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EXCHANGE ARRANGEMENTS AND EXCHANGE RESTRICTIONS

OVERVIEW

2020

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[1] These chapters are available on AREAER Online (www.elibrary-areaer.imf.org/). 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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Yemen
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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 staff visits to member countries, and has been prepared in close consultation with national authorities.

This project was coordinated in the Monetary and Capital Markets Department under the guidance of Annamaria Kokenyne by a staff team led by Salim M. Darbar and comprising Apoorv Bhargava, Ricardo Cervantes, Pornpinun Chantapacdepong, Gergana Gencheva, Ingibjoerg Gudbjartsdottir, Thorvardur Tjoervi Olafsson, Gurnain Kaur Pasricha, Svetlana Popova, Hanqing Ye, and Viktoriya Zotova (external consultant), with overall supervision by Gaston Gelos. It draws on the specialized contributions of that department (for specific countries), with assistance from staff members of the IMF's five area departments, together with staff of other departments. The report was edited and produced by Rumit Pancholi, David Appleman, and Lucy Scott Morales of the Communications Department.

Abbreviations[1]

ACU	Asian Clearing Union (Bangladesh, Bhutan, India, Islamic Republic of Iran, Myanmar, Nepal, Pakistan, Sri Lanka)
AD	Authorized dealer
AFTA	ASEAN Free Trade Area (see ASEAN, below)
AGOA	African Growth and Opportunity Act (United States)
AIFMD	Alternative Investment Fund Managers Directive
AIFs	Alternative investment funds
AMU	Asian monetary unit
ASEAN	Association of Southeast Asian Nations (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, Thailand)
BCEAO	Central Bank of West African States (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo)
BEAC	Bank of Central African States (Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, Gabon)
CACM	Central American Common Market (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua)
CAMU	Central African Monetary Union
CAFTA	Central American Free Trade Agreement
CAP	Common agricultural policy (of the EU)
CARICOM	Caribbean Community and Common Market (Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago); The Bahamas is also a member of CARICOM, but it does not participate in the Common Market
CB	Central bank
CD	Certificate of deposit
CEFTA	Central European Free Trade Area (Bulgaria, Hungary, Poland, Romania, Slovak Republic, Slovenia)
CEMAC	Central African Economic and Monetary Community (members of the BEAC)
CEPGL	Economic Community of the Great Lakes Countries (Burundi, Democratic Republic of the Congo, Rwanda)
CET	Common external tariff
CFA	Communauté financière d'Afrique (administered by the BCEAO) and Coopération financière en Afrique centrale (administered by the BEAC)
CIMA Code	Chartered Institute of Management Accountants Code of Ethics for Professional Accountants
CIS	Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan)
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CMA	Common Monetary Area (a single exchange control territory comprising Eswatini, Lesotho, Namibia, and South Africa)

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

CMEA	Council for Mutual Economic Assistance (dissolved; formerly Bulgaria, Cuba, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Romania, U.S.S.R., Vietnam)
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
COMESA	Common Market for Eastern and Southern Africa (Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Uganda, Zambia, Zimbabwe)
CPI	Consumer price index
DSTI	Debt-service-to-income
EAC	East African Community
EBRD	European Bank for Reconstruction and Development
EC	European Council (Council of the European Union)
ECB	European Central Bank
ECCB	Eastern Caribbean Central Bank (Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines)
ECCU	Eastern Caribbean Currency Union
ECOWAS	Economic Community of West African States (Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo)
ECSC	European Coal and Steel Community
EEA	European Economic Area
EFSF	European Financial Stability Facility
EFSM	European Financial Stability Mechanism
EFTA	European Free Trade Association (Iceland, Liechtenstein, Norway, Switzerland)
EIB	European Investment Bank
EMU	European Economic and Monetary Union (Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, The Netherlands, Portugal, Slovak Republic, Slovenia, Spain)
EPZ	Export processing zone
ERM	Exchange rate mechanism (of the European monetary system)
EU	European Union (formerly European Community); Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden
FATF	Financial Action Task Force on Money Laundering (of the OECD)
FDI	Foreign direct investment
FEC	Foreign exchange certificate
FIU	Financial intelligence unit
FSU	Former Soviet Union
FTA	Free trade agreement
G7	Group of Seven advanced economies (Canada, France, Germany, Italy, Japan, United Kingdom, United States)
GAFTA	Greater Arab Free Trade Agreement

GCC	Gulf Cooperation Council (Cooperation Council for the Arab States of the Gulf; Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates)
GDP	Gross domestic product
GSP	Generalized System of Preferences
HIPC	Heavily Indebted Poor Countries
IAS	International Accounting Standards
IBRD	International Bank for Reconstruction and Development (World Bank)
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IRB	Internal ratings-based approach
IORP	Institutions for Occupational Retirement Provision
ISIL	Islamic State of Iraq and the Levant
LAIA	Latin American Integration Association (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela)
LC	Letter of credit
LCR	Liquidity coverage ratio
LIBID	London interbank bid rate
LIBOR	London interbank offered rate
LTD	Loan-to-deposit
MCP	Multiple currency practice
MERCOSUR	Southern Cone Common Market (Argentina, Brazil, Paraguay, Uruguay)
MFN	Most favored nation
MOF	Ministry of finance
MoU	Memorandum of Understanding
MPC	Monetary policy committee
NAFTA	North American Free Trade Agreement
NAV	Net asset value
NPL	Non performing loans
OECD	Organization for Economic Cooperation and Development
OECS	Organization of Eastern Caribbean States (Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines)
OGL	Open general license
OTC	Over the counter
PACER	Pacific Agreement on Closer Economic Relations (of the Pacific Islands Forum; Australia, Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu)
PICTA	Pacific Island Countries Trade Agreement (of the Pacific Islands Forum); Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu)
RCPSFM	Regional Council on Public Savings and Financial Markets (an institution of WAEMU countries that is involved in issuance and marketing of securities authorization)
RIFF	Regional Integration Facilitation Forum (formerly Cross-Border Initiative); Burundi, Comoros, Eswatini, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Tanzania, Uganda, Zambia, Zimbabwe)

SACU	Southern African Customs Union (Botswana, Eswatini, Lesotho, Namibia, South Africa)
SADC	Southern Africa Development Community (Angola, Botswana, Democratic Republic of the Congo, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia, Zimbabwe)
SDR	Special drawing right
SWIFT	Society for Worldwide Interbank Financial Telecommunication
UCITS	Undertakings for the Collective Investment of Transferable Securities
UDEAC	Central African Customs and Economic Union (Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, Gabon)
UN	United Nations
UNSC	UN Security Council
VAT	Value-added tax
WAEMU	West African Economic and Monetary Union (formerly WAMU; members of the BCEAO)
WAMA	West African Monetary Agency (formerly WACH)
WAMZ	West African Monetary Zone
W-ERM II	Exchange rate mechanism (of the WAMZ)
WTO	World Trade Organization

Overview

This is the 71st issue of the *Annual Report on Exchange Arrangements and Exchange Restrictions* (AREAER), which provides a yearly description of the foreign exchange arrangements, exchange and trade systems, and capital controls of all IMF member countries.[1] The AREAER reports on restrictions in effect under Article XIV, Section 2, of the IMF's Articles of Agreement in accordance with Section 3 of Article XIV, which mandates annual reporting on such restrictions.[2] It also provides information relating to paragraph 25 of the 2012 Integrated Surveillance Decision, which restates the obligation of each member country under the IMF's Articles of Agreement to notify the IMF of the exchange arrangement it intends to apply and any changes in that arrangement.[3]

The AREAER provides a description of global exchange and trade systems. It covers restrictions on current international payments and transfers and multiple currency practices (MCPs) subject to the IMF's jurisdiction in accordance with Article VIII, Sections 2(a) and 3, in addition to those maintained under Article XIV of the IMF's Articles of Agreement.[4] The report also provides information on the operation of foreign exchange markets, controls on international trade, controls on capital transactions, and measures implemented in the financial sector, including prudential measures. In addition, the AREAER reports on exchange measures imposed by member countries solely for national and/or international security reasons, including those reported to the IMF in accordance with relevant decisions by the IMF Executive Board.[5]

The AREAER provides information, relating to paragraph 25 of the 2012 Integrated Surveillance Decision, on exchange rate arrangements of member countries: the de jure arrangements as described by the countries and the de facto arrangements, which are classified into 10 categories (Table 1). This classification is based on the information available on members' de facto arrangements, as analyzed by IMF staff, which may differ from countries' officially announced (de jure) arrangements. The methodology and the characteristics of the categories are described in the Compilation Guide included in this report.

Table 1. Classification of Exchange Rate Arrangements

Type	Categories				
Hard pegs	Exchange arrangement with no separate legal tender	Currency board arrangement			
Soft pegs	Conventional pegged arrangement	Pegged exchange rate within horizontal bands	Stabilized arrangement	Crawling peg	Crawl-like arrangement
Floating regimes (market-determined rates)	Floating	Free floating			
Residual	Other managed arrangement				

Note: This methodology became effective February 2, 2009, and reflects an attempt to provide greater consistency and objectivity of exchange rate classifications across countries and to improve the transparency of the IMF's bilateral and multilateral surveillance in this area. For further details, see IMF Working Paper 09/211.

[1] In addition to the 189 IMF member countries, the report includes information on Hong Kong SAR (People's Republic of China) as well as Aruba, Curaçao, and Sint Maarten (all in the Kingdom of the Netherlands). Andorra, which is the 190th member country, joined the IMF on October 16, 2020, and is not included in the 2020 AREAER.

[2] The IMF's Articles of Agreement are available at www.imf.org/external/pubs/ft/aa/index.htm.

[3] www.imf.org/external/np/sec/pn/2012/pn1289.htm.

[4] The information on exchange restrictions and MCPs consists of verbatim quotes from each country's most recent published IMF staff report as of December 31, 2019. In cases in which the information is drawn from IMF staff reports that have not been made public, the quotes have been included with the express consent of the member country. In the absence of such consent, the relevant information is reported as "not publicly available." Any changes to these restrictions and MCPs implemented after the relevant IMF report has been issued will be reflected in the subsequent issue of the AREAER that covers the year during which the IMF staff report with information on such changes is issued.

[5] The information on exchange measures imposed for security reasons is based solely on information provided by country authorities.

Several tools help navigate and interpret the findings of this report. A single table compares the characteristics of the exchange and trade systems of all IMF member countries: Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in IMF Member Countries.

The Country Table Matrix lists the categories of data reported for each country, and the Compilation Guide includes definitions and explanations used to report the data.

The AREAER is available online. Starting January 1, 2020, access to AREAER Online is freely available to all; previously a subscription was required. The AREAER Online database includes the overview and detailed information for each of the 189 member countries and separately for a few of their territories.[6] In addition, AREAER Online contains data published in previous issues of the AREAER and is searchable by year, country, and category of measure; it also allows cross-country comparisons for time series.[7,8]

In general, previous vintages of the AREAER published in a particular year included a description of exchange and trade systems as of the end of December of the previous year, with some reporting data through part of the publication year and de facto exchange rate arrangements as of April of the publication year. Exceptionally, the 2020 AREAER includes a description of exchange and trade systems as of June 30, 2020, for virtually all members; some report developments through August 31, 2020.[9] Nevertheless, in keeping with past AREAERs, information on member countries' de facto exchange rate arrangements in this report are as of April 30, 2020.

Overall Developments

In 2019, the trend in liberalizing foreign exchange transactions continued despite subdued economic growth. Global GDP slowed to 2.9 percent, compared with 3.6 percent in 2018, as a consequence of policy uncertainty mainly owing to trade tensions, idiosyncratic factors causing macroeconomic strain in several emerging market economies, and low productivity growth in advanced economies. Against the backdrop of weakening economic activity, monetary conditions were eased across the globe, including in the United States, where policy rates were cut twice by a total of 50 basis points. Given the low-interest-rate environment, investors searched for higher yields. In particular, the easing in financial conditions in advanced economies supported a pickup in portfolio flows to emerging markets in 2019, reversing the trend seen during the fourth quarter of 2018. However, given the policy uncertainty during the year, portfolio flows remained volatile.

The severe economic shock to global activity from the COVID-19 pandemic in 2020 was reflected in the trend in actions taken by countries regarding foreign exchange transactions. In the first quarter of 2020, there was an immediate deterioration in the economic outlook worldwide, and emerging market economies experienced unprecedented portfolio outflows. In response to the pandemic, sizable and swift actions both in the fiscal and monetary sphere were taken by advanced and emerging market economies. Emerging market and developing economies responded to the capital outflows and the outlook for a severe recession, including by permitting exchange rates to depreciate, intervening in the foreign exchange market, and tightening administrative controls on foreign exchange transactions. Since the onset of the pandemic, a large number of member countries have resorted to IMF financing through its emergency lending facilities to shore up their international reserves. In addition, some countries imposed capital controls to protect reserves in anticipation of a severe downturn in economic activity, particularly economies dependent on travel and tourism.

[6] Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands; information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China). Hence, detailed information is available for 192 jurisdictions.

[7] For further information on these resources, see www.bookstore.imf.org/areaer-and-macroprudential-statistics-gateway or www.imf.org/en/publications/search?when=After&series=Annual+Report+on+Exchange+Arrangements+and+Exchange+Restrictions.

[8] The number of yearly changes reported by each country can be compared directly with the previous three reporting periods but not with years before that because of the update to the format of the yearly changes table, which was introduced with the 2017 publication (see 2017 AREAER).

[9] The date of the latest reported development is indicated as the position date for each country in the country chapters in the AREAER Online database. A few countries reported developments beyond August 2020. Data for Syria and Venezuela are as of the end of 2018 and the end of May 2019, respectively.

The 2020 AREAER documents the following major trends and significant developments:

- There was no significant shift in de facto exchange rate arrangements during the reporting period, with about the same number of economies moving toward more flexibility as those moving toward reduced flexibility. These changes are more a reflection of individual country circumstances than any global shock. The onset of the pandemic in early 2020 resulted in increased volatility in financial markets and significant interventions by a number of central banks in their foreign exchange markets; however, the impact of this volatile period on the de facto classification reported in this AREAER is limited since the cutoff date for the classifications is April 30, 2020.
- In contrast to the previous period, the share of countries that target a monetary aggregate decreased as some countries moved to the "other monetary framework" category. The number of member countries following an inflation-targeting framework increased slightly, and those anchored to a composite of currencies remained unchanged.
- More countries reported using derivatives as an alternative instrument to intervene in the foreign exchange market. Among the instruments most frequently used were options, nondeliverable forwards, and interventions through swaps triggered when the exchange rate moves above or below a specified range with respect to the previous day's closing rate.
- Foreign exchange market activities continued to expand. In a number of countries, market structure became more sophisticated through the inclusion of new instruments in the central bank's toolkit or liberalization in the forward exchange market. Several countries tightened controls on exchange rate flexibility in the interbank- and retail markets because of COVID-19– related volatility and stress. On the other hand, countries also implemented a variety of measures to support market liquidity and allow greater flexibility for market participants to manage their foreign exchange exposure.
- The number of IMF member countries accepting the obligations of Article VIII, Sections 2(a), 3, and 4 and members that make use of the transitional arrangement under Article XIV remained unchanged at the end of 2019: 172 and 17, respectively. Of these 17 Article XIV members, 3 maintain no restrictions but have not yet decided to accept the obligations under Article VIII.
- The number of countries maintaining restrictive exchange measures fell from 50 in 2018 to 48 at the end of 2019. Four members removed all previously identified restrictive measures, while in two other members whose exchange system had previously been free of restrictions and MCPs a few such measures were identified in 2019. Overall, the number of restrictive exchange measures decreased by 1 in 2019—mostly in Article VIII countries. Developments in restrictive exchange measures during the pandemic in 2020 will be reflected in the next report.
- Restrictive actions dominated the current account in 2019, amid an increased number of measures. Trade-related tightening measures reached a record high, reflecting the subdued global economic conditions and an uncertain political outlook. The strong liberalization trend in payments and proceeds for invisible transactions and current transfers observed in 2018 reversed in 2019, with slightly more tightening than easing measures. However, the overall trend appears to have turned in 2020, albeit based on partial data, in part because countries responded to the pandemic by easing restrictions on imports of essential goods.
- The liberalization trend related to capital transactions seen in the previous three years slowed significantly in 2019 and may have reversed in 2020. The share of tightening actions increased markedly in 2019 compared with 2018, reflecting in part the slowdown in global growth, political uncertainty, and idiosyncratic factors. Emerging market and developing economies, followed by low-income developing countries, undertook virtually all of the tightening measures in 2019, with outflow tightening measures outnumbering those on inflows.[10] Both advanced and emerging market and developing economies took more liberalizing than tightening measures in 2019, unlike low-income developing countries, which exhibited the opposite trend. Reflecting the large shock and stress of the global pandemic, the trend in 2020, based on partial data,

[10] References to country income groups are based on IMF *World Economic Outlook* (WEO) country groupings: advanced economies; emerging market and developing economies (excluding low-income developing countries); and low-income developing countries. Of the 192 economies covered in the AREAER, 36 are advanced economies, 97 are emerging market and developing economies, and 59 are low-income developing countries.

switched, with the majority of measures consisting of a tightening action. Emerging market and developing economies took the bulk of total tightening actions in 2020, more than half of which were on outflows. Tightening measures by advanced economies were exclusively on limiting inflows, particularly on foreign direct investment (FDI).

- Overall regulatory developments in the financial sector continued to show an easing trend in the reporting period. While easing measures on commercial banks indicate in part some scaling back of reforms following the global financial crisis, there was a marked increase in tightening measures on institutional investors, reflecting a combination of increased momentum on strengthening regulations governing their operations and regulatory responses to COVID-19 in 2020. To address the financial stability challenges posed by the pandemic, reserve requirements and liquidity coverage or asset ratio requirements were eased, supplying liquidity to banks to facilitate the provision of credit. On the other hand, capital outflow measures were tightened, particularly, by a few countries, on institutional investors, in the face of expected decline in capital inflows as a consequence of tightening global financial conditions and the sharp slowdown in global activity.

The remainder of this overview highlights the major developments covered in the individual country chapters that are part of this report.

Developments in Exchange Arrangements

This section documents major changes and trends in the following related areas: exchange rate arrangements, intervention, monetary anchors, and the operation and structure of foreign exchange markets. It also reports on significant developments with respect to exchange taxes, exchange rate structures, and national currencies. There are five tables in this section. Table 2 highlights changes in the reclassification of the de facto exchange rate arrangements between May 1, 2019, and April 30, 2020. Table 3 breaks down countries' de facto exchange rate arrangements for 2011–20. Table 4 summarizes the detailed descriptions in the country chapters by reporting each IMF member country's monetary policy framework as indicated by country officials and the classification of their de facto exchange rate arrangements. Table 5 outlines IMF member countries' monetary policy frameworks as reported by country authorities and exchange rate anchors for 2011–20, and Table 6 reports the foreign exchange market structure among the membership for 2016–20.

Exchange Rate Arrangements[11]

In 2019, developments in exchange rates in many emerging market economies reflected the strengthening US dollar during the year, political uncertainty in various parts of the world, and expectations of lower economic growth at the global level. Other factors that affected the dynamics of exchange rates include the behavior of prices for various commodities and idiosyncratic factors. In contrast to the previous reporting period, which indicated a slight move toward more flexible exchange rate regimes, changes in de facto exchange rate arrangements during this reporting period were more balanced, with almost the same number of countries moving from less to more flexible exchange rate arrangements than in the opposite direction. Of the 15 countries whose exchange rate arrangement was reclassified as of April 2020.[12] (see Table 2), 7 countries (47 percent) were reclassified to a more flexible arrangement (compared with 15 of 27 countries, or 55 percent, during the previous reporting period); 8 countries (53 percent) were classified to a more managed arrangement (compared with 11 of 27 countries, or 41 percent, during the previous reporting period).[13]

The sharp currency movements generally reflect the capital outflow pressure emerging markets faced and a rapidly worsening global economic environment during the reporting period. A number of central banks increased their participation in the foreign exchange market through interventions to reduce the pace of

[11] This section summarizes developments between May 1, 2018, and April 30, 2019.

[12] Excludes countries whose exchange rates were reclassified twice during this AREAER's reporting period, reverting to the same classification as in April 2019.

[13] One country, or 4 percent with respect to the 27 reclassifications in the 2019 AREAER, was reclassified from "conventional peg" to "stabilized arrangement."

depreciation of their currency amid high uncertainty associated with the global spread of COVID-19 and concerns regarding its potential impact on health and the economy, which generated exceptionally high volatility in financial markets. Global financial market volatility spiked at the onset of the pandemic in March 2020. The policy responses, particularly in advanced economies, eased global financial market uncertainty and reduced the intensity of capital outflows from emerging market and developing economies, dampening pressure on their exchange rates. The impact of the COVID-19 crisis on the de facto classifications is not captured in this AREAER since the peak of depreciation pressure occurred mostly during March and April 2020—only one month or less before the cutoff date of classifications, April 30, 2020. Since at least six months of observation are needed for a reclassification, these movements will be captured in the next AREAER.

Table 2. Changes and Resulting Reclassifications of Exchange Rate Arrangements, May 1, 2019–April 30, 2020

		De facto arrangement		
Country	**De jure arrangement**	**Previous arrangement[1]**	**Current (2020 AREAER)**	**Effective date of reclassification**
Angola[2]	Floating	Other managed	Crawl-like	December 17, 2018
Angola[3]			Other managed	October 2, 2019
Argentina	Floating	Floating	Other managed	September 4, 2019
Armenia	Free floating	Stabilized	Crawl-like	January 2, 2019
Armenia[3]			Stabilized	August 12, 2019
Cambodia	Managed floating	Other managed	Crawl-like	March 18, 2019
Chile	Free floating	Free floating	Floating	December 20, 2019
Congo, Democratic Republic of the	Floating	Stabilized	Crawl-like	June 7, 2019
Costa Rica	Managed floating	Floating	Crawl-like	February 11, 2019
Czech Republic[2]	Free floating	Floating	Free floating	April 3, 2017
Egypt	Floating	Stabilized	Crawl-like	January 28, 2019
Guinea[2]	Managed floating	Stabilized	Crawl-like	June 14, 2018
Kuwait	Conventional peg	Conventional peg	Other managed	January 1, 2019
Malawi	Floating	Stabilized	Other managed	March 18, 2019
Malawi[3]			Stabilized	August 23, 2019
Mongolia	Floating	Other managed	Crawl-like	January 23, 2019
Paraguay	Floating	Crawl-like	Other managed	May 10, 2019
Paraguay[3]			Crawl-like	July 18, 2019
Romania	Managed floating	Stabilized	Crawl-like	August 23, 2019
Sri Lanka	Free floating	Crawl-like	Other managed	January 2, 2019
Sri Lanka[3]			Stabilized	April 1, 2019
Switzerland[2]	Free floating	Floating	Crawl-like	October 12, 2018
Switzerland[3]			Floating	September 4, 2019
Tanzania	Free floating	Crawl-like	Stabilized	February 27, 2019
Tonga	Pegged within horizontal bands	Pegged exchange rate within horizontal bands	Other managed	January 1, 2019
Zimbabwe	Floating	Floating	Other managed	February 20, 2019

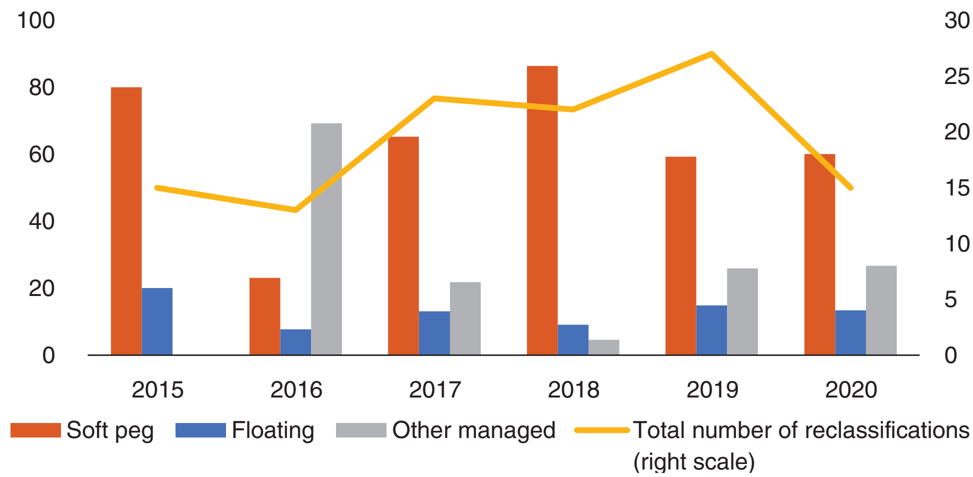
Source: AREAER database.
[1] This column refers to the arrangements as reported in the 2019 AREAER, except when a reclassification took place during January 1–April 30, 2019, in which case it refers to the arrangement preceding such a reclassification.
[2] The exchange rate arrangement was reclassified retroactively, overriding a previously published classification for the entire reporting period or part of the period.
[3] Cells in the column "Previous arrangement" are blank if there was a subsequent reclassification during the reporting period.

The number of reclassifications (as of April 30, 2020) was significantly lower (15) than during the previous reporting period (27) and more balanced (Figure 1). The share of countries whose exchange rate arrangement was reclassified to a soft peg fell by only 1 percentage point, from 59 percent in the previous period. Similarly, trivial adjustments took place in other categories as well: reclassifications to the residual, other managed

category rose by 1 percentage point, from 26 percent, while the floating category had a modest decrease of 2 percentage points, from 15 percent in the previous AREAER. With these changes, the trend of an increasing move to soft pegs observed from 2016 to 2018 reversed in 2019 and then stabilized in 2020.

Figure 1. Reclassification of De Facto Exchange Rate Arrangements, 2015–20

(Percent of total reclassifications as of April 30)



Source: AREAER database.

The changes in individual categories are as follows:

- *Soft pegs*—The total number of countries with soft pegs increased by 1, to 90, compared with the previous reporting period. This group had the majority of reclassifications from May 2019 through April 2020, with most of the changes in crawl-like and stabilized arrangements. Countries with soft pegs continue to make up the single largest type of exchange rate arrangement, accounting for 46.4 percent of all members (Table 3).
  - *Crawl-like arrangements*—The number of countries with crawl-like arrangements grew by 5, to 23 (Figure 2; Table 4). This category had the most changes within the soft peg group; having stayed on an increasing trend since 2018, this year it reached the highest number of countries of the past decade, surpassing the previous record registered in 2015 (20). Seven countries were added: 4 were reclassified from a stabilized arrangement (Democratic Republic of the Congo, Egypt, Guinea,[14] Romania), 2 from "other managed" (Cambodia, Mongolia), and 1 from floating (Costa Rica). Two countries exited this classification: both moved to a stabilized arrangement (Sri Lanka,[15] Tanzania). One country was reclassified twice during this reporting period, reverting to a crawl-like arrangement (Paraguay[16]) following a temporary reclassification to "other managed." Countries adopting stabilized and crawl-like arrangements often adjust their exchange rates in response to external events, including differences in inflation across countries, capital flow pressures, and new trends in world trade. As a result, they are often reclassified to other categories within the soft peg group.
  - *Stabilized arrangements*—The number of countries with stabilized arrangements fell by 2, to 23. Four countries left the group to classification as crawl-like arrangements (Democratic Republic of the Congo, Egypt, Guinea, Romania). Two countries were reclassified twice during this reporting period, reverting to a stabilized arrangement (Armenia,[17] Malawi[18]). Two additional countries joined from the crawl-like arrangement group (Sri Lanka, Tanzania). The category "stabilized arrangement" steadily decreased by 1 percentage point each year since 2018, when it reached its highest number during the past 10 years.

[14] Guinea was reclassified retroactively to "crawl-like" from "stabilized" in June 2018. Retroactive changes are reflected as of January 1, 2019, corresponding to the first day of the period covered in this year's AREAER.

[15] Sri Lanka was reclassified twice—to "other managed" in January 2019 and to "stabilized" in April 2019.

[16] Paraguay was reclassified twice—to "other managed" in May 2019 and back to "crawl-like" in July 2019.

[17] Armenia was reclassified twice—to "crawl-like" in January 2019 and back to "stabilized" in August 2019.

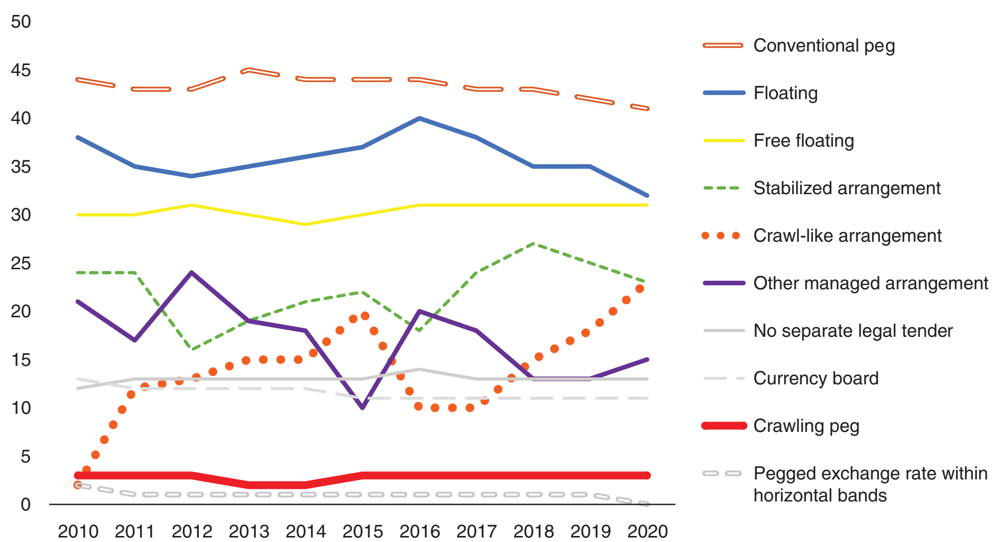
[18] Malawi was reclassified twice—to "other managed" in March 2019 and back to "stabilized" in August 2019.

- o *Conventional pegs*—The number of countries in this category dropped by 1, to 41. Kuwait left the group for "other managed" because the composition of its currency basket could not be confirmed. The conventional peg arrangement holds the largest share among soft pegs, with 45.6 percent; it has been decreasing gradually since April 2016 from its peak of 58 percent.
- o *Pegged exchange rates within horizontal bands*—There are no countries in this category, as Tonga was reclassified to "other managed." Three countries have de jure pegged exchange rates within horizontal bands, but two have a de facto stabilized arrangement (Maldives, Morocco), and one has a de facto other managed arrangement (Syria).

- *Other managed arrangements*—The number of countries in this residual category rose by 2, to 15. There were six changes from May 2019 through April 2020. Two countries abandoned this category and were reclassified to crawl-like arrangement (Cambodia, Mongolia). In contrast, four countries were added: two were reclassified from a floating arrangement (Argentina, Zimbabwe), one from a conventional peg arrangement (Kuwait), and one from a pegged exchange rate with horizontal bands (Tonga). One country was reclassified twice during this reporting period, reverting to "other managed" (Angola[19]). The percentage of countries in this category increased by 1 percentage point to 7.8 percent.
- *Floating arrangement*—The number of countries classified as floating dropped by 3, to 32, with five changes in the group's composition. Four abandoned this category: 2 were reclassified to other managed arrangement (Argentina, Zimbabwe), 1 to crawl-like arrangement (Costa Rica), and 1 to free floating (Czech Republic[20]). One country was added (Chile, from free floating). One country was reclassified twice during this reporting period, reverting to a floating arrangement (Switzerland[21]).
- *Free floating*—The number of countries with free-floating arrangements remained at 31. There were two changes in this category: one left the group (Chile), and one country was added (Czech Republic[22]).
- *Hard pegs (no separate legal tender and currency boards)*—The number of countries in this category remained unchanged at 24. Changes in this category are rare, because countries with such arrangements tend to maintain their exchange rate policies unless their economies undergo large structural changes that result in an exit.

Figure 2. Exchange Rate Arrangements, 2010–20

(Number of countries as of April 30)



Source: AREAER database.

[19] Angola was reclassified twice—to "crawl-like" retroactively in December 2018 and back to "other managed" in October 2019. Retroactive changes are reflected as of January 1, 2019, corresponding to the first day of the period covered in this year's AREAER.

[20] The Czech Republic was reclassified retroactively to "free floating" from "floating" in April 2017. Retroactive changes are reflected as of January 1, 2019, corresponding to the first day of the period covered in this year's AREAER.

[21] Switzerland was reclassified twice—to "crawl-like" retroactively in October 2018 and back to "floating" in September 2019. Retroactive changes are reflected as of January 1, 2019, corresponding to the first day of the period covered in this year's AREAER.

[22] The Czech Republic was reclassified to free floating from floating retroactively as of April 2017. Retroactive changes are reflected as of January 1, 2019, corresponding to the first day of the period covered in this year's AREAER.

Table 3. Exchange Rate Arrangements, 2012–20

(Percent of IMF members as of April 30)[1]

Exchange Rate Arrangement	2012[2]	2013	2014	2015	2016[3]	2017	2018	2019	2020[4]
Hard peg	13.2	13.1	13.1	12.6	13.0	12.5	12.5	12.5	12.5
No separate legal tender	6.8	6.8	6.8	6.8	7.3	6.8	6.8	6.8	6.8
Currency board	6.3	6.3	6.3	5.8	5.7	5.7	5.7	5.7	5.7
Soft peg	39.5	42.9	43.5	47.1	39.6	42.2	46.4	46.4	46.9
Conventional peg	22.6	23.6	23.0	23.0	22.9	22.4	22.4	21.9	21.4
Stabilized arrangement	8.4	9.9	11.0	11.5	9.4	12.5	14.1	13.0	12.0
Crawling peg	1.6	1.0	1.0	1.6	1.6	1.6	1.6	1.6	1.6
Crawl-like arrangement	6.3	7.9	7.9	10.5	5.2	5.2	7.8	9.4	12.0
Pegged exchange rate within horizontal bands	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0
Floating	34.7	34.0	34.0	35.1	37.0	35.9	34.4	34.4	32.8
Floating	18.4	18.3	18.8	19.4	20.8	19.8	18.2	18.2	16.7
Free floating	16.3	15.7	15.2	15.7	16.1	16.1	16.1	16.1	16.1
Residual									
Other managed arrangements	12.6	9.9	9.4	5.2	10.4	9.4	6.8	6.8	7.8

Source: AREAER database.

[1] Includes 189 member countries and the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China).

[2] Does not include South Sudan, which became an IMF member on April 18, 2012.

[3] Includes Nauru, which became an IMF member on April 12, 2016.

[4] Andorra, which became an IMF member on October 16, 2020, is not included.

Table 4. De Facto Classification of Exchange Rate Arrangements, as of April 30, 2020, and Monetary Policy Frameworks

The classification system is based on the members' actual, de facto arrangements as identified by the IMF staff, which may differ from their officially announced, de jure arrangements. The system classifies exchange rate arrangements primarily on the basis of the degree to which the exchange rate is determined by the market rather than by official action, with market-determined rates being on the whole more flexible. The system distinguishes among four major categories: hard pegs (such as exchange arrangements with no separate legal tender and currency board arrangements); soft pegs (including conventional pegged arrangements, pegged exchange rates within horizontal bands, crawling pegs, stabilized arrangements, and crawl-like arrangements); floating regimes (such as floating and free floating); and a residual category, other managed. This table presents members' exchange rate arrangements against alternative monetary policy frameworks to highlight the role of the exchange rate in broad economic policy and illustrate that different exchange rate regimes can be consistent with similar monetary frameworks. The monetary policy frameworks are as follows:

Exchange rate anchor

The monetary authority buys or sells foreign exchange to maintain the exchange rate at its predetermined level or within a range. The exchange rate thus serves as the nominal anchor or intermediate target of monetary policy. These frameworks are associated with exchange rate arrangements with no separate legal tender, currency board arrangements, pegs (or stabilized arrangements) with or without bands, crawling pegs (or crawl-like arrangements), and other managed arrangements.

Monetary aggregate target

The monetary authority uses its instruments to achieve a target growth rate for a monetary aggregate, such as reserve money, M1, or M2, and the targeted aggregate becomes the nominal anchor or intermediate target of monetary policy.

Inflation-targeting framework

This involves the public announcement of numerical targets for inflation, with an institutional commitment by the monetary authority to achieve these targets, typically over a medium-term horizon. Additional key features normally include increased communication with the public and the markets about the plans and objectives of monetary policymakers and increased accountability of the central bank for achieving its inflation objectives. Monetary policy decisions are often guided by the deviation of forecasts of future inflation from the announced inflation target, with the inflation forecast acting (implicitly or explicitly) as the intermediate target of monetary policy.

Other

The country has no explicitly stated nominal anchor; rather, it monitors various indicators in conducting monetary policy. This category is also used when no relevant information on the country is available.

Table 4 (continued)

Exchange rate arrangement (number of countries)	Monetary policy framework						
	Exchange rate anchor				Monetary aggregate target (22)	Inflation-targeting framework (43)	Other[1] (47)
	US dollar (38)	Euro (25)	Composite (8)	Other (9)			
No separate legal tender (13)	Ecuador El Salvador Marshall Islands Micronesia Palau Panama Timor-Leste	Kosovo Montenegro San Marino		Kiribati Nauru Tuvalu			
Currency board (11)	Djibouti Hong Kong SAR ECCU Antigua and Barbuda Dominica Grenada St. Kitts and Nevis St. Lucia St. Vincent and the Grenadines	Bosnia and Herzegovina Bulgaria		Brunei Darussalam			
Conventional peg (41)	Aruba The Bahamas Bahrain Barbados Belize Curaçao and Sint Maarten Eritea Iraq Jordan Oman Qatar Saudi Arabia Turkmenistan United Arab Emirates	Cabo Verde Comoros Denmark[2] São Tomé and Príncipe WAEMU Benin Burkina Faso Côte d'Ivoire Guinea-Bissau Mali Niger Senegal Togo CEMAC Cameroon Central African Rep. Chad Rep. of Congo Equatorial Guinea Gabon	Fiji Libya	Bhutan Eswatini Lesotho Namibia Nepal	Samoa[4]		Solomon Islands[4]
Stabilized arrangement (23)	Guyana Iran[5] Lebanon Maldives Trinidad and Tobago	Croatia North Macedonia	Morocco[3] Vietnam[5]		Bolivia[5] Nigeria[5] Suriname[5] Tanzania[5] (2/19) Yemen[5]	Armenia[5,10] (8/19) Guatemala[5] Serbia Sri Lanka[5,10] (4/19)	Azerbaijan[5] Kyrgyz Rep[5] Malawi[5,10] (8/19) Sudan[5] Tajikistan[5,7]
Crawling peg (3)	Honduras Nicaragua		Botswana				
Crawl-like arrangement (23)	Cambodia (3/19) Liberia		Singapore		Algeria[5] Bangladesh[5] Burundi5 Democratic Rep. of the Congo[5] (6/19) Ethiopia[5] Guinea[5,9] (6/18) Papua New Guinea[5]	Costa Rica (2/19) Dominican Republic[5] Paraguay[5,10] (7/19) Romania[6] (8/19)	Egypt[5,7] (1/19) Haiti[5] Lao P.D.R.[5] Mauritania[5] Mongolia[7] (1/19) Rwanda[5] South Sudan[5] Tunisia[6,7] Uzbekistan[5,7]
Pegged exchange rate within horizontal bands (0)							
Other managed arrangement (15)			Kuwait (1/19) Syria		Afghanistan Angola[9,10] (10/19) China Myanmar Sierra Leone The Gambia Zimbabwe (2/19)		Argentina (9/19) Kenya[7] (10/18) Pakistan[7,9] Tonga (1/19) Vanuatu Venezuela

Table 4 (concluded)

Exchange rate arrangement (number of countries)	Monetary policy framework						
	Exchange rate anchor				Monetary aggregate target (22)	Inflation-targeting framework (43)	Other[1] (47)
	US dollar (38)	Euro (25)	Composite (8)	Other (9)			
Floating (32)					Belarus Madagascar	Albania Brazil Chile (12/19) Colombia Georgia Ghana Hungary Iceland India Indonesia Israel Jamaica[8] Kazakhstan Korea Moldova New Zealand Peru Philippines Seychelles South Africa Thailand Turkey Uganda Ukraine Uruguay	Malaysia Mauritius Mozambique[7] Switzerland[9,10] (9/19) Zambia
Free floating (31)						Australia Canada Czech Republic (4/17)[9] Japan Mexico Norway Poland Russia Sweden United Kingdom	Somalia[11] United States EMU Austria Belgium Cyprus Estonia Finland France Germany Greece Ireland Italy Latvia Lithuania Luxembourg Malta The Netherlands Portugal Slovak Rep. Slovenia Spain

Source: AREAER database.

Note: If the member country's de facto exchange rate arrangement has been reclassified during the reporting period, the date of change is indicated in parentheses (month, year).

CEMAC = Central African Economic and Monetary Community; ECCU = Eastern Caribbean Currency Union; EMU = European Economic and Monetary Union; WAEMU = West African Economic and Monetary Union.

[1] Includes countries that have no explicitly stated nominal anchor, but rather monitor various indicators in conducting monetary policy.
[2] The member participates in the European Exchange Rate Mechanism (ERM II).
[3] Within the framework of an exchange rate fixed to a currency composite, the Bank Al-Maghrib adopted a monetary policy framework in 2006 based on various inflation indicators, with the overnight interest rate as its operational target to pursue its main objective of price stability.
[4] The country maintains a de facto exchange rate anchor to a composite.
[5] The country maintains a de facto exchange rate anchor to the US dollar.
[6] The country maintains a de facto exchange rate anchor to the euro.
[7] The central bank is in transition toward inflation targeting.
[8] The authorities reported that their monetary policy framework is referred to as inflation targeting "lite."
[9] The exchange rate arrangement or monetary policy framework was reclassified retroactively, overriding a previously published classification.
[10] The exchange rate arrangement was reclassified twice during this reporting period.
[11] Currently the Central Bank of Somalia does not have a monetary policy framework.

Monetary Anchors[23]

The exchange rate remained the anchor for monetary policy for fewer than half of member countries—41.7 percent (Table 5). There were five changes in official monetary anchors, compared with two in the previous reporting period. Four countries moved from the group of countries with a monetary aggregate target (22): three to "other monetary framework" (47) and one to inflation-targeting framework (43). One country reported targeting inflation during 2019, switching from the "other monetary framework" classification (see Table 4).

Table 5. Monetary Policy Frameworks and Exchange Rate Anchors, 2012–20

(Percent of IMF members as of April 30)[1]

Year	US dollar	Euro	Composite	Other currency	Monetary aggregate	Inflation targeting	Other[2]
2012[3]	22.6	14.2	6.8	4.2	15.3	16.8	20.0
2013	23.0	14.1	6.8	4.2	13.6	17.8	20.4
2014	22.5	13.6	6.3	4.2	13.1	17.8	22.5
2015	22.0	13.1	6.3	4.2	13.1	18.8	22.5
2016[4]	20.3	13.0	4.7	4.7	12.5	19.8	25.0
2017	20.3	13.0	4.7	4.7	12.5	20.8	24.0
2018	19.8	13.0	4.7	4.7	12.5	21.4	24.0
2019	19.8	13.0	4.2	4.7	13.5	21.4	23.4
2020[5]	19.8	13.0	4.2	4.7	11.5	22.4	24.5

Source: AREAER database.

[1] Includes 189 member countries and the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China).

[2] Includes countries that have no explicitly stated nominal anchor but instead monitor various indicators in conducting monetary policy.

[3] Does not include South Sudan, which became an IMF member on April 18, 2012.

[4] Includes Nauru, which became an IMF member on April 12, 2016.

[5] Does not include Andorra, which became an IMF member on October 16, 2020.

Fifty-two member countries report an officially announced fixed exchange rate policy—either a currency board or a conventional peg—which implies the use of the exchange rate as the unique monetary anchor, with two exceptions. Although the official (de jure) exchange rate regime of both Samoa and the Solomon Islands is a peg against a basket of currencies, the monetary policy framework was reported to comprise a mix of anchors, including the exchange rate. Among the 63 countries with de facto floating exchange rate arrangements—floating or free floating—the monetary anchor varies among monetary aggregates (2), inflation targeting (35), and other (26, including the 19 European Economic and Monetary Union [EMU] countries). Thirteen countries implementing soft pegs, seven countries in other managed arrangements, and two countries in a floating arrangement target monetary aggregates. Countries with either stabilized or crawl-like arrangements (46) report reliance on a variety of monetary frameworks, including monetary aggregates and inflation-targeting frameworks. Other managed arrangements are split among exchange rate anchors (2), monetary aggregate targets (7), and other monetary policy frameworks (6).

- The share of IMF members with the exchange rate as the main policy target remained unchanged at 41.7 percent. Countries with hard pegs and soft pegs make up 97.5 percent of this group. Three currency unions—the Central African Economic and Monetary Community, Eastern Caribbean Currency Union, and West African Economic and Monetary Union—have exchange rate anchors for their respective common currency.

[23] Monetary anchors are defined as the main intermediate target the authorities pursue to achieve their policy goals (which, overwhelmingly, is price stability). The inventory of monetary anchors is based mainly on members' declarations in the context of the yearly AREAER update or Article IV consultations and is not necessarily consistent with the de facto exchange rate arrangement.

- The US dollar maintained its position as the dominant exchange rate anchor at 19.8 percent. Following a steady decrease from 26.5 percent in 2010 to 19.8 percent in 2018, the number of countries using this anchor has stabilized, with no changes in this group from April 2018 to April 2020.
- The share or composition of countries using an exchange rate anchored to the euro remained unchanged at 13.0 percent. Countries whose currencies are anchored to the euro generally have historical ties with European countries—for example, the Communauté Financière d'Afrique (CFA) franc area countries—are part of the European Union, or have strong trade relations with western Europe, including central and eastern European countries—for example, Bulgaria, Montenegro, and North Macedonia.
- Nine countries maintain an exchange rate anchored to another single currency. Three of these countries (Kiribati, Nauru, Tuvalu) use the Australian dollar as their legal tender, and one (Brunei Darussalam) has a currency board arrangement with the Singapore dollar. The remaining five have conventional pegged arrangements: three (Eswatini, Lesotho, Namibia) with the South African rand and two (Bhutan, Nepal) with the Indian rupee. Half the countries in this group are landlocked, bordering either partially or exclusively the country whose currency they use as their exchange rate anchor. The anchor currency is typically freely usable in the country and is often legal tender.
- Eight countries reported having a monetary policy framework with the exchange rate anchored to a currency composite. Two track special drawing rights (SDRs) as the sole currency basket (Libya, Syria) and one the SDR and the rand (Botswana). Vietnam anchors to a broader reference basket and additionally specified that the dong may fluctuate within a daily transaction band of ±3 percent against the US dollar. Singapore is anchored to its nominal effective exchange rate. Morocco tracks a euro and US dollar basket. The Fiji dollar is anchored to a basket of four currencies (US dollar, Australian dollar, New Zealand dollar, Japanese yen). Kuwait does not disclose the composition of its reference currency basket.

Most IMF member countries, representing the overwhelming share of global output, are split among monetary aggregate targeting, inflation targeting, and "other" (which includes monetary policy not committed to a specific target).

- The number of countries targeting a monetary aggregate fell by 4, to 22, compared with the previous reporting period. Three countries switched from monetary aggregate targeting to "other monetary framework" (Argentina, Malawi, Rwanda), and one country moved to "inflation-targeting framework" (Seychelles). This category does not include any country with a free-floating exchange rate arrangement. In fact, monetary aggregates are often the choice of economies with less-developed financial markets and managed exchange rates. The objective of the arrangement is to influence consumer prices and, eventually, asset prices through the control of monetary aggregates. Reserve money is often used as the operational target to control credit growth through the credit multiplier.
- The number of countries that reported targeting inflation increased by 2, to 43. One country moved from targeting monetary aggregates (Seychelles) and one country from "other monetary framework" (Sri Lanka). As in the previous AREAER, Jamaica described its monetary policy framework as inflation targeting "lite"[24] during this reporting period. Similarly, Sri Lanka reported having a "flexible inflation-targeting framework." The countries in this group are mostly middle income but include some advanced economies as well. Of these, 35 have either a de facto floating or free-floating exchange rate arrangement.[25] The central bank is responsible for setting the inflation target for 21 of the 43 countries in this category, and in 17 countries the central bank and the government jointly set the targets. More than half of the countries (25) have a target with a tolerance band, with only 4 countries targeting core inflation. Most of the countries report having inflation-targeting regime commitments to transparency and accountability, 43 and 38 countries, respectively.

[24] Inflation targeting "lite" is viewed as a transitional regime that countries use before obtaining a legal mandate to operate a full-fledged inflation-targeting regime.

[25] Inflation targeting aims to address the problem of monetary aggregates that do not have a stable relationship with prices, making intermediate monetary targets less suitable for inflation control.

- The "other monetary policy framework" category total grew by 2 to 47. The number of countries that are not committed to a specific target (the "other" column in Table 4) was affected by four changes during the reporting period: three countries (Argentina, Malawi, Rwanda) moved here from the monetary aggregate targeting group, and one country (Sri Lanka) moved from "other monetary policy framework" to an inflation-targeting framework.[26] A few countries in this category are in transition to an inflation-targeting framework (Egypt, Kenya, Mongolia, Mozambique, Pakistan, Tajikistan, Tunisia, Uzbekistan). This category includes many of the largest economies, such as the euro area and the United States. It is also used as a residual classification for countries for which no relevant information is available and for those with alternative monetary policy frameworks not categorized in this report.

Foreign Exchange Interventions

IMF staff regularly assess whether the frequency of foreign exchange intervention is consistent with the de facto free-floating arrangements or whether classification as a soft peg is appropriate (see the Compilation Guide). These assessments draw on information that is publicly available, information reported to the IMF by member countries, market reports, and other sources, including information obtained during official staff visits to member countries.

Intervention purpose

Market conditions were volatile during 2019 amid concerns about trade tensions and economic growth, and many emerging market economies managed these pressures by allowing the exchange rate to adjust or by leaning against the wind with interventions. During the first half of 2019, a few currencies depreciated rapidly (Haiti, Liberia, Pakistan, Venezuela). Of these, two (Haiti and Venezuela) continued to depreciate during the second half of 2019, albeit at a reduced pace in the case of Haiti, and two experienced a trend reversal and saw their currency appreciate (Liberia, Pakistan). Some countries' currency depreciated sharply during the second half of 2019 (Angola, Argentina). Costa Rica and Switzerland intervened in the foreign exchange market either to reduce appreciation pressure or increase foreign exchange reserves during the first three quarters of 2019.

In general, central banks intervene to build reserves or to dampen excessive market volatility, but they may also intervene in the foreign exchange market to fight depreciation pressure on the country's currency. During the first quarter of 2020, a number of central banks increased their participation in the foreign exchange market through interventions to reduce the pace of depreciation of their local currency in response to the high uncertainty associated with the global spread of COVID-19. This intervention contributed to reduced reserves in emerging market and developing economies during the first quarter of 2020. The COVID-19 pandemic affected global financial markets as uncertainty spiked in March and April 2020, when many members' currency depreciated rapidly—most notably, Angola, Armenia, Brazil, Colombia, Eswatini, Iceland, Lesotho, Mexico, Namibia, Norway, Russia, Seychelles, South Africa, Turkey, and Zambia.

Intervention techniques

IMF members typically conduct foreign exchange interventions in the spot foreign exchange market, either by directly contacting market participants (all or only a selection—for example, market makers) or through foreign exchange auctions (for more information on auctions, see the Foreign Exchange Markets section of this report). However, foreign exchange interventions occasionally also take place in the forward- or options markets or through verbal interventions. Some countries may also intervene in the foreign exchange market to maintain the exchange rate at a certain target level or range, or within a fluctuation band with respect to a central rate (Croatia, Guatemala).

[26] Sri Lanka refers to its monetary policy framework as a "flexible inflation-targeting framework."

Preannounced programs of future purchases and sales of foreign exchange typically are counted as one intervention in the foreign exchange market for the purpose of the de facto classification, with the assumption that the market prices the new information on the day the program is announced.[27] To avoid influencing market expectations about the exchange rate, the program of interventions should indicate in advance the nature, frequency, and size of the central bank's foreign exchange transactions. Among the mechanisms currently used in preannounced intervention programs, countries may accumulate reserves following a preannounced calendar of auctions (Albania) or conduct purchases and sales of foreign exchange for the government pension fund (Norway). Similarly, a preannounced program is used by Russia, which bases its volume of intervention on the difference in the projected and actual amount of oil and gas revenue in the federal budget. The projected revenue is calculated using separate benchmark prices for oil and gas, respectively. As long as the actual oil and gas revenue exceeds the amount projected, the Ministry of Finance purchases foreign exchange through the Central Bank of Russia equal to the amount of additional oil and gas revenue. If actual oil and gas revenue drops below the projected level, the Ministry of Finance sells foreign exchange equal to the amount of the resulting shortfall in oil and gas revenue. A benchmark Urals oil price of US$40 a barrel (in real 2017 terms, adjusted for US inflation) is used in this framework. In addition, in 2020 the central bank introduced a new mechanism for sales of foreign exchange, which it received from the National Wealth Fund (NWF) in connection with the NWF's purchase of Sberbank shares. Specifically, in response to the decline in proceeds from oil exports, oil products, and natural gas, it sells foreign exchange in the market if the Urals crude oil price falls below US$25 a barrel. The size of these operations is announced at the beginning of every month, and purchases are evenly distributed within the month.

Some countries use derivatives as an alternative instrument to intervene in the foreign exchange market. In January 2019, the National Bank of Georgia introduced foreign exchange put options to accumulate reserves, which are sold via auctions. In November 2019, the Central Bank of Chile implemented a program of interventions in the foreign exchange spot market and in exchange hedging instruments through nondeliverable forwards. The Central Bank of Mexico uses nondeliverable forwards with maturities of up to 12 months and settled in pesos. Similarly, the Central Bank of Colombia can intervene in the foreign exchange market through (1) direct uniform price auction sales of put or call options, (2) direct uniform price auctions (with three minutes of bids) or discriminatory price auction sales of foreign exchange (with three minutes of bids), (3) spot sales of foreign exchange by means of foreign exchange swap contracts at rates set by the central bank in auctions or over the counter, and (4) since March 2020, forward dollar sales through forward contracts. The Bank of Korea can also intervene in the market with its funds and funds from the Foreign Exchange Equalization Fund when it is deemed necessary for market stability. The Central Reserve Bank of Peru can intervene through dollar-indexed bonds, foreign exchange swaps, and repurchase agreements. The Central Bank of Brazil intervenes mainly in the derivatives market using foreign exchange swaps. Other countries, including Albania, Armenia, Denmark,[28] New Zealand, the Philippines, and Tunisia, have also reported foreign exchange swaps as an intervention method.

Official Exchange Rates

The vast majority (167) of IMF member countries report that they publish official exchange rates. This includes not only countries that have officially determined exchange rates; but by definition, also those countries that report a reference or indicative exchange rate that is computed and/or published by the central bank (see the Compilation Guide). The calculation of these exchange rates is often based on market exchange rates, such as those used in interbank market transactions or in a combination of interbank and bank-client transactions in a specified observation period. The published exchange rate is used as a guide for market participants in their foreign exchange transactions, for accounting and customs valuation purposes, in exchange transactions with the government, and sometimes mandatorily in specific exchange transactions.

During the 2019–20 reporting period, several countries adopted new methods for calculating their official exchange rates (Honduras, Myanmar, Paraguay, Tunisia, Ukraine, Venezuela). Countries from all income levels and various geographic regions are represented among the 25 members that report no official or reference

[27] Very small, retail-type transactions are disregarded.
[28] Denmark has a conventional peg arrangement to the euro.

exchange rates; about half (12) are countries with no separate legal tender, 3 are soft pegs, 7 are floating or free floating, and 3 have the residual other managed de facto exchange rate arrangement. Among the countries that do not compute an official exchange rate, some, including Japan, Peru, and Singapore, publish the market-determined rates on their monetary authority's website to promote information transparency.

Foreign Exchange Markets

The liberalization of foreign exchange markets continued during 2019 and through August 2020.[29] Changes in the structure and operation of members' foreign exchange markets are summarized in Table 6. Foreign exchange market practices remained largely similar overall to those during the previous reporting period.

Member countries reported 119 changes related to foreign exchange markets, slightly more than in the previous reporting period. Measures easing constraints on the operation of foreign exchange markets (47, or 39.5 percent) were almost double the number of tightening measures (24, or 20.2 percent); the remainder were neutral measures (48). In the previous reporting period, member countries reported 99 changes related to foreign exchange markets, of which 57.5 percent were easing measures and 15.2 percent were tightening measures. Although easing measures continued to exceed tightening measures among member countries, the pace of liberalization has slowed, along with an increase in restrictions in foreign exchange markets. Compared with the previous reporting period, member countries implemented greater liberalization in foreign exchange auctions, while more restrictions have been introduced in the interbank market. The liberalization of forward exchange market continued across countries.

Table 6. Foreign Exchange Market Structure, 2017–20[1,2]

Market type	2017	2018	2019	2020
Spot exchange market	189	190	190	190
Operated by the central bank	118	118	119	120
Foreign exchange standing facility	71	70	68	69
Allocation	27	27	19	20
Auction	38	40	41	41
Fixing	5	5	5	5
Interbank market	171	174	173	173
Over the counter	138	142	145	146
Brokerage	51	51	49	50
Market making	72	72	71	71
Forward exchange market	140	140	140	139

Source: AREAER database.

[1] Includes 189 member countries and the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China). Andorra, which became a member of the IMF on October 16, 2020, is not included in this report.

[2] The years in this table represent the publication year of the AREAER and cover developments during the previous year and through part of the publication year (for example, the 2020 report has full-year data for 2019 and partial data for 2020).

Of the tightening measures, slightly more than half are attributable to five countries: Serbia (3), Angola (2), Argentina (2), Iraq (2), and Zimbabwe (2). Of the easing measures, six countries account for nearly half of the changes: Malaysia (7), Morocco (4), Angola (3), India (3), Serbia (3), and Colombia (2). In Malaysia, which reported the largest number of changes, liberalization in the derivatives market and revamped hedging rules aimed at deepening the foreign exchange market. Serbia reported equal numbers of tightening and easing changes in this reporting period: in 2019, the exchange rate spreads and commissions were tightened for

[29] A few countries reported developments beyond August 2020.

the public postal operator, and since the onset of COVID-19, the central bank has applied favorable rates in its foreign exchange swap auctions to ease pressure in the foreign exchange market. Across countries, foreign exchange market easing measures helped facilitate trading in the foreign exchange market by loosening restrictions on setting prices, broadening market participation, and for hedging purposes.

Foreign exchange standing facility, allocations, auctions, and fixing

The number of countries that reported some type of official central bank facility increased by 1, to 120, compared with the previous reporting period. Central banks may provide foreign exchange access to market participants through a standing facility, allocation to certain market participants, or the purchase and sale of foreign exchange through auctions or fixing sessions.

- *Foreign exchange standing facilities*—Sixty-nine countries reported standing facilities in their jurisdictions. When a country has a foreign exchange standing facility it means that the central bank typically stands ready to buy or sell foreign exchange to banks, thus providing a maximum and minimum exchange rate for their currency for a given day. Such facilities are usually instrumental in maintaining a hard or soft peg arrangement. Compared with the previous issue of the AREAER, the number of countries reporting a standing facility increased by one as Trinidad and Tobago indicated that it operated a foreign exchange standing facility. A relatively stable pattern has been observed in recent years: the number of countries operating standing facilities has either declined by one or two or remained steady from year to year.

  The countries with foreign exchange standing facilities include all those with currency boards (11); all conventional pegs, except Iraq, and São Tomé and Príncipe (39); all crawling pegs, except Honduras (2); countries with crawl-like arrangements (4); countries classified as stabilized arrangements (8); and countries with other managed arrangements (3). The credibility of such arrangements depends largely on the availability of foreign exchange reserves backing the facility. Two countries with flexible exchange rates reported that they had foreign exchange standing facilities, similar to last year's report. These countries are Turkey (floating) and Russia (free floating).

- *Foreign exchange auctions*—The number of countries reporting official foreign exchange auctions remained unchanged at 41. The composition of countries that conducted auctions remains largely similar to the previous year except for four countries: Albania indicated that foreign exchange auctions were used by the central bank for intervention purposes; Zimbabwe introduced a foreign exchange trading system in which the central bank regularly sells a given amount of foreign exchange through a bidding process and buys foreign exchange in the intervening periods at the previous auction-determined rate; Liberia, on the other hand, discontinued foreign exchange auctions in the context of the newly introduced interest-rate-targeting monetary policy framework; and Trinidad and Tobago reported that it is not conducting official foreign exchange auctions. In a significant majority (34 of 41) of countries foreign exchange auctions are the only mechanism operated by the central bank. More than a third (14) have de facto exchange rate regimes that are floating, including 2 that are free floating. Foreign exchange auctions can be used to intervene in the foreign exchange market and influence the exchange rate, support price discovery, and manage foreign exchange reserves.

  Among various changes reported, Angola eliminated a 2 percent band around the average exchange rate of winning bids of the previous auction for auction bids, effectively eliminating the previously allowed maximum depreciation of the exchange rate of 2 percent per auction. It lowered the threshold for the size of bids for foreign exchange auctions but tightened requirements on the size of bids relative to an individual bank's capital. Chile introduced a foreign currency sales program in December 2019 to smooth foreign exchange volatility but suspended it in January 2020 as conditions stabilized. Colombia broadened participation in auctions to include stock brokerages whose capital meets the minimum required for the establishment of a financial corporation and introduced various instruments, such as US dollar swaps and nondeliverable forwards, in auctions to strengthen foreign exchange liquidity and smooth exchange rate volatility. Georgia introduced foreign exchange options as a new instrument sold via auctions. Honduras tightened the band around which bids for foreign exchange purchases can be submitted. The COVID-19 crisis prompted central bank actions with respect to foreign exchange auctions: Mexico conducted auctions under the US dollar liquidity swap line to support foreign exchange

liquidity and smooth volatility. It added to its toolkit the possibility of selling nondeliverable forwards settled by differences in US dollars and traded when Mexican markets are closed, to provide orderly operating conditions in the Mexican peso–US dollar exchange market, particularly during trading hours in Asia and Europe. Serbia applied favorable rates in both its fixed-method swap auctions and for purchases and sales of foreign exchange and foreign cash with residents who have foreign exchange accounts with the National Bank of Serbia. This was done to support the domestic financial system in response to COVID-19.

- *Foreign exchange allocation systems*—Twenty countries reported having a foreign exchange allocation system. This was an increase of one compared with the previous period as Papua New Guinea reported that it operated an allocation system. More than half of the countries (11) with allocation systems also rely on other mechanisms, mainly standing facilities or auctions. Virtually all of them have a de facto soft peg arrangement. Foreign exchange allocation is often used to provide foreign exchange for strategic imports, such as oil or food, when foreign exchange reserves are scarce. For instance, this facility is used to bolster exports (Bangladesh) and finance priority sector projects (Ethiopia) and strategic imports (Sudan and Suriname).
- *Fixing sessions*—This arrangement is characteristic of the early stage of foreign exchange market development, when price discovery may be difficult. Fixing sessions allow the central bank to organize sessions in which market participants can submit buying and selling bids. The central bank uses these bids to find the market clearing exchange rate. The number of countries that reported operating fixing sessions remained at five: the Islamic Republic of Iran, Mauritania, Mozambique, Syria, and Uzbekistan. Except for Iran, all rely solely on fixing sessions to intervene in the foreign exchange market. For example, Mauritania and Uzbekistan used this mechanism to determine the exchange rate based on the supply of and demand for foreign currency.

Interbank and retail foreign exchange markets

The number of countries that reported having a foreign exchange interbank market stood at 173. The 19 jurisdictions that do not have an interbank market are typically countries where either security concerns made the operation of a foreign exchange market difficult in recent years, such as Somalia, South Sudan, Venezuela, and Yemen; countries where the central bank maintains a conventional peg or currency board; or jurisdictions where there is no separate legal tender. The latter two groups of countries consist of Aruba, Belize, Bhutan, Dominica, Eritrea, Kiribati, Lesotho, Libya, the Marshall Islands, Micronesia, Montenegro, Nauru, Palau, Timor-Leste, and Tuvalu. In most cases, these countries are small, and the size of the territory naturally limits the number of potential participants in the foreign exchange market.

For countries that have an interbank market, the main types were over-the-counter markets, brokerage arrangements, and market-making arrangements. Thirty-two members allow all three types of systems.

- *Over-the-counter operations*—These account for most of the world's interbank markets. The number of countries in this group has grown nearly every year since 2013, when it comprised 127 countries, and now stands at 146. There was a net gain of one compared with the previous reporting period due to revised reporting by Iraq; despite no formal interbank foreign exchange market in St. Kitts and Nevis and St. Vincent and the Grenadines, banks in these countries can trade freely with one another. Although this type of foreign exchange market appears to be gaining popularity among IMF members, 27 countries with interbank markets still report that they do not engage in over-the-counter operations. These countries do not share any particular characteristic in terms of size, income level, or financial market sophistication.
- *Brokerage arrangements*—50 countries reported having a brokerage system. Compared with the previous reporting period, Spain revised its reporting and indicated that there is a brokerage system in place.
- *Market-making agreements*—71 countries reported having market-making agreements, similar to the previous reporting period. In general, this group has been fairly stable in recent years.

Most member countries report a framework for the operation of foreign exchange bureaus; the majority impose some type of licensing requirement. Since the previous AREAER, Uzbekistan eased restrictions on exchange bureaus and allowed them to sell foreign exchange in cash to resident individuals. Previously, sales

of foreign exchange to resident individuals was cashless and took place through credit to their international bank cards. On the other hand, several countries tightened restrictions on the operation of exchange bureaus. Following the elimination of limits on the margin between exchange bureaus' buying and selling rates of US dollar and euro banknotes in January 2019, Kazakhstan reintroduced the limits in March 2020 in the context of the COVID-19 crisis. In Morocco, the emigration allowance provided through foreign exchange bureaus was discontinued. Argentina, as part of its introduction of tighter controls on foreign exchange transactions in response to a balance of payments crisis, tightened the scope of activities that can be carried out by exchange bureaus. Previously, exchange bureaus could participate in public offerings of securities subject to relevant legal provisions; now they may only carry out foreign exchange transactions related to tourism and sales of travel tickets.

Most members refrain from restricting exchange rate spreads and commissions in the interbank market. Among countries that maintain such restrictions, Morocco increased the flexibility of the dirham exchange rate further, by relaxing the limits for the exchange rate fluctuation bands around the central rate to ±5 percent from ±2.5 percent and the limit for the exchange of foreign banknotes against the dirham to ±7.5 percent from ±5 percent around the central rate. In contrast, Malawi tightened the maximum spreads between buying and selling exchange rates to 2 percent for telegraphic transfer (TT) and 3 percent for cash, effective September 2019 (previously the maximum spreads were 3 percent for TT and 6 percent for cash). Serbia limited the allowable spread set by the postal operator and authorized dealers: the buying (selling) rate per euro cannot be more than 1.25 percent lower (higher) than the official midrate of the dinar against the euro. In addition, the commission for purchases of foreign cash may not exceed 1 percent (previously 3 percent) of the value of the banknotes involved.

Other Measures

Most of the changes in other measures during the reporting period refer to forward operations, exchange rate structure, other legal tender, and taxes on foreign exchange transactions.

- *Forwards*—12 easing measures and no tightening measures were reported on forward transactions across countries in this year's AREAER. During the reporting period, Colombia allowed entities supervised by the Superintendencia Financiera (SF) to enter into credit default swaps issued by authorized foreign agents without the prior approval of the SF. Ukraine allowed banks to perform forward transactions with residents for the purpose of hedging debt operations in addition to export and import payments allowed previously. Malaysia took steps to further deepen its foreign exchange market by liberalizing derivatives transactions for hedging purposes: in August 2019, residents and nonresidents were allowed to hedge against their foreign currency current account obligations, and entities were allowed to hedge on behalf of their clients for any permissible underlying transactions. In April 2020, residents and nonresidents were allowed to cancel or unwind their forward positions except for hedges on portfolio investments; previously, such transactions required the prior approval from Bank Negara Malaysia. Other countries implemented measures that allowed market participants to manage their foreign exchange exposure more flexibly during the COVID-19 crisis. India allowed residents and nonresidents to enter into derivatives contracts to hedge anticipated or contracted exposure; users can now freely cancel and rebook derivatives contracts. Korea raised the limits on foreign exchange derivatives contracts as a share of banks' capital in response to possible volatility in the foreign exchange swap market due to the COVID-19 crisis.
- *Exchange rate structure*—There were several changes in the number of countries maintaining a dual or multiple exchange rate structure. Currently, 23 countries are classified as having more than one exchange rate, of which 12 are dual and 11 are multiple. This is mainly a result of specific exchange rates applied to certain transactions or because of actual or potential deviations of more than 2 percent between official and other exchange rates and hence resulting in multiple currency practices under Article VIII (see next section). During this reporting period, the exchange rate structure of Tajikistan was reclassified from unitary to multiple because of the potential deviation of more than 2 percent between the prevailing market exchange rate and the official exchange rate, which is used for certain transactions and the somoni-Russian ruble exchange rate used for mandatory surrender of rubles. Although Sudan continued to have a multiple

exchange rate structure, the Central Bank of Sudan ceased intervening to determine the gold exchange rate; previously, the multiple exchange rate regime included a gold exchange rate used by the central bank for gold transactions. Similarly, The Bahamas continued to have a dual structure but allowed residents to negotiate the exchange rate of investment currency through authorized dealers instead of the central bank, as the Central Bank of The Bahamas stopped buying from or selling investment currency to the general public. Venezuela continued to have a multiple exchange rate structure, but individuals and private companies can buy and sell foreign currency through local commercial banks and exchange houses with no constraints on prices or amounts.

- *Other legal tender*—16 countries officially allow the use of another legal tender in their territory. Compared with the previous reporting period, Zimbabwe allowed any person to pay for goods and services chargeable in Zimbabwe dollars in foreign currency, using "free funds" (funds lawfully held or earned in foreign currency by any person) at the prevailing rate on the date of payment, beginning in March 2020, despite the declaration in June 2019 that the Zimbabwe dollar is the sole legal tender. The Democratic Republic of the Congo revised its reporting and indicated that the Congo franc is the only official legal tender. However, the central bank publishes exchange rates daily for certain listed and admitted currencies.
- *Taxes and subsidies on foreign exchange transactions*—Overall, 34 countries report taxing or subsidizing foreign exchange transactions during the reporting period, which is similar to the previous reporting period. The composition of the countries that report having an exchange tax or subsidy remains the same as in the previous reporting period. CEMAC countries eased the limit on transfer fees that may be charged on transfers of funds with the rest of the world. Libya reduced the surtax on sales of foreign currency for commercial or personal purposes beginning in August 2019.

Member Countries' Obligations and Status under Articles VIII and XIV

This section provides an overview of the status of IMF members' acceptance of the obligations of Article VIII, Sections 2(a), 3, and 4, of the IMF's Articles of Agreement and of the use of the transitional arrangements of Article XIV. It also describes recent developments in restrictive exchange measures—namely, exchange restrictions and MCPs subject to IMF jurisdiction under Articles VIII and XIV and measures imposed by members solely for national and/or international security reasons.

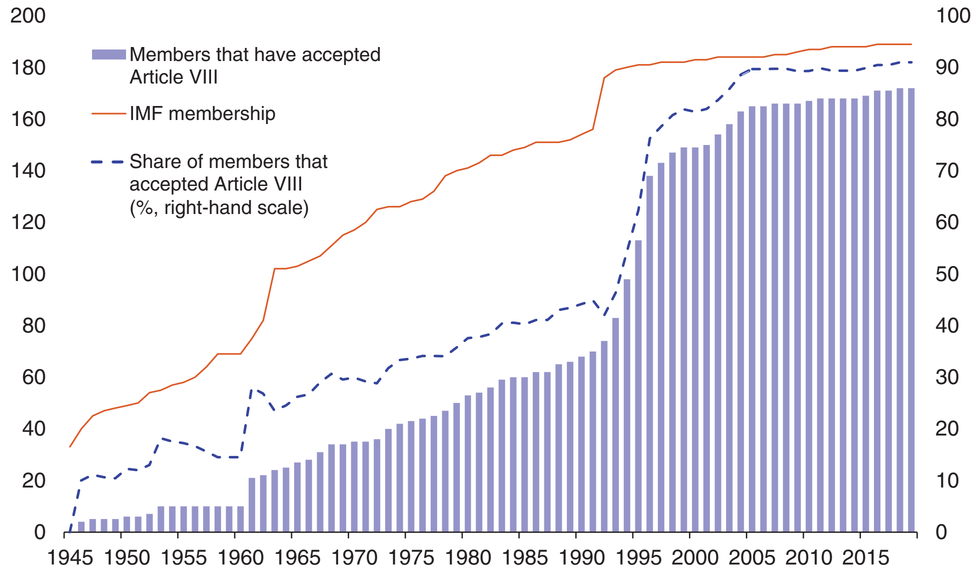
In accepting the obligations of Article VIII, Sections 2(a), 3, and 4, members agree not to impose restrictions on payments and transfers for current international transactions or engage in discriminatory currency arrangements or MCPs, except with IMF approval.[30] If Article XIV members introduce exchange restrictions or MCPs after joining the IMF, these restrictive measures are considered to have been imposed under Article VIII.

Status under Articles VIII and XIV

The number of countries that had accepted Article VIII status remained unchanged (Figure 3) at 172 in 2019. The share of Article VIII members increased in the first half of the decade 2000–10 and has remained flat at about 90 percent of total members in recent years. Since 2000, there has been some progress in Article VIII acceptance among countries that have availed themselves of the transitional provisions of Article XIV. Their number had dropped from 34 in 2000 to 17 by the end of 2018 and remained unchanged in 2019. Progress was most notable during 2000–05, when 15 Article XIV countries accepted Article VIII obligations. Since 2000, three countries have joined the IMF, simultaneously accepting Article VIII obligations (Montenegro,

[30] Countries that have accepted the obligations under Article VIII are referred to as "Article VIII members" or "Article VIII countries"; in contrast, those that continue to avail themselves of the transitional provisions of Article XIV are referred to as "Article XIV members" or "Article XIV countries" in this report.

Figure 3. IMF Members That Have Accepted the Obligations of Article VIII, Sections 2(a), 3, and 4, 1945–2019[1]



Source: AREAER database.
[1] As of December 31, 2019.

Nauru, Timor-Leste), while four other countries (Kosovo, Serbia, South Sudan, Tuvalu) joined the IMF availing themselves of the temporary provisions of Article XIV. Three of the four countries (Kosovo, Serbia, Tuvalu) meanwhile accepted Article VIII obligations.

As of December 31, 2019, many members in Article XIV status continue to maintain restrictions subject to IMF jurisdiction under Article VIII. Among the 17 members[31] in Article XIV status, 3 do not maintain restrictions but have not yet decided to accept the obligations under Article VIII. Four countries maintain both original or adapted Article XIV exchange measures and Article VIII restrictions. The remaining 10 Article XIV countries maintain exchange measures under Article VIII only.

Restrictive Exchange Measures

The first section below describes recent developments in exchange restrictions—measures that limit the availability and use of foreign currency for payments and transfers for current international transactions—and MCPs subject to IMF jurisdiction under Articles VIII and XIV. In particular, changes in 2019 to exchange restrictions and MCPs are indicated as reported in the latest IMF staff reports as of December 31, 2019. The subsequent section describes developments in measures imposed by members solely for national or international security reasons during 2019.

[31] As of December 31, 2019, the member countries that make use of the transitional arrangements under Article XIV are Afghanistan, Angola, Bhutan, Bosnia and Herzegovina, Burundi, Eritrea, Ethiopia, Iraq, Liberia, Maldives, Myanmar, Nigeria, São Tomé and Príncipe, Somalia, South Sudan, Syria, and Turkmenistan.

Exchange restrictions and multiple currency practices[32]

The number of countries maintaining restrictive exchange measures decreased by 2 in 2019, and their composition has also changed (Table 7).[33] Article VIII members maintained a few more restrictive exchange measures in 2019 (67 measures) than Article XIV members (63 measures).

In 2019, four Article VIII members removed all previously identified restrictive measures and now maintain an exchange system free of exchange restrictions and MCPs: Greece (three exchange restrictions), Mauritius (one MCP), Montenegro (one exchange restriction), Sri Lanka (three exchange restrictions).[34] On the other hand, four exchange restrictions and two MCPs were identified in two other Article VIII members that previously maintained an exchange system free of restrictions. As a result, the overall number of Article VIII countries and Article XIV members that maintain restrictive exchange measures decreased by 2, to 48 members in 2019.

The overall number of restrictive exchange measures decreased by 1 in 2019, including 2 measures by Article VIII members, while the number of such measures by Article XIV countries increased by 1. In 2019, 14 restrictive measures (11 exchange restrictions and 3 MCPs) were reported to have been eliminated,[35] while 13 measures (8 exchange restrictions and 5 MCPs) were newly identified. Article VIII members account for 9 of the 13 new measures (6 exchange restrictions and 3 MCPs) and 11 of the 14 removals (8 exchange restrictions and 3 MCPs).

New restrictive measures were identified in 6 countries in 2019; for example, in Ecuador (one exchange restriction), Honduras (one MCP), Pakistan (one exchange restriction), South Sudan (one exchange restriction and two MCPs). In contrast, 6 countries eliminated some restrictive measures, but not all—Angola (one exchange restriction), the Democratic Republic of the Congo (one MCP), Honduras (one MCP), Iraq (one exchange restriction), Myanmar (one exchange restriction), and Tunisia (one exchange restriction)—while 4 other countries removed all their restrictive measures (see above).

Although the overall number of restrictive measures maintained by Article XIV countries was lower than in Article VIII members in 2019, given the relatively small number of Article XIV members, they continued to maintain significantly more restrictions and MCPs per country than Article VIII countries. The average number of measures per country increased to 4.50 from 4.43 for Article XIV countries and to 1.97 from 1.92 for Article VIII countries. The overall average number of such measures grew to 2.71 from 2.62 per country in 2019.

The types of newly identified exchange restrictions vary in nature. For example, in Ecuador, one new exchange restriction was identified arising from the SUCRE (Sistema Unitario de Compensación Regional de Pagos[36]) regional payment arrangement, under which the period for settlement for current payments exceeds three months. Pakistan introduced an exchange restriction on advance payment for imports against letters of credit[37] to support the balance of payments at a time of heightened volatility. Amid foreign exchange market imbalances in South Sudan, the central bank prioritizes foreign exchange allocation for external government payments and for certain essential commodities.

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[32] Countries maintaining exchange restrictions or multiple currency practices whose IMF staff reports are unpublished are not mentioned in this section unless the authorities have consented to publication. However, their restrictive measures are included in the numbers.

[33] The AREAER does not indicate whether the Executive Board of the IMF has approved such measures.

[34] Both the introduction and removal of these measures in Sri Lanka were reflected in IMF staff reports as of December 31, 2019.

[35] This section does not reflect changes in members' restrictive measures eliminated in 2019 but whose removal is reflected in the IMF staff reports issued after December 31, 2019.

[36] Unitary System of Regional Compensation of Payments.

[37] This exchange restriction was imposed in 2018; its introduction was reflected in the IMF staff report as of December 31, 2019.

The elimination of exchange restrictions also affected different types of transactions. Angola eliminated restrictions arising from the operation of a priority list. Greece removed three exchange restrictions arising from (1) limits and discretionary approval of foreign exchange purchases for some current international transactions; (2) discretionary approval of transfers for the repayment of external loans and of income from investments; and (3) limits on withdrawal of cash from bank accounts in Greece. In Iraq, an exchange restriction arising from an Iraqi balance owed to Jordan under an inoperative bilateral payment agreement has been eliminated. In Montenegro, with the redemption of government bonds in compensation for pre-1992 blocked foreign currency savings accounts, an exchange restriction with respect to these accounts ceased to exist. Myanmar removed the tax certification requirement for transfers of net investment income abroad. Sri Lanka eliminated three exchange restrictions introduced in 2018[38] arising from measures aimed at restricting payments for certain imports by imposing cash margins on letters of credit and imports under documents-against-acceptance terms, and by restricting foreign exchange conversion for advance payments. Tunisia stopped banning trade credits for imports that were deemed nonessential.

Most newly identified MCPs in 2019 were the result of application of different exchange rates for certain transactions. For example, in Honduras, an MCP was identified because in some exchange transactions, the previous days' official exchange rates (TCR) can be used, which could potentially deviate by more than 2 percent from the TCR and the interbank market rate of the current day. Two MCPs were identified in South Sudan arising from a spread exceeding 2 percent between the official (indicative) rate and commercial banks' (market) rate and the parallel market rate, respectively.

Three different MCPs were reported to have been eliminated in 2019. In the Democratic Republic of the Congo, an MCP related to a fixed exchange rate in a bilateral payments agreement with Zimbabwe was removed. Honduras eliminated a potential MCP arising from a deviation of more than 2 percent between successful bids within the foreign exchange auction. Mauritius eliminated an MCP by discontinuing the Exchange Rate Support Scheme, which was implemented in 2017 to provide a temporary subsidy to exporters in light of the depreciation of the US dollar.[39]

Table 8 provides the description of restrictive exchange measures as indicated in the latest IMF staff reports as of December 31, 2019. Excluded from Table 8 are member countries that have not consented to the publication of such measures described in unpublished IMF staff reports.

Exchange measures maintained for security reasons

Several member countries maintain measures solely for national and/or international security reasons, which could give rise to exchange restrictions under IMF jurisdiction if applied to payments and transfers for current international transactions. These restrictions, like others, require prior IMF approval under Article VIII, Section 2(a). However, because the IMF does not provide a suitable forum to discuss the political and military considerations that lead to measures of this kind, it established a special procedure for such measures to be notified to and approved by the IMF.[40] In total, 119 member countries reported in 2019 to the IMF that they maintained measures solely for security reasons, including 17 members that reported introducing or changing such measures in 2019. The majority of the restrictions are financial sanctions to combat the financing of terrorism or financial sanctions against certain governments, entities, and individuals in accordance with United Nations Security Council resolutions, EU regulations, or decisions adopted by members on their own initiative.

[38] Both introduction and removal of these measures were reflected in the IMF staff report as of December 31, 2019.

[39] This MCP was removed in March 2018; its removal was reflected in the IMF staff report as of December 31, 2019.

[40] See Decision No. 144-(52/51) in International Monetary Fund, *Selected Decisions and Selected Documents of the International Monetary Fund*, Issue 3, Washington, DC, 2012.

Table 7. Exchange Restrictions and Multiple Currency Practices, January 1–December 31, 2019

	Member under …								
	Article XIV status			Article VIII status			Total		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Total number of restrictions and multiple currency practices maintained by members[1]	57	62	63	68	69	67	125	131	130
Restrictions on payments for imports	7	6	6	3	4	4	10	10	10
Advance import deposit and margin requirements	0	0	0	2	2	2	2	2	2
Restrictions on advance payments	1	1	1	0	0	1	1	1	2
Requirement to balance imports with export earnings	1	1	1	0	0	0	1	1	1
Tax clearance requirements	1	1	1	0	0	0	1	1	1
Other	4	3	3	1	2	1	5	5	4
Restrictions on payments for invisibles	16	17	16	5	5	3	21	22	19
Education	1	1	1	0	0	0	1	1	1
Medical services	1	1	1	0	0	0	1	1	1
Travel services	4	4	4	0	0	0	4	4	4
Income on investment	7	7	6	3	3	3	10	10	9
Tax clearance requirement	3	3	2	1	1	1	4	4	3
Interest on deposits and bonds	1	1	1	1	1	1	2	2	2
Profits and dividends	2	2	2	1	1	1	3	3	3
Foreign exchange balancing for profit remittances	1	1	1	0	0	0	1	1	1
Other	3	4	4	2	2	0	5	6	4
Restrictions on amortization on external loans	2	2	2	2	2	1	4	4	3
Restrictions on unrequited transfers	2	2	2	1	1	1	3	3	3
Wages and salaries	0	0	0	1	1	1	1	1	1
Other	2	2	2	0	0	0	2	2	2
Nonresident accounts	2	2	2	2	2	1	4	4	3
Transferability of frozen or blocked deposits	1	1	1	2	2	1	3	3	2
Limits on usage of foreign currency accounts	1	1	1	0	0	0	1	1	1
Restrictions arising from bilateral or regional payment, barter, or clearing arrangements: Unsettled debit balances	2	2	1	6	6	7	8	8	8
Restrictions with general applicability	10	13	14	20	19	20	30	32	34
Administered allocations, rationing and undue delay	6	9	9	10	9	9	16	18	18
Payments above a threshold	0	0	0	1	1	1	1	1	1
Tax clearance certificates	0	0	1	1	1	1	1	1	2
Exchange taxes	1	1	1	3	3	3	4	4	4
Surrender of export earnings to have access to foreign exchange	0	0	0	1	1	1	1	1	1
Other	3	3	3	4	4	5	7	7	8
Multiple currency practices	16	18	20	29	30	30	45	48	50
Exchange taxes	2	2	2	1	1	1	3	3	3
Exchange subsidies	0	0	0	3	3	2	3	3	2
Multiple price auctions	2	3	3	3	4	3	5	7	6
Differentials between official, commercial, and parallel rates	11	12	14	18	19	21	29	31	35
Margin requirements	0	0	0	2	2	2	2	2	2
Non-interest-bearing blocked accounts	0	0	0	1	0	0	1	0	0

Table 7 (concluded)

	Member under …								
	Article XIV status			Article VIII status			Total		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Non-interest-bearing advance import deposits	1	1	1	0	0	0	1	1	1
Exchange rate guarantees	0	0	0	1	1	1	1	1	1
Memorandum items:									
Average number of restrictions per member	4.1	4.4	4.5	1.9	1.9	2.0	2.5	2.6	2.7
Number of countries with restrictions	14	14	14	36	36	34	50	50	48

Sources: AREAER database; and IMF staff reports.
[1] Includes 189 member countries and the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China).

Table 8. Exchange Restrictions and/or Multiple Currency Practices, by Country, as of December 31, 2019

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Albania	The IMF staff report for the 2018 Article IV Consultation with Albania states that, as of January 3, 2019, Albania maintained an exchange restriction in the form of outstanding debit balances on inoperative bilateral payment agreements. These were in place before Albania became an IMF member in 1991 and relate primarily to debt in nonconvertible and formerly nonconvertible currencies. (Country Report No. 19/29)
Angola	The IMF staff report for the Second Review of the Extended Arrangement Under the Extended Fund Facility, Requests for a Waiver of Nonobservance of Performance Criteria, Modifications of Performance Criteria, and Financing Assurances Review with Angola referencing the 2018 Article IV Consultation with Angola (Country Report No. 18/156) states that, as of November 25, 2019, Angola maintained restrictions on the making of payments and transfers for current international transactions under the transitional arrangements of Article XIV, Section 2. The measures maintained pursuant to Article XIV are: (1) limits on the availability of foreign exchange for invisible transactions, i.e. travel expenses; and (2) limits on unrequited transfers to foreign-based individuals and institutions. In addition, Angola maintains two exchange restrictions subject to IMF jurisdiction under Article VIII, Section 2(a) resulting from (1) the discriminatory application of the 0.1% stamp tax on foreign exchange operations by natural persons; and (2) a special tax of 10% on transfers to nonresidents under contracts for foreign technical assistance or management services. Angola also maintains three multiple currency practices that are subject to approval under Article VIII, Section 3 arising from the lack of a mechanism to prevent potential spreads in excess of 2% emerging (1) between successful bids within the BNA's foreign exchange auction; and (2) for transactions that take place at the reference rate in place and the rate at which transactions take place in the foreign exchange auction on that day, and (3) the discriminatory application of the 0.1% stamp tax on foreign exchange operations by natural persons. (Country Report No. 19/371) The IMF staff report for the Second Review of the Extended Arrangement Under the Extended Fund Facility, Requests for a Waiver of Nonobservance of Performance Criteria, Modifications of Performance Criteria, and Financing Assurances Review with Angola states that effective November 25, 2019, the exchange restriction arising from the operation of a priority list was eliminated. (Country Report No. 19/371)
Argentina	The IMF staff report for the Fourth Review under the Stand-By Arrangement, Request for Waivers of Applicability and Modification of Performance Criteria, and Financing Assurances Review with Argentina states that, as of July 3, 2019, the retention of the multiple currency price auction put in place in June 2018 that staff has assessed gives rise to the multiple currency practice. (Country Report No. 19/232)
Armenia	The IMF staff report for the 2019 Article IV Consultation and Request for a Stand-By Arrangement with Armenia states that as of May 3, 2019, Armenia maintained one MCP, which arises from a 2007 agreement between the MOF and CBA to settle some budgetary transactions at an agreed accounting exchange rate throughout the fiscal year. (Country Report No. 19/154)
Aruba-Kingdom of the Netherlands	The IMF staff report for the 2019 Article IV Consultation discussions with the Kingdom of the Netherlands—Aruba states that, as of May 6, 2019, Aruba maintained an unapproved exchange restriction arising from the foreign exchange tax on payments by residents to nonresidents (1.3% of the transaction value). (Country Report No. 19/148)
Bangladesh	The IMF staff report for the 2019 Article IV Consultation with Bangladesh states that, as of August 7, 2019, Bangladesh maintained one restriction subject to IMF approval under Article VIII, Section 2(a) on the convertibility and transferability of proceeds of current international transactions in nonresident taka accounts. (Country Report No. 19/299)

Table 8 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Bhutan	The IMF staff report for the 2018 Article IV Consultation with Bhutan states that, as of August 7, 2018, Bhutan continues to avail itself of transitional arrangements under Article XIV, Section 2, pursuant to which it maintains exchange restrictions in connection with: (1) the availability of foreign exchange for travel, except for medical travel abroad by Bhutanese citizens, invisibles, and private transfers; (2) foreign exchange balancing requirement on remittances of income in convertible currencies or other foreign currencies from FDI; and (3) on the availability of foreign exchange for importers who have not provided evidence that goods for which payments have been made were actually imported. Bhutan also maintains exchange restrictions subject to IMF approval under Article VIII, Section 2(a), in connection with: (1) the foreign exchange balancing requirements for imports of capital goods (for projects involving FDI) and primary raw materials (for certain industrial projects); (2) banning residents who do not comply with the requirement to repatriate export proceeds from accessing foreign exchange for unrelated imports; (3) requiring foreign direct investment companies to pay for their establishment and operational expenses from their own convertible currency resources; (4) requiring Bhutanese companies to pay the interest on and amortization of external loans from their own convertible currency resources; (5) restricting the availability of Indian rupees for making payments and transfers to India for certain current international transactions and banning the access to Indian rupees for unrelated current international transactions for those who contravene Royal Monetary Authority's (RMA) 2012 guidelines on Indian rupee transactions. (Country Report No. 18/300)
Bosnia and Herzegovina	The IMF staff report for the 2017 Article IV Consultation, First Review under the Extended Arrangement under the Extended Fund Facility, Requests for Extension of the Arrangement, Rephasing of Purchases and Waiver of Nonobservance of Performance Criterion with Bosnia and Herzegovina states that, as of January 29, 2018, Bosnia and Herzegovina maintained restrictions on the transferability of balances and interest accrued on frozen foreign currency deposits, subject to IMF jurisdiction under Article VIII. (Country Report No. 18/39)
Brazil	The IMF staff report for the 2019 Article IV Consultation with Brazil states that, as of June 26, 2019, the tax on financial transactions (Imposto sobre Operações Financeiras, IOF) of 6.38% on exchange transactions carried out by credit card, debit card, and traveler's checks (including cash withdrawals) companies in order to fulfill their payment obligations for purchases of goods and services abroad by their customers gives rise to a multiple currency practice (MCP) subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3. In January 2008, the IOF for these exchange transactions was raised to 2.38% and then further increased to 6.38% in March 2011. The scope of operations was expanded to other foreign exchange transactions than with credit cards in December 2013. (Country Report No. 19/242)
Burundi	The IMF staff report for the 2014 Article IV Consultation, Fifth Review under the Three-Year Arrangement under the Extended Credit Facility states that, as of July 29, 2014, Burundi maintained one MCP that is inconsistent with Article VIII, Section 2(a): the exchange rate used for government transactions differs by more than 2% from market exchange rates. (Country Report No. 14/293)
Colombia	The IMF staff report for the 2019 Article IV Consultation with Colombia states that, as of April 8, 2019, Colombia maintains an exchange restriction subject to IMF approval under Article VIII arising from the special regime for the hydrocarbon sector (see IMF Country Report No. 13/35 for details). (Country Report No. 19/106)
Congo, Democratic Republic of the	The IMF staff report for the Staff-Monitored Program and Request for Disbursement Under the Rapid Credit Facility states that, as of December 5, 2019, the DRC maintained one exchange rate restriction subject to IMF approval arising from an outstanding net debt position against other contracting members under the inoperative regional payments' agreement with the Economic Community of the Great Lakes Countries. (Country Report No. 19/388)
Ecuador	The IMF staff report for the First Review Under the Extended Fund Facility Arrangement, Requests For Waiver of Nonobservance of Performance Criterion, Modification of Performance Criteria, and Financing Assurances Review with Ecuador states that, as of June 14, 2019, Ecuador maintains an existing exchange restriction arising from the 5% tax on transfers abroad (impuesto a la salida de divisas (ISD)) when making of payments and transfers on current international transactions. One new exchange restriction was identified arising from the SUCRE (Sistema Unitario de Compensación Regional de Pagos [Unitary System of Regional Compensation of Payments]) regional payment arrangement. The payments arrangement gives rise to an exchange restriction because the period for settlement under the bilateral payment arrangement exceeds three months. (Country Report No. 19/210)
Egypt	The IMF staff report for the 2017 Article IV Consultation Second Review Under the Extended Arrangement Under the Extended Fund Facility, and Request for Modification of Performance Criteria with Egypt states that, as of December 11, 2017, maintained one exchange restriction subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3 arising from a net debtor position under an inoperative bilateral payments arrangement with Bulgaria. (Country Report No. 18/14)
Ethiopia	The IMF staff report for the 2019 Article IV Consultation with Ethiopia states that, as of December 11, 2019, Ethiopia maintained four restrictions on payments and transfers for current international transactions, which relate to: (1) the tax certification requirement for repatriation of dividend and other investment income; (2) restrictions on repayment of legal external loans and suppliers of foreign partners credits; (3) the prioritization and rationing of foreign exchange to certain imports of goods and services, debt payments and invisibles, and (4) the requirement to provide a clearance certificate from the NBE to obtain import permits. These restrictions are inconsistent with Article VIII, Section 2(a), of the IMF's Articles of Agreement. (Country Report No. 20/29)

Table 8 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Fiji	The IMF staff report for the 2018 Article IV Consultation with Fiji states that, as of January 31, 2019, exchange restrictions subject to Article VIII arise from the Fiji Revenue and Customs Authority tax certification requirements on the transfer abroad of profits and dividends, on the proceeds of airline ticket sales, and on the making of external debt and maintenance payments and from limits on large payments (e.g., oil imports and dividends repatriation of foreign banks). (Country Report No. 19/57)
Gabon	The IMF staff report for 2019 Article IV Consultation Fourth and Fifth Reviews under the Extended Arrangement under the Extended Fund Facility, and Request for Waiver of Nonobservance of Performance Criteria, and Rephasing of the Remaining Purchases with Gabon states that, as of December 4, 2019, Gabon maintained a 1.5% tax on wire transfers abroad that is not consistent with Gabon's obligations under Article VIII, Section 2(a) of the Articles of Agreement. The proceeds of this tax are used to fund Gabon's health insurance scheme. (Country Report No. 19/389)
Ghana	The IMF staff report for the 2019 Article IV Consultation with Ghana states that, as of November 21, 2019, Ghana maintained one exchange restriction and an MCP subject to IMF approval. The exchange restriction arises from the limitation/prohibition in purchasing and transferring foreign exchange for import transactions by importers who have not submitted to the commercial bank customs entry forms for any past foreign exchange transactions related to imports, and which are unrelated to the underlying transaction. An MCP also arises, because the Bank of Ghana (BOG) requires the use of its internal rate (that is, the previous day's weighted average interbank exchange rate) for government transactions and the surrender of foreign exchange proceeds from cocoa exports funded through the cocoa syndicated loan without having a mechanism in place to ensure that, at the time of the transaction, this exchange rate does not differ from the rate prevailing in the market rate (that is, the interbank exchange rate) and the rates used by banks in their transactions with their customers by more than 2%. (Country Report No. 19/367)
Guinea	The IMF staff report for the First Review of the Arrangement under the Three-Year Extended Credit Facility, Financing Assurances Review, and Request for Modification and for Waivers of Nonobservance of Performance Criteria with Guinea states that, as of June 8, 2018, the foreign exchange system gives rise to an MCP because the reference rate can potentially deviate by more than 2% from the commercial banks' purchase and sales rates on a given day. (Country Report No. 18/234)
Honduras	The IMF Staff Report for the 2019 Article IV Consultation and Request for a Stand-By Arrangement and an Arrangement under the Standby Credit Facility, states that, as of June 21, 2019, maintained two multiple currency practices subject to IMF approval under Article VIII, Section 3: One MCP arises because there is no mechanism to prevent a potential deviation of more than 2% between the Reference Exchange Rate (TCR) of the day at which certain transactions take place and the exchange rates at which foreign exchange is sold at the foreign exchange auction or the foreign exchange interbank market at that day. A second MCP arises from the possible use of previous days' official exchange rates (TCR) in certain exchange rate transactions (e.g. in foreign exchange sales by authorized dealers to the Central Bank of Honduras (BCH) of amounts bought from customers or amounts that exceed the limits set by the BCH for such dealers) which rates may potentially deviate by more than 2% from the TCR and the interbank market rate on the day when foreign exchange rate transactions take place. (Country Report No. 19/236)
India	The IMF staff report for the 2019 Article IV Consultation with India states that, as of October 17, 2019, India maintained the following restrictions on the making of payments and transfers for current international transactions, which are subject to IMF approval under Article VIII, Section 2(a): restrictions related to the non-transferability of balances under the India–Russia debt agreement; restrictions arising from unsettled balances under inoperative bilateral payments arrangements with two Eastern European countries; and a restriction on the transfer of amortization payments on loans by nonresident relatives. (Country Report No. 19/385)
Iran	The IMF staff report for the 2018 Article IV Consultation with Islamic Republic of Iran states that, as of March 7, 2018, Iran maintained MCPs and an exchange restriction subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3: (1) An MCP and an exchange restriction arise from the establishment of an official exchange rate for use in some exchange transactions, which in practice differs by more than 2% from the rate used by foreign exchange bureaus. (2) An MCP arises from the differences of more than 2% between the current official and exchange bureaus rates and the preferential rates for certain imports for which foreign exchange commitments were made through LCs opened prior to March 21, 2002, under the previous multiple exchange rate system. (3) An MCP arises from the differences of more than 2% between the current official and exchange bureaus rates and the preferential rates for certain imports for which foreign exchange payment commitments were made through LCs or bank drafts prior to July 24, 2012. (Country Report No. 18/93)
Iraq	The IMF staff report for 2019 Article IV Consultation with Iraq states that, as of July 3, 2019, Iraq continues to avail itself of the transitional arrangements under Article XIV, Section 2, but no longer maintains any exchange restrictions or MCPs subject to Article XIV, Section 2, and currently maintains one MCP subject to IMF approval under Article VIII, Section 3. The MCP arises from the lack of a mechanism to ensure that the exchange rate at the Central Bank of Iraq (CBI) foreign exchange window and the market rates (retail exchange rates of commercial banks and exchange bureaus for the sale of foreign currency from sources other than the CBI foreign exchange window) do not deviate from each other by more than 2%. A previously identified exchange restriction arising from an Iraqi balance owed to Jordan under an inoperative bilateral payment agreement has been eliminated. (Country Report No. 19/248)

Table 8 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Jamaica	The IMF staff report for 2018 Article IV Consultation, Third Review under the Stand-By Arrangement and Request for Modification of Performance Criteria states that, as of March 3, 2018, Jamaica maintained an MCP, subject to IMF approval under Article VIII, Section 3, due to the absence of a mechanism in the multiple price foreign currency auction to prevent exchange rates of accepted bids from deviating by more than 2%. (Country Report No. 18/103)
Kyrgyz Republic	The IMF staff report for the 2019 Article IV Consultation with Kyrgyz Republic states that, as of May 23, 2019, Kyrgyz Republic maintained an MCP arising from the use of the official exchange rate for government transactions. The official rate may differ by more than 2% from market rates because it is based on the average transaction-weighted rate of the preceding day. In practice, the official and market exchange rates have stayed within a 2% band since early 2018. The authorities intend to continue to use the official exchange rate for government transactions. (Country Report No. 19/208)
Lesotho	The IMF staff report for the 2019 Article IV Consultation with Lesotho states that, as of April 8, 2019, Lesotho maintained one exchange restriction arising from single discretionary allowances of M 1 million an individual a calendar year, for residents over 18, and of M 200,000 on the same basis for residents under 18. The availability of foreign exchange beyond these limits is subject to a discretionary approval on a case-by-case basis. (Country Report No. 19/113)
Maldives	The IMF staff report for the 2019 Article IV Consultation with Maldives, states that, as of April 30, 2019, Maldives continues to avail itself of the transitional provisions of Article XIV but no longer maintains any measures under this provision, and has not yet accepted the obligations of Article VIII, Sections 2, 3, and 4. It maintains an exchange restriction subject to IMF approval under Article VIII, Section 2(a) of the IMF's Articles of Agreement arising from a shortage of foreign exchange at the official rate which leads to the Maldives Monetary Authority (MMA) rationing its supply of foreign exchange to commercial banks. This results in a channeling of foreign exchange transactions for current international transactions to the parallel market where transactions take place at an exchange rate that deviates by more than 2% from the prevailing market exchange rate. The greater than 2% spread gives rise to multiple currency practice subject to IMF approval under Article VIII, Section 3 and also to an exchange restriction, given the additional cost involved for obtaining foreign exchange. The extent of rationing has been eased over the past two years by increasing the amounts provided to commercial banks and adjusting amounts in line with seasonal patterns. The official exchange rate used by the MMA for government transactions is calculated based on the midpoint of the weighted average of the buying and selling rates of foreign exchange transactions conducted by commercial banks one day earlier. The lack of a mechanism to prevent the spread between this official exchange rate used by the MMA for government transactions and the prevailing market exchange rate from deviating by more than 2% gives rise to a multiple currency practice subject to IMF approval under Article VIII, Section 3. (Country Report No. 19/156)
Mongolia	The IMF staff report for the 2019 Article IV Consultation, with Mongolia states that, as of August 2, 2019, Mongolia maintained two MCPs subject to IMF jurisdiction. First, the modalities of the multi-price auction system give rise to an MCP because there is no mechanism in place that ensures that exchange rates of accepted bids at the multi-price auction do not deviate by more than 2%. In addition, Mongolia has an official exchange rate (reference rate) that is mandatorily used for government transactions (as opposed to the commercial market rate). Therefore, by way of official action, the authorities have created market segmentation. While Order #699 of the Bank of Mongolia (BOM) issued on December 3, 2010, sets forth that the reference rate is determined based on the weighted average of market rates used from 4 p.m. of the previous day to 4 p.m. of the current day, staff are of the view that this Order does not eliminate the market segmentation and the multiplicity of effective rates arising from it. Accordingly, in the absence of a mechanism to ensure that the commercial rates and the reference rate do not deviate by more than 2%, the way the reference rate is used in government transactions gives rise to an MCP subject to IMF approval. (Country Report No. 19/297)
Myanmar	The IMF staff report for the 2018 Article IV Consultation with Myanmar states that, as of February 25, 2019, Myanmar continues to avail itself of transitional arrangements under Article XIV, although it has eliminated all Article XIV restrictions. Myanmar has made significant progress toward satisfying Article VIII obligations. However, Myanmar maintains an MCP subject to the IMF's jurisdiction under Article VIII, Section 3. The authorities have removed the exchange restriction arising from the tax certification requirement for transfers of net investment income abroad by revising the relevant provision in the new investment law and rules and by confirming that the practice conforms to the new provision. (Country Report No. 19/100)
Nepal	The IMF staff report for the 2018 Article IV Consultation with Nepal states that as of January 24, 2019, the Industrial Enterprises Act places a 75% limit on the conversion and transfer to foreign currency of salaries of nonresidents from countries where convertible currency is in circulation. Since the limit applies to amounts that may be less than net salaries, it gives rise to an exchange restriction under Article VIII. (Country Report No. 19/60)

Table 8 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Nigeria	The IMF staff report for the 2019 Article IV Consultation with Nigeria states that, as of March 13, 2019, Nigeria maintained the following exchange restrictions subject to IMF approval under Article VIII, Section 2(a) of the IMF's Articles of Agreement: (1) an exchange restriction arising from the prohibition to access foreign exchange at the Nigerian foreign exchange markets for the payment of imports of 42 categories of items; (2) an exchange restriction arising from the rationing of foreign exchange in the Central Bank of Nigeria's (CBN's) IFEM and Secondary Market Intervention Sale (SMIS) windows, and its allocation based on the CBN's determination of priority categories of transactions; and (3) an exchange restriction arising from existing limits on the amounts of foreign exchange available when traveling abroad (business travel allowance (BTA)/personal travel allowances (PTAs)), which cannot be exceeded even on verification of the bona fide nature of the transaction. In addition, Nigeria maintains the following MCPs subject to IMF approval under Article VIII, Section 3 of the IMF's Articles of Agreement: (1) an MCP arising from the intervention practice of the CBN that results in the establishment of an official exchange rate for use in all official transactions, which in practice differs by more than 2% from the rate used by commercial banks in the CBN foreign exchange windows (SMIS, SME, IEFX, and Invisibles), and by money transfer operators; (2) an MCP arising from the large spread between the official exchange rate and the rates in the parallel market, caused by the CBN's limitation on the availability of foreign exchange which channels current international transactions to such market; and (3) an MCP arising from the potential spread of more than 2% in the exchange rates at which the CBN sells foreign exchange to successful auction bidders in the SMIS window. (Country Report No. 19/92)
Pakistan	The IMF staff report for the Request for an Extended Arrangement under the Extended Fund Facility with Pakistan states that, as of June 28, 2019, import restrictions and an MCP, which are subject to approval under Article VIII of the IMF's Articles of Agreement, were introduced to support the balance of payments at a time of heightened volatility. Specifically, Pakistan maintains (1) a requirement to fully pre-fund LCs, imposed in early 2017; and (2) an exchange restriction on advance payment for imports against LCs, imposed in July 2018. (Country Report No. 19/212)
Papua New Guinea	The IMF staff report for the 2018 Article IV Consultation with Papua New Guinea states that, as of November 9, 2018, Papua New Guinea maintained the following exchange restrictions subject to IMF approval under Article VIII, Section 2(a) of the IMF's Articles of Agreement arising from the following: (1) the requirement to obtain a tax clearance certificate evidencing the payment of all taxes prior to making payments or transfers for certain current international transactions and (2) the rationing of foreign exchange and its allocation by the Bank of Papua New Guinea (BPNG) to certain priority items, which results in undue delays and arrears in current international payments. Papua New Guinea also maintains the following MCPs subject to IMF approval under Article VIII, Section 3: (1) an MCP arising from the spread of more than 2% between the rates set by the BPNG for its foreign exchange allocations to authorized foreign exchange dealers (AFEDs) and the rates used by AFEDs in transactions with their clients and (2) an MCP arising from the potential spread deviation of more than 2% between the rates set by the BPNG for its foreign exchange transactions with the government and embassies and the rates used by AFEDs in transactions with their clients. (Country Report No. 18/352)
São Tomé and Príncipe	The IMF staff report for the Request for a 40-month Arrangement Under the Extended Credit Facility with São Tomé and Príncipe states that, as of September 9, 2019, São Tomé and Príncipe continues to avail itself of the transitional arrangements under Article XIV, but it does not maintain restrictions under Article XIV. However, it maintains restrictions subject to IMF approval under Article VIII. One exchange restriction regarding limitations on the transferability of net income from investment arises from Article 3(g) and Article 18 of the Investment Code (Law No. 19/2016). This restriction results from the requirement that taxes and other obligations to the government have to be paid/fulfilled as a condition for transfer, to the extent the requirement includes the payment of taxes and the fulfillment of obligations unrelated to the net income to be transferred. The second exchange restriction arises from limitations on the availability of foreign exchange through rationing of foreign exchange by the Bank of São Tomé and Príncipe (BCSTP). This exchange restriction also gives rise to a multiple currency practice as the rationing has channeled bona fide current transactions to the parallel market where the exchange rate is at a spread of more than 2% from the exchange rate in the formal market. (Country Report No. 19/315)
Serbia	The IMF staff report for the 2019 Article IV Consultation and Second Review under the Policy Coordination Instrument with Serbia states that as of June 28, 2019, Serbia maintained a system free of restrictions on payments and transfers for current international transactions, except with respect to blocked pre-1991 foreign currency savings deposits (IMF Country Report No. 02/105). (Country Report No. 19/238)
South Sudan	The IMF staff report for the 2019 Article IV Consultation with South Sudan, states that as of May 15, 2019, South Sudan maintained exchange restrictions and an MCP under the transitional arrangements of Article XIV. The exchange restrictions arise from: imposing absolute ceilings on the availability of foreign exchange for certain invisible transactions (travel, remittances for living expenses of students and families residing abroad, transfers of salaries by foreign workers). The MCP, which also gives rise to an exchange restriction because of extra burden, arises from the spread of more than 2% between the parallel market exchange rate and the formal commercial exchange market rate. South Sudan also maintains the MCPs and exchange restriction subject to Fund's approval under Article VIII. The MCPs arise from the spread larger than 2% between (1) the official (indicative) rate and commercial banks' (market) rate and (2) between the official (indicative) rate and the parallel market rate. The exchange restriction arises because of prioritization of foreign exchange allocation by the Bank of South Sudan (BSS) for external government payments and payments for certain essential commodities. (Country Report No. 19/153)

Table 8 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Sudan	The IMF staff report for the 2017 Article IV Consultation with Sudan states that, as of November 15, 2017, Sudan maintained the following measures subject to IMF jurisdiction under Article VIII, Sections 2 (a) and 3: (1) an exchange restriction arising from the government's limitations on the availability of foreign exchange and the allocation of foreign exchange to certain priority items; (2) an MCP and exchange restriction arising from the establishment by the government of a system of multiple exchange rates used for official and commercial transactions (that is, the Central Bank of Sudan (CBOS) rate, the wheat rate, and the commercial bank incentive rate), which gives rise to effective exchange rates that deviate by more than 2%; (3) an MCP and exchange restriction arising from large spreads between the CBOS rate and the parallel market exchange rate because of the CBOS' limitation on the availability of foreign exchange which channels current international transactions to the parallel market; and (4) an exchange restriction and an MCP arising from the imposition by the government of a cash margin requirement for most imports. (Country Report No. 17/364)
Syria	The IMF staff report for the 2009 Article IV Consultation with Syria states that, as of February 12, 2010, Syria continued to maintain, under Article XIV, restrictions on payments and transfers for current international transactions, including administrative allocation of foreign exchange. Syria also maintained exchange measures that are subject to IMF approval under Article VIII: (1) prohibition against purchases by private parties of foreign exchange from the banking system for some current international transactions; (2) an MCP resulting from divergences of more than 2% between the official exchange rate and officially recognized market exchange rates; (3) a non-interest-bearing advance import deposit requirement of 75%–100% for public sector imports; and (4) an exchange restriction arising from the net debt under inoperative bilateral payments arrangements with the Islamic Republic of Iran and Sri Lanka. (Country Report No. 10/86)
Trinidad and Tobago	The IMF staff report for the 2018 Article IV Consultation with Trinidad and Tobago states that, as of August 6, 2018, Trinidad and Tobago maintained an exchange restriction and two MCPs subject to IMF approval under Article VIII, Section 2(a) and Section 3. The exchange restriction arises from the authorities' restriction of the exchange rate (that is, by restricting the maximum market buying and selling rates, and prohibiting foreign exchange transactions beyond the maximum rates), while not providing enough foreign exchange (that is, through the Central Bank of Trinidad and Tobago (CBTT)'s foreign exchange interventions) to meet all demand for current transactions at that rate. The CBTT also limits sales of its foreign exchange intervention funds to meeting only "trade-related" demand, which do not include non-trade transactions that are, however, current international transactions as defined under Article XXX(d) of the IMF's Articles of Agreement, and encourages ADs to similarly prioritize sales of foreign exchange obtained from other sources. Further, the authorities prioritize provision of foreign exchange to certain manufacturers through a special foreign exchange facility using the Export–Import Bank of Trinidad and Tobago (EximBank). These actions result in undue delays in access to foreign exchange to make payments or transfers for current international transactions and external payment arrears. The two MCPs arise from the absence of a mechanism to prevent the potential deviation of more than 2% at any given time among several effective exchange rates regulated by the authorities, for spot exchange transactions, namely: (1) the potential 2% deviation between: (a) on the one hand, the CBTT's intervention rate and the ADs' selling rates (the maximum of which is anchored on the intervention rate plus fixed margins), and (b) on the other hand, the ADs' buying rates (the maximum of which is limited at the previous day's mid-rate); (2) the potential 2% deviation between: (a) on the one hand, the buying and selling rates for foreign exchange transactions between the CBTT and the government, and (b) on the other hand, the ADs' selling rates. (Country Report No. 18/285)
Tunisia	The IMF staff report for the 2017 Article IV Consultation, Second Review under the Extended Fund Facility, and Request for Waivers of Nonobservance of Performance Criteria, and Rephasing of Access with Tunisia states that, as of March 14, 2018, Tunisia maintained the following measures subject to IMF approval under Article VIII, Sections 2(a) and 3: (1) an exchange restriction arising from the measures that restricts access to short-term financing for current international transactions that was customarily available; and (2) an MCP resulting from honoring exchange rate guarantees extended prior to August 1988 to development banks, which will automatically expire after maturity of existing commitments (total loans covered by these guarantees amount to about US$20 million). (Country Report No. 18/120) The IMF staff report for the Fifth Review Under the Extended Fund Facility, and Requests for Waivers of Nonobservance and Modification of Performance Criteria and for Rephasing of Access with Tunisia states that effective December 31, 2018, the exchange restrictions introduced in 2017 (banning trade credits for imports that are deemed nonessential) was repealed. (Country Report No. 19/233)
Ukraine	The IMF staff report for the Request for Stand-By Arrangement and Cancellation of Arrangement under the Extended Fund Facility with Ukraine states that as of December 7, 2018, Ukraine maintained exchange restrictions and MCPs, but a road map is in place to gradually phase them out. The exchange restrictions arise from: (1) absolute limits on the availability of foreign exchange for certain non-trade current international transactions; and (2) a partial ban on the transfer abroad of dividends received by nonresident investors from foreign investments in Ukraine. The MCPs arise from: (1) the use of multiple price foreign exchange auctions conducted by the National Bank of Ukraine (NBU) without a mechanism to prevent a spread deviation of more than 2% between the auction and market exchange rates; (2) the use of the official exchange rate for exchange transactions with the government without a mechanism to prevent a spread deviation of more than 2% between the official exchange rate and market exchange rates; and (3) the requirement to transfer any gains from the purchase of foreign exchange to the state budget if it is unused and resold. (Country Report No. 19/3)

Table 8 (concluded)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Zambia	The IMF staff report for the 2019 Article IV Consultation with Zambia, states that as of August 2, 2019, Zambia maintained an exchange restriction, which is subject to IMF approval under Article VIII, arising from limitations imposed by the government on access to foreign exchange for the making of payments and transfers for current international transactions, which is evidenced by the existence of external payments arrears accumulated prior to October 4, 1985. (Country Report No. 19/263)
Zimbabwe	The IMF staff report for the 2017 Article IV Consultation with Zimbabwe states that, as of June 19, 2017, the Reserve Bank of Zimbabwe (RBZ) maintained a foreign exchange priority list to direct the allocation of foreign exchange by commercial banks to certain domestic import substitution industries, exporters, and strategic imports. This measure gives rise to an exchange restriction subject to IMF approval under Article VIII, Section 2(a). Staff is also monitoring the authorities' imposition of other measures to assess whether they give rise to any exchange restriction or MCP subject to Article VIII, Section 2(a) and Section 3. Zimbabwe has also a long-standing exchange restriction subject to IMF jurisdiction arising from unsettled balances under an inoperative bilateral payments agreement with Malaysia. (Country Report No. 17/196)

Source: IMF staff reports.

[1] Includes 189 member countries and the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China).

[2] The measures described in this table are quoted from IMF staff reports issued as of December 31, 2019, and may have changed subsequent to the date they were reported. The table does not include countries maintaining exchange restrictions or multiple currency practices whose IMF staff reports are unpublished, unless the authorities have consented to publication.

Regulatory Framework for Foreign Exchange Transactions

This section surveys the measures reported by members with respect to the regulatory framework for foreign exchange transactions from January 2019 through August 2020. The measures are divided into five major categories: trade-related measures, current invisible transactions and transfers, account transactions, capital controls, and provisions specific to commercial banks and institutional investors.

Trade-Related Measures

Members reported 302 changes related to trade from January 2019 through August 2020, significantly more than in the previous reporting period, with strikingly different trends for 2019 than 2020. In 2019, members reported significantly more tightening than easing measures (Figure 4, panel 1). The total number of changes in exchange and trade controls related to imports and exports amounted to 171, of which 75 were easing, 86 tightening—reaching a record high—and 10 neutral. However, the trend reversed in 2020 as trade liberalization measures outnumbered restrictive ones. The number of countries that implemented restrictive measures continued to rise in 2019 compared with 2018, while 2020 was dominated by liberalizing countries (Figure 4, panel 2). On average, trade-related measures were implemented mostly by emerging market and developing economies, followed by low-income developing countries and advanced economies (Figure 4, panel 3).

Imports and import payments

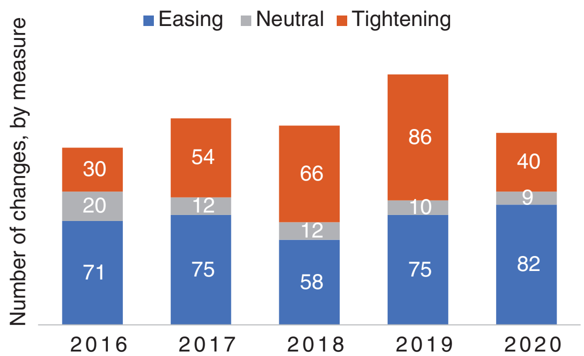
Thirty-five economies[41] reported 122 measures related to imports and import payments (Figure 5, panel 1) in 2019, of which the number of easing measures (56) was marginally lower than that of tightening measures (60), along with 6 neutral measures.

The number of tightening and easing measures introduced was larger than in previous periods (2016–18), with a significant increase in easing measures in both 2019 and the first half of 2020. The number of countries reporting tightening or easing measures was also larger than in previous periods (2016–18). There was a dramatic increase in the number of countries reporting measures in the first half of 2020 (Figure 5, panel 2), due in part to the dire economic and health impact of the COVID-19 pandemic.

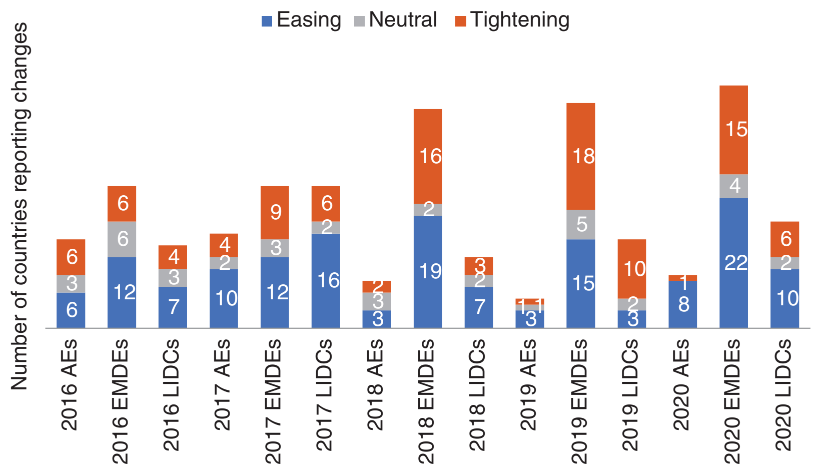
[41] Note that the number of countries in Figure 5 may not add up in the text because certain countries introduced tightening measures at the same time as neutral or easing measures.

Figure 4. Trade-Related Measures

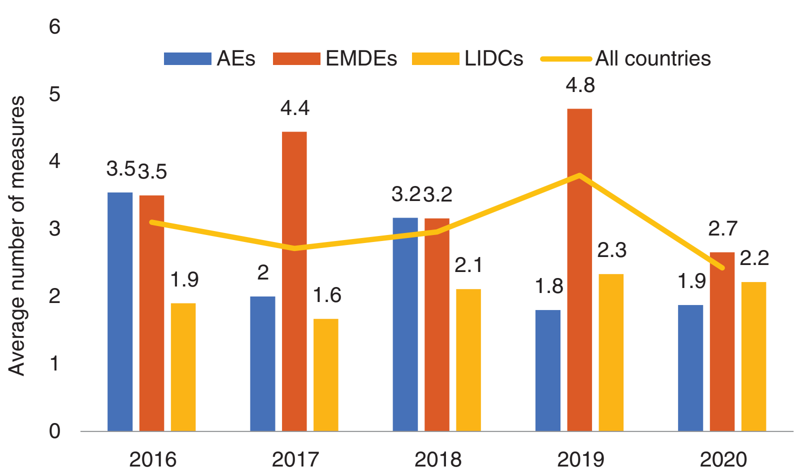
1. In 2019, members reported more tightening measures than easing ones; however, the trend reversed in 2020.



2. The number of countries that implemented restrictive measures continued to rise in 2019 compared with 2018, while 2020 was dominated by countries' liberalizing measures.



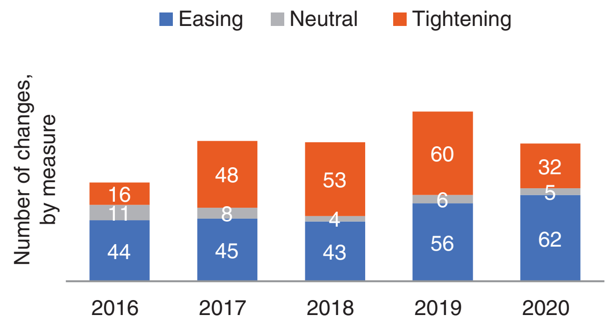
3. On average, trade-related measures were implemented mostly by EMDEs, followed by LIDCs and AEs.



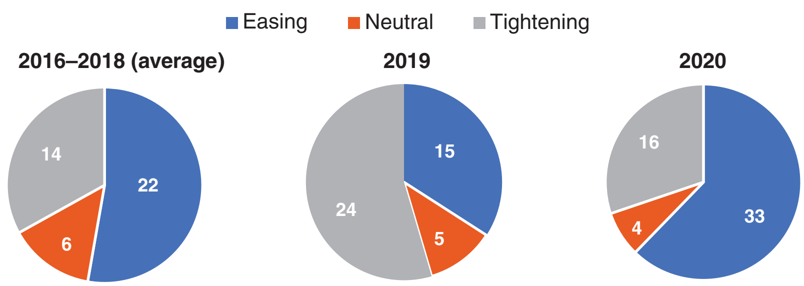
Source: AREAER database.
Note: The position date for 2020 varies by country and is less than the full year. Data in panel 3 show the average number of measures per country group. AEs = advanced economies; EMDEs = emerging market and developing economies; LIDCs = low-income developing countries.

Figure 5. Imports and Import Payments

1. The number of tightening and easing measures in 2019 was larger than in previous periods (2016–18). There was a significant increase in easing measures in 2019 and the first half of 2020.



2. The number of countries reporting tightening or easing measures increased significantly in the first half of 2020.



Source: AREAER database.
Note: The position date for 2020 varies by country and is less than the full year.

In 2019, Kuwait implemented the largest number of liberalization measures (22), followed by Sri Lanka (7), Ukraine (5), and Greece (4). Kuwait lifted temporary bans on some import products (such as, meat, live birds, shrimp, baby food, and several other food products from certain countries), and Sri Lanka reduced import taxes and tariffs and relaxed advance import deposits and advance payment requirements for imports of some products. Ukraine extended the timeline for completion of import transactions with advance payments. Greece eased restrictions on the release of foreign exchange for imports when it removed all remaining restrictions it had imposed in 2015 to fend off a crisis.

Twenty-four countries implemented 60 tightening measures in 2019, a slight increase compared with 2018 (53 measures). Sixteen of these were adopted in Kuwait, imposing a temporary ban on some import products (such as meat, live birds, live ruminants and camels, and other food products from certain countries). Mexico imposed a temporary import tariff on the steel, textile-clothing, and footwear sectors; added hazardous chemicals and pesticides to the negative list; and adjusted permission requirements for imports and exports of hydrocarbons and petroleum products. In Malaysia, antidumping duty was imposed on certain metal imports and other items originating in or exported from Thailand.

The first half of 2020 saw record high easing measures, especially in emerging market and developing economies and low-income developing countries, in part because of the COVID-19 pandemic. Of the 62 easing measures, 20 were in response to the pandemic, including the elimination of import taxes and tariffs and the relaxation of restrictions on import payments. Conditions for imports of medical supplies were relaxed by several countries: tariffs, tax, and customs duties were temporarily removed or eased (Australia, Bolivia, Canada, El Salvador, New Zealand, Pakistan, Switzerland, Zambia, Romania); authorized dealers were allowed to make advance payments (Pakistan), and letters of credit up to a certain threshold were permitted without prior

approval (Libya). Tariffs were temporarily lowered by half on imports of flour and cooking oil as the authorities tried to cope with the shortage related to the COVID-19 pandemic in Somalia. Temporary relaxation of advance payment requirements for imports was introduced in South Africa.

Sixteen countries implemented 32 tightening measures in 2020. Thirteen of these measures affect import licenses and other nontariff measures in Bulgaria, the Kyrgyz Republic, Mexico, Nepal, Nigeria, Sri Lanka, and Tonga. Eight other measures tighten import taxes and tariffs on certain goods in India, Indonesia, Myanmar, Oman, and Tonga, as a safeguard measure in Costa Rica and as antidumping duties in Malaysia. The rest of the measures implement stricter documentation requirements for obtaining foreign exchange for import payments (Argentina, Kazakhstan, Libya, and Sri Lanka—the latter two in response to the pandemic).

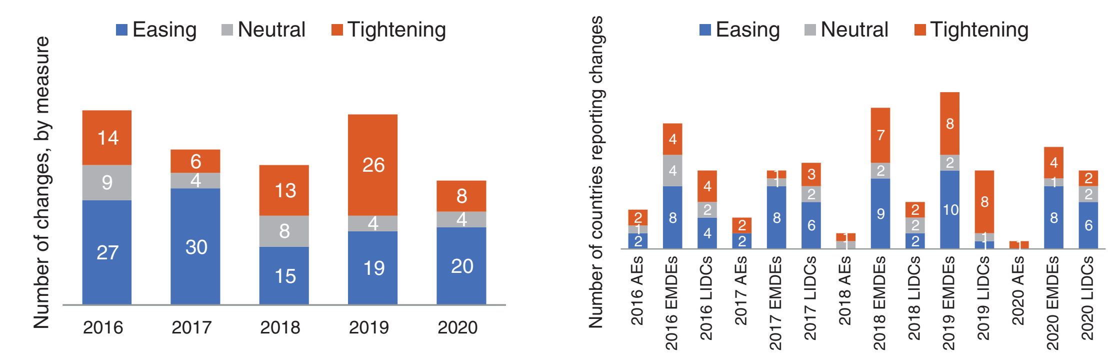
Exports and export proceeds

There were 81 changes related to exports and export proceeds from January 2019 through August 2020: easing measures (39) were moderately higher than tightening measures (34); the remainder were neutral. The trends in 2019 and 2020 were strikingly different: among the 49 measures (Figure 6, panel 1) introduced in 2019, tightening dominated (26 tightening and 19 easing measures), while easing greatly outnumbered tightening measures in 2020 (20 and 8, respectively).

Figure 6. Exports and Export Proceeds

1. Tightening measures dominated in 2019, while easing measures largely outnumbered tightening ones in 2020.

2. The number of countries reporting tightening measures increased significantly in 2019 and declined in the first half of 2020.



Source: AREAER database.
Note: The position date for 2020 varies by country and is less than the full year. AEs = advanced economies; EMDEs = emerging market and developing economies; LIDCs = low-income developing countries.

Regulations on exports and export proceeds were eased in 11 countries and tightened in 16 countries in 2019 (Figure 6, panel 2). Seven countries relaxed repatriation and surrender requirements. For instance, to relieve the currency pressure from the sustained current account surplus, Thailand increased the threshold for the repatriation of export proceeds. Russia and Kazakhstan eased repatriation requirements under certain conditions, Sri Lanka and Ukraine extended the timeline for repatriation, and Honduras gradually reduced the share of export proceeds that must be surrendered. Barbados and Ukraine, following a gradual relaxation, terminated surrender requirements. On the tightening side, countries of the Central African Economic and Monetary Community (CEMAC) shortened the timeline for repatriation of export proceeds originating in non-CEMAC countries and for surrendering export proceeds in general. The tighter policy is part of new foreign exchange regulations, which were introduced to reduce external imbalances and to shore up foreign exchange reserves. Morocco reduced the timeline for repatriation of export proceeds from goods sold on consignment. Other countries also strengthened regulations on repatriation and surrender requirements for export proceeds, such as Argentina, Sudan, Turkey (repatriation requirements only), and Zimbabwe. Some countries introduced export levies (Argentina, Kyrgyz Republic, Zambia), tightened licensing requirements (Mexico, Montenegro), or prohibited exports (Kuwait) for certain goods.

In 2020, the number of easing measures continued to rise, while the number of tightening measures dropped dramatically. The easing measures mostly reduced or eliminated levies and taxes on exports or relaxed export licenses (Bolivia, China, Sri Lanka, Zambia). India extended the period of realization and repatriation of export proceeds of goods, software, and services in view of the pandemic. On the other hand, of the 8 tightening measures (by seven countries), 3 measures (by three countries) were temporarily introduced in the context of COVID-19. Australia temporarily introduced controls on noncommercial exports of certain goods that contribute to the control and prevention of the spread of COVID-19, including personal protective equipment, disinfectant wipes, and hand sanitizers. Similarly, the exportation of certain COVID-19–related essential goods, such as medicines, masks, and alcohol-based hand sanitizers was temporarily controlled in South Africa during the national state of disaster. Mozambique introduced surrender requirements on exports of goods to address the exceptional balance of payments needs arising from the pandemic. Non-pandemic-related measures were introduced by four other countries. The repatriation requirements on export receipts were tightened in Iran and Sudan. Mexico tightened export licensing of chemical products, and Maldives introduced a reexportation royalty on commercial reexports.

Current Invisible Transactions and Current Transfers

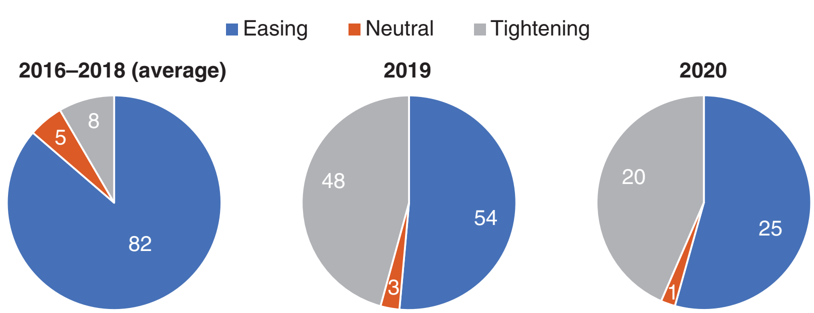
This section discusses exchange controls on invisible transactions and transfers that are included in the current account of the balance of payments. This category includes income from investment (for example, profits, dividends, and interest); payments for travel, education, medical expenses, and subscription and membership fees; unrequited transfers (for example, remittance of nonresidents' salaries and wages); and payments related to services. The section also covers the repatriation and surrender requirements for proceeds from current invisible transactions and current transfers.

From January 2019 through August 2020, members reported slightly more easing measures related to current invisible transactions and current transfers than restrictive ones. The total number of changes in this category amounted to 151, of which 79 were easing, 68 tightening, and 4 neutral measures. Unlike during 2016–18, when changes were predominantly easing regulations in this category (Figure 7), the number of easing measures (54) turned out to be only slightly higher than that of tightening measures (48), along with 3 neutral measures in 2019. The composition of the measures in 2020 continued to show a slightly easing trend. These changes were introduced by 26 countries in 2019 and 21 countries in 2020.

Figure 7. Current Invisible Transactions and Current Transfers

(Number of changes, by measure)

The number of tightening measures in both 2019 and 2020 far exceeded those in 2016–18.



Source: AREAER database.
Note: The position date for 2020 varies by country and is less than the full year.

Payments for current invisibles and current transfers

Liberalization in this category seems to have slowed down in the reporting period. The number of tightening measures increased markedly in 2019, driven mainly by Argentina and the CEMAC countries. During 2019, of the 78 measures related to payments for current invisibles and current transfers reported by 24 countries, 41 were easing, 34 tightening, and 3 neutral, whereas in 2018 changes were overwhelmingly easing (74 out of 81).

Among the 34 tightening measures in 2019, 14 were introduced by Argentina and 12 by CEMAC member countries. Argentina imposed currency controls in September 2019 and further strengthened them in 2020 to prevent capital flight in the context of considerable balance of payments difficulties. The controls covered most payments in this category and included documentation requirements and prior approval requirements and quantitative limits. The CEMAC member countries set a single indicative limit for foreign exchange allocations to residents traveling outside the CEMAC region. The rest of the tightening measures related to introducing quantitative limits (Bhutan, Honduras, Samoa), discontinuing the immigration and emigration allowances (Morocco), and implementing certain controls on current transfers (Kazakhstan, Lebanon, Pakistan).

Of the 41 easing measures taken during 2019, 13 were implemented by Greece as it eliminated previously imposed restrictions. In particular, it eliminated quantitative limits on virtually all types of transfers in this category (trade, travel, personal and credit card use abroad) and removed prior approval requirements. Ukraine (9 measures) gradually increased and then eliminated limits on transfers of dividends abroad and the monthly limit on repatriation of funds received from liquidation of equity. In addition, the requirement to resell previously bought unused foreign exchange was eliminated for individuals. Other measures included easing constraints on trade-related payments (Bangladesh, Morocco); payments for travel (Bangladesh, Barbados, Morocco); personal payments (Morocco, Samoa, South Africa, Thailand, Uzbekistan); foreign workers' wages (Bangladesh); credit card use abroad (Bangladesh, Morocco, Tunisia); regulations for insurance payments abroad (Fiji); and transfers (Tajikistan).

The easing trend continued in Bangladesh and Morocco in 2020, and Argentina also started to ease some exchange controls. Morocco increased limits for payments for travel and for the electronic trade allowance for individuals, and Bangladesh further liberalized trade-related payments in order to facilitate trade transactions in the context of COVID-19, in addition to other liberalization measures.

In contrast, a few countries tightened regulation in this category in 2020 in response to the impact of the COVID-19 pandemic. For instance, to preserve foreign exchange reserves amid a sharp fall in foreign currency (mainly tourism) receipts, Aruba and Curaçao and Sint Maarten stopped granting new foreign exchange licenses for dividend payments and profit transfers to nonresidents. The Bahamas suspended all exchange control approval for outgoing dividend payment by domestic banks as part of the measures to strengthen the resilience of the financial sector during the pandemic.

Proceeds from current invisibles and current transfers

In 2019, the number of countries reporting changes in regulations reached a record high (15), with 14 tightening measures and 13 easing measures. Many of the measures mirrored the changes to proceeds from exports and tightened regulations on the repatriation and surrender of proceeds from current invisible transactions. Surrender requirements were introduced in Argentina and Zimbabwe—in the latter on the tourism, transportation, and telecommunications sectors—while the timeline for surrendering proceeds was shortened in the CEMAC. Seven countries continued to liberalize in 2019; namely, Bangladesh, Barbados, Honduras, Morocco, Russia, Thailand, and Ukraine. The surrender requirements for foreign currency proceeds from invisible transactions were eliminated (Barbados, Ukraine) and gradually eased (Honduras). Others continued relaxation of regulations on repatriation requirements, including gradually increasing the amount limits (Thailand), lifting regulations for certain activities (Bangladesh, Russia), allowing for extensions (Ukraine), and extending the timeline for repatriation (Morocco).

The trend in 2020 thus far shifted more toward liberalization compared with 2019. Five countries eased regulations in this category, and one country tightened them. Repatriation requirements were eased by extending the timeline (Uzbekistan), increasing the threshold (Thailand), and removing the requirement under certain conditions (Russia). Surrender requirements were eased by lowering the threshold further (Honduras) and temporarily extending the period in response to the pandemic (South Africa). In contrast, a surrender requirement was introduced in Mozambique, equivalent to 30 percent of the revenue from the exportation of services and investment income, to safeguard its balance of payments position against the backdrop of the pandemic.

Account Transactions

From January 2019 through August 2020, the overwhelming majority of changes in resident and nonresident account regulations were easing regulations (99), followed by 34 tightening and 24 neutral measures. Changes in regulations in this category were far more numerous in 2019 than in 2018. Among the 106 changes

reported in 2019 by 33 countries, 73 were liberalization efforts; the remaining measures were either tightening (14) or neutral (19). The number of tightening measures increased significantly in 2020, especially with respect to resident accounts in emerging market and developing economies.

Resident accounts

Twenty-eight members reported 69 measures in 2019, of which liberalization actions (49) largely outnumbered tightening (9) and neutral (11) actions, in line with past trends (Figure 8, panel 1). The number of each type of action is higher than during each of the previous three years. The majority of the actions were taken by 18 emerging market and developing economies, followed by 7 low-income developing countries; 3 advanced economies also reported a few changes.

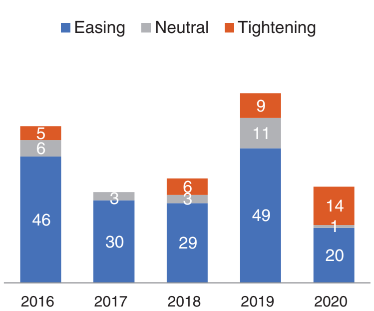
The majority of the changes both in 2019 and 2020 included liberalization of foreign exchange accounts for residents, about half of them related to accounts held domestically and the other half to accounts held abroad. Among advanced economies, in 2019, Greece took the most measures, 7, and completed its gradual liberalization by removing all restrictions on transfers and cash withdrawals abroad and foreign investment of insurance companies. Austria removed the previous limit on private pension funds' foreign investment and introduced requirements for internal investment guidelines instead. Iceland lifted restrictions on cross-border movement of Icelandic króna when related to specified measures involving payment by withdrawal from an account abroad.

In 2019, among emerging market and developing economies, several countries took easing measures, led by Morocco (6); Ukraine (4); Belarus (3); 2 each by Barbados, North Macedonia, Russia, and Thailand; and 1 each by Azerbaijan, Equatorial Guinea, Gabon, India, Iraq, the Philippines, and Tunisia. For instance, Morocco removed the approval requirement for domestic foreign exchange accounts of Moroccan legal entities for certain purposes and for accounts abroad of companies with specific contracts abroad, among others. Ukraine lifted the approval requirement for the transfer of balances abroad within established limits, extended the deadline for settlement of transactions involving exports of goods, and eliminated the requirement that individuals sell unused foreign exchange.

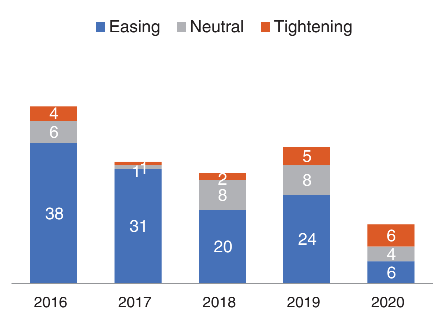
Figure 8. Account Transactions

(Number of changes, by measure)

1. Resident accounts: in 2019, liberalization actions largely outnumbered tightening and neutral actions, in line with past trends. The trend continued in 2020, although at a slower pace.



2. Nonresident accounts: easing measures continued to dominate in 2019, but the trend was more balanced in 2020.



Source: AREAER database.
Note: The position date for 2020 varies by country and is less than the full year.

Several low-income developing countries took easing measures in 2019, with Uzbekistan taking 6 and Bangladesh, Cameroon, the Central African Republic, Chad, Republic of Congo, and Tajikistan taking one measure each. Uzbekistan implemented sweeping measures to liberalize operations in foreign exchange accounts for residents both domestically and abroad. The CEMAC countries permitted accounts in domestic currency held abroad, and Bangladesh and Tajikistan eased regulations on certain activities related to foreign exchange accounts.

Eight countries tightened regulations on accounts in 2019. Among them the CEMAC countries prohibited resident legal entities, except credit institutions, from opening foreign currency accounts outside the CEMAC. Kazakhstan tightened the notification requirement for foreign currency bank accounts held abroad, and Argentina introduced limits on domestic currency deposits that can be converted to foreign currency.

Among the 14 tightening changes in 2020, 6 were introduced by Aruba and Curaçao and Sint Maarten, which tightened regulations on foreign exchange accounts permitted for residents in response to the pandemic. Egypt introduced temporary daily limits amid the pandemic on cash deposits and withdrawals from banks, with the daily limits on cash withdrawals increased a month later.

In contrast, other countries relaxed regulations on resident accounts in response to the pandemic. For instance, South Africa allowed government-related agencies to have foreign currency accounts to receive donations, from abroad and locally, and to retain foreign donations in these accounts for overseas payments for personal protective equipment. It temporarily extended the period for matured forward exchange contracts credited in customer foreign currency accounts as a temporary measure to help alleviate the impact of the COVID-19 crisis. To overcome the effects of the COVID-19 outbreak and to help build foreign currency reserves, Sri Lanka introduced a special (fixed) deposit account in foreign currency or local currency for Sri Lankan resident and nonresident individuals. Concurrently, the authorities temporarily tightened regulations on the use of residents' foreign currency accounts to limit outflows.

Nonresident accounts

Eighteen members reported 37 changes in 2019, 7 more than in 2018. The changes are predominantly in the easing direction (24), which is more than in 2018 (Figure 8, panel 2). Greece alone contributed 5 liberalization measures, followed by Iceland (4), Ukraine (4), and Uzbekistan (3). Following gradual relaxation, Greece liberalized the domestic currency account for nonresidents by lifting all restrictions on transfers and cash withdrawals abroad. Iceland lifted the restriction on cross-border movement of króna for certain activities, expanded offshore króna owners' authorization to withdraw funds from accounts subject to special restrictions, and permitted accounts subject to special restrictions to be convertible to foreign currency. Ukraine gradually increased and then eliminated limits on transfers of dividends abroad and the monthly limit on the repatriation of funds received from liquidation of equity. Uzbekistan allowed nonresident legal entities involved in trading securities to open foreign exchange, domestic currency, and convertible accounts in the country.

Only a few countries tightened regulations in this category in 2019. Argentina, as part of the comprehensive package of restrictions on foreign exchange transactions, tightened regulations on domestic currency accounts convertible to foreign currency by introducing approval requirements for purchases of foreign exchange by nonresident customers above a certain threshold. Thailand reduced the limit on the outstanding balance that nonresidents may maintain in local currency accounts, to reduce the risk of speculation against the Thai baht.

Unlike in 2019, the number of tightening and easing measures was balanced in 2020. Of 6 easing measures, 5 were introduced by Sri Lanka and 1 by Bangladesh. Sri Lanka introduced a special deposit account in foreign currency or in local currency for nonresidents. This measure aimed to overcome the effects of the COVID-19 outbreak and help build foreign currency reserves. Bangladesh liberalized the use of nonresidents' foreign exchange accounts by allowing dividends payable to foreign shareholders to be credited to their foreign currency accounts in Bangladesh. Among the 6 tightening measures, Sri Lanka (5) limited the migration allowance amount for emigrants and reduced the withdrawal limit on foreign currency banknotes for travel purposes for personal foreign currency account holders.

Capital Controls

Trade policy uncertainty, geopolitical tensions, and idiosyncratic stress in key emerging market economies continued to weigh on global economic activity—especially manufacturing and trade—in 2019, with tentative signs of stabilization toward the end of the year. The COVID-19 crisis plunged the global economy into a severe collapse and exceptional uncertainty in 2020.[42] Net capital inflows to emerging market and developing

[42] IMF, *World Economic Outlook,* January 2020 update; October 2020; and January 2021 update.

economies and low-income developing countries continued to slow during 2019 and turned negative in 2020, with emerging markets experiencing the sharpest reversal of portfolio flows on record in the first quarter of 2020 (Figure 9, panel 1). Even though portfolio flows rebounded in the second half of 2020, in the October 2020 *World Economic Outlook*, they were expected to be negative for the full year, and net FDI inflows were expected to decline as well (Figure 9, panel 2). Against this backdrop, the number of changes in capital controls increased in 2019–20, with significantly more tightening actions—on both inflows and outflows—than in previous years.

The measures included in this section are also considered to be capital flow management measures (CFMs) as defined by the IMF's institutional view on the liberalization and management of capital flows.[43] In addition to the capital controls included in this section, prudential-type measures discussed in the next section may also be CFMs if they were designed to limit capital flows. However, the AREAER does not use this terminology, because classifying a measure as a CFM requires substantial background information and considerable judgment, which is beyond the scope of the analysis conducted in compiling the AREAER database.

Figure 9. Net Capital Inflows

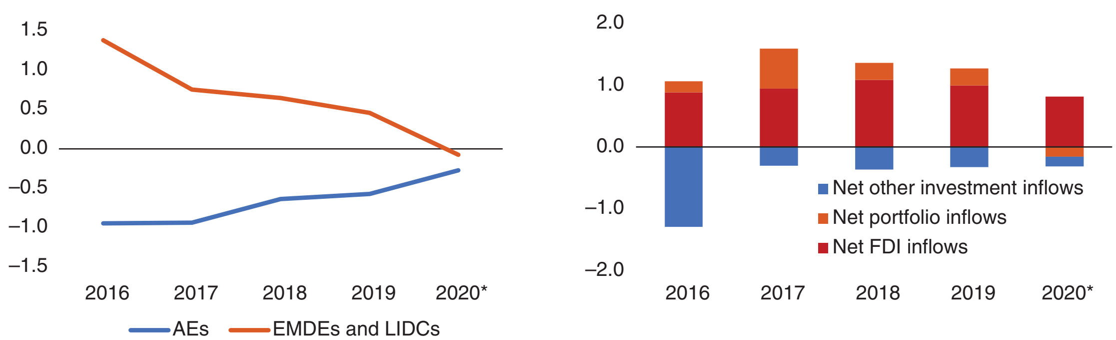
(Percent of GDP)

1. Trend in Net Capital Inflows

Net capital inflows slowed during 2019 and reversed for EMDEs and LIDCs in 2020.

2. Composition of Net Capital Inflows

Composition of net capital inflows was broadly the same in 2019 as in 2018 for EMDEs and LIDCs, but these economies saw a decline in FDI inflows and net portfolio and net other investment outflows in 2020.



Source: IMF, World Economic Outlook (WEO) database, October 2020.
Note: EMDEs = emerging market and developing economies; FDI = foreign direct investment; LIDCs = low-income developing countries.
* Data for 2020 are WEO projections.

The number of actions in 2019 rose from the relatively low level seen in 2018 to the highest in the three years since 2016 (Figure 10, panel 1). There were 406 changes in regulations on capital transactions in 2019, compared with 257 in 2018, 384 in 2017, and 268 in 2016.[44] With partial data available for 2020,

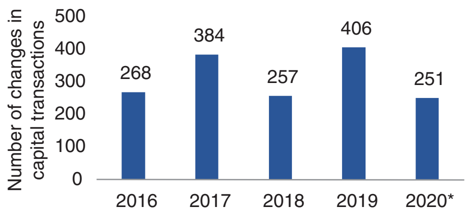
[43] CFMs encompass a broad spectrum of measures. For the purposes of the IMF's institutional view, the term "capital flow management measures" refers to measures designed to limit capital flows. CFMs comprise residency-based CFMs, which encompass a variety of measures (including taxes and regulations) affecting cross-border financial activity that discriminate on the basis of residency—also generally referred to as capital controls—and other CFMs that do not discriminate on the basis of residency but are nonetheless designed to limit capital flows. These other CFMs typically include measures, such as some prudential measures, that differentiate transactions on the basis of currency, as well as other measures that typically apply to the nonfinancial sector. The concept of capital controls in the AREAER is residency-based: it includes various measures that regulate the conclusion or execution of transactions and transfers and the holding of assets at home by nonresidents and abroad by residents. See IMF, The Liberalization and Management of Capital Flows: An Institutional View," Washington, DC, 2012.

[44] The total number of measures includes a relatively large number of changes reported by a few countries, mainly because of wide-ranging restrictions imposed in the face of an economic crisis. For example, restrictions were imposed by Argentina in 2019 and by Aruba and Curaçao and Sint Maarten in 2020. In some cases, these measures were gradually reversed as the economic situation improved (for example, Greece, Iceland). The AREAER records the imposition of these restrictions and their step-by-step removal across many categories of transactions, thereby showing a large number of measures taken by these countries. There were an additional 68 changes during 2019–20 that cannot be classified as easing or tightening of restrictions. Most either did not discriminate by residence or currency or involved changes in regulations that were not clearly either easing or tightening.

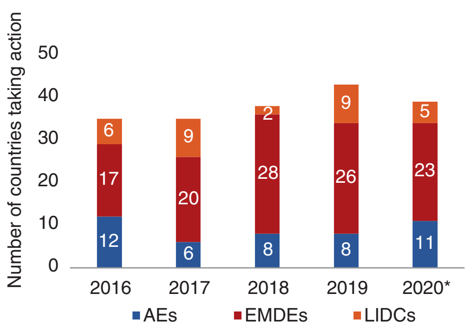
in the face of the disruptions caused by COVID-19, the pace of changes in capital controls again looks set to exceed that in 2018, with 251 changes by 39 of the 190 economies that reported regulatory changes in 2020.[45]

Figure 10. Controls on Capital Transactions

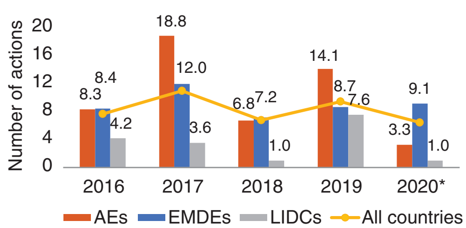
1. In 2019, there were more changes to controls on capital transactions than in any of the past three years. During the 2020 partial-year period, there were also many changes.



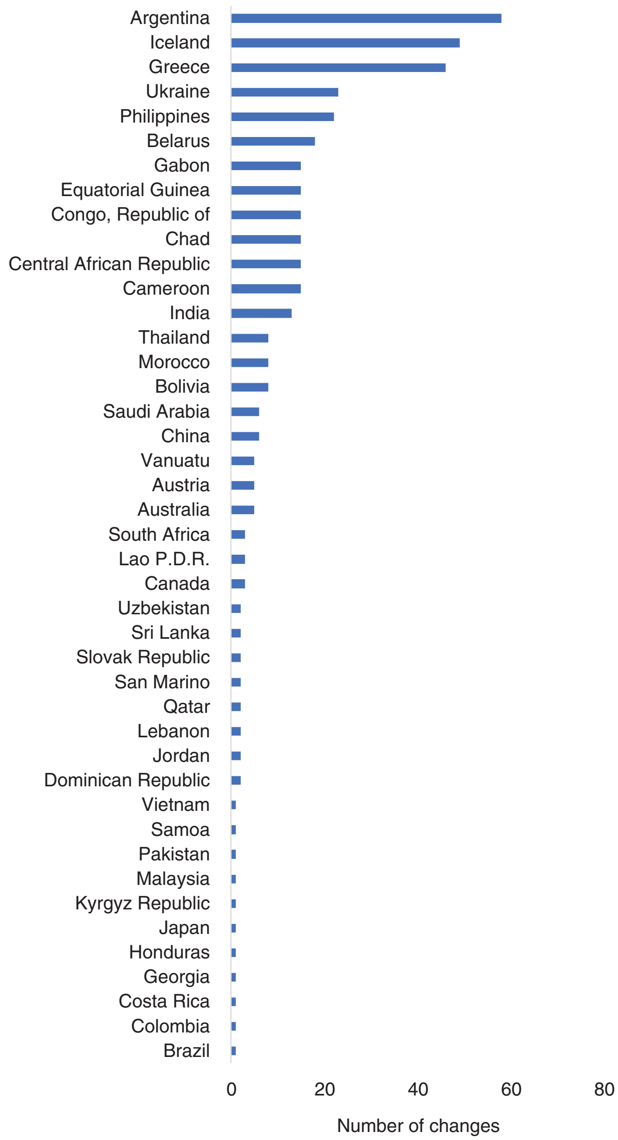
2. In 2019, more LIDCs and about the same number of EMDEs changed controls on capital transactions...



3. ...and the average economy had more changes than in 2018.



4. Of the economies that took any action, about half (22) had fewer than five changes in 2019. Thirteen economies had 10 or more changes, of which 2 were AEs, 7 were EMDEs, and 4 were LIDCs.



Source: AREAER database.
Note: AEs = advanced economies; EMDEs = emerging market and developing economies; LIDCs = low-income developing countries.
* The position date for 2020 varies by country and is less than the full year.

[45] Of 192 economies covered in the AREAER, 190 reported regulatory changes in 2020, of which 145 economies' reporting period ended during the second quarter, 39 during the third quarter, and 6 during the fourth quarter. Only Syria and Venezuela have reporting dates that end prior to 2020.

More economies changed capital controls in 2019 than in the previous three years, and the average economy took more actions than in 2018 (Figure 10, panels 2 and 3). The number of advanced and emerging market and developing economies reporting at least one action remained broadly the same in 2019 as in 2018, but each economy took more actions on average. More low-income developing countries changed capital controls in 2019 than in 2018, and each took more actions on average. Of the 43 economies that took action in 2019, advanced economies accounted for 8 (same as in 2018), 26 were by emerging market and developing economies (compared with 28 in 2018), and 9 were by low-income developing countries (up from 2 in 2018). Data available for the 2020 partial-year period suggest that more advanced economies adjusted capital controls in 2020 than in the previous three years. The number for emerging market and developing economies and low-income developing countries will likely remain broadly the same once all the data are available.

There was significant liberalization of capital controls in a few economies in 2019, with Greece and Iceland both implementing 30 or more liberalizing changes, and Belarus, the Philippines, and Ukraine each chalking up more than 15 measures that eased controls (Figure 10, panel 4). However, in Argentina there was a significant retreat from liberalization, with 58 tightening changes, mostly to outflow controls, as was also true in the CEMAC region, with more tightening than easing actions. The largest number of actions in 2019 by any country was reported by Argentina (58), followed by Iceland (49), Greece (46), and Ukraine (23). Among the key changes were the following:

- Argentina tightened capital controls starting in August 2019, as the country faced renewed risks to debt sustainability through peso depreciation, an increase in sovereign spreads, and a sharp decline in real GDP. Among other changes, the authorities limited nonresidents' access to the foreign exchange market; required central bank approval of purchases of foreign exchange for residents' investments abroad; required settlement of futures, forwards, and other derivatives in domestic currency; and required residents' foreign debt contracted beginning September 1, 2019, to be repatriated and funds sold in the domestic market for later access to that market for principal and interest payments.
- Iceland reduced the special reserve requirement ratio from 20 percent to zero and removed several restrictions on cross-border movement of Icelandic króna. Offshore króna owners were provided the option to release their offshore króna assets previously blocked in Iceland.
- Greece lifted all restrictions on transferring proceeds from nonresident investments in Greek financial instruments abroad as well as all restrictions on fund transfers abroad for resident purchases of foreign financial instruments. Approval for capital transfers was also eliminated. Greece thus completed the gradual removal of the controls introduced in 2015 to address a renewed confidence and liquidity crisis.
- Following a road map for removing capital controls, Ukraine reduced and then eliminated the surrender requirement on foreign exchange export proceeds, removed the licensing requirement for purchases and transfers of foreign currency for investments abroad up to a limit, and allowed nonresidents to buy and transfer foreign currency for repatriation of the proceeds of sales of their investments in Ukraine up to a limit. Resident borrowers were allowed to hedge foreign borrowing through forward agreements with banks. Ukraine also eliminated the interest rate ceiling on foreign borrowing and extended the maximum maturity of commercial credit from residents to nonresidents.

The main changes in low-income developing countries in 2019 were in the CEMAC region, in the context of a persistent fragile economic situation since the 2014–16 oil price declines, prompting changes in the securities regulations. An approval requirement was instituted for residents investing in securities abroad in amounts above CFAF 20 million and residents' direct investment in any amount (both measures constitute tightenings of outflow controls). Approval was also required for nonresidents' purchases of domestic securities above CFAF 20 million and residents' sale and issuance of securities abroad (both of which constitute tightening of inflow controls). On the other hand, controls were eased on nonresidents' sale and issuance of securities within the CEMAC region for amounts between CFAF 10 million and CFAF 50 million by eliminating the previous approval requirement, an easing of outflow controls.

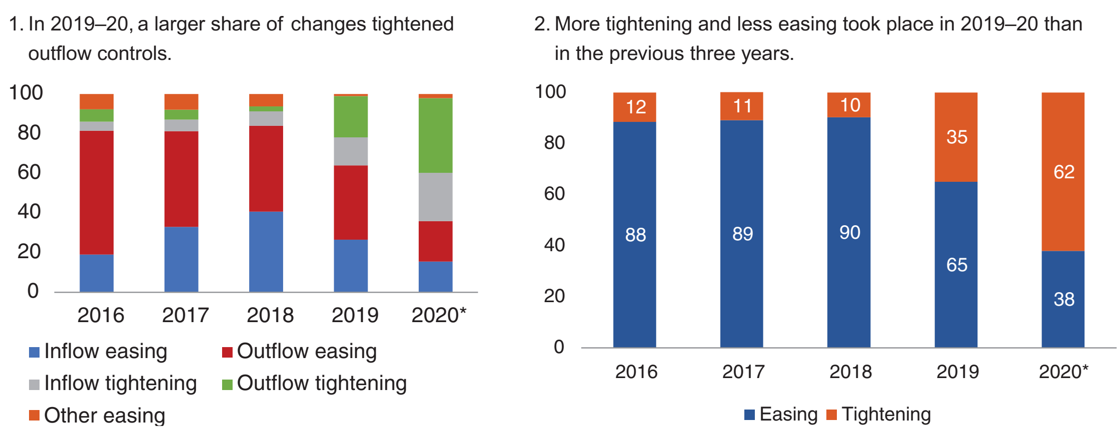
The liberalization trend seen in the previous three years significantly slowed in 2019 and may have reversed in 2020. Reflecting the slowdown in growth and capital flows, and the stresses of the COVID-19 pandemic, a larger share of changes to restrictions on capital transactions during 2019–20 tightened controls, particularly

outflow controls, than in the previous three years (Figure 11, panel 1).[46] Of the 406 changes to controls on capital transactions reported in 2019, 58 changes, or 14 percent, tightened inflow controls, compared with 7 percent or fewer in 2016–18; 84 changes, or 21 percent, tightened outflow controls in 2019, compared with 6 percent or fewer during 2016–18. In partial-year 2020, these numbers rose further: 24 percent of reported changes tightened inflow controls, and 37 percent tightened outflow controls. However, most tightening of inflow controls imposed stricter conditions on the reversal of past nonresident investments, and as such aimed at preventing net capital outflows during the crisis. When all types of liberalization are taken together, the share of easing measures in all actions fell significantly during 2019–20, to 65 percent in 2019 and 38 percent of those reported so far in 2020, compared with close to 90 percent in the previous three years (Figure 11, panel 2).

Among economies that changed controls, the average advanced economy took more outflow- and inflow easing actions than the average emerging market and developing economy in 2019, although this was driven by a large number of actions in Greece and Iceland. Other than Greece and Iceland, advanced economies that eased inflow or outflow controls in 2019 included Australia, Austria, Canada, San Marino, and the Slovak Republic. The eight advanced economies that reported changes in 2019 cited a total of 2 tightening actions, compared with 12 in 2018, and 111 easing actions, of which 59 were easing of outflow controls (Figure 12, panels 1 and 2). The 26 emerging market and developing economies reported 54 inflow easing actions and 75 outflow easing actions in 2019, for an average of 2.1 and 2.9 actions a country, respectively. However, these economies also reported an average of 2.1 outflow tightening and 1.5 inflow tightening actions a country. Both groups of economies took more liberalizing than tightening actions. Low-income countries, on the other hand, took more tightening than easing actions in 2019: the average country reported 3.3 outflow tightening and 1.9 inflow tightening actions a country, compared with 2.3 easing actions of any type. In 2020, tightening actions by emerging market and developing economies look set to increase significantly, led by outflow tightening (Figure 12, panel 3)

Figure 11. Controls on Capital Transactions, by Direction of Change

(Percent of total changes)



Source: AREAER database.
* The position date for 2020 varies by country and is less than the full year.

The majority of changes in 2019 in both advanced and emerging market and developing economies involved controls on capital and money market instruments (Figure 13, panel 1). These amounted to 65 percent of all changes in 2019, compared with 36 percent in 2018 and about 50 percent in the previous two years. Most of the measures in advanced economies in 2019 were in Greece and Iceland. Other measures included Austria's removal of quantitative investment limits by currency for pension funds and an increase in stamp duty imposed on foreign buyers of real estate in the Australian state of Western Australia, to 7 percent from

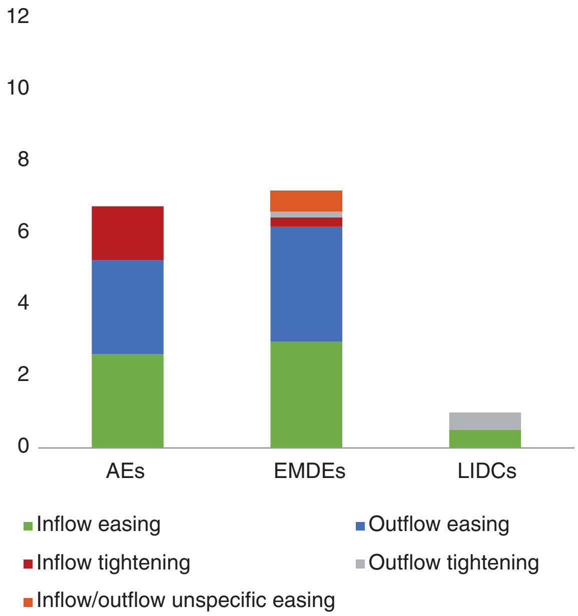
[46] In this section, restrictions on nonresidents' acquisition of domestic assets (including restrictions on repatriation of these assets) are referred to as "inflow controls"; restrictions on residents' acquisition of assets abroad (including repatriation restrictions on these assets) are referred to as "outflow controls."

4 percent. In emerging market and developing economies, India liberalized the rules for nonresidents' portfolio investment in domestic securities; the Philippines removed the ceiling on residents' purchases of foreign exchange without approval for investment in securities issued by nonresidents; and China doubled, and later removed, the overall investment limit for qualified foreign institutional investors.

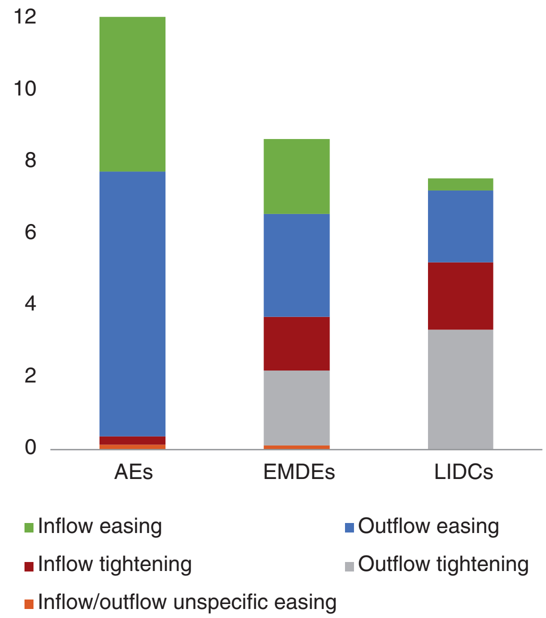
Figure 12. Controls on Capital Transactions, by Direction of Change and Country Group

(Average number of actions per country group)

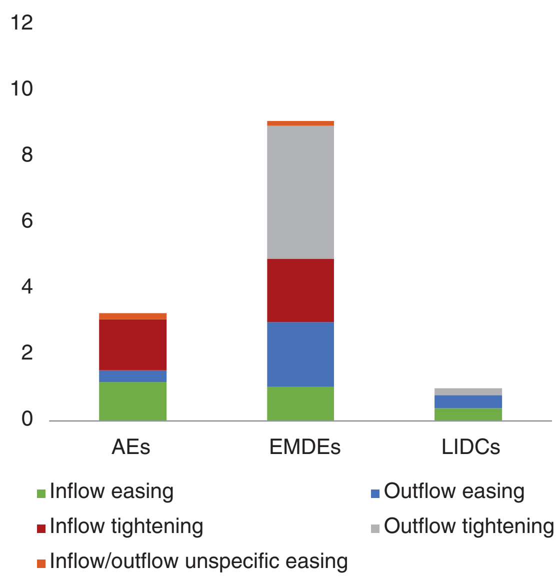
1. Among economies that changed any controls, the average AE did more tightening than the average EMDE in 2018.



2. Among economies that changed any controls, the average LIDC took more inflow and outflow tightening actions than other economies in 2019.



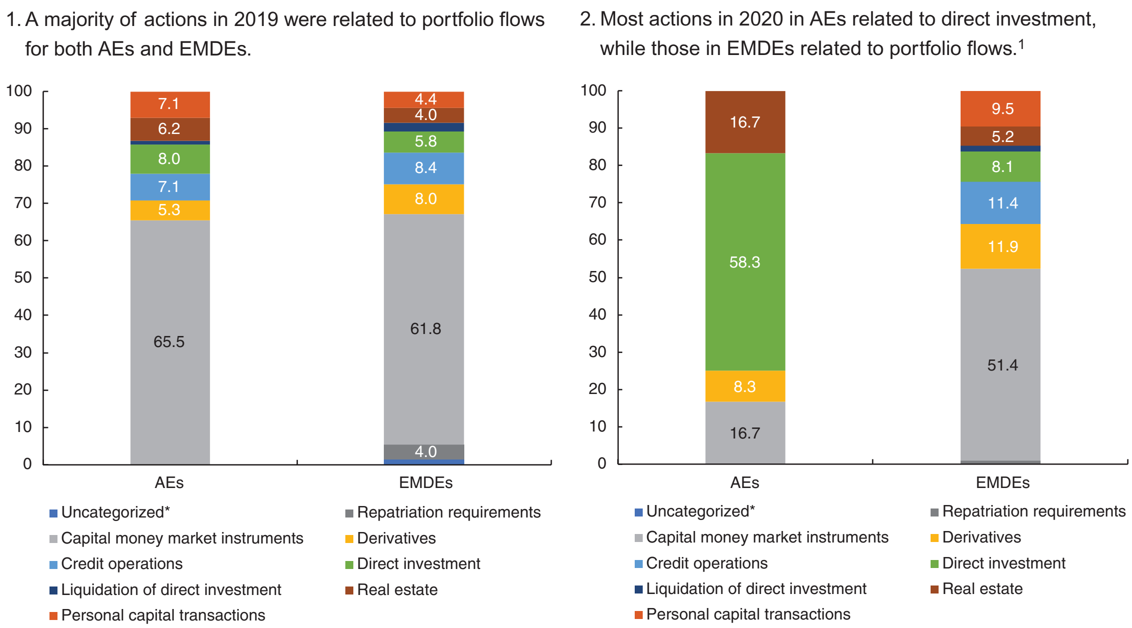
3. Among economies that changed any controls, the average EMDE did more outflow tightening than other economies in 2020.[1]



Source: AREAER database.
Note: AEs = advanced economies; EMDEs = emerging market and developing economies; LIDCs = low-income developing countries.
[1] The position date for 2020 varies by country and is less than the full year.

Figure 13. Controls on Capital Transactions, by AREAER Categories

(Average share of actions per AREAER category)



Source: AREAER database.
Note: AEs = advanced economies; EMDEs = emerging market and developing economies.
* "Uncategorized" refers to the parent category, XI.A.
[1] The position date for 2020 varies by country and is less than the full year.

In 2020, the data so far suggest a shift in the composition of changes in controls toward FDI and real-estate-investment-related measures in advanced economies. For emerging market and developing economies, most changes continue to relate to capital and money market instruments (Figure 13, panel 2). The countries reporting FDI-related restrictions effective 2020 in the current AREAER are Australia, Canada, France, Germany, Hungary, India, New Zealand, Slovenia, Spain, and the United Kingdom. The enacting or implementation of some of these measures is also part of a broader trend to enhance regulation of FDI and in some cases reflects earlier decisions with a national security or public interest motivation. For example, in March 2019, the European Union announced a new FDI regulation, setting EU-wide standards that have led to member actions. In addition, with the sudden and sharp decline in market valuations during the COVID-19 crisis, several advanced economies and a few emerging market and developing economies introduced or expanded the scope of screening or authorization for FDI in key sectors, in a couple of cases temporarily (that is, with preannounced expiration dates—France, Hungary).

For emerging market and developing economies, controls on portfolio flows made up the largest share of changes in 2020, mostly reflecting significant portfolio outflow pressure during the COVID-19 crisis. Some countries that took broad measures that tightened outflow restrictions on several categories of outflows included Argentina, Aruba, The Bahamas, Curaçao and Sint Maarten, Fiji, and Sri Lanka. Although Argentina's measures were a continuation of the policy of restricting outflows started in 2019, the other countries that tightened outflow restrictions broadly were hit hard by COVID-19–related stress, including a drop in global tourism. Sri Lanka, however, relaxed some restrictions imposed earlier in the year in June and July 2020. Other emerging markets, notably India, Indonesia, China, and Malaysia, eased inflow controls during the COVID-19 crisis. China raised the cross-border-finance macroprudential adjustment parameter for financial institutions and enterprises from 1 to 1.25, India eased restrictions on foreign portfolio investment in government and corporate bonds and on derivatives transactions, Indonesia relaxed restrictions on foreign investors' participation in the domestic nondeliverable forwards market, and Malaysia allowed residents to issue ringgit-denominated redeemable preference shares to nonresidents for use in Malaysia.

Provisions Specific to Commercial Banks and Institutional Investors

This section reviews developments in provisions specific to commercial banks and institutional investors, with a focus on prudential measures that are also capital controls.[47] This category covers some monetary and prudential measures in addition to capital controls.[48] It includes, among other categories of financial institution transactions, borrowing abroad, lending to nonresidents, purchasing locally issued securities denominated in foreign exchange, and establishing regulations pertaining to banks' and institutional investors' investments. These provisions may be similar or identical to the measures described in the respective categories of controls on accounts, capital and money market instruments, credit operations, and direct investment if the same regulations apply to commercial banks and institutional investors as to other residents. In such cases, the measure also appears in the relevant category in the sections on accounts and capital transactions.

Reported measures in the financial sector indicate member countries' efforts to continue to strengthen the regulatory framework of commercial banks, other credit institutions, and institutional investors. The number of reported measures (352) introduced from January 2019 to August 2020 increased by roughly 15 percent compared with the previous reporting period, reflecting an increase in measures related both to commercial banks and to institutional investors. The tendency in recent years for the number of easing measures to exceed that of tightening measures continued, in particular due to easing measures implemented on commercial banks, while there was a marked increase in tightening measures on institutional investors. This reflects regulatory tightening on commercial banks following the global financial crisis, which has since seen some scaling back, while reforms on tightening restrictions on institutional investors have gained momentum.

As in the previous reporting period, the majority of the reported measures were prudential measures (209). Their share increased by 5 percentage points, to 59 percent, over the previous reporting period. The number of reported capital control measures was 143, a slight increase from the previous period. The majority of the capital controls affect institutional investors (68 percent), an increase of about 5 percentage points from the previous reporting period.

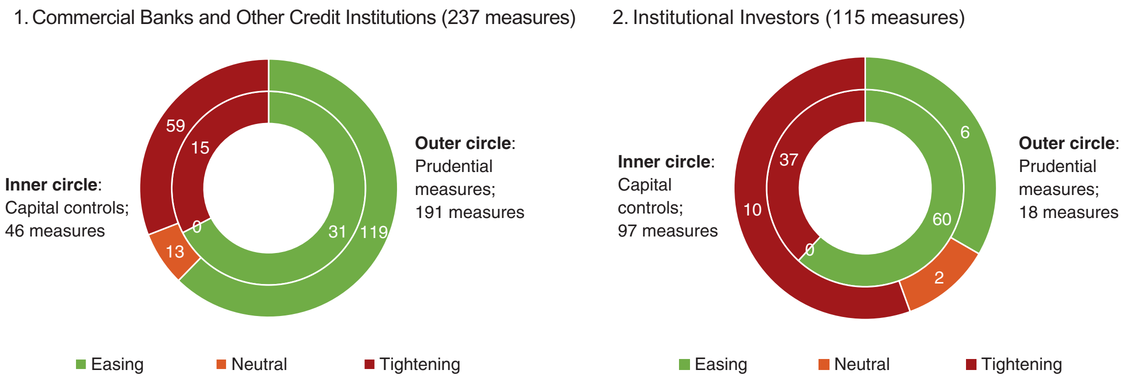
While most of the changes in capital controls eased regulatory constraints (of the 143 measures, 91 are easing), the share of tightening measures increased markedly from the previous reporting period (from 16 percent to 36 percent). As explained below, this reflects a significant rise in tightening measures on institutional investors; tighter capital controls in three regions (Aruba, Curaçao and Sint Maarten, Sri Lanka) in relation to the COVID-19 shock explain a large share of the increase. Close to half of the reported changes in capital controls are aimed at easing outflows (71), 2 measures are aimed at both inflows and outflows, and 18 measures eased inflows. A large majority of the 52 tightening measures (a strong increase from the 22 measures in the previous reporting period) were aimed at outflows (44), 5 were aimed at inflows (after having no such measures for two reporting periods in a row), and 3 were aimed at both inflows and outflows.

Easing prudential measures outweigh tightening measures, as in the case of capital controls. This tendency has strengthened since the previous reporting period (solely because of the sharp increase in easing measures on commercial banks): 125 had an easing effect, 69 a tightening effect, and 15 a neutral effect. A summary of the changes in this category is presented in Figure 14.

[47] Capital controls and prudential measures are highly intertwined because of their overlapping application. For example, some prudential measures (such as different reserve requirements for deposit accounts held by residents and nonresidents) could also be regarded as capital controls because they distinguish between transactions with residents and nonresidents and hence influence capital flows.

[48] Inclusion of an entry in this category does not necessarily indicate that the aim of the measure is to control the flow of capital.

Figure 14. Provisions Specific to the Financial Sector, January 1, 2019–August 31, 2020



Source: AREAER database.

Commercial banks and other credit institutions

About 58 percent of measures easing capital controls affected capital inflows (18), while 11 measures relaxed conditions for outflows, and 2 measures eased both types of flows.

- *Controls on capital inflows*—Many of the measures easing inflows relaxed restrictions on borrowing from abroad. China eased borrowing caps on companies' and some financial institutions' external borrowing, Russia reduced reserve requirements on liabilities to nonresident legal entities, Tunisia raised limits on resident credit institutions' external borrowing, Ukraine removed interest rate ceilings on external borrowing, and Ethiopia allowed commercial banks to borrow freely in foreign currency, including from nonresidents, to grant foreign currency credit to residents. In addition, Brazil removed the need for presidential approval for foreign participation in domestic financial institutions and moved such participation to the existing framework for general participation in financial institutions in a nondiscriminatory manner.
- *Controls on capital outflows*—Belarus and Morocco eased restrictions on maintaining accounts abroad; the Philippines and South Africa allowed specific types of lending to certain groups of nonresidents, and China eased controls on foreign branches' acceptance of time deposits from residents. Iceland allowed all so-called offshore króna owners to release their offshore króna assets. Oman continued relaxing restrictions on banks' external assets, and Greece removed the need for Bank Transactions Approval Committee approval for outward capital transfers, the last remaining control imposed to fend off a crisis in 2015.
- *Controls on both inflows and outflows*—Morocco eased restrictions on local lending in foreign currency and allowed for such loans to fund outward investments, while El Salvador removed a financial transaction tax that was ruled to be unconstitutional.

Some 15 measures tightened capital controls, compared with 11 measures in the previous reporting period. Nine measures were related to outflows: Bolivia tightened banks' foreign investment and long foreign currency limits. In response to the COVID-19 shock, Sri Lanka and Curaçao and Sint Maarten temporarily suspended licenses for outward capital transactions, while Oman reduced limits on banks' external exposures. Four measures affected inflows (all pre-COVID-19): Indonesia tightened controls on banks' external liabilities by extending the scope of the regulation on such liabilities to include so-called master risk participation agreements, Thailand reduced caps on the outstanding balance of nonresidents' domestic currency bank accounts, Argentina introduced a surrender requirement on foreign debt, and Colombia implemented stricter hedging requirements regarding borrowing from abroad.

The 191 reported prudential measures indicate an easing of the prudential framework of banks' operations. This is reflected in the continued trend of an increasing number of easing measures (to 119 from 68) while the number of tightening measures decreased slightly (to 59 from 60). As in the previous reporting period, there were a number of neutral measures (13).

Some of the measures that eased banks' prudential frameworks are as follows:

- Several measures affected reserve requirements, both before the pandemic but then more forcefully as the COVID-19 shock hit as this was an important policy response to the liquidity pressures stemming from the shock.
  - Among those countries that eased reserve requirements before the pandemic shock and not during it, including for monetary purposes in some instances, were Georgia, the Kyrgyz Republic, Nicaragua, Russia (for domestic currency liabilities only), and Sri Lanka.
  - Some countries eased reserve requirements both before and during the COVID-19 shock: Bolivia, China, El Salvador, Indonesia, Jamaica, the Philippines, Tanzania, and Turkey.
  - Other countries eased reserve requirement only as a response to the pandemic (mainly in the first wave) to provide the banking system with greater available liquidity to meet liquidity pressures or provide loans. These include Aruba, Bahrain, Bangladesh, Botswana, Brazil, Cambodia, India, Lao P.D.R., Malaysia, Maldives, Moldova, Pakistan, Peru, Romania, Rwanda, Suriname, Trinidad and Tobago, and the United Arab Emirates.
- In response to the COVID-19 shock, liquid asset requirements were reduced for reasons similar to those that lowered reserve requirements; that is, to provide liquidity to banks to meet liquidity pressures and demand for loans in Aruba, Belize, Jamaica, Korea, Malaysia, and Peru, both before and after the COVID-19 shock. Georgia removed liquid asset requirements as part of a transition to using Basel III liquidity measures instead. As a response to the COVID-19 shock, Korea also temporarily relaxed the foreign exchange liquidity coverage ratio for banks, and Malaysia temporarily increased the single counterparty exposure limit for certain exposures.
- A few countries eased net open position limits (unrelated to the pandemic), including Sri Lanka, Ukraine, and Uzbekistan.

59 measures tightened prudential frameworks for commercial banks, compared to 60 in the last reporting period. The measures were aimed mainly at enhancing banks' resilience against liquidity and exchange rate shocks and adapting domestic regulations to international standards.

- A number of countries introduced or continued to phase in the liquidity coverage ratio (LCR) and/or net stable funding ratio (NSFR); for instance, Cambodia (LCR), Malaysia (NFSR), Mauritania (LCR), Mauritius (LCR), and Ukraine (LCR). The LCR and the NSFR are part of the Basel III regulatory framework for banks and aim to address banks' vulnerabilities regarding liquidity and funding.
- Some countries introduced or tightened measures to address foreign-exchange-related risks. Hungary temporarily tightened its foreign exchange funding adequacy framework to reduce banks' currency and maturity mismatches even further, and Vietnam introduced specific restrictions on short-term and medium- to long-term foreign currency lending.
- Angola and Lebanon tightened interest rate controls and loan-to-deposit caps, respectively.

Neutral measures were mostly related to the implementation of new regulatory frameworks on banks' operations and to changes in the institutional framework of bank supervision. Italy made changes to its frameworks on sanctions and anti-money-laundering procedures and provisions. India introduced prudential guidelines for external lending and borrowing by Indian banks and their branches and subsidiaries.

Institutional investors

The number of measures regarding institutional investors (115) rose by 13 from the previous period. This reflects mainly an increase in regulatory changes affecting capital controls but also a slight increase in changes in prudential measures (97 and 18 compared with 88 and 14, respectively, in the previous period). Changes easing constraints on the operations of institutional investors (66) still exceeded those tightening constraints

(47), but the difference shrank considerably from the last reporting period because of a sharp increase in tightening measures (from 12 to 47), many of which are related to tightening capital outflow controls in a few countries as a response to the COVID-19 crisis.

Regarding capital controls, 60 of the 97 reported changes relaxed constraints. All easing measures are related to capital outflows.

Among countries easing capital controls on purchases of foreign securities were Austria, Croatia, Malaysia (for pension funds), and Thailand (for insurers). Morocco, the Philippines, and Vanuatu eased restrictions on investment abroad by investment firms and collective investment funds. Ukraine, continuing on its path to liberalize the financial account, removed the license requirement for purchases of foreign currency for outward investment, as long as a transaction does not exceed the established limits.

Some 37 measures tightened capital controls on institutional investors, compared with only 11 in the previous reporting period. Close to all of these measures tightened controls on capital outflows (35), and most of them (28) reflect broad-based COVID-19 crisis responses in only three jurisdictions (Aruba, Curaçao and Sint Maarten, Sri Lanka, with 12, 4, and 12 measures each, respectively). Unrelated to the pandemic, Bolivia, Botswana, and Lebanon tightened conditions on institutional investors' capital outflows. In most instances, this reflected introducing or tightening caps on institutional investors' external assets.

Six measures eased the prudential framework for operations by institutional investors. Belgium, India, and Romania eased restrictions on pension funds' assets and India did so also for mutual funds. The Kyrgyz Republic increased limits on insurance companies' and investment funds' investments in financial instruments of a single issuer.

Ten measures tightened the prudential rules for institutional investors' operations, compared with only one in the previous reporting period. Albania introduced limits on collective investment funds' investments in terms of maturities, transferability, issuer concentrations, and so forth, in line with the EU Directive on Undertakings for Collective Investment in Transferable Securities. India tightened exposure limits on funds' investments held locally, and Moldova introduced such restrictions. Lebanon tightened requirements on local portfolios for investment companies and collective investment funds, while Singapore raised risk weights on the foreign currency mismatch risk for insurers.

Among the reported prudential measures specific to institutional investors, 2 of the 18 were recorded as neutral. These measures reflect mainly institutional or procedural changes and cannot be linked directly to easing or tightening constraints on institutional investors' operations. In particular, China moved toward a solvency-based supervisory framework for insurers' investments in equity-type assets, while Romania adjusted the framework for occupational pension funds.

2020 AREAER: Compilation Guide[1]

Status Under IMF Articles of Agreement

Article VIII The member country has accepted the obligations of Article VIII, Sections 2, 3, and 4, of the IMF's Articles of Agreement.

Article XIV The member country continues to avail itself of the transitional arrangements of Article XIV, Section 2.

Exchange Measures

Restrictions and/or multiple currency practices Exchange restrictions and multiple currency practices (MCPs) maintained by a member country under Article VIII, Sections 2, 3, and 4, or under Article XIV, Section 2, of the IMF's Articles of Agreement, as specified in the latest IMF staff reports issued as of December 31, 2019. Information on exchange restrictions and MCPs or on the nonexistence of exchange restrictions and MCPs for countries with unpublished IMF staff reports are published only with the consent of the authorities. If no consent has been received, the AREAER indicates that "Information is not publicly available." Hence, "Information is not publicly available" does not necessarily imply that the country maintains exchange restrictions or MCPs. It indicates only that the country's relevant IMF staff report has not been published and that the authorities have not consented to the publication of the information on the existence of exchange restrictions and MCPs. Because the relevant IMF staff report may refer to years before the reporting period for this volume of the AREAER; therefore, more recent changes in the exchange system may not be included here. Changes in the category "Restrictions and/or multiple currency practices" are reflected in the edition of the AREAER that covers the calendar year during which the IMF staff report including information on such changes is issued. Changes in these measures which give rise to exchange restrictions or MCPs and that affect other categories of the country tables are reported under the relevant categories in the AREAER, in accordance with the normal reporting periods.

Exchange measures imposed for security reasons Exchange measures on payments and transfers in connection with international transactions imposed by member countries for reasons of national or international security.

In accordance with IMF Executive Board Decision No. 144-(52/51) Security restrictions on current international payments and transfers on the basis of IMF Executive Board Decision No. 144-(52/51), which establishes the obligation of members to notify the IMF before imposing such restrictions, or, if circumstances preclude advance notification, as promptly as possible.

Other security restrictions Other restrictions imposed for security reasons (e.g., in accordance with UN or EU regulations) but not notified to the IMF under Board Decision 144-(52/51).

Exchange Arrangement

Currency The official legal tender of the country.

Other legal tender The existence of another currency that is officially allowed to be used in the country.

Exchange rate structure If there is one exchange rate, the system is called unitary. If there is more than one exchange rate that may be used simultaneously for different purposes and/or by different entities, and if these exchange rates give rise to MCPs or differing rates for current and capital transactions, the system is called dual or multiple. Different effective exchange rates resulting from exchange taxes or subsidies, excessive exchange rate spreads between buying and selling rates, bilateral payments agreements, and broken cross rates are not included in this category. Changes in

[1] Specific references to the underlying legal materials and hyperlinks to the legal texts are included in a separate column (References to legal instruments and hyperlinks) at each category level in each section of the country chapters.

measures within this category are reported in accordance with the normal reporting periods. Reclassification in cases related to changes in MCPs occurs in the edition of the AREAER, that covers the calendar year during which the IMF staff report that includes information on such changes is issued.

Classification

Describes and classifies the de jure and the de facto exchange rate arrangements.

De jure

The description and effective dates of the de jure exchange rate arrangements are provided by the authorities. By Article IV, Section 2(a) of the Fund's Articles of Agreement and Paragraph 16 of the 2007 Surveillance Decision No. 13919-(07/51), each member is required to notify the Fund of the exchange arrangements it intends to apply and to notify the Fund promptly of any changes in its exchange arrangements. Country authorities are also requested to identify, whenever possible, which of the existing categories of exchange rate arrangements below most closely corresponds to the de jure arrangement in effect. Country authorities may also wish to briefly describe their official exchange rate policy. The description includes officially announced or estimated parameters of the exchange arrangement (e.g., parity, bands, weights, rate of crawl, and other indicators used to manage the exchange rate). It also provides information on the computation of the exchange rate.

De facto

IMF staff classifies the de facto exchange rate arrangements according to the categories below. The name and the definition of the categories describing the de facto exchange rate arrangements have been modified in accordance with the revised classification methodology, as of February 1, 2009. Where the description of the de jure arrangement can be empirically confirmed by the IMF staff over at least the previous six months, the exchange rate arrangement will be classified in the same way on a de facto basis.

Because the de facto methodology for classification of exchange rate regimes is based on a backward-looking approach that relies on past exchange rate movement and historical data, some countries are reclassified retroactively to a date when the behavior of the exchange rates changed and matched the criteria for reclassification to the appropriate category. For these countries, if the retroactive date of reclassification is prior to the period covered in this report, then the effective date of change to be entered in the country chapter and the changes section is deemed to be the first day of the year in which the decision of reclassification took place.

No separate legal tender

Classification as an *exchange rate arrangement with no separate legal tender* involves the confirmation of the country authorities' de jure exchange rate arrangement. The currency of another country circulates as the sole legal tender (formal dollarization).

Adopting such an arrangement implies the complete surrender by the monetary authorities of control over domestic monetary policy.

Exchange arrangements of countries that belong to a monetary or currency union in which the same legal tender is shared by the members of the union are classified under the arrangement governing the joint currency. This classification is based on the behavior of the common currency, whereas the previous classification was based on the lack of a separate legal tender. The classification thus reflects only a definitional change and is not based on a judgment that there has been a substantive change in the exchange arrangement or in other policies of the currency union or its members.

Currency board

Classification as a *currency board* involves the confirmation of the country authorities' de jure exchange rate arrangement. A currency board arrangement is a monetary arrangement based on an explicit 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. This implies that domestic currency is usually fully backed

by foreign assets, eliminating traditional central bank functions such as monetary control and lender-of-last-resort and leaving little scope for discretionary monetary policy. Some flexibility may still be afforded, depending on the strictness of the banking rules of the currency board arrangement.

Conventional peg

Classification as a *conventional peg* involves the confirmation of the country authorities' de jure exchange rate arrangement. For this category the country formally (de jure) pegs its currency at a fixed rate to another currency or basket of currencies, where the basket is formed, for example, from the currencies of major trading or financial partners and weights reflect the geographic distribution of trade, services, or capital flows. The anchor currency or basket weights are public or notified to the IMF. The country authorities stand ready to maintain the fixed parity through direct intervention (i.e., via sale or purchase of foreign exchange in the market) or indirect intervention (e.g., via exchange rate related use of interest rate policy, imposition of foreign exchange regulations, exercise of moral suasion that constrains foreign exchange activity, or intervention by other public institutions). There is no commitment to irrevocably keep the parity, but the formal arrangement must be confirmed empirically: the exchange rate may fluctuate within narrow margins of less than ±1% around a central rate or the maximum and minimum value of the spot market exchange rate must remain within a narrow margin of 2% for at least six months.

Stabilized arrangement

Classification as a *stabilized arrangement* entails a spot market exchange rate that remains within a margin of 2% for six months or more (with the exception of a specified number of outliers or step adjustments) and is not floating. The required margin of stability can be met either with respect to a single currency or a basket of currencies, where the anchor currency or the basket is ascertained or confirmed using statistical techniques. Classification as a stabilized arrangement requires that the statistical criteria are met and that the exchange rate remains stable as a result of official action (including structural market rigidities). The classification does not imply a policy commitment on the part of the country authorities.

Crawling peg

Classification as a *crawling peg* involves the confirmation of the country authorities' de jure exchange rate arrangement. The currency is adjusted in small amounts at a fixed rate or in response to changes in selected quantitative indicators, such as past inflation differentials vis-à-vis major trading partners or differentials between the inflation target and expected inflation in major trading partners. The rate of crawl can be set to generate inflation-adjusted changes in the exchange rate (backward looking) or set at a predetermined fixed rate and/or below the projected inflation differentials (forward looking). The rules and parameters of the arrangement are public or notified to the IMF.

Crawl-like arrangement

For classification as a *crawl-like arrangement*, the exchange rate must remain within a narrow margin of 2% relative to a statistically identified trend for six months or more (with the exception of a specified number of outliers) and the exchange rate arrangement cannot be considered as floating. Normally, a minimum rate of change greater than allowed under a stabilized (peg-like) arrangement is required. However, an arrangement will be considered crawl-like with an annualized rate of change of at least 1%, provided that the exchange rate appreciates or depreciates in a sufficiently monotonic and continuous manner.

Pegged exchange rate within horizontal bands

Classification as a *pegged exchange rate within horizontal bands* involves the confirmation of the country authorities' de jure exchange rate arrangement. The value of the currency is maintained within certain margins of fluctuation of at least ±1% around a fixed central rate, or the margin between the maximum and minimum value of the exchange rate exceeds 2%. It includes arrangements of countries in the ERM of the European Monetary System (EMS), which was replaced with the ERM II on January 1, 1999, for those countries with margins of fluctuation wider than ±1%. The central rate and width of the band are public or notified to the IMF.

Other managed arrangement	This category is a residual and is used when the exchange rate arrangement does not meet the criteria for any of the other categories. Arrangements characterized by frequent shifts in policies may fall into this category.
Floating	A *floating* exchange rate is largely market determined, without an ascertainable or predictable path for the rate. In particular, an exchange rate that satisfies the statistical criteria for a stabilized or a crawl-like arrangement will be classified as such unless it is clear that the stability of the exchange rate is not the result of official actions. Foreign exchange market intervention may be either direct or indirect, and such intervention serves to moderate the rate of change and prevent undue fluctuations in the exchange rate, but policies targeting a specific level of the exchange rate are incompatible with floating. Indicators for managing the rate are broadly judgmental (e.g., balance of payments position, international reserves, parallel market developments). Floating arrangements may exhibit more or less exchange rate volatility, depending on the size of the shocks affecting the economy.
Free floating	A floating exchange rate can be classified as *free floating* if intervention occurs only exceptionally and aims to address disorderly market conditions and if the authorities have provided information or data confirming that intervention has been limited to at most three instances in the previous six months, each lasting no more than three business days. If the information or data required are not available to the IMF staff, the arrangement will be classified as floating. Detailed data on intervention or official foreign exchange transactions will not be requested routinely from member countries, but only when other information available to IMF staff is insufficient to resolve uncertainties about the appropriate classification.
Official exchange rate	Provides information on the computation of the exchange rate and the use of the official exchange rate (accounting, customs valuation purposes, foreign exchange transactions with the government).
Monetary policy framework	The category includes a brief description of the monetary policy framework in effect according to the following subcategories:
Exchange rate anchor	The monetary authority buys or sell foreign exchange to maintain the exchange rate at its predetermined level or within a range. The exchange rate thus serves as the nominal anchor or intermediate target of monetary policy. These frameworks are associated with exchange rate arrangements with no separate legal tender, currency board arrangements, pegs (or stabilized arrangements) with or without bands, crawling pegs (or crawl-like arrangements), and other managed arrangements.
U.S. dollar	The U.S dollar is the nominal anchor or the only legal tender.
Euro	The euro is the nominal anchor or the only legal tender.
Composite	A currency composite consisting of two or more currencies is the nominal anchor.
Other	A currency other than the U.S dollar and the euro is the nominal anchor or the only legal tender.
Monetary aggregate target	The intermediate target of monetary policy is a monetary aggregate such as M0, M1, or M2, although the country may also set targets for inflation. The central bank may use a quantity (central bank reserves or base money) or price variable (policy rate) as operational target.
Inflation-targeting framework	This involves the public announcement of numerical targets for inflation, with an institutional commitment by the monetary authority to achieve these targets, typically over a medium-term horizon. Additional key features normally include increased communication with the public and the markets about the plans and objectives of monetary policymakers and increased accountability of the central bank for achieving its inflation objectives. Monetary policy decisions are often guided by the deviation of forecasts of future inflation from the announced inflation target, with the inflation forecast acting (implicitly or explicitly) as the intermediate target of monetary policy.

Target setting body	The official body or organizational unit responsible for setting and/or adjusting the inflation targets.
Inflation target	The numerical targets for inflation which have been publicly announced by the Central Bank. Inflation targets are generally expressed as i) a point target, ii) targets with plus minus a certain numerical limit, and iii) as a band or range. The target measure is defined in terms of end-year inflation or as average annual inflation. CPI and core CPI are based on national definitions, which may vary from country to country. Target horizon is the term in years of inflation targets as publicly announced by the Central Bank.
Operating target (policy rate)	Policy rate is used as the operating target of the monetary policy to achieve the inflation target. Short-term policy interest rate target (for example, overnight, one week, two weeks, etc.) is generally expressed as i) a point target, ii) target with a certain numerical limit above and below the target, and iii) as a band or range (upper and lower limits).
Accountability	Accountability framework that requires the central bank to explain its conduct of monetary policy in the pursuit of achieving its inflation target. For example, the governor or representatives of the central bank are required to appear before Parliament or one of its committees to explain actions and views on monetary policy and economic developments. It may also require reporting inflation targets through *Open letters* on monetary policy. Usually written by the Governor on behalf of the Monetary Policy Committee to the government in the event that inflation misses the inflation target by a pre-specified amount.
Transparency	The manner and level of detail how monetary policy decisions are communicated to the public. Institutional transparency is gauged by the communication vehicles employed by the central bank, including the release of inflation reports and the frequency and detail of these reports, the announcement of changes in the stance of monetary policy via press release, reviews of inflation performance and changes in monetary policy, the publication of inflation forecasting models, and the use of media and other public presentations.
Other monetary framework	The country has no explicitly stated nominal anchor, but rather monitors various indicators in conducting monetary policy. This category is also used when no relevant information on the country is available.
Exchange tax	Foreign exchange transactions are subject to a special tax. Bank commissions charged on foreign exchange transactions are not included in this category; rather, they are listed under the exchange arrangement classification.
Exchange subsidy	Foreign exchange transactions are subsidized by using separate, nonmarket exchange rates.
Foreign exchange market	The existence of a foreign exchange market.
Spot exchange market	Institutional setting of the foreign exchange market for spot transactions and market participants. Existence and significance of the parallel market.
Operated by the central bank	The role of the central bank in providing access to foreign exchange to market participants through a foreign exchange standing facility, allocation of foreign exchange to authorized dealers, or other legal and private persons, and the management of buy or sell auctions or fixing sessions. Price determination and frequency of central bank operations. A foreign exchange standing facility allows market participants to buy foreign exchange from or sell it to the central bank at predetermined exchange rates at their own initiative and is usually instrumental in maintaining a hard or soft peg arrangement. The credibility of the facility depends to a large extent on the availability of foreign exchange reserves to back the facility.

Allocation involves redistribution of foreign exchange inflows by the central bank to market participants for specific international transactions or in specific amounts (rationing). Foreign exchange allocation is often used to provide foreign exchange for strategic imports such as oil or food when foreign exchange reserves are scarce. In an allocation system, companies and individuals often transact directly with the central bank, and commercial banks may buy foreign exchange only for their clients' underlying international transactions. Purchases of foreign exchange for the banks' own books typically are not permitted.

Auctions are organized by the central bank, usually for market participants to buy and /or sell foreign exchange. They can take the form of multiple-price auctions (all successful bidders pay the price they offer) or single-price auctions (all successful bidders pay the same price, which is the market-clearing/cut-off price). The authorities may exercise discretion in accepting or rejecting offers, and sometimes a floor price is determined in advance, below which offers are not accepted. The frequency of auctions depends mainly on the amount or availability of foreign exchange to be auctioned and on the role the auction plays in the foreign exchange market.

Fixing sessions are often organized by the central bank at the early stage of market development to establish a market-clearing exchange rate. The central bank monitors the market closely and often actively participates in price formation by selling or buying during the session to achieve a certain exchange rate target. The price determined at the fixing session is often used for foreign exchange transactions outside the session and/or for accounting and valuation purposes.

Interbank market — The organization and operation of the interbank market or interventions. Existence of brokerage, over the counter, and market-making arrangements.

Forward exchange market — The existence of a forward exchange market and the institutional arrangement and market participants.

Official cover of forward operations — An official entity (the central bank or the government) assumes the exchange risk of certain foreign exchange transactions.

Arrangements for Payments and Receipts

Prescription of currency requirements — The official requirements affecting the selection of currency and the method of settlement for transactions with other countries. When a country has payments agreements with other countries, the terms of these agreements often lead to a prescription of currency for specified categories of payments to, and receipts from, the countries concerned. This category includes information on the use of domestic currency in transactions between residents and nonresidents, both domestically and abroad; it also indicates any restrictions on the use of foreign currency among residents.

Payments arrangements

Bilateral payments arrangements — Two countries have an agreement to prescribe specific rules for payments to each other, including cases in which 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 payments agreement.

Clearing agreements — The official bodies of two or more countries agree to offset with some regularity the balances that arise from payments to each other as a result of the 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 payment.
Administration of control	The authorities' division of responsibility for monitoring policy, administering exchange controls, and determining the extent of delegation of powers to outside agencies (banks are often authorized to effect foreign exchange transactions).
Payments arrears	Official or private residents of a member country default on their payments or transfers in foreign exchange to nonresidents. This category includes only the situation in which domestic currency is available for 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; it does not cover nonpayment by private parties owing to bankruptcy.
Controls on trade in gold (coins and/or bullion)	Separate rules for trading in gold domestically and with foreign countries.
Controls on exports and imports of banknotes	Regulations governing the physical movement of means of payment between countries. Where information is available, the category distinguishes between separate limits for the (1) export and import of banknotes by travelers and (2) export and import of banknotes by banks and other authorized financial institutions.

Resident Accounts

Indicates whether resident accounts that are maintained in the national currency or in foreign currency, locally or abroad, are allowed and describes how they are treated 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, whether residents are allowed to open foreign exchange accounts with or without approval from the exchange control authority, whether these accounts may be held domestically or abroad, and whether the balances on accounts held by residents in domestic currency may be converted into foreign currency.

Nonresident Accounts

Indicates whether local nonresident accounts maintained in the national currency or in foreign currency are allowed and describes how they are treated 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 described.

Blocked accounts	Accounts of nonresidents, usually in domestic currency. Regulations prohibit 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 on imports.

Foreign exchange budget	Information on the existence of a foreign exchange plan, i.e., prior allocation of a certain amount of foreign exchange, usually on an annual basis, for the importation of specific types of goods and/or services. In some cases, also covers differentiations among individual importers.
Financing requirements for imports	Information on specific import-financing regulations limiting the rights of residents to enter into private contracts in which the financing options differ from those in 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	Parties are obligated to use letters of credit (LCs) as a form of payment for their imports.
Import licenses used as exchange licenses	Import licenses are used not for trade purposes but instead to restrict the availability of foreign exchange for legitimate trade.
Import licenses and other nontariff measures	
Positive list	A list of goods that may be imported.
Negative list	A list of goods that may not be imported.
Open general licenses	Indicates arrangements whereby certain imports or other international transactions are exempt from the restrictive application of licensing requirements.
Licenses with quotas	Refers to situations in which 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 prohibitions on imports of certain goods from all countries or of all goods from a certain country. Several other nontariff measures are used by countries (e.g., phytosanitary examinations, setting of standards), but these are not covered fully in the report.
Import taxes and/or tariffs	A brief description of the import tax and tariff system, including taxes levied on the foreign exchange made available for imports.
Taxes collected through the exchange system	Indicates if any taxes apply to the exchange side of an import transaction.
State import monopoly	Private parties are not allowed to engage in the importation of certain products, or they are limited in their activity.

Exports and Export Proceeds

Describes restrictions on the use of export proceeds, as well as regulations on exports.

Repatriation requirements	The obligation of exporters to repatriate export proceeds.
Surrender requirements	
Surrender to the central bank	Regulations requiring the recipient of repatriated export proceeds to sell, sometimes at a specified exchange rate, any foreign exchange proceeds in return for local currency to the central bank.
Surrender to authorized dealers	Regulations requiring the recipient of repatriated export proceeds to sell, sometimes at a specified exchange rate, any foreign exchange proceeds in return for local currency to commercial banks or exchange dealers authorized for this purpose or on a foreign exchange market.

Financing requirements	Information on specific export-financing regulations limiting the rights of residents to enter into private contracts in which the financing options differ from those in the official regulations.
Documentation requirements	The same categories as in the case of imports are used.
Export licenses	Restrictions on the right of residents to export goods. These restrictions may take the form of quotas (where a certain quantity of shipment abroad is allowed) or the absence of quotas (where the licenses are issued at the discretion of the foreign trade control authority).
Export taxes	A brief description of the export tax system, including any taxes that are levied on foreign exchange earned by exporters.

Payments for Invisible Transactions and Current Transfers

Describes the procedures for effecting payments abroad in connection with 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 nature 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 to transactions for which quantitative limits have not been established.

Trade-related payments	Includes freight and insurance (including possible regulations on non-trade-related insurance payments and transfers), unloading and storage costs, administrative expenses, commissions, and customs duties and fees.
Investment-related payments	Includes profits and dividends, interest payments (including interest on debentures, mortgages, etc.), amortization of loans or depreciation of foreign direct investments, and payments and transfers of rent.
Payments for travel	Includes international travel for business, tourism, etc.
Personal payments	Includes medical expenditures abroad, study expenses abroad, pensions (including regulations on payments and transfers of pensions by both state and private pension providers on behalf of nonresidents, as well as the transfer of pensions due to residents living abroad), and family maintenance and alimony (including regulations on payments and transfers abroad of family maintenance and alimony by residents).
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	Includes subscription and membership fees, authors' royalties, consulting and legal fees, etc.

Proceeds from Invisible Transactions and Current Transfers

Describes regulations governing exchange receipts derived from transactions in invisibles—including descriptions of any limitations on their conversion into domestic currency—and the use of those receipts.

Repatriation requirements	The definitions of repatriation and surrender requirements are similar to those applied to export proceeds.
Surrender requirements	

Surrender to the central bank	
Surrender to authorized dealers	
Restrictions on use of funds	Refers mainly to the limitations imposed on the use of receipts previously deposited in certain types of bank accounts.

Capital Transactions

Describes regulations influencing both inward and outward capital flows. The concept of controls on capital transactions is interpreted broadly. Thus, controls on capital transactions include prohibitions; need for prior approval, authorization, and notification; dual and multiple exchange rates; discriminatory taxes; and reserve requirements or interest penalties imposed by the authorities that regulate the conclusion or execution of transactions or transfers; or the holding of assets at home by nonresidents and abroad by residents. The coverage of the regulations applies to receipts as well as to payments and to actions initiated by nonresidents and residents. In addition, because of the close association with capital transactions, information is also provided on local financial operations conducted in foreign currency, describing specific regulations in force that limit residents' and nonresidents' issuing of securities denominated in foreign currency or, generally, limitations on contract agreements expressed in foreign exchange.

Repatriation requirements	The definitions of repatriation and surrender requirements are similar to those applied to export proceeds.
Surrender requirements	
Surrender to the central bank	
Surrender to authorized dealers	
Controls on capital and money market instruments	Refers to public offerings or private placements on primary markets or their listing on secondary markets.
On capital market securities	Refers to shares and other securities of a participating nature and to bonds and other securities with an original maturity of more than one year.
Shares or other securities of a participating nature	Includes transactions involving shares and other securities of a participating nature if they are not effected for the purpose of acquiring a lasting economic interest in the management of the enterprise concerned. Investments for the purpose of acquiring a lasting economic interest are addressed under foreign direct investments.
Bonds or other debt securities	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. The category also includes treasury bills and other short-term government paper, bankers' acceptances, commercial papers, 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.

Controls on derivatives and other instruments	Refers to operations in other negotiable instruments and nonsecured 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 (e.g., interest rate, debt/equity, equity/debt, foreign currency, as well as swaps of any of the instruments listed above). Also included are controls on operations in foreign exchange without any other underlying transaction (e.g., spot or forward trading on the foreign exchange markets, 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	Includes credits other than commercial credits granted by all residents, including banks, to nonresidents or vice versa.
Guarantees, sureties, and financial backup facilities	Includes guarantees, sureties, and financial backup facilities provided by residents to nonresidents and vice versa. Also includes securities pledged for payment or performance of a contract—such as warrants, performance bonds, and standby letters of credit—and financial backup facilities that are credit facilities used as a guarantee for independent financial operations.
Controls on direct investment	Refers to investments for the purpose of establishing lasting economic relations both abroad by residents and domestically by nonresidents. These investments are essentially for the purpose of producing goods and services, in particular, investments that allow investor participation in the management of the enterprise. The category 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 the enterprise.
Controls on liquidation of direct investment	Refers to the transfer of principal, including the initial capital and capital gains, of a foreign direct investment as defined above.
Controls on real estate transactions	Refers to the acquisition of real estate not associated with direct investment, including, for example, investments of a purely financial nature in real estate or the acquisition of real estate for personal use.
Controls on personal capital transactions	Covers transfers initiated on behalf of private persons and intended to benefit other private persons. Includes transactions involving property to which the promise of a return to the owner with payments of interest is attached (e.g., loans or settlements of debt in their country of origin by immigrants), and transfers effected free of charge to the beneficiary (e.g., gifts and endowments, loans, inheritances and legacies, or emigrants' assets).

Provisions Specific to the Financial Sector

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

Open foreign exchange position limits	Describes regulations on certain commercial bank balance sheet items (including capital) and on limits covering commercial banks' positions in foreign currencies (including gold).
Provisions specific to institutional investors	Describes controls specific to institutions, such as insurance companies, pension funds, investment firms (including brokers, dealers, or advisory firms), and other securities firms (including collective investment funds). Incorporates measures that impose limitations on the composition of the institutional investors' foreign or foreign currency assets (reserves, accounts) and liabilities (e.g., investments in equity capital of institutional investors or borrowing from nonresidents) and/or that differentiate between residents and nonresidents. Examples of such controls are restrictions on investments because of rules regarding the technical, mathematical, security, or mandatory reserves; solvency margins; premium reserve stocks; or guarantee funds of nonbank financial institutions. Inclusion of an entry in this category does not necessarily signify that the aim of the measure is to control the flow of capital.
Insurance companies	
Pension funds	
Investment firms and collective investment funds.	

Listing conventions used in the report are as follows:

- When it is unclear whether a particular category or measure exists—because pertinent information is not available at the time of publication—the category is displayed with the notation "n.a."
- If a measure is known to exist but specific information on it is not available, the category is displayed with the notation "yes."
- If no measure exists on any item within a category, the category is displayed with the notation "no."
- If members have provided the IMF staff with information indicating that a category or an item is not regulated, these are marked by "n.r."
- When relevant documents have not been published and the authorities have not consented to the publication of the information as included in the IMF staff report, the text reads "Information is not publicly available."

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	Total number of Member Countries with these features[1]	Afghanistan, I.R. of	Albania	Algeria	Angola	Antigua and Barbuda	Argentina	Armenia	Australia	Austria	Azerbaijan, Republic of	The Bahamas	Bahrain, Kingdom of	Bangladesh	Barbados
International Financial Statistics (IFS) code:		512	914	612	614	311	213	911	193	122	912	313	419	513	316
Status Under IMF Articles of Agreement															
Article VIII	172		●	●		●	●	●	●	●	●	●	●	●	●
Article XIV	17	●			●										
Exchange Rate Arrangements															
No separate legal tender	13														
Currency board	10					◊									
Conventional peg	39											◊	◊		◊
Stabilized arrangement	23							◊			◊				
Crawling peg	3														
Crawl-like arrangement	23			*										◊	
Pegged exchange rate within horizontal bands	0														
Other managed arrangement	15	●			●		●								
Floating	32		●												
Free floating	31								●	⊕					
Exchange rate structure															
Dual exchange rates	12							●				●			
Multiple exchange rates	11				●										
Arrangements for Payments and Receipts															
Bilateral payments arrangements	57	●		●	●		●	●			●			●	●
Payments arrears	22				●	●	●								
Controls on payments for invisible transactions and current transfers	92			●	●	●	●				●	●		●	●
Proceeds from exports and/or invisible transactions															
Repatriation requirements	86		●	●	●	–	●				●	●		●	●
Surrender requirements	59			●	●							●		●	●
Capital Transactions															
On capital market securities	155		●	●	●	●	●	●	●	●	●	●	●	●	●
On money market instruments	123	●	●	●	●		●			●		●		●	●
On collective investment securities	127		●	●	●		●	●	●	●	●	●		●	●
Controls on derivatives and other instruments	99		●	●	■		●			●	●	●	●	●	●
Commercial credits	85			●	●		●					●		●	●
Financial credits	112			●	●	●	●			●		●		●	●
Guarantees, sureties, and financial backup facilities	74			●	●		●					●		●	●
Controls on direct investment	151			●	●		●		●	●	●	●	●	●	●
Controls on liquidation of direct investment	34						●							●	●
Controls on real estate transactions	147	●	●	●	■	●	●	●	●	●		●	●	●	●
Controls on personal capital transactions	94			●	●	–	●		●		●	●		●	●
Provisions specific to:															
Commercial banks and other credit institutions	174	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Institutional investors	157		●	●	●	–	●	●	●	●	●	●		●	●

[1] Total excludes information on the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China).

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	913	124	339	638	514	218	963	616	223	516	918	748	618	624	522	622	156
	Belarus	Belgium	Belize	Benin	Bhutan	Bolivia	Bosnia and Herzegovina	Botswana	Brazil	Brunei Darussalam	Bulgaria	Burkina Faso	Burundi	Cabo Verde	Cambodia	Cameroon	Canada
Status Under IMF Articles of Agreement																	
Article VIII	●	●	●	●		●		●	●	●	●	●		●	●	●	●
Article XIV					●		●						●				
Exchange Rate Arrangements																	
No separate legal tender																	
Currency board							▲			✚	▲						
Conventional peg			◊	▲	✚							▲		▲		▲	
Stabilized arrangement						◊											
Crawling peg								*									
Crawl-like arrangement													◊		◊		
Pegged exchange rate within horizontal bands																	
Other managed arrangement																	
Floating	●								●								
Free floating		⊕															●
Exchange rate structure																	
Dual exchange rates													●				
Multiple exchange rates																	
Arrangements for Payments and Receipts																	
Bilateral payments arrangements	●		●		●			●	●		●		●	–	●		
Payments arrears														–	●		
Controls on payments for invisible transactions and current transfers	●		●	●	●	●	●		●	●	●	●	●			●	
Proceeds from exports and/or invisible transactions																	
Repatriation requirements	●		●	●	●		●					●	●			●	
Surrender requirements			●	●	●				●			●				●	
Capital Transactions																	
On capital market securities	●	●	●	●	●	●	●	●	●		●	●	●		●	●	●
On money market instruments	●	●	●	●	●	●	●	●	●		●	●	●			●	
On collective investment securities	●	●	●	●	●	●	●	●	●		●	●	●			●	
Controls on derivatives and other instruments	●	●	●	●	●				●			●	●				
Commercial credits	●		●	●	●	●		●	●			●	●			●	
Financial credits	●	●	●	●	●	●	●		●			●	●		●	●	
Guarantees, sureties, and financial backup facilities			●	●	●							●					
Controls on direct investment	●	●	●	●	●		●		●	●	●	●	●		●	●	●
Controls on liquidation of direct investment			●		●											●	
Controls on real estate transactions	●		●	●	●		●		●	●	●	●	●		●	●	●
Controls on personal capital transactions	●		●	●	●		●			●		●	●			●	
Provisions specific to:																	
Commercial banks and other credit institutions	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	
Institutional investors	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	626	628	228	924	233	632	636	634	238	662	960	423	935	128	611	321	243
	Central African Republic	Chad	Chile	China, People's Rep. of	Colombia	Comoros	Congo, Dem. Rep. of	Congo, Republic of	Costa Rica	Côte d'Ivoire	Croatia	Cyprus	Czech Republic	Denmark	Djibouti	Dominica	Dominican Republic
Status Under IMF Articles of Agreement																	
Article VIII	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Article XIV																	
Exchange Rate Arrangements																	
No separate legal tender																	
Currency board															◊	◊	
Conventional peg	▲	▲				▲		▲		▲				❖			
Stabilized arrangement											▲						
Crawling peg																	
Crawl-like arrangement							◊		◊								◊
Pegged exchange rate within horizontal bands																	
Other managed arrangement				•													
Floating			•		•												
Free floating												⊕	•				
Exchange rate structure																	
Dual exchange rates																	
Multiple exchange rates																	
Arrangements for Payments and Receipts																	
Bilateral payments arrangements							•				•						•
Payments arrears						•	•								•	•	
Controls on payments for invisible transactions and current transfers	•	•		•		•	•	•		•							
Proceeds from exports and/or invisible transactions																	
Repatriation requirements	•	•		•	•	•	•	•		•						•	
Surrender requirements	•	•				•		•		•						•	
Capital Transactions																	
On capital market securities	•	•	•	•	•	•	•	•	•	•	•		•		•	•	•
On money market instruments	•	•	•	•	•		•	•		•	•		•				•
On collective investment securities	•	•	•	•	•		•	•		•	•		•		•	•	•
Controls on derivatives and other instruments	■	■	•	•		■	•	■		•	•		•			–	•
Commercial credits	•	•		•	•	•	•	•		•					•	•	
Financial credits	•	•	•	•	•		•	•	•	•		•	•		•	•	
Guarantees, sureties, and financial backup facilities	■	■	•	•		•	•	■		•					•	•	•
Controls on direct investment	•	•	•	•	•	•	•	•		•		•	•	•	•	•	•
Controls on liquidation of direct investment	•	•		•	•	•	•	•									
Controls on real estate transactions	•	•	•	•			•	•		•	•	•	•	•		•	
Controls on personal capital transactions	•	•		•	•	•	•	•	•	•						•	
Provisions specific to:																	
Commercial banks and other credit institutions	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Institutional investors	•	•	•	•	•	–		•	•	•	•	•	•	•	•	•	•

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	Ecuador 248	Egypt 469	El Salvador 253	Equatorial Guinea 642	Eritrea 643	Estonia 939	Eswatini 734	Ethiopia 644	Fiji 819	Finland 172	France 132	Gabon 646	Gambia, The 648	Georgia 915	Germany 134	Ghana 652	Greece 174
Status Under IMF Articles of Agreement																	
Article VIII	●	●	●	●		●	●		●	●	●	●	●	●	●	●	●
Article XIV					●			●									
Exchange Rate Arrangements																	
No separate legal tender	◊		◊														
Currency board																	
Conventional peg				▲	◊		✚		*			▲					
Stabilized arrangement																	
Crawling peg																	
Crawl-like arrangement		◊						◊									
Pegged exchange rate within horizontal bands																	
Other managed arrangement													●				
Floating														●		●	
Free floating						⊕				⊕	⊕				⊕		⊕
Exchange rate structure																	
Dual exchange rates					●											●	
Multiple exchange rates																	
Arrangements for Payments and Receipts																	
Bilateral payments arrangements	●					●										●	
Payments arrears					●	●											
Controls on payments for invisible transactions and current transfers				●	●		●	●	●		●	●				●	
Proceeds from exports and/or invisible transactions																	
Repatriation requirements		●		●	●		●	●	●			●				●	
Surrender requirements				●	●		●	●	●			●				●	
Capital Transactions																	
On capital market securities	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●
On money market instruments	●	●	●	●	●		●	●	●	●	●	●			●	●	
On collective investment securities	●	●	●	●	–		●	●	●	●	●	●			●	●	●
Controls on derivatives and other instruments	●	●	●	■	–		●	●	●	●		■			●	●	
Commercial credits	●			●	●		●	●	●			●					
Financial credits	●		●	●	●		●	●	●	●		●	●		●		
Guarantees, sureties, and financial backup facilities	●			■	–		●	●	●			■					
Controls on direct investment		●	●	●	●	●	●	●	●	●	●	●			●	●	●
Controls on liquidation of direct investment				●				●	●			●					
Controls on real estate transactions	●		●	●		●	●	●	●	●		●		●	●	●	●
Controls on personal capital transactions	●			●	●	●	●	●	●			●					
Provisions specific to:																	
Commercial banks and other credit institutions	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Institutional investors	●	●	●	●	–	●	●	●	●	●	●	●	●	●	●	●	●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	Grenada	Guatemala	Guinea	Guinea-Bissau	Guyana	Haiti	Honduras	Hungary	Iceland	India	Indonesia	Iran, I.R. of	Iraq	Ireland	Israel	Italy	Jamaica
	328	258	656	654	336	263	268	944	176	534	536	429	433	178	436	136	343
Status Under IMF Articles of Agreement																	
Article VIII	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•	•
Article XIV													•				
Exchange Rate Arrangements																	
No separate legal tender																	
Currency board	◊																
Conventional peg				▲									◊				
Stabilized arrangement		◊			◊							◊					
Crawling peg							◊										
Crawl-like arrangement			◊			◊											
Pegged exchange rate within horizontal bands																	
Other managed arrangement																	
Floating								•	•	•	•				•		•
Free floating														⊕		⊕	
Exchange rate structure																	
Dual exchange rates												•	•				
Multiple exchange rates			•														
Arrangements for Payments and Receipts																	
Bilateral payments arrangements		•	•		•		•			•			•				
Payments arrears			•		•				•								
Controls on payments for invisible transactions and current transfers	•		•	•			•			•		•	•				
Proceeds from exports and/or invisible transactions																	
Repatriation requirements	•		•	•	•		•			•	•	•					
Surrender requirements	•			•	•		•			•							•
Capital Transactions																	
On capital market securities	•	•	•	•	•	•	•	•	•	•	•	•	•		•		•
On money market instruments	•		•	•		•	•	•		•	•	•	•				•
On collective investment securities	•		•	•		•	•	•		•	•	•	•			•	•
Controls on derivatives and other instruments	•		•	•		•			•	•	•	•	•				•
Commercial credits	•		•	•	•		•			•	•	•					•
Financial credits	•		•	•	•		•	•		•	•	•	•				•
Guarantees, sureties, and financial backup facilities			•	•	•		•			•	•	•					•
Controls on direct investment	•	•	•	•			•	•	•	•	•	•	•	•	•	•	•
Controls on liquidation of direct investment	•									•			•				
Controls on real estate transactions	•		•	•			•	•	•	•	•	•	•	•	•		
Controls on personal capital transactions	•		•	•						•		•	•				•
Provisions specific to:																	
Commercial banks and other credit institutions	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Institutional investors		•	–	•	•		•	•	•	•	•	–			•	•	•

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	158	439	916	664	826	542	967	443	917	544	941	446	666	668	672	946	137
	Japan	Jordan	Kazakhstan	Kenya	Kiribati	Korea, Republic of	Kosovo	Kuwait	Kyrgyz Republic	Lao People's Dem. Rep.	Latvia	Lebanon	Lesotho	Liberia	Libyan Arab Jamahiriya	Lithuania	Luxembourg
Status Under IMF Articles of Agreement																	
Article VIII	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●
Article XIV														●			
Exchange Rate Arrangements																	
No separate legal tender					✚		▲										
Currency board																	
Conventional peg		◊											✚		○		
Stabilized arrangement									◊			◊					
Crawling peg																	
Crawl-like arrangement										◊				◊			
Pegged exchange rate within horizontal bands																	
Other managed arrangement				●				●									
Floating			●			●											
Free floating	●										⊕					⊕	⊕
Exchange rate structure																	
Dual exchange rates									●								
Multiple exchange rates																	
Arrangements for Payments and Receipts																	
Bilateral payments arrangements		●							●	●					●		
Payments arrears									●								
Controls on payments for invisible transactions and current transfers	●		●							●		●	●		●		
Proceeds from exports and/or invisible transactions																	
Repatriation requirements			●		■					●			●		●		
Surrender requirements													●	●	●		
Capital Transactions																	
On capital market securities	●	●	●	●	●	●		●	●	●		●	●		●		●
On money market instruments			●	●	●			●	●	●		●	●		●		●
On collective investment securities			●	●	●				●	●		●	●		●		●
Controls on derivatives and other instruments			●	●	●	●		●	●	●		●	●		■		●
Commercial credits					●			●	●	●		●	●		●		
Financial credits					●			●	●	●		●	●		●		
Guarantees, sureties, and financial backup facilities					●				●			●			●		
Controls on direct investment	●	●		●	●	●		●	●	●	●	●	●		●	●	●
Controls on liquidation of direct investment					■										●		
Controls on real estate transactions		●		●	●			●	●	●	●	●	●		●	●	●
Controls on personal capital transactions					■					●			●		●		
Provisions specific to:																	
Commercial banks and other credit institutions		●	●	●	■	●	●	●	●	●	●	●	●	●	●	●	●
Institutional investors		●	●	●	–	●	●		●	●	●	●	●	●	●	●	●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	674	676	548	556	678	181	867	682	684	273	868	921	948	943	686	688
	Madagascar	Malawi	Malaysia	Maldives	Mali	Malta	Marshall Islands, Rep. of the	Mauritania	Mauritius	Mexico	Micronesia, Fed. States of	Moldova	Mongolia	Montenegro, Rep. of	Morocco	Mozambique
Status Under IMF Articles of Agreement																
Article VIII	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●
Article XIV				●												
Exchange Rate Arrangements																
No separate legal tender							◊				◊			▲		
Currency board																
Conventional peg					▲											
Stabilized arrangement		◊		◊											*	
Crawling peg																
Crawl-like arrangement								◊					◊			
Pegged exchange rate within horizontal bands																
Other managed arrangement																
Floating	●		●						●			●				●
Free floating						⊕				●						
Exchange rate structure																
Dual exchange rates				●												
Multiple exchange rates													●			
Arrangements for Payments and Receipts																
Bilateral payments arrangements	●		●									●	●			
Payments arrears																
Controls on payments for invisible transactions and current transfers	●	●			●			●				●			●	●
Proceeds from exports and/or invisible transactions																
Repatriation requirements	●	●	●		●			●				●			●	●
Surrender requirements	●		●		●										●	●
Capital Transactions																
On capital market securities	●	●	●	●	●	●	–	●	●	●	●	●	●	●	●	●
On money market instruments	●	●	●		●		–	●	●	●	■	●		●	●	●
On collective investment securities	●	●	●		●		–	■	●	●		●	●		●	●
Controls on derivatives and other instruments	●	●	●		●		–	■		●		●			●	●
Commercial credits	●	●	●		●		–				■	●			●	●
Financial credits	●	●	●		●		–	●		●	■	●			●	●
Guarantees, sureties, and financial backup facilities	●	●	●		●		–	●		●	■	●			●	●
Controls on direct investment	●	●	●	●	●		●	●	●	●	●	●	●		●	●
Controls on liquidation of direct investment							–									●
Controls on real estate transactions	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Controls on personal capital transactions	●	●	●	●	●		–	●		●	■	●			●	●
Provisions specific to:																
Commercial banks and other credit institutions	●	●	●	●	●	●	–	●	●	●	●	●	●		●	●
Institutional investors	●	●	●	●	●		●	●	●	●	–	●		●	●	●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	518	728	836	558	138	196	278	692	694	962	142	449	564	565	283	853
	Myanmar	Namibia	Nauru	Nepal	Netherlands, The	New Zealand	Nicaragua	Niger	Nigeria	North Macedonia, Rep. of	Norway	Oman	Pakistan	Palau	Panama	Papua New Guinea
Status Under IMF Articles of Agreement																
Article VIII		●	●	●	●	●	●	●		●	●	●	●	●	●	●
Article XIV	●								●							
Exchange Rate Arrangements																
No separate legal tender			✚											◊	◊	
Currency board																
Conventional peg		✚		✚				▲				◊				
Stabilized arrangement									◊	▲						
Crawling peg							◊									
Crawl-like arrangement																◊
Pegged exchange rate within horizontal bands																
Other managed arrangement	●												●			
Floating						●										
Free floating					⊕						●					
Exchange rate structure																
Dual exchange rates																
Multiple exchange rates	●								●							●
Arrangements for Payments and Receipts																
Bilateral payments arrangements			–						●	●						●
Payments arrears	●		–				●									
Controls on payments for invisible transactions and current transfers	●	●		●				●	●	●			●	●		●
Proceeds from exports and/or invisible transactions																
Repatriation requirements	●	●	–	●				●	●				●			●
Surrender requirements		●	–	●				●					●			●
Capital Transactions																
On capital market securities	●	●	–	●		●		●	●	●	●	●	●			
On money market instruments	●	●	–	●				●	●	●			●			
On collective investment securities	●	●	–	●				●		●			●			
Controls on derivatives and other instruments		●	–	●				●		●	●	●	●			
Commercial credits	●	●	–	●			●	●	●				●			
Financial credits	●	●	–	●			●	●					●			
Guarantees, sureties, and financial backup facilities	●	●	–	●				●					●			●
Controls on direct investment	●	●	●	●	●	●	●	●		●	●	●	●	●		
Controls on liquidation of direct investment	●		–	●												
Controls on real estate transactions	●	●	●	●		●		●		●	●	●	●	●		
Controls on personal capital transactions	●	●	–	●			●	●	●	●	●		●			
Provisions specific to:																
Commercial banks and other credit institutions	●	●	–	●	●		●	●	●	●	●	●	●			●
Institutional investors	●	●	–	●		●	●	●	●	●	●	●	●	●		●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	288	293	566	964	182	453	968	922	714	862	135	716	456	722	942	718
	Paraguay	Peru	Philippines	Poland	Portugal	Qatar	Romania	Russian Federation	Rwanda	Samoa	San Marino	São Tomé and Príncipe	Saudi Arabia	Senegal	Serbia, Rep. of	Seychelles
Status Under IMF Articles of Agreement																
Article VIII	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●
Article XIV												●				
Exchange Rate Arrangements																
No separate legal tender											▲					
Currency board																
Conventional peg						◊				*		▲	◊	▲		
Stabilized arrangement															▲	
Crawling peg																
Crawl-like arrangement	◊						▲		◊							
Pegged exchange rate within horizontal bands																
Other managed arrangement																
Floating		●	●													●
Free floating				●	⊕			●								
Exchange rate structure																
Dual exchange rates												●				
Multiple exchange rates																
Arrangements for Payments and Receipts																
Bilateral payments arrangements	●	●				●	●	●				●				
Payments arrears												●			●	
Controls on payments for invisible transactions and current transfers	●		●						●	●		●		●	●	
Proceeds from exports and/or invisible transactions																
Repatriation requirements								●		●				●	●	
Surrender requirements										●				●		
Capital Transactions																
On capital market securities	●		●	●		●		●		●	●		●	●	●	
On money market instruments	●		●	●				●		●	●		●	●	●	
On collective investment securities			●	●	●			●		●	●		●	●	●	
Controls on derivatives and other instruments	●		●	●		●					●	–	●	●	●	
Commercial credits			●	●							●	–	●	●		
Financial credits	●		●	●				●		●	●	–	●	●	●	
Guarantees, sureties, and financial backup facilities	●		●					●				–	●	●	●	
Controls on direct investment			●	●	●	●		●		●	●	●	●	●	●	
Controls on liquidation of direct investment										●						
Controls on real estate transactions	●		●	●	●	●		●		●	●	●	●	●	●	●
Controls on personal capital transactions			●			●		●		●	●	●	●	●	●	
Provisions specific to:																
Commercial banks and other credit institutions	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Institutional investors	●	●	●	●	●	●	●	●	●	●	●	■	●	●	●	

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	Sierra Leone	Singapore	Slovak Republic	Slovenia	Solomon Islands	Somalia	South Africa	South Sudan	Spain	Sri Lanka	St. Kitts and Nevis	St. Lucia	St. Vincent and the Grenadines	Sudan	Suriname	Sweden	Switzerland
	724	576	936	961	813	726	199	733	184	524	361	362	364	732	366	144	146
Status Under IMF Articles of Agreement																	
Article VIII	●	●	●	●	●		●		●	●	●	●	●	●	●	●	●
Article XIV						●		●									
Exchange Rate Arrangements																	
No separate legal tender																	
Currency board											◊	◊	◊				
Conventional peg					*												
Stabilized arrangement										◊				◊	◊		
Crawling peg																	
Crawl-like arrangement		*						◊									
Pegged exchange rate within horizontal bands																	
Other managed arrangement	●																
Floating							●										●
Free floating			⊕	⊕		●			⊕							●	
Exchange rate structure																	
Dual exchange rates								●									
Multiple exchange rates														●			
Arrangements for Payments and Receipts																	
Bilateral payments arrangements				●				–						●			
Payments arrears								–									
Controls on payments for invisible transactions and current transfers	●		●		●		●	●		●	●	●	●		●		
Proceeds from exports and/or invisible transactions																	
Repatriation requirements	●				●		●	–		●	●		●	●	●		
Surrender requirements					●		●	–			●		●	●			
Capital Transactions																	
On capital market securities	●		●	●	●		●	–	●	●	●	●	●	●	●	●	●
On money market instruments	●			●	●		●	–	●	●		●	●	●	●	●	●
On collective investment securities	●		●	●	●		●	–	●	●	●	●	●	■	●	●	●
Controls on derivatives and other instruments	●			●	●		●	–	●	●		●		■	●	●	●
Commercial credits	●						●	–		●		●	●		●		●
Financial credits	●	●		●	●		●	–	●	●	●	●	●		●	●	●
Guarantees, sureties, and financial backup facilities	●				●		●	–		●		●	●		●		
Controls on direct investment	●		●	●	●		●	–	●	●	●	●	●		●	●	●
Controls on liquidation of direct investment	●				●			–		●		–			●		
Controls on real estate transactions	●	●	●	●	●		●	–	●	●	●	●	●		●	●	●
Controls on personal capital transactions	●				●		●	–		●		●	●	●	●		
Provisions specific to:																	
Commercial banks and other credit institutions	●	●	●	●	●		●	–	●	●	●	●	●	●	●	●	
Institutional investors	●	●	●	●	●		●	–	●	●	●	●	●	●	●	●	●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	463	923	738	578	537	742	866	369	744	186	925	869	746	926	466	112	111
	Syrian Arab Republic	Tajikistan	Tanzania	Thailand	Timor-Leste, Dem. Rep. of	Togo	Tonga	Trinidad and Tobago	Tunisia	Turkey	Turkmenistan	Tuvalu	Uganda	Ukraine	United Arab Emirates	United Kingdom	United States
Status Under IMF Articles of Agreement																	
Article VIII		●	●	●	●	●	●	●	●	●		●	●	●	●	●	●
Article XIV	●										●						
Exchange Rate Arrangements																	
No separate legal tender					◊							✚					
Currency board																	
Conventional peg						▲					◊				◊		
Stabilized arrangement		◊	◊					◊									
Crawling peg																	
Crawl-like arrangement									▲								
Pegged exchange rate within horizontal bands																	
Other managed arrangement	●						●										
Floating				●						●			●	●			
Free floating																●	●
Exchange rate structure																	
Dual exchange rates	●																
Multiple exchange rates		●						●						●			
Arrangements for Payments and Receipts																	
Bilateral payments arrangements	●		●	●						●	●		●	●			
Payments arrears			●									–	●				
Controls on payments for invisible transactions and current transfers	●	●	●			●	●		●	●	●	–		●			
Proceeds from exports and/or invisible transactions																	
Repatriation requirements	●	●	●	●		●	●		●	●	●	–		●			
Surrender requirements	●	●				●	●		●	●	●	–					
Capital Transactions																	
On capital market securities	●	●	●	●		●	●	●	●	●	●	–		●	●	●	●
On money market instruments	●	●	●	●		●	●		●	●	●	–		●		●	●
On collective investment securities	●	●	●	●		●	●		●	●	●	–		●	●	●	●
Controls on derivatives and other instruments	●		●	●		●	●		●	●		–		●			●
Commercial credits	●					●			●	●	●	–		●			
Financial credits	●		●	●		●			●	●	●	–		●			
Guarantees, sureties, and financial backup facilities	●		●	●		●			●		●	–		●			●
Controls on direct investment	●		●	●		●	●	●	●	●	●	–		●	●	●	●
Controls on liquidation of direct investment							●				●	–		●			
Controls on real estate transactions	●		●	●	●	●	●	●	●	●	●	–	●	●	●	●	●
Controls on personal capital transactions	●	●	●	●		●	●		●		●	–		●			
Provisions specific to:																	
Commercial banks and other credit institutions	●	●	●	●	●	●	●	●	●	●	●	–	●	●	●	●	
Institutional investors	–		●	●		●		●	●	●	●	–		●	●	●	●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	Uruguay	Uzbekistan	Vanuatu	Venezuela, Rep. Bolivariana de	Vietnam	Yemen, Republic of	Zambia	Zimbabwe	Aruba	Hong Kong SAR	Curaçao and Sint Maarten
	298	927	846	299	582	474	754	698	314	532	354
Status Under IMF Articles of Agreement											
Article VIII	●	●	●	●	●	●	●	●	●	●	●
Article XIV											
Exchange Rate Arrangements											
No separate legal tender											
Currency board										◊	
Conventional peg									◊		◊
Stabilized arrangement					◊	◊					
Crawling peg											
Crawl-like arrangement		◊									
Pegged exchange rate within horizontal bands											
Other managed arrangement			●	●				●			
Floating	●						●				
Free floating											
Exchange rate structure											
Dual exchange rates											
Multiple exchange rates				●							
Arrangements for Payments and Receipts											
Bilateral payments arrangements	●		■		●			●			
Payments arrears			■			●	●				
Controls on payments for invisible transactions and current transfers		●		●					●		●
Proceeds from exports and/or invisible transactions									●	●	●
Repatriation requirements		●		●	●			●	●		
Surrender requirements				●				●	●		
Capital Transactions											
On capital market securities		●	●	●	●			●	●		●
On money market instruments		●	●	●	●			●	●		●
On collective investment securities		●	●	●	●			●	●		●
Controls on derivatives and other instruments		●		●	●			●	●		●
Commercial credits		●		●	●			●	●		●
Financial credits		●		●	●	●		●	●		●
Guarantees, sureties, and financial backup facilities		●		●	●			●	●		●
Controls on direct investment		●		●	●	●		●	●		●
Controls on liquidation of direct investment				●				●	●		●
Controls on real estate transactions		●		●	●			●	●	●	●
Controls on personal capital transactions		●		●	●			●	●		●
Provisions specific to:											
Commercial banks and other credit institutions	●	●	●	●	●	●	●	●	●	●	●
Institutional investors	●	●	●	●	●	●	●	●	●	●	●

Key

●	Indicates that the specified practice is a feature of the exchange system.
–	Indicates that data were not available at the time of publication.
■	Indicates that the specified practice is not regulated.
⊕	Indicates that the country participates in the euro area.
❖	Indicates that the country participates in the European Exchange Rate Mechanism (ERM II).
◊	Indicates that flexibility is limited vis-à-vis the US dollar.
▲	Indicates that flexibility is limited vis-à-vis the euro.
✚	Indicates that flexibility is limited vis-à-vis another single currency.
○	Indicates that flexibility is limited vis-à-vis the SDR.
⋆	Indicates that flexibility is limited vis-à-vis another basket of currencies.

Country Table Matrix

(Position as of "DATE")

I. Status under IMF Articles of Agreement

A. Date of membership

1. Article VIII
2. Article XIV

II. Exchange Measures

A. Restrictions and/or multiple currency practices

B. Exchange measures imposed for security reasons

1. In accordance with IMF Executive Board Decision No. 144-(52/51)
2. Other security restrictions

III. Exchange Arrangement

A. Currency

1. Other legal tender

B. Exchange rate structure

1. Unitary
2. Dual
3. Multiple

C. Classification

1. No separate legal tender
2. Currency board
3. Conventional peg
4. Stabilized arrangement
5. Crawling peg
6. Crawl-like arrangement
7. Pegged exchange rate within horizontal bands
8. Other managed arrangement
9. Floating
10. Free floating

D. Official exchange rate

E. Monetary policy framework

1. Exchange rate anchor
   a. US dollar
   b. Euro
   c. Composite
   d. Other
2. Monetary aggregate target

3. Inflation-targeting framework
    a. Target setting body
        1. Government
        2. Central Bank
            i. Monetary Policy Committee
            ii. Central Bank Board
            iii. Other
        3. Government and Central Bank
    b. Inflation target
        1. Target number
            i. Point target
            ii. Target with tolerance band
            iii. Band/Range
        2. Target measure
            i. CPI
            ii. Core inflation
        3. Target horizon
    c. Operating target (policy rate)
        1. Policy rate
        2. Target corridor band
        3. Other
    d. Accountability
        1. Open letter
        2. Parliamentary hearings
        3. Other
    e. Transparency
        1. Publication of votes
        2. Publication of minutes
        3. Publication of inflation forecasts
4. Other monetary framework

F. Exchange tax

G. Exchange subsidy

H. Foreign exchange market

1. Spot exchange market
    a. Operated by the central bank
        1. Foreign exchange standing facility
        2. Allocation
        3. Auction
        4. Fixing
    b. Interbank market
        1. Over the counter
        2. Brokerage
        3. Market making

2. Forward exchange market
    a. Official cover of forward operations

IV. Arrangements for Payments and Receipts

A. Prescription of currency requirements
1. Controls on the use of domestic currency
    a. For current transactions and payments
    b. For capital transactions
        1. Transactions in capital and money market instruments
        2. Transactions in derivatives and other instruments
        3. Credit operations
2. Use of foreign exchange among residents

B. Payments arrangements
1. Bilateral payments arrangements
    a. Operative
    b. Inoperative
2. Regional arrangements
3. Clearing agreements
4. Barter agreements and open accounts

C. Administration of control

D. Payments arrears
1. Official
2. Private

E. Controls on trade in gold (coins and/or bullion)
1. On domestic ownership and/or trade
2. On external trade

F. Controls on exports and imports of banknotes
1. On exports
    a. Domestic currency
    b. Foreign currency
2. On imports
    a. Domestic currency
    b. Foreign currency

V. Resident Accounts

A. Foreign exchange accounts permitted
1. Held domestically
    a. Approval required
2. Held abroad
    a. Approval required

B. Accounts in domestic currency held abroad

C. Accounts in domestic currency convertible into foreign currency

VI. Nonresident Accounts

A. Foreign exchange accounts permitted

1. Approval required

B. Domestic currency accounts

1. Convertible into foreign currency
2. Approval required

C. Blocked accounts

VII. Imports and Import Payments

A. Foreign exchange budget

B. Financing requirements for imports

1. Minimum financing requirements
2. Advance payment requirements
3. Advance import deposits

C. Documentation requirements for release of foreign exchange for imports

1. Domiciliation requirements

2 Preshipment inspection

3. Letters of credit
4. Import licenses used as exchange licenses
5. Other

D. Import licenses and other nontariff measures

1. Positive list
2. Negative list
3. Open general licenses
4. Licenses with quotas
5. Other nontariff measures

E. Import taxes and/or tariffs

1. Taxes collected through the exchange system

F. State import monopoly

VIII. Exports and Export Proceeds

A. Repatriation requirements

1. Surrender requirements
   - *a. Surrender to the central bank*
   - *b. Surrender to authorized dealers*

B. Financing requirements

C. Documentation requirements

1. Letters of credit
2. Guarantees
3. Domiciliation

4. Preshipment inspection
5. Other

D. Export licenses

1. Without quotas
2. With quotas

E. Export taxes

1. Collected through the exchange system
2. Other export taxes

IX. Payments for Invisible Transactions and Current Transfers

A. Controls on these transfers

1. Trade-related payments
    a. Prior approval
    b. Quantitative limits
    c. Indicative limits/bona fide test
2. Investment-related payments
    a. Prior approval
    b. Quantitative limits
    c. Indicative limits/bona fide test
3. Payments for travel
    a. Prior approval
    b. Quantitative limits
    c. Indicative limits/bona fide test
4. Personal payments
    a. Prior approval
    b. Quantitative limits
    c. Indicative limits/bona fide test
5. Foreign workers' wages
    a. Prior approval
    b. Quantitative limits
    c. Indicative limits/bona fide test
6. Credit card use abroad
    a. Prior approval
    b. Quantitative limits
    c. Indicative limits/bona fide test
7. Other payments
    a. Prior approval
    b. Quantitative limits
    c. Indicative limits/bona fide test

X. Proceeds from Invisible Transactions and Current Transfers

A. Repatriation requirements

1. Surrender requirements
   - *a. Surrender to the central bank*
   - *b. Surrender to authorized dealers*

B. Restrictions on use of funds

XI. Capital Transactions

A. Controls on capital transactions

1. Repatriation requirements
   - *a. Surrender requirements*
     1. Surrender to the central bank
     2. Surrender to authorized dealers
2. Controls on capital and money market instruments
   - *a. On capital market securities*
     1. Shares or other securities of a participating nature
        - i. Purchase locally by nonresidents
        - ii. Sale or issue locally by nonresidents
        - iii. Purchase abroad by residents
        - iv. Sale or issue abroad by residents
     2. Bonds or other debt securities
        - i. Purchase locally by nonresidents
        - ii. Sale or issue locally by nonresidents
        - iii. Purchase abroad by residents
        - iv. Sale or issue abroad by residents
   - *b. On money market instruments*
     1. Purchase locally by nonresidents
     2. Sale or issue locally by nonresidents
     3. Purchase abroad by residents
     4. Sale or issue abroad by residents
   - *c. On collective investment securities*
     1. Purchase locally by nonresidents
     2. Sale or issue locally by nonresidents
     3. Purchase abroad by residents
     4. Sale or issue abroad by residents
3. Controls on derivatives and other instruments
   - *a. Purchase locally by nonresidents*
   - *b. Sale or issue locally by nonresidents*
   - *c. Purchase abroad by residents*
   - *d. Sale or issue abroad by residents*

4. Controls on credit operations
   a. Commercial credits
      1. By residents to nonresidents
      2. To residents from nonresidents
   b. Financial credits
      1. By residents to nonresidents
      2. To residents from nonresidents
   c. Guarantees, sureties, and financial backup facilities
      1. By residents to nonresidents
      2. To residents from nonresidents
5. Controls on direct investment
   a. Outward direct investment
   b. Inward direct investment
6. Controls on liquidation of direct investment
7. Controls on real estate transactions
   a. Purchase abroad by residents
   b. Purchase locally by nonresidents
   c. Sale locally by nonresidents
8. Controls on personal capital transactions
   a. Loans
      1. By residents to nonresidents
      2. To residents from nonresidents
   b. Gifts, endowments, inheritances, and legacies
      1. By residents to nonresidents
      2. To residents from nonresidents
   c. Settlement of debts abroad by immigrants
   d. Transfer of assets
      1. Transfer abroad by emigrants
      2. Transfer into the country by immigrants
   e. Transfer of gambling and prize earnings

XII. Provisions Specific to the Financial Sector

A. Provisions specific to commercial banks and other credit institutions

1. Borrowing abroad
2. Maintenance of accounts abroad
3. Lending to nonresidents (financial or commercial credits)
4. Lending locally in foreign exchange
5. Purchase of locally issued securities denominated in foreign exchange
6. Differential treatment of deposit accounts in foreign exchange
   a. Reserve requirements
   b. Liquid asset requirements
   c. Interest rate controls
   d. Credit controls

7. Differential treatment of deposit accounts held by nonresidents
   a. Reserve requirements
   b. Liquid asset requirements
   c. Interest rate controls
   d. Credit controls
8. Investment regulations
   a. Abroad by banks
   b. In banks by nonresidents
9. Open foreign exchange position limits
   a. On resident assets and liabilities
   b. On nonresident assets and liabilities

B. Provisions specific to institutional investors

1. Insurance companies
   a. Limits (max.) on securities issued by nonresidents
   b. Limits (max.) on investment portfolio held abroad
   c. Limits (min.) on investment portfolio held locally
   d. Currency-matching regulations on assets/liabilities composition
2. Pension funds
   a. Limits (max.) on securities issued by nonresidents
   b. Limits (max.) on investment portfolio held abroad
   c. Limits (min.) on investment portfolio held locally
   d. Currency-matching regulations on assets/liabilities composition
3. Investment firms and collective investment funds
   a. Limits (max.) on securities issued by nonresidents
   b. Limits (max.) on investment portfolio held abroad
   c. Limits (min.) on investment portfolio held locally
   d. Currency-matching regulations on assets/liabilities composition

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