

**SECOND ANNUAL REPORT ON  
EXCHANGE RESTRICTIONS  
1951**

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**EXCHANGE RESTRICTIONS**



**AL MONETARY FUND**

**APRIL 1951**

**INTERNATIONAL  
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**Second Annual Report on  
Exchange Restrictions**

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

April 6, 1951

Dear Sir:

I have the honor of transmitting to you a copy of the International Monetary Fund's Second Annual Report on Exchange Restrictions. In the first part of the Report the Fund sets forth its attitude on the role of restrictions under existing world conditions and its activities in the field of restrictions. Part II of the Report provides a survey of recent general developments in exchange controls and restrictions and outlines in summary form the restrictive systems of individual member countries.

The Fund is aware of the difficulties and uncertainties which face a number of its member countries, particularly as a result of strategic considerations and increases in armament programs. Against this background, the question is being raised as to the immediate practicability of the Fund objective set forth in Article I(iv) of the Fund Agreement to assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade. It is the belief of the Fund that, although due caution is required, many member countries can and should make further progress toward the achievement of this objective.

During the past year, there has been considerable improvement in the balance of payments and reserve position of many countries. This improvement has in a number of cases been accompanied by a relaxation of restrictions on current payments. Generally speaking, however, the Fund believes that the general improvement in the international financial position of many countries which has taken place warrants further relaxation of restrictions and reduction of discrimination.

As you are well aware, Article XIV of the Fund Agreement provides that five years after the date on which the Fund begins operations (March 1952), and in each year thereafter, any member still retaining any restrictions inconsistent with Article VIII, Sections 2, 3, or 4, shall consult the Fund as to their further retention. In anticipation of these consultations, the Fund intends to be in contact with its individual member countries on the implementation of these provisions.

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

Sincerely yours,

/s/

A. N. OVERBY

*Acting Chairman of the Executive Board  
and  
Acting Managing Director*

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## **PART I**

## CHAPTER I

# Restrictions under Existing Conditions

### *1. Introduction*

In April 1950 the International Monetary Fund transmitted to its members and to the Governors of the Fund its first report on exchange restrictions, prepared in accordance with the provisions of Article XIV, Section 4, of the Fund Agreement. In his letter of transmittal, the Chairman of the Executive Board and Managing Director of the Fund noted the obligations of the Fund to report on exchange restrictions as "part of the Fund's task of assisting in the establishment of a multi-lateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade." The Chairman also noted that the progress toward these objectives of the Fund had not been as conspicuous as he would like to report. He went on to say that the Fund recognized many difficulties which had caused the maintenance and spread of restrictions in international economic relations during the period of postwar transition and that "if trends of improvement in the underlying world conditions continue, members should find the task of removing exchange restrictions less difficult in the future. I can pledge that in this task the Fund will continue to assist them in every way possible."

During the year since the preparation of this First Annual Report, there have been numerous developments in the field of restrictions. These are discussed in Part II of the present Report, which indicates an increasing willingness to relax restrictions, both formally and by administrative action. Even more, there have been changes in the underlying economic and financial bases of restrictions, with the introduction of new factors both favorable and unfavorable to the achievement of the Fund's objectives. As this Report is being written, it is recognized that some of the essential characteristics of the problem of exchange restrictions are being drastically altered. For many countries, the problem is becoming increasingly one of shortages of supplies and availabilities of future supplies, and less and less one of inability to finance foreign expenditures. Export controls, based on national and international decisions, are becoming increasingly important in determining the pattern of world trade and payments. Uncertainties and anxieties resulting from the strained international situation and rearmament programs have posed the question as to whether the Fund should continue its "task of assisting in the establishment of a multi-

lateral system of payments . . . and in the elimination of foreign exchange restrictions”.

Even in these new circumstances it is the view of the Fund that, if countries have favorable balance of payments conditions and are experiencing increases in their reserves providing a reasonable basis of exchange stability, it is in their interest, and in that of the international community, to relax or remove restrictions unless such action would produce conditions justifying the intensification or reintroduction of those restrictions. The Fund is keenly aware of the difficulties of a new character which confront a number of its member countries, but nevertheless it believes that the very general improvement in balance of payments positions and prospects of its members justifies a relaxation or removal of restrictions and, particularly, of discrimination. Such a relaxation would have short-run benefits in increasing the quantity of goods available for domestic consumption, thus restraining inflation, and would have benefits outlasting the present emergency by permitting a more economic use of the world's resources. At the same time, the Fund recognizes that the new difficulties mentioned above are leading some countries to divert a higher proportion of their productive efforts to rearmament, to give greater attention to strategic and security necessities, to place emphasis on obtaining adequate supplies of raw materials or other essential goods, and to maintain reserves adequate to cover deficits in balances of payments which may arise from relatively higher prices for imports or from a prospective shortage of exportable goods.

## ***2. Advantages of Relaxing Restrictions under Existing Conditions***

Greater reliance on international division of labor made possible through the relaxation or elimination of restrictions and discriminatory practices (i.e., greater multilateralism) can play an important part in enabling limited resources to produce a greater quantity of goods and services. In the world of today, supplies available to most countries, whether rearming or not, will be limited. After any slack which may exist has been taken up, the much desired increases in output can only come from increased efficiency. Historical experience indicates that greater efficiency or productivity in the economic field is encouraged by an international economic environment relatively free from hampering restrictions and discrimination. Even under existing difficult circumstances, to the extent that countries can free themselves from unnecessary restrictions, they will help to create an environment more favorable to increased output. Countries not engaged in substantial rearmament efforts would be enabled to maximize their access to needed resources. Rearming countries would be enabled to curtail the

reduction in consumption which the diversion of resources to armaments would otherwise entail.

The present accelerated demand gives rise to problems of inflation in both the countries exporting raw materials and the countries importing them and engaging in rearmament programs. At a time when maximum production and minimum barriers in the way of imports may well be important elements in combatting inflation, the continuation of restrictions tends to provide incentives for uneconomic production and to place hindrances in the way of obtaining needed goods for the minimum possible expenditure of resources. The maintenance of the maximum possible multilateralism would bring some external discipline to bear on inflation and the wastage of resources it causes. In this way, it creates a more favorable environment for the adoption of the fiscal, credit and other policies needed to combat inflation. Thus, the problem of inflation highlights the necessity of seeking the greatest efficiency in the use of resources under present conditions.

Countries undertaking large armament programs need to examine the existence of uneconomic production within their borders. It is sometimes argued that the significant relaxation or abandonment of restrictions—if they have been effectively restrictive—will have adverse short-run effects upon production. Production may decline temporarily as resources move from industries previously protected by restrictions to those which are more efficient and in a better competitive position. Countries undertaking substantial armament burdens may well feel that they cannot afford even a temporary loss of production in industries of importance to rearmament. For other industries, however, the cost to the economy resulting from existing restrictions must be recognized. Restrictions tend to keep resources in uneconomic uses and to incorporate higher costs and inefficiency into production. Furthermore, the benefits of more economic use of resources are long-lived, while any costs of transfer are temporary.

Increased multilateralism would also greatly serve the interests of countries which are not undertaking substantial rearmament programs. These countries are now in a better international financial position to take the domestic measures which could place their international economic relations on a sounder, more efficient and durable basis and (within the limits of real availabilities) may be enabled to continue their developmental programs. In the short run, they would obtain increased benefits from trade. In addition, such policies could contribute to a strengthening of the real international economic position of these countries.

Thus, in brief, the needs for maximizing efficiency and obtaining imports as cheaply as possible favor the reduction of restrictions and

the maximizing of progress toward multilateralism. It is difficult to estimate the economizing of real resources which would be possible as a result of a greater return to practices of multilateralism. It is felt, however, that these savings could be substantial. In a world confronted by scarcities, all savings are important. Fears of future shortages of supply, and growing difficulties of securing desired imports, already are acting as pressure on countries to relax restrictions and discriminatory practices. Advantage should be taken of the existing conditions which, in a number of countries, are favorable for the relaxation of restrictions and for pursuing other measures designed to achieve and maintain higher levels of output. The aim should be to provide the basis for a sound international financial position which will enable countries to minimize the need for restrictions in the future.

### ***3. Favorable Developments for Relaxation of Restrictions***

By the end of 1950 there had been a substantial lessening of many of the financial obstacles which had previously been hindering the removal or even the relaxation of restrictions—particularly restrictions against “hard currency” countries—and hindering the achievement of convertibility.

One of these obstacles had been the existence of inappropriate exchange rates. Exchange rate difficulties, however, were largely removed in many countries by the currency devaluations of September 1949. In 1950, certain problems were still to be found in expanding sales to “hard currency” markets, but devaluation was tending to bring about a pattern of world prices and trade more compatible with the relaxation of restrictions.

The beneficial effects of devaluation could have been quickly dissipated by inflationary price rises in the devaluing countries. This, however, did not occur—although prices did rise somewhat, in part reflecting the increasing cost of imports as a result of devaluation. Despite the persistence of inflationary conditions in some countries, the general overcoming of the problem meant the reduction of excessive import demands and the encouragement of higher export flows. Rearmament demands for raw materials have resulted in rising prices and reintroduced the problem of inflation in a number of both exporting and importing countries. The more direct effects of rearmament in those countries where it is important have also contributed new tendencies toward inflation. This represents a significant danger for the future. Nevertheless, the beneficial effects of devaluation still substantially remain.

Fundamental to the overcoming of the inflation obstacle has been the increasing ability of the non-dollar world to supply the goods and ser-

VICES it required. Viewed more directly, the higher level of world production has meant that the "soft currency" countries have been able to reduce their dependence upon "hard currency" sources of imports; at the same time, goods and services have been available to increase exports to "hard currency" countries. By the end of 1950, recovery from the effects of World War II had been substantially achieved. Evidence of the continuance of war-induced difficulties was still to be found in various countries. Most of the world's productive system, however, had been put on a more normal basis, making possible the re-establishment of more normal trading relations. Badly disrupted economies had been rebuilt and had been able greatly to reduce their dependence on extraordinary assistance from the Western Hemisphere.

Another obstacle which had existed was the fear or expectation that U.S. demand might slacken. A mild decline in U.S. business activity in early 1949 was accompanied by a considerable drop in U.S. imports. In the first half of 1950, however, U.S. demand was extremely strong. By the end of the year, the rearmament program had assured the maintenance and expansion of U.S. import demand for some time to come. This applies not only to demand for raw materials but also, as domestic shortages grow, to demand for imported manufactures. Rearmament abroad may limit the expansion of the volume of manufactured exports to the United States and to third countries where U.S. exports can no longer satisfy demand. But the fear of a slackening or sharp fall of demand in dollar markets has greatly diminished.

The year 1950 saw a remarkable improvement in the world's payments situation, especially vis-a-vis the United States, and an associated increase in exchange reserves. These developments represented a substantial easing of the financial difficulties which hindered the partial or complete removal of restrictions, particularly discrimination, and the restoration of convertibility. Furthermore, this improvement began before the Korean hostilities and rearmament.

In the last quarter of 1949 and the first half of 1950—i.e., in the period between the currency adjustments of September 1949 and the outbreak of hostilities in Korea—there was a general movement in the direction of greater equilibrium in the payments positions of most countries of the world. Import restrictions still worked to limit purchases of goods originating in the United States and other "hard currency" countries, such as Canada. Nevertheless, the basic payments problem which had plagued the world throughout the postwar period—the so-called "dollar shortage"—was substantially alleviated even before the outbreak of hostilities in Korea.

Between the first half of 1949 and the first half of 1950, the U.S. surplus on goods and services was reduced from \$3,797 million to

\$1,515 million. This change resulted from a decrease in U.S. exports of \$1,851 million, a rise in imports of \$234 million, and a fall in the net income from services of \$197 million. However, the international financial effects of this change are better seen after the exclusion of ECA grants and other "unilateral transfers". On this basis, there was, in the first half of 1949, a U.S. current surplus of \$593 million. In the first half of 1950 this situation had been reversed, and there was a U.S. deficit of \$859 million.

The improvement in accounts vis-a-vis the United States between the first half of 1949 and the first half of 1950 was experienced by all areas, although in different degrees. Further, on the whole, countries other than the United States also improved their trading positions with relatively "hard currency" countries other than the United States, such as Canada, Belgium-Luxembourg, Western Germany and Italy. While there were important exceptions, a general improvement in the world's payment situation is indicated. Especially encouraging were the emerging surpluses of certain of the less developed areas with the United States. Once again, countries in Western Europe faced the possibility of financing deficits with the United States, at least partially, by the development of surpluses with these other areas.

The reduction of payments imbalance was reflected in a general increase in reserves of gold and U.S. dollars held outside the United States. After growing fairly steadily since the end of the war, the U.S. gold stock dropped by \$397 million from September 30, 1949, to June 30, 1950. In addition, about \$400 million probably was added to non-U.S. monetary stocks out of new gold production. At the same time, other countries increased their holdings of U.S. dollars. Short-term liabilities to foreigners reported by banks in the United States rose, in the nine months ending June 30, 1950, by \$848 million, of which \$653 million was in "official holdings". Thus, between September 30, 1949, and June 30, 1950, the gold and U.S. dollar reserves of countries other than the United States appear to have risen by over \$1,400 million. Non-U.S. external holdings of Canadian dollars also appear to have risen.

The outbreak of military activity in Korea and accelerated armament programs have produced varied effects, as, for example, sharp increases in prices of raw materials, and introduced a number of uncertainties discussed below. The immediate effect, however, was to accelerate the already occurring general improvement in the world payments situation, especially vis-a-vis the United States.

In August 1950 and again in October, the United States registered import surpluses on merchandise trade account—for the first time since

June 1937.<sup>1</sup> These import surpluses resulted from sharp increases in U.S. imports which rose to record levels and even offset some increase in exports, which had previously fallen. The U.S. current deficit, taking account of ECA grants and other "unilateral transfers", rose from \$859 million in the first half of 1950 to \$1,504 million in the second half. Further, the second half of the year showed very heavy outflows of U.S. private capital, totalling \$901 million (net) on long- and short-term. Countries other than the United States also improved their trade positions with Canada. Canadian imports from these countries exceeded exports in five of the six months of the second half of 1950.

Thus the gold and dollar exchange reserves of countries other than the United States have experienced an accelerated increase since the outbreak of hostilities in Korea. The U.S. gold stock fell by \$1,511 million in the six months June 30 to December 31, 1950. Short-term liabilities to foreigners reported by banks in the United States as "official holdings" rose by \$173 million between June 30 and December 31, 1950. New gold production available for monetary stocks also added to the gold and U.S. dollar reserves of countries other than the United States.

The same factors tending toward the elimination of the so-called "dollar shortage" have worked toward the disappearance of the distinction between "hard" currencies and "soft" currencies and of the distinction among various "soft" currencies. The Sterling Area, in particular, has greatly bettered its position vis-a-vis many countries whose currencies were previously relatively "hard". Sterling has emerged as a much "harder" currency. The previous tremendous gulf between "hard" and "soft" currencies, which has been a very substantial obstacle to the restoration of convertibility, seemed to be narrowing markedly at the end of 1950.

The improved position of sterling and the demands for Sterling Area commodities have meant the rapid reduction of the "overabundance" of sterling. Working against this general improvement are the increasing liabilities in sterling which the United Kingdom is incurring to various segments of the Sterling Area as a result of U.K. imports and the acquisition by the Exchange Equalization Account of gold and dollars earned by other sterling countries. But countries are now much less anxious to dispose of their sterling holdings, and there is much less willingness on the part of holders of sterling to offer it for sale at considerable discounts than was previously the case. The greater demand for sterling has facilitated the developing settlement

<sup>1</sup> A U.S. import surplus is also reported for January 1951.



of the sterling balance problem. To the extent that the holders of these balances now want to hold them, the problem tends to disappear. In the latter part of 1950 and early 1951, arrangements were being worked out to release or settle over a period of years a number of large holdings of sterling balances which had accumulated during the war.

The improvement in the payments positions and the increase in gold and dollar reserves of countries outside the United States, however, have not been even. Certain countries have not been able to take advantage of increased demand for imports in the United States and other relatively "hard currency" areas. Not all commodities are equally affected by the increase in demand and some countries may continue to have difficulties in expanding exports sufficiently to overcome their persistent balance of payments difficulties.

Nevertheless, the betterment in the financial position of many countries other than the United States during 1950 has been striking. At the same time, there has been a cessation or tapering off of the Marshall aid available to some countries. Recognition of difficulties still in existence, however, does not detract from the magnitude of the general betterment. The extent of the improvement has made financially possible a considerable relaxation of restrictions and an approach toward convertibility. The nature and magnitude of the action which has become financially possible varies among different countries. For some, the new situation means that restrictions could be eliminated. For others, there could be significant relaxation, while there remain some countries where financial conditions are such that it is still not possible to undertake any significant relaxation of restrictions.

It will be seen in Part II that relaxation occurred during 1950 in a number of countries. In the latter part of the year, there were tendencies to increase the amount of their imports. In many countries, however, the extent of this action would not yet appear to have been commensurate with the financial improvement. Especially, the marked improvement of the gold and dollar positions of many countries would seem to remove the basis of most currency discrimination on current transactions which continues to be practised to a considerable degree.

Thus, for many countries, the balance of payments reasons for restrictions on current transactions have been greatly reduced, if not eliminated. Recognition must, however, be given to the uncertainties of the present situation and to the impediments to the removal or relaxation of restrictions. It is, thus, appropriate to begin with a consideration of the overriding strategic consideration which has developed since the outbreak of hostilities in Korea. For a number of countries it may be assumed that any future policies on restrictions will neces-

sarily take place within a framework encompassing a substantial rearmament program.

#### **4. *Strategic Considerations Affecting the Use of Restrictions***

The outbreak of hostilities in Korea and subsequent military and political events have introduced, for a number of countries, new considerations which affect their international economic and financial relations. Under existing circumstances, it may be necessary for countries to retain their control machinery and to maintain certain restrictions as weapons of economic warfare and security; however, the nature of such restrictions may well differ markedly from those previously maintained.

Security considerations may lead to the diversion of purchases away from the cheapest markets to those—either domestic or foreign—which are regarded as safer and more likely to remain open. The need to insure supplies may bring international arrangements on allocation of scarce commodities. Strategic considerations may also dictate the limitation and channelling of exports. Scarce supplies may be kept at home in order to insure that they will be available for rearmament efforts and for essential civilian uses. Further, certain foreign assets may be subjected to controls lest their uncontrolled use assist potential enemies.

Closely related to direct strategic requirements is the need for maintaining levels of exchange reserves and, in some cases, increasing them further so that essential imports can be maintained at all times. While military shipments may be financed in such a way that they do not result in large-scale indebtedness nor in dangerous losses of reserves, these problems may add to the other strategic impediments to the removal of restrictions under present conditions.

In certain cases, strategic considerations may well require the retention of control machinery, even if it is not required for financial reasons. The prevention of transactions against the strategic interest may require the continued surveillance of both current and capital transactions—the regulation of international capital movements is already provided for in Article VI, Section 3, of the Fund Agreement.

Such action, however, could be entirely compatible with a substantial relaxation of restrictions which now exist and which were introduced and developed for reasons unrelated to present strategic considerations. The desirability of retaining the control machinery, in the case of certain countries, does not carry with it the necessity of retaining for strategic reasons all or most existing restrictions. Countries limiting imports of available goods because of financial or protectionist reasons might well be able to relax or remove these restrictions at the same

time as they take measures to implement an international agreement on distribution of scarce materials.

It is recognized that the implications for restrictions of strategic requirements will vary greatly from country to country, depending upon such factors as the amount of rearmament undertaken, the character and value of imports needed for rearmament, the dependability of sources of supply, and other similar factors. The apparent needs to insure supplies in the face of possibility of war, to maintain production, and to accumulate additional exchange reserves, all may seem to argue for maintenance of restrictions. In the case of certain countries these might even seem to argue in favor of increasing bilateralism. But, the continued use of restrictions in sectors of the domestic and international economy beyond the point required by strategic necessities runs a grave risk of unnecessarily losing the advantages of increased output and efficiency which would come from increased freedom in international transactions. Short of full and general mobilization in many countries, what may roughly be called the civilian sector of the economy will still be important and much of international trade could and should still take place on a price basis. Some controls over international economic relations may well be inevitable in light of existing political and strategic necessities. However, countries whose balance of payments and reserve positions have improved should insure that restrictions are not maintained which were previously imposed for financial reasons and which are not necessary for strategic reasons.

Of special importance for restrictions is the fact that some countries which are of major importance in the world economy are bearing a great share of the rearmament burden. The pressure of rearmament and security needs tends to curtail the availability of goods for export, and may even involve rather severe limitations on exports. However, if these countries are to preserve the international use of their currencies, it is in their interest to combat inflation and to maximize the availability of goods for export. In all this it should be noted that the measures taken to combat inflation and to make goods available for export will affect the willingness of other countries to hold the currencies of these exporting countries engaging in large rearmament programs. The decisions of these countries will necessarily have an important effect on the policies which can be pursued by other countries.

Closely related is the more general problem that the assurance of supplies and the combatting of inflation may appear to call for both a relatively liberal import policy and a restrictive export policy—obviously inconsistent on a world-wide scale. If countries restrict

exports to make more goods available at home, they must recognize that this will affect the ability and willingness of other countries to provide them with imports.

Although difficulties of this sort may be inevitable under present circumstances, efforts should still be intensified to avoid losing the gains from international trade at a time when they are so important. In particular, the expected long duration of the emergency situation calls for the minimizing of practices, directly or indirectly, not in the long-run interest of the countries undertaking them. The adoption of full restrictive controls today will tend to mean that they are retained for the duration of this long emergency. Further, even unnecessary restrictions will be difficult to remove in the post-emergency situation, experience showing that, once restrictions have been in force for a considerable period, their removal is extremely difficult even with favorable financial conditions.

### **5. *Other Effects of Rearmament***

In addition to the strategic considerations affecting the needs for and the types of restrictions, other effects of rearmament must be taken into account. Rearmament in certain countries will tend to increase their demand for imports and to reduce their ability to export. What offsetting effects this will have on the improved payments position of countries in Western Europe and the British Commonwealth remain to be seen. They will depend on the extent to which rearmament goods are provided by mutual assistance programs, on the effectiveness of efforts to maintain exports and on the scope of the armament effort. Of particular importance will be the measures taken to cope with the inflationary impact of the rearmament programs. But, in any case, for the world as a whole, indications are that the present trend of rising gold and dollar reserves in countries outside the United States will probably continue for some time, although some countries (particularly other rearming countries) may not share or share equally in this gain.

An associated problem is the inflationary effect of the increase of exports and of export prices. This bears initially with greatest force on the countries which produce primary products. Unless these countries take adequate measures to deal with the problem of inflation, they may find that the impact of the increase in export prices and export proceeds tends to generate a new inflationary spiral. This danger is greatest where postwar inflationary developments had never been halted. Under these circumstances, the demand for imports (augmented by the desire to buy in anticipation of scarcities) might tend to grow rapidly.

Continued rises of raw material prices may also adversely affect the

payments positions of the more highly developed countries. The rise in import prices may mean a tendency to general price rises. As noted previously, much will depend upon the measures taken to avert the dangers of inflation.

International transfers abroad and capital movements from the United States and other countries will continue to affect the payments positions of other countries. Non-military U.S. aid may be expected to taper off, with, however, the possibility of substantial assistance to certain areas. To an unknown extent, this declining ECA and other non-military aid will be replaced by military assistance. U.S. and other private investment capital may be very cautious for some time to come. Speculative capital movements may continue to play some role. "Hot money" may flow into certain countries with disruptive effects upon the domestic economy. In other cases, there is the possibility of capital flight, in forms difficult to check by direct controls, constituting a drain on the country's exchange reserves. Even current payments may be restricted in order to provide offsets to possible adverse capital movements.

Such uncertainties will have effects upon the degree and pace of relaxation possible under present circumstances. Yet it must be recalled that the financial impact of the new developments thus far has been strongly favorable to the payments positions of countries other than the United States. There is today an opportunity for countries to take advantage of the current situation to overcome the difficulties resulting from the use of restrictions. Considering all factors, balance of payments conditions for their reduction or removal are favorable. For many countries, restrictions on international trade and payments can be reduced with less danger and less cost than has been the case since the end of the war. At the same time, the need for the benefits of greater efficiency and productivity is greater than ever.

## **6. Other Impediments to Relaxation**

In addition to the uncertainties affecting the future balance of payments and reserve positions of a number of countries, there are certain other, largely non-financial, impediments to achieving the purposes of the Fund. Important among such impediments is the *protectionist* aspect of restrictions which build up vested interests in protection from outside competition, interests which may seek to prevent the removal of restrictions even although they are no longer necessary for financial reasons. In addition, as relaxation of restrictions takes place, there is considerable likelihood that priority in relaxation will be given to imports of those commodities for which domestic substitutes are not available. In this way, the restrictions which remain may well be the

ones with the greater protectionist elements. The removal of such restrictions protecting uneconomic industries may thus prove increasingly difficult, despite the improvement in a country's financial position. Moreover, an inertia favorable to the maintenance of restrictions tends to be created after they have been in force for some time.

Two or more countries may maintain restrictive systems favoring each other. Initially, these may have had the purpose of assuring imports which could not otherwise be paid for and of increasing the level of trade. They may, however, continue as mutual discriminatory-protective devices beyond the existence of the conditions which gave rise to them. In this connection, restrictions may be maintained as *bargaining weapons* to secure concessions from other countries in bilateral negotiations. In a world increasingly characterized by scarcities, however, the need for restrictions to help obtain export markets is greatly reduced.

However difficult may be the removal of restrictions maintained for such purposes, all possible efforts should be made to remove restrictions which are unnecessary for financial reasons. Although in the past there may have been fears that unemployment would result if protection to domestic industries through restrictions were eliminated, present conditions are such that these restrictions could be eliminated with very little, if any, danger to the level of employment. Indeed, removal would tend to establish high-level domestic production on much firmer bases from the long-run point of view. Moreover, the efforts of many countries to increase imports seem to reflect the growing weight given to the desirability of importing as against such factors as protectionism in determining national policies. There is the possibility that countries will wish to retain and use restrictions as bargaining weapons to obtain desired or needed imports. Such need is greatly reduced as scarce or strategic materials are made subject to international allocation. Similarly, the very continuance of developmental projects may be threatened by shortages of essential imports. Through international action it may be possible to protect developmental projects on terms acceptable to both the developing country and the rest of the world.

Certain special problems sometimes arise in connection with *multiple currency practices*. In a number of countries such practices are intended to avoid or reduce the need for administrative controls. In addition, a number of these countries have a chronic problem of inflation. Multiple rates may be used to minimize the rise in the price of elements of the cost of living by giving more favorable rates to certain commodities. Also, their use frequently results in revenue to the national treasury. Multiple currency practices of this type have fre-

quently tended to develop in countries where other revenue-raising devices have been incompletely developed. Yet the revenue from the exchange taxes may be important to the financing of what the country considers to be necessary expenditures and in the struggle against inflation engendering budget deficits. Under such circumstances, the difficulty of substituting alternative sources of governmental revenue and price policies may be an important impediment to the removal of restrictions. The Fund will continue to work with member countries faced by problems of this type and will attempt to help them overcome these difficulties.

Despite the general overcoming of the financial obstacles to the removal of restrictions, the Fund recognizes that there are a number of countries still experiencing basic or *structural balance of payments difficulties* limiting their ability at this time to make progress toward the removal of restrictions. The Fund will continue to consult with member countries faced by problems of this type as to finding ways of overcoming the sources of those difficulties.

Plans for *economic development* of certain member countries may create by themselves special aspects of this problem. Careful study will be required in each individual case as to the feasibility of overcoming the obstacles to the freedom of international trade and payments resulting from developmental programs. The Fund recognizes the importance and necessity of developmental programs. It believes that at least countries with relatively adequate reserves and strong balance of payments positions should be in a position to reduce their reliance on restrictions and, at the same time, to pursue more effectively their development programs. Relaxing restrictions may facilitate an improvement in the inflationary situation of the country; the fruits of development will be made more secure, and gains from development in some segments of the economy will not be offset by losses in others. It must be recognized, however, that some countries pursuing substantial development plans may not be in a sufficiently strong balance of payments position to permit them to dispense with the selective application of controls. The Fund will continue to consult and cooperate with such countries in working out appropriate policies for the long-run achievement of its objectives in the light of their particular situations.

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In conclusion, despite the existing uncertainties and difficulties, the Fund believes that many countries are in a position to undertake substantial removal of discrimination and relaxation of non-discriminatory restrictions and to make significant progress toward convertibility.

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Such measures can make a substantial contribution to offsetting some of the inevitable consequences of rearmament programs. They could help strengthen the economies of the countries concerned and provide a sounder basis for the achievement of longer-run stability in external economic relations.



# Fund Activities in the Field of Restrictions

### 1. *In 1950*

During 1950, the Fund advised a number of countries on policies to be pursued in the field of exchange practices. This involved both Fund review and approval of specific measures, and general advice on a wide range of matters affecting the restrictive policies of member countries. Throughout the year, the Fund continued and intensified its efforts to encourage countries to restore conditions favorable to relaxation of restrictions. The Fund has sought to encourage members to relax restrictions where this was financially feasible. At the same time, efforts have been made to encourage members to simplify their restrictive systems. Some progress was achieved during the year, particularly in the simplification of multiple rate structures. In some cases, these steps involved the readjustment of the par value of the country's currency.

As in past years, the Fund has worked directly with many countries with regard to their multiple currency practices and has sent missions to them for the study and discussion of their problems. During 1950, the Fund discussed changes in the multiple currency practices of several members, including Austria, Bolivia, Chile, Ecuador, Greece, Iran, Nicaragua, Thailand and Uruguay. In many cases, the elimination of multiple currency practices proved impossible, but many of the adjustments made during 1950 represented simplification of rate structures. Among the more important developments was the elimination in some countries of compensation transactions, which usually imply an extensive multiplicity of exchange rates.

Effective July 1, 1950, Honduras was able to bring its exchange rate spread within the limits permitted by the Fund Agreement and became the first country which, having taken advantage of Article XIV of the Fund Agreement at the outset, accepted the obligations of Article VIII. This followed a period of close collaboration between Honduras and the Fund and coincided with certain reforms in the banking and monetary system of Honduras, which were developed with the assistance of members of the Fund staff. The Fund has also been engaged in the study of the restrictive systems of certain other members and is working with them with a view to seeing if they, too, might accept the obligations of Article VIII.

Associated with its work in exchange restrictions are the Fund's

relations with the Contracting Parties to the General Agreement on Tariffs and Trade. The Fund participated in the Fourth Session of the Contracting Parties at Geneva early in 1950. The Contracting Parties, in accordance with Article XV of the GATT, invited the Fund to take part in the consultations on recent changes in the import restrictions of Australia, Ceylon, Chile, India, New Zealand, Pakistan, Southern Rhodesia and the United Kingdom. This consultation took place at the Fifth Session held at Torquay, England, in the autumn of 1950.

The Fund analyzed conditions in each of the countries where restrictions were under review and submitted to the Contracting Parties a report and a more extensive background paper on each of them. The background papers covered the restrictive systems and the balance of payments and presented analyses of the causes and effects of the import restrictions in the light of the existing situation. The reports contained the Fund's conclusions with respect to the import restrictions. The Fund's representatives at Torquay discussed this material with the contracting parties and took part in their deliberations.

The results of the Fund's analysis varied from case to case. For some countries, balance of payments conditions did not seem to warrant further relaxation of import restrictions. For others, the conclusion was that circumstances were such that a progressive relaxation of discriminatory import restrictions could begin, having due regard to the uncertainties of the situation.<sup>1</sup>

During the formative stages of the European Payments Union, the Fund took part in the formal and informal discussions held among the participating countries of the OEEC in Paris. The Council of the Organization for European Economic Cooperation at its meeting on July 6-7, 1950, approved a document agreeing to the establishment of a European Payments Union. Paragraph 82 of this document entitled "Relations with the International Monetary Fund" reads as follows:

82. The functioning of E.P.U. will be of great interest to the International Monetary Fund of which many participating countries are members, and these countries will be concerned to ensure that obligations incurred by them as Members of the E.P.U. should be consistent with obligations which they may have as members of the International Monetary Fund. Close co-operation and consultation with the International Monetary Fund are desirable, and it will be necessary for the Management Committee to examine and report to the Council what shall be the appropriate relationships.

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<sup>1</sup> The Fund Press Release of December 13, 1950, dealing with the Torquay consultations is attached to this Report as an Appendix.

The Fund and the Managing Board of the EPU have under consideration the nature of the relationship which should be established between them. The Fund is continuing to study the significance of EPU developments for its member countries, including the effects of such arrangements upon the trade and payments positions of Fund members not participating in the EPU.

## ***2. Fund Activity in the Future***

The Fund anticipates important developments in the field of restrictions during 1951. Certain new measures may well be required as a result of rearmament needs. Nevertheless, conditions favorable to the substantial relaxation of restrictions, including the reduction of discrimination, should continue and pressures for the adoption of policies of relaxation are likely to be strong. The possibilities of relaxation will depend upon individual country situations. Some countries possibly could now undertake the elimination of restrictions and the restoration of the convertibility of current foreign earnings of their currencies. Other countries are financially able to make considerable progress in this direction. Some, however, still face financial and other obstacles of such magnitude that they can do relatively little in the way of relaxation of restrictions. In any case, the risk involved in the substantial relaxation of restrictions is considerably reduced as supplier countries—as a result of national or international decisions—take measures to control their exports.

For the postwar transitional period, Article XIV, Section 2, of the Fund Agreement provides that member countries may maintain restrictions on current payments and transfers, without the specific approval of the Fund as would otherwise be required by Article VIII, Section 2. Article XIV, Section 2, however, requires that "Members shall, however, have continuous regard in their foreign exchange policies to the purposes of the Fund; and, as soon as conditions permit, they shall take all possible measures to develop such commercial and financial arrangements with other members as will facilitate international payments and the maintenance of exchange stability. In particular, members shall withdraw restrictions maintained or imposed under this Section as soon as they are satisfied that they will be able, in the absence of such restrictions, to settle their balance of payments in a manner which will not unduly encumber their access to the resources of the Fund." This means that the Fund cannot be indifferent to restraints and barriers to international payments when they are no longer financially necessary.

Furthermore, five years after the date on which the Fund began operations, that is, by March 1952, member countries are required by

Article XIV, Section 4, to consult the Fund as to the further retention of restrictions inconsistent with Article VIII, Sections 2, 3, or 4.<sup>1</sup> This active consultation with members will cover such matters as the adjustment of existing restrictive systems to the changed conditions, the removal and relaxation of restrictions, and the working out of measures necessary to overcome financial obstacles to relaxation, including the use of the Fund's resources under appropriate conditions and adequate safeguards. Where only partial relaxation is feasible, different types of action may be appropriate for different countries. As the problems and potentialities of each country differ, it would not be appropriate to suggest a formula for general applicability. However, the case for discrimination based on source of supply (i.e., against "hard currency" goods) has been greatly weakened.

In certain cases, it may be possible for countries to make substantial progress toward convertibility. The feasibility of the assumption of convertibility in certain countries has been considerably heightened by the recent shifts in world demand which, as noted above, have greatly narrowed the distinction between "hard" and "soft" currencies. Convertibility would be an important *international* approach which would aid trading partners in turn to overcome their financial obstacles to the removal of restrictions and the restoration of convertibility. In this connection it is emphasized that, if progress toward convertibility is made simultaneously by several countries, the inevitable strains on each will be reduced.

It is necessary to do everything possible to prevent the recurrence of the problems which followed World War II, problems which would lead to the increasing use of restrictions in the future. The significance of export policies on the imports of other countries may be expected to become a matter of increasing concern. There exists today a basic choice between meeting international problems internationally and seeking to meet them by uncoordinated and self-defeating national action. Raw materials are scarce all over the world. Inflationary pressures are widespread. Military expenditures are rising, and this has world-wide direct and indirect effects. No country can isolate itself from these powerful developments, and no country can follow a completely independent economic policy in the face of them. The elimination of national restrictions which no longer meet the real needs of the present situation is an essential step in creating the climate for effective international action on specific problems.

The international approach through the Fund to the problems of

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<sup>1</sup>Article VIII, Section 2, requires the "avoidance of restrictions on current payments"; Section 3, the "avoidance of discriminatory currency practices"; and Section 4, the "convertibility of foreign-held balances".

restrictions is in the self-interest of member countries as well as being in accordance with their obligations. The Fund can take account of the experience of other countries with similar problems. International consideration of a country's problems might mean that more consideration is given to the longer-run effects of proposed actions. Where certain restrictions must be practised, action through the Fund should prevent retaliation or ill-feeling toward the member concerned.

The desirable removal or relaxation of restrictions would be facilitated in one country if restrictions were also removed by other countries. For example, a country might remove its restrictions if other countries relaxed discrimination against it. The latter countries might relax such discrimination if they could sell for convertible exchange. One act of relaxation could facilitate a chain of relaxation elsewhere. Recognizing the interdependence and cumulative nature of relaxation, the Fund is ready to assist in its being carried through according to a pattern which would decrease the risks and difficulties and produce greater results.

In all matters of international monetary cooperation, the Fund machinery is available to aid its members to secure their long-run objectives individually and as a group. Through the Fund, changes will be more orderly and consistent with the interests of the world community as a whole.

In view of the obligations of member countries and also of their interest in the orderly removal of unnecessary restrictions, the Fund expects during the coming year to be in active consultation with its members on the appropriateness of their restrictive systems under existing conditions. Despite the new sources of strain and uncertainties which have arisen in the world since the outbreak of hostilities in Korea, in view of the marked improvement in the balance of payments of a number of its member countries, the Fund believes that it will be possible to make substantial progress toward the removal of restrictions and the achievement of the objectives of the Fund.

## **PART II**

## A. Introduction

Part II of this Report consists of a general review of developments in restrictions during 1950 and early 1951, followed by a series of Country Surveys in which brief reviews are given of the restrictive systems of member countries availing themselves of the transitional arrangements under Article XIV, Section 2, of the Fund Agreement. Countries which have accepted Article VIII, Sections 2, 3, and 4, of the Fund Agreement (and for which no country survey is included) are El Salvador, Guatemala, Honduras, Mexico, Panama and the United States. As in the First Annual Report on Exchange Restrictions, the exchange controls and restrictions of Belgium and Luxembourg are surveyed jointly and, with the exception of Hong Kong, separate surveys have not been prepared for the non-metropolitan territories of members of the Fund.

In preparing the country surveys, it was necessary to set a cut-off date beyond which changes in restrictive systems would not be taken into account. Therefore, the surveys review the exchange controls and restrictions in force on December 31, 1950. In addition to this, each survey includes a brief chronological statement of the major changes during 1950.

The brief country surveys are based essentially upon the formal characteristics of the restrictive systems of member countries. In practice, the effectiveness and severity of the controls and restrictions are largely dependent on their administrative application rather than only on their formal nature. Quite apart from this problem, the general character of recent developments is difficult to determine from the mere listing of the formal changes which have occurred in various countries. Therefore, it has been felt desirable to include a section (Section B) which sets forth the developments in restrictions during 1950 and early 1951, indicating broadly the nature of the changes which have been taking place. Especially, this facilitates consideration of general trends which may be observed and of developments affecting more than one country. Changes in payments agreements and regional arrangements can thus be more readily described. Further, Section B reviews certain developments not covered by the country surveys, such as changes in the use of restrictions by Fund members not availing themselves of the transitional arrangements under Article XIV of the Fund Agreement and by non-member countries. Also, Section B carries the review of developments up to March 1, 1951, thus going beyond December 31, 1950, the cut-off date of the country surveys.

In both the country surveys and the general review below, the

attempt has been to consider restrictive systems in their entirety. Member countries may operate restrictions under Article VIII of the Fund Agreement as well as under the transitional period arrangements of Article XIV. Restrictions under these two Articles can be indistinguishable in their effects. Completeness requires that restrictions under both Articles be covered. Exchange controls and restrictions on capital transfers are also noted, although Article VI, Section 3, provides that such controls may be exercised by members if they do not restrict payments for current transactions or unduly delay transfers of funds in settlement of commitments.

Similarly, coverage is not limited to a narrow consideration of exchange restrictions. So-called trade restriction elements form a part of many restrictive systems which, consequently, cannot be understood if these elements are ignored or treated separately. Thus, as in the First Report, restrictive systems are treated in their entirety. Coverage is, however, limited to practices closely linked to the exchange system and, in general, does not include such elements as import duties.



## **B. Developments in Restrictions**

### **1. Introduction**

During recent months there have been some indications—notably in the attention given by governments to their restriction programs—that the acceptance of restrictions as more or less unavoidable and well-nigh permanent features of international economic activity is being challenged. While restrictions continue to be a major factor influencing international trade and payments, increased attention and action have been devoted by governments to the problem of restrictions.

Although, in the first few months of the period under review, there were no strongly marked trends in the field of restrictions aside from the efforts in Europe to establish regional arrangements, the outbreak of hostilities in Korea was followed by a change. Associated with increased exchange earnings, with rising prices and with fears of future shortages and shipping difficulties, there has been, since June 1950, a tendency on the part of many countries to increase the amount of their imports—often within the framework of existing restrictive systems and without much formal relaxation. Both because of rising prices and in attempts to realize a larger volume of imports, there has been a tendency to spend more exchange than previously. Another important type of change has been associated with the use of restrictions for strategic or security purposes.

The review of the significant developments given in this section is based mainly on the changes in formal arrangements and on pronouncements regarding the form and structure of restrictions. In addition, trade data and information on administrative practices, such as the use of advance deposit requirements and the extension of validity periods for import licenses, have served as supplementary indications of the tendencies in restrictive systems. The following sub-section deals with developments in the application of restrictions. Certain broad distinctions on a geographical basis can be drawn concerning recent developments which have occurred in this field. Structural changes in multiple rate systems and significant developments which have taken place in payments arrangements between countries are outlined in the later sub-sections.

### **2. Developments in the Application of Restrictions**

In *Europe*, the year 1950 saw the attempt to achieve increasing regional integration through the establishment of the European Payments Union (EPU) and the liberalization of intra-European trade

and invisible transactions sponsored by the Organization for European Economic Cooperation (OEEC). Brief details of the EPU are given in Sub-section 4 below, which deals with developments in payments arrangements.

In regard to the liberalization of intra-European visible trade, OEEC member countries agreed to take measures for the progressive elimination of restrictions on non-governmental imports from other members and to provide for the automatic allocation of foreign exchange to pay for such imports. The measures were originally (as at December 15, 1949) applied to 50 per cent of imports on private account from other OEEC countries, using the year 1948 as a basis. As from October 4, 1950, the percentage was raised to 60 (with exceptions in the case of certain countries). These percentages were calculated separately for each of three categories—food and feeding stuffs, raw materials and manufactured goods. It was proposed that the 60 per cent liberalization requirement be raised by February 1, 1951, to 75 per cent of all non-governmental imports from participants regardless of the categories. By December 31, 1950, the measures had to be applied to all members without discrimination; and, as from February 1, 1951, each participant was required to avoid discrimination in respect of "non-liberalized" commodities originating in other OEEC countries. At the time of writing, however, it had not been possible to achieve fully the principles which were to have been operative by February 1, and certain countries had not been able to reach or maintain the 60 per cent liberalization target.

Relaxation measures were to be applied among all OEEC countries, including some application by and in favor of their dependent overseas territories. In addition, Denmark, Greece, Norway, Sweden and Switzerland have extended all or part of their liberalization measures to all countries in the Sterling Area and not merely to the overseas territories of the United Kingdom. The United Kingdom has extended its measures to imports "from all countries to which relaxations could be applied without involving loss of gold or dollars".<sup>1</sup> At the beginning of 1950, this covered all countries except those constituting the "dollar area";<sup>2</sup> Eastern European countries; certain other countries for special reasons; and, among the OEEC countries, Belgium, Luxembourg, Switzerland and Western Germany. During 1950, as these four OEEC countries signified their intention to join the EPU, the United King-

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<sup>1</sup> Announcement by the President of the U.K. Board of Trade in London on September 29, 1949.

<sup>2</sup> U.S.A. and possessions, Bolivia, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Philippine Republic, Venezuela and Canada.

dom removed them from the list of exceptions. Similar steps were taken at different times by other members of the Sterling Area. Further, during the course of 1950, Belgium liberalized almost all of its trade, including that with the dollar area.

The measures taken by the OEEC on the subject of the liberalization of invisible transactions are also of interest. On January 31, 1950, the Council of the OEEC placed a ban on further restrictions on invisible transactions among OEEC member countries. On May 3, 1950, this decision was re-affirmed and a decision on details was taken. With minor reservations, this decision has since been carried into effect.

A major feature of the liberalization of invisible transactions was the undertaking to authorize such transactions on a non-discriminatory basis among participants, to become effective by October 1, 1950, at the latest. While this policy appears to have been carried into effect by the OEEC members, it has resulted in few actual alterations in their exchange control regulations. This is partly because most countries were already freely authorizing payments due by residents in their country to non-residents in respect of contractual obligations—although the payments were to be made by the method laid down in the country's exchange control regulations. In the realm of non-contractual items, that is, for such items as travel, most OEEC countries maintain some degree of limitation on the amount of exchange they are willing to authorize for such expenditure abroad by their residents. But in order to conform to their obligations, several participants have announced a fixed amount which they are willing to allow their residents for tourist travel in any other OEEC country.

In addition to the intra-European measures related to the liberalization of current transactions, relaxations having a wider field of application have developed in several European countries in connection with capital items, not only as regards the release of former blocked balances held by non-residents, but also in freer treatment of non-resident-owned securities and other capital assets. Several OEEC countries announced in 1950 special terms including a guarantee of repatriation for the investment of new non-resident capital.

In addition to the measures resulting from the operations of the EPU and the OEEC liberalization program, various countries in the *Sterling Area* took other steps affecting their import programs. The British Chancellor of the Exchequer stated in the House of Commons on November 14, 1950, that "during the informal Commonwealth Economic talks which were held in London in September of this year, it was realized that the 75 per cent. formula [the reduced target for imports from the dollar area] as such had been rendered out of date by price increases, by stockpiling needs, and by the deterioration in

the international situation." While the sterling Commonwealth countries seem to have agreed on the necessity of increased dollar imports, this has not involved a substantial alteration in formal restrictive systems. Certain more formal steps have, however, been taken. The United Kingdom in December announced that the "token imports" allowed from Canada, the United States and certain other countries would be raised from 20 per cent to 40 per cent of the value of such imports in 1936-38. In the British West Indies, a token import scheme which had been operative in 1949 was revived on similar lines in January 1951 by reopening this market on a limited scale to a range of Canadian and U.S. goods traditionally purchased from those countries.

On August 1, 1950, New Zealand announced the import program for 1951. This involved an increase in "soft currency" spending. Additional exemptions from import licensing and quota increases (for imports from "soft currency" countries in both cases) were announced in December 1950. Similar relaxations of restrictions on importing from "hard" and "soft currency" countries were undertaken by Ceylon and Pakistan. In August 1950, India relaxed import restrictions on various raw materials to be imported from any source. Australia, as of September 1, 1950, freed practically all imports from "soft currency" countries from restrictions.<sup>1</sup>

The Union of South Africa announced changes effective the beginning of 1951, which appear to represent a substantial relaxation of discrimination. According to these changes, imports are allowed on a non-discriminatory basis up to the total South African current external income from all sources (after provision for invisible payments) plus twice the amount of untied capital receipts from "hard currency" countries, with discrimination taking place only to the extent that capital inflow from "soft currency" countries exceeds the capital inflow from "hard currency" countries.

The restrictions in force for balance of payments reasons in seven Commonwealth countries were the subject of consultation at the Fifth Session of the Contracting Parties to the General Agreement on Tariffs and Trade held at Torquay, England, in November and December 1950. At this session, the Fund, in its consultative capacity, expressed the opinion that it would be feasible for Australia, Ceylon, New Zealand, Southern Rhodesia and the United Kingdom to begin a progressive relaxation of their "hard currency" import restrictions, although this should be undertaken with due caution having regard to the existing circumstances. Further relaxation of restrictions on

<sup>1</sup> The countries which are treated as "hard currency" countries in various control systems are indicated in footnotes to individual country surveys in Section C below.

dollar imports by India and Pakistan did not seem feasible in the present circumstances.

Some countries in the *Middle and Far East* have shared in the general trend toward increased imports, although the actual form by which these changes are evidenced varies from country to country. During 1950, Ethiopia was able to increase the amount of exchange made available to importers of essential goods. In Iran, in July 1950 and in December 1950, previously existing quota restrictions on the import of essential goods and a number of less essential items were removed. These relaxations were announced as effective until March 20, 1951. On June 27, 1950, Thailand removed import controls on many commodities, so that only a few (although important) items remained subject to an import licensing requirement. In June-July 1950, Indonesia placed a number of important commodities on a "free list", in effect removing them from import quota restrictions, and increased quotas for certain other commodities.

In the Philippine Republic, where exchange control had been introduced in December 1949, all imports were made subject to import licensing in May 1950, with exchange being granted automatically for authorized imports. At first, licenses for all imports were on a quota basis, but on December 21, 1950, these limitations were removed in respect of a number of essential imports.

In August 1950, the restrictive aspect of the Japanese import licensing system was lessened when it was announced that, in respect of applications to import certain essential commodities, licenses would be granted automatically. Later, the published Japanese exchange budget for the first quarter of 1951 included a considerably increased allocation for dollar imports.

This same trend to increased imports is also seen in the *Western Hemisphere*, where many countries have increased their imports by various means. To a considerable extent this has been done administratively within the framework of the existing restriction systems. There have been, however, various formal changes in restrictive systems. For example, in July 1950, Colombia established a scheme of "special advance quotas" for many goods in potentially critical supply, allowing importers to acquire immediately goods which would otherwise not have been authorized for import until later. In August 1950, Mexico freed various iron and steel products from import licensing and, early in 1951, lifted restrictions on almost all imports. (At about the same time, Mexico established tariffs, ranging from 40 to 70 per cent on certain luxury items.) Argentina announced in July a relaxation of import restrictions on essential imports and in December 1950 began issuing licenses automatically for the importation of a wide

variety of essential goods from various countries. In October 1950, Brazil listed a large number of essential items related to the agricultural, mining and metallurgical industries which were exempt from import license requirements. In January 1951, Chile removed licensing requirements from about half of her imports and, in December 1950, Ecuador removed quota limitations on imports. In November, Peru greatly expanded her list of permitted imports and, at the end of January 1951, removed all remaining import restrictions. Uruguay, which had been removing restrictions on various "soft currency" imports, announced in the summer of 1950 that essential goods to be paid for with "hard currencies" would also be permitted freely.

On the other hand, in some countries there were indications of increased restrictions, particularly during the early part of 1950. Bolivia introduced import prohibitions, and later expanded the prohibited list. On January 11, 1951, however, many of these prohibitions were abolished. The purposes for which official exchange is granted were limited by Costa Rica. Brazil further curtailed the allocation of exchange for various invisibles. The Dominican Republic, which formerly had only a limited import licensing system, made all imports subject to license in February 1951.

It is notable that Canada has relaxed restrictions nearly to the point of elimination. Import prohibitions and quota restrictions were progressively relaxed during 1950 and those still remaining were removed on January 2, 1951. This final action was preceded by a significant change in the Canadian exchange system which occurred on September 30, 1950, involving the abandonment of the official exchange rates and the effective appreciation of the Canadian dollar. Another significant relaxation, which occurred on October 5, 1950, was the virtual removal of restrictions on tourist spending in "hard currency" countries. Canadian exchange control regulations continue to include the prescription of currencies; however, it was announced that, as from December 5, 1950, Canadians rendering services to residents of "United States Dollar Area Countries" might in the future receive Canadian dollars instead of only U.S. dollars as previously required.

In December, a new consideration became apparent when the United States, for reasons of national security, placed what is regarded as a virtual embargo on exports to certain Far Eastern destinations and froze assets and restricted payments in the United States of residents of the Chinese mainland and North Korea. The intensification of export control has also been undertaken by some other countries. The introduction of such measures in the post-World War II period highlights an additional set of considerations in the field of restrictions, namely, the use of controls for strategic or security reasons.

### **3. *Developments in Multiple Rate Structures***

During 1950 and the first two months of 1951, many changes took place in the use of multiple currency practices. An analysis of these changes does not lead to definitive conclusions regarding overall trends in the use of multiple rates.

In some cases, steps were taken toward the unification or simplification of multiple exchange rate systems. This took the form of eliminating certain differential rates or exchange taxes and of removing practices, such as compensation transactions, which lead to a multiplicity of effective exchange rates. In some cases, the changes were made possible through the substitution of non-exchange devices, such as import duties and other taxation, for the exchange practices removed. On the other hand, an increased reliance on multiple rates can be observed in a number of instances. To an appreciable extent these particular shifts represented effective devaluation through the multiple rate structures.

A simplification of multiple rate structures took place in Colombia and Ecuador, for example, through the removal of certain exchange taxes. Argentina consolidated its complex exchange rate structure into three sets of exchange rates and abolished its auction system. The use of compensation, or barter, transactions was eliminated in several countries, including Chile, Nicaragua, Paraguay and Japan. Nicaragua also eliminated exchange certificates which had involved premium rates.

Among European countries, Austria simplified her exchange rate system by establishing a single rate for commercial transactions, retaining an additional rate only for certain invisibles. At the same time (October 1950) the abolition in principle of private barter and compensation arrangements was announced.

Honduras, effective July 1, 1950, reduced the spread of official exchange rates to within one per cent of parity in conformity with Article IV, Section 3(i), of the Fund Agreement and, as mentioned elsewhere in this Report, became the first country which ceased to avail itself of the "transitional arrangements" under Article XIV and assumed the obligations of Article VIII.

In several cases, the extended use of multiple currency practices took the form of higher fixed rates for current transactions. One of the more significant innovations was the introduction of an exchange certificate system in Indonesia. This led to higher rates for exchange transactions and, in effect, to substantial depreciation.

The imposition of new exchange taxes resulted in additional effective rates in Costa Rica, Nicaragua and Paraguay. In Israel, three exchange

taxes were established, leading to multiple rates for various categories of imports. Nicaragua increased penalty selling rates through the use of surcharges applied to payments for less essential imports; this step was taken in conjunction with the removal of restrictions in the form of exchange quotas. In Greece, an additional rate for certain imports was established at a level above the effective rate applying to most transactions.

During the period under review, various developments are also to be noted in the use of free markets for exchange transactions. In Chile and Costa Rica, invisible and capital transactions were permitted to pass through a free market at higher rates. In some countries, such as Chile, Colombia and Costa Rica, more imports were allowed to find their exchange in markets with fluctuating rates. During the course of 1950, Thailand shifted various classes of minor transactions from the official market to the free market, where higher rates prevail. Iran shifted most exports and luxury imports to a free market, although the same transactions were later made subject to a fixed premium rate.

Fluctuating rates were also introduced in Spain, with the establishment in August 1950 of a legal free market to which certain invisibles and capital transactions, as well as varying percentages of specified export proceeds, were admitted. This was followed in October by an extensive rearrangement of the various import rates, including the use of the free market for obtaining all or part of the exchange for certain groups of imports.

The preceding examples do not include all changes which have taken place in multiple currency practices during recent months. However, they include most of the relatively significant modifications and are sufficient to indicate that the use of multiple currencies has been subject to considerable change during this period. But, for the world as a whole, it appears that there has not been a significant trend toward the decrease of such practices.

#### ***4. Developments in Payments Arrangements***

The most extensive payments arrangement introduced during 1950 was the European Payments Union. Among the European participants in the EPU (and the regional liberalization efforts associated with it) are the following Fund members: Austria, Belgium, Denmark, France, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Turkey and the United Kingdom. The Irish Republic, Portugal, Sweden, Switzerland, Trieste and Western Germany are the European participants who are not members of the Fund. Other segments of the Sterling Area and the overseas territories of Belgium, Denmark, France, the Netherlands and Portugal also participate in the EPU payments



arrangements through their European associates, while practically all payments between Indonesia and the participants in the EPU come within its scope through the Netherlands account.

The European Payments Union was set up as of July 1, 1950, to provide for a multilateral clearing arrangement among participants. (Switzerland did not participate until November 1, 1950.) Through its operations, each participant need not balance its accounts separately with each other participant and may concentrate on its payments with all of the other members as a group. All authorized payments between participants pass through the EPU and settlements are based upon the net cumulative credit or debit standing of each participant with the other participants as a group. Certain initial credit or debit positions were established for some participants, with settlements being offset against these insofar as possible. Beyond the use of initial positions, settlements are made partly through the granting of credits to or by the EPU and partly in gold or dollars received from or paid to the EPU. If the credit facilities were used completely, the ratio of credits granted or received to gold or dollars received or paid would, in general, be 60 to 40. The possibility of the EPU having to pay out more gold or dollars than it receives is provided for by a grant of U.S. dollars to it by ECA.

In general, the obligations as to the multilateralism of payments among EPU members have been maintained at the Central Bank level<sup>1</sup> and the mechanism of prescribing the method of settlement for payments and receipts has remained unaltered in the exchange control systems, still following patterns which conform to the terms of earlier payments agreements concluded by those countries. The United Kingdom offered the extension of the Transferable Account arrangements to all EPU participants not already availing themselves of this facility, and this offer was accepted by Austria, Denmark and Greece.<sup>2</sup>

The EPU agreement has, however, provided for the holding of currencies of participants by other participating countries. The agreement provides that creditors in the EPU may acquire currencies of other participants instead of obligations of the EPU to the extent of the smallest of (1) their overall credit position in the EPU, (2) their credit position with the debtor whose currency is to be acquired, and (3) an amount previously agreed upon between the creditor and the debtor country. Further, the agreement gives debtors in the EPU the

<sup>1</sup> There is one notable exception to this. The French authorities on November 7, 1950, announced that transfers between the French franc accounts of persons resident in any EPU country or associated monetary area would no longer require the permission of the exchange control authorities.

<sup>2</sup> The Transferable Account arrangements already applied, among OEEC countries, to Italy, the Netherlands, Norway and Sweden.

right, subject to certain conditions, to use their pre-EPU holdings of the currency of another EPU participant to settle their debit balance. Although Italy built up a debit balance in the first six months of the operation of the EPU, she did not settle this through the use of her sterling holdings, deciding to continue holding sterling and incur interest-bearing indebtedness to the EPU until the point where a gold or dollar payment would have been the alternative.

Another European group measure is to be found in the "UNISCAN" arrangements. On January 30, 1950, representatives of Denmark, Norway, Sweden and the United Kingdom agreed to develop closer economic cooperation. The proposals to be immediately adopted were for all current payments to be made without restriction among the four countries, although Norway would continue to limit the tourist expenditures of her residents. Denmark, Sweden and the United Kingdom also agreed to remove restrictions, but not controls, on capital movements among the three countries, including the repatriation of balances. Norway adopted similar conditions only in a modified form, according to the amount of funds belonging to Norwegian residents which were released to her. All these proposals were put into effect during 1950 by the countries concerned. Since relaxations in trade restrictions were not appreciably more than were applied to other OEEC countries, these changes have their main significance in the relaxation of restrictions on invisibles and capital movements.

Apart from the developments described above, changes in the field of payments agreements do not appear to have been particularly significant during recent months. There were, however, certain cases of decreased reliance on the settlement of accounts in U. S. dollars. Agreements between certain Latin American countries and Western European countries, especially Western Germany, have sought to achieve greater movements of goods and to provide for more liberal swing credit arrangements. A payments agreement between France and Peru, providing for the settlement of French commercial payments in French francs instead of U. S. dollars, as previously required, was announced as becoming effective on December 2, 1950. This agreement also provided for payment in sterling for certain Peruvian imports from the French franc area and it was reported that Peru might use her French franc holdings for settlements in other countries. Brazil also made provision for the use of sterling in settlement with certain countries for imports and certain exports (excluding coffee and cotton).

Reliance on barter or compensation transactions decreased during 1950 in certain countries, as mentioned above. Brazil, which had been using barter transactions through 1950, announced in February 1951 the discontinuance of such transactions for an indefinite time. But

there were other cases of their increasing use, as in Ecuador and Greece.

\* \* \*

Thus, in summary, early in 1950, the outstanding trend in restrictions was toward regional arrangements for relaxation which widened the area of freedom among certain countries, while maintaining or intensifying restrictions against countries outside the region. However, after the middle of 1950, there has been evidence of increased willingness to relax restrictions on a more global basis, whether formally or by administrative action. Even more, recent occurrences seem to reflect the increasing influence of commodity shortages and export controls. The entry of strategic and military considerations into the field of restrictions has introduced a new aspect to the use of restrictions in the postwar period.

## C. Country Surveys

### *Explanatory Note on Terminology*

In the descriptions of exchange controls and restrictions in member countries, a standardized pattern has been followed wherever practicable. This consists of a uniform presentation of the restrictive features of each system, using so far as possible a consistent terminology for describing similar practices. As a result, in many cases, this terminology is not necessarily that employed in the particular country concerned. Furthermore, since the purpose of these country surveys is essentially to describe existing restrictive systems and changes which have taken place during 1950, the terminology is not intended to relate to the member countries' obligations and responsibilities under the Fund's Articles of Agreement.<sup>1</sup>

In the interest of standardization, each country survey is divided into the following sections: Date of Introduction, Nature of Restrictive System, Exchange Rates, Exchange Payments (with subdivisions), Exchange Receipts (with sub-divisions), and Changes during 1950. In a few country surveys, additional sections have been included on Exchange Control Territory, Non-Resident Accounts, Domestic Banknotes, and Foreign Banknotes.

Under *Date of Introduction*, the dates when exchange controls and restrictions were originally introduced and when last they were significantly revised are cited. These dates serve to indicate the period of the existence of exchange restrictions, without attempting a complete historical review of exchange controls and restrictions.

Under *Nature of Restrictive System*, the essential features of the restrictive system, particularly those applying to trade and invisibles, are briefly described. Multiple currency practices on the selling and buying sides, where they exist, and requirements concerning export proceeds and export licensing are also mentioned.

Under *Exchange Rates*, the par value, where one exists, is expressed in terms of United States dollars, and the official buying and selling rates, if any, are quoted in the same manner. General remarks are also made wherever applicable concerning the important features of the exchange rate system. The surveys of member countries with several effective rates of exchange include a more detailed tabulation of these rates and their applicability under the separate section, *Table of Exchange Rates*, at the end of the particular survey. The fixed buying and selling rates quoted are those effective as of the end of

<sup>1</sup> Similarly, the inclusion of a restriction, or a change of restriction, in this Report is not to be taken as indicating that the Fund necessarily regards as desirable, or has given specific approval to, the restriction or change described.

1950, while the fluctuating rates quoted represent average rates for the month of December 1950, unless otherwise noted.

Under *Exchange Payments*, the restrictions applied to international payments are described. The term "import license" is used to describe individual permits granted by the trade authorities to effect the importation of a given commodity. When it is stated that only certain imports require import licenses, it is to be understood that all other imports are free of restrictions of this type, unless otherwise explained. In various countries, the legislation concerned uses different technical terms, such as "free lists" or "open general licenses", to describe arrangements whereby imports and other international transactions are exempt from the restrictive application of the licensing requirements. In the interest of uniformity, such arrangements are referred to by the standard expression "certain imports (or other transactions) are freely permitted". Any known difference in restrictions as applied to imports from different countries is indicated, and in several cases, additional detail is given in a footnote. Although this is not expressly stated in each case, it is to be understood that payments between those countries or monetary areas having bilateral payments arrangements must be made in accordance with the terms of such arrangements and that this requirement is enforced on the residents of the countries concerned as part of the exchange control system. Where the word "appropriate" is used, in such expressions as "exchange appropriate to the country of the recipient" or "an amount appropriate to the country of destination", it is to be understood that payments or receipts must be in the form prescribed in the exchange control regulations of the country whose system is being surveyed.

The term "exchange license" is used to describe the individual permits granted by the exchange authorities to effect exchange payments. Where exchange payments for invisibles are exempt from individual permits, or can be freely effected by specified categories of residents or in specified currencies without any limitation or up to certain limits, the standard expression "foreign exchange is freely granted up to certain limits" or its appropriate equivalent is used. Differences in national terminology have been avoided.

In relation to capital payments, the term "require approval" is used to express the fact that permits are necessary to effect such payments on behalf of either residents or non-residents. The term "approval" has a broader meaning than "licenses", as it may include special conditions connected with the transfer of capital. Where transfers of dividends, interest and other investment income are very closely connected with transfers of capital, they are discussed in the section on capital.

Under *Exchange Receipts*, special requirements relating to exchange proceeds from exports, invisibles and capital are described. Where the exchange control regulations include special requirements that the proceeds must be obtained in a prescribed manner, an expression such as "the exchange proceeds of exports must be received in an appropriate currency or from an appropriate non-resident account" is used. The term "surrender" is used to denote the compulsory sale of exchange proceeds at specified rates of exchange against local currency. In some countries, the "surrender" of exchange proceeds is not required, but these proceeds may not be retained indefinitely or used for international payments without specific license. Alternatively, it may be required that certain exchange proceeds be sold in a free market. These cases are specifically mentioned in the country surveys.

Under *Exchange Control Territory*, the extent of applicability of a given national system of exchange controls and restrictions is explained when it covers two or more sovereign or autonomous territories and when a resident of one country is treated as a resident of another country for the purposes of exchange control.

Under *Non-Resident Accounts*, special arrangements governing payments through the accounts of non-residents are described where they play an important part in settling payments between non-residents. In two country surveys, a section on *Banknotes* is added to outline special provisions relating to the use of foreign or domestic banknotes in international transactions.

Under *Changes during 1950*, the more significant changes which took place in the restrictive systems of the member countries during 1950 are presented in chronological order.

The terms "resident" and "non-resident" have been used throughout the country surveys, even though the regulations of certain countries refer to "exchange nationals" and "exchange foreigners", or similar designations. In general, countries apply these terms on the basis of the normal domicile or the active place of business of the individual or legal entity concerned, but other criteria such as nationality and length of residence may also be taken into account.

## AUSTRALIA

### *Date of Introduction*

August 28, 1939.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for imports from certain countries and through licenses required for non-trade payments; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange from exports must be surrendered. Exchange receipts from invisibles and capital in U.S. dollars, or Canadian dollars in banknote or check form, must be surrendered. Practically all exports require licenses.

### *Exchange Rates*

Par value: Australian Pound 1 = US\$ 2.24. Official rates: buying US\$ 2.2425, selling US\$ 2.2275 per £A 1.

### *Exchange Payments*

Payments to outside the Sterling Area must be effected either in the foreign exchange appropriate to the country of the recipient, or by crediting the appropriate sterling account of a non-resident or the account with an Australian bank of a bank in the country concerned.

*Imports.*—Imports from "hard currency" countries<sup>1</sup> require import licenses. Most imports from other countries are free of import license. Exchange is automatically granted for authorized imports.

*Invisibles.*—Payments abroad require licenses. Foreign exchange is freely granted for expenses incidental to trade transactions, transfers abroad of dividends and other earnings due to non-residents. Foreign exchange for other payments to other territories of the Sterling Area is freely granted up to specified limits. Residents travelling to specified countries are freely granted certain amounts in the appropriate currencies.

*Capital.*—Transfers of capital require approval.

### *Exchange Receipts*

*Exports.*—Practically all exports require licenses. The exchange proceeds of all exports to outside the Sterling Area must be received (1) from an account in Australian pounds of a bank domiciled in the

<sup>1</sup> These countries are listed as: Argentina, Bolivia, Canada, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Iran, Japan, Mexico, Nicaragua, Panama, Philippine Republic, United States and possessions, and Venezuela.

country to which the goods were exported, (2) from a sterling account appropriate to the country of destination, or (3) in appropriate foreign exchange. The proceeds of exports to other parts of the Sterling Area must be received from a sterling account or in the exchange of the territory of destination. Foreign exchange receipts must be surrendered.

*Invisibles.*—Exchange receipts in U.S. dollars, or Canadian dollars in banknote or check form, must be surrendered. All other exchange may be retained but its disposal requires license. Permission is given for foreign exchange to be retained on controlled accounts where it is required for operating purposes.

*Capital.*—Investments of persons residing outside the Sterling Area must be made in foreign exchange appropriate to their country or sterling from an appropriate account. Exchange receipts from capital in U.S. dollars, or Canadian dollars in banknote or check form, must be surrendered.

### ***Changes during 1950***

#### *April 18*

Certain imports of Sterling Area origin were made free of import licensing.

#### *June 20*

Western Germany ceased to be treated as a "hard currency" country.

#### *July*

Belgian and Portuguese Monetary Areas ceased to be treated as "hard currency" countries.

#### *September 1*

All imports of United Kingdom origin except tinplate and most goods of "soft currency" country origin were made free of import licensing.

#### *November*

Switzerland ceased to be treated as a "hard currency" country.



## AUSTRIA

### *Date of Introduction*

October 9, 1931. Reintroduced after the war, July 25, 1946. The exchange rate system was revised November 25, 1949, and October 5, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for imports and non-trade payments, and through penalty selling rates for invisibles and capital items; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange must be surrendered. A multiple currency practice results on the buying side from the application of the premium exchange rate to non-commercial invisibles and capital items. Some exports require licenses.

### *Exchange Rates*

No par value for the Schilling. Official commercial rates: buying S 21.23, selling S 21.49 per US\$ 1. There are premium rates of buying S 25.87, and selling S 26.13 per US\$ 1 applicable to non-commercial invisibles and capital (see Table of Exchange Rates below).

### *Exchange Payments*

*Imports.*—Most imports require import licenses. Certain imports are freely permitted from EPU countries and their associated territories. Exchange is automatically granted for licensed imports. Payments for those imports free of import license require exchange licenses. All imports are effected at the S 21.49 rate.

*Invisibles.*—All payments abroad require licenses. Foreign exchange authorized for expenses incidental to trade transactions is provided at the S 21.49 rate, and, for other purposes, at the S 26.13 rate. Travelers may take out a maximum of S 1,000 in Austrian currency.

*Capital.*—Transfers of capital require approval and must be effected at the S 26.13 rate.

### *Exchange Receipts*

*Exports.*—Some exports require licenses. Exchange proceeds from exports must be surrendered at the S 21.23 rate, unless the exporter has permission to retain a part of them for his own authorized expenses. Barter transactions are permitted for certain exports.

*Invisibles.*—Exchange receipts from invisibles must be surrendered at the S 25.87 rate. Persons may bring in a maximum of S 1,000 in Austrian currency.

*Capital.*—The investment of foreign capital requires approval. Exchange receipts from capital must be surrendered.

### **Table of Exchange Rates**

(Schillings per U.S. Dollar)

	<i>Buying</i>		<i>Selling</i>
21.23	Exports and commercial invisibles.	21.49	Imports and com- mercial invisibles.
25.87	Non-commercial in- visibles and capital.	26.13	Non-commercial in- visibles and capital.

### **Changes during 1950**

#### *January 30*

The uniform 60% retention quota applicable to export proceeds was replaced by a general surrender requirement with individual retention quotas for each exporter to meet his authorized expenses.

#### *February 14*

The amount of Austrian notes and coin which could be taken in or out of Austria was raised to S 1,000 for all travellers.

#### *October 5*

A single rate of S 21.36 per US\$ 1 for all commercial transactions was established through the abolition of the basic rate of S 14.40 per US\$ 1 and of the premium rate of S 26.00 per US\$ 1 as applied to commercial transactions. Non-commercial invisible transactions continued at the premium rate.

## BELGIUM-LUXEMBOURG

### *Date of Introduction*

In Belgium, May 10, 1940. During the war, exchange restrictions were separately applied in Belgium and Luxembourg. The present exchange restrictions were established by a number of laws issued in 1944 and 1945.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for certain imports, for all other imports from certain countries, and for most non-trade payments; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange from commercial transactions must be surrendered. Other exchange proceeds may be retained but their disposal requires license. Some exports require licenses.

### *Exchange Control Territory*

Belgium, Luxembourg, the Belgian Congo and the Trust Territory of Ruanda-Urundi constitute the "Belgian Monetary Area". The "Belgium-Luxembourg Economic Union" constitutes a single exchange control territory, as Luxembourg in agreement with Belgium introduces and applies in Luxembourg the same control legislation as in Belgium; Belgian and Luxembourg residents have the same exchange rights and obligations in both countries. Although the Belgian Congo and the Trust Territory of Ruanda-Urundi have an exchange control system of their own, very few restrictions are in force between the Belgium-Luxembourg Economic Union on the one side, and the Belgian Congo and the Trust Territory of Ruanda-Urundi on the other. The Belgian Monetary Area is treated as a single exchange control territory in relation to countries with which Belgium has concluded payments agreements.

### *Exchange Rates*

Par values: Belgian Francs and Luxembourg Francs 50 = US\$ 1. Buying and selling rates for Canadian dollars, French francs, Swiss francs and U.S. dollars are determined through the exchange market in which the banks may operate to effect authorized transactions; these rates are operative within official limits corresponding to Bfr 49.50 and Bfr 50.50 per US\$ 1. Fixed buying and selling rates are established for other officially quoted currencies.

### ***Exchange Payments***

*Imports.*—Certain imports from any country require import licenses. All other imports are free of import license. Exchange for authorized imports is automatically granted or payment is made to a non-resident account of the country of the exporter.

*Invisibles.*—Many non-trade payments abroad require licenses. Residents of all countries except Germany, Italy, Japan and Spain are freely permitted to transfer current earnings to their respective countries. Payments abroad and credits to appropriate non-resident accounts are permitted for expenses incidental to trade up to 12% of the value of a commodity. Transfers abroad in connection with expenses arising from the re-export trade and warehousing are made in accordance with the import or export license. Resident insurance companies have considerable independence in their exchange operations. Remittances for certain other purposes (e.g., subscriptions, various fees, charitable remittances, etc.) are freely authorized up to specified limits. A maximum of foreign exchange equivalent to Bfr 1,000 per day up to the limit of Bfr 10,000 per person (Bfr 30,000 in the case of travel to Argentina, Colombia, Uruguay and the United States) is automatically granted to residents travelling abroad; in addition, residents travelling abroad may take with them Bfr 10,000 in Belgian or Luxembourg banknotes or the equivalent in foreign banknotes. Non-resident travellers may take with them up to Bfr 10,000 in Belgian or Luxembourg banknotes or the equivalent in foreign banknotes. Earnings from investments are credited to appropriate non-resident accounts.

*Capital.*—Investment of foreign capital made in foreign currency or out of balances on non-resident accounts can ordinarily be converted into the currency originally provided, or recredited to an appropriate non-resident account. The investment of capital abroad by residents requires approval.

### ***Exchange Receipts***

*Exports.*—Exports comprising about one-half of all goods on the custom tariff require licenses. For most countries, the exchange proceeds of exports must be surrendered in the currency of the country concerned, unless payment is received from an appropriate non-resident account. Alternatively, whatever the importing country, the export proceeds may be obtained in U.S. dollars which must be surrendered. The proceeds of exports can also be received from non-resident "Banknote Accounts". Proceeds of re-exports originating from the dollar area must be obtained in U.S. dollars and surrendered.

*Invisibles.*—Only exchange proceeds from commercial transactions must be surrendered. All other exchange proceeds may be retained, but their disposal requires a license. There is no restriction on the amount of Belgian or Luxembourg banknotes which travellers may bring into Belgium or Luxembourg.

*Capital.*—Residents may exchange or sell foreign securities and invest abroad the proceeds arising from the sale of such securities. The disposal of foreign exchange receipts of residents derived from capital requires a license. Most foreign capital investments can be freely repatriated.

### ***Domestic Banknotes***

Belgian and Luxembourg banknotes may be freely brought in by non-residents and used for travel and maintenance expenses in Belgium or Luxembourg.

Belgian banknotes sent by foreign correspondents of Belgian or Luxembourg banks can be credited to "Banknote Accounts". Balances on these accounts can be used for payments to residents, including payment for exports, and are transferable to any other "Banknote Account". These accounts are not convertible into foreign currency nor can they be used for the purchase of securities.

### ***Non-Resident Accounts***

The accounts of non-residents, i.e., those resident outside Belgium-Luxembourg, are designated according to the country or monetary area appropriate to the residence of the account holder. The conditions governing these accounts are as follows:

1. *Countries other than Germany, Italy, Japan and Spain.*

These accounts are designated "B" accounts and payments can be freely made to residents in the Belgian Monetary Area and to other "B" accounts related to the same country or monetary area as the account holder. "B" accounts may not be credited with the proceeds of the sale of foreign notes or coin.

a. *United States.*

Payments from these accounts can be freely made to any other "B" account.

b. *Canada, Czechoslovakia, Denmark, France, Netherlands, Norway, Portugal, Sweden, Switzerland, United Kingdom and United States.*

Balances on these accounts are convertible into their corresponding local currency.

c. *Countries other than Austria, Argentina, Bulgaria, Czechoslovakia, Denmark, Finland, French Monetary Area, Germany,*

*Greece, Hungary, Italy, Japan, Netherlands Monetary Area, Norway, Poland, Portuguese Monetary Area, Rumania, Spain, the Sterling Area, Sweden, Switzerland, Turkey, U.S.S.R., Uruguay, Yugoslavia.*

Payments from these accounts can be freely made to a "B" account not related to one of the countries named above or to Andorra, Canada, Lebanon, Switzerland, Syria, Tangier, or United States.

d. All other payments from "B" accounts require a license.

2. *Germany, Italy, Japan and Spain.*

All entries on these accounts are subject to license, unless the account holder is of Belgian or Luxembourg nationality, when the funds on such an account can be paid to residents in the Belgian Monetary Area or to the account holder when in Belgium-Luxembourg.

### ***Changes during 1950***

#### ***May 19***

Restrictions were removed on dealings by authorized banks in those foreign banknotes the rate for which is not fixed by bilateral agreements.<sup>2</sup>

#### ***May 24***

Restrictions applied to balances on accounts derived from capital as at April 30, 1950, were relaxed by permitting their transfer to ordinary non-resident accounts.

#### ***June 19***

Exchange for authorized transactions in French francs was allowed to be bought and sold in the exchange market.

#### ***June 26***

Exchange for authorized transactions in Canadian dollars was allowed to be bought and sold in the exchange market.

#### ***July 14***

The special accounts for non-resident capital were abolished by the transfer of existing balances to ordinary non-resident accounts. The conditions applicable to the accounts of non-residents were simplified.

#### ***October 3***

Balances on "Banknote Accounts" were no longer available for the purchase of securities or for conversion into foreign currency.

#### ***November 13***

Increased facilities for the conduct of a forward exchange market in the Belgium-Luxembourg Economic Union were introduced.

<sup>2</sup> Rates are determined in bilateral agreements for the currencies of Czechoslovakia, Denmark, Netherlands, Norway, Sweden and the United Kingdom.

## BOLIVIA

### *Date of Introduction*

In 1932. Last major revision April 8, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through import prohibitions, licenses granted up to the limits of individual exchange quotas, licenses required for non-trade payments, and multiple currency practices consisting of a fixed penalty selling rate and exchange taxes. Foreign exchange, with certain exceptions, must be surrendered. A multiple currency practice results on the buying side from the application of different exchange rates. All exports require licenses.

### *Exchange Rates*

Par value: Bolivianos 60 = US\$ 1. Official rates: buying Bs 60.00, selling Bs 60.60 per US\$ 1. The fixed rates plus exchange taxes and the surrender of various portions of exchange at different rates yield various effective rates (see Table of Exchange Rates below).

### *Exchange Payments*

*Imports.*—All imports require import licenses. Essential and non-essential imports are granted import licenses up to the limits of individual exchange quotas computed primarily on the basis of essentiality of imports and price considerations in addition to other criteria, are effected at the Bs 60.60 and the Bs 101 rates respectively, and in addition are subject to a tax of Bs 1 per U.S. dollar of the import value. Imports of luxury articles are generally prohibited, but permitted non-essentials can be imported if the importer provides his own exchange.

*Invisibles.*—Payments abroad require licenses. Transfers of profits up to 15% annually of registered capital may be effected at the Bs 60.60 rate. Remittances to students and for travel and health reasons may be made at the Bs 60.60 rate. Other authorized payments are made at the Bs 101 rate.

*Capital.*—Transfers of capital require approval. Transfers for amortization up to 30% annually of registered foreign capital are effected at the Bs 60.60 rate. Transfers of non-registered capital may be effected at the Bs 101 rate.

### *Exchange Receipts*

*Exports.*—All exports require licenses which are granted automatically if the exporter agrees to the surrender requirements. Depending on the price of tin, 40% or 42% of exchange proceeds may be retained

by tin exporters for specified purposes and the balance must be surrendered at the Bs 60 rate. The percentages of the exchange proceeds from the export of other minerals which must be surrendered at the Bs 60 and Bs 100 rates vary with world prices and the metal content of the ores. For non-mineral exports, the percentages of exchange which must be surrendered at the Bs 60 rate vary. The remainder must be used by the exporter to cover expenditures abroad or be surrendered at the Bs 100 rate.

*Invisibles.*—Exchange from invisibles must be surrendered at the Bs 100 rate.

*Capital.*—The investment of foreign capital must be registered and surrendered at the Bs 60 rate in order to obtain a transfer guarantee. Non-registered capital may be sold at the Bs 100 rate.

### **Table of Exchange Rates**

(Bolivianos per U.S. Dollar)

<i>Buying</i>		<i>Selling</i>	
60.00	Tin exports to the extent of the surrender requirements. Percentages of other exports. Registered capital.	60.60	Government payments. Students, and travel for health purposes. Registered capital.
		61.60 (Bs 60.60 rate plus Bs 1 tax)	Essential imports.
100.00 ("Free Market" Rate)	Required percentages of non-tin exports. Invisibles. Non-registered capital.	101.00 ("Free Market" Rate)	Other invisibles. Non-registered capital.
		102.00 (Bs 101 rate plus Bs 1 tax)	Other authorized imports.

*Note:* The above rates for non-tin exports are not usually effective buying rates. The effective buying rates for these export proceeds are determined by the percentages at which particular proceeds are surrendered at the above rates.

### **Changes during 1950**

*February 26*

A new import rate of 61.60 bolivianos per U.S. dollar (including Bs 1 tax and replacing the Bs 57.05 rate) was applied to essential imports



other than foodstuffs which continued at the Bs 43.42 rate. Semi-essential imports were moved from the Bs 57.05 rate to the "free" rate, which was decreased from Bs 116.20 to Bs 102 per dollar (including Bs 1 tax). Luxury imports and the use of privately-held exchange (divisas propias) were prohibited. Tin exporters were obliged to surrender foreign exchange at the Bs 60 rate instead of the prevailing proportions at the Bs 42, Bs 55.50 and Bs 115 rates, and to limit their use of retained exchange to designated purposes. Specified proportions of all other export proceeds continued to be surrendered at the "free market" buying rate, which was lowered from Bs 115 to Bs 100 per U.S. dollar. Remittances for students and health purposes were moved from the Bs 42.42 rate to the Bs 60.60 per U.S. dollar rate, which was also applied to transfers of registered capital.

#### *March 15*

The granting of exchange quotas to importers was placed on a basis of giving priority to importers obtaining the lowest price terms and of giving preference to imports of the most essential articles, replacing the former allocations on the basis of importer's previous imports, capacity, and similar criteria.

#### *April 8*

The Bs 42 rate was eliminated and a new par value of Bs 60 per U.S. dollar was established. Foodstuff imports were shifted to the Bs 61.60 rate for essential imports. All other authorized imports were to be made at the "free market" rate. The prohibited list was expanded. Exporters were in general required to surrender exchange proceeds at the Bs 60 rate. However, small miners were permitted to sell 20% of their exchange earnings to the government at the Bs 100 rate; gold miners were also permitted to sell at that rate a percentage of their proceeds to be fixed by the government; and the exchange from increased production of tin and other mines could, under special contracts with the government, be sold at the Bs 100 rate. Exporters of non-mineral products were permitted to retain various percentages of their exchange proceeds, which could be used for their expenditures abroad or be surrendered at the Bs 100 rate. Government expenditures abroad were shifted from the rate Bs 42.42 to Bs 60.60 per U.S. dollar.

#### *June 6*

The prohibited list was expanded further.

#### *August 12*

Mining exporters, in surrendering their exchange proceeds, were allowed to make specified deductions up to specified prices for each metal. Mineral export receipts above specified prices had to be surrendered without deduction. The mining companies had to apply for

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exchange for their foreign expenditures, and limits were set on these expenditures.

The use of privately-held exchange (*divisas propias*) to effect additional imports, which had been prohibited on February 26, 1950, was again permitted for a limited period.

*October 30*

The August 12 provisions, covering the exchange transactions of mining exporters and mining companies, were annulled. The Central Bank was authorized to permit tin exporters to retain certain percentages of their export proceeds, to be used for specified purposes without prior permit. Tin exporters could retain 18% of export proceeds to meet such costs as refining, storage and handling charges. For various other purposes such as capital imports and the service of capital, an additional 22% of export proceeds could be retained when the tin price is US\$ 0.90 per fine pound or more, or 24% when the price is less.

## BRAZIL

### *Date of Introduction*

In 1931. Last major revision in October 1949.

### *Nature of Restrictive System*

Restrictions are exercised through licenses granted up to the limits of individual import quotas, through licenses required for non-trade payments, and through a multiple currency practice consisting of an exchange tax on most payments. Foreign exchange must be surrendered. Certain exports require licenses.

### *Exchange Rates*

Par value: Cruzeiros 18.50 = US\$ 1. Official rates: buying Cr\$ 18.38, selling Cr\$ 18.72 per US\$ 1. A tax of 5% imposed on most remittances yields an effective selling rate of Cr\$ 19.656 per US\$ 1 (see Table of Exchange Rates below).

### *Exchange Payments*

Payments abroad require licenses. Practically all payments are subject to a 5% tax. These licenses are granted on the basis of an exchange priority system comprised of five categories to which varying percentages of exchange are allocated. These categories are:

1. "Super essential" imports such as agricultural machinery, fuel, oil and scarce materials.
2. Essential imports.
3. Transfers of capital, profits, interest and dividends up to certain limits.
4. Necessary and non-essential imports.
5. Travel and maintenance.<sup>1</sup> Excess of capital and capital income transfers above specified limits.

*Imports.*—All imports with the exception of specified essential commodities require import licenses. These licenses are granted up to the limits of individual import quotas computed on the basis of the firm's previous imports and other criteria. Import licenses to import goods payable in "hard currencies"<sup>2</sup> are issued on the basis of an exchange

<sup>1</sup> Exchange allocation for travel and maintenance has been suspended.

<sup>2</sup> These currencies are listed as: Belgian francs, Canadian dollars, Portuguese escudos, pounds sterling, Swedish crowns, Swiss francs, United States dollars and Uruguayan pesos.

budget and only if the goods cannot be paid for in "soft currencies". Exchange is granted to holders of import licenses in accordance with the priority schedule outlined above. Certain essential imports are not subject to the tax, and payments are made at the Cr\$ 18.72 rate.

*Invisibles.*—Exchange priority for payment of expenses incidental to trade transactions is determined by the category of the corresponding import. Remittances abroad for maintenance, travel, charity, non-commercial services and medical treatment are temporarily suspended. Profits on registered capital may be transferred to a maximum of 8% annually, but this percentage may be increased by the authorities for particular investments; transfers above the 8% limit are treated as capital transfers for exchange allocation purposes.

*Capital.*—Transfers of registered capital are limited by law to a maximum of 20% annually. This percentage may be increased for particular investments. Investments abroad by residents are authorized only when exchange conditions permit.

### ***Exchange Receipts***

*Exports.*—Certain exports require export licenses and shipping permits. Approval of the exchange control authorities is customarily granted if the exchange proceeds have been contractually sold in advance or guaranteed to be surrendered. Exports of goods in short supply may be restricted by the trade control authorities. All exporters are required by law to invest the cruzeiro equivalent of 20% of their export proceeds in negotiable Treasury Bills which pay 3% interest per annum and mature in 120 days. Barter transactions are permitted for certain agricultural and lumber exports.

*Invisibles.*—Exchange receipts from invisibles must be surrendered, but exchange earnings from freight, insurance and commissions may be kept in moderate amounts at authorized banks for payments on similar transactions.

*Capital.*—The investment of foreign capital must be registered and surrendered in order to obtain a transfer guarantee.

**Table of Exchange Rates***(Cruzeiros per U.S. Dollar)*

<i>Buying</i>		<i>Selling</i>	
18.38	All incoming exchange.	18.72	Government payments. Imports of specified essential foodstuffs, fuels, lubricants, news- print and book paper. Registered capital.
		19.656 (Cr\$ 18.72 rate plus 5% tax)	All other payments.

*Note:* Other effective rates can result from the compulsory investment of 20% of export proceeds in Treasury Bills when the Treasury Bills carry interest or discount rates which differ from the prevailing market rates.

**Changes during 1950***January 11*

Regulations suspending the allocation of exchange in "hard currencies" for maintenance, travel, charity, non-commercial services and medical treatment were extended to cover all currencies.

*April 1*

The Belgian franc was listed for treatment as a "hard currency" for licensing purposes.

*June 12*

Pounds sterling and Swedish crowns were listed as "hard currencies" for licensing purposes.

## CANADA

### *Date of Introduction*

September 15, 1939. Last major revision September 30, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through import prohibitions, licenses required for certain commodities from certain countries, and licenses required for non-trade payments; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange must be surrendered. Specified exports require licenses.

### *Exchange Rates*

On September 30, 1950, Canada introduced a new exchange system, under which the exchange value of the Canadian Dollar was allowed to fluctuate, so that for the time being Canada does not insure that exchange transactions within its territories are based on the par value established on December 18, 1946, and changed following consultations with the Fund on September 19, 1949. Under the existing arrangements, there is a free fluctuating market in sterling and U.S. dollars, currently at Can\$ 1.053 per U.S. dollar. The exchange control authorities are prepared to deal in sterling against U.S. dollars at the official U.S. dollar/sterling rates ruling in the United Kingdom. The rates for other currencies are calculated on a basis of the U.S. dollar rate in Montreal and the official U.S. dollar rate in the country concerned. Banks may deal in Sterling Area currencies only against sterling or Canadian dollars, and in other currencies only against U.S. or Canadian dollars.

### *Exchange Payments*

Payments abroad must be effected either in the foreign exchange appropriate to the country of the recipient or by crediting the appropriate non-resident account (see Non-Resident Accounts below).

*Imports.*—Imports of textiles, leather goods, prepared foodstuffs and certain miscellaneous goods from Cuba, Dominican Republic, El Salvador, Guatemala, Haiti, Panama, U.S.S.R., United States and possessions, and Venezuela require import licenses. Certain consumer and essential goods from any country also require import licenses. All other imports are free of license. Foreign exchange is automatically granted for authorized imports.

*Invisibles.*—Payments abroad require licenses. Foreign exchange is freely granted for expenses incidental to trade transactions. Payments

for dividends, profits and interest are usually authorized. Remittances for other purposes (charity, education, maintenance) are authorized in moderate amounts. Residents travelling abroad are granted any reasonable amount of exchange in the appropriate currencies. Residents may not take out of Canada more than \$50 in foreign currency or \$100 in both Canadian and foreign currencies without a license.

*Capital.*—Transfers of capital require approval. The proceeds of foreign capital invested after September 1939 in accordance with the exchange control regulations are usually credited in Canadian dollars to an appropriate non-resident account. The use of such accounts is limited for residents in the "U.S. Dollar Area Countries". The proceeds of foreign capital invested prior to September 1939 may be remitted to Sterling Area or "Special Arrangement" countries (see below). If such proceeds are due to a resident of a "U.S. Dollar Area Country", they must be reinvested in Canadian securities or under certain conditions may be credited to a "U.S. Dollar Area Country" account. The proceeds of maturing securities owned by non-residents can be repaid in the currency in which the obligation was expressed.

### ***Exchange Receipts***

*Exports.*—Licenses are required for exports of certain essential commodities in short supply or under government distribution, and for all commodities exported to Europe (excluding the United Kingdom) and to most countries in the Middle and Far East. Exports to "U.S. Dollar Area Countries" must be received in U.S. dollars. Exports to "Special Arrangement Countries" must be received in U.S. dollars or from a Canadian dollar account related to a "Special Arrangement" or Sterling Area country. Exports to Sterling Area countries must be received in U.S. dollars, or in Canadian dollars from an account related to a Sterling Area or "Special Arrangement" country, or in sterling. Foreign exchange received must be surrendered at the current market rate or official rate as applicable.

*Invisibles.*—Exchange receipts from invisibles must be received in the same way as from exports, except that for services rendered to "U.S. Dollar Area Countries" payment may also be received in Canadian dollars from a "U.S. Dollar Area Country" account. Permission is given for exchange to be retained in controlled accounts where it is required for operating purposes.

*Capital.*—The investment of foreign capital does not require a license. Exchange receipts from capital must be obtained in the appropriate currency and surrendered.

### ***Non-Resident Accounts***

Non-resident accounts are divided into the following groups:

1. *Special Arrangement Country Accounts* (Anglo-Egyptian Sudan, Austria, Belgian Monetary Area, Czechoslovakia, Denmark, Egypt, French Franc Area, Israel, Italy, Netherlands Monetary Area, Norway and Sweden). Payments from these accounts may be freely made to any account related to this group, to any Sterling Area country account, and to residents for all purposes. Payments from these accounts to "U.S. Dollar Area Country" accounts require licenses.
2. *Sterling Area Country Accounts* (all Sterling Area territories). Payments from these accounts may be freely made to any account related to this group, to any "Special Arrangement Country" account, and to residents for all purposes. Payments from these accounts to "U.S. Dollar Area Country" accounts require licenses.
3. *U.S. Dollar Area Country Accounts* (all countries not included in the above groups). Payments from these accounts may be freely made to any account related to this group and to residents only for certain purposes, such as payment for services rendered. Payments to accounts related to "Special Arrangement" and Sterling Area countries require licenses.

### ***Changes during 1950***

#### ***March 1***

Denmark was designated as a "Special Arrangement Country".

#### ***April 1***

Certain import restrictions were considerably relaxed as part of a program for the progressive reduction of import restrictions. On some goods, import restrictions were withdrawn entirely, while others formerly subject to restrictive licensing were permitted more freely on a quota basis or could be imported from certain countries free of license. Switzerland was removed from the list of countries from which certain specified imports were restricted.

#### ***July 1***

Certain import restrictions were further relaxed. Certain items formerly subject to restrictive licensing were permitted more freely on a quota basis or could be imported from certain countries free of license.

#### ***July 6***

Austria was designated a "Special Arrangement Country".



*September 30*

The designation of fixed official rates for U.S. dollars and sterling was withdrawn and a fluctuating free market in which banks may operate to effect authorized transactions in U.S. dollars and sterling was established. The exchange control authorities are prepared to deal in sterling against U.S. dollars at the official U.S. dollar/sterling rates ruling in the United Kingdom.

*October 1*

Certain import restrictions were further relaxed. Most of the remaining imports formerly subject to restrictive licensing were permitted more freely on a quota basis or made free of license.

*October 5*

The basic twelve-month tourist allowance for travel in "U.S. Dollar Area Countries" was raised to US\$ 500 and it was announced that, above this figure, any reasonable amount would be approved.

*December 5*

Balances on "U.S. Dollar Area Country" accounts were made available for payments to Canadian residents in respect of services rendered by them.

## CEYLON

### *Date of Introduction*

September 19, 1939. Last major revision June 1, 1948.

### *Nature of Restrictive System*

Restrictions are exercised through import prohibitions, through licenses required for non-prohibited imports, and through licenses required for non-trade payments; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange in specified currencies must be surrendered. Exports require licenses.

### *Exchange Rates*

No par value for the Ceylon Rupee. Official rates for commercial banks dealing with the public: buying Cey Rs 4.75, selling Cey Rs 4.775 per US\$ 1.

### *Exchange Payments*

Payments to outside the Sterling Area must be effected either in the foreign exchange appropriate to the country of the recipient or by crediting the appropriate sterling or rupee account of a non-resident.

*Imports.*—Certain imports are prohibited from any source. Other specified imports are prohibited if they originate in Canada or territories outside the British Commonwealth. These same imports if made from territories within the British Commonwealth (except Canada) require an import license. Many imports from "soft currency" countries<sup>1</sup> are free of license. Many additional imports are free of license from territories in the British Commonwealth (except Canada and Hong Kong). All other imports require import licenses. Exchange is automatically granted for authorized imports.

*Invisibles.*—Payments abroad require licenses. Foreign exchange is freely granted for expenses incidental to trade transactions, transfers abroad of dividends and other earnings due to non-residents. Exchange for family maintenance is granted up to one-third of the applicant's income. Exchange is also granted for the undergraduate or postgraduate education of dependents abroad. Exchange for secondary education abroad is only granted to dependents of non-Ceylon nationals. Residents travelling to other countries are granted certain

<sup>1</sup> These countries are listed as: all countries other than Argentina, Belgian Monetary Area, Bolivia, Canada, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Japan, Mexico, Nicaragua, Panama, Paraguay, Philippine Republic, Portuguese Monetary Area, Switzerland, United States and possessions, Venezuela and Western Germany.

amounts in the appropriate currencies, according to the applicant's income and destination.

*Capital.*—Transfers of capital require approval. Transfers due to persons residing in other parts of the Sterling Area are freely authorized. Most capital payments due to persons outside the Sterling Area can only be used for investment in approved securities. Capital transfers are authorized in limited amounts in cases of emigration.

### ***Exchange Receipts***

*Exports.*—All exports require licenses, which are granted if the exporter undertakes to obtain the export proceeds in appropriate foreign exchange, or in sterling or rupees from an account appropriate to the country of destination. A few commodities, mostly of a type essential to the national economy, require special export license. Foreign exchange in specified currencies must be surrendered.

*Invisibles.*—Exchange receipts from invisibles in specified currencies must be surrendered.

*Capital.*—The investment of foreign capital requires approval, and this insures subsequent repatriation. Exchange receipts in specified currencies from capital must be surrendered.

### ***Changes during 1950***

#### ***January 1***

Personal remittances of Rs 25 per month previously allowed to India, Pakistan and other Sterling Area countries were made subject to individual licenses.

#### ***April 5***

A number of items were made free of license if imported from "soft currency" countries.

#### ***July 1***

Remittances of a personal or voluntary nature, including travel to Sterling Area territories, were licensed more freely.

## CHILE

### *Date of Introduction*

July 1931. Last major revision November 21, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through import prohibitions, licenses for non-prohibited imports, licenses for certain non-trade payments, and multiple currency practices consisting of fixed penalty selling rates and two free markets. Foreign exchange, with certain exceptions, must be surrendered. A multiple currency practice results on the buying side from the application of different fixed rates and free market rates. All exports require licenses.

### *Exchange Rates*

Par value: Chilean Pesos 31 = US\$ 1. Official rates: buying P 31.00, selling P 31.10 per US\$ 1. The fixed rates, mixing system and free markets yield various effective rates (see Table of Exchange Rates below).

### *Exchange Payments*

*Imports.*—The import of luxury goods or of goods which are of a type produced locally is generally prohibited. Other imports require import licenses. Payments of highly essential imports such as sugar and drugs are effected at the P 31.10 rate. Payments for certain less essential imports such as tea and coffee are effected at the P 43.10 rate. Payments for specified raw materials (e.g., gasoline, cotton, oil, rubber) are made at the P 50.10 rate. The import of certain luxury goods, such as washing machines, perfume oils and watches, is permitted only through a free market in which exchange is derived from the export of domestically-produced gold. The rate in this market is currently about P 150 per U.S. dollar. The general import rate of P 60.10 per U.S. dollar applies to all other imports.

*Invisibles.*—Payments abroad by commercial enterprises require licenses; other payments are free of license. Government payments are effected at the P 31.10 rate. Certain other payments abroad are effected at the P 60.10 rate. All other payments may be made through a free market, currently about P 76 per U.S. dollar.

*Capital.*—Transfers of capital by commercial enterprises require approval; other payments are free of license. Transfers of earnings and amortization of foreign capital are limited to a combined maxi-

imum of 20% annually of the capital invested and are effected at a free market rate. Authorized investments abroad by residents may be effected at a free market rate. Certain foreign-owned investments are individually dealt with under special contracts.

### ***Exchange Receipts***

*Exports.*—All exports require licenses which are granted automatically if the exporter agrees to surrender the exchange proceeds. The large foreign-owned mining companies (copper, nitrate, iron) must surrender export proceeds at the P 19.37 rate to the extent of their local currency requirements; for nitrate exports, however, most of the surrendered exchange is sold at the P 60 rate. The exchange proceeds of most minor exports must be entirely surrendered at the P 60 rate. Exchange proceeds from other minor exports must be surrendered in varying proportions at the P 31 and P 60 rates, yielding two effective buying rates.

*Invisibles.*—Exchange receipts from invisibles may be sold in a free market.

*Capital.*—Exchange receipts from capital may be sold in a free market. The investment of foreign capital must be registered in order to obtain a transfer guarantee.

**Table of Exchange Rates***(Pesos per U.S. Dollar)*

<i>Buying</i>		<i>Selling</i>	
19.37	Local currency requirements of large foreign-owned mining companies (copper, iron) for current operating costs. Minimum percentage of nitrate exports.		
31.00	.....	31.10	Imports of antibiotics, drugs, kerosene, sugar. Government non-trade remittances.
		43.10	Imports of coffee, paraffin, tea, yerba mate.
49.85 (35% at the P 31 rate and 65% at the P 60 rate)	Exports of fodder, hides and skins, wax, wool.		
		50.10	Imports of agricultural machinery, cotton, cotton and silk yarn, gasoline, oil, paper sacks.
54.20 (20% at the P 31 rate and 80% at the P 60 rate)	Exports of flax, dried fruits, garlic, lentils, linens, livestock, olives.		
60.00	Remaining proportion of nitrate exports within surrender requirements. Other exports (small and medium mining industry and marine industry products, barley, leather, rice, timber, wines).	60.10	General import rate. Certain invisibles.
75.82 (Fluctuating Free Market Rate)	Invisibles. Capital.	75.82 (Fluctuating Free Market Rate)	Other invisibles. Capital.
150.00 (Fluctuating Gold Market Rate)	Sales of newly-mined gold.	150.00 (Fluctuating Gold Market Rate)	Authorized luxury imports.

## *Changes during 1950*

### *January 17*

Major changes in the exchange rate structure were effected, with the establishment of a basic commercial rate of P 60 per U.S. dollar. A general import rate of P 60.10 was applied to 60% of all imports, with the P 31.10 and P 43.10 rates continued for prime necessities and certain basic food products.

### *February 8*

The P 60 buying rate was applied to 70% of minor exports; a rate of P 54.20 (20% at the P 31 rate and 80% at P 60) was applied to 12% of minor exports (certain agricultural, cattle and industrial products), and a P 49.85 rate (35% at P 31 and 65% at P 60) was applied to 18% of minor exports (hides and skins, wool, wax, fodder).

### *April 20*

An effective rate of P 50 per U.S. dollar (65.5% at the P 60 rate and 34.5% at P 31) was established for exchange receipts of foreign capital and invisibles.

### *May 26*

A temporary mixing system for imports was adopted, whereby the P 31 and P 60 rates were mixed in various percentage combinations, yielding five different effective rates as follows: 32.60 for sugar imports, 33.03 for kerosene, 42.60 for paraffin, 43.18 for government imports and 50.50 for gasoline.

### *August 8*

The May 26 arrangement was replaced by the use of three selling rates—31.10, 43.10 and 50.10 pesos per U.S. dollar—which were also applied to certain other imports. The P 60.10 rate continued as the general import rate.

### *November 8*

The surrender requirement for exchange proceeds of nitrate exports was fixed as US\$ 20 a ton, of which US\$ 0.50 would be surrendered at the P 19.37 rate and US\$ 19.50 at the P 60 rate.

### *November 21*

A new Exchange Control Law provided for a codification and certain administrative changes in the exchange control system. Payments and receipts of exchange for non-trade transactions were permitted freely through the free market, except that payments by commercial enterprises continued to be subject to license. Provision was made for a transfer guarantee to be extended to registered foreign capital.

## CHINA<sup>1</sup>

### *Date of Introduction*

June 15, 1949.

### *Nature of Restrictive System*

Restrictions are exercised through freely negotiable exchange certificates and import licenses. Exchange receipts must be surrendered in exchange for exchange certificates.

### *Exchange Rates*

No par value for the New Taiwan Dollar. Official rate of the New Taiwan dollar: NTY 5.00 per US\$ 1. Exchange certificate rate: fluctuating rates adjusted by the Bank of Taiwan from time to time. Current selling and buying rates for United States dollars are periodically fixed by the Bank of Taiwan. The rates as of September 15, 1950, were: buying NTY 10.25, selling NTY 10.30 per US\$ 1. For trade with Japan the corresponding rates are NTY 9.75 and NTY 9.80.

### *Exchange Payments*

*Imports.*—Imports of non-essentials and of specified categories of commodities which can be produced indigenously are prohibited. Exchange for permissible imports can be obtained from the Bank of Taiwan against payment in local currency, gold or foreign currencies; or against exchange certificates obtained from open market transactions.

*Invisibles.*—Non-trade payments require government approval. Free remittances to foreign countries may be made by the surrender of United States dollars or gold with a 10% handling charge. Travellers leaving Taiwan may take with them foreign currencies aggregating not more than US\$ 200.

*Capital.*—Capital payments due to non-residents are normally not approved. Capital investments abroad by residents are prohibited.

### *Exchange Receipts*

*Exports.*—All export proceeds must be surrendered in return for exchange certificates representing 80% of the shipment value, and in local currency at the prevailing certificate rate for the remaining 20%. These certificates may be sold in the open market to importers. Certain specified categories of exports, such as gold or silver bullion or

<sup>1</sup> Exchange controls and restrictions effective in Taiwan as of September 20, 1950.



coins, are prohibited. Barter exchange is handled under separate arrangements.

*Invisibles.*—Exchange receipts from all sources must be sold to an authorized bank either at the official rates or at the prevailing certificate rates as the case may be.

*Capital.*—Capital receipts in foreign currencies by residents must be surrendered. There are, at present, no published regulations in regard to new foreign investments and the repatriation of capital.

## COLOMBIA

### *Date of Introduction*

September 1931. Last major revision July 10, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through licenses granted on the basis of individual import quotas, licenses for non-trade payments, and multiple currency practices consisting of exchange taxes, an exchange certificate market and a number of mixed effective rates. Foreign exchange, with certain exceptions, must be surrendered. A multiple currency practice results on the buying side from the application of an exchange certificate market rate. All exports require licenses.

### *Exchange Rates*

Par value: Colombian Pesos 1.94998 = US\$ 1. Official rates: buying Ps\$ 1.95, selling Ps\$ 1.96 per US\$ 1. The official rate, exchange taxes, certificate market rate, and mixed rates yield various effective rates (see Table of Exchange Rates below).

### *Exchange Payments*

Payments abroad require licenses. In connection with the distribution of available exchange, these licenses are issued in the following order of priority:<sup>1</sup>

1. External debt service
2. Dividends and earnings of registered capital
3. Certain government requirements
4. Obligations for which exchange has been irrevocably guaranteed
5. Royalties and patents
6. Re-insurance premiums
7. Banking services—commissions, interest, etc.
8. Indispensable technical services
9. Imports on credit terms
10. Students' expenses abroad
11. Collections of foreign consuls in Colombia
12. Reimbursement of bankers' irrevocable letters of credit
13. Imports not covered by irrevocable letters of credit (e.g., open account, collections, consignments)
14. Insurance premiums
15. Other payments not included above.

Within each category, priority is extended to obligations longest outstanding. Exchange licenses are granted each week up to the limit

<sup>1</sup> Operations under compensation treaties are outside these arrangements.

of the Central Bank's gold and foreign exchange purchases during the preceding week.

*Imports.*—Imports require import licenses which, for most goods, are granted on the basis of individual quotas. A current system of advance quotas covers a large number of imports in potentially short supply. Import licenses for import of specified commodities (e.g., drugs, pharmaceuticals) are issued without regard to the established quotas. Certain imports made on credit terms for periods ranging from one to five years are granted preferential treatment in the issuance of import licenses in proportion to the period involved. Most imports are effected at the basic selling rate of Ps\$ 1.96 subject to a 4% stamp tax calculated on the Ps\$ 1.95 rate. For the import of manufacturing machinery and equipment, exchange is allocated at the selling rate of Ps\$ 1.96 for 80%, 70% or 60% of the value of the import licenses, with the remaining percentages of exchange to be purchased in the exchange certificate market, where the rate is currently at Ps\$ 3.158 per U.S. dollar, plus a 4% stamp tax calculated on the Ps\$ 1.95 rate. Other approved imports, mainly non-essentials, must be paid for through the exchange certificate market and are subject to the 4% stamp tax calculated on the Ps\$ 1.95 rate.

*Invisibles.*—Payments abroad require licenses. Essential payments may be effected at the selling rate of Ps\$ 1.96 plus various exchange taxes. Up to US\$ 250 per month may be remitted without taxes to approved students and up to a total of US\$ 2,500 with taxes to persons requiring medical attention abroad, at the selling rate of Ps\$ 1.96. Other remittances for expenses of residents abroad must be effected with exchange certificates. Earnings on registered foreign capital may be remitted abroad six months after date of investment on a quarterly basis at the selling rate of Ps\$ 1.96 to which the 4% stamp tax is applied.

*Capital.*—Transfers of capital require approval. Registered foreign capital may be transferred after five years at the selling rate of Ps\$ 1.96 plus 4% stamp tax with the exception of capital brought into Colombia prior to February 19, 1935. Capital invested in oil or mining industries is exempt from this time restriction. Proceeds from foreign capital investments made prior to February 1935 and which have been registered may be transferred. Approved investments abroad by residents may be effected at the selling rate of Ps\$ 1.96.

### **Exchange Receipts**

*Exports.*—All exports require licenses which are automatically granted if (1) the exporter agrees to surrender the exchange proceeds or to convert them into exchange certificates, and (2) the selling price

declared by the exporter corresponds to the price quoted in the export market (for coffee exports, a price is periodically set by the exchange control authorities for exchange surrender purposes). Exchange proceeds from basic exports, such as coffee, bananas and hides, must be surrendered at the Ps\$ 1.95 rate. Foreign-owned petroleum companies convert export proceeds at the Ps\$ 1.95 rate only to the extent of their local currency requirements. Proceeds of specified minor exports may be sold in the exchange certificate market. National gold producers receive for the value of their gold sales to the Central Bank 15% in local currency at the rate of Ps\$ 1.44 or Ps\$ 1.564 (depending on total annual production) and 85% in exchange certificates; foreign gold producers receive 15% in local currency at the rate of Ps\$ 1.44 or Ps\$ 1.564, up to 60% in exchange at the Ps\$ 1.96 rate for designated remittances, and the balance in exchange certificates.

*Invisibles.*—Exchange receipts from invisibles may be sold in the exchange certificate market. Exchange proceeds from insurance and from earnings on resident investments abroad must be surrendered at the Ps\$ 1.95 rate.

*Capital.*—The investment of foreign capital must be registered and surrendered at the Ps\$ 1.95 rate in order to obtain a transfer guarantee.

### Table of Exchange Rates

(Pesos per U.S. Dollar)

	<i>Buying</i>		<i>Selling</i>
1.95	Basic exports (coffee, hides, bananas, etc.). Requirements of foreign-owned petroleum companies for current operating costs. Insurance and earnings of Colombian investments abroad. Registered capital.	1.96	Government payments. Certain approved invisibles and capital.
		2.0185 (Ps\$ 1.96 rate plus 3% tax on Ps\$ 1.95)	Certain foreign banking services.
		2.038 (Ps\$ 1.96 rate plus 4% stamp tax on Ps\$ 1.95)	Approved imports and freight thereon. Royalties, subscriptions and certain other invisibles. Registered capital.
Innumerable rates between Ps\$ 2.1815 and Ps\$ 2.9189 (15% at Ps\$ 1.44 or Ps\$ 1.564 rate, up to	Gold production of foreign-owned mines.	2.155 (Ps\$ 1.96 rate plus 4% stamp tax and 6% remittance tax on Ps\$ 1.95)	Film rentals.

**Table of Exchange Rates (Cont'd)***(Pesos per U.S. Dollar)*

<i>Buying</i>		<i>Selling</i>
60% at Ps\$ 1.96 rate and balance at the Fluctuating Exchange Certificate Rate)		Manufacturing machinery and equipment imports and freight thereon.
	2.2776	
	2.3974	
	2.5172	
2.9003 (15% at Ps\$ 1.44 rate and 85% at the Fluctuating Exchange Certificate Rate)	Gold production of large domestically - owned mines.	(80%, 70% and 60% at the Ps\$ 1.96 rate and the balance at the Fluctuating Exchange Certificate Rate plus 4% stamp tax on Ps\$ 1.95)
		2.623
		(Ps\$ 1.96 rate plus 4% stamp tax and 30% remittance tax on Ps\$ 1.95)
2.9189 (15% at Ps\$ 1.564 rate and 85% at the Fluctuating Exchange Certificate Rate)	Gold production of small domestically - owned mines.	Certain maintenance and health expenses within specified limits.
		3.158
3.158 (Fluctuating Exchange Certificate Rate)	Other exports. Other invisibles.	Certain foreign diplomat payments.
		3.236
		(Fluctuating Exchange Certificate Rate plus 4% stamp tax on Ps\$ 1.95)
		Other approved imports and freight thereon.
		3.821
		(Fluctuating Exchange Certificate Rate plus 4% stamp tax and 30% remittance tax on Ps\$ 1.95)
		Certain invisibles such as foreign travel and emigrant remittances.

## ***Changes during 1950***

### ***February 1***

A list of many articles which could be imported outside the established quotas was published. For these imports an advance deposit of 20% in local currency was required as a guarantee that 80% of the import license value would be utilized.

### ***February 2***

Imports of machinery replacement parts were removed from the mixing system and were permitted payment with official exchange. Imports of manufacturing machinery and equipment were made subject to a revised mixing system, whereby the three groups of industries receive official exchange for 80%, 70% and 60% of their imports, with the remaining exchange to be purchased in the exchange certificate market.

### ***March 14***

An advance deposit requirement of 20% was established for commercial imports under basic quotas; deposits of 10% and 5% were required for a few imports such as industrial machinery and raw materials. Authorization was granted for importation of various non-essential articles with exchange certificates.

### ***April 14***

The list of articles importable extra-quota was considerably expanded, and the advance deposit requirement raised to 40%.

### ***May 10***

Extra-quota imports, with a few exceptions, were prohibited.

### ***May 11***

The list of non-essential articles that could be imported with exchange certificates was expanded.

### ***July 10***

The remittance taxes of 6%, 12% and 26% were no longer applied to imports.

### ***July 13***

A system of special advance allocations for import licenses covering merchandise in potentially critical supply was established.

### ***September 15***

The system of allocation of exchange quotas to importers was placed on a basis of their capital, expenses and total personnel.

## COSTA RICA

### *Date of Introduction*

January 16, 1932. Last major revision April 1, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for payments through the official market, and through multiple currency practices consisting of exchange surcharges and a free market. Foreign exchange, with certain exceptions, must be surrendered. All exports require licenses.

### *Exchange Rates*

Par value: Costa Rican Colones 5.615 = US\$ 1. Official rates: buying C 5.60, selling C 5.67 per US\$ 1. Exchange surcharges and a free market yield various effective rates (see Table of Exchange Rates below).

### *Exchange Payments*

Payments abroad through the official market require licenses. These licenses are granted only for preferential category imports and certain non-trade payments, in chronological order of application. Foreign exchange for other imports and invisibles must be purchased in the free market, and no licenses are required. The entry of imports and payments for non-trade transactions are subject to payment of the exchange surcharges.

*Imports.*—Imports require exchange licenses only if payment is to be made through the official market. Imports are classified into five categories as follows:

1. "Preferential", covering the most essential goods, receive exchange at the C 5.67 rate, plus a 10% surcharge on the C 5.67 rate. Chronological order of application can be changed by the Central Bank only in special cases.
2. "First", covering necessary goods, are made through the free market, plus a 10% surcharge on the C 5.67 rate, yielding an effective rate which is currently at C 9.387 per U.S. dollar.
3. "Second", covering non-essential goods, are made through the free market plus a 55% surcharge on the C 5.67 rate, yielding

an effective rate which is currently at C 11.9385 per U.S. dollar.

4. "Third", covering all goods not specified in the other categories, are made through the free market plus a 75% surcharge on the C 5.67 rate, yielding an effective rate which is currently at C 13.0725 per U.S. dollar.
5. "Fourth", covering a few luxury goods, are made through the free market, plus a 100% surcharge on the C 5.67 rate, yielding an effective rate which is currently at C 14.49 per U.S. dollar.

By contract with the Costa Rican government, a foreign-owned banana company uses its own exchange for imports, which are subject to the corresponding exchange taxes.

*Invisibles.*—Remittances for specified student expenses and government expenditures may be effected at the C 5.67 rate, plus 10% surcharge. Earnings of registered foreign capital invested after January 20, 1933 (other than of foreign investments governed by special contracts) may be transferred at the C 5.67 rate plus 10% surcharge, up to 10% annually of the investment. Other payments are effected through the free market and are also subject to the 10% surcharge on the C 5.67 rate.

*Capital.*—Transfers of registered capital require approval and are effected at the C 5.67 rate plus 10% surcharge. Transfers of non-registered capital may be effected at the free market rate plus 10% surcharge on the C 5.67 rate. Certain foreign-owned investments are individually dealt with under special contracts.

### **Exchange Receipts**

*Exports.*—Exports require licenses which are usually granted if the exporter agrees to surrender the exchange proceeds at the C 5.60 rate. Exports of goods in short supply may be restricted. Under a contract with the government, a foreign-owned banana company must surrender at the C 5.60 rate not less than US\$ 1.10 per stem of bananas exported.

*Invisibles.*—Exchange receipts from certain invisibles such as insurance indemnities must be surrendered at the C 5.60 rate. Receipts from other invisibles may be sold in the free market.

*Capital.*—Exchange receipts from registered capital must be surrendered at the C 5.60 rate. Receipts from non-registered and repatriated capital may be sold in the free market.



**Table of Exchange Rates***(Colones per U.S. Dollar)*

<i>Buying</i>			<i>Selling</i>
5.60	Exports. Insurance indemnities. Registered capital.	5.67	.....
		6.237 (C 5.67 rate plus 10 % surcharge on C 5.67 rate)	Government payments. Preferential Category imports. Specified students' expenses. Registered capital.
8.82 (Fluctuating Free Market Rate)	Other invisibles. Non-registered and repatriated capital.	8.82 (Fluctuating Free Market Rate)	.....
		9.387 (Fluctuating Free Market Rate plus 10 % surcharge on C 5.67 rate)	First Category imports. Other invisibles. Non-registered capital.
		11.9385 (Fluctuating Free Market Rate plus 55 % surcharge on C 5.67 rate)	Second Category imports.
		13.0725 (Fluctuating Free Market Rate plus 75 % surcharge on C 5.67 rate)	Third Category imports.
		14.49 (Fluctuating Free Market Rate plus 100 % surcharge on C 5.67 rate)	Fourth Category imports.

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**Changes during 1950***April 1*

Exchange allocation through the official market was limited to preferential category imports and certain non-trade transactions, with applications being handled on a chronological basis. These payments with exchange at the official rate were made subject to a 10% surcharge. Other imports, classified into First, Second, Third and Fourth Categories, were permitted access to the free market and were made subject to surcharges of 10%, 55%, 75% and 100% respectively on the C 5.67 rate. Excise taxes on Second and Third Category imports and advance deposit requirements were removed. Payments for other invisibles and for earnings and amortization of non-registered capital could be made through the free market, subject to a 10% surcharge on the C 5.67 rate. Exchange receipts from exports, registered capital and a few invisibles were to be surrendered at the official rate, and other exchange receipts were permitted access to the free market. The Central Bank was authorized to intervene in the free market.

## CUBA

### *Date of Introduction*

Exchange tax established July 1925.

### *Nature of Restrictive System*

Restrictions are exercised through a multiple currency practice consisting of a small exchange tax on all remittances abroad. Payments are not otherwise restricted. The proceeds of sugar exports must be partially surrendered.

### *Exchange Rates*

Par value: Cuban Peso 1 = US\$ 1. Official rates: buying P 1.00, selling P 1.02 per US\$ 1 (including 2% exchange tax).

### *Exchange Payments*

An exchange tax of 2% is applied only to sales of exchange for payments abroad. Domestic sales of U.S. dollar notes and payments from domestic bank deposits denominated in U.S. dollars are free of tax. Payments are not otherwise restricted.

### *Exchange Receipts*

Exports do not require licenses. Thirty per cent of the exchange proceeds of sugar and syrup exports must be surrendered. All other exchange receipts are freely disposable.

### *Changes during 1950*

No significant changes occurred.

## CZECHOSLOVAKIA

### *Date of Introduction*

October 31, 1931. Last major revision April 11, 1946.

### *Nature of Restrictive System*

Authorizations of imports and exports are determined within the economic plan. Foreign trade is organized on the basis of monopolistic trade organizations dealing in specific commodities. Exchange is granted for all authorized payments. Foreign exchange must be surrendered.

### *Exchange Rates*

Par value: Czechoslovak Korunas 50 = US\$ 1. Official rates: buying Kcs 49.85, selling Kcs 50.15 per US\$ 1.

### *Exchange Payments*

*Imports.*—Authorizations of imports are determined within the economic plan. Exchange is automatically granted for authorized imports.

*Invisibles.*—Payments abroad require licenses. Residents travelling abroad may take with them a maximum of Kcs 500 monthly in domestic or foreign currency. Non-residents travelling abroad may take with them Kcs 500 monthly in Czechoslovak banknotes and coins.

*Capital.*—Transfers of capital require approval.

### *Exchange Receipts*

*Exports.*—Authorizations of exports are determined within the economic plan. Exchange receipts must be surrendered.

*Invisibles.*—Exchange receipts from invisibles must be surrendered. Persons may bring in a maximum of Kcs 500 monthly in Czechoslovak banknotes and coins.

*Capital.*—The investment of foreign capital requires approval. Exchange receipts from capital must be surrendered.

### *Changes during 1950*

No significant changes occurred.

## DENMARK

### *Date of Introduction*

November 18, 1931. Last major revision August 9, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for some imports from certain countries and for most imports from all other countries, and through licenses required for non-trade payments; exchange is granted for imports and non-trade payments authorized by these licenses. Restrictions are also exercised through a multiple currency practice consisting of a tax on exchange granted for most travel purposes. Foreign exchange must be surrendered. Certain exports require licenses.

### *Exchange Rates*

Par value: Danish Kroner 6.90714 = US\$ 1. Official rates: buying DKr 6.895, selling DKr 6.92 per US\$ 1.

### *Exchange Payments*

*Imports.*—Some imports from EPU countries and their associated territories<sup>1</sup> and most imports from all other countries require import licenses. All other imports are free of license. Exchange is automatically granted for authorized imports.

*Invisibles.*—Payments abroad require licenses, which are freely granted for most payments. Residents travelling to specified countries are freely granted certain amounts in the appropriate currencies. A 20% tax is levied on the value of foreign exchange granted for most travel purposes. Persons travelling abroad may take with them a maximum of DKr 100 in Danish banknotes.

*Capital.*—Transfers of capital generally require approval. Transfers of proceeds from matured government bonds and municipal loans and contractual repayments of private mortgages are freely authorized.

### *Exchange Receipts*

*Exports.*—Certain exports require licenses. Proceeds of exports must be obtained from a non-resident account appropriate to the country to which the goods are destined, or in appropriate foreign exchange which must be surrendered.

<sup>1</sup> These countries are listed as: Austria, Belgium, France, Greece, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Trieste, Turkey, Western Germany, their overseas territories, and all territories of the Sterling Area.

*Invisibles.*—All exchange receipts must be obtained from a non-resident account appropriate to the country of remittance, or in appropriate foreign exchange which must be surrendered. Shipping and insurance companies are permitted to use their receipts of foreign exchange for payments necessary for their operations. Persons may bring in a maximum of DKr 100 in Danish banknotes.

*Capital.*—The investment of foreign capital requires approval. Exchange receipts from capital must be surrendered.

### ***Changes during 1950***

#### ***January 1***

The basic twelve-month tourist allowance of DKr 500 available for travel in Finland, France, Iceland, Ireland, Netherlands, Norway, Sweden and United Kingdom was extended to Portugal and Greece.

#### ***March 1***

The basic twelve-month tourist allowance was also made available for travel in Austria.

An additional allowance of exchange of DKr 2,000 per annum was made available for travel in Norway and the United Kingdom. At the same time, these countries were deleted from the list of countries for which the allowance of DKr 500 is applied.

#### ***March 10***

The list of commodities which could be freely imported from certain OEEC countries was extended.

#### ***March 11***

All current payments for invisibles to Norway, the Sterling Area and Sweden and certain capital payments to the Sterling Area would be freely authorized.

#### ***May 3***

Western Germany was included among the OEEC countries from which certain imports were free of license.

#### ***May 12***

The use of the DKr 2,000 twelve-month tourist allowance was extended to include all the Sterling Area. At the same time, Iceland and Ireland were deleted from the list of countries for which the allowance of DKr 500 applied. A special allowance of DKr 150 per year was made available for travel in Germany.

#### ***June 22***

The basic twelve-month tourist allowance was also made available for travel in Spain.

*August 9*

Certain imports from certain OEEC countries previously made free of import license were again made subject to license. The special import free list was extended to include imports from the remaining OEEC countries, namely Belgium, Luxembourg, Italy and Switzerland.

*October 15*

The basic twelve-month tourist allowance of DKr 500 was also made available for travel in Belgium, Italy, Luxembourg, Switzerland and Western Germany.

*November 20*

The basic twelve-month tourist allowance was extended to cover travel in Turkey.

A 20% tax was levied on the value of foreign exchange granted for most travel purposes.

## DOMINICAN REPUBLIC

### *Date of Introduction*

Exchange control system established July 29, 1942.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for a few imports. Exchange payments are not restricted although a licensing system formally exists. Exports of sugar require license.

### *Exchange Rates*

Par value: Dominican Peso 1 = US\$ 1. Official rates: buying and selling at the par value.

### *Exchange Payments*

There are no restrictions on payments. Import licenses are required for lard, edible oils and rice, which are goods usually produced domestically in sufficient quantities, and for wheat and wheat flour to insure compliance with provisions of the International Wheat Agreement. Import licenses are also required for automobiles, tires, tubes, automobile spare parts; mechanized equipment in general; steel in any form; rolling stock; electrical equipment and accessories.

### *Exchange Receipts*

Export licenses are required only for sugar. Exchange receipts are freely disposable.

### *Changes during 1950*

#### *May 20*

Licenses were required for imports of wheat and wheat flour, to insure compliance with provisions of the International Wheat Agreement.

#### *December 20*

Import licensing was extended to cover automobiles, tires, tubes, automobile spare parts; mechanized equipment in general; steel in any form; rolling stock; electrical equipment and accessories. It was announced that this measure was taken in view of the international situation and in order to control the distribution of these items within the Dominican Republic.



## ECUADOR

### *Date of Introduction*

In 1932. Last major revision December 1, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through multiple currency practices resulting from the use of two free markets, import prohibitions applied to certain imports, and licenses required for certain non-trade payments. Foreign exchange, with certain exceptions, must be surrendered. Multiple currency practices result on the buying side from the application of two free market rates. All exports require licenses.

### *Exchange Rates*

Par value: Sucres 15.00 = US\$ 1. Official rates: buying S/ 15.00, selling S/ 15.15 per US\$ 1. The official rates and free and compensation market rates yield various effective rates (see Table of Exchange Rates below).

### *Exchange Payments*

*Imports.*—Imports require import licenses which are in most cases issued freely. Certain imports are prohibited. Essential imports are effected at the S/ 15.15 rate. Semi-essential imports are effected at the S/ 15.15 rate and are subject to a 33% ad valorem tax on the import permit. Sixty per cent of this tax must be paid before the license is issued; the remainder when the exchange is paid. Luxury imports must be made through a free market, currently at S/ 18.60 per U.S. dollar, and are subject to a 44% ad valorem tax. The import of a few luxury goods, such as cars, liquors and silks, may be effected through the compensation market, currently at S/ 18.60 per U.S. dollar, with exchange accruing from specified minor exports, and is also subject to the 44% ad valorem tax. There is a 100% advance deposit requirement for luxury imports.

*Invisibles.*—Payments abroad at the S/ 15.15 rate require licenses which are granted for certain remittances for travel, education and maintenance. All other payments may be effected through a free market.

*Capital.*—Transfers of capital require approval. Payments of dividends, profits and amortization on registered foreign capital may be effected at the S/ 15.15 rate up to a limit which cannot be fixed at less than 12% per annum of the capital investment. Investments abroad by residents are effected through a free market.

### ***Exchange Receipts***

*Exports*—All exports require licenses which are granted automatically if the exchange proceeds have been contractually sold in advance or guaranteed to be surrendered. Exchange proceeds for most exports must be surrendered at the S/ 15 rate. For banana exports US\$ 1.20 per stem must be surrendered at the S/ 15 rate. Proceeds of petroleum and gold exports are entirely exempt from the surrender requirement. Thirty per cent of the exchange proceeds from exports of pharmaceutical specialties, 60% from balsa wood and ivory nut exports, and 100% from certain other minor exports may be used for the import of specified luxury goods through the compensation market.

*Invisibles*.—Exchange to cover the local currency requirements of foreign-owned companies must be surrendered at the S/ 15 rate. All other exchange receipts may be sold in a free market.

*Capital*.—The investment of foreign capital must be registered and surrendered at the S/ 15 rate in order to obtain a transfer guarantee. Non-registered capital may enter through a free market in which case the transfers of capital and earnings must be made through a free market.

**Table of Exchange Rates***(Suces per U.S. Dollar)*

<i>Buying</i>		<i>Selling</i>	
15.00	Exports other than petroleum, gold and certain minor exports. Requirements of foreign-owned companies for current operating costs. Registered capital.	15.15	Essential and semi-essential imports. Government non-trade payments. Specified invisibles. Registered capital.
17.16 (40% at the S/ 15 rate and 60% at the Compensation Market Rate)	Exports of ivory nuts and balsa wood.		
18.60 (Fluctuating Free Market Rate)	Invisibles. Non-registered capital.	18.60 (Fluctuating Free Market Rate)	Most luxury imports. Other invisibles. Non-registered capital.
18.60 (Fluctuating Compensation Market Rate)	Certain minor exports.	18.60 (Fluctuating Compensation Market Rate)	Certain luxury imports.

*Note:* Semi-essential and luxury imports are subject to ad valorem taxes of 33% and 44% respectively, calculated, at the official rate on the c.i.f. value of the import permits.

**Changes during 1950****January 6**

Authorization of the use of exchange proceeds from various minor exports to purchase specified luxury imports led to the establishment of a compensation market rate.

**February 15**

Advance deposit requirement was removed for essential imports. A 20% advance deposit was required for most semi-essential imports. The permitted use of exchange proceeds of ivory nut exports for compensation transactions was increased from 40% to 60%.

*April 1*

The advance deposit requirement for semi-essential imports was eliminated.

The surrender requirement at the S/ 15 rate for banana exports was raised from US\$ 1 to US\$ 1.20 per stem.

*July 28*

The exchange subsidy of S/ 3.87 per U.S. dollar for rice exports was replaced by a direct subsidy based on weight and selling prices.

*December 1*

The par value was changed from S/ 13.50 to S/ 15.00 per U.S. dollar, and the official buying and selling rates were established at S/ 15.00 and S/ 15.15 per U.S. dollar respectively. Ad valorem taxes of 33% and 44% were placed on semi-essential and luxury imports respectively. The exchange taxes of 4% and 1% and the surcharges of S/ 1 and S/ 5 per U.S. dollar, which had been applied to imports, were eliminated, as were the exchange taxes and subsidies on various exchange receipts. Insurance transactions were permitted access to a free market. Payments at the official rate for service and amortization of registered capital could not be fixed at less than 12% per annum of the capital investment.

*December 14*

The quota system for the import of wheat and flour was eliminated.

## EGYPT

### *Date of Introduction*

September 28, 1939. Last major revision July 14, 1947.

### *Nature of Restrictive System*

Restrictions are exercised through licenses granted up to the limits of individual import quotas, and licenses required for non-trade payments; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange from current transactions must be surrendered. A few exports require licenses.

### *Exchange Rates*

Par value: Egyptian Pound 1 = US\$ 2.87156. Official rates: buying US\$ 2.8747, selling US\$ 2.8676 per LE 1.

### *Exchange Control Territory*

There is no exchange control between Egypt and the Anglo-Egyptian Sudan, but each of the two territories has its separate exchange control system.

### *Exchange Payments*

*Imports.*—Imports require import licenses which are granted up to the limits of individual import quotas. However, imports from the Sterling Area, French Franc Area, those countries to which the United Kingdom Transferable Account arrangements apply and certain other countries to which transfers in sterling can be made do not require licenses. Foreign exchange is automatically granted for authorized imports. Certain imports from "soft currency" countries originating from "hard currency" sources may be paid for with Egyptian pounds on Non-Resident Export Accounts.

*Invisibles.*—Payments abroad require licenses. Foreign exchange is freely granted for expenses incidental to trade transactions. Certain freedom in exchange operations is granted to shipping agents. Remittances for family maintenance, students' and travelling expenses abroad are freely authorized up to certain limits. However, remittances for these purposes to "hard currency" countries<sup>1</sup> are authorized up to certain limits for nationals of those countries. The transfer of income and earnings due to non-residents is authorized to all countries

<sup>1</sup> These countries are listed as: Argentina, Bolivia, Brazil, Canada, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Japan, Mexico, Nicaragua, Panama, Paraguay, Philippine Republic, United States and possessions, Venezuela and Western Germany.

except "hard currency" countries. Those due to "hard currency" countries are credited to non-resident accounts. Payments from these accounts may be made for (1) investments in Egyptian Government bonds and in Egyptian registered securities not redeemable within ten years; (2) subscriptions in respect of increase of capital in Egyptian companies in which the account-holder is already a shareholder; (3) expenses of the account-holder and his family while in Egypt; (4) monthly remittances to the account-holder abroad, subject to license.

*Capital.*—Transfers of capital require approval. Capital payments due to non-residents, other than residents of the United Kingdom, are credited to non-resident accounts. Payments from these may be made for (1) investments in Egyptian Government bonds and in Egyptian registered securities not redeemable within ten years, (2) subscriptions in respect of increase of capital in Egyptian companies in which the account-holder is already a shareholder, and (3) expenses of the account-holder and his family while in Egypt up to LE 1,000 per annum. Transfers of capital to residents of the United Kingdom are authorized, with certain limitations, in accordance with a special agreement with the United Kingdom. Exchange is granted for the purchase in the United Kingdom of Egyptian securities by residents, provided the securities are imported into Egypt. Certain facilities exist for limited investment abroad in "soft currencies". Other investments abroad by residents are prohibited.

### ***Exchange Receipts***

*Exports.*—Few exports require licenses. Export proceeds must be received (1) in appropriate foreign exchange, (2) in sterling eligible for credit to an Egyptian Transferable Account in the United Kingdom, or (3) in Egyptian pounds from a non-resident account appropriate to the country of destination. Exchange receipts must be surrendered.

*Invisibles.*—Receipts from invisibles must be obtained in one of the ways applicable to export proceeds and the foreign exchange receipts surrendered.

*Capital.*—The investment of foreign capital requires approval. Exchange receipts from capital must be surrendered.

### ***Non-Resident Export Accounts***

Apart from ordinary non-resident accounts, there are Non-Resident Export Accounts which may be used for payment of approved imports from "hard currency" countries except Japan and Western Germany

and may receive payment for Egyptian exports to any country except the following: Argentina, Belgian Monetary Area, Brazil, Canada, France, Western Germany, Hungary, Japan, Poland, Portuguese Monetary Area, Saudi Arabia, Switzerland, United States and Yugoslavia. Transfers between Non-Resident Export Accounts are freely permitted.

***Changes during 1950***

The system of Non-Resident Export Accounts was developed.

## ETHIOPIA

### *Date of Introduction*

October 31, 1942. Revised September 11, 1949.

### *Nature of Restrictive System*

Restrictions are exercised through licenses. All foreign exchange receipts must be surrendered.

### *Exchange Rates*

Par value: Ethiopian Dollars 2.48447 = US\$ 1. Official rates: buy-  
ing Eth\$ 2.48, selling Eth\$ 2.53 per US\$ 1.

### *Exchange Payments*

Payments outside Ethiopia must be effected in foreign exchange appropriate to the country of the recipient.

*Imports.*—There are no import licenses but payments outside Ethiopia for imports require exchange licenses. These exchange licenses are in principle issued for "soft currencies" and only for import of goods declared as essential. Exchange licenses are also issued in "hard currency" but only for essential goods which cannot be obtained from countries with "soft currency". Exchange licenses are issued in accordance with priority groups: essentials and various consumer goods. An authorized list indicates which goods are considered essential.

*Invisibles.*—Payments abroad require exchange licenses. Persons travelling abroad are granted exchange on an annual limit basis in the currency of the country of destination. They may take with them a maximum of Eth\$ 150 in Ethiopian banknotes. Exchange for such purposes as charity and maintenance is granted in moderate amounts to residents not permanently domiciled in Ethiopia for remittances to their own country. Exchange for education is granted to permanent and temporary residents based on documentary evidence of necessity and amount. The transfer abroad of dividends and other current earnings due to non-residents is allowed within limits.

*Capital.*—The transfer of capital requires approval. Foreign exchange is granted for repayments abroad in respect of matured capital obligations of temporary residents.

### *Exchange Receipts*

*Exports.*—All commodities require export permits. The exchange proceeds of all exports must be received in appropriate foreign exchange and surrendered.



*Invisibles.*—Exchange receipts must be surrendered. Persons may bring in a maximum of Eth\$ 150 in Ethiopian banknotes. All foreign exchange must be declared by travellers on entry and its subsequent use or re-export is subject to license.

*Capital.*—Foreign exchange receipts from capital must be surrendered.

### ***Changes during 1950***

During the year, the amount of exchange made available to importers of essential goods was increased through administrative action.

## FINLAND

### *Date of Introduction*

October 26, 1939. Revised April 23, 1948.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for all imports and through licenses required for non-trade payments; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange must be surrendered. All exports, except round timber, require licenses.

### *Exchange Rates*

No par value for the Markka. Official rates: buying Fmk 229, selling Fmk 231 per US\$ 1.

### *Exchange Payments*

*Imports.*—All imports require import licenses. Exchange is automatically granted for authorized imports.

*Invisibles.*—Payments abroad require licenses. Persons travelling abroad may take with them a maximum of Fmk 20,000 in Finnish banknotes per month.

*Capital.*—Transfers of capital require approval.

### *Exchange Receipts*

*Exports.*—All exports, except round timber, require licenses. Exchange receipts must be surrendered.

*Invisibles.*—Exchange receipts from invisibles must be surrendered. Persons may bring in a maximum of Fmk 20,000 in Finnish banknotes per month.

*Capital.*—The investment of foreign capital requires approval. Exchange receipts from capital must be surrendered.

### *Changes during 1950*

#### *April*

The amount of Finnish notes and coin which could be taken in or out of Finland by travellers was raised from Fmk 15,000 to Fmk 20,000.

## FRANCE

### *Date of Introduction*

September 9, 1939. Last major revision September 20, 1949.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for some imports from certain countries and for most imports from all other countries, and through licenses required for non-trade payments; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange derived from exports and invisibles in currencies quoted in the official markets, with certain exceptions, must be sold in those markets; other foreign exchange derived from exports and invisibles, with certain exceptions, must be surrendered. Some exports require licenses.

### *Exchange Rates*

No par value for the French Franc. There are two types of exchange rates: (1) Fluctuating market rates for authorized transactions in Belgian francs, Canadian dollars, Djibouti francs, Portuguese escudos, Swiss francs and U.S. dollars. The rate for the U.S. dollar remained between fr 349 and fr 350 per U.S. dollar during 1950; (2) Official rates for other currencies dealt with in France are calculated on the basis of their official U.S. dollar rate multiplied by the monthly average of the U.S. dollar rate in the French free market. Such rates are officially altered if the free market quotation of the U.S. dollar exceeds certain percentage fluctuations. For the currencies of Czechoslovakia, Denmark, Egypt, Italy, the Netherlands, Norway, the Sterling Area, Switzerland, Western Germany and Yugoslavia, the authorized banks may deal with one another in an official market at rates between the official buying and selling rates for these currencies.

### *Exchange Control Territory*

The French Franc Area is constituted by:

1. Metropolitan France: Continental France (including territories incorporated into France in accordance with the Peace Treaty with Italy), Corsica and Algeria. The Principality of Monaco and the Saar are entirely incorporated into the currency system of Continental France.
2. French Overseas Territories: Morocco and Tunisia; French West Africa; French Equatorial Africa; Cameroon and Togo; Madagascar and its dependencies; Comoro Islands; Reunion;

French Guiana; Martinique; Guadeloupe; St. Pierre and Miquelon; Associated States of Cambodia, Laos and Vietnam; New Caledonia and its dependencies; the French Establishments in Oceania; the Condominium of New Hebrides; and the French Establishments in India. Local currencies of these territories are pegged to the French franc at a fixed parity. French Somaliland is outside the French Franc Area and maintains no exchange restrictions.

Transactions within the Area are formally subject to exchange controls; however, restrictions are either not applied, or are applied only to minor parts of the Area. Foreign exchange reserves of the French Franc Area are managed centrally.

### ***Exchange Payments***

Foreign exchange in currencies quoted in the free market is obtained in that market, while foreign exchange in all other currencies is acquired at the official rate. When the French franc is the currency of payment, payments are made by crediting non-resident accounts in francs.

*Imports.*—Some imports from EPU countries and their associated territories<sup>1</sup> and most imports from all other countries require import licenses. All other imports are free of license. Exchange is automatically granted for authorized imports.

*Invisibles.*—Payments abroad require licenses which are granted for most invisibles. Persons travelling abroad may take with them a maximum of fr 50,000 in French banknotes. In addition, residents travelling abroad are granted certain amounts in the appropriate currencies.

*Capital.*—All transfers of capital require approval. The proceeds of liquidation of new investments, made after September 1, 1949, may be freely repatriated in appropriate exchange. Assets and balances held in France by non-residents may be transferred between residents of the same country or monetary area or utilized for specified expenses and investments in France. Assets of residents in a group of certain countries<sup>2</sup> are freely transferable within that group.

### ***Exchange Receipts***

Exchange receipts must be obtained in appropriate foreign exchange or from appropriate non-resident accounts when the French franc is

<sup>1</sup> These countries are listed as: Austria, Belgium, Denmark, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Trieste, Turkey, United Kingdom, Western Germany, and their overseas territories.

<sup>2</sup> These countries are the same as listed in the preceding footnote with the addition of the other countries in the Sterling Area.

the currency of payment. With certain exceptions, exchange receipts from exports and other commercial transactions in currencies quoted in the free and official markets must be sold in those markets; exchange receipts in other currencies must be surrendered.

*Exports.*—Some exports require licenses. Three per cent of the proceeds of exports to Canada and the U.S. "dollar zone" are at the free disposal of the exporter for his own use. An additional 12% of the proceeds of exports to Canada and the U.S. dollar zone, and 10% of the proceeds of exports to other countries can be retained by exporters to cover incidental expenses connected with the maintenance and expansion of their export business.

*Invisibles.*—Hotels and similar institutions dealing with foreign tourists are permitted to retain a percentage of exchange proceeds under conditions similar to those applicable to exporters. There is no limit on the amount of French banknotes which may be brought into France by travellers.

*Capital.*—Foreign exchange receipts of residents derived from capital are not subject to surrender.

### ***Changes during 1950***

#### *February 22*

Three per cent of the proceeds of exports to Canada and the U.S. dollar zone could be retained by the exporter for his own use. Twelve per cent, instead of the previous 15%, continued to be at the exporter's disposal to cover incidental expenses connected with the maintenance and expansion of his export business.

#### *March 21*

Capital expressed in Egyptian pounds, currencies of the Sterling Area or in Swiss francs was no longer subject to a surrender requirement.

#### *April 1*

The amount of French banknotes which could be taken out of France by travellers was raised from fr 10,000 to fr 25,000.

All restrictions on the import of French banknotes by travellers were removed.

#### *July 25*

The amount of French banknotes which could be taken out by travellers was raised from fr 25,000 to fr 50,000.

#### *August 1*

Exchange formerly subject to official rates only could henceforth be dealt in by authorized banks within the limits of the official buying and selling rates.

*August 4*

The investment of foreign capital in the French Franc Area and the special facilities for its subsequent repatriation, formerly limited to investors in Switzerland and the United States, were extended to all non-residents.

Restrictions applied to balances on non-resident accounts derived from capital, as at August 3, 1950, were relaxed by permitting their transfer to non-resident accounts related to the same country or monetary area.

*September 5*

Capital expressed in Canadian dollars was no longer subject to a surrender requirement.

*September 21*

Capital expressed in U.S. dollars was no longer subject to a surrender requirement.

*October 3*

Exchange for authorized transactions in Canadian dollars was allowed to be bought and sold in the exchange market.

*October 10*

Restrictions applied to balances on non-resident accounts derived from capital, as at October 9, 1950, were relaxed by permitting their transfer to ordinary non-resident accounts related to the same country or monetary area as the account-holder.

*November 7*

Transfers between non-resident accounts derived from capital and also between ordinary non-resident accounts related to any of the countries represented in the European Payments Union were made free of license.

## GREECE

### *Date of Introduction*

September 28, 1931. The exchange rate system was revised October 31, 1947.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for all imports and through licenses required for non-trade payments; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange must be surrendered. All exports require licenses.

### *Exchange Rates*

No par value for the Drachma. The effective exchange rates, buying Dr 14,980, selling Dr 15,020 per US\$ 1, represent a compound of the official fixed rate of Dr 5,000 and of the rate of Dr 10,000 for Exchange Certificates as established from September 21, 1949, and have been maintained stable by the intervention of the Central Bank (see Table of Exchange Rates below).

### *Exchange Payments*

*Imports.*—All imports require import licenses in accordance with an import licensing schedule except for certain imports from EPU countries and their associated territories<sup>1</sup> for which a price check has been established. Exchange is granted for authorized imports at the above effective selling rate. Certain imports may be effected on a barter basis by special license and by compliance to special regulations.

*Invisibles.*—Payments abroad require licenses. Foreign exchange is freely granted for expenses incidental to authorized trade transactions. Persons travelling abroad may take with them a maximum of Dr 50,000 in Greek banknotes.

*Capital.*—Transfers of capital abroad require approval. Interest and amortization service of Greek securities is suspended.

### *Exchange Receipts*

*Exports.*—All exports require licenses, mainly for the purpose of insuring the surrender of exchange receipts in the appropriate currency. Exchange proceeds of exports must be surrendered at the Dr 14,980 rate. The import rights derived from barter exports are transferable by compliance to certain regulations.

*Invisibles.*—Exchange receipts from invisibles must be surrendered

<sup>1</sup> These countries are listed as: Austria, Belgium, Denmark, France, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Trieste, Turkey, United Kingdom, Western Germany, and their overseas territories.

at the above effective buying rate. Persons may bring in a maximum of Dr 50,000 in Greek banknotes.

*Capital.*—The investment of foreign capital requires approval whenever future repatriation and/or service thereon is intended. Exchange receipts from capital invested abroad must be surrendered at the Dr 14,980 rate.

### **Table of Exchange Rates**

(Drachmas per U.S. Dollar)

<i>Buying</i>		<i>Selling</i>	
4,980 (Official Rate)	.....	5,020 (Official Rate)	.....
10,000 (Exchange Certificate Rate)	.....	10,000 (Exchange Certificate Rate)	.....
14,980 (Dr 4,980 Official Rate plus Dr 10,000 Exchange Certificate Rate)	All export proceeds. In- visibles and capital.	15,020 (Dr 5,020 Official Rate plus Dr 10,000 Exchange Certificate Rate)	All authorized imports. Invisibles.

*Note:* Exports on a barter basis are effected at higher implicit rates. Imports made under the drachma Auction Plan, which was recently replaced by a system of fees imposed on import licenses, are also effected at higher implicit exchange rates.

### **Changes during 1950**

#### *January 1*

Certain goods could be imported from OEEC countries free of license.

#### *March 16*

Revised regulations applicable to barter transactions became effective. The commodities which could be bartered and the countries with which such transactions were permitted were specified.

#### *March 27*

A system was decreed by which exchange for specified items was to be allocated by auction.

#### *April 6*

An auction under the new auction system was held, yielding an additional rate for imports.



## HONG KONG

### *Date of Introduction*

September 8, 1939. Last major revision August 21, 1948.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for imports of certain commodities or from certain countries, through licenses required for non-trade payments, and through a multiple currency practice consisting of a free market, mainly in United States dollars. Foreign exchange, with certain important exceptions, must be surrendered. A few exports require licenses.

### *Exchange Rates*

Par value: Hong Kong Dollars 5.71429 = US\$ 1. Official rates: buying HK\$ 5.694, selling HK\$ 5.755 per US\$ 1. Free market rate currently around HK\$ 6.227 per US\$ 1. All transactions in sterling against Hong Kong dollars are effected at the official rates (see Table of Exchange Rates below).

### *Exchange Payments*

*Imports.*—A few specified imports from China, Indo-China, Indonesia, Macao, the Philippine Republic, the Sterling Area, Thailand and the United States require import licenses. All other imports from these territories are free of license. Imports from other countries require import and exchange licenses. Foreign exchange, other than U.S. dollars, in payment for authorized imports may be obtained at the rate corresponding to the HK\$ 5.755 rate. U.S. dollar exchange at the HK\$ 5.755 rate is normally authorized only for a few imports regarded as strictly essential. For other authorized imports payable in U.S. dollars, foreign exchange must be obtained in the free market.

*Invisibles.*—Payments at the HK\$ 5.755 rate require licenses. Payments may be freely effected through the free market by holders of Hong Kong dollars. All transfers to other parts of the Sterling Area require licenses except for dividends and interest payments which are freely permitted.

*Capital.*—Transfers of capital in currencies other than U.S. dollars may be effected at the HK\$ 5.755 rate but they require licenses. Transfers of capital may be freely effected through the free market by holders of Hong Kong dollars but all transfers to other parts of the Sterling Area require licenses.

### **Exchange Receipts**

*Exports.*—Exports to countries, other than China and the Sterling Area, require export licenses, which are freely granted if the exporter agrees to surrender the export proceeds in accordance with the regulations. Export licensing is restrictively applied to a few commodities in short supply. The U.S. dollar proceeds of most Hong Kong exports, originating in China, Hong Kong, Macao or Korea, are freely disposable. The U.S. dollar proceeds from exports originating in other countries must be entirely surrendered. The U.S. dollar export proceeds of cotton yarn; lead, silver (subject to prior permission) and tin; copper; and wood oil, originating in China, Hong Kong, Macao or Korea, must be surrendered to the extent of 50%, 25%, 20% and 15% respectively. The remaining percentage may be sold in the free market. Exchange proceeds in other currencies from exports to countries other than China, Korea, Macao and the Sterling Area must be received in foreign exchange appropriate to the country of destination and surrendered. All exchange proceeds from exports to China, Japan, Korea, Macao and the Sterling Area are freely disposable.

*Invisibles.*—The receipt of transfers from other parts of the Sterling Area requires permission, unless in respect of dividends or interest. The surrender of exchange receipts from invisibles is not always insisted upon.

*Capital.*—The receipt of capital from other parts of the Sterling Area requires permission. The surrender of exchange receipts from capital is not always insisted upon.

### **Non-Resident Accounts**

Credits to the accounts of *banks* situated outside the Sterling Area, China and Macao require licenses. Payments from these accounts may be made to residents of Hong Kong, including payments for exports to the respective countries invoiced in Hong Kong dollars. Credits to the accounts of *persons and firms* resident in the North American continent and the Philippine Republic require licenses. Credits to such accounts of other countries do not require licenses. All transfers between Hong Kong and other Sterling Area territories require licenses.

**Table of Exchange Rates***(Hong Kong Dollars per U.S. Dollar)*

	<i>Buying</i>		<i>Selling</i>
5.694	All transactions in sterling against Hong Kong dollars. Exports not originating in China, Hong Kong, Macao or Korea payable in U.S. dollars and exports to countries other than China, Japan, Korea, Macao and the Sterling Area not payable in U.S. dollars.	5.755	All transactions in Hong Kong dollars against sterling. A few essential imports payable in U.S. dollars. Authorized invisibles and capital. All non-dollar imports.
5.960 (50% at the HK\$ 5.694 rate and 50% at the Free Market Rate)	Cotton yarn exports. <sup>1</sup>		
6.094 (25% at the HK\$ 5.694 rate and 75% at the Free Market Rate)	Lead, silver and tin exports. <sup>1</sup>		
6.120 (20% at the HK\$ 5.694 rate and 80% at the Free Market Rate)	Copper exports. <sup>1</sup>		
6.147 (15% at the HK\$ 5.694 rate and 85% at the Free Market Rate)	Wood oil exports. <sup>1</sup>		
6.227 (Fluctuating Free Market Rate)	All other exports. Invisibles and capital.	6.227 (Fluctuating Free Market Rate)	All other imports payable in U.S. dollars. Other invisibles and capital.

<sup>1</sup>Originating in China, Hong Kong, Macao or Korea.

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***Changes during 1950******June 5***

All transfers between Hong Kong and other Sterling Area territories became subject to the prior approval of the Exchange Control, except for transfers in respect of imports into Hong Kong from the Sterling Area, exports from Hong Kong to the Sterling Area, dividends, interest payments and small bank charges.

## ICELAND

### *Date of Introduction*

October 2, 1931. Last major revision June 12, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for certain imports and through licenses required for non-trade payments; imports are prohibited if they have not been paid for or exchange has not been secured through an Icelandic bank before shipment. Foreign exchange must be surrendered. All exports require licenses.

### *Exchange Rates*

Par value: Icelandic Kronur 16.2857 = US\$ 1. Official rates: buying IKr 16.26, selling IKr 16.32 per US\$ 1.

### *Exchange Payments*

*Imports.*—Most imports require import and exchange licenses which are issued in combined form. However, imports are prohibited unless they have already been paid for or cover has been secured through an Icelandic bank before shipment.

*Invisibles.*—Payments abroad require licenses. Foreign exchange is freely granted for expenses incidental to trade transactions. Residents travelling abroad may take with them a maximum of IKr 150 in foreign banknotes and coins.

*Capital.*—Transfers of capital require approval, which is only granted in exceptional circumstances.

### *Exchange Receipts*

*Exports.*—All exports require licenses. Exchange receipts must be surrendered.

*Invisibles.*—Exchange receipts from invisibles must be surrendered. Shipowners and insurance companies are permitted to use a portion of their exchange earnings for operating purposes.

*Capital.*—Exchange receipts from capital must be surrendered.

### *Changes during 1950*

#### *March 20*

The par value of the Icelandic Krona was changed from IKr 9.34107 to IKr 16.2857 per US\$ 1.

*June 12*

Imports were prohibited unless they had already been paid for or cover had been secured through an Icelandic bank before shipment. This applies as well to goods for which an import and exchange license has been issued as to goods which are specially exempt from license.

*August 4*

Certain essential imports were made free of import licensing.

*December 18*

Many other essential imports were added to the "free list" which was introduced on August 4.

## INDIA

### *Date of Introduction*

September 3, 1939. Last major revision August 14, 1947.

### *Nature of Restrictive System*

Restrictions are exercised through import prohibitions, through licenses required for non-prohibited imports, and through licenses required for non-trade payments; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange from exports must be surrendered. Exchange receipts from invisibles and capital in Philippine pesos and U.S. dollars must be surrendered. Some exports require licenses.

### *Exchange Rates*

Par value: Rupees 4.76190 = US\$ 1. Official rates: buying Rs 4.75, selling Rs 4.775 per US\$ 1.

### *Exchange Control Territory*

There are no exchange restrictions on transactions with Afghanistan, Nepal, Tibet, and the French and Portuguese possessions in India. For most exchange control purposes, nationals of Nepal and Tibet are regarded as residents of the exchange control territory of India. There are no exchange restrictions on transactions with Pakistan, but owing to the exchange rate difficulty, few transactions actually take place.

### *Exchange Payments*

Payments to outside the Sterling Area must be effected either in the foreign exchange appropriate to the country of the recipient or by crediting the appropriate sterling or rupee account of a non-resident.

*Imports.*—Certain imports from “hard currency” countries<sup>1</sup> and all imports from the Union of South Africa are prohibited. Most imports require import licenses. A few imports are freely permitted from all countries except the Union of South Africa and Pakistan. Some imports are freely permitted from all countries other than “hard currency” countries, the Union of South Africa and Pakistan. Exchange is automatically granted for authorized imports.

*Invisibles.*—Payments abroad require licenses. Foreign exchange is

<sup>1</sup> These countries are listed as: Bolivia, Canada, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Japan, Liberia, Mexico, Nicaragua, Panama, Philippine Republic, United States and possessions, and Venezuela. Argentina, although technically a “hard currency” country, is for the present not being so treated by the Indian authorities.

freely granted for expenses incidental to trade transactions, transfers abroad of dividends and other earnings due to non-residents. Foreign exchange for family maintenance is granted to residents who are not permanently domiciled in India for remittances to their own country. Foreign exchange is not granted for personal travel to the Philippines and the continent of America, with the exception of Brazil, Chile, Paraguay, Peru and Uruguay. Exchange for travel to Brazil, Chile, Paraguay, Peru and Uruguay requires a license. Residents travelling to other countries are freely granted certain amounts in the appropriate currencies.

*Capital.*—Transfers of capital require approval. Transfers due to persons residing in other parts of the Sterling Area, Denmark, Norway and Sweden are freely authorized. Capital transfers are authorized in limited amounts in cases of emigration.

### ***Exchange Receipts***

*Exports.*—A few commodities, mostly of a type essential to the national economy, require export licenses. The exchange proceeds of all exports must be received (1) in appropriate foreign exchange, (2) in sterling from an account appropriate to the country of destination, or (3) in rupees from the account of a bank in the country of destination of the export. Exchange receipts in foreign exchange must be surrendered.

*Invisibles.*—Exchange receipts from invisibles in Philippine pesos and U.S. dollars must be surrendered. All other exchange may be retained but its disposal requires a license.

*Capital.*—The investment of foreign capital requires approval. If the investment is in a project approved by the Government of India, a guarantee of subsequent repatriation is given.

### ***Non-Resident Accounts***

Non-resident accounts (see Exchange Control Territory above) of *firms and individuals* can be freely credited and debited with certain small amounts, but approval is required for all other entries. The non-resident accounts of *banks* are freely available (1) for transfer to other banks in the same country or monetary area, (2) for payment to residents of India for exports to their country or monetary area, and (3) for other payments to residents in India not exceeding Rs 20,000. All other payments from these accounts are subject to license.

### ***Changes during 1950***

*May 4*

Paraguay ceased to be treated as a "hard currency" country.



*May 16*

Liberia was added to the list of "hard currency" countries.

*May 19*

The repatriation of capital owned by residents of Denmark, Norway and Sweden was freely authorized.

*June 2*

Capital owned by residents of countries other than Sterling Area or Scandinavian countries invested after January 1, 1950, in projects approved by the government could be repatriated to the extent of the original rupee investment and to the extent of profits ploughed back with the approval of the government.

*August 5*

An open general license was announced permitting the import of certain essential goods from any country and of several other goods from "soft currency" countries.

*August 5*

Belgian Monetary Area ceased to be treated as a "hard currency" country.

*August 24*

Western Germany ceased to be treated as a "hard currency" country.

*November 3*

Switzerland ceased to be treated as a "hard currency" country.

*December 5*

Argentina ceased to be treated as a "hard currency" country for the time being.

## IRAN

### *Date of Introduction*

February 1930. Last major revision December 10, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through import prohibitions, licenses applied to non-prohibited imports, licenses for non-trade payments, and a multiple currency practice resulting from the use of two fixed exchange certificate rates. Exchange at one of these rates is granted for imports and non-trade payments authorized by these licenses. Foreign exchange, with certain exceptions, must be surrendered. A multiple currency practice results on the buying side from the application of an exchange certificate rate.

### *Exchange Rates*

Par value: Rials 32.25 = US\$ 1. Official rates: buying Rls 32.00, selling Rls 32.50 per US\$ 1. Two fixed exchange certificate rates plus the official rate yield three effective rates (see Table of Exchange Rates below).

### *Exchange Payments*

*Imports.*—Imports of non-essential goods and certain goods of a type produced locally are prohibited. All other imports require licenses, which are freely granted for most imports. Payments for government imports are effected at the Rls 32.50 rate. Payments for essential imports are made at the Rls 40 rate, and for other authorized imports at the Rls 48.75 rate.

*Invisibles.*—Payments abroad require licenses. Authorized payments in respect of medical and educational expenses of Iranians abroad are made at the Rls 32.50 rate. Other payments are effected at the Rls 40 or Rls 48.75 rate. Persons travelling abroad may take with them a maximum of Rls 1,000 in Iranian banknotes.

*Capital.*—Transfers of capital require approval which, in the case of Iranians, is only given in exceptional circumstances.

### *Exchange Receipts*

*Exports.*—Exports of permitted goods do not require licenses. Proceeds of exports other than oil must be surrendered at the Rls 48.25 rate. The oil company converts export proceeds at the Rls 32 rate only to the extent of its local currency requirements.

*Invisibles.*—Exchange receipts from invisibles must be surrendered

at the Rls 32 rate. Persons may bring in a maximum of Rls 1,000 in Iranian banknotes.

*Capital.*—Exchange receipts from capital must be surrendered at the Rls 32 rate. The investment of capital by foreign-owned companies may, under special arrangements, obtain a transfer guarantee.

### **Table of Exchange Rates**

(Rials per U.S. Dollar)

<i>Buying</i>		<i>Selling</i>	
32.00	Local currency requirements of the oil company. Invisibles.	32.50	Government payments. Medical and educational expenses of Iranians abroad.
		40.00 (Official Rate plus First Fixed Certificate Rate Rls 7.50)	Essential imports and some invisibles.
48.25 (Official Rate plus Second Fixed Certificate Rate Rls 16.25)	All exports except oil.	48.75 (Official Rate plus Second Fixed Certificate Rate Rls 16.25)	Other authorized imports and invisibles.

### **Changes during 1950**

#### *July 24*

A fluctuating rate of exchange was introduced applicable to all export proceeds except oil and to authorized non-essential imports. Exporters were permitted to dispose of their exchange proceeds in the free market.

#### *November 8*

The fluctuating rate introduced July 24, 1950, was fixed at Rls 16.25 per U.S. dollar above the official rate. Export proceeds except oil had to be surrendered at the Rls 48.25 rate.

#### *December 10*

The removal (effective until March 20, 1951) of quota restrictions from the great majority of authorized imports was announced.

## IRAQ

### *Date of Introduction*

November 24, 1941. Major revision August 1950.

### *Nature of Restrictive System*

Restrictions are exercised through import quotas allocated to individual importers and licenses required for non-trade payments; exchange is granted for imports unless the license specifies otherwise. Foreign exchange, other than Sterling Area currencies, arising from exports, must be surrendered. Exchange receipts from invisibles and capital in Swiss francs and U.S. dollars must be surrendered. A few exports require licenses.

### *Exchange Rates*

Par value: Iraqi Dinar 1 = US\$ 2.80. Official rates: buying US\$ 2.80875, selling US\$ 2.785 per ID 1.

### *Exchange Payments*

Payments to outside the Sterling Area must be effected either in foreign exchange appropriate to the country of the recipient or by crediting the appropriate sterling account of a non-resident.

*Imports.*—All imports require import licenses. These are granted to importers up to the amount of their individual import quotas. Certain items may be imported from "scarce currency" countries<sup>1</sup> only by owners of registered factories. Exchange is automatically granted for those imports whose license specifies the allocation of exchange. Official exchange is not granted for a number of commodities.

*Invisibles.*—Payments to outside the Sterling Area require licenses. Foreign exchange is freely granted for expenses incidental to trade transactions. Foreign exchange is freely granted to foreign nationals resident in Iraq, up to certain limits, for the purposes of family maintenance and foreign travel.

*Capital.*—Transfers of capital to outside the Sterling Area require approval.

### *Exchange Receipts*

*Exports.*—Exports of essential goods in short supply require licenses. The exchange proceeds of all exports to outside the Sterling Area must

<sup>1</sup> These countries are listed as: Argentina, Bolivia, Canada, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Japan, Liechtenstein, Mexico, Nicaragua, Panama, Philippine Republic, Portugal and possessions, Switzerland, United States and possessions, and Venezuela.

be received (1) in acceptable foreign exchange, (2) in sterling from an account appropriate to the country of destination, or (3) in the case of a limited number of non-Sterling Area countries, in Iraqi currency from a non-resident account. Foreign exchange proceeds in other than Sterling Area currencies must be surrendered.

*Invisibles.*—Exchange receipts from invisibles in Swiss francs and U.S. dollars must be surrendered.

*Capital.*—Exchange receipts from capital in Swiss francs and U.S. dollars must be surrendered.

### ***Changes during 1950***

#### *April 15*

A system of import quotas for 1950 for individual importers was established.

#### *August*

Imports could be made only by registered importers with or without any allocation of official exchange.

#### *September*

Official exchange was no longer to be provided for a long list of imports.

## ITALY

### *Date of Introduction*

September 29, 1931. Revised September 19, 1949.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for some imports from certain countries and for most imports from all other countries, and through licenses required for non-trade payments; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange in U.S. dollars must be 50% surrendered, the remaining 50% must be used by holders for authorized payments or sold on the free market. Foreign exchange in other currencies must be entirely surrendered. Many exports require licenses.

### *Exchange Control Territory*

The Free Territory of Trieste and Italian Somaliland are included in the exchange control territory of Italy.

### *Exchange Rates*

No par value for the Italian Lira. There are fluctuating market rates for the U.S. dollar. Rates for other currencies are determined on the basis of the average of the closing free market rates for the U.S. dollar on the Rome and Milan exchanges. All import transactions in U.S. dollars are conducted at the free market rate. The proceeds of exports in dollars are 50% surrendered and 50% credited to exchange accounts negotiable at the free market rate. Due to the daily fixing of the official rate and the stability of the free rate, effective rates for export and import transactions are practically identical. During 1950 the rate for the U.S. dollar remained between Lit 624 and Lit 625 per U.S. dollar. Rates for most other currencies are fixed on the basis of their official U.S. dollar rates and the official U.S. dollar rate in Italy.

### *Exchange Payments*

U.S. dollars are acquired on the free market, while foreign exchange in other currencies is acquired at the official rate (calculated on the basis of the U.S. dollar rate).

*Imports.*—Some imports from EPU countries and their associated territories<sup>1</sup> and most imports from all other countries require import

<sup>1</sup> These countries are listed as: Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Trieste, Turkey, United Kingdom, Western Germany, and their overseas territories.

licenses. All other imports are free of license. Exchange is automatically granted for authorized imports.

*Invisibles.*—Payments abroad require licenses. Foreign exchange is freely granted for expenses incidental to trade transactions. Persons travelling abroad may take with them a maximum of Lit 30,000 in Italian banknotes in denominations not exceeding Lit 1,000. Tourists travelling to OEEC countries may freely obtain exchange to the value of Lit 130,000 per person per year. Favorable treatment is accorded to earnings on investments in Italy made in freely transferable Swiss francs and in U.S. dollars.

*Capital.*—Transfers of capital require approval. Transfers of foreign capital originally invested in Swiss francs and U.S. dollars, on or after April 7, 1948, may be made as follows: (1) earnings are freely transferable in the currency originally surrendered, provided that the rate of earnings does not exceed the legal rate by 1%; (2) proceeds from the liquidation of such investments may be freely transferred within the limit of the value of the capital invested, provided that such a transfer is effected after two years from the date of investment, and for each succeeding period of two years does not exceed 50% of the value of the original investment; (3) proceeds of liquidation of capital goods purchased abroad with Swiss francs and U.S. dollars may be freely transferred under the same conditions as above after five years. Amounts which may not be transferred because they exceed the above-mentioned limits are credited to special accounts.

### ***Exchange Receipts***

Exchange receipts in U.S. dollars must be 50% surrendered, while the remaining 50% must be used by holders for authorized payments or sold on the free market. All other exchange receipts must be entirely surrendered.

*Exports.*—Many exports require licenses.

*Invisibles.*—Persons may not bring in Italian banknotes of a denomination exceeding Lit 1,000.

*Capital.*—The investment of foreign capital requires approval. Investments made in freely transferable Swiss francs and in U.S. dollars are accorded preferential treatment.

### ***Changes during 1950***

#### *April 1*

The Trust Territory of Italian Somaliland became part of the exchange control territory of Italy.

*May 31*

All restrictions on the import by travellers of Italian banknotes, provided their denomination is not higher than Lit 1,000, were removed.

*October 21*

According to a new payments agreement concluded with Switzerland, the rate for the Swiss franc was determined on the basis of the average of the closing free market rates on the exchanges in Rome and Milan for the U.S. dollar and the parity of the U.S. dollar in Switzerland calculated on the basis of the Swiss National Bank's official price for the sale of gold.



## LEBANON

### *Date of Introduction*

December 3, 1939. Last major revision September 26, 1949.

### *Nature of Restrictive System*

Restrictions are exercised through a multiple currency practice resulting from the use of a free market, and through licenses required for a few imports. Foreign exchange from invisibles, if sold, must be partially surrendered at the official rate. A multiple currency practice results on the buying side from the application of different effective rates. A few exports require licenses.

### *Exchange Rates*

Par value: Lebanese Pounds 2.19148 = US\$ 1. Official rates: buying LL 2.19, selling LL 2.21 per US\$ 1. The official rates and a free market rate yield various effective rates (see Table of Exchange Rates below).

### *Exchange Payments*

*Imports.*—All imports require licenses which are restrictively applied only to a few commodities of a type produced locally. Imports are effected through the free market, currently at LL 3.69 per U.S. dollar, or with the importer's own exchange.

*Invisibles.*—Payments abroad may be freely effected, but the remitter must provide his own exchange or purchase it in the free market.

*Capital.*—Transfers of capital abroad may be freely effected, but the remitter must provide his own exchange or purchase it in the free market.

### *Exchange Receipts*

*Exports.*—A few exports require licenses. Exchange proceeds are freely disposable.

*Invisibles.*—Exchange receipts from invisibles in specified currencies<sup>1</sup> may be retained and used, but if sold, 10% must be surrendered at the LL 2.19 rate, and the remainder may be sold in the free market. Companies operating under special contract must sell at the LL 2.19 rate 80% of the specified currencies to be sold, and the remainder may be sold in the free market. Exchange receipts in other currencies are freely disposable.

<sup>1</sup> These currencies are listed as: Belgian francs, Canadian dollars, Egyptian pounds, Iraqi dinars, Swiss francs, pounds sterling and United States dollars.

*Capital.*—Exchange receipts from capital in the specified currencies may be retained and used, but if sold, 10% must be surrendered at the LL 2.19 rate and the remainder may be sold in the free market. Exchange receipts in other currencies are freely disposable.

### **Table of Exchange Rates**

*(Lebanese Pounds per U.S. Dollar)*

<i>Buying</i>		<i>Selling</i>	
2.19	.....	2.21	Government payments.
2.490 (80% at the LL 2.19 rate and 20% at the Free Market Rate)	Sales of specified currencies by companies operating under contract.		
3.540 (10% at the LL 2.19 rate and 90% at the Free Market Rate)	Invisibles and capital in specified currencies. Capital in specified currencies.		
3.69 (Fluctuating Free Market Rate)	All exports. Invisibles and capital in non-specified currencies.	3.69 (Fluctuating Free Market Rate)	All other payments.

### **Changes during 1950**

#### *March 14*

The customs union with Syria was terminated.

#### *November 7*

Non-residents were permitted to open and maintain free accounts without prior authorization. The transformation of non-resident accounts opened before November 7, 1950, into free accounts was made subject to prior authorization.

## NETHERLANDS

### *Date of Introduction*

May 10, 1940. Last major revision October 20, 1945.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for some imports from certain countries and for most imports from all other countries, and through licenses required for non-trade payments; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange, with certain exceptions, must be surrendered. Many exports require licenses.

### *Exchange Rates*

Par value: Netherlands Guilders 3.80 = US\$ 1. Official rates: buying f 3.795, selling f 3.805 per US\$ 1.

### *Exchange Control Territory*

The Netherlands, its overseas territories and the Republic of Indonesia constitute an exchange control territory, the "Netherlands Monetary Area". Current payments between various territories of the Netherlands Monetary Area are effected through controlled accounts.

### *Exchange Payments*

*Imports.*—Some imports from EPU countries and their associated territories<sup>1</sup> and most imports from all other countries require import licenses. All other imports are free of license. Exchange is automatically granted for authorized imports.

*Invisibles.*—Payments abroad require licenses. Foreign exchange is freely granted for expenses incidental to trade transactions. Other exchange payments are effected either in accordance with general licenses by which exchange for certain purposes is freely granted up to certain limits in specified currencies, or with individual licenses. Residents travelling abroad may take with them a maximum of f 50 in Netherlands banknotes which must be reimported. In addition, residents travelling to EPU countries and Finland are granted the counter-value in the appropriate currency of f 400 per year. Non-residents may take with them a maximum of f 100 in Netherlands banknotes.

<sup>1</sup> These countries are listed as: Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, Norway, Portugal, Sweden, Switzerland, Trieste, Turkey, United Kingdom, Western Germany, and their overseas territories.

*Capital.*—Transfers on capital account are approved only in exceptional cases. Foreign capital invested after November 1, 1950, in manufacturing enterprises in the Netherlands can be repatriated after three years.

### **Exchange Receipts**

*Exports.*—All exports require licenses mainly for the purpose of insuring the surrender of exchange receipts in the appropriate currency. Foreign exchange from exports must be surrendered, but 10% of export proceeds in Canadian and U.S. dollars may be retained and utilized by exporters for authorized payments.

*Invisibles.*—Exchange receipts from invisibles must be surrendered. Shipping companies can keep accounts in foreign exchange abroad for operating purposes. Non-residents may bring in a maximum of f 100 in Netherlands banknotes and any amount of foreign banknotes, which may be sold only to an authorized bank.

*Capital.*—The investment of foreign capital requires approval. A guarantee of repatriation after three years is provided for foreign capital invested after November 1, 1950, in manufacturing enterprises in the Netherlands. Exchange receipts from capital must be surrendered.

### **Foreign Banknotes**

Authorized banks in the Netherlands are permitted to purchase, from persons coming from abroad, foreign banknotes other than United States and Swiss banknotes at rates not exceeding official ceiling rates. They are authorized to sell them to travellers going abroad. United States and Swiss banknotes are only purchased at official rates.

### **Changes during 1950**

#### *November 1*

Foreign capital invested in manufacturing enterprises in the Netherlands could be repatriated after three years if made with funds brought into the Netherlands.

## NICARAGUA

### *Date of Introduction*

November 13, 1931. Last major revision November 9, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through licenses for non-trade payments, and through multiple currency practices consisting of exchange taxes. Foreign exchange, with certain exceptions, must be surrendered. All exports require licenses.

### *Exchange Rates*

Par value: Cordobas 5 = US\$ 1. Basic official rates: buying and selling at the par value. Other buying and selling rates and the use of surcharges yield various effective rates (see Table of Exchange Rates below). Transactions in foreign notes and coins, mainly U.S. dollar notes, result in a free market rate; such foreign notes may not be exported.

### *Exchange Payments*

*Imports.*—All imports require licenses which are freely granted if the importer deposits in cordobas 100% of the value involved. Licenses are granted to foreign-owned companies for imports authorized in their contracts, but such imports must be paid for with their own exchange. Government imports within specified limits are effected at the C\$ 5 rate, and essential imports are effected at the C\$ 7 rate. Semi-essential and non-essential imports are subject to surcharges of C\$ 1 and C\$ 3 respectively on the C\$ 7 rate, yielding effective rates of C\$ 8 and C\$ 10 per U.S. dollar.

*Invisibles.*—Payments abroad require licenses. Certain government payments, such as for debt service and diplomatic expenses, are made at the C\$ 5 rate. Payments for most other invisibles are effected at the C\$ 10 rate. A few specified invisibles, such as students' expenses and insurance premiums, are effected at the C\$ 7 rate.

*Capital.*—Transfers of capital require approval, except that foreign-owned companies may transfer their capital and earnings as stipulated by their respective contracts. Transfers of registered capital may be effected at the C\$ 7 rate and are limited to a maximum of 10% annually of the investment.

### *Exchange Receipts*

*Exports.*—Exports require licenses which are usually granted if the exporter agrees to surrender the exchange proceeds at the C\$ 6.60 rate (20% at C\$ 5 rate and 80% at C\$ 7 rate). Foreign-owned companies

must surrender export proceeds at the C\$ 6.60 rate to the extent of their local currency requirements.

*Invisibles.*—Exchange receipts from invisibles other than foreign banknotes and coins must be surrendered at the C\$ 6.60 rate. Foreign banknotes and coins may be sold in the free market.

*Capital.*—Exchange receipts from capital, other than foreign banknotes and coins, must be surrendered at the C\$ 6.60 rate. The investment or re-investment of capital by foreign-owned companies operating under special contracts is made according to the terms of the contract.

### Table of Exchange Rates

(Cordobas per U.S. Dollar)

<i>Buying</i>		<i>Selling</i>	
5.00	.....	5.00	Specified government payments.
6.60 (20% at C\$ 5 rate and 80% at C\$ 7 rate)	All incoming exchange, except foreign notes and coins.		
7.00	.....	7.00	Essential imports. Students' expenses. Insurance premiums. Registered capital.
7.52 (Fluctuating Free Market Rate)	Foreign notes and coins.	7.52 (Fluctuating Free Market Rate)	Foreign notes and coins.
		8.00 (C\$ 7 rate plus C\$ 1 surcharge)	Semi-essential imports.
		10.00 (C\$ 7 rate plus C\$ 3 surcharge)	Non-essential imports. Other invisibles.

*Note:* The C\$ 6.60 rate is not the effective rate for coffee exports, which are subject to an export tax of US\$ 3 per quintal, payable in foreign exchange. An additional 25% ad valorem tax is applied on the excess when the price rises above US\$ 50 per quintal.

*Note:* An ad valorem tax of 5% is applied to all imports.

### ***Changes during 1950***

#### ***July 12***

The allocation of exchange at the official rate for imports was suspended. Imports had to be paid for with exchange derived from "Certificates of availability" and compensation operations, or were to be entered as capital investments.

#### ***November 9***

The compensation and certificate practices and the system of individual import quotas were eliminated. The use of the basic official rate of C\$ 5 per U.S. dollar was limited to payments for government imports within certain limits and for government payments for debt service and diplomatic expenses. An effective buying rate of C\$ 6.60 per U.S. dollar (20% at C\$ 5 rate and 80% at C\$ 7 rate) was established for exports and other receipts. An official selling rate of C\$ 7 per U.S. dollar was established for import transactions and other payments. Surcharges of C\$ 1 and C\$ 3 per U.S. dollar were placed on imports of semi-essential and non-essential imports respectively, and the C\$ 3 surcharge was applied to most invisibles. Advance deposits in local currency of 100% of the import value were required for all imports. Export licenses were required, to insure the surrender of exchange proceeds of exports. A tax of US\$ 3 per quintal, payable in foreign exchange, was placed on coffee exports, with an additional 25% ad valorem tax applicable on the excess when the price rises above US\$ 50 per quintal. Provisions were made for the registration of incoming capital, and amortization of foreign capital was limited to a maximum of 10% annually of the investment.

## NORWAY

### *Date of Introduction*

May 18, 1940. Revised November 10, 1944, and July 19, 1946. A new law embodying previous regulations was issued July 14, 1950, but has not yet been implemented.

### *Nature of Restrictive System<sup>1</sup>*

Restrictions are exercised through licenses required for some imports from certain countries and for most imports from all other countries, and through licenses required for non-trade payments; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange must be surrendered. Exports require licenses.

### *Exchange Rates*

Par value: Norwegian Kroner 7.14286 = US\$ 1. Official rates: buying NKr 7.135, selling NKr 7.150 per US\$ 1.

### *Exchange Payments*

*Imports.*—Some imports from EPU countries and their associated territories<sup>1</sup> and most imports from all other countries require import licenses. Exchange is automatically granted for authorized imports.

*Invisibles.*—Payments abroad require licenses. Foreign exchange is freely granted for expenses incidental to trade transactions and for most interest and dividend payments due to non-residents. Exchange for certain purposes is freely granted up to certain limits in specified currencies. Persons travelling abroad may take with them a maximum of NKr 50 in Norwegian banknotes. In addition, residents travelling to EPU countries are freely granted certain amounts in the appropriate currencies.

*Capital.*—Transfers of capital require approval. Transfers of certain capital assets on a compensatory basis to specified countries with which special agreements are in effect are freely authorized.

### *Exchange Receipts*

*Exports.*—Exports require licenses. Foreign exchange from exports must be surrendered.

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<sup>1</sup>These countries are listed as: Austria, Belgium, Denmark, France, Greece, Italy, Luxembourg, Netherlands, Portugal, Sweden, Switzerland, Trieste, Turkey, Western Germany, their overseas territories, and the Sterling Area.



*Invisibles.*—Exchange receipts from invisibles must be surrendered. Shipping and insurance companies can keep accounts in foreign exchange abroad for operating purposes. Persons may bring in a maximum of NKr 50 in Norwegian banknotes.

*Capital.*—The investment of foreign capital requires approval which is usually granted. Exchange receipts from capital must be surrendered.

### ***Changes during 1950***

#### *March 24*

The basic twelve-month exchange allowance for tourists travelling in Denmark was reduced from NKr 500 to NKr 325.

#### *July 14*

A new law embodying previous regulations was issued.

#### *August 10*

Belgium and Western Germany were added to the list of countries to which import liberalization measures applied.

#### *October 2*

A basic twelve-month exchange allowance for tourists of NKr 300 was made available for residents travelling in any country in the European Payments Union, except Switzerland.

#### *November 6*

Switzerland was added to the list of countries to which import liberalization measures applied and in which the twelve-month exchange allowance for tourists was available.

## PAKISTAN

### *Date of Introduction*

September 3, 1939.

### *Nature of Restrictive System*

Restrictions are exercised through licenses for most imports from certain countries and for some imports from all other countries, and through licenses required for non-trade payments. Exchange is granted for imports and for non-trade payments authorized by these licenses. Exchange receipts must in general be surrendered. Some exports require licenses.

### *Exchange Rates*

No par value for the Pakistan Rupee. Official rates: buying P Rs 3.30, selling P Rs 3.32 per US\$ 1.

### *Exchange Payments*

Payments to residents of countries outside Pakistan must be effected either in the foreign exchange appropriate to the country of the recipient or by crediting the appropriate sterling or rupee account of a non-resident.

*Imports.*—Many imports from “soft currency” countries<sup>1</sup> (excluding India, owing to the exchange rate difficulty) are free of license. Some essential items can also be imported from other countries (except India) free of license. All other imports require import licenses. Exchange is automatically granted for authorized imports.

*Invisibles.*—Payments abroad require licenses. Foreign exchange is freely granted for expenses incidental to trade transactions, and for transfers abroad of dividends and other earnings due to non-residents. Foreign exchange for other payments is granted up to specified limits. Residents travelling to certain countries are freely granted certain amounts in the appropriate currencies.

*Capital.*—Transfers of capital require approval.

### *Exchange Receipts*

*Exports.*—Export of certain essential items, particularly to “soft currency” countries, requires licenses. The exchange proceeds of all

<sup>1</sup> These countries are listed as: all countries other than Bolivia, Canada, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Japan, Mexico, Nicaragua, Panama, Philippine Republic, United States and possessions, and Venezuela.

exports to countries outside Pakistan (other than India) must be received in sterling or rupees appropriate to the country of destination or in appropriate foreign exchange, which must be surrendered. Payment for exports to India (other than commodities covered by special exemption) must be received either in Indian rupees or Pakistan rupees from an appropriate account.

*Invisibles.*—Exchange receipts from invisibles in Philippine pesos and U.S. dollars must be surrendered. Other exchange may in certain circumstances be retained, but its disposal requires a license. The receipt of remittances from Sterling Area countries exceeding Rs 14,000 or the equivalent requires prior approval.

*Capital.*—Investments by persons residing outside Pakistan must be made in foreign exchange appropriate to their country or in sterling or rupees from an appropriate account. Remittances from Sterling Area territories exceeding Rs 14,000 or the equivalent require prior approval. Exchange receipts from capital in Philippine pesos and U.S. dollars must be surrendered. Other exchange may in certain circumstances be retained, but its disposal requires a license.

### ***Changes during 1950***

#### ***February 21***

The general prohibition on imports from South Africa was lifted.

#### ***July 1***

The range of commodities which could be imported free of license from "soft currency" countries was extended. Some essential items from "hard currency" countries were also added to the Open General License list.

#### ***October 7***

Western Germany was removed from the list of "hard currency" countries.

#### ***November 14***

Switzerland and Liechtenstein were removed from the list of "hard currency" countries.

\* \* \*

*Note:* On March 19, 1951, the initial par value of the Pakistan Rupee was established with the Fund as follows:

Pakistan Rupees 3.30852 = US\$ 1.

## PARAGUAY

### *Date of Introduction*

June 28, 1932. Last major revision April 11, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for both imports and non-trade payments, and through penalty selling rates to which exchange taxes are applied. Foreign exchange must be surrendered. Multiple currency practices result on the buying side from the application of different exchange rates and export taxes. A few exports require licenses.

### *Exchange Rates*

Par value: Guaranies 3.09 = US\$ 1. Basic rates: buying G 3.059, selling G 3.121 per US\$ 1. Other buying and selling rates have been established and various exchange taxes are applied (see Table of Exchange Rates below).

### *Exchange Payments*

*Imports.*—Imports require import and exchange licenses which are issued in combined form. Imports are classified into four categories, for purposes of exchange allocation, taxes and advance deposit requirement, as follows:

Category I—Covering essential imports, such as wheat, fuel and pharmaceuticals, which receive exchange at the G 3.121 rate, and require an advance deposit of 10% of the value of the imports.

Category II—Covering raw materials and machinery, which receive exchange at the G 4.9821 rate plus 2% tax, and require an advance deposit of 15% of the value of the imports.

Category III—Covering various consumer goods, which receive exchange at the G 6.0821 rate plus 5% tax, and require an advance deposit of 20% of the value of the imports.

Category IV—Covering non-essential and luxury imports, which receive exchange at the G 8.0521 rate plus 10% tax, and require an advance deposit of 25% of the value of the imports.

Imports by foreign companies which have concessions are effected at the rates applied to corresponding categories and are not subject to the exchange taxes. Government imports of merchandise in Categories II, III and IV are effected at the G 4.9821 rate and are not subject to the exchange taxes.

*Invisibles.*—Payments abroad require licenses, and are effected at the G 8.0521 rate. Government payments are effected at the G 3.121 rate. A 10% exchange tax on payments for personal travel and family maintenance yields an effective rate of G 8.85732 per U.S. dollar.

*Capital.*—Transfers of capital require approval and are effected at the G 8.0521 rate.

### ***Exchange Receipts***

*Exports.*—A few goods in short supply require export licenses. All export proceeds must be surrendered at specified rates. Proceeds of basic exports such as wood, quebracho extract, hides, cotton and meat products must be surrendered at the G 4.92 rate. Proceeds of miscellaneous exports such as petitgrain oil, vegetable oils and sawn lumber must be surrendered at the G 6.02 rate. Proceeds of favored exports such as essential oils other than petitgrain oil, tobacco, castor oil, and sorghum must be surrendered at the G 7.99 rate. Export taxes are applied at various rates to the exchange proceeds of most exports.

*Invisibles.*—Exchange receipts from invisibles must be surrendered at the G 7.99 rate. Certain government receipts are converted at the G 3.059 rate.

*Capital.*—Exchange receipts from capital must be surrendered at the G 7.99 rate.

**Table of Exchange Rates***(Guaranies per U.S. Dollar)*

	<i>Buying</i>		<i>Selling</i>
3.059	Certain government receipts.	3.121	Government non-trade payments. Category I imports.
4.92	Basic exports (wood, quebracho extract, hides, cotton and meat).	4.9821	Category II, III and IV imports by government. Category II imports by foreign concessions.
		5.0817 (G 4.9821 rate plus 2% tax)	Other Category II imports.
6.02	Miscellaneous exports (petitgrain oil, vegetable oils and sawn lumber).	6.0821	Category III imports by foreign concessions.
		6.386205 (G 6.0821 rate plus 5% tax)	Other Category III imports.
7.99	Favored exports (essential oils, tobacco, castor oil, sorghum). Invisibles and capital.	8.0521	Category IV imports by foreign concessions. Invisibles other than at G8.85732 rate. Capital.
		8.85732 (G 8.0521 rate plus 10% tax)	Other Category IV imports. Personal travel. Family maintenance.

*Note:* The above rates for exports are not the effective rates. The effective rates for export proceeds depend on the different rates of export taxes (up to 15% deducted from the exchange proceeds of most exports).

**Changes during 1950***March 13*

A few favored exports, such as tobacco and castor oil, were shifted from the G 6.02 buying rate to the G 7.99 rate.

*April 11*

Exchange taxes were applied to three of the four import categories as follows: Category II, 2%; Category III, 5%; Category IV, 10%—

yielding effective selling rates of G 5.0817, G 6.386205 and G 8.85732 per U.S. dollar respectively. Payments for personal travel and family maintenance were also taxed 10%. Purchases abroad by the government and by foreign companies having concessions were exempted from the taxing arrangements.

*August 16*

Importers were required to deposit in local currency, upon issuance of the exchange contract, the following percentages of the amount involved corresponding to the category of import: Category I, 10%; Category II, 15%; Category III, 20%; Category IV, 25%.

## PERU

### *Date of Introduction*

January 23, 1945. Last major revision November 11, 1949.

### *Nature of Restrictive System*

Restrictions are exercised through import prohibitions, and multiple currency practices which result from the application of an exchange certificate market for trade transactions and a free market for non-trade transactions. Foreign exchange from all exports must be converted into exchange certificates. All exports require licenses.

### *Exchange Rates*

The initial par value of the Peruvian Sol was established on December 18, 1946. In November 1949, Peru introduced a new exchange system, but no agreement on a new par value has been reached. The exchange certificate and free markets yield fluctuating rates (see Table of Exchange Rates below).

### *Exchange Payments*

*Imports.*—Imports included in an authorized list of permissible imports or payable in a currency that has been declared surplus (pounds sterling<sup>1</sup> and Argentine pesos) are freely permitted. All other imports are prohibited. Payments for imports are effected through the exchange certificate market in which the rate is currently S/o 14.95 per U.S. dollar, and are occasionally effected through the free market in which the rate is currently S/o 15.05 per U.S. dollar.

*Invisibles.*—Payments for expenses incidental to trade transactions and certain other invisibles may be effected at the exchange certificate market rate. All other payments may be effected through the free market.

*Capital.*—Transfers of capital may be effected through the free market.

### *Exchange Receipts*

*Exports.*—All exports require licenses which are automatically granted if the exporter agrees to convert the exchange proceeds into

<sup>1</sup> Merchandise payable in pounds sterling may be imported from any country but the following: Belgium, Bolivia, Canada, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, French Somaliland, Western Germany, Guatemala, Haiti, Honduras, Hungary, Iceland, Italy, Japan, Lebanon, Mexico, Nicaragua, Panama, Paraguay, Philippine Republic, Portugal, Saudi Arabia, Switzerland, Syria, Tangier, United States, Uruguay and Venezuela.



exchange certificates denominated in terms of U.S. dollars and pounds sterling.

*Invisibles.*—Exchange receipts from invisibles may be sold in the free market.

*Capital.*—Exchange receipts from capital may be sold in the free market.

### **Table of Exchange Rates**

*(Soles per U.S. Dollar)*

	<i>Buying</i>		<i>Selling</i>
14.95 (Fluctuating Exchange Certificate Rate)	All exports.	14.95 (Fluctuating Exchange Certificate Rate)	Most imports. Certain invisibles.
15.05 (Fluctuating Free Market Rate)	Invisibles and capital.	15.05 (Fluctuating Free Market Rate)	Occasional imports. Other invisibles and capital.

### **Changes during 1950**

#### *March 22*

Goods payable in pounds sterling could only be imported from certain countries.

#### *July 19*

The Argentine peso was declared a surplus currency which could be used for the importation of otherwise prohibited merchandise.

#### *November 22*

The list of permissible imports was extended.

## PHILIPPINE REPUBLIC

### *Date of Introduction*

December 9, 1949. Last major revision May 22, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through licenses granted up to the limits of individual import quotas, and through licenses required for non-trade payments. Foreign exchange must be surrendered. All exports require licenses.

### *Exchange Rates*

Par value: Philippine Pesos 2 = US\$ 1. Official rates: buying P. 2.00375, selling P 2.015 per US\$ 1. These rates represent the official minimum buying and maximum selling rates for commercial banks applied to telegraphic transfers of US\$ 500 and over.

### *Exchange Payments*

*Imports.*—All imports require import licenses which are issued up to the limits of individual quotas computed on the basis of previous imports, essentiality of goods, and other criteria. The licensing of certain imports such as raw materials and drugs is on a non-quota basis. Exchange is automatically granted for authorized imports.

*Invisibles.*—Payments abroad require licenses. Persons travelling abroad may take with them a maximum of P 100 in Philippine banknotes. Exchange for education abroad is granted only for specialized courses.

*Capital.*—Transfers of capital require approval. Payments of earnings and amortization on foreign capital are freely permitted up to 30% per annum of the capital investment as of December 31, 1949, plus 10% of profits after taxes, or 10% of capital stock.

### *Exchange Receipts*

*Exports.*—All exports require licenses which are granted automatically if the exporter agrees to surrender the exchange proceeds. The proceeds of all exports must be obtained in U.S. dollars and surrendered.

*Invisibles.*—Exchange receipts from invisibles must be surrendered. Persons may bring in a maximum of P 100 in Philippine banknotes.

*Capital.*—Licenses are required for the disposal of capital held abroad by residents and for incurring new liabilities to non-residents. Exchange receipts from capital must be surrendered.

### ***Changes during 1950***

#### ***April 4***

The unrestricted remittance of amounts up to US\$ 50 was terminated.

#### ***May 2***

Licenses for remittances except in payment of imports were conditioned upon certification of exchange availability.

#### ***May 16***

Official buying and selling rates were changed from P 2.005 and P 2.01375 to P 2.00375 and P 2.015 per US\$ 1 respectively. (These rates represent the official minimum buying and official maximum selling rates for commercial banks applied to telegraphic transfers of US\$ 500 and over.)

#### ***May 22***

All imports were made subject to import licensing, with exchange being granted automatically for authorized imports. Import licenses for most commodities were to continue to be granted on the basis of individual import quotas. Non-quota imports were permitted for such commodities as raw materials and essential machinery. For the purpose of determining the curtailment of quota allocations, imports were classified into four categories: prime, essential, non-essential and luxury.

#### ***July 15***

Various drug and chemical imports were placed on a non-quota basis. Exchange allocations for education abroad was limited to highly specialized and technical courses.

#### ***August 3***

Payments of earnings and amortization on foreign capital up to 30% per annum of capital investments in the Philippines as of December 31, 1949, were permitted, in addition to 10% of net profits after taxes or 10% of capital stock.

#### ***October 26***

The import and export of Philippine notes and coins were prohibited, except that travellers could take with them a maximum of P 100.

#### ***December 27***

Certain essential commodities were declared in short supply and quota limitations on their importation were removed.

#### ***December 29***

Remittances to territories occupied by the Peoples Republic of China or to residents of territories occupied by that government were prohibited.

## SYRIA

### *Date of Introduction*

December 3, 1939. Last major revision September 26, 1949.

### *Nature of Restrictive System*

Restrictions are exercised through a multiple currency practice resulting from the use of a free market, and through licenses required for imports. Foreign exchange from invisibles, if sold, must be partially surrendered at the official rate. A multiple currency practice results on the buying side from the application of different effective rates. Exchange receipts from certain exports are freely disposable. Exchange receipts from some other exports can be returned to the country and recorded with an approved bank as "exportation exchange". Some restrictions are applied to the transfer abroad of said "exportation exchange". Non-prohibited exports are free of license.

### *Exchange Rates*

Par value: Syrian Pounds 2.19148 = US\$ 1. Official rates: buying LS 2.19, selling LS 2.21 per US\$ 1. The "exportation exchange" and a free market yield various effective rates (see Table of Exchange Rates below).

### *Exchange Payments*

*Imports.*—All imports require licenses. Imports are effected through the "exportation exchange" or the free market rate, the latter being currently at LS 3.60 per U.S. dollar, the rate for "exportation exchange" being slightly lower.

*Invisibles.*—Payments abroad may be freely effected but the remitter must provide his own exchange or purchase it in the free market. However, to effect such payments with "exportation exchange", an exchange license is required, which may be given in a few specific cases. Persons travelling abroad may take with them a maximum of LS 50 in Syrian banknotes.

*Capital.*—Transfers of capital abroad may be freely effected but the remitter must provide his own exchange or purchase it in the free market.

### *Exchange Receipts*

*Exports.*—A few exports essential to the domestic economy are prohibited. All other exports are free of license. Exchange proceeds from the principal exports can be recorded with an approved bank in Syria in a specified currency<sup>1</sup> as "exportation exchange" which is freely dis-

<sup>1</sup> The specified currencies are Belgian francs, Egyptian pounds, French francs, pounds sterling, Swiss francs and U.S. dollars.

posable within Syria; its transfer abroad is free for payments for licensed imports, but if such transfer is to be effected for other transactions, a license, which is given in a few specific cases, is required.

*Invisibles.*—Exchange receipts from invisibles in specified currencies may be retained and used, but, if sold, 10% must be surrendered at the LS 2.19 rate and the remainder may be sold in the free market. Persons may bring in a maximum of LS 50 in Syrian banknotes. Companies operating under special contract must sell at the LS 2.19 rate 80% of the specified currencies to be sold, and the remainder may be sold in the free market. Exchange receipts in other currencies are freely disposable.

*Capital.*—Exchange receipts from capital in the specified currencies may be retained and used, but, if sold, 10% must be surrendered at the LS 2.19 rate, and the remainder may be sold in the free market. Exchange receipts in other currencies are freely disposable.

### Table of Exchange Rates

(Syrian Pounds per U.S. Dollar)

<i>Buying</i>		<i>Selling</i>	
2.19	.....	2.21	Government payments.
2.468 (80% at the LS 2.19 rate and 20% at the Free Market Rate)	Sales of specified currencies by companies operating under contract.		
3.441 (10% at the LS 2.19 rate and 90% at the Free Market Rate)	Invisibles and capital in specified currencies.		
3.56 <sup>1</sup> (Fluctuating "Exportation Exchange" Rate)	Exports requiring the remittance of "exportation exchange".	3.58 <sup>1</sup> (Fluctuating "Exportation Exchange" Rate)	Imports with license.
3.58 <sup>1</sup> (Fluctuating Free Market Rate)	All other exports. Invisibles and capital in non-specified currencies.	3.60 <sup>1</sup> (Fluctuating Free Market Rate)	All other payments.

<sup>1</sup> As of December 31, 1950.

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***Changes during 1950******March 14***

The customs union with Lebanon was terminated, and restrictions on imports from Lebanon were introduced.

***April 1***

Persons travelling in or out of Syria were permitted to carry no more than LS 50 in Syrian banknotes.

***May 2***

Export licensing was abolished.

***July 25***

Iraqi dinars were removed from the list of currencies specified for the purpose of surrender requirements.

***December 27***

Restrictions on imports from Lebanon were removed. Regulations applying to imports from other countries were applied to imports from Lebanon.

## THAILAND

### *Date of Introduction*

January 27, 1942. Revised in 1948.

### *Nature of Restrictive System*

Restrictions are exercised through multiple currency practices resulting from the use of a free market rate and a penalty selling rate, and through licenses required for a few goods. The foreign exchange proceeds of the principal exports must be surrendered in varying proportions. Multiple currency practices result on the buying side from the application of different effective rates and a free market rate. A few exports require licenses.

### *Exchange Rates*

No par value for the Baht. Official rates: buying baht 12.45, selling baht 12.55 per US\$ 1. The surrender of various proportions of exchange and the free market yield various effective rates (see Table of Exchange Rates below).

### *Exchange Payments*

*Imports.*—Import licenses are required for only a few goods. Most government imports and fuel oil imports are effected at the baht 12.55 rate. Most imports from Japan require import licenses and are effected at the baht 20.20 rate. Payments for other imports are made through the free market, which is currently at a rate of baht 21.34 per U.S. dollar.

*Invisibles.*—Remittances for students are effected at the baht 12.55 rate. Foreign exchange for other purposes is obtained in the free market.

*Capital.*—Foreign exchange for transfers of capital is obtained in the free market.

### *Exchange Receipts*

*Exports.*—Export licenses are required for the principal export commodities and for all exports to Japan. Exporters of rice must surrender 100%, of tin 40%, and of rubber 20% of the export proceeds at the baht 12.45 rate; the remainder may be sold in the free market. The proceeds of all other exports may be sold in the free market, except for those to Japan, which are effected at a special baht 19.80 rate.

*Invisibles.*—Exchange receipts from individuals may be sold in the free market.

*Capital.*—Exchange receipts of capital may be sold in the free market.

**Table of Exchange Rates***(Baht per U.S. Dollar)*

	<i>Buying</i>		<i>Selling</i>
12.45	Rice exports.	12.55	Most government payments. Imports of fuel oils. Student remittances.
17.748 (40% at the baht 12.45 rate and 60% at the Free Market Rate)	Tin exports.		
19.80	Exports to Japan, except rice, tin and rubber.	20.20	Imports from Japan, except government imports.
19.514 (20% at the baht 12.45 rate and 80% at the Free Market Rate)	Rubber exports.		
21.34 (Fluctuating Free Market Rate)	Other exports. Invisibles and capital.	21.34 (Fluctuating Free Market Rate)	Other imports. Other invisibles and capital.

**Changes during 1950***January 1*

The government tobacco monopoly was no longer granted official exchange for its imports, except for machinery and spare parts.

*January 24*

The surrender requirement of 50% of exchange proceeds of tin exports was lowered to 40%, effective December 12, 1949.

*June 27*

The requirement of an import license was removed for many items, leaving mainly the following goods under license: motor cars (excluding trucks and busses), motorcycles and varnishes.

*July 1*

Petroleum products, other than fuel oils, were shifted from the official to the free market.

*August 7*

Private imports of books and periodicals were shifted from the official to the free market.



## TURKEY

### *Date of Introduction*

February 20, 1930. Last major revision September 1, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through the allocation of exchange to importers and through licenses required for payments not in respect of imports. Foreign exchange must be surrendered but the export proceeds of certain goods may be used to effect the import of certain other goods.

### *Exchange Rates*

Par value: Turkish Liras 2.80 = US\$ 1. Official rates: buying LT 2.80, selling LT 2.8252 per US\$ 1.

### *Exchange Payments*

*Imports.*—Some imports from EPU countries and their associated territories<sup>1</sup> and most imports from all other countries require the allocation of exchange. The import of certain goods may be made with the exchange proceeds of certain exports.

*Invisibles.*—Payments abroad require licenses. Persons travelling abroad may take with them a maximum of LT 100 in Turkish banknotes.

*Capital.*—Transfers of capital require approval. Non-resident assets in Turkey can be used for exports of specified commodities and for certain expenses in Turkey.

### *Exchange Receipts*

*Exports.*—With the exception of a few goods, exports are free of license. The proceeds of exports to countries with which Turkey has trade and payments agreements must be received through the corresponding agreement account. The proceeds of exports to other countries must be received in U.S. dollars or pounds sterling. Exchange proceeds must be surrendered, but the exchange proceeds of certain exports may be used to pay for certain imports.

*Invisibles.*—Exchange receipts from invisibles must be surrendered. Persons may bring in a maximum of LT 100 in Turkish banknotes.

<sup>1</sup> These countries are listed as: Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Trieste, United Kingdom, Western Germany, and their overseas territories.

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*Capital.*—The investment of foreign capital can be made freely. Capital invested in projects considered useful for the economic development of Turkey can obtain an official guarantee that the capital may be repatriated.

### ***Changes during 1950***

#### *August 10*

A decree was issued listing goods which could be imported and exported and the conditions attached. The proceeds of certain exports were allowed to be used to pay for certain specified imports.

#### *August 15*

The decree of August 10 became effective in respect of exports.

#### *September 1*

The decree of August 10 became effective in respect of imports.

## UNION OF SOUTH AFRICA

### *Date of Introduction*

September 9, 1939. Last major revision January 1, 1950.

### *Nature of Restrictive System*

Restrictions are exercised through import prohibitions, through licenses required for most non-prohibited imports, and through licenses required for non-trade payments to countries outside the Sterling Area; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange, other than Sterling Area currencies, must be surrendered. A few exports require licenses.

### *Exchange Control Territory*

There are no exchange or trade restrictions between the Union of South Africa and the Mandatory Territory of Southwest Africa, Basutoland, Swaziland, and the Bechuanaland Protectorate. These territories may be regarded as forming with the Union of South Africa a single exchange control territory.

### *Exchange Rates*

Par value: South African Pound 1 = US\$ 2.80. Official rates: buying US\$ 2.80125, selling US\$ 2.78375 per £SA 1.

### *Exchange Payments*

Payments to outside the Sterling Area must be effected either in the foreign exchange appropriate to the country of the recipient or by crediting the appropriate sterling account of a non-resident.

*Imports.*—The import of certain non-essential goods is prohibited. Most non-prohibited imports require import licenses, which are freely granted for certain essential items. For less essential goods, licenses to import from "soft currency" countries<sup>1</sup> are granted to importers up to the limit of quotas based on previous imports. A percentage of these licenses can be exchanged for licenses permitting a smaller amount of imports from any country. Certain industries receive global allocations of exchange for their imports. Certain items may be imported from "soft currency" countries free of license. Exchange is automatically granted for authorized imports.

<sup>1</sup> These countries are listed as: all countries other than Bolivia, Canada, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Philippine Republic, United States and possessions, and Venezuela.

*Invisibles.*—Payments to outside the Sterling Area require licenses which are freely granted for most invisibles. Non-sterling exchange for film royalties and travelling purposes is granted in limited amounts.

*Capital.*—Transfers of capital to outside the Sterling Area require approval. Foreign capital may be repatriated in the form in which it was originally provided. Capital transfers are authorized in limited amounts in cases of emigration to countries outside the Sterling Area.

### ***Exchange Receipts***

*Exports.*—Exports of a few goods in short supply require licenses. The exchange proceeds of all exports to outside the Sterling Area must be received (1) in appropriate foreign exchange or (2) in sterling from an account appropriate to the country of destination. All non-sterling exchange must be surrendered. Special conditions apply to the manner of payment for the export of diamonds.

*Invisibles.*—Exchange receipts from invisibles, other than Sterling Area currencies, must be surrendered.

*Capital.*—Most foreign exchange receipts, other than Sterling Area currencies, must be surrendered. Capital from outside the Sterling Area must be received (1) in appropriate foreign exchange or (2) in sterling from an account appropriate to the country of the remitter.

### ***Changes during 1950***

#### ***January 1***

Two types of import license were issued, one type ("Universal") for imports from any country and the other ("Restricted") for imports from "soft currency" countries only.

#### ***January 27***

A scheme was introduced by which a proportion of a "Restricted" license could be exchanged for a "Universal" license for a smaller amount.

#### ***March 8***

Certain items were made free of license if imported from "soft currency" countries.

#### ***August 1***

The Belgian Monetary Area was treated as a "soft currency" country.

#### ***November 1***

Switzerland was treated as a "soft currency" country.

## UNITED KINGDOM

### *Date of Introduction*

September 3, 1939.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for almost all imports from certain countries and for some imports from all other countries, and through licenses required for non-trade payments to outside the Sterling Area; exchange is granted for imports and non-trade payments authorized by these licenses. Foreign exchange in certain currencies must be surrendered.

### *Exchange Rates*

Par value: United Kingdom Pound 1 = US\$ 2.80. Official rates: buying US\$ 2.80125, selling US\$ 2.79875 per £ 1.

### *Exchange Payments*

Payments to outside the Sterling Area must be effected either in the foreign exchange appropriate to the country or by crediting the appropriate sterling account of a non-resident. Payments for invisibles on behalf of persons in other territories of the Sterling Area require approval of their local exchange control authorities.

*Imports.*—Apart from transactions on government account, almost all imports from certain countries<sup>1</sup> and some imports from all other countries require import licenses. All other imports are freely permitted. Exchange is automatically granted for authorized imports.

*Invisibles.*—Payments to outside the Sterling Area require licenses. Foreign exchange is freely granted for expenses incidental to trade transactions. Remittances for such purposes as charity, maintenance, and education are authorized in moderate amounts. Residents travelling to specified countries are freely granted certain amounts in the appropriate currencies. Payments for all invisibles to Scandinavia<sup>2</sup> are freely authorized. Not more than £5 in British banknotes may be taken out of the United Kingdom except by persons travelling direct to the Irish Republic. The transfer abroad of dividends, reasonable

<sup>1</sup> These countries are listed as: Albania, Argentina, Bolivia, Bulgaria, Canada, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, El Salvador, French Somaliland, Germany (Russian Zone), Guatemala, Haiti, Honduras, Hungary, Iran, Japan, Korea, Liberia, Mexico, Nicaragua, Panama, Philippines, Poland, Rumania, Tangier, United States of America, U.S.S.R., Venezuela and Yugoslavia.

<sup>2</sup> In the United Kingdom exchange control regulations, Scandinavia comprises: Denmark (including the Faroe Islands and Greenland), Norway and Sweden.

profits, and other current earnings due to non-residents is freely authorized, but the remittance of film royalties due to United States companies is limited by special agreement. Certain freedom in exchange operations is granted to specified commodity markets, e.g., rubber, coffee, tin and grain, and to the insurance market.

*Capital.*—Transfers of capital to outside the Sterling Area require approval. Foreign exchange is freely granted for repayments abroad in respect of matured capital obligations of non-residents. In other cases, the liquidation of proceeds of foreign capital can be used only for reinvestment in sterling securities not maturing earlier than ten years from the date of purchase. Capital transfers are authorized in limited amounts in cases of emigration to countries outside the Sterling Area. Special facilities permit residents of Scandinavia to have all capital proceeds due to them transferred to their respective countries.

### ***Exchange Receipts***

*Exports.*—The proceeds of all exports to outside the Sterling Area must be received (1) from a sterling account appropriate to the country of destination, or (2) in some cases, in appropriate foreign exchange. Exchange receipts in certain currencies must be surrendered.

*Invisibles.*—Exchange receipts from invisibles in certain currencies must be surrendered. Permission is given for foreign exchange to be retained on controlled accounts where it is required for operating purposes. Not more than £5 in British banknotes may be brought into the United Kingdom except by persons travelling direct from the Irish Republic.

*Capital.*—Exchange receipts from capital in certain currencies must be surrendered. Most foreign exchange receipts from securities can be used for reinvestment. Persons residing outside the Sterling Area making investments in the United Kingdom must provide appropriate foreign exchange or sterling from a non-resident account related to their country or monetary area. Capital directly invested after January 1, 1950, in projects approved by the Exchange Control Authorities may be repatriated at any time to the extent of the original investment and from the proceeds of that investment.

### ***Non-Resident Accounts***

The sterling accounts of non-residents, i.e., those resident outside the Sterling Area, are available for payments in the Sterling Area and for transfers to residents in the same country or monetary area as the account-holder. The extent of transferability of these accounts to

other non-residents varies according to the four groups described below. However, considerable transferability is achieved by granting licenses to effect payments outside the prescribed arrangements. Balances on American Accounts may be converted into U.S. dollars.

1. *American Accounts* (Bolivia, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Philippine Republic, United States and possessions, and Venezuela). Payments from these accounts may be freely made to any account related to countries in the American Account Area, the Transferable Account Area and in the Residual Group. Balances on American Accounts are freely convertible into U.S. dollars.
2. *Transferable Accounts* (Anglo-Egyptian Sudan, Chile, Czechoslovakia, Denmark, Egypt, Ethiopia, Finland, Iran, Italy, Netherlands Monetary Area, Norway, Poland, Spanish Monetary Area, Sweden, Thailand and U.S.S.R.). In addition to Transferable Accounts, there are other accounts related to countries in this area. Payments from *Transferable Accounts* may be freely made to any account related to the Transferable Account Area or Residual Group in respect of direct current transactions. Payments from *other accounts* of residents in the Transferable Account Area may be freely made to any account, including a Transferable Account, related to the same country or monetary area as the account-holder.
3. *Bilateral Accounts* (Argentina, Austria,<sup>1</sup> Belgian Monetary Area, Brazil, Bulgaria, Canada, China, Formosa, French Franc Area, French Somaliland, Greece,<sup>1</sup> Hungary, Israel, Japan, Lebanon, Paraguay, Peru, Portuguese Monetary Area, Rumania, Switzerland, Syria, Tangier, Turkey, Uruguay, Vatican City, Western Germany and Yugoslavia). Payments from these accounts (excluding China and Formosa to which certain restrictions have been applied exceptionally) may be freely made to any account related to the same country or monetary area as the account-holder.
4. *Residual Group* (All countries not in the above groups, including Afghanistan, Albania, Cyrenaica, Eritrea, Liberia, Saudi Arabia and Tripolitania). Payments from these accounts may be freely made to any account related to any country in this group.

<sup>1</sup> As from January 19, 1951, Austria and Greece became Transferable Account countries.

## ***Changes during 1950***

### ***January 10***

A system was introduced by which new capital investments by non-residents approved by the exchange control authorities can be repatriated at any time.

### ***February-March***

Restrictions on invisible and some capital transactions with the Scandinavian countries were relaxed.

### ***May 1***

The basic twelve-month tourist allowance of £50 already covering travel in most European countries was extended to include travel in Argentina, Brazil, Chile, Cyrenaica, Egypt, Ethiopia, Finland, Iran, Israel, Paraguay, Peru, Saudi Arabia, Italian Somaliland, Sudan, Trieste, Tripolitania, Uruguay and Yugoslavia.

### ***June 3***

Payments from the accounts of residents of Hong Kong were made subject to exchange control.

### ***July 1***

The Hashemite Kingdom of the Jordan was included in the list of Sterling Area territories.

### ***July 17***

Certain restrictions on invisible transactions with Belgium-Luxembourg were relaxed, and the Belgian Monetary Area was included in the category of countries from which a certain range of imports is freely permitted.

### ***September 4***

Non-residents were authorized to switch their Sterling Area securities into any other quoted Sterling Area securities not maturing earlier than 10 years from the date of purchase.

### ***September 26***

Western Germany was included in the category of countries from which a certain range of imports is freely permitted.

### ***October 10***

Uruguay was included in the category of countries from which a certain range of imports is freely permitted.

### ***October 16***

Publication of an official exchange rate for Canadian dollars ceased. Banks could now deal with customers and among themselves at market rates.



*November 1*

Switzerland and Liechtenstein were included in the category of countries from which a certain range of imports is freely permitted.

*November 14*

Certain restrictions on invisible transactions with Switzerland and Liechtenstein were relaxed.

*December 6*

Denmark was listed as a Transferable Account country.

The obligation on residents to surrender receipts of Scandinavian currencies was removed.

*December 18*

The basic twelve-month tourist allowance available in certain countries for the year ending April 30, 1951, was raised from £50 to £100.

*December 28*

The authority extended to authorized banks to convert sterling on Swiss Account into Swiss francs was withdrawn.

## URUGUAY

### *Date of Introduction*

May 1931. Last major revision October 6, 1949.

### *Nature of Restrictive System*

Restrictions are exercised through licenses for most imports, granted up to the limits of individual exchange quotas, through penalty selling rates and through the use of an exchange tax on some imports. Foreign exchange from exports must be surrendered. A multiple currency practice results on the buying side from the application of different exchange rates and a free market rate. All exports require licenses.

### *Exchange Rates*

No par value for the Uruguayan Peso. Three official buying and three official selling rates and a free market<sup>1</sup> have been established (see Table of Exchange Rates below).

### *Exchange Payments*

*Imports.*—Most imports require import licenses, which are issued up to the limits of individual exchange quotas computed on the basis of previous imports and other criteria. However, certain essential goods payable in U.S. dollars imported from specified countries<sup>2</sup> or payable in designated currencies<sup>3</sup> are free of license. Imports of newsprint, inks and cardboard matrices are effected at the P 1.519 rate. Essential imports are effected at the P 1.90 rate. Non-essential and luxury imports are effected at the P 2.45 rate. A temporary surcharge of P 0.80 per U.S. dollar on imports of automobiles and refrigerators yields an effective rate of P 3.25 per U.S. dollar.

*Invisibles.*—Government payments are made at the P 1.519 rate. Exchange for other invisibles must be obtained in the free market, currently at P 2.07 per U.S. dollar.

*Capital.*—Transfers of capital must be effected through the free market.

<sup>1</sup>The free market is identified as a "controlled free market" and a "parallel free market". Both markets have identical exchange rates and may be used for identical purposes. The "controlled free market" is operated by the banks and the "parallel free market" is operated by private dealers. The rate is supported from time to time by the Central Bank which intervenes through the "controlled free market".

<sup>2</sup>For this purpose, the countries listed are: Canada, Italy, Japan, Switzerland and the United States.

<sup>3</sup>These currencies are: Argentine pesos, Belgian francs, French francs, Netherlands florins, pounds sterling, Swedish kronor, and French-Uruguayan and German-Uruguayan "clearing" dollars.

**Exchange Receipts**

*Exports.*—All exports require licenses which are granted automatically if the exchange proceeds have been contractually sold in advance to an authorized bank, except that the export of essential goods in short supply may be prohibited. Proceeds of basic exports (meat, wool, linseed, dried and salted hides and skins, and wheat) must be surrendered at the P 1.519 rate. Export proceeds of bone oil, linseed oil, and packing house products must be surrendered at the P 1.78 rate. Export proceeds of woolen manufactures, pork, bricks, edible oils, and farm products must be surrendered at the P 2.35 rate. Exports of shoes and tanned and semi-tanned leather receive a premium of P 0.35 per U.S. dollar over the P 2.35 rate, yielding an effective rate of P 2.70 per U.S. dollar.

*Invisibles.*—Exchange receipts from invisibles may be sold in the free market.

*Capital.*—Exchange receipts from capital may be sold in the free market.

**Table of Exchange Rates***(Pesos per U.S. Dollar)*

	<i>Buying</i>		<i>Selling</i>
1.519	Basic exports (meat, wool, linseed, wheat, dried and salted skins).	1.519	Government payments. Newsprint, inks, cardboard matrix imports.
1.78	Exports of bone oil, linseed oil, packing house products, rice.	1.90	Essential imports.
2.07 <sup>1</sup> (Fluctuating Free Market Rate)	Invisibles and capital.	2.07 <sup>1</sup> (Fluctuating Free Market Rate)	Invisibles and capital.
2.35	Exports of woolen manufactures, pork, bricks, edible oils and other farm products.	2.45	Non-essential and luxury imports.
2.70 (P 2.35 rate plus P 0.35 premium)	Exports of shoes, tanned and semi-tanned leather (until January 31, 1951).	3.25 <sup>2</sup> (P 2.45 rate plus P 0.80 surcharge)	Certain luxury imports.

*Note:* An exchange tax of 1% is applied to the purchase of export proceeds.

<sup>1</sup>Rate as at December 31, 1950.

<sup>2</sup>This rate is temporary and applicable to an import quota of US\$ 2,900,000.

***Changes during 1950******February 24***

A premium of 0.60 pesos per U.S. dollar was temporarily established for tanned and semi-tanned leather exports.

***March 9***

A premium of 0.35 pesos per U.S. dollar was temporarily established for exports of prevailing stocks of jerked beef.

***May 23***

A premium of 0.57 pesos per U.S. dollar was temporarily established for exports of unsold hulled rice from the 1949 crop.

***July 20***

The requirement of an import license was suspended for certain products payable in Swedish kronor, Netherlands florins, Belgian francs, French francs and pounds sterling.

***July 21***

The requirement of an import license was suspended for certain products imported from Western Germany.

***August 7***

The requirement of an import license was suspended for certain products from the United States.

***September 26***

Requirement of an import license for certain essential imports from Canada, Italy, Japan, Switzerland and the United States was waived.

***November 1***

Edible oil exports were shifted from the P 1.78 buying rate to the P 2.35 rate. A surcharge of P 0.80 per U.S. dollar was placed on a fixed amount of certain luxury imports, such as automobiles and refrigerators, yielding an effective rate of P 3.25 per U.S. dollar.

***November 29***

A premium of 0.35 pesos per U.S. dollar was established for exports of shoes and tanned and semi-tanned leather, until January 31, 1951.

## VENEZUELA

### *Date of Introduction*

August 1934. Last major revision July 1941.

### *Nature of Restrictive System*

Restrictions are exercised through licenses required for a few goods of a type produced locally. Exchange payments are not restricted. Multiple currency practices result from the application of differential rates to export proceeds of coffee and cacao, to purchases of exchange from the petroleum companies, and to government imports. A few exports require licenses.

### *Exchange Rates*

Par value: Bolivares 3.35 = US\$ 1. Official rates: buying Bs 3.32, selling Bs 3.35 per US\$ 1. Other buying and selling rates have been established (see Table of Exchange Rates below).

### *Exchange Payments*

*Imports.*—Import licenses are required only for a few goods, mostly of a type produced locally. Payments for government imports are effected at the Bs 3.09 rate. Payments for all other imports are effected at the Bs 3.35 rate.

*Invisibles.*—Payments for invisible transactions may be freely made at the Bs 3.35 rate.

*Capital.*—Payments for transfers of capital may be freely made at the Bs 3.35 rate.

### *Exchange Receipts*

*Exports.*—Export licenses are required only for a few products essential to the domestic economy. The oil companies must surrender export proceeds to the extent of their local currency requirements at the Bs 3.09 rate. A Bs 3.046259 rate is applied to exchange surrendered by them in excess of the Central Bank's sales of exchange to domestic buyers during any one year. The proceeds of exports other than petroleum are sold at the Bs 3.32 rate, but if the world prices for cacao and coffee are below certain levels, a proportion of the proceeds of cacao and unwashed coffee exports can be sold at the Bs 4.25 rate, and of washed coffee exports at the Bs 4.80 rate.

*Invisibles.*—Exchange receipts from invisibles are freely disposable or can be sold at the Bs 3.32 rate.

*Capital.*—Exchange receipts from capital are freely disposable or can be sold at the Bs 3.32 rate.

### **Table of Exchange Rates**

(Bolivares per U.S. Dollar)

	<i>Buying</i>		<i>Selling</i>
3.046259	Local currency requirements of petroleum companies in excess of Central Bank's foreign exchange sales.		
3.09	Local currency requirements of petroleum companies up to the limits of Central Bank's foreign exchange sales.	3.09	Government imports.
3.32	Coffee and cacao exports in a proportion depending on world prices. All other exports except petroleum. Invisibles and capital.	3.35	All other payments.
4.25	Cacao and unwashed coffee exports in a proportion depending on world prices.		
4.80	Washed coffee exports in a proportion depending on world prices.		

*Note:* The above rates for coffee and cacao need not be effective rates since sales at these rates are varied in accordance with the world prices for these commodities. Taxes of Bs 2 and Bs 1½ per 46 kilograms are levied on washed and unwashed coffee, respectively.

### **Changes during 1950**

No significant changes occurred.

## YUGOSLAVIA

### *Date of Introduction*

October 7, 1931. Revised October 25, 1946, and February 4, 1948.

### *Nature of Restrictive System*

Authorizations of imports and exports are to a large extent determined within the economic plan. Foreign trade is organized on the basis of monopolistic trade organizations dealing in specific commodities. Licenses are required for all imports and non-trade payments. Foreign exchange must be surrendered. All exports require licenses.

### *Exchange Rates*

Par value: Yugoslav Dinars 50 = US\$ 1. Official rates: buying and selling at the par value.

### *Exchange Payments*

*Imports.*—Authorizations of imports are determined to a large extent within the economic plan. An exchange license is required in addition to an import license.

*Invisibles.*—Payments abroad require licenses. Persons travelling abroad may take with them a maximum of dinars 500 in Yugoslav banknotes.

*Capital.*—Transfers of capital require approval.

### *Exchange Receipts*

*Exports.*—Authorizations of exports are determined within the economic plan. All exports require licenses. Exchange receipts must be surrendered, but individual enterprises are allowed to use freely the receipts realized in excess of the planned targets.

*Invisibles.*—Exchange receipts from invisibles must be surrendered. Persons may bring in a maximum of dinars 500 in Yugoslav banknotes.

*Capital.*—The investment of foreign capital requires approval. Exchange receipts from capital must be surrendered.

### *Changes during 1950*

The process of reorganizing the Yugoslav economy was started. This was based on the principle of transferring the management responsibility of enterprises to working collectives and substantially lessening the functions of the state apparatus in the management of the economy, with a tendency to let the representative organs of the state retain only the direction of the basic economic planning. During 1950, as part of this process, individual enterprises were allowed to use freely their exchange receipts realized in excess of the planned targets.

## **APPENDIX**



**Fund Press Release of December 13, 1950, Relating to Consultations at Torquay, England, under the General Agreement on Tariffs and Trade**

The Fund has agreed to publication by the Contracting Parties to the General Agreement on Tariffs and Trade of the following statement on discussions that have taken place at Torquay, England. It is being released simultaneously at Torquay.

"Under Item Eight of the Agenda, consultations were held with the governments of Australia, Ceylon, Chile, India, New Zealand, Pakistan, Southern Rhodesia and the United Kingdom with respect to their import restrictions in accordance with Article XII, Four (B) of the General Agreement. In accordance with Article XV, Two of the Agreement, the Contracting Parties also consulted with the International Monetary Fund.

"There was a full and frank discussion between the Contracting Parties, the consulting countries and the Fund, in which full information was presented and views and opinions were freely expressed.

"During the course of the consultations, the representatives of Belgium, Cuba, Canada and the United States expressed the view that the time had come when, with all due caution in the light of the uncertainties of the present situation, a progressive relaxation of the hard currency import restrictions of Australia, Ceylon, New Zealand, Southern Rhodesia and the United Kingdom might begin. This view was based upon their analysis of the favorable current situation of these countries and of the prospects in the coming year. Based upon its analysis, made available to the Contracting Parties, the Fund expressed the opinion that such relaxation would be feasible in these cases, but should be undertaken with due caution having regard to present circumstances. The representatives of Australia, Ceylon, New Zealand and the United Kingdom expressed the opinion that, although the gold and dollar reserves of the Sterling Area had markedly improved, these views gave undue weight to the favorable factors in the developments of the past twelve months and that insufficient attention had been paid to the adverse factors operating in the present situation, the full force of which would not be felt until 1951. The representatives of Australia, New Zealand and the United Kingdom referred in particular to the new responsibilities which would be undertaken under the current rearmament programs.

"No suggestion was made during the consultations that it would be appropriate for Chile, India or Pakistan to engage in any further general relaxation of their restrictions on imports from the Dollar Area, and the International Monetary Fund was of the opinion that no fur-

ther relaxations in the case of these countries were feasible in the present circumstances.

“The consultations accomplished a useful interchange of information and opinion, and the representatives of those governments whose restrictions were the subject of the consultations said that they had taken full note of the views expressed by other contracting parties and that these views would be conveyed to their governments for their consideration.”