested in the Board of Administration of the CBI. Certain approval authority has been delegated to the Department of Foreign Exchange and Banking Supervision of the CBI and to licensed dealers. Foreign exchange transactions must take place through a licensed dealer unless otherwise authorized by the governor of the CBI. Branches of the Rafidain Bank and the Rasheed Bank are licensed dealers. The Ministry of Trade (MOT) formulates import policy and the annual import program.

International security restrictions n.a.

Payment arrears n.a.

#### Controls on trade in gold (coins and/or bullion)

Controls on external trade Residents and nonresidents may bring into Iraq, free of customs duty, worked and unworked gold, regardless of its weight, provided that they declare it upon importation. Residents may take out with them worked gold not exceeding 5 grams a person, subject to declaration; such gold may be brought back on their return to the country. Nonresident Iraqis are allowed to take out worked gold that they brought with them for personal use.

#### Controls on exports and imports of banknotes

On exports

Domestic currency ID 5 is the maximum amount allowed.

On imports

Domestic currency Amounts up to ID 1,000 are allowed.

*Foreign currency*

Travelers may bring in foreign exchange, including currency notes (other than Israeli currency), in unlimited amounts, provided that they declare the funds on an exchange control form; amounts not intended to be taken out of the country are exempt from declaration.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically

Resident Iraqis and resident nationals of other Arab countries are allowed to open foreign currency accounts at the commercial banks and to use the balances in these accounts without restriction, provided the accounts have been credited with foreign banknotes.

Held abroad

No.

**Accounts in domestic currency convertible into foreign currency**

No.

**Nonresident Accounts****Foreign exchange accounts permitted**

Nonresident Iraqis and nonresident nationals of other Arab countries are allowed to open foreign currency accounts at the commercial banks and to use the balances in these accounts without restriction, provided the accounts have been credited with foreign banknotes. Nonresident accounts are divided into ordinary nonresident accounts, which involve current payment transactions, and special nonresident accounts, which involve capital transfer transactions. Balances on these accounts and any applicable interest are freely transferable abroad in foreign currencies, provided that the funds have been deposited with licensed dealers within three months of transfer. Iraqi nationals residing abroad (or their legal representatives) may withdraw from their nonresident accounts up to ID 100,000 a year in three installments to cover personal expenses in their country of residence. For all other cases, prior approval is required.

**Domestic currency accounts**

No.

**Blocked accounts**

No.

**Imports and Import Payments**

**Foreign exchange budget**

Yes.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

Import licenses used as exchange licenses

The Rafidain Bank or the Rasheed Bank provides foreign exchange upon presentation of the exchange control copy of the import license, except in some instances when reference must be made to the CBI.

**Import licenses and other nontariff measures**

Imports are restricted by UN sanctions. Licenses are issued in accordance with an annual import program. Imports of all goods from Israel are prohibited. All private imports are subject to licenses, except imports of materials constituting basic elements for development projects.

Negative list

Imports of some commodities on a protected list are, in principle, prohibited from all sources.

**Import taxes and/or tariffs**

To finance the Export Subsidy Fund, a tax of 0.5% is levied on imports of capital goods, and a tax of 0.75% is levied on imports of consumer goods. All imports subject to import duty are also subject to a customs surcharge. Foreign companies implementing development projects in Iraq are exempt from all import duties and domestic taxes accruing from the implementation of these projects, including income taxes due on the earnings of their non-Iraqi workers.

**State import monopoly** Imports of commodities are normally handled by the public sector.

### Exports and Export Proceeds

**Repatriation requirements** Yes.

**Surrender requirements** Exporters of 13 goods manufactured by firms in the public sector must repatriate 60% of their foreign exchange proceeds through the Rafidain Bank or the Rasheed Bank and surrender them within two months of shipment. Other exporters may retain their export proceeds in a foreign exchange account with the commercial banks for three years and use them to pay for licensed imports.

**Financing requirements** No.

**Documentation requirements** n.a.

**Export licenses** Exports are restricted by UN sanctions. All exports to Israel and exports of certain goods to all other countries are prohibited. The MOT may prohibit the exportation of any commodity when supply falls short of domestic demand. All exports are licensed freely through the General Company for Exhibitions and Trading Services.

**Export taxes** n.a.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** All payments for invisibles require permission.

**Trade-related payments** Information is available only for the payment of freight and insurance. Foreign exchange is not granted to merchants to purchase insurance abroad for their exports.

*Prior approval* Yes.

**Payments for travel**

*Quantitative limits* The basic allowance for travel to Arab countries, Cyprus, Greece, and Turkey is ID 300 a person a trip for travelers 18 years of age or over (ID 50 for persons under 18 years); the basic allowance for other countries is ID 500 a person a trip for travelers 18 years of age or over (ID 250 for persons under 18 years).

**Personal payments** Information is available only for payment of medical and study abroad costs.

*Prior approval* Yes.

*Quantitative limits* Students abroad are allocated a fixed amount in Iraqi dinars to be transferred to the country of their residence, except for certain countries (such as India, the Baltics, Russia, and other countries of the FSU, and countries in North Africa), where students are paid a fixed amount in dollars.

**Foreign workers' wages** The Rafidain Bank and the Rasheed Bank are permitted to transfer salaries of teachers who are nationals of Arab countries employed by the Ministry of Higher Education, and of scientific researchers and medical doctors, in accordance with the terms of their contracts.

*Prior approval* Yes.

*Quantitative limits* Certain nonresident private sector workers who have contracts with public institutions in Iraq are permitted to transfer the amounts provided for in those contracts. Those not employed under contracts may transfer abroad a monthly amount of ID 10 a person if not insured and ID 20 a person if insured and working in the private sector. Skilled noncontractual workers employed in the nationalized sector by the government are entitled to ID 40 a person a month. Persons under 16 years and over 55 years of age, however, are not allowed to transfer their earnings abroad.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements** Yes.



Surrender requirements	Foreign exchange receipts in excess of ID 100 must be surrendered to a licensed dealer within three months.
Restrictions on use of funds	n.a.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	All capital transactions effected abroad by residents, whether Iraqis or foreign nationals, require prior approval.
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#### On capital market securities

##### *Shares or other securities of a participating nature*

Sale or issue abroad by residents	Yes.
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##### *Bonds or other debt securities*

Purchase abroad by residents	Yes.
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#### On money market instruments

<i>Purchase locally by nonresidents</i>	Yes.
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<i>Sale or issue locally by nonresidents</i>	Yes.
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<i>Purchase abroad by residents</i>	Yes.
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<i>Sale or issue abroad by residents</i>	Yes.
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#### On collective investment securities

<i>Purchase abroad by residents</i>	Yes.
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<i>Sale or issue abroad by residents</i>	Yes.
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<b>Controls on derivatives and other instruments</b>	Yes.
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#### Controls on credit operations

Commercial credits	Yes.
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Financial credits	Yes.
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Guarantees, sureties, and financial backup facilities	Yes.
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#### Controls on direct investment

Outward direct investment	All investments effected abroad by residents, whether Iraqis or foreign nationals, require prior approval.
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Inward direct investment	No foreign (defined as non-Arab) participation is allowed in the capital of private sector companies, but citizens of other Arab countries may participate with Iraqis in projects in the industrial, agricultural, and tourism sectors; participation is encouraged by the Arab Investment Law. The law permits (1) Iraqi investors to hold up to 49% of an enterprise, provided that their contribution and profits are paid in Iraqi dinars and that the minimum capital of the enterprise is ID 0.5 million; (2) Arab investors to transfer annually up to 100% of the profits distributed to them, but not exceeding 20% of their paid-in capital; and (3) nationals of Arab countries to bring capital into Iraq in Iraqi currency for industrial and agricultural investments. Arab investors are allowed to transfer capital in a convertible currency through a licensed bank, or physical assets that will be used in the enterprises they are planning to establish, provided that used machinery and equipment have at least one-half of their productive life left.
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<b>Controls on liquidation of direct investment</b>	Yes.
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**Controls on real estate transactions**

Purchase locally by nonresidents	Yes.
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**Controls on personal capital movements**

Gifts, endowments, inheritances, and legacies

<i>By residents to nonresidents</i>	Yes.
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<i>To residents from nonresidents</i>	Yes.
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Transfer of assets

<i>Transfer into the country by immigrants</i>	Yes.
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**Provisions specific to commercial banks and other credit institutions**

Investment regulations	Yes.
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<b>Provisions specific to institutional investors</b>	No.
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<b>Other controls imposed by securities laws</b>	n.a.
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**Changes During 1998**

No significant changes occurred in the exchange and trade system.

## IRELAND

(Position as of January 31, 1999)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: February 15, 1961.

### Exchange Arrangement

#### Currency

As from January 1, 1999, the currency of Ireland is the euro. In cash transactions, however, the legal tender remains the Irish pound until 2002, when euro banknotes and coins will be issued.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

Ireland participates in the currency union EMU comprising 11 members of the EU: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. Internal exchange rates in respect to the national currencies of EMU participants were fixed to the euro on January 1, 1999, whereas the external exchange rate of the euro is market determined. The conversion rate between the euro and the Irish pound was set at €1 per IR£0.787564. The ECB has the right to intervene to smooth out fluctuations in external exchange rates.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Banks are free to provide forward exchange facilities.

### Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

No.

#### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

Yes.

In accordance with UN sanctions

Restrictions on financial transfers with Angola, Iraq, Libya, and the Federal Republic of Yugoslavia (Serbia/Montenegro), are applied in accordance with relevant UN Security Council resolutions and EU regulations.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

No.

#### Controls on exports and imports of banknotes

No.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically

Yes.

Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	These are accounts blocked in accordance with UN sanctions.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	
Negative list	For reasons of national policy, imports of certain goods (e.g., specified drugs, explosives, and firearms and ammunition) are prohibited without special licenses.
Licenses with quotas	Imports of certain goods (including textiles, steel, footwear, and ceramic products) originating in certain non-EU countries are subject to either quantitative restrictions or surveillance measures. Imports from non-EU countries of products covered by the CAP are subject to a system of access quotas.
Import taxes and/or tariffs	The EU system of customs duties applies to imports.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	Exports of controlled military and dual-use goods to both EU and non-EU countries may require export licenses.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	No.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	
Inward direct investment	Investment by foreign-controlled enterprises does not require authorization, except for a very limited number of sectors that are subject to special conditions.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Persons, individuals, and companies whose principal place of residence/registered office is outside the territory of the EU/EEA must apply to the Land Commission for permission to purchase land. Such permission is rarely withheld.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	No.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> The currency of Ireland became the euro. The conversion between the euro and the Irish pound was set irrevocably at €1 per IR£0.787564.
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# ISRAEL

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: September 21, 1993.

### Exchange Arrangement

#### Currency

The currency of Israel is the Israeli new sheqel (NIS).

#### Exchange rate structure

Unitary.

#### Classification

#### Crawling band

The exchange rate of the new sheqel is managed with regard to a basket of currencies comprising the euro, the yen, the pound sterling, and the dollar. The market exchange rate fluctuates within margins of  $\pm 15\%$  around the midpoint rate in response to market forces and intervention policy. Both the midpoint and the band have been adjusted daily, reflecting the annual difference between the domestic inflation target and the projected inflation of the main trading partners. The adjustment of the upper (depreciated) band has been 6% on an annual basis since July 26, 1993; the adjustment of the lower (appreciated) band has been 4% on an annual basis since June 1997.

On August 6, 1998, the rate of crawl of the appreciated limit of the band was reduced to 2% a year from 4% a year. The rate of crawl of the depreciated limit of the band remained unchanged at 6%.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

On January 1, 1998, all restrictions were removed on forward transactions between foreign currencies, cross rates, interest rates on foreign-currency assets or liabilities, and commodity and securities prices.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Yes.

#### Payment arrangements

No.

#### Administration of control

Exchange control is the responsibility of the Controller of Foreign Exchange; it is administered by the Bank of Israel (BOI) in cooperation with other government agencies.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

No.

#### Controls on exports and imports of banknotes

No.

## Resident Accounts

### Foreign exchange accounts permitted

#### Held domestically

Until January 1, 1998, there were two main types of accounts:

(1) Foreign Currency Deposit Accounts (PAMAH). The period during which foreign currency was allowed to be held in a resident transferred position was 30 days. Export

proceeds and unilateral transfers directly received from abroad, as well as unused travel allowances, may have been deposited in these accounts. Resident restitution deposit accounts may have been maintained under PAMAH. These accounts may have been held only by recipients of restitution payments or certain disability pensions; and (2) Exempt Resident Deposit Accounts. Certain residents (mostly immigrants) were allowed to deposit funds brought from abroad in these accounts. Balances on these accounts may have been freely transferred abroad.

Since January 1, 1998, Israeli residents have been permitted to purchase foreign currency with local currency and to deposit it in foreign currency deposits in Israeli banks; they have also been permitted to transfer money between foreign currency deposits.

Held abroad

Effective February 12, 1998, residents staying abroad may open bank accounts.

Accounts in domestic currency  
convertible into foreign currency

No.

### Nonresident Accounts

Foreign exchange accounts permitted

Account holders may freely effect transfers from their foreign currency account and may also convert funds held in the account into local currency at the market exchange rate. There are no restrictions on the opening of convertible local currency accounts by nonresidents; funds in these accounts may be used in permitted transactions, including transfers between nonresidents.

Domestic currency accounts

Yes.

Convertible into foreign currency

Deposits linked to foreign currency or the CPI are not convertible.

Blocked accounts

No.

### Imports and Import Payments

Foreign exchange budget

No.

Financing requirements for imports

Advance payment requirements

Effective February 12, 1998, there is no time limit on making advance payments for imports.

Documentation requirements for release of foreign exchange for imports

No.

Import licenses and other nontariff measures

With the exception of agricultural products, imports are free of quantitative restrictions. A special regime applies to imports from countries that restrict or prohibit imports from Israel.

Import taxes and/or tariffs

No.

State import monopoly

No.

### Exports and Export Proceeds

Repatriation requirements

Effective January 12, 1998, there is no time limit on receiving export proceeds, i.e., exporters may extend credit to buyers abroad for any period of time. However, export proceeds must be brought to Israel as soon as they are received.

Financing requirements

No.

Documentation requirements

No.

Export licenses

Most exports do not require licenses. Exports of oil and certain defense equipment require licensing.

Without quotas	Yes.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	All quantitative restrictions applicable to all types of unilateral transfers abroad, including support payments, gifts, and transfers abroad by a resident who has emigrated from Israel, were eliminated on May 14, 1998. In addition, the restriction on holding foreign currency was abolished, and payments in foreign currency in cash or by check between Israeli residents, as well as between residents and nonresidents, are now permitted. Further, the requirement of presenting documents when carrying out a transaction with a nonresident in NIS or in foreign currency was abolished.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents	Nonresidents may purchase any security traded on the stock exchange.
Sale or issue locally by nonresidents	Proceeds may be freely transferred.
Purchase abroad by residents	Households may purchase freely securities abroad, whose price or information regarding its offering appears in an international listing of securities, provided the listing is recognized by the Controller of Foreign Exchange. The limits on holdings of foreign securities and foreign currency abroad by Israeli companies were abolished on January 1, 1998. Provident funds may make direct portfolio investments abroad of up to 5% of their assets. Pension funds and insurance companies may only purchase abroad securities issued by the Israeli government and Israeli corporations.

##### On collective investment securities

##### *Purchase abroad by residents*

Households may buy certificates of participation in mutual funds that are either traded on an exchange abroad or authorized by the appropriate authority in the issuing country. Until January 1, 1998, the business sector could purchase such certificates within a limit.

#### Controls on derivatives and other instruments

A resident may not undertake with a nonresident derivatives transactions of any kind in which one of the underlying assets is local currency and that involves payment or receipt in foreign currency, unless the transaction is at a predetermined price and for a maximum period of 30 days.

Purchase locally by nonresidents	Yes.
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Sale or issue locally by nonresidents	Effective February 12, 1998, Israeli residents were allowed to freely engage in selling foreign securities short; a nonresident may now sell Israeli securities short.
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On May 14, 1998, all activities and transactions in foreign currency between Israeli residents and nonresidents were permitted, except for a short list of restrictions on institutional investors and on several transactions in derivatives made with nonresidents.



Purchase abroad by residents	Residents may purchase derivatives and other securities abroad. However, until January 1, 1998, when all the restrictions were removed, the business sector was restricted to hedging.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	
Outward direct investment	Effective May 14, 1998, in addition to time-sharing investments, individuals are permitted to invest abroad freely, including in land and in real estate. Provident funds may make direct and portfolio investments abroad of up to 5% of their assets. Pensions funds and insurance companies may only purchase abroad securities issued by the Israeli government and Israeli corporations.
Inward direct investment	No.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Sale locally by nonresidents	Proceeds may be repatriated if the original source of the investment was foreign currency or a nonresident local currency account.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	The same reserve ratios apply to bank accounts held by both residents and nonresidents denominated in foreign or local currency. However, interest is paid only on reserve requirements that are due to nonresident foreign currency accounts. All foreign currency accounts are subject to additional secondary reserve ratios, half of which must be deposited with the BOI in an interest-generating account.
Open foreign exchange position limits	The size of the limit for each bank is a proportion of the bank's equity (with a minimum position size granted to small banks). The limits are applied on the basis of weekly averages.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Yes.
Limits (max.) on portfolio invested abroad	The limit on direct and portfolio investment abroad by provident funds is 5% of their assets. Pension funds and insurance companies are not allowed to invest abroad, except in securities issued by the Israeli government and Israeli corporations.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Exchange arrangement</b>	<i>January 1.</i> All restrictions on forward transactions were removed. <i>August 6.</i> The rate of crawl of the appreciated limit of the land was reduced to 2% a year from 4% a year.
<b>Arrangements for payments and receipts</b>	<i>February 12.</i> Israeli residents and nonresidents traveling abroad were permitted to purchase \$1,000 without having to present documentation at a border crossing upon leaving Israel.
<b>Resident accounts</b>	<i>January 1.</i> Israeli residents were permitted to purchase foreign currency with local currency and to deposit it in foreign currency deposits in Israeli banks. Israeli residents were permitted to transfer money between foreign currency deposits.

	<i>February 12.</i> Israeli residents living abroad were permitted to open foreign currency accounts in banks abroad. Israeli companies that issue securities abroad were permitted to place the proceeds of the offering in a bank deposit abroad.
<b>Imports and import payments</b>	<i>February 12.</i> The time limit on paying advances for imports was abolished.
<b>Exports and export proceeds</b>	<i>February 12.</i> The time limit for receiving export proceeds was abolished.
<b>Payments for invisible transactions and current transfers</b>	<i>May 14.</i> All quantitative restrictions applicable to all types of unilateral transfers abroad were abolished.
<b>Capital transactions</b>	
Controls on capital and money market instruments	<p><i>January 1.</i> The limit on money market instruments purchased by the business sector abroad was abolished.</p> <p><i>January 1.</i> The limit on holdings of foreign securities and foreign currency abroad by Israeli companies was abolished.</p> <p><i>January 1.</i> The limit on collective investment securities purchased by the business sector abroad was abolished.</p>
Controls on derivatives and other instruments	<p><i>January 1.</i> The restrictions on purchase of derivatives by residents were abolished.</p> <p><i>February 12.</i> Israeli residents were allowed to freely engage in selling foreign securities short; a nonresident may now sell Israeli securities short.</p> <p><i>May 14.</i> All activities and transactions in foreign currency between Israeli residents and nonresidents were permitted, except for a short list of restrictions on institutional investors and on some transactions in derivatives made with nonresidents.</p>
Controls on credit operations	<i>January 1.</i> The limitation for the resident business sector to grant credits to nonresidents in relation to nonresidents' holding equity in the domestic enterprise was abolished.
Controls on direct investment	<i>May 14.</i> Resident individuals were allowed to invest abroad freely.
Provisions specific to institutional investors	<i>January 1.</i> All restrictions on mutual fund investments in foreign securities were abolished.

# ITALY

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 15, 1961.

### Exchange Arrangement

#### Currency

As from January 1, 1999, the currency of Italy is the euro. In cash transactions, however, the legal tender remains the Italian lira until 2002, when euro banknotes and coins will be issued.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

Italy participates in a currency union (EMU) comprising 11 members of the EU: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. Internal exchange rates in respect to the national currencies of EMU participants were fixed to the euro on January 1, 1999, whereas the external exchange rate of the euro is market-determined. The conversion rate between the euro and the Italian lira was set at Lit 1936.27 per €1. The ECB has the right to intervene to smooth out fluctuations in external exchange rates.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Premiums and discounts in the forward exchange market are normally left to the interplay of market forces.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Settlements with foreign countries are normally made in quoted currencies or in euro on foreign accounts.

#### Payment arrangements

##### Clearing agreements

Italy maintains clearing accounts with Croatia and Slovenia. The accounts are used for trade in cross-border areas. The balances in these accounts may be used only to finance trade between certain districts of Croatia and Slovenia and the Italian provinces of Trieste and Gorizia. The balances are not transferable. There is no automatic mechanism through which outstanding balances are settled within 90 days. Only Italy is allowed to maintain a debit balance on these accounts.

#### Administration of control

Residents are allowed to conduct foreign exchange transactions freely, with settlements to be effected either through authorized intermediaries (Bank of Italy (BOI), authorized banks, and the Postal Administration) or directly, by drawing on external accounts or by offsetting debts and credits vis-à-vis other residents or nonresidents. Operators and authorized intermediaries must, for statistical purposes, transmit data to the Italian Foreign Exchange Office on their foreign transactions that exceed the equivalent of Lit 20 million by filling out a foreign exchange statistical return.

#### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

Yes.

In accordance with UN sanctions

Certain restrictions are imposed on the making of payments and transfers for current international transactions in respect to Iraq, Libya, and the UNITA movement in Angola.

#### Payment arrears

No.

**Controls on trade in gold (coins and/or bullion)****Controls on external trade**

Purchases and sales of gold abroad are legally reserved for the monetary authorities. Residents may purchase and import unrefined gold under ministerial license for industrial purposes. The exportation of unrefined gold is subject to licensing by the Ministry of Foreign Trade. The importation and exportation of gold coins, including coins that are legal tender in a foreign country, are unrestricted. Imports of unrefined gold are not subject to a VAT, whereas imports of gold coins are subject to a VAT of 20%.

**Controls on exports and imports of banknotes**

Residents and nonresidents are allowed to take with them into or out of the country without limits cash and securities in Italian lire and/or foreign currency. For fiscal and antimoney-laundering purposes, the transfer of cash and/or securities with a total amount exceeding the equivalent of Lit 20 million must be declared by filling out a form when crossing the border into or out of non-EU countries and submitted to border customs offices; for EU-country entry or exit, this declaration must be submitted at banks, customs offices, post offices, or a customs guard station within 48 hours after entry into Italian territory or 48 hours prior to exit from Italian territory. For transfers by letter, the declaration must be submitted within 48 hours after receipt or at the time of mailing. The declaration has to be sent by banks, customs offices, post offices, or customs guard stations to the Italian Foreign Exchange Office.

**Resident Accounts****Foreign exchange accounts permitted****Held domestically**

Yes.

**Held abroad**

Yes.

**Accounts in domestic currency convertible into foreign currency**

Yes.

**Nonresident Accounts****Foreign exchange accounts permitted**

Yes.

**Domestic currency accounts**

Yes.

**Convertible into foreign currency**

Yes.

**Blocked accounts**

These are accounts that have been blocked in compliance with UN Security Council resolutions.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

No.

**Import licenses and other nontariff measures**

Imports are governed by EU regulations according to which imports of most products, except for textiles and some products originating from China, are free of licensing and quantitative restrictions. Imports from non-EU countries of most products covered by the CAP are subject to variable import levies, which have replaced all previous barriers to imports. Common EU regulations are also applied to imports of most other agricultural and livestock products from non-EU countries. Payments for imports are not regulated, without prejudice to the general rules cited in the section on Administration of Control.

**Negative list**

Yes.

Licenses with quotas	Yes.
<b>Import taxes and/or tariffs</b>	Yes.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	
Without quotas	Exports to non-EU countries are free, with the exception of high-technology products included in an EU Regulation and of oil extracted from the seabed, which are subject to ministerial authorization.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

#### Controls on capital and money market instruments

On collective investment securities

<i>Sale or issue locally by nonresidents</i>	The public offering in Italy of securities issued by mutual funds that are not covered by EU directives is subject to authorization.
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<b>Controls on derivatives and other instruments</b>	No.
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<b>Controls on credit operations</b>	No.
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<b>Controls on direct investment</b>	No.
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<b>Controls on liquidation of direct investment</b>	No.
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<b>Controls on real estate transactions</b>	No.
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<b>Controls on personal capital movements</b>	No.
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#### Provisions specific to commercial banks and other credit institutions

Open foreign exchange position limits

<i>On resident assets and liabilities</i>	Yes.
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<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	
Currency-matching regulations on assets/liabilities composition	Yes.
<b>Other controls imposed by securities laws</b>	The public offering in Italy of financial products is subject to prior communication to the supervisory authority to which the prospectus to be published should be attached.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> The currency of Italy became the euro. The conversion rate between the euro and the Italian lira was set irrevocably at Lit 1936.27 per €1.
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# JAMAICA

(Position as of May 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 22, 1963.

### Exchange Arrangement

#### Currency

The currency of Jamaica is the Jamaica dollar.

#### Other legal tender

Commemorative gold coins in denominations of J\$20, J\$100, and J\$250 are legal tender but do not circulate.

#### Exchange rate structure

Unitary.

#### Classification

Managed floating with no preannounced path for the exchange rate

The exchange rate of the Jamaica dollar is determined in the interbank market. The foreign exchange market is operated by the commercial banks, other authorized dealers, cambios, and the Bank of Jamaica (BJ). The commercial banks buy and sell for their own account. Cambios are required to sell to the BJ a prescribed minimum amount of foreign exchange that they have purchased. Excess foreign exchange may be sold without restrictions to the commercial banks, other authorized dealers, and the general public. Proceeds from official loans, divestment of government assets, and taxes on the bauxite sector payable in foreign currency are sold directly to the BJ. While there is no restriction on transactions in any currency, the principal foreign currencies accepted in the exchange market are the Canadian dollar, the pound sterling, and the U.S. dollar.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

The market is currently inactive.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Payments to all countries may be made by crediting Jamaica dollars to an external account or a foreign currency account. Receipts from all countries must be received by debit of an external account or in any foreign currency.

#### Payment arrangements

##### Regional arrangements

Jamaica is a member of the CARICOM.

##### Clearing agreements

The clearing arrangements within the framework of the CARICOM have been suspended since November 1, 1990. The BJ no longer intervenes in CARICOM private sector commercial transactions; settlements for such transactions are effected by the commercial banking sector in convertible currencies.

#### Administration of control

Trading in foreign exchange, except by and through an authorized dealer, is prohibited. The MOF has the authority to issue directions to specified classes of persons regarding the acquisition of foreign assets.

#### International security restrictions

##### In accordance with UN sanctions

Repayment of the loan from Iraq has been suspended in line with UN sanctions.

#### Payment arrears

##### Private

n.a.

#### Controls on trade in gold (coins and/or bullion)

There are no restrictions on the purchase, sale, or holding of gold for numismatic or industrial purposes.

Controls on exports and imports of banknotes

No.

### Resident Accounts

Foreign exchange accounts permitted

Funds on these accounts ("A" accounts) may be transferred freely between residents and nonresidents. In cases when the transferee is a bank, licensed deposit-taking institution, credit union, building society, cambio operator, unit trust, or pension fund, the acquisition of the foreign currency must be in accordance with directions issued by the MOF. External accounts may be credited with payments by residents of Jamaica, with transfers from other external accounts, and with the proceeds from the sale of gold or foreign currencies to an authorized dealer. They may be debited for payments to residents of Jamaica, for transfers to other external accounts, and for the purchase of foreign currencies.

Held domestically

Yes.

Held abroad

Yes.

Accounts in domestic currency convertible into foreign currency

These accounts ("B" accounts) are exempt from tax on interest earned, provided that deposits are held as certificates of deposit with at least one-year maturity. After September 22, 1991, new B accounts were not permitted to be opened.

### Nonresident Accounts

Foreign exchange accounts permitted

A accounts held by nonresidents are subject to the same regulations applied to those accounts held by residents, but nonresidents may open tax-free foreign currency A accounts. All credits to these accounts must originate directly from foreign remittances and not from the local purchase of foreign exchange.

Domestic currency accounts

The same regulations apply as for accounts held by residents.

Convertible into foreign currency

Yes.

Blocked accounts

No.

### Imports and Import Payments

Foreign exchange budget

Yes.

Financing requirements for imports

No.

Documentation requirements for release of foreign exchange for imports

No.

Import licenses and other nontariff measures

Import licenses are required for pharmaceutical products and items that endanger public health or security; otherwise, goods may be imported freely without a license. Import licenses, when required, are issued by the Trade Board, which is responsible to the Minister of Industry and Commerce. Imports of motor vehicles require a permit for government statistical purposes. Payments for imports may be made by commercial banks without reference to the BJ.

Import taxes and/or tariffs

Imports are subject to customs tariffs of up to 20%, in compliance with the CET arrangement of the CARICOM. Some agricultural products are subject to stamp duties of up to 95%. Taxes are collected by customs at the port of entry.

State import monopoly

No.

### Exports and Export Proceeds

Repatriation requirements

No.

Financing requirements

No.



<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Most goods may be exported without restriction. However, specific licenses are required for exports of certain agricultural products, ammunition, explosives, firearms, antique furniture, motor vehicles, mineral and metal ores, paintings, jewelry, and petroleum products.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On money market instruments

*Sale or issue locally by nonresidents* These transactions are subject to ministerial approval; a prospectus is required under the Companies Act.

*Purchase abroad by residents* For banks, licensed deposit-taking institutions, credit unions, building societies, cambio operators, unit trusts, and pension funds, the purchase must be in accordance with directions issued by the MOF.

*Sale or issue abroad by residents* The same regulations apply as for purchases.

On collective investment securities Ministerial approval is required for banks, licensed deposit-taking institutions, credit unions, building societies, cambio operators, unit trusts, and pension funds.

*Purchase locally by nonresidents* Yes.

*Sale or issue locally by nonresidents* Yes.

*Purchase abroad by residents* Yes.

*Sale or issue abroad by residents* Yes.

**Controls on derivatives and other instruments** n.a.

**Controls on credit operations** No.

**Controls on direct investment** No.

**Controls on liquidation of direct investment** No.

**Controls on real estate transactions** No.

**Controls on personal capital movements** n.a.

#### Provisions specific to commercial banks and other credit institutions

Differential treatment of deposit accounts in foreign exchange

*Reserve requirements* On August 1, 1998, the cash reserve requirement of commercial banks' domestic currency deposits was lowered to 23% from 45% and further to 21% on November 1, 1998. On

<i>Liquid asset requirements</i>	February 1, 1999, the cash reserve requirement of commercial banks' domestic currency deposits was lowered to 19% from 21% and on foreign currency deposits to 19% from 20%. Effective May 1, 1999, the cash reserve requirement was equalized at 17%.  On August 1, 1998, the domestic liquid assets requirement for commercial banks was lowered to 45% from 47% and further to 43% on November 1, 1998. Effective February 1, 1999, the requirement was lowered to 41% and to 39% on May 1, 1999. For nonbank financial institutions, there is a foreign and domestic currency liquid asset requirement of 35%.
<b>Provisions specific to institutional investors</b>	Mutual fund schemes must be approved by the Securities Commission.
Limits (min.) on portfolio invested locally	The minimum to be specified by the Superintendent of Insurance must not exceed 70% of the domestic liabilities of the company.
Currency-matching regulations on assets/liabilities composition	Commercial banks and licensed deposit-taking institutions may be required to match their Jamaica dollar liabilities to their clients with Jamaica dollar assets.
<b>Other controls imposed by securities laws</b>	Nonresident companies must be incorporated or registered in Jamaica or other CARICOM member states in order to obtain a license to deal in securities or give investment advice. The nonresident company must be owned, controlled, or supervised by persons who are citizens of, and are actually residents in, Jamaica or other CARICOM states as may be prescribed.

### Changes During 1998

#### Capital transactions

Provisions specific to commercial banks and other credit institutions	<i>August 1.</i> The cash reserve requirement of commercial banks' domestic currency deposits was lowered to 23% from 45% and the domestic liquid assets requirement for commercial banks was lowered to 45% from 47%.  <i>November 1.</i> The cash reserve requirement of commercial banks' domestic currency deposits was lowered to 21% and the domestic liquid assets requirement for commercial banks was lowered to 43%.
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### Changes During 1999

#### Capital transactions

	<i>February 1.</i> The cash reserve requirement of commercial banks' domestic currency deposits was lowered to 19% from 21% and on foreign currency deposits to 19% from 20%. The domestic liquid assets requirement for commercial banks was lowered to 41% from 43%.  <i>May 1.</i> The cash reserve requirement on domestic and foreign currency deposits was equalized at 17%. The liquid asset requirement for foreign currency was lowered to 39% from 41%.
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# JAPAN

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: April 1, 1964.

### Exchange Arrangement

#### Currency

The currency of Japan is the Japanese yen.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

The exchange rate of the Japanese yen is determined on the basis of supply and demand. However, the authorities intervene when necessary in order to counter disorderly conditions in the markets. The principal intervention currency is the dollar.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

There are no officially set rates in the forward market, and forward exchange transactions are based on free market rates.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

The exchange and trade control system is operated mainly by the MOF, the Ministry of International Trade and Industry (MITI), and the Bank of Japan (BOJ) acting as the government's agent. Import- and export-reporting requirements are handled by the MITI.

#### International security restrictions

##### In accordance with UN sanctions

For transactions that involve payments from Japan to residents of Iraq, Libya, and Angola or by residents of these countries to foreign countries through Japan, permission from the MOF is required. Imports from, and exports to, Iraq and Libya require permission from the MITI. Intermediary trade of petroleum and its products destined for Angola and Sierra Leone requires permission from the MITI. All other payments for invisibles from Japan to residents of Iraq and Libya require permission from the MITI.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

No.

#### Controls on exports and imports of banknotes

No.

## Resident Accounts

#### Foreign exchange accounts permitted

##### Held domestically

Yes.

##### Held abroad

Yes.

#### Accounts in domestic currency convertible into foreign currency

Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	No.

#### Import licenses and other nontariff measures

The Import Restriction System covers 77 items (four-digit Harmonized Commodity Description and Coding System, HS base), which are subject to import restrictions falling under the state trading, national security, public health, and moral protection provisions of the GATT. For the restricted items, once importers obtain authorization from the MITI, they receive an import quota certificate that entitles them to receive an import license from a bank automatically upon application. For the importation of certain other goods from certain countries or shipping areas, individual authorization must be obtained from the MITI. Import settlements effected under the special methods (i.e., those effected by means of open accounts or those involving payments made more than two years before import declaration or after more than two years of shipment) require authorization from the MITI.

Negative list	Yes.
Open general licenses	Yes.
Licenses with quotas	Yes.
<b>Import taxes and/or tariffs</b>	No.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.

#### Export licenses

Export restraint may be applied either globally or to certain destinations, and it may cover export volume, export prices, or other conditions. Twenty-seven export cartels are operating under the provisions of the Export and Import Transactions Law. In addition, 228 items are subject to a license to control their exportation to specified destinations either because of short supply in the domestic market (e.g., nickel) or to forestall the imposition of import restrictions by other countries (e.g., certain textiles). Exports under processing contracts and exports for which settlements are effected under the special methods described above require authorization from the MITI. Exports of specified raw materials for foreign processing and reimportation require individual licenses.

Without quotas	Yes.
With quotas	Yes.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.

Restrictions on use of funds No.

### Capital Transactions

Controls on capital and money market instruments No.

Controls on derivatives and other instruments No.

Controls on credit operations No.

#### Controls on direct investment

Outward direct investment Effective April 1, 1998, outward investments by residents require only an ex post report within 20 days from the execution of investments. However, prior notice is still required for direct investments in a limited number of industries, such as the manufacture of arms and fishery.

Inward direct investment Yes.

Controls on liquidation of direct investment No.

Controls on real estate transactions No.

Controls on personal capital movements No.

#### Provisions specific to commercial banks and other credit institutions

Maintenance of accounts abroad There is (1) a ceiling on the investment by credit cooperatives in foreign-currency-denominated bonds, excluding corporate bonds issued by nonresidents, equivalent to 30% of their net worth; and (2) a ceiling of 5% of assets for investment in foreign-currency-denominated securities by the loan trust accounts of trust banks.

Lending to nonresidents (financial or commercial credits) Foreign loans by banks are legally subject to prior notice with a waiting period but, in most cases, may be made upon notification. Banks are free to lend yen on a long-term basis overseas.

Provisions specific to institutional investors The 5-3-3-2 rule was abolished in January 1, 1998. This rule required pension fund managers to hold (1) 50% or more of the assets under management in bank deposits, bonds, or loans; (2) 30% or less in stocks; (3) 30% or less in foreign-currency-denominated assets; and (4) 20% or less in real estate property.

Limits (max.) on portfolio invested abroad The limits are (1) 30% of total assets for insurance companies holding securities issued by nonresidents; (2) the same ratio that applies to purchases of foreign-currency-denominated assets; (3) 20% of the reserve funds issued by nonresidents for holding by the Post Office Insurance Fund of bonds; and (4) 30% of pension trust assets for foreign-currency-denominated assets purchased by pension funds (for the new money deposited from April 1, 1990, effective December 27, 1991, the ceiling was raised to 50% on the basis of each institutional account, and the ceiling for foreign-affiliated companies was raised to 70%).

Other controls imposed by securities laws Yes.

### Changes During 1998

#### Exchange arrangement

*April 1.* The Foreign Exchange Law was amended, eliminating the authorized foreign exchange bank system, which required that all foreign exchange transactions be conducted through authorized banks and that the MOF provide prior approval for large foreign currency transactions. All companies, including securities firms and nonfinancial companies, are now permitted to trade foreign currencies. Banks are still required to notify the authorities of their foreign transactions on an ex post basis.

#### Capital transactions

##### Controls on capital and money market instruments

*April 1.* Acquisition of foreign securities for portfolio investment by a resident from a nonresident or acquisition of securities for portfolio investment by a nonresident from a resident required, in principle, prior notice without a waiting period. However, acquisition of such securities through designated securities companies or acquisition equivalent to ¥100 million or less did not require notice. Local issue of yen-denominated securities and yen-related dual currency bonds was also subject to prior notice, with a 40-day waiting period.

The prior approval requirement was eliminated.

##### Controls on credit operations

*April 1.* The 20-day waiting period for loans extended by residents to nonresidents was eliminated.

##### Controls on direct investment

*April 1.* The prior notice requirement for outward investments by residents was abolished. However, the requirement will still apply to direct investments in a limited number of industries, such as the manufacture of arms and fishery.

##### Provisions specific to institutional investors

*January 1.* The 5-3-3-2 rule was abolished. This rule required pension fund managers to hold (1) 50% or more of the assets under management in banks deposits, bonds, or loans; (2) 30% or less in stocks; (3) 30% or less in foreign-currency-denominated assets; and (4) 20% or less in real estate property.

# JORDAN

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 20, 1995.

### Exchange Arrangement

#### Currency

The currency of Jordan is the Jordan dinar.

#### Other legal tender

The Central Bank of Jordan (CBJ) issues commemorative gold coins, which, although legal tender, do not circulate but are available to residents and nonresidents.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The dinar is officially pegged to the SDR, but in practice, it has been pegged to the dollar since late 1995. A fee of 0.1% may be levied by the CBJ on foreign currency transfers. Amounts transferred from nonresidents' accounts in foreign currency, as well as transfers made by governmental entities, diplomatic missions, and nonprofit and humanitarian organizations are exempt from this fee.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Licensed banks may buy foreign currencies without limits against the dinar from their customers on a forward deal basis, and they may sell foreign currencies against the dinar to their customers on a forward deal basis to pay for imports into Jordan.

#### Official cover of forward operations

For corporations or projects considered to be of vital national interest, the CBJ may offer a forward exchange facility in respect of forward exchange cover provided by Jordanian banks.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Operative*

There is an arrangement with the Syrian Arab Republic.

###### *Inoperative*

There is an arrangement with the Republic of Yemen.

#### Administration of control

There is no exchange control; the Foreign Exchange Control Department has been abolished and its operations merged with the statistical divisions at the Banking Supervision Department. Import policy is determined by the Ministry of Industry and Trade in cooperation with the Ministries of Finance, Supply, Agriculture, and Health.

#### International security restrictions

No.

#### Payment arrears

##### Official

Yes.

#### Controls on trade in gold (coins and/or bullion)

No.

#### Controls on exports and imports of banknotes

No.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically Yes.

Held abroad Yes.

Accounts in domestic currency convertible into foreign currency Yes.

### Nonresident Accounts

Foreign exchange accounts permitted For statistical purposes, nonresident accounts are opened with proof of domicile.

Domestic currency accounts Yes.

Convertible into foreign currency Yes.

Blocked accounts No.

### Imports and Import Payments

Foreign exchange budget No.

Financing requirements for imports No.

Documentation requirements for release of foreign exchange for imports No.

#### Import licenses and other nontariff measures

Negative list The list includes imports from countries that have bilateral agreements with Jordan and imports by certain institutions.

Import taxes and/or tariffs Customs duties are levied at one single rate.

State import monopoly Oil imports are conducted by a state agency.

### Exports and Export Proceeds

Repatriation requirements No.

Financing requirements No.

Documentation requirements No.

#### Export licenses

Without quotas Licenses for exports are not required except for exports to countries that have bilateral agreements with Jordan.

Export taxes No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.



**Restrictions on use of funds** No.

### Capital Transactions

**Controls on capital and money market instruments** No.

**Controls on derivatives and other instruments** No.

#### Controls on credit operations

Commercial credits

*By residents to nonresidents*

Licensed banks and financial companies may extend credit facilities in Jordan dinars to residents and nonresidents against their foreign currency deposits. Credit facilities extended to nonresidents against their foreign currency deposits should not exceed 5% of total credit granted by a bank or a financial company. Furthermore, the balance of the foreign currency deposit used as collateral against the extended credit facilities should not, at any time, be less than the outstanding balance of credit facilities. Loans extended to finance the export sector are excluded from prior approval requirements, leaving such loans to be decided upon freely by licensed banks, provided that banks continue to comply with CBJ prudential requirements.

#### Controls on direct investment

Inward direct investment

Nonresident investments are restricted to a maximum of 50% ownership or subscription in shares of mining, trading and trade services, and construction and contracting sectors. The amount of investment in the project should not be less than JD 50,000.

**Controls on liquidation of direct investment** No.

#### Controls on real estate transactions

Purchase locally by nonresidents

Allowed only if reciprocal treatment exists, and cabinet approval must be obtained.

**Controls on personal capital movements** No.

Transfer of gambling and prize earnings

Gambling is illegal in Jordan, but prize earnings transfers are not restricted.

#### Provisions specific to commercial banks and other credit institutions

Lending to nonresidents (financial or commercial credits)

Licensed banks are permitted to lend up to 50% of their foreign exchange deposits.

Lending locally in foreign exchange

Licensed banks are permitted to lend up to 50% of their foreign exchange deposits.

Investment regulations

*Abroad by banks*

There are no restrictions except for foreign exchange exposure limits.

Open foreign exchange position limits

*On nonresident assets and liabilities*

Yes.

#### Provisions specific to institutional investors

Licensed banks are permitted to invest up to 50% of their client deposits in foreign currency.

Limits (max.) on securities issued by nonresidents and on portfolio invested abroad

There are no regulations for issuance of these securities, but portfolio investments are not restricted.

Currency-matching regulations on assets/liabilities composition

There are no restrictions except for foreign exposure limits.

**Other controls imposed by securities laws**

Non-Jordanian investments are restricted to a maximum of 50% ownership or subscription in shares of the three sectors of mining, trade and trade services, and construction and constructing sectors.

**Changes During 1998**

No significant changes occurred in the exchange or trade system.

# KAZAKHSTAN

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: July 16, 1996.

### Exchange Arrangement

#### Currency

The currency of the Republic of Kazakhstan is the Kazakh tenge.

#### Exchange rate structure

Unitary.

#### Classification

Managed floating with no preannounced path for the exchange rate

The official exchange rates of the tenge against the dollar, the euro, and the Russian ruble are determined once a week on the basis of rates in the foreign exchange, interbank, and exchange bureau markets, and are announced each Monday by the National Bank of Kazakhstan (NBK). Official rates for more than 30 other currencies are set on the basis of cross rates in international markets. The currency market includes the Almaty Financial Instruments Exchange (AFINEX), which conducts daily trading in online mode using an electronic trading system, an over-the-counter interbank market, and a network of exchange bureaus handling foreign exchange cash transactions. Banks may participate in auctions on their own account or on behalf of their clients. Banks may also trade in an over-the-counter interbank market at freely negotiated rates. There are more than 2,000 exchange bureaus that conduct foreign exchange cash transactions. The NBK has been regulating the nominal exchange rate of the tenge in accordance with the inflation trend forecast via active interventions on the AFINEX.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Foreign exchange futures are quoted at the AFINEX. Forward exchange operations are also performed on the interbank market.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

All transactions between residents must be effected in tenge, unless otherwise stipulated by law. Transactions between residents and nonresidents can be made in any currency as long as they comply with the relevant foreign exchange regulations of the NBK. The NBK has the right to impose restrictions on the payment currency for a resident's export operations.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Operative*

Settlements with foreign partners are made through a system of correspondent accounts of the NBK and commercial banks.

##### Barter agreements and open accounts

Yes.

#### Administration of control

The NBK controls exchange transactions, supervises authorized banks, regulates open foreign exchange positions, and has the authority to reintroduce surrender requirements.

The MOF supervises the licensing of a limited number of imports and exports and monitors capital transactions (i.e., external debt). The Ministry of Government Revenue supervises the payment of export and import duties. Authorized banks and nonbank financial institutions serve as agents for foreign exchange control.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

No.

**Controls on exports and imports of banknotes**

There are simplified customs procedures under which a declaration may be made at the insistence of natural persons, although the customs office has the power to impose full customs control.

**On exports***Domestic currency*

Yes.

*Foreign currency*

Documents certifying the legal origin of funds are required when resident natural persons export more than \$10,000. The export of foreign currency by nonresident natural persons is carried out in accordance with the declaration prepared by them at the time of entry. In the event that the amount indicated in the declaration is less, the nonresident is required to present documents certifying the legal origin of the funds.

**Resident Accounts****Foreign exchange accounts permitted****Held domestically**

Yes.

**Held abroad**

A license from the NBK is required, with the exception of resident natural persons temporarily located abroad. Accounts may be denominated in foreign or domestic currency.

**Accounts in domestic currency convertible into foreign currency**

Resident juridical persons may acquire foreign currency on the domestic market only to effect settlements with nonresidents and to meet obligations with regard to credits in foreign currency received from authorized banks and in other instances stipulated by legislative acts.

**Nonresident Accounts****Foreign exchange accounts permitted**

Yes.

**Domestic currency accounts****Convertible into foreign currency**

Nonresident juridical persons may acquire foreign currency on the domestic foreign exchange market of the Republic of Kazakhstan only for resources in tenge received as a result of the performance of current foreign exchange transactions, as well as in other instances by legislative acts.

**Blocked accounts**

No.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports****Advance payment requirements**

Prepayment in foreign exchange prior to 180 days requires a license from the NBK.

**Documentation requirements for release of foreign exchange for imports**

Presentation to an authorized bank of the relevant contract, agreement, or accord is required. A transaction passport must be compiled for each import transaction in excess of \$5,000, and the import transaction must be monitored by the Customs Committee and an authorized bank until full completion.

**Import licenses and other nontariff measures**

Import licenses are required for 12 categories of goods.

**Negative list**

Two categories of goods are subject to restrictions for public health and security reasons.

**Other nontariff measures**

A certificate of the country of origin must be presented. There is a ban on imports of certain categories of goods from Russia, in effect from January 11, 1999, through June 23, 1999.

**Import taxes and/or tariffs**

Customs duties and excises are levied on imported goods.

**State import monopoly**

No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	All proceeds must be repatriated, unless a license is granted by the NBK. Transfers of foreign currency to accounts of authorized banks must be done within 10 days of the date payment is made.
Surrender requirements	The NBK has the right to introduce a surrender requirement at any time.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	A transaction passport must be compiled for each export transaction above \$5,000, and the transaction must be monitored by the Customs Committee and an authorized bank until full completion.
<b>Export licenses</b>	Export licenses are required for 17 categories of goods (licenses for three of these categories require special government approval).
Without quotas	Yes.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	There are indicative limits or bona fide tests for all transactions.
Trade-related payments	
<i>Quantitative limits</i>	When reinsuring with a foreign insurer (reinsurer), the proportion of the reinsured party's own liability (retention of liability) should represent at least 5% of the total volume of liability.
Investment-related payments	
<i>Prior approval</i>	All investments by nonresidents exceeding 180 days and \$100,000 must be registered with the NBK.
Payments for travel	For amounts exceeding \$10,000, a document certifying the legal origin of the funds is required.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	All proceeds should be repatriated, unless the NBK grants a license.
Surrender requirements	The NBK has the right to introduce a surrender regime at any time.
<b>Restrictions on use of funds</b>	Resources in foreign currency may be used only for settlements with nonresidents and for repayment of credit in foreign currency. There are no restrictions on conversion into domestic currency.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents	Purchases must be registered with the NBK.
Sale or issue locally by nonresidents	The circulation, issue, or sale requires the approval of the National Securities Commission (NSC).
Purchase abroad by residents	Prior approval of the NBK is required.
Sale or issue abroad by residents	Prior approval of the NSC, and registration with the NBK is required.

*Bonds or other debt securities*

Purchase locally by nonresidents	Registration of the transaction with the NBK is required.
Sale or issue locally by nonresidents	Prior approval of the NSC is required for nonresidents.
Purchase abroad by residents	A license from the NBK is required.
Sale or issue abroad by residents	Prior approval of the NSC and registration with the NBK is required.
On money market instruments	Prior approval of the NBK is required for all money market transactions.

*On collective investment securities*

<i>Purchase locally by nonresidents</i>	Yes.
<i>Sale or issue locally by nonresidents</i>	Yes.
<i>Purchase abroad by residents</i>	Prior approval of the NBK is required.
<i>Sale or issue abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	Prior approval of the NBK is required for all derivative transactions.

**Controls on credit operations**

Commercial credits	Operations involving lending to nonresidents for export transactions exceeding 180 days and \$100,000 must be registered with the NBK, and operations involving lending in foreign currency to nonresidents for imports exceeding 180 days must be approved by the NBK.
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*By residents to nonresidents* Yes.

*To residents from nonresidents* Yes.

**Financial credits**

*By residents to nonresidents* Yes.

*To residents from nonresidents* Registration with the NBK is required for credits with a maturity of more than 180 days and in an amount above the equivalent of \$100,000.

**Controls on direct investment**

The law on State Support of Direct Investment clarifies the rules and regulations governing direct investments (both foreign and domestic), and provides government guarantees to protect the interest of investors. The law also strengthens the coordinating roles of the State Committee on Investment with the aim of facilitating the investment process in the country. This law also authorizes the Committee to provide tax privileges on a case-by-case basis for new investors in priority sectors of the economy.

Outward direct investment Residents must obtain a license from the NBK to invest abroad.

Inward direct investment Prior registration with the NBK is required.

**Controls on liquidation of direct investment** Yes.

**Controls on real estate transactions**

Purchase abroad by residents A license from the NBK is required.

Purchase locally by nonresidents Transfers from nonresidents to residents in payment for property rights and other rights to real estate in an amount above the equivalent of \$100,000 are subject to registration with the NBK.

**Controls on personal capital movements****Loans**

*By residents to nonresidents* Credits by residents to nonresidents in foreign currency for a term of more than 180 days are subject to licensing with the NBK.

*To residents from nonresidents* Credits by nonresidents to residents for a term of more than 180 days and in an amount equivalent to more than \$100,000 are subject to registration with the NBK.

Transfer of gambling and prize earnings	The legal origin of funds must be documented.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Registration with the NBK is required to receive credits for a term of more than 180 days and in an amount exceeding \$100,000.
Maintenance of accounts abroad	A license from the NBK is required.
Lending to nonresidents (financial or commercial credits)	A license from the NBK is required when extending credit for a term of more than 180 days.
Lending locally in foreign exchange	Authorized banks are entitled to provide credits in foreign currency to resident and non-resident juridical persons only, in accordance with noncash procedures. There are no controls on credits extended to natural persons.
Purchase of locally issued securities denominated in foreign exchange	Payments by residents are effected only in tenge, regardless of the currency in which the securities are denominated.
<b>Investment regulations</b>	
<i>Abroad by banks</i>	Investments abroad by resident banks with foreign participation are limited by the ratio set for the placement of equity capital in domestic assets. Bank investments are subject to licensing by the NBK.
<i>In banks by nonresidents</i>	A nonresident bank may open a branch bank in the Republic of Kazakhstan only if it has been given a rating that is not lower than the Republic of Kazakhstan's rating. A juridical person that is registered in an offshore zone may not be a founder or shareholder of a resident bank of the Republic of Kazakhstan. The total combined registered capital of banks with foreign participation must not exceed 25% of the total capital of all banks in the Republic of Kazakhstan.
Open foreign exchange position limits	On September 7, 1998, the open position limits were changed to 15% of a bank's capital, and the total open position to 25% of a bank's capital.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Yes.
Limits (max.) on portfolio invested abroad	Yes.
Limits (min.) on portfolio invested locally	Yes.
<b>Other controls imposed by securities laws</b>	A license is required for professional activities on the securities market and stock exchanges.

### Changes During 1998

#### Capital transactions

Provisions specific to commercial banks and other credit institutions	<i>September 7.</i> The open position limits in any one currency were changed to 15% of a bank's capital, and the total open position to 25% of a bank's capital.
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### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> The official exchange rate of the tenge is determined against the euro instead of the deutsche mark.
<b>Imports and import payments</b>	<i>January 11.</i> Certain categories of imports from Russia have been banned.

## KENYA

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: June 30, 1994.

#### Exchange Arrangement

##### Currency

The currency of Kenya is the Kenya shilling.

##### Exchange rate structure

Unitary.

##### Classification

Managed floating with no preannounced path for the exchange rate

The exchange rate is determined in the interbank market. Foreign exchange bureaus are authorized to deal in cash and foreign traveler's checks. The official exchange rate is set at the previous day's average market rate. The U.S. dollar is the principal intervention currency. The official exchange rate applies only to government and government-guaranteed external debt-service payments and to government imports for which there is a specific budget allocation.

##### Exchange tax

No.

##### Exchange subsidy

No.

##### Forward exchange market

Commercial banks are authorized to enter into forward exchange contracts with their customers at market-determined exchange rates in currencies of their choice. There are no limits on the amount or period of cover.

### Arrangements for Payments and Receipts

##### Prescription of currency requirements

No.

##### Payment arrangements

###### Regional arrangements

Kenya is a member of COMESA.

##### Administration of control

The Central Bank Act gives the Central Bank of Kenya (CBK) powers to license and regulate foreign exchange transactions.

##### International security restrictions

No.

##### Payment arrears

Kenya has rescheduled arrears amounting to \$49 million that accrued to commercial banks prior to end-1993. Part of interest arrears amounting to \$21 million was written off.

##### Official

Yes.

##### Controls on trade in gold (coins and/or bullion)

No.

##### Controls on exports and imports of banknotes

No.

### Resident Accounts

##### Foreign exchange accounts permitted

###### Held domestically

Yes.

###### Held abroad

Yes.



Accounts in domestic currency convertible into foreign currency Yes.

### Nonresident Accounts

Foreign exchange accounts permitted Yes.  
Domestic currency accounts Yes.  
Convertible into foreign currency Yes.  
Blocked accounts No.

### Imports and Import Payments

Foreign exchange budget No.  
Financing requirements for imports No.  
Documentation requirements for re-release of foreign exchange for imports A copy of the import declaration, a final invoice, and a copy of the customs entry must be submitted.  
Preshipment inspection The inspection is required for all imports with an f.o.b. value of more than \$5,000. These are subject to inspection for quality, quantity, and price, and require a clean report of findings. Banks are allowed to effect clean payments (for imports) provided they obtain an undertaking from the importer to submit the documents later.  
Import licenses and other nontariff measures  
Negative list The list includes a few items for health, security, and environmental reasons.  
Import taxes and/or tariffs Yes.  
State import monopoly No.

### Exports and Export Proceeds

Repatriation requirements No.  
Financing requirements No.  
Documentation requirements No.  
Export licenses  
Without quotas Coffee, tea, and horticultural produce may be exported only if a sales contract is registered with the Coffee Board, Tea Board, and Horticultural Crops Development Authority, respectively. Exports of certain foods and agricultural products require special licenses to ensure adequate supplies in the domestic market. Exports of minerals, precious stones, and other essential strategic materials are also subject to special licensing.  
Export taxes No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.

Restrictions on use of funds No.

## Capital Transactions

### Controls on capital and money market instruments

#### On capital market securities

##### *Shares or other securities of a participating nature*

- |                                       |  |
|---------------------------------------|--|
| Purchase locally by nonresidents      | Nonresidents are allowed to purchase a maximum of 40% of shares of primary or secondary issues. A nonresident may not purchase more than 5% of the total of secondary or primary issues. |
| Sale or issue locally by nonresidents | There is no control on the sale of securities by nonresidents. However, issuance of securities by nonresidents requires prior approval from the Capital Markets Authority (CMA).         |
| Sale or issue abroad by residents     | Sale or issue of securities abroad by residents requires prior approval from the CMA.  |

##### *Bonds or other debt securities*

- |                                       |   |
|---------------------------------------|---|
| Purchase locally by nonresidents      | Yes.  |
| Sale or issue locally by nonresidents | The same regulations apply as for securities of a participating nature. |
| Sale or issue abroad by residents     | The same regulations apply as for securities of a participating nature. |

#### On money market instruments

- |  |  |
|--|--|
| <i>Sale or issue locally by nonresidents</i> | There are no controls on sales, but the issuing requires prior approval from the CBK.                    |
| <i>Sale or issue abroad by residents</i>     | The sale or issuance of money market instruments abroad by residents requires prior approval by the CBK. |

#### On collective investment securities

- |  |      |
|--|------|
| <i>Purchase locally by nonresidents</i>      | Yes. |
| <i>Sale or issue locally by nonresidents</i> | Yes. |

### Controls on derivatives and other instruments

- |                                       |  |
|---------------------------------------|--|
| Sale or issue locally by nonresidents | CBK approval is required for these transactions. |
| Sale or issue abroad by residents     | CBK approval is required for these transactions. |

Controls on credit operations No.

Controls on direct investment No.

Controls on liquidation of direct investment No.

### Controls on real estate transactions

Purchase locally by nonresidents Purchases of real estate are subject to government approval.

Controls on personal capital movements No.

### Provisions specific to commercial banks and other credit institutions

Differential treatment of deposit accounts in foreign exchange

*Reserve requirements* Foreign currency deposits are not subject to reserve requirements.

Differential treatment of deposit  
accounts held by nonresidents

*Reserve requirements*

Yes.

Open foreign exchange position limits

Foreign exchange exposure is defined as net foreign assets reported on the balance sheet and is limited to a maximum of 20% of paid-up capital (assigned).

**Provisions specific to institutional  
investors**

No.

**Other controls imposed by securities  
laws**

No.

### **Changes During 1998**

No significant changes occurred in the exchange and trade system.

# KIRIBATI

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: August 22, 1986.

### Exchange Arrangement

Currency	The currency of Kiribati is the Australian dollar.
Other legal tender	Kiribati coins are also in circulation.
Exchange rate structure	Unitary.
Classification	
Exchange arrangement with no separate legal tender	There is no central monetary institution, and the authorities do not buy or sell foreign exchange. The Bank of Kiribati (BOK), the only commercial bank, quotes daily rates for 15 currencies on the basis of their respective values against the Australian dollar.
Exchange tax	No.
Exchange subsidy	No.
Forward exchange market	The BOK provides forward contracts of up to three months of maturity.

### Arrangements for Payments and Receipts

Prescription of currency requirements	Outward and inward payments may be settled in Australian currency or in any other currency. Purchases and sales of foreign currencies in exchange for Australian dollars must be undertaken with the BOK, the only authorized foreign exchange dealer.
Payment arrangements	No.
Administration of control	No.
International security restrictions	No.
Payment arrears	No.
Controls on trade in gold (coins and/or bullion)	n.a.
Controls on exports and imports of banknotes	No.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	Yes.
Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	n.a.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
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Domestic currency accounts	n.a.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for re-release of foreign exchange for imports	n.a.
Import licenses and other nontariff measures	
Negative list	Imports of certain goods are prohibited for health, safety, or environmental reasons.
Import taxes and/or tariffs	Tariffs ranging from zero to 80% apply to most private imports. Specific duties apply to imports of rice, flour, petroleum products, alcoholic beverages, and tobacco products.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	n.a.
Export licenses	Copra, a dried coconut meat that produces coconut oil, can be exported only through the Kiribati Copra Cooperative Society.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
Investment-related payments	Information is not available on the payment of amortization of loans or depreciation of direct investments.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	n.a.
Restrictions on use of funds	n.a.

### Capital Transactions

Controls on capital and money market instruments	n.a.
Controls on derivatives and other instruments	n.a.
Controls on credit operations	n.a.
Controls on direct investment	
Inward direct investment	The authorities encourage investments in the export-promoting or import-substituting sectors. All applications for foreign investment up to \$A 250,000 must be made to the Foreign

	Investment Commission for approval. Applications with a larger capital contribution are approved by the Cabinet.
<b>Controls on liquidation of direct investment</b>	n.a.
<b>Controls on real estate transactions</b>	n.a.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	n.a.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### **Changes During 1998**

No significant changes occurred in the exchange and trade system.

# REPUBLIC OF KOREA

(Position as of April 30, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: November 1, 1988.

### Exchange Arrangement

#### Currency

The currency of Korea is the Korean won.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

The exchange rate of the won is determined on the basis of supply and demand.

##### Exchange tax

No.

##### Exchange subsidy

No.

##### Forward exchange market

Foreign exchange banks may conduct forward transactions, futures transactions, swaps, and options between foreign currencies, as well as between the won and foreign currencies. There are no specific restrictions on the terms of forward contracts.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

All settlements with other countries may be made in any convertible currency except the won. Nonresidents are permitted to carry out current transactions denominated in won, provided that remittances are made in foreign currencies. For this purpose, nonresidents are allowed to open settlement accounts in won (free won accounts) for current transactions as well as for reinsurance contracts and investments in domestic securities.

#### Payment arrangements

No.

#### Administration of control

The Ministry of Finance and Economy (MOFE) initiates policy with respect to prescription of currency, method of settlement, foreign exchange operations, payments for current transactions, and capital transactions and transfers. The Bank of Korea (BOK) executes most of the above functions; it also regulates the operations of the exchange market and may intervene in it.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on external trade

Residents are allowed to import and export gold other than gold coins in circulation, subject to the same regulations as those applied to merchandise trade (Foreign Trade Act).

#### Controls on exports and imports of banknotes

##### On exports

###### *Domestic currency*

Banknotes in excess of the equivalent of \$10,000 may not be exported without permission from the BOK.

###### *Foreign currency*

Banknotes in excess of the equivalent of \$10,000 may not be exported without specific permission. Upon leaving Korea, nonresidents may purchase foreign currency up to the amount they have sold during their stay in Korea.

##### On imports

###### *Domestic currency*

Residents and nonresidents must notify the customs office of domestic currency they bring into Korea if the amount exceeds \$10,000.

*Foreign currency*

Residents and nonresidents must notify the customs office of foreign currency they bring into Korea if the amount exceeds the equivalent of \$10,000.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically

The foreign currency composition of these accounts may be changed without restriction.

Held abroad

Institutional investors are permitted to hold deposits abroad for asset diversification purposes without a quantitative ceiling. General corporations and individuals are permitted to hold deposits abroad of up to \$5 million and \$50,000 a year, respectively.

**Accounts in domestic currency convertible into foreign currency**

No.

**Nonresident Accounts****Foreign exchange accounts permitted**

Remittances from these accounts and withdrawals in foreign currency may be made freely. The approval of the bank where the account is held is not required for remittances abroad or transfers to other foreign currency accounts for purchases and withdrawals of foreign means of payment or for payments relating to approved transactions.

**Domestic currency accounts**

Yes.

Convertible into foreign currency

Yes.

**Blocked accounts**

n.a.

**Imports and Import Payments**

**Foreign exchange budget**

No.

**Financing requirements for imports**

Effective July 1, 1998, restrictions on deferred payments were removed.

**Documentation requirements for release of foreign exchange for imports**

No.

**Import licenses and other nontariff measures**

Under the Imports Diversification Program, there are 113 items for which imports are restricted.

Negative list

Yes.

Open general licenses

About 3,000 products are subject to special import approval procedures, mostly due to health and other reasons, under the Import Notice. Eight of the 10,859 basic items on the Harmonized System are subject to license.

Licenses with quotas

A trade commission may recommend quotas and quality standards if it has determined that certain imports have harmed domestic industries. There are four quotas on milk products.

**Import taxes and/or tariffs**

There are adjustment tariffs on 62 products; regular tariffs and tariff quotas on most products exist. There are antidumping duties on 17 products.

Taxes collected through the exchange system

Yes.

**State import monopoly**

There is a state monopoly on the import of 18 agricultural products.

**Exports and Export Proceeds**

**Repatriation requirements**

Export earnings exceeding \$50,000 must be repatriated to Korea within six months, except in specific cases. However, general trading companies licensed under the Foreign Trade



	Act and enterprises whose trade value in the previous year exceeded \$5 million are allowed to retain overseas deposits up to 50% of this value within the limit of \$500 million.
<b>Financing requirements</b>	Effective July 1, 1998, restrictions on export advances and export down payments were removed.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	
Without quotas	There are export bans on 14 items for environmental reasons.
With quotas	There are quotas under the ATC and voluntary restraint on nine products under bilateral agreements.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

##### Investment-related payments

<i>Prior approval</i>	The transfer of income from securities acquired through inheritance is subject to prior approval.
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##### Payments for travel

<i>Quantitative limits</i>	The monthly allowance for residents staying abroad for over 30 days is \$10,000. For those staying abroad over one year, a remittance of \$50,000 (including basic travel allowances) is allowed within two months after the time of departure.
<i>Indicative limits/bona fide test</i>	Residents traveling abroad may, in general, purchase foreign exchange up to the equivalent of \$10,000 a trip as their basic travel allowance; additional foreign exchange may also be purchased for specified expenses, including transportation costs.

##### Personal payments

<i>Quantitative limits</i>	The basic monthly allowance for students under 20 years old is \$3,000; for students with a dependent family, an additional allowance of \$500 for a spouse and each child is allowed. Residents are allowed to remit up to \$5,000 a transaction to their parents and children living abroad for living expenses and to their relatives abroad for wedding gifts or funeral donations, with no restrictions on the number of remittances.
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##### Credit card use abroad

<i>Quantitative limits</i>	Residents may make payments abroad by credit card for expenditures relating to travel and tourism; for amounts exceeding \$5,000 a month, the foreign exchange authorities must verify the authenticity of the payments.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
<b>Surrender requirements</b>	Residents are permitted to hold foreign currency earned from invisible transactions, but once converted into won, a limit applies to reconversion. Residents and nonresidents must notify the customs of domestic and foreign exchange they bring into Korea if the amount exceeds the equivalent of \$10,000. Domestic firms engaged in international construction and service businesses may deposit abroad up to 30% of the amount of foreign currency acquired in the previous year or \$3 million, whichever is greater.
<b>Restrictions on use of funds</b>	No.

## Capital Transactions

### Controls on capital and money market instruments

#### On capital market securities

##### *Shares or other securities of a participating nature*

##### Purchase locally by nonresidents

On April 1, 1998, foreigners were allowed to engage in securities dealings, insurance, leasing, and other property-related business. Through May 24, 1998, the ceiling on aggregate foreigner's ownership of Korean shares stood at 55%. On May 25, 1998, the aggregate ceiling on foreign direct investment in Korean equities was eliminated, and equity investment in nonlisted companies was permitted.

##### Sale or issue locally by nonresidents

Foreign institutions are eligible to list their shares on the KSE in the form of depositary receipts. These institutions include international financial organizations, central or municipal governments, public organizations, and general companies.

##### Purchase abroad by residents

General investors, individuals, and general corporations are permitted to invest in foreign securities without restriction.

#### *Bonds or other debt securities*

##### Purchase locally by nonresidents

Foreigners are free to purchase listed government, special, and corporate bonds without restriction.

##### Sale or issue locally by nonresidents

Foreign institutions may issue won-denominated bonds in the domestic capital market. However, the issuer must submit a prior report to the MOFE and the Financial Supervisory Council.

##### Sale or issue abroad by residents

The sale or issuance abroad by residents must be reported before the transaction is carried out to the MOFE.

#### On money market instruments

##### *Sale or issue locally by nonresidents*

These transactions require MOFE approval.

##### *Purchase abroad by residents*

Purchase of short-term securities abroad denominated in won requires MOFE approval.

##### *Sale or issue abroad by residents*

There are no restrictions for foreign exchange banks to issue money market instruments denominated in foreign money markets. Only issues by enterprises with unsound financial structures require MOFE approval.

Residents may issue money market instruments denominated in won in the foreign money markets with approval of the MOFE.

#### On collective investment securities

##### *Purchase locally by nonresidents*

Effective May 25, 1998, foreigners are free to purchase domestic collective investment securities without restriction.

##### *Sale or issue locally by nonresidents*

Foreign institutions may issue collective investment securities in the domestic market provided that the foreign institutions establish themselves in Korea. However, no establishment is required for the issue of collective investment securities by foreign investment trust companies that invest their funds exclusively in foreign securities. In case of the issue of collective investment securities, the issuer must submit a prior report to the MOFE.

##### *Purchase abroad by residents*

General investors, individuals, and general corporations are permitted to invest in collective investment securities of foreign money markets without restriction.

##### *Sale or issue abroad by residents*

According to the Foreign Exchange Transaction Regulation, residents may issue collective investment securities denominated in foreign currency in the foreign markets. However, the issuer must submit a prior report to the designated exchange bank. Residents may issue collective investment securities denominated in domestic currency in the foreign markets with approval of the MOFE.

According to the Securities Investment Trust Company Act, the deed should be approved by the Financial Supervisory Commission; however, the standard deed has only to be reported to the FSC.

**Controls on derivatives and other instruments**

There are no controls on the trading of over-the-counter-related derivatives if the transactions are made through domestic foreign exchange banks.

**Controls on credit operations****Commercial credits***By residents to nonresidents*

Commercial credits in domestic currency of more than W100 million a borrower granted by institutional investors require MOFE approval.

Commercial credits in foreign currency granted by general trading companies of more than \$10 million, and by other enterprises of more than \$300,000, require MOFE approval.

*To residents from nonresidents*

There are no restrictions for enterprises to borrow commercial credits. Only commercial credits with maturities of one year or less granted to enterprises with unsound financial structures require MOFE approval.

**Financial credits***By residents to nonresidents*

Credits and loans denominated in domestic currency granted by institutional investors of more than W100 million a borrower require MOFE approval.

*To residents from nonresidents*

There are no restrictions for foreign exchange banks and enterprises to borrow financial credits in foreign currency abroad.

Only financial credits with a maturity of one year or less granted to enterprises with unsound financial structures require MOFE approval.

On April 16, 1998, the MOFE abolished regulations, in accordance with OECD rules, on the usage of long-term loans with maturities of over five years that are brought into the country by foreign manufacturers.

**Guarantees, sureties, and financial backup facilities***By residents to nonresidents*

Residents, other than banks, must obtain approval from the BOK, except for the following cases: (1) when a foreign importer is granted an offshore loan by a foreign exchange bank to finance imports from a resident, and the said resident pledges a guarantee in foreign currency; (2) when a resident concludes a contract guaranteeing performance or bearing responsibility for the liabilities assumed by the nonresident, who in turn is providing a guarantee, such as bid bonds or other sureties, related to international bids or contracts entered into by a resident; and (3) when residents provide guarantees to serve as collateral for spot financing. There are no restrictions on the provision of underwritten backup facilities by the domestic institutional investors when they participate in an international underwriting syndicate.

**Controls on direct investment****Outward direct investment**

Under current regulations, notification to a foreign exchange bank is required. However, investments in excess of US\$50 million require prior assessment by the Outward Direct Investment Advisory Committee in the following instances: (1) when the total investment amount of a parent company exceeds the issued capital or half of the total capital and reserves of the parent company; or (2) the liabilities of the parent company exceed its total assets, i.e., it has negative net worth; or (3) the subsidiary had a negative net worth greater than US\$100 million or half of capital or shows a continuous five-year deficit, excluding the accounting year when the business started to operate.

Under the new Foreign Exchange Transaction Regulation, which was enforced as of April 1, 1999, investments in excess of \$10 million and for which conditions (2) or (3) do not apply will no longer be assessed by the Outward Direct Investment Advisory Committee, but instead notification to the MOFE must be given.

**Inward direct investment**

Equity participation is possible by increasing the amount invested in newly established or existing enterprises. Direct investment by means of mergers and acquisitions is also allowed. For the establishment and extension of a domestic branch of a foreign enterprise, approval from the MOFE is required for financial institutions; approval of the BOK is required for nonfinancial institutions and notification to the BOK is required for establishment of an office. Investments in public utilities, radio, and television are restricted.

On April 1, 1998, foreign banks and brokerage houses were allowed to establish subsidiaries as long as their equity capital was more than W200 billion.

On May 25, 1998, the Foreign Direct Investment Act was amended to allow the takeovers of Korean corporations, except defense-related companies, by foreign investors without government approval, and abolished the ceiling on the amount of stock foreigners may acquire in companies without approval by the company's board of directors.

Direct investments are allowed in all industries, except those specified on a "negative" list, including about 0.6% of all industries listed in the Korean standard industrial classification, and no industries in the manufacturing sector.

In general, foreign-financed companies are no longer required to set up partnerships with local firms. There are no restrictions on the maximum value of foreign investment. Tax privileges may be granted to foreign-financed projects that involve advanced technology. Postinvestment controls have also been relaxed to treat foreign and local companies equally.

All foreign direct investments, except those in industries on the negative list, are subject to a notification requirement. A notification is deemed accepted by a foreign exchange bank unless it advises to the contrary.

#### **Controls on liquidation of direct investment**

No.

#### **Controls on real estate transactions**

##### **Purchase abroad by residents**

Overseas direct investments in the fields of lease and sale of real estate, construction, and operation of golf courses are prohibited. No approvals or notifications are required for acquisition of overseas real estate by foreign exchange banks, government authorities, and residents if given as gifts or through inheritance from nonresidents. However, a notification to the BOK is required for the acquisition of real estate necessary for approved business activities costing up to \$10 million. For real estate necessary for approved business activities exceeding \$10 million, permission from the BOK is required.

##### **Purchase locally by nonresidents**

The following are not restricted: acquisition of domestic land or mortgages, leasing of domestic real estate by nonresidents, and acquisition of real estate or associated rights other than land by nonresidents from nonresidents. Notification to the BOK is required for the acquisition of real estate and its associated rights, including real estate acquired through inheritance or as a gift from nonresidents, and the establishment of fixed collateral not assuming the transfer of ownership. Approval of the MOFE is required for real estate acquisitions other than those specified above.

On May 25, 1998, legislation was submitted abolishing restrictions on foreign ownership of land and real estate properties on the basis of national treatment.

##### **Sale locally by nonresidents**

Approval from the BOK is required.

#### **Controls on personal capital movements**

##### **Loans**

###### *By residents to nonresidents*

Loans by residents to nonresidents have to be approved by the MOFE.

###### *To residents from nonresidents*

Yes.

##### **Gifts, endowments, inheritances, and legacies**

###### *By residents to nonresidents*

Payments that exceed \$5,000 have to be approved by the Governor of the BOK. Gifts, endowments, inheritances, and legacies require prior approval from the BOK.

##### **Transfer of assets**

###### *Transfer abroad by emigrants*

The ceiling of emigration settlement expenses is \$400,000 for a head of a household and \$200,000 a person for members of a household. After obtaining nationality, the emigrant may withdraw the remaining domestic properties.

##### **Transfer of gambling and prize earnings**

Transfer of gambling earnings requires approval from the BOK.

**Provisions specific to commercial banks and other credit institutions**

There are prudential regulations on assets/liabilities compositions of foreign exchange banks.

Foreign exchange banks should maintain short-term assets (less than three months) of at least 70% of short-term liabilities.

Foreign exchange banks should maintain positive maturity mismatches from sight to seven days. Any negative mismatch should not exceed 10% of total foreign currency assets from sight to one month.

**Borrowing abroad**

For reference, the foreign exchange banks are required to report to the MOFE the funding of maturities of one year or more and for amounts exceeding \$50 million.

**Lending to nonresidents (financial or commercial credits)**

Foreign exchange banks and other credit institutions may extend credits without restriction to nonresidents in foreign currency. Credits and loans denominated in domestic currency granted by institutional investors of more than W100 million a borrower require MOFE approval.

**Lending locally in foreign exchange**

There are no restrictions on loan ceilings, but there are some restrictions on the use of loans.

**Differential treatment of deposit accounts in foreign exchange***Reserve requirements*

Yes.

**Differential treatment of deposit accounts held by nonresidents***Reserve requirements*

Reserve requirements on foreign currency deposit accounts are 7% for resident accounts and 1% for nonresident accounts.

**Open foreign exchange position limits**

The overall net open position (shorthand position) of foreign exchange banks measured by the sum of the net short positions or the sum of the net long positions, whichever is greater, is limited to up to 20% of the total equity capital at the end of the previous month.

**Provisions specific to institutional investors****Limits (max.) on portfolio invested abroad**

Institutional investors are permitted to hold deposits abroad for asset diversification purposes without a quantitative ceiling. General corporations and individuals are permitted to hold deposits abroad of up to \$5 million and \$50,000 a year, respectively.

**Currency-matching regulations on assets/liabilities composition**

Yes.

**Other controls imposed by securities laws**

Controls imposed by the Securities Laws are as follows: (1) domestic securities investments by nonresident foreign nationals are regulated by "Rules on Sales and Purchases of Securities by Foreigners" established by the Securities Exchange Commission (SEC). The main contents of the Rules include investment ceilings, investment procedures, and the management of foreign investors, etc.; (2) overseas securities investments by residents are regulated by "Rules on Sales and Purchases of Overseas Securities" established by the SEC. The main contents of the Rules include securities' eligibility for investment and transaction procedures, etc.; (3) issuance of overseas securities by residents is regulated by "Rules on Issuance of Overseas Securities" and "Rules on Management of Listed Companies on Overseas Securities Markets" established by the SEC. The main contents of the Rules include the eligibility of issuers, the use of funds raised by issuance, and the obligations of issuers on reporting, etc.; and (4) international securities transactions by residents are regulated by "Rules on Securities Business by Domestic Branches of Foreign Securities Companies" established by the SEC. The main contents of the Rules include the accumulation of retained earnings and the obligation of submitting financial statements, etc. The main contents of "Rules on Overseas Securities Business by Domestic Securities Companies" include the restriction on the investment of domestic listed stocks by overseas branches of securities companies.

### Changes During 1998

<b>Imports and import payments</b>	<i>July 1.</i> Restrictions on deferred payments were removed.
<b>Exports and export proceeds</b>	<i>July 1.</i> Restrictions on export advances and export down payments were removed.
<b>Payments for invisible transactions and current transfers</b>	<i>July 1.</i> Restrictions on payments for services were removed.
<b>Capital transactions</b>	
Controls on capital and money market instruments	<p><i>April 1.</i> Foreigners were allowed to engage in securities dealings, insurance, leasing, and property-related business.</p> <p><i>May 25.</i> Foreigners are free to purchase domestic collective investment securities without restriction.</p> <p><i>July 1.</i> Issuing of securities with maturities of one to three years abroad by corporations was allowed.</p>
Controls on credit operations	<p><i>April 16.</i> The MOFE abolished regulations on usage of long-term loans with maturities of over five years that are brought into the country by foreign manufacturers.</p> <p><i>July 1.</i> Controls on corporate borrowing of one- to three-year maturities were eliminated.</p>
Controls on direct investment	<p><i>April 1.</i> Foreign banks and brokerage houses were allowed to establish subsidiaries if their equity capital was more than W200 million.</p> <p><i>May 25.</i> Foreign investors were allowed to take over corporations, except defense-related companies, and the ceiling on the amount of stock foreigners may acquire in all companies without the approval of the board of directors was abolished.</p>
Provisions specific to commercial banks and other credit institutions	<i>July 1.</i> Foreign exchange exposure limits for banks, including their offshore branches, were introduced.

### Changes During 1999

<b>Capital transactions</b>	<i>April 1.</i> Issuing of securities denominated in foreign currency by nonresidents was allowed as well as investment for deposits and trusts with maturities of one year or more by non-residents.
Controls on derivatives and other instruments	<i>April 1.</i> The real demand principle imposed on financial derivatives was abolished.
Controls on credit operations	<i>April 1.</i> Borrowing with maturities of one year or less abroad and by corporations whose financial structure is sound was allowed.
Controls on direct investment	<i>April 1.</i> Outward direct investments in excess of \$10 million are no longer assessed by the Outward Direct Investment Advisory Committee, but require a notification to the MEF in the case when: (1) the liabilities of the parent company do not exceed its total assets and (2) the subsidiary has no negative net worth exceeding \$100 million or half its capital and does not show a continuous five-year deficit.
Provisions specific to commercial banks and other credit institutions	<p><i>January 1.</i> The foreign exchange position system was changed from the net aggregate position system to the shorthand position system. The limits of the position were raised to 20% from 15% of the total equity capital at the end of the previous month.</p> <p><i>April 1.</i> Foreign exposure limit regulations were expanded to include all financial institutions participating in the foreign exchange business.</p>

# KUWAIT

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: April 5, 1963.

### Exchange Arrangement

#### Currency

The currency of Kuwait is the Kuwaiti dinar.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The external value of the Kuwaiti dinar is determined on the basis of a fixed but adjustable relationship between the dinar and a weighted basket of currencies of Kuwait's trade and financial partners. The Central Bank of Kuwait (CBK) sets the exchange rate vis-à-vis the dollar on the basis of the latest market quotations in relation to the other currencies included in the basket.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

##### Official cover of forward operations

Official coverage is extended to forward contracts related to commercial transactions.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Regional arrangements

GCC central banks maintain a regional arrangement to exchange GCC banknotes.

##### Barter agreements and open accounts

Yes.

#### Administration of control

There is no exchange control, and both residents and nonresidents may freely purchase and sell foreign exchange. All trade with Israel is prohibited. Payments may not be made to or received from Israel for any type of transaction.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on external trade

Monetary authorities and merchants registered with the Ministry of Commerce and Industry (MCI) may import and export gold in any form if such gold is at least 18-karat fine; gold jewelry may not be imported or sold unless it is properly hallmarked. Jewelry and precious metals in any form, manufactured or unmanufactured, are subject to an import duty of 4%.

#### Controls on exports and imports of banknotes

No.

## Resident Accounts

#### Foreign exchange accounts permitted

##### Held domestically

Yes.

Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.

Import licenses and other nontariff measures	Import licenses are required for all commercial imports other than fresh fruits and vegetables. Licenses, except for wheat and flour, are issued freely to registered Kuwaiti merchants and companies. To be registered, the importer must be either a Kuwaiti citizen, a firm in which all partners are Kuwaiti nationals, or a shareholding or limited liability company in which Kuwaiti nationals own at least 51% of the stock.
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Negative list	The importation of oxygen, certain steel and asbestos pipes, pork and foodstuffs containing pork, alcoholic beverages, used vehicles over five years old, portable telephones, chewing tobacco, and gas cylinders is prohibited.
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Open general licenses	Imports of industrial equipment, machinery, and their spare parts require industrial licenses valid for onetime use only. Licenses are issued to registered and licensed industrial establishments with the approval of the Industrial Development Commission at the MCI. Private imports of personal objects may be permitted under individual or specific licenses. Registered importers handling a variety of commodities may obtain a general license valid for one year. Other importers must obtain specific licenses for individual commodities, which are also valid for one year.
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Other nontariff measures	Government procurement policies grant preferences to Kuwaiti-produced goods up to a price margin of 5% over goods produced in other GCC countries, and 10% over goods produced in non-GCC countries.
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Import taxes and/or tariffs	Kuwait applies the uniform tariff structure of the GCC. A minimum tariff of 4% applies to non-GCC imports, while no tariffs apply to imports with at least 40% local value added from other GCC members. Imports of foodstuffs, as well as some machinery and equipment, spare parts, and raw materials are exempt from import duties. Kuwait applies higher tariffs in industries where domestic producers cater to at least 40% of the local market. Tariff rates differ depending on the domestic value-added content of the products in question. If the domestically produced goods contain at least 20%, 30%, or 40% of domestic value added, protective duties of 15%, 20%, and 25%, respectively, may be applied to competing imports. The degree of protection given by the formula is reduced by 5% in the case of consumer goods. The maximum duty imposed on products that compete with locally manufactured goods is 100%.
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State import monopoly	No.
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### Exports and Export Proceeds

Repatriation requirements	No.
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<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Exports of live sheep and poultry, sugar, fats, rice, meat, eggs, milk, cheese, butter, olive oil, fresh fruits, vegetables in any form, beans, lentils, chickpeas, jams, and cement may be prohibited in time of emergency or shortage in Kuwait. These items may be exported in limited quantities only under a special license issued by the MCI. Exports of arms and ammunition also require licenses.
With quotas	Yes.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	The listing of foreign stocks and bonds on the Kuwait Stock Exchange is subject to the approval of the Exchange Committee.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	GCC nationals are allowed to purchase local stocks up to a certain limit. Other nonresidents are not allowed to purchase stocks. However, nonresidents may purchase local treasury bills and bonds through local banks and investment companies.
Sale or issue locally by nonresidents	Yes.
<i>Bonds or other debt securities</i>	Yes.
Sale or issue locally by nonresidents	Yes.
Sale or issue abroad by residents	Controls apply to banks and financial institutions subject to CBK supervision.
On money market instruments	Yes.
<i>Sale or issue locally by nonresidents</i>	Yes.
On collective investment securities	Yes.
<i>Purchase in the country by nonresidents</i>	Yes.
<i>Sale or issue by nonresidents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	
Purchase locally by nonresidents	Yes.
Sale or issue locally by nonresidents	Yes.
<b>Controls on credit operations</b>	No.

**Controls on direct investment**

Inward direct investment	Government agreement is necessary for the participation of nonresident capital in resident corporations in Kuwait; foreign participation in new Kuwaiti companies must be less than 49%. The participation of GCC nationals in companies established in Kuwait may reach up to 75% of the capital, and there are no restrictions on participation in retail trade enterprises by non-Kuwaiti GCC nationals.
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**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

Yes.

Purchase locally by nonresidents	Only GCC nationals can purchase real estate for private residence purposes of up to 3,000 square meters.
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Sale locally by nonresidents	Yes.
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**Controls on personal capital movements**

No.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad	Controls apply to sale or issue of bonds or other debt securities abroad.
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Lending to nonresidents (financial or commercial credits)	Yes.
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Differential treatment of deposit accounts in foreign exchange	Yes.
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<i>Liquid asset requirements</i>	Yes.
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<i>Interest rate controls</i>	Yes.
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Differential treatment of deposit accounts held by nonresidents	Yes.
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<i>Liquid asset requirements</i>	Yes.
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**Provisions specific to institutional investors**

No.

**Other controls imposed by securities laws**

No.

**Changes During 1998**

No significant changes occurred in the exchange and trade system.

# KYRGYZ REPUBLIC

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: March 29, 1995.

### Exchange Arrangement

#### Currency

The currency of the Kyrgyz Republic is the Kyrgyz som.

#### Exchange rate structure

Unitary.

#### Classification

Managed floating with no preannounced path for the exchange rate

Through June 1998, the exchange rate of the dollar vis-à-vis the som was the average-weighted exchange rate of accepted bids at auctions that were held once a week at the National Bank of the Kyrgyz Republic (NBKR). Exchange rates of 24 other currencies were determined on the basis of cross-exchange rates. Licensed commercial banks participated in the auctions. In addition to the NBKR, the commercial banks and the Settlement and Savings Company are authorized to conduct foreign exchange transactions. Purchases and sales of foreign exchange are permitted without restriction. At end-June 1998, the authorities discontinued the weekly foreign exchange auctions, and the official exchange rate of the som against the dollar is defined as the average-weighted exchange rate of interbank foreign exchange transactions for the week since July 1, 1998. The central bank participates and intervenes in the interbank market as necessary.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

There are no prescription of currency requirements, and settlements may be made in any currency.

#### Payment arrangements

##### Bilateral payment arrangements

There are agreements or settlement procedures with countries of the FSU.

##### *Operative*

Yes.

##### Regional arrangements

There are agreements with the Interstate Bank and the Central Asian Bank for Cooperation and Development.

#### Administration of control

The NBKR has responsibility for managing its gold and foreign exchange reserves. The som is fully convertible with no restrictions on buying, selling, or holding foreign currencies. The NBKR is also responsible for issuing foreign exchange licenses to commercial banks and to foreign exchange bureaux.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

All gold produced is sold at market prices. The government and the NBKR have priority in purchasing. If the government and the NBKR do not exercise that right, the gold is sold either in the domestic market or abroad.

#### Controls on exports and imports of banknotes

No.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	These accounts must be registered with the NBKR, and account information must be transmitted to the tax authorities.
Held domestically	Yes.
Held abroad	These accounts are permitted, but the NBKR should be informed about such accounts according to the Law on Operations in Foreign Exchange. Information of these accounts should be forwarded to tax agencies.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for re-release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	
Positive list	The list applies to all products.
Negative list	Imports of armaments, explosive materials, nuclear materials, poisons, narcotics, works of art, antiques, precious materials, and certain types of medicaments are subject to licensing.
Open general licenses	OGLs are valid for a maximum of one calendar year.
Licenses with quotas	Quotas for ethyl gas apply.
Other nontariff measures	Excise taxes apply to alcoholic goods, tobacco products, certain types of petroleum products, jewelry products, and clothing made from fur and skins.
<b>Import taxes and/or tariffs</b>	There is a 10% customs duty on all imports, with the exception of goods for which special customs duty rates are established or goods subject to excise tax.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Exports of encryption equipment, ornaments, explosives, nuclear materials, poisons, narcotics, works of arts, precious stones and metals, certain types of medicaments, and leaf and fermented tobacco.

Without quotas	Yes.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

#### Controls on capital and money market instruments

On capital market securities	Control is exercised by the National Securities Market Commission (NKRTsB) under the President of the Kyrgyz Republic.
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#### *Shares or other securities of a participating nature*

Purchase locally by nonresidents	The issuer is obliged to provide the NKRTsB with information on the acquisition by any person of a share in its statutory capital exceeding 5% and/or 5% of its stock shares.
Sale or issue locally by nonresidents	The same regulations apply as for purchases in the country by nonresidents.
Sale or issue abroad by residents	Securities must be registered with the NKRTsB.

#### *Bonds or other debt securities*

Sale or issue locally by nonresidents	Securities must be registered with the NKRTsB.
Sale or issue abroad by residents	Securities must be registered with the NKRTsB.

On money market instruments	The main money market instrument consists of government treasury bills.
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<i>Purchase locally by nonresidents</i>	These transactions must be reported to the NBKR.
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<i>Sale or issue locally by nonresidents</i>	Securities must be registered with the NKRTsB.
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<i>Sale or issue abroad by residents</i>	Securities must be registered with the NKRTsB.
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#### On collective investment securities

<i>Sale or issue locally by nonresidents</i>	Securities must be registered with the NKRTsB.
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<i>Sale or issue abroad by residents</i>	Securities must be registered with the NKRTsB.
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Controls on derivatives and other instruments	There is currently no market in these instruments; therefore, they are not regulated.
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Controls on credit operations	There are no controls on these transactions; however, all economic entities must report to statistical agencies concerning commercial (trade) credits received and issued.
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#### Financial credits

<i>To residents from nonresidents</i>	The MOF keeps track of state external debt. In the event that a guarantee of the government of the Kyrgyz Republic is provided, credits must be registered with the MOF. The government does not keep information on private borrowings abroad.
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Controls on direct investment	No.
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<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Purchases are subject to approval by the Ministry of Justice.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	These transactions must be reported to the NBKR.
Maintenance of accounts abroad	These transactions must be reported to the NBKR.
Lending to nonresidents (financial or commercial credits)	These transactions must be reported to the NBKR.
Lending locally in foreign exchange	These transactions must be reported to the NBKR.
Purchase of locally issued securities denominated in foreign exchange	Locally issued securities must be denominated in local currency. However, the use of foreign currency, or of payment documents in foreign currency, is permitted in certain instances and according to procedures established by legislation.
Investment regulations	These transactions must be reported to the NBKR.
Open foreign exchange position limits	Limits are established by the NBKR.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on portfolio invested abroad	Investment funds are not permitted to invest, locally or abroad, more than 10% of their total assets in the securities of a single issuer, or to hold more than 20% of the common stock of an issuer.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Exchange arrangement</b>	<i>July 1.</i> The weekly foreign exchange auctions were discontinued.
<b>Imports and import payments</b>	<i>June 1.</i> Excise taxes on imports of certain goods were reduced.

### Changes During 1999

<b>Imports and import payments</b>	<i>January 1.</i> The excise tax rate for high-octane gasoline was raised.
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# LAO PEOPLE'S DEMOCRATIC REPUBLIC

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

### Exchange Arrangement

**Currency** The currency of the Lao People's Democratic Republic (Lao P.D.R.) is the Lao kip.

**Other legal tender** The Thai baht and the U.S. dollar circulate freely and are used for payments.

**Exchange rate structure**

**Dual** The exchange rate system comprises two rates: a rate set by the commercial banks and a parallel market rate.

**Classification**

**Managed floating with no preannounced path for the exchange rate** Commercial banks and licensed foreign exchange bureaus are permitted to buy and sell foreign exchange at freely determined rates, provided the spread between buying and selling rates remains less than 2%. In practice, however, la Banque pour le commerce extérieur du Laos (BCEL), the major state-owned commercial bank and the dominant transactor in the official exchange market, sets the commercial bank exchange rate taking into account movements in the parallel market.

**Exchange tax** No.

**Exchange subsidy** No.

**Forward exchange market** No.

## Arrangements for Payments and Receipts

**Prescription of currency requirements** No prescription of currency requirements is imposed on receipts or payments but, in principle, the Bank of the Lao P.D.R. (BOL), the central bank, provides and accepts only euros, Japanese yen, pounds sterling, Swiss francs, Thai baht, and U.S. dollars.

**Payment arrangements**

**Bilateral payment arrangements**

*Operative* A bilateral payment agreement is signed with Vietnam.

*Inoperative* An inoperative bilateral payment agreement exists with Malaysia.

**Barter agreements and open accounts** Bilateral trading arrangements are maintained with China and Vietnam.

**Administration of control** Official transactions are handled by the central bank. The Ministry of Commerce (MOC) grants import and export authorization to state trading companies, joint ventures between domestic enterprises and foreign investors, cooperatives, and other public and private enterprises.

**International security restrictions** n.a.

**Payment arrears** n.a.

**Controls on trade in gold (coins and/or bullion)**

**Controls on external trade** Imports and exports of gold and silver require BOL authorization.

**Controls on exports and imports of banknotes**

**On exports**

*Domestic currency* Exports of domestic currency require BOL authorization.

*Foreign currency*

Residents traveling abroad may take out foreign currency within the limit set from time to time by the BOL.

Nonresidents are authorized to take out foreign currency to the limit of the amount that was brought in and declared upon arrival.

## On imports

*Foreign currency*

Persons entering the country may bring unlimited amounts of foreign currency and may declare the amount thereof to the immigration officer at the port of entry in case they want to take the same amount out of foreign exchange.

**Resident Accounts****Foreign exchange accounts permitted**

Foreign exchange accounts may be credited with (1) proceeds from exports of goods and services; (2) other transfers from abroad; (3) transfers or payments from foreign currency accounts opened with commercial banks within Lao P.D.R.; and (4) foreign banknotes and coins. These accounts, which are interest-bearing, may be debited for conversion into kip for domestic expenditure, or foreign exchange balances may be used for authorized external payments and transfers.

## Held domestically

Yes.

## Held abroad

Residents may open accounts abroad in exceptional cases with the approval of the BOL.

**Accounts in domestic currency convertible into foreign currency**

Kip accounts of nonresidents, namely embassies and international organizations, the credit balance of which is from conversion of foreign currency, are considered as convertible accounts.

**Nonresident Accounts****Foreign exchange accounts permitted**

These accounts may be credited with (1) remittances from abroad; (2) transfers from other nonresident and resident foreign currency accounts in Lao P.D.R.; and (3) foreign currency brought into the country by the account holder and duly declared upon arrival. Nonresidents are not allowed to accept or deposit to their accounts foreign currency proceeds from exports of goods and services of residents without the approval of the BOL. These accounts, which bear interest, may be debited for (1) conversion into kip; (2) transfers into residents' and nonresidents' foreign currency accounts maintained with an authorized commercial bank; (3) payments in kip to accounts of residents or nonresidents; and (4) payments and transfers abroad.

**Domestic currency accounts**

These accounts may be credited with (1) sales of foreign currencies and (2) transfers from other convertible kip accounts of holders of the same category. Nonresidents are not permitted to deposit kip belonging to residents to their convertible kip accounts. These accounts may be debited for (1) payments in kip and (2) conversion into foreign currency at the prevailing buying rate of the commercial bank concerned.

## Convertible into foreign currency

Yes.

**Blocked accounts**

n.a.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

## Advance import deposits

Margin deposits are required against LCs, and the rates are set by the BCEL and other commercial banks.

**Documentation requirements for release of foreign exchange for imports**

## Letters of credit

Yes.



<b>Import licenses and other nontariff measures</b>	Import licenses issued by the MOC and provincial government authorities are required for all goods. Imports may be made by any registered export-import business. These consist of state trading companies, joint-venture trade companies, and private trade companies. These companies are categorized as enterprises producing either mainly for export, for import substitution only, for general multicommodity, for export-import, or for export promotion. Imports are classified into nine categories. Enterprises that are producing import substitutes are allowed to import only materials for construction and electrical products and instruments, vehicles and spare parts, medicine, medical equipment, chemical products for manufacturing, and fuel.
Negative list	Yes.
Licenses with quotas	Imports of vehicles, with the exception of imports for foreign investment projects, international organizations, diplomats, and retirees, are subject to quotas set by the government.
Other nontariff measures	Yes.
<b>Import taxes and/or tariffs</b>	The tariff structure is composed of six rates (5%, 10%, 15%, 20%, 30%, and 40%). The lowest rates apply to imports of raw materials, certain inputs, and certain essential consumer goods. The highest rates of 30% and 40% apply to luxury consumer goods, certain beverages, and tobacco.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Yes.
<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	n.a.
<b>Export licenses</b>	Export licenses, which are issued by the MOC and provincial government authorities, are required for all products.
With quotas	Quotas apply only to timber.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No information is available on the payment of amortization of loans or depreciation of direct investments.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Proceeds from invisibles are, in practice, treated in the same way as proceeds from merchandise exports.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	All capital transactions require BOL authorization.
<b>Controls on derivatives and other instruments</b>	All transactions in derivatives require BOL authorization.
<b>Controls on credit operations</b>	n.a.

<b>Controls on direct investment</b>	Direct investments are subject to the Direct Investment Promotion and Management Law.
<b>Controls on liquidation of direct investment</b>	These transactions are permitted after BOL scrutiny. Transfers of large sums may be made in installments according to a plan approved by the BOL.
<b>Controls on real estate transactions</b>	All real estate transactions require BOL authorization.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Maintenance of accounts abroad	Authorized commercial banks may open accounts abroad.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Initially, reserve requirements were held only in domestic accounts. However, effective July 1, 1998, reserve requirements were divided into three different accounts.
Open foreign exchange position limits	Yes.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

#### Capital transactions

Provisions specific to commercial banks and other credit institutions	<i>July 1.</i> Reserve requirements were divided into three different accounts.
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# LATVIA

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 10, 1994.

### Exchange Arrangement

#### Currency

The currency of Latvia is the Latvian lats.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The lats is pegged to the SDR and, since February 1994, has maintained a constant exchange rate against the SDR of LVL 0.7997 per SDR 1. The Bank of Latvia (BOL) quotes fixing rates of the lats against 28 convertible currencies daily. These rates are used for accounting purposes and are valid through the next day. The BOL also quotes real-time buying and selling rates for the currencies in the SDR basket (i.e., dollars, euros, yen, and pounds sterling). The spread between the buying and selling rate is 2%.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Yes.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Settlements with the Baltic countries, Russia, and the other countries of the FSU may be made through any means, including through a system of correspondent accounts. Settlements with countries with which the BOL maintains agreements on mutual settlement of accounts are effected in accordance with the terms of these agreements.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Inoperative*

Inoperative bilateral payment agreements are maintained with Armenia, Azerbaijan, Estonia, Georgia, Kazakhstan, the Kyrgyz Republic, Lithuania, Moldova, Russia, Tajikistan, Ukraine, and Uzbekistan.

#### Administration of control

Government decisions adopted by the cabinet of ministers and approved by parliament prevail in foreign exchange and trade matters, but the authority to issue regulations governing foreign exchange transactions has been delegated to the BOL. All foreign exchange transactions must be effected through authorized banks and enterprises licensed by the BOL.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

A license is required.

#### Controls on exports and imports of banknotes

No.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	Resident natural persons and enterprises are allowed to hold foreign currencies in domestic or foreign bank accounts and to use these funds for domestic payments.
Held domestically	Yes.
Held abroad	Yes.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Nonresident natural persons and enterprises are permitted to hold bank accounts in Latvia denominated in either foreign or domestic currency.
<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	n.a.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	
Negative list	There are virtually no licensing requirements for imports except for reasons of health and safety. Licensing is almost automatic except for pyrotechnic products, arms and ammunition, combat vehicles, and prepared explosives. The processing time for license applications is no more than 10 business days, and license fees reflect processing costs only.
<b>Import taxes and/or tariffs</b>	<p>According to the Law on Customs Duty (Tariffs), there are 13 specific tariffs on sugar, certain confectionary products, alcoholic beverages, and cigarettes. The average of the basic ad valorem tariffs on nonagricultural goods is 4.5%, with 1% being the most common tariff rate. Some final goods are exempt from customs duties. The average basic rate on agricultural goods is 19.5%, and the average MFN rate is 15.7%. Tariffs on several products, including wines and cigarettes, were lowered further on January 1, 1998.</p> <p>Latvia maintains trade and economic cooperation agreements providing for MFN status with 22 countries: Armenia, Australia, Azerbaijan, Belarus, Canada, Cyprus, China, Cuba, Hungary, India, Kazakhstan, the Kyrgyz Republic, Moldova, Poland, Romania, Russia, Tajikistan, Turkmenistan, Ukraine (for agricultural goods), the United States, Uzbekistan, and Vietnam. Latvia has free-trade agreements with a total of 25 countries. These are the other Baltic countries, the European Union, EFTA, the Czech Republic, the Slovak Republic, Slovenia, and Ukraine (for industrial goods).</p>
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.

<b>Documentation requirements</b>	No.
<b>Export licenses</b>	No.
<b>Export taxes</b>	Export duties are levied on ferrous waste and scrap, certain categories of wood and articles of wood, antique printed material, and works of art.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Effective January 7, 1998, private pension funds are not allowed to invest more than 15% of their pension capital. As of January 9, 1999, the law on insurance companies and their supervision restricted investments by the insurance companies of their technical reserves to 10% in the absence of authorization.
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On capital market securities

*Shares or other securities of a participating nature*

Purchase abroad by residents Yes.

*Bonds or other debt securities*

Purchase abroad by residents Yes.

On money market instruments

*Purchase abroad by residents* Yes.

On collective investment securities

*Purchase abroad by residents* Yes.

**Controls on derivatives and other instruments**

Purchase abroad by residents Yes.

**Controls on credit operations**

Commercial credits

*By residents to nonresidents* Yes.

Financial credits

*By residents to nonresidents* Yes.

Guarantees, sureties, and financial backup facilities

*By residents to nonresidents* Yes.

**Controls on direct investment**

Inward direct investment Nonresidents are not allowed to hold more than 49% of shares in companies operating in the forestry sector, in lottery and gambling, and in radio and television. Effective November 25, 1998, the same restrictions were applied to securities firms.

<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	The purchase of buildings is permitted. The purchase of land is not restricted, except for areas of land near borders and environmentally protected areas. Land to be used for agricultural and forestry purposes is allowed only if the legal person who is the buyer satisfies one of the following criteria: one-half of the paid share capital of the company belongs (1) to citizens of Latvia or to citizens of countries with which Latvia has an agreement on promotion of foreign investment; (2) to a group of the previous categories; or (3) it is a public joint-stock company, shares of which are quoted on the stock exchange.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Open foreign exchange position limits	The open foreign currency position is limited to 10% of capital for any single foreign currency, and 20% of capital for all foreign currencies.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	Effective January 7, 1998, private pension funds are not allowed to invest more than 15% of their pension capital. As of January 9, 1999, insurance companies may invest, without authorization, a maximum of 10% of their technical reserves.
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Yes.
Limits (max.) on portfolio invested abroad	Yes.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Imports and import payments</b>	<i>January 1.</i> Tariffs on several products, including wine and cigarettes, were lowered.
<b>Capital transactions</b>	
Controls on direct investment	<i>November 25.</i> Investment by nonresidents in securities firms is restricted to 49% of shares.
Provisions specific to institutional investors	<i>January 7.</i> Private pension funds are not allowed to invest more than 15% of their pension capital.

### Changes During 1999

<b>Capital transactions</b>	
Provisions specific to institutional investors	<i>January 9.</i> Insurance companies may invest, without authorization, a maximum of 10% of their technical reserves.

## LEBANON

(Position as of March 31, 1999)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: July 1, 1993.

#### Exchange Arrangement

<b>Currency</b>	The currency of Lebanon is the Lebanese pound.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Conventional pegged arrangement	Exchange rates are market determined, but the authorities may announce buying or selling rates for certain currencies and intervene when necessary in order to maintain orderly conditions in the exchange market. Banks are allowed to engage in spot transactions in any currency except in Israeli new sheqalim.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	No.

#### Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	No.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	The importation, exportation, and domestic sale of foreign gold coins require a certificate issued by the Office for the Protection of the Consumer that indicates the gold content and weight.
<b>Controls on exports and imports of banknotes</b>	No.

#### Resident Accounts

##### Foreign exchange accounts permitted

Held domestically	Yes.
Held abroad	Yes.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

#### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
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<b>Domestic currency accounts</b>	Nonresident nonfinancial entities may hold accounts in Lebanese pounds freely. However, banks and financial institutions are prohibited from opening debit or credit accounts (including fiduciary accounts) in Lebanese pounds for nonresident banks, financial institutions, and money dealers.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	
Advance import deposits	Importers must place with banks a prior deposit of 15% of the value of the LC in the same currency as the LC.
<b>Documentation requirements for release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	All imports from Israel are prohibited. Additionally, certain commercial entities listed under the Arab Boycott List are banned from trading with Lebanon.
Negative list	Imports prohibited year-round include live chickens, all chicken meat, except for chicken nuggets, fresh liquid milk, yogurt, spring onions, cauliflowers, cabbages, carrots, parsnips, broad beans, green peppers, spinach, olives, zucchinis, parsley, coriander, watercress, lamb's lettuce, spearmint, potatoes, green almonds, pine nuts, citrus fruits, bananas, figs, grapes, apples, peaches, plums, green plums, sharon fruits, jujubes, strawberries, quinces, apricots, cherries, pears, thyme, olive oil, and pickles.  Imports prohibited during a specified period of the year include tomatoes, cucumbers, eggplant, green beans, peas, watermelons, muskmelons, onions, garlic, and corncocks. Imports of various seeds (citrus, apple, olive, and nut) and various juices (apple, orange, and lemon) and of certain finished goods, wires, cables, cement, veterinary vaccines, and fertilizers require a license.
<b>Import taxes and/or tariffs</b>	The tariff regime in Lebanon is based on the Harmonized System. The tariff rate is applied on the c.i.f. value plus the cost of unloading the merchandise. Ad valorem rates mostly range between 2% and 39%. Tariffs on raw materials do not exceed 8%, whereas tariffs are higher on certain other commodities such as smoked salmon (54%), cut flowers and ornamental foliage (79%), tobacco (54%), bananas (54%), various tropical fruits (79%), and alcoholic beverages except beer (between 54% and 104%). Tariffs on cars range between 24% and 104%.
<b>State import monopoly</b>	Imports of some goods are reserved for the government.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Exports of arms and ammunition, narcotics, and similar products are prohibited.
Without quotas	Yes.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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## Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

## Capital Transactions

### Controls on capital and money market instruments

#### On capital market securities

*Shares or other securities of a participating nature* Different ceilings are imposed on nonresidents' shares in companies ranging from 51% to 100%, depending on the nature of the company.

#### *Bonds or other debt securities*

Purchase locally by nonresidents Nonresidents may freely purchase debt securities issued locally whether in foreign exchange or in Lebanese pounds. Nonresident banks, financial institutions, and money dealers, however, need the approval of the central bank and they are required to transfer foreign currency when purchasing treasury securities denominated in Lebanese pounds.

Purchase abroad by residents Residents may purchase debt securities from abroad freely. Banks and financial institutions, however, are only allowed to purchase bonds issued by solvent countries.

#### On money market instruments

*Purchase locally by nonresidents* The same regulations apply as for bonds and other debt securities.

*Purchase abroad by residents* The same regulations apply as for bonds and other debt securities.

### Controls on derivatives and other instruments

Purchase abroad by residents There is no restriction on purchasing derivatives or any financial instruments from abroad. Banks, however, unlike financial institutions and brokerage firms, need the prior approval of the central bank to engage in derivative transactions for their own account.

Sale or issue abroad by residents The same regulations apply as for purchases abroad by residents.

### Controls on credit operations

#### Commercial credits

*By residents to nonresidents* Yes.

#### Financial credits

*By residents to nonresidents* Yes.

**Controls on direct investment** No.

**Controls on liquidation of direct investment** No.

### Controls on real estate transactions

Purchase locally by nonresidents The right to acquire real estate by non-Arab foreigners requires a license from the Council of Ministers. Arab nationals do not need a license; nevertheless, a ceiling on the total area that can be acquired is imposed.

**Controls on personal capital movements** No.

### Provisions specific to commercial banks and other credit institutions

Borrowing abroad There is no control on borrowing abroad by credit institutions. The volume of bonds issued by commercial banks and financial institutions, however, cannot exceed six times their core capital.

Lending to nonresidents (financial or commercial credits)	Banks are prohibited from extending credits in Lebanese pounds for nonresident banks and financial institutions. This control does not apply to guarantees issued by nonresident banks and financial institutions as collateral to loans in Lebanese pounds, provided that such loans are for commercial or investment activities in Lebanon. Effective November 10, 1998, the net debtor interbank position between a Lebanese bank and its affiliate or sister company abroad should not exceed 25% of core capital.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Deposit accounts in foreign exchange are exempted from reserve requirements.
<i>Liquid asset requirements</i>	Effective March 18, 1999, liquid assets in foreign exchange should not be less than 30% of the total clients' deposits, net interbank credit accounts, CDs, bonds, and subordinated loans maturing in less than one year.
Investment regulations	
<i>Abroad by banks</i>	Effective November 10, 1998, banks need the prior approval of the central bank to acquire shares in foreign financial institutions.
<i>In banks by nonresidents</i>	Foreigners' participation in Lebanese banks is limited to up to two-thirds of capital. Foreign banks may establish fully owned branches subject to central bank approval.
Open foreign exchange position limits	Regardless of resident/nonresident assets or liabilities, banks may maintain a trading position (total open position less total structural position) in foreign currency of up to 5% of the core capital of banks, and a global position (total trading position, short or long) of up to 40% of core capital. Structural positions are long-term positions representing foreign assets in foreign currencies.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
Provisions specific to institutional investors	No.
Other controls imposed by securities laws	The law prohibits fiduciary deposits of doubtful origin.

### Changes During 1998

#### Capital transactions

Provisions specific to commercial banks and other credit institutions	<i>November 10.</i> Banks need the prior approval of the central bank to acquire shares in foreign financial institutions.
	<i>November 10.</i> Net debtor interbank position between a Lebanese bank and its affiliate or sister company abroad should not exceed 25% of core capital.

### Changes During 1999

#### Nonresident accounts

*February 2.* Banks and financial institutions are prohibited from accepting fiduciary deposits in Lebanese pounds for nonresident banks, financial institutions, and money dealers.

#### Capital transactions

Provisions specific to commercial banks and other credit institutions	<i>March 18.</i> Liquid assets in foreign exchange should not be less than 30% of the total clients' deposits, net interbank credit accounts, CDs, bonds, and subordinated loans maturing in less than one year.
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# LESOTHO

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: March 5, 1997.

### Exchange Arrangement

<b>Currency</b>	The currency of Lesotho is the Lesotho loti.
Other legal tender	The South African rand is also legal tender.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Conventional pegged arrangement	The loti is pegged to the South African rand at M 1 per R 1.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	Authorized dealers are permitted to conduct forward exchange operations through their correspondent banks abroad at rates quoted by the latter. Forward exchange cover, however, is not common in Lesotho.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	Settlements by or to residents of the CMA with all countries outside the CMA may be made in rand to and from a nonresident account and in any foreign currency.
<b>Payment arrangements</b>	
Regional arrangements	As Lesotho is part of the CMA, payments within the CMA are unrestricted and unrecorded except for statistical and customs purposes. In its relations with countries outside the CMA, Lesotho applies exchange controls that are largely similar to those applied by South Africa and Swaziland.
<b>Administration of control</b>	The Central Bank of Lesotho (CBL) controls foreign exchange transactions and delegates to commercial banks the authority to approve certain types of current payments up to established limits. Permits are issued by the Department of Customs and Excise based on the recommendation of the Department of Trade and Industry. Licenses for financial institutions accepting deposits and insurance companies, brokers, and agents are issued by the CBL.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	Only authorized dealers may trade in gold, but anyone may hold gold.
Controls on external trade	Exports of gold from the CMA are prohibited.
<b>Controls on exports and imports of banknotes</b>	
On exports	
Domestic currency	Exports of currency from the CMA are prohibited.
Foreign currency	Exports of foreign currency from the CMA by residents are prohibited; visitors may reexport the unspent portion of foreign currency brought into the country.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically

These accounts may be opened, but prior approval is required.

Held abroad

Only banks may hold these accounts.

Accounts in domestic currency  
convertible into foreign currency

Approval is required.

### Nonresident Accounts

#### Foreign exchange accounts permitted

Loti accounts of nonresidents are divided into nonresident accounts and emigrant blocked accounts.

#### Domestic currency accounts

Convertible into foreign currency

These accounts may be opened, but prior approval is required.

#### Blocked accounts

Funds in emigrant blocked loti accounts may be invested in quoted securities and other such investments approved by the CBL. The free transfer of income from an emigrant's blocked assets is limited to M 300,000 a family unit a year.

### Imports and Import Payments

#### Foreign exchange budget

No.

#### Financing requirements for imports

Advance payment requirements

Payments are not normally allowed before the date of shipment or dispatch, except with the prior approval or special authorization from the CBL. Authorized dealers can permit, without the CBL's approval, advance payment of up to 33.3% of the ex-factory cost of capital goods if suppliers require it or if it is normal practice in the trade concerned.

#### Documentation requirements for release of foreign exchange for imports

No.

#### Import licenses and other nontariff measures

Lesotho is a member of the SACU, and all imports, except certain food imports, originating in any country of the SACU are unrestricted. Imports from countries outside the SACU are usually licensed in conformity with the import regulations of the SACU. Lesotho reserves the right to restrict certain imports. Import permits are valid for all countries and entitle the holder to buy the foreign exchange required to make payments for imports from outside the SACU.

Negative list

With certain exceptions, imports from outside the SACU must conform to a negative list and be licensed.

Licenses with quotas

Certain food imports from within the SACU are subject to import licensing.

#### Import taxes and/or tariffs

Lesotho applies the external customs tariffs of the SACU.

#### State import monopoly

No.

### Exports and Export Proceeds

#### Repatriation requirements

All export proceeds must be repatriated.

Surrender requirements

Unless otherwise permitted, all export proceeds must be surrendered within six months of the date of the export transaction.

#### Financing requirements

A state-supported export credit scheme is in effect, involving credit guarantees, and pre- and postshipment credits.

<b>Documentation requirements</b>	n.a.
<b>Export licenses</b>	
Without quotas	Certain exports are subject to licensing for revenue purposes; this requirement, in practice, is limited to the exportation of diamonds. Most exports are shipped without license to or through South Africa.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

Investment-related payments	Profit and dividend transfers are not restricted, provided the funds were not obtained through excessive use of local borrowing facilities. No information is available on the payment of amortization of loans or depreciation of direct investments.
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*Quantitative limits* Yes.

*Indicative limits/bona fide test* There is no indicative limit or bona fide test for the payment of commissions.

#### Payments for travel

*Quantitative limits* There is a limit of M 60,000 a year for adults and M 20,000 for children under 12 years of age, at an average daily rate of up to M 2,000 for the duration of the visit. The basic annual exchange allowance for travel to neighboring countries—Angola, Botswana, the Democratic Republic of Congo, Malawi, Mozambique, Zambia, and Zimbabwe—is M 20,000 an adult and M 5,000 a child under 12 years of age, at an average daily rate of up to M 1,000 for the duration of the visit.

*Indicative limits/bona fide test* Larger allowances may be obtained for business travel.

#### Personal payments

*Prior approval* There is prior approval for payment of study abroad costs.

*Quantitative limits* For study abroad, the limits are M 4,000 a month for a single student or M 8,000 a month for a student accompanied by a spouse who is not studying.

#### Other payments

*Quantitative limits* The limit for professional fees is M 10,000, and the limit for technical services is M 50,000.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
<b>Surrender requirements</b>	Proceeds must be surrendered within seven days of the date of accrual, unless an exemption is obtained.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

*Shares or other securities of a participating nature*

Purchase locally by nonresidents Prior approval is required.

Sale or issue locally by nonresidents Quantitative limits exist.

Purchase abroad by residents	Yes.
On money market instruments	
<i>Purchase abroad by residents</i>	Yes.
On collective investment securities	
<i>Purchase abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	n.a.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	Export credits are available for up to six months; in certain circumstances, the maturity can be extended by six months. Longer-term credits require exchange control approval.
<i>To residents from nonresidents</i>	These credits require exchange control approval.
Financial credits	
<i>By residents to nonresidents</i>	These credits require prior approval. However, wholly nonresident owned subsidiaries may borrow locally up to 100% of the total shareholder's investment.
<i>To residents from nonresidents</i>	Prior approval is required to ensure that repayments and servicing of the loans do not disrupt the balance of payments and to ensure that the level of interest rates paid is reasonable in terms of prevailing international rates.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	Guarantees of up to M 25,000 in respect of overdraft facilities for residents of Botswana, Malawi, Zambia, and Zimbabwe for domestic, farming, and business purposes may be approved.
<b>Controls on direct investment</b>	The rulings on applications for inward and outward capital transfers may depend on whether the applicant is a temporary resident foreign national, a nonresident, or a resident.
Outward direct investment	Outward direct investment is prohibited.
Inward direct investment	Inward capital transfers should be properly documented to facilitate the subsequent repatriation of interest, dividends, profits, and other income.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Prior approval is required.
<b>Controls on personal capital movements</b>	
Transfer of assets	Emigrants are allowed to transfer, through normal banking channels, up to M 300,000 of earnings on blocked assets.
<i>Transfer abroad by emigrants</i>	Yes.
Transfer of gambling and prize earnings	Prior approval is required.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Prior approval is required.
Maintenance of accounts abroad	Prior approval is required.
Lending to nonresidents (financial or commercial credits)	Authorized dealers may lend up to M 20,000, provided that the total available to the borrower from any source does not exceed this amount. Facilities in excess of such an amount need prior approval.

Provisions specific to institutional investors n.a.

Other controls imposed by securities laws n.a.

### **Changes During 1998**

No significant changes occurred in the exchange and trade system.

# LIBERIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

### Exchange Arrangement

<b>Currency</b>	The currency of Liberia is the Liberian dollar. There are two Liberian dollar notes, Liberty notes and J.J. Roberts notes. The official parity of the Liberian dollar with the U.S. dollar was officially rescinded in August 1998. Also in order to prepare for the introduction of a new Liberian currency, the authorities started the process of exchanging the J.J. Roberts five dollar bill for the Liberty five dollar bill at the prevailing market exchange rate of two Liberty bills for one J.J. Roberts bill.
Other legal tender	The U.S. dollar is also legal tender.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Independently floating	The Liberian dollar is market determined, and all foreign exchange dealers including banks are permitted to buy and sell currencies, including the U.S. dollar, at market-determined exchange rates.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	No.

### Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	Import duties and customs fees are payable in U.S. dollars, and exporters must pay export taxes in U.S. dollars. Hotels are required to receive payments from foreign guests in foreign exchange.
<b>Payment arrangements</b>	n.a.
<b>Administration of control</b>	Export- and import-licensing regulations are administered by the Ministry of Commerce and Industry.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	
Official	Yes.
Private	Yes.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on external trade	Imports and exports of gold in any form are subject to licenses issued by the Ministry of Land, Mines, and Energy; import licenses are issued freely, but export licenses are granted restrictively.
<b>Controls on exports and imports of banknotes</b>	No.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	
Held domestically	Yes.



Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for re-release of foreign exchange for imports	

#### Preshipment inspection

Preshipment inspection is required to ascertain the country of origin, the quality, the quantity, and the value of all goods to be shipped. Both final and intermediate goods are subject to inspection, except for imports with an f.o.b. value of less than US\$3,000.

#### Import licenses and other nontariff measures

##### Negative list

There is no general system of import control, but the importation of some items, including safety matches, electrode welding rods, and liquefied petroleum gas, is subject to licensing and quantitative restrictions. Licensing requirements are liberally enforced. Imports of arms, ammunition, and explosives require prior licenses. In addition, imports of certain goods (for example, narcotics, other than for medicinal purposes) are prohibited. Licenses to import inexpensive, widely consumed varieties of rice are issued to private distributors by the Ministry of Commerce and Industry. The importation of more expensive rice is not subject to official controls.

#### Import taxes and/or tariffs

The nominal average tariff rate is 31%.

#### State import monopoly

No.

### Exports and Export Proceeds

Repatriation requirements	Yes.
Financing requirements	No.
Documentation requirements	n.a.

#### Export licenses

Licenses are generally issued freely, including those for agricultural products, to assure certification of quality and origin.

#### Without quotas

Export licenses are required for elephant tusks and ivory; wild animals; cement; agricultural products other than rubber, flour, and sugar; and certain other items, such as arms, ammunition, and explosives.

#### Export taxes

An export tax of 5% is imposed on the f.o.b. value of rubber and other agricultural produce, payable in U.S. dollars.

#### Other export taxes

An export tax of 15% is levied on diamonds.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	There are no controls on these transfers; however, information on the payment of amortization of loans or depreciation of direct investment is not available.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	No exchange control requirements are imposed on capital receipts or payments by residents.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	No.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	n.a.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Exchange arrangement</b>	<i>August 31.</i> The official parity of the Liberian dollar with the U.S. dollar was rescinded.
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# **SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA**

*(Position as of January 31, 1999)*

## **Status Under IMF Articles of Agreement**

**Article XIV** Yes.

### **Exchange Arrangement**

**Currency** The currency of Libya is the Libyan dinar.

**Exchange rate structure** Unitary.

#### **Classification**

**Pegged exchange rate within horizontal bands** The Libyan dinar is pegged to the SDR at the rate of LD 1 per SDR 2.80. Margins of up to 43% were allowed around this fixed relationship until October 31, 1998, when it was widened to 77.5% The dinar has been depreciated to the maximum extent permitted within those margins to LD 1 per SDR 1.577.

**Exchange tax** Fees are levied on outward foreign exchange transfers for the purpose of financing the Great Man-Made River Project.

**Exchange subsidy** No.

**Forward exchange market** No.

## **Arrangements for Payments and Receipts**

**Prescription of currency requirements** All settlements with Israel are prohibited. Settlements with other countries are made in convertible currencies.

#### **Payment arrangements**

**Bilateral payment arrangements**

*Operative* An agreement is maintained with Malta; outstanding balances are settled in convertible currencies every 90 days.

**Administration of control** The Central Bank of Libya (CBL) administers exchange control and has delegated some powers to authorized banks. The General People's Congress regulates policy on imports and exports, which is executed by the Secretariat of Planning, the Economy, and Trade (SOPET).

**International security restrictions** No.

**Payment arrears** No.

#### **Controls on trade in gold (coins and/or bullion)**

**Controls on domestic ownership and/or trade** Residents may freely purchase, hold, and sell gold in any form other than bars.

**Controls on external trade** The CBL imports processed and unprocessed gold and precious metals; it also sells gold bars to domestic goldsmiths for manufacture at prices announced from time to time. The gold must be processed before it may be sold to the public. Unworked gold is subject to an import duty of 15%.

#### **Controls on exports and imports of banknotes**

**On exports**

*Domestic currency* Travelers may not take out Libyan currency.

*Foreign currency*

Notes up to LD 300 may be taken out in a calendar year as a basic travel allowance. Additional amounts may be granted in special circumstances. Pilgrims to Saudi Arabia are entitled to a special quota. Temporary residents may take out any foreign currency notes that they had previously brought in and declared to customs. Foreign exchange converted into Libyan dinars by visiting tourists may be reconverted upon departure, with the exception of a minimum local expenditure of \$50 for each day spent in the country.

Effective January 16, 1999, residents and nonresidents are allowed to export foreign currency bought from commercial banks.

**Resident Accounts****Foreign exchange accounts permitted****Held domestically**

Individual residents are allowed to keep foreign currencies in domestic bank accounts and to transfer balances abroad without restriction. Exporters are allowed to retain foreign exchange earnings in a special account that may be used to finance imports of raw materials, spare parts, and machinery needed for export production. Effective January 16, 1999, no approval is required to open these accounts.

**Held abroad**

n.a.

**Accounts in domestic currency convertible into foreign currency**

n.a.

**Nonresident Accounts****Foreign exchange accounts permitted**

n.a.

**Domestic currency accounts**

Nonresidents who are gainfully employed in the country are permitted to open these accounts, which may be credited with their legitimate earnings. All other credits to nonresident accounts require the prior approval of the CBL.

Funds brought in by nonresident contractors undertaking contracts in their own names must be kept with an authorized bank. Payments received by contractors in respect of their contracts may also be credited to these accounts. Remittances from these accounts are subject to the prior approval of the CBL after submission of the prescribed evidence, but, in general, remittances are permitted up to the net-of-tax amount specified in the contract.

**Convertible into foreign currency**

These accounts may be opened, but prior approval is required.

**Blocked accounts**

Nonresident-owned capital that is not permitted to be transferred abroad is credited to blocked accounts. With the approval of the CBL, funds in blocked accounts (with certain exceptions) may be used for expenditures in Libya, up to LD 500 a year, to cover the cost of visits by the owner of the funds or a close relative; for payment of legal fees and taxes; for remittances to the owner of the funds in his or her country of permanent residence (up to LD 1,000 in a calendar year); and for remittances in cases of hardship. When the funds have been in a blocked account for five years, they qualify, upon payment of due taxes, for remittance in full to the owner in his or her country of permanent residence. The blocked accounts of persons (with certain exceptions) who have left the country permanently are being released in installments.

**Imports and Import Payments****Foreign exchange budget**

Yes.

**Financing requirements for imports****Advance import deposits**

Authorized banks may not open an LC without an advance import deposit equal to at least 20% of the value of the import.

**Documentation requirements for release of foreign exchange for imports**

Letters of credit	Before an LC is established, a marine insurance policy from a local insurance company must be submitted.
Import licenses used as exchange licenses	Exchange permits required for imports are readily granted by the authorized banks following central bank approval, provided that a firm contract exists and an import license has been obtained from the SOPET.
<b>Import licenses and other nontariff measures</b>	Imports undertaken by state-owned enterprises do not require licenses if they are authorized within the annual commodity budget; other imports are subject to licensing. Resident firms undertaking development projects may import needed items not included in the annual commodity budget if the items are not available locally. Imports by nonresidents, however, must be financed with foreign exchange resources from abroad. With the exception of strategic goods (i.e., nine essential food items, medicines, insecticides, petroleum products, tobacco, and gold) retained by public corporations, all other goods may be imported by either public or private entities within the provisions of the annual commodity budget.
Negative list	Imports of mineral water, fruit juices, instant tea, certain types of coffee, green vegetables, poultry, preserved meats and vegetables, alcoholic beverages, peanuts, oriental rugs, soaps, envelopes, crystal chandeliers, toy guns, luxury cars, and furs are prohibited. All imports from Israel are prohibited. Importers are required to deal directly with producers abroad and not through intermediaries.
<b>Import taxes and/or tariffs</b>	Imports are subject to customs duties and surcharges, the latter being 10% of the applicable customs duties. All products from Arab countries are exempt from customs duties, provided domestic value added is at least 40%.
<b>State import monopoly</b>	A state-owned company controlled by the CBL has a monopoly over the importation of gold and precious metals.

**Exports and Export Proceeds**

<b>Repatriation requirements</b>	All proceeds must be repatriated within six months of shipment.
Surrender requirements	Exporters are allowed to retain up to 40% of earnings.
<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	
Letters of credit	All exports require the opening of LCs.
<b>Export licenses</b>	In general, exporters do not need export licenses but must register with the Export Promotion Council and supply on a regular basis the relevant documentation on their exports. Exports of nonmonetary gold (other than for processing abroad), scrap metals, eggs, chicken, fish, olive oil, paint, tires, steel, and tractors are prohibited. Exports or reexports of wheat, wheat flour, crushed wheat, barley, rice, tea, sugar, tomato paste, and macaroni, which are subsidized commodities, are prohibited. All exports to Israel are prohibited.
Without quotas	Export licenses are required for raw wool, hides and skins, and agricultural products.
<b>Export taxes</b>	n.a.

**Payments for Invisible Transactions and Current Transfers**

<b>Controls on these transfers</b>	Payments for invisibles related to authorized imports are not restricted. All other payments for invisibles, as well as payments in excess of the approval authority delegated to the banks, require the prior approval of the CBL.
Investment-related payments	Profits generated by foreign capital invested in projects deemed to contribute to the economic development of the country may be transferred freely to the country of origin,

	provided that the paid-up capital is not less than LD 200,000 and that at least 51% of the shares are held by foreign nationals. No information is available on the payment of amortization of loans or depreciation of direct investments.
Payments for travel	Foreign exchange allocations for travel were suspended in 1992.
<i>Prior approval</i>	Yes.
Personal payments	
<i>Prior approval</i>	Yes.
Foreign workers' wages	
<i>Prior approval</i>	Nonresidents employed by the state, by state-owned enterprises, and by foreign companies may remit (1) up to 50% of their net salaries each month if their contracts do not specify that lodging, board, or both will be made available free of charge by the employer; or (2) up to 75% of their net salaries if their contracts specify that the employer will provide both lodging and board free of charge at work sites in remote areas. Staff of UN agencies, embassies, consulates, and medical institutions are exempt from these regulations.
<i>Quantitative limits</i>	Yes.
Other payments	
<i>Prior approval</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	All foreign exchange receipts must be surrendered.
<b>Restrictions on use of funds</b>	n.a.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Purchase abroad of these instruments by residents requires approval.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase abroad by residents	Yes.
On money market instruments	
<i>Purchase abroad by residents</i>	Yes.
On collective investment securities	
<i>Purchase abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	n.a.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Residents must obtain prior CBL approval to borrow funds abroad.
Financial credits	
<i>To residents from nonresidents</i>	Yes.

Guarantees, sureties, and financial backup facilities

*To residents from nonresidents* Yes.

**Controls on direct investment**

Outward direct investment Yes.

Inward direct investment Foreign participation in industrial ventures set up after March 20, 1970, is permitted on a minority basis, but only if it leads to increased production in excess of local requirements, introduction of the latest technology, and cooperation with foreign firms in exporting the surplus production.

**Controls on liquidation of direct investment**

Foreign capital invested in projects deemed to contribute to the economic development of the country may be transferred freely to the country of origin, provided that the paid-up capital is not less than LD 200,000 and that at least 51% of the shares are held by foreign nationals.

**Controls on real estate transactions**

Purchase abroad by residents Residents must have prior permission from the Committee of the People's Bureau for Foreign Affairs and International Economic Cooperation to purchase real estate abroad.

Purchase locally by nonresidents Yes.

**Controls on personal capital movements** n.a.

**Provisions specific to commercial banks and other credit institutions** n.a.

**Provisions specific to institutional investors** n.a.

**Other controls imposed by securities laws** n.a.

### Changes During 1998

**Exchange arrangement** *October 31.* The margins around the central exchange rate were widened to 77.5% from 43%.

### Changes During 1999

**Arrangements for payments and receipts** *January 16.* Residents and nonresidents were allowed to export foreign currency bought from commercial banks.

**Resident accounts** *January 16.* No approval is required to open foreign exchange accounts.

# LITHUANIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: May 3, 1994.

## Exchange Arrangement

<b>Currency</b>	The currency of Lithuania is the Lithuanian litas.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Currency board arrangement	The litas is pegged to the dollar at LTL 4 per \$1 since April 1994 when the currency board arrangement was established.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	Yes.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	
Bilateral payment arrangements	
<i>Operative</i>	Correspondent accounts exist between the Bank of Lithuania (BOL) and the central banks of the Baltic countries, Russia, and the other countries of the FSU. These accounts need not be used for payments originating after October 1992.
<i>Inoperative</i>	Ruble-denominated correspondent accounts maintained with the central banks of the Baltic countries, Russia, and the other countries of the FSU have been closed and are in the process of being settled.
<b>Administration of control</b>	Parliament has the legislative authority in foreign exchange and trade matters; it has adopted a banking law delegating to the BOL the authority to issue regulations governing foreign exchange transactions. All foreign exchange transactions must be effected through authorized banks licensed by the BOL. Authorized banks are allowed to transact among themselves, as well as with residents and nonresidents of Lithuania; the BOL may limit the types of transactions that can be conducted on a case-by-case basis.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	
On exports	Effective October 20, 1998, natural or juridical persons, excluding the BOL or commercial banks, are not allowed to export more than LTL 500,000 in cash in domestic or foreign currency, except in cases where it is allowed by law or an international agreement.
<i>Domestic currency</i>	Yes.
<i>Foreign currency</i>	Yes.



### Resident Accounts

**Foreign exchange accounts permitted**

Held domestically

Yes.

Held abroad

Juridical persons need the permission of the BOL to hold accounts abroad.

**Accounts in domestic currency convertible into foreign currency**

Yes.

### Nonresident Accounts

**Foreign exchange accounts permitted**

Approval is required if the legislation of the other country requires approval.

**Domestic currency accounts**

Yes.

Convertible into foreign currency

Yes.

**Blocked accounts**

n.a.

### Imports and Import Payments

**Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for re-release of foreign exchange for imports**

No.

**Import licenses and other nontariff measures**

There are no quantitative restrictions or licensing requirements on imports, except for health and national security reasons and as noted below. Certain meat products, such as poultry and fish, are subject to licensing. Certain agricultural goods and alcoholic beverages are subject to duties, and certain quantitative restrictions are used to control trade in strategic goods and technology to protect Lithuania's cultural heritage. Alcoholic beverages and tobacco may be imported only by traders registered with the government, but import quantities are unrestricted.

**Import taxes and/or tariffs**

A three-tier tariff structure exists consisting of (1) a "conventional" rate applied to countries granted MFN status; (2) a "preferential" rate applied to countries with which Lithuania has a foreign trade agreement; and (3) an "autonomous" rate that is usually 5% higher than the MFN rate and is applied to all other countries. Imports entering under a majority of tariff lines are duty free; and most other tariff lines carry duty rates of 20% or less; however, rates on agricultural products range as high as 87%. Some non-ad valorem duty rates remain in effect.

A tax at the uniform rate of 0.01% is imposed on imports (and exports) for the sole purpose of collecting statistical information on trade.

**State import monopoly**

No.

### Exports and Export Proceeds

**Repatriation requirements**

No.

**Financing requirements**

No.

**Documentation requirements**

No.

**Export licenses**

There are license requirements governing trade in strategic goods and technology.

Without quotas

Yes.

With quotas

Yes.

<b>Export taxes</b>	Taxes are applied on exports of raw hides, certain types of logs, glands and other organs for therapeutic purposes or for use in the preparation of pharmaceutical products, and feathers.
Other export taxes	Yes.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	No.
Controls on derivatives and other instruments	No.
Controls on credit operations	No.
Controls on direct investment	

Inward direct investment	There are no controls, except in fields that are subject to prohibition under the Law on Foreign Capital Investments: state defense, production and sale of narcotic substances, and lottery transactions. The law permits the state to sell shares to nonresidents, guarantees nondiscriminatory national treatment to foreign investors, and protects investments against nationalization and expropriation. The purchase of state-owned enterprises is subject to authorization from the Central Privatization Committee. One of the main conditions in this process is that the company must remain engaged in the same type of business for at least one year under the new ownership. While firms with 100% foreign capital ownership are allowed to operate in Lithuania, the government reserves the right to establish limits on foreign investment in Lithuanian enterprises. In joint ventures in the transportation and communication sectors, the domestic partner is required to hold the majority of shares. Wholly owned ventures in the alcoholic beverage or tobacco industries are prohibited. Enterprises with foreign investment must be insured by Lithuanian insurance companies, even if the company retains other insurance services outside Lithuania.
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Controls on liquidation of direct investment	No.
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#### Controls on real estate transactions

Purchase locally by nonresidents	The ownership of land by nonresidents in Lithuania is prohibited, but lease contracts with limits up to two hectares of land in Vilnius and 10 hectares outside the capital are permitted for up to 99 years and may be renewed thereafter.
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Sale locally by nonresidents	Yes.
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Controls on personal capital movements	n.a.
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#### Provisions specific to commercial banks and other credit institutions

Maintenance of accounts abroad	Resident banks or other credit institutions must inform the BOL about their accounts with foreign banks.
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Purchase of locally issued securities  
denominated in foreign exchange

Locally issued securities must be denominated in the national currency.

Differential treatment of deposit  
accounts held by nonresidents

*Reserve requirements*

On January 13, 1998, the BOL introduced reserve requirements for nonresidents' deposits. Later in January, the BOL extended reserve requirements to cover commercial banks' borrowing from foreign financial institutions.

Open foreign exchange position limits

Banks' overall open positions may not exceed 30% of their capital, and the open position in individual currencies may not exceed 20% of the banks' capital.

Provisions specific to institutional  
investors

No.

Other controls imposed by securities  
laws

No.

### Changes During 1998

Arrangements for payments and  
receipts

*October 10.* Natural or juridical persons, excluding the BOL or commercial banks, are not allowed to export more than LTL 500,000 in cash in domestic or foreign currency.

**Capital transactions**

Provisions specific to commercial  
banks and other credit institutions

*January 13.* The BOL introduced reserve requirements for nonresidents' deposits.

*January 31.* The reserve requirement was extended to cover commercial banks' borrowing from foreign financial institutions.

# LUXEMBOURG

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 15, 1961.

### Exchange Arrangement

#### Currency

As from January 1, 1999, the currency of Luxembourg is the euro. In cash transactions, however, the legal tender remains the Luxembourg franc and the Belgian franc until 2002, when euro banknotes and coins will be issued.

#### Other legal tender

The Belgian franc also circulates as legal tender.

#### Exchange rate structure

Unitary.

#### Classification

##### Exchange arrangement with no separate legal tender

Luxembourg participates in a currency union (EMU) comprising 11 members of the EU: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. Internal exchange rates in respect to the national currencies of EMU participants were fixed to the euro on January 1, 1999, whereas the external exchange rate of the euro is market-determined. The conversion rate between the euro and the Luxembourg franc was set Lux F 40.3399 per €1. The ECB has the right to intervene to smooth out fluctuations in external exchange rates.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Yes.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

No.

#### International security restrictions

##### In accordance with Executive Board Decision No. 144-(52/51)

Luxembourg applies exchange restrictions against Iraq, Libya, and the Federal Republic of Yugoslavia (Serbia/Montenegro). Residual restrictions vis-à-vis the Federal Republic of Yugoslavia (Serbia/Montenegro) relate solely to balances of the former National Bank of Yugoslavia that remain frozen, since they are subject to unresolved legal claims.

##### In accordance with UN sanctions

Yes.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

No.

#### Controls on exports and imports of banknotes

No.

## Resident Accounts

#### Foreign exchange accounts permitted

##### Held domestically

Yes.

Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	These are accounts affected by international security restrictions.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for re-release of foreign exchange for imports	No.
Import licenses and other nontariff measures	
Positive list	Payments for imports may be made freely. Individual licenses are required for certain specified imports from all countries (most imports do not require an import license when imported from the member countries of the EU), including many textile and steel products, diamonds, weapons, and nontextile products from China. All other commodities are free of license requirements.
Licenses with quotas	Along with EU countries, the BLEU applies quotas on a number of textile products from non-EU countries in the framework of the MFA and also applies a system of minimum import prices to foreign steel product quotas on a number of steel products from Russia and Ukraine, and quotas on a number of products from China (toys, shoes, ceramic, porcelain, and glassware).
Import taxes and/or tariffs	Luxembourg applies the Common Import Regime of the EU to imports of most other agricultural and livestock products from non-EU countries.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	Export licenses are required only for a few products, mostly of a strategic character, and for diamonds and for some iron and steel products.
Without quotas	Yes.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	No.
Controls on derivatives and other instruments	No.
Controls on credit operations	No.
Controls on direct investment	No.
Controls on liquidation of direct investment	No.
Controls on real estate transactions	No.
Controls on personal capital movements	No.
Provisions specific to commercial banks and other credit institutions	No.
Provisions specific to institutional investors	No.
Currency-matching regulations on assets/liabilities composition	Applicable to insurance undertakings only.
Other controls imposed by securities laws	No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

### Changes During 1999

Exchange arrangement	<i>January 1.</i> The currency of Luxembourg became the euro. The conversion rate between the euro and the Luxembourg franc was set irrevocably at Lux F 40.3399 per €1.
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# FORMER YUGOSLAV REPUBLIC OF MACEDONIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 19, 1998.

### Exchange Arrangement

#### Currency

The currency of the former Yugoslav Republic of Macedonia is the denar.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The exchange market operates at two levels—wholesale (enterprises, commercial banks, and the National Bank of the Republic of Macedonia (NBRM)) and retail (households). The NBRM participates in the wholesale market to maintain the value of the denar against the euro at a level that would meet balance of payments objectives. Buying and selling rates for transactions between authorized banks and enterprises have to be reported to the NBRM, which calculates an average daily rate. Based on this rate and cross rates on the international market, the NBRM publishes rates for 22 currencies. The NBRM deals at the published midpoint rates plus or minus a margin of 0.3%.

The retail level of the foreign exchange market consists of foreign exchange bureaus, which are owned and operated by banks, enterprises, and natural persons. Foreign exchange bureaus may hold foreign exchange positions equivalent to 100% of the net foreign exchange purchases in the preceding 10 days.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Forward foreign exchange contracts for trade transactions are permitted.

#### Official cover of forward operations

The NBRM may conclude forward foreign exchange contracts.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

The parliament has the authority to legislate laws governing foreign exchange and trade transactions. Certain changes in the trade regime may be made through government regulations. The NBRM is authorized to control foreign exchange operations of banks and other financial institutions. The MOF is authorized to control foreign exchange and trade operations and the credit relations of enterprises abroad, as well as other forms of business activities abroad, encompassing all enterprises that operate internationally. Certain foreign exchange control activities have been delegated to the participants in the foreign exchange market and the customs office. The Ministry of Foreign Relations administers the Commercial Companies Act.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

Gold producers must report all production (including quality) and quantity sold. Processors are also required to report all quantities bought and processed.

Controls on external trade	The importation and exportation of gold require NBRM approval.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	A maximum of MDen 5,000 in denominations of 100-, 50-, 20-, and 10-denar banknotes may be exported.
<i>Foreign currency</i>	Up to DM 1,000 for private domestic travelers, and for business travelers up to the amount stated on the bank order form. Nonresidents may export foreign currency up to the amount declared upon arrival in the country.
On imports	
<i>Domestic currency</i>	The same limits apply as for exports.
<i>Foreign currency</i>	Foreign travelers must declare foreign currency over DM 300.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	Foreign exchange deposits made after April 26, 1991, are freely disposable, i.e., they can be withdrawn in foreign currency or converted into denars.
Held domestically	Yes.
Held abroad	Enterprises with foreign operations may hold these accounts, but prior approval is required.
<b>Accounts in domestic currency convertible into foreign currency</b>	No.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	These accounts may be credited freely with foreign exchange and debited for payments abroad or for conversion into denars.
<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	A contract, invoice, or customs declaration should be submitted to the commercial bank effecting the payment. Generally, payments for imports are permitted after the importation of goods. Only imports of equipment and spare parts, some essential consumer goods, goods financed by foreign loans, and raw materials may be paid in advance.
<b>Import licenses and other nontariff measures</b>	Imports of certain goods, such as weapons and medicines, are subject to licensing requirements for security or public health reasons.
Negative list	Yes.
<b>Import taxes and/or tariffs</b>	Customs duties on most items range up to 35%; rates on raw materials range from zero to 8%; machinery and equipment from 5% to 20%; consumer goods from 15% to 35%; and agricultural goods from 20% to 60%. The number of bands was reduced to seven and the average rate to about 15%. There is also a 1% documentation fee.
<b>State import monopoly</b>	No.



### Exports and Export Proceeds

<b>Repatriation requirements</b>	All export proceeds from transactions that are not based on commodity credits have to be transferred by the exporters into the country within 90 days from the day the exportation was made.
<b>Surrender requirements</b>	Exporters must inform their bank about the origin of their proceeds and how to dispose of them within four business days of transferring the proceeds into the country. Within 90 days of the transfer, exporters may retain the foreign exchange and use it for payments abroad or sell them on the foreign exchange market. After this period, selling the foreign exchange on the market is obligatory.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Generally, exports are liberal. However, in some exceptional cases, the export of certain goods requires a license from the appropriate authorities.
<b>Without quotas</b>	Yes.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	There are no restrictions on these payments, except for pensions.
<b>Personal payments</b>	The transfer of pensions is permitted only on the basis of ratified international agreement.
<i>Prior approval</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Proceeds from invisibles are subject to the same regulations as those applicable to merchandise exports.
<b>Surrender requirements</b>	Yes.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Outward portfolio investment by resident natural and juridical persons is not permitted.
<b>On capital market securities</b>	
<i>Shares or other securities of a participating nature</i>	
<b>Purchase locally by nonresidents</b>	According to the Commercial Companies Act, nonresidents may acquire shares in domestic companies on the same terms as residents, provided that they obtain approval from the Ministry of Foreign Affairs, if the majority of shares are in question; otherwise, they should only register the investment.
<b>Sale or issue locally by nonresidents</b>	According to the Securities Act, nonresidents may issue securities in the former Yugoslav Republic of Macedonia on the basis of reciprocity and approval of the Commission on Securities.
<b>Purchase abroad by residents</b>	According to the Foreign Trade Act, only foreign direct investments are permitted by the Ministry of Foreign Affairs. The transfer of foreign exchange requires the approval of the NBRM.

Sale or issue abroad by residents	Yes.
<i>Bonds or other debt securities</i>	
Purchase locally by nonresidents	Yes.
Sale or issue locally by nonresidents	The same regulations apply as for shares of a participatory nature.
Purchase abroad by residents	The same regulations apply as for shares of a participatory nature.
Sale or issue abroad by residents	Yes.
On money market instruments	
<i>Purchase locally by nonresidents</i>	Yes.
<i>Sale or issue locally by nonresidents</i>	The same regulations apply as for shares of a participatory nature.
<i>Purchase abroad by residents</i>	The same regulations apply as for shares of a participatory nature.
<i>Sale or issue abroad by residents</i>	Yes.
On collective investment securities	n.r.
<b>Controls on derivatives and other instruments</b>	n.r.
<b>Controls on credit operations</b>	
Commercial credits	Short-term commercial banks' credit lines with maturity exceeding 90 days should be registered.
<i>By residents to nonresidents</i>	Credits for the export of goods and services exceeding 90 days should be registered.
<i>To residents from nonresidents</i>	Credits for the import of goods for consumption are not permitted. Other credits exceeding 180 days should be registered.
Financial credits	
<i>By residents to nonresidents</i>	Financial credits are permitted only if export of goods and services is promoted.
<i>To residents from nonresidents</i>	Private financial credits are permitted only for export-oriented projects.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	Only commercial banks may effect these transactions, which should be registered with the NBRM.
<b>Controls on direct investment</b>	
Outward direct investment	Investments require approval from and registration with the Ministry of Foreign Affairs.
Inward direct investment	Nonresidents are allowed to invest in existing firms, establish their own firms, or establish joint ventures except in a few sectors (such as arms production). Imports of raw materials, spare parts, and equipment not produced domestically by joint-venture firms are exempt from customs duties if the foreign share in the investment is at least 20%. All foreign investment registered with the Ministry of Foreign Affairs is protected from nationalization.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	There are controls on all real estate transactions.
<b>Controls on personal capital movements</b>	
Loans	According to the Foreign Credit Relation Act, natural persons are not permitted to engage in credit relations.
Gifts, endowments, inheritances, and legacies	Inheritances may be transferred on the basis of an agreement of reciprocity with the respective country.

Transfer of gambling and prize earnings	The transfer of proceeds from gambling is not permitted.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Yes.
Maintenance of accounts abroad	Yes.
Lending to nonresidents (financial or commercial credits)	Yes.
Lending locally in foreign exchange	This lending is not permitted.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Nonresident deposits in denars are subject to requirements, but foreign exchange deposits are not. In July 1998, the NBRM reduced the effective reserve requirement on foreign currency deposits by individuals from 100% to 70% on sight deposits, 60% on one-month deposits, 50% on three-month deposits, 40% on six-month deposits, 30% on one-year deposits, and 20% on longer term deposits.
<i>Liquid asset requirements</i>	Yes.
<i>Credit controls</i>	Credit controls apply only to domestic currency credits.
Differential treatment of deposit accounts held by nonresidents	
<i>Liquid asset requirements</i>	Yes.
Open foreign exchange position limits	Yes.
<b>Provisions specific to institutional investors</b>	n.r.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Status under IMF Articles of Agreement</b>	<i>June 19.</i> The former Yugoslav Republic of Macedonia accepted the obligations of Article VIII, sections 2, 3, and 4.
<b>Capital transactions</b>	
Provisions specific to commercial banks and other credit institutions	<i>July 1.</i> The NBRM reduced the effective reserve requirement on foreign currency deposits by individuals from 100% to 70% on sight deposits, 60% on one-month deposits, 50% on three-month deposits, 40% on six-month deposits, 30% on one-year deposits, and 20% on longer term deposits.

# MADAGASCAR

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: September 18, 1996.

### Exchange Arrangement

#### Currency

The currency of Madagascar is the Malagasy franc.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

The exchange rate is determined freely in the official interbank market. The euro, introduced on January 1, 1999, is the only currency quoted on this market, and the exchange rates of other currencies are determined on the basis of the cross-rate relationships of the currencies concerned in the Paris exchange market.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

There are limited arrangements for forward cover against exchange rate risk. Exporters can buy foreign currency 120 days prior to settlement from their bank.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Inoperative*

There is an arrangement with Mauritius that has been inoperative for some time.

##### Barter agreements and open accounts

Regulations prohibit barter trade.

#### Administration of control

Exchange control is administered by the Exchange Operations Monitoring Unit of the General Directorate of the Treasury, which also supervises borrowing and lending abroad by residents, and the issue, sale, or introduction of foreign securities in Madagascar. Approval authority for exchange control has been delegated to authorized intermediaries, except for capital operations, and all exchange transactions relating to foreign countries must be effected through such intermediaries.

#### International security restrictions

n.a.

#### Payment arrears

##### Official

Yes.

##### Private

Yes.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

Approved collectors acting in their own name and on their own account may purchase gold within the country from holders of valid gold mining titles, from authorized holders of gold washing rights from the Gold Board, and from agencies for approved collectors.

##### Controls on external trade

Imports and exports of gold require prior authorization from the Ministry of Commerce after review by the Directorate of Energy and Mines. Exempt from this requirement are (1) imports and exports by or on behalf of the Central Bank of Madagascar (CBM), and

(2) imports and exports of manufactured articles containing a minor quantity of gold (such as gold-filled or gold-plated articles). Travelers are authorized to export 50 grams or 250 carats of gold jewelry or gold articles a person, and 50 grams or 250 carats of numismatic items a person. Imports of gold, whether licensed or exempt from license, are subject to customs declaration. Holders of a valid gold mining title or a gold washing permit or rights thereto are free to sell the gold recovered to any approved collector. However, Malagasy authorities, represented by the CBM or its agents, have first rights to purchase gold produced in the country. The Gold Board and agencies authorized by the Ministry of Mining may export gold in all its forms. Jewelers, goldsmiths, and private sector professionals who use gold may export it only in worked form, subject to the decision of the Minister of Mining.

#### **Controls on exports and imports of banknotes**

##### **On exports**

###### *Domestic currency*

Resident and nonresident travelers may take abroad up to FMG 25,000 in Malagasy banknotes.

###### *Foreign currency*

Residents and nonresident travelers may take abroad any amount of foreign currency, but a declaration is required if the amount is more than the equivalent of F 50,000.

##### **On imports**

###### *Domestic currency*

Residents and nonresidents may bring in up to FMG 25,000.

###### *Foreign currency*

Resident and nonresident travelers may bring in any amount of foreign currency, but a declaration is required if the amount is equal to F 50,000 or more.

### **Resident Accounts**

#### **Foreign exchange accounts permitted**

##### **Held domestically**

Residents may freely open foreign currency accounts with local commercial banks. Only transfers from abroad or from another foreign currency account, as well as foreign banknotes or traveler's and bank checks, may be deposited in these accounts without justification. These accounts may be freely debited either for conversion into Malagasy francs through a sale on the interbank market or by transfer to a foreign account in Madagascar or abroad. Conversion into foreign banknotes is allowed only within the limits stipulated under the applicable foreign exchange control regulation.

##### **Held abroad**

No.

##### **Accounts in domestic currency convertible into foreign currency**

No.

### **Nonresident Accounts**

#### **Foreign exchange accounts permitted**

Nonresidents are treated the same as residents for the purpose of opening these accounts.

##### **Domestic currency accounts**

Transactions between residents and enterprises in the free trade zone are conducted either through the enterprises' special accounts in Malagasy francs or through their foreign exchange accounts.

##### **Convertible into foreign currency**

No.

##### **Blocked accounts**

No.

### **Imports and Import Payments**

##### **Foreign exchange budget**

No.

##### **Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

Domiciliation requirements	The requirement applies to all imports.
Preshipment inspection	Yes.
Letters of credit	Yes.

**Import licenses and other nontariff measures**

There is a shortlist of imports subject to administrative control primarily for health and security reasons.

**Import taxes and/or tariffs**

Import tariffs range from 10% to 30%. Imports are also subject to customs duties ranging up to 20%, although the sum of the import tariff and customs duty may not exceed 30% for any item. Some imports, mostly luxury goods, are subject to excise import taxes of 10% to 120%. A pretax of 3% to 5%, deductible from the corporate tax, is paid on all imports.

**State import monopoly**

Petroleum products are imported by a state monopoly.

**Exports and Export Proceeds****Repatriation requirements**

All export proceeds should be repatriated within 120 days of the shipment date.

**Financing requirements**

No.

**Documentation requirements**

Letters of credit All exports require either a COD or settlement against delivery of documents, excluding free deliveries.

**Domiciliation**

The requirement applies for exports exceeding FMG 1 million.

**Preshipment inspection**

Yes.

**Export licenses**

No.

**Export taxes**

No.

**Payments for Invisible Transactions and Current Transfers****Controls on these transfers**

No.

**Proceeds from Invisible Transactions and Current Transfers****Repatriation requirements**

Proceeds must be repatriated within 30 days of the due date.

**Restrictions on use of funds**

n.a.

**Capital Transactions****Controls on capital and money market instruments**

Capital movements between Madagascar and foreign countries, and between residents and nonresidents are subject to prior authorization from the MOF. There are no capital market regulations, due to the absence of a capital market.

**On capital market securities***Shares or other securities of a participating nature***Purchase locally by nonresidents**

Yes.

**Sale or issue locally by nonresidents**

Exempt from authorization are operations in connection with shares similar to securities whose issuing or offering for sale in Madagascar has previously been authorized.

Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<b>Controls on derivatives and other instruments</b>	n.a.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	These operations currently do not take place.
<i>To residents from nonresidents</i>	Credits for export prefinancing operations are permitted.
Financial credits	
<i>By residents to nonresidents</i>	Borrowing abroad by natural or juridical persons, whether public or private, requires prior authorization from the MOF, although loans contracted by authorized banks or credit institutions with special legal status are exempt. Enterprises in the free trade zone are permitted to contract and service foreign loans freely, and interest and amortization payments on foreign loans contracted directly by these companies are not restricted.
<i>To residents from nonresidents</i>	Yes.
<b>Controls on direct investment</b>	
Outward direct investment	Investments abroad by Malagasy nationals, including those made through foreign companies directly or indirectly controlled by persons resident in Madagascar and those made by overseas branches or subsidiaries of companies located in Madagascar, are subject to prior authorization from the MOF.
Inward direct investment	Investments, including those made by companies in Madagascar that are directly or indirectly under foreign control and those made by branches or subsidiaries of foreign companies in Madagascar, as well as corresponding transfers, may be freely conducted within Madagascar without authorization or investment approval.
<b>Controls on liquidation of direct investment</b>	The total or partial liquidation of these investments, whether Malagasy investments abroad or foreign investments in Madagascar, must be reported to the MOF. Proceeds from the liquidation of foreign investment may be repatriated with the prior authorization of the MOF.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Prohibited, unless otherwise approved by the MOF.
Sale locally by nonresidents	The transfer of proceeds of sales is subject to prior authorization by the MOF.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	Controls are implemented through bank supervision.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

### Changes During 1999

Exchange arrangement	January 1. The euro became the only currency to be traded in the official interbank market.
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# MALAWI

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: December 7, 1995.

### Exchange Arrangement

#### Currency

The currency of Malawi is the Malawi kwacha.

#### Exchange rate structure

Unitary.

#### Classification

Managed floating with no preannounced path for the exchange rate

The exchange rate of the Malawi kwacha is managed in a flexible manner, with intervention policy limited to smoothing out fluctuations of the rate and with consideration for international reserve targets. Exchange market participants are free to quote their own central rate, with the condition that the margin between the buying and selling rates should not exceed 2%. The Reserve Bank of Malawi (RBM) quotes reference rates, which are distributed to authorized dealer banks (ADB's). In late August 1998, the authorities depreciated the exchange rate from MK 26 per \$1 to MK 34 per \$1 under the formally announced managed floating regime. They simultaneously informed commercial banks that they were free to quote foreign exchange rates to clear the market. The kwacha immediately depreciated to MK 47 per \$1 and has settled around MK 40 per \$1.

Foreign exchange bureaus are authorized to conduct spot transactions with the general public on the basis of exchange rates negotiated with their clients. However, on February 7, 1998, in response to exchange market pressures, the RBM discontinued the practice of allowing legalized foreign exchange bureaus to purchase foreign exchange from residents' foreign-currency-denominated accounts at commercial banks.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Payments to and receipts from nonresidents may be made in any convertible currency traded in Malawi or in Malawi kwacha through nonresident accounts.

#### Payment arrangements

##### Clearing agreements

Malawi participates in the COMESA Clearing House Arrangement.

##### Administration of control

Exchange control is administered by the RBM under the authority of the MOF.

##### International security restrictions

No.

##### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade

Residents may purchase, hold, and sell only gold coins for numismatic purposes. Only the monetary authorities can hold or acquire gold at home or abroad in any form other than jewelry.

Controls on external trade

Only the monetary authorities can conduct external trade in gold. Imports of gold in any form other than jewelry require licenses issued by the Ministry of Commerce and Industry (MCI) in consultation with the MOF; such licenses are not normally granted except for imports by or on behalf of the monetary authorities and industrial users.



**Controls on exports and imports of banknotes**

Malawian and Mozambican monetary authorities are working toward the formalization of a repatriation agreement.

**On exports***Domestic currency*

Up to MK 3,000 may be exported.

*Foreign currency*

Approval for exports is granted subject to verification of need.

**On imports***Domestic currency*

Up to MK 3,000 may be imported.

**Resident Accounts****Foreign exchange accounts permitted****Held domestically**

Residents receiving foreign exchange regularly from abroad may maintain foreign currency accounts (FCDAs). Balances in FCDAs may be used to make foreign payments and transfers, provided exchange control regulations are satisfied.

**Held abroad**

No.

**Accounts in domestic currency convertible into foreign currency**

No.

**Nonresident Accounts****Foreign exchange accounts permitted**

These accounts are permitted, but prior approval is required.

**Domestic currency accounts**

These accounts may be credited with proceeds of sales of any convertible currency, with authorized payments in Malawi kwacha from abroad, and with transfers from other nonresident accounts. These accounts may also be debited to make payments to residents of Malawi for any purpose, transfer freely to other nonresident accounts, and make payments to account holders temporarily residing in Malawi.

**Convertible into foreign currency**

Yes, but approval is required.

**Blocked accounts**

Credits to and debits from these accounts require prior authorization, and authorization is normally given for balances to be invested in an approved manner. Interest earned on balances may be transferred to the account holder's country of residence.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

Importers are free to choose any method of payment, and imports may be paid for in Malawi kwacha to an appropriate local nonresident account or in any convertible currency. When imports arrive in the country and payment is due, the importer must submit, to an ADB, applications for foreign exchange. Such applications must be accompanied by relevant importation, customs, and preshipment inspection documents.

**Advance payment requirements**

Prepayment for imports is not allowed. Importers are encouraged to use other modes of payment (e.g., LCs).

**Advance import deposits**

Advance import deposits are not required by law; however, commercial banks do require them as a banking practice and depending on the mode of payment (e.g., LCs).

**Documentation requirements for release of foreign exchange for imports****Preshipment inspection**

A clean report of findings certificate is required. All imports into Malawi in the amount of \$2,000 (f.o.b.) or its equivalent and above are subject to preshipment inspection.

**Import licenses and other nontariff measures**

Negative list	Imports of clothing and uniforms designed for military, naval air force, or police use, radioactive substances, mist nets for the capture of wild birds, wild animals, live fish, compound products suitable only for use as animal foodstuffs, eggs of poultry or of wild birds, live poultry (including day-old chicks), meat dieldrin, aidrin, and kitchen and table salt require specific licenses from the MCI. Specific import licenses are usually issued within one week of application and are normally valid for six months.
Open general licenses	Most imports are subject to the OGL system, including imports from Commonwealth countries and from countries that are members of the WTO.
Other nontariff measures	Yes.
<b>Import taxes and/or tariffs</b>	Customs tariffs are ad valorem and range from up to 35% of c.i.f. value with a weighted average of about 15%. Custom tariffs on all items with MFN status range from zero to 30%. Tariffs on items from the COMESA region range from zero to 13%. Selected government imports are exempt from custom tariffs. Imports are also subject to a surtax ranging up to 20%.
<b>State import monopoly</b>	No.

**Exports and Export Proceeds**

<b>Repatriation requirements</b>	Yes.
Surrender requirements	ADB's are required to convert 60% of foreign exchange received from exports immediately upon receipt at the prevailing buying exchange rate, and credit the Malawi kwacha proceeds to the customer's account. The remaining 40% may be credited to the exporter's foreign currency account. There are no restrictions on the time period over which such balances may be held. This 60% conversion is also applied to dollar proceeds from the tobacco and tea auctions. In the case of tobacco proceeds, the conversion is 100% until the seller has fully repaid his overdraft with his bankers.
<b>Financing requirements</b>	Yes.
<b>Documentation requirements</b>	Exporters are required to complete Form CD1s (Exports from Malawi).
<b>Export licenses</b>	
Without quotas	Yes.
<b>Export taxes</b>	Effective April 1, 1998, the authorities of Malawi abolished all export taxes.

**Payments for Invisible Transactions and Current Transfers**

<b>Controls on these transfers</b>	Commercial banks are authorized to provide foreign exchange, without reference to the exchange control authorities for all current invisible payments, but certain invisible payments, such as private and business travel, and medical treatment are subject to indicative limits.
Investment-related payments	These payments are allowed, provided the foreign loan is approved and registered by the RBM.
<i>Prior approval</i>	These transfers are not restricted, provided the investment is approved and registered by the RBM.
Payments for travel	
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	The limits are \$3,000 a trip for tourist travel and \$5,000 a trip for business travel. Foreign exchange in excess of these limits is granted upon proof of need. Subsequent issues of foreign exchange to the same individual with respect to private or business travel is granted upon proof of previous travel.

## Personal payments

*Quantitative limits*

ADB's may approve up to \$1,000 for family maintenance and alimony payments.

*Indicative limits/bona fide test*

The limits are applied for payment of medical costs and family maintenance and alimony.

## Foreign workers' wages

*Quantitative limits*

The limit is two-thirds of current net earnings.

## Credit card use abroad

*Prior approval*

Yes.

**Proceeds from Invisible Transactions and Current Transfers****Repatriation requirements**

Yes.

## Surrender requirements

Sixty percent of total proceeds may be converted into local currency upon receipt, and the balance may be held in FCDAs.

**Restrictions on use of funds**

Funds can only be used in accordance with exchange control regulations.

**Capital Transactions****Controls on capital and money market instruments**

Inward transfers of non-debt-creating capital are not restricted. Outward transfers of capital are controlled mainly for residents.

## On capital market securities

*Shares or other securities of a participating nature*

## Purchase abroad by residents

Specific exchange control approval is required.

*Bonds or other debt securities*

## Purchase abroad by residents

Specific exchange control approval is required.

## On money market instruments

*Purchase abroad by residents*

Yes.

## On collective investment securities

*Purchase abroad by residents*

Yes.

**Controls on derivatives and other instruments**

## Purchase abroad by residents

Yes.

**Controls on credit operations**

## Commercial credits

*To residents from nonresidents*

Borrowing abroad by residents requires prior exchange control approval, which is normally granted provided that the terms of repayment, including the servicing costs, are acceptable.

## Financial credits

*To residents from nonresidents*

Yes.

## Guarantees, sureties, and financial backup facilities

*To residents from nonresidents*

Yes.

**Controls on direct investment**

## Outward direct investment

Yes.

<b>Controls on liquidation of direct investment</b>	Repatriation of investments is permitted if the original investment was made with funds brought into the country.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Yes.
<b>Controls on personal capital movements</b>	
<b>Loans</b>	
<i>To residents from nonresidents</i>	Borrowing abroad by residents requires prior exchange control approval, which is normally granted provided that the terms of repayment, including the servicing costs, are acceptable.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	Yes.
Settlement of debts abroad by immigrants	Yes.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Yes.
Lending locally in foreign exchange	Yes.
Purchase of locally issued securities denominated in foreign exchange	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Yes.
Differential treatment of deposit accounts held by nonresidents	
<i>Reserve requirements</i>	Yes.
Investment regulations	
<i>In banks by nonresidents</i>	Yes.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Exchange arrangement</b>	<p><i>February 7.</i> The practice of allowing foreign exchange bureaus to purchase foreign exchange from residents' foreign-currency-denominated accounts at commercial banks was discontinued.</p> <p><i>April 30.</i> The exchange rate arrangement was reclassified from an independent to a managed floating arrangement.</p>
<b>Exports and export proceeds</b>	<i>April 1.</i> As part of the supplementary budget in April 1998, Malawi abolished all remaining export taxes.

# MALAYSIA

(Position as of February 28, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: November 11, 1968.

### Exchange Arrangement

#### Currency

The currency of Malaysia is the Malaysian ringgit.

#### Exchange rate structure

Unitary.

#### Classification

Conventional pegged arrangement

Until September 1, 1998, the exchange rate of the ringgit was determined by supply and demand. On September 2, 1998, Bank Negara Malaysia (BNM) announced that the exchange rate of the ringgit would be pegged against the dollar at RM 3.80 per \$1.

#### Exchange tax

n.a.

#### Exchange subsidy

n.a.

#### Forward exchange market

Forward exchange contracts may be effected for both commercial and financial transactions. For financial transactions, prior approval is required. For commercial transactions, forward cover for imports is provided for up to 12 months from the intended date of import, while for export purposes, the forward cover would be up to six months from the export date. Forward exchange contracts against ringgit with nonresidents require the prior approval of the Controller of Foreign Exchange (COFE).

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Special rules apply to settlements with Israel and the Federal Republic of Yugoslavia (Serbia/Montenegro).

#### Payment arrangements

Bilateral payment arrangements

*Operative*

There are seven arrangements.

*Inoperative*

There are 15 arrangements.

Regional arrangements

Malaysia is a member of the ASEAN.

Clearing agreements

Yes.

#### Administration of control

The COFE, who is also the Governor of the BNM, administers exchange control.

#### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

Malaysia imposes certain restrictions on payments and transfers for current international transactions with respect to the Federal Republic of Yugoslavia (Serbia/Montenegro).

In accordance with UN sanctions

Yes.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

No.

#### Controls on exports and imports of banknotes

On exports

*Domestic currency*

Until August 31, 1998, there was no limit on exports of domestic currency by travelers. The export of domestic currency by other means, irrespective of the amount, requires prior

approval. On September 1, 1998, the authorities introduced a limit on exports of ringgit by resident and nonresident travelers of up to RM 1,000 a person.

*Foreign currency*

The export of foreign currency by nontravelers requires prior approval. Until August 31, 1998, there was no restriction on the amount carried in the baggage of a resident or a nonresident traveler. On September 1, 1998, the authorities introduced a limit of RM 10,000 equivalent for exports of foreign currency by resident travelers and up to the amount brought into Malaysia by nonresident travelers.

On imports

*Domestic currency*

The import of currency notes by a traveler is limited to RM 1,000. The importation of ringgit banknotes by institutions other than commercial banks, or by any other means, requires prior approval from the COFE.

## Resident Accounts

### Foreign exchange accounts permitted

Held domestically

Exporters are allowed to retain a portion of their export proceeds in foreign currency accounts with designated banks in Malaysia with an overnight limit between \$1 million and \$10 million or any other approved amount. Limits imposed on exporters are based on their average export receipts over the last 12 months. Prior approval is required to retain amounts exceeding the permitted limit.

Held abroad

Residents with no domestic borrowing are allowed to open foreign currency accounts with an overseas branch of Malaysian-owned banks for crediting foreign currency receivables other than export proceeds. Resident individuals are allowed to open foreign currency accounts with overseas banks for education and employment purposes with an overnight limit of up to \$50,000. Residents with domestic borrowing require prior approval.

Accounts in domestic currency convertible into foreign currency

Yes.

## Nonresident Accounts

### Foreign exchange accounts permitted

All commercial and merchant banks are allowed to open these accounts.

### Domestic currency accounts

Nonresident ringgit accounts in Malaysia are known as external accounts. Prior to September 1, 1998, there was no restriction on debits or credits to external accounts, subject only to the completion of statistical forms for amounts exceeding RM 100,000, if the debit or credit involved residents. Since September 1, 1998, credits to this account are limited to sale of foreign currency, ringgit instruments, securities, or other assets in Malaysia; salaries, wages, rentals, commissions, interest, profits, or dividends. Debits to this account are also restricted to settlement for purchase of ringgit assets and placements of deposits; payment of administrative and statutory expenses in Malaysia; payment of goods and services for use in Malaysia; and granting of loans and advances to staff in Malaysia, according to the terms and conditions of services. Prior approval is required for transfer of funds between external accounts and for uses of funds other than permitted purposes. Nevertheless, there are no restrictions on the operation of the external accounts of nonresidents working in Malaysia, embassies, consulates, high commissions, central banks, and supranational or international organizations in Malaysia.

Convertible into foreign currency

As of September 1, 1998, the authorities introduced a requirement for nonresidents to obtain BNM approval to convert the ringgit held in external accounts into foreign currencies, except for the purchase of ringgit assets in Malaysia. There continues to be no restriction on conversion and repatriation of sale proceeds of investment by foreign direct investors. Effective February 15, 1999, foreign direct investors may also repatriate their portfolio investments without restriction, subject only to payment of an appropriate levy.

### Blocked accounts

All debits and credits to accounts of residents of Israel and the Federal Republic of Yugoslavia (Serbia/Montenegro) require prior approval.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	On September 1, 1998, the authorities introduced a requirement to settle all imports in foreign currency.
Minimum financing requirements	n.r.
Advance payment requirements	n.r.
Advance import deposits	n.r.
<b>Documentation requirements for release of foreign exchange for imports</b>	n.r.
<b>Import licenses and other nontariff measures</b>	The authority for import control rests with the Royal Customs and Excise Department of the MOF. Import licensing throughout Malaysia is administered daily by the Ministry of International Trade and Industry (MITI) together with other specified authorities, such as the Ministry of Primary Industries, the Malaysian Timber Board, Department of Agriculture, and the Veterinary Department, on behalf of the Royal Customs and Excise Department.
Negative list	Imports from Israel and the Federal Republic of Yugoslavia (Serbia/Montenegro) require licenses. Finished motor vehicle imports are subject to nonautomatic import licensing, which is administered by the MITI. The movement of live animals between peninsular Malaysia, Sabah, and Sarawak is subject to a permit issued by the Veterinary Department. Imports of the meat, bones, hides, hooves, horns, and offal of any animal or any portion of an animal from all countries require an import license. Imports of primates, whether dead or alive, require an import license, subject to approval from the Department of Wildlife and National Parks and all other goods as specified in the Customs Order (Prohibition of Imports) 1998. Importation of unprocessed food and planting materials from tropical America and Central Africa to Malaysia are prohibited under the Plant Quarantine Act.
Licenses with quotas	Certain imports are subject to quantitative restrictions, which are reviewed periodically, to protect local industries temporarily when required.
Other nontariff measures	Yes.
<b>Import taxes and/or tariffs</b>	Antidumping duties have been imposed on PVC floor covering, self-copy paper, and corrugating medium paper from specified companies to their related companies.
<b>State import monopoly</b>	n.a.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Proceeds from exports must be received and repatriated according to the payment schedule specified in the commercial contract, but no longer than six months after the date of exportation. On September 1, 1998, the authorities introduced a requirement for export proceeds to be received only in foreign currency.
Surrender requirements	Exporters are allowed to retain their export proceeds in foreign currency accounts with designated banks with an overnight limit of between \$1 million and \$10 million, or any higher approved amount.
<b>Financing requirements</b>	Yes.
<b>Documentation requirements</b>	Exports of rubber from peninsular Malaysia require a certificate issued by the Malaysian Rubber Exchange and Licensing Board.
Letters of credit	n.r.
Guarantees	n.r.
Domiciliation	n.r.
<b>Export licenses</b>	Exports to Israel and the Federal Republic of Yugoslavia (Serbia/Montenegro) require export licenses from the MITI. Exports of logs are restricted and require licenses from the

Malaysian Timber Industries Board. Exports of roofing tiles, bricks, minerals, rice and paddy in any form, milk and specified milk products, textiles, some types of newspapers, as well as other goods, as laid down in the Customs Order (Prohibition of Exports), are subject to permits issued by the MITI and other specified authorities.

#### Export taxes

Export incentives are provided to companies that export Malaysian products. The primary incentives include a double deduction of expenses incurred in overseas promotion, export credit refinancing, and duty drawbacks.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

Payments for invisibles to all other countries other than Israel and the Federal Republic of Yugoslavia (Serbia/Montenegro) may be made without restriction. Effective September 1, 1998, remittances to nonresidents of profits on all bona fide investments are permitted, upon the completion of statistical forms for amounts exceeding the equivalent of RM 100,000. Remittances of interest payments do not require prior approval as long as such payments are in accordance with the terms of the loan obtained.

### Proceeds from Invisible Transactions and Current Transfers

#### Repatriation requirements

Proceeds from invisibles must be repatriated according to the proceeds schedule specified in the agreement.

#### Surrender requirements

If received in foreign currency, proceeds may be retained in permitted foreign currency accounts.

#### Restrictions on use of funds

n.a.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

##### Sale or issue locally by nonresidents

Malaysia did not apply exchange controls to nonresidents selling Malaysian securities in the country, nor did it require them to repatriate the proceeds of the sale. However, on September 1, 1998, the authorities introduced a requirement that nonresidents undertake all purchases and sales of ringgit securities through authorized depository institutions. After September 1, 1998, nonresident sellers of Malaysian securities were required to hold on to their ringgit proceeds for at least 12 months before the investment was repatriated. On February 15, 1999, this requirement was eliminated, and a graduated system of exit taxes was introduced: for investments made prior to February 15, 1999, capital is taxed at 30% if repatriated less than seven months after entry; at 20% if repatriated after seven months; and at 10% if repatriated 9 to 12 months after entry. Capital repatriated more than a year after entry is not taxed. For investments made on or after February 15, 1999, the original capital is not taxed, but the repatriated capital gains are, as follows: capital gains repatriated within 12 months after the gain is realized are taxable at 30%, and those repatriated after more than 12 months are taxable at 10%.

##### Purchase abroad by residents

No controls apply for transactions valued at less than RM 10,000; but for those amounting to RM 10,000 or more, prior approval is required.

##### Sale or issue abroad by residents

No exchange controls apply to a resident on the sale of securities abroad. However, a resident must obtain approval to issue securities abroad. Approval is given if the proceeds associated with these issues are used to finance productive activities in Malaysia, particularly for projects that generate foreign exchange earnings or save on the future outflow of



foreign exchange through the production of import substitution goods. The proceeds from the sale or permitted issuance of securities are required to be transferred to Malaysia.

*Bonds or other debt securities*

- |                                       |   |
|---------------------------------------|---|
| Sale or issue locally by nonresidents | Issuance by nonresidents requires approval.   |
| Purchase abroad by residents          | The same regulations apply as for shares or other securities of a participating nature. |
| Sale or issue abroad by residents     | Issuance by residents requires an approval.   |

On money market instruments

- |  |   |
|--|---|
| <i>Sale or issue locally by nonresidents</i> | The same regulations apply as for shares or other securities of a participating nature.   |
| <i>Purchase abroad by residents</i>          | The same regulations apply as for shares or other securities of a participating nature.   |
| <i>Sale or issue abroad by residents</i>     | When residents issue money market instruments abroad, it is considered to be obtaining credit facilities. Residents are freely permitted to obtain credit facilities in foreign currency only up to RM 5 million or its equivalent. For amounts exceeding this figure, prior approval is required. Approval is given for foreign currency credit facilities raised on reasonable terms to finance productive activities in Malaysia, particularly for projects that generate sufficient foreign exchange to service the external debt so created. |

On collective investment securities

- |  |   |
|--|---|
| <i>Sale or issue locally by nonresidents</i> | There is no exchange control on the sale of Malaysian securities in the country by nonresidents. However, repatriation of capital or profit is subjected to payment of levy on a graduated basis, depending on when the funds were brought into Malaysia or when the investment was made. |
| <i>Purchase abroad by residents</i>          | The same regulations apply as for shares or other securities of a participating nature.   |
| <i>Sale or issue abroad by residents</i>     | The same regulations apply as for shares or other securities of a participating nature.   |

**Controls on derivatives and other instruments**

- |                                   |   |
|-----------------------------------|---|
| Purchase locally by nonresidents  | Prior approval is required for nonresidents to buy or sell forward ringgit vis-à-vis foreign currency.  |
| Purchase abroad by residents      | A resident must obtain permission to make payments to a nonresident for any spot or forward contract or interest rate futures not transacted at a futures exchange in Malaysia. |
| Sale or issue abroad by residents | Residents must obtain permission to issue and to sell financial instruments abroad.   |

**Controls on credit operations**

Commercial credits

- |                                       |   |
|---------------------------------------|---|
| <i>By residents to nonresidents</i>   | No controls apply to residents in the extension of trade credit to nonresidents for export of goods from Malaysia up to a maximum period of six months from the date of export. On September 1, 1998, the authorities introduced a prohibition of domestic credit facilities to nonresident correspondent banks and nonresident stock brokerage companies (subject to RM 5 million limit previously), and of residents obtaining ringgit credit facilities from any nonresident individuals (subject to RM 100,000 limit previously). |
| <i>To residents from nonresidents</i> | Residents are permitted to obtain credit facilities in foreign currency up to the equivalent of RM 5 million in the aggregate from licensed banks, licensed merchant banks, and nonresidents. Any larger amount would require prior approval. Residents are not allowed to obtain loans in ringgit from nonresidents. There is no control for residents to obtain commercial credits from nonresidents for the importation of capital goods for a period not exceeding 12 months.   |

Financial credits

- |                                     |   |
|-------------------------------------|---|
| <i>By residents to nonresidents</i> | No controls apply to credits granted by residents in foreign currency to nonresidents of less than RM 10,000. Ringgit loans could be extended by banking institutions up to an aggregate amount of RM 200,000 for purposes other than financing immovable properties in Malaysia. For financing a residential property, financing is allowed for up to 60% of the |
|-------------------------------------|---|

purchase price for construction of property. Approval is required for credit facilities exceeding the limit.

*To residents from nonresidents*

Residents are permitted to obtain total credit in foreign currency of up to RM 5 million from licensed banks, licensed merchant banks, and nonresidents. Any larger amount would require prior approval. Residents are not allowed to obtain loans in ringgit from nonresidents.

Guarantees, sureties, and financial backup facilities

*By residents to nonresidents*

These transactions are permitted subject to informing the COFE. However, any payment to a nonresident in relation to or consequential to the guarantee must be made in foreign currency.

*To residents from nonresidents*

Residents are permitted to obtain financial guarantees, provided the aggregate amount of credit facility, including the financial guarantee, does not exceed RM 5 million. There is, however, no control on the amount of financial guarantee to be obtained from offshore banks in Labuan. In all cases, all payments related to the guarantees are made in foreign currency. Otherwise, approval is required.

**Controls on direct investment**

Outward direct investment

On September 1, 1998, the authorities introduced an approval requirement for investments abroad exceeding RM 10,000 in any form.

Inward direct investment

Controls are imposed on equity shares in line with the National Economic Policy. The following inward investments require prior approval from the Foreign Investment Committee (FIC): (1) acquisition of any substantial fixed assets by foreign interests; (2) acquisition of assets or interests, mergers, and takeovers of companies and businesses in Malaysia by any means that will cause ownership or control to pass to foreign interests; (3) acquisition of 15% or more of the voting power (equity interests) by any foreign interest or associated group or by a foreign interest in the aggregate of 30% or more of the voting power of a Malaysian company or business; (4) control of Malaysian companies and businesses through any form of joint-venture agreement, management agreement, or technical assistance arrangement; (5) merger or takeover of any company or business in Malaysia; and (6) any other proposed acquisition of assets or interests exceeding RM 5 million in value.

Incorporation of a Malaysian company by a foreign entity does not require the approval of the FIC. However, increases in the paid-up capital of a Malaysian company that involve any foreign entity require the approval of the FIC under the following circumstances: (1) the total value of the foreign entity's new subscription exceeds RM 5 million; (2) the total of the foreign entity's new subscription exceeds 15% of the voting power in the relevant company; (3) as a result of the increase in paid-up capital, any foreign entity increases its voting power to more than 15% in the relevant company; (4) the total of the new subscription by several foreign entities increases their joint voting power to 30% or more of the voting power in the relevant company; (5) as a result of the increase in paid-up capital, the aggregate holding of several foreign entities increases to 30% or more of the voting power in the relevant company; and (6) an increase in the paid-up capital of any Malaysian company to more than RM 5 million on incorporation, the holdings of foreign entities constitutes more than 15% of the voting power, or the joint holdings of several foreign entities constitutes 30% or more of the voting power of the company concerned.

In addition, the permitted percentage of equity held by foreigners also depends on the percentage of production exported, whether high-technology products are purchased or whether priority products are produced for the domestic market. For projects involving extracting, mining, and processing mineral ores, a majority foreign equity participation of up to 100% is permitted. Multimedia Super Corridor status companies are allowed to have 100% foreign equity.

**Controls on liquidation of direct investment**

The proceeds of investments may be repatriated freely after resale, upon the completion of a statistical form, for amounts of RM 10,000 or more.

**Controls on real estate transactions**

Purchase abroad by residents

The same regulations apply as for purchases of shares or other securities of a participating nature abroad by residents.

Purchase locally by nonresidents	Effective April 22, 1998, under Special Guidelines, no limitation or condition is imposed on the purchase of residential, shop lot, and office space by foreigners subject to the following criteria: (1) the purchase under consideration must be more than RM 250,000; (2) the project must be newly completed or at least 50% in progress; and (3) financing for the above acquisition must be obtained from overseas financial institutions outside Malaysia.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	The same regulations apply as for financial credits.
<i>To residents from nonresidents</i>	Yes.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	n.r.
<i>To residents from nonresidents</i>	n.r.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	n.r.
<i>Transfer into the country by immigrants</i>	n.r.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Only authorized dealers and permitted merchant banks are allowed to borrow freely in foreign currency from nonresidents. Other financial institutions are subject to prior approval if the aggregate amount exceeds RM 5 million.
Maintenance of accounts abroad	Only authorized dealers in foreign currencies and merchant banks are permitted to maintain accounts abroad. Other credit institutions require approval to maintain these accounts.
Lending to nonresidents (financial or commercial credits)	<p>Authorized dealers are allowed to extend loans in foreign currency to nonresidents. A banking institution is, however, allowed to extend credit in ringgit to:</p> <p>(1) nonresidents, other than banks or stockbroking companies, up to an aggregate of RM 200,000 for any purpose except to finance the acquisition or development of immovable property in Malaysia; and</p> <p>(2) nonresidents who are working in Malaysia up to 60% of the purchase price or construction cost for residential property.</p> <p>The extension of loans in ringgit to nonresidents exceeding the amounts or for purposes other than those stipulated above requires prior approval.</p> <p>Banking institutions are not allowed to extend loans in ringgit to any foreign bank or foreign stockbroking company.</p> <p>Stockbroking companies are allowed to extend margin financing facilities to nonresident clients for the purchase of shares listed on the Kuala Lumpur Stock Exchange (KLSE), subject to compliance with rules imposed by the KLSE.</p>
Lending locally in foreign exchange	Authorized dealers and merchant banks are allowed to lend in foreign currency to residents.
Purchase of locally issued securities denominated in foreign exchange	Purchases are allowed, provided that the issuance of the securities has been approved.
Investment regulations	
<i>Abroad by banks</i>	Investment in equity and property and purchases of debt securities in excess of RM 10,000 require prior approval.
<i>In banks by nonresidents</i>	Foreigners are generally limited to an aggregate participation of not more than 30% equity interest in a bank.

Open foreign exchange position limits	The criteria in determining banks' net overnight foreign currency open position limits are based on a matrix that takes into account their shareholders' funds and dealing capacity.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on portfolio invested abroad	<p>Insurers are required to support the aggregate of their liabilities and margin of solvency (referred to as "the Amount") with admitted assets as specified by the BNM. For the financial year ending in 1998 and 1999, insurers are required to maintain a minimum of 70% and 80%, respectively, of "the Amount" in the form of admitted assets.</p> <p>The new rules allow a licensed insurer in respect of its Malaysian insurance fund to hold for investment purposes up to a maximum of 5% of "the Amount" in assets of a foreign jurisdiction with a sovereign rating that is not lower than the sovereign rating of Malaysia. However, investment in any one foreign jurisdiction is restricted to 2% of "the Amount." A licensed insurer is also allowed to hold assets of a foreign jurisdiction where it is carrying on business to enable it to meet its foreign liabilities in that jurisdiction.</p>
Limits (min.) on portfolio invested locally	<p>Employee Provident Fund (EPF) investment in foreign securities is subject to approval of amounts exceeding RM 10,000. The EPF is required to invest a minimum of 50% of its annual investible funds in securities issued or guaranteed by the federal government, provided that the total amount of funds invested in such securities is not less than 70% of its total investment.</p> <p>Unit trust funds may invest up to 10% of the fund's net asset value in securities listed on foreign stock exchanges. Prior approval from the Securities Commission is required for such investment.</p>
<b>Other controls imposed by securities laws</b>	<p>There are no controls on foreign firms trading in the corporate debt, equity, and derivative market. However, the following guidelines as set out by the FIC should be observed: (1) any proposed acquisition of 15% or more of the voting power by any one foreign interest or associated group, or foreign interests in the aggregate of 30% or more of the voting power of a Malaysian company or business; (2) acquisition of assets or interests, mergers, and takeovers of companies and businesses in Malaysia, whether by Malaysian or foreign interests; and (3) any other proposed acquisition of assets or interests exceeding in value RM 5 million, whether by Malaysians or foreign interests require approval. Foreign companies with no substantial business operations in Malaysia are not normally granted listing on the local stock exchange.</p>

### Changes During 1998

<b>Exchange arrangement</b>	<i>September 2.</i> The exchange rate was pegged to the dollar.
<b>Arrangements for payments and receipts</b>	<p><i>September 1.</i> A limit of RM 10,000 equivalent on the export of foreign currency by residents was introduced. Nonresidents' foreign currency export is limited to the amount brought into Malaysia.</p> <p><i>September 1.</i> A limit of RM 1,000 a person on the exports of domestic currency by resident and nonresident travelers was introduced.</p>
<b>Nonresident accounts</b>	<i>September 1.</i> BNM approval is required to transfer funds between external accounts, except for the purchase of ringgit assets in Malaysia, and to convert ringgit held for not more than 12 months in external accounts into foreign currencies.
<b>Imports and import payments</b>	<i>September 1.</i> A requirement to settle all imports in foreign currency was introduced.
<b>Exports and export proceeds</b>	<i>September 1.</i> A requirement to settle all exports in foreign currency was introduced.
<b>Payments for invisible transactions and current payments</b>	<i>September 1.</i> Remittances to nonresidents of profits on all bona fide investments were permitted upon the completion of statistical forms for amounts exceeding the equivalent of RM 100,000.
<b>Capital transactions</b>	
Controls on capital and money market instruments	<i>September 1.</i> Nonresident sellers of Malaysian securities were required to hold on to their ringgit proceeds for at least one year and to carry out all purchases and sales of ringgit securities through authorized depository institutions.

Controls on credit operations	<i>September 1.</i> Domestic credit facilities to nonresident correspondent banks and nonresident stockbroking companies, and obtaining ringgit credit facilities by residents from any nonresident individual were prohibited.
Controls on direct investment	<i>September 1.</i> An approval requirement for investments abroad exceeding RM 10,000 in any form and for payments under a guarantee for nontrade purposes was introduced.
Controls on real estate transactions	<i>April 22.</i> The limitation on the purchase of residential or shop or office space by nonresidents was lifted.

### **Changes During 1999**

<b>Nonresident accounts</b>	<i>February 15.</i> Foreign direct investors were allowed to repatriate the proceeds from portfolio investments, subject to paying a levy.
<b>Capital transactions</b>	
Controls on capital and money market instruments	<i>February 15.</i> The requirement that nonresident holdings of Malaysian securities be kept in Malaysia for at least one year was replaced by a graduated system of exit taxes on capital and capital gains.

# MALDIVES

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

## Exchange Arrangement

Currency The currency of Maldives is the Maldivian rufiyaa.

Exchange rate structure Unitary.

### Classification

Conventional pegged arrangement The exchange rate is determined on the basis of a trade-weighted basket of currencies. Once the exchange rate is set, the Maldives Monetary Authority (MMA) buys and sells currency at a spread of 10 laari within which commercial banks and foreign exchange dealers must also operate. To promote stability and maintain confidence, the authorities have de facto kept the exchange rate stable vis-à-vis the dollar since October 1994.

Exchange tax No.

Exchange subsidy No.

Forward exchange market No.

## Arrangements for Payments and Receipts

Prescription of currency requirements The MMA sells foreign exchange to trading firms and individuals through the Post Office Exchange Counter (POEC). The POEC imposes daily limits for cash and noncash transactions of \$300 and \$2,000 respectively.

Payment arrangements No.

Administration of control No.

### International security restrictions

In accordance with UN sanctions Imports from Iraq and the Federal Republic of Yugoslavia (Serbia/Montenegro) are prohibited.

Payment arrears No.

Controls on trade in gold (coins and/or bullion) Transactions in gold are not subject to regulation.

Controls on exports and imports of banknotes No.

## Resident Accounts

### Foreign exchange accounts permitted

Held domestically Yes.

Held abroad Yes.

Accounts in domestic currency convertible into foreign currency Yes.

## Nonresident Accounts

Foreign exchange accounts permitted No distinction is made between accounts held by residents and those held by nonresidents.

<b>Domestic currency accounts</b>	No.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	Import operations may only be conducted after being registered and licensed at the Ministry of Trade and Industries.
Open general licenses	All goods may be imported under an OGL system. Licenses are issued on application.
Licenses with quotas	All private sector imports of rice, wheat flour, and sugar are subject to a quota.
Other nontariff measures	Imports from Iraq and the Federal Republic of Yugoslavia (Serbia/Montenegro) are prohibited.
<b>Import taxes and/or tariffs</b>	Duties are levied on all merchandise items other than rice, flour, and sugar.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Export licenses are issued by the Ministry of Trade and Industries. The private sector may export most items, with the exception of fresh and frozen tuna.
With quotas	Quotas for exports of aquarium fish are in effect.
<b>Export taxes</b>	Exports of fish and fish products and reexports are exempt from duties. However, a 50% tax is levied on the export of ambergris.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

#### Controls on capital and money market instruments

On capital market securities

*Shares or other securities of a participating nature*

Purchase locally by nonresidents

Although no law prohibits these purchases, there is a restriction on the foreign purchase of shares placed by some companies that have floated their securities.

Sale or issue locally by nonresidents	The law permits raising of capital through public offering.
<b>Controls on derivatives and other instruments</b>	n.a.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	
Inward direct investment	Investments require prior approval from the government. Investors are required to provide at least 75% of their capital investment in cash or goods financed from outside Maldives.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	n.a.
<b>Controls on personal capital movements</b>	Gambling is not allowed in Maldives. No further information is available on these transactions.
<b>Provisions specific to commercial banks and other credit institutions</b>	No.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

No significant changes occurred in the exchange and trade system.



# MALI

(Position as of February 28, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 1, 1996.

### Exchange Arrangement

#### Currency

The currency of Mali is the CFA franc.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The CFA franc is pegged to the euro at the rate of CFAF 100 per €0.1524. Exchange rates for other currencies are derived from the rate for the currency concerned in the Paris exchange market and the fixed rate between the euro and the CFA franc. They include a bank commission of 0.25% on transfers to all countries outside the WAEMU, which must be surrendered in its entirety to the Treasury.

#### Exchange tax

There is no exchange tax, but foreign exchange transfers are subject to a stamp duty.

#### Exchange subsidy

No.

#### Forward exchange market

Forward exchange contracts may be arranged with the prior authorization of the MOF. For certain products, the duration of forward exchange rate cover may be extended to three months but cannot be renewed. For exports, the duration of forward exchange contracts may not exceed 120 days after the arrival of the goods at their destination.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Settlements with France, Monaco, and other countries linked to the French Treasury through an Operations Account (WAEMU members, Cameroon, the Central African Republic, Chad, the Comoros, the Republic of Congo, Equatorial Guinea, and Gabon) are made in CFA francs, euros, or the currency of any other Operations Account country. There are no prescription of currency requirements for transfers to non-WAEMU franc zone countries.

#### Payment arrangements

##### Regional arrangements

An Operations Account is maintained with the French Treasury that links Operations Account countries. All purchases or sales of foreign currencies or euros against CFA francs are ultimately settled through a debit or credit to the Operations Account.

##### Clearing agreements

Yes.

#### Administration of control

The MOF has sole authority in exchange control matters but has delegated certain exchange control powers to the BCEAO and to authorized banks.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

Authorization from the Directorate of External Commerce, issued after a favorable ruling by the MOF, is required to hold, sell, import, export, or deal in raw diamonds and precious and semiprecious materials.

#### Controls on external trade

Commercial imports and exports of gold do not require authorization from the MOF but are subject to all foreign trade regulations, including bank domiciliation, customs declaration, and the obligation to repatriate export proceeds. Travelers may export gold jewelry and personal belongings, other than gold coins and ingots, up to a maximum weight of 500 grams.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

Residents traveling to non-BCEAO countries are not allowed to take out BCEAO banknotes.

*Foreign currency*

The reexportation of foreign banknotes for amounts exceeding the equivalent of CFAF 250,000 requires documentation demonstrating the importation of the foreign banknotes, or their purchase through a means of payment registered in the name of the traveler or through the use of nonresident deposits in local banks.

**On imports***Foreign currency*

Nonresidents may bring in any amount of foreign banknotes and coins (except gold coins) of countries outside the Operations Account area. Residents bringing in foreign banknotes and foreign currency traveler's checks exceeding the equivalent of CFAF 25,000 must declare them to customs upon entry and sell them to an authorized intermediary bank within eight days.

**Resident Accounts****Foreign exchange accounts permitted****Held domestically**

Holding accounts at local financial institutions requires prior authorization of the MOF.

**Held abroad**

Yes.

**Accounts in domestic currency convertible into foreign currency**

Yes.

**Nonresident Accounts****Foreign exchange accounts permitted**

The opening of these accounts is subject to the prior authorization of the MOF.

**Domestic currency accounts**

Because the BCEAO has suspended the repurchase of banknotes circulating outside WAEMU countries, nonresident accounts may not be credited or debited with BCEAO banknotes.

**Blocked accounts**

Yes.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports****Domiciliation requirements**

A domiciliation requirement exists for all imports exceeding CFAF 500,000.

**Preshipment inspection**

An inspection for quality and price is required.

**Letters of credit**

LCs are required for imports of goods outside EU, Operations Account, and ACP countries.

**Import licenses and other nontariff measures**

There are no import licensing requirements, but imports are required to be registered and permits are issued automatically. Imports from Israel are prohibited.

**Import taxes and/or tariffs**

Imports are subject to a customs duty (up to 5%), a fiscal duty (up to 25%), and a customs service fee (5%). Some goods are exempt from these charges. Tariff rates are ad valorem (except for those on petroleum products) and based on c.i.f. values. Petroleum is subject to

a variable levy. Imports are subject to additional taxes ranging from 7.5% to 55%, but have been temporarily suspended since 1994.

**State import monopoly**

No.

### Exports and Export Proceeds

**Repatriation requirements**

Exports to foreign countries must be recorded with an authorized bank, and all export proceeds, including those originating in France and other countries linked to the French Treasury by an Operations Account, must be repatriated through the BCEAO.

**Surrender requirements**

Proceeds must be surrendered within 30 days of the payment due date or within 120 days of shipment if no payment date is specified in the sales contract.

**Financing requirements**

No.

**Documentation requirements**

**Domiciliation**

Yes.

**Export licenses**

All exports require only a certificate of registration.

**Export taxes**

No.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

Payments to France, Monaco, and the countries linked to the French Treasury by an Operations Account are permitted freely. For payments for invisibles to other countries not exceeding CFAF 300,000, no supporting documents are required. Payments related to trade above this amount are permitted freely when the basic trade transaction has been approved or does not require authorization.

**Investment-related payments**

There are controls only on the payment of profits.

*Prior approval*

Yes.

**Payments for travel**

*Prior approval*

MOF approval is needed for travel outside the franc zone and for allowances in excess of the limits.

*Quantitative limits*

There is a limit of CFA 500,000 a trip for tourist travel and CFAF 2,750,000 for business travel (including tourist trip allocation).

*Indicative limits/bona fide test*

Yes.

**Personal payments**

Payment of study abroad costs and medical expenses are free on the basis of supporting documents.

*Prior approval*

No information is available for the payment of study abroad costs.

*Indicative limits/bona fide test*

Yes.

**Foreign workers' wages**

The transfer of salaries is permitted upon presentation of the appropriate pay voucher, provided that the transfer takes place within three months of the pay period or that there is a reciprocity agreement with the foreigner's country of nationality.

*Prior approval*

Yes.

*Indicative limits/bona fide test*

Yes.

**Credit card use abroad**

Credit cards must be issued by resident financial intermediaries and authorized banks.

*Prior approval*

Yes.

*Quantitative limits*

Limits are the same as for tourist and business travel.

*Indicative limits/bona fide test*

Yes.

## Other payments

*Prior approval* Yes.

*Indicative limits/bona fide test* Yes.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements** Yes.

**Surrender requirements** Proceeds, except those from transactions with France, Monaco, and the countries linked to the French Treasury by an Operations Account, must be surrendered.

**Restrictions on use of funds** No.

### Capital Transactions

**Controls on capital and money market instruments**

Capital movements between Mali and France, Monaco, and the countries linked to the French Treasury by an Operations Account are free of restrictions. Capital transfers to all other countries require authorization from the MOF, and at least 75% of investment abroad must be financed by foreign borrowing. Capital receipts from these countries are permitted freely.

The liquidation of foreign investment is subject to reporting to the MOF, and the reinvestment of proceeds is subject to prior authorization. If no authorization is given for the reinvestment, the proceeds in foreign exchange must be surrendered to an authorized intermediary bank within one month.

**On capital market securities**

*Shares or other securities of a participating nature*

**Purchase locally by nonresidents** Yes.

**Sale or issue locally by nonresidents** For nonresidents, prior authorization by the MOF is required. Residents may acquire these securities by obtaining a permit from the MOF. There are no restrictions on the sale of securities constituting disinvestment. Payments for sales by transfer abroad or by credit to a nonresident account, however, require an exchange permit approved by the MOF.

**Purchase abroad by residents** Prior authorization from the MOF is required.

**Sale or issue abroad by residents** Residents are free to transfer these securities abroad. If the effect of these transactions is to place Malian resident institutions under foreign control, the foreign investors concerned are required to report in advance to the MOF. The same rule applies to disinvestments. Foreign currency proceeds from these transactions must be surrendered to a domestic authorized bank.

*Bonds or other debt securities* The same regulations apply as for shares and other securities of a participating nature.

**Purchase locally by nonresidents** Yes.

**Sale or issue locally by nonresidents** Yes.

**Purchase abroad by residents** Yes.

**Sale or issue abroad by residents** Yes.

**On money market instruments**

*Purchase locally by nonresidents* The purchase may be effected through a domestic bank.

*Sale or issue locally by nonresidents* These sales require prior authorization of the MOF, except for disinvestments. Transfer of the proceeds requires an exchange permit approved by the MOF.

*Purchase abroad by residents* Prior authorization from the MOF is required.

<i>Sale or issue abroad by residents</i>	Residents are free to sell money market instruments abroad. Sales constituting disinvestment are subject to prior disclosure. The foreign currency proceeds of such sale or disinvestment must be surrendered to a licensed banking intermediary. The issue abroad of money market instruments by residents is governed by the provisions applicable to loans.
On collective investment securities	
<i>Sale or issue locally by nonresidents</i>	Prior authorization is required.
<i>Purchase abroad by residents</i>	Prior authorization is required.
<b>Controls on derivatives and other instruments</b>	These instruments, which are virtually nonexistent, are governed by the regulations generally applicable to securities and investments.
<b>Controls on credit operations</b>	
Commercial credits	Special controls apply for borrowing outside the region.
<i>By residents to nonresidents</i>	<p>The granting of these credits is subject to the following provisions:</p> <p>Any claims generated by the export of goods must be collected and the corresponding amounts must be repatriated through the BCEAO within 30 days of the due date of the payment stipulated in the commercial contract. In principle, the grace period should not exceed 120 days following the arrival of the merchandise at its destination.</p> <p>Any claims generated by the provision of services must also be collected and then surrendered on the exchange market within one month, at most, of the due date of the payment, for which no limit is set.</p>
<i>To residents from nonresidents</i>	There are no restrictions on the granting of these credits; their repayment is generally authorized, subject to the licensed intermediary being presented with documentation attesting to the reality of the commercial transaction or to the provision of services.
Financial credits	
<i>By residents to nonresidents</i>	The granting of financial credits is subject to the prior authorization of the MOF. The transfer of funds abroad for this purpose requires an exchange permit approved by the MOF.
<i>To residents from nonresidents</i>	There are no restrictions on these credits. However, if these transactions are carried out between a direct investment enterprise established in Mali and its parent company abroad, they are considered to be direct investment and, as a result, are subject to prior disclosure to the MOF.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	The granting of guarantees, sureties, and financial back-up facilities is subject to the prior authorization of the MOF. The transfer of funds abroad requires an exchange permit approved by the MOF.
<i>To residents from nonresidents</i>	There are no restrictions on the granting of these facilities.
<b>Controls on direct investment</b>	
Outward direct investment	Outward investment (including real estate purchases) by residents is subject to prior authorization by the MOF.
Inward direct investment	Inward investments must be reported in advance to the MOF, which has two months to request deferment of plans. Any transfer of direct investment by a nonresident to another nonresident is also subject to prior disclosure.
<b>Controls on liquidation of direct investment</b>	Proceeds of the sale or the liquidation of foreign direct investment or the sale of real estate may be freely transferred abroad or credited to a foreign account in francs, upon presentation of supporting documentation to the MOF and receipt of the latter's response. Disinvestment, whether involving Malian investment abroad or foreign investment in Mali, must be reported to the MOF within 20 days of each transaction.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Prior authorization of the MOF is required.

Purchase locally by nonresidents	There are no restrictions on purchases, provided that they do not represent direct investment in an enterprise, branch office, or company.
Sale locally by nonresidents	The proceeds of the sale or liquidation of foreign direct investment or the sale of real estate may be freely transferred abroad or credited to a foreign account in francs, upon presentation of supporting documentation to the MOF and receipt of the latter's response.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	Prior authorization of the MOF is required.
<i>To residents from nonresidents</i>	The borrower must obtain prior authorization from the MOF if the amount of the loan exceeds CFAF 30 million and if the interest rate is above the normal market rate. No authorization is required for loans contracted to finance imports or exports.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	Payments relating to inheritances and legacies are generally authorized. Payments in connection with gifts or donations, however, require the prior authorization of the MOF.
Settlement of debts abroad by immigrants	Immigrants acquiring resident status must obtain the prior authorization of the MOF for the payment of debts contracted abroad while they were nonresidents.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	These transfers are allowed upon presentation of proof of emigration to the MOF.
Transfer of gambling and prize earnings	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Licensed intermediaries are free to borrow abroad. Other credit institutions are governed by general provisions applicable to other residents.
Maintenance of accounts abroad	Banks and financial institutions are not authorized to hold liquid assets outside the WAEMU zone, except to meet the needs of their current operations.
Lending to nonresidents (financial or commercial credits)	There are no restrictions on commercial credit operations of this type; the prior authorization of the MOF is required for loans, financial credits, and the purchase of securities issued abroad.
Purchase of locally issued securities denominated in foreign exchange	Prior authorization of the MOF is required.
Differential treatment of deposit accounts in foreign exchange	
<i>Credit controls</i>	Yes.
Differential treatment of deposit accounts held by nonresidents	
<i>Credit controls</i>	Yes.
Investment regulations	The same regulations apply as for other residents.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on portfolio invested abroad	On February 1, 1999, controls were imposed by the Insurance Code of the Inter-African Insurance Market Conference.
Limits (min.) on portfolio invested locally	Yes.
Other controls imposed by securities laws	No.

### Changes During 1998

#### Capital transactions

*November 20.* The WAEMU regulation on external financial relations was adopted.

Controls on capital and money market instruments

*September 16.* The WAEMU regional stock exchange began operations in Abidjan.

*November 20.* Any investment abroad by a resident in the WAEMU countries became free of controls. The liquidation of foreign investments by residents and inward direct investments was liberalized.

Controls on derivatives and other instruments

*November 20.* Residents' buying and selling of options were liberalized.

### Changes During 1999

#### Exchange arrangement

*February 1.* Residents are authorized to arrange forward exchange cover for settlements relating to the import and export of goods and services.

#### Arrangements for payments and receipts

*February 1.* The amount of transfers authorized without supporting documentation was increased to CFAF 300,000 from CFAF 100,000.

*February 1.* The list of generally authorized transactions was expanded to include transfers of the proceeds of disinvestment and of the sale of foreign securities to nonresidents relating to option purchases.

#### Resident accounts

*February 1.* Residents may be authorized to open foreign exchange accounts with local banks or banks abroad. Such authorization is granted by the MOF after BCEAO assent has been obtained. The opinion of the President of the WAEMU Council of Ministers is no longer required.

#### Nonresident accounts

*February 1.* Authorization to open nonresident accounts is granted by the BCEAO. The MOF and the President of the WAEMU Council of Ministers no longer have a role in this process.

#### Imports and import payments

*February 1.* The level of import transactions requiring domiciliation was increased to CFAF 5,000,000 from CFAF 3,000,000.

#### Exports and export proceeds

*February 1.* Exports between WAEMU countries are no longer subject to domiciliation and repatriation of proceeds.

#### Payments for invisible transactions and current transfers

*February 1.* The settlement and transit income of foreign ships in the WAEMU zone and WAEMU ships abroad are generally treated as authorized current transactions.

*February 1.* Indicative ceilings on foreign currency allocations to resident travelers were eliminated. The amount of foreign currency to be surrendered by residents after travel was increased to CFAF 300,000 from CFAF 50,000.

#### Proceeds from invisible transactions and current transfers

*February 1.* Income or proceeds collected abroad or paid by a nonresident must be surrendered to a licensed intermediary within one month of the payment due date.

#### Capital transactions

*February 1.* There are no controls on foreign investment in WAEMU countries or on foreign borrowing by residents. These operations are subject only to reporting for statistical purposes.

*February 1.* The prior authorization of the Public Saving and Financial Markets Regional Council is required for the following operations: issuing, marketing of securities and real assets of foreign entities, canvassing, publicity, or advertising for investment abroad.

Controls on liquidation of direct investment

*February 1.* There are no controls on transfers abroad of disinvestment proceeds by nonresidents. Authorization is no longer required for investment abroad consisting of the acquisition by residents of securities for which the issue or marketing by nonresidents has been authorized in advance by the Public Savings and Financial Markets Regional Council.

Provisions specific to commercial banks and other credit institutions

*February 1.* Loans and other assistance granted to nonresidents are subject to the prior authorization of the MOF after the assent of the BCEAO has been obtained.

Provisions specific to institutional investors

*February 1.* Controls were imposed by the Insurance Code of the Inter-African Insurance Market Conference.

# MALTA

(Position as of April 30, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: November 30, 1994.

### Exchange Arrangement

#### Currency

The currency of Malta is the Maltese lira.

#### Other legal tender

Malta has 23 denominations of gold coins, which are legal tender.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The exchange rate of the Maltese lira is determined on the basis of a weighted basket of currencies comprising the pound sterling, the dollar, and the euro. Unless market conditions indicate otherwise, a variable spread of approximately 0.125% is applied effective January 1, 1999, to the middle rate to compute the buying and selling rates for transactions between the CBM and the credit institutions (authorized banks). These transactions may be conducted in euros, pounds sterling, or dollars, normally in amounts not less than Lm 150,000. Transactions in smaller amounts are handled through the interbank market. There is no limit on the spread between the buying and selling rates the credit institutions may quote. Authorized banks may also establish rates for currencies not quoted by the CBM based on the latest international market rates.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Yes.

#### Official cover of forward operations

The CBM provides forward cover directly to government departments and public sector bodies in respect of such transactions. Forward rates are based on interest rate differentials between market rates and international money market rates.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Authorized payments to all countries may be made by crediting Maltese liri to an external account or in any foreign currency, while the proceeds of exports to all countries may be received in any foreign currency.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Operative*

There is an agreement with Libya with outstanding balances being settled in convertible currencies within 90 days.

#### Administration of control

The CBM, as agent for the MOF, administers exchange controls. Approval authority for the allocation of foreign exchange for certain purposes has been delegated to the credit institutions. Authority to approve specified foreign exchange payments has also been delegated to a number of foreign exchange bureaux. The CBM is responsible for issuing licenses to operators of such agencies.

#### International security restrictions

##### In accordance with Executive Board Decision No. 144-(52/51)

Yes.

##### In accordance with UN sanctions

Certain restrictions on payments and transfers to Angola, Georgia, the Federal Republic of Yugoslavia (Serbia/Montenegro) Iraq, Liberia, Libya, Rwanda, Sierra Leone, and Somalia



remain in force in compliance with UN Security Council Resolutions. Effective April 30, 1999, restrictions on transactions with Libya were suspended following the suspension of sanctions by the United Nations.

**Payment arrears**

No.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade

Residents are allowed to hold coins and acquire jewelry but must obtain permission from the CBM to purchase and sell any gold coins that are not legal tender.

Controls on external trade

Subject to exchange control permission, authorized importers may import gold bullion solely for the manufacture of gold articles. The importation of gold coins is controlled to ensure that such coins are used for genuine numismatic purposes. With the exception of gold and silver filigree, the importation of which is still restricted, the requirement of an import license has been removed for gold coins, gold bullion, and manufactured and semi-manufactured articles of gold and silver.

The exportation of nonmanufactured gold by residents other than the monetary authorities also requires exchange control approval.

**Controls on exports and imports of banknotes**

On exports

*Domestic currency*

Travelers may export up to Lm 25 a person.

*Foreign currency*

Nonresident travelers may export foreign currency up to the amount they bring in. Residents may export up to Lm 2,500 a trip.

On imports

*Domestic currency*

Only Lm 50 in notes and coins that are or have been legal tender in Malta may be imported.

*Foreign currency*

Subject to the provisions of the Money Laundering Act, any amount of foreign currency may be imported in connection with current or capital transactions.

## Resident Accounts

**Foreign exchange accounts permitted**

Held domestically

Effective January 1, 1999, resident individuals may invest up to Lm 8,000 (previously, Lm 5,000) a year in savings and time deposit accounts denominated in foreign currency. Export companies may deposit export proceeds in such accounts for a maximum period of six months. Approval is not required if amounts do not exceed the portfolio investment limit (Lm 8,000 a year) or if the deposited amounts are from repatriated funds.

Held abroad

Approval is not required if amounts do not exceed Lm 8,000 a year. Subject to exchange control permission, juridical and natural persons may maintain demand deposit accounts abroad.

**Accounts in domestic currency convertible into foreign currency**

Conversion is allowed freely with regard to all authorized transactions.

## Nonresident Accounts

**Foreign exchange accounts permitted**

These accounts may be credited with funds from overseas sources or with income earnings from permitted activities carried out in Malta.

**Domestic currency accounts**

The same criteria apply as for foreign exchange accounts.

Convertible into foreign currency

Yes.

**Blocked accounts** n.a.

### Imports and Import Payments

**Foreign exchange budget** No.

**Financing requirements for imports** No.

**Documentation requirements for release of foreign exchange for imports** Payments for all authorized imports may be made freely, provided that currency regulations are complied with and that supporting documents, including the customs entry form for imports over Lm 20,000 and related import license, where applicable, are submitted to the intermediary bank.

**Domiciliation requirement** Import payments must be transacted through authorized credit or financial institutions.

**Import licenses used as exchange licenses** Where import licenses are required, such licenses must be presented to the authorized credit and financial institutions to obtain foreign exchange.

**Import licenses and other nontariff measures** The Director of Imports and Internal Trade in the Ministry for Economic Services administers certain import controls in line with the Importation Control Regulations.

**Negative list** Licenses are required only for the importation of items that need clearance for health, safety, security, and environmental reasons, as well as for particularly sensitive items, such as fresh and frozen fish, handmade lace, and gold and silver filigree.

**Open general licenses** Most products may be imported without an import license.

**Import taxes and/or tariffs** Imports originating from non-EU countries are subject to import duties. Additionally, a number of imports are subject to protective levies.

**State import monopoly** The importation of barley, maize, hard and soft wheat, and certain petroleum products is undertaken only by state-owned enterprises.

### Exports and Export Proceeds

**Repatriation requirements** Proceeds must be received within six months of shipment.

**Surrender requirements** Export proceeds must be surrendered to the authorized credit and financial institutions. However, effective January 1, 1999, exporters may retain export proceeds in foreign currency deposit accounts with authorized banks for up to six months to make import payments connected with their exporting business.

**Financing requirements** No.

**Documentation requirements** Exporters must submit a CBM form for exports over Lm 20,000.

**Export licenses** With the exception of works of art and certain essential goods, all products may be exported freely.

**Without quotas** Certain items of clothing for export to countries in the EU are subject to indicative ceilings and EU statistical surveillance.

**Export taxes** No.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** Payments for invisibles may be made freely, although in some cases, they are subject to limits on the amounts remitted, to prevent capital transfers. In such cases, supporting documents must be presented to authorized credit and financial institutions.

**Payments for travel** There are no restrictions on payments for accommodation and transportation expenses, as long as they are paid for in Malta or abroad with credit cards.

**Quantitative limits** Residents are entitled to a travel allowance equivalent to Lm 2,500 a trip.

<i>Indicative limits/bona fide test</i>	Amounts in excess of the above limit may be granted upon submission of documentary proof of need.
Personal payments	There are no restrictions on the transfer of pensions.
<i>Prior approval</i>	Approval is required from the CBM.
<i>Quantitative limits</i>	The annual limit each resident may transfer abroad to other family members or as a cash gift is Lm 2,500. Remittances above this limit require exchange control approval.
<i>Indicative limits/bona fide test</i>	Supporting documents must be presented to the intermediary bank or to the CBM.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Proceeds must be received within six months of payment.
Surrender requirements	Receipts must be offered for sale to an authorized credit or financial institution or, if permitted by the CBM, deposited in a foreign currency account under the same conditions as those stipulated for exporters.
<b>Restrictions on use of funds</b>	Funds deposited in foreign currency accounts may not be utilized for capital transactions without an authorization from the CBM.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	These controls are not applicable to the banking sector. Effective October 31, 1998, exchange control regulations were amended to liberalize the insurance market by allowing residents to subscribe to a variety of insurance policies, including life insurance policies, in foreign currency. Subscription to such policies is considered an investment in foreign currency and is subject to the annual allowance for investments in foreign currency.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	Approval from the CBM must be obtained to purchase or acquire securities that are not listed on the Malta Stock Exchange (MSE). Such approval is not required for portfolio investments in the form of bank deposits, government treasury bills, and securities listed on the MSE.
Sale or issue locally by nonresidents	Securities may not be issued without the approval of the Malta Financial Services Centre (MFSC), the authority that is responsible for supervising and regulating financial services (except banking) in Malta.
Purchase abroad by residents	Effective January 1, 1999, individuals and companies are permitted to invest up to Lm 8,000 a year. Any investment above that amount requires exchange control approval from the CBM. Repatriated funds and insurance payments to residents received from non-resident sources are also eligible for reinvestment overseas as long as they are retained in foreign currency.
Sale or issue abroad by residents	Residents are permitted to sell their approved holdings of foreign portfolio investments and acquire other such investments. However, they are not permitted to issue securities overseas without CBM approval.
<i>Bonds or other debt securities</i>	The same regulations apply as for shares or other securities of a participating nature.
On money market instruments	The same regulations apply as for shares or other securities of a participating nature.
On collective investment securities	
<i>Sale or issue locally by nonresidents</i>	Sales are permitted, but the issue of these securities requires the approval of the MFSC.
<i>Purchase abroad by residents</i>	The same regulations apply as for shares or other securities of a participating nature.
<i>Sale or issue abroad by residents</i>	The same regulations apply as for shares or other securities of a participating nature.
<b>Controls on derivatives and other instruments</b>	Presently, such transactions are limited to spot and forward deals outside the banking sector. Such transactions are generally only allowed against an underlying transaction.

Purchase locally by nonresidents	Yes.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	Exchange control approval is not required for commercial credits, but export proceeds must be received within six months of shipment, unless otherwise authorized.
Financial credits	
<i>By residents to nonresidents</i>	These loans require approval.
<i>To residents from nonresidents</i>	Loans in excess of Lm 5,000 may be obtained from foreign sources, provided that the loan is for a period of over three years and related documentation is submitted for statistical purposes. Borrowing in excess of Lm 5,000 for a period of less than three years' maturity is subject to CBM approval.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	These transactions are allowed if related to trade transactions.
<b>Controls on direct investment</b>	
Outward direct investment	Effective January 1, 1999, resident individuals and companies, are allowed to remit up to Lm 300,000 a year for direct investment purposes. Investments in excess of that amount require CBM approval.
Inward direct investment	Prior CBM approval is required. Such authorization is denied only in exceptional cases. Direct investment is usually prohibited if the investment is in the real estate, wholesale, and retail trade sectors (particularly the importation of consumer goods for resale). Applications for direct investment in other activities may also be refused if the sectors involved are considered sensitive from a local economy perspective.
<b>Controls on liquidation of direct investment</b>	The remittance of proceeds requires CBM approval, which is usually granted once documentary evidence of the original investment is submitted.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	CBM approval is required; the CBM considers each case on its own merits. Residents are, however, allowed to purchase real estate overseas using funds already held in portfolio investments abroad.
Purchase locally by nonresidents	Effective January 1, 1999, nonresidents may acquire immovable property in Malta as their own residence, with the permission of the MOF, on the condition that the cost of property to be acquired exceeds Lm 30,000 in the case of an apartment and Lm 50,000 in the case of any other residence, and that funds originate from overseas, and the ad valorem stamp duty on the value of property sold to nonresidents was reduced to 10% from 17%.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Loans in excess of Lm 5,000 may be obtained from foreign sources, provided that the loan is for a period of over three years and related documentation is submitted for statistical purposes. Borrowing in excess of Lm 5,000 with less than three years maturity is subject to specific CBM approval.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	Gifts are limited to Lm 2,500, but there are no limits for endowments, inheritances, and legacies.

Settlement of debts abroad by immigrants	Yes.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	Credit institutions, other than banks that are authorized to transact only in currencies other than the Maltese lira, as well as certain financial institutions, may hold foreign assets up to a limit specified by the CBM; this limit is exclusive of foreign assets held as a hedge against foreign currency liabilities.
Borrowing abroad	Such borrowings have to be registered with the CBM.
Maintenance of accounts abroad	Credit institutions may hold accounts subject to portfolio limits.
Lending to nonresidents (financial or commercial credits)	Lending and purchases of securities abroad are permitted, subject to banking directives on large exposures and as long as foreign asset portfolio limits are not exceeded.
Lending locally in foreign exchange	Lending is permitted, subject to the foreign asset portfolio limits stipulated by the CBM.
Purchase of locally issued securities denominated in foreign exchange	This is subject to the foreign assets portfolio limit stipulated by the CBM.
Differential treatment of deposit accounts in foreign exchange	
<i>Interest rate controls</i>	Interest rates on accounts denominated in foreign exchange are fully liberalized. Interest rates on Lm accounts are still subject to certain limits.
Open foreign exchange position limits	Open foreign exchange position limits are subject to foreign asset limits.
<i>On resident assets and liabilities</i>	n.r.
<i>On nonresident assets and liabilities</i>	n.r.
<b>Provisions specific to institutional investors</b>	Investments of funds that originate from overseas or from resident sources, as long as the latter do not exceed the yearly portfolio investment allowance, are permitted. Resident insurance companies have limits imposed by the CBM on the size of their foreign asset portfolio. These limits are revised from time to time.
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Yes.
Limits (max.) on portfolio invested abroad	Yes.
<b>Other controls imposed by securities laws</b>	n.r.

### Changes During 1998

<b>Capital transactions</b>	<i>October 31.</i> Exchange control regulations were amended to liberalize the insurance market by allowing residents to subscribe to a variety of insurance policies, including life insurance policies, in foreign currency. Subscription to such policies is considered an investment in foreign currency and is subject to the annual allowance for investments in foreign currency.
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### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> The variable spread used for the computation of the buying and selling rates for transactions in foreign exchange between the CBM and the credit institutions was reduced to approximately 0.125%.  <i>January 1.</i> The composition of the Maltese lira basket was revised to take into account the introduction of the euro. The euro was allocated the previous weight of the ECU
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	component, excluding the sterling weight within the ECU. The latter was allocated to the weight of the sterling in the Maltese lira basket.
<b>Arrangements for payments and receipts</b>	<i>April 30.</i> Restrictions on transactions with Libya were suspended following the suspension of sanctions by the United Nations.
<b>Resident accounts</b>	<i>January 1.</i> The allowance for investments in foreign currency by resident individuals and nonfinancial corporate bodies, without specific exchange control approval, was increased to Lm 8,000 from Lm 5,000 a year.
<b>Exports and export proceeds</b>	<i>January 1.</i> The period during which exporters are allowed to retain export proceeds in foreign currency deposit accounts was extended to six months from four months.
<b>Capital transactions</b>	<i>January 1.</i> The allowance for investments in foreign currency by resident individuals and nonfinancial corporate bodies, without specific exchange control approval, was increased to Lm 8,000 from Lm 5,000 a year.
Controls on direct investment	<i>January 1.</i> The allowance for direct investment abroad by resident individuals and corporate bodies, without specific exchange control approval, was increased to Lm 300,000 from Lm 150,000 a year.
Controls on real estate transactions	<i>January 1.</i> "Ad valorem" stamp duty on the value of property sold to nonresidents was reduced to 10% from 17%. The minimum value of property to be acquired by nonresidents was raised to Lm 30,000 from Lm 15,000 in the case of apartments and to Lm 50,000 from Lm 15,000 in the case of other residences.

# MARSHALL ISLANDS

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: May 21, 1992.

### Exchange Arrangement

#### Currency

The currency of the Marshall Islands is the U.S. dollar.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The authorities do not buy or sell foreign exchange. Foreign exchange transactions are handled by three commercial banks, which are authorized foreign exchange dealers and are regulated by a statutory banking board. The banks buy and sell foreign exchange at the rates quoted in the international markets.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Forward transactions may be conducted through commercial banks without restrictions.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Outward and inward payments may be settled in U.S. currency or in any other convertible currency.

#### Payment arrangements

No.

#### Administration of control

There are no exchange control regulations.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

n.a.

#### Controls on exports and imports of banknotes

n.a.

## Resident Accounts

### Foreign exchange accounts permitted

#### Held domestically

Yes.

#### Held abroad

Commercial banks are not permitted to transfer abroad more than 25% of deposits received from residents. In practice, this regulation is not strictly enforced and does not prevent a depositor from transferring deposits abroad.

#### Accounts in domestic currency convertible into foreign currency

Yes.

## Nonresident Accounts

### Foreign exchange accounts permitted

Yes.

<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for re-release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	Imports are not subject to import licensing requirements, but importers must obtain a business license.
Negative list	Imports of certain products are prohibited for environmental, health, safety, or social reasons.
<b>Import taxes and/or tariffs</b>	Specific and ad valorem duties are levied on imports. Ad valorem duties range from 5% to 75%. Most items are charged a 10% tariff rate, while a 5% rate is applied to food items, medicines, building materials, and heavy machinery. Specific duties are applied on cigarettes, certain beverages, and fuels.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Exports are not subject to licensing requirements, taxes, or quantitative restrictions. The exportation of copra and its by-products is conducted solely by the government-owned Tobolar Copra Processing Plant, Inc.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	n.a.
<b>Controls on derivatives and other instruments</b>	n.a.
<b>Controls on credit operations</b>	n.a.



**Controls on direct investment**

Outward direct investment Foreign investors are required to submit applications to the Cabinet and obtain a license in order to engage in business or to acquire an interest in a business in the Marshall Islands.

Inward direct investment In March 1998, legislation to streamline and make more transparent the licensing and investment approval procedures was approved by the Parliament.

**Controls on liquidation of direct investment**

n.a.

**Controls on real estate transactions**

Purchase locally by nonresidents Foreigners are prohibited from owning land, but investors can obtain long-term leases for up to 50 years with an option to renew on land needed for their business.

**Controls on personal capital movements**

n.a.

**Provisions specific to commercial banks and other credit institutions**

n.a.

**Provisions specific to institutional investors**

n.a.

**Other controls imposed by securities laws**

n.a.

**Changes During 1998**

Controls on liquidation of direct investment *March 31.* Legislation to streamline and make more transparent the licensing and approval procedures was approved by the Parliament.

# MAURITANIA

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article XIV

Yes.

## Exchange Arrangement

### Currency

The currency of Mauritania is the Mauritanian ouguiya.

### Exchange rate structure

Unitary.

### Classification

Managed floating with no preannounced path for the exchange rate

Since end-November 1998, the Central Bank of Mauritania (CBM) sets each week a central intervention rate based on observed and foreseeable market pressures; the reserve accumulation target; and the actual rate observed in transactions recorded in the preceding days by banks and exchange bureaus. Based on this central intervention rate, the CBM uses a fixed margin of 1% in each direction to obtain bid and offer rates, which are used in all foreign-exchange ouguiya transactions by the CBM. Based on these rates, which are announced to market operators and the general public, the CBM buys and sells foreign exchange in the full amounts offered or demanded by banks and exchange bureaus, without limitations. Banks and exchange bureaus continue to freely determine the bid and offer rates and commissions they use in transactions with their customers and among themselves. The average exchange rate is applied to foreign clearing transactions of the Postal Administration. This exchange rate is also applied to remittances through the Postal Administration by Mauritanian workers residing abroad.

### Exchange tax

No.

### Exchange subsidy

No.

### Forward exchange market

No.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

No.

### Payment arrangements

n.a.

### Administration of control

Administration of control is vested in the CBM, the Ministry of Economy and Finance, and the Ministry of Commerce (MOC). Exchange control authority to approve current international transactions is delegated to authorized banks and foreign exchange bureaus. All imports must be registered at the CBM for statistical purposes.

### International security restrictions

n.a.

### Payment arrears

#### Official

Yes.

#### Private

Yes.

### Controls on trade in gold (coins and/or bullion)

#### Controls on external trade

All imports and exports of gold, except manufactured articles containing a minor quantity of gold, require prior authorization from the CBM.

### Controls on exports and imports of banknotes

#### On exports

##### Domestic currency

Travelers are not allowed to take out domestic banknotes and coins.

*Foreign currency*

Residents are authorized to export foreign exchange obtained legally and must provide documentation to prove the source. Nonresidents of foreign nationality may freely export payment instruments denominated in foreign currencies in amounts up to those declared upon entry, less amounts surrendered in exchange for ouguiyas in the minimum lump sum of UM 10,000 a day. Prior to their departure, these nonresidents may repurchase foreign exchange from banks and bureaus if they have surrendered foreign exchange during their stay in amounts exceeding the minimum lump sum. Nonresident holders of foreign accounts denominated in a foreign currency or in convertible ouguiyas may export any amount of traveler's checks denominated in foreign currencies that have been purchased by debit to the aforementioned accounts.

## On imports

*Domestic currency*

Imports are not allowed.

*Foreign currency*

Residents and nonresidents of Mauritania can freely import foreign banknotes but must exchange them at an authorized bank within 15 days of arrival. Effective July 1998, the requirement to declare foreign exchange upon entry into the country was eliminated.

### Resident Accounts

**Foreign exchange accounts permitted**

## Held domestically

Exporters holding import-export permits may open these accounts to deposit the retained portion of their export proceeds in foreign exchange. These accounts may be debited for expenses relating to exporters' production activities or for surrender of foreign exchange to the market.

## Held abroad

Licensed banks and foreign exchange bureaus may freely open accounts with banks abroad to accommodate foreign exchange market transactions. Other residents are not allowed to maintain accounts abroad.

**Accounts in domestic currency convertible into foreign currency**

These accounts may not be opened, except by exporters, as specified above.

### Nonresident Accounts

**Foreign exchange accounts permitted**

Licensed intermediary banks may open freely the following nonresident accounts: (1) nonresident convertible accounts, which may be denominated in foreign currencies or in convertible ouguiyas, and transit accounts. Nonresident convertible accounts may be credited with transfers from abroad or from another foreign account; proceeds from the encashment of checks drawn on a foreign bank or on another foreign account opened in a Mauritanian bank to the order of the account holder; transfers issued by a licensed intermediary bank by order of a resident in payment of transactions authorized by the exchange control regulations; and proceeds from the surrender of foreign exchange on account on the foreign exchange market (however, banknotes, whether foreign or issued by the CBM, may not be deposited). These accounts may be debited for foreign exchange surrendered on the foreign exchange market, funds made available abroad, withdrawals of traveler's checks denominated in a foreign currency by the holder, transfers in favor of another foreign account or a resident, checks issued by the holder of the account in favor of another nonresident or a resident, and withdrawals of banknotes issued by the CBM; and (2) transit accounts, which may be opened freely by resident consignees on their books in the names of shipping companies.

**Domestic currency accounts**

Convertible ouguiya accounts may be credited in the same manner as foreign exchange accounts.

## Convertible into foreign currency

Yes.

**Blocked accounts**

No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	
Advance payment requirements	Advance payments for imports require the prior approval of the CBM.
<b>Documentation requirements for release of foreign exchange for imports</b>	All imports must be insured with the Mauritanian State Insurance and Reinsurance Company.
Domiciliation requirements	Holders of import-export permits are exempted from the domiciliation requirement. Imports by nonholders of import-export permits are subject to the approval of the MOC, and import transactions must be domiciled with an authorized bank.
Preshipment inspection	Required for all import shipments in excess of \$5,000.
Import licenses used as exchange licenses	Upon presentation of the import certificate approved by the CBM, the importer may purchase the foreign exchange from an authorized bank or an exchange bureau.
<b>Import licenses and other nontariff measures</b>	The holders of import-export permits must have a certificate that is endorsed by the CBM. Nonholders of import-export permits are subject to the authorization of the MOC.
Negative list	Imports of a few goods are prohibited for reasons of health or public policy.
Open general licenses	Yes.
<b>Import taxes and/or tariffs</b>	Five fiscal duty rates apply: 27%; 15%; 10%; 5%; and zero. In addition, a customs duty of 5% and a statistical tax of 3% are levied. Goods that are imported by some public enterprises or with external financing are exempt from all import duties. Certain categories of imports from EU and all imports from ECOWAS and Maghreb countries are exempt from the customs duty.
<b>State import monopoly</b>	n.a.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	The obligatory repatriation through the central bank was eliminated as of end-January 1998. However, effective end-July 1998, 15% of export receipts of the state-owned Ore Company (SNIM) were required to be repatriated via correspondents of the banks and exchange bureaus. On January 1, 1999, this requirement was increased to 20%.
Surrender requirements	On July 8, 1998, the surrender requirement of the SNIM was reduced to 85% from 100%. On October 31, 1998, the time export proceeds may be held by exporters was increased to three months from two months.
<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	Export certificates submitted to the CBM for statistical purposes must specify the quantity, value, and destination of all goods.
Domiciliation	Exports exceeding UM 20,000 must be domiciled.
<b>Export licenses</b>	Exports of goods by holders of import-export cards require only a certificate endorsed by the CBM. Exports by nonholders of this card are subject to the authorization of the MOC.
Without quotas	Yes.
<b>Export taxes</b>	A tax is levied on exports of fish and crustaceans at rates ranging from 8% to 20% for specialized catches, and at a rate of 5% for shrimp and crayfish.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	The signing of a contract for services rendered by nonresidents to residents is subject to the CBM's endorsement; foreign exchange necessary to pay for their services may be acquired upon presentation of the endorsed contract and a bill of costs.
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Trade-related payments	
<i>Prior approval</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Investment-related payments	Information is not available on the payment of amortization of loans or depreciation of direct investments.
<i>Prior approval</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Payments for travel	
<i>Prior approval</i>	Amounts in excess of the limit are subject to the prior approval of the CBM.
<i>Quantitative limits</i>	The limit is UM 15,000 a day for the duration of the stay abroad.
<i>Indicative limits/bona fide test</i>	For travel purposes, residents may freely purchase banknotes and traveler's checks denominated in foreign currencies upon presentation of their passport and a travel ticket.
Personal payments	There are controls on the payment of family maintenance and alimony, but information is not available on other personal payments.
<i>Prior approval</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Other payments	There are controls on the payment of consulting and legal fees, but information is not available on other payments.
<i>Prior approval</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Proceeds must be repatriated within four months.
Surrender requirements	Earnings from services routinely rendered abroad by residents must be domiciled at a licensed intermediary bank. Proceeds must be surrendered in exchange for ouguiyas under the same conditions as proceeds from exports of goods.
<b>Restrictions on use of funds</b>	n.a.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Capital movements are subject to exchange control. Outward capital transfers require CBM approval and are restricted, but capital receipts are normally permitted freely, although the subsequent investment of the funds in Mauritania may require approval.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
<i>Purchase abroad by residents</i>	Yes.
On money market instruments	
<i>Purchase abroad by residents</i>	Yes.
On collective investment securities	
<i>Purchase abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	
<i>Purchase abroad by residents</i>	Yes.

<b>Controls on credit operations</b>	All credit transactions, guarantees, sureties, and financial backup facilities by residents to nonresidents are controlled.
<b>Controls on direct investment</b>	Investments must be declared to the CBM before they are made.
Outward direct investment	Yes.
Inward direct investment	Yes.
<b>Controls on liquidation of direct investment</b>	n.a.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Yes.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	n.a.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<i>November 30.</i> Each week, the CBM sets a central intervention rate and uses a fixed margin to quote bid and offer rates.
<b>Arrangements for payments and receipts</b>	<i>July 31.</i> The requirement to declare foreign exchange upon entry into the country was eliminated.
<b>Exports and export proceeds</b>	<i>January 31.</i> The obligatory repatriation through the central bank was eliminated. <i>July 8.</i> The surrender requirement of the SNIM was reduced to 85% from 100%. <i>July 31.</i> Fifteen percent of export receipts of the SNIM were required to be repatriated via correspondents of the banks and exchange bureaus. <i>October 31.</i> The amount of time that export proceeds may be held by exporters was increased to three months from two months.

### Changes During 1999

<b>Exports and export proceeds</b>	<i>January 1.</i> The requirement to repatriate 15% of the export receipts of the SNIM was increased to 20%.
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# MAURITIUS

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: September 29, 1993.

### Exchange Arrangement

<b>Currency</b>	The currency of Mauritius is the Mauritian rupee.
<b>Other legal tender</b>	Gold coins issued in Mauritius are legal tender.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Independently floating	The exchange rate of the Mauritian rupee is market determined.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	Commercial banks are free to provide forward exchange cover to their clients.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	
Regional arrangements	Mauritius is a member of the COMESA Clearinghouse.
Clearing agreements	Yes.
<b>Administration of control</b>	No.
<b>International security restrictions</b>	
In accordance with UN sanctions	Yes.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	Residents are permitted to hold gold for numismatic purposes or as personal jewelry and ornaments.
<b>Controls on exports and imports of banknotes</b>	No.

## Resident Accounts

<b>Foreign exchange accounts permitted</b>	Residents and nonresidents may hold accounts with domestic and offshore banks. There is no distinction between accounts of residents and nonresidents in Mauritius.
<b>Held domestically</b>	Companies and individuals may maintain accounts denominated in foreign exchange with commercial banks.
<b>Held abroad</b>	Yes.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Companies and individuals may maintain with commercial banks accounts denominated in foreign currencies.
<b>Domestic currency accounts</b>	Companies and individuals may maintain with commercial banks accounts denominated in Mauritian rupees.
<b>Convertible into foreign currency</b>	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for re-release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	Imports of agricultural, horticultural, and livestock products require phytosanitary inspection. Import of sugarcane is prohibited.
<b>Open general licenses</b>	Yes.
<b>Import taxes and/or tariffs</b>	Duty rates range up to 100%, with most items subject to rates up to 20%. Certain items are subject to import excise duties ranging from 15% to 400%.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	A permit is required for exports of textile products to the United States and Canada.
<b>With quotas</b>	Mauritius abides by quotas on exports of textiles and clothing to the United States and Canada under bilateral export restraint agreements. Sugar exports to the EU are restricted under the Sugar Protocol of the Lomé Convention. Sugar exports to the United States are also subject to quotas.
<b>Export taxes</b>	n.a.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	There are no controls on the purchase by nonresidents of shares listed on the stock exchange. However, the authorization of the Prime Minister and the Minister of Internal
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	Affairs is required under the Noncitizens Propriety Restriction Act (NPRA) for nonresidents to purchase shares not listed on the stock exchange.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	Yes.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	Banks must comply with capital adequacy norms under the guidelines set by the Basle Committee.
<b>Controls on direct investment</b>	
Inward direct investment	Noncitizens buying property in Mauritius must obtain the prior permission of the Prime Minister and the Minister of Internal Affairs to acquire and hold property. The purchase must be financed by funds transferred from abroad through the banking system.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Noncitizens buying property in Mauritius must obtain the prior permission of the Prime Minister and Minister of Internal Affairs under the NPRA to acquire and hold property. The purchase must be financed by funds transferred from abroad through the banking system.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Purchase of locally issued securities denominated in foreign exchange	Local corporate entities do not issue securities denominated in foreign exchange.
Investment regulations	
<i>Abroad by banks</i>	The Bank of Mauritius (BOM) must approve investments in shares.
<i>In banks by nonresidents</i>	Nonresidents may invest in shares of commercial banks listed on the Stock Exchange of Mauritius (SEM). In the case of banks whose shares are not listed on the SEM, the approval of the Prime Minister and the Minister of Internal Affairs must be sought. In both cases, bank shareholdings of 15% or more require approval of the BOM.
Open foreign exchange position limits	A daily overall foreign exchange exposure limit of 15% in relation to Tier 1 capital is applicable to domestic commercial banks.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	Nonresidents are not allowed to hold more than 15% of shares in the listed sugar companies.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# MEXICO

(Position as of March 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: November 12, 1946.

### Exchange Arrangement

#### Currency

The currency of Mexico is the Mexican peso.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

A floating exchange rate policy is maintained by the government, with Banco de Mexico (BOM) intervening in the foreign exchange market under exceptional circumstances to minimize volatility and ensure an orderly market. The BOM implements a mechanism intended to encourage purchases of foreign exchange by the BOM when there is an excess supply in the foreign exchange market, and discourage such purchases when there is an excess demand. This mechanism was contrived to conserve the nature of the floating foreign exchange regime. Under this mechanism, each month the BOM auctions among banks rights to sell a fixed amount of U.S. dollars in exchange for Mexican pesos. These rights can be partially or completely exercised within the month following the respective auction. Holders of these rights can sell U.S. dollars to the BOM at the interbank exchange rate published for the previous business day, if the exchange rate is not higher than the average exchange rate for the 20 business days prior to the date on which said rights are exercised. The maximum amount of rights to be auctioned per month is currently fixed at US\$250 million.

If 80% of the options to sell U.S. dollars to the BOM is exercised within the first 15 days of the month, the BOM will conduct a second auction of options for up to another US\$250 million. The BOM also announced that it would be prepared to auction (sell) up to US\$200 million a day, but would accept only those bids that are at least 2% more depreciated (in terms of Mexican pesos per U.S. dollar) than the fix of the previous day.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Commercial banks are allowed to enter into forward transactions that involve currencies in over-the-counter markets and formal markets recognized by the BOM (currently, the Chicago Mercantile Exchange, the Chicago Board Options Exchange, the Mid America Commodity Exchange, the Mexican Derivatives Exchange, and the Commodity Exchange Inc.).

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Bilateral payment arrangements

###### Operative

There is a payment arrangement with the central bank of Malaysia.

##### Regional arrangements

In accordance with payment agreements with the central banks of Argentina, Bolivia, Brazil, Chile, Colombia, the Dominican Republic, Ecuador, Paraguay, Peru, Uruguay, and Venezuela, payments to these countries may be made through the BOM and the central bank of the country concerned within the framework of the multilateral clearing system of the LAIA. Similar payment arrangements exist with the central banks of Costa Rica, El Salvador, Guatemala, Honduras, Malaysia, and Nicaragua.

Clearing agreements	In accordance with the regional payment agreements referred to above.
Administration of control	No.
International security restrictions	No.
Payment arrears	No.
Controls on trade in gold (coins and/or bullion)	No.
Controls on exports and imports of banknotes	No.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	Commercial banks are permitted to hold dollar deposits in checking accounts payable in Mexico provided holders of such accounts are (1) residents in the northern border area of Mexico and (2) firms domiciled in Mexico. Commercial banks are also permitted to hold dollar deposits for firms established in Mexico provided such deposits are payable abroad.
Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	No.

### Nonresident Accounts

Foreign exchange accounts permitted	Commercial banks are only permitted to hold dollar deposits through checking accounts payable in Mexico with respect to official representations of foreign governments and international organizations, including foreign individuals employed in such entities.
Domestic currency accounts	Yes.
Convertible into foreign currency	No.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.

#### Import licenses and other nontariff measures

Import licenses from the Secretariat of Commerce and Industrial Promotion (SECOFI) are required for only 75 of the 11,350 items on which Mexico's general import tariff is levied, except for temporary imports of raw materials and intermediate goods for export industries. On average, import licenses cover the applicant's import needs for nine months and may be extended for three months. Import needs are estimated at 20% above the amount of previous actual imports but may be increased when justified. New licenses are issued only if the applicant can demonstrate that at least 70% of earlier licenses have been effectively used. For some commodities, "open-ended" import licenses may be granted, allowing imports to be effected during a period of six months to one year, subject to an overall limit. Depending on the importer's performance, the license may be renewed repeatedly. Imports of new cars of a given manufacturer are limited to 143% of export levels of the same manufacturer. Imports of used cars are subject to the prior approval of the SECOFI.

Negative list	Yes.
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Open general licenses	Yes.
Licenses with quotas	Yes.
<b>Import taxes and/or tariffs</b>	Import tariffs range from zero to 20%, with higher rates for a few products such as clothing, footwear, and leather goods subject to a 35% tariff. Imports from members of LAIA are granted preferential duty treatment. Free trade agreements exist with Bolivia, Chile, Colombia, Costa Rica, Nicaragua, and Venezuela. Trade with the United States and Canada takes place under NAFTA. Mexico has applied antidumping duties on a variety of products: corrugated rod from Brazil; doorknobs, footwear, tools, walkers and carioles, china-ware, and chemical products from China; bicycle tires from India; beef from the EU; metal sheets, steel sheets, metal plates, seamless tubes and pipes, gasoline additives, hydrogen peroxide, and polystyrene from the United States; and polystyrene from Germany.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Most exports do not require licenses. Exports of a few specified items related to endangered species and archaeological pieces are prohibited.
<b>Export taxes</b>	Export taxes are limited to only a few items such as corn flour, turtle oil, and electricity, among others.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Restrictions apply in connection with insurance by foreign insurers relating to (1) persons, when the contract is entered into in Mexico, (2) goods in international trade in transit, to or from Mexican territory, if the risks insured are carried by Mexican residents, unless the insurance contract is entered into without solicitation on the part of the nonresident insurer, (3) risks in Mexican territory, (4) credit insurance, (5) civil liability related to events that may occur in Mexican territory, and (6) all means of transport registered in Mexico or owned by Mexican residents. Reinsurance may be contracted with foreign reinsurance companies.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents	Purchase of shares and other securities of a participating nature may be affected by the laws on inward direct investment and establishment. Such laws specify activities where investment is reserved to the government or Mexican investors. Notwithstanding these
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	restrictions, if certain requirements are met, the Foreign Investment Law allows foreign investors to purchase equity securities traded on the Mexican stock exchange (MSE). Thus, with the authorization of the SECOFI, investment trusts may be established by Mexican banks acting as trustees. These trusts issue ordinary participation certificates that may be acquired by foreign investors; the certificates grant only economic rights to their holders and do not confer voting rights in the companies whose stock is held by the trusts (such voting rights being exercisable only by the trustee).
Sale or issue locally by nonresidents	Foreign commercial entities must register with SECOFI before engaging in habitual commercial activities in the Mexican territory. Foreign securities publicly offered in the domestic market must be approved by the National Banking and Securities Commission (NBSC).
Purchase abroad by residents	Restrictions apply to the purchases of foreign securities by Mexican securities firms and banks for their own account.
Sale or issue abroad by residents	Domestic securities offered in foreign markets must be registered with the National Registry of Securities and Intermediaries (NRSI).
<i>Bonds or other debt securities</i>	
Sale or issue locally by nonresidents	The same regulations apply as for shares or other securities of a participating nature.
Purchase abroad by residents	Restrictions apply to the purchases of foreign securities by Mexican securities firms and banks for their own account and on the account of their clients.
Sale or issue abroad by residents	The same regulations apply as for shares or other securities of a participating nature.
<i>On money market instruments</i>	
<i>Sale or issue locally by nonresidents</i>	The same regulations apply as for shares or other securities of a participating nature.
<i>Purchase abroad by residents</i>	The same regulations apply as for bonds or other debt securities.
<i>Sale or issue abroad by residents</i>	The same regulations apply as for shares or other securities of a participating nature.
<i>On collective investment securities</i>	
<i>Purchase locally by nonresidents</i>	Irrespective of the holder's nationality, limits are imposed on individual holdings of shares issued by mutual funds organized pursuant to the Investments Societies Law.
<i>Sale or issue locally by nonresidents</i>	The same regulations apply as for shares or other securities of a participating nature.
<i>Purchase abroad by residents</i>	The same regulations apply as for bonds or other debt securities.
<i>Sale or issue abroad by residents</i>	The same regulations apply as for shares or other securities of a participating nature.
<b>Controls on derivatives and other instruments</b>	
Purchase locally by nonresidents	Foreigners are restricted to invest in options publicly traded when investments in the underlying shares or other securities of a participating nature of such options are reserved exclusively to Mexican residents.
Sale or issue locally by nonresidents	Foreign commercial entities must register with SECOFI before engaging in habitual commercial activities in the Mexican territory. The underlying asset of equity options publicly traded must be registered with the NRSI and the MSE where the option is traded. Options on foreign stock exchange indices need the approval on the respective index by the MSE where the option is traded. Furthermore, foreign derivatives publicly offered in the domestic market must be approved by NBSC.
Purchase abroad by residents	Restrictions apply to Mexican financial institutions with respect to the type of transactions they can enter into and amounts related thereto.
Sale or issue abroad by residents	The same restrictions apply as for purchases abroad by residents.
<b>Controls on credit operations</b>	
<i>Commercial credits</i>	
<i>By residents to nonresidents</i>	There are limits on the amount that banks may lend to individual borrowers and on the open foreign exchange position of banks.

*To residents from nonresidents*

There are limits on credits granted to Mexican banks denominated in foreign currency and open foreign exchange position limits.

## Financial credits

*By residents to nonresidents*

There are limits on the amount that banks are allowed to lend to individual borrowers and on the open foreign exchange position of banks.

**Controls on direct investment**

## Inward direct investment

If certain conditions are satisfied, the ownership by foreign investors of 100% of the capital stock of a Mexican company is permitted. The law sets forth which activities of the economy are reserved to the government or to Mexican investors and lists the different activities in which foreign investment may not exceed 10%, 25%, and 49% of the total investment.

Investment by a foreign government or state enterprise in any kind of communications or transport activities or direct or indirect investment by a foreign government or state enterprise, or direct or indirect investments in financial institutions is prohibited except for commercial banks, financial holding companies, securities, specialists, and securities firms where the restriction applies only to investment by entities that exercise governmental authority.

(1) Investments in the following sectors are reserved for the government: petroleum and other hydrocarbons; basic petrochemicals; electricity; nuclear energy generation; radioactive minerals; telegraph; radiotelegraphy; postal service; issuance of paper money; minting of coins; and the control and supervision of ports, airports, and heliports.

(2) Investments in the following sectors are reserved exclusively for Mexican individuals or Mexican corporations with a foreign exclusion clause: retail trade of gasoline and liquefied petroleum gas; radio and television broadcasting services for cable television; ground transport of passengers, tourism, and loading (excluding courier and packaged goods transport services); railroad-related services; credit unions, development banks; and certain professional and technical services. Notwithstanding these restrictions foreign investors may invest in these activities through the acquisition of ordinary participation certificates—issued by investment trusts established by Mexican banks acting as trustees, which grant only economic rights to their holders.

(3) Investments exceeding 49% in the following sectors and companies require prior authorization from the National Foreign Investment Commission (NFIC): acquisition in a Mexican corporation if the total value of assets exceeds \$50 million; railway concessionaire enterprise, foreign commerce shipping, port services for interior navigation; administration of air terminals; cellular telephones; construction of pipelines for oil and other derivatives; oil and gas drilling; legal services; private education; credit information companies; securities rating institutions; and insurance agents. Limits on maximum foreign investments are applied to the following sectors: cooperative production entities (10%); air transportation (25%); certain financial institutions (49%); manufacturing of explosives and firearms (49%); newspapers for national distribution (49%); acquisition of "T" shares that represent the value of land used for agriculture, livestock, and forestry purposes (49%); fishing, other than aquaculture, in coastal and fresh waters or in the Exclusive Economic Zone (49%); cable television and basic telephone services (49%); interior navigation and coastal sailing, except tourist cruises and the exploitation of dredges and other naval devices for ports (49%); port pilot services for interior navigation; and supply of fuels and lubricants for ships, aircrafts, and railroad equipment (49%).

No shareholder, regardless of its nationality, is authorized to own directly or indirectly:

(1) more than 5% of the shares representing the capital stock of a banking institution, securities firm, or financial holding entity. This percentage may be increased to 20% if the Secretariat of Finance and Public Credit (SHCP) so authorizes. The per-shareholder limits do not apply to any foreign financial institution that, in accordance with an international trade treaty, establishes a subsidiary of any of such institutions; and (2) more than 20% of the shares representing the capital stock of an insurance company, except for any foreign financial institution that, in accordance with an SHCP-approved program to acquire a Mexican-owned insurance company, acquires ultimate control of that insurance company.

<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	The restrictions apply to (1) the acquisition by foreign nonresidents of real estate outside a 100-kilometer strip alongside the Mexican land border and a 50-kilometer strip inland from the Mexican coast, provided the investor agrees to consider himself Mexican and to refrain from invoking the protection of the investor's government regarding the property thus acquired; and (2) the acquisition by foreign nonresidents of real estate through a real estate trust within the zone defined above.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Borrowing abroad is permitted subject to the limits on the liabilities of commercial banks denominated in foreign currency and on open foreign exchange positions.
Maintenance of accounts abroad	Mexican banks can maintain accounts abroad but must maintain an equilibrium between their open positions in foreign exchange and domestic currency.
Lending to nonresidents (financial or commercial credits)	There are limits on the amount that banks may lend to individual borrowers, regardless of their nationality, and on the open foreign exchange position of banks.
Lending locally in foreign exchange	There are limits on the amount that banks may lend to individual borrowers and on the open foreign exchange position of banks.
Purchase of locally issued securities denominated in foreign exchange	Irrespective of the currency denomination, banks may only enter into transactions on their own account with respect to securities registered with the NRSI, through securities firms, except for securities issued by banks.
Differential treatment of deposit accounts in foreign exchange	
<i>Liquid asset requirements</i>	Credit institutions must invest in liquid assets, as determined by the central bank and denominated in foreign currency, an amount calculated through the maturity structure of their liabilities payable in foreign currency.
Differential treatment of deposit accounts held by nonresidents	
<i>Liquid asset requirements</i>	Credit institutions must invest in liquid assets, as determined by the central bank and denominated in foreign currency, an amount calculated through the maturity structure of their liabilities payable in foreign currency.
<b>Investment regulations</b>	
<i>Abroad by banks</i>	Restrictions apply to types of transactions into which banks may enter and amounts related thereto.
<i>In banks by nonresidents</i>	No shareholder, regardless of its nationality, is authorized to own, directly or indirectly, more than 5% of the shares representing the capital stock of a banking institution. However, this percentage may be increased to 20% if the SHCP so authorizes. The per-shareholder limits do not apply to any foreign financial institution that, in accordance with a trade treaty, establishes a bank subsidiary.
<b>Open foreign exchange position limits</b>	
<i>On resident assets and liabilities</i>	Irrespective of the counterparty's residence, total liabilities of commercial banks denominated in or referred to foreign currency (excluding cash and highly liquid assets, as determined by the central bank) must not exceed an amount equal to 183% of the basic capital stock of the respective bank (calculation of the basic capital stock reflects the capitalization procedure set under the Basle Accord).  Aggregate short positions subject to foreign exchange risk of each commercial bank must equal the aggregate long positions of that bank each day. Notwithstanding this requirement,

the central bank allows short or long aggregate positions, or positions referred to the dollar, at the end of each day provided they do not exceed 15% of the bank's net capital (net capital being calculated pursuant to rules issued by the SHCP). Banks may record short or long positions referred to individual currencies other than the dollar in amounts equal to or less than 2% of the net capital of the respective bank. Such positions are valued pursuant to the guidelines set by the central bank.

*On nonresident assets and liabilities*

The same regulations apply as for nonresident assets and liabilities.

**Provisions specific to institutional investors**

Limits (max.) on securities issued by nonresidents and on portfolio invested abroad

Insurance companies may only invest in instruments pursuant to rules issued by the SHCP. Such rules specify the types of instruments and amounts in which insurance companies may invest.

Common mutual funds and debt instruments mutual funds must invest their portfolios in securities registered with the NRSI, except for those specified by the NBSC.

Limits (max.) on portfolio invested abroad

Insurance companies may only invest in instruments pursuant to rules issued by the SHCP. Such rules specify the types of instruments and amounts in which insurance companies may invest.

Common mutual funds and debt instruments mutual funds must invest their portfolios in securities registered with the NRSI, except for those specified by the NBSC.

Limits (min.) on portfolio invested locally

Common mutual funds and debt instruments mutual funds must invest their portfolios in securities registered with the NRSI, except for those specified by the NBSC. Such guidelines specify the types of instruments and the minimum percentage of total assets in which such mutual funds must invest.

**Other controls imposed by securities laws**

No.

## Changes During 1998

**Exchange arrangement**

*August 27.* The BOM modified its dollar auction mechanism so that up to three auctions may be held in the same day, instead of only one, for an aggregate amount of \$200 million a day.

**Imports and import payments**

*January 15.* SECOFI imposed punitive tariff measures on cover flat steel from the United States.

*January 23.* SECOFI imposed punitive tariff measures on corn syrup from the United States.

*February 11.* SECOFI imposed punitive tariff measures on cut bond paper from the United States.

*February 20.* SECOFI imposed punitive tariff measures on roller sheet from Brazil, Canada, Korea, South Africa, the United States, and Venezuela.

*March 20.* SECOFI imposed punitive tariff measures on plate sheet from Russia and Ukraine.

*March 23.* SECOFI imposed punitive tariff measures on roller vinyl floor from the United States.

*May 15.* SECOFI imposed punitive tariff measures on apples from the United States.

*November 23.* SECOFI imposed punitive tariff measures on peaches from Greece.

**Capital transactions**

Controls on derivatives and other instruments

*March 16.* The BOM permitted commercial banks to enter into futures and options transactions referred to any kind of domestic or foreign government securities; real interest rates; investment units—i.e., units of account indexed to the inflation—and swaps.



Provisions specific to commercial  
banks and other credit institutions

*December 14.* The Mexican Derivatives Exchange is included as a recognized market in which commercial banks may enter into futures or options transactions.

*July 9.* The BOM imposed on commercial banks the obligation to verify the creditworthiness and moral status of their clients before entering into any transactions with them.

*August 3.* The BOM modified the limit on aggregate liabilities of commercial banks denominated in foreign currencies. The modified limit is equal to 183% of the basic capital stock of each bank (calculation of the basic capital stock reflects the capitalization procedure set under the Basle Accord).

### Changes During 1999

**Capital transactions**

Controls on derivatives and other  
instruments

*March 10.* The Commodity Exchange of the Chicago Board of Trade is included as a recognized market in which commercial banks may enter into futures or options transactions.

Controls on direct investment

*January 20.* Existing legislation was amended to permit greater foreign investment in banks, securities firms, and financial holding entities.

Under the amendments, the capital stock of banking institutions—other than development banks—securities firms and financial holding entities, was transformed into one class of common stock: Series “O” (an additional capital stock, up to 40% of the common capital stock, may be represented by Series “L” shares, which confer to their holders limited voting rights). Thus the limitation on aggregate foreign shareholdings of Mexican banks has effectively been lifted. Generally, no shareholder is authorized to own, directly or indirectly, more than 5% of the shares representing the capital stock of a banking institution. However, this percentage may be increased to 20% if the SHCP so authorizes.

# FEDERATED STATES OF MICRONESIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 24, 1993.

### Exchange Arrangement

<b>Currency</b>	The currency of the Federated States of Micronesia is the U.S. dollar.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Exchange arrangement with no separate legal tender	The authorities do not buy or sell foreign exchange. Foreign exchange transactions are handled by three commercial banks, which are authorized foreign exchange dealers and are regulated by a statutory banking board. The banks buy and sell foreign exchange at the rates quoted in international markets.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	Forward transactions may be conducted through commercial banks without restriction.

### Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	No.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	No.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	
Held domestically	Yes.
Held abroad	Yes.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
<b>Domestic currency accounts</b>	Yes.

Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	n.a.
<b>Import licenses and other nontariff measures</b>	Importers must obtain a business license.
<b>Negative list</b>	Imports of certain products are prohibited for environmental, health, safety, or social reasons.
<b>Import taxes and/or tariffs</b>	Import duties are levied on an ad valorem or specific basis as follows: 25% on cigarettes, carbonated nonalcoholic beverages, drink mixes and preparations, coffee, tea, beer, malt beverages, and wines; \$10 per U.S. gallon on spirits and distilled alcoholic beverages; and \$0.05 per U.S. gallon on gasoline and diesel fuel. Ad valorem duties are 3% on foodstuffs, 100% on laundry bar soap, and 4% on all other products.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	n.a.
<b>Export licenses</b>	Exports are not subject to licensing requirements, taxes, or quantitative restrictions. The purchasing and exportation of copra and dried coconut meat yielding coconut oil are conducted solely by the Coconut Development Authority.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	n.a.
<b>Controls on derivatives and other instruments</b>	n.a.
<b>Controls on credit operations</b>	

## Financial credits

*By residents to nonresidents*

Banks are prohibited from lending more than the equivalent of 50% of their deposits to nonresidents.

**Controls on direct investment**

## Inward direct investment

Foreign investors must obtain an application from the federal government and submit it for review and action to the Foreign Investment Board of the state in which the business will be located. Also, they must obtain a license from the federal government to engage in business or to acquire an interest in a business in the Federated States of Micronesia. If a foreign investor wishes to conduct business in more than one state, an application for each state must be obtained from the federal government and submitted to the Federal Investment Board of each of the states in which the business will be located and operated. Priorities for foreign investment are reviewed by the federal and state authorities from time to time.

**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

## Purchase locally by nonresidents

Foreign investment in the real estate and construction sectors is prohibited in accordance with the laws prohibiting land ownership by foreigners. Foreign investors normally obtain long-term leases (usually up to 25 years with an option to renew for another 25 years) for land needed for their business.

## Sale locally by nonresidents

Yes.

**Controls on personal capital movements**

n.a.

**Provisions specific to commercial banks and other credit institutions**

## Lending to nonresidents (financial or commercial credits)

Banks are not permitted to lend abroad more than 50% of deposits received from residents. In practice, the regulation is not strictly enforced and does not prevent a depositor from transferring deposits abroad.

**Provisions specific to institutional investors**

n.a.

**Other controls imposed by securities laws**

n.a.

**Changes During 1998**

No significant changes occurred in the exchange and trade system.

# MOLDOVA

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 30, 1995.

### Exchange Arrangement

#### Currency

The currency of Moldova is the Moldovan leu.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

The National Bank of Moldova (NBM) announced that it was ceasing its intervention in support of the leu. Since then, the official exchange rate is determined daily as the weighted average of all market transactions as announced by the NBM. The NBM quotes exchange rates of the leu for other currencies on the basis of the leu-dollar rate and the cross-rate relationships between the dollar and the currencies concerned in the international market.

The official exchange rate is used for accounting and tax valuation purposes. Institutions eligible to deal in foreign exchange are authorized banks and foreign exchange bureaus. The latter are authorized to purchase from and sell to residents and nonresidents foreign banknotes and traveler's checks in any currency. Authorized banks and foreign exchange bureaus may set their own buying and selling rates in their foreign exchange transactions.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Yes.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Inoperative*

Moldova has concluded bilateral agreements with the states of the FSU for the settlement of outstanding balances.

##### Regional arrangements

Moldova is a member of the Payments Union within the CIS.

#### Administration of control

The NBM has the ultimate authority in the area of foreign exchange arrangements and is responsible for managing the country's foreign exchange reserves, regulating the currency market, and granting licenses to engage in foreign currency transactions. In accordance with the Law on Controls on the Repatriation of Funds, Goods, and Services, the NBM provides the accounting. The MOF is responsible for controls on repatriation.

#### International security restrictions

No.

#### Payment arrears

##### Official

The government is holding negotiations on the restructuring of official debt.

##### Private

Yes.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

The MOF establishes regulations governing domestic trade.

Controls on external trade	A license from the MOF is required to conduct international trade in gold.
<b>Controls on exports and imports of banknotes</b>	Nonresident banks that have loro correspondent accounts at resident banks may export or import original cash in local currency only with the approval of the NBM. Resident banks with a "B" or "C" type license may freely export or import foreign currency; nonresident banks may export foreign currency only with the approval of the NBM.
On exports	
<i>Domestic currency</i>	The export limit is MDL 2,500 for both residents and nonresidents.
<i>Foreign currency</i>	For freely convertible currencies, the limit is \$50,000 upon presentation of a customs declaration for the importation of the currency or approval of an authorized bank or the NBM. Without these documents, the limit is \$5,000 for residents and as much as was imported or received from abroad for nonresidents. For nonconvertible currencies, there are no limits.
On imports	
<i>Domestic currency</i>	The limit is MDL 2,500 for both residents and nonresidents.
<i>Foreign currency</i>	Imported currency must be declared, but there are no quantitative restrictions.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	In October 1998, the authorities abolished the regulation that juridical persons were permitted to have no more than one account in a freely convertible currency and in each of the nonconvertible currencies, and one account in Moldovan lei.
Held domestically	All foreign currency earnings of residents must be deposited in their accounts at authorized banks. Account holders may use foreign exchange balances in their accounts to settle current international as well as domestic transactions only after conversion into the national currency. Approval by the MOF is required only for organizations financed from the budget.
Held abroad	Approval from the NBM is required, except for banks holding a "B" or "C" license.
<b>Accounts in domestic currency convertible into foreign currency</b>	These accounts may be used for current international transactions and for capital transactions, in accordance with the Law on Foreign Investment. Approval from the NBM is required for capital transactions.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Nonresidents with foreign currency deposits at authorized banks in Moldova may freely transfer the balances abroad or sell them on the foreign exchange market through authorized banks.
<b>Domestic currency accounts</b>	Accounts in Moldovan lei may be opened by nonresidents from CIS countries with approval from the central bank of the relevant country. Other nonresidents may open accounts in Moldovan lei at authorized banks in Moldova if the funds were received from selling foreign exchange in the foreign exchange market in Moldova or as a result of selling goods, providing services, or other labor.
Convertible into foreign currency	Nonresidents may convert Moldovan lei into foreign exchange provided the Moldovan lei were received as a result of a current international transaction, with the exception of Moldovan lei received from selling restricted currencies (for CIS countries and Romania). For nonresident natural persons, conversion into a freely convertible currency is allowed if the foreign currency was previously imported or transferred into Moldova and sold to a bank, and documents showing that the foreign currency had been imported into Moldova are submitted to the purchasing bank.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
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**Financing requirements for imports****Advance payment requirements**

If a contract is not executed, the amount of the advance payment must be repatriated into Moldova no later than 90 days after such advance payment was effected.

**Documentation requirements for release of foreign exchange for imports**

A contract with a nonresident for importation from abroad is required. Foreign exchange purchased on the domestic currency market must be transferred for imports within seven days of the date of purchase. In the event that payment is not made, the foreign exchange must be sold.

**Import licenses and other nontariff measures**

Imports of medicine, medical equipment, chemicals, and industrial waste are subject to licensing for the purpose of protecting the consumer and ensuring compliance with domestic standards.

**Negative list**

Imports of narcotics, psychotropic, high-potency, toxic, poisonous, radioactive, and explosive substances, hazardous waste, weapons, explosive devices, firearms and ammunition (with the exception of hunting rifles and cartridges), as well as unprocessed ivory into the territory of Moldova are prohibited.

**Import taxes and/or tariffs**

There are three tariff bands for imports (5%, 10%, and 15%), with the maximum tariff applied to tobacco products, alcoholic beverages, and jewelry. The following are exempt from the import customs tariff: pharmaceutical products, fertilizers, textbooks, cotton, vehicles, and base metals and products thereof. No import customs duty is imposed on goods and objects produced in and imported from Romania and CIS countries that have ratified the Agreement on the Creation of a Free Trade Zone or with which the Republic of Moldova has conducted bilateral interstate agreements on free trade. Imported goods for which a zero customs duty is applied are subject to a special duty of 5% of the customs value, regardless of the country of origin. Imported goods and services are subject to VAT in the amount of 20%, with the exception of goods originating in the Russian Federation—abolished on January 1, 1999 (alcoholic beverages, tobacco products, jewelry, gasoline, diesel fuel, and automobiles). Customs fees are also applied.

**State import monopoly**

No.

**Exports and Export Proceeds****Repatriation requirements**

Proceeds from exports must be repatriated no later than 180 days from the issuance of the customs declaration. Proceeds from exports of strategic goods must be repatriated within 90 days, and proceeds from goods sold on consignment within 365 days. The list of these goods is established by the government.

**Financing requirements**

No.

**Documentation requirements**

Presentation of an export contract and a declaration on the repatriation of foreign exchange proceeds is required.

**Export licenses**

Export licenses and normative prices are abolished, except for a limited list of goods considered important, and for health and security reasons.

**Without quotas**

Yes.

**Export taxes**

With the exception of exports to the Russian Federation, there are no taxes on exports, except for a customs fee of 0.25% of the value of the shipment. In the case of exports to the Russian Federation, VAT, and excise taxes are collected based on the country of destination and country of origin principles, respectively.

**Payments for Invisible Transactions and Current Transfers****Controls on these transfers**

In general, for payments in freely convertible currencies of up to \$1,000, a natural person must show a supporting document. For payments over \$1,000, approval by the NBM is required.

**Investment-related payments**

Repayment of loans registered with the NBM is permitted. Payments for depreciation of direct investments that are registered with the NBM and that exist on the basis of certificates of registration of direct investments may be made.

**Payments for travel**

*Prior approval* For amounts in freely convertible currencies in excess of \$5,000 a trip, a resident unable to produce evidence of the currency's importation or receipt from abroad must obtain prior approval.

*Quantitative limits* Residents may export up to \$5,000 of freely convertible currencies.

**Personal payments**

*Prior approval* The transfer of pensions from abroad as well as expenditures/alimony for the support of families payable to residents of Moldova is not regulated. In the case of payment for medical services, study abroad costs, and the transfer abroad of alimony for the support of families, approval from the NBM is required for freely convertible currencies in excess of \$1,000.

*Quantitative limits* Residents may transfer up to \$1,000 in freely convertible currencies upon presentation of supporting documents.

*Indicative limits/bona fide test* Amounts in excess of \$1,000 are freely approved subject to documentation.

**Foreign workers' wages**

A labor contract and documents confirming the payment of taxes are required.

**Credit card use abroad**

Issuance of credit and debit cards against accounts of juridical persons is allowed, and for natural persons, issuance of debit cards against types "A" and "B" accounts and accounts in lei is allowed.

*Quantitative limits* The limit for the use of credit cards abroad is \$200 a day or \$5,000 a month, and not more than \$20,000 for settlement of current transactions.

**Other payments**

*Prior approval* Prior approval from the NBM is required for amounts in freely convertible currencies in excess of \$1,000.

*Quantitative limits* Residents may transfer up to \$1,000 in freely convertible currencies.

*Indicative limits/bona fide test* Amounts in excess of \$1,000 are freely approved subject to documentation.

**Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements** All proceeds from invisibles, except the earnings of workers residing abroad, must be repatriated.

**Restrictions on use of funds** No.

**Capital Transactions****Controls on capital and money market instruments****On capital market securities***Shares or other securities of a participating nature*

Purchase locally by nonresidents Approval by the NBM is required.

Sale or issue locally by nonresidents Foreign securities may be sold on the territory of the Republic of Moldova only in the form of Moldovan Depository Receipts (MDRs) issued by residents who are professional participants in the securities market. NBM approval for the exportation of capital from the Republic of Moldova is required for registration of MDR issuance.

Purchase abroad by residents NBM approval is required.

Sale or issue abroad by residents Registration with the State Securities Market Commission (SSMC) is required. Issuance is permitted only in Moldovan lei.



<i>Bonds or other debt securities</i>	
Purchase locally by nonresidents	Yes.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Registration with the SSMC is required. Issuance is permitted only in Moldovan lei.
<b>On money market instruments</b>	
<i>Purchase locally by nonresidents</i>	MOF approval is required for foreign investors to purchase state securities. A single investor (resident or nonresident) may account for no more than 50% of the issuance of a given government security purchased in an auction or on the secondary market.
<i>Sale or issue locally by nonresidents</i>	NBM approval is required.
<i>Purchase abroad by residents</i>	NBM approval is required.
<i>Sale or issue abroad by residents</i>	NBM approval is required.
<b>On collective investment securities</b>	
<i>Purchase locally by nonresidents</i>	Registration with the NBM is required.
<i>Sale or issue locally by nonresidents</i>	Licensing by the NBM is required.
<i>Purchase abroad by residents</i>	Licensing by the NBM is required.
<i>Sale or issue abroad by residents</i>	Registration with the NBM is required.
<b>Controls on derivatives and other instruments</b>	
Purchase locally by nonresidents	Registration with the NBM is required.
Sale or issue locally by nonresidents	Licensing by the NBM is required.
Purchase abroad by residents	Licensing by the NBM is required.
Sale or issue abroad by residents	Registration with the NBM is required.
<b>Controls on credit operations</b>	
<b>Commercial credits</b>	
<i>By residents to nonresidents</i>	Licensing by the NBM is required.
<i>To residents from nonresidents</i>	The agreement should be registered with the NBM.
<b>Financial credits</b>	
<i>By residents to nonresidents</i>	Registration with the NBM is required.
<i>To residents from nonresidents</i>	Contracts must be registered with the NBM.
<b>Guarantees, sureties, and financial backup facilities</b>	
<i>By residents to nonresidents</i>	Licensing by the NBM is required.
<i>To residents from nonresidents</i>	Contracts must be registered with the NBM.
<b>Controls on direct investment</b>	
Outward direct investment	Licensing by the NBM is required.
Inward direct investment	Registration with the NBM is required.
<b>Controls on liquidation of direct investment</b>	Yes.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Licensing by the NBM is required.

Sale locally by nonresidents	Licensing by the NBM is required to transfer proceeds.
<b>Controls on personal capital movements</b>	
<b>Loans</b>	
<i>By residents to nonresidents</i>	Approval by the NBM is required.
<i>To residents from nonresidents</i>	Registration with the NBM is required mainly for statistical purposes.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	Gifts and endowments are permitted with NBM approval only upon presentation of relevant documentation and only by a first-order relative. Inheritances are executed with the NBM approval upon the presentation of relevant documentation.
Settlement of debts abroad by immigrants	Limited to income earned and past transfers by immigrants into Moldova.
<b>Transfer of assets</b>	
<i>Transfer abroad by emigrants</i>	This requires the approval of the NBM upon presentation of confirming documents.
Transfer of gambling and prize earnings	Residents may export up to \$5,000. Nonresidents are not permitted to transfer prize earnings abroad.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Registration with the NBM is required.
Maintenance of accounts abroad	For types "B" and "C" banking licenses (before June 29, 1999, with aggregate normative capital of more than MDL 24 million and MDL 36 million, respectively, and before December 30, 1999, of MDL 32 million and MDL 48 million, respectively) no control applies to accounts in freely convertible currency.
Lending to nonresidents (financial or commercial credits)	Licensing by the NBM is required.
Lending locally in foreign exchange	Authorized banks are permitted to lend in freely convertible currencies only to importers that are resident juridical persons.
Purchase of locally issued securities denominated in foreign exchange	Securities denominated in foreign exchange are not issued in the country.
<b>Investment regulations</b>	
<i>Abroad by banks</i>	NBM approval is required.
<i>In banks by nonresidents</i>	NBM approval is required when a share representing more than 10% of aggregate capital is acquired.
Open foreign exchange position limits	The limit for both long and short exchange positions is 10% of aggregate normative capital for each currency and 20% for all currencies.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Nonresidents may not issue securities without the approval of the SSMC.
Limits (max.) on portfolio invested abroad	Licensing by the NBM is required.
Limits (min.) on portfolio invested locally	Registration with the NBM is required.

**Other controls imposed by securities laws**      No.

### Changes During 1998

<b>Exchange arrangement</b>	<i>November 2.</i> The NBM announced that it was ceasing its intervention in support of the leu. Since then, the official exchange rate is determined as the transaction weighted average of all market transactions as announced by the NBM. The NBM quotes exchange rates of the leu for other currencies on the basis of the leu-dollar rate and the cross-rate relationships between the dollar and the currencies concerned in the international market.
<b>Imports and import payments</b>	<p><i>January 29.</i> Moldova's parliament adopted the law on "Regulation of the Repatriation of Funds, Goods, and Services Received as a Result of Foreign Economic Transactions," which requires economic agents to repatriate funds from foreign economic transactions. The NBM implements controls on imports on the basis of import cards.</p> <p><i>December 12.</i> A three-band import tariff system (5%, 10%, and 15% ) was introduced. In addition, imported goods for which a zero customs duty has been established, regardless of the country of origin, are subject to a special duty in the amount of 5% of their customs value.</p>
<b>Exports and export proceeds</b>	<i>January 29.</i> Controls on exports are based on repatriation declaration. Sanctions for failure to repatriate are applied by the MOF.
<b>Capital transactions</b>	<i>April 30.</i> The NBM increased the limit to 50% for the purchase or ownership by a single investor (resident or nonresident) of state securities in a given issue offered for sale on the primary market or in circulation.

### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> A new procedure for the import and export of foreign currency was introduced. Nonresident banks that have loro correspondent accounts at resident banks may import/export foreign currency and cash Moldovan lei only with the approval of the National Bank. Resident banks with types "B" and "C" licenses may freely import and export foreign currency.
<b>Imports and import payments</b>	<i>January 1.</i> Moldova switched to VAT destination principles for all imports, including imports from Russia.

# MONGOLIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 1, 1996.

### Exchange Arrangement

#### Currency

The currency of Mongolia is the Mongolian togrog.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

In principle, the official exchange rate of the togrog is set daily by the Bank of Mongolia (BOM) as the midpoint of the previous day's average buying and selling rates established by transactions among participants in the interbank foreign exchange market. However, the volume of trading is very low, and the BOM currently adjusts the official rate only once a week rather than once a day. The official exchange rate is applied to public sector imports and service payments, including debt service, and to trade and service transactions conducted under bilateral payment arrangements. All other transactions, including sales of retained foreign exchange by public sector enterprises, take place through the interbank market. Exchange rates for other convertible currencies are calculated on the basis of the cross rates against the dollar in international markets. The spread between commercial banks' buying and selling rates is limited to 1%.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Inoperative*

Some of the outstanding balances under the clearing arrangements of the former International Bank for Economic Cooperation are still under negotiation. Under inoperative bilateral trade arrangements, there are also outstanding balances with the People's Republic of China, the Islamic State of Afghanistan, and the Federal Republic of Yugoslavia (Serbia/Montenegro).

##### Clearing agreements

Mongolia maintains a bilateral clearing agreement with the Democratic People's Republic of Korea.

#### Administration of control

International transactions are governed by the Foreign Exchange Law.

#### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

Restrictions are imposed on certain transactions with the Federal Republic of Yugoslavia (Serbia/Montenegro).

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on external trade

Exporters of gold must register their exports with the BOM or a commercial bank.

**Controls on exports and imports of banknotes**

The exportation and importation of domestic banknotes is prohibited.

**Resident Accounts****Foreign exchange accounts permitted**

Accounts may be held at authorized banks; they may be credited with retained export earnings and foreign exchange transferred from abroad, and the balances may be used for any purpose without restriction.

Held domestically

Yes.

Held abroad

Yes.

**Accounts in domestic currency convertible into foreign currency**

Yes.

**Nonresident Accounts****Foreign exchange accounts permitted**

Registration with the State Registry is required.

**Domestic currency accounts**

Yes.

Convertible into foreign currency

Yes.

**Blocked accounts**

No.

**Imports and Import Payments**

**Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

No.

**Import licenses and other nontariff measures**

Negative list

Imports of drugs, materials that encourage or depict violence or pornography, and items that could cause environmental damage are banned.

Open general licenses

Imports of historical artifacts, precious metals, weapons, radioactive materials, ferrous and nonferrous metals, and goods and services requiring licenses under international contracts and agreements require a special permit.

Other nontariff measures

Specific excise taxes are levied on imports of alcohol and cigarettes.

**Import taxes and/or tariffs**

There are no customs duties except on alcoholic spirits, which is assessed at 15%.

**State import monopoly**

No.

**Exports and Export Proceeds**

**Repatriation requirements**

No.

**Financing requirements**

No.

**Documentation requirements**

No.

**Export licenses**

Without quotas

Exports of historical artifacts, precious metals, weapons, radioactive materials, ferrous and nonferrous metals, and goods and services requiring licenses under international contracts and agreements require a special permit.

With quotas	Yes.
<b>Export taxes</b>	Export taxes apply to the export of nonferrous and scrap metals, raw cashmere, and raw camel wool.
Other export taxes	Yes.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	There are no controls on these payments; however, information on payments of amortization of loans or depreciation of direct investments is not available.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Sale or issue locally by nonresidents    Issue of capital market securities is prohibited.

*Bonds or other debt securities*    n.a.

##### On money market instruments

*Sale or issue locally by nonresidents*    Issue of money market instruments is prohibited.

##### On collective investment securities

*Sale or issue locally by nonresidents*    Issue of collective investment securities is prohibited.

#### Controls on derivatives and other instruments

Sale or issue locally by nonresidents    Issue of derivatives and other instruments is prohibited.

#### Controls on credit operations

##### Commercial credits

*By residents to nonresidents*    Registration with the MOF is required.

*To residents from nonresidents*    Registration with the BOM is required.

##### Financial credits

*By residents to nonresidents*    Registration with the MOF is required.

*To residents from nonresidents*    Registration with the BOM is required.

#### Controls on direct investment

Outward direct investment    n.a.

Inward direct investment    Investment by private corporations is encouraged particularly in projects involving export promotion, the use of advanced technology, and the exploitation of natural resources. The Law on Foreign Investment guarantees that foreign firms will not be nationalized and that foreign investors will have the right to dispose of their assets. The maximum rate of profit

	tax is 40%, and foreign investors are exempt from the tax for three to ten years, depending on the sector and export performance. In addition, the law stipulates that entities with foreign participation may export at world prices or other agreed prices, and they may import or export directly or in cooperation with foreign trade enterprises.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	For purchases abroad by residents and purchases locally by nonresidents, registration with the State Real Estate Registry is required.
<b>Controls on personal capital movements</b>	
Loans	Registration with the BOM and the MOF is required.
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	n.a.
<i>To residents from nonresidents</i>	n.a.
Settlement of debts abroad by immigrants	n.a.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	n.a.
<i>Transfer into the country by immigrants</i>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Registration with the BOM is required.
Maintenance of accounts abroad	BOM permission is required.
Open foreign exchange position limits	The limit is 20% of capital, including a subceiling of 10% for any individual currency.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	Securities may be issued only by government institutions upon the approval of the Great Hural or by companies registered in Mongolia.  It is prohibited to lend securities. Any person owning 5% or more of total shares of any company must report it to the Securities Committee of the Great Hural within five days after acquisition. Any person who intends to own directly or indirectly 20% or more of total shares of any company must make a tender in accordance with the Securities Law of Mongolia.

### Changes During 1998

<b>Exchange Arrangements</b>	<i>December 14.</i> The name of the national currency was renamed the Mongolian togrog.
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# MOROCCO

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: January 21, 1993.

### Exchange Arrangement

#### Currency

The currency of Morocco is the Moroccan dirham.

#### Other legal tender

Commemorative gold coins with a face value of DH 250 and DH 500 and commemorative silver coins with a face value of DH 50, DH 100, DH 150, and DH 200 are also legal tender.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The exchange rate is determined freely in an interbank foreign exchange market. Bank Al-Maghrib (BAM) intervenes in the market to maintain rates within a spread around the central rate. The central exchange rate of the Moroccan dirham is pegged to a basket of currencies comprising Morocco's principal trading partners, and weighted in accordance with the geographic distribution of Morocco's foreign trade and the pattern of currencies of settlement. The BAM fixes daily rates for the rated currencies on the basis of variations in the value of the basket. Rates for most currencies quoted in Morocco are established on the basis of the daily dirham-euro rate and the cross rates for those currencies in relation to the euro in the international exchange markets.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

##### Official cover of forward operations

The official forward foreign exchange cover facility was suspended in June 1996, following the creation of the foreign exchange market.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Inoperative*

Arrangements with Mali and Guinea have been inoperative since the 1960s.

##### Regional arrangements

There is a regional payment arrangement operated by the central banks of Algeria, Libya, Mauritania, Morocco, and Tunisia.

#### Administration of control

Exchange control is administered by the Foreign Exchange Office (FEO), an agency under the MOF. This office has delegated the execution of the main exchange control measures to authorized banks. Import and export licenses, when required, are issued by the Department of Foreign Trade.

#### International security restrictions

##### In accordance with Executive Board Decision No. 144-(52/51)

Yes.

##### In accordance with UN sanctions

Morocco maintains restrictions for security reasons against Iraq and the Federal Republic of Yugoslavia (Serbia/Montenegro) pursuant to UN Security Council resolutions.

#### Payment arrears

No.



**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade

Residents may purchase, hold, and sell gold coins in Morocco for numismatic or investment purposes. Ten different types of foreign gold coins are traded on the Casablanca Stock Exchange, which does not, however, deal in gold bars.

Controls on external trade

Imports of gold are subject to authorization from the Customs and Indirect Taxes Administration. Each year, the MOF fixes a quota for the importation of gold ingots. The quota is then allocated among jewelers and industrial users of precious metals. Exports of gold are prohibited.

**Controls on exports and imports of banknotes**

On exports

*Domestic currency*

The exportation of domestic banknotes is prohibited.

*Foreign currency*

Visitors to Morocco are permitted to repurchase foreign exchange against presentation of exchange certificate(s) up to the amount of the original conversion of foreign exchange into dirhams. Residents may also export foreign banknotes following general or special approval by the Exchange Office.

On imports

*Domestic currency*

The importation of domestic banknotes is prohibited.

*Foreign currency*

Nonresident travelers may freely bring in foreign banknotes, traveler's checks, and other means of payment denominated in foreign currency. Resident travelers may also bring in foreign banknotes in any amount, as well as any other means of payment in foreign exchange but must surrender them within 30 days of their return to Morocco.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically

Any Moroccan exporter of goods or services already holding a convertible export promotion account (CCPEX) is allowed to open a foreign exchange account. Those without a CCPEX must receive prior approval from the Exchange Office. Up to 20% of foreign exchange receipts may be credited to these accounts simultaneously with the sale of the remaining 80% to domestic banks. There is no restriction on crediting foreign exchange accounts either with the proceeds from financial investments held in the accounts or with transfers from another of the holder's foreign exchange accounts. These accounts may be freely debited for payment of business expenses, as provided for in the exchange regulations, for investing in authorized intermediary banks, for subscribing to bonds issued by the Moroccan Treasury, for crediting another foreign exchange account or a CCPEX held in the exporter's name, or for surrender of foreign currency to banks.

Held abroad

These accounts are permitted; only foreign nationals do not require authorization.

**Accounts in domestic currency convertible into foreign currency**

Exporters of goods and services may open accounts in convertible dirhams at Moroccan banks, which may be credited with the dirham equivalent of 20% of repatriated foreign currency sold to domestic banks. Funds in these accounts may be used to finance expenses incurred abroad and related to the holder's business activity. Fishing companies may place up to 100% of the dirham equivalent of their repatriated exchange receipts in these accounts. Exporters may choose either a foreign exchange account or a convertible export promotion account, or may hold both kinds, provided the overall percentage of repatriated foreign exchange receipts placed in the accounts does not exceed the 20% limit.

**Nonresident Accounts****Foreign exchange accounts permitted**

The following accounts may be opened: (1) Foreign currency accounts in the names of foreign nationals may be maintained by natural or juridical persons of foreign nationality

who are either residents or nonresidents. These accounts may be freely credited with transfers from abroad with foreign banknotes, checks, traveler's checks, or any other means of payment denominated in foreign currency and with foreign currency withdrawn from domestic banks, following general or special authorization from the FEO. They may be freely debited for transfer abroad in favor of the account holder or to a foreign third party, for the surrender of foreign currency to domestic banks, and for the payment of checks denominated in foreign currency. (2) Foreign currency accounts may be opened by individuals of Moroccan nationality residing abroad in their name. These accounts may be credited freely with transfers from abroad, checks or any other means of payment denominated in foreign currency, foreign currency withdrawn from domestic banks following general or special authorization from the FEO, the return on investments effected on the basis of these accounts, and transfers from another foreign currency account or from an account in convertible dirhams. They may be freely debited for transfers abroad, transfers to another account in foreign currency or in convertible dirhams, foreign currency subscriptions for notes issued by the Moroccan Treasury, and for the surrender of foreign currency to domestic banks.

### Domestic currency accounts

Yes.

#### Convertible into foreign currency

These are restricted to resident or nonresident natural and juridical persons of foreign nationality and may be freely credited with generally or specifically authorized transfers, and with dirhams obtained from the sale to banks of foreign exchange, including banknotes. They may be freely debited for payments made in Morocco and for purchases of foreign exchange at banks. There are no restrictions on transfers between foreign accounts in convertible dirhams or on transfers of interest. Holders of these accounts may obtain international credit cards for settlement of all expenses in Morocco and abroad. Convertible dirham accounts may be freely opened in the name of nonresident Moroccans residing abroad. Overdrafts are not allowed, and there are no restrictions on the interest rate payable. These accounts may be credited freely with (1) dirhams from the sale of convertible currencies, including banknotes, to domestic banks; (2) transfers authorized by the FEO; (3) payments of interest accrued on these accounts; (4) transfers from foreign accounts in convertible dirhams; and (5) transfers from term deposits in convertible dirham accounts. They may be debited freely for (1) the purchase of foreign exchange from domestic banks; (2) dirham payments in Morocco; (3) transfers to foreign accounts in convertible dirhams; and (4) transfers to term deposits in convertible dirham accounts.

These accounts may also be debited freely, either for the benefit of the account holder or for other nonresidents, for the purchase of foreign banknotes, traveler's checks, or other foreign-currency-denominated means of payment. Convertible dirham accounts for exporters may be opened by exporters of goods or services with Moroccan banks. These accounts may be credited with the equivalent of 20% of the foreign currency repatriated and surrendered to domestic banks.

Balances on these accounts may be used to finance expenditures contracted abroad and linked to the professional activity of those concerned. Fishing companies may credit to these accounts up to 100% of the foreign currency repatriated. Exporters have the choice of maintaining either foreign currency accounts or convertible dirham accounts. They may also hold both accounts simultaneously, provided that the overall percentage of export earnings to be credited to both accounts does not exceed 20% of foreign exchange earnings. Convertible term accounts are designed to attract funds from nonresident foreigners who are not entitled to guaranteed transfers.

These funds may be transferred within a maximum period of five years. The holders of such accounts may use the available funds, without prior authorization from the FEO, to fund investments in Morocco; buy treasury bonds; purchase Moroccan marketable securities; settle expenses incurred in Morocco; and, in the case of foreign corporations, provide their Moroccan subsidiaries with current account advances. They may also freely transfer the balances to resident or nonresident foreigners or to Moroccan nationals residing abroad. The beneficiaries of the proceeds of these accounts may use them to cover expenses incurred by foreign companies shooting films in Morocco; to purchase secondary residences under certain conditions; and to finance up to 50% of an investor's participation in investments in Morocco (the remainder must be financed with funds transferred from abroad). Funds invested with the proceeds of convertible term accounts may be transferred abroad

without restriction in the event of liquidation or transfer, except for certain categories that are subject to a three-year waiting period.

**Blocked accounts**

No.

### Imports and Import Payments

**Foreign exchange budget**

No.

**Financing requirements for imports**

**Minimum financing requirements**

For all imports, an import certificate lodged with an authorized bank is required to make payments related to goods and incidental costs. Imports used for the production of export goods may be financed directly from the proceeds of foreign exchange claims of the same exporter within the framework of special lines of credit that commercial banks are authorized to contract with their foreign correspondents. Moroccan commercial banks may make advance payments abroad for imports of capital goods up to 40% of their f.o.b. value.

**Advance payment requirements**

The maximum rate for advance payment on imports of capital goods is 40% of the f.o.b. value of the imports. Advance payment is limited to the foreign exchange equivalent of DH 20,000 for imported spare parts, consumer goods, and samples with payment effected by resident individuals or legal entities.

**Documentation requirements for release of foreign exchange for imports**

Except for goods imported by air, insurance policies for imports must be taken out with insurance companies in Morocco. For a limited group of goods, however, insurance policies may be underwritten abroad. This group includes externally funded imports, if the financing terms include foreign insurance, capital goods and equipment under turnkey contracts, or duly authorized investment programs, in crude oil, gas, cattle, and wood. Imports are subject to a disembarkation inspection.

**Domiciliation requirements**

Yes.

**Import licenses and other nontariff measures**

**Positive list**

Imports of arms and explosives, secondhand clothing, used tires, and chemical products that deplete the ozone layer require licenses.

**Negative list**

Imports of products that affect public security, morale, and health may be prohibited.

**Other nontariff measures**

Certain items are subject to minimum import prices (reference prices) for antidumping or safeguarding purposes.

**Import taxes and/or tariffs**

Customs duties are levied on an ad valorem basis, with rates ranging from 2.5% to 35% for industrial goods; these tariffs can range up to 300% on certain agricultural products (tariff equivalents). In addition, a 15% levy is applied to imports. However, certain consumer goods not produced in Morocco are exempt from this levy and are subject to a customs duty of 10% only. Imports used for the production of exports are exempt from customs duties and other restrictions.

**State import monopoly**

No.

### Exports and Export Proceeds

**Repatriation requirements**

All exporters must sign a guarantee to repatriate and surrender foreign exchange proceeds. Export proceeds collected abroad may be used directly abroad to finance imports of goods and raw materials of goods for export.

**Surrender requirements**

Foreign exchange must be surrendered within one month of the date of payment by foreign buyers specified in the commercial contract; in principle, this date must not be more than 150 days from the date of arrival of the merchandise. This deadline may be extended if warranted by business conditions and approved by the FEO. Residents of Moroccan nationality, including individuals and corporations, must repatriate foreign exchange receipts accruing from all their noncommercial claims and surrender them to an authorized bank.

	Other residents must surrender noncommercial receipts only if the receipts result from their activities in Morocco. Exporters are authorized to obtain up to 20% of export earnings in convertible dirham or foreign exchange accounts.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	
Preshipment inspection	Yes.
<b>Export licenses</b>	
Without quotas	Exports of flour, charcoal, certain animals, plants, archaeological items, and chemical products that deplete the ozone layer are subject to authorization.
<b>Export taxes</b>	A 1% quality control tax is levied on exports of foodstuffs.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Authorized banks are permitted to make payments and settle expenses incidental to commercial transactions covered by the relevant import or export documents and for travel and study abroad without authorization from the FEO. Moroccan enterprises are permitted to settle in dirhams the expenses incurred by their foreign managers and nonresident foreigners working for or on behalf of these enterprises. Foreign airlines operating in Morocco may transfer, without prior authorization from the FEO, any surplus revenue from the proceeds of ticket sales, excess baggage, and air freight. Transfers with respect to sea and road transportation may be made directly to authorized banks.
Trade-related payments	Transfers by deep-sea fishing companies for technical insurance and boat management costs are liberalized. There are no controls on the payment of unloading and storage costs and administrative expenses.
<i>Indicative limits/bona fide test</i>	Yes.
Investment-related payments	There are no controls on the payment of profits and dividends. No information is available on the payment of amortization of loans or depreciation of direct investments.
<i>Indicative limits/bona fide test</i>	There are indicative limits and bona fide tests on the transfer of interest.
Payments for travel	
<i>Quantitative limits</i>	The maximum allowance for tourist travel is equivalent to DH 10,000 for a person a year. This allowance may be increased by DH 3,000 for a minor child on the passport of the beneficiary parent and accompanying said parent at the time of travel abroad. The same allocation may also be granted to Moroccan residents living abroad upon their return to their home country, provided they have not benefited from the 15% allocation on remittances within the previous 12 months up to a limit of DH 20,000. Residents of foreign nationality who wish to travel abroad may be granted the foreign exchange equivalent of all their savings from income. Business travel by exporters of goods and services may be financed without restriction by debiting convertible export promotion accounts or foreign currency accounts maintained with Moroccan banks. In the case of business travel allowances for others, annual foreign exchange allowances are approved by the Exchange Office on the basis of need, with a daily limit of DH 2,000. Banks have been empowered to provide advance allowances of up to DH 40,000 to small and medium-size enterprises and of up to DH 20,000 a year for business travel by individuals not belonging to either of these categories. In all cases, business travel allowances cannot be added to allowances for tourist travel. The foreign exchange office grants exemptions as needed.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	Transfers for family maintenance and alimony payments are approved upon presentation of documentary evidence. Commercial banks are authorized to transfer retirement pensions provided by public and private agencies in favor of retirees residing abroad permanently.
<i>Prior approval</i>	For medical costs, approval by the Ministry of Health is required.
<i>Quantitative limits</i>	Commercial banks are authorized to sell foreign exchange for medical treatment abroad up to the equivalent of DH 20,000, and to make transfers on patients' behalf for treatment abroad in favor of hospitals and medical institutions concerned.

School fees to foreign academic institutions, upon submission of documentary evidence, may be transferred without limit; however, the following limits apply: (1) an annual installation allowance equivalent to DH 20,000 and the same amount for a person accompanying a minor student leaving Morocco for the first time; and (2) an allowance for living expenses amounting to the equivalent of DH 6,000 a month for nonscholarship holders and DH 4,000 a month for scholarship holders. In addition to these funds, banks are authorized to effect the transfer of rent and corresponding charges in favor of the foreign landlord once the student or his or her legal guardian has submitted a lease and a certificate of residence or any other equivalent document. The limit is DH 2,000 a month for foreign nationals residing in Morocco to cover the cost of higher education for a child studying abroad. Foreign retired persons and foreign spouses of Moroccans may transfer all of their income. They may also freely contribute to their retirement or social security funds in their country of origin.

<i>Indicative limits/bona fide test</i>	Applications for additional amounts must be referred to the FEO for approval, which is granted on proof of need.
Foreign workers' wages	Foreigners residing in Morocco and employed in either the private or public sector or engaged in professions in industry, commerce, and agriculture may transfer all their savings from their income.
Credit card use abroad	
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Other payments	There are no controls on the payments for subscriptions and membership fees.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Residents of Moroccan nationality, including individuals and corporations, must repatriate foreign exchange receipts accruing from all their noncommercial claims and surrender them to an authorized bank. Other residents must surrender noncommercial receipts only if the receipts result from their activities in Morocco. Moroccans working abroad must surrender within one month all foreign exchange in their possession, but on departure from Morocco, they may export without restriction foreign banknotes obtained by debiting their accounts in convertible dirhams. If they do not have such an account, they may take out 15% of foreign exchange repatriated and surrendered 12 months before to Moroccan banks up to a limit of DH 20,000. If these facilities are not available, Moroccan residents living abroad may take advantage of the same DH 10,000 tourist allocation that applies to residents. Resident travelers may bring in foreign banknotes in any amount, as well as any other means of payment in foreign exchange but must surrender them within 30 days of their return to Morocco.
Surrender requirements	Exporters of services are required to obtain up to 20% of their export earnings in amounts denominated in foreign currency or convertible dirhams.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Sale or issue locally by nonresidents	The issuance of capital market securities by nonresidents is prohibited. There are, however, no restrictions on the sale of Moroccan securities by nonresidents. Proceeds from such sales may also be freely transferred, provided that the relevant purchases are financed by foreign exchange inflows or any comparable means.
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Purchase abroad by residents	Purchases of foreign securities by residents of Moroccan nationality and transfers of the funds required for such purchases are subject to the prior approval of the FEO. Residents of foreign nationality are free to purchase securities abroad or, generally speaking, to constitute assets abroad, provided that these purchases are financed from their foreign exchange holdings or holdings of convertible dirhams.
Sale or issue abroad by residents	Yes.
<i>Bonds or other debt securities</i>	
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
On money market instruments	
<i>Purchase locally by nonresidents</i>	When the purchase of such instruments or securities is financed by a foreign exchange inflow or by the proceeds of the sale of other securities previously purchased through the surrender of foreign exchange, the transfer of disinvestment proceeds, including capital gains, and of income generated by such investment is free.
<i>Sale or issue locally by nonresidents</i>	The issuance of these instruments by nonresidents is prohibited.
<i>Purchase abroad by residents</i>	Purchases require the prior authorization of the FEO, which is granted under certain conditions. On the other hand, residents of foreign nationality are free to engage in operations abroad financed with their foreign exchange holdings.
<i>Sale or issue abroad by residents</i>	Yes.
On collective investment securities	The same regulations apply as for money market instruments.
<b>Controls on derivatives and other instruments</b>	
Purchase locally by nonresidents	These instruments have not been developed in Morocco.
Purchase abroad by residents	Residents of Moroccan nationality may subscribe to such instruments abroad only with the prior approval of the FEO. Authorized intermediaries are allowed to engage in foreign exchange buying and selling operations with foreign banks using foreign currency cash.
Sale or issue abroad by residents	The issue abroad of these instruments by Moroccan residents is subject to prior authorization by the FEO.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	Merchandise exporters are free to grant commercial credits to nonresidents for up to 150 days; longer terms may be granted with the approval of the FEO, as required for business purposes.
Financial credits	
<i>By residents to nonresidents</i>	The granting of financial loans by residents to nonresidents is subject to the approval of the FEO.
<i>To residents from nonresidents</i>	Financial credits are limited to foreign loans for financing investment operations or foreign trade.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	Moroccan banks may issue or accept in favor of residents sureties issued on behalf of nonresidents in support of the participation of said nonresidents in public or private contracting, the supplying of goods or services, the refund of down payments, and the substitution of guarantee withholdings. Similarly, they may issue sureties on behalf of nonresidents in support of tax liabilities or financial obligations. A counterguarantee from a foreign bank is required for sureties issued by Moroccan banks on behalf of nonresidents. When claims are entered under sureties issued or accepted in favor of residents on behalf of nonresidents, the relevant amounts must be repatriated to Morocco.

<i>To residents from nonresidents</i>	Provisions of guarantees are allowed on the condition that they are contracted through resident Moroccan banks.
<b>Controls on direct investment</b>	
Outward direct investment	Outward direct investments are subject to prior approval of the FEO, but residents of foreign nationality are free to invest abroad.
<b>Controls on liquidation of direct investment</b>	There are no restrictions on transfers made directly with the banking system of the proceeds of the liquidation or sale of foreign investment, including capital gains. For the liquidation of any investment not falling under the convertibility arrangements, the relevant proceeds must be deposited in a convertible time deposit account denominated in dirhams. Funds placed therein may be transferred over a five-year period in equal annuities.
<b>Controls on real estate transactions</b>	These operations are subject to the investment regime.
Purchase abroad by residents	Yes.
Purchase locally by nonresidents	Foreign nationals cannot purchase properties outside of urban limits.
<b>Controls on personal capital movements</b>	
Loans	These operations are subject to FEO authorization.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	Gifts and endowments are subject to prior FEO authorization. However, inheritance transfers may be effected freely if the acquisition of the inherited property is financed with foreign exchange.
Settlement of debts abroad by immigrants	These operations are subject to FEO authorization.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	Yes.
Transfer of gambling and prize earnings	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Commercial banks may only borrow abroad to finance foreign trade or investment operations.
Lending to nonresidents (financial or commercial credits)	The granting of loans abroad by Moroccan banks is subject to approval by the Exchange Office. However, banks may use cash held in foreign exchange accounts (by foreign nationals, Moroccan citizens residing abroad, and exporters) for granting buyer's credits to foreign, nonresident customers of Moroccan exporters.
Lending locally in foreign exchange	Moroccan banks may grant foreign exchange loans to residents for the financing of foreign trade operations and investment, within the limits of their respective foreign exchange positions, as authorized by the rules of the foreign exchange market.
Purchase of locally issued securities denominated in foreign exchange	Purchases are subject to the prior approval of the FEO.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Convertible dirham and foreign exchange accounts are excluded from reserve requirements.
<i>Liquid asset requirements</i>	All deposits are taken into account for the calculation of liquid asset requirements.
Differential treatment of deposit accounts held by nonresidents	
<i>Credit controls</i>	Debit balances are not permitted in foreign exchange accounts.

**Investment regulations***Abroad by banks*

These operations are subject to authorization by the FEO and the monetary authorities.

*In banks by nonresidents*

These operations are subject to authorization by the monetary authorities.

**Open foreign exchange position limits**

The limit was 20% of net equity (7% for the position in any single currency) until January 1, 1999, when it was reduced to 10%.

*On resident assets and liabilities*

The assets and liabilities of these accounts are included in the calculation of bank foreign exchange positions.

*On nonresident assets and liabilities*

The same regulations apply as for nonresident assets and liabilities.

**Provisions specific to institutional investors****Limits (max.) on portfolio invested abroad**

Prior approval by the FEO is required for portfolio investment abroad.

**Other controls imposed by securities laws**

n.a.

**Changes During 1998****Imports and import payments**

*December 10.* Imports of certain chemical products that deplete the ozone layer require a license.

**Exports and export proceeds**

*December 10.* Exports of certain chemical products that deplete the ozone layer require a license.

**Payments for invisible transactions and current transfers**

*September 15.* The annual installation allowance for students studying abroad and for a parent accompanying a minor student was increased to DH 20,000 a school year.

**Changes During 1999****Provisions specific to commercial banks and other credit institutions**

*January 1.* The open position limit was reduced to 10% of net equity from 20%.



# MOZAMBIQUE

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

## Exchange Arrangement

Currency The currency of Mozambique is the Mozambican metical.

Exchange rate structure Unitary.

### Classification

Independently floating The external value of the metical is determined by supply and demand in the exchange market, where the Bank of Mozambique (BM), the commercial banks, and foreign exchange bureaus participate.

There is an interbank money market and an interdealer market in foreign exchange outside the fixing sessions. The foreign exchange market is cleared twice daily through telex and telephone transactions.

Exchange tax No.

Exchange subsidy No.

Forward exchange market No.

## Arrangements for Payments and Receipts

Prescription of currency requirements No.

Payment arrangements No.

Administration of control The BM is responsible for foreign exchange policy and administers its control.

International security restrictions No.

### Payment arrears

Private n.a.

### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade Residents other than monetary authorities are permitted to hold gold for numismatic purposes or as jewelry or ornaments.

Controls on external trade The exportation of gold is governed by special regulations, while the same regulations that apply to other import items are applicable to the importation of nonmonetary gold.

### Controls on exports and imports of banknotes

#### On exports

*Domestic currency* Exports of domestic currency are subject to a limit of Mt 500,000.

*Foreign currency* Nonresidents may export foreign banknotes up to \$5,000 and above, up to the amount they declared on entry.

#### On imports

*Domestic currency* Imports of domestic currency are subject to a limit of Mt 500,000, provided the currency has been previously exported.

*Foreign currency* Imports of foreign currencies in excess of the equivalent of \$5,000 must be declared.

### Resident Accounts

**Foreign exchange accounts permitted**

Held domestically Yes.

Held abroad These accounts are permitted, but BM approval is required.

**Accounts in domestic currency convertible into foreign currency** No.

### Nonresident Accounts

**Foreign exchange accounts permitted** Yes.

**Domestic currency accounts** These accounts may be opened with funds from the conversion of foreign currency or from employment and technical assistance contracts approved by the appropriate institutions; transfers of such funds abroad are not permitted.

Convertible into foreign currency No.

**Blocked accounts** n.a.

### Imports and Import Payments

**Foreign exchange budget** No.

**Financing requirements for imports** Confirmation of the existence of sufficient funds in the bank is required.

Advance payment requirements Documentary proof of the arrival of goods has to be presented.

**Documentation requirements for release of foreign exchange for imports**

Domiciliation requirements Yes.

Preshipment inspection Until November 30, 1998, inspection was required for all imports in excess of \$2,500, with the exception of perishable commodities and imports for the personal needs of diplomats. Effective December 1, 1998, inspections are performed randomly, depending on the type of merchandise import.

**Import licenses and other nontariff measures** Effective December 1, 1998, a new single document import procedure has replaced import licenses and customs declarations.

Negative list A negative product list exists for imports financed by donors' or creditors' funds. In order to ensure that donors' requirements are met, the Office for the Coordination of Import Programs and other agencies review import requests. Some import support funds are allocated by the BM to the commercial banks.

Open general licenses All imports exceeding the equivalent of \$250 are subject to registration by the Ministry of Industry, Commerce, and Tourism (MICT). Registration certificates specifying, among other things, the place of embarkation and disembarkation of the goods, the amount and currency of payment, and the source of financing are issued on demand.

**Import taxes and/or tariffs** Yes.

**State import monopoly** No.

### Exports and Export Proceeds

**Repatriation requirements** All export proceeds, except in cases authorized by the BM, must be collected through the commercial banks.

Surrender requirements	Companies that export more than 85% of their production qualify for the status of free trade zone.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	Yes.
<b>Export licenses</b>	Effective December 1, 1998, a new single document export procedure has replaced export licenses and customs declarations.
With quotas	Quotas are maintained on exports of sugar to the United States.
<b>Export taxes</b>	The general export duty of 0.5% was suspended for five years on December 31, 1994. There is, however, a duty of 14% on exports of raw cashews.
Other export taxes	Yes.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Exchange bureaus are authorized to sell foreign exchange up to the equivalent of \$5,000 to individuals to pay expenses associated with travel, study, or medical treatment abroad, as well as for film rental, expenses for fairs and exhibitions, contributions to international organizations, and subscriptions to publications. Commercial banks are authorized to sell foreign exchange up to the equivalent of \$5,000 for the payment of all types of invisible transactions and current transfers, except for profits and dividends from investment. Operations exceeding the limits and those relating to profits and dividends are subject to prior approval of the BM.
Investment-related payments	Remittances of profits and dividends from foreign direct investment may be made in accordance with the specific project authorization.
<i>Prior approval</i>	Yes.
Foreign workers' wages	
<i>Quantitative limits</i>	Foreign experts working in Mozambique may remit abroad all or part of their salaries, depending on the terms of their employment contracts.
Credit card use abroad	Credit cards should be issued in Mozambique.
<i>Quantitative limits</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	Certain Mozambican nationals working abroad under officially arranged contracts (specifically, miners in the Republic of South Africa) are obligated to remit 60% of their earnings through the BM and to convert them into meticaís.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	BM approval is required for purchases or sales abroad by residents of capital and money market instruments in excess of \$5,000.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	n.r.

Sale or issue locally by nonresidents	n.r.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<i>Bonds or other debt securities</i>	
Purchase locally by nonresidents	n.r.
Sale or issue locally by nonresidents	n.r.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
On money market instruments	
<i>Purchase locally by nonresidents</i>	n.r.
<i>Sale or issue locally by nonresidents</i>	n.r.
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
On collective investment securities	
<i>Purchase locally by nonresidents</i>	n.r.
<i>Sale or issue locally by nonresidents</i>	n.r.
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	
Purchase locally by nonresidents	n.r.
Sale or issue locally by nonresidents	n.r.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Public and private enterprises need BM approval to borrow abroad. All foreign borrowing must be registered with the BM. Borrowing by the government must be obtained on concessionary terms.
Financial credits	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Public and private enterprises need BM approval to borrow abroad. All foreign borrowing must be registered with the BM. Borrowing by the government must be obtained on concessionary terms.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
<b>Controls on direct investment</b>	
Outward direct investment	Yes.

Inward direct investment	Foreign investors are guaranteed the right to repatriate their initial capital. The incentives for foreign investments include tax and customs exemptions for specified periods and for access to domestic credit. Foreign investment proposals are processed by the Foreign Investment Promotion Center.
<b>Controls on liquidation of direct investment</b>	Yes.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Yes.
Purchase locally by nonresidents	Nonresidents are prohibited from purchasing real estate and may only contract leasing and concessions.
Sale locally by nonresidents	n.a.
<b>Controls on personal capital movements</b>	There are controls on all personal capital movements.
Transfer of gambling and prize earnings	Earnings from gambling are fully transferable, provided they are confirmed by the casinos, in accordance with a special permanent authorization granted to the casinos by the BM.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	No prior approval is required, but borrowing must be registered.
Lending to nonresidents (financial or commercial credits)	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Yes.
<i>Liquid asset requirements</i>	Yes.
<i>Credit controls</i>	Yes.
Investment regulations	Yes.
Open foreign exchange position limits	Limits are set in percent of core capital.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Prior BM approval is required.
Limits (max.) on portfolio invested abroad	Yes.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Imports and import payments</b>	<i>December 1.</i> A new single document import procedure has replaced import licenses and customs declarations. Import inspections are performed randomly.
<b>Exports and export proceeds</b>	<i>December 1.</i> A new single document export procedure has replaced export licenses and customs declarations.

# MYANMAR

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article XIV

Yes.

## Exchange Arrangement

### Currency

The currency of Myanmar is the Myanmar kyat.

### Exchange rate structure

#### Dual

In addition to the official exchange rate, foreign exchange certificates (FECs) are issued by the Central Bank of Myanmar (CBM) in denominations of 1, 5, 10, and 20 units, and exchangeable with six hard currencies or with acceptable traveler's checks. FECs are widely used and serve the needs of visitors and investors in Myanmar. FECs are available for kyats at the market-determined rate at the exchange centers in Yangon. Seven exchange centers were opened in Yangon and 19 in other cities. Holders of FECs may deposit them into their foreign exchange accounts. An unofficial parallel market for foreign exchange also exists.

### Classification

#### Conventional pegged arrangement

The Myanmar kyat is officially pegged to the SDR at K 8.50847 per SDR 1. Myanmar applies margins of 2% to spot exchange transactions, based on the fixed kyat-SDR rate. The buying and selling rates of the kyat for the euro, Japanese yen, Swiss franc, pound sterling, and U.S. dollar, quoted by the Myanmar Foreign Trade Bank (MFTB), are determined on the basis of the daily calculations of the value of these currencies against the SDR, as are rates for the currencies of some member countries of the ACU (i.e., the Bangladesh taka, Indian rupee, Iranian rial, Nepalese rupee, Pakistan rupee, and Sri Lanka rupee). The buying and selling rates for the Hong Kong dollar, Malaysian ringgit, and Singapore dollar are determined daily on the basis of the appropriate cross rates in the Singapore market, and the buying and selling rates for other currencies are based on the appropriate cross rates published in *The Asian Wall Street Journal* or the *London Financial Times*.

### Exchange tax

No.

### Exchange subsidy

No.

### Forward exchange market

No.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

Settlements with member countries of the ACU are made in ACU dollars through the ACU mechanism.

### Payment arrangements

#### Regional arrangements

Myanmar is a member of the ACU.

#### Clearing agreements

Yes.

#### Barter agreements and open accounts

Bilateral trade arrangements with neighboring countries exist. These arrangements do not provide for the extension of credit.

### Administration of control

Exchange control is administered by the CBM in accordance with instructions from the Ministry of Finance and Revenue (MFR). A Foreign Exchange Control Board headed by the Deputy Prime Minister allocates foreign exchange for the public sector. On March 9, 1998, the central bank suspended licenses held by nine private banks to operate in foreign currency. The central bank limited foreign currency operations to two state-owned banks, the Myanmar Foreign Trade Bank and the Myanmar Investment and Commercial Bank.

### International security restrictions

#### In accordance with UN sanctions

Yes.

**Payment arrears**

Official Arrears are maintained with respect to debt-service payments of the central government.

**Controls on trade in gold (coins and/or bullion)**

Controls on external trade Imports and exports of gold are not allowed for the private sector. Jewelry for personal use may be brought into Myanmar, subject to customs declaration at the port of arrival. Personal jewelry of a prescribed value is permitted to be taken out, subject to the condition that the jewelry will be brought back into the country. No conditions are attached, however, to the taking out of personal jewelry that was declared to customs when it was brought into Myanmar. Gold bullion may not be imported from any source.

**Controls on exports and imports of banknotes****On exports**

*Domestic currency* The exportation of Myanmar currency is prohibited.

*Foreign currency* Residents who have been granted an official permit to travel abroad are allowed to buy \$500 from the MFTB and the Myanmar Investment and Commercial Bank on presentation of \$500 worth of FECs or the equivalent from their own foreign currency accounts. Non-residents leaving Myanmar within six months of arriving may take out any balance of foreign currency they brought in with them and may also reconvert the remaining balance of the FECs purchased in excess of the minimum required purchase of \$300.

**On imports**

*Domestic currency* The importation of Myanmar currency is prohibited.

*Foreign currency* Travelers may bring in up to \$2,000 or its equivalent without any declaration. Tourists arriving in Myanmar are required to purchase FECs equivalent to a minimum value of \$300, but amounts in excess of this minimum may be reconverted into foreign exchange on departure.

**Resident Accounts****Foreign exchange accounts permitted****Held domestically**

Foreign currency accounts of national firms may be kept with private domestic banks permitted to conduct foreign exchange transactions. Accounts may be opened in U.S. dollars only by Myanmar nationals who earn foreign exchange. Account holders are allowed to import under import licenses issued by the Ministry of Commerce (MOC) on the basis of LCs or on a collection basis.

With prior approval, account holders may use funds from their accounts to purchase air tickets for family visits abroad and to make payments for personal imports, for examination fees for their children, and for medical treatment abroad. Transfers of funds between accounts are permitted.

**Held abroad**

These accounts may be opened, but prior approval is required.

**Accounts in domestic currency convertible into foreign currency**

Conversion is permitted only for payment of official expenses.

**Nonresident Accounts****Foreign exchange accounts permitted**

Foreign currency accounts of diplomatic missions and international organizations and their home-based personnel may be kept with the MFTB only. For other nonresidents to open such accounts, prior approval is required.

**Domestic currency accounts**

Yes.

**Convertible into foreign currency**

All debits and credits to these accounts require prior authorization.

**Blocked accounts**

No.

### Imports and Import Payments

**Foreign exchange budget**

An import program for the public sector is prepared annually as part of the foreign exchange budget drawn up jointly by the Ministry of National Planning and Economic Development and the MFR.

**Financing requirements for imports**

All payments for imports not originating from border trade are made through private domestic banks permitted to conduct foreign exchange business. State economic enterprises obtain foreign exchange directly from the MFTB, within the approved foreign exchange budget, after receiving endorsement from the respective ministries. Payments for border imports may be effected directly from the proceeds of border exports. Myanmar nationals who have opened foreign currency accounts are allowed to make unlimited payments for personal imports with the funds from their accounts. Myanmar nationals working abroad under official permits who have not yet opened foreign currency accounts may make payments on their personal imports out of their accumulated savings of legitimate funds.

**Advance payment requirements**

The State Bank requires a 100% advance payment, while private bank requirements vary according to the credit standing of their customer.

**Advance import deposits**

Yes.

**Documentation requirements for release of foreign exchange for imports**

**Preshipment inspection**

Yes.

**Letters of credit**

Yes.

**Import licenses used as exchange licenses**

Yes.

**Import licenses and other nontariff measures**

Imports are free from tariffs, except for those imported from countries under UN embargo or with which Myanmar has severed diplomatic relations. With a few exceptions, private sector imports require import licenses for each transaction and are largely financed from the importer's foreign currency account. Since November 1997, only one type of import license has been issued, under which 60% is allocated to essential goods and the remainder to nonessential goods. An importer wishing to import nonpriority or neutral items is generally required to import priority goods at a value equivalent to 50% and 25% of the values of nonpriority goods and of neutral items, respectively. Private importers must register at the MOC and renew their licenses annually. Border imports require permits. Exporters of agricultural, forestry, and fisheries products are encouraged to import up to the equivalent of 25% of the export value of selected items that will contribute to the production in these sectors. A 2% service charge payable in foreign exchange is charged for issuance of an import license on garments.

**Negative list**

Certain items, such as opium and other narcotics, playing cards, and gold and silver bullion, may not be imported from any source.

**Open general licenses**

Joint ventures with private interests may be granted OGLs on a case-by-case basis. State economic enterprises may import goods for their own use and for resale with OGLs, whereas government departments may import only for their own use.

**Import taxes and/or tariffs**

Tariff rates range from zero to 40%. Agricultural implements, raw materials, and other essential imports are taxed at low rates, while the highest rates are applied to imports of luxury goods.

**State import monopoly**

No.

### Exports and Export Proceeds

**Repatriation requirements**

Proceeds from exports must be fully repatriated.

**Financing requirements**

No.



**Documentation requirements**

Letters of credit Yes.

Preshipment inspection Yes.

**Export licenses**

Export trade may be conducted with any country without restriction, except those under UN embargo or with which Myanmar has severed diplomatic relations.

Without quotas

In practice, state agencies responsible for production may export any product in excess of what is needed for domestic consumption. Special permits are required for exports of antiques. State enterprises have a monopoly on the exportation of rice, teak, petroleum and natural gas, pearls, jade, and precious stones and metals. Rice is exported by the Myanmar Agricultural Produce Trading through the Myanmar Export-Import Services; private traders and cooperatives are also permitted to export some beans and pulses, rattan, flour, and cut flowers under valid export permits issued by the MOC. Border trade of certain products, including rice, teak, rubber, petroleum, hides, leather, some beans and pulses, maize, cotton, and groundnuts, is not permitted.

**Export taxes**

Excluding goods under the exemption list, commercial taxes are levied on all exports at 5%, provided the proceeds are received in foreign currency. A specific duty of K 10 per metric ton is levied on all varieties of rice.

Other export taxes

Customs duties are levied on rice, bamboo, cereal, raw hides, and cakes.

**Payments for Invisible Transactions and Current Transfers****Controls on these transfers**

All payments for invisibles outside the public sector are subject to approval and are considered on a case-by-case basis. Remittances against FECs are permitted up to \$50,000 a month.

Trade-related payments

Remittances of insurance premium payments other than for Myanmar Insurance are not permitted.

*Prior approval*

Yes.

Investment-related payments

*Prior approval*

Yes.

Payments for travel

*Prior approval*

Yes.

*Quantitative limits*

Yes.

Personal payments

*Prior approval*

Yes.

*Quantitative limits*

Remittance to retired government employees is permitted only if the persons concerned were nonnationals throughout their term of service and are now residing in their native countries. Family remittances are permitted only for foreign technicians employed under contract by the government; the limit is one-half of the net salary if the spouse is living abroad, and one-third of the net salary if the spouse is living in Myanmar.

Foreign workers' wages

Balances of salary and lawful income earned that remain after payment of taxes and deduction of living expenses of the worker and his or her family may be transferred abroad through a bank with the approval of the CBM.

*Prior approval*

Yes.

Other payments

*Prior approval*

Yes.

**Proceeds from Invisible Transactions and Current Transfers**

Repatriation requirements

Yes.

Surrender requirements	Unless exchange control authorities grant a special waiver, 10% of proceeds must be paid as income tax. Myanmar nationals working abroad with permission from the government are required to pay an income tax at the rate of 10% of their gross earnings in foreign exchange. Myanmar seamen serving abroad and Myanmar nationals working abroad in private organizations are required to transfer to Myanmar as tax 10% of their gross earnings in foreign exchange through embassies in their country of residence. Myanmar nationals working abroad in UN organizations are not required to pay income tax.
Restrictions on use of funds	Use of funds is subject to exchange control approval.

### Capital Transactions

Controls on capital and money market instruments	n.a.
Controls on derivatives and other instruments	n.a.
Controls on credit operations	
Commercial credits	
<i>To residents from nonresidents</i>	Yes.
Financial credits	
<i>To residents from nonresidents</i>	Yes.
Guarantees, sureties, and financial backup facilities	
<i>To residents from nonresidents</i>	Yes.
Controls on direct investment	
Inward direct investment	The Myanmar Investment Commission may accept proposals for investment from foreigners for full ownership and under joint venture, with the share of foreign capital representing at least 35% of the total capital. To facilitate and promote foreign investment, the commission may grant exemption from customs duties and other internal taxes on machinery and equipment imported during construction of the project, spare parts used in business, and raw materials imported for the first three years of commercial production, as well as exemption from the income tax for a period of up to three consecutive years, including the year when production of goods and services began, or for longer than three years, depending upon the profitability of the enterprise. Furthermore, accelerated depreciation allowances may be granted. Types of economic activity and the sectors open to foreign investment are specified in a detailed positive list.
Controls on liquidation of direct investment	The government guarantees that an economic enterprise formed under a permit will not be nationalized during the term of the contract or during an extended term. Repatriation of capital and profits is allowed through banks after payment of taxes and prescribed funds.
Controls on real estate transactions	
Purchase abroad by residents	Yes.
Purchase locally by nonresidents	Yes.
Sale locally by nonresidents	Yes.
Controls on personal capital movements	
Transfer of gambling and prize earnings	Yes.
Provisions specific to commercial banks and other credit institutions	
Borrowing abroad	Yes.

Maintenance of accounts abroad	Yes.
Lending to nonresidents (financial or commercial credits)	Yes.
Provisions specific to institutional investors	n.a.
Other controls imposed by securities laws	n.a.

### Changes During 1998

Arrangements for payments and receipts	<i>March 9.</i> Foreign exchange licenses of nine private banks were withdrawn.
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# NAMIBIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: September 20, 1996.

### Exchange Arrangement

#### Currency

The currency of Namibia is the Namibia dollar.

#### Other legal tender

The South African rand is also legal tender.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The Namibia dollar is pegged to the South African rand at par. The exchange rate of the Namibia dollar against other currencies is determined on the basis of cross rates of the South African rand against the currencies concerned in international markets. The exchange market in Namibia has developed as an extension of the exchange market in South Africa.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Authorized dealers are permitted to conduct forward exchange operations, including forward cover, with residents in any foreign currency in respect of authorized trade and non-trade transactions. Forward exchange contracts may cover the entire period of the outstanding commitments and accruals. Forward cover is also provided to nonresidents, subject to certain limitations. Gold mining companies and houses may sell forward anticipated receipts of their future gold sales. Forward cover is provided in U.S. dollars only and is available to authorized dealers for maturities not exceeding 12 months at a time in the form of swap transactions involving Namibia dollars (South African rand) and U.S. dollars with a margin based on the interest rate differential between the two currencies.

#### Official cover of forward operations

Special forward cover at preferential rates is provided in respect of import financing.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

If a particular type of payment is not covered in the Exchange Control Rulings, an application is lodged with the Bank of Namibia (BON). Each application is considered on its own merit.

#### Payment arrangements

##### Regional arrangements

Namibia is part of the CMA, and no restrictions are applied to payments within the CMA.

#### Administration of control

The BON has delegated some powers to authorized dealers who assist the BON in administering exchange control. Where an authorized dealer cannot approve a transaction in terms of the Exchange Control Rulings, an application is lodged with the BON. The norms applied by the BON in scrutinizing applications are subject to policy guidelines established within the CMA.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

The exchange control regulations prohibit the purchase and sale, both domestically and abroad, of unwrought gold by Namibian residents without the specific authority of the BON. All such requests are considered on merit.

#### Controls on domestic ownership and/or trade

Residents are permitted to purchase, hold, and sell gold coins within the CMA for numismatic and investment purposes only.

Controls on external trade	All export and import of gold require the prior approval of the monetary authority.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	An individual may export up to N\$2,000.
<i>Foreign currency</i>	Export of foreign currency not authorized in terms of exchange control rulings requires prior BON approval.
On imports	
<i>Domestic currency</i>	Upon entry from countries outside the CMA, residents and nonresidents may bring in a total of N\$2,000 in Namibian banknotes or R 2,000 in South African banknotes. There are no limitations on the importation of domestic currency from Lesotho and Swaziland.
<i>Foreign currency</i>	Importation of foreign currency by nonresidents of the CMA is unrestricted. However, Namibian residents are only allowed to import into Namibia the residual balance of foreign currency initially exported.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	Effective May 1, 1998, the MOF and the BON decided to allow resident private individuals to operate foreign currency accounts with local authorized dealers or, alternatively, invest abroad up to a maximum limit of N\$350,000. In addition, Namibian residents are now allowed to retain any form of income (with the exclusion of export proceeds) abroad.
Held domestically	Resident private individuals are allowed to operate foreign currency accounts with local authorized dealers. For other residents, prior approval is required.
Held abroad	These accounts are permitted with prior approval, particularly for import and export enterprises.
<b>Accounts in domestic currency convertible into foreign currency</b>	Payments in foreign currency may be effected from resident accounts, provided the transaction is covered under the Exchange Control Rulings or where prior approval has been obtained in respect thereof.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Only export-processing zones (EPZ) customer foreign currency accounts are allowed. These accounts are kept offshore via a local authorized dealer and are set up to facilitate the foreign currency disbursements of EPZ enterprises. Transactions through these accounts must conform to normal banking practices and must be carried out with the full cognizance and approval of the authorized dealer concerned. For other residents, prior approval is required.
<b>Domestic currency accounts</b>	The regulations that apply to these accounts in South Africa also apply in Namibia. EPZ nonresident accounts are allowed. These are Namibia dollar accounts, funded with foreign currency, and are used for the normal operational requirements and expenditures of EPZ enterprises and to facilitate local investments. Balances remaining in these accounts are freely convertible and transferable abroad.
Convertible into foreign currency	These accounts may be opened, but prior approval is required.
<b>Blocked accounts</b>	Emigrants' blocked accounts in South African rand existed through April 1998. Effective May 1, 1998, the BON decided to release emigrants' blocked funds. These accounts will continue to be subjected to normal emigration procedures.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
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**Financing requirements for imports**

## Advance payment requirements

Advance payment for the importation of capital goods is allowed upon filing an application with the BON. Authorized dealers may authorize "cash with order" advance payments and approve up to 33.3% of the ex-factory cost of capital goods.

**Documentation requirements for release of foreign exchange for imports**

Documentation confirming receipts of the imported articles into Namibia (e.g., bill of entry, local post receipts) is required.

## Letters of credit

They may be established by authorized dealers locally.

**Import licenses and other nontariff measures**

There are no restrictions on imports originating in any country of the SACU. Imports from countries outside the SACU are usually licensed in conformity with South Africa's import regulations. Permits are valid for one year, are expressed in value terms, and are valid for imports from any country outside the SACU. At present, about 90% of imports require a permit.

## Negative list

Namibia has the right to restrict certain imports (through customs duties or quantitative restrictions) from countries outside the SACU and, under certain conditions, from countries within the SACU.

**Import taxes and/or tariffs**

## Taxes collected through the exchange system

A general sales tax of 10% is levied on all imports in addition to a sales duty between zero and 15%, depending on the type of commodity.

## State import monopoly

No.

**Exports and Export Proceeds****Repatriation requirements**

All export proceeds are normally required to be repatriated.

## Surrender requirements

All export proceeds are normally required to be surrendered within six months of shipment or within 30 days of the date of accrual. Corporate entities that operate in the export field and also import goods from abroad are allowed to offset the cost of imports against the proceeds of exports, provided the set-off takes place within 30 days.

**Financing requirements**

No.

**Documentation requirements**

All exports from Namibia should be accompanied by an export declaration, and upon receipt of export proceeds locally, the inflow of foreign currency must be declared.

## Letters of credit

Yes.

## Guarantees

Yes.

**Export licenses**

All exports, except to SACU member countries, require a license.

## Without quotas

Permits are required for exports of goods in short supply to non-SACU countries.

**Export taxes**

No.

**Payments for Invisible Transactions and Current Transfers****Controls on these transfers**

Authorized dealers may approve trade-related invisible payments without limitation and other invisible payments up to established limits. Larger amounts may be granted on presentation of documentary proof of need. Virtually all remaining controls on current account transactions are liberalized, except in cases where the limits were retained to make the remaining controls on capital outflows effective.

## Investment-related payments

*Prior approval*

No prior approval is required, but if a local company is contracting any loans via a local source, an application should be filed with the BON. The repayment of foreign loans requires BON approval.

**Payments for travel***Quantitative limits*

Residents may obtain up to N\$100,000 for a person 12 years or older, and N\$30,000 for a child under the age of 12 years, each calendar year. Residents traveling to destinations outside the CMA are allowed to take the foreign exchange made available in any form.

*Indicative limits/bona fide test*

Amounts in excess of the indicative limits are approved when applicant provides documents in support of a bona fide request.

**Personal payments**

There are no controls on payment of medical costs.

*Prior approval*

As regards transfer of pensions, applications are considered on the merits of the particular case.

*Quantitative limits*

The annual allowance for study abroad is N\$100,000 for a student or N\$200,000 for a student accompanied by a nonstudent spouse. Family maintenance transfers are limited to N\$2,000 a month for a receiving family unit. Alimony payments are not limited.

*Indicative limits/bona fide test*

Amounts in excess of the indicative limits for payment of study abroad are approved when applicants provide documents in support of a bona fide request.

**Foreign workers' wages***Prior approval*

Yes.

*Quantitative limits*

Contract workers may transfer two-thirds of their monthly salary.

**Credit card use abroad***Prior approval*

Departing residents are required to complete a form prior to departure.

*Quantitative limits*

Limits must be in accordance with prescribed travel allowances.

*Indicative limits/bona fide test*

Yes.

**Other payments***Prior approval*

Applications are considered on the merits of the particular case.

## **Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements**

Yes.

**Surrender requirements**

Proceeds from invisibles must be surrendered within 30 days of the date of accrual, unless exemption is obtained.

**Restrictions on use of funds**

Prior BON approval should be obtained to use such funds outside the CMA.

## **Capital Transactions**

**Controls on capital and money market instruments**

Inward transfers of capital from non-CMA countries for equity investment are freely permitted, whereas applications by residents to retain funds in, or transfer them to, countries outside the CMA for bona fide long-term investments in specific development projects or for the expansion of existing projects owned or controlled by residents are considered on their own merits. Namibian corporations are now allowed to invest substantial amounts in the SADC member countries, and dual listing of companies on both the Namibia Stock Exchange and other SADC stock exchanges is permitted.

**On capital market securities***Shares or other securities of a participating nature**Sale or issue locally by nonresidents*

Proceeds from the sale of quoted or unquoted CMA securities, real estate, and other equity investments by nonresidents are freely transferable.

*Purchase abroad by residents*

Yes.

*Sale or issue abroad by residents*

Yes.

<i>Bonds or other debt securities</i>	
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
On money market instruments	
<i>Purchase abroad by residents</i>	Prior BON approval is required for the acquisition of money market instruments outside the CMA.
<i>Sale or issue abroad by residents</i>	Yes.
On collective investment securities	
<i>Purchase abroad by residents</i>	Prior BON approval is required for the acquisition of collective investment securities outside the CMA.
<i>Sale or issue abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	
Purchase abroad by residents	Prior BON approval is required.
Sale or issue abroad by residents	Yes.
<b>Controls on credit operations</b>	
	Interest rates applicable on foreign currency denominated loans should not exceed LIBOR plus 2%, while those on local currency denominated loans should not exceed the prime overdraft rate plus 3%.
Commercial credits	Credit operations outside the CMA are subject to specific approval from the BON, which is generally given for borrowing abroad with a maturity of at least six months by domestic entrepreneurs, except for speculative borrowings or consumer credit. Authorized dealers are generally permitted to raise funds abroad in their own names for the financing of Namibia's foreign trade and other approved purposes.
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
Financial credits	
<i>By residents to nonresidents</i>	Effective April 1, 1998, a wholly nonresident-owned company may borrow 100% of shareholder equity locally. Only companies that are 75% or more foreign-owned are subject to exchange controls.
<i>To residents from nonresidents</i>	Yes.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
<b>Controls on direct investment</b>	
Outward direct investment	<p>Applications by residents to retain funds in, or transfer them to, countries outside the CMA for bona fide long-term investments in specific development projects or for the expansion of existing projects owned or controlled by residents are considered on their own merits.</p> <p>Effective April 1, 1998, the limit on foreign investment is N\$50 million for countries other than SADC members, and a facility of N\$250 million in respect of investment into SADC member countries is established. Consideration is to be given to foreign borrowings to finance these investments being raised with recourse to, or guarantee from, Namibia, implying that the local corporations' balance sheet may be used in negotiating such a facility. Approved foreign subsidiaries may expand activities abroad without prior approval, provided such expansion is financed by foreign borrowings or by the employment of profits earned by the foreign subsidiary.</p> <p>The BON is now considering applications by private individuals to invest in fixed property, e.g., holiday homes and farms, in the SADC member countries.</p>



Inward direct investment	Inward transfers of capital from non-CMA countries for equity investment are free.
<b>Controls on liquidation of direct investment</b>	Yes.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Yes.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	Residents require prior approval.
<i>To residents from nonresidents</i>	Residents require prior approval for raising foreign loans.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	Cash bequests and the cash proceeds of legacies and distributions from such estates due to nonresidents may be remitted up to N\$500,000. Amounts due in excess of this amount require prior BON approval.
<i>To residents from nonresidents</i>	Residents must declare funds obtained and repatriate them to Namibia. Alternatively, exemption may be obtained from the BON for retention of such funds abroad. Each application is considered on its own merits.
Settlement of debts abroad by immigrants	If the immigrants have formally declared their assets and liabilities and have no cash resources available with which to pay the debt, the BON may consider requests for exemption based on merit.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	Families emigrating outside the CMA are granted the normal tourist allowance and are permitted to remit up to N\$400,000 (N\$200,000 for single persons). Any balance exceeding this limit must be credited to an emigrant blocked account. The balance, including earned income, may be transferred under prescribed conditions.
<i>Transfer into the country by immigrants</i>	Immigrants are required to furnish the exchange control authorities with a complete account of their foreign assets and liabilities at the time of their arrival. Any foreign assets they transfer to Namibia may, through the same channel, be retransferred abroad.
Transfer of gambling and prize earnings	Normally, Namibians are discouraged from participating in international lotteries. Most requests in this regard are declined.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Authorized dealers are generally permitted to raise funds abroad in their own names for the financing of Namibia's foreign trade and for other approved purposes.
Lending to nonresidents (financial or commercial credits)	Prior approval is needed for lending not related to trade transactions. Only companies that are 75% or more foreign owned are subject to exchange controls, and permission is given for local financial assistance to be granted to nonresident-owned companies against a non-resident guarantee, provided the amount made available does not exceed the limit calculated in terms of the formula requirements.
Lending locally in foreign exchange	Authorized dealers may lend money locally in Namibia dollars.
Differential treatment of deposit accounts in foreign exchange	As long as these deposits are liabilities to the public, arising from operations in Namibia, they will be included in the basis for calculating the minimum liquid assets and reserve requirements.
<i>Credit controls</i>	The limit for credit facilities to any person or group of related persons is 30% of a banking institution's capital funds. In addition to the above limit, granted credit facilities that exceed 10% of capital funds may not exceed, in aggregate, 800% of the total capital funds of the banking institution in Namibia. These limits apply to all customers irrespective of their citizenship.

Differential treatment of deposit accounts held by nonresidents	As long as these deposits are liabilities to the public, arising from operations in Namibia, they will be included in the basis for calculating the minimum liquid assets and reserve requirements.
<i>Credit controls</i>	The same regulations apply as for deposit accounts in foreign exchange.
Investment regulations	
<i>Abroad by banks</i>	Banking institutions are at all times required to maintain minimum local assets situated in Namibia of an aggregate value of not less than 100% of the amount of their liabilities payable in Namibia dollars (excluding capital funds), less any debit balances denominated in South African rand in the clearing account held with their associate banks in South Africa.
Open foreign exchange position limits	There is no distinction between residents and nonresidents. The net open position limit is 15% of a bank's share capital and unimpaired reserves.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	Namibian pension funds and insurance companies are obliged by law to invest 35% of their total assets locally.
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	The maximum is 65% of the total assets of pension funds and insurance companies.
Limits (max.) on portfolio invested abroad	Investments are allowed only by way of swaps. The foreign currency transfers allowed are 10% of the total value of the local fund. Transfers abroad of up to 3% of the net inflow of funds during the preceding year may be allowed. In addition, 2% of the net inflow of funds during a preceding year could be used for investment into stock exchanges of SADC member countries, subject to the overall limit of 10% of the total assets applicable to asset swaps.
	The definition of institutional investor includes the unit trust management company itself. In the past, it included only the fund itself.
Limits (min.) on portfolio invested locally	The minimum is 35% of the total assets of pension funds and insurance companies.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Resident accounts</b>	<i>May 1.</i> Resident private individuals were allowed to open foreign currency accounts or invest abroad up to N\$300,000. Namibian residents were allowed to retain any form of income abroad.
<b>Nonresident accounts</b>	<i>May 1.</i> Emigrants' blocked funds were released.
<b>Imports and import payments</b>	<i>June 2.</i> Seasonal quantitative import restrictions on whole grain and wheat were lifted.
<b>Payments for invisible transactions and current transfers</b>	<i>January 1.</i> Allowances for studies and traveling abroad were increased.
<b>Capital transactions</b>	
Controls on credit operations	<i>April 1.</i> Nonresident-owned companies, access to domestic credit was increased. Only companies that are 75% or more foreign-owned are subject to exchange controls.
Controls on direct investment	<i>April 1.</i> Foreign direct investment by Namibian corporations abroad was increased to N\$50 million, while approved investments into SADC were increased to N\$250 million per new investment project.
Controls on personal capital movements	<i>January 5.</i> Capital introduced into Namibia by private individual residents in Namibia could be retransferred abroad.

# NEPAL

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: May 30, 1994.

### Exchange Arrangement

#### Currency

The currency of Nepal is the Nepalese rupee.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The Nepalese rupee has been pegged to the Indian rupee at the rate of NRe 1.6 per Re 1 since February 1993. The reference rate of the dollar quoted by the Nepal Rastra Bank (NRB) is based on the average of the quoted rate of commercial banks. Exchange rates of other major currencies are quoted on the basis of overseas markets. Buying and selling rates are quoted daily for certain other currencies, with quotations based on the buying and selling rates for the dollar in markets abroad.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Banks provide forward exchange cover for trade transactions.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Convertibility between the Indian rupee and the Nepalese rupee is unrestricted in Nepal. All current transactions with member countries of the ACU other than India must be effected through the ACU. Payments for selected imports from India may be settled in dollars. Other imports and proceeds from exports to India must be settled in Indian rupees. Proceeds from exports to other countries are received in convertible currencies.

#### Payment arrangements

##### Regional arrangements

Nepal is a member of the ACU.

##### Clearing agreements

Yes.

#### Administration of control

Payments in convertible currencies may be made without permission, subject to the procedures prescribed by the NRB. All exchange transactions must be settled through authorized dealers. Nonbank authorized dealers are licensed to accept foreign currencies only for their services to foreign nationals.

#### International security restrictions

n.a.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on external trade

Persons who have stayed abroad for more than one month and have an official source of foreign earnings may import up to 10 kilograms of gold.

#### Controls on exports and imports of banknotes

##### On exports

##### Foreign currency

Foreign banknotes, other than Indian banknotes, may not be taken out by residents without permission. Nonresidents may take out the unchanged amount of any foreign banknotes they bring in.

## On imports

*Foreign currency*

Residents and nonresidents may bring in foreign banknotes freely, but must declare amounts exceeding the equivalent of \$2,000. No limit applies to Indian rupees.

**Resident Accounts****Foreign exchange accounts permitted**

Exporters are allowed to deposit up to 100% of export earnings in a foreign exchange account to cover trade-related expenses. Nepalese citizens earning foreign exchange from working abroad (except in Bhutan and India) for more than three months may open these accounts. Commercial banks may accept deposits denominated in Australian dollars, Canadian dollars, deutsche mark, French francs, yen, Netherlands guilders, pounds sterling, Singapore dollars, Swiss francs, and U.S. dollars, and are free to determine the rate of interest paid on deposits. Current accounts may be opened with a minimum equivalent to \$500, and time deposits with a minimum equivalent to \$3,000.

## Held domestically

These accounts are permitted, but prior approval is required.

## Held abroad

With prior approval, commercial banks may open accounts in selected cases.

**Accounts in domestic currency convertible into foreign currency**

n.a.

**Nonresident Accounts****Foreign exchange accounts permitted**

Accounts may be maintained in all specified convertible currencies, and balances on these accounts may be freely transferred abroad. Diplomats, foreign nationals working in projects financed with foreign aid funds under bilateral or multilateral agreements with the government, and nonresidents may open foreign currency accounts freely with Nepalese banks.

**Domestic currency accounts**

## Convertible into foreign currency

Nonresidents who receive or bring into Nepal foreign currencies that they convert into Nepalese rupees and deposit with a Nepalese bank may reconvert them for transfer out of the country, subject to the prior approval of the NRB.

**Blocked accounts**

No.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

No.

**Import licenses and other nontariff measures**

Most imports are covered under OGLs.

## Negative list

Imports of arms, ammunition, wireless transmitters, precious metals, and jewelry require special permission from the government.

## Open general licenses

Yes.

## Other nontariff measures

Silver is mostly imported by the NRB and sold to silver jewelers and handicraft-exporting industries through the commercial banks. Imports of silver up to 150 kilograms are allowed for those who have stayed abroad more than one month and have an official source of foreign exchange. Quantitative restrictions on importing poppy seed were introduced in October 1998.

**Import taxes and/or tariffs**

There are five tariff rates (5%, 10%, 20%, 30%, and the 80% special rate for vehicles), with most goods subject to either the 20% or the 30% rate. Nepalese citizens returning from

abroad who have spent at least 15 nights out of the country are permitted to bring in goods worth NRs 1,000 free of customs duties and sales taxes. Citizens with official sources of foreign exchange earnings and who have stayed abroad for one month or more are allowed additional imports without official documentation.

**State import monopoly**

No.

### Exports and Export Proceeds

**Repatriation requirements**

Proceeds from exports must be repatriated within 180 days of receipt. Exporters are allowed to accept short payments in export proceeds, if they do not exceed \$500 or 1%, whichever is higher. Approval of the NRB is required for amounts above the specified limit.

**Surrender requirements**

Exporters may retain the export earnings on their foreign currency account with local banks. Exporters of ready-made garments are allowed to import fabrics from India in convertible currencies not to exceed 50% of their export earnings.

**Financing requirements**

Commercial banks may grant preexport credit of up to 70% of the f.o.b. value of products specified by the government to all individuals and institutions holding irrevocable LCs opened or endorsed by foreign banks and acceptable to the Nepalese banks. Such credit may be provided for a maximum of three months; this period may be extended without penalty under special circumstances beyond the control of the exporter.

**Documentation requirements**

**Letters of credit**

Exports to countries other than India are allowed only against irrevocable LCs or advance payments by foreign banks.

**Domiciliation**

Reexportation to India of non-Nepalese goods and reexportation to any destination of goods imported from India are prohibited.

**Preshipment inspection**

Preshipment inspection is not compulsory.

**Export licenses**

Exports of items having archaeological and religious value, old coins, narcotics, and explosive materials are prohibited.

**With quotas**

The export volume of ready-made garments to the United States is restricted by a quota that increases annually by 6%. Quantitative restrictions on exports of rice were introduced in December 1998.

**Export taxes**

n.a.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

**Trade-related payments**

*Indicative limits/bona fide test*

Yes.

**Investment-related payments**

*Prior approval*

Prior approval is required in the case of private sector loan amortization.

*Indicative limits/bona fide test*

Yes.

**Payments for travel**

*Quantitative limits*

The limit ranges from \$700 to \$1,500, depending on destination.

*Indicative limits/bona fide test*

Yes.

**Personal payments**

*Prior approval*

Prior approval of the government is required for transfers related to medical and study abroad costs.

<i>Indicative limits/bona fide test</i>	Yes.
Foreign workers' wages	
<i>Prior approval</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Credit card use abroad	The use of credit cards abroad is allowed under specific guidelines.
Other payments	
<i>Prior approval</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	n.a.
Restrictions on use of funds	n.a.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents	Nonresidents can invest in equity shares up to 25% of the capital of Nepalese companies.
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##### *Bonds or other debt securities*

Purchase locally by nonresidents	Purchases can only be made for bonds denominated in Nepalese currency.
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Sale or issue locally by nonresidents	Sales can only be made for bonds denominated in local currency.
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On money market instruments	In principle, participation by nonresidents is allowed, but so far no effective participation has been recorded.
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<i>Purchase abroad by residents</i>	Yes.
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Controls on derivatives and other instruments	n.a.
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Controls on credit operations	No.
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#### Controls on direct investment

Outward direct investment	Nepalese citizens, whether or not residing in Nepal, are not allowed to make any type of investment in foreign countries, except as specifically permitted by government notice. The exemptions include the purchase and sale of insurance policies abroad, and investments abroad by any banking or financial institution incorporated in Nepal.
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Inward direct investment	Investments require prior approval in the form of a guarantee from the Industrial Promotion Board. Foreign investment is not permitted in cottage, small-scale, or defense-related industries. Foreign investors may hold 100% equity in large- and medium-scale industries. Foreign securities firms are permitted to form joint ventures with local state exchange members, but their ownership is limited to 40%.
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Controls on liquidation of direct investment	Approval from the NRB and the Industrial Promotion Board is required.
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Controls on real estate transactions	No.
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<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	The NBR may give specific permission based on approved policy guidelines (e.g., for the development of tourism export, hydroelectricity, etc.).
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Limits apply to foreign government paper only.
Limits (max.) on portfolio invested abroad	Commercial banks may invest their foreign currency reserves in government securities only.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Imports and import payments</b>	<i>October 31.</i> Quantitative restrictions on importing poppy seed were imposed.
<b>Exports and export proceeds</b>	<i>December 1.</i> Quantitative restrictions on the export of rice were imposed.

# NETHERLANDS

(Position as of April 30, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 15, 1961.

### Exchange Arrangement

#### Currency

As from January 1, 1999, the currency of the Netherlands is the euro. In cash transactions, however, the legal tender remains the Netherlands guilder until 2002, when euro banknotes and coins will be issued.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The Netherlands participates in a currency union (EMU) comprising 11 members of the EU: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. Internal exchange rates in respect to the national currencies of EMU participants were fixed to the euro on January 1, 1999, whereas the external exchange rate of the euro is market-determined. The conversion rate between the euro and the Netherlands guilder was set at f. 2.20371 per €1. The ECB has the right to intervene to smooth out fluctuations in external exchange rates.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Forward exchange contracts are not limited as to delivery period nor is an underlying trade transaction required.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

No.

#### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

Yes.

In accordance with UN sanctions

In compliance with the relevant UN Security Council resolutions, certain restrictions are imposed on financial transactions with Iraq, Libya, and the Federal Republic of Yugoslavia (Serbia/Montenegro). Effective April 6, 1999, restrictions on financial transactions with Libya were suspended.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

No.

#### Controls on exports and imports of banknotes

No.

## Resident Accounts

#### Foreign exchange accounts permitted

Held domestically

Yes.



Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	In compliance with relevant UN Security Council resolutions, funds belonging to Iraq, Libya, and the Federal Republic of Yugoslavia (Serbia/Montenegro) are blocked. Effective April 6, 1999, restrictions on financial transactions with Libya were suspended.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for re-release of foreign exchange for imports	No.
Import licenses and other nontariff measures	
Negative list	Import licenses are required for imports originating in Hong Kong SAR, Japan, and state trading countries (i.e., the People's Republic of China, the Democratic People's Republic of Korea, and Vietnam), as well as for the importation of goods of unknown origin. In addition, import licenses are required for a limited number of products, mainly those of the agricultural, steel, and textile sectors.
Licenses with quotas	Imports of textiles originating in the Far East and in state trading countries.
Other nontariff measures	Imports from Angola and Iraq are prohibited. Imports of most products covered by the CAP from non-EU countries are subject to import levies. Common EU regulations are applied to most agricultural and livestock products.
Import taxes and/or tariffs	Yes.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	
Without quotas	Export licenses are required for only a few commodities, mostly of a strategic character, for some agricultural products, and for iron and steel scrap and related products.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	Inward and outward capital transfers by residents and nonresidents are not restricted, but they are subject to reporting requirements based on the External Financial Relations Act.
Controls on derivatives and other instruments	No.
Controls on credit operations	No.
Controls on direct investment	No.
Controls on liquidation of direct investment	No.
Controls on real estate transactions	No.
Controls on personal capital movements	No.
Provisions specific to commercial banks and other credit institutions	
Open foreign exchange position limits	Limits are imposed on banks' total position in foreign currency and precious metals. Banks are required to report to the Nederlandsche Bank their position in each foreign currency and precious metal (spot, forward, and option positions) at the end of each month.
Provisions specific to institutional investors	No.
Other controls imposed by securities laws	No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

### Changes During 1999

Exchange arrangement	<i>January 1.</i> The currency of the Netherlands became the euro. The conversion rate between the euro and the Netherlands guilder was set irrevocably at f. 2.20371 per €1.
Arrangements for payments and receipts	<i>April 6.</i> Restrictions on financial transactions with Libya were suspended.

# NETHERLANDS ANTILLES

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 15, 1961.

### Exchange Arrangement

<b>Currency</b>	The currency of the Netherlands Antilles is the Netherlands Antillean guilder.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Conventional pegged arrangement	The Netherlands Antillean guilder is pegged to the dollar, the intervention currency, at NA f. 1.7900 per \$1. The official selling rate is NA f. 1.82 per \$1. Official buying and selling rates for certain other currencies are set daily on the basis of rates of the dollar abroad.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	No.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	The Central Bank (CB) issues exchange licenses where required. The Department of Finance (DOF) issues import licenses where required, and authorized banks may provide foreign exchange for all current transactions without prior approval of the CB.
<b>International security restrictions</b>	
In accordance with UN sanctions	Sanctions under UN resolutions against Iraq, Libya, and the Federal Republic of Yugoslavia (Serbia/Montenegro) are in effect.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	Exportation is prohibited except for traveling purposes.
<i>Foreign currency</i>	Nonresidents may take with them on departure any foreign currency that they brought in.

## Resident Accounts

<b>Foreign exchange accounts permitted</b>	Resident individuals may hold these accounts without a special license.
Held domestically	Yes.
Held abroad	Transfers from a local bank account to foreign accounts are allowed up to NA f. 10,000 a quarter.

Accounts in domestic currency  
convertible into foreign currency

Yes.

### Nonresident Accounts

Foreign exchange accounts permitted

Yes.

Domestic currency accounts

Yes.

Convertible into foreign currency

These accounts are permitted, but approval is required for accounts exceeding NA f. 200,000.

Blocked accounts

No.

### Imports and Import Payments

Foreign exchange budget

No.

Financing requirements for imports

Imports with delivery dates exceeding payment dates by more than 12 months must be reported to the CB.

Documentation requirements for re-  
lease of foreign exchange for imports

No.

Import licenses and other nontariff  
measures

No.

Import taxes and/or tariffs

Imported goods for which there are locally produced substitutes are subject to tariffs ranging from 25% to 90%. Certain commodities are subject to import surcharges in Bonaire and Curaçao.

State import monopoly

No.

### Exports and Export Proceeds

Repatriation requirements

If export proceeds are not received within 12 months of shipment, the delay must be reported to the CB.

Financing requirements

No.

Documentation requirements

No.

Export licenses

No.

Export taxes

No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Most types of current invisible payments and remittances may be made freely. A license is required if the delivery and payment dates are more than one year apart.

Investment-related payments

There are controls on the transfer of profits.

*Prior approval*

Companies must submit their annual report to the CB for verification of the actual amount of profits and dividends recorded before they may remit them.

*Indicative limits/bona fide test*

Yes.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

No.

**Restrictions on use of funds** No.

### Capital Transactions

**Controls on capital and money market instruments** Investments by residents in officially listed foreign securities (and in mutual funds whose shares are listed) are permitted free of license up to NA f. 100,000 a year, provided that these payments occur through a local exchange bank. Reinvestment of proceeds from the sales of securities is also allowed.

On capital market securities There are controls on all capital market transactions.

**Controls on derivatives and other instruments** Yes.

**Controls on credit operations** Credit operations require licenses, which are normally granted.

**Controls on direct investment**

Outward direct investment Yes.

Inward direct investment Investments require licenses, which are normally granted.

**Controls on liquidation of direct investment** No.

**Controls on real estate transactions**

Purchase abroad by residents A license is required for these purchases.

**Controls on personal capital movements**

Loans

*By residents to nonresidents* Only short-term loans are permitted.

*To residents from nonresidents* Only short-term loans are permitted.

Transfer of assets Yes.

**Provisions specific to commercial banks and other credit institutions**

Differential treatment of deposit accounts in foreign exchange

*Reserve requirements* The 3% reserve requirement applied to the adjusted domestic debt of commercial banks was increased in several stages during 1998, and it currently stands at 8%. Additionally, there are prudential regulations concerning the extension of credits (the large exposure requirement).

*Liquid asset requirements* No deficit liquidity position is allowed.

*Credit controls* There is a monetary cash reserve requirement. During the first half of 1998, net domestic credit to the private sector by commercial banks was allowed to grow by 2% and increased to 2.5% for the second half of 1998. On January 1, 1999, the cash reserve requirement was eliminated. Net domestic credit to the public sector was to be kept constant.

Investment regulations CB approval is required for the acquisition of shares in other companies.

Open foreign exchange position limits The ceiling on net foreign assets of commercial banks was abolished on September 18, 1998. Banks are not allowed to have negative net foreign asset positions. Any negative position is subject to penalty.

**Provisions specific to institutional investors**

Limits (max.) on portfolio invested abroad The limits are 60% for the first NA f. 10 million, 50% for the next NA f. 10 million, and 40% for additional amounts.

Limits (min.) on portfolio invested locally	The limits are 40% for the first NA f. 10 million, 50% for the next NA f. 10 million, and 60% for additional amounts.
Other controls imposed by securities laws	There is no securities law.

### Changes During 1998

#### Capital transactions

Provisions specific to institutional investors	<i>January 1.</i> The ceiling set on net domestic credit to the private sector for 1998 is 2.25%. <i>April 15.</i> Reserve requirement increased to 4%. <i>September 17.</i> Reserve requirement increased to 6%. <i>September 18.</i> The ceiling on net foreign assets of commercial banks was abolished. Any negative position is subject to penalty. <i>October 16.</i> Reserve requirement increased to 6.5%. <i>November 16.</i> Reserve requirement increased to 8%.
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### Changes During 1999

#### Capital transactions

Provisions specific to commercial banks and other credit institutions	<i>January 1.</i> The ceiling on net domestic credit to the private sector was eliminated by reducing the cash reserve requirement to zero.
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## NEW ZEALAND

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: August 5, 1982.

#### Exchange Arrangement

<b>Currency</b>	The currency of New Zealand is the New Zealand dollar.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Independently floating	The exchange rate of the New Zealand dollar is determined on the basis of supply and demand in the foreign exchange market.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	Yes.

#### Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	No.
<b>International security restrictions</b>	
In accordance with Executive Board Decision No. 144-(52/51)	Yes.
In accordance with UN sanctions	Certain restrictions had been imposed on the making of payments and transfers for current international transactions with respect to Iraq, and similarly with respect to the Federal Republic of Yugoslavia (Serbia/Montenegro) in compliance with a UN Security Council resolution. Restrictions with respect to the Federal Republic of Yugoslavia (Serbia/ Montenegro) have been suspended since December 1995, in cases where it is clear that the assets, money, and securities are not subject to any claim or interest on the part of the successor states of the Former Socialist Federal Republic of Yugoslavia other than Serbia/ Montenegro. Certain restrictions on the making of payments and transfers for current international transactions pursuant to the UN Security Council resolutions have been imposed with respect to Libya and Angola.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	The Financial Transactions Reporting Act requires that imports and exports of banknotes be reported. A customs documentation form, required when entering or leaving the country, includes a requirement to declare amounts greater than \$NZ 10,000 or its equivalent.

#### Resident Accounts

<b>Foreign exchange accounts permitted</b>	
Held domestically	Yes.

Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	

Negative list

Import prohibitions and restrictions affect some 70 products or classes of products—primarily plants, animals, and products considered dangerous to human health or not in the public interest.

Import taxes and/or tariffs

The only tariffs over 20% apply to some motor vehicle parts, clothing, and footwear. The tariff on carpeting was reduced to 20% on July 1, 1998. The tariff on motor vehicles was eliminated in 1998. Most tariffs are ad valorem, but specific duties apply to some products. Under the terms of the ANZCERTA and the SPARTECA, imports of qualifying goods enter duty-free from Australia and SPARTECA countries. Eligible imports from developing countries that have not graduated beyond a specified threshold are allocated tariff preferences under the GSP. In addition, duty-free access is given to most imports from 36 least-developed countries.

State import monopoly

No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.

Export licenses

Without quotas

Certain items classified as strategic goods may be exported only when specific requirements have been met and an export permit has been issued.

With quotas

Many of New Zealand's exports are currently restricted by quotas and other quantitative restrictions imposed by its principal trading partners. For example, exports of lamb and butter to the EU and exports of beef and dairy products to the United States are subject to either quotas or voluntary export restraints.

Export taxes

No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	No.
Controls on derivatives and other instruments	No.
Controls on credit operations	No.
Controls on direct investment	

Inward direct investment Under the Overseas Investment Regulations, there are separate authorization procedures for "nonland" and "land" investments, which apply both to new investors and to existing foreign-controlled firms.

Nonland investments involving the acquisition of over 25% of the shares of a New Zealand company, and where the consideration exceeds \$NZ 10 million or which involve the purchase of property in excess of \$NZ 10 million used in carrying on a business, are subject to a bona fide investor test. Established foreign-controlled enterprises also need approval for investments exceeding \$NZ 10 million in areas unrelated to that consented to originally. However, since these investors were screened when they first invested, the procedure is straightforward.

Controls on liquidation of direct investment No.

#### Controls on real estate transactions

Purchase locally by nonresidents Foreign investment in certain types of land is subject to both a bona fide investor test and a "national interest" test. Land acquisitions that require authorization relate to any land exceeding five hectares in area or where the consideration exceeds \$NZ 10 million, and islands or land containing or adjoining reserves, historic or heritage areas, and the foreshore or lakes in excess of 0.4 hectares.

Controls on personal capital movements No.

Provisions specific to commercial banks and other credit institutions No.

Provisions specific to institutional investors No.

Other controls imposed by securities laws No.

### Changes During 1998

Arrangements for payments and receipts *October 9.* Certain restrictions were placed on financial transactions with Angola.

Imports and import payments *May 15.* The tariff on motor vehicles has been eliminated.

*July 1.* The tariff on carpets was reduced to 20%.

# NICARAGUA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: July 30, 1964.

### Exchange Arrangement

<b>Currency</b>	The currency of Nicaragua is the Nicaraguan córdoba.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Crawling peg	A crawling peg system in which the exchange rate is adjusted 1% a month is maintained. The central government and financial institutions are free to undertake purchases or sales of foreign exchange with the Central Bank of Nicaragua (CBN).
<b>Exchange tax</b>	There is no tax, but the CBN charges a commission of 1% on sales of foreign exchange.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	No.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	
Regional arrangements	Nicaragua is a member of the CACM.
<b>Administration of control</b>	Exchange operations between private agents are not restricted. The CBN allows authorized commercial banks and exchange houses to make foreign exchange transactions.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	
Official	Payment arrears are maintained with members of the Paris Club and non-Paris Club countries.
Private	n.a.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	The Nicaraguan Mining Institute manages the country's gold production. An authorization from the CBN is required to operate as a gold exporter. Natural and juridical persons may trade gold coins (commemorative gold coins were issued in 1967, 1975, and 1980) for numismatic purposes only.
<b>Controls on exports and imports of banknotes</b>	No.

## Resident Accounts

### Foreign exchange accounts permitted

Held domestically	Yes.
Held abroad	Yes.

Accounts in domestic currency convertible into foreign currency	Yes.
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### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Córdoba accounts with exchange guarantee (maintenance of value) contracts may be opened with commercial banks.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	All importers must submit an import declaration form either to commercial banks or to customs when they are using their own resources.
Letters of credit	Some import payments are made with sight drafts, but almost all are made through LCs.
Import licenses and other nontariff measures	
Open general licenses	Yes.
Import taxes and/or tariffs	Imports of 746 items are subject to a temporary import tariff of 20% independent of their origin, and all imports are subject to a sales tax and the Central American Common Tariff. Since July 1998, the maximum tariff on most products is 15%.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	Export licenses are not required, but all exports must be registered with the Ministry of Economy.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	No.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	
Commercial credits	
<i>To residents from nonresidents</i>	For statistical purposes, these credits must be reported to the CBN within 30 days after the credits have been granted.
Financial credits	
<i>To residents from nonresidents</i>	The same requirement applies as for commercial credits.
<b>Controls on direct investment</b>	
Inward direct investment	Foreign exchange originating from new investments or additions to capital must be surrendered to the CBN through commercial banks. However, in practice, this regulation has become obsolete as a result of the elimination of exchange controls.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Purchase of locally issued securities denominated in foreign exchange	These instruments may only be issued by the CBN or the government.
Investment regulations	
<i>Abroad by banks</i>	There are prudential limits.
<b>Provisions specific to institutional investors</b>	
Currency-matching regulations on assets/liabilities composition	There are prudential limits established by the Superintendency of Financial Institutions.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Imports and import payments</b>	<i>July 31.</i> The maximum tariff on most products was set at 15%.
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# NIGER

(Position as of February 28, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 1, 1996.

### Exchange Arrangement

#### Currency

The currency of Niger is the CFA franc.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The CFA franc is pegged to the euro, the intervention currency, at a fixed rate of CFAF 100 per €0.1524, which is the official buying and selling rate. Exchange rates for other currencies are derived from the rate for the currency concerned in the Paris exchange market and the fixed rate between the euro and the CFA franc. They include a bank commission of 0.25% on transfers to all countries outside the WAEMU, which must be surrendered in its entirety to the Treasury.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Effective February 1, 1999, residents were authorized to contract forward exchange cover in accordance with the regulations on imports and exports of goods and services.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

Because Niger is linked to the French Treasury through an Operations Account, settlements with France, Monaco, and other countries linked to the French Treasury through an Operations Account are made in CFA francs, euros, or the currency of any other Operations Account country.

### Payment arrangements

#### Bilateral payment arrangements

##### *Operative*

Niger concluded an arrangement with Nigeria.

##### *Inoperative*

Agreements have been concluded with Algeria and Libya but are not yet operational.

#### Regional arrangements

An Operations Account is maintained with the French Treasury that links Operations Account countries. All purchases or sales of foreign currencies or euros against CFA francs are ultimately settled through a debit or credit to the Operations Account.

#### Clearing agreements

A multilateral clearing agreement exists within the WAMA, between the member states of the WAEMU, Cape Verde, the Gambia, Ghana, Guinea, Liberia, Mauritania, Nigeria, and Sierra Leone.

### Administration of control

Exchange control is administered by the Currency and Credit Directorate of the Ministry of Finance, Economic Reform and Privatization (MOFERP), which also supervises the transfers of proceeds of the sale of investments or foreign securities by nonresidents and those related to purchases of options. By delegation, the BCEAO is authorized to carry out controls relating to the external position of banks and financial institutions. Effective February 1, 1999, the amount of transfers authorized without supporting documentation was raised to CFAF 300,000 from CFAF 100,000.

### International security restrictions

No.

### Payment arrears

#### Official

Yes.

Private Yes.

**Controls on trade in gold (coins and/or bullion)**

Controls on external trade

Imports and exports of gold require prior authorization from the MOF. Exempt from this requirement are (1) imports and exports by or on behalf of the Treasury or the BCEAO; (2) imports and exports of manufactured articles containing a minor quantity of gold (such as gold-filled or gold-plated articles); and (3) articles of gold up to a combined weight of 500 grams when carried by a traveler. Both licensed and exempt imports of gold are subject to customs declaration.

**Controls on exports and imports of banknotes**

On exports

*Domestic currency*

Travelers are allowed to export CFA banknotes. However, repurchases by the BCEAO of exported banknotes continue to be suspended. In addition, the shipment of BCEAO banknotes between authorized intermediaries and their correspondent banks located outside of the WAEMU zone is strictly prohibited.

*Foreign currency*

The reexportation of foreign banknotes is allowed up to the equivalent of CFAF 500,000; for larger amounts, documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposits in local banks is required. Residents traveling for tourist or business purposes to countries in the franc zone that are not members of the WAEMU are allowed to take out the equivalent of up to CFAF 2 million in banknotes other than CFA franc banknotes; amounts in excess of this limit may be taken out in other means of payment.

On imports

*Domestic currency*

Residents and nonresidents are free to import banknotes and coins issued by the BCEAO.

*Foreign currency*

Nonresidents may bring in any amount of foreign banknotes and coins (except gold coins) of countries outside the Operations Account area. Residents bringing in foreign banknotes and foreign currency traveler's checks exceeding the equivalent of CFAF 50,000 must surrender them within eight days of entry.

### Resident Accounts

**Foreign exchange accounts permitted**

Effective February 1, 1999, residents are allowed to open foreign exchange accounts with local banks or banks abroad after obtaining authorization from the MOFERP with approval of the BCEAO.

Held domestically

Yes.

Held abroad

The holding of accounts at banks abroad is not expressly prohibited under the legislation in force, which, however, prohibits any transfer for the constitution of holdings abroad by a resident, except where a waiver is granted by the MOFERP.

**Accounts in domestic currency convertible into foreign currency**

These accounts are not provided for under the exchange regulations.

### Nonresident Accounts

**Foreign exchange accounts permitted**

Effective February 1, 1999, authorization is issued by the BCEAO.

**Domestic currency accounts**

These accounts are subject to strict regulations; they may not be credited with banknotes of the BCEAO, the Bank of France, or any other bank of issue having an Operations Account with the French Treasury.

Convertible into foreign currency

Nonresident accounts may be converted into any currency.

**Blocked accounts** No.

### Imports and Import Payments

**Foreign exchange budget** No.

**Financing requirements for imports** No.

**Documentation requirements for release of foreign exchange for imports**

**Domiciliation requirements** All imports exceeding CFAF 3 million must have been domiciled with an authorized bank. Effective February 1, 1999, this limit was raised to CFAF 5 million.

**Preshipment inspection** Yes.

**Import licenses used as exchange licenses** Imports of fuel require licenses.

**Import licenses and other nontariff measures**

**Positive list** A license is required for imports of petroleum products.

**Open general licenses** OGLs are not covered in the exchange control regulations.

**Import taxes and/or tariffs** The customs tariff regime consists of three ad valorem rates of 5%, 10%, and 30%. There is also a 5% processing fee levied on imports.

**State import monopoly** Petroleum products and pharmaceuticals continue to be imported by public enterprises. However, the process of privatizing these enterprises is under way.

### Exports and Export Proceeds

**Repatriation requirements** Yes.

**Surrender requirements** The due date of payment for exports must fall within 120 days after the goods have been shipped. Proceeds from exports, regardless of the purchasing country, must be repatriated in their entirety through an authorized intermediary bank no later than 30 days from the date of receipt. Effective February 1, 1999, proceeds from exports to WAEMU countries are no longer required to be repatriated.

**Financing requirements** No.

**Documentation requirements** Exports of livestock, leather and skins, onions, rice, and sugar are subject to the submission of a statistical registration certificate. Exports to France and the Operations Account countries may be made freely. Exports of domestic products and imported commodities to other countries require an exchange commitment.

**Domiciliation** All exports of more than CFAF 3 million must be domiciled with an authorized intermediary bank. Effective February 1, 1999, exports to WAEMU countries need not be domiciled.

**Export licenses** No.

**Export taxes** Exports and reexports are subject to a 5% statistical tax. Reexports are subject to a special tax of 10%.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** Payments for invisible transactions with France, Monaco, and the countries linked to the French Treasury by an Operations Account are permitted freely. Payments for invisibles related to trade are permitted freely when the basic trade transaction has been approved or does not require authorization. Effective February 1, 1999, payments and incomes of foreign ships in the WAEMU zone and WAEMU ships abroad are included under current operations.

## Trade-related payments

*Indicative limits/bona fide test* Yes.

## Investment-related payments

*Prior approval* Transfers abroad for the amortization of loans are not subject to authorization. However, because payments for depreciation of direct investments is not expressly covered in the governing legislation, the authorization of the MOFERP is required. Transfers of profits are permitted freely when the basic transaction has been approved.

*Quantitative limits* Yes.

*Indicative limits/bona fide test* Yes.

## Payments for travel

*Prior approval* Yes.

*Quantitative limits* Effective February 1, 1999, limits on foreign exchange allowances were eliminated. The threshold of foreign exchange to be surrendered by residents after travel was raised to CFAF 300,000 from CFAF 50,000.

*Indicative limits/bona fide test* Allowances in excess of the limits are subject to the authorization of the MOFERP.

## Personal payments

*Indicative limits/bona fide test* Yes.

## Foreign workers' wages

*Indicative limits/bona fide test* Yes.

## Credit card use abroad

*Prior approval* Yes.

*Quantitative limits* Credit cards may be used up to the ceilings for tourist and business travel.

*Indicative limits/bona fide test* Yes.

## Other payments

*Indicative limits/bona fide test* Yes.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements** Yes.

**Surrender requirements** All amounts due, except for transactions with France, Monaco, and Operations Account countries, must be surrendered within one month of the due date or date of receipt.

**Restrictions on use of funds** n.a.

### Capital Transactions

**Controls on capital and money market instruments**

There are no restrictions on capital inflows into WAEMU member countries. They are to be declared for statistical purposes. For investments and loans abroad, including those in France, Monaco, and Operations Account countries that are not WAEMU members, the prior authorization of the MOFERP is required. In addition, special control is exercised over calls for funds for deposit from foreign nationals, companies, and institutions, and over any publicity aimed at placing funds abroad or subscribing to construction or real estate operations abroad. These special measures also apply to France, Monaco, and Operations Account countries that are not WAEMU members. Effective February 1, 1999, transfers related to the sale of foreign securities by residents and to proceeds of disinvestments by nonresidents are allowed. Foreign investment in WAEMU countries became unrestricted. Such operations are subject to reporting for statistical purposes. The prior



authorization of the Public Saving and Financial Market Regional Council is required for the issuance and marketing of securities and capital assets of foreign entities, as well as for publicity and advertising of investments abroad.

#### On capital market securities

##### *Shares or other securities of a participating nature*

*Sale or issue locally by nonresidents* Securities may be sold or issued in Niger, but must be declared for statistical purposes to the MOFERP. Residents may purchase securities sold or issued by nonresidents only after obtaining the authorization of the MOFERP. There is no restriction on sales of securities constituting the liquidation of investments in the form of transfers between nonresidents and residents, provided that the procedures established for the financial settlement of such operations are observed. The settlement of operations in securities by transfer abroad or by deposit to the account of a nonresident requires an exchange authorization, which must be submitted for clearance to the MOFERP together with documents proving that the operation was actually carried out.

*Purchase abroad by residents* The prior authorization of the MOFERP is required for these operations and for transfer abroad of funds for this purpose.

*Sale or issue abroad by residents* Yes.

*Bonds or other debt securities* The same regulations apply as for shares or other securities of a participating nature.

#### On money market instruments

*Sale or issue locally by nonresidents* A declaration to the MOFERP is required. Purchases by residents must be authorized in advance.

*Purchase abroad by residents* Subject to prior authorization of the MOFERP.

*Sale or issue abroad by residents* Residents are free to sell money market instruments abroad. Sales representing disinvestment are subject to prior declaration. Foreign exchange earnings from sales or disinvestment must be surrendered to an authorized bank intermediary. The issue abroad of money market instruments by residents is governed by the provisions applicable to loans.

#### On collective investment securities

*Sale or issue locally by nonresidents* Sales and issues must be declared. Purchases by residents are subject to prior authorization.

*Purchase abroad by residents* Yes.

#### **Controls on derivatives and other instruments**

These instruments are virtually nonexistent in Niger. However, instruments of this type are governed by the rules and regulations normally applicable to securities and direct investments. Effective February 1, 1999, transfers relating to option purchases were allowed.

#### **Controls on credit operations**

##### Commercial credits

*By residents to nonresidents* Credits to nonresidents are subject to the following: (1) claims resulting from the exportation of goods must be collected, and the related amounts repatriated through the BCEAO, within 30 days of the due date for payment stipulated in the commercial contract. The time allowed for payment must not exceed 120 days following shipment of the goods; and (2) claims resulting from the provision of services must also be collected and surrendered on the foreign exchange market within one month of the payment due date. No time limit has been officially fixed for such payment.

*To residents from nonresidents* There are no controls on the granting of loans of this type. Their repayment is, in general, authorized, subject to the submission of documents proving that the commercial operation or provision of services has actually taken place and indicating the due date for payment.

##### Financial credits

*By residents to nonresidents* The granting of financial credit is subject to prior authorization of the MOFERP. For the transfer abroad of funds in this context, a foreign exchange authorization must be submitted for clearance from the Ministry, together with the necessary supporting documents.

<i>To residents from nonresidents</i>	The granting of loans of this type is subject to a declaration for statistical purposes. There are no controls on the repayment of loans, provided that supporting documents are submitted to the authorized intermediary bank responsible for the payment. Effective February 1, 1999, foreign borrowing by residents became unrestricted.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	The same regulations apply as for financial credits.
<i>To residents from nonresidents</i>	There are no controls, but the necessary funds must be transferred from abroad through an authorized intermediary.
<b>Controls on direct investment</b>	
Outward direct investment	Investments made abroad by residents are subject to the prior authorization of the MOFERP. Investors must apply in writing to make such investments and indicate in their letter the name of the authorized intermediary that will be responsible for the payment. Whether such payments are made by transfer of funds abroad or by credit to a foreign account in francs, they may not be made before the end of the period agreed between the parties.
Inward direct investment	Inward investment is subject to declaration for statistical purposes.
<b>Controls on liquidation of direct investment</b>	Earnings from the sale or liquidation of direct investments may be freely transferred abroad or credited to a foreign account in francs, upon submission of the necessary supporting documentation to the MOFERP and after the latter has replied. The liquidation of investments, whether outward or inward, must be reported to the MOFERP within 20 days of each operation.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	The same regulations apply as for outward direct investment.
Sale locally by nonresidents	The same regulations apply as for the liquidation of direct investment.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	Prior authorization of the MOFERP is required.
<i>To residents from nonresidents</i>	A declaration is required for statistical purposes.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	Gifts and endowments are subject to prior authorization. Inheritances and legacies are not restricted.
<i>To residents from nonresidents</i>	n.r.
Settlement of debts abroad by immigrants	Immigrants who have acquired resident status must first obtain authorization from the MOFERP to settle debts contracted abroad while they were nonresidents.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	Approval is granted upon presentation of supporting emigration documents to the authorized intermediary responsible for payment.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	The same regulations apply as for loans contracted by residents.
Maintenance of accounts abroad	Banks and financial institutions are not authorized to hold liquid assets outside of the WAEMU zone, except to meet the needs of their current operations.
Lending to nonresidents (financial or commercial credits)	There are no controls on these operations when they involve commercial credits; the prior authorization of the MOFERP is required for loans, financial credits, and purchases of securities issued abroad.

Lending locally in foreign exchange	There are no controls on these operations when they involve commercial credits; the prior authorization of the MOFERP is required for loans, financial credits, and purchases of securities issued abroad.
Purchase of locally issued securities denominated in foreign exchange	Domestic foreign exchange loans or purchases of securities issued locally and denominated in foreign exchange require the prior authorization of the MOFERP (no regulatory provision explicitly governs operations of this type).
Differential treatment of deposit accounts in foreign exchange	
<i>Credit controls</i>	Yes.
Investment regulations	The same regulations apply as for direct foreign investment.
<i>Abroad by banks</i>	Yes.
<i>In banks by nonresidents</i>	Yes.
Open foreign exchange position limits	There are no prudential ratios. Open positions result from special dispensations.
<b>Provisions specific to institutional investors</b>	Controls are imposed by the Insurance Code of the Inter-African Conference of Insurance Markets.
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	n.r.
Limits (max.) on portfolio invested abroad	Dispensation is required from the MOFERP for risks undertaken abroad.
Limits (min.) on portfolio invested locally	Yes.
Currency-matching regulations on assets/liabilities composition	n.r.
<b>Other controls imposed by securities laws</b>	Yes.

### Changes During 1998

#### Capital transactions

Controls on capital and money market instruments	<i>September 16.</i> The WAEMU regional stock exchange began operations in Abidjan.
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### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> The CFA franc peg to the French franc was replaced with a peg to the euro.
<b>Arrangements for payments and receipts</b>	<i>February 1.</i> The amount of transfers authorized without supporting documentation was raised to CFAF 300,000 from CFAF 100,000.
<b>Resident accounts</b>	<i>February 1.</i> Residents are allowed to open foreign exchange accounts with local banks or with banks abroad after obtaining authorization from the MOFERP with the approval of the BCEAO.
<b>Nonresident accounts</b>	<i>February 1.</i> Authorizations to open nonresident accounts are issued by the BCEAO.
<b>Imports and import payments</b>	<i>February 1.</i> The limit for domiciliation requirement was raised to CFAF 5 million.
<b>Exports and export proceeds</b>	<i>February 1.</i> Proceeds from exports to WAEMU countries are no longer required to be repatriated.
<b>Payments for invisible transactions and current transfers</b>	<i>February 1.</i> Payments and incomes of foreign ships in the WAEMU zone and WAEMU ships abroad are included under current operations.

**Capital transactions**

*February 1.* Transfers related to the sale of foreign securities by residents and to proceeds of disinvestments by nonresidents were allowed. Foreign investment in WAEMU countries became unrestricted. Such operations are subject to reporting for statistical purposes. The prior authorization of the Public Saving and Financial Market Regional Council is required for the issuance and marketing of securities and capital assets of foreign entities, as well as for publicity and advertising of investments abroad. Any investment by residents abroad requires the prior approval of the MOFERP.

**Controls on derivatives and other instruments**

*February 1.* Transfers relating to option purchases were allowed.

**Controls on credit operations**

*February 1.* Foreign borrowing by residents became unrestricted.

# NIGERIA

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article XIV

Yes.

## Exchange Arrangement

### Currency

The currency of Nigeria is the Nigerian naira.

### Exchange rate structure

#### Unitary

The official foreign exchange rate (mainly from oil receipts) is provided by the Central Bank of Nigeria (CBN) to end users through their banks in weekly allocations in the autonomous foreign exchange market (AFEM). Other CBN transactions (with government agencies, oil companies, etc.) are also made at this rate. Transactions are also made in the interbank market, in which exchange rates are usually close to the autonomous rate but may differ somewhat. Transactions at the official exchange rate were limited to a specific list of official purposes, subject to approval or exception of the head of state. All other official transactions not already made at the AFEM rate were tied to it.

### Classification

Managed floating with no preannounced path for the exchange rate

The AFEM rate is set weekly in reference to the interbank, bureau de change, and parallel market rates.

### Exchange tax

No.

### Exchange subsidy

Yes.

### Forward exchange market

Forward exchange transactions at the AFEM rate are permitted among the authorized foreign exchange dealers and between the dealers and their customers.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

No.

### Payment arrangements

Yes.

#### Regional arrangements

Yes.

#### Barter agreements and open accounts

Yes.

### Administration of control

The CBN, whose autonomy from the Federal Ministry of Finance (FMF) was reinstated in December 1998, formulates basic foreign exchange policy and issues directives as appropriate for the operation of the AFEM. The CBN is the principal administrator of foreign exchange transactions; it approves and revokes the appointments of authorized dealers or authorized buyers of foreign currency, and supervises and monitors the operation of the AFEM.

### International security restrictions

No.

### Payment arrears

External debt-service payments have been limited to approximately 30% of official foreign exchange receipts net of foreign exchange outlays for petroleum investment and operations, resulting in payments being substantially smaller than maturing obligations.

#### Official

Most of the arrears are to Paris Club bilateral creditors, but there are also small amounts of arrears to multilateral and non-Paris Club bilateral creditors.

### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade

Residents other than the monetary authorities, producers of gold, and authorized industrial users are not allowed, without special permission, to hold or acquire gold in any form other than jewelry or coins, at home or abroad.

Controls on external trade	The importation and exportation of gold in any form other than jewelry require specific licenses issued by the FMF.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	Exportation is prohibited, except for up to ₦1,000 by residents for settlement of local expenses immediately upon return.
<i>Foreign currency</i>	The exportation of amounts in excess of \$5,000 or its equivalent must be declared.
On imports	
<i>Domestic currency</i>	The importation is prohibited, except for up to ₦1,000 by residents for settlement expenses immediately upon return.
<i>Foreign currency</i>	The importation of amounts in excess of \$5,000 or its equivalent must be declared.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	Any person may open, maintain, and operate a domiciliary account designated in foreign currency with an authorized dealer.
Held abroad	No.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	External accounts are maintained for diplomatic representatives of all countries and international organizations. They may be credited with authorized payments by residents of Nigeria to residents of foreign countries, with payments from other external accounts, and with proceeds from sales of foreign currencies. They may be debited for payments to residents of Nigeria, for payments to other external accounts, and for purchases of foreign currencies.
<b>Domestic currency accounts</b>	Funds derived from local sources may be deposited in nonresident accounts.
Convertible into foreign currency	Nonresident accounts may be credited with proceeds from services rendered locally, and remittance can be effected subject to adequate documentation.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	Unless a "clean report of findings" on the goods to be imported has been issued, foreign exchange settlements for imports may not be effected. Transactions involving the use of bills for collection and open accounts are allowed. However, the transactions executed on private sector initiative do not carry any government guarantee or obligation. The remittances are to be made through the AFEM, or with autonomous funds, while the relevant shipping documents for the transactions are to be channeled through authorized dealers.
<b>Preshipment inspection</b>	All containerized imports, irrespective of their value, are subject to preshipment inspection. The government is now responsible for the payment of a service charge for the Comprehensive Import Supervision Scheme (CISS).

Letters of credit	Import payments covered by confirmed LCs are made, on presentation of the specified documents to the overseas correspondents, on the understanding that the goods paid for will arrive in Nigeria and that all shipping documents are lodged by importers with the authorized dealers within 21 days of negotiation of the specified documents.
<b>Import licenses and other nontariff measures</b>	
Negative list	The importation of mosquito repellant coils, maize, sorghum, millet, wheat flour, barites and bentonites, retreaded or used tires, gypsum, kaolin, and gaming machines is prohibited. Effective January 2, 1998, the import prohibition on poultry, beer and stout, and motor vehicles over eight years old was eliminated. Effective January 1, 1999, the import prohibitions on vegetable oils and plastic housewares were removed.
<b>Import taxes and/or tariffs</b>	Import duties range from zero to 100%, with most goods subject to rates between 10% and 40%. The unweighted average duty is about 25%. In addition, five import surcharges apply: a 7% port development surcharge; a 5% levy on imported sugar; a 2% surcharge on automobiles; a 1% Raw Materials and Development Council surcharge; and a 0.02% freight rate stabilization surcharge earmarked for the Nigerian Shippers Council. Certain categories of imports are exempt from import taxes. Effective January 1, 1999, the import duty rebate of 25% was eliminated.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Export proceeds must be repatriated within 90 days from the date of shipment of the goods.
Surrender requirements	All oil exploration and producing companies, as well as oil services companies, must sell their foreign exchange earnings to the CBN at the prevailing AFEM rate. Non-oil exporters are permitted to sell their export proceeds to authorized dealer banks at autonomous foreign exchange market rates, or use the funds to finance eligible transactions.
<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	
Letters of credit	Payment for exports should be made with LCs or any other international mode of payment.
Domiciliation	Repatriated non-oil export proceeds and other inflows should be held in domiciliary accounts maintained with authorized dealers in Nigeria. Holders of the domiciliary accounts have easy access to their funds maintained therein, subject to the existing guidelines, and may sell their export proceeds to banks other than those where they maintain their domiciliary accounts.
Preshipment inspection	All exports, oil and non-oil, from Nigeria are subject to preshipment inspection by government-appointed inspection agents. All exporters are responsible for the payment of a service charge for the Nigerian Export Supervision Scheme (NESS) at rates determined and advised by the FMF.
<b>Export licenses</b>	Production of unrefined gold and petroleum products is subject to licensing. The exportation of African antiques, works of art, and objects used in African ceremonies is prohibited, except under certain conditions. Exports of timber (rough and sawn), raw hides and skins, scrap metal, and unprocessed rubber latex and rubber lumps are prohibited. Exports of petroleum are handled by the Nigerian National Petroleum Corporation and are subject to special arrangements. Effective January 1, 1999, the export prohibition on beans, yams, and rice was eliminated.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Applications for foreign exchange must be submitted to banks; verification is on an ex post basis, and such payments are allowed, subject to documentation requirements. Effective November 20, 1998, ship repair abroad was allowed to be made freely.
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Trade-related payments	
<i>Quantitative limits</i>	The limit for commissions is 2% on bills for collection.
<i>Indicative limits/bona fide test</i>	Yes.
Investment-related payments	Transfers of profits are permitted freely when the basic transaction has been approved.
<i>Prior approval</i>	Applications for the remittance of profits and dividends from capital investment are made through authorized dealers and do not require prior approval but are subject to documentation requirements. However, interest income, profits/dividends, patent license fees, and other invisibles connected with approved projects under the Debt Conversion Program (DCP) may not be repatriated for a minimum period of five years from the date of release of redemption proceeds for actual investment or five years after such profits and dividends are made or paid, whichever is later, subject to documentation requirements.
<i>Indicative limits/bona fide test</i>	Interest on bills for collection transactions is subject to a maximum of 2% above the prime rate prevailing in the country of the beneficiary.
Foreign workers' wages	Effective May 12, 1998, the personal remittances of expatriates were clarified.
<i>Quantitative limits</i>	Up to 100% of net salary after tax, subject to a documentation requirement.
<i>Indicative limits/bona fide test</i>	Evidence of income earned must be provided.
Other payments	Up to 5% of consulting and legal fees for projects of a high technological content, for which local expertise is not available, may be remitted.
<i>Quantitative limits</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	All proceeds must be received through banks.
<b>Surrender requirements</b>	All proceeds from oil companies are bought by the CBN.
<b>Restrictions on use of funds</b>	Yes.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Applications for private capital transfers abroad are processed by banks, subject to satisfactory documentation. No prior approval is required, except in the case of the DCP.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Sale or issue locally by nonresidents	These transactions may be conducted through authorized dealers.
Purchase abroad by residents	Residents of Nigeria may deal in foreign currency securities and may buy from, or sell to, nonresidents of Nigeria any security payable in naira without any prior approval.
<i>Bonds or other debt securities</i>	The DCP regulates the purchase of selected Nigerian foreign debt instruments (mainly CBN promissary notes arising from past consolidation of unsecured trade credit arrears) at a discount and the disposition of the naira proceeds on the conversion of such debt.
On money market instruments	
<i>Purchase abroad by residents</i>	While documented investments are permitted with AFEM exchange, the transfer to external accounts is not.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	Permission of the FMF is not required for nonresident individuals or companies (other than banks) registered in Nigeria that are controlled directly or indirectly from outside Nigeria.



	However, to enable companies to meet temporary shortages of funds, licensed banks in Nigeria may grant loans or overdrafts for periods of up to 14 days, or may increase the amount of any advance or overdraft by the amount of loan interest or bank charges payable thereon. General permission is also given for any loan, bank overdraft, or other credit facility to be arranged to finance Nigerian imports or exports of goods.
<i>To residents from nonresidents</i>	Approval is not required from the FMF for any individual, firm, company, or branch resident in Nigeria to borrow abroad. However, official agencies and state-controlled corporations need the prior approval of the FMF for any foreign borrowing. The contracting of suppliers' credits abroad by state-controlled corporations or agencies is also subject to approval from the FMF.
<b>Controls on direct investment</b>	
Inward direct investment	There are no ceilings for foreign capital participation in the equity capital of enterprises in various sectors of the economy. The Nigerian Investment Promotion Commission deals with all matters relating to registration and the prescription of applicable incentives for direct capital investment in priority areas.
<b>Controls on liquidation of direct investment</b>	Approval of the FMF is not needed. Capital proceeds arising from the subsequent disposal of investments made under the DCP may only be repatriated 10 years after the effective investment of the proceeds, and is limited to 20% a year.
<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	This should not exceed \$500 at a time.
Transfer of gambling and prize earnings	Gambling is prohibited.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Purchase of locally issued securities denominated in foreign exchange	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Yes.
<i>Liquid asset requirements</i>	Yes.
Open foreign exchange position limits	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Exchange arrangements</b>	<p><i>January 2.</i> Transactions at the official exchange rate were limited to a specific list of official purposes, subject to approval or exception of the head of state. All other official transactions not already made at the AFEM rate were tied to it.</p> <p><i>December 31.</i> The autonomy of the CBN from the FNF was reinstated.</p>
<b>Imports and import payments</b>	<i>January 2.</i> The import prohibition on poultry, beer and stout, and motor vehicles over eight years old was removed.

**Payments for invisible transactions  
and current transfers**

*May 12.* Provisions on personal remittance of expatriates were clarified.

*November 20.* Ship repair abroad was allowed to be made freely.

**Changes During 1999****Exchange arrangements**

*January 1.* The official exchange rate was abolished and the dual market unified.

**Imports and import payments**

*January 1.* The import prohibitions on vegetable oils and plastic housewares were removed. The import duty rebate of 25% was eliminated.

**Exports and export proceeds**

*January 1.* The export prohibition on beans, yams, and rice was eliminated.

# NORWAY

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: May 11, 1967.

### Exchange Arrangement

<b>Currency</b>	The currency of Norway is the Norwegian krone.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Managed floating with no preannounced path for the exchange rate	The monetary policy objective of the Bank of Norway (BN) is to maintain the stability of the Norwegian krone against European currencies. No fluctuation margins are established.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	Yes.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	The BN, in cooperation with the Ministry of Finance and Customs, exercises control.
<b>International security restrictions</b>	
In accordance with UN sanctions	Restrictions are imposed on financial transactions with Iraq and Libya, and there are blocked accounts with respect to the Federal Republic of Yugoslavia (Serbia/Montenegro).
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	<p>A resident or nonresident who on entry into or departure from Norway is carrying Norwegian and/or foreign banknotes and coins equivalent to an amount in excess of NKr 25,000 a person a journey is obliged to notify the Customs Administration on entry or departure on the prescribed form.</p> <p>A resident or nonresident staying in Norway who receives a dispatch by post, courier, or other form of transport containing Norwegian and/or foreign banknotes and coins from abroad, or who sends such a dispatch abroad, equivalent to an amount in excess of NKr 25,000, is obliged to notify the BN in writing.</p>

## Resident Accounts

<b>Foreign exchange accounts permitted</b>	The existence of these accounts must be reported to the BN.
Held domestically	Yes.
Held abroad	Yes.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	It is prohibited to alter, transfer, or remove from Norway any deposit made in the country by Yugoslav authorities (blocked in accordance with UN resolutions).

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	
Negative list	All imports from Iraq are prohibited. Knotted netting, made up fishing nets, and other nets are subject to licensing.
Open general licenses	Yes.
Licenses with quotas	These licenses are required for textiles.
Other nontariff measures	There are certain measures imposed for sanitary reasons.
<b>Import taxes and/or tariffs</b>	No.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	
Without quotas	Exports subject to regulation are listed and require licenses.
<b>Export taxes</b>	Yes.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

## Capital Transactions

### Controls on capital and money market instruments

On capital market securities

*Shares or other securities of a participating nature*

Purchase locally by nonresidents

The control applies only to the purchase of shares and other securities of a participating nature that may be affected by laws on inward direct investment and establishment.

### Controls on derivatives and other instruments

No.

### Controls on credit operations

No.

### Controls on direct investment

Inward direct investment

The control applies only to the purchase of shares and other securities of a participating nature that may be affected by laws on inward investment and establishment.

### Controls on liquidation of direct investment

No.

### Controls on real estate transactions

No.

### Controls on personal capital movements

No.

### Provisions specific to commercial banks and other credit institutions

Open foreign exchange position limits

Foreign exchange banks and financial institutions are subject to exposure regulation, and must submit reports on their net foreign currency position to the BN. Net positions of up to 10% of the financial institutions' equity and subordinated loan capital may be taken out in individual currencies and the aggregate position must be kept within 20% of the financial institutions' equity and subordinated loan capital.

### Provisions specific to institutional investors

Limits (max.) on securities issued by nonresidents and on portfolio invested abroad

Insurance companies and pension funds, however, are subject to restrictions regarding classes of investments held against technical provisions to ensure a sufficiently diversified portfolio, e.g., there is a combined cap of 35% on domestic and foreign shares.

Currency-matching regulations on assets/liabilities composition

There are no currency matching regulations on assets/liabilities composition for investment funds. However, such regulations exist for insurance and pension funds for which net financial assets in a currency have to be equivalent to at least 80% of technical provisions in the same currency at any time. An insurance company cannot have negative financial assets in a currency.

### Other controls imposed by securities laws

Other restrictions are included in the Act on Securities Funds and Rules for Asset Management.

## Changes During 1998

No significant changes occurred in the exchange and trade system.

## OMAN

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: June 19, 1974.

#### Exchange Arrangement

<b>Currency</b>	The currency of Oman is the rial Omani.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Conventional pegged arrangement	The exchange rate of the rial Omani is pegged to the dollar at RO 1 per \$2.6008. The commercial banks' rates for other currencies are based on market rates in London.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	Yes.
<b>Official cover of forward operations</b>	Yes.

#### Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	All settlements with Israel and the use of its currency are prohibited.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	The Central Bank of Oman (CBO) has exclusive exchange control authority; there is no exchange control legislation.
<b>International security restrictions</b>	Restrictions are imposed with respect to Israel.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on external trade	Gold transactions with Israel are prohibited.
<b>Controls on exports and imports of banknotes</b>	No.

#### Resident Accounts

<b>Foreign exchange accounts permitted</b>	No distinction is made between accounts held by residents and those held by nonresidents.
Held domestically	Yes.
Held abroad	Yes.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

#### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
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<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	Licenses are required for imports.
Negative list	Companies operating in Oman and trading in manufactured oil products are prohibited from importing specified products as long as domestic production is deemed adequate to satisfy local demand.
Other nontariff measures	All imports from Israel are prohibited.
<b>Import taxes and/or tariffs</b>	Customs duties range from 5% for most goods to 100% for imports of alcoholic beverages and limes. Customs duties are not levied on government imports.
Taxes collected through the exchange system	Yes.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	All exports to Israel are prohibited.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments for invisibles are generally not restricted, except for payments to Israel.
Investment-related payments	
<i>Prior approval</i>	Remittances of profit and dividends by commercial banks require prior approval from the CBO.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

## Capital Transactions

### Controls on capital and money market instruments

On capital market securities

*Shares or other securities of a participating nature*

Purchase locally by nonresidents

Foreign share ownership in Omani companies is limited to 49%, but it could be raised to 100%.

### Controls on derivatives and other instruments

No.

### Controls on credit operations

Commercial credits

The Oman Development Bank may provide medium- and long-term loans at preferential interest rates for project financing in the petroleum, agricultural, fishery, and mineral sectors; it may also give assistance in preinvestment research. In addition, the government provides loans at subsidized interest rates for those projects with a majority Omani shareholding that are used for industrial production for exportation, industrial production using indigenous raw materials or labor, or the development of tourism.

### Controls on direct investment

Inward direct investment

Investment in business firms in Oman by nonresidents requires prior approval.

### Controls on liquidation of direct investment

No.

### Controls on real estate transactions

Purchase locally by nonresidents

Yes.

Sale locally by nonresidents

Yes.

### Controls on personal capital movements

No.

### Provisions specific to commercial banks and other credit institutions

Borrowing abroad

Yes.

Lending to nonresidents (financial or commercial credits)

Lending to nonresidents is limited to 10% of the loan portfolio of banks.

Open foreign exchange position limits

The limit is 40% of banks' capital and reserves.

### Provisions specific to institutional investors

n.a.

### Other controls imposed by securities laws

n.a.

## Changes During 1998

No significant changes occurred in the exchange and trade system.



# PAKISTAN

(Position as of March 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: July 1, 1994.

### Exchange Arrangement

#### Currency

The currency of Pakistan is the Pakistani rupee.

#### Exchange rate structure

##### Multiple

On July 22, 1998, a multiple exchange rate system was introduced comprising an official, a floating interbank (FIBR), and a composite exchange rate. The official exchange rate is established by the State Bank of Pakistan (SBP). The FIBR, which is subject to market forces of demand and supply in the interbank market, is quoted by each bank for customers and other Authorized Dealers (ADs). The composite exchange rate is based on a prespecified ratio of the official exchange rate and the FIBR, which was initially prescribed at the ratio of 50:50, respectively. Subsequently, the ratio was changed to 20:80 on December 21, 1998, and was further amended to 5:95 on March 11, 1999. Official exchange rates for other currencies are determined by the ADs.

Presently, the official exchange rate applies to transactions for import of wheat, petroleum, oil, and lubricant products, swap deposits, foreign currency accounts existing as of June 30, 1998, and encashment of foreign currency bearer certificates (FCBCs), and premature encashment of special U.S. dollar bonds. All other transactions (both receipts and payments), including transactions in the public sector, take place at the composite exchange rate.

#### Classification

Managed floating with no preannounced path for the exchange rate

Before changing the exchange rate mechanism, the exchange rate of the Pakistani rupee was set by the SBP. Effective February 5, 1998, commercial banks were allowed to quote their own exchange rates for currencies other than the dollar, and on March 24, 1998, banks were allowed to quote their own exchange rates for the dollar within the SBP buying/selling band. At the same time, the spread between the SBP buying/selling rates was increased to 1% from 0.5%. On July 22, 1998, the composite exchange rate was introduced as a weighted average of the official exchange rate and the FIBR, initially at the ratio of 50:50, respectively. From December 21, 1998, the ratio was changed to FIBR (80%) and the official exchange rate (20%). Effective March 11, 1999, it was further changed to 95% and 5%, respectively.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

There is a forward market. The maximum tenure of forward cover provided by banks for trade transactions is 12 months, and these facilities were provided for funds transferred from abroad for portfolio investment.

#### Official cover of forward operations

Forward exchange cover for private foreign currency deposits is provided by the SBP, which from November 16, 1998, raised the annual fee to 8% from 7% on onshore foreign currency deposits to bring them in line with the rates in the interbank forward foreign exchange market. On March 4, 1999, the fee was raised to 10%. To provide support to the market under the multiple exchange rate mechanism, the SBP decided to open a forward foreign exchange window for ADs so that they can freely accommodate their clients in providing forward sale/purchase facility. This window considers forward contracts that last up to six months.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

**Payment arrangements**

## Regional arrangements

Pakistan is a member of the ACU.

## Clearing agreements

Payments to, and receipts from, member countries of the ACU with respect to current transactions are effected in AMUs, which is equal to \$1.

**Administration of control**

The SBP has delegated authority to a number of banks and financial institutions to deal in all foreign currencies, to supervise surrender requirements, and to sell foreign exchange within limits prescribed by the SBP.

**International security restrictions**

No.

**Payment arrears**

No.

**Controls on trade in gold (coins and/or bullion)**

## Controls on domestic ownership and/or trade

There is no control on local trade in gold bullion.

## Controls on external trade

The exportation of gold is prohibited unless authorized by the SBP; such permission is not usually granted. Imports are allowed through three dealers authorized by the government.

**Controls on exports and imports of banknotes**

## On exports

*Domestic currency*

An individual may take out up to PRs 500 to India and PRs 3,000 to other countries.

*Foreign currency*

No one may take out of Pakistan foreign currency in excess of \$10,000 or equivalent without permission.

## On imports

*Domestic currency*

An individual may bring in up to PRs 500 from India and PRs 3,000 from other countries. Coins from India may be imported up to Indian Rs 5 a person each time.

**Resident Accounts****Foreign exchange accounts permitted**

On May 29, 1998, withdrawals from resident/nonresident accounts were temporarily suspended, except withdrawals from accounts of diplomatic missions, international organizations, relief missions, nongovernment organizations, foreign contractors, special foreign currency accounts, and foreign currency brought under FE Circular 45 of 1985. Withdrawals, however, were permitted in rupees at the rate of PRs 46 per \$1.

On June 6, 1998, some other categories of accounts were also freed from restrictions on withdrawal of foreign exchange.

On June 20, 1998, authorized dealers and nonbank financial institutions were allowed to offer a new foreign currency accounts scheme.

On July 21, 1998, holders of foreign currency accounts (FCAs) were permitted to purchase special dollar savings bonds of the government of Pakistan against outstanding balances in their foreign currency accounts.

## Held domestically

These accounts may be credited with remittances from abroad, traveler's checks, and foreign currency notes. Sources of acquisition of foreign exchange are not required to be revealed. However, receipts from exports of goods and services, earnings from services of residents, earnings and profits of overseas offices or branches of Pakistan firms or companies and banks, and foreign exchange released from Pakistan for any specified purpose may not be credited to these accounts. Amounts of incremental deposits made on or after July 1, 1998 in these accounts are freely transferable abroad, and there are no limits on amounts of withdrawal. These accounts may be permanently retained, and the rate of interest on term deposits (of three months and up to five years) is fixed by the SBP with the approval of the government. The rates are based on the Eurodollar deposit bid rate of Barclays Bank,

London. The margins over the Eurodollar deposit bid rates range from 0.75% for three-month deposits to 2% for five-year deposits. Under the new foreign currency accounts scheme, institutions are free to keep/invest their deposits abroad or in Pakistan. However, while lending such funds to borrowers in Pakistan, ADs would be required to observe prudential regulations of the SBP. However, ADs will be free to decide the rate of return that they offer to depositors.

Held abroad

Balances of up to \$1,000 can be held abroad with the approval of the SBP.

**Accounts in domestic currency convertible into foreign currency**

Yes.

## Nonresident Accounts

**Foreign exchange accounts permitted**

Pakistan nationals residing abroad, foreign nationals, whether residing abroad or in Pakistan, and firms, companies, and charitable bodies owned by persons who are otherwise eligible to open FCAs may open these with banks in Pakistan without the prior approval of the exchange control authorities. The accounts may be denominated in euro, yen, pounds sterling, and dollars; credit balances may be transferred abroad, and interest on such accounts is exempt from income tax. Deposit holders wishing to make payments in Pakistan must first convert the foreign exchange drawn from their accounts into Pakistan rupees. If Pakistan nationals holding such accounts return to Pakistan, they may retain the accounts permanently. Authorized dealers under the FCA facility may accept term deposits in foreign currency from their overseas branches and foreign banks operating abroad, including financial institutions owned by them; such term deposits must be at least \$0.5 million (or the equivalent in other currencies) for a maturity period of at least six months. The rates of interest paid on these deposits may not exceed 0.5% above LIBOR.

On July 21, 1998, holders of FCAs were permitted to purchase dollar savings bonds of the government of Pakistan against outstanding balances in their FCAs. Funds mobilized under the new FCA scheme are not required to be surrendered to SBP nor would the SBP provide a forward cover in respect of such accounts. Institutions accepting such funds will be free to keep/invest abroad or in Pakistan. ADs will be free to decide the rate of return that they offer to depositors.

**Domestic currency accounts**

The accounts of individuals, firms, or companies residing outside Pakistan are designated nonresident accounts. (Different rules apply to the nonresident rupee accounts of individuals, firms, or companies, on the one hand, and to the nonresident rupee accounts of banks, on the other hand.) Authorized banks are permitted to open nonresident accounts for non-bank nonresidents without prior SBP approval when the accounts are opened with funds received from abroad through banking channels or with rupee funds accepted for remittance abroad. Debits and credits to nonresident accounts for specified purposes may be made by authorized banks without prior approval.

Convertible into foreign currency

Domestic currency accounts are convertible into foreign currency when opened as convertible rupee accounts with funds received from abroad.

**Blocked accounts**

Accounts of residents of India, other than the accounts of the Indian Embassy and its personnel, are blocked.

## Imports and Import Payments

**Foreign exchange budget**

Yes.

**Financing requirements for imports**

Advance payment requirements

Advance payments of up to 33.33% are allowed by the SBP where goods are of specialized or capital nature.

The facility of advance payment of the usance bill for imports by ADs was withdrawn on July 13, 1998. On July 12, 1998, a 30% minimum cash margin was imposed on all import LCs (except certain essential commodities). This requirement was gradually reduced to 20%, then 10%, and finally withdrawn on February 24, 1999.

Advance import deposits	Effective October 16, 1998, a 30% nonremunerated import deposit requirement was introduced for import transactions other than those for wheat and petroleum products.
<b>Documentation requirements for release of foreign exchange for imports</b>	Clean-on-board shipped bill of lading and other documentation, as per contract or LCs, are required. From June 1, 1998, imports valued at and above \$10,000 are required to be subsequently documented with surrender of a Customs Bill of Entry.
Domiciliation requirements	Yes.
Letters of credit	From July 12, 1998, all import LCs are subjected to a minimum cash margin of 30%, except for a specific list of items.
<b>Import licenses and other nontariff measures</b>	Import licenses are not required. Imports from Israel are prohibited. Imports of 34 items on the health and safety list are restricted. The importing of 16 items on the procedural list requires certain technical expertise (e.g., petroleum) or certain conditions (e.g., unassembled cars).
Negative list	Many of the products on the negative list consist of products banned for religious and health reasons, or to discourage consumption of luxury items, or goods banned under international agreements. The list includes several textile items.
<b>Import taxes and/or tariffs</b>	The maximum custom tariff, except for motor vehicles, has been reduced to 35% from 45% on March 31, 1999. While the tariff for consumer goods has been reduced to 35% from 45%; for intermediary goods, it has been cut down to 25% from 35%; for chemicals and components, to 15% from 25%; and for basic raw materials, to 10% from 15%. As a result of this revision, the five rates have been brought down to four, namely 35%, 25%, 15%, and 10%.
<b>State import monopoly</b>	n.a.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Proceeds must be repatriated by the due dates of bills of exchange or within four months of shipment.
Surrender requirements	Exporters are permitted to sell 50% of the export receipts in the interbank market, and the remaining balance is required to be surrendered to the SBP at the official exchange rate. On December 21, 1998, the surrender requirement was reduced to 20%, and effective from March 11, 1999, only 5% of export proceeds are required to be surrendered to the SBP at the official exchange rate.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	The documents required are a firm order, and the exporter's registration with the Export Promotion Bureau, and Form "E."
Domiciliation	Yes.
<b>Export licenses</b>	Exports to Israel are not allowed.
With quotas	Export licenses are required for maize, cement, gram, split gram, and camels.
<b>Export taxes</b>	There are no export duties; however, a nominal fee (export development surcharge) of 0.5% is chargeable on all exports, except for a few specified items. Regulatory duties are levied on exports of tomatoes and uncrushed/crushed bones at rates ranging from 15% to 25%, and on exports of wet blue tanned hides and skins (except for those imported and reexported), at a rate of 50%.
Other export taxes	The standard rate of income tax on export/import proceeds is 1%. It is reduced to 0.75% on exports of goods manufactured in Pakistan, and to 0.5% on exports of jewelry, ceramics, surgical equipment, and sporting goods.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	
Trade-related payments	There is no control on the payment of freight against invoices.

<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Commission, brokerage fees, and other charges are generally limited to 5% of invoice values. The rate is 1% for cotton and cement, and more for a few other goods.
<i>Indicative limits/bona fide test</i>	There are indicative limits/bona fide tests for the payment of commissions.
Investment-related payments	The remittance of dividends declared on current profits is allowed freely to foreign shareholders if the investment was made on a repatriable basis. The remittance of profits by branches of foreign companies other than banks and those engaged in insurance, shipping, and the airline business is permitted without restriction provided that the required documents are submitted to the SBP. The same regulation applies to head office expenses charged to a branch's profit-and-loss account and accepted for tax purposes by the Pakistan income tax authorities.
<i>Prior approval</i>	Prior approval is required for profits and for the transfer of dividends.
<i>Quantitative limits</i>	Interest payments are allowed up to 1.5% over LIBOR. However, there is no limit on interest with respect to project loans. Until December 31, 1998, the payment of interest for imports was permitted only on a usance basis.
<i>Indicative limits/bona fide test</i>	There are no indicative limits or bona fide tests for the payment of profits and dividends.
Payments for travel	
<i>Quantitative limits</i>	The allowance for private travel to countries other than the Islamic State of Afghanistan, Bangladesh, and India is \$50 a day for up to 42 days during a calendar year on submission of travel documents to the authorized dealers. Requests for foreign exchange in excess of these amounts are to be referred by the authorized dealers to the SBP, giving justification for the additional amount. Unspent foreign exchange, however, must be surrendered to an authorized dealer. The entitlement can be used in installments. There are also specific allowances for pilgrims' travel to Saudi Arabia. Exporters of goods with annual export earnings of more than PRs 2.5 million and exporters of services with annual earnings of more than PRs 0.25 million are granted a renewable business travel allowance of \$200 a day, up to \$6,000 a business trip. In addition, business travelers may settle credit card charges of up to \$100 a day, subject to a maximum of \$3,000 for a 30-day visit, with the encashment of foreign exchange bearer certificates (FECBs).
	On July 8, 1998, the release of foreign exchange for travel abroad was excluded from the official market. The facility was restored temporarily on July 22, 1998, but again excluded on September 1, 1998. On July 21, 1998, a limit of \$10,000, or its equivalent, was placed on the amount of foreign exchange that could be made available from the free market. Effective March 31, 1999, foreign exchange for travel purposes may be bought from ADs freely.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	Foreign exchange allowances for students' tuition fees and expenses as required by institutions may be obtained from authorized dealers without approval from the SBP.
<i>Prior approval</i>	For medical costs, approval is required on a case-by-case basis.
<i>Quantitative limits</i>	Allowances for professional training abroad are granted at \$1,200 a month. For family maintenance and alimony payments, allowances are determined on a case-by-case basis.
Credit card use abroad	
<i>Quantitative limits</i>	In the case of business travelers, they may settle credit card charges of up to \$100 a day, subject to a maximum of \$3,000 for a 30-day visit. There are no limits if the amount is charged to a foreign currency account of the cardholder, opened under the new foreign exchange scheme.
<i>Indicative limits/bona fide test</i>	Yes.
Other payments	There is no limit for individuals with regard to subscriptions and membership fees. For professional and specialized organizations, the limit is PRs 20,000 a calendar year.
<i>Prior approval</i>	Prior approval is required for the payment of consulting and legal fees.

*Quantitative limits* Yes.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements** Yes.

**Surrender requirements** Proceeds must be surrendered within three months. Travel agents and tour agents are permitted to retain up to 5% of their foreign exchange earnings for marketing and related export promotion expenses.

**Restrictions on use of funds** No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

**Sale or issue locally by nonresidents** There are no controls on the sale of securities purchased in Pakistan. Nonresidents, however, are not permitted to issue securities in Pakistan.

**Purchase abroad by residents** Residents are allowed to purchase shares abroad and transfer the required funds through the mechanism of FEBCs.

**Sale or issue abroad by residents** Residents may sell or issue securities after obtaining approval from the Securities and Exchange Commission of Pakistan (SECP). The proceeds associated with these issues are required to be transferred to Pakistan or used for purchase of plants and machinery abroad. Transfer of funds required to service these security issues is permitted.

##### *Bonds or other debt securities*

Nonresidents are allowed to trade freely in the registered corporate debt instruments and bonds listed on the stock exchange and in federal investment bonds (FIBs), and in treasury bills (TBs). From July 9, 1998, foreign bank branches in Pakistan and foreign-controlled investment banks were permitted to make investments in registered listed corporate debt instruments in the primary and secondary markets.

**Purchase locally by nonresidents** Nonresidents are permitted to invest in the seventh issue of Water and Power Development Authority (WAPDA) bonds and to trade freely in the secondary market for registered/corporate debt instruments and bonds listed in the Stock Exchange along with FIBs and TBs.

**Sale or issue locally by nonresidents** Yes.

**Purchase abroad by residents** Yes.

**Sale or issue abroad by residents** Specific permission is required, which is granted if the proceeds of the bonds are to be used for the import of plants and machinery.

##### On money market instruments

*Sale or issue locally by nonresidents* Yes.

*Purchase abroad by residents* These transactions are not permitted.

*Sale or issue abroad by residents* Residents may sell or issue money market instruments after obtaining approval from the SECP. The proceeds associated with these issues are required to be transferred to Pakistan or used for purchase of plants and machinery abroad. The transfer of funds required to service these security issues is permitted.

##### On collective investment securities

*Sale or issue locally by nonresidents* Yes.

<i>Purchase abroad by residents</i>	These transactions are not permitted.
<i>Sale or issue abroad by residents</i>	Residents may sell or issue securities after obtaining approval from the SECP. The proceeds associated with these issues are required to be transferred to Pakistan or used for purchase of plants and machinery abroad. Transfer of funds required to service these security issues is permissible.
<b>Controls on derivatives and other instruments</b>	
Purchase locally by nonresidents	Only rights shares exist.
Sale or issue locally by nonresidents	These transactions are not permitted, except rights issues.
Purchase abroad by residents	These transactions are not permitted.
Sale or issue abroad by residents	These transactions are not permitted.
<b>Controls on credit operations</b>	
Commercial credits	Credits of up to four months with respect to exported goods, and up to 12½ years with respect to the export of plants and machinery, are permitted.
<i>By residents to nonresidents</i>	Credits of up to four months with respect to exported goods, and up to 12½ years with respect to the export of plants and machinery, are permitted.
<i>To residents from nonresidents</i>	Credit with respect to imports of goods is permitted. On July 13, 1998, the facility of premature payment of usance bills was withdrawn.
Financial credits	
<i>By residents to nonresidents</i>	These credits are not allowed.
<i>To residents from nonresidents</i>	There are no controls on these payments; however, parent companies of the multinationals are also permitted to provide loans for financing the foreign currency cost of the projects.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	There are no controls if the transaction is business related.
<i>To residents from nonresidents</i>	This is subject to compliance with other credit restrictions.
<b>Controls on direct investment</b>	
Outward direct investment	Direct investment abroad requires prior approval under foreign exchange laws. However, no permission is required for the purchase of shares of nonresident companies. Resident Pakistan nationals require prior approval from the SBP to sell movable or immovable assets held abroad, and liquidation proceeds must be repatriated to Pakistan through normal banking channels.
Inward direct investment	Investment in new industrial units for the manufacture of alcohol (except industrial alcohol) is banned. Investment in the specified industries of arms and ammunitions, security printing, currency and minting, high explosives, and radioactive substances requires prior approval. Foreigners are permitted to make investments in services, infrastructure, social, and agriculture sectors subject to the condition that the foreign equity investment must be at least \$1 million, and 40% of the equity must be held by a Pakistani company or investor.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Residents are not permitted to purchase real estate abroad.
Purchase locally by nonresidents	Purchases for business purposes are not restricted.
Sale locally by nonresidents	Disinvestment proceeds should not exceed original investment.
<b>Controls on personal capital movements</b>	
Loans	
<i>To residents from nonresidents</i>	Yes.

Gifts, endowments, inheritances, and legacies

*By residents to nonresidents* Up to PRs 500 is permitted.

Transfer of assets

*Transfer abroad by emigrants* Yes.

*Transfer into the country by immigrants* There are no quantitative restrictions on transfers through the secondary market.

Transfer of gambling and prize earnings Remittance is not allowed.

**Provisions specific to commercial banks and other credit institutions**

Foreign-controlled investment banks are permitted to resort to local borrowing for their working capital requirements of up to 100% of their paid capital, reserves, etc., subject to observance of all other nonbank financial institutions rules.

Borrowing abroad Transactions are allowed for temporary periods, and only if they become necessary for the normal course of business.

Maintenance of accounts abroad Commercial banks and other credit institutions are allowed to maintain foreign accounts; limits for balances are fixed by the SBP in relation to the foreign exchange business handled by each bank.

Lending to nonresidents (financial or commercial credits) Lending to nonresidents is permitted as of May 29, 1998, when the foreign currency deposit regime was changed.

Lending locally in foreign exchange Lending in foreign exchange is not permitted.

Purchase of locally issued securities denominated in foreign exchange Foreign banks and foreign-controlled investment banks are permitted to invest in registered corporate debt instruments like term financial certificates, etc., through initial public offerings and secondary market purchases.

Differential treatment of deposit accounts in foreign exchange

*Interest rate controls* This is linked to the respective London Interbank Bidding Rate (LIBID).

*Credit controls* Yes.

Differential treatment of deposit accounts held by nonresidents

*Interest rate controls* This is linked to the respective LIBID.

Investment regulations

*Abroad by banks* Banks may not invest abroad.

*In banks by nonresidents* Prior approval is required.

Open foreign exchange position limits Open position balances in nostro accounts are regulated by the Foreign Exchange Department. Effective July 21, 1998, banks' net open position limits are tied to their balance sheet strength and limited to a maximum of 20% of paid-up capital. Banks' nostro account limits were abolished, but reimposed on September 16, 1998.

*On resident assets and liabilities* Yes.

*On nonresident assets and liabilities* Yes.

**Provisions specific to institutional investors** No.

**Other controls imposed by securities laws** No.

### Changes During 1998

**Exchange arrangement** February 5. Banks were allowed to quote their own exchange rate for currencies other than the dollar.



*March 24.* Banks were allowed to quote their own exchange rate per the dollar.

*July 22.* A multiple exchange rate system was introduced comprising an official, an interbank, and a composite exchange rate. Banks were allowed to quote their own exchange rates for currencies other than the dollar.

*October 16.* Petroleum and wheat exports became subject to the official exchange rate.

*November 16.* The central bank raised its forward cover fee to 8% from 7% on onshore foreign currency deposits to bring them in line with the rates in the interbank forward foreign exchange market.

*December 21.* The exchange rate arrangement of Pakistan was reclassified from "other conventional fixed peg arrangement" to the category "managed floating with no preannounced path for the exchange rate." The exchange rate is determined in the interbank foreign exchange market as a weighted average of a free interbank rate and the official exchange rate.

#### **Resident accounts**

*May 29.* Withdrawals from resident/nonresident accounts were temporarily suspended, except from accounts of diplomatic missions, international organizations, relief missions, nongovernment organizations, foreign contractors, special foreign currency accounts, and foreign currency transferred into the country under FE Circular 45 of 1985. Withdrawals, however, were permitted in rupees at the rate of PRs 46 per \$1.

*June 6.* Some other categories of accounts were also freed from restrictions on withdrawal of foreign exchange.

*June 20.* Authorized dealers and nonbank financial institutions were allowed to offer a new foreign currency accounts scheme.

*July 21.* Holders of foreign currency accounts were permitted to purchase special dollar savings bonds of the government of Pakistan against outstanding balances in their foreign currency accounts.

#### **Nonresident accounts**

*May 29.* Withdrawals from resident/nonresident accounts were temporarily suspended, except from accounts of diplomatic missions, international organizations, relief missions, non government organizations, foreign contractors, special foreign currency accounts, and foreign currency transferred into the country under FE Circular 45 of 1985. Withdrawals, however, were permitted in rupees at the rate of PRs 46 per \$1.

*June 6.* Some other categories of accounts were also freed from restrictions on withdrawal of foreign exchange.

*June 20.* Authorized dealers and nonbank financial institutions were allowed to offer a new foreign currency accounts scheme.

*July 21.* Holders of foreign currency accounts were permitted to purchase special dollar savings bonds of the government of Pakistan against outstanding balances in their foreign currency accounts.

#### **Imports and import payments**

*June 1.* Imports valued at and above \$10,000 are required to be subsequently documented with surrender of a Customs Bill of Entry.

*July 12.* All import LCs are subjected to a minimum cash margin of 30%, except for a specific list of items.

*July 13.* The facility of advance payment of usance bills for imports by ADs was withdrawn.

*October 16.* A 30% nonremunerated import deposit requirement was established for import transactions other than those for wheat and petroleum products.

#### **Exports and export proceeds**

*December 21.* Eighty percent of net export proceeds might be sold to any bank at the best available rates. The remaining amount is to be surrendered upon receipt to the SBP.

#### **Payments for invisible transactions and current transfers**

*July 8.* The release of foreign exchange for travel abroad was excluded from the official market.

*July 21.* A limit of \$10,000 or its equivalent was placed on the amount of foreign exchange that could be made available from the free market.

*July 22.* The availability of foreign exchange (with a limit of \$10,000) from the free market was restored temporarily.

*September 1.* The availability of foreign exchange from the free market once again was excluded.

*December 31.* The requirement that payment of interest is permitted under imports on a usance basis was eliminated.

### **Capital transactions**

Controls on capital and money market instruments

*July 9.* Foreign bank branches in Pakistan and foreign-controlled investment banks were permitted to make investments in registered listed corporate debt instruments in the primary and secondary markets.

Controls on credit operations

*July 13.* The facility of premature payment of usance bills was withdrawn.

Provisions specific to commercial banks and other credit institutions

*May 29.* Lending to nonresidents was liberalized.

*July 21.* Banks' net open position limits are tied to their balance sheet strength and limited to a maximum of 20% of paid-up capital. Banks' nostro account limits were abolished.

*September 16.* Banks' nostro account limits were reimposed.

## **Changes During 1999**

**Exchange arrangement**

*March 4.* The fee charged by the SBP for forward exchange cover was raised to 10%.

*March 11.* The weight of the FIBR and the official exchange rate in the composite exchange rate was changed to 95% and 5%, respectively.

**Imports and import payments**

*February 24.* The minimum cash margin requirement for all imports, except for a specific limit of items, was eliminated.

*March 31.* The maximum import tariff was reduced to 35%.

**Exports and export proceeds**

*March 11.* The surrender requirement was reduced to 5%.

**Payments for invisible transactions and current transfers**

*March 31.* Foreign exchange for travel may be brought freely from the ADs.

## **PALAU**

*(Position as of December 31, 1998)*

### **Status Under IMF Articles of Agreement**

#### **Article VIII**

Date of acceptance: December 16, 1997.

#### **Exchange Arrangement**

<b>Currency</b>	The currency of Palau is the U.S. dollar.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Exchange arrangement with no separate legal tender	Yes.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	No.

#### **Arrangements for Payments and Receipts**

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	No.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	n.a.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	No.

#### **Resident Accounts**

<b>Foreign exchange accounts permitted</b>	n.r.
<b>Accounts in domestic currency convertible into foreign currency</b>	n.r.

#### **Nonresident Accounts**

<b>Foreign exchange accounts permitted</b>	No.
<b>Domestic currency accounts</b>	No.
<b>Blocked accounts</b>	No.

#### **Imports and Import Payments**

<b>Foreign exchange budget</b>	No.
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<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	
Negative list	The importation of drugs, guns, nonquarantined fruits, live plants, and animals is restricted. The importation of alcohol and tobacco is limited.
<b>Import taxes and/or tariffs</b>	The tariff for general imports is 3%; government, personal, medical, and food imports are exempted. The tariff for cigarettes is \$0.5 per 20, and for tobacco, it is 150% ad valorem. Cosmetics and toiletries have a tariff of 25%; carbonated soft drinks, \$0.10 per 12 ounces; beer, \$0.03 per ounce; liquor, \$0.3 per ounce; wine, \$0.2 per ounce; wine coolers, \$0.05 per ounce; liquid fuel, \$0.05 per gallon; and vehicles, 5% ad valorem, plus \$250.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	
Without quotas	Yes.
<b>Export taxes</b>	Export taxes are levied on fish exports.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these payments</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	No.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	
Inward direct investment	The Palau National Code restricts foreign direct investment without local ownership.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	According to the constitution, only citizens of Palau and corporations wholly owned by citizens of Palau may acquire title to land or waters in Palau.

<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	Specific provisions are applied only to the Palau National Development Bank, which is not involved in commercial banking.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### **Changes During 1998**

No significant changes occurred in the exchange and trade system.

# PANAMA

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: November 26, 1946.

### Exchange Arrangement

<b>Currency</b>	The currency of Panama is the Panamanian balboa. Locally issued currency is limited to coins. The dollar is legal tender and circulates freely in Panama.
<b>Other legal tender</b>	Panama has issued two commemorative gold coins with face values of B 100 and B 500, which are legal tender but do not circulate.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Exchange arrangement with no separate legal tender	The currency of Panama is pegged to the dollar at the rate of B 1 per \$1.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	No.

### Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	No.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	
Official	Holders of nonrestructured bonds who could not be identified.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on external trade	Imports and exports of gold in any form other than jewelry carried as personal effects by travelers require a license if effected by residents other than the monetary authorities. Exports of unworked gold produced in Panama are subject to an export duty of 1% ad valorem, and exports of gold coins (other than U.S. coins, which are exempt) are subject to a duty of 0.5%.
<b>Controls on exports and imports of banknotes</b>	No.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	
Held domestically	Yes.
Held abroad	Yes.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	For rice and dairy products, a contingent mechanism exists that was negotiated under the WTO agreement facilitating the exchange of permits allowing the imports of these products at preferential tariff rates.
Import taxes and/or tariffs	All tariff rates are on an ad valorem basis and are assessed on the c.i.f. value of imports. Trade reform, effective from January 1, 1998, has resulted in simplified tariff bands of zero, 3%, 5%, 10%, and 15%. The four exceptions to the maximum tariff of 15% are automobiles (17%), some dairy products (40%), sugar (50% on imports exceeding an historical average price range), and rice (50%). All imports into the area designated as the Colón Free Zone and the newly established export processing zones are exempt from duties.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	Exports of certain drugs, firearms, and ammunition are prohibited or restricted. Any product (including raw materials and machinery) may be imported into the Colón Free Zone and stored, modified, processed, assembled, repacked, and reexported without being subject to customs procedures.
Export taxes	On January 1, 1999, taxes on banana exports were eliminated. Export taxes are levied on gold, silver, platinum, manganese, other minerals, unrefined sugar, coconuts, scrap metal, pearls, animal wax, nispero gum, ipecac root, and rubber. Certain nontraditional exports (with a minimum local cost-of-production content of 20%) are eligible for tax credit certificates equivalent to 20% of value added. Export processing zones are exempt from all taxes.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	No.
Controls on derivatives and other instruments	No.
Controls on credit operations	No.
Controls on direct investment	No.
Controls on liquidation of direct investment	No.
Controls on real estate transactions	No.
Controls on personal capital movements	No.
Provisions specific to commercial banks and other credit institutions	On February 28, 1998, a new banking law was promulgated that created the Superintendency of Banks. This institution began its operations from June 12, 1998.
Provisions specific to institutional investors	No.
Other controls imposed by securities laws	No.

### Changes During 1998

Imports and import payments	<i>January 1.</i> Trade reform was implemented simplifying rates to zero, 3%, 5%, 10%, or 15%. The reform also identified four exceptions to the maximum rate of 15%: automobiles (17%), some dairy products (40%), sugar (50%), and rice (50%). Specific import taxes were eliminated.
Capital transactions	
Provisions specific to commercial banks and other credit institutions	<i>June 12.</i> A new banking law created a Superintendency of Banks. Subsequently in 1998 the Superintendency established rules on capital adequacy requirements, credit concentration, credit to related parties, consolidated supervision, and secrecy.

### Changes During 1999

Exports and export proceeds	<i>January 1.</i> Banana export taxes were eliminated.
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# PAPUA NEW GUINEA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: December 4, 1975.

### Exchange Arrangement

#### Currency

The currency of Papua New Guinea is the Papua New Guinea kina.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

The exchange rate of the kina is determined freely in the interbank market in which authorized dealer banks participate with the Bank of Papua New Guinea (BPNG) acting as broker. The commercial banks, the only authorized foreign exchange dealers, publish rates for all current transactions with their customers within a maximum spread between the buying and selling rates of 2%.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Exporters and importers are free to take out forward cover with the commercial banks at market-determined rates. Each commercial bank is subject to a prudential limit on its uncovered forward position.

#### Official cover of forward operations

At its discretion, the BPNG may intervene in the forward exchange market.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Contractual commitments to persons residing outside Papua New Guinea and expressed in a foreign currency must be paid in foreign currency. Export proceeds may be received in any foreign currency.

#### Payment arrangements

No.

#### Administration of control

Foreign exchange control is administered by the BPNG under the Central Banking Act. Overall policy is determined by the government with the advice of the BPNG. The BPNG has delegated considerable powers to the commercial banks operating in Papua New Guinea, which have been appointed authorized dealers in foreign exchange.

#### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

In compliance with UN Security Council Resolution No. 757 (1992), certain restrictions had been imposed on the making of payments and transfers for current international transactions in respect of the Federal Republic of Yugoslavia (Serbia/Montenegro).

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on external trade

The exportation of gold is restricted to licensed gold exporters. For the large mines, the licenses are contained in their respective mining agreements. For exports of alluvial gold, specific export licenses are required from the BPNG.

#### Controls on exports and imports of banknotes

##### On exports

###### *Domestic currency*

Travelers wishing to take or send out domestic currency in excess of K 200 in notes and K 5 in coins must obtain approval from the BPNG. Domestic coins issued for numismatic purposes may be taken out freely.

*Foreign currency*

Overseas visitors are free to take out any currency they brought in and declared on arrival.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically

Resident business entities are required to obtain BPNG approval, except for term deposits placed for a minimum of 90 days.

Held abroad

These accounts may be opened, but prior approval is required.

**Accounts in domestic currency convertible into foreign currency**

Yes.

**Nonresident Accounts**

**Foreign exchange accounts permitted**

Yes.

**Domestic currency accounts**

Yes.

Convertible into foreign currency

These accounts may be opened, but prior approval is required.

**Blocked accounts**

n.a.

**Imports and Import Payments**

**Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

Authorized dealers may, without referring to the BPNG, approve applications for import transactions that are not subject to quotas or licensing requirements. Authorized dealers may make payments up to K 5,000 upon presentation of commercial invoices. Payments in excess of K 5,000 require a set of shipping documents and a copy of the customs forms, as well as commercial invoices.

Letters of credit

Yes.

**Import licenses and other nontariff measures**

Negative list

Imports of a limited number of goods are restricted for reasons of health and security, while others are prohibited to protect domestic markets, including sugar, poultry, and pork. The importation of most fresh fruits and vegetables is banned (except for apples, onions, and potatoes for processing). In the event of shortages on the domestic market, special import licenses are issued and imports are subject to a 50% tariff.

Licenses with quotas

Yes.

**Import taxes and/or tariffs**

The import tariff regime consists of the following rates: (1) zero rate for essential items (including food staples such as rice and meat not produced domestically); (2) 8% or 11% for basic goods (including some consumer goods and raw materials); (3) 40% for intermediate goods; (4) 55% for luxury goods; (5) 15% or 100% for selected goods that have domestic substitutes, such as tinned mackerel and citrus fruits; and (6) 85% for sugar.

**State import monopoly**

No.

**Exports and Export Proceeds**

**Repatriation requirements**

Export proceeds must be received within six months of the date of export.

Surrender requirements

Export proceeds must be sold to an authorized dealer.

<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	When exporters are not in a position to comply with the conditions of the general authority, they must apply to the BPNG for specific authorization.
<b>Without quotas</b>	Licenses are required for exports of logs, pearls, fishery and marine products, wood chips, sandalwood, rattan, coffee, cocoa, and copra. Log export licenses are issued subject to minimum export price guidelines.
<b>Export taxes</b>	Although exports of unprocessed products are subject to export levies, these have been temporarily waived, except for those on fish (10%) and logs (15% to 70%). Export levies also apply to forestry products.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	There are restrictions on these payments, but approval is readily granted for most, provided that supporting documentation is submitted. Authorized foreign exchange dealers may approve payments and transfers up to the equivalent of K 500,000 a year for all adult individuals and corporations. Payments and transfers in excess of this amount, except trade-related and debt-service payments, must be referred to the BPNG. For payments or transfers exceeding the equivalent of K 50,000 a year, a certificate of tax payment is required.
<b>Investment-related payments</b>	There are no controls on payment for interest.
<i>Quantitative limits</i>	Payments for the servicing of foreign debt may be approved without a fixed limit by authorized dealers.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
<b>Surrender requirements</b>	Residents are not permitted to retain foreign exchange earnings from any source without the approval of the BPNG.
<b>Restrictions on use of funds</b>	Approval is required for the disposal of foreign currency proceeds, other than by sale to an authorized dealer in Papua New Guinea, or for its retention.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	There are no restrictions on inward portfolio investment. Authorized dealers may approve outward investments by resident individuals and corporations up to the equivalent of K 500,000 a year; investment in excess of this limit requires the approval of the BPNG. Income from the investment must be returned to Papua New Guinea as received. Prior clearance from the tax authorities is required for these transactions if the amount exceeds K 50,000 in any calendar year.
<b>On capital market securities</b>	
<i>Shares or other securities of a participating nature</i>	
Purchase abroad by residents	Yes.
<i>Bonds or other debt securities</i>	
Purchase abroad by residents	Yes.
<b>On money market instruments</b>	
<i>Purchase abroad by residents</i>	Yes.

## On collective investment securities

*Purchase abroad by residents* Yes.

**Controls on derivatives and other instruments**

Purchase abroad by residents Yes.

**Controls on credit operations**

There are controls on all credit operations.

## Commercial credits

*To residents from nonresidents*

Permission is required for these credits; however, authorized foreign exchange dealers may approve offshore foreign currency borrowing by residents, other than businesses involved in the forestry sector or mineral resources exploration, without limitation, provided that the term is for not less than one year and that interest rates and fees do not exceed the levels specified by the BPNG. Repayment of principal is subject to a six-month moratorium, commencing on the date of disbursements. A maximum debt-to-equity ratio of 5:1 applies to net outstanding borrowing. In the case of a business involved in mineral resource exploration activities, inward investment is considered non-interest-bearing equity or loan funds (including preference shares) until the business is successful, at which point any excess above the minimum equity-to-debt ratio specified for that operation can be converted into an interest-bearing loan.

**Controls on direct investment**

Outward direct investment Yes.

**Controls on liquidation of direct investment**

Proceeds may be transferred, provided that tax clearance certificates are produced.

**Controls on real estate transactions**

Purchase abroad by residents Yes.

**Controls on personal capital movements**

Transfer of gambling and prize earnings Yes.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad Yes.

Maintenance of accounts abroad Yes.

Lending to nonresidents (financial or commercial credits) Yes.

Lending locally in foreign exchange Subject to presentation of commercial invoices for bona fide transactions.

**Provisions specific to institutional investors**

No.

**Other controls imposed by securities laws**

No.

**Changes During 1998**

No significant changes occurred in the exchange and trade system.

# PARAGUAY

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: August 23, 1994.

### Exchange Arrangement

#### Currency

The currency of Paraguay is the Paraguayan guaraní.

#### Exchange rate structure

Unitary.

#### Classification

Managed floating with no preannounced path for the exchange rate

Since early 1998, the authorities have been managing their exchange rate policy in order to keep the value of the guaraní roughly unchanged in real effective terms.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Commercial banks are permitted to enter into forward transactions with respect to trade transactions and on terms that may be negotiated freely with customers.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Regional arrangements

Payments between Paraguay and Argentina, Bolivia, Brazil, Chile, Colombia, the Dominican Republic, Ecuador, Mexico, Peru, Uruguay, and Venezuela are made through accounts maintained with the Central Bank of Paraguay (CBP) and other central banks participating in the multilateral clearing arrangements of the LAIA. Clearing takes place every four months.

##### Clearing agreements

Yes.

#### Administration of control

The CBP has the authority to determine foreign exchange policy in consultation with other agencies of the government. In practice, decisions are taken by the Economic Cabinet on the advice of CBP, which is responsible for implementing its decisions. The CBP supervises, through the Superintendency of Banks, foreign exchange transactions carried out by banks and exchange houses. The CBP regulates open foreign exchange positions.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on external trade

The exportation and importation of gold by nonbank residents and industrial users in any form other than jewelry require the prior authorization of the CBP. Payments for gold imports by industrial users must be made through commercial banks.

#### Controls on exports and imports of banknotes

No.

## Resident Accounts

#### Foreign exchange accounts permitted

##### Held domestically

Yes.

Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	Yes.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	
Preshipment inspection	All products must be inspected.
Import licenses and other nontariff measures	

Negative list Imports of certain products that may be harmful to public health, national security, or animal or plant health are prohibited. However, these restrictions may be waived to ensure adequate domestic supplies.

**Import taxes and/or tariffs** Paraguay, as a member of the MERCOSUR, applies its common external tariff, which is composed of 11 rates ranging up to 20%. Paraguay was allowed to exempt 399 items from the CET—these exemptions are to be phased out by 2006 by gradually raising tariff rates to 14% on most capital goods, and to 20% for telecommunications. Typical rates on goods exempt from the CET are zero for raw materials and intermediate goods; 5% for capital goods; 6% for items for tourism; 10% for consumer goods; 15% for vehicles whose c.i.f. value exceeds \$10,000; and 20% for vehicles whose c.i.f. value exceeds \$20,000. Similarly, on intra-MERCOSUR trade, Paraguay was allowed 427 exceptions to free trade with tariff rates ranging from 6% to 30% to be phased out by 2001. The CBP levies a commission of 0.125% on all import payments made under the LAIA Reciprocal Payments Agreement.

**State import monopoly** No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.

#### Export licenses

Without quotas Exports of logs and unprocessed forest products, rawhides, and wild animals are prohibited. Certain other exports require prior authorization from the appropriate agency. All other exports are not restricted, except with regard to technical standards imposed by the National Institute of Technology and Standardization, the Ministry of Industry and Commerce, the Ministry of Public Health, or the Ministry of Agriculture and Livestock, depending on the product exported.

With quotas	Export of wood and wood products of certain trees are subject to quotas because of risk of depletion.
<b>Export taxes</b>	The CBP levies a commission of 0.125% on all exports made under the LAIA Reciprocal Payments Agreement.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

Investment-related payments	There are controls only on the transfer of profits.
<i>Prior approval</i>	Only financial enterprises require authorization of the CBP to transfer earnings. The government may grant exemptions from taxes, customs, and import surcharges on proposed investments that are duly registered and approved.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
Surrender requirements	There are no surrender requirements for proceeds from invisibles, except for royalties and remuneration from the binational entities administering the ITAIPU and YACYRETA dams, which are transferred in full to the CBP for the account of the Ministry of Finance.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	No.
<b>Controls on derivatives and other instruments</b>	
Purchase locally by nonresidents	Nonresidents may purchase foreign exchange forward, up to one year, exclusively for operations relating to trade.
Sale or issue locally by nonresidents	The Superintendency of Banks must be informed of amounts exceeding \$10,000 in compliance with money laundering regulations.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	No.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Permitted up to a specified proportion of paid-up capital.
Maintenance of accounts abroad	Subject to diversification of depository banks and not to exceed 20% of the local bank's net worth. This limit can be extended up to 70% of the bank's net worth, under special conditions.
Lending to nonresidents (financial or commercial credits)	Permitted up to 5% of the bank's net worth and up to 20%, subject to approval of a guarantee by the Superintendency of Banks.

Lending locally in foreign exchange	Yes.
Purchase of locally issued securities denominated in foreign exchange	Permitted up to amounts specified in the banking legislation.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Reserves should be constituted in foreign currency. The required ratios vary according to the maturity of deposits.
Investment regulations	
<i>Abroad by banks</i>	The limits are according to those specified in the banking legislation.
Open foreign exchange position limits	Commercial banks and other financial intermediaries may maintain a daily foreign exchange overbought position not exceeding 30% of their net worth. This limit can be extended to 100%. The daily oversold position limit is 75% of the bank's net worth.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

#### Capital transactions

Provisions specific to commercial banks and other credit institutions	<i>April 4.</i> The daily overbought position was changed to 30% from 50%, and the daily over-sold position limit to 75%.
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## PERU

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: February 15, 1961.

### Exchange Arrangement

<b>Currency</b>	The currency of Peru is the Peruvian nuevo sol.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Independently floating	The exchange rate of the nuevo sol is determined freely by supply and demand. Cross rates with nondollar currencies are determined against the dollar.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	Yes.

### Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	
Regional arrangements	Payments between Peru and Argentina, Bolivia, Brazil, Chile, Colombia, the Dominican Republic, Ecuador, Malaysia, Mexico, Paraguay, Uruguay, and Venezuela may be made through accounts maintained with each other by the Central Reserve Bank of Peru (CRBP) and the other central banks concerned within the framework of the multilateral clearing system of the LAIA.
Clearing agreements	Yes.
<b>Administration of control</b>	By law, there are no restrictions on any exchange transactions, including holding, using, purchasing, or selling foreign exchange.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	No.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	
Held domestically	Yes.
Held abroad	Yes.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for re-release of foreign exchange for imports	No.
Import licenses and other nontariff measures	
Negative list	Imports may be prohibited for social, health, or security reasons.
Import taxes and/or tariffs	Tariff rates average 13.4%. A 12% rate is applied to about 84% of import items, and the remaining products are subject to a 20% rate. Imports subject to trade agreements are not subject to these tariffs. A temporary surcharge of 5% is applied to some agricultural and agro-industrial goods. Raw materials and intermediate goods imported under the Temporary Admission Regime are exempt from import duties.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	No.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	No.
Controls on derivatives and other instruments	No.

<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	No.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Lending to nonresidents (financial or commercial credits)	Credits granted by resident financial institutions to financial institutions and to individuals or enterprises (residents or nonresidents) are subject to prudential limits.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	As a measure of monetary control, there is a difference between the treatment of deposit accounts in domestic currency and deposit accounts in foreign currency, but there is no discrimination between residents and nonresidents. The deposit accounts in foreign currency are subject to a marginal reserve requirement of 20%. However, the CRBP remunerates the reserve requirement with the three-month LIBOR rate minus 1.375%.
<i>Liquid asset requirements</i>	As a measure of prudential regulations, a liquid asset requirement as a percentage of short-term liabilities (20% in foreign currency and 8% in domestic currency) was introduced effective October 1, 1998.
Open foreign exchange position limits	
<i>On resident assets and liabilities</i>	Effective November 1, 1998, a prudential limit of 100% of the net worth over the long foreign exchange position and a limit of 2.5% over the short foreign exchange position of the financial institution were introduced.
<b>Provisions specific to institutional investors</b>	The securities market in Peru is open to foreign investors. No legal restrictions exist on the purchase or sale of domestic securities by nonresidents, or on the purchase or sale of foreign securities by residents. Revenues can be repatriated without restrictions.
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	The law allows pension funds to invest up to 10% of their portfolio in foreign securities.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

#### Capital transactions

Provisions specific to commercial banks and other credit institutions	<p><i>July 1.</i> The marginal reserve requirement for foreign exchange deposit was reduced to 35% from 45%, and the remuneration to additional reserve requirements was raised from three-month LIBOR rate minus 1% to three-month LIBOR rate minus 1.375%.</p> <p><i>October 1.</i> The average reserve requirement for foreign exchange deposit was reduced by 1.5 percentage points.</p> <p><i>October 1.</i> A liquid asset requirement as a percentage of short-term liabilities for financial institutions (20% in foreign currency and 8% in domestic currency) was introduced.</p> <p><i>November 1.</i> The marginal reserve requirement of foreign exchange deposit was reduced to 20% from 35%, and the average reserve requirement by a further 1.5 percentage points.</p> <p><i>November 1.</i> A limit of 100% of the net worth over the long foreign exchange position and a limit of 2.5% over the short foreign exchange position of the financial institutions was introduced.</p>
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# PHILIPPINES

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: September 8, 1995.

### Exchange Arrangement

#### Currency

The currency of the Philippines is the Philippine peso.

#### Other legal tender

Various denominations of gold coins are also legal tender.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

Exchange rates are determined on the basis of demand and supply in the foreign exchange market. However, the Bangko Sentral ng Pilipinas (BSP) acts to limit sharp fluctuations in the exchange rate and intervenes when necessary to maintain orderly conditions in the exchange market. Commercial banks trade in foreign exchange through the Philippine Dealing System (PDS), an electronic screen-based network. The PDS allows trading between 8:30 a.m. and 5:30 p.m. daily among authorized agent banks and the BSP. The system links participants through an electronic screen-based network of sharing information and undertaking transactions. The exchange rate of the peso vis-à-vis the dollar at the beginning of the trading day represents the weighted average of all transactions in the PDS during the preceding day. Effective March 15, 1998, the authorities allowed the peso to float more freely against the dollar by lifting the volatility band system. The band included a  $\pm 6\%$  limit around the exchange rate of the previous day, with trading being suspended for the remainder of the day if the limit was reached. The amount of foreign exchange that can be sold (over-the-counter) without documentation and prior approval was reduced to \$10,000 on April 7, 1998. Foreign exchange subsidiaries were exempted from this ruling, provided that they sell dollars only to authorized agent banks and bank-affiliated foreign exchange corporations.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

All forward transactions to purchase foreign exchange from nonresidents, including renewals thereof, require prior clearance by the BSP. All forward contracts to sell foreign exchange to nonresidents (including offshore banking units) with no full delivery of principal, including cancellations, rollovers, and renewals thereof require prior clearance by the BSP. Only banks with an expanded derivatives license may enter into transactions covered by nondeliverable forward contracts.

#### Official cover of forward operations

Yes.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

There are no prescription of currency requirements for outgoing payments, but all foreign exchange proceeds from exports and invisibles must be obtained in the following acceptable currencies: Australian dollars, Bahrain dinars, Belgian francs, Brunei dollars, Canadian dollars, the euro, Hong Kong dollars, Indonesian rupiahs, Japanese yen, Kuwaiti dinars, Malaysian ringgit, pounds sterling, Saudi Arabian riyals, Singapore dollars, Swiss francs, Thai baht, U.A.E. dirhams, U.S. dollars, and other such currencies that may be declared acceptable by the BSP. Payments may be made in pesos for exports to ASEAN countries, provided that the BSP is not asked to intervene in the clearing of any balances from this payment scheme. Authorized agent banks may accept notes denominated in the prescribed currencies for conversion into pesos.

**Payment arrangements**

Bilateral payment arrangements      The BSP entered into a one-year (renewable) payments agreement with Bank Negara Malaysia on July 11, 1998. Payments are stipulated in dollars.

*Operative*      Yes.

Regional arrangements      The Philippines is a member of the ASEAN.

**Administration of control**

Foreign exchange regulations are administered by the BSP on the basis of policy decisions adopted by the Monetary Board.

**International security restrictions**      No.

**Payment arrears**      No.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade      Small-scale miners are required to sell all of their production to the BSP. All forms or types of gold may be bought and sold without specific approval of the BSP. Producers selling gold to the BSP are paid in Philippine pesos on the basis of the latest London fixing price and the prevailing Philippine peso-dollar exchange rate. The gold so acquired is deemed to be part of the official international reserves. The BSP may sell gold grains, pellets, bars, and sheets to local jewelry manufacturers and other industrial users upon application or to banks only for resale to jewelry manufacturers and industrial users, at the BSP's gold-selling price plus a service fee to cover costs, including the costs of conversion and packaging.

Controls on external trade      Gold produced by small-scale miners is required to be sold to the BSP; all other forms of gold may be exported. There are no restrictions on the importation of any form of gold except coin blanks essentially of gold, gold coins, and coins without any indication of actual fineness of gold content.

**Controls on exports and imports of banknotes****On exports**

*Domestic currency*      Resident and nonresident travelers must obtain prior authorization from the BSP to take out more than ₱10,000 in domestic banknotes and coins or checks, money orders, and other bills of exchange drawn in pesos.

*Foreign currency*      Departing nonresidents are allowed to reconvert at airports or other ports of exit unspent pesos up to a maximum of \$200 or an equivalent amount in other foreign exchange without proof of sales of foreign exchange to authorized agent banks.

**On imports**

*Domestic currency*      Travelers may bring in freely up to ₱10,000 in domestic banknotes and coins and checks, money orders, and other bills of exchange drawn in pesos. The importation exceeding that amount requires prior authorization from the BSP.

*Foreign currency*      Travelers may bring in freely any amount of foreign currency.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically      Yes.

Held abroad      Yes.

**Accounts in domestic currency convertible into foreign currency**      No.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Nonresident accounts may be credited only with the proceeds from inward remittances of foreign exchange or convertible foreign currencies and with peso income earned by non-residents from the Philippines.
<b>Domestic currency accounts</b>	Nonresident peso deposit accounts may be freely withdrawn.
<b>Convertible into foreign currency</b>	Conversion of domestic currency accounts is allowed only up to the equivalent amount of foreign exchange remitted to the Philippines as well as to the equivalent amount of peso income earned by nonresidents.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	Commercial banks may sell foreign exchange for payments of imports under LCs, documents against acceptance (D/As), documents against payments (D/Ps), open account (OA) arrangements, and direct remittances. Registration of D/A and OA imports with the BSP for monitoring purposes is needed only if payments are to be made from the banking system; prior approval of the BSP, regardless of maturity, is not required. Any extension of maturities must be reported to the BSP 30 days before the effective date. Import arrangements not involving payments using foreign exchange purchased from the banking system, such as self-funded no-dollar imports and importation on a consignment basis, are allowed without prior approval from the BSP.  Senior bank officers responsible for the sale of foreign exchange certify that, in cases other than LC, D/P, D/A, or OA, the original documents have been presented and that the bank has taken measures to ensure that the applicant/importer has not purchased foreign exchange from the banking system in excess of the amount of the importation as indicated in the invoice.
<b>Preshipment inspection</b>	Under the Comprehensive Imports Supervision Scheme (CISS), preshipment inspection is required for imports valued at more than \$500 from all countries. Imports declared in the shipping documents as off-quality, used, secondhand, scraps, offgrade, or a similar term indicating that the article is not brand-new are subject to CISS inspection even if the value of the imports is less than \$500.
<b>Letters of credit</b>	LCs must be opened on or before the date of shipment with a validity period of up to one year. Only one LC may be opened for each import transaction; amendments to such an arrangement need not be referred to the BSP for prior approval except when the amendment extends the total validity of the LC beyond one year.
<b>Import licenses and other nontariff measures</b>	Generally, all merchandise imports are allowed without a license.
<b>Positive list</b>	Yes.
<b>Negative list</b>	The importation of certain products is regulated or restricted for reasons of public health and safety, national security, international commitments, and development and rationalization of local industries.
<b>Open general licenses</b>	Commodity imports are classified into three categories: freely importable, regulated, and prohibited. To import regulated products, a clearance or permit is required from the appropriate government agency (including the BSP).
<b>Licenses with quotas</b>	Quantitative restrictions are imposed on imports of rice.
<b>Import taxes and/or tariffs</b>	The import tariff structure consists of four rates: 3%, 10%, 20%, and 30%. Rates on imported capital goods are 3% and 10%, with the former applying to goods without domestic substitutes. Deviations from the standard rates include (1) up to double the applicable

standard rate for imports of final goods in industries that have "pioneer" status at the Board of Investment (BOI), and imports of agricultural products for which quantitative restrictions are being removed under the WTO agreement; and (2) duty exemptions for certain imported capital goods registered with the BOI prior to January 1, 1995, or subject to provisions of the Export Development Act. Some 300 products are duty exempt, as are imports of machinery, equipment, and accompanying spare parts used in export manufacturing. The BOI no longer offers tax and duty exemptions on imports of capital equipment and spare parts. Instead, newly registered firms may only obtain duty reductions on eligible imports to 3%. Tariff rates in the textile and apparel sectors are 3% for inputs and 30% for final products.

**State import monopoly**

No.

**Exports and Export Proceeds****Repatriation requirements**

No.

**Financing requirements**

Payments for exports may be made in acceptable currencies in the following forms without prior BSP approval: LCs, D/Ps, D/As, OA arrangements, cash against documents arrangements, consignments, export advances, and prepayments.

**Documentation requirements**

All exports must be covered by an export declaration issued by the Department of Trade and Industry duly prepared by the exporter.

**Export licenses**

Exports of selected seeds and shoots of native plants, endangered fish and wildlife (including selected marine species), and stalactites and stalagmites are prohibited.

**Without quotas**

Yes.

**Export taxes**

No.

**Payments for Invisible Transactions and Current Transfers****Controls on these transfers**

The amount of foreign exchange an authorized agent bank may sell to residents for any nontrade purpose, without need of appropriate documentation, was reduced to \$10,000 from \$25,000 on April 7, 1998. Consequently, for sales of foreign exchange exceeding \$10,000, the authorized agent's bank requires a written notarized application and supporting documents from the purchaser.

**Trade-related payments***Indicative limits/bona fide test*

Yes.

**Investment-related payments**

The BSP regulates foreign currency loans to ensure that interest and principal owed to creditors can be serviced in an orderly manner and with due regard to the economy's overall debt servicing capacity. Pursuant to the Philippines Constitution, all public and private sector publicly guaranteed obligations from foreign creditors, offshore banking units, and foreign currency deposit units shall be referred to the BSP for prior approval. Other private sector loans from these creditors and other financing schemes/arrangements shall require prior approval and/or registration by the BSP if they are to be serviced using foreign exchange purchased from the banking system.

*Prior approval*

Service payments relating to foreign loans effected by purchases of foreign exchange through authorized agent banks are limited to those transactions whose original capital transfer has previously been registered with the BSP. Unregistered loans may be serviced through transactions in the nonbank market.

*Quantitative limits*

The ceiling is set yearly and is approved by the Monetary Board of the BSP.

*Indicative limits/bona fide test*

Yes.

**Payments for travel***Quantitative limits*

Yes.

*Indicative limits/bona fide test*

Yes.

## Personal payments

*Quantitative limits* Yes.

*Indicative limits/bona fide test* Yes.

## Foreign workers' wages

*Quantitative limits* Yes.

*Indicative limits/bona fide test* Yes.

## Credit card use abroad

*Quantitative limits* Yes.

*Indicative limits/bona fide test* Yes.

## Other payments

*Prior approval* Yes.

*Quantitative limits* Yes.

*Indicative limits/bona fide test* Yes.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements** No.

**Restrictions on use of funds** No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

**Purchase locally by nonresidents** As a general rule, registration with the BSP or designated custodian bank is not mandatory. Registration is necessary only if the source of the foreign exchange needed for capital repatriation and remittance of dividends, profits, and earnings that accrue thereon is purchased from the banking system.

**Sale or issue locally by nonresidents** Sale or issue of securities in the Philippines is allowed only after the proper license to do business in the country is secured by the nonresident from the appropriate government agency. Prior approval of the BSP is required for all issuances of peso-denominated instruments in the international capital markets that involve (1) inward remittance of foreign exchange to the Philippines and sale thereof for pesos to the local banking system; or (2) if a resident enterprise, or any of its offshore offices, branches, subsidiaries, and affiliates participates in such transactions as an issuer, guarantor, or beneficiary, and where proceeds are lent to or invested in resident companies.

**Purchase abroad by residents** Residents may invest abroad without registering their investments with the BSP only if (1) the investment is funded by withdrawals from foreign currency deposit units (FCDUs); (2) the funds to be invested are not among those required to be sold to authorized agent banks (AABs) for pesos; or (3) the sources of funds are from the banking system but in amounts less than \$6 million for an investor a year. For amounts above \$6 million (an investor a year), prior approval and registration with the BSP are required. Outward investments of domestic banks, however, are required to be registered with the BSP regardless of the amount.

**Sale or issue abroad by residents** Registration with the BSP or a designated custodian bank may be made at the option of the investor. In addition, proceeds of sales of international allocation of initial public offerings



(IPOs) and shares of domestic companies listed in foreign stock exchanges must also be reported to the BSP within five days from receipt and remitted to the country. The servicing or transfer of funds pertaining to registered investments using foreign exchange from the banking system in this category is allowed without BSP approval.

*Bonds or other debt securities*

Purchase locally by nonresidents	Registration with the BSP is necessary only if the source of the foreign exchange needed for capital repatriation and remittance of dividends, profits, and earnings that accrue thereon is purchased from the banking system.
Sale or issue locally by nonresidents	Allowed only after the proper license to do business in the country is secured from the appropriate government agency.
Purchase abroad by residents	For amounts above \$6 million, prior approval and registration by the BSP is required.
Sale or issue abroad by residents	All public and private sector publicly guaranteed obligations from foreign creditors, off-shore banking units, and FCDUs must be referred to the BSP for prior approval. Other private sector loans from these creditors and other financing schemes/arrangements require prior approval and/or registration by the BSP if they are to be serviced using foreign exchange purchased from the banking system.

On money market instruments

<i>Sale or issue locally by nonresidents</i>	Yes.
<i>Purchase abroad by residents</i>	Yes.

On collective investment securities

<i>Sale or issue locally by nonresidents</i>	Yes.
<i>Purchase abroad by residents</i>	Yes.

**Controls on derivatives and other instruments**

Prior BSP approval is required. Only banks and nonbank financial intermediaries performing quasibanking functions and their affiliates/subsidiaries duly authorized by the BSP are allowed to deal in derivative transactions.

Purchase locally by nonresidents	All forward contracts to sell foreign exchange to nonresidents (including offshore banking units) with no full delivery of principal, including cancellations or rollovers/renewals thereof, are to be submitted for prior clearance to the BSP.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.

**Controls on credit operations**

Commercial credits	Loans of resident private sector borrowers from FCDUs and offshore sources, and nonresident loans serviced by foreign exchange purchased outside the banking system no longer require prior BSP approval.
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<i>To residents from nonresidents</i>	Prior BSP approval and registration are required for guaranteed, short-term trade-related loans contracted by nonbank residents. For those not covered by public sector guarantees, prior authority to incur the obligation is not required. They are still, however, subject to the registration requirement for debt servicing using foreign exchange from the banking system.
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Financial credits	Loans of nonresidents from expanded foreign currency deposit units (EFCDUs), irrespective of maturity, no longer require BSP approval, provided that (1) the loan is serviced using foreign exchange purchased from outside the banking system; and (2) all applicable banking rules and regulations are complied with, including Single Borrower's Limit, which is defined to include lendings and guarantees issued to companies, their subsidiaries, affiliates, and major stockholders all over the world.
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<i>By residents to nonresidents</i>	Credits require prior BSP approval. The usual restrictions on outward remittances and registration requirements apply. Loans of nonresidents from EFCDUs, irrespective of maturity, no longer require BSP approval, provided that (1) the loan is serviced using foreign
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exchange purchased from outside the banking system; and (2) all applicable banking rules and regulations are complied with, including Single Borrower's Limit, which is defined to include lendings and guarantees issued to companies, their subsidiaries, affiliates, and major stockholders all over the world.

*To residents from nonresidents*

As a general rule, all foreign loans contracted by nonbank residents with guarantees from the public sector or from local commercial banks require prior BSP approval or registration. Those not covered by guarantees are required to be registered only to make them eligible for subsequent debt servicing using foreign exchange from the banking system. Loans of resident private sector borrowers from FCDUs/offshore sources and nonresident loans serviced by foreign exchange purchased outside the banking system no longer require prior BSP approval.

Guarantees, sureties, and financial backup facilities

*By residents to nonresidents*

Guarantees for the account of the public sector, as well as those issued by government-owned and controlled corporations in favor of nonresidents, require prior BSP approval. Specific guarantees for the account of the private sector do not require prior approval but must be reported to the BSP for registration purposes to be eligible for debt servicing using foreign exchange.

*To residents from nonresidents*

Guarantees issued by foreign banks and financial institutions to secure obligations of residents involved in foreign lending operations require prior BSP approval. Those issued to secure authorized peso loans or FCDU loans, as well as foreign obligations (which do not involve foreign lending) of local firms, do not require prior approval but must be reported to the BSP for registration purposes to be eligible for debt servicing using foreign exchange to be purchased from the banking system in the event of a default by the principal debtor.

**Controls on direct investment**

Outward direct investment

An applicant's income tax return is required to be submitted to support an application to purchase foreign exchange not exceeding \$6 million for outward investment, which does not require prior BSP approval.

**Controls on liquidation of direct investment**

BSP-registered foreign investments enjoy full and immediate repatriation of capital and remittance of profits, dividends, and other earnings.

**Controls on real estate transactions**

Purchase abroad by residents

Yes.

Purchase locally by nonresidents

Ownership of land by nonresidents as well as the exploration, development, and utilization of natural resources is limited to 40% equity and is subject to the provisions of the Philippines Constitution.

Sale locally by nonresidents

For sale of real estate by nonresidents not pertaining to BSP-registered investments, they may purchase only as much foreign exchange as they sold to AABs for pesos.

**Controls on personal capital movements**

Gifts, endowments, inheritances, and legacies

*By residents to nonresidents*

No private land may be transferred or conveyed except to individuals, corporations, or associations qualified to acquire or hold land of the public domain.

Transfer of gambling and prize earnings

Yes.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad

Commercial banks authorized to operate under the expanded foreign currency deposit system may borrow from other FCDUs, nonresidents, and offshore banking units, subject to existing rules on foreign borrowings.

Lending to nonresidents (financial or commercial credits)

Banks may grant commercial credit to nonresidents under any of the following modes of payment without prior BSP approval: (1) LCs; (2) D/Ps or cash against payment; (3) D/As;

	<p>(4) OA arrangements; (5) intercompany open account offsets; (6) consignments; and (7) export advances. Commercial banks, which are authorized to operate under the expanded foreign currency deposit system, may grant foreign currency loans to nonresidents, irrespective of maturity, without prior approval of the BSP, provided that (1) the loan is serviced using foreign exchange purchased from outside the banking system; and (2) all applicable banking rules and regulations are complied with, including all limits of lending to a single borrower, which are defined to include lendings and guarantees issued to companies, their subsidiaries, affiliates, and major stockholders all over the world.</p>
Lending locally in foreign exchange	<p>The following foreign currency loans may be granted by FCDUs of commercial banks without prior BSP approval: (1) private sector loans, if they are to be serviced using foreign exchange to be obtained outside the banking system; (2) short-term loans to financial institutions for normal interbank transactions; (3) short-term loans to commodity and service exporters, and producers/manufacturers, provided that the loan proceeds are to be used to finance the import costs of goods and services necessary in the production of goods. Regular units of commercial banks may also grant foreign currency loans to residents involving trade transactions.</p>
Purchase of locally issued securities denominated in foreign exchange	<p>An EFCDU of commercial banks may invest in foreign-currency-denominated securities.</p>
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	<p>On October 5, 1998, the authorities of the Philippines raised the reserve requirements applied to local currency by 2 percentage points to 10%. The reserve requirement applies only to peso deposits and peso substitute liabilities and not to foreign deposit accounts.</p>
Open foreign exchange position limits	<p>Depository banks operating FCDUs or EFCDUs need to maintain full cover for their foreign currency liabilities at all times. For FCDUs, at least 70% of the said cover must be maintained in the same currency of the liability and up to 30% may be denominated in other acceptable foreign currencies. Long and short foreign exchange positions of banks must not exceed 20% and 10%, respectively, of their total unimpaired capital. Any excess beyond the limit must be settled daily. On March 13, 1998, the BSP announced sanctions for the violation of open position limits. No differential treatment is ascribed to resident and nonresident deposit accounts with respect to liquid asset requirement, as all depository banks under the foreign currency deposit system are required to maintain at all times a 100% asset cover for their foreign currency liabilities, of which 30% must be liquid.</p>
<i>On resident assets and liabilities</i>	<p>Yes.</p>
<i>On nonresident assets and liabilities</i>	<p>Yes.</p>
<b>Provisions specific to institutional investors</b>	
Limits (max.) on portfolio invested abroad	<p>Except as may be authorized by the Monetary Board, the total equity investments in and/or loans to any single enterprise abroad by any investment house with quasi-banking functions may not at any time exceed 15% of their net worth. Outward investments by residents in amounts exceeding \$6 million require prior approval and registration by the BSP. For amounts not exceeding \$6 million, the funds to be invested may be purchased from authorized agent banks.</p>
<b>Other controls imposed by securities laws</b>	<p>As a general rule, no securities may be sold or offered for sale to the public within the country unless such securities have been registered and permitted to be sold by the Securities Exchange Commission (SEC). A foreign corporation whose securities are listed and traded in a local stock exchange must designate a transfer agent and registrar in the Philippines. As a general rule, a broker, dealer, or salesman must register with the SEC to do business in the country.</p>

### Changes During 1998

Exchange arrangement	<p>March 15. The band of <math>\pm 6\%</math> around the exchange rate was lifted.</p>
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	<i>April 7.</i> The amount of foreign exchange that authorized agent banks may sell to residents for any nontrade purpose, without need of appropriate documentation, was reduced to \$10,000 from \$25,000.
<b>Arrangements for payments and receipts</b>	<i>July 11.</i> A bilateral payment agreement with Malaysia was signed.
<b>Imports and import payments</b>	<i>January 6.</i> Senior bank officers responsible for the sale of foreign exchange shall certify that, in cases other than LC, D/P, D/A, or OA, the original documents have been presented and that the bank has taken measures to ensure that the applicant/importer has not purchased foreign exchange from the banking system in excess of the amount of the importation as indicated in the invoice.
<b>Capital transactions</b>	
Provisions specific to commercial banks and other credit institutions	<i>March 13.</i> Sanctions for the violation of the net open foreign exchange position limits were announced.  <i>August 28.</i> No differential treatment is ascribed to resident and nonresident deposit accounts with respect to liquid asset requirement, as all depository banks under the foreign currency deposit and expanded foreign currency deposit system are required to maintain at all times a 100% asset cover for their foreign currency liabilities, of which 30% must be liquid.  <i>October 5.</i> Reserve requirements applied to local currency were raised by 2 percentage points to 10%.

# POLAND

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 1, 1995.

### Exchange Arrangement

#### Currency

The currency of Poland is the Polish zloty.

#### Other legal tender

Coins made from precious metals are also legal tender.

#### Exchange rate structure

Unitary.

#### Classification

#### Crawling band

The central exchange rate of the zloty is pegged to a basket of five currencies. The central rate is adjusted under a crawling peg policy at a preannounced rate. Between May 16, 1995 and February 26, 1998, the National Bank of Poland (NBP) allowed the exchange rate of the zloty at the interbank market to fluctuate within margins of  $\pm 7\%$  around the central rate. The Monetary Policy Council ruled that from February 26, 1998, the exchange rate of the zloty will fluctuate around the central rate at  $\pm 10\%$ . Once a day, the NBP quotes fixing rates (i.e., official market rates) for dollars and the euro, with fixing rates for other convertible currencies determined on the basis of cross-exchange rates on international markets; fixing rates fluctuate within a  $\pm 7\%$  margin around the central parity. The NBP quotes exchange rates daily for 20 convertible currencies and the SDR. Outside the interbank market, banks are permitted to set freely their buying and selling rates in transactions with their clients.

The exchange rate on the foreign exchange bureau market (kantors), in which natural persons are allowed to transact freely, provided that the transaction is not a commercial one, is determined by market forces.

Effective September 10, 1998, the NBP reduced the monthly devaluation rate of the crawling band for the zloty by 0.15 point to 0.5%. On October 29, 1998, the authorities increased the width of the band to  $\pm 12.5\%$  from  $\pm 10\%$  around the central parity.

Effective January 1, 1999, the currency basket was changed to 55% euro and 45% dollar.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

There are no formal forward exchange market arrangements, but a forward market exists for the stock market. However, large commercial banks provide forward contracts if requested.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Yes.

#### Payment arrangements

##### Bilateral payment arrangements

##### *Inoperative*

There are agreements with Iraq, Syria, Tunisia, and Turkey. Outstanding balances are being settled in accordance with the terms of the agreements.

##### Clearing agreements

There are inoperative agreements with members of the former CMEA.

#### Administration of control

The authority to make basic changes in the Foreign Exchange Law rests with parliament. Regulations are promulgated by the MOF, in cooperation with the president of the NBP, in the form of general foreign exchange permits, or by the president of the NBP in the form of

individual permits. General permits are issued for all residents and nonresidents, and for specified groups. The procedures for issuing individual permits are established by the president of the NBP in cooperation with the MOF. Decisions concerning individual foreign exchange permits are subject to appeal to the Supreme Administrative Court. Foreign exchange control is exercised by the MOF, the NBP, foreign exchange banks, border guards, custom authorization authorities, and post offices.

### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

In compliance with UN Security Council resolutions, Poland imposed and maintained a ban on trade with Iraq and on exports of certain products to Libya. The Polish government bans, in line with relevant UN Security Council resolutions, exports of arms and military equipment to the following countries: Angola (for UNITA forces), Haiti, Iraq, Liberia, Libya, Rwanda, Somalia, and the Federal Republic of Yugoslavia (Serbia/Montenegro).

In accordance with UN sanctions

Yes.

### Payment arrears

No.

### Controls on trade in gold (coins and/or bullion)

Polish and foreign nationals may take abroad gold coins (money coined after 1850) that bear value in foreign exchange. They may also bring into Poland coins made from precious metals that are legal tender in Poland.

Controls on domestic ownership and/or trade

Resident individuals may hold gold in any form; trading in gold, other than in jewelry form, is subject to permission from the NBP.

Controls on external trade

Polish and foreign nationals may take abroad gold coins that bear value in foreign exchange. They may also bring into Poland coins made from precious metals that are legal tender in Poland.

### Controls on exports and imports of banknotes

On exports

*Domestic currency*

Residents and nonresidents can export up to € 5,000. Documentary proof of origin is necessary for amounts exceeding this limit. Foreign currencies, foreign securities, and traveler's checks, which nonresidents export, have no limitations. Residents must repatriate foreign exchange within two months of returning to Poland.

*Foreign currency*

Under the general foreign exchange permit, Polish nationals may take abroad up to €5,000 or its equivalent in foreign currencies, checks, and traveler's checks. Documentary proof of origin is necessary for amounts exceeding this limit. Residents must repatriate foreign exchange within two months of returning to Poland. For official and business travel, allowances are based on separate regulations on business travel and on collective wage agreements. Nonresidents are free to take out of Poland up to €2,000 or its equivalent; higher amounts are allowed up to the amount declared upon entry into the country.

On imports

*Domestic currency*

Residents and nonresidents can import up to €5,000. Documentary proof of origin is necessary for amounts exceeding this limit. Foreign currencies, foreign securities, and traveler's checks, which nonresidents export, have no limitations. Residents must repatriate foreign exchange within two months of returning to Poland.

*Foreign currency*

Nonresidents entering Poland are permitted to have up to €2,000 or its equivalent in convertible currencies; higher amounts must be declared upon entry into the country.

## Resident Accounts

### Foreign exchange accounts permitted

Held domestically

These accounts may be opened, but prior approval is required.

Held abroad

Residents (individuals and enterprises) carrying out economic activity abroad may hold foreign exchange accounts abroad to cover the costs of such activity. The NBP must be

notified about accounts opened abroad, and quarterly balances in these accounts must be reported to the NBP.

**Accounts in domestic currency convertible into foreign currency**

No.

### Nonresident Accounts

**Foreign exchange accounts permitted**

Yes.

**Domestic currency accounts**

These accounts may or may not pay interest, depending on an agreement with the bank, and they can be credited with funds from any title, but conversion into foreign currency and/or transfer abroad is subject to authorization, except for funds freely transferable abroad.

**Convertible into foreign currency**

These accounts may be convertible into foreign currency, but prior approval is required.

**Blocked accounts**

No.

### Imports and Import Payments

**Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

No.

**Import licenses and other nontariff measures**

Licenses are not required for imports from the convertible currency area, with the exception of imports of radioactive materials and military equipment; alcoholic beverages other than beer; tobacco products; crude oil and oils obtained from bituminous minerals; gasoline and light oils; natural gas and other gaseous hydrocarbons; coal; and goods for industrial assembly of motor vehicles.

**Negative list**

The importation of passenger cars and other passenger vehicles older than 10 years; trucks, vans, other utility cars, and passenger vehicles older than three years for transportation of more than 10 persons; cars with two-cycle engines; and combine harvesters is prohibited.

**Licenses with quotas**

The importation of petroleum oils and oils obtained from bituminous minerals is subject to quantitative quotas.

**Import taxes and/or tariffs**

All commercial imports, regardless of country of origin or provenance, are subject to an ad valorem import tariff. Import tariffs are based on the Harmonized System and the Combined Nomenclature of the EU, with six basic rates: zero on equipment for the disabled, mineral resources, textiles, and cattle hides; up to 3% on other raw materials; 6% to 9% on basic parts of semifinished and finished goods; 12% to 25% on industrial goods; 25% to 30% on agriculture and textile products; and 30% on luxury goods. Imports from developing countries are granted preferential treatment under the GSP. Also, imports from 45 developing countries, tropical products, and many goods that are of interest to developing countries enter Poland duty free. For the remaining goods imported from non-European developing countries whose per capita GDP is lower than Poland's, duties are reduced by 20% to 30% of the MFN rate. Duties and taxes on imports for export production are refunded.

**State import monopoly**

No.

### Exports and Export Proceeds

**Repatriation requirements**

Proceeds should be repatriated immediately.

**Financing requirements**

No.

**Documentation requirements**

No.

<b>Export licenses</b>	Licenses are required for exports carried out within the framework of international agreements that stipulate bilateral settlements and for temporary exports of capital goods and transport equipment for leasing motor vehicles.
Without quotas	Licenses are required for exports of radioactive materials and military equipment. Export licenses are required for goods subject to export quotas. Exports of specific species of live poultry are prohibited.
With quotas	Exports of waste and scrap of copper, nickel, aluminum, lead, zinc, and tin are subject to quota restrictions.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

##### Payments for travel

###### *Quantitative limits*

There is no specific limit for official and business travel. Official and business travelers are allowed to take out foreign currency bought in banks up to the amounts on separate regulations on business travel and on collective wage agreements.

###### *Indicative limits/bona fide test*

Yes.

##### Personal payments

###### *Prior approval*

There are controls on the transfer of pensions, family maintenance, and alimony.

Domestic individuals who wish to transfer their pension abroad have to apply for an individual foreign exchange permit. All other related transfers require prior approval, except for alimony benefits granted to foreign nationals.

###### *Quantitative limits*

Yes.

###### *Indicative limits/bona fide test*

Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Proceeds must be repatriated immediately. Natural persons receiving proceeds while they are abroad must repatriate the proceeds within two months after returning to Poland.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

###### *Shares or other securities of a participating nature*

###### Purchase locally by nonresidents

Purchase of Polish securities by nonresidents is free, except for shares of which the freedom to purchase can be limited by Poland's restrictions of foreign direct investment. Purchases of securities by nonresidents with maturity of less than one year require a permit.

###### Sale or issue locally by nonresidents

A Securities and Exchange Commission (SEC) permit is required for publicly traded securities.

###### Purchase abroad by residents

A foreign exchange permit is required for residents to make portfolio investments in securities issued by nonresidents not domiciled or not having their seat in OECD countries or in countries with which the Republic of Poland has not concluded agreements on the promotion and mutual protection of investment. This regulation does not apply when residents purchase securities gratuitously. Residents need a foreign exchange permit to purchase securities with a maturity of less than one year.



Sale or issue abroad by residents	Residents are permitted to issue securities only in OECD countries or in the countries with which the Republic of Poland has concluded agreements on the promotion and mutual protection of investments. Residents need a foreign exchange permit to sell or issue securities with a maturity of less than one year.
<i>Bonds or other debt securities</i>	
Purchase locally by nonresidents	There are no restrictions, with the exception of purchase securities with a maturity of less than one year and bonds issued by the State Treasury.
Sale or issue locally by nonresidents	Nonresidents need a foreign exchange permit to purchase securities with a maturity of less than one year.
Purchase abroad by residents	The same regulations apply as for shares or other securities of a participating nature.
Sale or issue abroad by residents	The same regulations apply as for shares or other securities of a participating nature.
<b>On money market instruments</b>	
<i>Purchase locally by nonresidents</i>	The following restrictions apply: (1) purchase of debt securities with a maturity of less than one year, and (2) purchase of derivative financial instruments, with the exception of derivative financial instruments traded on the Warsaw Stock Exchange SA, the Polish Financial Stock SA, and the Central Table of Offers, SA.
<i>Sale or issue locally by nonresidents</i>	SEC approval is required.
<i>Purchase abroad by residents</i>	NBP approval is required, with the exception of authorized banks.
<i>Sale or issue abroad by residents</i>	A permit is required for maturities of less than one year.
<b>On collective investment securities</b>	
<i>Purchase locally by nonresidents</i>	Yes.
<i>Sale or issue locally by nonresidents</i>	Yes.
<i>Purchase abroad by residents</i>	The same regulations apply as for shares or other securities of a participating nature.
<i>Sale or issue abroad by residents</i>	The same regulations apply as for shares or other securities of a participating nature.
<b>Controls on derivatives and other instruments</b>	Controls on derivatives are not included in the foreign exchange law. Transfers of proceeds from such transactions abroad are subject to restrictions.
Purchase locally by nonresidents	As from January 12, 1999, financial derivatives listed on the Warsaw Stock Exchange may be purchased freely.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<b>Controls on credit operations</b>	
Commercial credits	The NBP must be notified within 20 days.
Financial credits	
<i>By residents to nonresidents</i>	Financial credits with maturities of less than one year require a permit.
<i>To residents from nonresidents</i>	An NBP's foreign exchange permit is required for residents contracting financial credits with nonresidents with the maturity of less than one year, and for credits granted that result in debt in local currency with maturity of less than one year, and the value of a single transaction exceeding the equivalent of €50,000.
<b>Guarantees, sureties, and financial backup facilities</b>	
<i>By residents to nonresidents</i>	An NBP's foreign exchange permit is required, with the exception of (1) guarantees or sureties provided by the authorized banks; (2) guarantees and sureties provided by residents to nonresidents for performing financial obligations under the purchase of goods, services, and incorporeal rights; and (3) guarantees and sureties for performing financial obligations of residents under foreign contracts for goods, services, and incorporeal rights.

<i>To residents from nonresidents</i>	Yes.
<b>Controls on direct investment</b>	
Outward direct investment	An NBP's foreign exchange permit is required, with the exception of purchasing shares and interests of companies based in OECD countries and in the countries with which Poland has ratified agreements on the promotion and mutual protection of investments, purchasing shares comprising at least 10% of the total votes at respective shareholders' meetings, and purchasing or opening a branch or company and investments not exceeding €1 million in the countries with which Poland has ratified agreements on the promotion and mutual protection of investments.
Inward direct investment	New businesses need to register only with local courts, with the exception of (1) mergers with state-owned companies if state assets are to be used for more than six months or if state assets will become part of the capital, and (2) investments in the areas of air transport, broadcasting, insurance, domestic long distance or mobile telecommunications, and gambling and betting. Imports of capital goods for new joint ventures are exempt from customs duties. Although the law does not stipulate a minimum amount of capital that foreign nationals must invest in Poland, the minimum capital requirement set forth in the Polish commercial code for a limited liability or equity company is in effect and is applied to foreign investment.
<b>Controls on liquidation of direct investment</b>	The transfer of profits from joint ventures and from investments in shares of Polish companies is not restricted, and invested capital may be repatriated once outstanding obligations to creditors are discharged.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	An NBP's foreign exchange permit is required for the purchase abroad by residents (natural persons) of real estate located abroad if the price on the day of such purchase is in excess of the equivalent of €50,000, and for the transfer abroad of the foreign currency required for the purchase of such real estate.
Purchase locally by nonresidents	Nonresidents can acquire real estate or other immovable property in Poland only with permission from the Ministry of the Interior, except in the form of an inheritance. Under the Law on Acquisition of Real Estate by Foreigners, foreigners may also acquire real estate without permit if (1) it is a separate apartment; (2) they have lived in Poland for at least 5 years after getting a permanent residence visa; (3) they are married to a Polish citizen for at least 2 years (the purchased real estate must form a part of matrimonial community of property); or (4) real estate is purchased by nonresident legal persons for statutory purposes, and the area of real estate does not exceed 4,000 square meters in urban areas. The Council of Ministers may issue a regulation defining other cases where a permit is not required, providing that the area of acquired real estate does not exceed 4,000 square meters in urban and 10,000 square meters in rural areas. The Council of Ministers may also extend the area to be acquired without permit to 12,000 square meters in urban and 30,000 square meters in rural areas.
Sale locally by nonresidents	An NBP foreign exchange permit is required for the transfer abroad by nonresidents of the proceeds associated with the sale of real estate converted into foreign currency.
<b>Controls on personal capital movements</b>	
Loans	There are no restrictions on family loans.
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	NBP approval is needed for gifts above €10,000.
<i>To residents from nonresidents</i>	Yes.
Settlement of debts abroad by immigrants	Yes.

Transfer of gambling and prize earnings Yes.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad

There are controls on short-term borrowing.

Lending to nonresidents (financial or commercial credits)

Until January 1, 1998, when controls were lifted, banks were permitted to purchase securities abroad within the limits specified in the regulation by the president of the NBP on the types of securities issued abroad to be purchased by authorized banks.

Differential treatment of deposit accounts in foreign exchange

*Reserve requirements*

The reserve requirement on foreign currency accounts differs from that on zloty accounts.

Differential treatment of deposit accounts held by nonresidents

Effective January 12, 1999, a foreign exchange permit is required for deposit transactions made by nonresidents where the transaction involves deposits exceeding Zł 500,000 maturing in less than three months, and for foreign currency deposit transactions made by residents, except for those related to direct or portfolio investments that require no foreign exchange permits, or for those made from bank accounts maintained by individuals when residing abroad.

Open foreign exchange position limits

A bank's open (net) foreign currency position (long or short) in relation to a single foreign currency may not exceed 15% of the bank's capital. The president of the NBP, on the bank's motion, may consent to a foreign currency paid in consideration for equity to be included in computation of the bank's foreign currency position.

**Provisions specific to institutional investors**

There are no pension funds in Poland.

Insurance companies are not affected by the foreign exchange operations in the country, and an MOF permit is required to commence insurance business. The MOF permit is required for investments by nonresidents in insurance companies through shares allowing for 25%, 33%, 50%, 60%, and 75% of votes, respectively, at general shareholders' meetings. Prudential regulations establishing limits for investment of insurance funds in the country and abroad are provided by the act on insurance operating activity.

Nonresidents are allowed to invest in participating units issued by trust funds. There are no foreign exchange restrictions on the transfer abroad by nonresidents of foreign currency purchase against Polish currency associated with remission of participating units in trust funds.

**Other controls imposed by securities laws**

No.

## Changes During 1998

**Exchange arrangement**

*February 26.* The trading band for the zloty was widened from  $\pm 7\%$  to  $\pm 10\%$  around the central rate.

*October 29.* The trading band for the zloty was widened from  $\pm 10\%$  to  $\pm 12.5\%$  around the central rate. During 1998, the monthly rate of depreciation of the central rate in the crawling band was reduced in several steps to 0.5% from 1%.

**Capital transactions**

Provisions specific to commercial banks and other credit institutions

*January 1.* The control on the purchase abroad of securities by banks was lifted.

## Changes During 1999

**Exchange arrangement**

*January 1.* The currency composite was changed to a basket composed of 55% euro and 45% dollar. A new foreign exchange law was passed.

**Capital transactions**

*January 12.* The new foreign exchange law differentiates between banks and nonbank entities, noting that banks can conduct some short-term capital transactions, which would require a special foreign exchange permit for nonbanks.

**Controls on derivatives and other instruments**

*January 12.* Financial derivatives listed on the Warsaw Stock Exchange may be traded freely.

**Provisions specific to commercial banks and other credit institutions**

*January 12.* A foreign exchange permit is required for deposit transactions made by non-residents where the transaction involves deposits exceeding Zł 500,000 maturing in less than three months, and for foreign currency deposit transactions made by residents, except for those related to direct or portfolio investments that require no foreign exchange permits or for those made from bank accounts maintained by individuals when residing abroad.

# PORTUGAL

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: September 12, 1988.

### Exchange Arrangement

#### Currency

Effective January 1, 1999, the currency of Portugal is the euro. In cash transactions, however, the legal tender remains the Portuguese escudo until 2002, when euro banknotes and coins will be issued.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

Portugal participates in a currency union (EMU) comprising 11 members of the EU: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. Internal exchange rates in respect to the national currencies of EMU participants were fixed to the euro on January 1, 1999, whereas the external exchange rate of the euro is market determined. The conversion rate between the euro and the Portuguese escudo was set at Esc 200.482 per €1. The ECB has the right to intervene to smooth out fluctuations in external exchange rates.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Yes.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

There are no exchange controls. Foreign trade policy is implemented by the Ministry of Economy, which is responsible for administering trade controls and for issuing import and export licenses, declarations, and certificates.

#### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

Yes.

In accordance with UN sanctions

Portugal maintains certain restrictions on payments and transfers for current international transactions to residents or nationals of Iraq. In addition, the movements of any funds in Portugal that are controlled by public authorities or companies of Libya are prohibited.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

A customs declaration is required for amounts exceeding Esc 2.5 million.

#### Controls on exports and imports of banknotes

The exportation or importation by residents or nonresidents of banknotes or coins and traveler's checks exceeding the equivalent of Esc 2.5 million must be declared to customs.

## Resident Accounts

#### Foreign exchange accounts permitted

Held domestically

Yes.

Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	

Negative list	Imports of certain products are subject to an import license and are allowed under specific conditions, or are prohibited for reasons of health, public order, or the prevention of commercial fraud. For agricultural products covered by the CAP, an import certificate may be required. A few industrial products, such as steel products and some textiles and clothing, are subject to EU import restrictions when they originate in certain third countries. A more extensive restricted list applying to China includes some textiles and a small number of finished products.
Open general licenses	Products of dual use may require a certificate.
Licenses with quotas	Imports subject to quantitative restrictions require an import license. Generally, licenses are valid for six months for customs clearance purposes.
Other nontariff measures	For products under EU surveillance, the appropriate import documents, when required, are issued for statistical purposes and are granted automatically in four or five days.
Import taxes and/or tariffs	Yes.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	
Without quotas	For agricultural products covered by the CAP, an export certificate may be required. Products of dual use may require a certificate.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Sale or issue locally by nonresidents	Restrictions apply in the case of the introduction of foreign securities issued by residents of a non-EU member country that are not quoted on a recognized market of the issuer's country or of the country in which they are issued.
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##### *Bonds or other debt securities*

Sale or issue locally by nonresidents	Restrictions apply in the case of the introduction of foreign securities issued by residents of a non-EU member country that are not quoted on a recognized market of the issuer's country or of the country in which they are issued.
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Controls on derivatives and other instruments	No.
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Controls on credit operations	No.
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#### Controls on direct investment

Inward direct investment	Investments are permitted in all sectors except those that, under general law, are closed to private enterprise corporations. Foreign investments should be registered within 30 days after the operation has been made. Projects of special interest to the Portuguese economy are covered by a separate and contractual regime.
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Controls on liquidation of direct investment	No.
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Controls on real estate transactions	No.
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Controls on personal capital movements	No.
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#### Provisions specific to commercial banks and other credit institutions

##### Differential treatment of deposit accounts in foreign exchange

<i>Reserve requirements</i>	Yes.
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##### Differential treatment of deposit accounts held by nonresidents

<i>Reserve requirements</i>	Yes.
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Open foreign exchange position limits	The prudential minimum own-fund requirements are applied on a nondiscriminatory basis.
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Provisions specific to institutional investors	The limits were redefined on March 31, 1997, and subsequently on January 30, 1998, for pension funds, and on February 4, 1998, for insurance companies.
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Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Yes.
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Currency-matching regulations on assets/liabilities composition

There is a requirement of 80% of currency matching of assets owned by insurance companies and pension funds.

**Other controls imposed by securities laws**

The MOF issues regulations on the eligible assets of insurance companies and pension funds and of securities investment funds.

### Changes During 1998

#### Capital transactions

Provisions specific to institutional investors

*January 30.* The maximum limits on securities issued by nonresidents and on portfolio invested abroad by pension funds were redefined.

*February 4.* The maximum limits on securities issued by nonresidents and on portfolio invested abroad by insurance companies were redefined.

### Changes During 1999

#### Exchange arrangement

*January 1.* The currency of Portugal became the euro. The exchange rate of the escudo was fixed irrevocably at Esc 200.482 per €1.



# QATAR

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 4, 1973.

### Exchange Arrangement

#### Currency

The currency of Qatar is the Qatar riyal.

#### Exchange rate structure

Unitary.

#### Classification

##### Pegged exchange rate within horizontal bands

The official exchange rate for the Qatar riyal is pegged to the SDR at QR 4.7619 per SDR 1, within margins of  $\pm 7.25\%$  around this rate. The Qatar Central Bank (QCB) sets daily rates for the U.S. dollar, the intervention currency. Exchange rates of commercial banks for transactions in U.S. dollars are based on the QCB's buying and selling rates. A spread of QR 0.0087 is applied to exchange transactions with the public. The buying and selling rates of commercial banks for other currencies are based on the QCB's rates for the U.S. dollar and on market rates for the currency concerned against the U.S. dollar.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

In the commercial banking sector, importers may purchase foreign exchange in the forward market.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

All settlements with Iraq and Israel are prohibited, as are all financial transactions with the Federal Republic of Yugoslavia (Serbia/Montenegro). No other prescription of currency requirements are in force.

#### Payment arrangements

No.

#### Administration of control

The QCB is the exchange control authority, but there is no exchange control legislation. Import licenses are issued by the Ministry of Finance, Economy, and Commerce.

#### International security restrictions

Financial transactions with the Federal Republic of Yugoslavia (Serbia/Montenegro) are prohibited.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on external trade

For trading purposes, the buying and selling of gold and precious metals require import licenses and are subject to customs duty. Transactions involving Iraq and Israel are prohibited.

#### Controls on exports and imports of banknotes

No.

## Resident Accounts

#### Foreign exchange accounts permitted

No distinction is made between accounts held by residents and those held by nonresidents.

##### Held domestically

Yes.

##### Held abroad

Yes.

Accounts in domestic currency convertible into foreign currency Yes.

### Nonresident Accounts

Foreign exchange accounts permitted Yes.  
 Domestic currency accounts Yes.  
 Convertible into foreign currency These accounts are permitted, but prior approval is required.  
 Blocked accounts n.a.

### Imports and Import Payments

Foreign exchange budget No.  
 Financing requirements for imports No.  
 Documentation requirements for release of foreign exchange for imports No.  
 Import licenses and other nontariff measures Imports of alcoholic beverages, firearms, ammunition, and certain drugs are subject to licensing for reasons of health or public policy.  
 Negative list All imports from Iraq and Israel are prohibited, as are imports of pork and its derivatives.  
 Import taxes and/or tariffs Imports are generally subject to a customs tariff of 4%, which is the minimum rate applied by members of the GCC. The customs tariff on steel is 20%; on tobacco, 50%; and on alcohol, 100%. Imports from GCC member countries are exempt from tariffs.  
 State import monopoly No.

### Exports and Export Proceeds

Repatriation requirements No.  
 Financing requirements No.  
 Documentation requirements No.  
 Export licenses No.  
 Export taxes No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.  
 Restrictions on use of funds No.

### Capital Transactions

Controls on capital and money market instruments No.

<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	
Inward direct investment	Noncitizens may engage in simple crafts as well as in commerce, industry, agriculture, and services jointly with Qatar partners, who must hold at least 51% of the capital. Noncitizens may also establish companies specializing in contracting business with Qatar partners, subject to the above conditions, if it is determined that there is a need to establish such companies, or if there is a need for the experience and technology they provide.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	No.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

## ROMANIA

(Position as of January 31, 1999)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: March 25, 1998.

### Exchange Arrangement

#### Currency

The currency of Romania is the Romanian leu.

#### Other legal tender

The transferable ruble continues to be used as a unit of account for outstanding CMEA balances.

#### Exchange rate structure

Unitary.

#### Classification

Managed floating with no preannounced path for the exchange rate

The exchange rate of the leu is determined in the interbank foreign exchange market. The National Bank of Romania (NBR) intervenes in the exchange market to adjust the exchange rate of the leu and to build up foreign exchange reserves. Dealer licenses are issued to all commercial banks. Juridical and natural persons other than authorized commercial banks may purchase or sell foreign exchange through authorized banks. The NBR quotes rates for 15 currencies based on the rates for these currencies against the dollar in the countries concerned, and the rates for 11 currencies of the euro zone based on the rates of these currencies against the euro. Foreign exchange bureaus conduct transactions only in the above foreign currency banknotes and traveler's checks and only with natural persons, and are free to set their exchange rates.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

The forward market is underdeveloped.

### Arrangements for Payments and Receipts

#### Prescription of currency requirements

Payments to and from countries with which Romania has bilateral payments arrangements are made only in convertible currencies and in accordance with the procedures set forth in those arrangements.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Operative*

There are arrangements with China, the Democratic People's Republic of Korea, Pakistan, and some previous CMEA members, aimed at liquidating the balance of the CMEA accounts.

###### *Inoperative*

There are arrangements with Albania, Algeria, Costa Rica, Egypt, Greece, India, and the Islamic Republic of Iran.

##### Regional arrangements

Romania is a member of the CEFTA and has free trade agreements with the EFTA countries, Turkey, and Moldova.

##### Clearing agreements

There are clearing arrangements with Bangladesh and a few countries of the former CMEA, but they are only used to settle previous balances.

#### Administration of control

The NBR issues rules and regulations related to the control of foreign exchange transactions and authorizes almost all capital transfers.

#### International security restrictions

No.

#### Payment arrears

##### Private

Yes.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade

The NBR has sole authority to purchase or to sell gold in any manner. It may grant permission to certain juridical persons for such purposes.

Controls on external trade

There are no actual authorizations for conducting external trade.

**Controls on exports and imports of banknotes**

Amounts for the export and import of currency exceeding those detailed below have to be declared at customs and deposited against a receipt. On a further trip to Romania within three years, those amounts may be used; after three years, these are automatically passed to the state budget.

On exports

*Domestic currency*

Resident natural persons may take out lei 500,000 a person a trip.

*Foreign currency*

Foreign nationals may take out their foreign currency deposited with authorized commercial banks or an amount equivalent to that which they brought into Romania. Residents may take out \$5,000 a trip.

On imports

*Domestic currency*

Up to lei 500,000 a person a trip may be brought into Romania in denominations no larger than lei 10,000.

*Foreign currency*

Natural persons may bring into Romania up to the equivalent of \$10,000 a person a trip.

**Resident Accounts****Foreign exchange accounts permitted**

These accounts may be held by (1) juridical persons who are registered in Romania (i.e., public institutions, embassies, consulates, other Romanian representatives abroad); (2) autonomous state agencies, commercial companies, associations, clubs, leagues, and any other profit or nonprofit juridical persons authorized to carry on activities within the Romanian territory; (3) foreign branches, subsidiaries, representatives, and agencies; (4) Romanian citizens; (5) natural persons with foreign citizenship; and (6) stateless persons living in Romania.

Held domestically

Foreign exchange operations among residents are forbidden, except those authorized by the NBR.

Held abroad

Resident persons need NBR approval for holding accounts abroad, except the following categories:

- 1) Banks for their activity conducted under the authorization of the NBR;
- 2) Representation, agencies, offices of the Romanian juridical persons, which are not registered as juridical persons abroad, for current expenses necessary to carry out their activities abroad;
- 3) Embassies, consulates, or other representations of Romania abroad; 4) Residents legally owning real estate abroad for expenses related to the maintenance and administration of their property; (5) Resident natural persons while staying abroad; these accounts may be maintained after their return to Romania; and (6) Residents for the amounts that, because of legal obstacles, cannot be repatriated to Romania.

**Accounts in domestic currency convertible into foreign currency**

Full convertibility is permitted for current account transactions. Convertibility for capital account transactions is limited and requires prior approval of the NBR.

**Nonresident Accounts****Foreign exchange accounts permitted**

Yes.

**Domestic currency accounts**

The accounts in domestic currency are account type A, B, and deposit accounts: (1) current accounts of type A are for depositing proceeds from current transactions, transfers from B

	accounts, and interest earned on A and B accounts; (2) current accounts of type B for capital transactions; and (3) deposit accounts with the prior authorization of the NBR.
Convertible into foreign currency	Full convertibility is permitted for current currency transactions stipulated by the regulation (profits, dividends, interest, and other income sources resulting from legal transactions). Full convertibility is also permitted for most capital transactions of nonresidents in Romania (direct and real estate investments as well as liquidation of those and capital investments), which are freely allowed by law. Convertibility is also assured for all other capital transactions that are subject to authorization of the NBR. The conversion in foreign currencies is carried out provided that nonresidents submit to commercial banks the justifying documents including the authorization of the NBR in the case of deposit accounts. For the balances of current accounts type A, convertibility is permitted, within 180 days starting from the date of encashment. For the balances of current accounts type B and deposit accounts, convertibility is always permitted.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	Documentation is required in the case of advance import payments.
Import licenses and other nontariff measures	Imports, in general, are not subject to licensing. The government may restrict imports for reasons of public health, national defense, and state security, in accordance with the provisions of the WTO. There is a customs fee of 0.5% for imports outside the EU, CEFTA, EFTA, and Turkey.
Negative list	Yes.
Import taxes and/or tariffs	Tariff rates range between 3% and 144%, averaging about 19% for all goods on a trade-weighted basis. A 6% import surcharge was introduced on October 10, 1998. Its rate was reduced to 4% on January 1, 1999. It is applied to about 63% of imports.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	Resident juridical persons must maintain foreign exchange export proceeds in accounts opened at domestic commercial banks or foreign commercial banks authorized to operate in Romania but are free to use the balances in these accounts. Repatriation must be effected (1) within 90 days from the goods crossing the border and (2) within 15 days from the due date that appears in the contract.
Financing requirements	No.
Documentation requirements	No.
Export licenses	There are licenses for statistical purposes on certain new materials and low-processed goods.
With quotas	On January 1, 1998, all export restrictions in the form of quotas, including restrictions that were temporarily suspended previously, were eliminated.
Export taxes	There is a commission of 0.5% for exports outside the EU, EFTA, CEFTA, and Turkey.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	All payments and transfers must be documented.
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## Trade-related payments

*Indicative limits/bona fide test* Yes.

## Investment-related payments

*Indicative limits/bona fide test* Yes.

## Payments for travel

*Quantitative limits* The limit is \$500 a person a trip.

*Indicative limits/bona fide test* Yes.

## Foreign workers' wages

*Indicative limits/bona fide test* Yes.

## Credit card use abroad

*Indicative limits/bona fide test* Yes.

## Other payments

*Indicative limits/bona fide test* Yes.

### Proceeds from Invisible Transactions and Current Transfers

## Repatriation requirements

Repatriation must be effected within (1) 90 days from completing the work or rendering the services; (2) 15 days from the due date that appears in the contract; and (3) 15 days from completing the work or rendering the services in the case of advance payments.

## Restrictions on use of funds

No.

### Capital Transactions

#### Controls on capital and money market instruments

## On capital market securities

*Shares or other securities of a participating nature*

Sale or issue locally by nonresidents Sale by nonresidents is free, whereas issue requires NBR authorization and National Commission for Securities (NCS) approval.

Purchase abroad by residents These transactions require NBR authorization.

Sale or issue abroad by residents These transactions require NBR authorization.

*Bonds or other debt securities*

Sale or issue locally by nonresidents Sale by nonresidents is free, whereas issue requires NBR authorization and NCS approval.

Purchase abroad by residents These transactions require NBR authorization.

Sale or issue abroad by residents These transactions require NBR authorization.

## On money market instruments

*Purchase locally by nonresidents* These transactions require NBR authorization.

*Sale or issue locally by nonresidents* These transactions require NBR authorization.

*Purchase abroad by residents* These transactions require NBR authorization, except for banks.

*Sale or issue abroad by residents* These transactions require NBR authorization, except sale of money market securities by banks.

## On collective investment securities

<i>Sale or issue locally by nonresidents</i>	Sale by nonresidents is free, whereas issue requires NBR authorization and NCS approval.
<i>Purchase abroad by residents</i>	These transactions require NBR authorization.
<i>Sale or issue abroad by residents</i>	These transactions require NBR authorization.

**Controls on derivatives and other instruments**

Sale or issue locally by nonresidents	Sale by nonresidents is free, whereas issue requires NBR authorization and NCS approval.
Purchase abroad by residents	These transactions require NBR authorization.
Sale or issue abroad by residents	These transactions require NBR authorization.

**Controls on credit operations**

Commercial credits	All commercial credits with a maturity exceeding one year are subject to authorization on the basis of appropriate documentation.
Financial credits	All financial credits are subject to NBR authorization on the basis of appropriate documentation, except for financial credits contracted by banks.
Guarantees, sureties, and financial backup facilities	Those related to commercial credits of less than one year maturity are free.

**Controls on direct investment**

Outward direct investment	These transactions require NBR authorization.
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**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

Purchase abroad by residents	These transactions require NBR authorization.
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**Controls on personal capital movements**

Loans	These transactions require NBR authorization.
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Gifts, endowments, inheritances, and legacies

<i>By residents to nonresidents</i>	These transactions require NBR authorization.
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Transfer of gambling and prize earnings	These transactions require NBR authorization only for residents.
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**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad	Resident banks are allowed to borrow abroad with less than one year maturity.
Lending to nonresidents (financial or commercial credits)	Requires NBR authorization for maturities longer than one year.

Differential treatment of deposit accounts in foreign exchange	n.r.
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Differential treatment of deposit accounts held by nonresidents	n.r.
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Investment regulations	n.r.
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Open foreign exchange position limits	n.r.
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<b>Provisions specific to institutional investors</b>	n.r.
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<b>Other controls imposed by securities laws</b>	n.r.
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### Changes During 1998

**Status under IMF Articles of Agreement**

*March 25.* Romania accepted the obligations of Article VIII, sections 2, 3, and 4.

**Exchange arrangement**

*April 30.* Romania's exchange rate arrangement was reclassified as managed floating.

*May 29.* Romania's foreign exchange regulations were amended.

**Imports and import payments**

*October 10.* A 6% import surcharge was introduced.

**Exports and export proceeds**

*January 1.* All export restrictions in the form of quotas, including those restrictions temporarily suspended previously, were eliminated.

**Capital transactions**
**Controls on credit operations**

*May 29.* All credit operations became a subject of NBR authorization, except bank loans.

**Provisions specific to commercial banks and other credit institutions**

*May 29.* Banks are free to effect credit and guarantee transaction with a maturity of less than one year.

### Changes During 1999

**Imports and import payments**

*January 1.* The rate of the import surcharge was reduced to 4% from 6%.

# RUSSIAN FEDERATION

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 1, 1996.

### Exchange Arrangement

#### Currency

The currency of Russia is the Russian ruble.

#### Exchange rate structure

##### Multiple

Yes.

#### Classification

Managed floating with no preannounced path for the exchange rate

The Central Bank of Russia (CBR) announces an official exchange rate each day. The official exchange rate is based on interbank market exchange rates and is used for accounting and taxation purposes, and for operations with the MOF. On August 17, 1998, the authorities widened the exchange rate band to Rub 6.0–9.5 from Rub 5.3–7.1 per \$1. The authorities stated their intention of allowing the rate to move more freely within the wider band. On August 25, 1998, the central bank allowed the ruble to depreciate to Rub 7.86 from Rub 7.14 per \$1, for a total depreciation of 19% from the August 14 level of Rub 6.3. On August 26, 1998, the CBR terminated the fixing of the exchange rate in the MICEX auctions, and foreign exchange trading was brought to a virtual halt. On September 2, 1998, the CBR abolished the exchange rate band, reopened the organized interbank exchange markets, and announced its intention to let the exchange rate float. The dollar is the intervention currency of the CBR. The CBR participates in the MICEX as a net buyer and seller of the dollar to smooth out short-term fluctuations in the exchange rate; it occasionally trades in foreign exchange through direct dealing on the interbank market outside the organized exchanges.

On September 28, 1998, the CBR introduced a two-session regime for the trading of the dollar on interbank foreign currency exchanges; sessions take place in the morning and the afternoon. A trading in the morning sessions is subject to two principal limitations. First, authorized banks are only permitted to purchase foreign exchange for payments by resident legal entities in respect of imports, dividends, and certain financial credits. Second, exchange transactions may only take place at rates within a band of  $\pm 15\%$  of the average weighted rate of the special session from the previous morning. Offers to purchase foreign exchange at rates that are outside these limits will not be entered into the trading system. In addition, exporters are required to surrender 75% of export earnings in the afternoon session. While the rates at which exchange transactions take place within the special morning sessions may not deviate by more than 15% of the weighted average rate from the previous day's morning session, the rates at which exchange transactions take place outside of the sessions may deviate beyond these limits. In these circumstances, a spread of more than 2% may emerge between the rates within and outside of the special sessions. Access to the trading session, in the afternoon, is unrestricted. Also, interbank trading is permitted outside the sessions throughout the day. The first special trading session took place on October 6, 1998.

#### Exchange tax

There is a 1% tax on purchases of foreign currencies and foreign payment instruments.

#### Exchange subsidy

No.

#### Forward exchange market

Forward contracts are sold by authorized banks. The futures markets on MICEX have been temporarily shut down.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Yes.

**Payment arrangements****Bilateral payment arrangements***Operative*

There are 24 arrangements.

*Inoperative*

Agreements are maintained with Bulgaria, China, Cuba, the Czech Republic, Egypt, Hungary, India, the Islamic State of Afghanistan, Mongolia, Poland, the Slovak Republic, Slovenia, and the Syrian Arab Republic.

**Clearing agreements**

Yes.

**Administration of control**

The CBR is responsible for administering exchange control regulations, supervising and monitoring transactions of authorized banks, and regulating banks' open foreign exchange positions.

**International security restrictions**

In accordance with Executive Board Decision No. 144-(52/51)

Certain restrictions apply against the Federal Republic of Yugoslavia (Serbia/Montenegro).

In accordance with UN sanctions

Yes.

**Payment arrears**

Official

Yes.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade

Domestic trade in gold is permitted. Monetary gold intended to be part of the country's foreign exchange reserves is purchased by the CBR and the government at world prices quoted on the London market and converted at the market exchange rate.

Controls on external trade

Transactions in precious metals (gold and silver bullion) require authorization, and transactions must be made through authorized banks possessing a special license issued by the CBR.

**Controls on exports and imports of banknotes**

On exports

*Domestic currency*

Residents and nonresidents traveling to countries where the Russian ruble is the sole legal tender are allowed to take out a maximum of Rub 500,000 in banknotes.

*Foreign currency*

There are no limits on the amount of foreign banknotes a person may take out of the country, provided that a certificate from an authorized bank on the origin of the funds is presented to customs.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically

These accounts are permitted. Balances on these accounts may be used for effecting current foreign exchange transactions. The use of foreign exchange proceeds for capital transactions, with the exception of certain specific individual transactions, requires a CBR license.

Held abroad

Resident natural persons may maintain bank accounts abroad only during their stay outside Russia for the purpose of education, employment, medical treatment, or visiting. Upon return to Russia, bank accounts abroad must be closed, and balances must be credited to the accounts held in authorized banks operating in the territory of Russia. Resident juridical persons, including branches of Russian banks, may not maintain accounts abroad without special permission from the CBR. Resident banks may open correspondent accounts abroad in accordance with the procedures set out in the CBR's foreign exchange licenses.

**Accounts in domestic currency convertible into foreign currency**

Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
<b>Domestic currency accounts</b>	Nonresidents may maintain five types of ruble accounts: (1) "T" accounts, which may be credited with proceeds from current international transactions (including proceeds from sales of goods and services to residents of Russia and interest earnings on the account itself), and debited for the servicing of export-import operations by their representative offices in Russia; (2) correspondent ruble accounts for nonresident banks under the same regime applicable to T accounts; (3) "I" accounts, which can be used for investment activities (including privatization operations); (4) nonresident accounts for natural persons; and (5) "S" accounts for transactions involving government securities. The transfer abroad of balances in T accounts and correspondent ruble accounts accumulated after June 1, 1996 is not restricted. The use of balances accumulated up to May 31, 1996 is limited to domestic transactions. I accounts may be used for a wide range of investment activities, including profit and dividend transfers. Balances maintained in I accounts may be transferred abroad without restriction after payment of applicable taxes. Nonresident natural and juridical persons may purchase foreign exchange only with ruble balances held in I accounts.
<b>Convertible into foreign currency</b>	Repatriation and conversion of funds in the government securities market are subject to a one-year waiting period.
<i>Approval required</i>	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	Effective July 1, 1998, the CBR requires that all advance payments of Latvian food and consumer goods exports to Russia are to be for a maximum of 180 days.
<b>Documentation requirements for release of foreign exchange for imports</b>	n.a.
<b>Import licenses and other nontariff measures</b>	Until end-December 1998, imports were generally free of quotas and licenses. Effective January 1, 1999, a ban on private imports of ethyl alcohol was imposed. Licenses are required for imports of various alcoholic products, as well as dual purpose items, military equipment, medicine, industrial waste, and ozone-destructive substances.
<b>Negative list</b>	Yes.
<b>Import taxes and/or tariffs</b>	Most customs duties range from 5% to 15%, but some tariffs can be up to 30%. The following imports are exempt from duties: medicine, medical supplies and equipment, children's articles, and plant and equipment. Imports from CIS countries are exempt from duties. Imports of commodities from developing countries (except those subject to excise duties) attract customs duties at a rate of 75% of the basic rate.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	The repatriation ratio is 100%.
<b>Surrender requirements</b>	CBR regulation of September 28, 1998 required that the 50% surrender requirement to authorized banks must be made at the special trading session for the dollar, the first of which took place on October 6, 1998. This surrender requirement was raised to 75% effective January 1, 1999. At the same time, the period within which surrender must be effected was shortened to 7 days from 14 days.
<b>Financing requirements</b>	CBR permission is required for foreign exchange transactions associated with deferred payments for exports of goods from Russia for a period exceeding 180 days and for

deferrals granted to residents to make advance payments against deliveries of imported goods exceeding 180 days. From July 1, 1998, the CBR required that all payment of Latvian energy, metals, and raw material imports from Russia are to be settled within 180 days. On December 28, 1998, the period for deferred payments was shortened to 90 days from 180 days.

**Documentation requirements**

n.a.

**Export licenses**

Export licensing is limited to a small group of products (e.g., military equipment and arms, precious metals and stones, rare animals and floral species, and dual-purpose items). Export licenses are issued by the Ministry of Trade in accordance with application procedures established by the government.

**With quotas**

Yes.

**Export taxes**

Effective January 1, 1999, a temporary (six months) export tax was introduced on a number of commodities. Subject to a 10% export duty are some varieties of seeds, skins and leather, timber, and nonferrous metals scrap. Coal, oil, natural gas, and petroleum products, asphalt, and nonferrous metals and nonferrous metal products are taxed at a 5% rate. The export duty on crude oil and crude petroleum products from bituminous materials is €2.5 per 1,000 kilograms, applicable only if the export is to a non-CIS member country.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

Payments for invisibles are not restricted. Purchase of foreign exchange for all bona fide invisible transactions from authorized banks is allowed with the proper documentation.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**

Yes.

**Surrender requirements**

Proceeds from invisibles, except those from banking services, are subject to the surrender requirement.

**Restrictions on use of funds**

No.

### Capital Transactions

**Controls on capital and money market instruments**

On August 17, 1998, the authorities suspended repayments and converted all treasury bills maturing before end-1999 into longer-term paper, and introduced a 90-day moratorium on the payment of many private sector foreign currency obligations.

**On capital market securities**

*Shares or other securities of a participating nature*

**Purchase locally by nonresidents**

Nonresidents may purchase from residents securities denominated in foreign exchange with foreign exchange, as well as securities denominated in rubles with rubles, provided that the residents obtain a license from the CBR for these transactions.

No prior authorization is required to purchase securities denominated in rubles with rubles. Securities denominated in rubles or in foreign exchange may be purchased with funds from type T ruble accounts. Securities denominated in foreign exchange or in rubles with a maturity of more than one year may be purchased with funds from type I accounts as well as from ruble correspondent accounts of nonresident banks.

The parties must notify the Federal Securities Market Commission (FKRTsB) of transactions involving the purchase by nonresidents of securities issued by residents.

**Sale or issue locally by nonresidents**

Nonresidents may sell to residents securities denominated in foreign exchange for foreign exchange, as well as securities denominated in rubles for rubles, provided the residents

have a CBR license allowing such transactions. The sale by nonresidents of securities denominated in rubles for rubles does not require prior authorization. The parties to transactions must notify the FKRTsB of concluded transactions for the purchase by residents of securities issued by nonresidents.

Securities issued by nonresidents are permitted to circulate or be initially placed in the securities market after registration of their prospectus with the FKRTsB. These securities should be denominated in rubles.

Foreign exchange proceeds from the sale of securities are credited to foreign exchange accounts opened by nonresidents in authorized banks, from which they may be freely transferred abroad. Ruble proceeds from the sale of securities and from securities issues may be credited to type T ruble accounts of nonresidents opened in authorized banks, or to ruble correspondent accounts of nonresident banks.

Purchase abroad by residents

Prior CBR approval is required.

Sale or issue abroad by residents

CBR approval is required. Proceeds from the sale are credited to current foreign exchange accounts of residents. Exports of securities by residents require prior authorization from the MOF and the State Customs Committee.

*Bonds or other debt securities*

Russia's government domestic debt mostly includes the following types of liabilities: government short-term zero-coupon bonds (GKO) and federal bonds (OFZs), government nonmarket bonds (OGNZs), government savings bonds (OGSZs), and domestic foreign exchange securities (OGVVZs).

Purchase locally by nonresidents

Nonresidents may effect operations with Russian issuers' securities included in a list compiled by the CBR, by using S accounts in authorized banks. Currently, the above list includes GKO and OFZs, two issues of OGNZs, and Russian issuers' shares and corporate bonds put on a listing of trade organizers, in compliance with the CBR's requirements. As regards OGNZs, investors purchase them from the MOF in compliance with a respective agreement between the MOF and a particular investor. OGNZs are not traded in the secondary market.

On money market instruments

*Purchase locally by nonresidents*

For nongovernment instruments, the same regulations apply as for capital markets.

The purchase by nonresidents of GKO and OFZs is carried out from type S accounts. Nonresidents are no longer permitted to invest new funds in the government securities market.

*Sale or issue locally by nonresidents*

The same regulations apply as for securities of a participating nature.

*Purchase abroad by residents*

The same regulations apply as for securities of a participating nature.

*Sale or issue abroad by residents*

The same regulations apply as for securities of a participating nature.

On collective investment securities

Transactions with nonresidents in foreign exchange may be carried out only if residents have authorization from the CBR to conclude such transactions. The parties should notify the FKRTsB of concluded transactions.

*Purchase locally by nonresidents*

The FKRTsB should be notified of purchases by nonresidents of collective investment securities issued by residents.

*Sale or issue locally by nonresidents*

Collective investment securities issued by nonresidents require a registration prospectus for the securities with the FKRTsB. These securities must be denominated in rubles.

Foreign exchange proceeds from the sale of these securities must be credited to foreign exchange accounts and may be freely transferred abroad.

*Purchase abroad by residents*

Residents need prior authorization from the CBR to transfer foreign exchange in order to purchase these securities abroad. Funds for these purchases may be transferred from current foreign exchange accounts.

Residents need prior authorization from the CBR to purchase securities denominated in foreign exchange in Russia.

<i>Sale or issue abroad by residents</i>	<p>The sale abroad by residents of collective investment securities for foreign exchange and the transfer of proceeds from the sale require prior authorization from the CBR. Proceeds from the sale are credited to current foreign exchange accounts.</p> <p>Collective investment securities issued by a resident may circulate abroad, provided FKRTsB approval is granted. Residents may issue collective investment securities abroad with prior authorization from the CBR. The export by residents of collective investment securities requires prior authorization from the CBR and the State Customs Committee.</p>
<b>Controls on derivatives and other instruments</b>	
Purchase locally by nonresidents	Purchases in foreign exchange are permitted, provided residents have prior authorization from the CBR. The purchase of derivatives with rubles may be carried out freely from type T ruble accounts.
Sale or issue locally by nonresidents	<p>Proceeds from sales of foreign exchange are allowed, provided the residents have prior authorization from the CBR. Foreign exchange proceeds may be freely transferred abroad.</p> <p>Ruble proceeds from sales may be used only within the territory of Russia or may be credited to ruble correspondent accounts of nonresident banks.</p>
Purchase abroad by residents	Purchases are permitted, provided prior authorization from the CBR to transfer foreign exchange is granted. The transfer of funds to purchase derivatives abroad must be carried out from foreign exchange accounts.
Sale or issue abroad by residents	Sales are permitted with prior authorization from the CBR. The transfer of proceeds from the sales requires prior authorization from the CBR. Proceeds must be credited to current foreign exchange accounts.
<b>Controls on credit operations</b>	
<b>Commercial credits</b>	
<i>By residents to nonresidents</i>	<p>Credits in the form of prepayment imported commodities, services, and intellectual property with delivery of more than 90 days may be granted only after government authorization.</p> <p>Credits with a maturity of less than 90 days may be extended only after authorization.</p>
<b>Financial credits</b>	
<i>By residents to nonresidents</i>	<p>Credits for more than 180 days may be extended only after prior authorization from the CBR.</p> <p>Credits with an original maturity of less than 180 days may be extended only after prior authorization from the CBR.</p>
<i>To residents from nonresidents</i>	<p>Residents may borrow with a maturity of more than 180 days only after the prior authorization from the CBR, or after registration by its territorial branches.</p> <p>Credits with an original maturity of less than 180 days may be extended only after prior authorization from the CBR, or after registration by its territorial branches.</p>
<b>Guarantees, sureties, and financial backup facilities</b>	
<i>By residents to nonresidents</i>	Guarantees in foreign exchange are freely extended to residents by authorized banks that have the requisite banking license from the CBR. The performance of obligations under bank guarantees, as well as under surety agreements in which the party extending the surety is a resident but not an authorized bank, may be carried out only after prior authorization from the CBR.
<b>Controls on direct investment</b>	
Outward direct investment	Investments must be authorized by the CBR. From June 1, 1998, the CBR no longer allowed capital outflow to Latvia for direct and portfolio investments without guarantees of the government of Latvia on return of the investment and its earnings, and guarantees against the discrimination of entities with Russian capital.

Inward direct investment	<p>Investment effected through joint ventures or through outright ownership is not restricted, except in banking, where it is limited to 12% of the aggregate authorized capital; exploration of natural resources, where a special license is required; or landownership, where it is prohibited. Enterprises with foreign capital shares must register with the Ministry of Economy. Investments exceeding Rub 100 million require a permit from the Council of Ministers. Foreign direct investments are accorded the same rules and privileges with regard to property ownership and economic activities as those accorded to residents. Foreign direct investments may be nationalized or expropriated only in exceptional cases in accordance with legislation, and, in such cases, the investor is entitled to compensation. There are provisions protecting foreign investment, including a "grandfather" clause that protects foreign investment for a three-year period from regulatory acts that would adversely affect their activities and a provision that any restrictions on activities of foreign investors can be introduced only by Russian law or by presidential decree.</p> <p>Direct investment by crediting the account of the resident with foreign exchange require prior authorization from the CBR.</p> <p>Direct investments from funds converted into rubles must be registered by the territorial branch of the CBR.</p>
<b>Controls on liquidation of direct investment</b>	Liquidation requires prior authorization from the CBR. The transfer abroad of proceeds is carried out by selling ruble funds credited to type I ruble accounts for foreign exchange, which may be freely exported.
<b>Controls on real estate transactions</b>	Prior authorization from the CBR is required for all real estate transactions.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	<p>Credits with a maturity of more than 180 days may be granted only after prior authorization from the CBR.</p> <p>Credits with a maturity of less than 180 days may be extended only after prior authorization from the CBR.</p>
<i>To residents from nonresidents</i>	<p>Residents may borrow with a maturity of more than 180 days only after prior authorization from the CBR.</p> <p>Borrowing with a maturity of less than 180 days may be extended only after prior authorization from the CBR.</p>
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Borrowing by authorized banks possessing a general foreign exchange license does not require prior authorization from the CBR.
Maintenance of accounts abroad	Authorized banks may open correspondent accounts in banks abroad pursuant to the terms specified in the banking license issued by the CBR (restrictions may be imposed on the number of banks that may open correspondent accounts). The opening of other types of accounts in banks abroad requires prior authorization from the CBR.
Lending to nonresidents (financial or commercial credits)	Only authorized banks are allowed to lend to nonresidents.
Lending locally in foreign exchange	Only authorized banks are allowed to lend to residents in foreign exchange.
Purchase of locally issued securities denominated in foreign exchange	Authorized banks may purchase locally issued securities denominated in foreign exchange without prior authorization from the CBR. Other banks may purchase locally issued securities denominated in foreign exchange only after prior authorization from the CBR.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Effective December 1, 1998, the reserve requirement was unified at 5% of all reservable liabilities, including those denominated in foreign exchange. Foreign exchange deposits are



	valued at the current official exchange rates set by the CBR in calculating required reserves, which are maintained as ruble balances.
Investment regulations	From May 29, 1998, the CBR no longer considers requests of credit institutions to open branches in Latvia, or of Latvian banks and affiliates to start operations in Russia, or of residents of Latvia seeking participation in existing credit institutions, and from June 1, 1998, the CBR no longer allows Russian credit institutions to participate in statutory capital of subsidiaries in Latvia.
<i>Abroad by banks</i>	Direct investments require prior authorization of the CBR.
<i>In banks by nonresidents</i>	Direct investments require prior authorization of the CBR.
Open foreign exchange position limits	Effective January 1, 1999, the open foreign currency position of commercial banks is limited to 20% of the capital for all currencies and 10% of capital for any individual currency. These limits are applicable on a stock and transaction date basis. A neutral or long position is required in rubles on a flow basis at value date or the actual date of the delivery of funds to the accounts of the contracting party to the deal.
<b>Provisions specific to institutional investors</b>	Investment by institutional investors in securities denominated in foreign exchange requires prior authorization from the CBR.
Limits (max.) on portfolio invested abroad	Resident insurance companies may invest up to 20% abroad.
Limits (min.) on portfolio invested locally	Resident insurance companies must invest at least 80% locally.
<b>Other controls imposed by securities laws</b>	The federal law governing the securities market prohibits the application of preference to one potential owner over another in the purchase of securities to nonresidents.

### Changes During 1998

<b>Exchange arrangement</b>	<p><i>August 17.</i> The exchange rate band was widened to Rub 6.0–9.5 from Rub 5.3–7.1 per \$1.</p> <p><i>August 25.</i> The ruble was allowed to depreciate to Rub 7.86 from Rub 7.14 per \$1.</p> <p><i>August 26.</i> The fixing of the exchange rate in the MICEX auctions was terminated.</p> <p><i>September 2.</i> The exchange rate band was eliminated.</p> <p><i>September 28.</i> A two-session regime was introduced in foreign exchange trading.</p>
<b>Imports and import payments</b>	<i>July 1.</i> All advance payments of Latvian food and consumer goods exports to Russia are to be for a maximum of 180 days.
<b>Exports and export proceeds</b>	<p><i>July 1.</i> All payment for Russian exports to Latvia of energy metals and raw materials are to be settled within 180 days.</p> <p><i>December 28.</i> The period for deferred payments for exports was shortened to 90 days from 180 days.</p>
<b>Capital transactions</b>	<i>August 17.</i> The authorities suspended repayments and converted all treasury bills maturing before end-1999 into longer-term paper, and introduced a 90-day moratorium on the payment of many private sector foreign currency obligations.
Controls on direct investment	<i>June 1.</i> Capital outflow to Latvia is no longer allowed without guarantees of the government of Latvia on return of investments and its earnings, and guarantees against the discrimination of entities with Russian capital.
Provisions specific to commercial banks and other credit institutions	<p><i>May 29.</i> The CBR no longer considers requests of credit institutions to open branches in Latvia, or of Latvian banks and affiliates to start operations in Russia, or of residents of Latvia seeking participation in existing credit institutions.</p> <p><i>June 1.</i> Russian credit institutions are no longer allowed to participate in the statutory capital of subsidiaries in Latvia.</p>

*December 1.* The reserve requirement was unified at 5% of all reservable liabilities.

### **Changes During 1999**

**Imports and import payments**

*January 1.* A ban on private imports of ethyl alcohol was imposed. Licenses are required for the import of a number of items.

**Exports and export proceeds**

*January 1.* The export surrender requirement was raised to 75%, and the period within which the surrender must be effected was shortened to 7 days from 14 days.

*January 1.* A temporary six-month export tax was introduced on a number of commodities.

**Capital transactions**

Provisions specific to commercial banks and other credit institutions

*January 1.* The open foreign currency position of commercial banks was limited to 20% of the capital for all currencies and 10% of capital for any individual currency. The limits are applicable on a stock and transaction date basis.

## RWANDA

(Position as of February 28, 1999)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: December 10, 1998.

### Exchange Arrangement

#### Currency

The currency of Rwanda is the Rwanda franc.

#### Exchange rate structure

Unitary.

#### Classification

#### Independently floating

The exchange rate of the Rwanda franc is determined freely in the exchange market in which commercial banks and foreign exchange bureaus operate. Banks may apply a variable commission to these operations. Until January 1, 1999, when it was eliminated, outward and inward transfers were subject to a commission of 4%, except for export financing loans (disbursements and repayments). The National Bank of Rwanda (NBR) does not announce official exchange rates, but it calculates and publishes daily the average market exchange rate for reference purposes.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

No.

### Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

#### Regional arrangements

The NBR maintains agreements with the central banks of the CEPGL. Under these arrangements, settlements are made through reciprocal accounts in convertible currency. Payments to and from other member countries of the COMESA are made through the COMESA's clearinghouse, which is currently being restructured.

#### Clearing agreements

Yes.

#### Barter agreements and open accounts

An arrangement exists with Uganda, but it is not operational.

#### Administration of control

Foreign exchange control is vested in the NBR, which has delegated authority to authorized banks and foreign exchange bureaus to carry out some of the controls.

#### International security restrictions

No.

#### Payment arrears

#### Official

Yes.

#### Private

Yes.

#### Controls on trade in gold (coins and/or bullion)

#### Controls on domestic ownership and/or trade

Trade is restricted to dealers who are approved by the relevant ministry.

#### Controls on external trade

Imports and exports of gold require a declaration.

#### Controls on exports and imports of banknotes

#### On exports

#### Domestic currency

A declaration is required for exports of banknotes exceeding the equivalent of \$100.

*Foreign currency* Only foreign exchange purchased from an authorized dealer may be exported freely. Foreign exchange declared to customs on entry in the country may be reexported upon the presentation of the declaration documents.

On imports

*Domestic currency* Declaration is required for the import of banknotes exceeding the equivalent of \$100.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically Yes.

Held abroad These accounts may be opened, but prior approval is required.

Accounts in domestic currency convertible into foreign currency No.

### Nonresident Accounts

Foreign exchange accounts permitted Yes.

Domestic currency accounts Yes.

Convertible into foreign currency No.

Blocked accounts No.

### Imports and Import Payments

Foreign exchange budget No.

Financing requirements for imports No.

**Documentation requirements for release of foreign exchange for imports** Imports are generally paid for after delivery. However, authorized banks can make advance payment upon presentation of supporting documentation showing that such payment is needed. They can also sell up to \$50,000 in foreign exchange to importers who request this for imports of goods and services, with supporting documents to be presented later; such transactions must be settled by check or bank transfer. Imports through banks must be accompanied by a pro forma invoice stating the f.o.b. value of the merchandise.

**Preshipment inspection** Imports with an f.o.b. value of \$5,000 or more (\$3,000 for fresh foodstuffs and pharmaceuticals) and any partial deliveries of these goods must be inspected by an international agency with regard to the quality, quantity, price, and customs tariff of the goods before being shipped to Rwanda, unless otherwise provided by the NBR. Petroleum products are also subject to inspection.

Import licenses used as exchange licenses Yes.

#### Import licenses and other nontariff measures

**Negative list** All imports of narcotics are prohibited. Certain categories of imports, such as explosives and weapons, require prior approval from the relevant authorities, regardless of origin and value. For reasons of health, the importation of human or veterinary medicines, disinfectants, insecticides, rodent poisons, fungicides, herbicides, and other toxic or potentially toxic chemicals is subject to approval of the relevant pro forma invoices by the Ministry of Health.

Open general licenses Yes.

**Import taxes and/or tariffs** In addition to customs duty, a file processing charge, equal to 0.9% of the f.o.b. value of imported general merchandise (the minimum charge being RF 60,000) and 0.7% of the f.o.b. value for petroleum products, is levied when imports are declared, to cover costs incurred by the inspection agency.

**State import monopoly** No.

### Exports and Export Proceeds

**Repatriation requirements** Proceeds must be repatriated within seven days from the date of payment and may be held in their entirety on foreign exchange accounts maintained by the exporter at authorized banks.

**Financing requirements** No.

**Documentation requirements** All exports, except trade samples and personal and household effects of travelers, are subject to prior declaration to the authorized banks.

#### Export licenses

Without quotas Yes.

**Export taxes** The tax levied on coffee exports was eliminated on January 1, 1999.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

##### Investment-related payments

*Prior approval* Payments are permitted on loans and for interest payments under contracts to be submitted to the NBR with proof that the funds were initially received locally either in cash or in kind. Approval by an authorized bank is required for payments of profits and dividends and is subject to proof being supplied that taxes for the current fiscal year have been provisioned and to a decision by the board of directors of the company concerned.

##### Payments for travel

*Quantitative limits* Official travel requires a travel authorization by the government or by an authorized agency. Daily allowances are granted for such travel. Businessmen may purchase up to \$10,000 in payment instruments for each trip, but the number of business trips is not restricted. A maximum allowance of \$4,000 a trip is granted for tourism.

##### Personal payments

*Quantitative limits* There are no controls on the payment of pensions.  
For medical costs, residents may purchase up to \$20,000 without supporting documents; prior authorization by the NBR is required for transfers of \$20,000 or more. Unless waived by the NBR, purchases of foreign exchange for educational expenses are authorized within a limit of \$25,000 a year a student on presentation of supporting documents. Authorized banks may freely approve requests for foreign exchange to cover expenses for a resident's family members living abroad for up to \$1,000 a resident a year.

*Indicative limits/bona fide test* Yes.

##### Foreign workers' wages

Salaries and wages earned by foreign nationals employed in Rwanda under contract, net of taxes and employee's share of social security contributions, may be transferred abroad. The net earned income of self-employed foreign nationals, whether engaged in a profession or established as independent traders, may also be transferred abroad after payment of taxes. The employee is liable for income tax and social security contributions.

*Prior approval* Yes.

*Quantitative limits* Prior authorization from the NBR is required for amounts exceeding \$20,000 a year.

## Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	Proceeds may be sold in the domestic foreign exchange market or may be held in foreign exchange accounts with banks located in the country.
<b>Restrictions on use of funds</b>	No.

## Capital Transactions

<b>Controls on capital and money market instruments</b>	Since September 1997, only the money market has been operational.
On capital market securities	These transactions are governed by the pertinent business law provisions.
<i>Shares or other securities of a participating nature</i>	
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Prior authorization of the NBR is required.
<i>Bonds or other debt securities</i>	
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
On money market instruments	
<i>Purchase locally by nonresidents</i>	Nonresidents may participate in the secondary market.
<i>Purchase abroad by residents</i>	Prior authorization of the NBR is required.
On collective investment securities	
<i>Purchase abroad by residents</i>	Prior authorization of the NBR is required.
<i>Sale or issue abroad by residents</i>	Sale proceeds must be repatriated.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	Credit transactions and transactions in guarantees, sureties, and financial backup facilities are subject to NBR approval.
<b>Controls on direct investment</b>	
Outward direct investment	Investments are subject to NBR approval.
<b>Controls on liquidation of direct investment</b>	Repatriation of investments by nonresidents is governed by the investment code and must be registered by authorized banks.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	These transactions require prior approval of the NBR.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	These transactions require prior approval of the NBR.
<i>To residents from nonresidents</i>	Proof of entry of the funds into Rwanda is required at the time of payment.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	These transactions require the approval of the NBR.

Settlement of debts abroad by immigrants	These transactions require the approval of the NBR.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	These transactions require the approval of the NBR.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Borrowing is allowed under certain conditions.
Lending to nonresidents (financial or commercial credits)	Lending is allowed under certain conditions.
Open foreign exchange position limits	A prudential limit of 20% of the bank's capital and reserves is applied.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Status under IMF Articles of Agreement</b>	<i>December 10.</i> Rwanda accepted the obligations of Article VIII, sections 2, 3, and 4.
<b>Arrangements for payments and receipts</b>	<i>December 30.</i> Foreign exchange declared on arrival into Rwanda may be exported without restriction.

### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> The commission on outward and inward transfers was eliminated.
<b>Imports and import payments</b>	<i>February 24.</i> Petroleum products became subject to preimport inspection.
<b>Exports and export proceeds</b>	<i>January 1.</i> The tax on coffee exports was eliminated.

## ST. KITTS AND NEVIS

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: December 3, 1984.

#### Exchange Arrangement

<b>Currency</b>	The currency of St. Kitts and Nevis is the Eastern Caribbean dollar, issued by the ECCB.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Exchange arrangement with no separate legal tender	The Eastern Caribbean dollar is pegged to the U.S. dollar, the intervention currency, at EC\$2.70 per US\$1. The ECCB also quotes daily rates for the Canadian dollar and the pound sterling.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	No.

#### Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	Settlements with residents of ECCB countries must be effected in Eastern Caribbean dollars.
<b>Payment arrangements</b>	
Regional arrangements	St. Kitts and Nevis is a member of the CARICOM.
<b>Administration of control</b>	Exchange control is administered by the MOF and applies to all countries.
<b>International security restrictions</b>	n.a.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	No.

#### Resident Accounts

<b>Foreign exchange accounts permitted</b>	U.S. dollar accounts may be operated freely, but permission of the MOF is required to operate other foreign currency accounts.
Held domestically	These accounts may be credited only with foreign currency earned or received from abroad and may be freely debited. A minimum balance of US\$1,000 must be maintained at all times to operate a U.S. dollar account. Permission is normally confined to major exporters.
Held abroad	n.a.
<b>Accounts in domestic currency convertible into foreign currency</b>	n.a.

#### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	The same regulations apply as for residents. Permission to operate foreign currency accounts is normally confined to foreign nationals not ordinarily residing in St. Kitts and Nevis.
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<b>Domestic currency accounts</b>	n.a.
<b>Blocked accounts</b>	n.a.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	
Advance payment requirements	Advance import payments exceeding EC\$250,000 require prior approval from the MOF.
<b>Documentation requirements for release of foreign exchange for imports</b>	Payments for authorized imports payable in foreign currency are permitted on presentation of documentary evidence of purchase to a bank. No information is available on any of the subcategories.
<b>Import licenses and other nontariff measures</b>	Individual licenses are required for imports that compete with local products unless they come from another member country of the CARICOM.
Open general licenses	Most goods are imported under OGLs.
<b>Import taxes and/or tariffs</b>	St. Kitts and Nevis applies the CET of CARICOM, which ranges up to 30%.
<b>State import monopoly</b>	n.a.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Yes.
Surrender requirements	Export proceeds must be deposited into an ECCB currency account or an approved U.S. dollar account.
<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	n.a.
<b>Export licenses</b>	Specific licenses are required for the exportation of certain goods to any destination. However, the regulations governing export licenses are not formally adhered to.
<b>Export taxes</b>	Export duties are levied on a few products.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Prior approval of the MOF is required for all transactions exceeding EC\$250,000. All payments and transfers, except for remittances of profits and dividends that may be remitted in full, subject to confirmation of registration by the Commissioner of Inland Revenue for income tax purposes, are subject to quantitative limits and/or bona fide tests.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	Proceeds must be sold to a bank or deposited into an approved U.S. dollar account if the proceeds are in U.S. dollars.
<b>Restrictions on use of funds</b>	n.a.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Individuals are permitted to purchase up to EC\$250,000 without exchange control approval. All outward capital transfers exceeding that amount require exchange control approval.
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**On capital market securities***Shares or other securities of a participating nature*

Purchase locally by nonresidents	For purchases of equity shares, an Alien's Land Holding license is required.
Sale or issue locally by nonresidents	Foreign exchange approval from the MOF is required for amounts exceeding EC\$250,000.
Purchase abroad by residents	The same regulations apply as for the sale or issue by nonresidents of capital market securities.

**On money market instruments**

<i>Sale or issue locally by nonresidents</i>	The same regulations apply as for the sale or issue by nonresidents of capital market securities.
<i>Purchase abroad by residents</i>	The same regulations apply as for the sale or issue by nonresidents of capital market securities.

**On collective investment securities**

<i>Purchase locally by nonresidents</i>	The same regulations apply as for the sale or issue by nonresidents of capital market securities.
<i>Sale or issue locally by nonresidents</i>	The same regulations apply as for the sale or issue by nonresidents of capital market securities.
<i>Sale or issue abroad by residents</i>	The seller of the instruments has to be licensed under the Banking Act, and transfers abroad in excess of EC\$250,000 require approval from the MOF.

**Controls on derivatives and other instruments**

Presently, there is no market in derivatives and other instruments.

**Controls on credit operations****Financial credits**

<i>By residents to nonresidents</i>	MOF approval and payment of a 2.5% Alien's Loans Levy is required for these transactions.
<i>To residents from nonresidents</i>	Foreign exchange approval from the MOF is required for amounts exceeding EC\$250,000.
Guarantees, sureties, and financial backup facilities	Foreign exchange approval from the MOF is required for amounts exceeding EC\$250,000.
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.

**Controls on direct investment**

Outward direct investment	Foreign exchange approval from the MOF is required for amounts exceeding EC\$250,000.
Inward direct investment	Investments in equity require an Alien's Land Holding license.

**Controls on liquidation of direct investment**

The remittance of proceeds of the liquidation of direct investments is permitted, subject to the discharge of any liabilities related to the investment. Transfer of proceeds exceeding EC\$250,000 requires MOF approval.

**Controls on real estate transactions**

Purchase abroad by residents	Purchasing real estate abroad for private purposes is not normally permitted.
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**Controls on personal capital movements**

No information is available for any transaction under this category, except for transfers of gambling and prize earnings.
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Transfer of gambling and prize earnings	Yes.
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**Provisions specific to commercial banks and other credit institutions**

Lending to nonresidents (financial or commercial credits)	MOF approval and payment of a 2.5% Alien's Loans Levy are required.
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Lending locally in foreign exchange	MOF approval is required, which is granted only in the case of projects generating foreign exchange to service the loan. The purchase of locally issued securities denominated in foreign currencies requires MOF approval.
Provisions specific to institutional investors	n.r.
Other controls imposed by securities laws	No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

## ST. LUCIA

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: May 30, 1980.

### Exchange Arrangement

<b>Currency</b>	The currency of St. Lucia is the Eastern Caribbean dollar issued by the ECCB.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Exchange arrangement with no separate legal tender	The Eastern Caribbean dollar is pegged to the U.S. dollar, the intervention currency, at EC\$2.70 per US\$1. The ECCB also quotes daily rates for the Canadian dollar and the pound sterling.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	No.

### Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	Settlements with residents of member countries of the CARICOM, except for Guyana, Jamaica, and Trinidad and Tobago, must be made either in the currency of the CARICOM country concerned or in Eastern Caribbean dollars. Settlements with residents of other countries may be made either in any foreign currency or in Eastern Caribbean dollars. When justified by the nature of the transaction, approval may be given to make payments for goods and services in a currency other than that of the country to which payment is to be made.
<b>Payment arrangements</b>	
Regional arrangements	St. Lucia is a member of the CARICOM.
<b>Administration of control</b>	The Ministry of Finance, Statistics, and Negotiating (MFSN) applies exchange control to all currencies other than the Eastern Caribbean dollar.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	No.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	
Held domestically	Yes.
Held abroad	Permission is granted in special cases where the applicant earns foreign exchange and has to make frequent payments abroad.
<b>Accounts in domestic currency convertible into foreign currency</b>	No.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	These accounts may be opened, but prior approval is required.
<b>Domestic currency accounts</b>	External accounts in Eastern Caribbean dollars may be opened for nonresident individuals and companies with the approval of the MFSN. These accounts may be credited only with foreign drafts or checks, but hotels may also deposit currency notes in them. Such accounts may be debited for payments to residents payable in Eastern Caribbean dollars and, after approval, for the cost of foreign exchange required for travel or business purposes.
<b>Convertible into foreign currency</b>	Approval is required for transactions exceeding EC\$250,000.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	
Advance payment requirements	For advance payments exceeding EC\$250,000, prior approval from the MFSN is required.
<b>Documentation requirements for release of foreign exchange for imports</b>	Payments in foreign currency for authorized imports are permitted upon application to a local bank and submission of certified customs entry.
<b>Import licenses and other nontariff measures</b>	
Negative list	Certain agricultural and manufactured products require individual licenses, unless they are imported from the CARICOM countries.
<b>Import taxes and/or tariffs</b>	St. Lucia applies the CET of up to 30% (except for certain agricultural goods). A customs service charge of 2% of the c.i.f. value is levied on all imports except for fertilizers, for which the rate is 0.2%. Live animals, milk, meat, fish, eggs, fertilizers, and most agricultural and manufacturing machinery are exempt from import duties. Goods produced in CARICOM countries may enter duty-free.
<b>State import monopoly</b>	The importation of selected consumer items (e.g., rice, flour, and sugar) in bulk form is a state monopoly.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	n.a.
<b>Export licenses</b>	Export licensing is required for certain primary products.
<b>Export taxes</b>	A duty of 2.5% is levied on the f.o.b. value of banana exports. A special fee of US\$0.02 per barrel is applied to reexports of petroleum.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Approval is required for transactions exceeding EC\$250,000, except for payments for travel, subscriptions, and membership fees.
<b>Trade-related payments</b>	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.

<i>Indicative limits/bona fide test</i>	Yes.
Investment-related payments	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	With the approval of the MFSN, profits may be remitted in full, subject to confirmation by the Comptroller of Inland Revenue that local tax liabilities have been discharged. However, in cases where profits are deemed to be high, the MFSN reserves the right to phase remittances over a reasonable period.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Foreign workers' wages	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Credit card use abroad	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Other payments	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	There is no repatriation requirement on proceeds of up to EC\$250,000.
<b>Surrender requirements</b>	No.
<b>Restrictions on use of funds</b>	n.a.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Outward transfers exceeding EC\$250,000 require exchange control approval.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase abroad by residents	Yes.
On money market instruments	
Purchase abroad by residents	Yes.

## On collective investment securities

*Purchase abroad by residents* Yes.

**Controls on derivatives and other instruments**

Purchase locally by nonresidents These transactions require approval from the MFSN (a person who has not resided in St. Lucia for three consecutive years is declared a nonresident).

**Controls on credit operations** There are controls on all credit operations and transactions in guarantees, sureties, and financial backup facilities.

## Commercial credits

*By residents to nonresidents* These credits require approval of the MFSN. Applications for nonresident loans are submitted by the authorized dealer (or other financial intermediary) to the MFSN on behalf of the applicant.

**Controls on direct investment**

Outward direct investment Yes.

Inward direct investment Yes.

**Controls on liquidation of direct investment** n.a.

**Controls on real estate transactions**

Purchase abroad by residents Yes.

Purchase locally by nonresidents Nonresidents who purchase property are taxed at a higher rate than residents.

Sale locally by nonresidents Amounts exceeding EC\$250,000 require approval for repatriation of estate proceeds.

**Controls on personal capital movements**

Transfer of gambling and prize earnings Yes.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad Yes.

Maintenance of accounts abroad Yes.

Lending to nonresidents (financial or commercial credits) There are controls on loans exceeding EC\$250,000.

**Provisions specific to institutional investors** n.a.

**Other controls imposed by securities laws** n.a.

**Changes During 1998**

No significant changes occurred in the exchange and trade system.

# ST. VINCENT AND THE GRENADINES

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: August 24, 1981.

### Exchange Arrangement

<b>Currency</b>	The currency of St. Vincent and the Grenadines is the Eastern Caribbean dollar, which is issued by the ECCB.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Exchange arrangement with no separate legal tender	The Eastern Caribbean dollar is pegged to the U.S. dollar, the intervention currency, at EC\$2.70 per US\$1.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	n.a.
<b>Forward exchange market</b>	No.

### Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	Settlements with residents of member countries of the CARICOM can be made in any currency. Settlements with residents of other countries may be made in any foreign currency or through an external account in Eastern Caribbean dollars.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	Exchange control is administered by the MOF, and applies to all countries outside the ECCB area. The MOF delegates to authorized dealers the authority to approve some import payments and certain other payments.
<b>International security restrictions</b>	n.a.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	Residents are permitted to acquire and hold gold coins for numismatic purposes only.
Controls on external trade	Imports of gold are permitted under license by the MOF for industrial purposes only.
<b>Controls on exports and imports of banknotes</b>	No.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	n.a.
<b>Accounts in domestic currency convertible into foreign currency</b>	n.a.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	These accounts may be opened by nonresidents with the authorization of the MOF and credited only with funds in the form of remittances from overseas. Except with the prior permission of the MOF, remittances in Eastern Caribbean currency, foreign currency notes
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and coins, and payments by residents may not be credited to a foreign currency account. These accounts may be debited for payments abroad without prior authorization from the MOF. The operating banks must submit quarterly statements of the accounts to the MOF.

**Domestic currency accounts**

External accounts may be opened for nonresidents with the authorization of the MOF. They are maintained in Eastern Caribbean dollars and may be credited with inward remittances in foreign currency and with transfers from other external accounts. Credits and debits to these accounts are subject to the same regulations as for foreign exchange accounts.

Convertible into foreign currency

n.a.

**Blocked accounts**

n.a.

### Imports and Import Payments

**Foreign exchange budget**

No.

**Financing requirements for imports**

Advance payment requirements

Effective January 1, 1998, advance payments for imports over EC\$250,000 require prior approval from the MOF.

**Documentation requirements for release of foreign exchange for imports**

Payments for authorized imports are permitted upon application and submission of documentary evidence and, where required, of the license.

**Import licenses and other nontariff measures**

Most goods may be freely imported. Imports of some goods that compete with typical exports of other member countries of the CARICOM and the OECS are subject to licenses.

Negative list

Imports of goods that compete with locally made products are prohibited in some cases.

**Import taxes and/or tariffs**

Effective January 1, 1998, the import tariff rates range from zero to 20%. In addition, imports are subject to a consumption tax, ranging from 5% to 50% and levied on the tariff-inclusive value of imports. Goods imported from the member countries of the CARICOM are exempt from import tariffs and are subject only to the consumption tax. A customs service charge of 2.5% is imposed on the c.i.f. value of all imported goods, with certain exceptions.

**State import monopoly**

n.a.

### Exports and Export Proceeds

**Repatriation requirements**

Yes.

Surrender requirements

All export proceeds must be surrendered within six months of receipt.

**Financing requirements**

n.a.

**Documentation requirements**

n.a.

**Export licenses**

Specific licenses are required for the exportation to any destination of some agricultural goods included in the CARICOM marketing protocol and in the CARICOM Oils and Fats Agreement. The licenses are issued by the Ministry of Trade, which, in some cases, has delegated its authority to the St. Vincent Central Marketing Corporation. Exports of goats, sheep, and lobsters are subject to licensing to prevent depletion of stocks.

**Export taxes**

Until January 1, 1999, when it was removed, a 2% export duty was levied on bananas.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

Payments for invisibles related to authorized imports are not restricted. Effective January 1, 1998, other payments exceeding EC\$250,000 must be approved by the MOF. Approval is granted routinely.

Investment-related payments	No information is available on the payment of amortization of loans or depreciation of direct investments.
Payments for travel	
<i>Quantitative limits</i>	The limits are the equivalent of EC\$2,500 a year for travel outside the ECCB area, and EC\$6,000 a year for business travel.
<i>Indicative limits/bona fide test</i>	These allocations may be increased with the authorization of the MOF.
Personal payments	No information is available on the transfer of pensions, family maintenance, and alimony.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes
Surrender requirements	Yes.
Restrictions on use of funds	n.a.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Effective January 1, 1998, all outward capital transfers over EC\$250,000 require prior approval from the MOF.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase abroad by residents	Residents are normally not permitted to purchase foreign currency securities abroad for private purposes.
<i>Bonds or other debt securities</i>	
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
On money market instruments	
<i>Purchase abroad by residents</i>	Yes.
On collective investment securities	
<i>Purchase abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	
Purchase abroad by residents	Yes.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	MOF approval is required.
Financial credits	
<i>By residents to nonresidents</i>	MOF approval is required.
<b>Controls on direct investment</b>	
Outward direct investment	Yes.
<b>Controls on liquidation of direct investment</b>	The remittance of proceeds is permitted, subject to the discharge of any liabilities related to the investment.

**Controls on real estate transactions**

Purchase abroad by residents	Yes.
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Purchase locally by nonresidents	Yes.
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<b>Controls on personal capital movements</b>	n.a.
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**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad	Any borrowing abroad by authorized dealers to finance their domestic operations requires the approval of the MOF.
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<b>Provisions specific to institutional investors</b>	n.a.
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<b>Other controls imposed by securities laws</b>	n.a.
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**Changes During 1998**

<b>Imports and import payments</b>	<i>January 1.</i> Advance payments for imports over EC\$250,000 require prior approval from the MOF.
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	<i>January 1.</i> The import tariff rates range was narrowed to zero to 20% from zero to 25%.
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<b>Payments for invisible transactions and current transfers</b>	<i>January 1.</i> Payments other than for invisibles related to authorized imports and exceeding EC\$250,000 (previously EC\$100,000) must be approved by the MOF.
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<b>Capital transactions</b>	<i>January 1.</i> Outward capital transfers over EC\$250,000 require prior approval from the MOF.
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**Changes During 1999**

<b>Exports and export proceeds</b>	<i>January 1.</i> The 2% export duty levied on bananas was removed.
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# **SAMOA**

(Position as of January 31, 1999)

## **Status Under IMF Articles of Agreement**

### **Article VIII**

Date of acceptance: October 6, 1994.

### **Exchange Arrangement**

#### **Currency**

The currency of Samoa is the Samoa tala.

#### **Exchange rate structure**

Unitary.

#### **Classification**

##### **Conventional pegged arrangement**

The exchange rate is determined on the basis of a fixed relationship with a weighted basket of currencies of Samoa's main trading partners. The Central Bank of Samoa (CBS) has the authority to make discretionary exchange rate adjustments against the currency basket within a margin of up to 2%.

#### **Exchange tax**

An exchange levy of 1% charged on gross sales of foreign exchange was eliminated on January 1, 1999.

#### **Exchange subsidy**

No.

#### **Forward exchange market**

Effective June 1, 1998, commercial banks were permitted to make forward exchange contracts.

## **Arrangements for Payments and Receipts**

#### **Prescription of currency requirements**

No.

#### **Payment arrangements**

No.

#### **Administration of control**

Overall responsibility for the administration of exchange control rests with the CBS, which delegates part of its powers to authorized banks. In principle, all payments to nonresidents require the CBS's approval. However, the ANZ Bank (Samoa) Ltd., the National Bank of Samoa, and the Pacific Commercial Bank—the only authorized banks—are empowered to approve certain payments without limits and others up to specified amounts.

#### **International security restrictions**

No.

#### **Payment arrears**

No.

#### **Controls on trade in gold (coins and/or bullion)**

No.

#### **Controls on exports and imports of banknotes**

##### **On exports**

###### *Domestic currency*

Residents are allowed to export SAT 2,000 as part of their travel allowance.

###### *Foreign currency*

Samoa residents are allowed to export the equivalent of SAT 5,000 in foreign currency. Nonresidents may export the amount of foreign currency they brought into the country.

## **Resident Accounts**

#### **Foreign exchange accounts permitted**

Residents who earn foreign exchange in the normal course of their business may open, with the approval of the CBS, external or foreign currency accounts with one of the three commercial banks. With the approval of the CBS, these accounts may also be held abroad.

**Accounts in domestic currency convertible into foreign currency**

Yes.

**Nonresident Accounts****Foreign exchange accounts permitted**

Nonresidents who earn foreign exchange may open a foreign currency deposit account if there is a need to settle overseas commitments. However, approval is required to open these accounts.

**Domestic currency accounts**

Yes.

**Convertible into foreign currency**

These accounts are permitted, but prior approval is required.

**Blocked accounts**

No.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports****Advance payment requirements**

The limit for advance payments is SAT 10,000.

**Documentation requirements for release of foreign exchange for imports**

No limits are imposed on imports under an open account. However, payment requires CBS approval.

**Import licenses and other nontariff measures****Negative list**

The importation of a few products is prohibited for reasons of security or health. The importation of used cars requires prior approval of the CBS.

**Import taxes and/or tariffs**

Import duties are applied on an ad valorem basis on c.i.f. values. Effective May 1998, the maximum import tariff is 20%. Rates on machinery and agricultural imports are generally levied at 15% or lower, while those on motor vehicles at 20%. Also in May 1998, most duty exemptions were removed.

In addition, effective May 1998, the import excise tax was removed, except for alcohol, soft drinks, tobacco, petroleum, and passenger cars. Enterprises producing for export may receive full or partial exemption from duties and excise taxes on inputs and capital equipment.

**Taxes collected through the exchange system**

There is a value-added goods and service tax.

**State import monopoly**

No.

**Exports and Export Proceeds****Repatriation requirements**

Yes.

**Surrender requirements**

Export proceeds must be surrendered to the authorized banks within three months of the date of shipment, except for export proceeds from goods shipped to American Samoa, which must be surrendered to the authorized bank within four weeks of the date of shipment.

**Financing requirements**

Yes.

**Documentation requirements**

Certificates validated by an authorized bank are required for exports in excess of SAT 250.

**Preshipment inspection**

Yes.

**Export licenses****Without quotas**

All exports require export licenses issued by the Customs Department. Exports may be prohibited by the Director of Agriculture on grounds of low quality, or by order of the head of state to alleviate domestic shortages.

## Export taxes

No.

**Payments for Invisible Transactions and Current Transfers****Controls on these transfers**

Payments for certain invisibles may be approved by the authorized banks up to specified limits. Payments in excess of these limits, as well as payments for all other invisibles, require the prior approval of the CBS, which is granted when applications are supported by documentary proof that capital transactions are not involved. The CBS's approval process governing the remittance of invisible payments is concerned only with whether a transaction is bona fide.

## Trade-related payments

Yes.

*Prior approval*

Yes.

*Quantitative limits*

Yes.

*Indicative limits/bona fide test*

Yes.

## Investment-related payments

A 15% withholding tax is levied on remittances of interest payments on overseas loans, and of dividends at the source. No information is available for the payment of amortization of loans or depreciation of direct investments.

*Prior approval*

Yes.

*Quantitative limits*

Yes.

*Indicative limits/bona fide test*

Yes.

## Payments for travel

*Prior approval*

Yes.

*Quantitative limits*

Residents and expatriates traveling overseas for private purposes are entitled to a foreign currency allowance equivalent to SAT 400 a person a day, subject to a limit of SAT 5,000 a person a trip; children under 15 years of age are entitled to 50% of the adult allowances. A daily allowance of SAT 600 a person is allotted for business travel, with a limit of SAT 6,000 a trip.

*Indicative limits/bona fide test*

Yes.

## Personal payments

*Prior approval*

Yes.

*Quantitative limits*

Authorized banks may approve transfers of gifts to relatives and dependents, either for special family occasions or for maintenance, up to SAT 500 a person a year. Requests for larger amounts may be approved by the CBS on a case-by-case basis.

*Indicative limits/bona fide test*

Although no limit is set on remittances to cover expenses for medical treatment abroad, documentary evidence must be provided to support requests for such remittances. There is no specific limit for costs to study abroad, but the amount requested must be supported by documentary evidence confirming that the beneficiary is enrolled at an educational institution abroad and costs are in line with the prevailing costs in the country of study.

## Foreign workers' wages

*Prior approval*

Expatriate workers with local contracts of one year and longer are considered residents and need CBS approval if they wish to repatriate funds in excess of 80% of their net earnings on a fortnightly or monthly basis. Earnings not repatriated during the contract may be repatriated at the end of the contract.

*Quantitative limits*

Yes.

*Indicative limits/bona fide test*

Yes.

## Credit card use abroad

*Prior approval*

Yes.

<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Other payments	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	As regards subscriptions and membership fees, no specific limit exists, but amounts requested must be supported by documentary evidence.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	All proceeds must be surrendered to the authorized banks. Resident travelers must, on their return, sell to the banks all unused foreign exchange brought in.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	All capital transactions (inward and outward) require approval of the CBS. Local money markets are beginning to develop following the introduction of open market operations by the CBS in January 1998. No capital market has yet developed in Samoa.
<b>Controls on derivatives and other instruments</b>	Effective June 1998, commercial banks were permitted to make forward exchange contracts.
<b>Controls on credit operations</b>	All credit operations require CBS approval.
<b>Controls on direct investment</b>	
Outward direct investment	Investments require CBS approval.
<b>Controls on liquidation of direct investment</b>	Repatriation of investments requires CBS approval.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Purchases require CBS approval.
Purchase locally by nonresidents	Yes.
Sale locally by nonresidents	Yes.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
Settlement of debts abroad by immigrants	Yes.
Transfer of gambling and prize earnings	There are no restrictions for nonresidents, but residents require approval from the CBS.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad                      Borrowing requires CBS approval.

Maintenance of accounts abroad      Yes.

Lending to nonresidents (financial or commercial credits)      Yes.

Lending locally in foreign exchange      Yes.

Purchase of locally issued securities denominated in foreign exchange      Yes.

**Provisions specific to institutional investors**      No.

**Other controls imposed by securities laws**      All outward capital transfers by residents require the specific approval of the CBS.

**Changes During 1998**

**Exchange arrangement**                      *June 1.* Commercial banks were permitted to make forward exchange contracts.

**Imports and import payments**                      *May 28.* The maximum import duty was cut to 20% from 60%, and most duty exemptions were removed. The import excise taxes were eliminated, except on alcohol, soft drinks, tobacco, petroleum, and passenger cars.

**Changes During 1999**

**Exchange arrangement**                      *January 1.* The exchange levy of 1% on gross sales of foreign exchange was eliminated.



# SAN MARINO

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: September 23, 1992.

### Exchange Arrangement

#### Currency

Through December 31, 1998, the currency of San Marino was the Italian lira. From January 1, 1999, San Marino adopted the euro.

#### Other legal tender

The monetary agreement between San Marino and Italy, renewed on December 21, 1991, provides for San Marino to issue annually agreed amounts of San Marino lira coins equivalent in form to Italian coinage; these coins are legal tender in both countries. The San Marino gold scudo is also issued, but is legal tender only in San Marino. It is not generally used in transactions because its numismatic value exceeds its defined legal value (Lit 50,000 per 1 scudo).

Negotiations with Italy, on behalf of the EU, are to begin later in 1999 regarding conditions under which San Marino may issue euro banknotes and/or coins.

#### Exchange rate structure

Unitary.

#### Classification

##### Exchange arrangement with no separate legal tender

Foreign exchange transactions are conducted through commercial banks without restrictions at rates quoted in international markets.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Forward transactions may be conducted through commercial banks without restriction at rates quoted in international markets.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Settlements with foreign countries on foreign accounts are made in euro or in other convertible currencies.

#### Payment arrangements

No.

#### Administration of control

The Central Bank of San Marino (CBSM) may grant foreign exchange dealer status to Sammarinese financial institutions; currently, Sammarinese banks may maintain accounts only with financial institutions in Italy. As a result, foreign exchange transactions of domestic banks are effectively limited to buying foreign exchange at rates similar to those quoted in Italy and to conducting third-country transactions through Italian correspondents.

Residents of San Marino are allowed to conduct foreign exchange transactions freely, with settlement effected through authorized Italian intermediaries (the Bank of Italy, the Italian Foreign Exchange Office, authorized banks, and the Postal Administration).

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

Laws establish that the CBSM is the sole agency entitled to carry out transactions in gold. The CBSM may authorize other banks or domestic companies to buy gold for production purposes, after ensuring the necessary controls. Currently, there is no gold trade in San Marino.

#### Controls on external trade

Yes.

**Controls on exports and imports of banknotes****On imports**

To combat money laundering, anyone intending to bring into San Marino cash or bearer securities in excess of Lit 30,000,000 is required to carry out the transaction through financial institutions.

**Resident Accounts****Foreign exchange accounts permitted**

Residents are free to maintain any type of deposit accounts.

**Held domestically**

Yes.

**Held abroad**

Yes.

**Accounts in domestic currency convertible into foreign currency**

Yes.

**Nonresident Accounts****Foreign exchange accounts permitted**

Nonresidents are free to maintain any type of deposit accounts.

**Domestic currency accounts**

Yes.

**Convertible into foreign currency**

Yes.

**Blocked accounts**

No.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

No.

**Import licenses and other nontariff measures**

No license, other than the general business license, is required to engage in trade transactions. Imports from the EU are not subject to restrictions, whereas imports from third countries are subject to control under the relevant EU regulations.

**Import taxes and/or tariffs**

Customs duties on imports from outside the EU are collected by EU customs authorities on behalf of San Marino. A sales tax is levied on all imports at the time of entry. The structure of this tax corresponds closely to the Italian VAT, but the average effective rate is about 4% lower. Sales taxes levied on imports are rebated when the goods are reexported.

**State import monopoly**

The importation of electricity, gas, and water is reserved for the public sector.

**Exports and Export Proceeds****Repatriation requirements**

No.

**Financing requirements**

No.

**Documentation requirements**

No.

**Export licenses**

Exports to the EU are not regulated, while exports to third countries are governed by relevant EU regulations.

**Without quotas**

Customs clearance formalities concerning the export of arms, works of art, precursor, and dual-use products must be carried out at the customs offices identified by the EC-San Marino Cooperation Committee.

**Export taxes** n.a.

### **Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers** No.

### **Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements** No.

**Restrictions on use of funds** No.

### **Capital Transactions**

**Controls on capital and money market instruments** Inward and outward capital transfers, with few exceptions, are not restricted.

On capital market securities

*Shares or other securities of a participating nature*

Sale or issue locally by nonresidents Sales are subject to authorization, while issues are not allowed to nonresidents.

*Bonds or other debt securities*

Sale or issue locally by nonresidents The same regulations apply as for the sale and issue of shares or other securities of a participating nature.

On money market instruments

*Sale or issue locally by nonresidents*

The same regulations apply as for the sale and issue of shares or other securities of a participating nature.

On collective investment securities

*Sale or issue locally by nonresidents*

The same regulations apply as for the sale and issue of shares or other securities of a participating nature.

**Controls on derivatives and other instruments**

Sale or issue locally by nonresidents

The same regulations apply as for the sale and issue of shares or other securities of a participating nature.

**Controls on credit operations**

Financial credits

*By residents to nonresidents*

The granting of financial credits of a considerable amount to a person or company is subject to authorization.

**Controls on direct investment**

Inward direct investment

Investments require government approval, which is based on conformity with long-term developmental and environmental policy considerations. Foreign investors are accorded equal treatment with national firms.

**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

Purchases by domestic companies and nonresidents require approval from the Council of Twelve. Approval is granted on a case-by-case basis.

Purchase locally by nonresidents

Yes.

**Controls on personal capital movements**

## Loans

*By residents to nonresidents* There are no controls in place, provided the transactions are done occasionally.

**Provisions specific to commercial banks and other credit institutions**

Lending to nonresidents (financial or commercial credits) The granting of financial credits of a considerable amount is subject to authorization.

Lending locally in foreign exchange The granting of financial credits of a considerable amount is subject to authorization.

Purchase of locally issued securities denominated in foreign exchange n.r.

## Investment regulations

*Abroad by banks* Yes.

*In banks by nonresidents* Buying of securities of a participating nature exceeding 5% of the bank's capital must be approved.

**Provisions specific to institutional investors**

Currency-matching regulations on assets/liabilities composition Yes.

**Other controls imposed by securities laws** No.

**Changes During 1998**

No significant changes occurred in the exchange and trade system.

**Changes During 1999****Exchange arrangement**

*January 1.* San Marino adopted the euro as its currency.

# SÃO TOMÉ AND PRÍNCIPE

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

## Exchange Arrangement

**Currency** The currency of São Tomé and Príncipe is the São Tomé and Príncipe dobra.

**Exchange rate structure**

**Multiple** There are four exchange rates: the official, the exchange bureau, the commercial market, and the parallel market rate. Occasional spreads of more than 2% result between these rates.

**Classification**

**Independently floating** The indicative exchange rate of the dobra is determined daily as a weighted average of the exchange rates of the exchange bureaus, commercial banks, and the parallel market of the previous day. The intervention currency is the dollar. Rates for certain other currencies are determined on the basis of exchange rates of the dollar for the currencies concerned.

**Exchange tax**

The taxation system differs for import payments, transactions in foreign checks, and collection of export proceeds. On import-related exchange transactions, the arrangements are as follows: when an LC is opened, a quarterly rate equivalent to 0.5% (minimum \$25 and maximum \$500) of the import value is charged and is payable with an additional commission of 0.5% to the Central Bank of São Tomé and Príncipe (CB). A stamp of duty of 0.25% is also payable, as well as a postage levy of \$2. On foreign checks for collection, commercial banks charge a commission of \$2 a transaction. For the collection of export proceeds, a commission of 0.125% (a minimum of \$25 and a maximum of \$300) is charged when the LC is opened and an additional fee of 0.125% when the funds are received. A postage levy of Db 39,000 is also charged.

**Exchange subsidy** No.

**Forward exchange market** No.

## Arrangements for Payments and Receipts

**Prescription of currency requirements** The CB may prescribe the currency in which foreign exchange transactions are to be made.

**Payment arrangements** No.

**Administration of control** All foreign exchange transactions were controlled by the CB, which applies the exchange controls flexibly. The administration of controls was discontinued in September 1998. All exchange payments must be made through the CB, with the exception of 50% of earnings retained by producer-exporters for import payments. Import and export licenses are freely granted by the Directorate of External Commerce for statistical purposes.

**International security restrictions** No.

**Payment arrears**

**Official** Yes.

**Private** n.a.

**Controls on trade in gold (coins and/or bullion)**

**Controls on external trade** The export and import of gold require CB authorization.

**Controls on exports and imports of banknotes****On exports***Foreign currency*

The CB establishes the maximum amount that may be exported.

**Resident Accounts****Foreign exchange accounts permitted**

Domestic accounts in foreign currency, other than those of credit institutions, may be freely opened only by export enterprises that are also producers, but the utilization of such accounts for making transfers abroad needs authorization on a case-by-case basis from the CB. Individuals are not allowed to hold foreign currency deposits. As of September 1998, foreign exchange accounts can be opened freely.

**Held domestically**

Producers of exported goods may retain 50% of their export proceeds in accounts with banks, including those abroad (if they are correspondent banks of the CB). The utilization of such amounts of currency are confined to the importation of products and equipment necessary for productive activities. However, approval from the CB is required.

**Held abroad**

Without the authorization of the CB, residents may not make foreign currency deposits or open or utilize bank accounts outside the country.

**Accounts in domestic currency convertible into foreign currency**

n.a.

**Nonresident Accounts****Foreign exchange accounts permitted**

These accounts may be freely opened and credited or debited, including for transfers abroad, as long as they are demand accounts or have a term of up to one year.

**Domestic currency accounts**

n.a.

**Blocked accounts**

n.a.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports****Advance payment requirements**

Prepayment for imports is permitted only through the opening of LCs or through advance transfer when agreed upon by the CB.

**Advance import deposits**

When importers open LCs, the International Bank requires them to lodge a non-interest-bearing deposit in domestic currency of up to 100% of the value of the LCs, depending on the creditworthiness of the operator.

**Documentation requirements for release of foreign exchange for imports****Letters of credit**

Yes.

**Import licenses and other nontariff measures**

Import licenses are automatically granted by the Directorate of External Commerce. All individuals and productive entities are permitted to engage in import activity.

**Import taxes and/or tariffs****Taxes collected through the exchange system**

Yes.

**State import monopoly**

Fuels and lubricants are imported by the public fuel enterprise.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	All export proceeds must be repatriated. However, producer-exporters may retain 50% of export proceeds in foreign exchange in bank accounts, including those abroad with correspondent banks of the CB, to meet their import requirements.
<b>Surrender requirements</b>	Until September 1998, exporters had to surrender 50% of their export proceeds to the CB. In September 1998, the surrender requirement was abolished.
<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	n.a.
<b>Export licenses</b>	All exports require an export license specifying the quantity and c.i.f. or f.o.b. value of the export.
<b>Export taxes</b>	
Taxes collected through the exchange system	A commission of 0.125% is charged on the collection of export proceeds, with a minimum of \$25 and a maximum of \$300 when the LC is opened, and an additional commission of 0.125% when funds are received. A postage levy of \$7.50 is also charged.
Other export taxes	Yes.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments for invisibles related to authorized imports are not restricted. Payments for other invisibles are approved within limits established by the CB. All payments related to invisibles are subject to a stamp tax of 0.5%. In addition, commercial banks charge a postage levy of \$2 for clients (and \$4 for others) on all transactions.
<b>Investment-related payments</b>	Transfers of profits by foreign companies established before independence have been suspended. No information is available on the payment of amortization of loans or depreciation of direct investments.
<i>Quantitative limits</i>	Repatriation of profits of up to 15% a year of the investment value is permitted.
<b>Payments for travel</b>	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Purchases of foreign exchange by residents for purposes of tourism are limited, although airfares may be paid in domestic currency.
<i>Indicative limits/bona fide test</i>	Yes.
<b>Personal payments</b>	No information is available on the payment of pensions and family maintenance or alimony.
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Transfers in excess of limits set by the CB for medical treatment abroad when local facilities are inadequate are approved in bona fide cases. At the beginning of the school year, a student is granted permission to transfer a variable amount to pay for expenses related to courses taken abroad; additional transfers may be granted if approved by the Ministry of Education and Culture.
<b>Foreign workers' wages</b>	
<i>Prior approval</i>	Personnel under technical assistance programs are allowed to transfer their savings in accordance with the terms of their contracts.
<b>Other payments</b>	Payments for technical assistance and other services in the national interest are freely allowed.
<i>Quantitative limits</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
<b>Surrender requirements</b>	All foreign exchange proceeds must be surrendered to the CB, with the exception of producers-exporters, who may retain 50% of export proceeds to meet their import requirements.
<b>Restrictions on use of funds</b>	Yes.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	n.a.
<b>Controls on derivatives and other instruments</b>	n.a.
<b>Controls on credit operations</b>	n.a.
<b>Controls on direct investment</b>	
Inward direct investment	Investments, excluding those related to the extraction of hydrocarbons and other mining industries, are permitted on the same basis as domestic investments.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	n.a.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Differential treatment of deposit accounts in foreign exchange	The Differential treatment of deposit accounts in foreign exchange was abolished in September 1998.
Differential treatment of deposit accounts held by nonresidents	The differential treatment of nonresident deposit accounts was abolished in September 1998.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Arrangements for payments and receipts</b>	<i>September 30.</i> The administration of controls was discontinued.
<b>Resident accounts</b>	<i>September 30.</i> Domestic accounts in foreign currency, other than those of credit institutions, may be freely opened. Approval is no longer required for foreign exchange accounts held domestically and abroad.
<b>Exports and export proceeds</b>	<i>September 30.</i> Surrender requirements were eliminated.
<b>Capital transactions</b>	
Provisions specific to commercial banks and other credit institutions	<i>September 30.</i> The differential treatment of deposits in foreign exchange and of nonresident deposit accounts or deposit accounts in foreign exchange was eliminated.



# SAUDI ARABIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: March 22, 1961.

### Exchange Arrangement

#### Currency

The currency of Saudi Arabia is the Saudi Arabian riyal.

#### Exchange rate structure

Unitary.

#### Classification

Pegged exchange rate within horizontal bands

The exchange rate of the Saudi Arabian riyal is pegged to the SDR at SRIs 4.28255 per SDR 1. The intervention currency is the dollar, to which a close relationship is maintained. The Saudi Arabian riyal rate against the dollar is determined by the Saudi Arabian Monetary Agency (SAMA). The SAMA's middle rate, which has been stable since June 1986 at SRIs 3.745 per \$1, serves—together with the SAMA's selling and buying rates—as the basis for exchange quotations in the market, the banks being permitted to charge up to 0.125% above and below the SAMA's buying and selling rates.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

The commercial banking sector has an active forward market to cover exchange risks for up to 12 months.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Transactions with (and the use of the currency of) Israel are prohibited.

#### Payment arrangements

No.

#### Administration of control

Foreign exchange controls are administered by the SAMA.

#### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

There have been restrictions on transactions with Iraq since September 1990.

In accordance with UN sanctions

In compliance with UN Security Council resolutions, certain restrictions have been imposed on the making of payments and transfers for current international transactions with respect to the former Federal Republic of Yugoslavia (Serbia/Montenegro).

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade

Residents may import and export gold in any form, except manufactured gold and jewelry, which are subject to a 12% customs duty. Gold of 14 karats or less may not be imported.

#### Controls on exports and imports of banknotes

No.

## Resident Accounts

#### Foreign exchange accounts permitted

Held domestically

Yes.

Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	These accounts are permitted, but approval is required.
Domestic currency accounts	Yes.
Convertible into foreign currency	These accounts are permitted, but approval is required.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	Trade with Israel is prohibited.
Negative list	Limited import restrictions on a few commodities are maintained for religious, health, and security reasons.
Open general licenses	Yes.
Import taxes and/or tariffs	Most imports are subject to customs duties at rates ranging from zero to 12%. For a few goods, the rate is 20% and for tobacco products, 50%. Imports from members of the GCC are exempt from duties, provided that at least 40% of value added is effected in GCC countries and that at least 51% of the capital of the producing firm is owned by citizens of GCC members.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	Reexport of certain imported items benefiting from government subsidies is prohibited.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

## Capital Transactions

### Controls on capital and money market instruments

#### On capital market securities

##### *Shares or other securities of a participating nature*

##### Purchase locally by nonresidents

Portfolio investment in shares of listed Saudi Arabian joint-stock companies is restricted to Saudi Arabian nationals, Saudi Arabian corporations and institutions, and citizens of the GCC. Indirect portfolio investment in shares issued by Saudi Arabian joint-stock companies is allowed via special purpose vehicles (country fund), authorized by the SAMA and established and managed by Saudi American banks. There are no restrictions on portfolio investment in government securities.

##### Sale or issue locally by nonresidents

Nonresidents must seek permission of the Minister of Commerce to sell or issue securities within the Kingdom. There are no restrictions on the repatriation of the proceeds from the sale of securities issued by nonresidents. Residents may purchase or sell nonresident securities via brokerage services offered by domestic banks.

##### Sale or issue abroad by residents

For the sale of collective investment securities where the underlying assets are shares of Saudi joint-stock companies, the same regulations apply as for shares or other securities of a participating nature.

##### *Bonds or other debt securities*

##### Sale or issue locally by nonresidents

The same regulations apply as for shares or other securities of a participating nature.

#### On money market instruments

##### *Sale or issue locally by nonresidents*

The same regulations apply as for shares or other securities of a participating nature.

#### On collective investment securities

##### *Purchase locally by nonresidents*

The same regulations apply as for shares or other securities of a participating nature.

##### *Sale or issue locally by nonresidents*

The same regulations apply as for shares or other securities of a participating nature.

##### *Sale or issue abroad by residents*

In the case of collective investments securities where the underlying assets are shares of Saudi joint-stock companies, the same regulations apply as for shares or other securities of a participating nature.

### Controls on derivatives and other instruments

#### Sale or issue locally by nonresidents

The same regulations apply as for shares or other securities of a participating nature.

### Controls on credit operations

#### Commercial credits

##### *By residents to nonresidents*

Saudi Arabian banks must seek permission from the SAMA.

##### *To residents from nonresidents*

The SAMA's permission is required for Saudi Arabian riyal-denominated loans made through Saudi Arabian banks.

#### Financial credits

The SAMA's permission is required for financial credit transactions.

#### Guarantees, sureties, and financial backup facilities

##### *By residents to nonresidents*

The SAMA's permission is required.

##### *To residents from nonresidents*

Financial institutions that give guarantees to government projects must appear on the SAMA-approved list.

### Controls on direct investment

#### Inward direct investment

Approved foreign investments in Saudi Arabia enjoy the same privileges as domestic capital. Foreign capital invested in industrial or agricultural projects with at least 25% Saudi

	Arabian participation is exempt from income and corporate tax for 10 years after production has begun.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Purchase of real estate is restricted to Saudi Arabian citizens, Saudi Arabian corporations, Saudi Arabian institutions, and citizens of the GCC.
Sale locally by nonresidents	Sales of real estate by citizens of the GCC are free.
<b>Controls on personal capital movements</b>	
Transfer of gambling and prize earnings	Prize earnings are transferable; gambling is prohibited.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Lending to nonresidents (financial or commercial credits)	Saudi banks require the SAMA's permission to lend to nonresidents, except for interbank transactions and commercial credits.
Differential treatment of deposit accounts held by nonresidents	
<i>Reserve requirements</i>	For interbank deposits originating from foreign banks, only domestic currency deposits are subject to the SAMA's reserve requirement.
<b>Investment regulations</b>	
<i>Abroad by banks</i>	The SAMA's approval is required by Saudi Arabian banks before acquiring shares in a company established outside the Kingdom.
<i>In banks by nonresidents</i>	Prior permission of the authorities is required.
Open foreign exchange position limits	Open positions are monitored via prudential reports.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# SENEGAL

(Position as of February 28, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 6, 1996.

### Exchange Arrangement

#### Currency

The currency of Senegal is the CFA franc.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The CFA franc is pegged to the euro at the rate of CFAF 100 per € 0.1524. Exchange rates for other currencies are derived from the rate for the currency concerned in the Paris exchange market and the fixed rate between the euro and the CFA franc.

#### Exchange tax

Authorized banks charge an exchange commission of 2% on exchanges involving French francs and a commission on purchases and sales of other currencies, the rate of which is freely determined. In addition, they levy a proportional commission of 0.25% on transfers to all countries outside the WAEMU, all of which must be surrendered to the Treasury.

#### Forward exchange market

Forward cover against exchange rate risk is available to residents only for imports of a specified category of goods. All forward cover against exchange rate risk must be authorized by the Ministry of Economy, Finance, and Planning (MEFP). Forward cover may be provided only in the currency of settlement stipulated in the commercial contract. Maturities must correspond to the due date of foreign exchange settlement stipulated in the commercial contract and must not exceed one month. For some specified products, the maturity of forward cover may be extended one time for up to three months. Effective February 1, 1999, residents were authorized to contract forward exchange cover in accordance with the regulations on imports and exports of goods and services.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Because the BCEAO has an operations account with the French Treasury, settlements with France, Monaco, and other countries linked to the French Treasury through an Operations Account are made in CFA francs, euros, the currency of any other Operations Account country, or any other currency stipulated in commercial contracts.

#### Payment arrangements

##### Regional arrangements

An Operations Account is maintained with the French Treasury that links Operations Account countries. All purchases or sales of foreign currencies or euros against CFA francs are ultimately settled through a debit or credit to the Operations Account.

##### Clearing agreements

A multilateral clearing agreement was signed in the context of the West African Monetary Agency (WAMA) by the WAEMU states, and Cape Verde, the Gambia, Ghana, Guinea, Liberia, Mauritania, Nigeria, and Sierra Leone.

#### Administration of control

Exchange control is administered by the MEFP, which has delegated a part of the approval authority for exchange control to the BCEAO and to authorized banks. The Directorate of Money and Credit examines each request. Customs officers monitor outflows of foreign exchange and confirm imports and exports of goods effected through authorized banks, the Postal Administration, or the BCEAO. The BCEAO and the MEFP exercise exchange controls ex post. Effective February 1, 1999, the amount of transfers authorized without supporting documentation was raised to CFAF 300,000 from CFAF 100,000.

#### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

Yes.

In accordance with UN sanctions	Yes.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	There are no restrictions on precious metal brokers.
Controls on external trade	Imports and exports of gold (gold jewelry and gold materials) require prior authorization from the MEFP. Exempt from this requirement are (1) imports and exports by the Treasury or the BCEAO; (2) imports and exports of manufactured articles containing a minor quantity of gold (such as gold-filled or gold-plated articles); and (3) imports and exports by travelers of gold articles up to a combined weight of 500 grams.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	CFAF banknotes may be freely exported by residents within the WAEMU. However, the suspension of BCEAO repurchases of exported banknotes continues. In addition, shipments of BCEAO banknotes between authorized intermediaries and their correspondent banks outside the WAEMU are strictly prohibited.
<i>Foreign currency</i>	The reexportation of foreign banknotes for amounts exceeding the equivalent of CFAF 500,000 by nonresidents requires documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposits in local banks.
On imports	
<i>Domestic currency</i>	Banknotes and coins issued by the BCEAO may be freely imported by residents or nonresidents.
<i>Foreign currency</i>	Nonresidents and residents may bring in any amount of foreign banknotes and coins (except gold coins) of countries outside the Operations Account area. Residents bringing in foreign banknotes and foreign currency traveler's checks exceeding the equivalent of CFAF 50,000 must declare them to customs upon entry and sell them to an authorized intermediary bank within eight days.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	Effective January 27, 1998, the opening of these accounts with authorized intermediaries in Senegal is permitted, but is subject to prior approval by the MEFP with the consent of the BCEAO.
Held domestically	These accounts are permitted, but prior approval is required.
Held abroad	The holding of accounts with banks abroad is not expressly prohibited. However, transfers for the accumulation of assets abroad (i.e., outside the franc zone) by a resident must be approved by the MEFP.
<b>Accounts in domestic currency convertible into foreign currency</b>	No.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Nonresidents may hold these accounts with authorized financial institutions. Effective February 1, 1999, the authorization to open these accounts is subject to BCEAO approval.
<b>Domestic currency accounts</b>	These accounts may not be credited with BCEAO banknotes, French franc notes, or banknotes issued by central banks that maintain an Operations Account with the French

Convertible into foreign currency	Treasury. They may not be overdrawn without prior authorization of the MEFP. Funds may be transferred freely between nonresident accounts.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	
Advance payment requirements	Advance payments for imports require authorization, and importers may not acquire foreign exchange until the contractual date of the payments.
<b>Documentation requirements for release of foreign exchange for imports</b>	Exchange authorization and invoices are required.
Domiciliation requirements	On January 27, 1998, the amount of import transactions originating in countries outside the CFA franc zone required to be domiciled with authorized banks was raised to CFAF 3 million from CFAF 500,000.
Preshipment inspection	An inspection is required for the quality and price of goods exceeding CFAF 3 million f.o.b.
<b>Import licenses and other nontariff measures</b>	
Negative list	Narcotics and firearms are prohibited.
Other nontariff measures	Quantitative restrictions may be applied on products for public health and security reasons.
<b>Import taxes and/or tariffs</b>	Customs duty comprises four rates: zero, 5%, 10%, and 25%. In addition, a customs stamp duty of 5% is also levied on imports.
Taxes collected through the exchange system	Yes.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Proceeds from exports, including those to members of WAEMU and Operations Account countries, must normally be collected within 120 days of the arrival of the goods at their destination and repatriated through BCEAO not later than one month after the due date. Effective February 1, 1999, proceeds of exports between WAEMU countries are no longer required to be repatriated.
Surrender requirements	Yes.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	A customs declaration is required.
Domiciliation	Effective January 27, 1998, all exports having a value in excess of CFAF 3 million had to be domiciled. Effective February 1, 1999, exports between WAEMU countries are no longer subject to domiciliation.
<b>Export licenses</b>	Licenses are required for gold and groundnuts.
Without quotas	Yes.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments for invisible transactions to France, Monaco, and Operations Account countries may be freely made. Effective February 1, 1999, (1) payments and incomes of foreign ships in the WAEMU zone and WAEMU ships abroad are included under current operations; (2) indicative ceilings on foreign currency allocations were eliminated; and (3) the amount of foreign currency to be surrendered by residents after travel was raised to CFAF 300,000 from CFAF 50,000.
Trade-related payments	
<i>Indicative limits/bona fide test</i>	Yes.
Investment-related payments	
<i>Prior approval</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
Payments for travel	
<i>Quantitative limits</i>	Residents traveling for tourism or business purposes to countries in the franc zone that are not members of the WAEMU are allowed to take out banknotes other than CFA franc notes up to the equivalent of CFAF 2 million; amounts in excess of this limit may be taken out in other means of payment. The allowances for travel to countries outside the franc zone are (1) for tourist travel, the equivalent of CFAF 1 million without limit on the number of trips or differentiation by the age of the traveler; (2) for business travel, CFAF 200,000 a day for up to one month, corresponding to a maximum of CFAF 6 million (business travel allowances may be combined with tourism allowances). Allowances in excess of these limits are subject to the authorization of the MEFP.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	
<i>Prior approval</i>	Required for payment of family maintenance and alimony.
<i>Indicative limits/bona fide test</i>	Yes.
Foreign workers' wages	
<i>Indicative limits/bona fide test</i>	Total net wages may be transferred upon presentation of pay slips, provided the transfer is made within three months following the pay period.
Credit card use abroad	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Credit cards issued by resident financial intermediaries and specifically authorized by the MEFP may be used up to the ceilings for tourist and business travel.
<i>Indicative limits/bona fide test</i>	Yes.
Other payments	
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	Proceeds from invisible transactions with France, Monaco, and the Operations Account countries may be retained. All amounts due from residents of other countries for services and all income earned in those countries from foreign assets must be collected and surrendered, if received in foreign currency, within one month of the due date or the date of receipt.
<b>Restrictions on use of funds</b>	No.



## Capital Transactions

### Controls on capital and money market instruments

Capital movements between Senegal and France, Monaco, and the Operations Account countries are free of exchange control. Capital transfers to all other countries require the approval of the MEFP, but capital receipts from such countries are permitted freely. All investments abroad by residents of Senegal require prior authorization from the MEFP; 75% of such investments must be financed with borrowing from abroad. Effective February 1, 1999, there are no controls on foreign investment in WAEMU states or on foreign borrowing by residents. These operations are subject only to the requirement to report for statistical purposes.

The prior authorization of the Public Saving and Financial Markets Regional Council is required for the following operations: issuing, marketing of securities and real assets of foreign entities, canvassing, and publicity or advertising for investment abroad.

#### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents	These purchases are subject to declaration for statistical purposes.
Sale or issue locally by nonresidents	Residents may acquire these securities only with the prior approval of the MEFP.
Purchase abroad by residents	These operations require the approval of the MEFP.
Sale or issue abroad by residents	Residents may freely sell securities to a nonresident for disinvestment purposes, subject to the procedures for financial settlement of the operation. The settlement of such a sale by transfer abroad or by credit to a nonresident account requires an exchange license signed by the MEFP.

##### *Bonds or other debt securities*

The same regulations apply as for shares or other securities of a participating nature.

#### On money market instruments

The same regulations apply as for shares or other securities of a participating nature.

#### On collective investment securities

The same regulations apply as for shares or other securities of a participating nature.

### Controls on derivatives and other instruments

These instruments, which are virtually unknown in Senegal, are governed by the regulations applicable to securities. Effective February 1, 1999, residents are authorized to purchase abroad call and put options in commodities and securities.

Purchase locally by nonresidents	Yes.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.

### Controls on credit operations

#### Commercial credits

##### *By residents to nonresidents*

Commercial credits may be freely granted in connection with merchandise exports if the due date of the payment is within 120 days of the shipment of the merchandise. Commercial credits in connection with the provision of services may be freely granted by residents; no limit is set for the payment due date.

##### *To residents from nonresidents*

Nonresidents may freely grant commercial credits to resident institutions. Repayments of commercial credits are generally authorized, subject to the submission of supporting documents.

#### Financial credits

##### *By residents to nonresidents*

These credits require the prior authorization of the MEFP. Transfer abroad of the funds necessary to service these facilities requires an exchange authorization, subject to the approval of the MEFP, and the submission of supporting documents.

##### *To residents from nonresidents*

There are no controls on the granting of these loans. The funds required for servicing these facilities must be transferred abroad by an authorized intermediary bank.

Guarantees, sureties, and financial  
backup facilities

*By residents to nonresidents*

The granting of guarantees and sureties is subject to prior approval by the MEFP. Transfer abroad of the funds required to service these facilities requires issuance of an exchange permit bearing the signature of the MEFP to accompany the supporting documents.

*To residents from nonresidents*

These facilities may be freely granted. Transfer abroad of the funds required to service these facilities must be made by an authorized intermediary bank. If, however, these transactions take place between a direct investment company resident in Senegal and its parent company located abroad, they are considered to be direct investments and therefore require a prior declaration to the MEFP.

**Controls on direct investment**

Outward direct investment

Direct investments constitute investments implying control of a company or enterprise. Mere participation is not considered direct investment unless it exceeds 20% of the capital of a company whose shares are quoted on a stock exchange. Until February 1, 1999, all investments, including those made through foreign companies that are directly or indirectly controlled by persons in Senegal and those made by overseas branches or subsidiaries of companies in Senegal, required prior authorization from the MEFP; 75% of such investments had to be financed with borrowing from abroad. Effective February 1, 1999, authorization is no longer required for investment abroad consisting of the acquisition by residents of securities for which the issue or marketing by nonresidents has been authorized in advance by the Public Saving and Financial Markets Regional Council.

Inward direct investment

Foreign direct investments in Senegal, including those made by companies in Senegal that are directly or indirectly under foreign control and those made by branches or subsidiaries of foreign companies in Senegal, must be reported to the MEFP before they are made.

**Controls on liquidation of direct  
investment**

The liquidation of direct and other investments, whether Senegalese investments abroad or foreign investments in Senegal, must be reported to the MEFP and the BCEAO within 20 days of each operation.

**Controls on real estate transactions**

Purchase abroad by residents

These purchases require the prior authorization of the MEFP.

Purchase locally by nonresidents

Purchases for purposes other than direct investment in a business, branch, or company are allowed. They require a declaration to the MEFP for statistical purposes.

Sale locally by nonresidents

Sales must be declared to the MEFP. Operations may be settled only after the approval of the MEFP. Following settlement, the liquidation or sale must be reported to the MEFP and to the BCEAO within 20 days of each operation.

**Controls on personal capital  
movements**

Loans

*By residents to nonresidents*

Subject to authorization.

*To residents from nonresidents*

Subject to declaration for statistical purposes and submission of a report to the MEFP when granted and when repaid.

Gifts, endowments, inheritances, and  
legacies

*By residents to nonresidents*

Inheritances and legacies are generally authorized. Gifts and endowments to nonresidents require the prior approval of the MEFP.

*To residents from nonresidents*

Subject to declaration.

Settlement of debts abroad by  
immigrants

Immigrants with resident status must obtain the prior authorization of the MEFP to settle debts contracted abroad while they were nonresidents.

Transfer of assets

*Transfer abroad by emigrants*

Subject to prior authorization.

Transfer of gambling and prize earnings	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Subject to declaration to the MEFP for statistical purposes and submission of the report to the MEFP when granted and when repaid. Repayment must be declared in advance to the MEFP.
Maintenance of accounts abroad	Banks and other financial institutions may open accounts with their correspondent banks to settle operations for their own account or for their customers. However, banks may not keep amounts exceeding their current requirements in these accounts.
Lending to nonresidents (financial or commercial credits)	Prior MEFP authorization is required.
Purchase of locally issued securities denominated in foreign exchange	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Credit controls</i>	Effective February 1, 1999, loans and other assistance granted to nonresidents are subject to the prior authorization of the MEFP, after the consent of the BCEAO has been obtained.
Investment regulations	The same regulations apply as for direct investment.
<i>Abroad by banks</i>	Yes.
<b>Provisions specific to institutional investors</b>	
Limits (min.) on portfolio invested locally	Effective February 1, 1999, controls are imposed by the Insurance Code of the Inter-African Conference on Insurance Markets.
Other controls imposed by securities laws	The insurance code in force in Senegal includes rules specific to the use of insurance companies' technical reserves.
	No.

### Changes During 1998

<b>Resident accounts</b>	<i>January 27.</i> Foreign exchange accounts may be opened with the prior approval by the MEFP, after consent of the BCEAO has been obtained.
<b>Imports and import payments</b>	<i>January 27.</i> The domiciliation threshold was raised to CFAF 3 million.
<b>Exports and export proceeds</b>	<i>January 27.</i> The domiciliation threshold was raised to CFAF 3 million.

### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> The CFA franc was pegged to the euro. <i>February 1.</i> Residents were authorized to contract forward exchange cover in accordance with the regulations on imports and exports of goods and services.
<b>Arrangements for payments and receipts</b>	<i>February 1.</i> The amount of transfers authorized without supporting documentation was raised to CFAF 300,000 from CFAF 100,000.
<b>Nonresident accounts</b>	<i>February 1.</i> The authorization to open nonresident accounts is issued by the BCEAO.
<b>Exports and export proceeds</b>	<i>February 1.</i> Exports between WAEMU countries are no longer subject to domiciliation and repatriation requirement.
<b>Payments for invisible transactions and current transfers</b>	<i>February 1.</i> Payments and incomes of foreign ships in the WAEMU zone and WAEMU ships abroad are included under current operations. Indicative ceilings on foreign currency allocations were eliminated. The amount of foreign currency to be surrendered by residents after travel was raised to CFAF 300,000 from CFAF 50,000.

**Capital transactions**

*February 1.* The controls on foreign investment in WAEMU states or on foreign borrowing by residents were eliminated.

Controls on derivatives and other instruments

*February 1.* Residents are authorized to purchase abroad call and put options in commodities and securities.

Controls on direct investment

*February 1.* Authorization is no longer required for investment abroad consisting of the acquisition by residents of securities for which the issue or marketing by nonresidents has been authorized in advance by the Public Saving and Financial Markets Regional Council.

Provisions specific to commercial banks and other credit institutions

*February 1.* Loans and other assistance granted to nonresidents are subject to the prior authorization of the MEFP, after consent of the BCEAO has been obtained.

Provisions specific to institutional investors

*February 1.* Controls are imposed by the Insurance Code of the Inter-African Conference on Insurance Markets.

# SEYCHELLES

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: January 3, 1978.

### Exchange Arrangement

#### Currency

The currency of Seychelles is the Seychelles rupee.

#### Other legal tender

Various commemorative gold coins issued on several occasions since 1976 are also legal tender.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The Seychelles rupee is pegged to a weighted basket of currencies of Seychelles' main trading and tourism partners. The weights are as follows: U.S. dollar (26.5), the pound sterling (16.8), the French franc (14.8), the South African rand (11.5), the Singapore dollar (10.3), the deutsche mark (8.4), the Italian lira (8.0), and the Japanese yen (3.7). Exchange rates for various currencies are quoted on the basis of their New York closing rates for the U.S. dollar on the previous day, using the U.S. dollar rate for the Seychelles rupee, as derived from the fixed parity to the currency basket. The Central Bank of Seychelles (CBS) circulates these rates daily to the commercial banks. The CBS charges a commission of 0.125% on purchases and 0.875% on sales of pounds sterling, U.S. dollars, and 0.500% on purchases and 1.000% on sales of French francs.

The commercial banks are authorized to deal in pounds sterling and other currencies at rates based on the exchange rates circulated daily by the CBS for the respective currencies. Other authorized dealers include casinos, guesthouses, hotels, restaurants, self-catering establishments, tour operators, travel agents, shipping agents, and ship chandlers. These dealers are restricted to buying only in the course of their licensed activity. They must sell all their foreign currency proceeds to the five commercial banks. All other transactions in foreign exchange are prohibited.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Regional arrangements

Seychelles is a participant in COMESA and CBI.

#### Administration of control

The exchange control authorities are the CBS and the MOF. The MOF partially controls foreign trade and domestic marketing through a mechanism of import and price controls.

#### International security restrictions

No.

#### Payment arrears

##### Private

Yes.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

Residents may freely purchase, hold, and sell gold in any form, except for dealings in gold bullion, which are restricted to authorized dealers.

**Controls on exports and imports of banknotes****On exports**

*Domestic currency* Travelers may take out up to SR 100 of domestic currency.

*Foreign currency* Travelers may take out any amount of foreign currency.

**On imports**

*Foreign currency* Overseas visitors may bring in any amount of currency for travel expenses.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically These accounts are permitted, but approval is required.

Held abroad Yes.

**Accounts in domestic currency convertible into foreign currency** n.a.

**Nonresident Accounts**

**Foreign exchange accounts permitted** Yes.

**Domestic currency accounts** No.

**Blocked accounts** Yes.

**Imports and Import Payments**

**Foreign exchange budget** No.

**Financing requirements for imports** No.

**Documentation requirements for release of foreign exchange for imports** No.

**Import licenses and other nontariff measures** Importers other than individuals are required to obtain import licenses from the Seychelles Licensing Authority, in accordance with objective criteria. In addition, for each shipment of commodities, an importer must apply to the Trade and Commerce Division of the MOF for a permit, the granting of which is discretionary. Permits are normally not granted for cars older than three years and some nonessential commodities.

**Other nontariff measures** An import quota system applicable to most imports is in effect. The quota allocation system is based on 75% of importers' 1995 imports. Imports related to the tourist industry are granted a higher percentage of their 1995 imports, and new importers are allocated SR 50,000.

**Import taxes and/or tariffs** Imports are subject to taxes of up to 200%, with most goods subject to rates ranging between 5% and 30%.

**State import monopoly** The Seychelles Marketing Board has the monopoly on imports of rice, sugar, meat, vegetables, margarine, tomato sauce, animal feed, oil, coffee and tea, fruits, flour, and chili sauce.

**Exports and Export Proceeds**

**Repatriation requirements** Yes.

Surrender requirements	All export proceeds must be converted through domestic commercial banks, who are the only authorized sellers of foreign exchange. Surrender requirements are 20% to the pipeline; 30% to finance essential government imports; and the remaining 50% to be used at the discretion of banks.
Financing requirements	No.
Documentation requirements	No.
Export licenses	No.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes.
Surrender requirements	Residents must surrender the proceeds to a commercial bank within 21 days of the transaction.
Restrictions on use of funds	Receipts, with the exception of dividend remittances and transfers of management fees, may be disposed of freely.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents Yes.

Sale or issue locally by nonresidents Yes.

**Controls on derivatives and other instruments** No.

**Controls on credit operations** No.

#### Controls on direct investment

Inward direct investment Foreign investment is freely permitted, provided that such investment does not involve ownership of land.

**Controls on liquidation of direct investment** No.

#### Controls on real estate transactions

Purchase locally by nonresidents Yes.

Sale locally by nonresidents Yes.

**Controls on personal capital movements** No.

#### Provisions specific to commercial banks and other credit institutions

##### Investment regulations

*Abroad by banks* Yes.

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<i>In banks by nonresidents</i>	Yes.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### **Changes During 1998**

No significant changes occurred in the exchange and trade system.



# SIERRA LEONE

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: December 14, 1995.

### Exchange Arrangement

#### Currency

The currency of Sierra Leone is the Sierra Leonean leone.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

Exchange rates are freely determined in the interbank market. Commercial banks and licensed foreign exchange bureaus may buy and sell foreign exchange with customers and trade among themselves or with the Bank of Sierra Leone (BSL), the central bank, freely. The BSL determines the exchange rate to be used in official transactions, including for customs valuation purposes, which is based on the weighted average rate of commercial bank and foreign exchange bureau transactions in the previous week. Foreign exchange bureaus are limited to spot transactions and are not allowed to sell traveler's checks.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Payments for imports may be made in leones to the credit of an external account in the currency of the exporting country, in pounds sterling, or in U.S. dollars. Receipts from exports to countries other than China may be obtained in leones from an external account in the currency of the importing country or in any specified convertible currency.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Inoperative*

Yes.

#### Administration of control

The MOF formulates exchange control policy in consultation with the BSL, but the day-to-day administration of exchange control is carried out by the BSL with the assistance of the commercial banks.

#### International security restrictions

No.

#### Payment arrears

##### Official

Yes.

##### Private

Yes.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

Residents may freely purchase, hold, and sell gold coins in Sierra Leone for numismatic purposes. Also, residents and nonresidents may freely purchase, hold, or sell certain Sierra Leonean commemorative gold coins. Residents are not allowed to hold gold in the form of bars or dust without a valid miner's or dealer's license.

##### Controls on external trade

Exports of gold require a license. Imports of gold in any form other than jewelry constituting the personal effects of a traveler require an individual import license.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

On leaving Sierra Leone, travelers may take out up to Le 50,000.

*Foreign currency*

Nonresident travelers may take out any amount of foreign currency notes they declared on arrival. Employees on official business may take out up to the amount of the per diem allowance provided for that purpose. Travelers may take out up to \$5,000 without restriction. Residents should declare on departure foreign exchange in excess of \$5,000 with supporting documents.

**On imports***Domestic currency*

The importation of domestic banknotes is limited to Le 50,000 for each traveler.

*Foreign currency*

Commercial banks (authorized dealers) are allowed to import foreign currency to meet their operational requirements.

**Resident Accounts****Foreign exchange accounts permitted**

Residents are permitted to maintain foreign currency accounts denominated in any convertible currency. These accounts, for which minimum balances vary from bank to bank, earn interest at a rate determined by the commercial banks. They may be credited with funds transferred from abroad, and balances on these accounts may be converted into leones to meet the account holder's local expenditures. Transfers abroad of balances in foreign currency accounts are permitted for current international transactions without prior approval from the BSL, subject to fulfilling the regulation governing the transactions.

**Held domestically**

Yes.

**Held abroad**

No.

**Accounts in domestic currency convertible into foreign currency**

n.a.

**Nonresident Accounts****Foreign exchange accounts permitted**

The same regulations apply as for resident accounts. All documented inward remittances may also be externalized without reference to the BSL.

**Domestic currency accounts**

Accounts in leones held on behalf of diplomatic missions, UN agencies, and their accredited staff are designated as external accounts. Leone deposits into external accounts are vetted by the BSL, and balances standing to the credit of the account may be externalized without reference to the BSL.

**Convertible into foreign currency**

These accounts may be convertible into foreign currency, but approval is required.

**Blocked accounts**

Yes.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

n.a.

**Documentation requirements for release of foreign exchange for imports**

All applications for purchases of foreign exchange to pay for imported goods must be submitted to a commercial bank in Sierra Leone, supported by the following documents: completed exchange control form A1, original pro forma invoice, final invoice, original bill of lading/airway bill, tax clearance certificate, and preshipment inspection certificate.

**Preshipment inspection**

All goods imported into Sierra Leone, except petroleum and goods specifically exempted by the MOF, are subject to preshipment inspection and price verification by an international company appointed by the government.

Letters of credit	Goods to be financed with importers' own foreign exchange resources are permitted without LC established with a local commercial bank.
<b>Import licenses and other nontariff measures</b>	
Negative list	All goods, except military goods, may be imported freely without a license.
<b>Import taxes and/or tariffs</b>	A sales tax of 20% of the landed value is levied on all imports except for capital goods and their spare parts, petroleum products, and baby food. All imports by unincorporated businesses are subject to a 2% tax as advance payment of income taxes.
<b>State import monopoly</b>	n.a.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Exporters must repatriate export proceeds within 90 days of the date of export (approval of the BSL is required for an extension beyond 90 days). Proceeds from exports of diamonds that were prefinanced from external sources are not subject to the repatriation requirement.
Surrender requirements	No.
<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	All exporters of commercial goods are required to complete export forms that must be endorsed by the exporter's commercial bank.
Preshipment inspection	All exports, except for those exempted by the MOF, are subject to preshipment inspection and price verification, which is undertaken by an inspection company appointed by the government. Exporters who are subject to inspection must pay an export inspection fee of 1% before clearing their goods through customs.
<b>Export licenses</b>	Licenses are required only for exports of gold and diamonds; these export licenses, valid for one year or six months, are issued by the Department of Mines. Exports of the following articles are prohibited: those containing more than 25% silver; those manufactured or produced more than 75 years before the date of exportation; those mounted or set with diamonds, precious stones, and pearls (excluding personal jewelry or ornaments up to a value not exceeding the leone equivalent of \$1,000); postage stamps of philatelic interest; and works of art.
Without quotas	Yes.
<b>Export taxes</b>	Licensed exporters of diamonds are subject to an administrative fee of 1% and an income tax of 1.5% based on the value in U.S. dollars of diamonds exported. Licensed exporters of gold must pay a 2.5% royalty.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Authority to provide foreign exchange for legitimate expenses is delegated to the commercial banks. A tax clearance certificate is required for payments and transfers for certain types of current international transactions.
Payments for travel	
<i>Quantitative limits</i>	The limit is \$5,000.
<i>Indicative limits/bona fide test</i>	Applications for travel allowances in excess of the limit must be supported by travel documents, e.g., a ticket or passport.
Personal payments	No information is available on the payment of pensions.
Foreign workers' wages	
<i>Prior approval</i>	Commercial banks can make remittances in favor of nonresident employees of international institutions, agencies, or foreign nongovernmental organizations only up to the

remuneration package and in favor of other nonresidents when requests for such payment are supported by a valid work permit, a remuneration package agreement, and a tax clearance certificate.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Capital payments to nonresidents are subject to exchange control.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	BSL approval is required before a security registered in or outside Sierra Leone may be transferred to (or purchased by) a nonresident.
Sale or issue locally by nonresidents	These transactions are not permitted.
Purchase abroad by residents	Permission of the BSL is required both to purchase securities abroad and to transfer funds abroad to effect the purchase.  All funds accruing on such investment as well as the capital upon termination of the investment must be repatriated to Sierra Leone.
Sale or issue abroad by residents	Capital in respect of securities registered in Sierra Leone may not be transferred abroad without permission; for permission to be given, the company is usually required to obtain bank certification of the funds brought into Sierra Leone.
<i>Bonds or other debt securities</i>	n.r.
On money market instruments	
<i>Sale or issue locally by nonresidents</i>	These transactions are not permitted.
<i>Purchase abroad by residents</i>	Purchases funded with domestic resources are not permitted.
<i>Sale or issue abroad by residents</i>	These transactions require BSL approval.
On collective investment securities	These instruments are not yet available in Sierra Leone.
<i>Purchase locally by nonresidents</i>	n.r.
<i>Sale or issue locally by nonresidents</i>	n.r.
<i>Purchase abroad by residents</i>	Purchases with funds brought from abroad are allowed. BSL certification is required.
<i>Sale or issue abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	These instruments are not yet available in Sierra Leone.
<b>Controls on credit operations</b>	
Financial credits	
<i>By residents to nonresidents</i>	Generally, permission of the BSL is required for the granting of any loan, whether by way of advance or bank overdraft, in Sierra Leone to nonresident entities. Permission of the BSL is also required for nonresident entities to borrow outside Sierra Leone. In addition to the above documentation, the proposed arrangement for repayment should be provided.

<i>To residents from nonresidents</i>	Prior approval of the BSL is required.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	Prior approval of the BSL should be obtained for the giving or renewal of any guarantee or similar undertaking, and the resident's exposure must be 100% covered by the nonresident.
<i>To residents from nonresidents</i>	Prior approval of the BSL is required for these transactions and for the transfer of funds to service the facilities.
<b>Controls on direct investment</b>	
Outward direct investment	Investments abroad are not allowed.
Inward direct investment	Yes.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Permission from the BSL is required.
<b>Controls on personal capital movements</b>	n.r.
<b>Provisions specific to commercial banks and other credit institutions</b>	Commercial banks should not hold more than 25% of their deposit liabilities in foreign currency.
Maintenance of accounts abroad	Yes.
Lending to nonresidents (financial or commercial credits)	Banks are not engaged in foreign lending, and there are no regulations in this respect.
Lending locally in foreign exchange	Banks are not engaged in this lending.
<b>Provisions specific to institutional investors</b>	n.r.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# SINGAPORE

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: November 9, 1968.

### Exchange Arrangement

#### Currency

The currency of Singapore is the Singapore dollar.

#### Other legal tender

Singapore and Brunei currency notes and coins are freely interchangeable at par without charge in Singapore and Brunei Darussalam.

#### Exchange rate structure

Unitary.

#### Classification

Managed floating with no preannounced path for the exchange rate

The authorities use the exchange rate as an intermediate target, allowing the Singapore dollar to fluctuate within an undisclosed target band. The authorities widened this target during the Asian crisis, but did not publicly announce the width of the band.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Foreign currency futures are traded at the Singapore International Monetary Exchange (SIME). Banks may hedge their exchange risk through a forward foreign exchange transaction.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Regional arrangements

Yes.

#### Administration of control

The Monetary Authority of Singapore (MAS) retains responsibility for exchange control matters. The Trade Development Board under the Ministry of Trade and Industry administers import and export licensing requirements for a very small number of products.

#### International security restrictions

##### In accordance with UN sanctions

Financial assets owned by residents of Iraq and Libya are blocked. Singapore observes the import and export prohibitions covered by the UN Security Council resolutions.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade

In the spot market, most of the trading is done on a "loco-London" basis for delivery of 995 fine gold. Kilobars of 999.9 fineness are most commonly traded, while 10-tola bars are also becoming popular. Spot gold prices for settlement in Singapore are derived by adjusting the loco-London price with the location premium, which takes into account the cost of transportation and insurance. A gold futures contract is also available on the SIME.

#### Controls on exports and imports of banknotes

No.

## Resident Accounts

#### Foreign exchange accounts permitted

##### Held domestically

Yes.

Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	Those covered by the UN Security Council resolutions.

### Imports and Import Payments

Foreign exchange budget	n.a.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	Licenses are required for imports of rice. A few imports are controlled for health, safety, or security reasons.
Import taxes and/or tariffs	Very few imports are dutiable. Singapore is a party to the CEPT scheme for the AFTA. Customs duties are levied on imports of liquor, tobacco, petroleum, and automobiles.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	
Without quotas	Export licenses are required for substances that deplete the stratospheric ozone layer, timber, and rubber.
With quotas	Certain exports (e.g., textiles and clothing) are subject to quantitative restrictions and other nontariff barriers in importing countries.
Export taxes	n.a.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

## Capital Transactions

### Controls on capital and money market instruments

#### On capital market securities

##### *Shares or other securities of a participating nature*

Sale or issue locally by nonresidents Effective August 13, 1998, financial institutions may, without prior consultation with the MAS, arrange equity listings for nonresidents if the Singapore dollar proceeds from the issuance are used for preapproved economic purposes in Singapore. Financial institutions must consult the MAS when the proceeds are to be used outside Singapore or for purposes not explicitly allowed.

##### *Bonds or other debt securities*

Sale or issue locally by nonresidents Effective August 13, 1998, financial institutions may, without prior consultation with the MAS, arrange equity listings for nonresidents if the Singapore dollar proceeds from the issuance are used for preapproved economic purposes in Singapore. Financial institutions must consult the MAS when the proceeds are to be used outside Singapore or for purposes not explicitly allowed.

The proceeds from all such bond issues must be converted or swapped into foreign currency for use outside Singapore.

### Controls on derivatives and other instruments

Unless explicitly allowed by a MAS notice, banks must consult the MAS before transacting with nonresidents in Singapore dollar financial derivatives.

Purchase locally by nonresidents

Yes.

Sale or issue locally by nonresidents

Yes.

### Controls on credit operations

No.

### Controls on direct investment

No.

### Controls on liquidation of direct investment

No.

### Controls on real estate transactions

Purchase abroad by residents

Yes.

Purchase locally by nonresidents

Foreign investment in residential and other properties (including vacant land) that have been zoned or approved for industrial or commercial use requires government approval. Foreigners may, however, freely purchase residential units in buildings of six or more stories and in approved condominium developments. Foreigners who make an economic contribution to Singapore are given favorable consideration to purchase other residential properties for their own use and, in the case of foreign companies, to accommodate their senior personnel.

### Controls on personal capital movements

No.

### Provisions specific to commercial banks and other credit institutions

Lending to nonresidents (financial or commercial credits)

Effective August 13, 1998, the MAS clarified that financial institutions may without prior consultation with the MAS extend Singapore dollar credit facilities to Singapore residents for any purpose. Additionally, controls were eased on Singapore-dollar-denominated credit facilities, bonds, and derivatives involving nonbank nonresidents. Consultations with the MAS are no longer required if nonbank nonresidents use the proceeds from Singapore dollar credit facilities for preapproved economic activities in Singapore or for hedging the Singapore dollar exchange rate and interest rate risks arising from these economic activities, to finance investments such as commercial properties in Singapore, if the credit facilities do not exceed S\$5 million in aggregate, and via fully collateralized, repurchase agreements of Singapore government securities where the amount does not exceed S\$20 million and the funds are managed in Singapore.



	Financial institutions may also, without prior consultation with the MAS, lend in Singapore dollars through currency swaps with nonbank nonresidents for hedging the Singapore dollar exchange rate and interest rate risks arising from preapproved economic activities in Singapore; lend in Singapore dollars through currency swaps; or transact in Singapore dollar interest rate swaps with Special Purpose Vehicles incorporated in Singapore.
Lending locally in foreign exchange	Banks' lendings to a single borrower or groups of borrowers, regardless of residency, are subject to a limit of 25% of capital.
Purchase of locally issued securities denominated in foreign exchange	Banks' investments, regardless of currency, are subject to a limit of 40% of capital.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Foreign currency deposits accepted under the ACUs of banks are not subject to reserve requirements.
<i>Liquid asset requirements</i>	Foreign currency deposits accepted under the ACUs of banks are not subject to the liquid asset requirement.
Differential treatment of deposit accounts held by nonresidents	Yes.
Investment regulations	
<i>Abroad by banks</i>	Banks are required to seek prior approval from the MAS to acquire 20% or more of the shares in any company.
<i>In banks by nonresidents</i>	Total foreign shareholding in a local bank is subject to a 40% limit.
Open foreign exchange position limits	No limits are set by the MAS, but it reviews the internal control systems of banks to ensure that adequate limits and controls are established for treasury activities.
<b>Provisions specific to institutional investors</b>	Insurers may only include 30% of their foreign-currency-denominated and overseas assets as part of their admitted assets that goes into the calculation of the solvency of the fund. Of this, 10% must be foreign currency deposits with an approved financial institution, foreign currency fixed-income securities graded AA and above, and equities listed on any stock exchange. Insurers may include an additional 10% of foreign-currency-denominated fixed-income assets that are fully hedged to the Singapore dollar as admitted assets. Insurers are allowed to invest assets in relation to the currency of their liabilities.
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Yes.
Limits (max.) on portfolio invested abroad	Yes.
Currency-matching regulations on assets/liabilities composition	Yes.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

#### Capital transactions

Provisions specific to commercial banks and other credit institutions	<i>August 13.</i> Financial institutions may, without prior consultation with the MAS, invest in Singapore dollar bonds issued by nonbank nonresidents if the Singapore dollar proceeds from the issuance are used for preapproved economic purposes in Singapore.
Provisions specific to institutional investors	<i>February 17.</i> The admitted value of insurers' investments in foreign-currency-denominated and overseas assets was increased to 30% from 20%. In addition, insurers may include an additional 10% of foreign-currency-denominated fixed-income assets that are fully hedged to the Singapore dollar as admitted assets.

# SLOVAK REPUBLIC

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: October 1, 1995.

### Exchange Arrangement

#### Currency

The currency of the Slovak Republic is the Slovak koruna.

#### Exchange rate structure

Unitary.

#### Classification

Managed floating with no preannounced path for the exchange rate

Until end-September 1998, the Slovak koruna was pegged to a basket comprising the deutsche mark (weight of 60%) and the dollar (weight of 40%), within margins of  $\pm 7\%$ , and the official exchange rate was determined in fixing sessions conducted daily by the National Bank of Slovakia (NBS). On October 1, 1998, the Slovak National Bank abolished its  $\pm 7\%$  fluctuation band for the koruna and reported that the currency's exchange rate would be set by the foreign exchange market. The NBS would no longer guarantee the koruna's exchange rate but would intervene if the exchange rate moved to an unacceptable level.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

The foreign exchange authorities are the MOF and the NBS. The MOF exercises jurisdiction in matters relating to other ministries and central bodies of the state administration, budgetary and subsidized state organizations, special-purpose state funds, juridical persons established by separate law who are connected through financial ties to the state budget, and local communities and their budgetary and subsidized organizations. The MOF maintains foreign exchange records and documents pertaining to interstate negotiations on property claims, and implements the results of these negotiations within the country. The NBS exercises jurisdiction pursuant to residents other than those specified above and to nonresidents.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade

Trade in gold is conducted exclusively by banks to the extent stipulated in their license.

#### Controls on exports and imports of banknotes

There are reporting obligations on exports and imports of banknotes and coins in Slovak and foreign currencies together exceeding Sk 150,000; and on post or other delivery containing banknotes and coins exceeding Sk 20,000.

## Resident Accounts

#### Foreign exchange accounts permitted

Natural persons are eligible to open foreign exchange accounts during their stay abroad, otherwise, approval from the NBS is required.

Held domestically	No.
Held abroad	A resident may open an account abroad in foreign or Slovak currency, or enter into a contract for the safe custody or deposit of funds in foreign or Slovak currency in an account maintained abroad, only after obtaining a foreign exchange permit from the NBS or the MOF. However, a foreign exchange permit is not required (1) when the resident has a banking or foreign exchange license; (2) in connection with a private individual's stay abroad; (3) to cover the documented operating costs of the resident's local representation or agency abroad; (4) for the purpose of depositing the resident's foreign exchange funds if foreign legislation forbids the transfer of such funds to the country; or (5) for the payment of fees, taxes, and other documented expenses related to the administration and maintenance of real estate owned by the resident abroad.
Accounts in domestic currency convertible into foreign currency	This applies to current international transactions and for permitted capital account transactions.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	This applies only to receipts relating to current transactions.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	A system of variable levies accompanies import licensing.
Licenses with quotas	Effective January 1, 1999, a nonautomatic licensing system is applicable to the following goods: (1) pit coal and brown coal; (2) oil and natural gas imported from Russia; (3) beer and soft drinks from the Czech Republic; and (4) shoes from China.
Import taxes and/or tariffs	All imports, except those from the Czech Republic and from countries with whom the Slovak Republic has a customs union, are subject to an ad valorem tariff. Imports from developing countries are granted preferential treatment under the GSP; 42 least-developed countries and 100 developing countries are granted 50% and 100% reductions from applicable duties, respectively. An import surcharge of 7% imposed since July 21, 1997 on all goods, with the exception of some goods listed in the Decree of the MOF, has been decreased to 5% since January 1, 1998 and to 3% on April 1, 1998. On October 1, 1998, the import surcharge was abolished. Imported goods are taxed with a VAT, and there are excise duties on mineral oils, spirits, wine, beer, and tobacco.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	Residents are required to transfer or import all funds acquired abroad in koruny or foreign exchange into the country without delay, net of fees, taxes, and other expenses incurred abroad in connection with the acquisition of such funds, but not later than 30 days from the date of acquisition, or the date of learning of such acquisition, or from the date of becoming a resident in the country. This duty does not apply to (1) foreign or Slovak currency used
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	by a resident natural person during his/her stay abroad; and (2) reinvestment of earnings from direct investment, although this is not applicable to cases when such investment requires a foreign exchange permit.
Surrender requirements	The surrender requirement was abolished as of April 1, 1998.
Financing requirements	No.
Documentation requirements	No.
Export licenses	
Without quotas	Export licenses are required for narcotics, poisons, firearms and ammunition, and all dual-use goods and technologies.
With quotas	Export licenses are required for (1) a restricted number of agricultural goods; (2) some strategic industrial goods, such as oil products, fuels, or electricity; (3) hardly renewable raw materials, such as raw wood, or metal waste; and (4) imported goods for preventing speculative import-export activities.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

##### Payments for travel

##### *Quantitative limits*

The quantitative limit for personal travel was abolished in April 1998. Official travel by employees of budgetary and subsidized organizations is subject to allowances, depending on the country of destination.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Residents must repatriate all proceeds without delay, net of fees, taxes, and other expenses incurred abroad in connection with the acquisition of such funds, but no later than 30 days from the date of acquisition, or the date of learning of such acquisition, or from the date of becoming a resident in the country.
Surrender requirements	The surrender requirement was abolished as of April 1, 1998.
Restrictions on use of funds	No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Sale or issue locally by nonresidents	These transactions require a permit from the NBS, except (1) when foreign securities tradable on the main market of the foreign stock exchange are issued by a resident of the OECD member country, and (2) when the Slovak Republic or the NBS participate in the foreign exchange transactions.
Purchase abroad by residents	These transactions require a foreign exchange permit from the NBS except for direct investment in an OECD country.
Sale or issue abroad by residents	These transactions require a foreign exchange permit from the NBS.

*Bonds or other debt securities*

Purchase locally by nonresidents	These transactions require a foreign exchange permit, except when the government or the NBS participates in the transactions. Nonresidents may not participate in the primary market for government bonds.
Sale or issue locally by nonresidents	These transactions require a foreign exchange permit from the NBS except when (1) foreign securities tradable on the main market of the foreign stock exchange are issued by a resident of the OECD member country, (2) bonds are issued by the OECD member countries, or (3) the government or the NBS participating in the foreign exchange issuance of bonds is subject to a permit from the MOF.
Purchase abroad by residents	These transactions require a foreign exchange permit from the NBS except when the Slovak government or the NBS participate in the foreign exchange transaction.
Sale or issue abroad by residents	A foreign exchange permit from the NBS is required except for those with a maturity longer than three years issued in OECD countries. Issuance of bonds is subject to a permit from the MOF.

*On money market instruments*

<i>Purchase locally by nonresidents</i>	These transactions require a foreign exchange permit from the NBS, except when the government or the NBS participates in the transaction.
<i>Sale or issue locally by nonresidents</i>	These transactions require a foreign exchange permit from the NBS, except when the government or the NBS participate in the transaction. Issuance of securities is subject to a permit from the MOF.
<i>Purchase abroad by residents</i>	These transactions require a foreign exchange permit from the NBS, except when the government or the NBS participate in the transaction.
<i>Sale or issue abroad by residents</i>	These transactions require a foreign exchange permit from the NBS, except for treasury bills. Issuance of securities is subject to a permit from the MOF.

*On collective investment securities*

<i>Purchase locally by nonresidents</i>	Yes.
<i>Sale or issue locally by nonresidents</i>	The same regulations apply as for capital market securities.
<i>Purchase abroad by residents</i>	The same regulations apply as for capital market securities.
<i>Sale or issue abroad by residents</i>	A foreign exchange permit from the NBS is required except for those with longer than three years' maturity.

**Controls on derivatives and other instruments**

Purchase locally by nonresidents	Yes.
Sale or issue locally by nonresidents	A permit from the MOF is required.
Purchase abroad by residents	A resident who is an authorized foreign exchange dealer and is not a bank or a securities trader may enter into contracts for dealing in financial derivatives solely on the basis of a foreign exchange permit. A foreign exchange permit is not required when the contract or business is effected with an authorized foreign exchange dealer within the range allowed by the banking or foreign exchange license.
Sale or issue abroad by residents	The same regulations apply as for purchases abroad by residents.

**Controls on credit operations**

Financial credits	A foreign exchange permit from the MOF or NBS is required.
<i>By residents to nonresidents</i>	Financial credits with a maturity of five years or more provided by Slovak residents to residents of OECD countries are liberalized.
Guarantees, sureties, and financial backup facilities	These transactions require a foreign exchange permit.
<i>By residents to nonresidents</i>	Yes.

**Controls on direct investment**

Outward direct investment NBS approval and MOF agreement is required except when the investment is made in an OECD country.

**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

Purchase abroad by residents A foreign exchange permit is required, except for OECD countries.

Purchase locally by nonresidents Nonresidents, with the exception of Slovak citizens, may acquire real estate in the country solely in the following cases: (1) by inheritance; (2) for the purpose of establishing diplomatic representation of a foreign country under conditions of mutuality; (3) when the real estate acquired is co-owned by a married couple, and when one of the partners is a nonresident, or when a nonresident acquires real estate from a spouse, sibling, parent, or grandparent; (4) when there is an exchange of domestic real estate owned by a nonresident for other domestic fixed assets, the price of which, pursuant to separate regulations, does not exceed the price of the original real estate as determined in accordance with separate regulations; (5) when the nonresident has preemptive purchase rights based on share ownership of the real estate; (6) when the real estate was built by the nonresident on his or her own land; and (7) when expressly permitted under separate legislation. Effective April 1, 1998, foreign bank branches may acquire real estate for their own purposes.

**Controls on personal capital movements**

No.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad A resident may conclude a contract for the acceptance of financial credit on the basis of a permit from the NBS.

Maintenance of accounts abroad Yes.

Lending to nonresidents (financial or commercial credits) Such lending requires a foreign exchange permit if the maturity is shorter than five years.

Lending locally in foreign exchange Lending is allowed within the extent of the banking license.

Purchase of locally issued securities denominated in foreign exchange A foreign exchange permit is required.

**Investment regulations**

*Abroad by banks* A foreign exchange permit from the NBS is required when the banking license does not include dealing in foreign securities.

*In banks by nonresidents* Pursuant to the Banking Act Amendment, effective February 21, 1998 the same regulations apply for residents and nonresidents. Four zones—from 10% to 50% for investment—are defined, for which the investors are required to seek NBS permission.

Open foreign exchange position limits The open foreign exchange position for individual currency must not exceed 10% of the capital of the bank, and the total open foreign exchange position must not exceed 25% of the capital of the bank. For the calculation of capital, the same calculation is used as for capital adequacy. Foreign banks' branches are not obliged to reporting, they have to, however, keep the prudential banking regulations.

*On resident assets and liabilities* Yes.

*On nonresident assets and liabilities* Yes.

**Provisions specific to institutional investors**

Limits (max.) on securities issued by nonresidents and on portfolio invested abroad Pursuant to the Act on Investment Companies and Investment Funds, limits on securities issued by the same emitter must not exceed 10% of the whole equity.

Limits (max.) on portfolio invested abroad	The same regulations apply as for nonresidents.
Other controls imposed by securities laws	No.

### Changes During 1998

<b>Exchange arrangement</b>	<i>October 1.</i> The fluctuation band was abolished, the central bank intervenes if the exchange rate moves to an unacceptable level.
<b>Resident accounts</b>	<i>April 1.</i> The following changes occurred: (1) the requirement to sell foreign exchange receipts to a bank was abolished; (2) approval for juridical persons to keep foreign exchange accounts was abolished; and (3) accounts in domestic currency were made to be fully convertible into foreign currency.
<b>Nonresident accounts</b>	<i>April 1.</i> The following changes occurred: (1) the koruna was allowed to be converted freely into foreign currency; and (2) payments abroad were allowed to be made without limit, but only on the basis of a contractual bond.
<b>Imports and import payments</b>	<i>January 1.</i> The import surcharge was decreased to 5%. <i>April 1.</i> The import surcharge was further decreased to 3%. <i>October 1.</i> The import surcharge was abolished.
<b>Exports and export proceeds</b>	<i>April 1.</i> The surrender requirement was abolished.
<b>Payments for invisible transactions and current transfers</b>	<i>April 1.</i> Limits for personal travel abroad were eliminated.
<b>Proceeds from invisible transactions and current transfers</b>	<i>April 1.</i> The surrender requirement was eliminated.
<b>Capital transactions</b>	
Controls on capital and money market instruments	<i>April 1.</i> No permission is required for residents of OECD countries when the securities are marketable in the main market of the foreign stock exchange.
Controls on real estate transactions	<i>April 1.</i> Foreign bank branches may acquire real estate for pursuing bank activities, but only in the case of their construction or reconstruction.
Provisions specific to commercial banks and other credit institutions	<i>February 21.</i> Nonresidents may invest in banks on the basis of the same rules as nonresidents.

### Changes During 1999

<b>Imports and import payments</b>	<i>January 1.</i> A nonautomatic licensing system was made applicable to the following goods: (1) pit coal and brown coal; (2) oil and natural gas imported from Russia; and (3) beer and soft drinks from the Czech Republic.
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# SLOVENIA

(Position as of April 30, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: September 1, 1995.

### Exchange Arrangement

#### Currency

The currency of Slovenia is the Slovenian tolar.

#### Exchange rate structure

Unitary.

#### Classification

Managed floating with no preannounced path for the exchange rate

The external value of the tolar is determined in the interbank exchange market, where the Bank of Slovenia (BOS) may participate. The BOS also may buy and sell foreign exchange in transactions with the government and commercial banks. Natural persons may conduct foreign exchange transactions with banks or foreign exchange offices at freely negotiated rates. Licensed banks may conduct foreign exchange transactions among themselves. Juridical persons may conduct foreign exchange transactions with banks or between themselves. The BOS publishes daily a moving two-month average exchange rate for customs valuation and accounting purposes, as well as for government transactions.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Yes.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Inoperative*

Slovenia maintains payment agreements with the former Yugoslav Republic of Macedonia and Bosnia and Herzegovina. The agreements allow juridical persons to conduct transactions through nonresidents' accounts. Also, there is an agreement with Italy related to trade between the two border regions.

#### Administration of control

By virtue of the Foreign Exchange Law, the exchange control is exercised by (1) the BOS on the foreign exchange operations of banks and foreign exchange offices; (2) the Foreign Exchange Inspectorate within the MOF on foreign exchange and foreign trade operations of natural and juridical persons other than banks; and (3) the customs when the necessary conditions are met for the cross-border transfers of goods, as well as banknotes, securities, and gold.

#### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

Yes.

In accordance with UN sanctions

Slovenia maintains certain restrictions with regard to the Federal Republic of Yugoslavia (Serbia/Montenegro).

#### Payment arrears

No.

Controls on trade in gold (coins and/or bullion)

n.r.



**Controls on exports and imports of banknotes****On exports***Domestic currency*

Natural persons (domestic and foreign) may take abroad up to SIT 300,000 a person. Foreign and domestic banks are allowed to take abroad cash exceeding that amount with prior approval of the BOS for each operation.

*Foreign currency*

Residents may take abroad up to the equivalent of DM 3,000; amounts exceeding DM 3,000 require prior approval from the BOS, except if exported by banks.

**On imports***Domestic currency*

Natural persons (domestic and foreign) may bring into the country up to SIT 300,000 a person. Foreign and domestic banks are allowed to bring into the country cash exceeding that amount with prior approval of the BOS.

*Foreign currency*

There are reporting requirements for cash and checks exceeding the equivalent of SIT 2.2 million for natural persons (domestic and foreign) according to regulations on money-laundering prevention.

**Resident Accounts****Foreign exchange accounts permitted****Held domestically**

Resident natural persons are allowed to open and operate foreign currency accounts without restriction. Resident juridical persons are allowed to maintain accounts in connection with payments falling under the Law on Foreign Exchange Business.

**Held abroad**

Only banks licensed for foreign payments may maintain accounts abroad; resident natural persons are not allowed to do so. Resident juridical persons, other than banks, may maintain accounts abroad only in specific cases. Approval of the BOS is required.

**Accounts in domestic currency convertible into foreign currency**

Yes.

**Nonresident Accounts****Foreign exchange accounts permitted**

Withdrawals in cash from these accounts are limited to the equivalent of SIT 250,000 a month; amounts exceeding this limit are subject to BOS approval.

**Domestic currency accounts**

Tolar cash withdrawals are limited to SIT 250,000 a month; withdrawals exceeding this amount are subject to prior approval of the BOS.

**Convertible into foreign currency**

Yes.

**Blocked accounts**

These accounts are blocked for the implementation of UN resolutions and for reasons of national security in relation to the assets pertaining to entities from the former Federal Republic of Yugoslavia.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

Commercial banks may require documents verifying the purpose of the transaction before effecting payment.

**Import licenses and other nontariff measures**

Licensing requirements in the form of permits, for the purpose of control only, have been retained for specific groups of goods (e.g., drugs, explosives, precious metals, and arms and ammunition), and for security and public health reasons, in accordance with international conventions and codes.

Licenses with quotas	Slovenia maintains a system of import quotas applicable only to certain textile products. There are annual import quotas, which are allocated to relevant associations of the Chamber of Commerce of Slovenia. Quotas are not applied to imports from countries with which Slovenia has free trade agreements.
Import taxes and/or tariffs	There are customs and specific duties that are applied in accordance with the WTO schedule, except for agricultural products, which, under the Customs Tariff of the Republic of Slovenia, are bound at the ad valorem rate of 27%. For some processed agricultural products, the bound rate is 70%, but it shall be reduced to 45% in equal annual installments by the year 2000. For industrial products the bound rate is 27%.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	Exporters are free to agree on payment terms with foreign importers. However, if the collection of export proceeds is delayed by more than one year, the transactions must be registered with the BOS as credit arrangements. Once received, export proceeds must be repatriated.
Surrender requirements	Exporters have two business days to sell their proceeds to importers at a freely negotiated exchange rate or to use the proceeds for payments abroad. After that term, they must sell their proceeds to an authorized bank.
Financing requirements	No.
Documentation requirements	No.
Export licenses	Except for certain items that are subject to licensing for security or health reasons, in accordance with the international conventions and codes, exports are not restricted.
Without quotas	Yes.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	Residents are not allowed to purchase insurance abroad, except in the case of reinsurance by insurance companies.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes.
Surrender requirements	Yes.
Restrictions on use of funds	No.

### Capital Transactions

#### Controls on capital and money market instruments

On capital market securities	Foreign securities may be offered in Slovenia only with the prior approval of the Agency for Securities Market, by domestic brokerage companies and licensed banks.
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#### *Shares or other securities of a participating nature*

Purchase locally by nonresidents	Except for the purchases of shares representing nonresidents' participation in voting power or capital of domestic companies of more than 10%, as well as purchases of shares in the
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	primary market, purchases in the country by nonresidents of the secondary market-traded securities and derivatives must be conducted through the custody accounts established with the licensed domestic banks, and held either in tolar or in foreign currency. Commercial banks are obliged to pay a premium in relation to the balances held in the custody accounts. The premium is set quarterly by the BOS and is not charged in connection with the balances held with respect to purchases of shares committed for four years or more.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Banks are allowed to purchase securities abroad. Provisions regulating direct investments abroad are applied for portfolio investments by nonbanks.
Sale or issue abroad by residents	The same regulations apply as for purchases in the country by nonresidents.
<i>Bonds or other debt securities</i>	
Purchase locally by nonresidents	Purchases of bonds in private placements are treated as credit transactions.
Sale or issue locally by nonresidents	Banks are allowed to purchase foreign debt securities. Provisions regulating credit operations are applied for purchases of bonds and other debt securities in the primary market by nonbanks; purchases in the secondary market are not allowed for nonbanks.
Purchase abroad by residents	The same regulations apply as for shares and other securities of a participating nature.
Sale or issue abroad by residents	Provisions regulating credit operations are applied for the sale or issue of bonds and other debt securities abroad by residents.
On money market instruments	The same regulations apply as for capital market securities.
On collective investment securities	The same regulations apply as for capital market securities.
<b>Controls on derivatives and other instruments</b>	The same regulations apply as for capital market securities.
<b>Controls on credit operations</b>	
Financial credits	
<i>By residents to nonresidents</i>	Domestic banks and the Slovenian Export Corporation may extend financial credits to nonresidents in accordance with their business strategy. Domestic companies, other than banks, may extend financial credits to affiliated companies.
<i>To residents from nonresidents</i>	The deposit requirement for financial loans was lifted effective February 1, 1999. The imposition of deposit as regards the foreign financial loans, other than loans borrowed abroad by commercial banks, the Republic of Slovenia, and the Slovenian Export Corporation, remains at the discretion of the BOS as a temporary measure. A non-interest-bearing deposit of up to 30% held with the BOS may be imposed for a period of two years from the date of disbursement.
<b>Controls on direct investment</b>	
Outward direct investment	Domestic juridical persons must obtain permission of the MOF. The permission is granted provided that (1) the domestic company has been operating with profit, and the funds used do not exceed the amount of the latter; and (2) the taxes and the customs have been paid in the country. Domestic natural persons need to inform the MOF of any investment made abroad.
Inward direct investment	Registration of foreign direct investments or establishment of (wholly or partially) foreign-owned companies is subject to the same conditions as those of domestic entities. Companies must be registered at the local Court of Justice, which should inform the Ministry of Economic Cooperation and Development accordingly. Wholly foreign-owned companies are not allowed in the military equipment field, rail and air transport, communications and telecommunications, insurance, publishing, and mass media. Furthermore, in the following sectors, foreign participation is limited: auditing companies, stockbroker companies, management companies for investment funds, and authorized management companies. Foreign qualified participation in banks or establishment of subsidiaries of foreign banks is subject to the prior approval of the BOS. Foreign acquisition of more than 25% of shares of newly privatized companies is subject to governmental approval (applies to foreign and domestic persons).

<b>Controls on liquidation of direct investment</b>	Transfer of proceeds is free of any restrictions after all obligations in Slovenia have been met. Transfer of proceeds from realization of inheritance is free if the principle of reciprocity is guaranteed between Slovenia and the country of the recipient.
<b>Controls on real estate transactions</b>	
Purchases abroad by residents	Purchases that do not constitute outward direct investments are free.
Purchase locally by nonresidents	Nonresidents may acquire the right to own real estate pursuant to the provisions of a law or an international agreement, under condition of reciprocity. Foreign states, however, may acquire right to own property affixed to land used by them for diplomatic and consular purposes. Furthermore, foreigners may acquire a title to land only by inheritance, provided that reciprocity of such right of acquisition is recognized.
<b>Controls on personal capital movements</b>	
Loans	As of February 1, 1999, individuals were allowed to contract loans with nonresidents.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Maintenance of accounts abroad	Authorized domestic banks are permitted to hold accounts with foreign banks, provided that they meet credit solvency requirements of the country in which the foreign bank has its headquarters. Domestic banks must report these accounts to the BOS.
Lending locally in foreign exchange	Domestic authorized banks are allowed to extend credits in foreign currency to domestic persons, other than natural persons. The funds so obtained may be used for payments abroad or for refinancing of the existing obligations from previously extended credits pursuant to this regulation.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Banks, savings banks, and credit cooperatives are obliged to hold minimum reserves with the BOS. The required reserve ratios are applied only on tolar deposits.
<i>Liquid asset requirements</i>	Banks are required to hold reserves in foreign exchange in the form of liquid assets abroad and investments in foreign currency bills issued by the BOS (at least 60% of the requirement), to ensure overall liquidity of payments abroad and to fulfill their obligations to holders of deposits in foreign exchange, both domestic and foreign persons. Correspondingly, the volume of household as well as of nonresident deposits in foreign exchange are taken into account for the calculation of the prescribed amount.
<b>Investment regulations</b>	
<i>Abroad by banks</i>	MOF approval is required in the case of outward direct investment.
<i>In banks by nonresidents</i>	BOS approval is required.
Open foreign exchange position limits	Since October 1, 1998, banks are required to limit their daily foreign exchange exposure to 20% of their capital. As of November 1, 1998, banks are required to limit their monthly average foreign exchange exposure to 10% of their capital.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	The Law on Insurance Companies and the Law on Investment Funds and Management Companies establish that: <ol style="list-style-type: none"> <li>(1) Insurance stock companies may not be owned only by nonresidents;</li> <li>(2) Nonresidents may become stockholders of insurance companies only with the approval of the MOF;</li> <li>(3) If the majority of shares are owned by nonresidents, insurance companies may not provide reinsurance;</li> <li>(4) Mutual insurance funds should be owned only by residents;</li> </ol>

	(5) Management companies may be owned by nonresidents by more than 20% of shares only with the approval of the Agency for Securities Market;
	(6) Authorized management companies (i.e., those authorized to manage investment companies that collect vouchers in the privatization process) may be owned by more than 10% of shares only with the approval of the Agency for Securities Market and the Ministry for Economic Affairs and Development; and
	(7) Investment stock companies' investments in foreign securities (closed investment fund) may not exceed 10% of total investments.
	Only foreign securities of explicitly stated stock exchange by the Agency for Securities Market are eligible. The Law on Pension Insurance establishes that the capital fund of the Pension Insurance Stock Company is owned by the Republic of Slovenia. Voluntary pension funds for extra pension rights are subject to rules for insurance stock companies.
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Yes.
Limits (max.) on portfolio invested abroad	Yes.
Limits (min.) on portfolio invested locally	Yes.
<b>Other controls imposed by securities laws</b>	The Law on Securities Market imposes restrictions on ownership by nonresidents of licensed market participants-brokers. Nonresidents may own up to 24% of the capital of a broker's company only with the approval of the Agency for Securities Market.

### Changes During 1998

#### Capital transactions

Provisions specific to commercial banks and other credit institutions	<i>October 1.</i> Banks were obliged to limit their daily foreign exchange exposure to 20% of their capital.  <i>November 11.</i> Banks were obliged to limit their monthly foreign exchange exposure to 10% of their capital.
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### Changes During 1999

<b>Resident accounts</b>	<i>April 30.</i> Resident juridical persons were allowed to maintain foreign exchange accounts with authorized domestic banks. Residents may open and maintain accounts abroad under the conditions set by the BOS (i.e., resident natural persons are not permitted, while resident juridical persons, other than banks, are permitted to open such accounts only in specific cases).
<b>Exports and export proceeds</b>	<i>April 30.</i> Exporters were given the option to sell the proceeds or to put them in their foreign exchange account held with an authorized domestic bank.
<b>Capital transactions</b>	
Controls on capital and money market instruments	<i>February 1.</i> The new foreign exchange law introduced changes in the rules on issuing and selling securities.
Controls on credit operations	<i>February 1.</i> The deposit requirement for financial loans was eliminated.
Controls on direct investment	<i>February 1.</i> Foreign banks were allowed to open branches in Slovenia.  <i>April 30.</i> Outward direct investment must be reported to the MOF within 30 days, and inward direct investments are not possible in the field of military equipment and in the field of mandatory pension and health insurance financed by the budget. In other sectors, foreign investments are free, unless restricted by a special law.

Controls on personal capital movements

*February 1.* Individuals were allowed to contract loans with nonresidents.

Provisions specific to commercial banks and other credit institutions

*January 1.* The method for calculating liquid asset requirements for banks has been changed.

*January 31.* Banks were allowed to increase their net foreign indebtedness.

*February 1.* The interest-free deposit requirement in relation to deposits of foreign banks was eliminated.

*February 1.* Banks were allowed to raise short-term loans abroad and the interest-free deposit requirement for pure financial loans with maturities of up to 7 years was lifted.

*April 30.* Funds obtained through foreign exchange loans contracted with authorized domestic banks must be used only for import payments and for settlement of foreign obligations.

# SOLOMON ISLANDS

(Position as of March 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: July 24, 1979.

### Exchange Arrangement

#### Currency

The currency of the Solomon Islands is the Solomon Islands dollar.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The exchange rate for the Solomon Islands dollar is pegged to a trade-weighted basket of the currencies of the Solomon Islands' four major trading partners. The Central Bank of the Solomon Islands (CBSI) provides the commercial banks with daily limits on the buying and selling rates for the U.S. dollar in transactions with the CBSI and the public. The commercial banks in the Solomon Islands are free to determine their exchange rates for all other foreign currencies.

#### Exchange tax

A tax of SI\$3 is levied on sales of foreign exchange exceeding SI\$3,000.

#### Exchange subsidy

No.

#### Forward exchange market

Commercial banks may enter into forward contracts with residents of the Solomon Islands in any currency.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Contractual commitments in a foreign currency to nonresidents may be met only by payments in the currency specified in the contract. Export proceeds may be received in any foreign currency or in Solomon Islands dollars from an account of an overseas bank with a bank in the Solomon Islands.

#### Payment arrangements

No.

#### Administration of control

Exchange control is administered by the CBSI through the Foreign Exchange Control Regulations (1977). The CBSI delegates extensive powers to commercial banks, which have been appointed authorized dealers in foreign exchange and may approve certain transactions up to specified limits. On March 2, 1998, these limits were increased to US\$25,000 from US\$5,000.

#### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

Certain restrictions have been imposed on the making of payments and transfers for current international transactions in respect of the Federal Republic of Yugoslavia (Serbia/Montenegro).

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade

Only Solomon Islands nationals may be granted a license to pan for alluvial gold. The CBSI is authorized to buy, sell, and hold gold but has not yet undertaken any such transactions. Commercial mining companies require a license from the Ministry of Natural Resources (MONR) to mine gold.

Controls on external trade

Commercial banks and all other residents are required to obtain a permit issued by the MONR to mine, buy, or export gold.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

Travelers may not take out amounts in excess of SI\$250 without the approval of the CBSI, which is not normally given.

**On imports***Foreign currency*

Nonresidents visiting the Solomon Islands may bring in any amount of currency for travel expenditures.

**Resident Accounts****Foreign exchange accounts permitted**

Resident companies may obtain CBSI approval to hold these accounts in cases where there is a genuine need. As of March 1, 1999, exporters were allowed to hold 20% of their export proceeds in foreign currency accounts. The accounts may be opened only in one currency chosen by the exporter.

**Held domestically**

These accounts are permitted, but prior approval is required.

**Held abroad**

These accounts are permitted, but prior approval is required.

**Accounts in domestic currency convertible into foreign currency**

Yes.

**Nonresident Accounts****Foreign exchange accounts permitted**

Foreign exchange accounts may be held, but proof of bona fide need and prior approval are required.

**Domestic currency accounts**

These accounts can be held only at authorized foreign exchange dealers.

**Convertible into foreign currency**

Balances may be transferred abroad with the approval of the CBSI or authorized dealers.

**Approval required**

CBSI approval is required for these accounts to be credited from Solomon Islands sources.

**Blocked accounts**

n.a.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

Authorized dealers are permitted to approve most transactions up to SI\$25,000 without reference to the CBSI.

**Import licenses and other nontariff measures**

No.

**Import taxes and/or tariffs**

The rate of import levy is 8%.

**Taxes collected through the exchange system**

A tax of SI\$3 is levied on sales of foreign exchange exceeding SI\$3,000.

**State import monopoly**

No.

**Exports and Export Proceeds****Repatriation requirements**

Proceeds must be received within three months of the date of exportation.



Surrender requirements	Export proceeds must be sold promptly to an authorized dealer. Exporters, however, are allowed to retain 20% of their export earnings as of March 1, 1999.
Financing requirements	No.
Documentation requirements	
Preshipment inspection	Goods exported are inspected by customs officers.
Export licenses	Residents may export goods other than round logs without exchange control formalities, but they must comply with the terms of a general authorization issued by the CBSI. Exports of round logs require specific authority from the CBSI upon presentation of a market price certificate issued by the Ministry of Forestry, Conservation, and Environment.
Without quotas	If exporters cannot meet the conditions of a general authorization (repatriation, surrender, or market level price requirements), they must apply to the CBSI for a specific authorization. Authorization is not needed for goods valued under SI\$250 in any one consignment or for certain exempt categories of goods, including most personal effects of passengers.
Export taxes	Exports of logs are subject to an export duty of 35% if valued up to SI\$250 per cubic meter and 38% if of greater value.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

##### Investment-related payments

<i>Prior approval</i>	Approval is readily granted for the repayment of loans contracted overseas and for payments of services and remittances of dividends, profits, and other earnings accruing to non-residents from companies in the Solomon Islands, provided it can be shown they are properly due.
<i>Quantitative limits</i>	Amortization of loans or depreciation of direct investments for the limit is based on a previously approved repayment schedule.
<i>Indicative limits/bona fide test</i>	Yes.

##### Payments for travel

<i>Prior approval</i>	Approval is normally given for the purchase of foreign currency for travel. Applications for travel funds must be submitted to an authorized dealer, and presentation of passports and airline tickets is required.
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##### Personal payments

<i>Prior approval</i>	Approval is readily granted. In the case of medical costs, the application must be supported by an invoice from the medical practitioner, or educational institution for studies abroad.
<i>Indicative limits/bona fide test</i>	Yes.

##### Foreign workers' wages

<i>Prior approval</i>	Approval is readily granted for the remittance of funds of temporary residents.
<i>Indicative limits/bona fide test</i>	Yes.

##### Credit card use abroad

<i>Prior approval</i>	Yes.
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##### Other payments

<i>Prior approval</i>	Approval is readily granted.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes.
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Surrender requirements	Approval is required for the disposal of proceeds other than by sale to an authorized dealer.
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	CBSI approval is required for all transactions.
Controls on derivatives and other instruments	There are controls on all transactions in derivatives and other instruments.
Controls on credit operations	Only the acceptance of guarantees, sureties, and financial backup facilities from nonresidents is not controlled.
Controls on direct investment	
Outward direct investment	Investment by resident individuals or by companies and other organizations operating in the Solomon Islands is subject to certain limitations and when it is likely to be of benefit to the Solomon Islands.
Inward direct investment	Approval by the Foreign Investment Board (FIB) is required for initial or increased foreign investment.
Controls on liquidation of direct investment	Approval is readily given for the transfer of proceeds. Sales of investments by nonresidents to either a resident or a nonresident requires FIB approval.
Controls on real estate transactions	
Purchase abroad by residents	Yes.
Controls on personal capital movements	Only the transfer of assets into the country by immigrants is not controlled.
Provisions specific to commercial banks and other credit institutions	
Borrowing abroad	Yes.
Lending to nonresidents (financial or commercial credits)	Yes.
Lending locally in foreign exchange	Yes.
Purchase of locally issued securities denominated in foreign exchange	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Liquid asset requirements</i>	There is a 40% requirement.
Differential treatment of deposit accounts held by nonresidents	
<i>Reserve requirements</i>	Yes.
<i>Liquid asset requirements</i>	Yes.
Investment regulations	
<i>Abroad by banks</i>	Yes.
Open foreign exchange position limits	Effective June 1, 1998, the limits set for each commercial bank were increased to SI\$2.5 million.
Provisions specific to institutional investors	Insurance companies must obtain permission from the Commissioner of Insurance to remit reinsurance premia abroad.
Other controls imposed by securities laws	No.

**Changes During 1998****Exchange arrangement**

*September 15.* The daily exchange rate calculation was changed from monthly discretionary adjustments to fixed movement against the currency basket. The exchange rate arrangement of Solomon Islands was reclassified from "Managed Floating with no Preannounced Path for the Exchange Rate" to "Other Conventional Fixed Peg Arrangements" (including de facto peg arrangements under managed floating).

**Arrangements for payments and receipts**

*March 2.* Authorized dealers' authority to approve transactions was increased to US\$25,000.

**Capital transactions**

Provisions specific to commercial banks and other credit institutions

*June 1.* Commercial banks' open position limits were increased to SI\$2.5 million for each bank.

**Changes During 1999****Resident accounts**

*March 1.* Exporters were allowed to retain 20% of their export earnings in foreign currency accounts held with a domestic financial institution.

# SOMALIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

### Exchange Arrangement

Currency The currency of Somalia is the Somali shilling.

#### Exchange rate structure

Dual There are two exchange markets: (1) the official market, comprising the Central Bank of Somalia (CBS) and the two commercial banks operating as authorized dealers (the rate in this market applies to imports of goods and services and debt-service payments of the government); and (2) a free market, in which the exchange rate is freely negotiated between resident holders of foreign exchange accounts, that is, export/import accounts and external accounts.

#### Classification

Independently floating The exchange rate of the Somali shilling is determined in the free market by supply and demand.

Exchange tax No.

Exchange subsidy No.

Forward exchange market No.

## Arrangements for Payments and Receipts

Prescription of currency requirements Settlements with other countries must be made in Somali shillings or in specified currencies (dollars, euro, Djibouti francs, Kuwaiti dinars, Saudi Arabian riyals, Swiss francs, U.A.E. dirhams, and pounds sterling); however, residents are not permitted to make settlements with Israel or South Africa.

Payment arrangements n.a.

Administration of control Exchange licensing is the responsibility of the CBS.

International security restrictions n.a.

Payment arrears Yes.

#### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade Residents may hold and acquire, for numismatic purposes only, gold coins that are not legal tender in any country. With this exception, residents other than the monetary authorities and authorized industrial users are not allowed to hold or acquire gold in any form other than jewelry.

Controls on external trade Imports and exports of gold in any form other than jewelry require the permission of the CBS; permission is not normally granted except for imports and exports by or on behalf of the monetary authorities and industrial users. Gold imported by jewelers must be melted down within one month to a fineness of not more than 22 karats. Imports of gold that originate in member countries of the EU are exempt from customs duty; imports from elsewhere are subject to a 10% duty.

#### Controls on exports and imports of banknotes

On imports

##### *Domestic currency*

Nonresidents may bring in with them up to So. Sh. 1,000. Nonresident Somalis and foreign national travelers without diplomatic status are required, upon their arrival in Somalia, to

convert at least \$100 or its equivalent to Somali shillings at the airport branch of the Commercial and Savings Bank, which acts on behalf of the CBS.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	These accounts may be credited with foreign exchange transferred from abroad and may be debited for any external payment. Residents may transfer funds to other external accounts. Funds in these accounts may be used for invisible payments as well as for merchandise import payments. All transactions between residents and nonresidents taking place through external accounts are effected at the official exchange rate.
	Exporters of goods and services may deposit 40% of their foreign exchange proceeds from exports into export/import accounts. Funds in these accounts may be sold to importers holding export/import accounts and may be used only for merchandise import payments.
Held domestically	Yes.
Held abroad	No.
<b>Accounts in domestic currency convertible into foreign currency</b>	n.a.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Nonresident accounts in foreign currency and external accounts in dollars may be opened with the CBS by foreign embassies, international institutions, and nonresidents.
<b>Domestic currency accounts</b>	n.a.
<b>Blocked accounts</b>	n.a.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	All payments for private imports must be effected through LCs. Private importers may establish LCs for imports at a commercial bank on the basis of foreign exchange made available for that purpose through a foreign currency account with the commercial bank; in such a case, the foreign exchange involved is kept in a suspense account until the time of settlement of the LCs.
Advance payment requirements	Yes.
Advance import deposits	A non-interest-bearing cash advance deposit of 100% is required to open LCs for private sector imports; the deposit is retained until the LCs are settled.
<b>Documentation requirements for release of foreign exchange for imports</b>	
Letters of credit	Yes.
<b>Import licenses and other nontariff measures</b>	Imports of alcohol, tobacco and tobacco products, crude oil and petroleum products, medical and pharmaceutical products, explosives, precious metals, jewelry, and minerals are subject to prior approval. All other items, except those prohibited for reasons of public safety and social policy, may be imported freely.
Negative list	Yes.
Other nontariff measures	Imports of goods originating in or shipped from Israel and South Africa are prohibited.
<b>Import taxes and/or tariffs</b>	n.a.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	All proceeds must be repatriated.
Surrender requirements	Exporters of bananas and livestock may retain 40% of their foreign exchange receipts in export/import accounts and must surrender the remainder to the CBS or to authorized dealers. Exporters of nontraditional goods may retain 70% of their export earnings.
<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	For exports other than those made under LC arrangements, an advance payment deposit of 100% of the value of exports is required.
<b>Export licenses</b>	Exports and reexports to Israel are prohibited. Bananas are exported only by SOMAL-FRUIT (previously, the National Banana Board). The exportation of various types of ivory, hides and skins, and minerals is subject to prior approval.
Without quotas	Yes.
<b>Export taxes</b>	A tax of 25% is levied on exports of livestock on the basis of minimum export prices used for purposes of duty collection.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments to Israel are prohibited. To prevent unauthorized capital transfers, payments for current invisibles through external accounts, as well as through the commercial banks selling foreign exchange on their own account, are subject to licensing.
Trade-related payments	
<i>Prior approval</i>	Yes.
Investment-related payments	Information is not available on the payment of amortization of loans and depreciation of direct investments.
<i>Prior approval</i>	Yes.
Payments for travel	The CBS provides foreign exchange only for official travel expenses. Foreign exchange for private travel expenses may be purchased only from holders of external accounts, with the approval of the CBS.
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	There is a limit of \$200 a person a trip for business and tourist travel.
<i>Indicative limits/bona fide test</i>	The CBS may approve applications for larger amounts in exceptional cases.
Personal payments	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	The limit is \$3,000 a year for medical costs. The limit is \$1,000 a year for studies abroad.
<i>Indicative limits/bona fide test</i>	The CBS may approve applications for larger amounts in exceptional cases for medical costs and studies abroad.
Foreign workers' wages	Transfers of salaries, wages, gratuities, and allowances paid in Somalia to foreign personnel by enterprises registered under the Foreign Investment Law are allowed up to 50%.
Other payments	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Information is not available on the payment of subscription and membership fees.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Proceeds from invisibles must be repatriated and declared.
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Surrender requirements	Exporters of services may retain up to 40% of their foreign exchange receipts in external accounts; they must surrender the remainder to the CBS or to authorized dealers within five business days of their receipts.
Restrictions on use of funds	n.a.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Capital transactions are subject to licensing unless they are authorized by the Foreign Investment Law.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
On money market instruments	
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
On collective investment securities	
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	n.a.
<b>Controls on credit operations</b>	There are controls on all credit operations.
<b>Controls on direct investment</b>	
Outward direct investment	Yes.
Inward direct investment	Investments must obtain approval from the Foreign Investment Board, which reviews proposals on a case-by-case basis, within a 60-day period.
<b>Controls on liquidation of direct investment</b>	Foreign investment (original investment plus any profit reinvested) may be freely repatriated five years from the date of the registration of the original investment. Repatriation may be effected in convertible currency or, at the investor's option, in the form of physical assets. The Foreign Investment Board may reduce the above-mentioned five-year period. Capital gains resulting from the sale of shares or liquidation of assets are freely transferable after taxes are paid.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Yes.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	n.a.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

## **SOUTH AFRICA**

*(Position as of February 28, 1999)*

### **Status Under IMF Articles of Agreement**

#### **Article VIII**

Date of acceptance: September 15, 1973.

#### **Exchange Arrangement**

##### **Currency**

The currency of South Africa is the South African rand.

##### **Other legal tender**

Certain gold coins, including the Krugerrands, are legal tender.

##### **Exchange rate structure**

Unitary.

##### **Classification**

##### **Independently floating**

The exchange rate of the rand is determined in the foreign exchange market. The authorities of South Africa do not maintain margins with respect to exchange transactions, but may intervene occasionally in the exchange market to affect rates quoted by the commercial banks. The principal intervention currency is the dollar.

##### **Exchange tax**

No.

##### **Exchange subsidy**

No.

##### **Forward exchange market**

Subject to certain limitations, authorized dealers are permitted to conduct forward exchange operations, including cover for transactions by nonresidents. They are also permitted to provide forward exchange cover in any foreign currency to residents for any firm and ascertained foreign exchange commitments and accruals due to or by nonresidents arising from authorized trade and nontrade transactions. Forward exchange contracts may cover the entire period of the outstanding commitments or accruals. Subject to certain limitations, forward exchange cover may also be provided to nonresidents. Gold mining companies and houses may sell forward anticipated receipts of their future gold sales.

##### **Official cover of forward operations**

The South African Reserve Bank (SARB) no longer provides long-term forward cover. The SARB may, however, favorably entertain requests to buy dollars outright forward. The SARB participates only in the short-term (maturities not exceeding 12 months) forward market at its own initiative and on prices quoted in the market by authorized dealers.

### **Arrangements for Payments and Receipts**

##### **Prescription of currency requirements**

All countries outside the CMA constitute the nonresident area. The rand is legal tender in Lesotho and Namibia but not in Swaziland. Settlements by or to residents of the CMA with the nonresident area may be made in rand to and from a nonresident account and in any foreign currency (except the currencies of Lesotho, Namibia, and Swaziland). Lilangeni banknotes issued by Swaziland, loti banknotes issued by Lesotho, and Namibia dollar banknotes issued by Namibia are freely convertible into rand at par, but they are not legal tender in South Africa.

##### **Payment arrangements**

##### **Regional arrangements**

South Africa is part of the CMA. Payments within the CMA are unrestricted.

##### **Administration of control**

Exchange licensing is the responsibility of the Treasury, which has delegated this authority to the SARB; in turn, the SARB has permitted dealers to deal with most transactions without prior reference to the SARB.

##### **International security restrictions**

##### **In accordance with UN sanctions**

South Africa maintains restrictions on current payments and transfers to Iraq.

##### **Payment arrears**

No.



**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade

Residents of South Africa may purchase, hold, and sell gold coins in South Africa for numismatic purposes and investment, but only monetary authorities, authorized dealers, registered gold producers, and authorized industrial and professional users are allowed to purchase, hold, or sell gold in any form other than jewelry. Gold producers may elect to sell their total output to approved counterparties, provided the SARB has given the necessary exemption from the relevant exchange control regulations. This includes sales to foreign counterparties. The current exchange control regulations pertaining to the repatriation of export proceeds remain applicable to gold exports. The mint strikes gold coins and the Kruggerand, which are legal tender, without a face value, and these are made available in limited numbers to the local market.

Controls on external trade

All exports of gold must be approved in advance by the SARB. Authorized dealers have been permitted by the SARB to approve exports of jewelry constituting the personal effects of a traveler up to a value of R 50,000 (subject to a written declaration that the jewelry will be brought back to South Africa on the traveler's return); and for exports of gold jewelry by manufacturing jewelers, subject to a written declaration that the articles are in fully manufactured form and that the gold content of each does not exceed 85% of the selling price to the ultimate consignee. Furthermore, after approval by the SARB, residents are allowed to export currency coins, including certain gold coins, for sale to numismatists.

**Controls on exports and imports of banknotes**

On exports

*Domestic currency*

From March 25, 1998, banknotes up to R 5,000 may be exported, but this amount is not regarded as part of the basic travel allowance. The limitation does not apply to migrant workers returning to neighboring countries, who are permitted to take with them reasonable amounts in banknotes. There are no limitations on the exportation of domestic currency to Lesotho, Namibia, and Swaziland. Foreign visitors leaving South Africa may take with them up to R 5,000 in SARB banknotes.

From September 2, 1998, South African banknotes repatriated from Angola, Botswana, Democratic Republic of Congo, Malawi, Mozambique, Seychelles, Tanzania, Zambia, and Zimbabwe may be remitted upon providing documentary evidence that they were not exported from the Republic in contravention of the exchange control regulations. The consignment of banknotes must be accompanied by the confirmation of the repatriating bank that the banknotes were acquired from bona fide travelers from South Africa in amounts not exceeding R 5,000 per capita.

*Foreign currency*

Residents and contract workers leaving South Africa for destinations outside the CMA may take out their allowance in foreign banknotes. Foreign visitors leaving South Africa may take with them any amount of foreign banknotes brought into the country or obtained through the disposal of instruments of exchange brought into and converted in South Africa.

On imports

*Domestic currency*

On March 25, 1998, the limit on banknotes that may be imported from countries outside the CMA was increased to R 5,000. There are no limitations on the importation of domestic currency from Lesotho, Namibia, and Swaziland.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically

Natural persons may hold foreign currency deposits with authorized dealers. Effective March 11, 1998, the requirement to complete forms A and E in respect of sales and purchases of foreign exchange, respectively, was increased to R 50,000 from R 40,000.

Held abroad

Approval is granted based on the merit of the application, and in most circumstances only if it can be demonstrated that the management of trade receipts and payments can be

facilitated. South African natural persons may invest abroad up to an amount of R 400,000 and may retain abroad foreign-earned income. No prior approval is required to open foreign bank accounts for these purposes. Effective February 23, 1998, the limit for investment abroad was increased to R 500,000.

**Accounts in domestic currency convertible into foreign currency**

No.

### Nonresident Accounts

**Foreign exchange accounts permitted**

From June 19, 1998, authorized dealers are required to open separate nonresident accounts on behalf of nonresident clients in order to distinguish between normal clearing accounts and foreign exchange trading accounts. The aim of this requirement is to isolate these transactions for monitoring purposes and does not affect the transferability of funds.

**Approval required**

Foreign currency accounts may be opened for nonresidents and the transferability of the funds is not restricted. The requirement to complete forms A and E in respect of sales and purchases of foreign exchange is R 50,000, respectively.

**Domestic currency accounts**

These accounts may be credited with all authorized payments by residents, with the proceeds of sales of foreign currency to authorized dealers, and with payments from other nonresident accounts. They may be debited for payments to CMA residents for any purpose (other than loans); for payments to nonresidents for any purpose, by transfer to a local nonresident account or for remittance to any country outside the CMA; for the cost of purchases of any foreign currency; and for payments to account holders residing in South Africa for short periods.

**Convertible into foreign currency**

Yes.

**Blocked accounts**

These accounts are opened for emigrants from the CMA and are subject to exchange control restrictions. Cash or proceeds from any other South African asset held at the time of departure and subsequently sold must be credited to this type of account. These funds may not be transferred abroad or to another emigrant blocked account in South Africa but must be retained on deposit with an authorized dealer and used within certain limits for the holder's living expenses while visiting South Africa, for other specified payments to residents, or for investment in any locally quoted securities (such securities may not, however, be exported and sold abroad).

### Imports and Import Payments

**Foreign exchange budget**

No.

**Financing requirements for imports**

**Advance payment requirements**

Payments are allowed before the date of shipment or dispatch, except for capital goods imports. Authorized dealers may permit, without the SARB's approval, advance payment of up to 33.3% of the ex-factory cost of capital goods if suppliers require it or if it is normal in the trade concerned.

**Documentation requirements for release of foreign exchange for imports**

Importers are automatically granted foreign exchange to pay for current imports upon presenting to their bank the necessary transport and consignment documents (proof of importation) and an import permit when required.

**Import licenses and other nontariff measures**

**Positive list**

Imports that do not require a permit include all goods from Botswana, Lesotho, Malawi, Namibia, Swaziland, and Zimbabwe that are grown, produced, or manufactured in these countries, with the exception of a limited range of agricultural products from Malawi and Zimbabwe.

**Negative list**

The negative list includes all used goods, including waste and scrap; fish, crustaceans, and mollusks; dairy products; dried fruit; black tea; certain vegetables and agricultural

products; wines; mineral fuels; radioactive chemicals; new pneumatic tires; gold; certain minerals; firearms; gambling machines; ozone-depleting substances; and footwear and footwear components. All importers requiring import permits for trade or manufacturing purposes must be registered with the Sub-directorate of Import and Export Control. The permits are valid for imports from any country.

**Licenses with quotas**

Import quotas apply to certain agricultural and a number of manufactured products, including clothing and textiles imported from Zimbabwe supported with a Quota and Origin Certificate issued by the Ministry of Industry and Commerce of Zimbabwe.

**Import taxes and/or tariffs**

Tariff rates range up to 69%.

**State import monopoly**

No.

### Exports and Export Proceeds

**Repatriation requirements**

Unless otherwise permitted, all export proceeds must be remitted to South Africa within 30 days of accrual. Effective March 11, 1998, exporters may retain export proceeds for 180 days after accrual or date of shipment, whichever comes first, in customer foreign currency accounts with authorized dealers.

**Surrender requirements**

Unless otherwise permitted, all export proceeds must be offered for sale within six months of the date of shipment or 30 days of the date of accrual, whichever is sooner. Except for exports made on a cash-on-delivery basis or those for which the full proceeds are received in advance, exporters are permitted to cover forward their export proceeds.

**Financing requirements**

Authorized dealers may permit exporters to grant credit for up to 12 months, provided the credit is necessary in that particular trade or needed to protect an existing export market or capture a new one.

**Documentation requirements**

All exports over R 50,000 must be supported by the prescribed declaration on forms F178 or N.E.P., irrespective of the country of destination of the goods.

**Export licenses**

**Without quotas**

Certain agricultural and manufactured goods exported outside the SACU require export permits. In addition to an export permit, military equipment, firearms, and ammunition require an export license issued by the Department of Defense.

**Export taxes**

No.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

Most limits have been removed. Documentary evidence must be produced at the time of applying for foreign currency.

**Trade-related payments**

*Indicative limits/bona fide test*

Authorized dealers may permit the transfer of commissions against documentary evidence confirming the amount involved, provided the rate of commission is normal in the particular trade.

**Investment-related payments**

*Prior approval*

Prior approval is required for the payment of amortization of loans or depreciation of direct investments.

**Payments for travel**

*Quantitative limits*

After March 13, 1998, South African residents traveling abroad for either business or holiday have been allowed a maximum of R 100,000 for each person 12 years and older, and R 30,000 for each child under 12 years, for a calendar year, without any daily limit, irrespective of the country of destination. Corporates qualify for an omnibus travel allowance of R 2,000,000 per calendar year. Effective February 23, 1999, the limit for holiday business was increased to R 120,000 from R 35,000 for children under 12 years.

<i>Indicative limits/bona fide test</i>	Exchange allowances in excess of the above limits may be provided with the approval of the SARB.
Personal payments	
<i>Quantitative limits</i>	Approval is required for living expenses for students of amounts exceeding R 100,000 a year, or R 200,000 if the student is accompanied by a spouse. The student holiday allowance is R 30,000 a year. Also, prior approval is required for amounts exceeding R 4,000 a month for a receiving family. There are no limits set for alimony payments, but a court order is required. Effective March 17, 1998, authorized dealers may effect maintenance transfers at a rate not exceeding R 4,000 per receiving family unit per month, provided the proposed beneficiaries are either the father, mother, brother, or sister of the applicant and are in necessitous circumstances.
Credit card use abroad	
<i>Prior approval</i>	Approval is not required in respect of travel expenditures.
<i>Quantitative limits</i>	Expenditure may not exceed 100% of the corresponding allowance.
Other payments	
<i>Prior approval</i>	Authorized dealers may permit technical service fees, legal fees, and court costs incurred outside the CMA against the production of documentary evidence confirming the amount involved. Authorized dealers may grant approval for royalty payments, provided the Department of Trade and Industry has approved the relevant royalty agreement. Authorized dealers may also permit the remittance of profits and dividends, provided it does not involve excessive use of local credit facilities. Income earned from securities held by non-residents is freely transferable to their country of residence.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	South African residents (private individuals) earning income abroad (from any source other than merchandise exports) may retain those funds abroad. Corporate entities are required to remit earnings within 30 days of accrual. Entities may retain the proceeds of services rendered for 180 days after accrual or date of service rendered, whichever comes first, in customer foreign currency accounts with authorized dealers.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Sale or issue locally by nonresidents	Only the issue of securities by nonresidents requires prior exchange control approval, which is not normally granted.
Purchase abroad by residents	Such purchases by resident individuals are allowed within the R 400,000 foreign investment limit. Resident institutions may acquire investments as part of their approved portfolio investments abroad.
Sale or issue abroad by residents	Approval is required. Servicing should be undertaken from foreign sources if the funds are employed abroad, or from domestic sources if the funds were transferred to South Africa.

##### *Bonds or other debt securities*

The same regulations apply as for shares or other securities of a participating nature.

##### On money market instruments

<i>Sale or issue locally by nonresidents</i>	These transactions are not allowed.
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<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
On collective investment securities	
<i>Purchase abroad by residents</i>	Such purchases by resident individuals are allowed within the R 400,000 foreign investment limit.
<b>Controls on derivatives and other instruments</b>	
Purchase locally by nonresidents	Nonresidents may freely purchase derivative instruments, options, and futures on the local formal market (SAFEX), but over-the-counter transactions require prior approval.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	Export credits may be granted for up to six months. Banks may, in certain circumstances, allow a further extension of six months. Longer-term credit requires exchange control approval. In respect of services, payment has to be received under the terms of the contract between the parties within a reasonable period after rendering the service.
Financial credits	
<i>By residents to nonresidents</i>	Financial credits, such as loans, may not be extended without prior approval. However, nonresident wholly owned subsidiaries may borrow locally up to 100% of the total shareholders' investment (i.e., the paid-up equity capital, preference shares, undistributed profits, shareholders' loans from abroad, and, in certain instances, the hard core of shareholders' trade credit). The ability to borrow locally increases with the size of local participation by a set formula, which is generally granted.
<i>To residents from nonresidents</i>	Prior approval, which is generally granted, is required to ensure that the repayment and servicing of loans do not disrupt the balance of payments, and that the level of interest rates paid is reasonable in terms of prevailing international rates. Firms are allowed to borrow abroad using their South African balance sheet as collateral in cases where the investment required exceeds the R 50 million limit (R 250 million in respect of SADC).
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	Guarantees or sureties for financial loans require approval but not for trade transactions. Performance bonds may be issued.
<b>Controls on direct investment</b>	
Outward direct investment	<p>Exchange control approval is required. Requests by companies are considered in light of national interest, such as the benefit to South Africa's international reserves by, for example, generating exports of goods and services. Companies may be allowed to transfer up to R 50 million to finance approved investments abroad; and up to R 250 million in SADC countries other than Namibia, Swaziland, and Lesotho, where funds already flow freely.</p> <p>Individuals over 18 years of age may invest up to R 400,000 overseas or in a foreign currency account in South Africa, provided they obtain a tax clearance certificate from the South African Revenue Service. There are no limits on the type of investment and no requirement to advise the authorities of how the funds are used. Income earned abroad and capital introduced into the Republic on or after July 1, 1997 by private individual residents in South Africa may be retransferred abroad, provided the authorized dealer concerned is satisfied that the income and/or capital had previously been converted to rand, by viewing documentary evidence confirming the amounts involved.</p>

**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

## Purchase abroad by residents

Such purchases by resident individuals are allowed within the R 400,000 foreign investment limit. Other purchases require prior exchange control approval.

**Controls on personal capital movements**

## Loans

*By residents to nonresidents*

Authorized dealers may allow the transfer of loans within a limit of R 10,000 an applicant during a calendar year. Larger loans by residents to nonresidents are generally not permitted.

*To residents from nonresidents*

Prior approval, which is generally granted, is required to ensure that the repayment and servicing of the loan do not disrupt the balance of payments, and that the level of interest paid is reasonable in terms of prevailing international rates.

## Gifts, endowments, inheritances, and legacies

*By residents to nonresidents*

Authorized dealers may allow the transfer of monetary gifts, including loans referred to above, within a limit of R 10,000 an applicant during a calendar year. Cash bequests and the cash proceeds of legacies and distributions from estates may be remitted abroad.

## Settlement of debts abroad by immigrants

Authorized dealers may provide immigrants with exchange to repay loans received in their previous country of domicile for the specific purpose of financing their relocation to South Africa, provided documentary evidence of the debt is available, and the immigrant is not in possession of foreign currency to repay the debt.

## Transfer of assets

*Transfer abroad by emigrants*

Emigrants are limited to a one-time total of R 400,000 a family (R 200,000 an individual), but this must include any previous investments overseas. All other assets remain blocked in South Africa. The emigrant is subsequently able to repatriate the annual income from those blocked assets, but is prohibited from exiting the assets, either by sale to South African residents or by asset swaps with either a foreign or South African counterpart. Authorized dealers may also authorize the export on form N.E.P. of any household and personal effects, motor vehicles, caravans, trailers, motorcycles, stamps, and coins (excluding coins that are legal tender in the Republic) for family unit or single person emigrating within the overall insured value of R 1 million.

**Provisions specific to commercial banks and other credit institutions**

## Borrowing abroad

All borrowing abroad by residents requires exchange control approval. Banks may contract short-term working capital loans and short-term trade finance, but all medium-term and long-term commitments require exchange control approval.

## Maintenance of accounts abroad

Banks may open nostro accounts at their discretion.

## Lending to nonresidents (financial or commercial credits)

Banks may lend up to R 20,000, provided that the total credit made available to an individual from any source does not exceed this amount. Exchange control approval is required for facilities exceeding this amount. Foreign investors are allowed to borrow domestically an amount of rand equal to the value of the foreign exchange they brought into South Africa.

## Lending locally in foreign exchange

Yes.

## Purchase of locally issued securities denominated in foreign exchange

There are no securities denominated in foreign exchange in South Africa.

## Differential treatment of deposit accounts in foreign exchange

*Reserve requirements*

Reserve requirements on all deposit accounts held by residents or nonresidents and denominated in either rand or foreign exchange are 2.5% of total deposit liabilities.

<i>Liquid asset requirements</i>	The requirement is 5% of adjusted total liabilities.
Investment regulations	Investment in immovable property and shares and loans or advances to certain subsidiaries are limited to 100% of capital plus reserves.
<i>Abroad by banks</i>	Prior approval of the Registrar of Banks and Exchange Control is required.
Open foreign exchange position limits	The limit is 15% of net qualifying capital plus reserves.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Yes.
Limits (max.) on portfolio invested abroad	On outward portfolio investment, the exchange control authority may authorize up to 15% of total South African assets for each qualifying institution (i.e., insurance companies, pension funds, unit trusts, management companies, and fund managers) to be invested abroad by way of an asset swap. Subject to the overall limit of 15% of total South African assets, long-term insurers, pension funds, and unit trusts through unit trust management companies were eligible to apply for authorization to avail themselves of foreign currency transfers of up to 5% of the net inflow of funds for the calendar year 1998, and an additional 10% in securities listed on stock exchanges in SADC countries.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Arrangements for payments and receipts</b>	<p><i>March 25.</i> The limit on banknotes that may be imported or exported was increased to R 5,000 from R 2,000.</p> <p><i>September 2.</i> South African banknotes repatriated from Angola, Botswana, Democratic Republic of Congo, Malawi, Mozambique, Seychelles, Tanzania, Zambia, and Zimbabwe may be remitted upon providing documentary evidence that they were not exported from the Republic in contravention of the exchange control regulations. The consignment of banknotes must be accompanied by the confirmation of the repatriating bank that the banknotes were acquired from bona fide travelers from South Africa in amounts not exceeding R 5,000 per capita.</p>
<b>Resident accounts</b>	<i>March 11.</i> The requirement to complete forms A and E in respect of sales and purchases of foreign exchange, respectively, was increased to R 50,000 from R 40,000.
<b>Nonresident accounts</b>	<i>June 19.</i> Authorized dealers are required to open separate nonresident accounts on behalf of nonresident clients in order to distinguish between normal clearing accounts and foreign exchange trading accounts.
<b>Imports and import payments</b>	<i>March 1.</i> Clothing and textiles imported from Zimbabwe require a Quota and Origin Certificate issued by the Ministry of Industry and Commerce of Zimbabwe.
<b>Exports and export proceeds</b>	<p><i>March 11.</i> The requirement to repatriate foreign currency earnings in respect of exports of goods and services within 30 days has been amended to 180 days from date of accrual or the date of shipment/service rendered, whichever comes first, if held in a customer foreign currency account.</p> <p>The restrictions on the opening and operation of customer foreign currency accounts have been amended to include business-making profits or commissions on foreign transactions, subject to the 180-day limit for repatriation of funds.</p>
<b>Payments for invisible transactions and current transfers</b>	<i>March 11.</i> The limit on allowances for study abroad was increased to R 100,000 a year, and if the student is accompanied by a spouse, to R 200,000 a year. The student holiday allowance was increased to R 30,000, and if the student is accompanied by a spouse, to R 60,000. The limit on travel allowances was set at R 100,000 an adult and R 30,000 a child under 12 for a calendar year.

*March 17.* Authorized dealers may effect maintenance transfers at a rate not exceeding R 4,000 a receiving family unit a month, provided the proposed beneficiaries are either the father, mother, brother, or sister of applicant and are in necessitous circumstances.

*November 9.* The travel allowance for business purposes was increased to R 2,000,000.

### Capital transactions

#### Controls on direct investment

*March 11.* Direct investment by corporations in countries outside the CMA of up to R 50 million was permitted. In respect of investment into SADC countries, an amount of up to R 250 million is allowed. Where the cost of investment exceeds the aforementioned amounts, the balance has to be financed abroad.

Income earned abroad and capital introduced into the Republic on or after July 1, 1997 by private individual residents in South Africa may be retransferred abroad, provided the authorized dealer concerned is satisfied that the income and/or capital had previously been converted to rand, by viewing documentary evidence confirming the amounts involved.

Foreign investment by private individuals (natural persons) in South Africa was increased to R 400,000 from R 200,000.

#### Controls on personal capital movements

*March 11.* Authorized dealers may also authorize the export on form N.E.P. of any household and personal effects, motor vehicles, caravans, trailers, motorcycles, stamps, and coins (excluding coins that are legal tender in the Republic) a family unit or single person emigrating within the overall insured value of R 1 million.

#### Provisions specific to institutional investors

*March 11.* Qualifying institutional investors may acquire foreign portfolio investments, by way of asset swaps, for up to 15% of their total South African assets. Long-term insurers, pension funds, and unit trusts through unit trust management companies were eligible to avail themselves of foreign currency transfers during 1998 of up to 5% of the net inflow of funds during the 1997 calendar year, subject to an overall limit of 15% of their total South African assets. Transfers during 1998 of up to 10% of their inflow of funds during the 1997 calendar year were allowed to be invested on registered stock exchanges in any SADC member country, subject to the overall limit of 15% of total South African assets applicable to assets swaps. Fund managers might have acquired foreign portfolio investments by way of asset swaps for up to 15% of total South African assets under management.

## Changes During 1999

#### Resident accounts

*February 23.* The limit applicable to foreign investments by South African natural persons was increased to R 500,000 from R 400,000.

#### Payments for invisible transactions and current transfers

*February 23.* The limit on allowances for living expenses of students abroad was increased to R 120,000 a year, and if the student is accompanied by a spouse, to R 240,000 a year. The student holiday allowance was increased to R 35,000, and if the student is accompanied by a spouse, to R 70,000. The limit on travel allowances was set at R 120,000 an adult, and R 35,000 a child under 12 for a calendar year.

### Capital transactions

#### Provisions specific to institutional investors

*February 23.* On outward portfolio investment, the exchange control authority may authorize up to 15% of total South African assets for each qualifying institution (i.e., insurance companies, pension funds, unit trusts, management companies, and fund managers) to be invested abroad by way of an asset swap. Subject to the overall limit of 15% of total South African assets, long-term insurers, pension funds, and unit trusts through unit trust management companies were eligible to apply for authorization to avail themselves of foreign currency transfers of up to 5% of the net inflow of funds for the calendar year 1998, and an additional 10% in securities listed on stock exchanges in SADC countries.



## SPAIN

(Position as of January 31, 1999)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: July 15, 1986.

### Exchange Arrangement

#### Currency

As of January 1, 1999, the currency of Spain is the euro. In cash transactions, however, the legal tender remains the Spanish peseta until 2002, when euro banknotes and coins will be issued.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

Spain participates in a currency union (EMU) comprising 11 members of the EU: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. Internal exchange rates in respect to the national currencies of EMU participants were fixed to the euro on January 1, 1999, whereas the external exchange rate of the euro is market-determined. The conversion rate between the euro and the Spanish peseta was set at Ptas 166.386 per €1. The ECB has the right to intervene to smooth out fluctuations in external exchange rates.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Options and futures in pesetas are traded in major financial markets.

### Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

The Peninsular Territories of the Spanish State, the Canary Islands, the Balearic Islands, Ceuta, and Melilla constitute a single exchange control territory.

The Directorate-General of Foreign Investment and Commercial Policy has the power to authorize, verify, control, and monitor foreign investments and economic transactions, collections, payments, and transfers with the rest of the world. The Directorate-General of the Treasury and Financial Policy has authority to conduct the investigations and inspections required to prepare or change the policy applied in matters concerning exchange control as well as to initiate, address, and rule on penalties applied with regard to exchange control. In addition, the Bank of Spain (BOS) has authority in a number of areas such as the following:

- (1) granting authorization to banks, savings and loans, and other financial institutions, when required, to transact business on the foreign exchange market, and registering institutions open to the public to engage in foreign exchange activities;
- (2) receiving information on collections, payments, and transfers abroad in which registered institutions are involved, and issuing instructions pertaining to the content, procedures, and frequency for such reporting; and
- (3) receiving information on financial and commercial credits and loans, accounts abroad held by residents in Spain, and netting operations.

#### International security restrictions

Specific financial transactions with Iraq and Libya are subject to authorization.

In accordance with UN sanctions	Trade with Iraq was prohibited with the following exceptions: imports of petroleum and petroleum products and exports (or transit through Spanish territory), items of basic necessity, medical products, and items that were approved by a UN committee. Since June 22, 1998, Spain maintains certain exchange restrictions against the Federal Republic of Yugoslavia (Serbia/Montenegro), pursuant to EU regulations. An embargo is maintained with respect to operations with UNITA.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	The acquisition of gold must be authorized by the Directorate-General of Foreign Trade.
Controls on external trade	Imports of bullion are permitted if they are used as raw materials for manufactured goods. Imports of gold in manufactured form (e.g., coins, medals, and the like) may be subject to quantitative restrictions, depending on the country of origin. Purchases of gold, silver, and platinum ingots are subject to a VAT at the rate of 33%.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	The exportation of banknotes, coins, or bearer checks in excess of the equivalent of Ptas 1 million must be declared.
<i>Foreign currency</i>	Yes.
On imports	
<i>Domestic currency</i>	The importation of more than the equivalent of Ptas 1 million in banknotes, coins, or bearer checks must be declared by nonresidents in certain cases.
<i>Foreign currency</i>	Yes.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	
Held domestically	Yes.
Held abroad	Collections and payments between residents and nonresidents through credits or debits to these accounts may be freely made. However, account holders are required to report the opening of such accounts and to provide information pertaining to credit and debit activities occurring in the accounts.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
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**Financing requirements for imports** No.

**Documentation requirements for release of foreign exchange for imports** No.

**Import licenses and other nontariff measures**

Open general licenses Imports of tractors, explosives, seed oil, and gold must be authorized by the Directorate-General of Foreign Trade, irrespective of the country of origin, or when imported from specific geographical areas (with distinctions being made among the members of the EU, those of the EFTA and the Mediterranean and ACP member countries of the WTO, and state trading countries).

**Import taxes and/or tariffs** No.

**State import monopoly** No.

### **Exports and Export Proceeds**

**Repatriation requirements** No.

**Financing requirements** No.

**Documentation requirements** No.

**Export licenses**

Without quotas Exports of textiles, steel, and some copper by-products require prior authorization from the Directorate-General of Foreign Trade.

**Export taxes** No.

### **Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers** According to the Royal Decree on Economic Foreign Transactions, all payments, receipts, and transfers between residents and nonresidents must be declared to the deposit institutions. The registration should include the name of the resident, his/her address, Fiscal Identification Number, the name and address of the nonresident, the amount, the currency, the country of origin and destination, as well as the type of operation.

### **Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements** No.

**Restrictions on use of funds** No.

### **Capital Transactions**

**Controls on capital and money market instruments**

On capital market securities Residents may purchase securities issued by nonresidents or by residents in a foreign market.

*Shares or other securities of a participating nature*

Purchase locally by nonresidents The restriction applies only to the purchase of shares and other securities of a participating nature that may be affected by laws on inward direct investment and establishment.

**Controls on derivatives and other instruments** No.

**Controls on credit operations**

## Commercial credits

*By residents to nonresidents*

Residents (individuals or legal entities other than registered institutions) are required to file reports to the BOS of loans with a maturity of more than one year granted to nonresidents.

*To residents from nonresidents*

Residents other than registered institutions are required to file reports to the BOS for credits with a maturity of more than one year.

## Financial credits

*By residents to nonresidents*

Residents are required to file a declaration with the BOS.

*To residents from nonresidents*

Residents are required to file a declaration with the BOS.

**Controls on direct investment**

## Outward direct investment

Prior administrative verification is required in the following cases: (1) when the investment amounts to at least Ptas 250 million; (2) when the activity of the entity receiving the investment is the direct or indirect holding of share capital of other entities, irrespective of the amount of the investment; and (3) when the investment is made in a tax haven country.

## Inward direct investment

Foreign direct investments in Spain are defined in accordance with guidelines established by the OECD that take into account whether effective control over the company has been obtained. Effective control is deemed to exist if the share of the investment is at least 10% of the company's capital. Prior verification is required only when foreign participation exceeds 50% and at least one of the following conditions applies: (1) foreign participation exceeds Ptas 500 million; and (2) foreign investors are residents of tax haven countries. Special authorization is required for non-EU foreign investment in television, radio, air transport, gambling, and defense-related industries. Special authorization is also required for a foreign government's participation in Spanish companies (other than governments of EU countries), unless otherwise regulated by international treaties.

**Controls on liquidation of direct investment**

Liquidation of direct investment must be disclosed.

**Controls on real estate transactions**

As a general rule, real estate transactions must be declared.

## Purchase abroad by residents

Purchases that exceed Ptas 250 million require prior verification.

## Purchase locally by nonresidents

Prior verification is required for amounts exceeding Ptas 500 million or if investors are residents of tax haven countries.

**Controls on personal capital movements**

## Loans

Although residents are free to clear credits and debits with nonresidents and to receive or grant loans, credits, and financing or postpone payments from or to the same, they must report such transactions to the Bank of Spain.

## Gifts, endowments, inheritances, and legacies

*By residents to nonresidents*

Specifically, the free acquisition inter vivos of investments in Spain by nonresidents is subject to the same requirements and formalities as if they were an onerous acquisition, without taking into account the condition of the seller of the investment. Consequently, authorization or prior verification must be sought in such cases in which Spanish legislation so requires for onerous acquisitions in any of the forms of foreign investment.

*To residents from nonresidents*

A declaration is required providing the data that the Administration of the BOS requires for purposes of statistical and fiscal monitoring of the transactions.

## Settlement of debts abroad by immigrants

## Transfer of assets

In general, transfers must be made via deposit institutions, providing specific information, except in two cases: (1) when the resident makes the collection or payment via a bank account abroad or (2) when it is done by handing the money over in person. In all cases, transfers are not subject to prior authorization or verification.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad	Financial credits obtained should be reported to the BOS.
Maintenance of accounts abroad	Yes.
Lending to nonresidents (financial or commercial credits)	Residents must report loans granted to nonresidents to the BOS.
Lending locally in foreign exchange	This type of operation is subject to the rules and regulations governing interest rates and commissions, rules of procedure, customer information, and publication applicable to credit institutions.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Yes.
Investment regulations	
<i>In banks by nonresidents</i>	Community investors, even though they may be authorized credit institutions in other EU countries, must obtain prior administrative notice.  Noncommunity institutions may also be denied the authorization if community credit institutions do not enjoy reciprocity in the country of origin of the investor.

**Provisions specific to institutional investors**

Currency-matching regulations on assets/liabilities composition	Regulations differ according to the type of institutional investor.
<b>Other controls imposed by securities laws</b>	Effective November 11, 1998, a new law on securities markets was accepted, which harmonizes Spanish rules with the relevant EU directive.

**Changes During 1998**

<b>Arrangements for payments and receipts</b>	<i>June 22.</i> Spain introduced certain exchange restrictions against the Federal Republic of Yugoslavia (Serbia/Montenegro), pursuant to EU regulations. An embargo is maintained with respect to operations with UNITA.
<b>Capital transactions</b>	
Other controls imposed by securities laws	<i>November 11.</i> A new law on securities markets was accepted, which harmonizes Spanish rules with the relevant EU directive.

**Changes During 1999**

<b>Exchange arrangement</b>	<i>January 1.</i> The currency of Spain became the euro. The conversion rate between the euro and the Spanish peseta was set irrevocably at Ptas166.386 per €1.
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# **SRI LANKA**

*(Position as of December 31, 1998)*

## **Status Under IMF Articles of Agreement**

### **Article VIII**

Date of acceptance: March 15, 1994.

### **Exchange Arrangement**

#### **Currency**

The currency of Sri Lanka is the Sri Lanka rupee.

#### **Exchange rate structure**

Unitary.

#### **Classification**

##### **Crawling band**

The Central Bank of Sri Lanka (CBSL) announces the daily spot buying and selling rates of the dollar against the Sri Lanka rupee for transactions with commercial banks within margins of 2%, and buys and sells the dollar on a spot basis at those rates.

#### **Exchange tax**

No.

#### **Exchange subsidy**

No.

#### **Forward exchange market**

Forward sales are permitted up to a period of 360 days. The commercial banks provide a forward exchange market in which rates for current transactions are freely determined.

## **Arrangements for Payments and Receipts**

#### **Prescription of currency requirements**

Payments to and receipts from the member countries of the ACU with respect to current transactions and settlements are effected in dollars. For settlements with all other countries, payments for imports may be made in any foreign currency or in Sri Lanka rupees provided that the supplier maintains a nonresident rupee account in Sri Lanka. Other payments may be made either in the currency of the country to which the payment is due or by crediting Sri Lanka rupees to a nonresident rupee account with the prior approval of the CBSL. Proceeds from exports must be received either in designated foreign currencies, in Sri Lanka rupees from a nonresident account that a foreign bank maintains with an authorized dealer, or in any other nonresident account that a person maintains with an authorized dealer, as approved by the CBSL.

#### **Payment arrangements**

##### **Regional arrangements**

Sri Lanka is a member of the ACU.

##### **Clearing agreements**

Yes.

#### **Administration of control**

Exchange control is administered by the CBSL's Department of Exchange Control. All remittances of foreign exchange in Sri Lanka must be made through authorized commercial banks in accordance with procedures prescribed by the Controller of Exchange (CoE). Remittances may also be made through post offices under permits issued by the CoE. The Board of Investments (BOI) handles all applications relating to foreign investments in Sri Lanka.

#### **International security restrictions**

##### **In accordance with UN sanctions**

Yes.

#### **Payment arrears**

No.

#### **Controls on trade in gold (coins and/or bullion)**

##### **Controls on external trade**

The importation of gold for domestic, industrial, or commercial purpose is permitted without restrictions. Commercial banks may import gold on a consignment basis for duty-free sale to passengers at the Colombo International Airport. Reexportation of nonmonetary

gold is allowed only in special circumstances. The exportation of gold coins and bullion requires licenses issued by the Controller of Imports and Exports with the approval of the CoE. The importation of gold, other precious metals, gems, and the export and trading of gold was further liberalized in September 1998. Accordingly, all residents have been permitted to import and export gold.

### **Controls on exports and imports of banknotes**

#### **On exports**

##### *Domestic currency*

Sri Lanka nationals may each take out of Sri Lanka up to SL Rs 1,000.

##### *Foreign currency*

Unspent rupee balances from foreign exchange sold by foreign passport holders may be reconverted into foreign currency notes only at exit points, against original encashment documents issued by the authorized dealers or money changers, and can be taken out. Individuals may take out foreign currency for travel purposes and are required to declare to customs if the amount exceeds \$10,000 or its equivalent.

#### **On imports**

##### *Domestic currency*

Sri Lanka nationals may each bring into Sri Lanka up to SL Rs 1,000.

##### *Foreign currency*

Travelers must declare, at entry, foreign exchange holdings exceeding \$10,000 or its equivalent. In the case of nonconvertible currencies, a declaration has to be made, irrespective of the amount. Prescribed currencies are not permitted to be imported.

## **Resident Accounts**

### **Foreign exchange accounts permitted**

#### **Held domestically**

Residents may open and operate resident foreign currency accounts with a minimum balance equivalent to \$500 in designated currencies, provided the funds do not relate to any transactions.

#### **Held abroad**

These accounts are permitted, but approval is required.

#### **Accounts in domestic currency convertible into foreign currency**

Yes.

## **Nonresident Accounts**

### **Foreign exchange accounts permitted**

Sri Lankans employed abroad and nonnationals of Sri Lanka origin who are employed and reside abroad may maintain nonresident foreign currency (NRFC) accounts in designated foreign currencies. Credits to the accounts are limited to remittances from employment earnings abroad, foreign exchange earnings brought into the country by such individuals, approved investment incomes, and interest payments on the accounts. Balances on NRFC accounts may be invested in enterprises approved by the BOI, with some exemptions. Dividends and profits earned and sale proceeds of such investments received in foreign currency may be credited to the NRFC accounts without the prior approval of the CoE. Resident foreigners may maintain foreign currency accounts with domestic commercial banks in any of 10 designated currencies without prior exchange control approval. These accounts must be operated by the domestic unit of the bank and not by its foreign currency banking unit. The accounts may be current, savings, or deposit accounts, but withdrawal of funds by check is not permitted. Credits to these accounts are limited to inward remittances and to amounts in Sri Lanka rupees authorized by the CoE for remittance abroad. Debits to these accounts are limited to outward remittances and to payments after converting into Sri Lanka rupees.

### **Domestic currency accounts**

These accounts may be held by (1) nonnationals residing outside Sri Lanka; (2) firms and companies registered outside Sri Lanka; (3) Sri Lanka nationals residing outside Sri Lanka; (4) emigrants; and (5) foreign banks. The opening of these accounts for categories (1)–(4), credits from inward remittances, and debits for local disbursements or outward remittances may be effected freely; however, local credits to these require prior approval. Accounts in

Convertible into foreign currency	category (4) are designated as nonresident blocked accounts only when instructions to that effect are received from the Controller of the Exchange. Debits to such accounts for local disbursements may be freely effected, without prior approval; however, local credits to them and debits for outward remittances require prior approval. In category (5), foreign banks may open and operate nonresident accounts with local commercial banks without prior approval of the Department of Exchange Control.
<b>Blocked accounts</b>	These accounts are convertible into foreign currency, but approval is required.  These accounts are used to hold funds, usually of nonresidents, repatriates, and emigrants, that have not been accepted for transfer abroad. Authorized dealers may debit these accounts for local disbursements and credit them on account of pensions and income tax refunds. Balances of nonresident foreign citizens and foreign companies in approved blocked accounts outstanding on March 25, 1991, excluding Sri Lanka citizens who have emigrated or acquired foreign citizenship and Indian and Pakistani expatriates, may be remitted abroad. Sri Lankans who have emigrated and acquired foreign citizenship, and Sri Lanka citizens who have acquired permanent resident status abroad and whose accounts have been blocked for more than five years as of June 30, 1992, are also permitted to remit their account balances abroad. Except in the specified cases, remittances of up to SL Rs 350,000 are also allowed from these accounts without prior approval.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	
Minimum financing requirements	Authorized dealers may approve applications to remit foreign exchange or to credit nonresident accounts against applications for the opening of an LC and against proof of a valid import license, when applicable. These requirements do not apply if the value of a consignment does not exceed \$3,000 (c.i.f.), consists of raw materials and spare parts for industries, and is for the direct use of the importer.
Advance payment requirements	Advance payments for personal imports are limited to \$7,500.
Documentation requirements for release of foreign exchange for imports	Imports could be made on documents against payments (D/P) and documents on acceptance (D/A) terms and LCs, provided the shipping documents are routed through the supplier's bank to the importer's bank in Sri Lanka.
Preshipment inspection	Inspection is required for certain consumer goods.
Letters of credit	Yes.
Import licenses and other nontariff measures	About 441 items are maintained under license—mostly for public health, public moral, environmental, and national security reasons. Imports of wheat, meslin, and wheat and meslin flour are maintained under license in terms of a past contract entered into by the government with a private flour milling company. In January 1998, the licensing requirement for imports of wheat flour by large-scale manufacturers of biscuits and other flour-based products was liberalized. Certain machinery imports relating to foreign investment require the approval of the BOI.
Import taxes and/or tariffs	The tariff structure consists of three band rates: 30%, 10%, and 5%, although the rate for agricultural products remains at 35%. A few categories of products (e.g., tobacco, liquor, crude oil, and some categories of motor vehicles) remain outside this tariff structure. A stamp duty of 2% is levied on LCs for certain imports. A national security levy of 5.5% and a goods and services tax of 12.5% is levied on imports.
State import monopoly	Imports of certain items, including wheat, guns and explosives, and certain chemicals and petroleum products, are restricted to government or state corporations.

### Exports and Export Proceeds

Repatriation requirements	Special arrangements apply to exports made under trade and payment agreements and to exports made to a member country of the ACU.
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<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	
Without quotas	Licenses are required for exports of coral shanks and shells, timber, ivory and ivory products, and passenger vehicles registered in Sri Lanka prior to 1945.
With quotas	Export quotas are maintained on textiles and apparel used to implement bilateral quotas under the MFA. The Textile Quota Board allocates quotas among exporters based primarily on their past export performance.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	There are indicative limits/bona fide tests in the case of all these transactions.
Trade-related payments	Remittances of premium for insurance on exports are not permitted. Remittances of premium to foreign reinsurers for reinsurance are permitted.
<i>Indicative limits/bona fide test</i>	For commission, reasonable amounts are allowed for export orders secured through agents abroad, provided that export proceeds have been repatriated to Sri Lanka.
Investment-related payments	Profit remittances of nonresident partners and remittances of dividends to nonresident shareholders of companies whose financial assets are in rupees may be effected through commercial banks without prior approval if they relate to the year of application and do not include undistributed profits of the previous years or reserves of the company. However, relevant documentation is required to remit interim profits or dividends, or final profits or dividends.
Foreign workers' wages	
<i>Quantitative limits</i>	Foreign technical employees of approved enterprises may remit their entire savings after meeting expenses and paying taxes and levies.
Credit card use abroad	Credit card use is allowed only for travel-related purposes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	Funds retained abroad with CoE permission should not be used for the acquisition of property or other capital assets outside Sri Lanka.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Only the purchase of shares or other securities of a participating nature by nonresidents is not controlled.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	Investments in shares by nonresidents, up to 100% of the equity capital of existing listed and unlisted public companies, are permitted, subject to certain exclusions and limitations, without prior approval from the CoE through a Share Investment External Rupee Account maintained at a commercial bank. Companies incorporated abroad are permitted to invest in securities traded at the Colombo Stock Exchange, subject to the same terms and conditions as those applicable to such investments by approved country funds, approved regional funds, and nonresident individuals.

Purchase abroad by residents	Investments abroad by residents are not generally permitted unless there is evidence that they will promote the country's exports and generate reasonable profits.
<b>Controls on derivatives and other instruments</b>	All transactions in derivatives and other instruments are controlled.
<b>Controls on credit operations</b>	All credit operations are controlled.
<b>Controls on direct investment</b>	
Outward direct investment	Investments abroad by residents are not generally permitted unless there is evidence that they will promote the country's exports and generate reasonable profits.
Inward direct investment	Approval for foreign investment is granted on the basis of the type of activity and the proportion of foreign capital ownership. Approval is automatically granted for foreign investment with equity capital ownership of up to 40%, except for certain activities restricted by special law or specific organizations (pawnbroking, money lending, retail trade with capital investments of less than \$1 million, personal services other than for export or tourism, and coastal fishing). Foreign participation in banking, finance, air transport, coastal shipping, manufacturing of a list of sensitive materials, production and distribution of energy and power, large-scale mechanized mining of gems, branch or liaison offices of companies incorporated outside of Sri Lanka, and lotteries is permitted up to the limit decided by the relevant authority.
<b>Controls on liquidation of direct investment</b>	Proceeds from the sale or liquidation of approved investments, along with the capital appreciation, may be remitted in full. Expatriates leaving Sri Lanka for residence in the country of their permanent domicile are permitted to transfer in full assets representing their retirement funds and savings. Persons who have had small businesses in Sri Lanka are allowed to transfer the capital they originally brought into the country, plus a reasonable amount of savings, subject to certain limits.  Authorized dealers may grant foreign exchange allocations to emigrants upon presentation of appropriate documentation.  Special provisions, governed by an agreement between Sri Lanka and India, apply to Indian families returning to India.
<b>Controls on real estate transactions</b>	All real estate transactions are controlled.
<b>Controls on personal capital movements</b>	All personal capital movements are controlled.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	At the time of departure, emigrants may be granted foreign exchange to cover passage to the country of migration by normal direct route. Foreign exchange equivalent up to \$2,000 an adult and \$1,000 a child under 12 years of age may also be purchased at the time of departure. Personal effects of reasonable amounts plus jewelry up to SL Rs 150,000 for each married female, SL Rs 60,000 for unmarried females, SL Rs 30,000 for female emigrants under 12 years of age, and SL Rs 37,500 for male emigrants may be exported. Emigrants have also been permitted to effect capital transfers of up to SL Rs 750,000 an individual, up to a maximum limit of SL Rs 1 million a family unit.
<b>Provisions specific to commercial banks and other credit institutions</b>	There are controls on all transactions by commercial banks and other credit institutions.
Lending locally in foreign exchange	Commercial banks may grant foreign currency loans to experts.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Yes.
Limits (max.) on portfolio invested abroad	Yes.

Limits (min.) on portfolio invested locally	Yes.
Currency-matching regulations on assets/liabilities composition	Yes.
<b>Other controls imposed by securities laws</b>	Yes.

### Changes During 1998

<b>Arrangements for payments and receipts</b>	<i>September 1.</i> Exports and imports of gold were further liberalized.
<b>Imports and import payments</b>	<i>January 21.</i> The licensing requirement for imports of wheat flour by large-scale manufacturers of biscuits and other flour-based products was liberalized.

# SUDAN

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

Article XIV Yes.

### Exchange Arrangement

Currency The currency of Sudan is the Sudanese dinar.

Other legal tender Until January 1, 1999, when it ceased to be legal tender, the Sudanese pound (LSd) also circulated and had a fixed relationship to the Sudanese dinar (Sd) of LSd 10 per Sd 1.

Exchange rate structure Unitary.

#### Classification

Independently floating Until October 20, 1998, the exchange rate band was 0.3% and was determined by a Joint Committee (JC) formed by representatives of commercial banks, nonbank dealers, and the Bank of Sudan (BOS). In determining the exchange rate, the JC took into account the government's macroeconomic objectives, in addition to the parallel market rate. In March 1998, the authorities narrowed the spread between the JC exchange rate and the free market rate to a maximum of 6.0%. The official exchange rate was depreciated by 4.9% between end-June and August 3, 1998. The exchange rate in the accounts-to-accounts market depreciated by approximately 2%, thus entailing a further reduction in the spread between the two rates over the same period by approximately 3 percentage points to 4.7%. The authorities decided to lower further the official exchange rate from LSd 2,035 per \$1 to LSd 2,050 per \$1, effective August 5, 1998. As a result, the spread declined to 4.5%.

On October 21, 1998, the exchange rate system was de facto unified. Under the new unified regime, the JC, which previously set the official exchange rate, has become dormant and bank and nonbank authorized dealers are free to determine exchange rates and transact freely within the unified regulatory framework; the BOS is an active participant in the foreign exchange market and transacts at these freely determined rates. The official exchange rate, which is used for government and BOS transactions, customs valuation, the remaining surrender requirements, and the sale of proceeds from services, is now a 15-day moving average of freely determined market rates. The spread between the official and the freely determined exchange rates has been maintained at less than 1%.

Exchange tax No.

Exchange subsidy No.

Forward exchange market No.

## Arrangements for Payments and Receipts

Prescription of currency requirements Payments to all countries, except Egypt, and all monetary areas (the "convertible area") may be made in foreign currency from any free currency account or special foreign currency account, while receipts from the convertible area may be accepted in any convertible currency.

#### Payment arrangements

Bilateral payment arrangements

*Inoperative*

There is an agreement with Egypt, which has been suspended since 1992.

#### Administration of control

Exchange control is administered by the BOS with the assistance of the authorized dealers, that is, commercial and specialized banks as well as nonbanks acting as exchange houses.

International security restrictions No.

**Payment arrears**

Official Yes.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade With certain exceptions, only monetary authorities and authorized industrial users of gold are allowed to hold or acquire gold in any form other than jewelry. Residents may purchase, hold, and sell gold for numismatic purposes.

Controls on external trade Imports and exports of gold in any form other than jewelry require a license issued by the Ministry of Commerce, Cooperation, and Supply; such licenses are not normally granted except for industrial users and for monetary authorities.

**Controls on exports and imports of banknotes****On exports**

*Domestic currency* Travelers may export up to LSd 5,000.

*Foreign currency* Up to \$5,000 can be taken out of the country.

**On imports**

*Domestic currency* Travelers may import up to LSd 5,000.

*Foreign currency* Travelers may bring in any amount, but it must be declared, and within three months either deposited in a foreign currency account, sold to an authorized dealer, or retransferred abroad.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically All residents, except the government, public institutions, and public sector enterprises are allowed to keep foreign exchange in free accounts. These accounts may be credited with any means of payment without restrictions, other than a customs declaration for cash deposits. Withdrawals from these accounts may be used to make transfers abroad; to make transfers to other free accounts; to purchase domestic currency; to make payments in foreign exchange to domestic institutions authorized to sell goods and services for foreign exchange; and for any other purpose.

Held abroad No.

Accounts in domestic currency convertible into foreign currency Yes.

**Nonresident Accounts****Foreign exchange accounts permitted**

Diplomatic, foreign, international, and regional missions and organizations; foreign charities and aid organizations; foreign companies, foreign contractors, and the foreign personnel of these organizations are allowed to open special foreign accounts with authorized banks. These accounts may be credited with transfers from abroad. Special foreign currency accounts may be debited for transfers abroad, to finance foreign travel, to purchase local currency in order to finance local payments, to make foreign currency payments to local institutions authorized to sell goods and services for foreign currency, and to finance imports. Withdrawals can be made for the purpose of travel by the account holder or his or her family, and local payments can be made in Sudanese pounds, requiring conversion to Sudanese currency at the commercial bank rate. Except for airline companies, approval is required to open these accounts. Accounts of airline companies may be credited with payments by their passengers, consignors, and agents, who are allowed to buy travel tickets in foreign currency.

<b>Domestic currency accounts</b>	These accounts may be opened by the same individuals and organizations as those allowed to open foreign exchange accounts.
Convertible into foreign currency	Balances may be converted subject to the purpose for conversion and if supported with documentary evidence.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	
Advance import deposits	Authorized banks are free to obtain a deposit of any amount in foreign currency from the importer at least one month before the importer receives the shipping documents. Imports financed at the commercial market rate, including those financed with LCs, could be subject to an advance deposit of up to the full c.i.f. value.
<b>Documentation requirements for release of foreign exchange for imports</b>	Imports must be accompanied by a pro forma invoice, a valid commercial registration certificate, a valid tax clearance certificate, and a written consent of the authorized bodies for certain categories of imports.
<b>Import licenses and other nontariff measures</b>	Licenses are required for imports through bilateral and preferential trade arrangements.
Negative list	Certain imports are prohibited for reasons of religion, health, and national security.
Other nontariff measures	Imports from Israel are prohibited.
<b>Import taxes and/or tariffs</b>	The import duty rates range from 5% to 250%.
Taxes collected through the exchange system	Yes.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	All export proceeds must be repatriated within 45 days of the date of the bill of lading.
Surrender requirements	On March 16, 1998, the surrender requirements to the BOS for cotton exports and gum arabic were reduced to 35% and 93%, respectively. In June 1998, the latter was further reduced to 85%.  The surrender requirements to the BOS, except for requirements for cotton and gum arabic, were abolished and replaced with a requirement to sell to commercial banks export receipts not needed to make current payments.
<b>Financing requirements</b>	n.a.
<b>Documentation requirements</b>	
Letters of credit	Yes.
<b>Export licenses</b>	Licenses are required for exports under bilateral protocol arrangements and under barter trade.
Without quotas	All exports to Israel are prohibited. The authorities lifted the ban on exports of sorghum on October 29, 1998, and of scrap iron on November 10, 1998. Except for a few items that are banned from being exported for noneconomic reasons, no other export bans remain.
<b>Export taxes</b>	Taxes are levied on all goods, except those that are exported under bilateral protocol arrangements and under barter agreements. Until end-1997, with the exception of cotton and gum arabic, export duties were supplied according to two bands, zero to 3% or 5%. Export duties on cotton and gum arabic were changed to a rate of 10%. Beginning January 1, 1998, export duties were reduced by 3 percentage points.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

Trade-related payments	Insurance for imports must normally be taken out with local companies.
Investment-related payments	
<i>Prior approval</i>	Amortization payments on loans to residents are subject to certification from the BOS regarding the original amount of the foreign loans.
<i>Quantitative limits</i>	There are quantitative limits for payment of amortization of loans or depreciation of direct investments.
<i>Indicative limits/bona fide test</i>	Yes.
Personal payments	There are controls on the payment of medical and study abroad costs.
<i>Indicative limits/bona fide test</i>	Yes.
Foreign workers' wages	
<i>Quantitative limits</i>	Up to 50% of earnings can be transferred abroad, provided that certain documents are presented.
Other payments	There are controls on the payment of subscription and membership fees.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Sudanese nationals working abroad are required to remit annually to domestic residents a minimum amount of foreign exchange, ranging from \$300 to \$5,000. Exceptions are allowed.
Surrender requirements	All proceeds may be surrendered to commercial banks. Shipping agencies are required to sell all foreign exchange proceeds to authorized dealers.
<b>Restrictions on use of funds</b>	Yes.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase abroad by residents Yes.

Sale or issue abroad by residents Yes.

##### *Bonds or other debt securities*

Purchase abroad by residents Yes.

Sale or issue abroad by residents Yes.

##### On money market instruments

There are controls on all money market transactions.

##### On collective investment securities

There are controls on all collective investment transactions.

#### Controls on derivatives and other instruments

There are controls on all derivative transactions.

**Controls on credit operations**

## Financial credits

*To residents from nonresidents* Yes.

## Guarantees, sureties, and financial backup facilities

*By residents to nonresidents* Yes.

*To residents from nonresidents* Yes.

**Controls on direct investment**

Outward direct investment Yes.

Inward direct investment Investments are subject to the approval of the investment authority.

**Controls on liquidation of direct investment** Repatriation must be approved by the BOS after submission of audited balance sheets and tax clearance certificates.

**Controls on real estate transactions** There are controls on all real estate transactions.

**Controls on personal capital movements** No.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad Yes.

Maintenance of accounts abroad Yes.

Lending to nonresidents (financial or commercial credits) Yes.

Lending locally in foreign exchange Yes.

Purchase of locally issued securities denominated in foreign exchange Yes.

Differential treatment of deposit accounts in foreign exchange

*Reserve requirements* There is a 4% reserve requirement on foreign currency deposits. The reserve requirement on domestic currency deposits is 26%.

Open foreign exchange position limits

*On resident assets and liabilities* Yes.

*On nonresident assets and liabilities* Yes.

**Provisions specific to institutional investors** No.

**Other controls imposed by securities laws** No.

**Changes During 1998**

**Exchange arrangement** *October 21.* The exchange rate system was de facto unified, and Sudan's exchange rate arrangement was reclassified as independently floating.

**Exports and export proceeds** *January 1.* Export duties were reduced by three percentage points.

*March 16.* The surrender requirements to the BOS for cotton exports and gum arabic were reduced to 35% and 93%, respectively. In June, the latter was further reduced to 85%.



*June 30.* The surrender requirement to the BOS, except for requirements for cotton and gum arabic, were abolished and replaced with a requirement to sell to commercial banks export receipts not needed to make current payments.

*October 29.* The ban on exports of sorghum was lifted.

*November 10.* The ban on exports of scrap iron was lifted.

### **Changes During 1999**

#### **Exchange arrangement**

*January 1.* The Sudanese pound ceased to be legal tender.

# **SURINAME**

*(Position as of January 31, 1999)*

## **Status Under IMF Articles of Agreement**

### **Article VIII**

Date of acceptance: June 29, 1978.

### **Exchange Arrangement**

#### **Currency**

The currency of Suriname is the Suriname guilder.

#### **Other legal tender**

Three gold coins are legal tender.

#### **Exchange rate structure**

Unitary.

#### **Classification**

Managed floating with no preannounced path for the exchange rate

Exchange rates are freely determined in the interbank market, but the Central Bank of Suriname (CBS) determines the official exchange rate as the average rate that commercial banks and exchange bureaus report at the closing of the previous day (based on the average exchange rate of their foreign exchange transactions). Commercial banks have to sell to their clients at the official exchange rate the foreign exchange acquired from the CBS.

Effective January 1, 1999, for foreign exchange acquired from non-CBS sources, commercial banks and foreign exchange bureaus are free to set their own rates within a  $\pm 3\%$  band around the official rate.

#### **Exchange tax**

Commercial banks charge commissions of 2% on sales of foreign exchange and 9.25% on transfers.

#### **Exchange subsidy**

n.a.

#### **Forward exchange market**

No.

## **Arrangements for Payments and Receipts**

#### **Prescription of currency requirements**

Settlements in Suriname guilders between Suriname and foreign countries are not permitted; they must, in general, be made in specified convertible currencies (Australian dollars, Barbados dollars, Canadian dollars, Eastern Caribbean dollars, euros, Guyana dollars, Japanese yen, Norwegian kroner, pounds sterling, Swedish kronor, Swiss francs, Trinidad and Tobago dollars, and U.S. dollars).

#### **Payment arrangements**

n.a.

#### **Administration of control**

The CBS (1) is empowered to provide foreign exchange for import payments (subject to presentation of an import license, which serves as a general authorization for payment), but this function has been delegated to commercial banks; and (2) approves import licenses if imports are paid with an LC.

Commercial banks (1) provide foreign exchange for imports. Except for limited amounts of foreign exchange for invisible payments not requiring an exchange license, banks are not permitted to sell foreign exchange unless the remitter submits an exchange license; and (2) may accept free of license those inward transfers of foreign exchange that do not result from borrowing abroad.

The Ministry of Trade and Industry (MTI) grants export and import licenses. However, two specified mining companies do not need licenses for their own import requirements. Similar exemptions may be granted to foreign companies for their industrial activities in Suriname, provided that they pay for imports from their own foreign exchange holdings.

The Federal Exchange Commission (FEC) (1) grants licenses for external payments other than imports of goods; (2) approves foreign loans; and (3) appoints authorized banks.

#### **International security restrictions**

n.a.

**Payment arrears**

Official

These arrears are owed largely to Brazil.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade

Producers of gold may sell only to the authorized gold buyers (the CBS and Grassalco). Locally produced gold must be surrendered to the FEC by sale to the CBS. The authorized gold buyers are permitted, however, to sell nuggets at freely agreed prices for industrial and artistic purposes. Dealings between residents in gold bars and other forms of unworked gold, with the exception of nuggets, are prohibited. As local production does not meet the demand for industrial purposes, the CBS may import some gold. Residents may hold and acquire gold coins in Suriname for numismatic and investment purposes; authorized banks may freely negotiate gold coins among themselves and with other residents. Residents other than the monetary authorities, producers of gold, and authorized industrial and dental users are not allowed to hold or acquire gold in any form other than nuggets, jewelry, or coins, at home or abroad without special permission.

Controls on external trade

Imports and exports of gold in any form other than jewelry require exchange licenses issued by the FEC. Licenses are not normally granted except for imports and exports of coins by authorized banks, and for imports and exports by or on behalf of the monetary authorities, producers of gold, and industrial users. Residents arriving from abroad, however, may freely bring in gold, subject to declaration and provided that they surrender it to the CBS within 20 days. Nonresident travelers may also freely bring in gold, subject to declaration; they may reexport the declared amount freely. Imports of gold coins are duty free and those of unworked gold are subject to a duty of Sf 1.00 a gram, irrespective of origin. The general tariff for gold ornaments is 60% ad valorem. Imports and exports of all forms of gold are subject to a statistical fee of 0.5%; in addition, imports are subject to a licensing fee of 1.5%.

**Controls on exports and imports of banknotes**

On exports

*Domestic currency*

Both resident and nonresident travelers may take out up to Sf 100.

*Foreign currency*

Exports in excess of \$10,000 require a written declaration.

On imports

*Domestic currency*

Travelers may bring in up to Sf 100.

*Foreign currency*

Travelers may bring in up to \$10,000. Larger amounts must be declared. Nonresidents may take out of the country up to the amount they brought in and declared on entry.

**Resident Accounts****Foreign exchange accounts permitted**

Resident nonbanks are allowed to open foreign currency accounts with domestic and foreign banks and to hold foreign securities, provided that the funds have not been acquired from sales of real estate in Suriname or from exports. Balances in these accounts and holdings of foreign assets may be used freely, except for travel, for which there is a limit of Sf 1,500 a person a year.

Held domestically

Yes.

Held abroad

Yes.

**Accounts in domestic currency convertible into foreign currency**

n.a.

**Nonresident Accounts****Foreign exchange accounts permitted**

Nonresidents, whether banks or nonbanks, may open accounts in dollars with domestic banks with the prior permission of the FEC; no overdrafts are permitted. These accounts may not be credited with Surinamese guilders.

**Domestic currency accounts**

Nonresidents other than banks may freely open accounts in Suriname guilders with domestic banks. Certain debits and credits are covered by a general license, and all others are subject to a specific license. These accounts must not be overdrawn, and, except for certain specified purposes, debits must not exceed a total of Sf 3,000 a month. Authorized banks may open nonresident accounts in Suriname guilders in the name of nonresident banks; these accounts also must not be overdrawn. Authorized banks may open nonresident accounts on behalf of nonresidents drawing pensions from the government or under company plans. A special permit is required to transfer pensions abroad. Nonresident accounts in guilders may not be credited with Suriname banknotes mailed from abroad.

Convertible into foreign currency

n.a.

**Blocked accounts**

n.a.

## Imports and Import Payments

**Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

Import licenses used as exchange licenses

Import licenses serve as a general authorization for payment. In case of payment by LC, the import license must be approved by the CBS.

**Import licenses and other nontariff measures**

Import licenses are required for all imports and are valid for six months, during which period the goods must be landed and paid for.

Negative list

Imports of some commodities are prohibited: pigs (excluding those for breeding); chicken, duck, and turkey meat; pork; fish (excluding kwie kwie fish and smoked herring), shrimp, and crab (fresh, cooled, frozen, salted, dried, or precooked); vegetables (excluding potatoes, onions, and garlic); edible roots and tubers; citrus fruits; bananas and plantains; coconuts; green and roasted coffee (excluding decaffeinated); rice and rice products (excluding baby food); sugar (excluding cubes and tablets weighing 5 grams or less a cube or tablet); aromatized or colored sugar or sugar syrup; noodles and macaroni; jam, jelly, and marmalade (excluding those for diabetics); peanut butter; syrups and concentrates for nonalcoholic beverages in packages of less than 5 kilograms (excluding those for diabetics); firewood and other nonprocessed wood; railroad ties; shingles; wooden structures for construction; wooden tiles and panels; wooden tools, handles, and coat hangers; men's and boys' shoes (excluding rubber and plastic boots and sport shoes); and sand, gravel, sidewalk tiles, and road bricks. Imports of some other items, such as explosives and narcotics, are prohibited for reasons of public policy or health.

Open general licenses

Yes.

Licenses with quotas

Commodities subject to quotas include kwie kwie fish, milk powder, potatoes, onions, garlic, fruits and nuts (other than citrus fruits, bananas, plantains, and coconuts), decaffeinated coffee, peanuts, baby food, tomato paste, certain preserved vegetables, matches, furnishings, ready-made clothing, and furniture (excluding that for business establishments, such as offices, theaters, clinics, hotels, restaurants, and libraries).

Other nontariff measures

Yes.

**Import taxes and/or tariffs**

In addition to customs duties, a license fee of 1.5% is levied on the c.i.f. value of all imports. A statistical fee of 2% is levied on the c.i.f. value of imports of bauxite companies, and 0.5% of the c.i.f. value of other imports.

State import monopoly

n.a.

## Exports and Export Proceeds

**Repatriation requirements**

Certain export companies have received special permission from the FEC to maintain current accounts in foreign currency with their parent companies abroad and to use these for specified payments and receipts (including export proceeds).

<b>Surrender requirements</b>	Exporters of bauxite and bananas must surrender foreign exchange proceeds to the CBS at the official exchange rate. Bauxite companies are not subject to export surrender requirements but must sell foreign exchange to the CBS to pay for their local expenditures. Other exporters must surrender their proceeds to authorized commercial banks and are allowed to buy back up to 85% of the amount surrendered.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	To verify prices, the MTI ascertains with the relevant government agency whether the export price as reported by the exporter is in accordance with world market prices.
<b>Letters of credit</b>	Licenses are issued if the exports are covered by LCs opened by buyers abroad.
<b>Export licenses</b>	Exports require licenses issued by the MTI. Export licenses for cattle, pigs, fresh beef and pork, and planting materials are granted only on the advice of the Director of Agriculture, Animal Husbandry, and Fisheries. The export of bamboo wood is prohibited and that of rice is subject to special regulations.
<b>Export taxes</b>	Exports of processed and semiprocessed wood are subject to a tax of 100% of the f.o.b. value. Exports of bauxite are subject to a statistical fee of 2% of their f.o.b. value, and other exports are subject to a statistical fee of 0.5% of their f.o.b. value.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Transactions involving outward remittances of foreign exchange are subject to licensing. Application for a license must be submitted to the FEC at least one month before the intended date for effecting such a transaction.
<b>Investment-related payments</b>	License applications must be supported by an auditor's report and presented to the FEC for verification. Transfers of profits from investments made after July 31, 1953 are permitted. License applications must be supported by an auditor's report and presented to the FEC for verification. Profits must be transferred within three years; otherwise, they are considered to have become part of the firm's working capital and may be transferred only in annual installments of 20%. Transfers in accordance with these decisions have been temporarily suspended. Information is not available on the payment of amortization of loans or depreciation of direct investments.
<i>Quantitative limits</i>	There are quantitative limits for the transfer of profits.
<b>Payments for travel</b>	Travel allowances for residents are subject to licensing and are limited to the equivalent of \$1,500 a person a calendar year.
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.
<b>Personal payments</b>	A special permit is required to transfer pensions abroad.
<b>Foreign workers' wages</b>	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	The head of a repatriating family may transfer the equivalent of Sf 10,000 plus 10% of his or her total taxable earnings in Suriname accrued during the period of residence. If his or her Surinamese assets exceed the sum thus calculated, the excess may be transferred at a rate of Sf 10,000 a year. Transfers abroad in excess of Sf 10,000 a year may be authorized under exceptional circumstances. Outward transfers for these purposes have been temporarily reduced.
<i>Indicative limits/bona fide test</i>	Yes.
<b>Other payments</b>	
<i>Quantitative limits</i>	Authorized banks and the General Post Office have authority to provide foreign exchange up to Sf 150 a month for payment of certain services (bank charges, legal fees, membership

dues, copy and patent rights, etc.) as well as for advertising expenses and payments for books.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
<b>Surrender requirements</b>	Foreign exchange receipts from invisibles must be surrendered to an authorized bank.
<b>Restrictions on use of funds</b>	Yes.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Subject to certain requirements, residents may purchase or sell in specified countries Surinamese corporate shares that have been designated as negotiable by the FEC.
<b>Controls on derivatives and other instruments</b>	n.a.
<b>Controls on credit operations</b>	
Commercial credits	
<i>To residents from nonresidents</i>	Borrowing by nonbanks requires the prior approval of the FEC.
Financial credits	The foreign transactions of authorized banks are restricted, in principle, to those undertaken for the account of their customers. Banks are required, in principle, to surrender to the CBS any excess of foreign currency purchased.
<i>By residents to nonresidents</i>	Authorized banks may place abroad in short-term dollar assets the amounts corresponding to balances in their nonresident dollar accounts.
<b>Controls on direct investment</b>	
Outward direct investment	Investments are not permitted, but exceptions may be made when it is considered beneficial to Surinamese interests. The FEC may, at its discretion, grant licenses for transfers abroad from the estate of a deceased person up to a maximum of Sf 10,000. For estates valued at more than Sf 10,000, further annual transfers are permitted so as to spread them over a period of up to 10 years.
Inward direct investment	Yes.
<b>Controls on liquidation of direct investment</b>	Transfers are permitted at any time of the foreign exchange (including loans) imported by a nonresident entrepreneur for the company's use. Also permitted are transfers of capital proceeds from the sale to residents, or the liquidation of fully or partly foreign-owned companies or other forms of enterprise established by nonresidents with foreign capital after July 31, 1953.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Residents may not purchase real estate abroad.
<b>Controls on personal capital movements</b>	
Transfer of assets	
<i>Transfer abroad by emigrants</i>	The FEC may allow emigrants (heads of family) to transfer in foreign exchange the equivalent of Sf 5,000 in a lump sum, and subsequently Sf 5,000 a year.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Maintenance of accounts abroad	Authorized banks are permitted to place part of their liquid funds abroad and to use the short-term credit lines extended by their foreign correspondent banks as a source of operating funds. The CBS guarantees the LCs issued by the authorized banks by pledging its

	balances up to a specified ceiling, while the authorized banks keep their balances abroad at a minimum level. This arrangement applies to the state-controlled Landbouw Bank, De Surinaamsche Bank, and Hakrinbank, but not to the Dutch-owned Algemene Bank Nederland. Authorized banks may place abroad in short-term dollar assets the amounts corresponding to balances in their nonresident dollar accounts.
Open foreign exchange position limits	The foreign transactions of authorized banks are restricted, in principle, to those undertaken for the account of their customers, and banks are required, in principle, to surrender to the CBS any excess of foreign currency purchased.
Provisions specific to institutional investors	n.a.
Other controls imposed by securities laws	No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

### Changes During 1999

Exchange arrangement	<i>January 1.</i> Commercial banks and exchange bureaus are free to set their own exchange rates for foreign exchange acquired from non-CBS sources within a $\pm 3\%$ band around the official rate.
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# SWAZILAND

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: December 11, 1989.

### Exchange Arrangement

#### Currency

The currency of Swaziland is the Swaziland lilangeni.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The lilangeni is pegged to the South African rand at E 1 per R 1. Exchange rates for the U.S. dollar quoted by the Central Bank of Swaziland (CBS) are based on the exchange rate of the South African rand against the U.S. dollar. Rates are also quoted for the Canadian dollar, the euro, the Japanese yen, the pound sterling, and the Swiss franc, based on the London and New York market quotations for these currencies against the U.S. dollar and for the euro. The CBS also quotes rates for the currencies of the member states of the PTA, based on their relationship with the SDR as reported by the PTA clearinghouse.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

The CBS permits authorized dealers to engage in forward exchange operations. The forward exchange rates are market determined.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Regional arrangements

Swaziland is part of the CMA; no restrictions are applied to payments within the CMA, and, in principle, payments are not controlled. Residents of Swaziland have access to the Johannesburg market, in accordance with the terms and conditions applied in that market.

#### Administration of control

The CBS, on behalf of the MOF, controls all external currency transactions. In relations with countries outside the CMA, Swaziland applies exchange controls that are generally similar to those of South Africa.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

Yes.

##### Controls on external trade

Yes.

#### Controls on exports and imports of banknotes

##### On exports

###### Domestic currency

Exports of up to E 500 are allowed.

###### Foreign currency

Exports of the applicable travel entitlement are allowed.



## On imports

*Domestic currency*

Imports of up to E 500 are allowed.

**Resident Accounts****Foreign exchange accounts permitted**

## Held domestically

Individuals may hold foreign currency deposits of up to E 100,000 with local authorized dealers.

*Approval required*

Approval is granted to export/import-oriented companies.

## Held abroad

Individuals may not hold foreign currency deposits abroad, and companies are subject to approval and limited to required working balances.

**Accounts in domestic currency convertible into foreign currency**

These accounts are subject to exchange control approval.

**Nonresident Accounts****Foreign exchange accounts permitted**

These accounts are permitted, but approval is required.

**Domestic currency accounts**

Yes.

## Convertible into foreign currency

These accounts are permitted, but approval is required.

**Blocked accounts**

Balances in these accounts may be invested in quoted securities within Swaziland and other such investments as may be approved by the CBS.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

## Minimum financing requirements

Yes.

## Advance payment requirements

Advance payments are limited to 33.33% of the ex-factory cost of the goods.

## Advance import deposits

Yes.

**Documentation requirements for release of foreign exchange for imports**

## Import licenses used as exchange licenses

Import licenses entitle the holders to buy the foreign exchange required to make import payments.

**Import licenses and other nontariff measures**

## Open general licenses

Swaziland is a member of the SACU, and no import restrictions are imposed on goods originating in any country of the customs union. Imports from South Africa, including goods originating outside the customs union, do not require licenses. Imports from countries outside the customs union require licenses. Ports of entry outside Swaziland may be used, but the Swaziland authorities are responsible for controlling import licenses and payment procedures.

**Import taxes and/or tariffs**

Swaziland applies the customs tariff system of SACU on imports from outside the customs union.

**State import monopoly**

No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	For goods shipped to countries outside the customs area, licensing is administered to ensure that export proceeds are repatriated in the prescribed manner and within the stipulated period.
Surrender requirements	Declaration must be done within 30 days from the date of accrual.
<b>Financing requirements</b>	n.r.
<b>Documentation requirements</b>	Contract notes are required.
<b>Export licenses</b>	
Without quotas	All exports are subject to licensing. For those goods that are shipped to members of the customs area, licenses are used mainly for tax levy purposes.
<b>Export taxes</b>	A sugar export levy applies to export proceeds from the EU market.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments to nonresidents for current transactions, while subject to control, including indicative limits/bona fide tests for all transactions, are not normally restricted. Authority to approve some types of current payments up to established limits is delegated to authorized dealers.
Trade-related payments	
<i>Prior approval</i>	Required for the payment of administrative expenses.
Investment-related payments	No information is available on the payment of amortization loans or depreciation of direct investments.
<i>Prior approval</i>	Required for interest payments and remittances of profits and dividends.
Payments for travel	
<i>Quantitative limits</i>	Effective May 1998, for business and holiday travel, permanent residents may purchase in foreign exchange up to E 100,000 an adult a year, and E 30,000 a child under 12 years a year.
<i>Indicative limits/bona fide test</i>	Larger amounts are granted upon application supported by proof of bona fide need.
Personal payments	
<i>Prior approval</i>	Required for the transfers of pensions.
<i>Quantitative limits</i>	Effective May 1998, study allowances for students in non-CMA countries are E 160,000 a year for single students, and E 200,000 a year for married students accompanied by their spouse. Travel allowances for students studying in non-CMA countries during vacation periods are E 30,000 a year for single students, and E 60,000 a year for married students accompanied by their spouse.
Foreign workers' wages	
<i>Quantitative limits</i>	The limit varies from one-third up to one-half of the gross monthly income.
Credit card use abroad	
<i>Prior approval</i>	To use credit cards outside the CMA, a resident cardholder must complete a letter of undertaking before departure.
<i>Quantitative limits</i>	Residents may utilize up to 100% of the sanctioned travel facility.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
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Surrender requirements	Yes.
<b>Restrictions on use of funds</b>	Yes.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	All inward capital transfers require the prior approval of the CBS and must be properly documented in order to facilitate the subsequent repatriation of interest, dividends, profits, and other income.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	Purchases may be processed through normal banking channels either directly in foreign currency or through local currency nonresident accounts with the CMA.
Sale or issue locally by nonresidents	Balances in blocked accounts may be invested in quoted securities and other such investments as may be approved by the CBS.
Purchase abroad by residents	Applications for most outward transfers of capital are considered on their merits.
Sale or issue abroad by residents	Yes.
<i>Bonds or other debt securities</i>	
Purchase locally by nonresidents	Yes.
Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	These transactions are subject to the prior approval of the CBS.
Sale or issue abroad by residents	These transactions are subject to the prior approval of the CBS.
On money market instruments	All money market transactions are controlled.
On collective investment securities	All transactions in collective investment securities are controlled.
<b>Controls on derivatives and other instruments</b>	All transactions in derivatives and other instruments are controlled.
<b>Controls on credit operations</b>	All credit operations are controlled.
Commercial credits	
<i>To residents from nonresidents</i>	Borrowing in foreign currency is not allowed.
<b>Controls on direct investment</b>	
Outward direct investment	Applications for most outward transfers of capital are considered on their merits.
Inward direct investment	Yes.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	These transactions are subject to the prior approval of the CBS.
Purchase locally by nonresidents	Purchases by nonresidents are subject to approval. Applicants must go through the Land Speculation Board to determine if there is effective local demand.
Sale locally by nonresidents	These transactions are subject to the prior approval of the CBS.
<b>Controls on personal capital movements</b>	All personal capital movements are controlled.
Settlement of debts abroad by immigrants	Applicable to funds drawn from blocked accounts.

## Transfer of assets

*Transfer abroad by emigrants* Effective May 1998, transfers of allowances by emigrants were raised.

Transfer of gambling and prize earnings Prior approval is required.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad Residents are not permitted to borrow funds from abroad without prior approval.

Lending to nonresidents (financial or commercial credits) Yes.

Lending locally in foreign exchange Yes.

Differential treatment of deposit accounts in foreign exchange

*Reserve requirements* Yes.

*Liquid asset requirements* Yes.

Differential treatment of deposit accounts held by nonresidents

*Reserve requirements* Yes.

*Liquid asset requirements* Yes.

*Credit controls* Yes.

## Investment regulations

*In banks by nonresidents* Yes.

## Open foreign exchange position limits

*On resident assets and liabilities* Yes.

*On nonresident assets and liabilities* Yes.

**Provisions specific to institutional investors**

Limits (max.) on securities issued by nonresidents and on portfolio invested abroad Yes.

Limits (max.) on portfolio invested abroad Yes.

Limits (min.) on portfolio invested locally Effective December 1998, institutional investors were allowed to invest abroad 15% of their assets in Swaziland by way of asset swaps after obtaining CBS approval.

**Other controls imposed by securities laws** No.

**Changes During 1998**

**Payments for invisible transactions and current transfers** May 4. Allowances for travel and study abroad were raised.

**Capital transactions**

Controls on personal capital movements May 4. Transfers of allowances by emigrants were raised.

Provisions specific to institutional investors December 18. Institutional investors were allowed to invest abroad 15% of their assets in Swaziland by way of asset swaps after obtaining CBS approval.

## SWEDEN

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: February 15, 1961.

### Exchange Arrangement

<b>Currency</b>	The currency of Sweden is the Swedish krona.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Independently floating	The exchange rate of the Swedish krona is determined on the basis of supply and demand.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	
Official cover of forward operations	The Sveriges Riksbank, the central bank, and certain government agencies participate in the forward exchange rate market.

### Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	No.
<b>International security restrictions</b>	
In accordance with Executive Board Decision No. 144-(52/51)	Yes.
In accordance with UN sanctions	Sweden imposes certain restrictions with regard to payments and transfers in respect of the Federal Republic of Yugoslavia (Serbia/Montenegro). Financial transactions with Iraq are prohibited. Certain restrictions are imposed on Angola and Libya.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	No.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	
Held domestically	Yes.
Held abroad	Residents may open accounts, provided that the amounts are reported to the Swedish National Tax Board for tax control and to the Riksbank for statistical purposes.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
<b>Domestic currency accounts</b>	External krona accounts may be held by nonresidents domiciled abroad, including persons who have become nonresidents after emigrating. They may be used for payments and transfers and may be converted into any foreign currency.
<b>Convertible into foreign currency</b>	Yes.
<b>Blocked accounts</b>	These accounts are blocked for the Federal Republic of Yugoslavia (Serbia/Montenegro) and Libya.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	Imports on most iron and steel products from all countries outside the EU, other than countries of the EFTA or countries that are parties to the EEA, are subject to import licensing for surveillance purposes. Certain goods (such as fireworks, gloves, bicycles, brushes, etc.) from China are also subject to licensing for surveillance purposes.
<b>Licenses with quotas</b>	As a result of Sweden's membership in the EU, the importation of textiles and clothing from more than 50 countries has been subject to restrictions or licensing for surveillance purposes. Agricultural and fishery products are also subject to import licensing. Some iron and steel products from Russia, Ukraine, and Kazakhstan are also subject to restrictions. Certain imports from China (shoes, porcelain, toys, etc.) are subject to restrictions.
<b>Other nontariff measures</b>	Imports from Iraq are prohibited due to UN sanctions. Import restrictions apply to certain categories of food as well as narcotic drugs, weapons, live animals, radioactive materials, and others.
<b>Import taxes and/or tariffs</b>	Alcohol, tobacco, and mineral oils are subject to import taxes and customs duty.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Exports to Iraq and Angola are prohibited due to UN sanctions, with a few exceptions.
<b>Without quotas</b>	Yes.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	The restriction applies only to shares and other securities of a participatory nature that may be affected by laws on inward direct investment in fishing and civil aviation.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	Yes.
On money market instruments	
<i>Purchase locally by nonresidents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	
Inward direct investment	Laws on inward investment and establishment apply to investment in fishing, civil aviation, and transport and communications.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	A permit may be required.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Investment regulations	Yes.
Open foreign exchange position limits	For prudential reasons, there are general guidelines related to credit institutions' and securities firms' net positions in foreign currencies. These guidelines stipulate limits on both positions in a single currency—15% of the capital base—and on the total net position of all currencies—30% of the capital base.
<i>On nonresident assets and liabilities</i>	Yes.
<i>On resident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	
Currency-matching regulations on assets/liabilities composition	The same provisions apply as for open foreign exchange position limits.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

## SWITZERLAND

(Position as of December 31, 1998)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: May 29, 1992.

#### Exchange Arrangement

##### Currency

The currency of Switzerland is the Swiss franc.

##### Exchange rate structure

Unitary.

##### Classification

Independently floating

The exchange rate of the Swiss franc is determined by supply and demand. However, the Swiss National Bank (SNB) reserves the right to intervene in the foreign exchange market. All settlements are made at free market rates. The principal intervention currency is the dollar.

##### Exchange tax

No.

##### Exchange subsidy

No.

##### Forward exchange market

No officially fixed premiums and discount rates apply to forward exchange contracts, all of which are negotiated at free market rates.

### Arrangements for Payments and Receipts

##### Prescription of currency requirements

No.

##### Payment arrangements

No.

##### Administration of control

No.

##### International security restrictions

In accordance with Executive Board Decision No. 144-(52/51)

Certain restrictions have been imposed in respect of Iraq, Libya, and the Federal Republic of Yugoslavia (Serbia/Montenegro).

In accordance with UN sanctions

On the basis of UN sanctions, restrictions have been imposed on the making of payments and transfers for current international transactions regarding Iraq, Libya, and the Federal Republic of Yugoslavia (Serbia/Montenegro).

##### Payment arrears

No.

##### Controls on trade in gold (coins and/or bullion)

Controls on external trade

Import and export licenses, which are issued freely, are required for commercial imports and exports of certain articles containing gold.

##### Controls on exports and imports of banknotes

No.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically

Yes.

Held abroad

Yes.



Accounts in domestic currency convertible into foreign currency	Yes.
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### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	No.
Import licenses and other nontariff measures	Import controls apply only for defense-sensitive products, and in accordance with UN restrictions.
Open general licenses	Licenses are required mostly for agricultural products.
Import taxes and/or tariffs	No.
State import monopoly	The importation of alcohol, butter, salt, and wheat grain is a partial state monopoly. The partial state monopolies for the importation of butter and wheat grain will be removed in 1999.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	The system is operated in part with the assistance of semiofficial or private organizations.
Without quotas	Exports of weapons, dual-use goods for the production of conventional weapons, and weapons of mass destruction are controlled (approval is required). Exports are prohibited in accordance with UN restrictions.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

## Capital Transactions

### Controls on capital and money market instruments

On capital market securities

Foreign and domestic bond issues denominated in Swiss francs must be reported to the SNB. The physical importation and exportation of Swiss and foreign securities are unrestricted. In case of any disturbances in the capital markets, the federal government may introduce a permit requirement for certain outward capital transfers (e.g., bond issues).

### Controls on derivatives and other instruments

No.

### Controls on credit operations

No.

### Controls on direct investment

No.

### Controls on liquidation of direct investment

No.

### Controls on real estate transactions

Purchase locally by nonresidents

Purchases by nonresidents require approval by the canton in which the property is situated. The approval of the canton is subject to supervision and appeal by the federal government.

### Controls on personal capital movements

No.

### Provisions specific to commercial banks and other credit institutions

No.

### Provisions specific to institutional investors

For insurance companies, the overall limit is 30% if invested in bonds denominated in Swiss francs and 20% if invested in bonds denominated in foreign currencies.

For life insurance, the overall limit is 30% with limits for equities, bonds, and real estate of 25%, 20%, and 5% of the total portfolio, respectively.

Limits (max.) on portfolio invested abroad

Yes.

### Other controls imposed by securities laws

No.

## Changes During 1998

No significant changes occurred in the exchange and trade system.

# SYRIAN ARAB REPUBLIC

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article XIV

Yes.

## Exchange Arrangement

### Currency

The currency of the Syrian Arab Republic is the Syrian pound.

### Exchange rate structure

#### Multiple

As of January 1, 1999, the exchange rate system consists of four official rates and two unofficial rates. The official rates are: (1) the legally designated official rate of LS 11.20/11.25 per \$1 applies to the repayment of loans and interest arising from bilateral payment agreements; (2) the budget accounting rate of LS 46.45/46.50 per \$1 (also known as the government fee rate) applies to public sector exports of petroleum, all government imports (including essential subsidized commodities and invisibles), and repayment of loans and interest not related to bilateral payment agreements; (3) the "rate in neighboring countries" of LS 46.00/46.50 per \$1 applies to all public and private capital inflows, the 25% of export proceeds surrendered by the private sector, and that part of the 75% of export proceeds retained by private sector exporters that is not used to finance their own imports or sold to other importers; to travel allowances; to tourism and medical expenses; to student allowances; to remittances abroad and payments by the public sector approved by the Committee for Foreign Exchange; to all public sector enterprises' foreign exchange transactions; to earnings of staff of UN and diplomatic missions in the Syrian Arab Republic; and to domestic expenses of foreign oil companies; and (4) the promotion rate of LS 20.22 per \$1, which is used only for payments of allowances to students who started overseas study before January 1, 1991, and no longer has practical application.

The unofficial rates are (1) the free market rate, which stood at LS 52.11 per \$1 on December 31, 1998, and (2) the "export proceeds" rate, in which a market-determined rate applies to goods that may be imported only with foreign exchange earned through exports. Exporters who do not use all of their export earnings to import goods may sell their retained foreign exchange earnings to importers in this market. In December 1998, the exchange rate in this market stood at LS 56 per \$1.

### Classification

#### Conventional pegged arrangement

The official rate is pegged to the U.S. dollar at LS 11.20/11.25 per \$1, but it applies to a few debt payments relating to bilateral payment arrangements.

### Exchange tax

No.

### Exchange subsidy

No.

### Forward exchange market

No.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

The Exchange Office (EO) prescribes the currencies that can be obtained for exports. Proceeds from exports to all countries may be obtained in any convertible currency. Prescription of currency requirements are not applied to outgoing payments. All payments to, and receipts from, Israel are prohibited. With few exceptions, non-Syrians visiting the Syrian Arab Republic are required to settle their bills in foreign exchange.

### Payment arrangements

#### Bilateral payment arrangements

##### Operative

There is an agreement with the Islamic Republic of Iran.

<i>Inoperative</i>	There is an agreement with Russia and Sri Lanka.
<b>Administration of control</b>	The Ministry of Economy and Foreign Trade (MOEFT) determines policy with regard to imports and exports and issues import licenses. The EO issues exchange licenses for invisibles and capital transactions.
<b>International security restrictions</b>	n.a.
<b>Payment arrears</b>	
Official	Yes.
Private	Yes.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on external trade	Imports of gold are subject to import licensing, while export proceeds must be surrendered to the Commercial Bank of Syria (CBOS).
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	Syrian banknotes may not be exported. However, travelers to Jordan and Lebanon who are not eligible for a foreign exchange allowance may take with them up to LS 5,000 a trip. Nonresidents leaving the Syrian Arab Republic are not allowed to reconvert Syrian currency into foreign exchange.
<i>Foreign currency</i>	Residents traveling abroad may take with them foreign exchange up to \$2,000 a trip to all countries except Jordan and Lebanon.
On imports	
<i>Domestic currency</i>	Residents and nonresidents are permitted to bring unlimited amounts of Syrian currency without declaration.
<i>Foreign currency</i>	Nonresidents are permitted to bring up to \$5,000 without declaration.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	Residents are permitted to open foreign exchange accounts. Effective January 25, 1998, deposits may be transferred to other resident accounts on condition that their accounts have sources from abroad. Deposits in the form of banknotes may only be withdrawn in that form, unless transferred abroad for medical treatment, education, newspaper subscriptions, and other similar noncommercial purposes. Deposits for a term of 90 days or more accrue a competitive rate of interest.
Held domestically	Yes.
Held abroad	No.
<b>Accounts in domestic currency convertible into foreign currency</b>	No.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	After obtaining approval, nonresidents may open accounts in convertible foreign currencies at the CBOS for the deposit of funds from abroad. Balances in such accounts may be sold to local banks, transferred abroad without restriction, or used to pay for authorized imports. Temporary nonresident accounts may be opened in the name of nonresidents temporarily residing in the Syrian Arab Republic. These accounts may not be used, however, for funds received in settlement currencies through payment conventions.
<b>Domestic currency accounts</b>	After obtaining approval, these accounts may be opened and credited with the proceeds in foreign currencies sold to the authorized banks and with other receipts in foreign

currencies; they may be debited without prior approval to pay for Syrian exports to the country of the account holder and for expenses in the Syrian Arab Republic.

**Blocked accounts**

n.a.

## Imports and Import Payments

**Foreign exchange budget**

The foreign exchange requirements of the state trading agencies are met from the annual foreign exchange budget; these agencies automatically receive import licenses upon submission of documentation of their import requirements.

**Financing requirements for imports**

When foreign exchange is not made available, private imports must be financed with the importers' own resources through external credit arrangements, foreign currency deposits maintained in the Syrian Arab Republic by nonresidents, or foreign exchange purchased from other private or mixed enterprises through the intermediary of the CBOS at the "rate in neighboring countries." Imports of many goods are restricted to specific methods of financing. A number of imports may only be imported using foreign exchange generated through exports.

**Advance import deposits**

A non-interest-bearing advance deposit is required for public sector imports for an amount equal to 100% of the value of the imports. Private sector imports are not subject to this requirement if they are financed from abroad. Only if the CBOS is required to provide an LC is an import deposit required in the amount of 100% of the value of the import plus a 3% fee.

**Documentation requirements for release of foreign exchange for imports**

**Letters of credit**

Private importers may choose to import products specified on the permitted list by opening LCs at the CBOS.

**Import licenses and other nontariff measures**

All imports valued at more than LS 2,000 (LS 500 for imports from Lebanon) require licensing. A fee ranging from LS 104 to LS 404 is charged upon the issuance of an import license.

**Positive list**

The list of items that the private sector is permitted to import includes certain agricultural goods, industrial goods, and raw materials. Imports of goods not on the permitted list are prohibited, with certain exceptions. Imports must come directly from the country of origin, but the MOEFT has the authority to permit certain goods to be imported from countries other than the country of origin.

**Negative list**

There is a general list of goods that may not be imported from non-Arab countries. A separate list of prohibited imports from member countries of the Arab Free Trade Area came into effect on September 1, 1998; it includes only goods prohibited for health, safety, religious, or environmental reasons.

**Other nontariff measures**

Imports from the Syrian free zones are allowed for certain industrial goods and for goods with a free-zone value added of at least 40%. Imports of commodities originating in Israel are prohibited.

**Import taxes and/or tariffs**

An import surcharge of 2% is charged on all imports; government imports and imports of certain essential items are exempted. Imports for customs duty purposes are valued at different exchange rates (LS11.25, 23, 43, and 46.50 per \$1), according to the categories of goods, while import tariffs range up to 200%. All previous special levies on imports have been replaced by a unified import surcharge ranging from 6% to 35%.

**State import monopoly**

Many basic commodities (such as paper, salt, tobacco, wheat, iron and steel, and certain agricultural machinery) are imported only by state trading agencies or, for their own account, by certain private sector importers.

## Exports and Export Proceeds

**Repatriation requirements**

Yes.

Surrender requirements	Exporters are required to repatriate and surrender the proceeds to the CBOS within 60 days of the date of shipment to Lebanon, within four months of the date of export shipment to other Arab countries, and within six months of the date of shipment to any other country. Private sector exporters of manufactured goods are required to surrender 25% of their export proceeds to the CBOS at the "rate in the neighboring countries," and to retain the remainder to finance permitted imports. Public sector enterprises may retain 100% of their export proceeds in special foreign currency accounts. In the case of fruits and vegetables, private sector exporters may retain 100% of the proceeds.
Financing requirements	The CBOS may accept prepayments for exports of Syrian products.
Documentation requirements	Exports of a few goods to all countries and all exports to Israel are prohibited.
Export licenses	Exports of wheat, barley, cotton, cotton yarn, and their derivatives are made by the government organizations dealing in cereals and cotton. Petroleum product exports are handled by the state Petroleum Marketing Office. Exports of certain other commodities are also reserved for government agencies, state trading agencies, or specified companies.
Without quotas	Yes.
Export taxes	Products of agricultural origin are subject to the agricultural production tax of 12.5% ad valorem. This tax was reimbursed in 1998 for fruits and vegetables, cotton and cotton seeds, and olives upon proof of their export or the export of their processed products. The processed products that qualify for tax reimbursement include dried, frozen, and processed fruits and vegetables; ginned cotton, cotton wool, cotton clothing, and cotton seed oil; and olive oil.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	Most payments for invisibles must be made at the "rate in the neighboring countries."
Trade-related payments	
<i>Prior approval</i>	Yes.
Investment-related payments	Remittances of profits and dividends must be authorized by the EO upon proof of payment of income tax. Profits from projects approved by the Higher Committee for Investment under the investment law may be repatriated freely. Information is not available on the amortization of loans or depreciation of direct investments.
<i>Prior approval</i>	Yes.
Payments for travel	Residents traveling abroad may take with them foreign exchange up to \$2,000 a trip to all countries except Jordan and Lebanon. Of this amount, up to the equivalent of LS 5,000 a trip may be purchased at the official rate for travel to Arab countries (except Jordan and Lebanon), and up to the equivalent of LS 7,500 a trip for travel to non-Arab countries. Travelers to Jordan and Lebanon are not eligible for a foreign exchange allowance, but may take with them up to LS 5,000 a trip in Syrian banknotes. For children 15 years and younger, the allowances are 50% of the above amounts. For travel to countries with which payments arrangements are maintained, 50% of the travel allocation must be handled through the clearing account concerned (30% for business travelers). On departure, residents of Syrian nationality must pay an exit tax of LS 600 a person if traveling to Arab countries and LS 1,500 a person for other destinations. An airport stamp tax of LS 200 is added to this tax.
<i>Quantitative limits</i>	Yes.
Personal payments	
<i>Prior approval</i>	The allowance for medical treatment must be authorized by the Ministry of Health and for studies abroad by the Ministry of Higher Education.
<i>Quantitative limits</i>	The limit for family maintenance and alimony is LS 250 for each transfer and is effected upon presentation of proof of need.
Foreign workers' wages	
<i>Prior approval</i>	Yes.

<i>Quantitative limits</i>	Up to 60% of the salaries received by foreign technicians and experts employed in the Syrian Arab Republic, and 50% of the salaries of personnel of foreign diplomatic and international missions in the Syrian Arab Republic may be transferred. Foreign staff connected with foreign direct investments are allowed to transfer 100% of severance pay.
Other payments	
<i>Prior approval</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
<b>Surrender requirements</b>	Proceeds from a few transactions by the public sector relating to bilateral payment agreements must be sold at the old official rate of LS 11.20 per US\$1 and the remainder plus those from transactions by the private sector must be sold at the "rate of neighboring countries." All Syrian employees working abroad are subject to an annual tax of \$50–\$700, depending on their profession, and are allowed import tax exemptions on luxury items (valued between \$500 and \$7,000) if the equivalent funds are surrendered at the official rate. Syrian government employees who are on leave and working abroad are required to repatriate and convert a minimum of 25% of each year's earnings received in foreign exchange at the "rate of neighboring countries."
<b>Restrictions on use of funds</b>	Yes.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	All capital transfers to and from the Syrian Arab Republic take place at the "rate of neighboring countries." Exports of capital require the approval of the EO.
On capital market securities	There is no market in medium- and long-term government bonds in the Syrian Arab Republic. Bonds are issued on an as-needed basis to government-owned banks to supplement their capital base.
<i>Shares or other securities of a participating nature</i>	
<i>Purchase abroad by residents</i>	Yes.
On money market instruments	The only instruments available in the Syrian Arab Republic are investment bonds issued by the Popular Credit Bank (PCB) as agent of the government. The bonds, which carry an interest rate of 9% a year, have 10-year maturity but have a short-term effective holding period as they are redeemable after three to six months. They may only be purchased by nonbank Syrian residents and by the PCB itself.
<i>Purchase abroad by residents</i>	Yes.
On collective investment securities	
<i>Purchase locally by nonresidents</i>	There is no collective investment institution in the Syrian Arab Republic.
<i>Sale or issue locally by nonresidents</i>	n.r.
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	n.r.
<b>Controls on derivatives and other instruments</b>	n.a.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	Yes.

<i>To residents from nonresidents</i>	Yes.
<b>Financial credits</b>	
<i>To residents from nonresidents</i>	Yes.
Guarantees, sureties, and financial backup facilities	
<i>To residents from nonresidents</i>	Yes.
<b>Controls on direct investment</b>	
Outward direct investment	Yes.
Inward direct investment	The Syrian Arab Republic provides special facilities for the investment of funds of immigrants and of nationals of Arab states, including a seven-year tax exemption from all taxes in the tourism and agricultural industries. Projects with minimum fixed assets of LS 10 million approved by the government benefit from a number of exemptions from exchange and trade regulations, including exemption from customs duties of imports of required machinery, equipment, and vehicles. Mixed companies with at least 25% public participation are exempted from all taxes for seven years and private companies are exempted for five years; exemption periods may be extended by an additional two years if the company exports at least 50% of its output. Investors are permitted to hold foreign currency accounts to finance convertible currency requirements. These accounts comprise all capital and loans secured in foreign currency and 75% of foreign currency exports. All profits may be transferred freely. The Syrian Arab Republic has investment guarantee agreements with France, Germany, Switzerland, and the United States.
<b>Controls on liquidation of direct investment</b>	Investors are free to repatriate foreign exchange capital after five years from the date of investment. Capital may be repatriated after six months if the project suffers from events beyond the control of the investor.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Nonresidents and foreign nationals may acquire immovable property only after presenting evidence that they have converted into Syrian pounds the foreign exchange equivalent of the price of property at the authorized local bank.
Sale locally by nonresidents	Proceeds are required to be held in a blocked account and repatriated gradually.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Foreign currency deposits are not subject to reserve requirements.
<i>Interest rate controls</i>	Yes.
<i>Credit controls</i>	There is an annual credit plan.
Differential treatment of deposit accounts held by nonresidents	Yes.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<i>January 1.</i> The budget accounting rate was adjusted to LS 45.45/45.50 per \$1 from LS 34.95/35.00 per \$1.
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	<i>August 1.</i> The "rate in neighboring countries" was changed to LS 46.45/46.00.
<b>Resident accounts</b>	<i>January 25.</i> Foreign exchange regulations were amended to permit the transfer of deposits from one resident account in foreign exchange to another resident account on condition that the accounts have their sources from abroad.
<b>Imports and import payments</b>	<i>September 1.</i> A list of prohibited imports from member countries of the Arab Free Trade Area came into effect.
<b>Exports and export proceeds</b>	<i>January 1.</i> A number of agricultural products were exempted from the "agricultural production tax."

### **Changes During 1999**

<b>Exchange arrangement</b>	<i>January 1.</i> The budget accounting rate was adjusted to LS 46.45/46.50 per \$1 from LS 45.45/45.50 per US\$1.
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# TAJIKISTAN

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

## Exchange Arrangement

Currency The currency of Tajikistan is the Tajik ruble.

Other legal tender The use of other currencies is not prevented.

Exchange rate structure Unitary.

### Classification

Managed floating with no preannounced path for the exchange rate The official buying and selling exchange rates of the National Bank of Tajikistan (NBT) are based on the rates resulting from auctions held at the Tajik Interbank Foreign Currency Exchange (TICEX) in Dushanbe. In determining the amount to be auctioned, the NBT considers the availability of international reserves, but the main consideration is to maintain a stable exchange rate. In mid-October 1998, the auction rules were changed from a single-bidding to a multiple-bidding system. The interbank and retail markets transact at freely determined rates, but these rates are generally based on, and close to, the TICEX rate.

Exchange tax No.

Exchange subsidy No.

Forward exchange market No.

## Arrangements for Payments and Receipts

Prescription of currency requirements Residents of Tajikistan may make and receive payments and transfers in any convertible currency as well as in Tajik rubles. Residents and nonresidents may not use foreign exchange for domestic transactions, except for special cases as defined by the authorities. Commercial transactions with nonresidents must be conducted via correspondent accounts maintained either by authorized commercial banks or by the NBT.

### Payment arrangements

Bilateral payment arrangements

*Operative* Yes.

*Inoperative* There are inoperative agreements with the CIS countries, and negotiations for settlement of balances have been concluded.

Barter agreements and open accounts All barter trade, except for aluminum, has been prohibited since January 1, 1998.

### Administration of control

The NBT (1) acts as nonexclusive agent for the Republic of Tajikistan in the administration of foreign exchange controls; (2) issues licenses to commercial banks to conduct banking operations and foreign currency operations; (3) is exclusively responsible for the supervision and regulation of financial institutions; (4) manages official foreign exchange reserves; and (5) formulates basic foreign exchange policy. The MOF registers foreign investors for inward direct investment.

International security restrictions No.

### Payment arrears

Official Yes.

Private Yes.

<b>Controls on trade in gold (coins and/or bullion)</b>	Trade in gold is regulated by the Committee on Precious Metals and Semiprecious Stones.
Controls on external trade	Joint ventures that extract gold are subject to controls.
<b>Controls on exports and imports of banknotes</b>	Importation and exportation of foreign currency banknotes and Tajik ruble banknotes are freely permitted, subject only to the declaration of amounts over \$500.
On exports	
<i>Foreign currency</i>	Yes.
On imports	
<i>Foreign currency</i>	Imports are permitted, provided customs rules are observed.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	
Held domestically	Yes.
Held abroad	These accounts are permitted under the Law on Foreign Currency Control. However, the opening of these accounts requires authorization from the NBT.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for re-release of foreign exchange for imports</b>	
Letters of credit	Yes.
<b>Import licenses and other nontariff measures</b>	
Negative list	The importation of firearms, narcotics, poisons, chemical weapons, and nuclear materials is prohibited.
<b>Import taxes and/or tariffs</b>	Effective January 1, 1998, the uniform import tariff imposed on all imports was lowered to 5%. Natural gas and alumina are exempt from the duty, as are electricity and grain combines. Beginning April 1, 1998, customs duties are collected on alcohol and cigarette imports in fixed amounts, depending on the quantity of goods imported (liters and units).
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Yes.
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Surrender requirements	Foreign exchange proceeds may be either held by exporters in foreign currency accounts with domestic banks or sold in the interbank market.
Financing requirements	Yes.
Documentation requirements	For exports of cotton, a 100% advance payment is required.
Letters of credit	Yes.
Guarantees	Yes.
Export licenses	No.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

#### Foreign workers' wages

<i>Quantitative limits</i>	Yes.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes.
Restrictions on use of funds	No.

### Capital Transactions

#### Controls on capital and money market instruments

#### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents	MOF and NBT approval is required for the purchase of 10% of shares, and the purchases of shares among shareholders is controlled.
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Sale or issue locally by nonresidents	Yes.
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Purchase abroad by residents	NBT approval is required.
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Sale or issue abroad by residents	Only juridical persons may issue these instruments; registration with the MOF and approval of the NBT are required.
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<i>Bonds or other debt securities</i>	Registration with the MOF is required.
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Purchase locally by nonresidents	Yes.
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Sale or issue locally by nonresidents	Yes.
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Sale or issue abroad by residents	Yes.
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#### On money market instruments

<i>Purchase locally by nonresidents</i>	Yes.
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<i>Sale or issue locally by nonresidents</i>	Sale by nonresidents is permitted.
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<i>Purchase abroad by residents</i>	NBT approval is required.
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<i>Sale or issue abroad by residents</i>	NBT approval is required.
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## On collective investment securities

*Purchase locally by nonresidents* Yes.

*Sale or issue locally by nonresidents* Yes.

*Purchase abroad by residents* NBT approval is required.

*Sale or issue abroad by residents* If the security is issued in foreign currency, NBT approval is required.

**Controls on derivatives and other instruments**

Purchase abroad by residents NBT approval is required.

Sale or issue abroad by residents NBT approval is required.

**Controls on credit operations**

## Commercial credits

*By residents to nonresidents* There are no controls for loans of up to 90-day maturity.

*To residents from nonresidents* There are no controls for loans of up to 180-day maturity.

Financial credits There are no controls for loans of up to 180-day maturity. For maturities over 180 days, NBT approval is required.

*By residents to nonresidents* Yes.

*To residents from nonresidents* Yes.

## Guarantees, sureties, and financial backup facilities

*By residents to nonresidents* There are no controls for such facilities of up to 180-day maturity. For those with maturities over 180 days, NBT approval is required.

*To residents from nonresidents* Yes.

**Controls on direct investment**

Outward direct investment NBT approval is required.

**Controls on liquidation of direct investment** No.

**Controls on real estate transactions**

Purchase abroad by residents NBT approval is required.

**Controls on personal capital movements** No.

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad Only authorized foreign exchange banks may borrow from abroad.

Maintenance of accounts abroad n.r.

Lending to nonresidents (financial or commercial credits) Yes.

Lending locally in foreign exchange Yes.

Purchase of locally issued securities denominated in foreign exchange There are no such securities in Tajikistan.

## Differential treatment of deposit accounts in foreign exchange

*Reserve requirements* The reserve requirement is 20%.

Investment regulations	The limit is 20% of capital.
<i>Abroad by banks</i>	Yes.
<i>In banks by nonresidents</i>	Yes.
Open foreign exchange position limits	The aggregate open position is limited to 20% of bank capital.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
Provisions specific to institutional investors	No.
Other controls imposed by securities laws	No.

### Changes During 1998

Exchange arrangement	<i>October 15.</i> The auction rules were changed from a single-bidding to a multiple-bidding system.
Arrangements for payments and receipts	<i>January 1.</i> All barter trade, except for aluminum, was prohibited.
Imports and import payments	<i>January 1.</i> The uniform tariff rate was reduced to 5% from 10%. <i>April 1.</i> Customs duties are collected on alcohol and cigarette imports in fixed amounts, depending on the quantity of goods imported (liters and units).

# TANZANIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: July 15, 1996.

### Exchange Arrangement

#### Currency

The currency of Tanzania is the Tanzania shilling.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

The external value of the Tanzania shilling is determined in the interbank market. The Bank of Tanzania (BOT) intervenes in the interbank market only to smooth movements that are caused by transitory factors.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Authorized dealers may enter into forward contracts for purchases and sales of foreign currencies with their customers in export and import transactions.

#### Official cover of forward operations

The BOT does not offer forward cover against exchange rate risk.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Inoperative*

There is an agreement with Mozambique.

##### Regional arrangements

Tanzania participates in the COMESA, SADC, and EAC.

##### Clearing agreements

There are agreements with Kenya and Uganda.

#### Administration of control

The MOF has delegated authority to the customs and the BOT to administer and manage exchange transactions both on the mainland and in Zanzibar. The BOT delegates authority to make payments abroad to all licensed banks.

#### International security restrictions

n.a.

#### Payment arrears

##### Official

Yes.

##### Private

n.a.

#### Controls on trade in gold (coins and/or bullion)

Only authorized persons may buy, borrow, sell, lend, and hold or otherwise deal in gold coins and gold bullion outside Tanzania.

#### Controls on external trade

Yes.

#### Controls on exports and imports of banknotes

##### On exports

###### *Domestic currency*

Payment in domestic currency to a nonresident requires BOT approval. However, following a currency convertibility agreement reached with Uganda and Kenya, residents may carry and cross any of the three borders with any amount of currency from the three countries.

*Foreign currency* Yes.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	There are no limitations as to the amounts.
<b>Held domestically</b>	Yes.
<b>Held abroad</b>	Holding of foreign accounts is allowed for money acquired outside Tanzania, otherwise operations of offshore foreign currency accounts by individual residents are still subject to restrictions. However, in the case of resident banks and financial institutions, there are no restrictions on the operation of accounts with overseas financial institutions (foreign correspondent banks). Any authorized dealer bank may operate foreign currency accounts abroad in its name on behalf of its customers. Accounts of residents have to be reported to the BOT.
<b>Accounts in domestic currency convertible into foreign currency</b>	These accounts are exceptionally reserved for UN-related organizations.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
<b>Domestic currency accounts</b>	Nonresident accounts are maintained by foreign nationals temporarily residing in Tanzania; such accounts are to be closed upon leaving the country.
<b>Convertible into foreign currency</b>	Yes.
<b>Blocked accounts</b>	Authorized banks' approval is required when making any payment or placing any sum to the credit of nonresidents. The bank may direct the sum payable or to be paid or credited to a non-interest-bearing blocked account.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	
Advance payment requirements	Authorized dealers are permitted to handle cases of advance payments.
<b>Documentation requirements for release of foreign exchange for imports</b>	The release of foreign exchange in excess of \$5,000 requires invoices, shipping documents, a single bill of entry form, and a clean report of findings.
Domiciliation requirements	Yes.
Preshipment inspection	A clean report of findings is necessary for import payments subject to preshipment inspection. Imports of goods exceeding \$5,000 require a preshipment inspection document.
Letters of credit	Yes.
<b>Import licenses and other nontariff measures</b>	
Negative list	Certain imports to the mainland from any source may be prohibited for reasons of health or security.
<b>Import taxes and/or tariffs</b>	Effective July 1, 1998, customs tariffs are levied on the c.i.f. value of imports. There are four rates: 5%, 10%, 20%, and 30%. Low tariffs are also charged on imports of machinery. Specific duties are levied on alcoholic beverages, tobacco, and petroleum products. Statutory exemptions are granted to the diplomatic corps, as well as to religious, educational, and welfare institutions.
<b>State import monopoly</b>	No.



### Exports and Export Proceeds

<b>Repatriation requirements</b>	Requirements are still in place in the repatriation of export proceeds in foreign currency by exporters and reporting by banking institutions to the BOT of delinquent exporters beyond time allowed above.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	
Letters of credit	Yes.
Domiciliation	Yes.
<b>Export licenses</b>	Licenses from the respective ministries are required for the exportation from the mainland for a few items for health, sanitary, or national heritage reasons.
Without quotas	Yes.
<b>Export taxes</b>	Until July 1, 1998, a tax of 2% was levied on exports of scrap metal.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Presentation of relevant documentary evidence at the time of buying the foreign exchange is required. The BOT examines these documents.
Trade-related payments	The release of foreign exchange for import payments requires invoices, shipping documents, a clean report of findings from an authorized inspection firm, and a single bill of entry form.
Investment-related payments	The transfer of income from investments by nonresidents is not restricted, provided all tax obligations have been met. Remittances of portfolio and dividends require audited reports and authenticated documents confirming payment of all taxes.
Payments for travel	
<i>Quantitative limits</i>	For travel allowances exceeding \$10,000, the traveler has to produce documents certifying that the trip will last more than 40 days.
Personal payments	Proper documentation from the relevant educational or medical institution is required.
<i>Indicative limits/bona fide test</i>	There are bona fide tests for payment of medical costs.
Foreign workers' wages	Foreign workers are obliged to document the transfer with contracts, permits, and reason of remittance.
<i>Indicative limits/bona fide test</i>	Yes.
Other payments	Applicants for payment of fees related to consultancy, management, and royalty agreements need to furnish contractual documents duly executed by parties thereto, relevant invoice/fees notes, and tax clearances from the Tanzania Revenue Authority certifying that tax obligations have been settled.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Capital transfers to all countries are subject to approval by commercial banks. All transfers of foreign currency funds from residents to nonresidents or to foreign-controlled resident
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bodies require specific approval from the BOT. Residents may acquire from abroad and sell or issue abroad any security or coupon on which capital monies, dividends, or interest are payable in foreign currency, provided that the security has been funded exclusively by externally acquired funds. The acquisition must be reported to the BOT for statistical purposes.

#### On capital market securities

##### *Shares or other securities of a participating nature*

Sale or issue locally by nonresidents	Participation of nonresidents in the domestic money and capital markets is restricted.
Purchase abroad by residents	Shares issued abroad can be freely held and transferred by residents provided that such securities were acquired with externally generated funds. These purchases have to be reported to the BOT.

##### *Bonds or other debt securities*

Purchase locally by nonresidents	The purchase and redemption must be done in local currency.
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#### **Controls on derivatives and other instruments**

There are controls on all transactions in derivatives and other instruments.

#### **Controls on credit operations**

No BOT approval is required with respect to applications by residents for foreign loans, overdrafts, structured external financing facilities, and deferred payment arrangements exceeding 365 days.

#### Commercial credits

##### *By residents to nonresidents*

Yes.

##### *To residents from nonresidents*

BOT approval is required with respect to the receipt of foreign currency by residents and/or receipt of payment in the currency of Tanzania from nonresidents. Any person resident in Tanzania who has a right to receive foreign currency from a nonresident has to comply with directives given by the BOT to ensure the receipt of such foreign currency or such payment.

#### Financial credits

##### *By residents to nonresidents*

Yes.

##### *To residents from nonresidents*

Yes.

#### Guarantees, sureties, and financial backup facilities

There are no restrictions on assurances obtained outside Tanzania, except that the transfer should be externally funded.

##### *By residents to nonresidents*

There are restrictions in place for the provision of sureties, guarantees, or financial back-up facilities to nonresident entities, or transfer of funds to service these facilities.

#### **Controls on direct investment**

##### Outward direct investment

Investments require BOT approval, except that banks are permitted to authorize access to foreign currency facilities to residents in respect of outward capital account payments under direct investment as repatriation of capital and income to foreign shareholders.

##### Inward direct investment

All foreign direct investment must be approved by the Investment Promotion Center; some areas are reserved for investment by the public sector, and certain other areas are reserved exclusively for Tanzania citizens.

#### **Controls on liquidation of direct investment**

Repatriation of capital and associated income is done through commercial banks upon presentation of audited accounts indicating declared dividends, profits, or capital to be repatriated, plus authenticated documents from the Tanzania Revenue Authority confirming payment of all relevant taxes.

#### **Controls on real estate transactions**

Any person who owns immovable property in Tanzania may assign or transfer such property to beneficiaries abroad provided that the property was acquired through external resources subject to any laws in force in Tanzania.

##### Purchase abroad by residents

Purchases require BOT approval.

Purchase locally by nonresidents	Yes.
Sale locally by nonresidents	Yes.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	Debt-servicing-related remittances by residents require the submission of the relevant contract as approved by a commercial bank together with creditors' demand notes to that effect. Commercial banks have to furnish the BOT with monthly reports on loans serviced.
<i>To residents from nonresidents</i>	BOT approval is required for maturities longer than one year.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	Yes.
Settlement of debts abroad by immigrants	Yes.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	Yes.
<i>Transfer into the country by immigrants</i>	Yes.
Transfer of gambling and prize earnings	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Borrowing is subject to external debt management regulations. Otherwise, banks and financial institutions are allowed to operate credit lines with correspondents.
Lending to nonresidents (financial or commercial credits)	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	On June 1, 1998, BOT required that all statutory reserves be held in local currency. At the same time, banks were no longer allowed to average daily positions. On October 1, 1998, the BOT again allowed averaging of daily positions and also allowed banks to count half their vault cash toward meeting the requirement.
Open foreign exchange position limits	The limit is 20% of core capital.
<b>Provisions specific to institutional investors</b>	n.a.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Imports and import payments</b>	<i>July 1.</i> Custom tariff bands were reduced to the following four rates: 5%, 10%, 20%, and 30%.
<b>Exports and export proceeds</b>	<i>July 1.</i> The 2% tax on exports of scrap metal was abolished.
<b>Payments for invisible transactions and current transfers</b>	<i>September 24.</i> Banks and financial institutions are allowed to provide access to foreign currency facilities to residents with respect to all current account payments and transfers free of any ceilings, the exception being for travel abroad in which case the \$10,000 ceiling for an individual continues to apply. In addition to valid travel documents, the traveler should produce documented evidence to the effect that the travel will last for more than 40 days.

**Capital transactions**

*September 24.* Any institution authorized to lend may lend any amount of money in Tanzania shillings or foreign currency or assign treasury bills or securities denominated in Tanzania shillings to any resident, in the case of juridical persons, irrespective of the ownership.

**Provisions specific to commercial banks and other credit institutions**

*June 1.* All statutory reserves must be held in local currency, and banks are not allowed to average daily positions.

*October 1.* BOT allowed averaging of daily positions and counting half of the banks' vault cash toward meeting the requirement.

# THAILAND

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: May 4, 1990.

### Exchange Arrangement

#### Currency

The currency of Thailand is the Thai baht.

#### Exchange rate structure

##### Unitary

Effective January 30, 1998, the two-tier foreign exchange market was unified.

#### Classification

##### Independently floating

The exchange rate of the baht is determined on the basis of supply and demand in the foreign exchange market. The baht-dollar reference exchange rate is announced daily based on the average exchange rate of the previous day. The authorities indicated that exchange market intervention is limited to smoothing operations.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

A temporary set of measures imposed by the Bank of Thailand (BOT) to stem currency speculation was modified on January 30, 1998. Financial institutions from that date have been able to engage in spot foreign exchange market transactions involving the baht with nonresidents. The domestic and offshore spot markets were thus unified. Further, forward transactions no longer had to be related to underlying trade and financial transactions. To guard against potential speculation, Thai baht credit facilities, including swap and forward exchange contracts provided by each financial institution to nonresidents, in cases where there are no underlying trade or investment activities in Thailand, are subject to a maximum outstanding limit of B 50 million per counterparty.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Regional arrangements

Thailand is a member of the ASEAN.

#### Administration of control

The BOT, on behalf of the MOF, administers exchange controls, but it delegates responsibility to authorized banks for approving most transactions. Import and export licenses are issued by the Ministry of Commerce (MOC).

#### International security restrictions

##### In accordance with UN sanctions

Yes.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

Residents may hold and negotiate domestically gold jewelry, gold coins, and unworked gold. Purchases or sales of gold on commodity futures exchanges are prohibited.

##### Controls on external trade

Imports and exports of gold other than gold jewelry are prohibited, unless a license has been obtained from the MOF or the transaction is made on behalf of the monetary authorities. Foreign tourists may take out precious stones, gold or platinum ornaments, and other

articles without restriction. Exports of gold bullion are prohibited. Exporters and importers of gold ornaments exceeding B 500,000 in value must complete foreign exchange transaction forms at customs when submitting import or export entry forms. Gold ornaments are not subject to export duty or taxes.

### **Controls on exports and imports of banknotes**

#### **On exports**

##### *Domestic currency*

Travelers may take out domestic currency up to B 50,000; those traveling to Vietnam and the countries bordering Thailand are allowed to take out a maximum of B 500,000.

## **Resident Accounts**

### **Foreign exchange accounts permitted**

#### **Held domestically**

Approval is not required if funds originate from abroad, and upon depositing, the depositors must submit the documents showing their obligations to pay in foreign currency to persons residing abroad, resident authorized banks, the Export-Import Bank of Thailand, or the Industrial Finance Corporation of Thailand within three months from the date of deposit and can deposit amounts not exceeding their obligations. The total outstanding balances in all accounts should not exceed \$5 million for a juridical person and \$500,000 for a natural person. The regulation that baht proceeds from sales of stocks by nonresidents are to be converted into foreign currency at the onshore exchange rate was abolished on January 30, 1998.

#### **Held abroad**

Approval is required if deposits are made with funds of domestic origin.

#### **Accounts in domestic currency convertible into foreign currency**

No.

## **Nonresident Accounts**

### **Foreign exchange accounts permitted**

Approval is not required if funds originate from abroad.

#### **Domestic currency accounts**

#### **Convertible into foreign currency**

Approval is not required if funds originate from abroad, if they are transferred from other nonresidents' baht accounts, or if baht proceeds are borrowed from authorized banks.

#### **Blocked accounts**

No.

## **Imports and Import Payments**

#### **Foreign exchange budget**

No.

#### **Financing requirements for imports**

No.

#### **Documentation requirements for release of foreign exchange for imports**

Importers are required to complete foreign exchange transaction forms for transactions whose value exceeds B 500,000 when submitting import entry forms to customs, except for certain goods, such as military equipment imported by the Ministry of Defense, donated goods, and samples.

#### **Import licenses and other nontariff measures**

Most commodities may be freely imported, but import licenses are required for certain goods. Milk producers are required to purchase locally produced milk in some quantity when they import skimmed milk into Thailand.

#### **Negative list**

Imports of some goods are prohibited for protective or social reasons.

#### **Import taxes and/or tariffs**

Ad valorem and/or specific duties are imposed on imports. In addition, special duties are levied on certain commodities, and surcharges are levied on imports that compete with the output of promoted domestic firms.

State import monopoly No.

### Exports and Export Proceeds

**Repatriation requirements** Effective January 7, 1998, export proceeds exceeding B 500,000 must be repatriated immediately after payment is received and within 120 days from the date of export.

**Surrender requirements** Effective January 7, 1998, foreign exchange proceeds must be surrendered to authorized banks within seven days of receipt. Foreign exchange earners are allowed to deposit their foreign exchange in their foreign currency accounts only if they have obligations to pay out such amounts to nonresidents abroad within three months from the deposit date.

**Financing requirements** No.

**Documentation requirements** Exporters are required to complete a foreign exchange transaction form for transactions exceeding B 500,000 when submitting the export entry form at customs.

**Export licenses** Exports of rice, canned tuna, sugar, certain types of coal and charcoal, and textile products are subject to licensing and quantitative restrictions and, in a few cases, to prior approval, irrespective of destination. All other products may be exported freely.

**Without quotas** Yes.

**With quotas** Yes.

**Export taxes** Exports of wood, wood articles, and hides are subject to higher ad valorem or specific duties.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** Foreign exchange transaction forms must be completed for transactions of more than \$5,000.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements** Yes.

**Surrender requirements** Effective January 7, 1998, proceeds must be surrendered to authorized banks or retained in foreign currency accounts with authorized banks in Thailand within seven days of receipt. Travelers passing through Thailand, foreign embassies, and international organizations are exempted from this requirement.

**Restrictions on use of funds** No.

### Capital Transactions

**Controls on capital and money market instruments** The sale or issue of securities is under the jurisdiction of the Securities Exchange Commission (SEC). Under the securities law, different rules and regulations apply to capital market securities (those with a maturity over one year) and short-term money market securities (those debt securities with maturity of not more than one year). The regulations imposed on capital market securities are generally stricter than those imposed on short-term money market securities. Companies wishing to issue securities to the public need approval from the BOT and the SEC.

On capital market securities

*Shares or other securities of a participating nature*

Purchase locally by nonresidents Foreign equity participation is limited to 25% of the total amount of shares sold in locally incorporated banks, finance companies, credit finance companies, and asset management

companies. The combined shareholdings of an individual and related family members must not exceed 5% of a bank's total amount of shares sold and 10% of that of finance companies and credit foncier companies. Foreign equity participation is limited to 49% for other Thai corporations. Foreign investors are allowed to hold more than 49% of the total shares sold in local financial institutions for up to 10 years, after which the amount of shares will be grandfathered, and the nonresidents will not be allowed to purchase new shares until the ratio of shares held by them is brought down to 49%.

Purchase abroad by residents

Purchases require approval of the BOT.

Sale or issue abroad by residents

Approval is required according to the same rules as in the case of domestic issuance.

*Bonds or other debt securities*

Sale or issue locally by nonresidents

These transactions require approval of the MOF, BOT, and the SEC.

Purchase abroad by residents

Purchases require approval of the BOT.

Sale or issue abroad by residents

The potential issuer must submit an application for approval to the SEC, and permission will be granted if the issuer can prove that the security will be pooled exclusively on primary or secondary markets abroad.

**On money market instruments**

*Sale or issue locally by nonresidents*

Yes.

*Purchase abroad by residents*

These transactions require approval of the BOT.

*Sale or issue abroad by residents*

These transactions are not allowed. However, finance companies are allowed to issue negotiable certificates of deposit (NCDs) and bills of exchange in foreign currency with more than a one-year maturity for sale to the public abroad or for sale to institutions that are authorized to operate in foreign exchange. The transfer of proceeds associated with these issues or the transfer of funds required to service these instruments can be made freely.

**On collective investment securities**

*Purchase locally by nonresidents*

There are no restrictions on the purchase of securities offered by local fund management companies.

*Sale or issue locally by nonresidents*

Yes.

*Purchase abroad by residents*

These transactions require approval of the BOT.

*Sale or issue abroad by residents*

The launching of funds requires approval from the SEC, both locally and abroad, and only local fund management companies are allowed to issue this instrument. In addition, funds managed by local firms will be deemed to have Thai nationality regardless of the nationality of the majority of the unit holders. The transfer of proceeds and the transfer of funds required to service these instruments may be made freely.

**Controls on derivatives and other instruments**

Purchase locally by nonresidents

Baht credit facilities provided by each financial institution to nonresidents in cases where there are no underlying trade or investment activities in Thailand are subject to a maximum outstanding limit of \$50 million per counterparty.

Sale or issue locally by nonresidents

The issuance of warrants or equity-related instruments and bonds by nonresidents in the local market is subject to approval by the SEC. The approval criteria is based on the soundness of the underlying stock. There is no discriminatory practice against nonresidents for participating in the financial market.

Purchase abroad by residents

The purchase of derivative instruments by residents and the transfer of funds require approval by the BOT.

Sale or issue abroad by residents

The sale of derivative instruments by residents and the transfer of funds require approval by the BOT.

**Controls on credit operations**

Thai baht credit facilities (including but not limited to loans, foreign exchange swaps, currency swaps, interest rate swaps, options, and forward rate agreements) provided by each financial institution to nonresidents in cases when there are no underlying trade or



	investment activities in Thailand are subject to a maximum outstanding limit of B 50 million per counterparty.
Commercial credits	Credits may be contracted in the form of deferred payments, bilateral netting, or open accounts. Most payments are settled within 120 days of the exportation of goods.
Financial credits	
<i>By residents to nonresidents</i>	Only authorized banks are allowed to grant financial credits subject to the rule of net foreign exchange position. Residents may only grant loans to their affiliated companies if they own at least 25% of total shares in the company and up to \$10 million a year without approval from the BOT.
<i>To residents from nonresidents</i>	There is no restriction on these credits. Repayment of financial credits to nonresidents can be made freely as long as residents have an obligation to pay to nonresidents in foreign currency.
<b>Controls on direct investment</b>	
Outward direct investment	Investments exceeding \$10 million a year require approval from the BOT.
Inward direct investment	Foreign capital may be brought into the country without restriction, but proceeds must be surrendered to authorized banks or deposited in foreign currency accounts with authorized banks in Thailand within seven days of receipt.
<b>Controls on liquidation of direct investment</b>	All proceeds may be repatriated without restriction upon submission of supporting evidence.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Approval of the BOT is required.
Purchase locally by nonresidents	The purchase of property is not allowed with funds that originate from abroad. The foreign ownership limit for condominiums is 40% of the total value. Ownership of property by foreign entities with majority shareholding in Thai financial institutions is, at present, governed by the Commercial Banking Act or the Act on the Undertaking of Finance Business, Securities Business, and Credit Foncier Business.
Sale locally by nonresidents	Yes.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	Approval of the BOT is required.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	Thai residents are allowed to send up to \$100,000 to their relatives abroad, who hold permanent resident permits, without approval from the BOT.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	Thai emigrants are allowed to transfer abroad up to \$1 million a year without approval from the BOT.
Transfer of gambling and prize earnings	Gambling is illegal in Thailand.
<b>Provisions specific to commercial banks and other credit institutions</b>	On January 30, 1998, the temporary measures aimed at stemming currency speculation were lifted. A maximum outstanding limit of B 50 million on baht credit facilities (including loans, currency swaps, interest rate swaps, options, and forward rate agreements) per counterparty (applies only in cases where there are no underlying trade or investment activities in Thailand) was introduced.
Lending to nonresidents (financial or commercial credits)	Government financial institutions, except the Export-Import Bank of Thailand, are not allowed to practice foreign lending activities. Authorized banks in Thailand may lend to nonresidents in foreign currency without restriction.

Lending locally in foreign exchange	Commercial lending to particular industries denominated in foreign currencies can be partially (50%) included as foreign assets in order to recognize the potential risk that banks may not be fully repaid as exchange rate risk is heightened.
Differential treatment of deposit accounts held by nonresidents	
<i>Liquid asset requirements</i>	Commercial banks are required to maintain at least 6% of their nonresident foreign exchange deposits in the form of (1) at least 2% as nonrenumerated balance at the BOT; (2) at most 2.5% vault cash; and (3) the rest in eligible securities. Finance companies and finance and securities companies are not allowed to accept foreign exchange deposits.
Investment regulations	
<i>Abroad by banks</i>	Commercial banks are allowed to buy or hold shares in a limited company (including public companies) in an amount not exceeding 10% of the total shares sold and 20% of their capital fund. Banks may seek approval to hold shares above the 10% limit in the following cases: (1) companies set up for supporting functions; (2) companies that operate as financial arms, such as leasing companies and factoring companies; (3) companies set up to manage foreclosed properties; and (4) companies set up to manage projects that are beneficial to the economy, especially infrastructure projects.
<i>In banks by nonresidents</i>	Foreign investors may invest in Thai commercial banks up to 25% of total amount of shares sold. However, foreign investors may be allowed, on a case-by-case basis, to hold up to 100% of shares sold in commercial banks, finance companies, and credit foncier companies for a period of 10 years, which will be grandfathered. However, after the 10-year period, they will not be allowed to purchase additional shares unless their holding is less than 49% of the total amount of shares sold.
Open foreign exchange position limits	The rule on net foreign exchange exposure limits allows commercial banks to maintain positions in terms of their first-tier capital of no more than 15% oversold or overbought.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Approval of the BOT is required.
Limits (max.) on portfolio invested abroad	Mutual funds and provident funds have to invest their total portfolio in the domestic market. The criteria for insurance companies to invest abroad are as follows: (1) the fund may be invested in equity and debenture issued by juridical persons incorporated under the ASEAN Agreement or the United Nation's Economic and Social Commission for Asia and the Pacific (ESCAP) Agreement to specifically operate reinsurance business; and (2) the funds may be invested in equity issued by nonresident juridical persons other than specified in (1) with approval from the authorities, and by using the surplus funds. Total investments under (1) and (2) must not exceed 5% of total assets.
Limits (min.) on portfolio invested locally	Portfolio investment of life and nonlife insurance companies is governed by the acts and notifications of the MOC. The criteria are as follows: (1) total investment in debenture and equity should not exceed 30% of the company's assets; (2) investment in unit trust should not exceed 20% of total assets; (3) rediscount of state enterprise bonds should not exceed 20% of total assets; and (4) investment in securities abroad must not exceed 5% of total assets and should have approval from the appropriate authority. The criteria for investment of provident funds are as follows: (1) investment of at least 60% in government bonds, state enterprise bonds, deposits at commercial banks, and debt instruments issued by commercial banks; and (2) investment of not more than 40% in promissory notes of finance companies, stocks, and other debt instruments. In addition, the ceiling on investment in stocks is 25% of the portfolio, and that on any single stock is 5% of the portfolio.
<b>Other controls imposed by securities laws</b>	Under the Securities Act, there are no restrictions for nonresidents to have equity participation in Thai security companies. However, a 50% limit on nonresident's equity

participation in any company is imposed. Foreign security companies are permitted access to the Thai securities market in the form of representative offices whose roles are limited to providing research material for their parent companies. In addition, they are allowed to enter into joint partnership with Thai security companies and to provide professional consultancy services.

### Changes During 1998

#### Exchange arrangement

*January 30.* The two-tier foreign exchange market, in effect since July 1997, was unified. Financial institutions from that date have been able to engage in spot foreign exchange market transactions involving the baht with nonresidents. The domestic and off-shore spot markets were thus unified. Further, forward transactions no longer have to be related to underlying trade and financial transactions. To guard against potential speculation, Thai baht credit facilities provided by each financial institution to nonresidents, in cases where there are no underlying trade or investment activities in Thailand, are subject to a maximum outstanding limit of B 50 million per counterparty.

#### Resident accounts

*January 30.* Baht proceeds from sales of stocks by nonresidents no longer need to be converted into foreign currency at the onshore market rate.

#### Exports and export proceeds

*January 7.* Proceeds from exports exceeding B 500,000 must be repatriated immediately after payment is received and within 120 days from the date of export.

*January 7.* Proceeds from exports must be surrendered to authorized banks within seven days of receipt.

#### Proceeds from invisible transactions and current transfers

*January 7.* Proceeds from invisible transactions must be surrendered to authorized banks within seven days of receipt.

#### Capital transactions

##### Provisions specific to commercial banks and other credit institutions

*January 30.* A maximum outstanding limit of B 50 million on baht credit facilities (including loans, currency swaps, interest rate swaps, options, and forward rate agreements) per counterparty (applies only in cases where there are no underlying trade or investment activities in Thailand) was introduced.

*August 8.* Commercial banks are required to maintain at least 6% of their nonresident foreign exchange deposits in the form of (1) at least 2% as nonrenumerated balance at the BOT; (2) at most 2.5% vault cash; and (3) the rest in eligible securities.

# TOGO

(Position as of February 28, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: June 1, 1996.

### Exchange Arrangement

#### Currency

The currency of Togo is the CFA franc.

#### Exchange rate structure

Unitary.

#### Classification

Exchange arrangement with no separate legal tender

The CFA franc is pegged to the euro, the intervention currency, at the fixed rate of CFAF 100 per €0.1524, which is the official buying and selling rate. Exchange rates for other currencies are derived from the rate for the currency concerned in the Paris exchange market and the fixed rate between the euro and the CFA franc. There is a bank commission of 0.25% on transfers to all countries outside the WAEMU, which must be surrendered to the Treasury.

#### Exchange tax

Yes.

#### Exchange subsidy

No.

#### Forward exchange market

Effective February 1, 1999, residents were authorized to contract forward exchange cover in accordance with the regulations on imports and exports of goods and services.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Because Togo is linked to the French Treasury through an Operations Account, settlements with France, Monaco, and other countries linked to the French Treasury through an Operations Account are made in CFA francs, euros, or the currency of any other Operations Account country.

#### Payment arrangements

##### Regional arrangements

An Operations Account is maintained with the French Treasury that links Operations Account countries. All purchases or sales of foreign currencies or euros against CFA francs are ultimately settled through a debit or credit to the Operations Account.

##### Clearing agreements

There is a clearing arrangement within the framework of the WAMA, between the WAEMU states and Cape Verde, The Gambia, Ghana, Guinea, Liberia, Mauritania, Nigeria, and Sierra Leone.

#### Administration of control

Exchange control is administered by the Ministry of Economy and Finance (MEF), which also supervises the following: borrowing abroad; the issuing, advertising, or offering for sale of foreign securities in Togo; inward direct investment and all outward investment; and the soliciting of funds in Togo for placement in foreign countries. Effective February 1, 1999, the amount of transfers authorized without supporting documentation was raised to CFAF 300,000 from CFAF 100,000.

#### International security restrictions

No.

#### Payment arrears

##### Official

Yes.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on external trade

Imports and exports of gold from or to any other country require prior authorization from the MEF.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

The export of CFA franc banknotes by travelers is not prohibited. However, the BCEAO repurchase of exported banknotes remains suspended. Furthermore, transfers of BCEAO banknotes between the authorized intermediaries and their correspondents located outside the WAEMU are strictly prohibited.

*Foreign currency*

The reexportation of foreign banknotes by nonresidents is allowed up to the equivalent of CFAF 250,000; the reexportation of foreign banknotes above this ceiling requires documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposits in local banks.

**On imports***Domestic currency*

There are no restrictions on the importation by resident and nonresident travelers of banknotes and coins issued by the BCEAO.

*Foreign currency*

Residents and nonresidents may bring in any amount of foreign banknotes and coins (except gold coins) of countries outside the Operations Account area. Residents and travelers bringing in foreign banknotes and foreign currency traveler's checks exceeding the equivalent of CFAF 25,000 are required to declare all the means of payment they are carrying when entering or exiting Togo.

**Resident Accounts****Foreign exchange accounts permitted**

Effective February 1, 1999, residents are allowed to open foreign exchange accounts with local banks or with banks abroad after obtaining authorization from the MEF with the approval of the BCEAO.

**Held domestically**

Prior approval is required to open these accounts.

**Held abroad**

Prior approval is required to open these accounts.

**Accounts in domestic currency convertible into foreign currency**

No.

**Nonresident Accounts****Foreign exchange accounts permitted**

Effective February 1, 1999, authorization is issued by the BCEAO.

**Domestic currency accounts**

Because the BCEAO has suspended the repurchase of banknotes circulating outside the territories of the CFA franc zone, nonresident accounts may not be credited or debited with BCEAO banknotes.

**Convertible into foreign currency**

Yes.

**Blocked accounts**

No.

**Imports and Import Payments****Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

Importers may purchase foreign exchange for import payments after establishing bank payment order accounts and submitting supporting documents, but not earlier than eight days before shipment if a documentary credit is opened, or on the due date of payment if the products have already been imported.

Domiciliation requirements	All imports exceeding CFAF 500,000 must be domiciled with an authorized bank. Effective February 1, 1999, this limit was raised to CFAF 5 million.
Letters of credit	LCs may be opened for all import operations, regardless of origin.
<b>Import licenses and other nontariff measures</b>	
Positive list	Yes.
Open general licenses	Licenses are issued for imports of pharmaceuticals, explosives, and firearms. Imports of potatoes may be prohibited during the period when local production is adequate to meet local demand (between August and February).
Other nontariff measures	Yes.
<b>Import taxes and/or tariffs</b>	The following taxes are imposed on all imports: a statistical tax of 3%; fiscal import duties of 5%, 10%, and 20%; and a VAT of 18%. With the exception of the VAT, which is assessed on the basis of the c.i.f. value of imports inclusive of fiscal import duties, all other taxes are levied on c.i.f. values.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	The due date for payment for exports to foreign countries, including the Operations Account area, may not be later than 180 days after the arrival of the goods at their destination. Effective February 1, 1999, proceeds from exports to WAEMU countries are no longer required to be repatriated.
Surrender requirements	The proceeds must be surrendered within one month of the due date to the BCEAO through authorized intermediaries; authorized diamond-purchasing officers, however, may retain foreign currency proceeds in foreign currency accounts with authorized banks in Togo.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	
Letters of credit	Yes.
Domiciliation	All export transactions over CFAF 500,000 must be domiciled with an authorized bank. Effective February 1, 1999, exports to WAEMU countries need not be domiciled.
<b>Export licenses</b>	Gold, diamonds, and all other precious metals are subject to MEF authorization. Exports to all countries require licenses in certain cases.
Without quotas	Yes.
<b>Export taxes</b>	Phosphate rock is subject to a specific export tax.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Payments for invisibles to France, Monaco, and the Operations Account countries are permitted freely; those to other countries are subject to approval. Payments for invisibles related to trade are permitted by a general authorization when the basic trade transaction has been approved or does not require authorization. Effective February 1, 1999, payments and incomes of foreign ships in the WAEMU zone and WAEMU ships abroad are included under current operations.
Investment-related payments	
<i>Prior approval</i>	Current transfers abroad of funds required to service a loan must be authorized if the loan itself was subject to prior authorization.  Payments for depreciation of direct investments require prior authorization from the MEF, as this type of depreciation is not specifically mentioned in the regulations.

<i>Indicative limits/bona fide test</i>	The MEF verifies transactions that require its authorization.
Payments for travel	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Effective February 1, 1999, limits on foreign exchange allowances were eliminated. The threshold of foreign exchange to be surrendered by residents after travel was raised to CFAF 300,000 from CFAF 50,000.
<i>Indicative limits/bona fide test</i>	Allowances in excess of these limits must be authorized by the MEF or, by delegation, the BCEAO.
Personal payments	There is no control on payment of pensions.
<i>Indicative limits/bona fide test</i>	Yes.
Foreign workers' wages	The transfer of the entire net salary of a foreign national working in Togo is permitted upon presentation of the appropriate pay voucher, residence permit, or work permit, provided that the transfer takes place within three months of the pay period.
<i>Indicative limits/bona fide test</i>	Bona fide tests are conducted by authorized agents.
Credit card use abroad	
<i>Quantitative limits</i>	The limits are the same as for tourist and business travel.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	Proceeds from transactions with France, Monaco, and the Operations Account countries may be retained. Effective February 1, 1999, all amounts due from residents of other countries in respect of services, and all income earned in those countries from foreign assets must be collected and surrendered within one month of the due date or the date of receipt.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	<p>Transfers of capital abroad are subject to controls. Capital inflows to WAEMU countries are unrestricted with the exception of direct investment, which is subject to prior declaration, and certain borrowing operations, which require prior authorization.</p> <p>In line with the new direction of economic policy aimed at attracting foreign investment, new exchange laws currently being adopted by the WAEMU member states provide for the elimination of all controls on capital inflows.</p> <p>In implementation of the provisions indicated in this document, the term "foreigner" refers to countries that are not members of the franc zone. However, with respect to the local issue and offer for sale of foreign securities, the term "foreigner" means all the countries outside the territory of the member state concerned.</p> <p>With the exception of the issue and sale in the country of foreign securities, operations in securities are not covered explicitly by specific laws. However, by their nature, these operations are still subject to the provisions governing foreign investment and lending.</p> <p>Effective February 1, 1999, transfers related to the sale of foreign securities by residents and to proceeds of disinvestments by nonresidents were allowed. Foreign investment in WAEMU countries became unrestricted. Such operations are subject to reporting for statistical purposes. The prior authorization of the Public Saving and Financial Market Regional Council is required for the issuance and marketing of securities and capital assets of foreign entities, as well as for publicity and advertising of investments abroad. Any investment by residents abroad requires the prior approval of the MEF.</p>
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## On capital market securities

*Shares or other securities of a participating nature*

## Sale or issue locally by nonresidents

The issue of securities and the sale of corporate or foreign securities in Togo by nonresidents require prior authorization by the MEF.

Securities issued or offered for sale by a nonresident with prior authorization may be purchased by a resident only after the latter has obtained the prior consent of the MEF. The same applies to payments for these purchases by residents.

There are no controls on the sale of securities resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, subject to the regulations governing the financial settlement of the operation.

Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires that an exchange authorization be submitted to the MEF for approval, accompanied by supporting documentation.

## Purchase abroad by residents

The purchase of securities abroad by residents and the transfer abroad of funds for this purpose are subject to prior authorization by the MEF.

## Sale or issue abroad by residents

Residents may sell local corporate securities abroad. If these operations result in foreign control of Togolese establishments, foreign investors are required to make a prior declaration to this effect to the MEF. The sale of securities to liquidate an investment abroad is subject to prior declaration to the MEF. The proceeds in foreign exchange from the sale or liquidation must be surrendered to an authorized intermediary bank.

Residents may also issue securities abroad, except for those constituting a loan. To issue the latter, the borrower must request prior authorization from the MEF. However, loans contracted by authorized intermediaries or those that meet the specific conditions in terms of amount and interest rate do not require this authorization.

Authorization is required for the transfer abroad of funds required to repay a loan, if the loan itself was authorized in advance. The authorization request must be accompanied by supporting documentation attesting to the authenticity of the operation: borrowing authorization, references from the report established at the time of encashment of the loan proceeds, etc.

*Bonds or other debt securities*

The same regulations apply as for shares and other securities of a participating nature.

## On money market instruments

*Purchase locally by nonresidents*

Nonresidents may acquire money market instruments through local banks.

*Sale or issue locally by nonresidents*

The sale or issue by nonresidents of money market instruments on the local market is subject to prior authorization by the MEF (with the exception of sales in connection with the liquidation of investments, which are not subject to restrictions). The transfer of the proceeds of these operations requires that an exchange authorization be submitted to the MEF for approval, accompanied by supporting documentation.

*Purchase abroad by residents*

Yes.

*Sale or issue abroad by residents*

There are no controls on the sale of money market instruments abroad by residents. Sales to liquidate an investment must be declared in advance. The proceeds in foreign exchange of the sale or liquidation must be surrendered to an authorized intermediary bank. The issue by residents of money market instruments abroad is governed by the provisions pertaining to borrowing.

## On collective investment securities

The same regulations apply as for money market instruments.

**Controls on derivatives and other instruments**

These instruments are almost nonexistent in the zone. They are covered by the regulatory framework that applies generally to securities and investments. Effective February 1, 1999, transfers relating to option purchases were allowed.

## Purchase abroad by residents

Yes.



**Controls on credit operations****Commercial credits***By residents to nonresidents*

There are no controls on the granting of commercial credits by residents to nonresident entities on the following conditions:

(1) Claims arising from the export of goods must be recovered and the corresponding amounts repatriated through the BCEAO within 30 days of the payment due date stipulated in the commercial contract. In principle, the due date stipulated in the commercial contract must be within 180 days.

(2) Claims arising from the payment of services must also be encashed and surrendered on the exchange market within an overall maximum time frame of two months from the payment due date. There is no administratively established limit for this due date.

*To residents from nonresidents*

There are no controls on the granting of commercial credits by nonresidents to resident entities. Repayments of commercial credits are generally authorized on the provision of documentation attesting to the authenticity of the commercial transaction or provision of service, and the payment due date.

**Financial credits***By residents to nonresidents*

The granting of financial credits, guarantees, sureties, and back-up credit facilities by residents to nonresident entities is comparable to an investment abroad and requires the prior authorization of the MEF. The transfer abroad of the funds needed to service these facilities requires that an exchange authorization be submitted to the MEF, accompanied by supporting documentation.

*To residents from nonresidents*

Effective February 1, 1999, foreign borrowing by residents became unrestricted.

**Guarantees, sureties, and financial backup facilities**

The same regulations apply as for financial credits.

**Controls on direct investment****Outward direct investment**

Prior MEF authorization is required.

**Inward direct investment**

For statistical purposes, investments must be reported to the MEF before they are made. The Ministry may request postponement of the projects within two months of receiving the declaration.

**Controls on liquidation of direct investment**

The liquidation of investments must be reported to the MEF within 20 days of each operation.

**Controls on real estate transactions****Purchase abroad by residents**

Yes.

**Purchase locally by nonresidents**

There are controls on purchases when they do not involve direct investment in an enterprise, a branch, or a company.

**Sale locally by nonresidents**

Yes.

**Controls on personal capital movements****Loans***By residents to nonresidents*

These transactions require MEF approval.

*To residents from nonresidents*

Lenders must obtain prior authorization from the MEF unless the amount is CFAF 100 million or less and the interest does not exceed the normal market rate. Loans to finance imports and exports also do not require authorization.

**Gifts, endowments, inheritances, and legacies***By residents to nonresidents*

Except for inheritances and dowries, which are in general specifically authorized, these settlements require prior authorization by the MEF.

Settlement of debts abroad by immigrants	Immigrants who have acquired resident status must obtain prior authorization from the MEF to settle debts incurred abroad when they were nonresidents.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	Upon proof of their emigration status, emigrants may transfer up to CFAF 250,000 a person without prior authorization. Additional amounts may be transferred upon authorization by the MEF.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Authorized agents are free to borrow from abroad.
Maintenance of accounts abroad	Banks and financial institutions are not authorized to keep liquid assets outside the WAEMU zone, except to meet the needs of their current operations.
Lending to nonresidents (financial or commercial credits)	In accordance with the general provisions of the exchange regulations, these operations may be executed freely with respect to commercial credits. Effective February 1, 1999, other loans granted to nonresidents are subject to the prior authorization of the MEF, after the approval of the BCEAO.
Lending locally in foreign exchange	Local lending in foreign exchange or purchases of securities issued locally and denominated in foreign exchange requires prior authorization by the MEF.
Purchase of locally issued securities denominated in foreign exchange	Such purchases require prior authorization by the MEF.
Differential treatment of deposit accounts in foreign exchange	
<i>Credit controls</i>	Yes.
Investment regulations	The same regulations apply in general to all residents, investors, or beneficiaries of foreign investments.
<i>Abroad by banks</i>	Yes.
<i>In banks by nonresidents</i>	Yes.
<b>Provisions specific to institutional investors</b>	Effective February 1, 1999, controls are imposed by the Insurance Code of the Inter-African Conference on Insurance Markets.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Capital transactions</b>	
Controls on capital and money market instruments	<i>September 16.</i> The WAEMU regional stock exchange began operations in Abidjan.

### Changes During 1999

<b>Exchange arrangement</b>	<i>January 1.</i> The CFA franc peg to the French franc was replaced with a peg to the euro. <i>February 1.</i> Residents were authorized to contract forward exchange cover in accordance with the regulations on imports and exports of goods and services.
<b>Arrangements for payments and receipts</b>	<i>February 1.</i> The amount of transfers authorized without supporting documentation was raised to CFAF 300,000 from CFAF 100,000.
<b>Resident accounts</b>	<i>February 1.</i> Residents are allowed to open foreign exchange accounts with local banks or with banks abroad after obtaining authorization from the MEF with the approval of the BCEAO.

<b>Nonresident accounts</b>	<i>February 1.</i> Authorizations to open nonresident accounts are issued by the BCEAO.
<b>Imports and import payments</b>	<i>February 1.</i> The limit for domiciliation requirement was raised to CFAF 5 million.
<b>Exports and export proceeds</b>	<i>February 1.</i> Proceeds from exports to WAEMU countries are no longer required to be repatriated. <i>February 1.</i> Exports to WAEMU countries need not be domiciled.
<b>Payments for invisible transactions and current transfers</b>	<i>February 1.</i> Payments and incomes of foreign ships in the WAEMU zone and WAEMU ships abroad are included under current operations. <i>February 1.</i> Limits on foreign exchange allowances were eliminated. The threshold of foreign exchange to be surrendered by residents after travel was raised to CFAF 300,000 from CFAF 50,000.
<b>Proceeds from invisible transactions and current transfers</b>	<i>February 1.</i> All amounts due from residents of other countries in respect of services and all income earned in those countries from foreign assets must be collected and surrendered within one month of the due date or the date of receipt.
<b>Capital transactions</b>	<i>February 1.</i> Transfers related to the sale of foreign securities by residents and to proceeds of disinvestments by nonresidents were allowed. Foreign investment in WAEMU countries became unrestricted. Such operations are subject to reporting for statistical purposes. The prior authorization of the Public Saving and Financial Market Regional Council is required for the issuance and marketing of securities and capital assets of foreign entities, as well as for publicity and advertising of investments abroad. Any investment by residents abroad requires the prior approval of the MEF.
Controls on derivatives and other instruments	<i>February 1.</i> Transfers relating to option purchases were allowed.
Controls on credit operations	<i>February 1.</i> Foreign borrowing by residents became unrestricted.
Provisions specific to commercial banks and other credit institutions	<i>February 1.</i> Loans granted to nonresidents are subject to the prior authorization of the MEF, after the approval of the BCEAO.
Provisions specific to institutional investors	<i>February 1.</i> Restrictions are imposed by the Insurance Code of the Inter-African Conference on Insurance Markets.

# TONGA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: March 22, 1991.

### Exchange Arrangement

<b>Currency</b>	The currency of Tonga is the Tongan pa'anga.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Conventional pegged arrangement	The external value of the pa'anga is determined on the basis of a weighted basket of currencies comprising the U.S. dollar, the Australian dollar, and the New Zealand dollar.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	Commercial banks are allowed to provide forward exchange cover, but their gross foreign exchange liabilities must not exceed T\$1 million. Provision of forward exchange cover for squash exporters requires the approval of the MOF.

### Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	Foreign exchange transactions are regulated by the MOF.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	No.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	No.
<b>Accounts in domestic currency convertible into foreign currency</b>	No.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	No.
<b>Domestic currency accounts</b>	No.
Convertible into foreign currency	No.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	Licenses are required for all imports, but they are issued freely for selected imports, e.g., motor vehicles.
<b>Licenses with quotas</b>	Import quotas apply only to fresh eggs and are intended to protect domestic producers, but the restriction is not enforced. The importation of certain items is restricted for cultural or environmental reasons or to protect the health and safety of residents.
<b>Import taxes and/or tariffs</b>	Import tariffs of up to 35% are levied on an ad valorem basis. Imports of a few items (petroleum, tobacco, and alcoholic beverages) are subject to either specific tariffs or ad valorem rates of up to 300%. The tariff rate on motor vehicles is 45%. Imports by the reigning monarch, by the government and the public sector, by diplomatic missions, under certain technical assistance agreements, and imports of personal effects are exempt from tariffs. Imports are also subject to a 20% port and services tax, except for items under the Industrial Development Incentives Act, which qualify for concessional rates, and imports of government and quasi-government organizations, which are exempt.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	All export proceeds must be repatriated within 12 months, but this regulation is not enforced.
<b>Surrender requirements</b>	Yes.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	Licenses are required for all exports weighing more than 10 kilograms. Licenses are granted liberally except for squash.
<b>Without quotas</b>	Yes.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	Commercial banks are authorized to provide foreign exchange for invisible payments, but there are controls on all of these payments, except for the use of credit cards abroad and the transfer of costs of family maintenance or alimony.
<b>Investment-related payments</b>	Shipping and airline agencies may remit income earned from activities in Tonga upon producing income statements relating to local business activities that have been submitted to their respective head offices. There are no controls on the payment of amortization of loans or depreciation of direct investments.
<b>Other payments</b>	
<i>Prior approval</i>	No prior approval is required for payment of consulting and legal fees.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
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Restrictions on use of funds No.

### Capital Transactions

#### Controls on capital and money market instruments

On capital market securities

*Shares or other securities of a participating nature*

Purchase abroad by residents The acquisition of foreign financial assets is, in principle, prohibited, but in practice the restriction is not strictly enforced because the repatriation requirement is not enforced.

*Bonds or other debt securities*

Purchase abroad by residents Yes.

Controls on derivatives and other instruments No.

Controls on credit operations No.

#### Controls on direct investment

Inward direct investment Licenses are required for direct foreign investment. High-technology projects are readily approved. Intermediate projects are accepted if there is a local partner, and simple projects that can be undertaken by locals are likely to be rejected. Investment in certain sectors, including wholesale and retail, transportation and some tourism-related activities, and all resource-based activities, such as fishing, are prohibited. However, joint ventures may be allowed if the project is deemed beneficial to the country. No time period has been specified for the approval process, which can be quite lengthy, but once licensed, foreign projects in manufacturing and tourism are fully eligible for incentives.

Controls on liquidation of direct investment No.

Controls on real estate transactions No.

Controls on personal capital movements No.

#### Provisions specific to commercial banks and other credit institutions

Borrowing abroad Yes.

Maintenance of accounts abroad Yes.

Provisions specific to institutional investors No.

Other controls imposed by securities laws No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# TRINIDAD AND TOBAGO

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: December 13, 1993.

### Exchange Arrangement

#### Currency

The currency of Trinidad and Tobago is the Trinidad and Tobago dollar.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

The exchange rate of the Trinidad and Tobago dollar is determined in the interbank market on the basis of supply and demand.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Banks are allowed to conduct foreign exchange transactions, both spot and forward, with the public without limitation.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Settlements may be made in Canadian dollars, euros, Japanese yen, Myanmar kyats, Norwegian kroner, Swedish kronor, Swiss francs, pounds sterling, and U.S. dollars.

#### Payment arrangements

##### Regional arrangements

Trinidad and Tobago is a member of CARICOM.

##### Clearing agreements

Trinidad and Tobago is the agent for the inoperative Caribbean Multilateral Clearing Facility.

#### Administration of control

Authority to administer exchange control is vested in the Central Bank of Trinidad and Tobago (CBTT) acting under the authority of the MOF.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

Residents are permitted to purchase, hold, or sell gold coins for numismatic purposes. Unless specifically permitted by the MOF, one party to transactions in gold between residents must be an authorized bank.

##### Controls on external trade

Exports of gold are controlled by the Ministry of Trade and Industry and are subject to specific export licenses, which are normally issued only to monetary authorities.

#### Controls on exports and imports of banknotes

##### On exports

###### Domestic currency

For amounts exceeding TT\$20,000, a customs declaration is required.

###### Foreign currency

For amounts exceeding US\$5,000, a customs declaration is required.

##### On imports

###### Domestic currency

Residents and nonresidents may bring in up to TT\$20,000 freely, but for larger amounts, a customs declaration is required.

*Foreign currency*

Resident and nonresident travelers may bring in notes up to the equivalent of US\$5,000 freely, but for larger amounts, a customs declaration is required.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically Yes.

Held abroad Yes.

Accounts in domestic currency convertible into foreign currency No.

**Nonresident Accounts**

Foreign exchange accounts permitted Yes.

Domestic currency accounts Yes.

Convertible into foreign currency Yes.

Blocked accounts No.

**Imports and Import Payments**

Foreign exchange budget No.

Financing requirements for imports No.

Documentation requirements for release of foreign exchange for imports No.

**Import licenses and other nontariff measures** Duty-free licenses are granted to local concessionary manufacturers for imports of certain inputs for manufacturing. All imports of food and drugs must satisfy prescribed standards. Imports of meat, live animals, plants, and mining materials are subject to specific regulations.

Negative list Imports of firearms, ammunition, and narcotics are tightly controlled.

Open general licenses All goods, unless exempted for reasons of health and security, may be imported under OGL arrangements.

**Import taxes and/or tariffs** The customs duty rates on most goods range from 5% to 20%. The rate on agricultural produce is 40%. The duty rates on new motor vehicles range from 25% to 45%. All goods originating from CARICOM countries are exempt from duties, as are imports of some foodstuffs, fertilizers, and raw materials. Local enterprises producing import substitutes or export goods may be granted exemptions from customs duties by the Ministry of Trade and Industry and the Tourism Industrial Development Company, Ltd.

**State import monopoly** Imports of animal feed, flour, rice, petroleum, and edible oil are traded principally by state companies.

**Exports and Export Proceeds**

**Repatriation requirements** In practice, the foreign-owned petroleum company operating in Trinidad and Tobago repatriates all foreign exchange after providing for the equivalent of its local currency needs.

Financing requirements No.

Documentation requirements No.



<b>Export licenses</b>	Individual licenses are required for some foodstuffs, firearms and explosives, animals, gold, petroleum and petroleum products, and certain products not produced locally. Export licenses for all other commodities are granted under OGL. General licenses may also be issued at the discretion of the Ministry of Trade and Industry.
Without quotas	Yes.
With quotas	Yes.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Cross-border trading of shares of companies listed on the respective stock exchanges is permitted among the residents of Barbados, Jamaica, and Trinidad and Tobago; residents and companies of the other two countries are designated as residents of Trinidad and Tobago for exchange control purposes in cross-border trading.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	The holding of shares in local companies is subject to compliance with the provisions of the Financial Institutions Act.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	No.
<b>Controls on direct investment</b>	
Inward direct investment	Holding shares in local companies is subject to compliance with the provisions of the Foreign Investment Act.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Holding interest in real estate is subject to compliance with the provisions of the Foreign Investment Act.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	On April 15, 1998, the authorities reduced the reserve requirement applied to domestic currency deposits to 21% from 24% previously, and extended it to include new fund raising instruments. A supplemental reserve requirement of 5% applies, which can be held in treasury securities. A reserve requirement of 9% applies to nonbank institutions.

<i>Liquid asset requirements</i>	A liquid asset ratio of 25% on foreign currency deposits is required.
Open foreign exchange position limits	A liquid asset ratio of 25% on foreign currency deposits is required.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on portfolio invested abroad	Yes.
Limits (min.) on portfolio invested locally	Insurance companies are required to hold at least 80% of their investment assets locally.
<b>Other controls imposed by securities laws</b>	The Insurance Act imposes other controls.

### Changes During 1998

#### Capital transactions

Provisions specific to commercial banks and other credit institutions	<i>April 15.</i> The authorities reduced the reserve requirement applied to domestic currency deposits to 21% from 24% previously, and extended it to include new fund raising instruments. A supplemental reserve requirement of 5% applies, which can be held in treasury securities. A reserve requirement of 9% applies to nonbank institutions.
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## TUNISIA

(Position as of February 28, 1999)

### Status Under IMF Articles of Agreement

#### Article VIII

Date of acceptance: January 6, 1993.

#### Exchange Arrangement

##### Currency

The currency of Tunisia is the Tunisian dinar.

##### Exchange rate structure

Unitary.

##### Classification

##### Crawling peg

The exchange rate of the Tunisian dinar is determined in the interbank market in which commercial banks, including offshore banks acting on behalf of their resident customers, conduct transactions at freely negotiated rates, but there is no limit on the spread between the buying and selling rates. The Central Bank of Tunisia (CBT) intervenes in the market and publishes an indicative interbank exchange rate for foreign currencies and banknotes by the following day, at the latest. Resident banks trade freely in foreign currencies in the spot market among themselves, with their foreign correspondents, and with nonresident banks in Tunisia.

##### Exchange tax

No.

##### Exchange subsidy

No.

##### Forward exchange market

Importers and exporters are authorized to obtain forward exchange cover on the interbank market as of the date the contract is signed or the date on which the foreign commercial paper is domiciled, depending on the arrangements for the product concerned. Forward rates are freely negotiated by the transactor of the authorized counterpart bank. Forward cover may be established for up to 12 months for imports and up to 9 months for exports. Persons who provide services are eligible for exchange cover for up to 12 months, to be provided within 30 days of the date on which the claim originated. Trading on 3-month, 6-month, and 12-month foreign currency options in euros and dollars is available to resident borrowers of foreign exchange.

##### Official cover of forward operations

The reinsurance company manages this exchange cover mechanism for banks and financial institutions in respect of their borrowings abroad.

### Arrangements for Payments and Receipts

##### Prescription of currency requirements

Settlements between Tunisia and other countries may be made in any convertible currency (traded in the interbank market) or in convertible Tunisian dinars through foreign accounts. Payments to Israel are prohibited.

Settlements between Tunisia and Algeria, Libya, Mauritania, and Morocco may be effected through convertible accounts in the national currencies concerned at the respective central banks.

##### Payment arrangements

No.

##### Administration of control

Exchange control is administered by the CBT and the Ministry of Trade (MOT). The CBT delegates authority over payments for imports and most invisibles to the authorized banks, whereas the MOT administers foreign trade control, which issues import and export authorization for products when required.

##### International security restrictions

##### In accordance with UN sanctions

Yes.

##### Payment arrears

No.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade Yes.

Controls on external trade The CBT has a monopoly over the importation and exportation of monetary gold. Imports and exports of gold in other forms require joint approval from the CBT and the MOT.

**Controls on exports and imports of banknotes****On exports**

*Domestic currency* Exports of banknotes and coins are prohibited.

*Foreign currency* Nonresident travelers wishing to reexport the foreign exchange equivalent of amounts exceeding D 1,000 must declare to customs the foreign currencies they are importing upon their entry into Tunisia. There is no ceiling on the reconversion of Tunisian banknotes by nonresident travelers. Foreign exchange from dinar reconversion may be reexported upon presentation of a foreign exchange voucher or receipt if the amount to be reexported is less than D 1,000 or if the foreign exchange used in the purchase of the dinars was received abroad in the form of a check, draft, money order, or any other evidence of a claim or by debiting a foreign account in foreign currency or convertible dinars. The foreign exchange import declaration approved by customs is also required if the amount of foreign exchange from dinar reconversion exceeds the equivalent of D 1,000 derived from the surrender of foreign currencies physically imported from abroad.

**On imports**

*Domestic currency* Imports of banknotes and coins are prohibited.

**Resident Accounts****Foreign exchange accounts permitted****Held domestically**

(1) Professional accounts in foreign currency may be opened by (i) any resident natural person, (ii) any Tunisian juridical person, and (iii) any foreign juridical person in Tunisia with the foreign currency assets in connection with their activities. These accounts may be credited with (i) a maximum of 50% of foreign exchange proceeds from the account holder's exports and foreign currency loans contracted in conformity with the regulations in force; (ii) interest accrued on the balances of these accounts; and (iii) transfers from the account holder's other professional accounts in the same currency or any other currency. The accounts may be debited for (i) payment of any current operation pertaining to the activity for which they were opened, and (ii) any other transaction with general or specific authorization. Balances may be placed on the foreign exchange market.

(2) Special accounts in foreign currency may be opened by (i) natural persons of Tunisian nationality changing their normal residence to Tunisia from abroad, (ii) resident natural persons of Tunisian nationality or Tunisian juridical persons for their nontransferable assets legitimately acquired abroad, (iii) natural persons of foreign nationality residing in Tunisia, (iv) foreign juridical persons with branches in Tunisia, and (v) Tunisian diplomats and civil servants stationed abroad. Funds legitimately acquired abroad, not from the exportation of goods or services from Tunisia, may be credited to these accounts. They may be debited for (i) foreign exchange sold on the interbank market; (ii) foreign exchange remitted to the account holder, his or her spouse, parents, and offspring to undertake foreign travel; (iii) amounts credited to another special account in foreign currency or convertible dinars; and (iv) any payments abroad, including those for the acquisition of movable or real estate property located abroad or ownership rights abroad, for foreign claims, and for payments for imports subject to applicable foreign trade formalities. A declaration of holdings is required.

Held abroad No.

**Accounts in domestic currency convertible into foreign currency**

(1) Professional accounts in convertible dinars may be opened by resident natural or juridical persons with resources in foreign exchange, subject to CBT authorization. These

accounts may be credited and debited under the terms laid down by the CBT in the authorization to open such accounts.

(2) Special accounts in convertible dinars may be opened by the same natural and juridical persons that may open special foreign exchange accounts. These special accounts may be credited with the dinar proceeds from sales on the interbank market of funds legitimately acquired abroad, but not from the exportation of goods or services from Tunisia. They may be debited for (i) payments of any kind in Tunisia; (ii) the acquisition of foreign currencies either for remittance to the account holder, his or her spouse, parents, and offspring, or for making payments abroad, particularly for the acquisition of movable or real estate property located abroad, or ownership rights abroad, for foreign claims and for payments for imports subject to applicable foreign trade formalities; and (iii) amounts credited to another special account in foreign currency or convertible dinars. A declaration of holdings is required.

(3) After obtaining authorization, special export earnings accounts in convertible dinars may be opened by Tunisian or foreign natural persons residing in Tunisia who earn profits from the exportation of goods or services and/or who are shareholders or partners in a resident company earning profits from the exportation of goods or services. These accounts may be freely credited with (i) 5% of the export earnings realized by the account holder or received from companies in which he or she is a shareholder, (ii) proceeds from sales on the interbank market of foreign exchange representing income or revenue from assets acquired abroad by debiting the account, and (iii) interest on balances in the account.

They may be freely debited for (i) payments of any kind in Tunisia; (ii) purchases on the interbank market of foreign exchange to be used for foreign travel by the account holder, his or her spouse, parents, or offspring; and (iii) payments in connection with a current operation or to acquire rights and interests abroad not involving real property.

### Nonresident Accounts

#### Foreign exchange accounts permitted

Foreign accounts in convertible currencies may be opened freely by all nonresidents regardless of nationality. These accounts may be credited with (1) receipts in convertible foreign currencies; banknotes must be declared to customs; (2) foreign exchange remitted to the account holder by a nonresident; (3) authorized payments by residents in favor of the account holder; (4) interest payable by the authorized intermediaries on foreign exchange deposits in the accounts whenever they can use the funds thus deposited at remunerative rates; (5) transfers from other foreign accounts; and (6) the amount of cashed checks, traveler's checks, or drafts expressed in convertible currencies and made out by a nonresident to the order of the account holder. All other crediting requires prior authorization from the CBT, either directly or by delegation.

These accounts may be debited freely for (1) payments of any kind in Tunisia; (2) transfers abroad or delivery of foreign currency to the account holder, to any other nonresident beneficiary, or to residents with the status of permanent representatives or salaried employees of the account holder; and (3) transfers to other foreign accounts.

#### Domestic currency accounts

(1) Domestic nonresident accounts may be opened freely by authorized intermediaries in the name of foreigners residing temporarily in Tunisia. These accounts may be credited without authorization from the CBT with the following: (i) transfers of funds carried out in convertible currencies from a foreign country, (ii) revenue of any kind accruing in Tunisia to the holder of the account (in particular the nontransferable part of remuneration for services rendered by that person in Tunisia), (iii) liquid assets from estates opened in Tunisia, (iv) proceeds from the repayment of loans previously granted in dinars with funds from the account holder's internal nonresident account, and (v) transfers from another internal nonresident account opened in the name of the account holder.

These accounts may be debited for (i) support of the account holder and his or her family in Tunisia, (ii) payment of costs of managing property in Tunisia, (iii) lending to residents, and (iv) transfers to another internal nonresident account opened in the name of the account holder.

(2) Special dinar accounts may be freely opened by foreign enterprises holding contracts in Tunisia approved by the CBT. Such enterprises are authorized to open for each contract a

single special account in dinars, in which they may deposit the portion of the contract price payable in dinars to cover their local expenses. Such accounts may also be credited with funds from a foreign account in convertible foreign currency, the dinar equivalent of any transfer in convertible foreign currency from abroad, and interest accruing on funds deposited in the account. The account may be freely debited for the enterprise's contract-related expenses in Tunisia. Any transfer operations from such accounts must be authorized by the CBT. Interest is paid at rates comparable to those applied to resident accounts in dinars.

(3) Capital accounts may be opened freely in the name of a nonresident natural person of foreign nationality or by a nonresident juridical person. Subject to certain conditions, capital accounts may be credited, without the prior approval of the CBT, with the proceeds of sales on the stock exchange, or the contractual or advance redemption of transferable Tunisian securities; with the sales proceeds of real estate through an attorney at the Supreme Court, or of rights to real estate situated in Tunisia; and with funds from another capital account.

Irrespective of the account holder's country of residence, capital accounts may be freely debited for the living expenses in Tunisia of the account holder and his or her family up to D 100 a person a week, provided that total withdrawals from one or more capital accounts in a calendar year do not exceed D 2,000. In addition, a capital account holder traveling in Tunisia between November 1 and March 31 may withdraw from the account an amount equal to the foreign exchange imported for the trip and surrendered to the CBT, an authorized intermediary, or a subagency, provided that total withdrawals for the living expenses of the account holder and his or her family do not exceed D 2,000 a year. Such accounts may also be debited, subject to certain conditions, for expenses connected with the management of Tunisian securities; for the maintenance, repair, and insurance of real estate and all taxes; and for transfer to the credit of another capital account. Balances on capital accounts are freely transferable between nonresidents of foreign nationality, with the exception of juridical persons governed by public law. Subject to certain conditions, they may also be debited to assist the account holder's parents and offspring residing in Tunisia, at a maximum rate of D 50 a person a month. These accounts do not pay interest and may not be overdrawn. Natural and juridical persons of French or Italian nationality holding capital accounts may transfer all funds in their accounts regardless of the date of deposit.

(4) Suspense accounts may be opened by all nonresidents regardless of nationality and may be used for crediting all proceeds accruing to nonresidents and awaiting utilization. These proceeds may, upon general or specific approval, be used in Tunisia for specific purposes, transferred abroad, or transferred to other nonresident accounts. Subject to certain conditions, suspense accounts may be debited, without the prior authorization of the CBT, for purchases of Tunisian securities, subscriptions to issues of short-term debentures or bonds, portfolio management expenses in respect of certain securities, payments to the Tunisian government or public institutions, or payment of the expenses of managing securities deposited in a suspense file opened in the name of the account holder.

They may also be debited for settlement of living expenses incurred in Tunisia by the account holder and his or her family up to D 100 a person a week, provided that the total withdrawals in any calendar year from one or more accounts do not exceed D 2,000 a family. In addition, a suspense account holder traveling in Tunisia between November 1 and March 31 of the next year may withdraw from the account an amount equal to the foreign exchange imported for the trip and surrendered to the CBT, an authorized intermediary, or a subagency, provided that total withdrawals for the living expenses of the account holder and his or her family do not exceed D 2,000 a year. Up to D 50 a person a month may be debited to assist the offspring or parents of the resident account holder. Natural and juridical persons of French or Italian nationality holding suspense accounts may transfer all funds in their accounts regardless of the date of deposit. These accounts do not pay interest.

#### Convertible into foreign currency

Foreign accounts in convertible dinars may be opened freely by all nonresidents regardless of nationality. These accounts may be credited freely with (1) the dinar proceeds from sales of foreign currency on the interbank market; banknotes must be declared to customs; (2) foreign currency proceeds remitted to the account holder by a nonresident; (3) proceeds from authorized payments by residents in favor of the account holder; (4) proceeds from the conversion of the amount of cashed checks, traveler's checks, or drafts expressed in foreign currency and made out by a nonresident to the order of the account holder;

(5) transfers from other foreign accounts; and (6) interest on balances in these accounts. No other amount may be credited to these accounts without authorization from the CBT, granted either directly or by delegation.

These accounts may be freely debited for (1) payments of any kind in Tunisia, and (2) purchases on the interbank market of foreign currency either for transfers abroad or for delivery to the account holder, to any other nonresident beneficiary, or to residents with the status of representatives or salaried employees of the account holder.

**Blocked accounts**

No.

## Imports and Import Payments

**Foreign exchange budget**

No.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

Importers must receive a customs code.

**Import licenses and other nontariff measures**

All imports are free except those that have an impact on law and order, hygiene, health, morals, protection of fauna and flora, and cultural heritage, and are effected by an import certificate upon presentation of a contract domiciled with an authorized intermediary. Goods not liberalized may be given import authorization by the MOT. Imports of raw materials, semifinished products, spare parts, and equipment that are paid from sources outside Tunisia may be effected without foreign trade formalities by enterprises for their own use up to a value of D 100,000. Furthermore, companies exclusively engaged in exporting goods or services and companies established in a free trade zone may import freely, without foreign trade formalities, any goods required for their production process, subject only to customs declaration.

**Negative list**

Goods not covered by the liberalization of foreign trade and those that have an impact on law and order, hygiene, health, morals, protection of flora and fauna, and cultural heritage are included in a list issued by decree. Cars of certain categories remain temporarily subject to import licenses.

**Other nontariff measures**

All imports from Israel are prohibited. Some items, a list of which is drawn up by the MOT, are subject to technical import controls.

**Import taxes and/or tariffs**

In addition to customs duties, imports are subject to the value-added tax and, in some cases, to the consumption tax. Certain imports destined for domestic investment projects are eligible for full or partial exemption from import duties.

**State import monopoly**

No.

## Exports and Export Proceeds

**Repatriation requirements**

Proceeds must be repatriated within 10 days of the payment due date. If no credit is extended, payment is due within 30 days of the date of shipment. Nonresident companies exclusively engaged in exporting goods or services and covered by the Investment Incentives Code, as well as nonresident international trading companies and nonresident enterprises constituted in a free trade zone, are not required to repatriate or surrender their export proceeds.

**Surrender requirements**

Resident exporters may credit up to 50% of their foreign exchange proceeds to their professional accounts.

**Financing requirements**

No.

**Documentation requirements**

**Domiciliation**

Exports of goods subject to unrestricted international trade must be domiciled within eight days of the date of shipment.

**Preshipment inspection**

Some products listed by the MOT are subject to export controls.

<b>Export licenses</b>	Most exports are free, and certain goods may be exported with an authorization issued by the MOT.
Without quotas	Yes.
<b>Export taxes</b>	No.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

Investment-related payments	Transfers for reimbursement of principal on loans in foreign exchange arranged freely by resident financial institutions and resident enterprises may be freely executed.
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#### Payments for travel

<i>Quantitative limits</i>	The annual limits for tourist travel are D 500 an adult and D 250 a child under the age of 10. The business allowance for exporters is 10% of export proceeds for the current year, with an annual limit of D 80,000. The annual limit for business travel by importers ranges from D 5,000 to D 30,000, depending on turnover, and the annual limit for business travel by other professions ranges from D 2,000 to D 20,000, depending on turnover declared to the tax authorities. The allowance for promoters of new projects is up to D 5,000 and is granted only once for the duration of the project.
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<i>Indicative limits/bona fide test</i>	Yes.
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Personal payments	There are no controls on the transfer of pensions.
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<i>Prior approval</i>	Alimony payments to the ex-spouse and children in a definitive judgment are freely transferable.
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<i>Quantitative limits</i>	The annual allowance for expenses related to stays abroad for reasons of health is D 750. Persons accompanying patients may transfer up to D 250 a trip in the case of medical or paramedical staff and D 500 in all other cases. The annual settlement and the monthly educational expense allowances for a student are D 1,500 and D 700, respectively.
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<i>Indicative limits/bona fide test</i>	The limit of D 750 for expenses related to stays abroad for reasons of health may be exceeded if the patient's condition requires several trips abroad during the same year.
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#### Foreign workers' wages

<i>Quantitative limits</i>	Contractually employed foreign nationals may transfer up to 50% of their earnings. For foreign experts employed by the public sector, limits on transfers are specified in their contracts; otherwise, the restrictions for contractually employed foreign nationals will apply.
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<i>Indicative limits/bona fide test</i>	Yes.
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Credit card use abroad	Only operators holding business travel allowances are authorized to use credit cards abroad.
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<i>Prior approval</i>	Yes.
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<i>Quantitative limits</i>	Holders of business travel allowances may use their credit cards abroad only to the extent of their transfer entitlements for these allowances.
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<i>Indicative limits/bona fide test</i>	Yes.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	The facilities associated with professional accounts in foreign exchange apply to proceeds from services to nonresidents.
<b>Restrictions on use of funds</b>	Foreign exchange deposited in professional accounts must be used in accordance with the rules governing the operation of accounts of this type.



## Capital Transactions

### Controls on capital and money market instruments

There are controls on all transactions in capital and money market instruments.

#### On capital market securities

##### *Shares or other securities of a participating nature*

##### Purchase locally by nonresidents

Stocks may be freely acquired with foreign exchange transferred from abroad by foreign nonresidents in companies established in Tunisia. However, for stocks with voting rights and for acquisitions that result in foreign ownership exceeding 50% of capital shares listed in the stock exchange and for unlisted shares, the approval of the High Investment Commission (HIC) is required. Authorization is not required from the HIC for acquisitions of Tunisian securities entailing voting rights or shares in companies established in Tunisia (1) between associates or shareholders in the same company who are foreign nationals; (2) transacted by nonresident natural or juridical persons established in Tunisia, for securities and corporate shares that have already been acquired, within the limit of 50% or more; and (3) provided as a guarantee for management activities of foreign directors in companies established in Tunisia.

##### Sale or issue locally by nonresidents

Nonresidents may freely transfer net real proceeds from the sale of shares of companies established in Tunisia that were purchased with foreign exchange transferred from abroad for an investment made in accordance with the legislation in force.

##### Purchase abroad by residents

The accumulation of assets abroad by residents is subject to authorization. However, resident exporters may transfer D 40,000 to D 200,000 annually to finance equity participation in companies located abroad. The holders of special accounts in foreign currency or convertible dinars, or special export earnings accounts, may purchase securities abroad by debiting these accounts.

##### *Bonds or other debt securities*

##### Purchase locally by nonresidents

Subscription by nonresident foreign nationals of debt securities issued by state or resident companies is subject to approval.

#### On collective investment securities

##### *Purchase locally by nonresidents*

Nonresidents may freely acquire shares of Tunisian mutual funds with foreign exchange transferred from abroad. However, the approval of the HIC is required if the acquisition raises the foreign ownership to more than 50% of the mutual fund's capital.

##### *Sale or issue locally by nonresidents*

Nonresidents may freely transfer net real proceeds from sales of Tunisian mutual fund shares acquired with foreign exchange transferred from abroad.

### Controls on derivatives and other instruments

There are controls on all transactions in derivatives and other instruments. Resident banks may engage among themselves and with their correspondent banks in foreign exchange swaps maturing in up to 12 months.

### Controls on credit operations

There are controls on all credit transactions.

#### Commercial credits

##### *By residents to nonresidents*

These credits require approval from the CBT, except for credits in foreign currency granted on the money market to refinance import or export operations of nonresident industrial enterprises established in Tunisia.

##### *To residents from nonresidents*

Resident financial institutions and other resident enterprises may freely contract foreign currency loans from nonresidents up to an annual limit of D 10 million and D 3 million, respectively.

#### Financial credits

Resident financial institutions and other resident enterprises may freely contract foreign currency financial loans from nonresidents up to an annual limit of D 10 million and D 3 million, respectively; all other loans require approval from the CBT.

**Guarantees, sureties, and financial backup facilities**

*By residents to nonresidents*

Resident banks may freely grant bid bonds, performance bonds, advance payment bonds, contract holdback bonds, or any other bonds to resident exporters of goods or services to guarantee their obligations to nonresidents. They may also freely grant guarantees for the payment by resident importers of their purchases from nonresident suppliers. The issue and establishment of repayment guarantees for foreign currency loans freely contracted by residents are not subject to approval.

*To residents from nonresidents*

At the request, and with the counterguarantee, of a nonresident bank, resident banks may freely grant the usual bank guarantees required of nonresident service providers by resident transactors in connection with business contracts, work contracts, service contracts, etc.

**Controls on direct investment**

**Outward direct investment**

To transfer capital abroad, residents must obtain approval from the CBT; however, to support their export activities, exporters may freely transfer amounts ranging from D 40,000 to D 200,000 a calendar year to cover the installation, maintenance, and operating costs of branches and subsidiaries or to finance equity participation, and D 20,000 to D 100,000 to cover installation, maintenance, and operating costs of liaison or representative offices.

**Inward direct investment**

Foreigners may invest freely in most economic sectors. However, the participation of foreigners in certain service industries not exclusively engaged in export activities requires the approval of the HIC if such participation exceeds 50% of the capital stock.

**Controls on liquidation of direct investment**

All foreign direct investments carried out legitimately in Tunisia with foreign exchange transferred from abroad are guaranteed the right to repatriate the net proceeds from the sale or liquidation of the invested capital, even if the net proceeds exceed the initial value of foreign exchange invested.

**Controls on real estate transactions**

**Purchase abroad by residents**

Purchases require prior approval from the CBT.

**Purchase locally by nonresidents**

Purchases require prior approval from the CBT.

**Sale locally by nonresidents**

Authorization is required for sales other than those made to a resident and involving real estate that is the subject of a land title. These sales are recorded in the Land Registry solely upon presentation of documentation showing that the price was deposited by the buyer to a suspense or capital account maintained in the name of the vendor in the books of a licensed intermediary.

**Controls on personal capital movements**

**Loans**

*By residents to nonresidents*

Yes.

*To residents from nonresidents*

Yes.

**Gifts, endowments, inheritances, and legacies**

*By residents to nonresidents*

Authorization is not required to take possession of an inheritance established in Tunisia for the benefit of a nonresident. The transfer of proceeds from gifts, endowments, and inheritances is not guaranteed and is subject to approval.

*To residents from nonresidents*

Authorization is not required for gifts from nonresidents to residents, and for taking possession of an inheritance established abroad for a resident. Proceeds from gifts and inheritances must be declared and repatriated.

**Settlement of debts abroad by immigrants**

Yes.

**Transfer of assets**

*Transfer abroad by emigrants*

Yes.

<i>Transfer into the country by immigrants</i>	Nonresident Tunisian nationals returning definitively to the country must declare and repatriate their assets or proceeds and revenue from their holdings abroad.
Transfer of gambling and prize earnings	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Resident financial institutions may freely contract foreign currency loans from nonresidents up to a limit of D 10 million.
Maintenance of accounts abroad	Resident banks may freely open "correspondent" accounts with foreign banks of their choice.
Lending to nonresidents (financial or commercial credits)	The approval of the CBT is required, except for investment, commercial, and operating loans granted by resident banks to nonresident industrial enterprises established in Tunisia.
Lending locally in foreign exchange	Resident banks may freely extend credit to finance import and export operations. They may also lend their foreign currency surpluses to other resident banks and to their correspondent banks, in exchange for loans in another currency with the same maturity.
Purchase of locally issued securities denominated in foreign exchange	Yes.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Tunisia has no reserve ratio on foreign currency deposit accounts.
<i>Interest rate controls</i>	There are no limitations, except that remuneration of the foreign currency accounts of residents may in no case be more than a half point below the rates of remuneration published by the CBT for foreign currency amounts above or equal to D 10,000.
Differential treatment of deposit accounts held by nonresidents	
<i>Reserve requirements</i>	The dinar deposits of nonresidents are included in the calculation of the reserve requirements base.
<i>Interest rate controls</i>	Nonresidents are free to earn interest, except in the case of demand accounts, to which there is a cap of 2%. As for foreign currency accounts, the same regulations apply as for residents.
Investment regulations	
<i>Abroad by banks</i>	Yes.
<i>In banks by nonresidents</i>	Acquisition of capital stakes on the stock exchange in resident banks, up to the limit of 49% of the capital, is free. Approval is required for any acquisition of capital stakes in a bank that may result in the transfer of a significant proportion of a bank's assets, potentially changing its financial structure or the focus of its activities.
Open foreign exchange position limits	Net open positions of banks operating in the foreign exchange market resulting from both spot and forward transactions are limited to 10% of banks' net equity capital in each currency, with a global limit of 20% for position in all currencies.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	Yes.
Limits (max.) on portfolio invested abroad	Yes.
<b>Other controls imposed by securities laws</b>	Any acquisition on the stock exchange of a twentieth, tenth, fifth, third, half or two-thirds of the capital of a company must be declared to that company, to the Financial Board, and to the Securities Exchange.

**Changes During 1998****Exchange arrangement**

*December 28.* Creation of an Exchange Equalization Fund to cover any losses generated by exchange rate changes experienced by banks and financial institutions when repaying foreign loans.

**Payments for invisible transactions and current transfers**

*October 9.* The annual settlement allowance and the monthly allowances for education expenses abroad were increased to D 1,500 and D 700, respectively.

**Changes During 1999****Resident accounts**

*February 12.* The maximum portion of export proceeds that may be freely credited to professional foreign currency accounts was raised to 50%, and authorization was granted to credit these accounts with 50% of any foreign currency loans legitimately contracted by the account holder.

# TURKEY

(Position as of April 30, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: March 22, 1990.

### Exchange Arrangement

#### Currency

The currency of Turkey is the Turkish lira.

#### Exchange rate structure

Unitary.

#### Classification

#### Crawling peg

The exchange rate for the Turkish lira is market determined. Commercial banks; special financial institutions; authorized institutions; post, telephone, and telegraphic offices; and precious metal intermediary institutions are free to set their exchange rates according to market conditions. The lowest and highest rates applied in these transactions are to be reported daily to the Central Bank of Turkey (CBT). On each business day, the CBT announces an indicative exchange rate that is determined as the average of buying and selling rates of the 10 banks with the largest involvement in foreign exchange trading. The CBT announced at end-June 1998 that it will align the rate of the lira depreciation with the 50% end-year inflation target, following the small real depreciation registered in the first half of the year.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Effective January 1, 1998, banks may deal with forward transactions within the framework of the open position limits set according to regulations, and there is no limit on forward transactions of precious metal brokerage institutions.

#### Official cover of forward operations

Banks may enter into swap transactions with the CBT with terms of quarterly periods up to 12 months; however, the CBT has not conducted forward transactions with banks since the first quarter of 1996.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Certain commercial transactions with Poland are made through special accounts denominated in U.S. dollars.

#### Payment arrangements

##### Clearing agreements

There is an agreement with Poland.

##### Barter agreements and open accounts

There is a barter agreement with Poland.

#### Administration of control

The Undersecretariat of the Treasury and the CBT administer the exchange controls; the Undersecretariat of the Treasury authorizes banks to engage in foreign exchange operations, and regulates and supervises banks' open foreign exchange position limits together with the CBT.

#### International security restrictions

##### In accordance with Executive Board Decision No. 144-(52/51)

Turkey maintains certain restrictions on the making of payments and transfers for current international transactions to the government of Iraq.

##### In accordance with UN sanctions

Yes.

#### Payment arrears

No.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade

Domestic purchases and sales in Turkey of unprocessed gold imported by the CBT and by precious metals intermediary institutions can only be conducted at the Istanbul Gold Exchange. The purchase and sale of precious metals, stones, and articles are free within the country.

Controls on external trade

Exports and imports of precious metals, stones, and articles are free. Unprocessed gold may be imported by the CBT and by precious metals intermediary institutions that are members of the Precious Metals Exchange without being subject to the provisions of the Foreign Trade Regime, but the gold must be surrendered to the Istanbul Gold Exchange within three days.

Banks may open gold deposit accounts in the name of natural and juridical entities residing in Turkey and abroad. The account holders may freely use balances on their accounts.

Within the framework of the banking regulations, banks may extend gold credits to juridical and natural persons involved in the jewelry business upon the physical delivery of the gold purchased by their institutions, and against the gold held in the gold deposit accounts. The buying and selling prices of gold are freely determined by banks. The precious metal intermediary institutions, who are members of the Precious Metal Exchange, may obtain gold from abroad for their own account and/or for the account of their customers who are involved in the jewelry business. However, the raw-gold credit should be transferred to the Istanbul Gold Exchange within three days, and the buying and selling operations should take place in the Istanbul Gold Exchange.

Travelers may bring into and take out of the country ornamental articles made from precious metals and stones of which the value does not exceed \$15,000. The taking out of ornamental articles exceeding this value is dependent on their declaration upon arrival or proof that they have been purchased in Turkey.

**Controls on exports and imports of banknotes**

On exports

*Domestic currency*

Travelers may freely take abroad up to the equivalent of \$5,000.

*Foreign currency*

Travelers may freely take up to \$5,000 or its equivalent out of the country. To take out more than this amount, nonresidents must declare banknotes upon arrival, and residents must present a document confirming that the foreign banknotes were purchased for invisible transactions.

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically

Yes.

Held abroad

Yes.

**Accounts in domestic currency convertible into foreign currency**

No.

**Nonresident Accounts****Foreign exchange accounts permitted**

Yes.

**Domestic currency accounts**

Yes.

Convertible into foreign currency

No.

**Blocked accounts**

No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	
Negative list	The importation of goods prohibited by law, such as narcotics, weapons, foreign coins made of metals other than gold, and ammunition, is allowed only with a special permit. Old, used, reconditioned, defective, substandard, soiled, or poor-quality goods may be imported only with special permission from the Undersecretariat of the Treasury, but certain used goods that are not older than five years may be imported freely.
Licenses with quotas	Quotas are implemented as a requirement for the harmonization of the import policy of Turkey with that of the EU.
<b>Import taxes and/or tariffs</b>	No.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Foreign exchange receipts must be repatriated within 180 days of the date of shipment. Exporters are allowed to use those proceeds for payments on imports and invisible transactions.
Surrender requirements	Receipts must be surrendered within 180 days of the date of repatriation. If exchange receipts are surrendered within 90 days, exporters are entitled to retain 30% of proceeds, which they may deposit in foreign exchange accounts with commercial banks, keep abroad, or dispose of freely. Exporters may retain export proceeds abroad up to \$50,000. Banks, special financial institutions, and the post and telegraphic offices are required to sell to the foreign currency notes market and the CBT, respectively, the predetermined ratio of all foreign exchange they obtain from exports, invisible transactions, and gold accounts within a period agreed with the CBT. Since April 1, 1999, this ratio is set as zero.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	
Letters of credit	Yes.
Guarantees	Yes.
Preshipment inspection	Yes.
<b>Export licenses</b>	
Without quotas	Exports are generally free, but for the exportation of a few goods, permission from authorized institutions is required in advance. Exportation of certain goods requires registration for purposes of information on the importing country, price, quantity, and the method of payment, etc.
With quotas	A few products are subject to quotas.
<b>Export taxes</b>	
Taxes collected through the exchange system	Export taxes on nuts and unprocessed leather are collected through the exchange system.

## Payments for Invisible Transactions and Current Transfers

### Controls on these transfers

#### Credit card use abroad

##### *Quantitative limits*

Residents are allowed to use credit cards on a revolving basis up to \$10,000 for travel and expenses abroad; balances exceeding \$10,000 must be settled within 30 days.

##### *Indicative limits/bona fide test*

Yes.

## Proceeds from Invisible Transactions and Current Transfers

### Repatriation requirements

No.

### Restrictions on use of funds

No.

## Capital Transactions

### Controls on capital and money market instruments

Sales or issue of these instruments by nonresidents are subject to the permission of the Capital Market Board.

#### On capital market securities

##### *Shares or other securities of a participating nature*

##### Sale or issue locally by nonresidents

Sales by nonresidents (including investments, partnerships, and mutual funds abroad) of all kinds of securities and other capital instruments through the banks and intermediary institutions authorized according to the capital legislation may be made freely. The transfer of the income from such securities and instruments, as well as the proceeds from their sale, may be effected freely through banks and special finance institutions.

##### Purchase abroad by residents

Purchases and sales by residents of the securities traded in foreign financial markets are free, provided that the transactions are carried out by banks, special finance institutions, and intermediary institutions authorized according to the capital market legislation, and that the transfer of their purchase value abroad is made through banks and special financial institutions.

##### *Bonds or other debt securities*

##### Sale or issue locally by nonresidents

Sale or issue of these instruments by nonresidents is subject to the permission of the Capital Market Board.

#### On money market instruments

##### *Sale or issue locally by nonresidents*

Yes.

#### On collective investment securities

##### *Sale or issue locally by nonresidents*

Yes.

### Controls on derivatives and other instruments

No.

### Controls on credit operations

#### Commercial credits

##### *To residents from nonresidents*

Residents may freely obtain credits from abroad provided that they channel such credits through the banks or special finance institutions. However, the maturity of prefinancing credits is one year.

#### Financial credits

##### *To residents from nonresidents*

Credits with a maturity of over one year must be registered at the debt log maintained by the Undersecretariat of the Treasury.



**Controls on direct investment**

## Outward direct investment

Residents may freely export capital in cash up to \$5 million or its equivalent in other foreign currencies through banks or special financial institutions and capital in kind within the framework of the provisions of the customs legislation, for the purpose of investment, incorporating companies for commercial purposes, participating in an enterprise, or opening branches abroad. The permission to export capital in cash and/or in kind exceeding \$5 million is given by the ministry to which the Undersecretariat of the Treasury is attached.

## Inward direct investment

Permission from the Undersecretariat of the Treasury within the framework of the Encouragement of Foreign Capital Law is required. In establishing partnership or joint companies in the Turkish private sector, foreign investors must bring at least \$50,000 of capital.

**Controls on liquidation of direct investment**

Proceeds may be transferred abroad, but must be reported to the CBT.

**Controls on real estate transactions**

## Purchase locally by nonresidents

Nonresidents may acquire real estate in Turkey for tourism, petroleum, and banking activities if approved by the Council of Ministers. The acquisition of real estate in villages of Turkey by nonresidents is prohibited. If nonresidents acquire real estate via inheritance in villages of Turkey, it must be liquidated. For nonresidents to acquire real estate exceeding 30 hectares in independent rural areas not belonging to a village, a decision of the Council of Ministers is required. Nonresidents may not acquire real estate in forbidden military and security areas.

**Controls on personal capital movements**

## Loans

*By residents to nonresidents*

The restriction applies only to commodity credits of more than two years for the export of nondurable goods, and of more than five years for the export of other goods. Approvals for credits are granted by the Undersecretariat of Foreign Trade.

*To residents from nonresidents*

This applies only to prefinancing credits with a maturity of more than one year.

## Gifts, endowments, inheritances, and legacies

n.r.

## Settlements of debt abroad by immigrants

n.r.

## Transfers of assets

n.r.

**Provisions specific to commercial banks and other credit institutions**

## Borrowing abroad

Credits obtained by banks from abroad are subject to a 4% tax, which is earmarked for the Resource Utilization Support Fund (RUSF). Effective December 17, 1998, the rate of tax was reduced to 3%.

## Lending to nonresidents (financial or commercial credits)

Resident banks may extend credits to nonresidents in foreign exchange up to the total amount of the foreign exchange credits they have obtained and their foreign exchange deposit accounts, and also in Turkish liras, provided that the amount of the credits is within the limits determined in the Banking Law for banks or in the communique regarding Special Financial Institutions.

## Lending locally in foreign exchange

Resident banks may not extend credits to residents in foreign exchange except to exporters, investors, financial leasing firms, Turkish entrepreneurs working abroad, residents who are conducting business related to international tenders held in Turkey, and residents who are conducting business related to defense industry projects that have been approved by the Undersecretariat of the Defense Industry.

## Differential treatment of deposit accounts in foreign exchange

*Reserve requirements*

Reserve requirement ratios are set at 8% for deposits in local currency and at 11% for foreign currency deposits for banks, except domestic interbank deposits. While different ratios

are applied to domestic and foreign currency deposits, there is no difference between the ratios applied to the deposit accounts of nonresidents and residents. Special financial houses are obliged to hold the same reserves for the domestic and foreign currency collected in current and participation accounts.

*Liquid asset requirements*

Domestic deposits and other domestic liabilities of banks are subject to a 6% liquidity reserve, of which a minimum of 4% has to be held in government bonds and a maximum of 2% cash in the vault. Foreign exchange deposits and other foreign exchange liabilities of banks are subject to a 3% liquidity reserve, of which a minimum of 2% has to be held in government bonds and a maximum of 1% cash in the vault. For domestic and foreign exchange liabilities other than deposits, 8% and 11% liquidity respectively has to be held in the form of free deposits at the CBT. There is no difference between the ratios applied to deposit accounts of nonresidents and residents.

**Investment regulations**

*Abroad by banks*

The opening of branches or representative offices abroad by banks founded in Turkey is subject to the permission of the Undersecretariat of the Treasury. Banks that fail to meet the standard ratios according to the Banks Act may not acquire new shares in partnerships.

*In banks by nonresidents*

The acquisition of shares by one person (either resident or nonresident) corresponding to or exceeding 5% of the capital of the bank or acquisition of shares as a result of which capital shares held by one person exceed 5%, 20%, 33%, or 50% of the capital of the bank, and any transfer of shares as a result of which capital shares held by one person fall below these limits, are subject to prior permission of the Undersecretariat of the Treasury. Any sale of equity or transfer of shares causing a change in the ownership status of any legal entity whose participation in a bank equity exceeds the above-mentioned proportions is subject to prior permission of the Undersecretariat of the Treasury before the acquisition is done.

**Open foreign exchange position limits**

The ratio of total net foreign exchange position to capital base is limited to 30%. Besides, all foreign exchange indexed assets and liabilities have to be taken into account fully as foreign assets and foreign liabilities.

**Provisions specific to institutional investors**

**Limits (max.) on portfolio invested abroad**

Only for investment trusts that invest the maximum of 25% of their capital and reserve funds on securities in their portfolios.

**Other controls imposed by securities laws**

No.

## Changes During 1998

**Exchange arrangement**

*January 1.* Banks may deal with forward transactions within the framework of the open position limits set according to regulations, and there is no limit on forward transactions of precious metal brokerage institutions.

*January 14.* Special accounts for certain commercial transactions with the Czech Republic, Russia, and the Slovak Republic have been closed.

*June 30.* The CBT began to align the exchange rate of the lira depreciation with the 50% end-year inflation target.

**Exports and export proceeds**

*March 25.* Banks, special financial institutions, and the post and telegraphic offices are required to sell all foreign exchange they obtain from exports, invisible transactions, and gold accounts within a period agreed upon with the CBT.

**Capital transactions**

**Controls on credit operations**

*November 27.* Requests for extending credits exceeding two years for the export of nondurable goods and five years for the export of other goods are approved by the Undersecretariat of Foreign Trade.

**Provisions specific to commercial banks and other credit institutions**

*November 27.* Special financial houses are obliged to hold 11% reserves for their domestic currency and 8% reserves for their foreign currency funds collected in current and participation accounts.

*December 17.* The rate of RUSF tax was reduced to 3%.

### **Changes During 1999**

#### **Exports and export proceeds**

*April 1.* The ratio of surrender requirement for special financial institutions and the post and telegraphic offices was set at zero.

#### **Capital transactions**

Provisions specific to commercial banks and other credit institutions

*January 1.* For domestic deposits and other domestic liabilities, up to 2%, and for foreign exchange deposits and other foreign liabilities, up to 1% of cash accounts of banks is taken into account in the calculation of liquidity requirements.

*January 1.* The ratio of total net foreign exchange position to capital base is reduced to 30% from 50%, and all foreign-exchange-indexed assets and liabilities are included in the calculation.

# TURKMENISTAN

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

## Exchange Arrangement

Currency The currency of Turkmenistan is the Turkmen manat.

### Exchange rate structure

Unitary Until April 19, 1998, two exchange rates were in effect. On April 20, 1998, the dual exchange rate system was unified at manat 5,200 per \$1 with a 20% devaluation of the official rate to the level of the commercial bank rate. Since then, the commercial banks' cash rate displayed a spread of 3% over the official exchange rate, which is determined in the weekly foreign exchange auctions. The Central Bank of Turkmenistan (CBT) charges banks a commission of 1% for converting noncash foreign exchange into cash foreign exchange. There is no buy/sell spread on the official rate. From April onward, the official exchange rate has been stable at manat 5,200 per \$1.

### Classification

Conventional pegged arrangement Prior to the auction, the CBT issues an indicative rate and adjusts the auction rate, taking the bids into account. Access to the market is restricted through the screening of bids by the Foreign Exchange Committee and the CBT. The CBT also determines the commercial bank exchange rate by providing an indicative rate to the banks.

Exchange tax A 50% exchange tax on cash receipts from gas exports is levied.

Exchange subsidy No.

Forward exchange market No.

## Arrangements for Payments and Receipts

Prescription of currency requirements Settlements with Russia and a few other countries of the FSU are made through a system of correspondent accounts. Settlements with countries with which Turkmenistan has bilateral payment arrangements are effected in accordance with the procedures set forth in these agreements. Barter transactions, other than gas exports, must take place through the State Commodity Exchange. All other transactions are made in convertible currencies.

### Payment arrangements

Bilateral payment arrangements

*Operative* Yes.

*Inoperative* The bilateral agreements with Malaysia and the Islamic Republic of Iran are inoperative.

Clearing agreements Trilateral agreements are maintained with Armenia and the Islamic Republic of Iran, and with Ukraine and the Islamic Republic of Iran.

Barter agreements and open accounts There are barter trade agreements, primarily for gas exports, and there is an agreement with Kazakhstan for the export of electricity.

Administration of control The CBT, along with the Ministry of Economy and Finance (MEF), the Foreign Exchange Committee, and the Tax Authority, is empowered to issue exchange control regulations depending on the type of operation involved. The use of official foreign exchange reserves is controlled to a large extent by the President of Turkmenistan.

International security restrictions No.

**Payment arrears**

Official Yes.

**Controls on trade in gold (coins and/or bullion)**

Controls on domestic ownership and/or trade Yes.

Controls on external trade A license is required to engage in international trade in gold.

**Controls on exports and imports of banknotes**

Local and foreign banknotes may be freely exported and imported, provided funds are declared on arrival and departure.

**Resident Accounts**

**Foreign exchange accounts permitted** Residents may hold foreign exchange accounts with local commercial banks.

Held domestically These accounts may be opened if the holder possesses a certificate of registration issued by the Ministry of Foreign Economic Relations (MFER); the authorized bank determines the amount and currency of denomination of interest payable on these accounts. All external payments made from balances of these accounts must be approved by the CBT; however, cash withdrawals from the accounts in foreign currency may be made without the approval of the CBT.

Held abroad With the permission of the CBT, Turkmen citizens residing overseas may open foreign exchange accounts abroad for the duration of their residence abroad.

**Accounts in domestic currency convertible into foreign currency** n.a.

**Nonresident Accounts**

**Foreign exchange accounts permitted** Yes.

**Domestic currency accounts** n.a.

**Blocked accounts** n.a.

**Imports and Import Payments**

**Foreign exchange budget** No.

**Financing requirements for imports** n.a.

**Documentation requirements for release of foreign exchange for imports** n.a.

**Import licenses and other nontariff measures**

Negative list Imports of goods on a small negative list (arms, narcotics, antiques) are prohibited. Approval of the president or the Cabinet of Ministers (CM) is required to import these goods.

**Import taxes and/or tariffs** Excise taxes are levied on alcoholic beverages, cigarettes, jewelry, and cars. Goods in transit are exempt.

**State import monopoly** No.

**Exports and Export Proceeds**

**Repatriation requirements** Yes.

Surrender requirements	The private sector and joint-venture enterprises are exempt from surrender requirements, as are public enterprises in the cotton sector. Surrender requirements for other enterprises are 50%, all of which is to be surrendered to the CBT. The gas sector, however, has a surrender requirement of 25% in effect (in addition to the 50% tax).
Financing requirements	n.a.
Documentation requirements	n.a.
Export licenses	All exports, except gas, have to be channeled through the Stock Commodity Exchange.
Export taxes	
Taxes collected through the exchange system	There is a 50% foreign exchange tax on gas. Also, 0.01% of the value of licensed products paid for convertible currencies is collected as a fee. The fee on exports to the Baltics, Russia, and other countries of the FSU is 0.1% of the ruble value of the licensed product. The customs department also charges an administration fee of 0.2%.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	All payments require prior approval of the exchange control authorities.
Investment-related payments	Information is not available on the payment of amortization of loans or depreciation of direct investments.
<i>Quantitative limits</i>	After the payment of taxes, profits may be reinvested in Turkmenistan, held in bank accounts in national or other currencies, or transferred abroad.
Payments for travel	
<i>Prior approval</i>	Residents must possess valid passports to purchase foreign exchange for travel abroad.
<i>Quantitative limits</i>	The limit is \$1,000 a transaction, without a limit on the number of transactions.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes.
Surrender requirements	Proceeds must be sold to commercial banks, except for the retained portion in the case of enterprises.
Restrictions on use of funds	n.a.

### Capital Transactions

Controls on capital and money market instruments	Both inward and outward capital transfers are subject to CBT approval.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	The nonresidents' share in the equity of a resident company is limited to 49%. Nonresidents may purchase only registered shares.
Sale or issue locally by nonresidents	These transactions are subject to quota and licensing by the CM.
Purchase abroad by residents	These transactions are subject to quota and licensing by the CM.
Sale or issue abroad by residents	These transactions are subject to quota and licensing by the CM.
On money market instruments	These transactions are subject to quota and licensing by the CM.
On collective investment securities	n.r.

<b>Controls on derivatives and other instruments</b>	There are no transactions in derivatives in Turkmenistan.
<b>Controls on credit operations</b>	A CBT license or its approval is required for residents for all credit operations. Nonresidents need CBT approval.
<b>Controls on direct investment</b>	
Outward direct investment	Yes.
Inward direct investment	Investments by juridical persons are permitted, in principle, in all sectors. Investors are required to obtain an authorization from the MFER; if the amount exceeds \$500,000, the approval of the CM is required. Foreign participation in joint-stock companies is limited to 49%.
<b>Controls on liquidation of direct investment</b>	Foreign investors have the right to recover investments within six months of liquidation.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	Yes.
<b>Controls on personal capital movements</b>	
Transfer of gambling and prize earnings	Yes.
<b>Provisions specific to commercial banks and other credit institutions</b>	A CBT license is required. Provided the license is granted, no controls apply to individual transactions.
Borrowing abroad	Yes.
Maintenance of accounts abroad	Yes.
Lending to nonresidents (financial or commercial credits)	Yes.
Lending locally in foreign exchange	Yes.
Purchase of locally issued securities denominated in foreign exchange	Yes.
<b>Provisions specific to institutional investors</b>	A CBT and/or an MEF license is required, depending on the type of institutional investors.
<b>Other controls imposed by securities laws</b>	Institutional investors are required to meet minimum capital requirements. Responsibility rests with the CM, the CBT, and/or the MEF, depending on the type of investors.

### Changes During 1998

<b>Exchange arrangement</b>	<i>April 20.</i> The dual exchange rate system was unified at manat 5,200 per \$1.
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# UGANDA

(Position as of April 30, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: April 5, 1994.

### Exchange Arrangement

<b>Currency</b>	The currency of Uganda is the Uganda shilling.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Independently floating	The external value of the Uganda shilling is determined in the interbank foreign exchange market. Certain transactions may be effected in foreign exchange bureaus that are licensed to buy and sell foreign exchange at freely negotiated rates.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	Authorized banks may deal with customers in the forward exchange market.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	Authorized payments, including those for imports to nonresidents, may be made in Uganda shillings to the credit of an external account in Uganda or in any other currency that is appropriate to the country of residence of the payee.
<b>Payment arrangements</b>	
Bilateral payment arrangements	
<i>Inoperative</i>	Uganda maintains clearing arrangements with Burundi, the Democratic Republic of Congo, and Rwanda. Trade and payment agreements exist with Algeria, Cuba, Egypt, the Democratic People's Republic of Korea, and Libya.
Regional arrangements	Following the East African Cooperation Agreement, the Uganda, Kenya, and Tanzania shillings are now freely convertible in the three countries. Excess holdings of Kenya and/or Tanzania shillings are repatriated to the respective central banks for immediate credit in U.S. dollars.
Clearing agreements	The Bank of Uganda (BOU) settles accounts in U.S. dollars with COMESA member countries through the COMESA clearinghouse. Residents of member countries may use national currencies in day-to-day payments during a transaction period of two calendar months; the monetary authorities settle net balances at the end of this period in convertible currencies.
<b>Administration of control</b>	The BOU has delegated a broad range of responsibilities to authorized banks and exchange bureaus. Import and export control regulations are administered by the Ministry of Tourism, Trade, and Industry (MTTI).
<b>International security restrictions</b>	
In accordance with UN sanctions	No transactions are allowed with a country facing UN sanctions.
<b>Payment arrears</b>	
Official	Yes.
Private	Yes.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	Residents may hold and acquire gold coins for numismatic purposes. Only monetary authorities and licensed dealers are allowed to hold or acquire gold in any form other than jewelry.



Controls on external trade	Dealing in gold in any form other than jewelry constituting the personal effects of a traveler requires licenses issued by the Ministry of Energy and Mineral Development. On the basis of these licenses, the MTI issues export and import permits.
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Controls on exports and imports of banknotes	No.
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### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	Yes.
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Held abroad	Yes.
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Accounts in domestic currency convertible into foreign currency	Yes.
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### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
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Domestic currency accounts	Yes.
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Convertible into foreign currency	Yes.
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Blocked accounts	No blocked accounts exist; however, an account could be blocked if it is required by the law.
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### Imports and Import Payments

Foreign exchange budget	No.
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Financing requirements for imports	No.
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Documentation requirements for release of foreign exchange for imports	No.
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#### Import licenses and other nontariff measures

Negative list	The importation of pornographic materials is prohibited. Imports of firearms and ammunition require special permission. The ban on the imports of beer and soft drinks was lifted on April 1, 1998, whereas that on tobacco products was lifted on April 1, 1999.
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Import taxes and/or tariffs	Customs duties are applied at one of three rates of up to 15%. For countries outside COMESA, the rates are zero, 7%, and 15%; for COMESA members zero, 4%, and 6%. Duties for intermediate goods, raw materials, range up to 7%, while the rate for machinery is zero.
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State import monopoly	No.
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### Exports and Export Proceeds

Repatriation requirements	No.
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Financing requirements	No.
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Documentation requirements	No.
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Export licenses	No.
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Export taxes	No.
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### Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.

Restrictions on use of funds No.

### Capital Transactions

Controls on capital and money market instruments No.

Controls on derivatives and other instruments No.

Controls on credit operations No.

Controls on direct investment No.

Controls on liquidation of direct investment No.

Controls on real estate transactions

Purchase locally by nonresidents Resident foreign citizens may purchase land, whereas nonresident foreign citizens may only be granted a lease not exceeding 99 years.

Controls on personal capital movements No.

Provisions specific to commercial banks and other credit institutions

Differential treatment of deposit accounts in foreign exchange

*Reserve requirements*

Banks must hold 20% of foreign deposits in reserve on their own account. Banks must also maintain (unremunerated) cash reserves on deposit with the central bank, amounting to 8% of time deposits and 9% of demand deposits. These requirements are in addition to liquidity requirements, which are based on total deposits, regardless of currency denomination.

Open foreign exchange position limits Commercial banks are allowed to have an open position equivalent to 20% of core capital.

*On resident assets and liabilities* Yes.

*On nonresident assets and liabilities* Yes.

Provisions specific to institutional investors No.

Other controls imposed by securities laws No.

### Changes During 1998

Imports and import payments *April 1.* The ban on the imports of beer and soft drinks was lifted.

### Changes During 1999

Imports and import payments *April 1.* The ban on the imports of tobacco products was lifted.

# UKRAINE

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: September 24, 1996.

### Exchange Arrangement

#### Currency

The currency of Ukraine is the Ukrainian hryvnia.

#### Exchange rate structure

##### Unitary

Before September 4, 1998, there were two exchange rates: the official rate and the interbank rate. Since then, the interbank market for convertible currencies has been closed and now only the official exchange rate is quoted.

#### Classification

##### Pegged exchange rate within horizontal bands

Until September 1998, the Ukrainian Interbank Currency Exchange (UICE) conducted daily foreign exchange auctions (the Birzha auctions), in which the official exchange rate of the hryvnia was determined. The interbank rate was not allowed to differ by more than 0.3% from the official rate. The official exchange rate applies to transactions of the National Bank of Ukraine (NBU) with the government and for commercial bank transactions with their clients in situations when the foreign exchange for such transactions is purchased at the UICE.

In September 1998, the authorities introduced several administrative measures to stabilize the exchange market. These measures include closing the interbank market for trading in convertible currencies, tightening prudential regulations on open positions of commercial banks, imposing stricter documentation requirements for purchases of foreign exchange, including documentation from the tax authorities, and limiting the amount of cash holdings of foreign exchange.

Effective September 4, 1998, the exchange rate band moved to a new range of Hrv 2.5–3.5 per \$1, from the previous band of Hrv 1.8–2.25 per \$1.

#### Exchange tax

A tax of 1% is levied on cash transactions at foreign exchange bureaus.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

Payments to and receipts from all countries are settled in convertible currencies. Nonbarter trade with the Baltics, Russia, and the other countries of the FSU is now settled mainly in convertible currencies, especially the dollar. Settlement may also be in national currencies.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Inoperative*

There are arrangements with the Baltics, Russia, and the other countries of the FSU.

##### Regional arrangements

Yes.

##### Barter agreements and open accounts

Barter continues to be a major form of trade for Ukrainian companies in their transactions with the Baltics, Russia, and the other countries of the former Soviet Union.

#### Administration of control

The NBU administers exchange controls.

#### International security restrictions

##### In accordance with UN sanctions

Restrictions on payments and the provision of financial services to Iraq are maintained.

<b>Payment arrears</b>	n.a.
<b>Controls on trade in gold (coins and/or bullion)</b>	
Controls on domestic ownership and/or trade	Residents are required to obtain a license from the MOF to deal in precious stones and metals.
Controls on external trade	Permission for residents to export precious metals and precious stones is granted by the Cabinet of Ministers of Ukraine.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	Residents may export up to the equivalent of 10 times the minimum wage. The limit for nonresidents is five times the minimum wage.
<i>Foreign currency</i>	Resident natural persons may export \$1,000 in cash or in traveler's checks without permission, and \$5,000 in cash and \$4,000 in traveler's checks with permission from an authorized bank. The total limit is set at \$10,000 a person a trip. Nonresident natural persons may export \$1,000 in cash and \$1,000 in traveler's checks without permission, and \$1,000 in cash and \$5,000 in traveler's checks with permission, for a total limit of \$7,000. The exportation of currency by residents and nonresidents in excess of established norms is granted in bona fide cases.
On imports	
<i>Domestic currency</i>	Resident and nonresident natural persons are permitted to import domestic currency up to the amounts declared in a customs declaration upon exit from Ukraine. Juridical persons must obtain a license from the NBU to import domestic currency.
<i>Foreign currency</i>	Resident and nonresident natural persons are permitted to import up to \$50,000 in cash; for amounts in excess of this limit, permission from the NBU is required. Residents are required to declare sources for imports of currency exceeding \$10,000, while nonresidents are required to explain the purpose for such imports.

## Resident Accounts

### Foreign exchange accounts permitted

Held domestically	These accounts are permitted; however, certain conditions apply.
Held abroad	A license from the NBU is required, except when the account is opened during a temporary stay abroad.

### Accounts in domestic currency convertible into foreign currency

These accounts are convertible in cases where an obligation to a nonresident exists.

## Nonresident Accounts

### Foreign exchange accounts permitted

Residents of Kazakhstan, Russia, and Uzbekistan must submit a certified copy of the NBU approval to open a settlement account in foreign currency to the bank where the account is to be opened.

### Domestic currency accounts

"P" accounts may be opened for the permanent representative office of a foreign company, firm, or international organization established without the status of a legal entity, through which a nonresident conducts all or part of his or her entrepreneurial activities in Ukraine. P accounts may be credited with the proceeds of transactions from any economic activity, including payments for current international transactions.

"N" accounts may be opened by a representative office of a nonresident legal entity, an institution, or a person who represents its interests in Ukraine and does not engage in entrepreneurial activities in the territory of Ukraine. The holders of N accounts are regarded

Convertible into foreign currency	<p>as nonresidents for exchange control purposes, although they are treated as residents for tax purposes. N accounts may be credited with funds by selling foreign exchange to the servicing bank in order to effect settlement associated solely with the maintenance of the representative office, or with funds received by embassies and consulates for providing consular services. All N account holders may purchase foreign exchange on the interbank currency market to transfer funds abroad, including interest accrued on the balance in the account.</p> <p>P account holders may convert and (1) transfer to a nonresident legal person (which it represents) the proceeds from transactions effected in Ukraine for the sale of goods and services, interest accrued on deposits and balances in a type P account, and the balance in such an account when ceasing activities in Ukraine; and (2) credit to their own account in foreign currency resources designated for labor compensation of nonresident employees and for business trip and representative office expenses abroad. N account holders other than foreign diplomatic, consular, commercial, and other official missions and their offices may not purchase foreign exchange on the interbank market to transfer funds abroad from their N account. Nonresident natural persons may convert and transfer abroad funds from settlement accounts in hryvnias. Approval is required.</p>
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	
Advance payment requirements	Effective September 4, 1998, payments are limited to the smaller of \$100,000 or 20% of the contracted value.
Documentation requirements for release of foreign exchange for imports	Import contracts are required for banks to bid in foreign exchange auctions. To convert national currency into foreign currency, residents must provide the bank with copies of import contracts. In addition, a resident needs to obtain a certificate from the State Tax Administration (STA) confirming information on the resident's bank account and registration as a legal entity.
Domiciliation requirements	Yes.
Letters of credit	Yes.
Import licenses and other nontariff measures	
Negative list	Yes.
Other nontariff measures	Nontariff measures are limited to those for national safety and environmental reasons.
Import taxes and/or tariffs	There are three customs duty rates with a trade-weighted average rate of about 5% (including energy imports). The first category (preferred duty rate) applies to goods from countries with which Ukraine has a free trade agreement, imports from developing countries, and imports from countries that have a preferential agreement with Ukraine. The second category (concessional duty rate) applies to imports from countries that have entered into MFN agreements with Ukraine. The third category applies to imports from other sources. A VAT of 20% is levied on most imports.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	Exporters must repatriate all foreign exchange proceeds through domestic commercial banks within 90 days of shipment.
Surrender requirements	In September 1998, a 50% surrender requirement was introduced, and proceeds are required to be channeled through the UICE and its counterpart in the Crimea.
Financing requirements	n.a.
Documentation requirements	n.a.

**Export licenses**

## With quotas

Goods subject to voluntary export restraints or other international agreements and those falling under the "special export regime"—coal, precious metal scrap, and alcoholic spirits—are also subject to export quotas and licenses. The licenses required for these goods are, however, freely provided, except in the case of precious metal scrap. For grain exports, it is required that sales for the export market be undertaken through the agricultural commodity exchange. Export contract preregistration is limited to goods subject to voluntary export restraints or antidumping actions. The "special export" regime has been liberalized; registration of exports is automatic and for statistical purposes only.

**Export taxes**

Taxes are applied to exports of animals and skins.

**Payments for Invisible Transactions and Current Transfers****Controls on these transfers**

A nonresident requires a certificate from the STA stating that there are no outstanding tax liabilities associated with the underlying transaction.

## Investment-related payments

Information is not available on the payment of amortization of loans or depreciation of direct investments. Proceeds, including interest, from investment in treasury bills held by nonresidents that were not rescheduled were blocked in September 1998.

## Payments for travel

*Quantitative limits*

The foreign currency limit for tourists is \$10,000, including \$5,000 in cash and \$5,000 in traveler's checks a trip; for business travel, the limit is \$10,000 (cash and/or traveler's checks). In addition, credit cards for international payment systems issued by Ukrainian banks may be used abroad.

*Indicative limits/bona fide test*

Yes.

## Personal payments

There is no control on the payment of pensions. Information is not available on the payment of family maintenance and alimony.

*Prior approval*

Yes.

*Indicative limits/bona fide test*

Yes.

## Credit card use abroad

Residents may use abroad credit cards issued by Ukrainian banks.

## Other payments

*Prior approval*

Yes.

*Quantitative limits*

The limit is \$20 for membership dues.

*Indicative limits/bona fide test*

Yes.

**Proceeds from Invisible Transactions and Current Transfers****Repatriation requirements**

Proceeds, except those of a few organizations with international operations, such as the national airlines, are subject to repatriation requirements.

**Restrictions on use of funds**

Yes.

**Capital Transactions****Controls on capital and money market instruments**

## On capital market securities

*Shares or other securities of a participating nature*

## Purchase locally by nonresidents

Yes.

Sale or issue locally by nonresidents	Yes.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<i>Bonds or other debt securities</i>	
Sale or issue locally by nonresidents	Repayment of investments in treasury bills that were not rescheduled were blocked in September 1998.
On money market instruments	An individual NBU license is required for all transactions in money market instruments.
On collective investment securities	An individual NBU license is required for all transactions in collective investment securities.
<b>Controls on derivatives and other instruments</b>	An individual NBU license is required for all transactions in derivatives and other instruments.
<b>Controls on credit operations</b>	
Commercial credits	
<i>By residents to nonresidents</i>	An NBU license is required if the repayment deadline exceeds 90 days.
<i>To residents from nonresidents</i>	External loans with maturities exceeding 90 days must be approved by the NBU.
Financial credits	
<i>By residents to nonresidents</i>	These credits require registration with the NBU.
<i>To residents from nonresidents</i>	These credits must be licensed by or registered with the NBU.
Guarantees, sureties, and financial backup facilities	
<i>By residents to nonresidents</i>	Yes.
<i>To residents from nonresidents</i>	Yes.
<b>Controls on direct investment</b>	
Outward direct investment	Investments require an individual NBU license.
Inward direct investment	Foreign investments in most types of businesses are permitted, although licenses are required in some cases. Investments in insurance and businesses engaged in intermediation activities require a license from the MOF, and investments in the banking sector require a license from the NBU. Foreign investment in Ukraine must be made in convertible currency or in kind. The Russian ruble is not regarded as a convertible currency for this purpose.
<b>Controls on liquidation of direct investment</b>	The transfer of proceeds, after payment of taxes due, is guaranteed.
<b>Controls on real estate transactions</b>	
Purchase abroad by residents	An NBU license is required.
Purchase locally by nonresidents	Yes.
Sale locally by nonresidents	Yes.
<b>Controls on personal capital movements</b>	
Loans	
<i>By residents to nonresidents</i>	Natural persons are not allowed to receive loans in foreign currency.
Gifts, endowments, inheritances, and legacies	
<i>By residents to nonresidents</i>	There are no controls with regard to natural persons.

<i>To residents from nonresidents</i>	There are no controls with regard to legal persons.
Transfer of assets	
<i>Transfer abroad by emigrants</i>	Transfers by nonresident natural persons are not restricted after settlement of tax liabilities.
<i>Transfer into the country by immigrants</i>	Transfers by nonresident natural persons are unrestricted.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Borrowing exceeding one year requires registration with the NBU.
Maintenance of accounts abroad	Yes.
Lending to nonresidents (financial or commercial credits)	Yes.
Lending locally in foreign exchange	On September 4, 1998, the provision of trade credits in foreign exchange to residents was banned, except for financing a limited range of "critical imports." A ban was also introduced for the provision of foreign exchange to service private sector loans contracted by residents at an interest rate higher than 20%.
Purchase of locally issued securities denominated in foreign exchange	Yes.
Investment regulations	
<i>Abroad by banks</i>	An NBU license is required.
<i>In banks by nonresidents</i>	Yes.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on securities issued by nonresidents and on portfolio invested abroad	NBU approval is required.
Limits (max.) on portfolio invested abroad	NBU approval is required.
Limits (min.) on portfolio invested locally	The NBU does not impose any limits on these investments.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<i>September 4.</i> The interbank foreign exchange market for convertible currencies was closed. The exchange rate band of the hryvnia moved to a new range of Hrv 2.5–3.5 per \$1, from the previous band of Hrv 1.8–2.25.
<b>Imports and import payments</b>	<i>September 4.</i> Limits were imposed on the making of advance import payments.
<b>Exports and export proceeds</b>	<i>September 4.</i> A 50% surrender requirement was introduced.
<b>Payments from invisible transactions and current transfers</b>	<i>September 30.</i> Payment of proceeds, including interest, from investment by nonresidents in treasury bills, which were not rescheduled, were blocked.
<b>Capital transactions</b>	
Controls on capital and money market instruments	<i>September 30.</i> Repayment of investments by nonresidents in treasury bills, which were not rescheduled, were blocked.
Controls on credit operations	<i>September 4.</i> A ban was introduced on the provision of trade credits to residents in foreign exchange and on the provision of foreign exchange to service private sector loans contracted by residents at interest rates higher than 20%.



# UNITED ARAB EMIRATES

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 13, 1974.

### Exchange Arrangement

<b>Currency</b>	The currency of the United Arab Emirates is the U.A.E. dirham.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Pegged exchange rate within horizontal bands	The exchange rate of the U.A.E. dirham is pegged to the SDR at Dh 4.76190 per SDR 1 within margins of $\pm 7.25\%$ . The U.A.E. dirham has maintained a stable relationship with the U.S. dollar, the intervention currency, since November 1997 at Dh 3.6720 per \$1 (buying rate) and Dh 3.6730 per \$1 (selling rate).
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	The United Arab Emirates Central Bank (UAECB) maintains a swap facility, which the commercial banks may use to purchase dirhams spot and sell dirhams forward for periods of one week, one month, and three months. For each bank, maximum limits of \$20 million outstanding for one-month and three-month swaps and \$10 million outstanding for one-week swaps are in effect. There is also a limit of \$3 million a day on purchases by each bank for one-month and three-month swaps. This facility is designed to provide temporary dirham liquidity to commercial banks. Swap facilities are not available to banks having a short position in dirhams, except for the covering of forward transactions for commercial purposes.
Official cover of forward operations	Yes.

## Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	There are no prescription requirements, but settlements with Israel are prohibited.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	No.
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	No.

## Resident Accounts

### Foreign exchange accounts permitted

Held domestically	Yes.
Held abroad	Yes.

Accounts in domestic currency convertible into foreign currency Yes.

### Nonresident Accounts

**Foreign exchange accounts permitted** These accounts may be opened by banks and by trade, financial, and industrial companies incorporated outside the United Arab Emirates that have no local branches; by branches of local institutions in foreign countries; and by embassies and diplomatic agencies. Additionally, these accounts may be opened by U.A.E. citizens working abroad and by foreigners working in the United Arab Emirates who have no residency.

**Domestic currency accounts** Yes.

**Convertible into foreign currency** Yes.

**Blocked accounts** No.

### Imports and Import Payments

**Foreign exchange budget** No.

**Financing requirements for imports** No.

**Documentation requirements for release of foreign exchange for imports** No.

**Import licenses and other nontariff measures** Only licensed parties may enter the import trade. Importers may import only the commodities specified in their licenses. Imports from Israel are prohibited, as are imports of products manufactured by foreign companies blacklisted by the Arab League.

**Negative list** Imports of a few commodities are prohibited for health, security, or moral reasons.

**Import taxes and/or tariffs** Most imports are subject to a customs duty of 4% of the c.i.f. value. Imports of alcohol and tobacco are subject to higher rates. Imports originating from members of the GCC are exempt from duties.

**State import monopoly** No.

### Exports and Export Proceeds

**Repatriation requirements** No.

**Financing requirements** No.

**Documentation requirements** No.

**Export licenses** No.

**Export taxes** No.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** No.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements** No.

**Restrictions on use of funds** No.

## Capital Transactions

### Controls on capital and money market instruments

#### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents      At least 51% of the shares of U.A.E. corporations must be held by U.A.E. nationals or organizations.

Sale or issue locally by nonresidents      Yes.

##### *Bonds or other debt securities*

Sale or issue locally by nonresidents      Yes.

#### On collective investment securities

*Purchase locally by nonresidents*      Yes.

*Sale or issue locally by nonresidents*      Yes.

### Controls on derivatives and other instruments

No.

### Controls on credit operations

No.

### Controls on direct investment

#### Inward direct investment

At least 51% of the equity of companies, other than branches of foreign companies, must be held by nationals of the United Arab Emirates. Nationals of the other member countries of the GCC are permitted to hold (1) up to 75% of the equity of companies in the industrial, agricultural, fisheries, and construction sectors, and in the consultancy areas; and (2) up to 100% of the equity of companies in the hotel industry. Furthermore, nationals of the other member countries of the GCC are permitted to engage in wholesale and retail trade activities, except in the form of companies, in which case they are subject to the Company Law.

### Controls on liquidation of direct investment

No.

### Controls on real estate transactions

Purchase locally by nonresidents      Yes.

### Controls on personal capital movements

No.

### Provisions specific to commercial banks and other credit institutions

Commercial banks operating in the United Arab Emirates are prohibited from engaging in nonbanking operations.

#### Lending to nonresidents (financial or commercial credits)

Banks operating in the United Arab Emirates are required to maintain special deposits with the UAECB equal to 30% of their placements with, or lending to, nonresident banks in dirhams with a remaining life of one year or less. The profits of certain banks are subject to a fee levied by local authorities at an annual rate of 20%.

#### Investment regulations

##### *Abroad by banks*

Banks are not allowed to lend more than 7% of their capital base to one foreign institution. They are also not allowed to invest more than 25% of their own funds in shares or bonds issued by commercial companies. Loans to first-class credit-rated foreign governments and placement at such countries' financial institutions are exempt from such limits.

##### *In banks by nonresidents*

Nonresidents cannot acquire more than 20% of the share capital of any national bank.

### Provisions specific to institutional investors

No.

Other controls imposed by securities laws No.

### Changes During 1998

No significant changes occurred in the exchange and trade system.

# UNITED KINGDOM

(Position as of April 30, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 15, 1961.

### Exchange Arrangement

#### Currency

The currency of the United Kingdom is the pound sterling.

#### Other legal tender

Gold sovereigns and britannias are legal tender, but do not circulate.

#### Exchange rate structure

Unitary.

#### Classification

#### Independently floating

The exchange rate of the pound sterling is determined on the basis of supply and demand. However, the authorities may intervene at their discretion to moderate undue fluctuations in the exchange rate. (The United Kingdom suspended intervention obligations with respect to the exchange rate and intervention mechanism of the EMS on September 16, 1992.)

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Banks are allowed to engage in forward exchange transactions in any currency, and they may deal among themselves and with residents and nonresidents in foreign notes and coins at free market exchange rates.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

No.

#### International security restrictions

#### In accordance with Executive Board Decision No. 144-(52/51)

Yes.

#### In accordance with UN sanctions

The United Kingdom imposes certain restrictions on the making of payments and transfers for current international transactions in respect of Libya. Restrictions against Iraq continue to be enforced. In the case of the Federal Republic of Yugoslavia (Serbia/Montenegro), funds are frozen. In addition, effective June 22, 1998, funds of the government of the former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia (Serbia/Montenegro) are frozen on the basis of an EU regulation, and effective July 26, 1998, new investments in the Federal Republic of Yugoslavia (Serbia/Montenegro) are banned.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

#### Controls on domestic ownership and/or trade

Gold bullion and gold coins are not subject to controls. Gold coins have also been issued in Jersey and the Isle of Man and are legal tender there. Except under license granted by the Treasury, it is an offense to melt down or break up any metal coin that is for the time being current in the United Kingdom or that, having been current there, has at any time after May 16, 1969, ceased to be so. There is a gold market in London in which gold bars are freely traded.

Controls on external trade	The exportation of gold in manufactured form more than 50 years old and valued at £8,000 and over for each item, or matching set of items, also requires a license from the Department of National Heritage.
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Controls on exports and imports of banknotes	No.
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### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	Yes.
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Held abroad	Yes.
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Accounts in domestic currency convertible into foreign currency	Yes.
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### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
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Domestic currency accounts	Yes.
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Convertible into foreign currency	Yes.
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Blocked accounts	No.
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### Imports and Import Payments

Foreign exchange budget	No.
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Financing requirements for imports	No.
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Documentation requirements for release of foreign exchange for imports	No.
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#### Import licenses and other nontariff measures

Negative list	Yes.
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Open general licenses	Most imports are admitted to the United Kingdom under an OGL.
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Licenses with quotas	The remaining restrictions concern textiles and clothing under the MFA and are maintained under various EU bilateral agreements with third countries that are not members of the MFA, certain steel products from Russia and Ukraine that are subject to the EU bilateral agreements, autonomous EU-wide restrictions on imports of certain steel products from Kazakhstan, EU-wide tariff quotas on certain products produced in the Czech Republic and the Slovak Republic, and EU-wide quotas on three categories of goods originating in China. A double-checking system is in operation with Bulgaria, the Czech Republic, Romania, and the Slovak Republic on certain steel products. On April 1, 1999, this system was extended to certain steel products from Poland. Imports of cars from Japan are also subject to restraint under a separate agreement (the Elements of Consensus) between the EU and the Japanese government. A few articles may be imported under OGLs (i.e., without limit as to quantity or value).
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Other nontariff measures	Imports of cereals and cereal products, beef and veal, mutton and lamb, poultry meat, and dairy products other than butter and cheese are subject to minimum import prices enforced through autonomously imposed variable import levies. Imports of many other agricultural, horticultural, and livestock products are subject to EU regulations.
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Import taxes and/or tariffs	Yes.
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State import monopoly No.

### Exports and Export Proceeds

Repatriation requirements No.

Financing requirements No.

Documentation requirements No.

Export licenses Exports of certain products are controlled for reasons of national security, animal welfare, national heritage, and in accordance with international agreements.

Without quotas Yes.

Export taxes No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.

Restrictions on use of funds No.

### Capital Transactions

Controls on capital and money market instruments No.

Controls on derivatives and other instruments No.

Controls on credit operations No.

Controls on direct investment

Inward direct investment The Secretary of State for Trade and Industry may prohibit a proposed transfer of control of an important U.K. manufacturing undertaking to a nonresident where the transfer is considered contrary to the interests of the United Kingdom or a substantial part of it. If it is considered that the national interest cannot appropriately be protected in any other way, property in such a proposal or completed transfer may be compulsorily acquired against compensation. Both prohibition and vesting orders are subject to parliamentary approval. These powers have not been used to date.

Controls on liquidation of direct investment No.

Controls on real estate transactions No.

Controls on personal capital movements No.

Provisions specific to commercial banks and other credit institutions

Open foreign exchange position limits Net spot liabilities in foreign currencies (i.e., the net amount of foreign currency resources funding sterling assets) form part of a bank's eligible liabilities that are subject to a 0.35% non-interest-bearing deposit requirement with the Bank of England and may also be subject to calls for special deposits to be placed with the bank. Effective April 1, 1998, the deposit

requirement was decreased to 0.25% and as of June 1, 1998, even further to 0.15%. Also from the later date, amounts between £100 million and £400 million are eligible for interest payment. This rule applies to banks as well as to building societies. There is currently no special deposit call.

**Provisions specific to institutional investors**

No.

**Other controls imposed by securities laws**

No.

### Changes During 1998

**Arrangements for payments and receipts**

*June 22.* Funds of the government of the former Yugoslav Republic of Macedonia were frozen pursuant an EU regulation.

*July 26.* New investments in the Federal Republic of Yugoslavia (Serbia/Montenegro) were banned pursuant an EU regulation.

**Imports and import payments**

*January 1.* The number of categories falling under EU-wide quotas for Chinese imports was reduced to three from four.

**Capital transactions**

**Provisions specific to commercial banks and other credit institutions**

*April 1.* The non-interest-bearing deposit requirement was reduced to 0.25% of the bank's liabilities.

*June 1.* The deposit requirement was further reduced to 0.15%. Amounts between £100 and £400 are eligible for interest payment both in the case of banks and building societies.

### Changes During 1999

**Imports and import payments**

*April 1.* The double-checking system for certain steel products was extended to include imports from Poland.



# UNITED STATES

(Position as of February 28, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: December 10, 1946.

### Exchange Arrangement

Currency	The currency of the United States is the U.S. dollar.
Exchange rate structure	Unitary.
Classification	
Independently floating	The exchange rate of the U.S. dollar is determined freely in the foreign exchange market.
Exchange tax	No.
Exchange subsidy	No.
Forward exchange market	Yes.

### Arrangements for Payments and Receipts

Prescription of currency requirements	No.
Payment arrangements	n.a.
Administration of control	No.
International security restrictions	<p>The Department of the Treasury (Treasury) administers economic sanction programs involving direct or indirect financial or commercial transactions with Cuba, Islamic Republic of Iran, Iraq, the Democratic People's Republic of Korea, Libya, Sudan, the Federal Republic of Yugoslavia (Serbia/Montenegro), UNITA and its senior officials, foreign terrorist organizations, and significant narcotics traffickers centered in Colombia, as specified under:</p> <p>(1) the Cuban Assets Control Regulations, (2) the Iranian Assets Control Regulations and the Iranian Transactions Regulations, (3) the Iraqi Sanctions Regulations, (4) the Foreign Assets Control Regulations, (5) the Libyan Sanctions Regulations, (6) the Sudanese Sanctions Regulations, (7) the Federal Republic of Yugoslavia (Serbia/Montenegro) Kosovo Sanctions Regulations, (8) the UNITA (Angola) Sanctions Regulations, (9) the Terrorism Sanctions Regulations, (10) the Foreign Terrorist Organizations Sanctions Regulations, and (11) the Narcotics Trafficking Sanctions Regulations, respectively. It also has administrative responsibility for the blocked accounts of the above countries and groups of persons. Although most transactions with respect to the Republic of Montenegro are authorized, funds blocked prior to May 10, 1996, and December 27, 1995, remain blocked until released in accordance with applicable law and without prejudice to the claims of the successor states to the former Federal Republic of Yugoslavia. The Treasury also prohibits new investment in Myanmar, under the Burmese Sanctions Regulations; restricts certain off-shore transactions involving strategic merchandise to certain countries, under the Transaction Control Regulations; prohibits donative transfers, or those that pose a risk of furthering terrorist acts in the United States by the governments of Syria or Sudan, under the Terrorism List Governments Sanctions Regulations; and prohibits imports into the United States from certain entities that proliferate nuclear, biological, or chemical weapons, under the Weapons of Mass Destruction Trade Control Regulations.</p>
In accordance with Executive Board Decision No. 144-(52/51)	Certain restrictions are imposed on the making of payments and transfers for current international transactions, and property and property interest of the government of Sudan have been blocked.

In accordance with UN sanctions	The Treasury administers economic sanction programs on the basis of UN decisions involving direct or indirect financial or commercial transactions with Iraq and with UNITA and its senior officials.
<b>Payment arrears</b>	No.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
Controls on external trade	No controls are imposed except for the countries and groups of persons to which international security restrictions apply.
<b>Controls on exports and imports of banknotes</b>	Individuals leaving or entering the United States with more than \$10,000 in domestic or foreign currency, traveler's checks, money orders, or negotiable bearer securities must declare these to customs at the point of exit or entry.

### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	Yes.
Held abroad	Yes.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

<b>Foreign exchange accounts permitted</b>	Yes.
<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	

Accounts blocked are those of Cuba, Islamic Republic of Iran, Iraq, the Democratic People's Republic of Korea, Libya, Sudan, the Federal Republic of Yugoslavia (Serbia/Montenegro), UNITA and its senior officials, Middle East terrorists, foreign terrorist organizations, certain foreign terrorist governments, and significant narcotics traffickers centered in Colombia; residual accounts are blocked under sanctions against the Federal Republic of Yugoslavia (Serbia/Montenegro) and the Bosnian Serbs.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	

Negative list	The importation of goods and services that originate in Cuba, Islamic Republic of Iran, Iraq, the Democratic People's Republic of Korea, Libya, and Sudan or that were produced or provided by certain entities that proliferate nuclear, biological, or chemical weapons is prohibited unless specifically authorized by the Treasury. The importation of certain goods from Angola is also prohibited unless specifically authorized by the Treasury.
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Licenses with quotas	Bilateral import quota agreements on textiles and clothing exist with numerous countries. These are to be phased out over 10 years beginning in 1995 under the ATC, negotiated in the Uruguay Round of Multilateral Trade Negotiations.  The ATC provided for the gradual and complete integration of apparel and textile products into the WTO regime over a 10-year transition period, and the gradual phasing out of
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quantitative restrictions on textile and apparel exports to the United States. "Integrated products" have been removed from the scope of the ATC's special safeguard mechanism, and any applicable quotas have been eliminated. Integration is taking place in four stages: in 1995, 16% of the volume of textile and apparel trade was integrated; at the beginning of year 4 and year 7, an additional 17% and 18%, respectively, will be integrated; and after year 10, all remaining products will be integrated. With regard to the phasing out of quotas, the vast majority of quotas affecting imports to the United States will be subject to automatic "growth-on-growth" liberalization during each year of the transition period.

**Import taxes and/or tariffs**

Import tariffs are generally low, with higher-than-average rates for imports of beverages and tobacco, textiles and clothing, and leather and footwear. As a result of the Uruguay Round, all tariff lines are bound.

**State import monopoly**

No.

### **Exports and Export Proceeds**

**Repatriation requirements**

No.

**Financing requirements**

No.

**Documentation requirements**

No.

**Export licenses**

The Department of Commerce (DOC) controls the export and reexport of dual-use commodities, technology, and software for reasons of national security, foreign policy, non-proliferation, and short supply. Except for shipment to U.S. territories and possessions, which are treated as part of the United States, most exports outside the United States are subject to the Export Administration Regulations (EAR). Several agencies of the U.S. government maintain export controls on items other than dual-use articles and services: the Treasury, which controls certain financial transactions, or the Department of Agriculture, which controls the export of livestock, dairy, and poultry items.

**Without quotas**

Ammunition may be exported only under license issued by the Office of Defense Trade Controls in the Department of State. The DOC administers controls directly on exports of crime control and detection equipment, as well as on instruments and related technical data, to all countries except other members of NATO, Australia, Japan, and New Zealand. The DOC administers controls directly on exports of other goods from the United States and on reexports of goods of U.S. origin from any area.

**Export taxes**

n.a.

### **Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**

No.

### **Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements**

No.

**Restrictions on use of funds**

No.

### **Capital Transactions**

**Controls on capital and money market instruments****On capital market securities**

*Shares or other securities of a participating nature*

Purchase locally by nonresidents

Laws on inward direct investment apply to purchases in the United States by nonresidents. The restriction applies only to the purchases by nonresidents of securities that may be

	restricted by laws on inward direct investment and on establishment in the nuclear energy, maritime, communications, and air transport industries.
Sale or issue locally by nonresidents	Foreign mutual funds are restricted. This restriction applies only to (1) nonresident issuers that are defined as investment companies under the Investment Company Act and (2) the use of small business registration forms and a small-issues exemption by nonresident issuers.
On money market instruments	
<i>Sale or issue locally by nonresidents</i>	Foreign mutual funds are restricted. The restriction applies only to nonresident issuers that are defined as investment companies under the Investment Company Act.
On collective investment securities	
<i>Sale or issue locally by nonresidents</i>	The same regulations apply as for shares and other securities of a participating nature.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	
Financial credits	
<i>By residents to nonresidents</i>	The Johnson Act prohibits, with certain exceptions, persons within the United States from dealing in financial obligations or extending loans to foreign governments that have defaulted on payments of their obligations to the U.S. government. The Act does not apply to those foreign governments that are members of both the IMF and the World Bank.
<b>Controls on direct investment</b>	
Outward direct investment	There are restrictions on certain transactions with or involving Cuba, Islamic Republic of Iran, Iraq, the Democratic People's Republic of Korea, Libya, Myanmar, Sudan, the Federal Republic of Yugoslavia (Serbia/Montenegro), UNITA and its senior officials, foreign terrorists who disrupt the Middle East peace process, foreign terrorist organizations, certain foreign terrorist governments, and significant narcotics traffickers centered in Colombia.  Foreign acquisitions of control that threaten to impair national security may be suspended or prohibited. Investments involving ownership interest in banks are subject to federal and state banking laws and regulations. However, as noted above, there are restrictions on certain transactions with or involving Cuba, Islamic Republic of Iran, Iraq, the Democratic People's Republic of Korea, Libya, Sudan, the Federal Republic of Yugoslavia (Serbia/Montenegro), UNITA and its senior officials, foreign terrorists who disrupt the Middle East peace process, foreign terrorist organizations, certain foreign terrorist governments, and significant narcotics traffickers centered in Colombia.
Inward direct investment	Foreign acquisitions of control that threaten to impair national security may be suspended or prohibited. Investments involving ownership interest in banks are subject to federal and state banking laws and regulations. However, as noted above, there are restrictions on certain transactions with or involving Cuba, Iraq, the Democratic People's Republic of Korea, Libya, foreign terrorists who disrupt the Middle East peace process, Terrorism List governments, foreign terrorist organizations, Sudan, significant narcotics traffickers centered in Colombia, and certain foreign terrorist governments. The Omnibus Trade Act contains a provision, the Exon-Florio Amendment, authorizing the president to suspend or prohibit foreign acquisitions, mergers, and takeovers in the United States if he determines that the foreign investor might take action that would threaten to impair national security and if existing laws, other than the International Emergency Economic Powers Act and the Exon-Florio Amendment itself, are not, in the president's judgment, adequate or appropriate to protect national security.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Ownership of agricultural land by foreign nationals or by corporations, in which foreign owners have an interest of at least 10% or substantial control, must be reported to the Department of Agriculture. Certain states in the United States impose various restrictions on foreign nationals' purchases of land within their borders.

<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Investment regulations	Banks are subject to prudential oversight in these areas.
Open foreign exchange position limits	The foreign currency positions of banks, whether overall or with respect to individual currencies, are not subject to quantitative limitations, but banks are subject to prudential oversight.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Exchange arrangement</b>	<p><i>July 1.</i> A comprehensive sanctions program against Sudan was put into place.</p> <p><i>August 19.</i> A sanctions program that prohibited all new investment in Myanmar was put into effect.</p> <p><i>August 19.</i> An Executive Order blocking all property of UNITA and its senior officials as well as adding new export and import restrictions on trade with Angola was issued.</p> <p><i>October 13.</i> A sanctions program blocking the property of the Federal Republic of Yugoslavia (Serbia/Montenegro) and barring new investment in the Republic of Serbia was put into place in response to the Kosovo crisis. This program, however, contains a general license for most transactions involving property in which the government of the Republic of Montenegro has an interest.</p>
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### Changes During 1999

<b>Arrangements for payments and receipts</b>	<p><i>February 23.</i> A sanctions program restricting imports from certain entities that proliferate nuclear, biological, or chemical weapons was put into place.</p>
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# URUGUAY

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: May 2, 1980.

### Exchange Arrangement

#### Currency

The currency of Uruguay is the Uruguayan peso.

#### Exchange rate structure

Unitary.

#### Classification

##### Crawling band

The exchange rate for the Uruguayan peso is determined in the exchange market, where the Central Bank of Uruguay (CBU) intervenes to ensure that the rate remains within a band. The exchange rate band is depreciated daily at a predetermined monthly rate, and the CBU announces its intervention buying and selling rates daily.

Before April 20, 1998, the rate of depreciation against the dollar was 0.8% per month and the total width of the band was 7%; after this date, these rates were 0.6% and 3%, respectively.

#### Exchange tax

Purchases of foreign exchange by public sector institutions are subject to a tax of 2%, with the exception of those by the CBU and official banks, which are exempt from the tax.

#### Exchange subsidy

No.

#### Forward exchange market

No.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

All settlements of balances under the multilateral clearing system are made in dollars.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Operative*

There is an arrangement with the Islamic Republic of Iran, which was in effect through July 31, 1999.

###### *Inoperative*

A bilateral payment arrangement with Cuba is inoperative.

##### Regional arrangements

Payments between Uruguay and the countries with which Uruguay has concluded reciprocal credit arrangements (i.e., Argentina, Bolivia, Brazil, Chile, Colombia, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru, and Venezuela) may be made through accounts maintained with each other by the central banks within the framework of the multilateral clearing system of the LAIA.

##### Clearing agreements

Yes.

#### Administration of control

Exchange transactions are carried out through authorized banks, finance houses, exchange houses, and the Bank of the Republic. Exchange houses must be authorized by the CBU.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

Residents and nonresidents may freely purchase, hold, and sell financial gold with a fineness of not less than 0.9.

Controls on external trade	Residents may freely import and export gold with a fineness of not less than 0.9. Gold for industrial purposes is subject to the general policy that governs the exportation, importation, and trading of goods.
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Controls on exports and imports of banknotes	No.
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### Resident Accounts

#### Foreign exchange accounts permitted

Held domestically	Yes.
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Held abroad	Yes.
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Accounts in domestic currency convertible into foreign currency	Yes.
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### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
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Domestic currency accounts	Yes.
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Convertible into foreign currency	Yes.
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Blocked accounts	No.
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### Imports and Import Payments

Foreign exchange budget	No.
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Financing requirements for imports	No.
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Documentation requirements for release of foreign exchange for imports	No.
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#### Import licenses and other nontariff measures

Negative list	Imports of used cars are prohibited.
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Open general licenses	All imports are subject to registration that is generally valid for 180 days; goods must be cleared through customs during that period.
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Import taxes and/or tariffs	Under MERCOSUR, a CET exists among Argentina, Brazil, Paraguay, and Uruguay. There are 11 tax rates. Initially, the maximum rate was 20%. However, a surcharge, imposed in 1997, and whose removal is planned in 2001, raised this maximum to 23%. Uruguay was granted exemption to the surcharge for capital and certain intermediate goods. Regionally produced capital and telecommunications goods are subject to tariffs of 14% and 16%, respectively. Parties to MERCOSUR are permitted to exempt up to 300 goods from the CET until 2001, at which time they are to converge to the CET. In addition, for Uruguay tariffs on capital goods, telecommunications, buses, and trucks will not converge until 2006.
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Import duties among MERCOSUR countries were generally eliminated, with certain exceptions. In Uruguay's case, exemptions on pharmaceuticals, plastics, automobile parts, textiles, and dairy products may remain in place through 1999. Duties on wheat, tires, paper, glass, sugar, textiles, and apparel are computed on the basis of "minimum export prices," which provide a basis for a sliding surcharge on these goods depending on the difference between the minimum prices and declared c.i.f. import prices.

State import monopoly	No.
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### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	
Without quotas	Occasionally, and for special reasons (e.g., stock position, protection, or sanitary considerations), certain exports are prohibited or are subject to special requirements.
Export taxes	Exports of dry, salted, and pickled hides are subject to a 5% tax.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	The Capital Market Securities and Negotiable Obligations Law provides a framework in which financial markets are largely self-regulating but supervised by the CBU. Mutual and private pension funds as well as insurance companies are separately regulated. Private pension funds must hold a minimum ratio of total assets of 55% in the form of government securities. In the public sector, the type of operations permitted depends on the type of institution. Government agencies are covered by their own bylaws, and the central government and departmental governments are covered by their own procedures, which are more restrictive.
On capital market securities	
<i>Bonds or other debt securities</i>	
Purchase abroad by residents	Uruguayan Deposit Receipts (UDRs) are traded under the general securities regulatory framework and in some cases under the specific supervision of the CBU.
On collective investment securities	The Mutual Funds Law defines instruments and contains several requirements regarding conflict of interest and safekeeping.
Controls on derivatives and other instruments	n.r.
Controls on credit operations	No.
Controls on direct investment	
Inward direct investment	The Law for the Promotion and Protection of Investment requires identical treatment of domestic and foreign investors and free transfer of capital. It provides for certain exemptions from wealth and value-added taxes and for the reduction of social security taxes to a 3% rate. It establishes national priorities and provides corresponding incentives. It exempts from tariffs imported inputs whose domestic production has been reduced or discontinued.
Controls on liquidation of direct investment	No.
Controls on real estate transactions	No.



<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	A ceiling of 100% was established on January 1, 1999, on long-term (more than three years) net position of the book value of equity, less administrative fixed rates.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	There is a minimum mandatory reserve requirement (10%) for local currency and another for foreign currency, except for 30- to 180-day deposits, on which the local currency reserve requirement is 4% and the foreign currency reserve requirement is 10%. These reserve requirements are for currency holdings and notes, and demand deposits at the CBU in their respective currencies. Nonresident deposits placed with nonresidents are exempt from the foreign currency reserve requirement. Also, when establishing such reserves, the deposit at the CBU should be in an amount of not less than 50% of the minimum mandatory reserve requirement. There is a minimum interest-bearing mandatory reserve requirement of 10% in local currency on total deposits and other obligations covered by the non-interest-bearing reserve requirement regime. This reserve requirement may be established by a deposit at the CBU. There is also an 11.5% mandatory holding in dollar-denominated treasury notes on foreign currency deposits and liabilities under the reserve requirement regime, excluding those of nonresidents applying to placements with nonresidents.
Open foreign exchange position limits	Effective January 1, 1999, the ceiling on local and foreign-currency-holding positions is 100% (previously, 150%) of the book value of equity less administrative fixed assets. There is also a ceiling on the asset or liability position of foreign-currency-denominated "operations to be settled" (i.e., future contracts and sales of securities subject to repurchase agreements) of 20% of the book value equity (i.e., fixed assets, investments, and deferred charges) less administrative fixed assets.
<b>Provisions specific to institutional investors</b>	
Limits (max.) on portfolio invested abroad	Insurance companies must hold a maximum of 5% of total assets, except for life insurance contracts, where companies can hold 20% of required provisions.
Limits (min.) on portfolio invested locally	Private pension funds must hold a minimum ratio of total assets of 55% in the form of government securities. In the public sector, the type of operations permitted depend on the type of institution. Government agencies are covered by their own bylaws, and the central government and departmental governments are covered by their own procedures, which are more restrictive.
Currency-matching regulations on assets/liabilities composition	Insurance companies must match assets with liabilities.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Exchange arrangement</b>	<i>April 20.</i> The rate of depreciation of the peso against the dollar was reduced to 0.6% per month and the width of the band to 3%.
<b>Arrangements for payments and receipts</b>	<i>July 31.</i> The bilateral payment agreement with the Islamic Republic of Iran has been terminated.

### Changes During 1999

<b>Capital transactions</b>	
Provisions specific to commercial banks and other credit institutions	<i>January 1.</i> A ceiling on long-term (more than three years) net position of 100% of the book value of equity, less administrative fixed assets, was established.

# UZBEKISTAN

(Position as of January 31, 1999)

## Status Under IMF Articles of Agreement

Article XIV Yes.

## Exchange Arrangement

Currency The currency of Uzbekistan is the Uzbek sum.

### Exchange rate structure

Multiple

There are three exchange rates: (1) the official exchange rate, (2) the "exchange" exchange rate, and (3) the over-the-counter exchange rate.

### Classification

Managed floating with no preannounced path for the exchange rate

Exchange rates in the exchange and over-the-counter currency markets are based on supply and demand for foreign currency. The official rate is set by the Central Bank of Uzbekistan (CBU) on a weekly basis taking into account current rates in the exchange and over-the-counter currency markets. Exchange rates for currencies that are not traded are determined from cross rates in the international market. As of July 1, 1998, authorized banks no longer charge a 12% margin above the official CBU rate, when the currency is sold in the over-the-counter market.

### Exchange tax

Effective January 15, 1999, Uzbekistan introduced a 5 percent tax on all purchases of foreign exchange.

### Exchange subsidy

No.

### Forward exchange market

No.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

Settlements with countries with which Uzbekistan maintains bilateral payment agreements are effected in accordance with the terms of the agreements. Under agreements with Russia and Ukraine, trade in local currency is permitted. Transactions with other countries are settled in convertible currencies.

### Payment arrangements

#### Bilateral payment arrangements

##### *Operative*

Uzbekistan maintains agreements with Malaysia, Russia, and Ukraine.

##### *Inoperative*

Agreements with Belarus, Indonesia, the Islamic Republic of Iran, Kazakhstan, Latvia, and Moldova are inoperative.

### Administration of control

The CBU is responsible for foreign exchange regulations and the supervision of authorized banks. The Ministry of Foreign Economic Relations (MFER) is responsible for negotiating trade agreements with nontraditional trading partners, as well as those agreements denominated in hard currency with traditional trading partners. It is also responsible for implementing foreign trade agreements and external trade policy through the issuance of export licenses and quotas. The Ministry of Justice is responsible for approving foreign direct investment in the form of joint ventures.

### International security restrictions

No.

### Payment arrears

No.

### Controls on trade in gold (coins and/or bullion)

Controls on domestic ownership and/or trade Yes.

Controls on external trade With the exception of jewelry and collectibles, trade in gold is prohibited. However, joint ventures operating in the precious metals sector are free to export a portion of their output, corresponding to the share of profits of the foreign participant. Emigrants are allowed to take out of the country 100 grams of gold and 200 grams of silver in the form of jewelry or personal effects.

#### **Controls on exports and imports of banknotes**

##### **On exports**

###### *Foreign currency*

Until April 1, 1998, when the limit was raised to the equivalent of \$1,500, residents were prohibited from exporting foreign exchange in banknotes in excess of \$500 unless permission was granted by the CBU or an authorized bank.

##### **On imports**

###### *Foreign currency*

Until April 1, 1998, when the limit was raised to \$10,000 and the fee was reduced to 1%, individuals importing more than the equivalent of \$5,000 in banknotes were subject to a fee of 2% of the amount of foreign exchange imported.

### **Resident Accounts**

#### **Foreign exchange accounts permitted**

##### **Held domestically**

On October 1, 1998, Uzbekistan introduced provisions allowing for the opening of bearer foreign exchange accounts.

##### **Held abroad**

The CBU may approve the opening of accounts abroad by individuals and legal entities that are residents of the Republic of Uzbekistan. CBU approval is not required for accounts opened by resident individuals during temporary stays abroad.

#### **Accounts in domestic currency convertible into foreign currency**

Importers must present a preregistered contract before they can purchase foreign exchange.

### **Nonresident Accounts**

#### **Foreign exchange accounts permitted**

On October 1, 1998, Uzbekistan introduced provisions allowing for the opening, with prior CBU approval, of bearer foreign exchange accounts.

##### **Domestic currency accounts**

Yes.

##### **Convertible into foreign currency**

Importers must present a preregistered contract before they can purchase foreign exchange.

##### **Blocked accounts**

De facto, local currency accounts of importers may be blocked (with the consent of the latter) by the banks while awaiting conversion.

### **Imports and Import Payments**

#### **Foreign exchange budget**

No.

#### **Financing requirements for imports**

No.

#### **Documentation requirements for release of foreign exchange for imports**

##### **Preshipment inspection**

Preshipment inspection is performed at the importers' request as an alternative to ex ante registration of import contracts.

##### **Letters of credit**

Yes.

##### **Import licenses used as exchange licenses**

All imports are subject to prior contract registration. Effective March 1, 1998, importers with their own source of foreign exchange are exempt from registration.

Other	Yes.
<b>Import licenses and other nontariff measures</b>	Imports of medicines require import licenses from the Ministry of Health; imports of weapons, precious metals, uranium, and other radioactive substances require import licenses from the MFER; imports of foreign movies and videos require import licenses from the Ministry of Cultural Affairs. A system of tender requirements has been established for imports of major food items (e.g., sugar, wheat).
Negative list	The importation of publications, manuscripts, video and audio equipment, and photographs aimed at undermining state and social order are prohibited.
<b>Import taxes and/or tariffs</b>	The average tariff rate is 29%; the rate on most consumer goods is 30%. The minimum import duty is 3%. In addition, excise taxes ranging from 20% to 35% apply to 20 groups of imported consumer goods. On March 1, 1998, a charge applied to imports of goods bought in duty-free shops in excess of \$1,000 was increased to 20% from 15%. Shuttle trade and personal goods shipped from abroad are subject to a 50% tax.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	Yes.
Surrender requirements	On a temporary basis, for a period of one year, proceeds in foreign currencies from nontraditional exports of goods and services are subject to a 50% surrender requirement to commercial banks at the over-the-counter bid rate.  Proceeds in foreign currencies from centralized exports (including gold, electrical power, energy products, and occasionally exports of other state-owned enterprises) are subject to a 100% surrender requirement to the Central Bank at the over-the-counter bid rate, with the exception of cotton fiber, which is surrendered at the official rate.
<b>Financing requirements</b>	Goods are exported provided that a prepayment has been made, an LC has been opened, or there is a foreign bank guarantee.
<b>Documentation requirements</b>	
Letters of credit	Yes.
Guarantees	Yes.
<b>Export licenses</b>	Exports of weapons, precious metals, uranium, and other radioactive substances require licenses from the MFER; exports of research data require licenses from the State Committee on Science and Technology.
Without quotas	Yes.
With quotas	Exportation of crude oil, gas condensate, lint and cotton fiber, and ferrous metals is subject to export licensing in the amount of established quotas. Exports of sugar, alcohol, vegetable oil, wheat and flour products, meat and poultry, tea, raw hides and skins, dried milk, and antiques are prohibited.
<b>Export taxes</b>	Effective January 1, 1998, enterprises exporting goods produced by them to CIS countries in freely convertible currencies are exempt from VAT and excises. Excise taxes apply to exports of certain types of goods. A 50% excise tax is applicable to alcoholic and nonalcoholic beverages, construction materials, and cigarettes exported by trading companies.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
Investment-related payments	No information is available on the payment of amortization of loans or depreciation of direct investments.

### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	Yes.
Surrender requirements	Yes.
<b>Restrictions on use of funds</b>	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	There are controls on all transactions in capital and money market instruments.
<b>Controls on derivatives and other instruments</b>	There are controls on transactions in all derivatives and other instruments.
<b>Controls on credit operations</b>	There are controls on all credit operations and transactions with guarantees, sureties, and financial backup facilities.
<b>Controls on direct investment</b>	
Outward direct investment	Yes.
Inward direct investment	Enterprises may establish joint ventures as foreign direct investment with the approval of the Ministry of Justice. Foreign equity capital participation is allowed up to 100%. A foreign participation of at least 30% is required for access to fiscal incentives.
<b>Controls on liquidation of direct investment</b>	No.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Yes.
Sale locally by nonresidents	Yes.
<b>Controls on personal capital movements</b>	n.a.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	Yes.
Maintenance of accounts abroad	Yes.
Lending to nonresidents (financial or commercial credits)	Yes.
Lending locally in foreign exchange	Banks are allowed to make loans in foreign currencies, subject to the limit on the foreign currency open position.
Differential treatment of deposit accounts in foreign exchange	Yes.
<i>Reserve requirements</i>	Yes.
<i>Liquid asset requirements</i>	Yes.
Investment regulations	Yes.
Open foreign exchange position limits	Yes.
<b>Provisions specific to institutional investors</b>	
Limits (min.) on portfolio invested locally	Yes.
<b>Other controls imposed by securities laws</b>	No.

**Changes During 1998**

<b>Exchange arrangement</b>	<i>July 1.</i> Authorized banks no longer charge a 12% margin above the official CBU rate when currency is sold in the over-the-counter market.
<b>Arrangements for payments and receipts</b>	<i>April 1.</i> Residents were permitted to export cash foreign currency up to the equivalent of \$1,500. Foreign currency in excess of this amount may be exported with the approval of the CBU or authorized banks. Foreign currency equivalent to \$10,000 may also be imported without any fees while imports in excess of that amount are levied a fee of 1%.
<b>Resident accounts</b>	<i>October 1.</i> Bearer foreign exchange accounts are permitted.
<b>Nonresident accounts</b>	<i>October 1.</i> Bearer foreign exchange accounts are permitted.
<b>Imports and import payments</b>	<i>March 1.</i> Only import contracts whose execution is not secured with own foreign exchange would be subject to registration.  <i>March 1.</i> A charge of 20% is applied to duty-free imports of goods by natural persons in excess of \$1,000.
<b>Exports and export proceeds</b>	<i>January 1.</i> Enterprises exporting goods produced by them to CIS countries in freely convertible currencies are exempted from VAT and excises.

**Changes During 1999**

<b>Exchange arrangement</b>	<i>January 15.</i> A 5% tax on all purchases of foreign exchange was imposed.
<b>Exports and export proceeds</b>	<i>January 1.</i> On a temporary basis, for a period of one year, a surrender requirement of 50% on proceeds from decentralized exports to authorized banks was established for all enterprises, regardless of form of ownership.

# VANUATU

(Position as of April 30, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: December 11, 1982.

### Exchange Arrangement

#### Currency

The currency of Vanuatu is the Vanuatu vatu.

#### Exchange rate structure

Unitary.

#### Classification

##### Conventional pegged arrangement

The external value of the vatu is determined on the basis of an undisclosed transactions-weighted (trade and tourism receipts) basket of currencies of Vanuatu's major trading partners. The Reserve Bank of Vanuatu (RBV) buys from and sells to commercial banks dollars only. However, it also deals in pounds sterling, euros, Australian dollars, New Zealand dollars, and Japanese yen with other customers. The RBV quotes rates daily for the vatu against the above currencies. Buying and selling rates of the vatu against the currencies in the basket are quoted twice a day within margins ranging between 0.25% and 0.30% around the middle rate.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Commercial banks provide forward exchange rate cover facilities.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

No.

#### Administration of control

No.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

No.

#### Controls on exports and imports of banknotes

No.

## Resident Accounts

#### Foreign exchange accounts permitted

##### Held domestically

Yes.

##### Held abroad

Yes.

#### Accounts in domestic currency convertible into foreign currency

Yes.

## Nonresident Accounts

#### Foreign exchange accounts permitted

Yes.

<b>Domestic currency accounts</b>	Yes.
Convertible into foreign currency	Yes.
<b>Blocked accounts</b>	No.

### Imports and Import Payments

<b>Foreign exchange budget</b>	No.
<b>Financing requirements for imports</b>	No.
<b>Documentation requirements for release of foreign exchange for imports</b>	No.
<b>Import licenses and other nontariff measures</b>	The importation of frozen chicken, chicken pieces, T-shirts bearing a Vanuatu motif, fire-arms and ammunition, animals and plants, and transistor and telephone equipment is restricted through import-licensing arrangements. A similar restriction is applied to the importation of rice, sugar, flour, canned fish, and tobacco products.
Positive list	Yes.
<b>Import taxes and/or tariffs</b>	On July 1, 1998, import duties were reduced and simplified to an eight-rate structure ranging from zero to 30%. Most basic items are now duty free, and the rate of protected goods has been reduced to 30% (previously 75%). Duty on fuel products has been lowered by VT 10 per liter. Effective August 1, 1998, the customs service charge of 5% for imports has been eliminated or absorbed into the duty rates. As a result of these changes, the average effective import duty rate is expected to fall to 22.8% from 29%.
<b>State import monopoly</b>	No.

### Exports and Export Proceeds

<b>Repatriation requirements</b>	No.
<b>Financing requirements</b>	No.
<b>Documentation requirements</b>	No.
<b>Export licenses</b>	The exportation of logs has been banned for environmental reasons.
Without quotas	Exports of certain products, such as trochus, green snails, b�ches-de-mer, mother-of-pearl, aquarium fish, and crustaceans, as well as coconut crops for conservation purposes, are subject to authorization. Exports of copra, cocoa, and kava are channeled through the Vanuatu Commodities Marketing Board (VCMB); however, exports of kava can be undertaken by individuals subject to authorization from the VCMB. Effective April 4, 1999, the restrictions on kava exports have been eliminated. Artifacts having a special value, either as a result of ceremonial use or because they are more than 10 years old, are subject to authorization from the Cultural Center.
<b>Export taxes</b>	On July 1, 1998, export taxes have been abolished, except for taxes on exports of logs. Since August 1998, all export duties have been removed, except for unworked shells and wood in the rough, whether or not stripped of bark or sapwood, or roughly squared.

### Payments for Invisible Transactions and Current Transfers

<b>Controls on these transfers</b>	No.
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### Proceeds from Invisible Transactions and Current Transfers

<b>Repatriation requirements</b>	No.
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Restrictions on use of funds No.

### Capital Transactions

Controls on capital and money market instruments No.

Controls on derivatives and other instruments No.

Controls on credit operations No.

Controls on direct investment No.

Controls on liquidation of direct investment No.

Controls on real estate transactions No.

Controls on personal capital movements No.

Provisions specific to commercial banks and other credit institutions No.

Provisions specific to institutional investors No.

Other controls imposed by securities laws No.

### Changes During 1998

**Imports and import payments** *July 1.* Import duties were reduced and simplified to an eight-rate structure ranging from zero to 30%.

*August 1.* The customs service charge of 5% was abolished.

**Exports and export proceeds** *July 1.* Export taxes were abolished, except for taxes on exports of logs.

*August 1.* All export duties were removed, except for unworked shells and wood in the rough, whether or not stripped of bark or sapwood, or roughly squared.

### Changes During 1999

**Exports and export proceeds** *April 1.* The restrictions on kava exports were eliminated.

# VENEZUELA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: July 1, 1976.

### Exchange Arrangement

#### Currency

The currency of Venezuela is the Venezuelan bolívar.

#### Other legal tender

Venezuelan gold coins are legal tender, but they do not circulate.

#### Exchange rate structure

Unitary.

#### Classification

#### Crawling band

The exchange rate is determined by supply and demand, but the Central Bank of Venezuela (CBV) intervenes in the market. The CBV determines the reference exchange rate daily. An exchange rate band of  $\pm 7.5\%$  around the central rate with an initial rate of Bs 470 per \$1 and a monthly adjustment of 1.5% was introduced in 1996. The level and monthly adjustment of the central rate were changed to Bs 508.5 per \$1 and 1.28%, respectively, on January 13, 1998.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Futures on the bolívar/dollar exchange rate were established in 1997. However, the Venezuelan Chamber of Options and Futures Compensations suspended its operations on November 13, 1998 because of low liquidity of the settled contracts and financial losses.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

No.

#### Payment arrangements

##### Regional arrangements

Payments between Venezuela and Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, the Dominican Republic, Ecuador, Jamaica, Malaysia, Mexico, Peru, and Uruguay may be settled through the accounts maintained with each other at the CBV.

##### Clearing agreements

Yes.

#### Administration of control

No.

#### International security restrictions

No.

#### Payment arrears

##### Official

Arrears are maintained on interest payments related to external public debt.

##### Private

Yes.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on external trade

The exportation of nonmonetary gold (other than jewelry for personal use) and gold coins is subject to prior authorization from the CBV.

#### Controls on exports and imports of banknotes

No.

### Resident Accounts

**Foreign exchange accounts permitted**

Held domestically Yes.

Held abroad Yes.

Accounts in domestic currency convertible into foreign currency No.

### Nonresident Accounts

Foreign exchange accounts permitted Yes.

Domestic currency accounts Yes.

Convertible into foreign currency No.

Blocked accounts This is only in cases of inheritance, preventive judicial measures, and narco traffic activities.

### Imports and Import Payments

Foreign exchange budget No.

Financing requirements for imports No.

Documentation requirements for release of foreign exchange for imports No.

Import licenses and other nontariff measures Some imports are subject to licensing for environmental, health, or security reasons.

Positive list Imports of military arms must be authorized by the Defense Ministry. Imports of nonmilitary weapons must be authorized by the Ministry of Domestic Affairs. Some 24 tariff items, of which 7 are chemicals and about 17 are agroindustrial products, require approval from the import office.

Negative list Importation of used motor vehicles is prohibited, except for hearses, prison vans, and ambulances.

Licenses with quotas A small number of agricultural products are subject to quantitative restrictions.

Other nontariff measures There are minimum prices for certain imports.

Import taxes and/or tariffs There are four basic ad valorem tariff rates on manufactured goods (5%, 10%, 15%, and 20%), except for motor vehicles, which are subject to a special regime under the Andean Pact. The CET on motor vehicles is 35% for passenger cars; 15% for cargo and commercial vehicles (except for vehicles under 4,500 kg, such as pickup trucks, for which the rate is 25%); and 3% for vehicle components and parts manufactured in member countries. Specific duties apply to agricultural products and certain other products (e.g., mineral fuels, oil, mineral wax, distilled products, and bituminous substances). The industrial free zone of Paraguana and the free port of Margarita Island enjoy a special customs regime that includes exemptions from customs tariffs. Duty-free access is granted to imports from Colombia, Ecuador, and CARICOM countries under trade agreements. On April 16, 1998, the authorities introduced a temporary surcharge of 15% over import duties on about 800 products and doubled the customs handling fee (to 2% from 1%).

State import monopoly No.

### Exports and Export Proceeds

Repatriation requirements No.

Surrender requirements	The state petroleum company is required to surrender its export proceeds to the CBV.
Financing requirements	No.
Documentation requirements	No.
Export licenses	No.
Export taxes	There is an export tax on hydrocarbons.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

#### Controls on capital and money market instruments

##### On capital market securities

##### *Shares or other securities of a participating nature*

Purchase locally by nonresidents	Foreign investors are allowed to purchase corporate stocks in the Caracas Stock Exchange but must inform the Superintendency of Foreign Investment (SIEI) of such purchases at the end of each calendar year.
Sale or issue locally by nonresidents	These transactions must be authorized by the Comisión Nacional de Valores (CNV), taking into account the government's opinion.
Sale or issue abroad by residents	Authorization by the CNV is required.

##### *Bonds or other debt securities*

Sale or issue locally by nonresidents	These transactions must be authorized by the CNV, taking into account the government's opinion. The CNV suspended the issue of commercial papers by nonresidents on September 9, 1998.
Sale or issue abroad by residents	Yes.

##### On collective investment securities

<i>Sale or issue locally by nonresidents</i>	Authorization by the CNV is required.
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#### Controls on derivatives and other instruments

There are some regulations for market participants.

#### Controls on credit operations

No.

#### Controls on direct investment

##### Inward direct investment

Mass media, communications, newspapers in Spanish, and security services are reserved for national ownership. New investments do not require prior authorization from the SIEI but must be registered with the SIEI after the fact, and approval is automatically granted if the new investment is consistent with national legislation. Foreign enterprises may establish subsidiaries in Venezuela without prior authorization as long as they are consistent with the Commercial Code. The SIEI must, however, be notified within 60 working days about newly established subsidiaries. Investment in the petroleum and iron sectors is subject to specific regulations.

<b>Controls on liquidation of direct investment</b>	Owners of direct investment have the right to reexport the proceeds of liquidation while SIEX checks the performance of the commitments of foreign investors in accordance with national legislation.
<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	
Transfer of assets	Banks must report to the Superintendancy of Banks on a monthly basis any transfer above \$10,000, or its equivalent in another currency, to or from another country.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Purchase of locally issued securities denominated in foreign exchange	There are limits regulated by the CBV in relation to foreign exchange position limits.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Reserve requirements of 17% apply to all deposits.
Differential treatment of deposit accounts held by nonresidents	
<i>Reserve requirements</i>	Reserve requirements of 17% apply to all deposits.
Investment regulations	Commercial banks are not allowed to invest in stocks in excess of 20% of paid-in capital.
<i>Abroad by banks</i>	Yes.
<i>In banks by nonresidents</i>	Yes.
Open foreign exchange position limits	
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Exchange arrangement</b>	<i>January 13.</i> The central rate of the band was set at Bs 508.5 per \$1. During the rest of 1998, the central rate was adjusted to 1.28% a month.
<b>Arrangements for payments and receipts</b>	<i>January 13.</i> The Venezuelan Chamber of Options and Futures Compensations suspended its operations.
<b>Imports and import payments</b>	<i>April 16.</i> The authorities introduced a surcharge of 15% over import duties on about 800 products and doubled the customs handling fee (to 2% from 1%).
<b>Capital transactions</b>	
Controls on capital and money market instruments	<i>September 9.</i> CNV suspended the issue of commercial paper by nonresidents.

## VIETNAM

(Position as of February 28, 1999)

### Status Under IMF Articles of Agreement

Article XIV Yes.

### Exchange Arrangement

Currency The currency of Vietnam is the Vietnamese dong.

Exchange rate structure Unitary.

Classification

Crawling peg Until February 25, 1999, trading in the interbank market had to take place at exchange rates within ranges stipulated daily by the State Bank of Vietnam (SBV). Only the SBV, state-owned banks, such as the Bank of Investment and Development, joint-stock banks, joint-venture banks, and branches of foreign banks, could participate in the exchange market.

On February 16, 1998, the SBV depreciated the official midpoint rate of the dong against the U.S. dollar by 5.6% to 11,800 dong per U.S. dollar.

Effective August 7, 1998, the SBV devalued the dong's central rate by 10%. The central bank abolished the upper limit of the exchange rate band and established a "one-sided band" of 7%, instead of the previous band of  $\pm 10$  percent.

Effective February 25, 1999, the SBV quotes as official rate the daily average exchange rates of the interbank market of the previous business day. Based on this exchange rate, commercial banks set their own rate within a band of  $\pm 0.1$ %. As a consequence, the exchange rate system was reclassified as a crawling peg.

Exchange tax No.

Exchange subsidy No.

Forward exchange market The SBV permits banks to enter into dollar swap transactions with the SBV with maturities of two weeks, as well as one, two, and three months. The rate is set daily by the SBV based on the SBV spot rate and the difference between the dong refinancing rate of the SBV applied to commercial banks and the LIBOR of the same maturity for the previous business day. On January 10, 1998, the SBV permitted economic entities to enter into forward and swap transactions with commercial banks.

### Arrangements for Payments and Receipts

Prescription of currency requirements No.

Payment arrangements No.

Administration of control Exchange control is administered by the SBV.

International security restrictions n.a.

Payment arrears

Official Yes.

Controls on trade in gold (coins and/or bullion)

Controls on external trade Gold may be brought into the country, provided that required customs declarations are made and a customs tariff is paid; nonresidents are entitled to export gold up to the amount they brought in. The importation of gold by residents requires a license from the SBV.

**Controls on exports and imports of banknotes****On exports***Domestic currency*

A bank permit is required for amounts exceeding VND 5 million upon leaving Vietnam.

*Foreign currency*

A bank permit is required for amounts exceeding \$3,000.

**On imports***Domestic currency*

Amounts in excess of VND 5 million must be declared upon entering Vietnam.

*Foreign currency*

Amounts in excess of \$3,000 must be declared to customs.

**Resident Accounts****Foreign exchange accounts permitted**

Juridical persons must deposit all foreign exchange proceeds in foreign exchange accounts at domestic commercial banks that are licensed to conduct foreign exchange business. Natural persons may also open and maintain accounts with authorized banks and deposit foreign currencies remitted from abroad or carried along when entering into Vietnam with the confirmation of the customs or other proof of legality.

**Held domestically**

Yes.

**Held abroad**

Resident juridical persons in the aviation, shipping, postal, insurance, tourism, labor exportation sectors, as well as firms participating in projects abroad, and institutions conducting foreign payment and borrowing, may be granted permission to open accounts abroad. Nonprofit organizations carrying out the government's borrowing and payments or which receive foreign aid may also be permitted to open such accounts.

**Accounts in domestic currency convertible into foreign currency**

Resident juridical persons, except foreign-owned enterprises without government guarantee for foreign exchange balancing, are permitted to buy foreign exchange for the payment of current and other permitted transactions.

Resident natural persons are permitted to buy and transfer foreign exchange for the payment of traveling, education, medical treatment, membership fees, and other enterprises.

**Nonresident Accounts****Foreign exchange accounts permitted**

Yes.

**Domestic currency accounts**

Nonresidents who have domestic currency converted from foreign currency and other legal income may open these accounts.

**Convertible into foreign currency**

Yes.

**Blocked accounts**

Yes.

**Imports and Import Payments****Foreign exchange budget**

The budget is indicative only and, therefore, not binding.

**Financing requirements for imports**

No.

**Documentation requirements for release of foreign exchange for imports**

No.

**Import licenses and other nontariff measures**

Foreign trade enterprises require only a trading license. Some imports require a license issued by the Ministry of Trade (MOT).

**Negative list**

Imports of weapons, ammunition, explosives, and military equipment; drugs and toxic chemicals; dangerous and unhealthy cultural products; "reactionary and depraved" cultural products; fireworks and children's toys that detrimentally influence personality, education,

	social order, and safety; most used consumer goods; most used equipment operating at less than 80% of original specifications or over 10 years old; and most left-hand driven cars are prohibited.
Open general licenses	Yes.
Licenses with quotas	All import quotas are formally approved by the government. The Ministry of Planning and Investment (MOPI), in coordination with the MOT, may also impose ad hoc temporary quantity controls. Imports of most consumer goods are subject to import licensing. Imports of steel, cement, fertilizer, passenger cars with less than 12 seats, motorcycles, petroleum products, and sugar are subject to quantitative controls.
Import taxes and/or tariffs	Import tariffs range up to 60%. Most imports of machinery, equipment, and medicine are exempt from tariffs. Certain imports of foreign enterprises, incorporated under the Law on Foreign Investment, are also exempt from tariffs. Tariff rates of 50% to 60% are applied to imports of garments and footwear, soft drinks, cosmetics, and automobiles.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	All receipts must be repatriated, but no deadline is specified.
Surrender requirements	From February 14, 1998, all resident enterprises are required to sell 80% of foreign currency to banks, except foreign-owned enterprises without government guarantee for foreign exchange balancing, and 100% if they are nonprofit organizations.
Financing requirements	No.
Documentation requirements	Yes.
Export licenses	Export licenses for each shipment of rice, crude oil, products made of wood and rattan, and reexported goods are not required.
Without quotas	State-owned firms with an annual export turnover of more than \$5 million may obtain permanent direct foreign trading rights, whereas those with an annual export turnover in the range of \$2 million to \$5 million may obtain temporary direct foreign trading rights.
With quotas	Exports of rice are subject to quota.
Export taxes	
Other export taxes	Yes.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	All transactions require individual authorization from the MOF. Payments for invisibles related to authorized imports are not restricted.
Investment-related payments	
<i>Prior approval</i>	Profit and dividends remittances are subject to a tax of 5% to 10%.
<i>Indicative limits/bona fide test</i>	No information is available on indicative limits for interest payments.
Payments for travel	
<i>Prior approval</i>	SBV permission is required.
<i>Quantitative limits</i>	Yes.
<i>Indicative limits/bona fide test</i>	Yes.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	All proceeds must be repatriated, but no deadline is specified.
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Surrender requirements	From February 14, 1998, all resident enterprises are required to sell 80% of foreign currency to banks, except foreign-owned enterprises without government guarantee for foreign exchange balancing, and 100% if they are nonprofit organizations.
Restrictions on use of funds	Restrictions are the same as with other foreign exchange holdings.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	There are controls on all transactions in capital and money market instruments.
<b>Controls on derivatives and other instruments</b>	
Sale or issue locally by nonresidents	SBV approval is required.
Purchase abroad by residents	SBV approval is required.
<b>Controls on credit operations</b>	State-owned enterprises are subject to external borrowing ceilings.
Commercial credits	
<i>By residents to nonresidents</i>	n.r.
<i>To residents from nonresidents</i>	Vietnamese organizations and citizens who need foreign currency for production and business purposes have been permitted, upon verification by competent agencies, to borrow foreign currency or obtain a bank guarantee for loans in foreign currency. If allowed to borrow directly from foreign countries, the borrower must report periodically to the SBV the expenditures in foreign currency from funds deposited abroad, including loan repayments.
Financial credits	
<i>By residents to nonresidents</i>	n.r.
<i>To residents from nonresidents</i>	These transactions are subject to prior approval by the SBV.
<b>Controls on direct investment</b>	n.a.
Outward direct investment	The authorized agency's approval is required and the capital must be registered with the SBV.
Inward direct investment	The authority to grant foreign investment licenses is entrusted to the MOPI for projects over \$1 million; for projects under \$1 million, to the provincial authorities concerned. The forms of foreign investment are regulated in the relevant investment laws.
<b>Controls on liquidation of direct investment</b>	n.a.
<b>Controls on real estate transactions</b>	
Purchase locally by nonresidents	Land cannot be owned by foreign investors, but must be leased from the state.
<b>Controls on personal capital movements</b>	There are controls on all personal capital movements.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Borrowing abroad	SBV approval is required.
Maintenance of accounts abroad	SBV approval is required.
Lending to nonresidents (financial or commercial credits)	SBV approval is required.
Lending locally in foreign exchange	Permission is given only for import purposes.
Differential treatment of deposit accounts in foreign exchange	
<i>Reserve requirements</i>	Reserve requirements on foreign currency are set at 10% and held in foreign currency. Normally, the obligation is met by holding U.S. dollars. The SBV issued regulations,

	effective October 1, 1998, that allow a bank to hold the reserves in euros or yen instead of U.S. dollars if more than 50% of the obligation arises from deposits held in these other currencies.
<i>Interest rate controls</i>	On September 10, 1998, the SBV imposed a maximum lending rate of 7.5% a year. For demand deposits, the maximum rate is 0.5% a year, for six-month deposits the maximum rate is 3%, and for deposits over six months the maximum rate is 3.5% a year.
Open foreign exchange position limits	The SBV has gradually increased maximum limits on open positions in individual foreign currency to 15% from 10%. Open position limits for local currency also have been increased for foreign banks to 15% on January 25, 1998. The aggregate open position limits remain unchanged at 30%. Forward and swap positions are included in the calculation of open position limits. These regulations apply to all banks.
Provisions specific to institutional investors	n.a.
Other controls imposed by securities laws	n.a.

### Changes During 1998

Exchange arrangement	<i>August 7.</i> The SBV abolished the upper limit of the exchange rate band and established a "one-sided band" of 7%, instead of the previous band of 10%.
Arrangements for payments and receipts	<i>January 10.</i> Forward and swap transactions between banks and enterprises were allowed.
Exports and export proceeds	<i>February 14.</i> All local enterprises were required to sell 80% of their foreign currency to banks.
Capital transactions	
Provisions specific to commercial banks and other credit institutions	<p><i>January 25.</i> Open-position limits for local currency were increased for foreign banks to 15%. The aggregate open-position limit remained unchanged at 30%.</p> <p><i>September 10.</i> The SBV imposed a maximum lending rate of 7.5% a year. For demand deposits, the maximum rate is 0.5% a year, for six-month deposits the maximum rate is 3%, and for deposits over six months the maximum rate is 3.5% a year.</p> <p><i>October 1.</i> The SBV issued regulations that allow a bank to hold the reserves in euros or yen instead of U.S. dollars if more than 50% of the obligation arises from deposits held in these other currencies.</p>

### Changes During 1999

Exchange arrangement	<i>February 25.</i> The SBV quotes as official rate the daily average exchange rate of the previous day of the interbank market. Based on this exchange rate, commercial banks set their own rate within a band of $\pm 0.1\%$ . As a consequence, the exchange rate system was reclassified as a crawling peg.
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# REPUBLIC OF YEMEN

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: December 10, 1996.

### Exchange Arrangement

<b>Currency</b>	The currency of the Republic of Yemen is the Yemeni rial.
<b>Exchange rate structure</b>	Unitary.
<b>Classification</b>	
Independently floating	The exchange rate of the Yemeni rial is determined by supply and demand.
<b>Exchange tax</b>	No.
<b>Exchange subsidy</b>	No.
<b>Forward exchange market</b>	No.

### Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	No.
<b>Payment arrangements</b>	No.
<b>Administration of control</b>	Exchange control authority is vested with the Central Bank of Yemen (CBY).
<b>International security restrictions</b>	No.
<b>Payment arrears</b>	
Official	Yes.
Private	Yes.
<b>Controls on trade in gold (coins and/or bullion)</b>	No.
<b>Controls on exports and imports of banknotes</b>	
On exports	
<i>Domestic currency</i>	Exports of rial banknotes are prohibited.
On imports	
<i>Domestic currency</i>	Imports of rial banknotes are prohibited.

### Resident Accounts

<b>Foreign exchange accounts permitted</b>	
Held domestically	Yes.
Held abroad	Yes.
<b>Accounts in domestic currency convertible into foreign currency</b>	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	Yes.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for re-release of foreign exchange for imports	
Import licenses used as exchange licenses	All importers holding an import license for wheat or flour may obtain the necessary foreign exchange from the CBY.
Import licenses and other nontariff measures	
Negative list	Some imports are banned for security and religious reasons, and three categories of goods are banned for economic reasons. Imports from Israel are prohibited, as well as certain types of used machinery. Seven categories of import bans on agricultural products were eliminated in July 1998.
Open general licenses	Yes.
Import taxes and/or tariffs	Currently, there are four tariff rates: 5%, 10%, 15%, and 25%. Three remaining import surcharges and fees were removed in December 1998.
State import monopoly	Imports of petroleum products are reserved for the Yemen Petroleum Company.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	No.
Export licenses	Exports are registered for statistical purposes. Exports to Israel are prohibited.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	No information is available on the payment of amortization of loans or depreciation of direct investments.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	No.
<b>Controls on derivatives and other instruments</b>	No.
<b>Controls on credit operations</b>	
Commercial credits	
<i>To residents from nonresidents</i>	Yes.
Financial credits	
<i>To residents from nonresidents</i>	Short-term foreign loans by the public sector are prohibited. Approval by the Council of Ministers is required for contracting medium- and long-term foreign loans by the public sector.
Guarantees, sureties, and financial backup facilities	
<i>To residents from nonresidents</i>	Yes.
<b>Controls on direct investment</b>	No.
<b>Controls on liquidation of direct investment</b>	Liquidation is free for approved and registered projects.
<b>Controls on real estate transactions</b>	No.
<b>Controls on personal capital movements</b>	No.
<b>Provisions specific to commercial banks and other credit institutions</b>	
Open foreign exchange position limits	Commercial and specialized banks are required to observe prudential regulations regarding currency exposure and to report their positions.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	No.
<b>Other controls imposed by securities laws</b>	No.

### Changes During 1998

<b>Imports and import payments</b>	<i>July 1.</i> Seven categories of import bans on agricultural products were eliminated. <i>December 1.</i> The three remaining import surcharges were eliminated.
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# ZAMBIA

(Position as of December 31, 1998)

## Status Under IMF Articles of Agreement

Article XIV Yes.

### Exchange Arrangement

Currency The currency of Zambia is the Zambian kwacha.

#### Exchange rate structure

Multiple There are four exchange rates: (1) the official exchange rate, which is applied to all government transactions (including debt service), the purchase of proceeds from external borrowing, and donor assistance by the Bank of Zambia (BOZ); (2) the commercial banks' corporate rate; (3) the commercial banks' retail rate; and (4) the interbank rate.

#### Classification

Independently floating The official rate is market-determined, and the spread between the BOZ's buying and selling rates is fixed at 1.6%. On the basis of the bids and offers received, as well as other budgetary considerations (such as government and BOZ requirements, donor assistance funds, and export earnings), the BOZ determines the amount of foreign exchange to be sold to or purchased from the market through the dealing window. The exchange rates prevailing in the interbank market follow closely those established at the BOZ's dealing window.

Exchange tax No.

Exchange subsidy No.

Forward exchange market No.

## Arrangements for Payments and Receipts

Prescription of currency requirements No.

#### Payment arrangements

Regional arrangements Zambia is a member of COMESA.

Administration of control All exchange controls have been abolished. The Ministry of Commerce, Trade, and Industry is responsible for trade arrangements.

International security restrictions No.

#### Payment arrears

Official Yes.

Private Yes.

#### Controls on trade in gold (coins and/or bullion)

Controls on external trade Imports and exports of gold in any form other than jewelry require approval from the Ministry of Mines.

Controls on exports and imports of banknotes Amounts exceeding \$5,000 must be declared (for statistical purposes).

## Resident Accounts

#### Foreign exchange accounts permitted

Held domestically Yes.

Held abroad	Yes.
Accounts in domestic currency convertible into foreign currency	Yes.

### Nonresident Accounts

Foreign exchange accounts permitted	Yes.
Domestic currency accounts	Yes.
Convertible into foreign currency	Yes.
Blocked accounts	No.

### Imports and Import Payments

Foreign exchange budget	No.
Financing requirements for imports	No.
Documentation requirements for release of foreign exchange for imports	
Letters of credit	Yes.
Import licenses and other nontariff measures	Licenses for statistical purposes are required, but they are granted automatically by commercial banks. Personal and household effects, trade samples, diplomatic shipments, and vehicles brought in temporarily are exempted from this requirement.
Positive list	Yes.
Other nontariff measures	Yes.
Import taxes and/or tariffs	MFN tariff rates range from zero to 25%. In addition, there is a 5% Import Declaration Fee. A number of products are subject to specific rates. Imports from COMESA countries are subject to a tariff equivalent to 60% of the MFN tariff. Some imports are exempt under the Investment Act.
State import monopoly	No.

### Exports and Export Proceeds

Repatriation requirements	No.
Financing requirements	No.
Documentation requirements	All exports must be declared on the prescribed export declaration form for statistical purposes.
Export licenses	
Without quotas	Export declarations are required for most goods (mainly for statistical purposes), although they are administered routinely by commercial banks under authority delegated by the Ministry of Commerce, Trade, and Industry. Exports of ivory are prohibited.
With quotas	White maize and fertilizers may be subject to a quota if domestic supply is short.
Export taxes	No.

### Payments for Invisible Transactions and Current Transfers

Controls on these transfers	All payments for invisibles, except external debt-service payments, may be effected through banks and foreign exchange bureaus without the prior approval of the BOZ, subject to the requirement that no taxes are due.
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### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	No.
Restrictions on use of funds	No.

### Capital Transactions

Controls on capital and money market instruments	No.
Controls on derivatives and other instruments	No.
Controls on credit operations	All borrowing must be registered with the BOZ for statistical purposes.
Controls on direct investment	No.
Controls on liquidation of direct investment	No.
Controls on real estate transactions	No.
Controls on personal capital movements	No.
Provisions specific to commercial banks and other credit institutions	
Borrowing abroad	Information on borrowing abroad is submitted to the BOZ for statistical purposes.
Open foreign exchange position limits	
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
Provisions specific to institutional investors	No.
Other controls imposed by securities laws	No.

### Changes During 1998

Imports and import payments	<p><i>July 31.</i> The import ban on wheat flour was lifted.</p> <p><i>July 31.</i> The requirement for import declarations was abolished.</p> <p><i>September 30.</i> The preshipment inspection requirement was abolished.</p>
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# ZIMBABWE

(Position as of April 30, 1999)

## Status Under IMF Articles of Agreement

### Article VIII

Date of acceptance: February 5, 1995.

### Exchange Arrangement

#### Currency

The currency of Zimbabwe is the Zimbabwe dollar.

#### Exchange rate structure

Unitary.

#### Classification

##### Independently floating

The external value of the Zimbabwe dollar is determined in the foreign exchange market. The U.S. dollar is the intervention currency. Authorized dealers and foreign exchange bureaus base their rates for foreign currencies on current international market rates. Intervention by the Reserve Bank of Zimbabwe (RBZ) is limited to smooth out fluctuations in the exchange rate.

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Forward exchange market

Forward foreign exchange contracts were suspended in September 1998. Prior to this, forward exchange contracts were permitted only for trade transactions. There was no limit on the size of such contracts, but their duration was for at least one year, depending on the currencies involved and the type of coverage. Forward sales of foreign exchange took place at the spot preferential telex transfer rate plus a premium loading for six months, depending on the currencies involved and type of coverage. Authorized dealers were expected to quote to their customers the dealers' own telex transfer rates.

## Arrangements for Payments and Receipts

#### Prescription of currency requirements

All payments by nonresidents to residents must be effected in any of 17 currencies freely convertible through authorized dealers, with the exception of payments otherwise specified or effected through nonresident accounts.

#### Payment arrangements

##### Bilateral payment arrangements

###### *Operative*

There is an arrangement with Malaysia.

##### Clearing agreements

Under the Clearing House Agreement within the PTA, residents of member countries may use national currencies in day-to-day payments during a transaction period of two calendar months; the monetary authorities settle net balances at the end of this period in convertible currencies.

#### Administration of control

Exchange control is administered by the RBZ under powers delegated to it by the Minister of Finance. Authorized dealers have been empowered to approve certain foreign exchange transactions.

#### International security restrictions

No.

#### Payment arrears

No.

#### Controls on trade in gold (coins and/or bullion)

##### Controls on domestic ownership and/or trade

No person, either as principal or agent, may deal in or possess gold unless that person is (1) the holder of a license or permit; (2) the holder or distributor of a registered mining location from which gold is being produced; or (3) the employee or agent of any of the

persons mentioned in (1) and (2) above and authorized by an employer or principal to deal in or possess gold that is already in the lawful possession of such employer or principal. A mining commissioner may issue to any person a permit authorizing the acquisition, possession, or disposal of any gold, provided the quantity does not exceed one troy ounce. In all other cases, permission can be issued only by the Secretary for Mines.

Three types of licenses may be issued under the terms of the Gold Trade Act: a gold dealing license, a gold recovery works license, and a gold assaying license. Each holder or distributor of a registered mining location is required to lodge to the holder of a gold dealing license, not later than the tenth day of every month, all gold won by him from his mining location, except any gold for which the Minister or mining commissioner has given him special authority to deal in otherwise. Any person intending to smelt gold or any article containing gold must first obtain a license issued by a district commissioner under the terms of the Secondhand Goods Act that authorizes the possession of smelting equipment.

#### Controls on external trade

The exportation of gold in unmanufactured form is controlled and licensed by the Ministry of Mines; these controls do not apply to the RBZ. No export licenses for gold are issued. The importation of gold is controlled by the Gold Trade Act, which requires those intending to import gold into Zimbabwe to meet certain requirements.

#### Controls on exports and imports of banknotes

##### On exports

###### *Domestic currency*

Travelers may take out, as part of their travel allowance, up to Z\$2,000.

###### *Foreign currency*

Travelers may take out, as part of their travel allowance, up to the equivalent of US\$500. Nonresident travelers may take out the traveler's checks they brought in, less the amount they sold to authorized dealers. Upon departure, nonresident travelers may reconvert unspent Zimbabwean currency into foreign currencies on presentation of exchange certificates.

##### On imports

###### *Domestic currency*

A traveler may bring in up to Z\$2,000.

###### *Foreign currency*

Foreign currency and traveler's checks may be imported without restriction but must be sold or exchanged in Zimbabwe only through authorized dealers or foreign exchange bureaus.

### Resident Accounts

#### Foreign exchange accounts permitted

Corporate foreign currency accounts were suspended in December 1997. Resident individuals may open foreign currency accounts in one of the denominated currencies in local branches of authorized dealers. Funds in these accounts are traded at market-determined exchange rates. Funds withdrawn from these accounts and converted into local currency, however, may not be redeposited in the account, except in the case of the amount of the initial investment and income or capital gains from investments in listed companies on the stock exchange, unlisted companies, or money market accounts.

##### Held domestically

Yes.

##### Held abroad

n.a.

#### Accounts in domestic currency convertible into foreign currency

n.a.

### Nonresident Accounts

#### Foreign exchange accounts permitted

These accounts may be credited with foreign currencies, with payments from other nonresident accounts, or with payments by residents that would be eligible for transfer outside Zimbabwe. Nonresident accounts may be debited for payments to residents, for payments

to other nonresident accounts, or for payments abroad. Nonresident individuals may open foreign currency accounts in one of the denominated currencies in local branches of authorized dealers. Funds in these accounts are traded at market-determined exchange rates. Funds withdrawn from these accounts and converted into local currency, however, may not be redeposited in the account, except in the case of the initial investment, and income or capital gains from investments in the stock exchange, unlisted companies, or money markets. Approval is required to open these accounts.

**Domestic currency accounts**

Yes.

Convertible into foreign currency

n.a.

**Blocked accounts**

Only former residents residing outside Zimbabwe may maintain emigrants' accounts in Zimbabwe. Cash assets held in Zimbabwe in the names of emigrants must be blocked in these accounts, and all payments to and from these accounts are subject to various exchange restrictions.

## Imports and Import Payments

**Foreign exchange budget**

No.

**Financing requirements for imports**

Advance payment requirements

Authorized dealers may approve advance payments for imports up to US\$50,000.

**Documentation requirements for release of foreign exchange for imports**

Authorized dealers may approve applications to effect payments for authorized imports, provided the necessary documentation is submitted. Payments for imports into Zimbabwe from all countries may be made in Zimbabwean currency to a local nonresident account or in any foreign currency.

**Import licenses and other nontariff measures**

There are no import-licensing requirements.

Negative list

The negative list for imports includes, in addition to items restricted for health or security reasons, nonmonetary gold, pearls, precious and semiprecious stones, and some jewelry items.

Licenses with quotas

No quotas are in force, but seasonal restrictions are applied to certain agricultural products.

Other nontariff measures

Imports of certain goods (mostly agricultural and processed food products) require a special permit issued by the Ministry of Lands and Agriculture.

**Import taxes and/or tariffs**

The customs duty regime consists mainly of ad valorem duties, which range up to a maximum of 100% for luxuries with a surtax of 10% on finished goods, and specific duties on a number of products. Generally, imports are subject to an additional tax (between 12.5% and 20%) equivalent to the sales taxes imposed on goods sold domestically. Government imports and capital goods for statutory bodies are exempt from customs duties. In September 1998, the coverage of import surcharge was extended to all imports, except imports of capital and intermediate goods, and the surcharge was increased to 15% from 10%.

**State import monopoly**

Maize may be imported only by the Grain Marketing Board or by others with the permission of the Board.

## Exports and Export Proceeds

**Repatriation requirements**

Yes.

Surrender requirements

Exporters have to sell export proceeds into the market within a specified period.

**Financing requirements**

Goods may not be exported without permission unless the customs authorities are satisfied that payment has been made in an approved manner or will be made within three months of the date of shipment (or a longer period if permitted by the RBZ).

Payments for exports must be received in one of the following ways: (1) in a denominated currency; (2) in Zimbabwe dollars from a nonresident account; and (3) in the case of

Malawi and Botswana, by checks drawn in Malawi kwacha or Botswana pula, respectively. Under the PTA arrangement, member countries may use national currencies in the settlement of payments during a transaction period of two months, with net balances at the end of this period to be settled in convertible currencies. Exports to some 50 countries are approved only upon advance payment of export proceeds or if payment is covered by an irrevocable LC issued or confirmed before exportation by a reputable overseas bank.

**Documentation requirements**

n.a.

**Export licenses**

**Without quotas**

Export licenses are required for the following: (1) any ore, concentrate, or other manufactured product of chrome, copper, lithium, nickel, tin, or tungsten; (2) petroleum products; (3) jute and hessian bags; (4) road or rail tankers for carrying liquids or semiliquids; (5) bitumen, asphalt, and tar; (6) wild animals and wild animal products; (7) certain wood products; (8) ammonium nitrate; and (9) armaments. Export-licensing requirements are imposed for reasons of health and social welfare, as well as to ensure an adequate domestic supply of essential products. Export permits are required from the Ministry of Lands and Agriculture for some basic agricultural commodities, including maize, oilseeds, cheese, milk, seeds, potatoes, citrus fruits, apples, bananas, and tomatoes.

**Export taxes**

No.

## Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

Foreign exchange to pay for invisibles related to imports and, within certain limits, for other purposes is provided by commercial banks under delegated authority. Applications for foreign exchange exceeding the limits established for commercial banks are approved by the RBZ, which deals with each case on its merits.

**Trade-related payments**

*Prior approval*

Required for payment of commissions.

*Quantitative limits*

The limits for freight and insurance are 30% of f.o.b. value of goods transported, but for goods that are of exceptional mass in relation to value, up to 80% of the f.o.b. value may be approved. For commission, the following limits apply: (1) conforming commission—up to 2.5% of c.i.f. value; (2) buying commission—up to 5% of f.o.b. value; (3) foreign travel agents—up to 10% of sales; and (4) selling commission—up to 7.5% of f.o.b. value.

**Investment-related payments**

No information is available on payment of amortization of loans or depreciation of direct investments.

*Prior approval*

Required for payment of profits and dividends. Specific applications are submitted to the RBZ, and each application is dealt with on its own merits.

*Quantitative limits*

A corporation may be authorized to remit by way of dividends to foreign shareholders, including dividends due to former residents of Zimbabwe, up to 100% of the corporation's net after-tax profits, provided that an application for the remittance of a dividend is submitted to an authorized dealer within 12 months from the end of the financial year in respect of which the dividend is payable.

**Payments for travel**

*Prior approval*

Yes.

*Quantitative limits*

The basic foreign exchange allowance for travel is US\$5,000 a year a person regardless of age. The basic foreign exchange allowance for business travel is up to US\$500 a day.

**Personal payments**

Remittance of pensions of former residents is guaranteed under the constitution.

*Prior approval*

With RBZ approval, foreign exchange is provided for education abroad beyond the secondary school level for certain diploma and degree courses.

*Quantitative limits*

For medical treatment, the limit is US\$20,000 a trip for the patient and one companion. A travel allowance up to US\$250 a person a day may be allowed. For studies abroad, the limit

	is US\$50,000 a year, and the annual limit is US\$2,000 for alimony and child support payments.
Foreign workers' wages	n.a.
Credit card use abroad	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	Credit cards may be used abroad up to the limits set for invisible transactions.
Other payments	
<i>Prior approval</i>	Yes.
<i>Quantitative limits</i>	The annual limit for subscriptions for a company is US\$20,000.

### Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements	Yes.
Surrender requirements	Receipts from invisibles must be sold to authorized banks within a reasonable period of time.
Restrictions on use of funds	n.a.

### Capital Transactions

<b>Controls on capital and money market instruments</b>	Inward transfers of capital through normal banking channels are not restricted. Outward transfers of capital are controlled.
On capital market securities	
<i>Shares or other securities of a participating nature</i>	
Purchase locally by nonresidents	Foreign investors are permitted to participate in the Zimbabwe Stock Exchange Market using currency received in Zimbabwe through normal banking channels. The initial investment plus any capital gains and dividend income may be remitted without restriction. Foreign investors may also invest up to a maximum of 15% of the assets brought into Zimbabwe in primary issues of bonds and stocks.
Purchase abroad by residents	Yes.
Sale or issue abroad by residents	Yes.
<i>Bonds or other debt securities</i>	n.a.
On money market instruments	
<i>Purchase locally by nonresidents</i>	Former residents holding blocked assets and new emigrants are allowed to invest their funds in government external bonds with a maturity of 12 years and an annual interest rate of 4%.
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
On collective investment securities	
<i>Purchase abroad by residents</i>	Yes.
<i>Sale or issue abroad by residents</i>	Yes.
<b>Controls on derivatives and other instruments</b>	n.a.

**Controls on credit operations****Commercial credits**

*To residents from nonresidents* The limit on foreign borrowing without prior approval of the External Loans Coordinating Committee is US\$5 million. Gold producers undertaking new expansion projects are permitted access to offshore financing in the form of gold loans.

**Financial credits**

*To residents from nonresidents* Yes.

**Controls on direct investment**

**Outward direct investment** Yes.

**Inward direct investment** Direct foreign investments in various sectors is provided for as follows:

(1) Up to 100% foreign ownership is allowed in the following priority sectors: manufacturing, mining, quarry and mineral exploration, and development of hotels for tourism;

(2) Up to 70% foreign shareholding is permitted in specialized services such as management consultancy and construction, etc.; and

(3) A maximum of 35% foreign ownership (reserved sector list) is allowed in selected sectors where foreign investors wishing to participate can only do so in joint-venture partnership with Zimbabwean firms or individuals. The reserved sector list is as follows:

(a) primary production of food and cash crops, (b) primary horticulture, (c) game, wildlife ranching, and livestock, (d) forestry, (e) fishing and fish farming, (f) poultry farming, (g) employment agencies, (h) estate agencies, (i) valet services, (j) armaments manufacture, marketing, and distribution; (k) public water provision for domestic and industrial purposes, (l) rail operations, (m) grain mill products, (n) bakery products, (o) sugar products, (p) tobacco packaging and grading, and (q) tobacco products.

**Controls on liquidation of direct investment**

All foreign investments, irrespective of their source, that have been undertaken through normal banking channels since May 1993 may be repatriated. In all cases, specific applications must be submitted to the RBZ in respect of repatriation of capital. Repatriation at accelerated rates that depend on discounted sale prices of net equity is allowed.

**Controls on real estate transactions**

**Purchase abroad by residents** Yes.

**Controls on personal capital movements****Transfer of assets**

*Transfer abroad by emigrants* Applications for emigrant status must be submitted to the RBZ; the settling-in allowance that emigrants may remit abroad is limited to US\$1,000 a person or US\$2,000 a family. In exceptional cases, the exchange control authorities will consider applications exceeding this maximum. All those applying for emigrant status are required to liquidate their assets within six months and to invest the total proceeds, less any settling-in allowance granted, in 4%, 12-year Zimbabwe government external bonds. If emigrants are unable to comply with the six-month limit, the matter may be referred to the RBZ.

**Transfer of gambling and prize earnings** Lottery prizes due to nonresidents may be transferred, except the first prize.

**Provisions specific to commercial banks and other credit institutions**

**Borrowing abroad** Borrowing abroad is subject to exchange control rules and regulations and the External Loans Coordinating Committee.

**Maintenance of accounts abroad** Subject to exchange control rules and regulations.

**Lending to nonresidents (financial or commercial credits)** Subject to exchange control rules and regulations.

Lending locally in foreign exchange	Subject to exchange control rules and regulations.
Investment regulations	
<i>Abroad by banks</i>	Investment abroad by local banks in offshore entities is subject to exchange control approval.
<i>In banks by nonresidents</i>	Acquiring equity by nonresidents in local banks listed on the Zimbabwe Stock Exchange (ZSE) is subject to the ZSE's rules and regulations. For banks not listed in the ZSE, these are subject to exchange control approval.
Open foreign exchange position limits	Authorized dealers are subject to overnight net foreign currency exposure limits. In September 1998, the authorities reduced the net open position limits of foreign exchange dealers (from US\$5 million to US\$2 million or 10% of their capital base), and increased their capital requirements, from 4% (core/tier 1) and 8% (total capital) to 5% and 10%, respectively.
<i>On resident assets and liabilities</i>	Yes.
<i>On nonresident assets and liabilities</i>	Yes.
<b>Provisions specific to institutional investors</b>	
Limits (min.) on portfolio invested locally	Purchase of shares by foreign investors is limited to 40% of the total equity of the company, with a limit of 10% for one investor. These limits are in addition to any existing foreign shareholdings in the companies.
<b>Other controls imposed by securities laws</b>	n.a.

### Changes During 1998

<b>Exchange arrangement</b>	<i>September 1.</i> Forward foreign exchange contracts were suspended.
<b>Arrangements for payments and receipts</b>	<i>October 15.</i> The amount of local currency that may be imported or exported by travelers was increased to Z\$2,000 from Z\$500.
<b>Imports and import payments</b>	<i>September 1.</i> The coverage of import surcharge was extended to all imports, except imports of capital and intermediate goods.
<b>Capital transactions</b>	
Provisions specific to commercial banks and other credit institutions	<i>September 1.</i> The net open position limits of foreign exchange dealers were reduced. <i>September 30.</i> Capital requirements ratios were increased.

### Changes During 1999

<b>Capital transactions</b>	
Controls on liquidation of direct investment	<i>April 1.</i> The policy allowing the creation of 12-year and 20-year 4% government bonds out of blocked profits accruing on pre-1993 investment was abolished.

# APPENDICES



**Appendix I: Summary Features of Exchange Arrangements and Regulatory**  
(as of date shown on

	Total number of countries with this feature	Afghanistan, Islamic State of	Albania	Algeria	Angola	Antigua and Barbuda	Argentina	Armenia	Aruba	Australia	Austria	Azerbaijan	Bahamas, The	Bahrain	Bangladesh	Barbados	Belarus	Belgium	Belize	Benin	Bhutan	Bolivia	Bosnia and Herzegovina
<b>Status under IMF Articles of Agreement</b>																							
Article VIII	150			•		•	•	•	•	•	•		•	•	•	•		•	•	•		•	
Article XIV	35	•	•		•							•					•				•		•
<b>Exchange rate arrangements</b>																							
Exchange arrangement with no separate legal tender	37					◊					⊕							⊕		▲			
Currency board arrangement	8						•																•
Conventional pegged arrangement	39								+				+		▼	+		+		+			
Pegged exchange rate within horizontal bands	11													*									
Crawling peg	6				•																	•	
Crawling band	9																						
Managed floating with no pre-announced path for the exchange rate	27			•								•					•						
Independently floating	48	•	•					•		•													
<b>Exchange rate structure</b>																							
Dual exchange rates	11	•											•										
Multiple exchange rates	9																•						
<b>Arrangements for payments and receipts</b>																							
Bilateral payment arrangements	57	•	•									•			•	—	•			•	•		
Payment arrears	57	—	•		•	•						—					•						—
<b>Controls on payments for invisible transactions and current transfers</b>	100	•		•	•	•			•			•	•		•	•	•		•	•	•	•	
<b>Proceeds from exports and/or invisible transactions</b>																							
Repatriation requirements	108	•	•	•	•	—			•			•	•		•	•	•		•	•	•		•
Surrender requirements	85	•		•	•				•				•		•	•	•		•	•	•		•
<b>Capital transactions</b>																							
Controls on:																							
Capital market securities	133	—	•	•	•		•		•	•		•	•	•	•	•	•	•	•	•	•	•	
Money market instruments	115	—	•	•	•		•		•	•		•	•		•	•	•	•	•	•	•	•	
Collective investment securities	103	—	•	•	•		•		•			•	•		•	•	•	•	•	•	•	•	
Derivatives and other instruments	87	—	•	•	•		•		•	•		■	•		•	—	•	•	•	•	•	•	
Commercial credits	105	—	•	•	•				•			•	•		•	•	•		•	•	•	•	•
Financial credits	112	—	•	•	•				•			•	•		•	•	•		•	•	•	•	•
Guarantees, sureties, and financial backup facilities	88	—	•	•	•				•				•		•	•	—		•	•	•		
Direct investment	149	•	•	•	•		•		•	•	•	•	•		•	•	•	•	•	•	•		•
Liquidation of direct investment	52	•			•				•						•	•			•	•	•		
Real estate transactions	134	—	•	•	•	•	•	•	•	•	•		•	•	•	•	•		•	•	•		•
Personal capital movements	82	—	•	—	•				•			•	•		•	•	—		—	•	•		•
Provisions specific to:																							
Commercial banks and other credit institutions	155	—	•	•	•	•	•	•		•	•	•	•	•	•	•	•		•	•	•	•	•
Institutional investors	82	—	■		—	—	•		•		•	—		•	•	•	—	•		•	•	•	

For key and footnotes, see page 966

first country page)<sup>2</sup>

[illegible]

**Appendix I: Summary Features of Exchange Arrangements and Regulatory**  
(as of date shown on

	Fiji	Finland	France	Gabon	Gambia, The	Georgia	Germany	Ghana	Greece	Grenada	Guatemala	Guinea	Guinea-Bissau	Guyana	Haiti	Honduras	Hungary	Iceland	India	Indonesia	Iran, Islamic Rep. of	Iraq	Ireland	Israel	Italy
<b>Status under IMF Articles of Agreement</b>																									
Article VIII	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Article XIV																					•	•			
<b>Exchange rate arrangements</b>																									
Exchange arrangement with no separate legal tender		⊕	⊕	▲			⊕			◊		▲											⊕		⊕
Currency board arrangement																									
Conventional pegged arrangement	▼																				+	+			
Pegged exchange rate within horizontal bands									⊕									*							
Crawling peg																									
Crawling band																•	•							•	
Managed floating with no pre-announced path for the exchange rate																									
Independently floating					•	•		•			•	•		•	•				•	•					
<b>Exchange rate structure</b>																									
Dual exchange rates																•				•					
Multiple exchange rates																					•				
<b>Arrangements for payments and receipts</b>																									
Bilateral payment arrangements	—							•			•	•	•	•	•		•					—			
Payment arrears	—					•					•	•	•	•		•						—			
<b>Controls on payments for invisible transactions and current transfers</b>	•			•		•		•	•	•		•	•						•		•	•			
<b>Proceeds from exports and/or invisible transactions</b>																									
Repatriation requirements	•			•				•		•	•	•	•			•	•		•		•	•		•	
Surrender requirements	•			•				•		•	•	•	•			•			•		•	•			
<b>Capital transactions</b>																									
Controls on:																									
Capital market securities	•	•		•		•		•	•	•		•	•		—		•	•	•	•	—	•		•	
Money market instruments	•		•	•		•		•		•		•	•		—		•	•	•	•	—	•			
Collective investment securities	•		•	•				•		•			•		—	•	•		•	•	—	•			•
Derivatives and other instruments	•			•		•		•		•			•		—		•	•	•	•	—	•		•	
Commercial credits	•			•				•		•		•	•	•	—	•			•	•	•	•			
Financial credits	•			•				•		•		•	•	•	—	•	•		•	•	•	•			
Guarantees, sureties, and financial backup facilities	•			•						—	•	•	•	•	—	•	•		•	•	•	•			
Direct investment	•	•	•	•				•	•	•	•	•	•		•	•	•	•	•	•	•	•	•	•	
Liquidation of direct investment	•			•						•					—				•		•	•			
Real estate transactions	•	•		•	•	—		•		•		•	•		—	•	•	•	•	•	—	•	•		
Personal capital movements	•			—	—	—		•		•		•	•		—	•			•		•	•			
Provisions specific to:																									
Commercial banks and other credit institutions	•	•		—	•	•		•		•	•	•	•	•	•	•	•	•	•	•	•	•		•	•
Institutional investors	•	•	•	—		—	•					•	•		—		•	•	•	•	—			•	•

For key and footnotes, see page 966.

## Frameworks for Current and Capital Transactions in Member Countries<sup>1</sup> first country page)<sup>2</sup>

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**Appendix I: Summary Features of Exchange Arrangements and Regulatory**  
(as of date shown on

	Nepal	Netherlands	Netherlands Antilles	New Zealand	Nicaragua	Niger	Nigeria	Norway	Oman	Pakistan	Palau	Panama	Papua New Guinea	Paraguay	Peru	Philippines	Poland	Portugal	Qatar	Romania	Russian Federation	Rwanda	St. Kitts and Nevis	St. Lucia	St. Vincent and the Grenadines
<b>Status under IMF Articles of Agreement</b>	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Article VIII																									
Article XIV							•																		
<b>Exchange rate arrangements</b>																									
Exchange arrangement with no separate legal tender		⊕				▲					◆	◆						⊕					◇	◇	◇
Currency board arrangement																									
Conventional pegged arrangement	+	+							+																
Pegged exchange rate within horizontal bands																			*						
Crawling peg					•																				
Crawling band																	•								
Managed floating with no pre-announced path for the exchange rate							•	•		•				•						•	•				
Independently floating				•									•		•	•						•			
<b>Exchange rate structure</b>																									
Dual exchange rates																									
Multiple exchange rates										•											•				
<b>Arrangements for payments and receipts</b>																									
Bilateral payment arrangements						•										•	•			•	•				
Payment arrears					•	•	•				—	•								•	•	•			
<b>Controls on payments for invisible transactions and current transfers</b>	•	•			•	•	•	•	•	•			•	•		•	•			•		•	•	•	•
<b>Proceeds from exports and/or invisible transactions</b>																									
Repatriation requirements	•				•	•	•			•			•				•			•	•	•	•	•	•
Surrender requirements					•	•	•			•			•							•		•	•	•	•
<b>Capital transactions</b>																									
Controls on:																									
Capital market securities	•	•			•	•	•	•	•	•			•			•	•	•		•	•	•	•	•	•
Money market instruments	•	•			•	•	•			•			•			•	•			•	•	•	•	•	•
Collective investment securities	—	•			•	•				•			•			•	•			•	•	•	•	•	•
Derivatives and other instruments	—	•			•	•				•			•	•		•	•			•	•			•	•
Commercial credits		•			•	•				•			•			•	•			•	•	•		•	•
Financial credits		•			•	•				•			•			•	•			•	•	•	•	•	•
Guarantees, sureties, and financial backup facilities	—	•			•	•				•			•			•	•			•	•	•	•	•	—
Direct investment	•	•	•	•	•	•	•	•	•	•	•		•			•	•	•	•	•	•	•	•	•	•
Liquidation of direct investment	•				•	•															•	•	—		
Real estate transactions		•	•		•	•				•	•	•	•			•	•			•	•	•	•	•	•
Personal capital movements	—	•			•	•				•			•			•	•		—	•	•	•	•	•	—
Provisions specific to:																									
Commercial banks and other credit institutions	•	•	•		•	•	•	•	•	•			•	•	•	•	•	•		•	•	•	•	•	•
Institutional investors	•	•	•		•	•	•	—		—					•	•	•	•		■	•		■	—	—

For key and footnotes, see page 966.

first country page)<sup>2</sup>[illegible]

## Key and Footnotes

- Indicates that the specified practice is a feature of the exchange system.
- Indicates that data were not available at time of publication.
- Indicates that the specific practice is not regulated.
- ◆ Indicates that member uses the currency of another member as legal tender.
- ◇ Indicates that member participates in the ECCM.
- ▲ Indicates that the arrangement is pegged to the French franc.
- ⊕ Indicates that member participates in the euro area.
- ⊕ Indicates that flexibility is limited to a single currency.
- ▼ Indicates that the composite is a basket of other currencies.
- ⊕ Indicates that the country participates in the ERM II of the EMS.
- \* Indicates other band arrangements.
- <sup>1</sup> The listing includes Hong Kong SAR, Aruba, and the Netherlands Antilles.
- <sup>2</sup> Usually December 31, 1998.

	Uruguay	Uzbekistan	Vanuatu	Venezuela	Vietnam	Yemen, Republic of	Zambia	Zimbabwe
<b>Status under IMF Articles of Agreement</b>								
Article VIII	●		●	●		●		●
Article XIV		●			●		●	
<b>Exchange rate arrangements</b>								
Exchange arrangement with no separate legal tender								
Currency board arrangement								
Conventional pegged arrangement			▼					
Pegged exchange rate within horizontal bands								
Crawling peg								
Crawling band	●			●				
Managed floating with no pre-announced path for the exchange rate		●			●			
Independently floating						●	●	●
<b>Exchange rate structure</b>								
Dual exchange rates								
Multiple exchange rates		●					●	
<b>Arrangements for payments and receipts</b>								
Bilateral payment arrangements	●	●						●
Payment arrears				●	●	●	●	
<b>Controls on payments for invisible transactions and current transfers</b>					●			●
<b>Proceeds from exports and/or invisible transactions</b>								
Repatriation requirements		●			●			●
Surrender requirements		●			●			●
<b>Capital transactions</b>								
Controls on:								
Capital market securities	●	●		●	●			●
Money market instruments		●			●			●
Collective investment securities		●		●	●			●
Derivatives and other instruments	■	●			●			—
Commercial credits		●			●	●		●
Financial credits		●			●	●		●
Guarantees, sureties, and financial backup facilities		●			—	●		—
Direct investment		●		●	●			●
Liquidation of direct investment					—			●
Real estate transactions		●			●			●
Personal capital movements	—	—			●			●
Provisions specific to:								
Commercial banks and other credit institutions	●	●		●	●	●	●	●
Institutional investors	●	●			—			●

## APPENDIX II: COUNTRY TABLE MATRIX

### Status Under IMF Articles of Agreement

#### Article VIII

#### Article XIV

### Exchange Arrangement

#### Currency

Other legal tender

#### Exchange rate structure

Unitary

Dual

Multiple

#### Classification

Exchange arrangement with no separate legal tender

Currency board arrangement

Conventional pegged arrangement

Pegged exchange rate within horizontal bands

Crawling peg

Crawling band

Managed floating with no preannounced path for the exchange rate

Independently floating

#### Exchange tax

#### Exchange subsidy

#### Forward exchange market

Official cover of forward operations

### Arrangements for Payments and Receipts

#### Prescription of currency requirements

#### Payment arrangements

Bilateral payment arrangements

*Operative*

*Inoperative*

Regional arrangements

Clearing agreements

Barter agreements and open accounts



**Administration of control****International security restrictions**

In accordance with Executive Board  
Decision No. 144-(52/51)

In accordance with UN sanctions

**Payment arrears**

Official

Private

**Controls on trade in gold (coins  
and/or bullion)**

Controls on domestic ownership and/or  
trade

Controls on external trade

**Controls on exports and imports of  
banknotes**

On exports

*Domestic currency*

*Foreign currency*

On imports

*Domestic currency*

*Foreign currency*

**Resident Accounts****Foreign exchange accounts permitted**

Held domestically

*Approval required*

Held abroad

*Approval required*

**Accounts in domestic currency  
convertible into foreign currency****Nonresident Accounts****Foreign exchange accounts permitted**

Approval required

**Domestic currency accounts**

Convertible into foreign currency

Approval required

**Blocked accounts****Imports and Import Payments****Foreign exchange budget**

**Financing requirements for imports**

Minimum financing requirements

Advance payment requirements

Advance import deposits

**Documentation requirements for re-  
lease of foreign exchange for imports**

Domiciliation requirements

Preshipment inspection

Letters of credit

Import licenses used as exchange  
licenses

**Import licenses and other nontariff  
measures**

Positive list

Negative list

Open general licenses

Licenses with quotas

Other nontariff measures

**Import taxes and/or tariffs**

Taxes collected through the exchange  
system

State import monopoly

**Exports and Export Proceeds****Repatriation requirements**

Surrender requirements

**Financing requirements****Documentation requirements**

Letters of credit

Guarantees

Domiciliation

Preshipment inspection

Other

**Export licenses**

Without quotas

With quotas

**Export taxes**

Taxes collected through the exchange  
system

Other export taxes

### **Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**

## Trade-related payments

*Prior approval**Quantitative limits**Indicative limits/bona fide test*

## Investment-related payments

*Prior approval**Quantitative limits**Indicative limits/bona fide test*

## Payments for travel

*Prior approval**Quantitative limits**Indicative limits/bona fide test*

## Personal payments

*Prior approval**Quantitative limits**Indicative limits/bona fide test*

## Foreign workers' wages

*Prior approval**Quantitative limits**Indicative limits/bona fide test*

## Credit card use abroad

*Prior approval**Quantitative limits**Indicative limits/bona fide test*

## Other payments

*Prior approval**Quantitative limits**Indicative limits/bona fide test*

### **Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements**

## Surrender requirements

**Restrictions on use of funds**

### **Capital Transactions**

**Controls on capital and money  
market instruments**

**On capital market securities***Shares or other securities of a participating nature*

Purchase locally by nonresidents

Sale or issue locally by nonresidents

Purchase abroad by residents

Sale or issue abroad by residents

*Bonds or other debt securities*

Purchase locally by nonresidents

Sale or issue locally by nonresidents

Purchase abroad by residents

Sale or issue abroad by residents

**On money market instruments***Purchase locally by nonresidents**Sale or issue locally by nonresidents**Purchase abroad by residents**Sale or issue abroad by residents***On collective investment securities***Purchase locally by nonresidents**Sale or issue locally by nonresidents**Purchase abroad by residents**Sale or issue abroad by residents***Controls on derivatives and other instruments**

Purchase locally by nonresidents

Sale or issue locally by nonresidents

Purchase abroad by residents

Sale or issue abroad by residents

**Controls on credit operations****Commercial credits***By residents to nonresidents**To residents from nonresidents***Financial credits***By residents to nonresidents**To residents from nonresidents***Guarantees, sureties, and financial backup facilities***By residents to nonresidents**To residents from nonresidents***Controls on direct investment**

Outward direct investment

Inward direct investment

**Controls on liquidation of direct investment**

**Controls on real estate transactions**

Purchase abroad by residents

Purchase locally by nonresidents

Sale locally by nonresidents

**Controls on personal capital movements**

Loans

*By residents to nonresidents*

*To residents from nonresidents*

Gifts, endowments, inheritances, and legacies

*By residents to nonresidents*

*To residents from nonresidents*

Settlements of debts abroad by immigrants

Transfer of assets

*Transfer abroad by emigrants*

*Transfer into the country by immigrants*

Transfer of gambling and prize earnings

**Provisions specific to commercial banks and other credit institutions**

Borrowing abroad

Maintenance of accounts abroad

Lending to nonresidents (financial or commercial credits)

Lending locally in foreign exchange

Purchase of locally issued securities denominated in foreign exchange

Differential treatment of deposit accounts in foreign exchange

*Reserve requirements*

*Liquid asset requirements*

*Interest rate controls*

*Credit controls*

Differential treatment of deposit accounts held by nonresidents

*Reserve requirements*

*Liquid asset requirements*

*Interest rate controls*

*Credit controls*

Investment regulations

*Abroad by banks*

*In banks by nonresidents*

Open foreign exchange position limits

*On resident assets and liabilities*

*On nonresident assets and liabilities*

**Provisions specific to institutional investors**

Limits (max.) on securities issued by nonresidents and on portfolio invested abroad

Limits (max.) on portfolio invested abroad

Limits (min.) on portfolio invested locally

Currency-matching regulations on assets/liabilities composition

**Other controls imposed by securities laws**

## Changes During 1998

**Status under IMF Articles of Agreement**

**Exchange arrangement**

**Arrangements for payments and receipts**

**Resident accounts**

**Nonresident accounts**

**Imports and import payments**

**Exports and export proceeds**

**Payments for invisible transactions and current transfers**

**Proceeds from invisible transactions and current transfers**

**Capital transactions**

Controls on capital and money market instruments

Controls on derivatives and other instruments

Controls on credit operations

Controls on direct investment

Controls on liquidation of direct investment

Controls on real estate transactions

Controls on personal capital movements

Provisions specific to commercial banks and other credit institutions

Provisions specific to institutional investors

Other controls imposed by securities laws

### **Changes During 1999**

**Status under IMF Articles of Agreement**

**Exchange arrangement**

**Arrangements for payments and receipts**

**Resident accounts**

**Nonresident accounts**

**Imports and import payments**

**Exports and export proceeds**

**Payments for invisible transactions and current transfers**

**Proceeds from invisible transactions and current transfers**

**Capital transactions**

Controls on capital and money market instruments

Controls on derivatives and other instruments

Controls on credit operations

Controls on direct investment

Controls on liquidation of direct investment

Controls on real estate transactions

Controls on personal capital movements

Provisions specific to commercial banks and other credit institutions

Provisions specific to institutional investors

Other controls imposed by securities laws