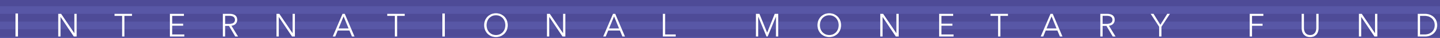
Annual Report
on

Exchange Arrangements and Exchange Restrictions

2018



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Botswana
Brazil
Brunei Darussalam
Bulgaria
Burkina Faso
Burundi
Cabo Verde
Cambodia
Cameroon
Canada
Central African Republic
Chad
Chile
China
Colombia
Comoros
Democratic Republic of the Congo
Republic of Congo
Costa Rica
Côte d'Ivoire
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Curaçao and Sint Maarten
Cyprus
Czech Republic
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Guyana
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Honduras
Hong Kong SAR
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Iceland
India
Indonesia
Islamic Republic of Iran
Iraq
Ireland
Israel
Italy
Jamaica
Japan
Jordan
Kazakhstan
Kenya
Kiribati
Korea
Kosovo

[1] These chapters are available on AREAER Online (www.elibrary-areaer.imf.org/). The term "country," as used in this publication, does not in all cases refer to a territorial entity that is a state as understood by international law and practice; the term also covers some territorial entities that are not states but for which statistical data are maintained and provided internationally on a separate and independent basis.

Kuwait
Kyrgyz Republic
Lao P.D.R.
Latvia
Lebanon
Lesotho
Liberia
Libya
Lithuania
Luxembourg
Madagascar
Malawi
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Mali
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Mauritania
Mauritius
Mexico
Micronesia
Moldova
Mongolia
Montenegro
Morocco
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Nauru
Nepal
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New Zealand
Nicaragua
Niger
Nigeria
Republic of North Macedonia
Norway
Oman
Pakistan
Palau
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Poland
Portugal
Qatar
Romania
Russia
Rwanda
St. Kitts and Nevis
St. Lucia
St. Vincent and the Grenadines
Samoa
San Marino
São Tomé and Príncipe
Saudi Arabia
Senegal
Serbia
Seychelles
Sierra Leone
Singapore
Slovak Republic
Slovenia
Solomon Islands
Somalia
South Africa
South Sudan
Spain
Sri Lanka
Sudan
Suriname
Sweden
Switzerland
Syria
Tajikistan
Tanzania
Thailand
Timor-Leste
Togo
Tonga
Trinidad and Tobago
Tunisia
Turkey
Turkmenistan
Tuvalu
Uganda
Ukraine
United Arab Emirates
United Kingdom
United States
Uruguay
Uzbekistan
Vanuatu
Venezuela
Vietnam
Yemen
Zambia
Zimbabwe

Preface

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

This project was coordinated in the Monetary and Capital Markets Department by a staff team led by Annamaria Kokenyne under the overall supervision of Gaston Gelos, and comprising Ricardo Cervantes, Salim M. Darbar, Ingibjoerg Gudbjartsdottir, Jorge Lugo, Thorvardur Tjoervi Olafsson, Svetlana Popova, Miklos Vari, Yi Xue, and Viktoriya Zotova (external consultant). It draws on the specialized contributions of that department (for specific countries), with assistance from staff members of the IMF's five area departments, together with staff of other departments. The report was edited and produced by Linda Griffin Kean, Rumit Pancholi, Hyoun Woo Park, and Lucy Scott Morales of the Communications Department.

Abbreviations

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

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

COMESA	Common Market for Eastern and Southern Africa (Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Uganda, Zambia, Zimbabwe)
EAC	East African Community
EBRD	European Bank for Reconstruction and Development
EC	European Council (Council of the European Union)
ECB	European Central Bank
ECCB	Eastern Caribbean Central Bank (Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines)
ECCU	Eastern Caribbean Currency Union
ECOWAS	Economic Community of West African States (Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo)
ECSC	European Coal and Steel Community
EEA	European Economic Area
EFSF	European Financial Stability Facility
EFSM	European Financial Stability Mechanism
EFTA	European Free Trade Association (Iceland, Liechtenstein, Norway, Switzerland)
EIB	European Investment Bank
EMU	European Economic and Monetary Union (Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia, Spain)
EPZ	Export processing zone
ERM	Exchange rate mechanism (of the European monetary system)
EU	European Union (formerly European Community); Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom)
FATF	Financial Action Task Force on Money Laundering (of the OECD)
FDI	Foreign direct investment
FEC	Foreign exchange certificate
FSU	Former Soviet Union
G7	Group of Seven advanced economies (Canada, France, Germany, Italy, Japan, United Kingdom, United States)
GAFTA	Greater Arab Free Trade Agreement
GCC	Gulf Cooperation Council (Cooperation Council for the Arab States of the Gulf; Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates)
GSP	Generalized System of Preferences
IBRD	International Bank for Reconstruction and Development (World Bank)
IMF	International Monetary Fund
LAIA	Latin American Integration Association (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela)
LC	Letter of credit
LIBID	London interbank bid rate
LIBOR	London interbank offered rate

MCP	Multiple currency practice
MERCOSUR	Southern Cone Common Market (Argentina, Brazil, Paraguay, Uruguay)
MFN	Most favored nation
MOF	Ministry of finance
NAFTA	North American Free Trade Agreement
OECD	Organization for Economic Cooperation and Development
OECS	Organization of Eastern Caribbean States (Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines)
OGL	Open general license
OTC	Over the counter
PACER	Pacific Agreement on Closer Economic Relations (of the Pacific Islands Forum; Australia, Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu)
PICTA	Pacific Island Countries Trade Agreement (of the Pacific Islands Forum); Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu)
RCPSFM	Regional Council on Public Savings and Financial Markets (an institution of WAEMU countries that is involved in issuance and marketing of securities authorization)
RIFF	Regional Integration Facilitation Forum (formerly Cross-Border Initiative); Burundi, Comoros, Eswatini, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Tanzania, Uganda, Zambia, Zimbabwe)
SACU	Southern African Customs Union (Botswana, Eswatini, Lesotho, Namibia, South Africa)
SADC	Southern Africa Development Community (Angola, Botswana, Democratic Republic of the Congo, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia, Zimbabwe)
SDR	Special drawing right
UCITS	Undertakings for the Collective Investment of Transferable Securities
UDEAC	Central African Customs and Economic Union (Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, Gabon)
UN	United Nations
UNSC	UN Security Council
VAT	Value-added tax
WAEMU	West African Economic and Monetary Union (formerly WAMU; members of the BCEAO)
WAMA	West African Monetary Agency (formerly WACH)
WAMZ	West African Monetary Zone
W-ERM II	Exchange rate mechanism (of the WAMZ)
WTO	World Trade Organization

Overview

This is the 69th issue of the *Annual Report on Exchange Arrangements and Exchange Restrictions* (AREAER), which provides a yearly description of the foreign exchange arrangements, exchange and trade systems, and capital controls of all IMF member countries.[1] The AREAER reports on restrictions in effect under Article XIV, Section 2, of the IMF's Articles of Agreement in accordance with Section 3 of Article XIV, which mandates annual reporting on such restrictions.[2] It also provides information relating to paragraph 25 of the 2012 Integrated Surveillance Decision, which restates the obligation of each member country under the IMF's Articles of Agreement to notify the IMF of the exchange arrangement it intends to apply and any changes in that arrangement.[3]

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

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

Table 1. Classification of Exchange Rate Arrangements

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

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

[1] In addition to the 189 IMF member countries, the report includes information on Hong Kong SAR (China) as well as Aruba and Curaçao and Sint Maarten (both in the Kingdom of the Netherlands).

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

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

[4] The information on exchange restrictions and MCPs consists of verbatim quotes from each country's most recent published IMF staff report as of December 31, 2017. In cases in which the information is drawn from IMF staff reports that have not been made public, the quotes have been included with the express consent of the member country. In the absence of such consent, the relevant information is reported as "not publicly available." Any changes to these restrictions and MCPs implemented after the relevant IMF report has been issued will be reflected in the subsequent issue of the AREAER that covers the year during which the IMF staff report with information on such changes is issued.

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

Several tools help navigate and interpret the findings of this report. A single table compares the characteristics of the exchange and trade systems of all IMF member countries: Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in IMF Member Countries. The Country Table Matrix lists the categories of data reported for each country, and the Compilation Guide includes definitions and explanations used to report the data.

The AREAER is available online. The overview and detailed information for each year for each of the 189 member countries and the three territories[6] are included in the AREAER Online database. In addition, AREAER Online contains data published in previous issues of the AREAER and is searchable by year, country, and category of measure; it also allows cross-country comparisons for time series.[7,8]

In general, the 2018 AREAER includes a description of exchange and trade systems as of December 31, 2017. However, any changes made to member countries' exchange rate arrangements before April 30, 2018, are reflected in the report, as are some other developments through August 31, 2018.[9]

Overall Developments

During January 1, 2017–August 31, 2018, the liberalization of foreign exchange transactions continued against the backdrop of a pickup in global growth and robust capital flows to emerging market economies in 2017. This economic expansion was widespread, with two-thirds of countries accounting for about three-fourths of global output experiencing faster growth in 2017 than in the previous year. Important factors behind this growth included resurgent investment spending in advanced economies and a reversal in the decline of investment in some commodity-exporting emerging market and developing economies.

Capital flows to emerging market economies surged in the first half of 2017 and moderated in the second half. However, volatility returned in the early part of 2018, influenced by some key events, which included a rise in trade tensions, the move to normalize US monetary policy, a strengthening dollar, geopolitical tensions, worries about China's economic growth, and uncertainty surrounding Brexit. Several emerging market economies, particularly those with weak fundamentals and/or political uncertainty, experienced capital flow reversals and exchange rate pressures. Responses included raising monetary policy rates, allowing exchange rates to depreciate, and intervening to support the exchange rate. Some countries also introduced or tightened restrictions on capital transactions.

The 2018 AREAER documents the following major trends and significant developments:

- Changes in de facto exchange rate arrangements during the reporting period continue to indicate a shift toward less flexible or more clearly defined exchange rate regimes, reflecting the more favorable global economic environment. The use of the residual category (other managed arrangement) decreased slightly as countries were able to resume previous, more tightly managed exchange rate arrangements.
- Continuing the earlier trend, the number of countries that directly target inflation increased. However, the share of member countries anchored to the US dollar fell relative to the previous reporting period.
- There was a move toward less exchange rate flexibility and increased intervention by some members, with the aim of increasing foreign exchange accumulation or resuming more tightly managed exchange rate arrangements.

[6] Aruba, Curaçao and Sint Maarten (both in the Kingdom of the Netherlands), and Hong Kong SAR (China).

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

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

[9] The date of the latest reported development is indicated as the position date for each country in the country chapters in the AREAER Online database. A few countries reported developments through November 2018. The exchange rate classification for all countries reflects the status as of April 30, 2018, regardless of the position date.

- The move to modernize and update foreign exchange market structures continued as markets developed and market-based arrangements spread. The number of countries that reported a functioning interbank and forward foreign exchange market rose. Fewer countries maintain dual and multiple exchange rate structures, because several member countries took action to reduce the deviation between official and other exchange rates.
- The number of IMF member countries accepting the obligations of Article VIII, Sections 2(a), 3, and 4, remained unchanged in 2017. Eighteen IMF members make use of the transitional arrangement under Article XIV. Of these 18 members, three maintain no restrictions but have not yet decided to accept the obligations under Article VIII.
- The composition of countries maintaining restrictive exchange measures has changed considerably, while the overall number of countries with such measures has remained unchanged. Four members removed previously identified restrictive measures and maintain an exchange system free of exchange restrictions and MCPs, while four other countries that previously maintained exchange systems free of restrictions were found to maintain restrictive exchange measures in 2017. Seventeen restrictive measures (10 exchange restrictions and 7 MCPs) were eliminated, and 13 new measures (7 exchange restrictions and 6 MCPs) were introduced or newly identified in 2017.
- The trend toward liberalization of payments for invisible transactions and current transfers continued, similar to the previous reporting period. The regulatory framework was also eased for imports and import payments, exports and export proceeds, and proceeds from current invisibles and current transfers.
- IMF members continued to liberalize capital transactions. Measures eased both inflows and outflows, with easing of outflows dominating as countries that introduced outflow controls during recent crisis episodes removed them because the economy recovered. Portfolio investment inflows were liberalized against the backdrop of a favorable global economic environment, in part because some countries aimed to deepen their capital markets.
- Developments in the financial sector indicate sustained progress in implementing the global regulatory reform agenda and continued liberalization of controls on capital flows. Financial sector regulatory frameworks were adjusted to align them with new international standards and to consolidate developments in prudential and institutional arrangements. For commercial banks, the postcrisis reforms seem to have peaked for the first time since the global financial crisis as the number of easing measures exceeded that of tightening measures. The general trend toward more capital account openness is reflected in developments in the financial sector as well, particularly regarding easing restrictions on capital outflows. Reserve requirements continued to be used extensively to implement monetary policy and financial stability objectives and as policy responses to capital flow volatility.

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

Developments in Exchange Arrangements

This section documents major changes and trends in the following related areas: exchange rate arrangements, intervention, monetary anchors, and the operation and structure of foreign exchange markets. It also reports on significant developments with respect to exchange taxes, exchange rate structures, and national currencies. There are five tables within this section. Table 2 summarizes the detailed descriptions in the country chapters by reporting each IMF member country's monetary policy framework as indicated by country officials and the classification of their de facto exchange rate arrangements. Table 3 breaks down countries' de facto exchange rate arrangements for 2010–18. Table 4 highlights changes in the reclassification of the de facto exchange rate arrangements between May 1, 2017, and April 30, 2018. Table 5 outlines IMF member countries' monetary policy frameworks as reported by country authorities and exchange rate anchors for 2010–18, and Table 6 reports the foreign exchange market structure among the membership for 2015–18.

Exchange Rate Arrangements[10]

The distribution of de facto exchange rate arrangements continued to shift, at a faster pace, during this reporting period to less flexible or more clearly defined exchange rate regimes. Of the 56 countries at the end of April 2017 that were classified as "floating" and the residual "other managed" categories, 11 (20 percent) were reclassified between May 1, 2017, and April 30, 2018, to "crawl-like" and "stabilized" (compared with 9 of 60 countries, or 15 percent, during the previous reporting period). At the same time, of the 34 countries in categories "crawl-like" and "stabilized," 3 (9 percent) were reclassified to "floating" and "other managed" (compared with 3 of 28 countries, or 11 percent, during the previous reporting period). This trend toward soft pegs reflects the relatively more favorable global macroeconomic environment witnessed during most of the reporting period.

- *Soft pegs*—The continuous global economic upswing may have contributed to the increase in the number of countries in this category since April 2017. The number of countries with soft pegs has increased to about the same level as in April 2015, with most of the changes in crawl-like and stabilized arrangements (Table 3). Countries with soft pegs make up the single largest type of exchange rate arrangement, accounting for 46.4 percent of all members. Soft pegs were 12 percentage points higher than floating arrangements at the end of April 2018, which is almost double the difference at the end of April 2017, when it was 6.3 percentage points.
    - *Crawl-like arrangements*—The number of countries with crawl-like arrangements increased by 5, to 15. This category had the most changes between May 1, 2017, and April 30, 2018. Eight countries were added: 5 were reclassified from a stabilized arrangement (Bangladesh, China, Lao P.D.R., Papua New Guinea, Serbia), 2 from "floating" (Afghanistan, Tunisia), and 1 from "other managed" (Haiti). Three countries exited this classification: 2 moved to a stabilized arrangement (Ethiopia, Uzbekistan), and 1 met the criteria for a floating arrangement (Jamaica[11]). Countries adopting stabilized and crawl-like arrangements often adjust their exchange rates in response to external events, including differences in inflation across countries, capital flow pressures, and new trends in world trade. As a result, they are often reclassified to other categories within the soft peg group.
    - *Stabilized arrangements*—The number of countries with stabilized arrangements increased by 3, to 27. Ten countries were added: 5 from "other managed" (Azerbaijan, Guinea, Myanmar, South Sudan, Suriname), 3 from "floating" (Egypt, Guatemala, Indonesia), and 2 from a crawl-like arrangement (Ethiopia, Uzbekistan). Seven countries left the group: 5 to "crawl-like" (Bangladesh, China, Lao P.D.R., Papua New Guinea, Serbia), 1 to "other managed" (Sudan), and 1 to "floating" (Czech Republic). One country was reclassified twice during this reporting period, reverting to a stabilized arrangement (Tajikistan[12]). The category "stabilized arrangement" remained the second largest among the soft pegs, with 30 percent.
    - *Conventional pegs*—The number of countries in this category remained at 43. The conventional peg arrangement holds the largest share among soft pegs, with 48 percent, which has been slowly decreasing from its peak of 55 percent in 2013.
    - *Pegged exchange rates within horizontal bands*—Only Tonga maintains this arrangement. Two additional countries have de jure pegged exchange rates within horizontal bands, but one has a de facto stabilized arrangement (Maldives) and the other a de facto other managed arrangement (Syria).
- *Other managed arrangements*—There was a large decline in the number of countries in this residual exchange rate classification, from 18 to 13, with a clear shift toward a more predictable exchange rate arrangement. This type of arrangement is characteristic of periods during which volatile foreign exchange market conditions hinder the use of more clearly defined exchange rate arrangements. The percentage of countries in this

[10] This section summarizes developments between May 1, 2017, and April 30, 2018.

[11] Jamaica was reclassified retroactively to "stabilized" from a "crawl-like" arrangement in October 2016 and to "floating" in September 2017. The first change is reflected as of January 1, 2017, corresponding to the first day of the period covered in this year's AREAER.

[12] Tajikistan was reclassified twice—to "other managed" in February 2017 and back to "stabilized" in May 2017.

category has declined rapidly in the past three years, getting closer to its lowest point, in 2015. Six countries abandoned this category: five were reclassified to a stabilized arrangement (Azerbaijan, Guinea, Myanmar, South Sudan, Suriname) and one to a crawl-like arrangement (Haiti). One country was added (Sudan).

- *Floating arrangement*—The number of countries classified as floating dropped by 3, to 35, with seven changes in the group's composition. Five abandoned this category: 3 were reclassified to a stabilized arrangement (Egypt, Guatemala, Indonesia) and 2 to a crawl-like arrangement (Afghanistan, Tunisia). Two countries were added: 1 from a stabilized arrangement (Czech Republic) and 1 from a crawl-like arrangement (Jamaica).
- *Free floating*—The number of countries with free-floating arrangements remained at 31.
- *Hard pegs (no separate legal tender and currency boards)*—The number of countries in this category remained unchanged at 24. Changes in this category are rare, as countries with such arrangements tend to maintain their exchange rate policies unless their economies undergo large structural changes that result in an exit.

Table 2. De Facto Classification of Exchange Rate Arrangements, as of April 30, 2018, and Monetary Policy Frameworks

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

Exchange rate anchor

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

Monetary aggregate target

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

Inflation-targeting framework

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

Other

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

Table 2 (continued)

Exchange rate arrangement (Number of countries)	Monetary Policy Framework: Exchange rate anchor				Monetary aggregate target (24)	Inflation-targeting framework (41)	Other[1] (46)
	US dollar (38)	Euro (25)	Composite (9)	Other (9)			
No separate legal tender (13)	Ecuador El Salvador Marshall Islands Micronesia Palau Panama Timor-Leste	Kosovo Montenegro San Marino		Kiribati Nauru Tuvalu			
Currency board (11)	Djibouti Hong Kong SAR **ECCU** Antigua and Barbuda Dominica Grenada St. Kitts and Nevis St. Lucia St. Vincent and the Grenadines	Bosnia and Herzegovina Bulgaria		Brunei Darussalam			
Conventional peg (43)	Aruba The Bahamas Bahrain Barbados Belize Curaçao and Sint Maarten Eritrea Iraq Jordan Oman Qatar Saudi Arabia Turkmenistan United Arab Emirates	Cabo Verde Comoros Denmark[2] São Tomé and Príncipe **WAEMU** Benin Burkina Faso Côte d'Ivoire Guinea Bissau Mali Niger Senegal Togo **CEMAC** Cameroon Central African Rep. Chad Rep. of Congo Equatorial Guinea Gabon	Fiji Kuwait Morocco[3] Libya	Bhutan Eswatini Lesotho Namibia Nepal			Solomon Islands[4] Samoa[4]
Stabilized arrangement (27)	Guyana Lebanon Maldives Trinidad and Tobago	Croatia North Macedonia	Singapore Vietnam[5]		Angola[5] Bolivia[5] Ethiopia[5] (10/17) Guinea[5] (7/17) Malawi[5] Myanmar[5] (1/17) Nigeria[5] Suriname[5] (2/17) Tajikistan[5,10] (5/17) Tanzania[5] Yemen[5]	Guatemala[5] (3/17) Indonesia[5] (1/17)	Azerbaijan[5] (4/17) Egypt[5] (3/17) Kenya[5,7] Pakistan[5] South Sudan[5] (10/17) Uzbekistan[5] (9/17)
Crawling peg (3)	Honduras Nicaragua		Botswana				
Crawl-like arrangement (15)			Iran[5]		Afghanistan[5] (4/17) Bangladesh[5] (1/17) Burundi[5] China[4] (6/17) Rwanda[5]	Costa Rica[5] Dominican Republic[5] Serbia[6] (3/17)	Haiti[5] (6/17) Lao P.D.R.[5,9] (9/16) Mauritania[5] Sri Lanka[5,7] Papua New Guinea[5] (8/17) Tunisia[6,7] (5/17)

Table 2 (continued)

Exchange rate arrangement (Number of countries)	Monetary Policy Framework						
	Exchange rate anchor				Monetary aggregate target (24)	Inflation-targeting framework (41)	Other[1] (46)
	US dollar (38)	Euro (25)	Composite (9)	Other (9)			
Pegged exchange rate within horizontal bands (1)							Tonga[4]
Other managed arrangement (13)	Cambodia Liberia Zimbabwe		Syria		Algeria Belarus Democratic Rep. of the Congo Sierra Leone The Gambia		Kyrgyz Rep. Sudan[9] (9/16) Vanuaru Venezuela
Floating (35)					Argentina Madagascar Seychelles	Albania Armenia Brazil Colombia Czech Republic (4/17) Georgia Ghana Hungary Iceland India Israel Jamaica[8,9,10] (9/17) Kazakhstan Korea Moldova New Zealand Paraguay Peru Philippines Romania South Africa Thailand Turkey Uganda Ukraine Uruguay	Malaysia Mauritius Mongolia[7] Mozambique[7] Switzerland Zambia
Free floating (31)						Australia Canada Chile Japan Mexico Norway Poland Russia Sweden United Kingdom	Somalia[11] United States **EMU** Austria Belgium Cyprus Estonia Finland France Germany Greece Ireland Italy Latvia Lithuania

Table 2 (concluded)

Exchange rate arrangement (Number of countries)	Monetary Policy Framework						
	Exchange rate anchor				Monetary aggregate target (24)	Inflation-targeting framework (41)	Other[1] (46)
	US dollar (38)	Euro (25)	Composite (9)	Other (9)			
							Luxembourg Malta Netherlands Portugal Slovak Rep. Slovenia Spain

Source: AREAER database.
Note: If the member country's de facto exchange rate arrangement has been reclassified during the reporting period, the date of change is indicated in parentheses (month, year).
CEMAC = Central African Economic and Monetary Community; ECCU = Eastern Caribbean Currency Union; EMU = European Economic and Monetary Union; WAEMU = West African Economic and Monetary Union.
[1] Includes countries that have no explicitly stated nominal anchor, but rather monitor various indicators in conducting monetary policy.
[2] The member participates in the European Exchange Rate Mechanism (ERM II).
[3] Within the framework of an exchange rate fixed to a currency composite, the Bank Al-Maghrib adopted a monetary policy framework in 2006 based on various inflation indicators, with the overnight interest rate as its operational target to pursue its main objective of price stability.
[4] The country maintains a de facto exchange rate anchor to a composite.
[5] The country maintains a de facto exchange rate anchor to the US dollar.
[6] The country maintains a de facto exchange rate anchor to the euro.
[7] The central bank has taken preliminary steps toward inflation targeting.
[8] The authorities reported that their monetary policy framework is referred to as inflation targeting "lite."
[9] The exchange rate arrangement or monetary policy framework was reclassified retroactively, overriding a previously published classification.
[10] The exchange rate arrangement was reclassified twice during this reporting period.
[11] Currently the Central Bank of Somalia does not have a monetary policy framework.

Table 3. Exchange Rate Arrangements, 2010–18

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

Exchange Rate Arrangement	2010[2]	2011[3]	2012[3]	2013	2014	2015	2016[4]	2017	2018
Hard peg	13.2	13.2	13.2	13.1	13.1	12.6	13.0	12.5	12.5
No separate legal tender	6.3	6.8	6.8	6.8	6.8	6.8	7.3	6.8	6.8
Currency board	6.9	6.3	6.3	6.3	6.3	5.8	5.7	5.7	5.7
Soft peg	39.7	43.2	39.5	42.9	43.5	47.1	39.6	42.2	46.4
Conventional peg	23.3	22.6	22.6	23.6	23.0	23.0	22.9	22.4	22.4
Stabilized arrangement	12.7	12.1	8.4	9.9	11.0	11.5	9.4	12.5	14.1
Crawling peg	1.6	1.6	1.6	1.0	1.0	1.6	1.6	1.6	1.6
Crawl-like arrangement	1.1	6.3	6.3	7.9	7.9	10.5	5.2	5.2	7.8
Pegged exchange rate within horizontal bands	1.1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Floating	36.0	34.7	34.7	34.0	34.0	35.1	37.0	35.9	34.4
Floating	20.1	18.9	18.4	18.3	18.8	19.4	20.8	19.8	18.2
Free floating	15.9	15.8	16.3	15.7	15.2	15.7	16.1	16.1	16.1
Residual									
Other managed arrangements	11.1	8.9	12.6	9.9	9.4	5.2	10.4	9.4	6.8

Source: AREAER database.
[1] Includes 189 member countries and three territories: Aruba and Curaçao and Sint Maarten (all in the Kingdom of the Netherlands) and Hong Kong SAR (China).
[2] As published in the 2010 AREAER; does not include Tuvalu and South Sudan, which became IMF members on June 24, 2010, and April 18, 2012, respectively.
[3] As published in the 2011 and 2012 AREAERs; does not include South Sudan, which became an IMF member on April 18, 2012.
[4] Includes Nauru, which became an IMF member on April 12, 2016.

Table 4. Changes and Resulting Reclassifications of Exchange Rate Arrangements, May 1, 2017–April 30, 2018

Country	De jure arrangement	De facto arrangement		Effective date of reclassification
		Previous arrangement[1]	Current (2018 AREAER)	
Afghanistan	Managed floating	Floating	Crawl-like	April 5, 2017
Azerbaijan	Free floating	Other managed	Stabilized	April 14, 2017
Bangladesh	Floating	Stabilized	Crawl-like	January 10, 2017
China	Managed floating	Stabilized	Crawl-like	June 1, 2017
Czech Republic	Floating	Stabilized	Floating	April 6, 2017
Egypt	Floating	Floating	Stabilized	March 15, 2017
Ethiopia	Managed floating	Crawl-like	Stabilized	October 13, 2017
Guatemala	Floating	Floating	Stabilized	March 22, 2017
Guinea	Managed floating	Other managed	Stabilized	July 3, 2017
Haiti	Floating	Other managed	Crawl-like	June 5, 2017
Indonesia	Free floating	Floating	Stabilized	January 12, 2017
Jamaica[2]	Floating	Crawl-like	Stabilized	October 31, 2016
Jamaica[3]	Floating		Floating	September 15, 2017
Lao P.D.R.[2]	Managed floating	Stabilized	Crawl-like	September 2, 2016
Myanmar	Managed floating	Other managed	Stabilized	January 12, 2017
Papua New Guinea	Floating	Stabilized	Crawl-like	August 22, 2017
Serbia	Floating	Stabilized	Crawl-like	March 27, 2017
South Sudan	Floating	Other managed	Stabilized	October 23, 2017
Sudan[2]	Managed floating	Stabilized	Other managed	September 8, 2016
Suriname	Floating	Other managed	Stabilized	February 13, 2017
Tajikistan	Managed floating	Stabilized	Other managed	February 13, 2017
Tajikistan[3]	Managed floating		Stabilized	May 24, 2017
Tunisia	Floating	Floating	Crawl-like	May 19, 2017
Uzbekistan	Managed floating	Crawl-like	Stabilized	September 6, 2017

Source: AREAER database.
[1] This column refers to the arrangements as reported in the 2017 AREAER, except when a reclassification took place during January 1–April 30, 2017, in which case it refers to the arrangement preceding such a reclassification.
[2] The exchange rate arrangement was reclassified retroactively, overriding a previously published classification for the entire reporting period or part of the period.
[3] Cells in the column "Previous arrangement" are blank if there was a subsequent reclassification during the reporting period.

Monetary Anchors[13]

The exchange rate remained the anchor for monetary policy for fewer than half of member countries—42.2 percent (Table 5). There was only one change in official monetary anchors compared with two in the previous reporting period: one country (Angola) left the group of countries anchored to the US dollar (38) and moved to targeting monetary aggregates. There were no changes in other groups of members anchored to the euro (25), to a composite (9), or to another single currency (9) (see Table 2).

[13] Monetary anchors are defined as the main intermediate target the authorities pursue to achieve their policy goals (which, overwhelmingly, is price stability). The inventory of monetary anchors is based mainly on members' declarations in the context of the yearly AREAER update or Article IV consultations and may differ from the anchor implemented in practice as a result of the characteristics of the de facto exchange rate arrangement.

Table 5. Monetary Policy Frameworks and Exchange Rate Anchors, 2010–18

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

	US dollar	Euro	Composite	Other currency	Monetary aggregate	Inflation targeting	Other[2]
2010[3]	26.5	14.8	7.9	3.7	13.2	16.4	17.5
2011[4]	25.3	14.2	7.4	4.2	15.3	16.3	17.4
2012[4]	22.6	14.2	6.8	4.2	15.3	16.8	20.0
2013	23.0	14.1	6.8	4.2	13.6	17.8	20.4
2014	22.5	13.6	6.3	4.2	13.1	17.8	22.5
2015	22.0	13.1	6.3	4.2	13.1	18.8	22.5
2016[5]	20.3	13.0	4.7	4.7	12.5	19.8	25.0
2017	20.3	13.0	4.7	4.7	12.5	20.8	24.0
2018	19.8	13.0	4.7	4.7	12.5	21.4	24.0

Source: AREAER database.

[1] Includes 189 member countries and three territories: Aruba and Curaçao and Sint Maarten (all in the Kingdom of the Netherlands) and Hong Kong SAR (China).

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

[3] Does not include Tuvalu and South Sudan, which became IMF members on June 24, 2010, and April 18, 2012, respectively.

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

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

Fifty-four member countries report an officially announced fixed exchange rate policy—either a currency board or a conventional peg—which implies the use of the exchange rate as the unique monetary anchor, with two exceptions. Although the official (de jure) exchange rate regime of both Samoa and the Solomon Islands is a peg against a basket of currencies, the monetary policy framework was reported to comprise a mix of anchors, including the exchange rate. Among the 66 countries with de facto floating exchange rate arrangements—floating or free floating—the monetary anchor varies among monetary aggregates (3), inflation targeting (36), and other (27, including the 19 European Economic and Monetary Union [EMU] countries). Twenty-one countries implementing soft pegs and other managed arrangements target monetary aggregates. Countries with either stabilized or crawl-like arrangements (42) report reliance on a variety of monetary frameworks, including monetary aggregates and inflation-targeting frameworks. Other managed arrangements are split between exchange rate anchors (4), monetary aggregate targets (5), and other monetary policy frameworks (4).

- The share of IMF members with the exchange rate as the main policy target declined slightly, to 42.2 percent. Countries with hard pegs and soft pegs make up 95.1 percent of this group. Three currency unions—the Central African Economic and Monetary Community, Eastern Caribbean Currency Union, and West African Economic and Monetary Union—have exchange rate anchors for their respective common currency.
- Although the US dollar maintained its position as the dominant exchange rate anchor, the share of countries using it as an exchange rate anchor has been steadily decreasing, from 26.5 percent in 2010 to 19.8 percent in 2018. From April 2017 to April 2018, one country abandoned the anchor to the US dollar and reported a change in the monetary policy framework to "monetary aggregate target" (Angola) in the context of adopting a more flexible exchange rate arrangement.
- The share or composition of countries using an exchange rate anchored to the euro remained unchanged at 13.0 percent. Countries whose currencies are anchored to the euro generally have historical ties with European countries—for example, the Communauté Financière d'Afrique (CFA) franc area countries—are part of the European Union (EU), or have strong trade relations with western Europe, including central and eastern European countries—for example, Bulgaria, Montenegro, and North Macedonia.
- Nine countries maintain an exchange rate anchored to another single currency. Three of these countries (Kiribati, Nauru, Tuvalu) use the Australian dollar as their legal tender, and one (Brunei Darussalam) has a currency board arrangement with the Singapore dollar. The remaining five have conventional pegged arrangements: three (Eswatini, Lesotho, Namibia) with the South African rand and two (Bhutan, Nepal)

with the Indian rupee. Half the countries in this group are landlocked, bordering either partially or exclusively the country whose currency they use as their exchange rate anchor. The anchor currency is typically freely usable in the country and is often legal tender.

- Nine countries anchor their exchange rate to a currency composite. Three track the special drawing right (SDR) as the sole currency basket or as a component of a broader reference basket (Botswana, Libya, Syria). Morocco tracks a euro and US dollar basket, and the remaining five countries do not disclose the composition of their reference currency baskets (Fiji, Islamic Republic of Iran, Kuwait, Singapore, Vietnam).

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

- The number of countries targeting a monetary aggregate remained unchanged at 24, compared with the previous reporting period. However, there were four changes: two countries switched from monetary aggregate targeting to "other monetary framework" (Papua New Guinea, Uzbekistan), and two countries moved to a monetary aggregate target, one from an exchange rate anchored to the US dollar (Angola) and one from an inflation-targeting framework (Argentina). This category does not include any country with a free-floating exchange rate arrangement. In fact, monetary aggregates are often the choice of economies with less-developed financial markets and managed exchange rates. The objective of the arrangement is to influence consumer prices and, eventually, asset prices through the control of monetary aggregates. Reserve money is often used as the operational target to control credit growth through the credit multiplier.
- The number of countries that directly target inflation grew by 1, to 41. However, there were three changes in this category: Costa Rica officially adopted an inflation-targeting regime effective February 2018, Jamaica described its monetary policy framework as inflation targeting "lite"[14] during this reporting period, and Argentina moved to a "monetary aggregate target" regime in October 2018. The countries in this group are mostly middle income but include some advanced economies as well. Of these, 36 have either floating or free-floating exchange rate arrangements, a policy framework that requires considerable monetary policy credibility to make up for the loss of transparent intermediate targets.[15] The central bank is responsible for setting the inflation target for 19 of the 41 countries in this category, and in 16 countries the central bank and the government jointly set the targets. More than half of the countries (24) have a target with a tolerance band, with only one country targeting core inflation. Most of the countries are in line with the inflation-targeting regime's commitments to transparency and accountability, 33 and 38 countries, respectively.
- The "other monetary policy framework" category total remained at 46. The number of countries that are not committed to a specific target (the "other" column in Table 2) was affected by four changes during the reporting period: two countries (Papua New Guinea, Uzbekistan) reported the use of a multiple-indicator approach to monetary policy, and two countries (Costa Rica, Jamaica) moved to inflation targeting. A few countries in this category have taken preliminary steps toward a transition to an inflation-targeting framework (Kenya, Mongolia, Mozambique, Sri Lanka, Tunisia). This category includes many of the largest economies, such as the euro area and the United States, where the monetary authorities have sufficient credibility to implement monetary policy without a specific monetary anchor. It is also used as a residual classification for countries for which no relevant information is available and for those with alternative monetary policy frameworks not categorized in this report.

Foreign Exchange Interventions

The IMF staff regularly assesses whether the frequency of foreign exchange intervention is consistent with de facto free-floating arrangements or whether classification as a soft peg is appropriate (see the Compilation

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

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

Guide).[16] These assessments draw on information that is publicly available, information reported to the IMF by member countries, market reports, and other sources, including information obtained during official staff visits to member countries.

Intervention purpose

As discussed in the IMF's April 2018 *World Economic Outlook*, financial flows to emerging market economies moderated in the second half of 2017 after surging in the first half of the year but remained robust. Following a strong start to 2018, portfolio flows to emerging market economies softened in the immediate aftermath of the global equity market turbulence of early February but have since recovered. During the second half of 2017, some countries saw their currencies depreciate substantially—most notably Algeria, Argentina, Ethiopia, Liberia, Uzbekistan, Venezuela, and, to a lesser extent, the Democratic Republic of the Congo, Ghana, Iceland, the Islamic Republic of Iran, Switzerland, Turkey, Ukraine, and Zambia. Among these countries, few saw their currencies reverse direction, with modest appreciation from January 2018 to April 2018 (Iceland, Ukraine, Uzbekistan, Zambia). A few countries' currencies depreciated substantially between December 2017 and April 2018 (Angola, Islamic Republic of Iran, Sudan, Venezuela). The increase in reserves in some emerging market and low-income developing countries during the first half of 2017 allowed them to intervene more with the aim of resuming tightly managed exchange rate arrangements.

Intervention techniques

IMF members typically conduct foreign exchange interventions in the spot foreign exchange market, either by directly contacting market participants (all or only a selection—for example, market makers) or through foreign exchange auctions (for more information on auctions, see the Foreign Exchange Markets section of this report). However, foreign exchange interventions are occasionally also conducted in the forward or options markets or through verbal interventions.

Preannounced programs of future purchases and/or sales of foreign exchange typically are counted as one intervention in the foreign exchange market for the purposes of the de facto classification, with the assumption that the market prices the new information on the announcement day of the program. In February 2017, Russia's Ministry of Finance implemented a new mechanism of foreign exchange purchases and sales, to enhance the stability and predictability of local economic conditions and to reduce the impact of price volatility in the global energy market on Russia's economy and public finances. Intervention volume depends on the amount of oil and gas revenue in the federal budget. As long as the actual Urals price exceeds the benchmark oil price of US$40 a barrel (in real terms, adjusted for US inflation), the Ministry of Finance purchases, through the Central Bank of Russia, foreign exchange equal to the amount of additional oil and gas revenue. If actual prices drop below this level, the Ministry of Finance sells foreign exchange equal to the amount of the resulting shortfall in oil and gas revenue. The size of these operations is announced at the beginning of every month, and purchases are evenly distributed within the month. The foreign exchange purchase program is preannounced, is predictable, involves small daily amounts, and is not triggered by an exchange rate level.

An increasing number of countries are using derivatives as an alternative instrument to intervene in the foreign exchange market. In February 2017, Mexico's Foreign Exchange Commission (FEC) announced a new foreign exchange hedging program. The Central Bank of Mexico may offer up to US$20 billion in nondeliverable forwards with maturity of up to 12 months and settled in pesos. A first auction of US$1 billion was completed March 6, 2017 and by end-2017 US$5.5 billion in notional value were outstanding. Similarly, the Central Bank of Colombia can intervene in the foreign exchange market through auction sales of put or call options at market rates and through spot sales of foreign exchange under foreign exchange swap contracts, at rates set by the central bank through auctions or over the counter. The Bank of Korea can also intervene in the market with its funds and funds from the Foreign Exchange Equalization Fund when it is deemed necessary for market stability. The Central Bank of Sudan participates in the market through swaps under a rule-based mechanism that triggers intervention if the exchange rate exceeds a band of ±4 percent around the previous day's closing rate. The Central Reserve Bank of Peru may intervene through dollar-indexed bonds, foreign

[16] Preannounced programs of purchases and/or sales of foreign exchange typically do not qualify as interventions because the design of these programs minimizes the impact on the exchange rate. Very small, retail-type transactions are also disregarded.

exchange swaps, and repurchase agreements. The Central Bank of Brazil may also intervene in the derivatives market using foreign exchange swaps. Other countries, including Australia, Denmark, New Zealand, the Philippines, and Tunisia, have also reported the use of foreign exchange swaps as an intervention channel.

Official Exchange Rates

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

During the 2017–18 reporting period, several countries adopted new methods for calculating their official exchange rates (Azerbaijan, Botswana, China, Colombia, Costa Rica, Morocco, Samoa, Sierra Leone, Tajikistan, Venezuela). Countries from all income levels and various geographic regions are represented among the 25 members that report no official or reference exchange rates; about half (12) are countries with no separate legal tender, 3 are soft pegs, 8 are floating or free floating, and 2 have the residual de facto exchange rate arrangement. Among the countries that do not compute an official exchange rate, some, including Japan, Peru, and Singapore, publish the market-determined rates on their monetary authority's website to promote information transparency.

Foreign Exchange Markets

The development of foreign exchange markets continued during 2017 and through August 2018. Changes in the structure and operation of members' foreign exchange markets are summarized in Table 6. Overall, foreign exchange markets continued to evolve toward more sophisticated practices. This can be seen, for instance, in the increase in the number of countries that have over-the-counter (OTC) markets, the decline in the use of standing facilities, and the increase in recourse to foreign exchange auctions, similarly to the past few years.

Member countries reported 97 changes related to foreign exchange markets. These were mostly easing measures (58) and neutral measures (30). Only 9 changes were tightening measures, with Turkey accounting for 3 of them, São Tomé and Príncipe for 2, and Bolivia, Costa Rica, Guyana, and Angola for the remaining 4. Nearly half of the easing measures (27) are attributable to five members: Azerbaijan (1), Belarus (3), Tajikistan (3), Ukraine (17), and Uzbekistan (3). These measures all helped facilitate trading in the foreign exchange market by allowing banks to set their prices freely and lifting restrictions on buying, selling, and holding foreign exchange.

Table 6. Foreign Exchange Market Structure, 2015–18

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

	2015	2016	2017	2018
Spot exchange market	189	189	189	190
Operated by the central bank	118	119	118	119
Foreign exchange standing facility	74	72	71	70
Allocation	27	27	27	27
Auction	35	38	38	40
Fixing	6	5	5	5
Interbank market	162	170	171	174
Over the counter	132	137	138	142
Brokerage	50	51	51	51
Market making	74	73	72	72
Forward exchange market	131	139	140	140

Source: AREAER database.

[1] Includes 189 member countries and three territories: Aruba and Curaçao and Sint Maarten (both in the Kingdom of the Netherlands) and Hong Kong SAR (China).

Foreign exchange standing facility, allocations, auctions, and fixing

The number of countries with some type of official central bank facility in the spot foreign exchange market rose by 1 (to 119), following Uzbekistan's introduction of a fixing session. Central banks may provide access to foreign exchange to market participants through a standing facility, allocation to certain market participants, or the purchase and sale of foreign exchange through auctions or fixing sessions.

- *Foreign exchange standing facilities*—70 countries reported standing facilities in their jurisdictions. This means that central banks in those countries typically stand ready to buy or sell foreign exchange to banks, thus providing a maximum and minimum exchange rate for their currency for a given day. Such facilities are usually instrumental in maintaining a hard or soft peg arrangement.

  The countries with foreign exchange standing facilities include all of those with currency boards (11); all conventional pegs (43); all crawling pegs, except Honduras (2); the only country with a pegged exchange rate within horizontal bands, Tonga (1); countries with crawl-like arrangements (2); countries classified as stabilized arrangements (5); and other managed arrangements (4). The credibility of such arrangements largely depends on the availability of foreign exchange reserves backing the facility. Two countries with flexible exchange rates responded that they had foreign exchange standing facilities, similarly to last year's report. These countries were Turkey (floating) and Russia (free floating). Regarding Turkey, the Central Bank of the Republic of Turkey (CBRT) may act as an intermediary, by buying and selling foreign exchange when market conditions warrant it, but in normal times the facility cannot be accessed by banks. In addition, the CBRT lends US dollars, at various maturities. Similarly, the Central Bank of Russia's standing facility involves lending foreign exchange by means of foreign exchange swaps to provide liquidity to the banking sector for financial stability reasons.

  Compared with the previous publication of the AREAER, only one country ceased to operate its standing facility. Following the decrease in global oil prices, Azerbaijan, an oil exporter, adopted a more flexible exchange rate regime and allowed the exchange rate of the manat (a conventional peg prevailed at that time) to depreciate, rendering the foreign exchange standing facility less relevant. Although São Tomé and Príncipe continued to maintain its standing facility, its operations were affected by a need for foreign exchange in neighboring oil-exporting countries, which spilled over to São Tomé and Príncipe. This forced authorities to restrict access to foreign exchange through its standing facility—in part because of reduced net foreign inflows—to preserve the country's reserves and the peg's credibility. No new countries introduced standing facilities during the reporting period, confirming the pattern observed in recent years, when the number of countries operating standing facilities has decreased by one or two each year.

- *Foreign exchange auctions*—40 countries reported the use of foreign exchange auctions. Such auctions can be used to intervene in the foreign exchange market and influence the exchange rate (for example, Brazil, Croatia; see also the section on foreign exchange interventions). A buying auction can also be used when the central bank wishes to accumulate foreign exchange reserves in a competitive manner (for example, Georgia). Selling auctions can help distribute to the market the foreign currencies necessary for imports. This happens, for instance, when the public sector represents a large share of exports and thus accumulates a great deal of foreign exchange that must then be sold to the market. Azerbaijan, where auctions are conducted using the foreign currency accumulated by the Azeri state oil fund, is one example of such practice. Two-way foreign exchange auctions may be organized because of the absence of a well-functioning private OTC market (for example, Afghanistan, Democratic Republic of the Congo, Mongolia).

  Compared with the previous AREAER, changes in countries conducting auctions include the following. Iceland stopped auctions because the progressive loosening of capital controls had made such actions superfluous. The Bank of Jamaica (BoJ) began weekly auctions and preannounces amounts of foreign exchange it plans to sell to authorized dealers and cambios. A single bid must not exceed 10 percent of the auction size, and the total bids of any one entity may not exceed 20 percent of the auction size. The amount of the auction is partly determined by the BoJ's assessment of the market's foreign exchange liquidity needs, which may be zero on occasion. The BoJ may also conduct an auction on short notice, in the event of abnormal or disorderly market conditions.

- *Foreign exchange allocation systems*—The number and composition of countries with allocation systems remained the same (27), similarly to the past five years. Most of the countries (19) with allocation systems also had auctions or standing facilities in place. Foreign exchange allocation is often used to provide foreign exchange for strategic imports, such as oil or food, when foreign exchange reserves are scarce. Only one of

these countries (Ghana) has a floating exchange rate regime, and none of them have a free-floating arrangement. In the case of Ghana, the allocation mechanism was used to facilitate imports of crude oil, but it has not been used since 2015.

- *Fixing sessions*—This arrangement is characteristic of the early stage of foreign exchange market development, when price discovery may be difficult. With fixing sessions, the central bank organizes sessions where market participants can submit buying and selling bids. The central bank uses these bids to find the market clearing exchange rate. The number of countries that reported operating fixing sessions remained at five: the Islamic Republic of Iran, Mauritania, Mozambique, and Syria remained from the previous period, one country (Serbia) left, and another (Uzbekistan) entered the group during the reporting period. In Uzbekistan, the Currency Exchange collects purchase and sale orders for a given exchange rate. Whenever the supply and the demand do not equate, the Currency Exchange changes the exchange rate by increments until buying volumes match selling volumes. This exchange rate is then used for all interbank transactions during the trading session. Fixing sessions are conducted for sum against US dollars and sum against euros. The amendment to the Law on Foreign Exchange Operations officially prohibits the National Bank of Serbia (NBS) from conducting fixing sessions. In practice, the NBS had not conducted any sessions since 2009. The NBS does, however, conduct buying and selling foreign exchange auctions.

Interbank and retail foreign exchange markets

The number of countries that reported having an interbank market stood at 174. The 18 jurisdictions that do not have an interbank market are typically places where either security concerns made the operation of a foreign exchange market difficult in recent years, such as Eritrea, Libya, South Sudan, Venezuela, and Yemen; countries where the central bank maintains a peg or currency board with narrow trading bands; or jurisdictions where there is no separate legal tender. In most cases, these countries are small, and the size of the territory naturally limits the number of potential participants in the foreign exchange market. The latter two groups of countries consist of Aruba, Belize, Bhutan, Dominica, Kiribati, Lesotho, the Marshall Islands, Micronesia, Montenegro, Nauru, Palau, Timor-Leste, and Tuvalu.

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

- *Over-the-counter operations*—OTC markets account for most interbank markets in the world. The number of countries in this group has increased every year since 2013, when it included 127 countries, and now stands at 142 compared with 138 in the previous period. While this type of foreign exchange market appears to be gaining popularity among the membership, 32 countries with interbank markets still report that they do not engage in OTC operations. These countries do not share any particular characteristic in terms of size, income level, or financial market sophistication.

- *Brokerage arrangements and market-making agreements*—As in previous years, there has been no change in the group of countries that rely on brokers or market makers since the previous AREAER. In general, these two groups have been remarkably stable in recent years.

Most member countries report a framework for the operation of foreign exchange bureaus; the majority impose some type of licensing requirement. Since the previous AREAER, Curaçao and Sint Maarten have allowed bureaus to operate on their territory conditional on a license. Also, since September 2017, the Central Bank of Aruba (CBA) can issue licenses for the operation of money exchange offices. Previously, it was the CBA's long-standing policy to allow only domestic commercial banks to conduct foreign currency transactions with the public. Moreover, several changes affected bureaus' operations in various countries during the reporting period, in general reducing constraints on their activities. For instance, in Sierra Leone, bureaus have been allowed to perform inward money transfers. In Morocco, exchange bureaus, along with other intermediaries, may set their bid-ask spread within 5 percent, compared with 0.6 percent previously. In Honduras, however, bureaus now must transfer 100 percent of their foreign currency holdings to the central bank; previously they could keep 10 percent to pay their expenses.

Most members refrain from restricting exchange rate spreads and commissions in the interbank market. Among countries that maintain such restrictions, several relaxed them during the reporting period. The Central Bank of Azerbaijan eliminated the ±4 percent corridor around the official exchange rate. Malawi increased the maximum spread of 3 percent for telegraphic transfer and 6 percent for cash transactions, which had been below

1 percent previously for both types of transactions. In Morocco, the Bank Al-Maghrib allows the trading of foreign currency banknotes against the dirham at ±2.5 percent in relation to the central exchange rate; the limit previously was ±0.3 percent. In Uzbekistan, as part of the liberalization of the foreign exchange regime, the previous limit on banks' spreads was eliminated. Similar restrictions were eliminated in Tajikistan, where previously a 1 percent cap applied to banks' sales of foreign exchange purchased from customers. Finally, in Curaçao and Sint Maarten, for transactions not exceeding NAf. 25,000, banks may determine the buying and selling rates themselves (previously the limit was set at NAf. 5,000). Conversely, in Guyana, a restriction was introduced in the form of a maximum spread of G$1.50 for wire transactions and G$3.00 for cash transactions.

Two central banks took steps to unify the parallel and official market exchange rates. For this purpose, the Central Bank of Iran decided to sell oil and gas revenues in the interbank as well as in the parallel market. The Central Bank of Nigeria established a window to provide liquidity to investors and exporters, in a bid to boost liquidity in the system and reduce the spread between the official and Bureau de Change market.

Several countries in the membership limit the foreign exchange net open position of market participants. Although such measures can be justified for prudential concerns, they may also serve foreign exchange management purposes. By setting tight limits on banks' foreign exchange open positions or imposing additional limitations on market participants' access to and holding of foreign exchange, the authorities may be looking to stem currency speculation, improve foreign exchange market liquidity, and increase the central bank's foreign exchange reserves. At least three countries relaxed such restrictions. For instance, in Bhutan, the Royal Monetary Authority (RMA) allowed commercial banks to hold up to US$15 million in convertible currency compared with US$10 million previously. Beyond this amount, commercial banks are required to sell their holdings to the RMA. In Ukraine, the limit on a bank's net foreign exchange purchases in the interbank and retail market for its own position was increased from 0.1 percent to 0.5 percent of its regulatory capital on the previous day; it was later fully lifted. This limit was in addition to the short and long foreign exchange position limits of banks. In Belarus, a rule similar to a net open position limit was abolished. The rule required the mandatory resale of unused foreign exchange by resident legal entities. Although slightly different from a strict net open position limit, its purpose may have been to prevent hoarding of foreign exchange and to increase the volume of foreign exchange transactions.

Argentina implemented substantial liberalization of its foreign exchange market. Communication A 6244 set a new framework establishing that all individuals and legal entities, equity concerns, and other estates may operate freely on the foreign exchange market through authorized institutions, without distinguishing the type of operation and/or residence of the customer. Moreover, buying and selling of foreign exchange outside the official trading platform (*Sistema de Operaciones Electrónicas*) was authorized.

In Ukraine, in addition to easing restrictions on banks' proprietary foreign exchange purchases, authorities allowed banks to exchange one foreign currency for another without limitation, and 32 nonbank financial organizations and the national postal operator Ukrposhta were authorized to carry out currency exchange operations (in their local branches, offices, and exchange points). Moreover, banks were allowed to use any available means acceptable to the parties involved in the transaction (for example, SWIFT) to confirm the purchase or sale of foreign currency in the interbank currency market of Ukraine.

Other Measures

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

- *Forwards*—No tightening measures on forward transactions were reported. However, several easing measures were taken. In China, the authorities allowed domestic institutions cleared to perform foreign exchange derivatives business for their customers to handle foreign exchange derivatives business for foreign institutional investors, under certain conditions. In Lebanon, the prohibition against commercial banks and financial institutions carrying out transactions in financial instruments for their clients, except through specialized banks or brokerage firms, was eliminated. In Ukraine, similarly to spot transactions, market participants were allowed to perform transactions on the forward market to exchange foreign currency (the purchase of one foreign currency for another foreign currency) without restriction and use any means acceptable to the parties to the transaction to confirm the forward market interbank transactions. Limits on banks' daily net foreign exchange purchases in the interbank and retail market for their own position, including in the forward market, were also lifted.

- *Exchange rate structure*—There were several changes in the number of countries maintaining a dual or multiple exchange rate structure. Currently, 21 countries are classified as having more than one exchange rate, of which 12 are dual and 9 are multiple. This is mainly a result of specific exchange rates applied for certain transactions, or because of actual or potential deviations of more than 2 percent between official and other exchange rates. In this reporting period, the exchange rate systems of Venezuela and Uzbekistan were reclassified from multiple to dual. In Uzbekistan, the domestic currency was devalued by 50 percent, and the exchange rate is determined according to market principles. This, along with other liberalization measures, eliminated the spread between the official and the parallel market, effectively ending the multiple exchange rate system. Trinidad and Tobago was reclassified from having a unitary exchange rate structure to multiple owing to potential deviations of more than 2 percent between the following exchange rates: (1) authorized dealers' selling rates, the ceiling of which is set by the Central Bank of Trinidad and Tobago (CBTT) based on fixed margins over the latest intervention rate; and (2) the government's buying rate from the CBTT, which is set at the prior day's midrate. Tajikistan transitioned from a dual exchange rate system to a unitary system following the elimination of possible deviations between the official rate and the commercial banks' transactions rates.
- *Other legal tender*—17 countries officially allow the use of another legal tender in their territory. Other legal tenders are often officially permitted because of the relative attractiveness of the foreign currency for transaction purposes, compared with the domestic currency. This is the case, for instance, in Haiti and Liberia; both allow the US dollar to circulate freely, in addition to the Haitian gourde and the Liberian dollar, respectively. The Democratic Republic of the Congo and Zimbabwe both allow nine foreign currencies to be used. Additional legal tender is also allowed when two currencies are close substitutes. For instance, in Lesotho, the loti is the official currency, but it circulates alongside the South African rand, to which it is pegged. The situation is identical in Eswatini and Namibia, whose currencies are also pegged to the rand. The Bahamian dollar and the US dollar circulate concurrently in The Bahamas, just as the ngultrum and the Indian rupee can both be used in Bhutan. In some situations where there is no separate legal tender, domestic coins can be used to facilitate small-denomination transactions and to preserve the physical integrity of the fiduciary currency. In Ecuador, for instance, the official currency is the US dollar, but the central bank provides and manages national coins, equivalent to and convertible to US dollars. Similarly, in Kiribati, some Kiribati coins circulate even though the currency is officially the Australian dollar. Timor-Leste has a similar arrangement with the US dollar. In San Marino, the euro has legal tender status, and although the gold scudo is legal tender too, it is not used in transactions because its numismatic value exceeds its defined legal value of €37.50 per scudo. Only one change in the category "other legal tender" took place during the reporting period, with Bhutan allowing the use of 500–Indian rupee banknotes. These banknotes had previously been forbidden following their demonetization by the Indian government.
- *Taxes and subsidies on foreign exchange transactions*—Overall, 34 countries report taxing or subsidizing foreign exchange transactions during the reporting period, compared with 35 in the previous period. Ukraine repealed the 2 percent tax imposed on individuals' foreign currency cash purchases (excluding for loan repayments). The remaining countries in this group are the same as in the previous reporting period, and the number has been stable in recent years. Belize and Bolivia tightened their exchange rate taxes. In Belize, the stamp duty was hiked from 1.25 percent to 1.75 percent. It is levied on all conversions of Belize dollars to foreign currency exceeding BZ$100 unless otherwise exempt under instructions from the Ministry of Finance. In Bolivia, the Financial Transaction Tax (*Impuesto a las Transacciones Financieras*) was increased as planned on January 1, 2018, from 0.25 percent to 0.30 percent. The tax had already been increased on January 1, 2017, also by 5 basis points, and is not planned to rise further.

In Georgia, in an effort to boost dedollarization and reduce banks' balance sheet exposure, the government introduced a foreign currency loan conversion program. This was a one-time voluntary conversion of US dollar–denominated bank loans of individuals to lari. The government provided a subsidy of 20 tetri for each dollar converted (the exchange rate was lari 2.43–2.71 per US dollar during the conversion period), up to US$40,000, for loans taken out before January 2015. About 25 percent of total eligible borrowers have converted the loans and used the subsidy. Mauritius implemented a temporary subsidy for exporters—the Exchange Rate Support Scheme—which ran for six months and ended March 10, 2018. The amount of the subsidy was determined as the difference between a reference rate (US$1 = MUR 34.50) and the rate at which the exporter exchanged its export proceeds at its commercial bank, up to MUR 2.50 per dollar.

Member Countries' Obligations and Status under Articles VIII and XIV

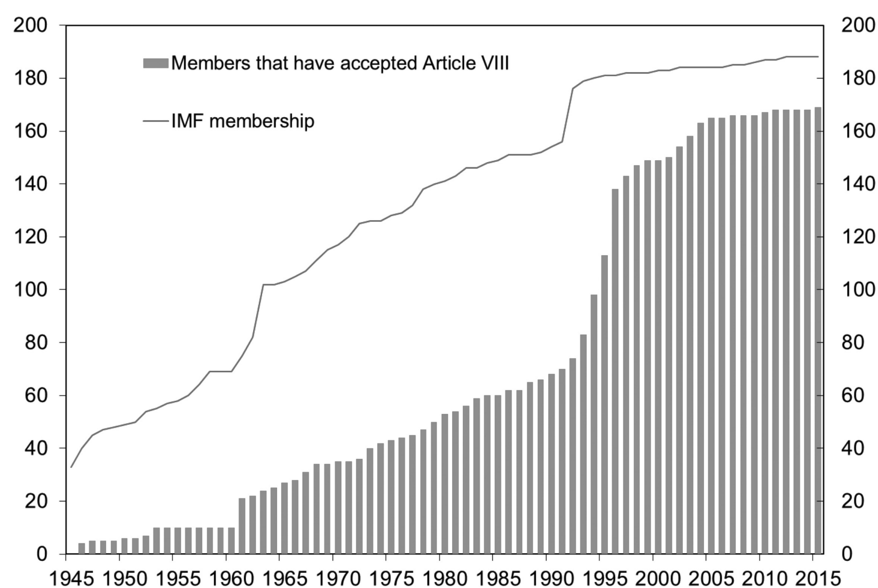
This section provides an overview of the status of IMF members' acceptance of the obligations of Article VIII, Sections 2(a), 3, and 4, of the IMF's Articles of Agreement and of the use of the transitional arrangements of Article XIV. It also describes recent developments in restrictive exchange measures—namely, exchange restrictions and MCPs subject to IMF jurisdiction under Articles VIII and XIV and measures imposed by members solely for national and/or international security reasons. This section refers to changes in restrictive exchange measures in 2017 and to members' positions as reported in the latest IMF staff reports as of December 31, 2017.

In accepting the obligations of Article VIII, Sections 2(a), 3, and 4, members agree not to impose restrictions on payments and transfers for current international transactions or engage in discriminatory currency arrangements or MCPs, except with IMF approval.[17] If Article XIV members introduce exchange restrictions or MCPs after joining the IMF, these restrictive measures are considered to have been imposed under Article VIII.

The number of countries that had accepted Article VIII status remained unchanged in 2017 (Figure 1). The share of Article VIII members increased in the first half of the decade (2000–10) and has remained flat at about 90 percent of total members in recent years. Since 2000, there has been some progress in Article VIII acceptance among countries that have availed themselves of the transitional provisions of Article XIV. Their number had dropped from 34 in 2000 to 18 by 2017. However, this progress was most notable during 2000–05; during the past 10 years only three Article XIV countries accepted Article VIII obligations, and two countries joined the IMF accepting Article VIII obligations.

Many members with Article XIV status continue to maintain restrictions subject to IMF jurisdiction under Article VIII. Among the 18 members[18] with Article XIV status, 3 do not maintain restrictions but have not yet decided to accept the obligations under Article VIII; Kosovo accepted Article VIII, Sections 2(a), 3, and 4 obligations on January 11, 2018. Three countries maintain both original or adapted Article XIV exchange measures and Article VIII restrictions. The remaining countries maintain exchange measures under Article VIII only.

Figure 1. IMF Members That Have Accepted the Obligations of Article VIII, Sections 2(a), 3, and 4, 1945–2017[1]



Source: AREAER database.
[1] As of December 31, 2017.

[17] Countries that have accepted the obligations under Article VIII are referred to as "Article VIII members" or "Article VIII countries"; similarly, those that have not and continue to avail themselves of the transitional provisions of Article XIV are referred to as "Article XIV members" or "Article XIV countries" in this report.

[18] As of December 31, 2017, the member countries that make use of the transitional arrangements under Article XIV are Afghanistan, Angola, Bhutan, Bosnia and Herzegovina, Burundi, Eritrea, Ethiopia, Iraq, Kosovo, Liberia, Maldives, Myanmar, Nigeria, São Tomé and Príncipe, Somalia, South Sudan, Syria, and Turkmenistan.

Restrictive Exchange Measures

Exchange restrictions[19] and multiple currency practices[20]

The composition of countries maintaining restrictive exchange measures has changed considerably, while the overall number of countries with such measures has remained unchanged (Table 7).[21] Three Article VIII members and one Article XIV member removed previously identified restrictive measures and maintain an exchange system free of exchange restrictions and MCPs. In particular, Iceland fully eliminated exchange restrictions on conversions and transfers related to current international transactions with bonds. Eswatini removed a long-standing restrictive measure that limited provisions for advance import payments of capital goods.[22] In Somalia, an Article XIV member, an exchange restriction evidenced by some external payment arrears—as well as two MCPs related to the levy on some purchases of foreign currency (also an exchange restriction) and the use of different exchange rates for government and other transactions, which were identified in 1989—are no longer in effect.

On the other hand, four Article VIII members (Greece, Jamaica, Mauritius, Pakistan) that previously maintained exchange systems free of restrictions were found to maintain restrictive exchange measures in 2017 (in total, four exchange restrictions and three MCPs).[23] As a result, the number of Article VIII members that maintain restrictive exchange measures increased from 35 to 36 in 2017, whereas the number for Article XIV members decreased from 15 to 14.

The overall number of restrictive exchange measures continued to drop in 2017 on account of reforms by Article XIV members, whereas the number of such measures increased among Article VIII members. Seventeen restrictive measures (10 exchange restrictions and 7 MCPs) were eliminated; 13 new measures (7 exchange restrictions and 6 MCPs) were introduced or newly identified in 2017. Article VIII members account for 10 of the 13 new measures (6 exchange restrictions and 4 MCPs) and 6 of the 17 removals (4 exchange restrictions and 2 MCPs). In addition to the countries mentioned in the previous paragraph that fully removed restrictive measures, a number of other countries eliminated some restrictive measures, although a few restrictions remain: Egypt (one MCP), Ethiopia (one exchange restriction), Iraq (one exchange restriction), Nigeria (one exchange restriction and one MCP), and South Sudan (two exchange restrictions and two MCPs). At the same time, in addition to the countries mentioned in the previous paragraph that formerly had exchange systems free of restrictive measures, such measures were introduced by Egypt (one exchange restriction), Ethiopia (one exchange restriction), Nigeria (two MCPs), Ukraine (one MCP), and Zimbabwe (one exchange restriction).

Owing to multiple restrictive measures removed by Article XIV members and introduced by Article VIII countries in 2017, for the first time since 2009 the overall number of restrictive measures maintained by Article XIV countries was less than that in Article VIII members. However, owing to the small number of Article XIV members, they continued to maintain significantly more restrictions and MCPs per country than Article VIII countries. The average number of measures per country declined to 4.1 from 4.3 for Article XIV countries and increased to 1.9 from 1.8 for Article VIII countries. The overall average number of measures dropped from 2.6 to 2.5 per member country in 2017.

Newly identified exchange restrictions apply to a wide range of transactions. In Egypt, a new exchange restriction was found arising from a net debtor position under an inoperative bilateral payment arrangement with Bulgaria. Against the backdrop of external imbalances and foreign exchange shortages, Ethiopia and Zimbabwe implemented new exchange restrictions that arose from rationing and/or prioritizing. As part of the wide-ranging controls imposed in Greece to address the crisis in 2015, the authorities introduced limits and discretionary approval on the availability of foreign exchange and transfers/cash withdrawals for some current international transactions, which led to the identification of three exchange restrictions in 2017. In Pakistan, the exchange restriction arose from the imposition of a cash margin requirement on some imports in February 2017 to contain the widening current account deficit. In contrast, a number of countries relaxed their exchange controls by eliminating restrictive measures that apply to different transactions. Ethiopia

[19] Exchange restrictions are measures that limit the availability and use of foreign currency for payments and transfers for current international transactions.

[20] This section reflects developments included in IMF staff reports issued before December 31, 2017.

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

[22] The measure was removed by a circular issued in December 2015.

[23] Some measures were in place for a number of years and were only recently identified as restrictions or MCPs.

eliminated rules for issuance of import permits by commercial banks. Iceland removed exchange restrictions on conversions and transfers related to current international transactions with bonds. Iraq eliminated the requirement to pay all obligations and debts to the government before proceeds of investments and salaries and other compensation of non-Iraqi employees could be transferred abroad. Nigeria and South Sudan ceased limiting the availability of foreign exchange through rationing and further earmarking or prioritization of foreign exchange by the central bank. An exchange restriction arising from a 10 percent levy on applications for purchases of foreign exchange under the commodity import program—as well as an exchange restriction evidenced by some external payment arrears—were found to be no longer in effect in Somalia. South Sudan removed a requirement for a tax clearance certificate for access to foreign exchange for priority imports. Eswatini eliminated an exchange restriction that arose from a 50 percent limit on the provisions for advance import payments of capital goods in excess of 10 million emalangeni.[24]

The types of newly identified MCPs varied in 2017. Jamaica, in its efforts to increase exchange rate flexibility and develop the interbank market, introduced a multiple price foreign currency auction that gave rise to an MCP. In September 2017, in light of the depreciation of the US dollar, Mauritius introduced a temporary subsidy to exporters that resulted in an MCP. In Nigeria, the limitation on the availability of foreign exchange for current international transactions caused a large spread between the official exchange rate and rates on the parallel market. In addition, an MCP was found in Nigeria owing to the deviation by more than 2 percent of the official exchange rate established for use in all official transactions from exchange rates used by banks and money transfer operators. Pakistan imposed a cash margin requirement on some imports in February 2017 to contain the widening current account deficit, which gave rise to an exchange restriction and an MCP. Ukraine maintained an MCP due to the use of the official exchange rate for government transactions, which could potentially deviate by more than 2 percent from the market exchange rate. At the same time, several previously identified MCPs were found to have been eliminated in 2017 or no longer in effect. These include MCPs arising from the official multiple price auction in Egypt; the large spread between the commercial bank rate set by the central bank and the rates in the foreign exchange bureaus and the parallel market in Nigeria; a 10 percent levy imposed on all applications for purchases of foreign currency under a commodity import program in Somalia; different exchange rates applicable to official transactions and to transactions in external accounts and to import/export accounts in Somalia; a spread of more than 2 percent between the official exchange rate (the buying and selling exchange rates of the central bank) and the exchange rate at which commercial banks sell foreign currency within the limits set by the central bank in South Sudan; and exchange rate guarantee arrangements between the Bank of South Sudan and one commercial bank, supporting the system of foreign exchange allocations to priority imports in South Sudan.

Table 8 provides descriptions of restrictive exchange measures as indicated in the latest IMF staff reports as of December 31, 2017. Excluded from Table 8 are member countries that have not consented to the publication of such measures described in unpublished IMF staff reports.

Table 7. Exchange Restrictions and Multiple Currency Practices, January 1–December 31, 2017

	Member under								
	Article XIV status			Article VIII status			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Total number of restrictions and Multiple Currency Practices maintained by members[1]	61	65	57	66	64	68	127	129	125
Restrictions on payments for imports	9	9	7	6	3	3	15	12	10
Advance import deposit and margin requirements				1	1	2	1	1	2
Restrictions on advance payments	2	1	1	2	1		4	2	1
Requirement to balance imports with export earnings	1	1	1				1	1	1
Restrictive rules on the issuance of import permits	1	1					1	1	
Tax clearance requirements	2	2	1	1			3	2	1
Other	3	4	4	2	1	1	5	5	5

[24] The measure was removed by a circular issued in December 2015.

Table 7 (concluded)

	Member under								
	Article XIV status			Article VIII status			Total		
	2015	**2016**	**2017**	**2015**	**2016**	**2017**	**2015**	**2016**	**2017**
Restrictions on payments for invisibles	15	16	16	4	4	5	19	20	21
Education	1	1	1				1	1	1
Medical services	1	1	1				1	1	1
Travel services	3	4	4				3	4	4
Income on investment	8	7	7	4	4	3	12	11	10
Tax clearance requirement	4	3	3	1	1	1	5	4	4
Interest on deposits and bonds	1	1	1	2	2	1	3	3	2
Profits and dividends	2	2	2	1	1	1	3	3	3
Foreign exchange balancing for profit remittances	1	1	1				1	1	1
Other	2	3	3			2	2	3	5
Restrictions on amortization on external loans	2	2	2	3	3	2	5	5	4
Restrictions on unrequited transfers	4	3	2	1	1	1	5	4	3
Wages and salaries	1			1	1	1	2	1	1
Clearance of debt to government to remit wages	1	1					1	1	
Other	2	2	2				2	2	2
Nonresident accounts	2	2	2	2	2	2	4	4	4
Transferability of frozen or blocked deposits	1	1	1	2	2	2	3	3	3
Limits on usage of foreign currency accounts	1	1	1				1	1	1
Restrictions arising from bilateral or regional payment, barter, or clearing arrangements: unsettled debit balances	3	2	2	4	5	6	7	7	8
Restrictions with general applicability	10	12	10	16	19	20	26	31	30
Administered allocations, rationing, and undue delay	5	7	6	7	9	10	12	16	16
Payments above a threshold				1	1	1	1	1	1
Tax clearance certificates				1	1	1	1	1	1
Exchange taxes	1	1	1	3	3	3	4	4	4
Surrender of export earnings to have access to foreign exchange				1	1	1	1	1	1
Other	4	4	3	3	4	4	7	8	7
Multiple currency practices	16	19	16	30	27	29	46	46	45
Exchange taxes	3	3	2	1	1	1	4	4	3
Exchange subsidies				2	2	3	2	2	3
Multiple price auctions	2	2	2	3	3	3	5	5	5
Differentials between official, commercial, and parallel rates	9	12	11	21	18	18	30	30	29
Margin requirements				1	1	2	1	1	2
Non-interest-bearing blocked accounts				1	1	1	1	1	1
Non-interest-bearing advance import deposits	1	1	1				1	1	1
Exchange rate guarantees	1	1		1	1	1	2	2	1
Memorandum items:									
Average number of restrictions per member	4.1	4.3	4.1	1.9	1.8	1.9	2.6	2.6	2.5
Number of countries with restrictions	15	15	14	34	35	36	49	50	50

Sources: AREAER database and IMF staff reports.

[1] Includes 189 members and three territories: Aruba and Curaçao and Sint Maarten (all in the Kingdom of the Netherlands) and Hong Kong SAR (China).

Exchange measures maintained for security reasons

Some member countries maintain measures imposed solely for national and/or international security reasons, which could give rise to exchange restrictions under IMF jurisdiction. These restrictions, like others, require prior IMF approval under Article VIII, Section 2(a). However, because the IMF does not provide a suitable forum to discuss the political and military considerations that lead to measures of this kind, it established a special procedure for such measures to be notified to and approved by the IMF.[25] In total, 19 members notified the IMF of measures introduced solely for security reasons during 2017, while 10 members did so during January–September 2018. The number of countries notifying the IMF of such measures dropped from 37 in 2015 and 32 in 2016. For the most part, notification came from advanced economies. In general, the restrictions involved take the form of financial sanctions to combat the financing of terrorism or financial sanctions against certain governments, entities, and individuals in accordance with United Nations Security Council resolutions or EU regulations.

Table 8. Exchange Restrictions and/or Multiple Currency Practices by Country, as of December 31, 2017

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Albania	The IMF staff report for the 2017 Article IV Consultation with Albania states that, as of November 14, 2017, Albania maintained an exchange restriction in the form of outstanding debit balances on inoperative bilateral payment agreements. These were in place before Albania became an IMF member in 1991 and relate primarily to debt in nonconvertible and formerly nonconvertible currencies. (Country Report No. 17/373)
Angola	The IMF staff report for the 2016 Article IV Consultation with Angola states that, as of December 29, 2016, Angola continues to maintain restrictions on the making of payments and transfers for current international transactions under the transitional arrangements of Article XIV, Section 2. The measures maintained pursuant to Article XIV are (1) limits on the availability of foreign exchange for invisible transactions, such as travel, medical, or educational allowances; and (2) limits on unrequited transfers to foreign-based individuals and institutions. In addition, Angola maintains three exchange restrictions subject to Fund jurisdiction under Article VIII, Section 2(a), resulting from (1) the discriminatory application of the 0.015 percent stamp tax on foreign exchange operations, (2) the operation of the priority list for access to US dollars at the official exchange rate, and (3) a special tax of 10 percent on transfers to nonresidents under contracts for foreign technical assistance or management services. Angola also maintains three multiple currency practices that are subject to approval under Article VIII, Section 3, arising from the lack of a mechanism to prevent potential spreads in excess of 2 percent emerging (1) between successful bids within the National Bank of Angola's foreign exchange auction; (2) for transactions that take place at the reference rate in place and the rate at which transactions take place in the foreign exchange auction on that day; and (3) the discriminatory application of the 0.015 stamp tax on foreign exchange operations. (Country Report No. 17/39)
Armenia	The IMF staff report for the 2017 Article IV Consultation and Fifth and Final Review under the Extended Arrangement with Armenia states that, as of June 08, 2017, Armenia maintains one multiple currency practice, which arises from a 2007 agreement between the Ministry of Finance and Central Bank of Armenia to settle some budgetary transactions at an agreed accounting exchange rate throughout the fiscal year. (Country Report No. 17/226)
Aruba	The IMF staff report for the 2017 Article IV Consultation Discussions with the Kingdom of the Netherlands—Aruba states that, as of May 5, 2017, Aruba maintained an exchange restriction arising from the foreign exchange tax on payments by residents to nonresidents (1.3 percent of the transaction value). (Country Report No. 17/155)
Bangladesh	The IMF staff report for the 2017 Article IV Consultation with Bangladesh states that, as of May 12, 2017, Bangladesh maintained one restriction subject to Fund approval under Article VIII, Section 2(a), on the convertibility and transferability of proceeds of current international transactions in nonresident taka accounts. In September 2013, a strategy paper laid out a road map toward gradual liberalization of exchange regulations. Since then, Bangladesh Bank has eased several foreign exchange regulations and reporting routines. These include easing of restrictions on certain debits for current transactions purposes from the nonresident taka accounts, though a prior approval is required. In September 2015, amendments to the 1947 Foreign Exchange Regulations Act were approved in parliament, also easing existing regulations. (Country Report No. 17/147)
Bhutan	The IMF staff report for the 2016 Article IV Consultation with Bhutan states that, as of June 9, 2016, Bhutan continues to avail itself of transitional arrangements under Article XIV, Section 2, pursuant to which it maintains exchange restrictions in connection with (1) the availability of foreign exchange for travel, except for medical travel abroad by Bhutanese citizens, invisibles, and private transfers; (2) foreign exchange balancing requirement on remittances of income in convertible currencies or other foreign currencies from foreign direct investment (FDI); and (3) the availability of foreign exchange for importers who are not able to provide the identity of the seller. Bhutan also maintains exchange restrictions subject to IMF approval under Article VIII, Section 2(a), in connection

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

Table 8 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
	with (1) the foreign exchange balancing requirements for imports of capital goods (for projects involving FDI) and primary raw materials (for certain industrial projects); (2) banning residents who do not comply with the requirement to repatriate export proceeds from accessing foreign exchange for unrelated imports; (3) requiring FDI businesses to pay for their establishment and operational expenses from their own convertible currency resources; (4) requiring Bhutanese companies to pay the interest on and amortization of external loans from their own convertible currency resources; (5) restricting the availability of Indian rupee for making payments and transfers to India in the following current international transactions: personal and business travel and study-abroad living arrangement, family, advance payments for imports from India, and to recruit Indian workers; and (6) banning access to Indian rupee for unrelated current international transactions for those who contravene Royal Monetary Authority's (RMA's) 2012 guidelines on Indian rupee transactions. On September 1, 2014, the RMA reintroduced housing and vehicle loans (after a temporary suspension of access to Indian rupee to finance imports of personal vehicles and housing construction materials in March 2012). In response to the rupee shortage, Bhutan introduced regulatory measures that gave rise to new exchange restrictions subject to IMF approval under Article VIII, Section 2(a). Subsequently, as the situation stabilized, the restrictions on Indian rupee access for certain imports were removed in 2014. (Country Report No. 16/206)
Bosnia and Herzegovina	The IMF staff report for the 2015 Article IV Consultation with Bosnia and Herzegovina states that, as of October 9, 2015, Bosnia and Herzegovina maintained restrictions on the transferability of balances and interest accrued on frozen foreign currency deposits, subject to IMF jurisdiction under Article VIII. (Country Report No. 15/298)
Brazil	The IMF staff report for the 2017 Article IV Consultation with Brazil states that, as of June 20, 2017, the tax on financial transactions (*Imposto sobre Operações Financeiras*, IOF) of 6.38 percent on exchange transactions carried out by credit card, debit card, and traveler's check (including cash withdrawals) companies to fulfill their payment obligations for purchases of goods and services abroad by their customers gives rise to MCPs subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3. In January 2008, the IOF for these exchange transactions was raised to 2.38 percent and then further increased to 6.38 percent in March 2011. The scope of operations was expanded to other foreign exchange transactions than with credit cards in December 2013. (Country Report No. 17/215)
Burundi	The IMF staff report for the 2014 Article IV Consultation, Fifth Review under the Three-Year Arrangement under the Extended Credit Facility states that, as of July 29, 2014, Burundi maintained one MCP that is inconsistent with Article VIII, Section 2(a): the exchange rate used for government transactions differs by more than 2 percent from market exchange rates. (Country Report No. 14/293)
Colombia	The IMF staff report for the 2017 Article IV consultation with Colombia states that, as of April 17, 2017, Colombia maintained an exchange restriction subject to IMF approval under Article VIII arising from the special regime for the hydrocarbon sector. (Country Report No. 17/138)
Congo, Democratic Republic of the	The IMF staff report for the 2015 Article IV Consultation with the Democratic Republic of the Congo (DRC) states that, as of August 17, 2015, the DRC maintained measures that give rise to one exchange rate restriction and one MCP subject to IMF approval. The exchange restriction involves an outstanding net debt position against other contracting members under the inoperative regional payments agreement with the Economic Community of the Great Lakes Countries. The MCP relates to a fixed exchange rate provided for in a bilateral payments agreement with Zimbabwe. (Country Report No. 15/280)
Egypt	The IMF staff report for the 2017 Article IV Consultation, Second Review under the Extended Arrangement under the Extended Fund Facility, and Request for Modification of Performance Criteria with Egypt, states that, as of December 11, 2017, Egypt maintained one exchange restriction subject to Fund jurisdiction under Article VIII, Sections 2(a) and 3, arising from a net debtor position under an inoperative bilateral payment arrangement with Bulgaria. The MCP arising from the multiple price auction system established by the CBE was eliminated November 10, 2017. (Country Report No. 18/14)
Ethiopia	The IMF staff report for the 2017 Article IV Consultation with Ethiopia states that, as of December 14, 2017, Ethiopia maintained four restrictions on payments and transfers for current international transactions, which relate to (1) the tax certification requirement for repatriation of dividend and other investment income; (2) restrictions on repayment of legal external loans and suppliers of foreign partners credits; (3) the prioritization and rationing of foreign exchange to certain imports of goods and services, debt payments, and invisibles; and (4) the requirement to provide a clearance certificate from the National Bank of Ethiopia to obtain import permits. These restrictions are inconsistent with Article VIII, Section 2(a), of the IMF's Articles of Agreement. In addition, staff is in the process of assessing whether a significant spread between the parallel market cash rate and the official market exchange rate, or any other feature of Ethiopia's exchange system, may give rise to a multiple currency practice. (Country Report No. 18/18)
Fiji	The IMF staff report for the 2015 Article IV Consultation with Fiji states that, as of January 29, 2016, Fiji maintained exchange restrictions subject to Article VIII that arise from the Fiji Revenue and Customs Authority tax certification requirements on the transfer abroad of profits and dividends, on the proceeds of airline ticket sales, and on the making of external debt and maintenance payments and from limits on large payments (for example, oil imports and dividends repatriation of foreign banks). (Country Report No. 16/54)
Gabon	The IMF staff report for the Request for an Extended Arrangement under the Extended Fund Facility with Gabon states that, as of June 6, 2017, Gabon levies a tax on wire transfers, including for the making of payments and transfers for current international transactions, which gives rise to an exchange restriction subject to Fund approval under Article VIII, Section 2(a), of the Articles. The authorities have exempted certain transactions from the tax; however, the tax continues to apply to other transfers subject to Fund jurisdiction. (Country Report No. 17/205)

Table 8 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Ghana	The IMF staff report for the 2017 Article IV Consultation, Fourth Review under the Extended Credit Facility Arrangement, Request for Waiver for Nonobservance of Performance Criteria, and Request for Extension and Rephasing of the Arrangement with Ghana states that, as of August 3, 2017, Ghana maintained one exchange restriction and an MCP subject to Fund approval. The exchange restriction arose from the limitation/prohibition on purchasing and transferring foreign exchange for import transactions by importers who have not submitted to the commercial bank customs entry forms for any past foreign exchange transactions related to imports, and which are unrelated to the underlying transaction. An MCP also arises because the Bank of Ghana requires the use of its internal rate (i.e., the previous day's weighted average interbank exchange rate) for government transactions and the surrender of foreign exchange proceeds from cocoa exports funded through the cocoa syndicated loan, without having a mechanism in place to ensure that, at the time of the transaction, this exchange rate does not differ from the rate prevailing in the market rate (i.e., the interbank exchange rate) and the rates used by banks in their transactions with their customers by more than 2 percent. (Country Report No. 17/262)
Greece	The IMF staff report for the 2016 Article IV Consultation with Greece states that, as of January 24, 2017, Greece maintained exchange restrictions subject to Fund approval under Article VIII, Section 2(a), of the Fund's Articles of Agreement. Specifically, (1) an exchange restriction arising from absolute limits and discretionary Bank Transactions Approval Committee (BTAC) approval on the availability of foreign exchange for certain payments and transfers for (a) current international transactions related to normal business activities and (b) invisible transactions and remittances (such as travel, except for tuition fees and medical expenses); (2) an exchange restriction arising from the discretionary BTAC approval of transfers abroad of moderate amounts for the amortization of loans and of income from investments, including dividends and interest payments of nonfinancial entities to nonresidents; and (3) an exchange restriction arising from absolute limits on withdrawal of cash from bank accounts in Greece in the absence of an unrestricted channel for payments due to discretionary BTAC approval and absolute limits. (Country Report No. 17/40)
Guinea	The IMF staff report for the Request for a Three-Year Arrangement under the Extended Credit Facility with Guinea states that, as of November 28, 2017, the foreign exchange system gives rise to a multiple currency practice because the reference rate can potentially deviate by more than 2 percent from the commercial banks' purchase and sales rates on a given day. (Country Report No. 17/387)
Honduras	The IMF staff report for the Fifth and Sixth Reviews under the Stand-By Arrangement with Honduras states that, as of October 13, 2017, Honduras maintained two multiple currency practices subject to the IMF's approval under Article VIII, Section 3. The two multiple currency practices arise from the absence of a mechanism to prevent the potential deviation of more than 2 percent at any given time among effective exchange rates for spot exchange transactions: (1) between successful bids within the foreign exchange auction, and (2) between the official exchange rate of the day and the exchange rates at which foreign exchange is sold at the auction on that day. (Country Report No. 17/331)
India	The IMF staff report for the 2017 Article IV Consultation with India states that, as of January 6, 2017, India maintained the following restrictions on the making of payments and transfers for current international transactions, which are subject to IMF approval under Article VIII, Section 2(a): (1) restrictions related to the nontransferability of balances under the India-Russia debt agreement, (2) restrictions arising from unsettled balances under inoperative bilateral payments arrangements with two eastern European countries, and (3) a restriction on the transfer of amortization payments on loans by nonresident relatives. (Country Report No. 17/54)
Iran	The IMF staff report for the 2016 Article IV Consultation with Iran states that, as of February 10, 2017, Iran maintained multiple currency practices and an exchange restriction subject to Fund jurisdiction under Article VIII, Sections 2(a) and 3: (1) a multiple currency practice and an exchange restriction arises from the establishment of an official exchange rate for use in some exchange transactions, which in practice differs by more than 2 percent from the rate used by foreign exchange bureaus; (2) a multiple currency practice arises from differences of more than 2 percent between the current official and exchange bureaus rates and the preferential rates for certain imports for which foreign exchange commitments were made through letters of credit opened prior to March 21, 2002, under the previous multiple exchange rate system; and (3) a multiple currency practice arises from the differences of more than 2 percent between the current official and exchange bureaus rates and the preferential rates for certain imports for which foreign exchange payment commitments were made through letters of credits or bank drafts prior to July 24, 2012. (Country Report No. 17/62)
Iraq	The IMF staff report for the 2017 Article IV Consultation, Second Review under the Three-Year Stand-By Arrangement, and Requests for Waivers of Nonobservance and Applicability of Performance Criteria, and Modification of Performance Criteria with Iraq states that, as of July 25, 2017, Iraq continues to avail itself of the transitional arrangements under Article XIV, Section 2, but no longer maintains any exchange restrictions or multiple currency practices subject to Article XIV, Section 2, and currently maintains one exchange restriction and one MCP subject to Fund approval under Article VIII, Sections 2(a) and 3. The exchange restriction arises from an Iraqi balance owed to Jordan under an inoperative bilateral payments agreement. The MCP arises from the official action to limit the purchase of foreign exchange, with no mechanism to ensure that exchange rates in the official and parallel markets do not deviate from each other by more than 2 percent. (Country Report No. 17/251)
Jamaica	The IMF staff report for the Second Review under the Stand-By Arrangement and Request for Modification of Performance Criteria with Jamaica states that, as of November 2, 2017, Jamaica maintained a multiple currency practice subject to Fund approval under Article VIII, Section 3, due to the absence of a mechanism in the multiple price foreign currency auction that would prevent exchange rates of accepted bids at the multiple price auction from deviating by more than 2 percent. (Country Report No. 17/329)

Table 8 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Kyrgyz Republic	The IMF staff report for the Fourth and Fifth Reviews under the Three-Year Arrangement under the Extended Credit Facility, and Request for Modification of Performance Criteria with the Kyrgyz Republic states that, as of December 6, 2017, the Kyrgyz Republic maintained a multiple currency practice, which predates the arrangement, arising from the use of the official exchange rate for government transactions. The official rate may differ by more than 2 percent from market rates because it is based on the average transaction weighted rate of the preceding day. (Country Report No. 18/53)
Lesotho	The IMF Staff Report for the 2015 Article IV Consultation with Lesotho states that, as of January 14, 2016, Lesotho maintains one exchange restriction arising from single discretionary allowances of M 1 million per individual per calendar year for residents over 18, and of M 200,000 on the same basis for residents under 18. The availability of foreign exchange beyond these limits is subject to discretionary approval on a case-by-case basis. (Country Report No. 16/33)
Maldives	The IMF staff report for the 2017 Article IV Consultation with Maldives states that, as of October 6, 2017, Maldives maintained an exchange restriction subject to IMF approval under Article VIII, Section 2(a), of the IMF's Articles of Agreement arising from a shortage of foreign exchange at the official rate, which leads to the Maldives Monetary Authority (MMA) rationing its supply of foreign exchange to commercial banks. This results in a channeling of foreign exchange transactions for current international transactions to the parallel market, where transactions take place at an exchange rate that deviates by more than 2 percent from the prevailing market exchange rate. The greater than 2 percent spread gives rise to a multiple currency practice subject to IMF approval under Article VIII, Section 3, and to an exchange restriction, given the additional cost involved for obtaining foreign exchange. The extent of rationing has been eased over the past two years by increasing the amounts provided to commercial banks and adjusting amounts in line with seasonal patterns. The official exchange rate used by the MMA for government transactions is calculated based on the midpoint of the weighted average of the buying and selling rates of foreign exchange transactions conducted by commercial banks one day earlier. The lack of a mechanism to prevent the spread between this official exchange rate used by the MMA for government transactions and the prevailing market exchange rate from deviating by more than 2 percent gives rise to a multiple currency practice subject to IMF approval under Article VIII, Section 3. (Country Report No. 17/357)
Mauritania	The IMF staff report for the 2017 Article IV Consultation with Mauritania states that, as of July 13, 2017, Mauritania maintains one exchange restriction subject to IMF approval under Article VIII of the Fund's IMF's Articles of Agreement. The exchange restriction arises from the insufficient foreign exchange availability at the fixing sessions (auctions) organized by the Central Bank of Mauritania for those transactions which are required to be submitted to the auctions. (Country Report No. 17/324)
Mauritius	The IMF staff report for the 2017 Article IV Consultation with Mauritius states that, as of November 7, 2017, Mauritius maintained an MCP. On September 11, 2017, the authorities introduced the Exchange Rate Support Scheme (ERSS), which aims to provide a temporary subsidy to exporters in light of the depreciation of the US dollar. The amount of the subsidy will be determined by the difference between a reference rate (US$1 = MUR 34.50) and the rate at which the exporter has exchanged its export proceeds at its commercial bank, subject to a maximum of MUR 2.50 per dollar. The scheme will run over a period of six months and will be administered by the Ministry of Industry, Commerce and Consumer Protection. The ERSS gives rise to an MCP under Article VIII, Section 3. (Country Report No. 17/362)
Mongolia	The IMF staff report for the 2017 Article IV Consultation and Request for an Extended Arrangement under the Extended Fund Facility with Mongolia states that, as of April 14, 2017, Mongolia maintained two MCPs subject to IMF jurisdiction. First, the modalities of the multiprice auction system give rise to an MCP since there is no mechanism in place that ensures that exchange rates of accepted bids at the multiprice auction do not deviate by more than 2 percent. In addition, Mongolia has an official exchange rate (reference rate) that is mandatorily used for government transactions (as opposed to the commercial market rate). Therefore, by way of official action, the authorities have created market segmentation. While Order No. 699 of the Bank of Mongolia, issued December 3, 2010, sets forth that the reference rate is determined based on the weighted average of market rates used from 4:00 p.m. of the previous day to 4:00 p.m. of the current day, the IMF staff is of the view that this order does not eliminate the market segmentation and multiplicity of effective rates arising from it. Accordingly, in the absence of a mechanism to ensure that the commercial rates and the reference rate do not deviate by more than 2 percent, the way the reference rate is used in government transactions gives rise to an MCP. (Country Report No. 17/140)
Montenegro	The IMF staff report for the 2017 Article IV Consultation with the Republic of Montenegro states that, as of August 24, 2017, Montenegro maintained an exchange system free of restrictions on the making of payments and transfers for current international transactions, except with respect to pre-1992 blocked foreign currency savings accounts. (Country Report No. 17/276)
Myanmar	The IMF staff report for the 2016 Article IV Consultation with Myanmar states that, as of January 3, 2017, Myanmar continues to avail itself of transitional arrangements under Article XIV, although it has eliminated all Article XIV restrictions. Myanmar still maintained an exchange restriction and an MCP subject to IMF approval under Article VIII. The exchange restriction subject to IMF jurisdiction arises from the requirement of tax certification for authorizing transfers of net investment income abroad. The MCP arises from the two-way, multiprice foreign currency auction in the absence of a mechanism for maintaining winning bids within 2 percent of each other. (Country Report No. 17/30)
Nepal	The IMF staff report for the 2017 Article IV Consultation with Nepal states that, as of March 13, 2017, the Industrial Enterprises Act places a 75 percent limit on the conversion and transfer to foreign currency of salaries of nonresidents from countries where convertible currency is in circulation. Since the limit applies to amounts that may be less than net salaries, it gives rise to an exchange restriction under Article VIII. (Country Report No. 17/74)

Table 8 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Nigeria	The IMF staff report for the 2017 Article IV Consultation with Nigeria states that, as of March 14, 2017, Nigeria maintained the following exchange restrictions and MCPs subject to IMF approval under Article VIII, Sections 2(a) and 3, of the IMF's Articles of Agreement: (1) an exchange restriction arising from the prohibition to access foreign exchange at the Nigerian foreign exchange markets for the payment of imports of 41 categories of items; and (2) an exchange restriction arising from existing limits on the amounts of foreign exchange available when traveling abroad (BTA/PTAs), which cannot be exceeded even upon verification of the bona fide nature of the transaction. In addition, Nigeria maintains the following MCPs subject to Fund approval under Article VIII, Sections 2(a) and 3, of the IMF's Articles of Agreement: (1) an MCP arising from the intervention practice of the Central Bank of Nigeria (CBN) that results in the establishment of an official exchange rate for use in all official transactions, which in practice differs by more than 2 percent from the rate used by commercial banks and money transfer operators; and (2) an MCP arising from the large spread between the official exchange rate and the rates in the parallel market, caused by the CBN's limitation on the availability of foreign exchange, which channels current international transactions to such market. (Country Report No. 17/80)
Pakistan	The IMF staff report for the 2017 Article IV Consultation with Pakistan states that, as of July 13, 2017, Pakistan maintained an exchange restriction and MCP subject to Fund approval under Article VIII, Sections 2(a) and 3, arising from imposing a 100 percent cash margin requirement on a list of different types of consumer goods imports. The State Bank of Pakistan clarified that cash margin deposits pursuant to the requirements are nonremunerative. (Country Report No. 17/212)
Papua New Guinea	The IMF Staff Report for the 2017 Article IV Consultation with Papua New Guinea states that, as of November 20, 2017, Papua New Guinea maintained the following exchange restrictions subject to IMF approval under Article VIII, Section 2(a), of the IMF's Articles of Agreement arising from (1) the requirement to obtain a tax clearance certificate evidencing the payment of all taxes prior to making payments or transfers for certain current international transactions; and (2) the rationing of foreign exchange and its allocation by Bank of Papua New Guinea (BPNG) to certain priority items, which results in undue delays and arrears in current international payments. Papua New Guinea also maintained the following MCPs subject to IMF approval under Article VIII, Section 3: (1) an MCP arising from the spread of more than 2 percent between the rates set by the BPNG for its foreign exchange allocations to authorized foreign exchange dealers (AFEDs), and the rates used by AFEDs in transactions with their clients; and (2) an MCP arising from the potential spread deviation of more than 2 percent between the rates set by the BPNG for its foreign exchange transactions with the government and embassies, and the rates used by AFEDs in transactions with their clients. (Country Report No. 17/411)
São Tomé and Príncipe	The IMF staff report for the Third and Fourth Reviews under the Extended Credit Facility Arrangement, Extension of the Arrangement, and Modification of Performance Criteria with São Tomé and Príncipe states that, as of November 27, 2017, São Tomé and Príncipe continues to avail itself of the transitional arrangements under Article XIV, but it did not maintain restrictions under Article XIV. However, it maintained one measure subject to IMF approval under Article VIII: an exchange restriction arising from Article 3(i) and Article 10.1(b) of the Investment Code (Law No. 7/2008) regarding limitations on the transferability of net income from investment. The restriction results from the requirement that taxes and other obligations to the government have to be paid/fulfilled as a condition for transfer, to the extent the requirement includes the payment of taxes and the fulfillment of obligations unrelated to the net income to be transferred. (Country Report No. 17/382)
Serbia	The IMF staff report on the 2017 Article IV Consultation, Seventh Review under the Stand-By Arrangement and Modification of Performance Criteria with Serbia states that, as of August 11, 2017, Serbia maintained a system free of restrictions on payments and transfers for current international transactions, except with respect to blocked pre-1991 foreign currency savings deposits. (Country Report No. 17/263)
South Sudan	The IMF staff report on the 2016 Article IV Consultation with South Sudan states that, as of March 1, 2017, South Sudan maintained exchange restrictions and an MCP under the transitional arrangements of Article XIV. The exchange restrictions arise from imposing absolute ceilings on the availability of foreign exchange for certain invisible transactions (travel, remittances for living expenses of students and families residing abroad, transfers of salaries by foreign workers). The MCP, which also gives rise to an exchange restriction due to extra burden, arises from the spread of more than 2 percent between the parallel market exchange rate and the formal commercial exchange market rate. (Country Report No. 17/73)
Sudan	The IMF staff report for the 2017 Article IV Consultation with Sudan states that, as of November 15, 2017, Sudan maintained the following measures subject to IMF jurisdiction under Article VIII, Sections 2 (a) and 3: (1) an exchange restriction arising from the government's limitations on the availability of foreign exchange and the allocation of foreign exchange to certain priority items; (2) a multiple currency practice and exchange restriction arising from the establishment by the government of a system of multiple exchange rates used for official and commercial transactions (i.e., the Central Bank of Sudan (CBOS) rate, the wheat rate, and the commercial bank incentive rate), which gives rise to effective exchange rates that deviate by more than 2 percent; (3) a multiple currency practice and exchange restriction arising from large spreads between the CBOS rate and the parallel market exchange rate due to the CBOS' limitation on the availability of foreign exchange, which channels current international transactions to the parallel market; and (4) an exchange restriction and a multiple currency practice arising from the imposition by the government of a cash margin requirement for most imports. (Country Report No. 17/364)

Table 8 (concluded)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Syria	The IMF staff report for the 2009 Article IV Consultation with Syria states that, as of February 12, 2010, Syria continued to maintain, under Article XIV, restrictions on payments and transfers for current international transactions, including administrative allocation of foreign exchange. Syria also maintained exchange measures that are subject to IMF approval under Article VIII: (1) a prohibition against purchases by private parties of foreign exchange from the banking system for some current international transactions, (2) an MCP resulting from divergences of more than 2 percent between the official exchange rate and officially recognized market exchange rates, (3) a non-interest-bearing advance import deposit requirement of 75 percent to 100 percent for public sector imports, and (4) an exchange restriction arising from the net debt under inoperative bilateral payment arrangements with the Islamic Republic of Iran and Sri Lanka. (Country Report No. 10/86)
Trinidad and Tobago	The IMF staff report for the 2017 Article IV Consultation with Trinidad and Tobago states that, as of October 5, 2017, Trinidad and Tobago maintained an exchange restriction and two MCPs subject to the IMF's approval under Article VIII, Sections 2(a) and 3. The exchange restriction arises from the authorities' restriction of the exchange rate (i.e., by restricting the maximum market buy and sell rates, and prohibiting foreign exchange (FX) transactions beyond the maximum rates), while not providing enough foreign exchange (i.e., through the Central Bank of Trinidad and Tobago's (CBTT's) FX interventions) to meet all demand for current transactions at that rate. The CBTT also limits sales of its FX intervention funds to meeting only "trade-related" demand, which does not include nontrade transactions that are current international transactions as defined under Article XXX(d) of the IMF's Articles of Agreement, and encourages authorized dealers to similarly prioritize sales of FX obtained from other sources. These actions result in undue delays in access to FX to make payments or transfers for current international transactions and external payment arrears. The two multiple currency practices arise from the absence of a mechanism to prevent the potential deviation of more than 2 percent at any given time among several effective exchange rates regulated by the authorities, for spot exchange transactions—namely, (1) the potential 2 percent deviation between (a) on the one hand, the CBTT's intervention rate and the authorized dealers' sell rates (the maximum of which is anchored on the intervention rate plus fixed margins), and (b) on the other hand, the authorized dealers' buy rates (the maximum of which is limited at the previous day's midrate); and (2) the potential 2 percent deviation between (a) on the one hand, the buy and sell rates for FX transactions between the CBTT and the government, and (b) on the other hand, the authorized dealers' sell rates. (Country Report No. 17/352)
Tunisia	The IMF staff report for the 2015 Article IV Consultation, Sixth Review under the Stand-By Arrangement, and Request for Rephasing with Tunisia states that, as of September 17, 2015, Tunisia maintained a multiple currency practice resulting from honoring exchange rate guarantees extended prior to August 1988 to development banks, which will automatically expire after the maturity of existing commitments (total loans covered by these guarantees amount to about $20 million). (Country Report No. 15/285)
Ukraine	The IMF staff report for the 2016 Article IV Consultation and Third Review under the Extended Arrangement, Requests for a Waiver of Non-Observance of a Performance Criterion, Waiver of Applicability, Rephasing of Access and Financing Assurances Review with Ukraine states that, as of March 7, 2017, Ukraine maintained exchange restrictions and multiple currency practices subject to Fund approval under Article VIII. The exchange restrictions arise from (1) absolute limits on the availability of foreign exchange for certain nontrade current international transactions and (2) a partial ban on the transfer abroad of dividends received by nonresident investors from investments in Ukraine. The multiple currency practices arise from (1) the use of multiple price foreign exchange auctions conducted by the National Bank of Ukraine without a mechanism to prevent a deviation of more than 2 percent between the auction rates and the market exchange rate at the time of the auction, (2) the requirement to transfer the positive difference between the sale and purchase price of foreign exchange to the state budget if the purchased foreign exchange is not used within 10 days and is resold, and (3) the use of the official rate for government transactions without establishing a mechanism to ensure that the official rate does not deviate from the market rate by more than 2 percent. (Country Report No. 17/83)
Zambia	The IMF staff report for the 2017 Article IV Consultation with Zambia states that, as of September 25, 2017, Zambia maintained an exchange restriction, subject to IMF approval under Article VIII, arising from limitations imposed by the government on access to foreign exchange for the making of payments and transfers for current international transactions, which is evidenced by the existence of external payments arrears accumulated prior to October 4, 1985. (Country Report No. 17/327)
Zimbabwe	The IMF staff report for the 2017 Article IV Consultation with Zimbabwe states that, as of June 19, 2017, the Reserve Bank of Zimbabwe released a foreign exchange priority list to direct the allocation of foreign exchange by commercial banks to certain domestic import substitution industries, exporters, and strategic imports. This measure gives rise to an exchange restriction subject to IMF approval under Article VIII, Section 2(a). Staff is also monitoring the authorities' imposition of other measures to assess whether they give rise to any exchange restriction or multiple currency practice subject to Article VIII, Sections 2(a) and 3. Zimbabwe has also a long-standing exchange restriction subject to IMF jurisdiction arising from unsettled balances under an inoperative bilateral payments agreement with Malaysia. (Country Report No. 17/196)

Source: IMF staff reports.

[1] Includes 189 members and three territories: Aruba and Curaçao and Sint Maarten (all in the Kingdom of the Netherlands) and Hong Kong SAR (China).

[2] The measures described in this table are quoted from IMF staff reports issued as of December 31, 2017, and may have changed subsequent to the date they were reported. The table does not include countries maintaining exchange restrictions or multiple currency practices whose IMF staff reports are unpublished, unless the authorities have consented to publication.

Regulatory Framework for Foreign Exchange Transactions

This section surveys the measures reported by members with respect to the regulatory framework for foreign exchange transactions from January 2017 through August 2018. The measures are divided into five major categories: trade-related measures, current invisible transactions and transfers, account transactions, capital controls, and provisions specific to commercial banks and institutional investors.

Trade-Related Measures

From January 2017 through August 2018, members reported significantly more easing measures related to trade than restrictive ones. The total number of changes in exchange and trade controls related to imports and exports amounted to 192, of which 106 were easing, 69 tightening, and 17 neutral. Trade-related measures were implemented by 63 countries, of which 37 liberalized measures regarding imports and 17 regarding exports. Further, 24 countries tightened trade-related measures.

Imports and import payments

Forty-nine member countries reported 138 measures related to imports and import payments, of which easing measures (71) were marginally more prevalent than tightening measures (57)[26], along with 10 neutral measures.

Thirty-seven countries across different regions of the world relaxed measures on imports and import payments: Argentina, Australia, Azerbaijan, The Bahamas, Bangladesh, Belarus, Benin, Bolivia, Brunei Darussalam, Bulgaria, Burkina Faso, Côte d'Ivoire, Egypt, Fiji, Greece, Guinea-Bissau, Italy, Kuwait, Lesotho, Mali, Mexico, Moldova, Netherlands, Niger, Nigeria, Norway, Russia, Samoa, Senegal, Slovak Republic, Slovenia, Sri Lanka, Sweden, Togo, Ukraine, United States, and Uzbekistan. On the other hand, 19 countries implemented tightening measures on imports and import payments: Algeria, Australia, Brunei Darussalam, Bulgaria, Côte d'Ivoire, Finland, Kuwait, Kyrgyz Republic, Libya, Malaysia, Mexico, Norway, Pakistan, Papua New Guinea, Samoa, São Tomé and Príncipe, South Africa, Sweden, and United Arab Emirates.

A significant number of liberalization measures in this category were implemented by Greece (10) and Ukraine (8), following successful macroeconomic stabilization and in the context of gradual easing of controls on purchases of foreign currency for imports and on import payments implemented earlier to fend off a crisis.

More specifically, during the reporting period Ukraine gradually eased and eventually eliminated provisions that required legal entities to use their own funds before purchasing foreign exchange from authorized dealers. Other measures gradually raised and finally removed the limit above which advance payments made for imports required a letter of credit.

Liberalization measures in Greece affected both cash withdrawals and import payments. These measures, among others, changed the cash withdrawal limit per depositor from a biweekly to a monthly limit, which was gradually raised during the reporting period, and relaxed banks' weekly limits on total transfers abroad. Several previous limits on transfers abroad subject to various conditions or documentation were increased.

In other countries, several measures relaxed rules for import payments as a part of macroeconomic stabilization or exchange rate reform. These measures relaxed rules related to advance payments for imports (Azerbaijan, Bangladesh, Fiji, Lesotho) and minimum cash margin requirements (Egypt), extended the timeline for completion of import transactions in the case of advance payments for imports (Belarus), eased documentation requirements for releasing foreign exchange for imports (Argentina, Bangladesh, Moldova, Nigeria, Russia), eliminated mandatory preshipment inspection (Uzbekistan), and increased the limit for non-oil import payments that do not require central bank approval (The Bahamas).

Members' tightening measures comprised introduction of domiciliation requirements (Algeria) and a cash margin requirement for letters of credit opened for imports (Pakistan); an approval requirement for new trade finance loans by authorized dealers (Papua New Guinea); a licensing requirement for certain imports

[26] Of the 54 tightening measures, 30 were reported by Kuwait, temporarily prohibiting imports of meat, live birds, and several other food products from certain countries.

from designated countries (Sweden); imposing or raising import taxes and duty for a list of goods or on a certain group of countries (Brunei Darussalam, Côte d'Ivoire, Malaysia, South Africa); prohibiting imports of all or some goods from certain countries (Australia, Finland, Norway, United Arab Emirates), including as a temporary measure (Kuwait).

Exports and export proceeds

Twenty-six countries reported 54 measures: easing measures (35) were more than twice the number of tightening measures (12); the remainder were neutral.

Easing measures on exports and export proceeds were implemented in 17 countries: Argentina, Bangladesh, Belarus, Bolivia, El Salvador, Ethiopia, Honduras, Iceland, Jamaica, Korea, Mozambique, Myanmar, Nigeria, Pakistan, Turkmenistan, Ukraine, and Uzbekistan. Among the liberalization efforts, 10 countries implemented measures that were aimed at relaxing repatriation and surrender requirements. For instance, Belarus and Ukraine extended the timeline for repatriating export proceeds, while Korea abolished the repatriation requirement previously imposed on export proceeds exceeding a certain amount. In addition, Ethiopia and Ukraine relaxed the surrender requirements by reducing the proportion of export proceeds that must be surrendered, whereas Belarus, Mozambique, and Uzbekistan took more wide-ranging measures that terminated surrender requirements. In Argentina, as part of the macroeconomic stabilization program, the authorities introduced new decrees, which resulted in the elimination of both the repatriation and surrender requirements for exporters.

Other easing measures were designed to relax requirements on export financing (Pakistan) and on documentation (Nigeria). Export taxes on certain types of goods were reduced in Myanmar. In terms of export licensing, Bolivia expanded the quota for certain exports, and Belarus terminated temporary licensing requirements for a list of goods.

On the other hand, nine member countries tightened restrictions on exports and export proceeds by raising the repatriation (Democratic Republic of the Congo) and surrender requirements (Sudan), tightening the conditions for receiving export payments in foreign currency cash (Serbia), introducing approval requirements for trade financing provided by authorized dealers (Papua New Guinea), imposing a levy on some items (Vietnam), enhancing licensing requirements for certain goods (Mexico), and prohibiting exports of a single product (Kuwait). As a security measure, Australia prohibited supplying, selling, or transferring certain energy products to the Democratic People's Republic of Korea. For human rights reasons, Portugal banned exports of certain equipment and software to Venezuela.

Current Invisible Transactions and Current Transfers

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

From January 2017 through August 2018, changes (163) reported by members in this category were predominately easing measures (150); restrictive (6) and neutral (7) measures were only a very small fraction. These changes were introduced by 29 countries. Among these, 20 countries liberalized restrictions related to payments, 10 relaxed regulations related to proceeds, and 6 implemented tightening measures.

Payments for current invisibles and current transfers

Of the 142 measures related to payments for current invisibles and current transfers reported by 22 countries, 132 were easing, 4 tightening, and 6 neutral. Among the 20 countries that implemented easing measures, Greece, Iceland, and Ukraine led the liberalization trend by jointly contributing 48 measures. Several other countries, including Argentina, The Bahamas, Bangladesh, Cabo Verde, Moldova, Tonga, and Turkmenistan supported the liberalization path. On the other hand, only four members implemented tightening measures: Azerbaijan, China, Honduras, and Libya.

In the context of gradual liberalization of controls introduced in 2015, Ukraine took multiple liberalization steps (16). As an important step, it relaxed the ban on purchases and transfers of foreign currency to repatriate foreign investors' dividends abroad. Other easing measures included progressively raising the limit on individuals' daily foreign currency cash purchases and gradually easing and subsequently eliminating the requirement that legal entities use their own funds for payments before purchasing foreign exchange from authorized dealers. In addition, Ukraine removed limits on certain non-trade-related current international transfers in foreign exchange by individuals and gradually raised and finally eliminated the limit on withdrawals of foreign exchange cash from foreign currency accounts in Ukraine and abroad through the use of payment cards. Resident individuals who are not engaged in business are allowed to obtain an electronic license via a simplified arrangement to transfer funds abroad up to a certain amount annually, including to pay life insurance premiums.

In addition to Ukraine, Greece and Iceland also progressively relaxed measures related to payment for current invisibles and current transfers. Liberalization measures by Greece comprised relaxing weekly limits on banks' transfers abroad on their own behalf and on behalf of their customers; raising limits previously imposed on bank customers' transfers (including abroad) subject to various conditions or documentation requirements; and changing the biweekly deposit withdrawal limit to monthly, which was gradually raised during the reporting period. Easing measures by Iceland were designed, among other reasons, to ultimately remove restrictions on purchases of foreign currency, including for travel and other payment purposes; remove restrictions on convertibility and transferability of funds for current invisible transactions (for example, dividends, interest, and nonresidents' wages); and eliminate banks' verification requirement based on supporting documents (except for transactions from offshore króna accounts). Transfers of income from investment no longer require central bank verification.

In other countries, liberalization of current transactions comprised a number of measures, including relaxation or elimination of various limits, easing of documentation and approval requirements, and expanding rights to make payment. For instance, Bangladesh introduced several measures to liberalize current payments and transfers, such as raising the remittable amounts for IT and software firms and easing the bona fide test for releasing foreign exchange for medical insurance to students who study overseas. Cabo Verde eliminated both the approval requirement and the quantitative limit for foreign currency purchases for travel payments and eliminated the verification requirement for transfers of travel-related and personal payments. Moldova increased the limits on trade-related and travel payments by individuals and legal entities without supporting documents. The Bahamas removed the previous approval requirement for transfers of other payments exceeding a certain amount. Instead, it allowed authorized dealers to facilitate payment for services (that is, professional, subscription, and membership fees; royalties; registration of patents; serial rights; and advertising) up to the amount indicated on the bill. It also raised the quantitative limits on payments for travel for education as well as the proportion of foreign workers' wages that can be transferred abroad.

The tightening measures initiated by members involve enhancing documentation requirements, reducing the amount of currency allowed in foreign exchange dealers' transactions with customers, and introducing or reducing quantitative limits on payments and transfers. In Azerbaijan, the transfer of wages abroad by nonresidents is subject to documentary requirements, such as work contracts or bank statements. Libya introduced a limit on transfers of foreign workers' wages for those who work in the private health sector. China extended the per bank card limit on the yearly cumulative overseas cash withdrawal to a per person limit. Honduras tightened anti-money-laundering requirements for cash and noncash transactions.

Proceeds from current invisibles and current transfers

Twelve countries—Argentina, Bangladesh, Belarus, Ethiopia, Guyana, Iceland, Jamaica, Korea, Serbia, Sri Lanka, Ukraine, and Uzbekistan—reported 21 changes under this category. The overwhelming majority of these were easing measures; only two were tightening measures. Liberalization mainly included steps toward easing the repatriation requirement (including through extension of the repatriation period and elimination of repatriation for certain proceeds) and reducing or eliminating the surrender requirement on proceeds from exports of services. On the tightening side, Ethiopia shortened the amount of time residents may hold foreign currencies before they must surrender the money to authorized dealers. Guyana required money transfer agencies to sell their net monthly inflows from current transfers to licensed banks and cambios following the new guidelines.

Account Transactions

From January 2017 to August 2018, changes in resident and nonresident accounts regulations were introduced by 21 countries, of which 12 liberalized measures for resident accounts and 14 for nonresident accounts; only two imposed restrictions governing resident accounts. Among the 98 changes reported under this category, more than 90 percent were liberalization efforts (89); the remaining few measures were either tightening (2) or neutral (7).

Resident accounts

Sixteen members reported 47 measures, of which liberalization actions (42) largely dominated tightening (1) and neutral (4) actions. Greece and Ukraine took the lead in relaxing restrictions on resident accounts by implementing 12 and 8 easing measures, respectively.

As part of ongoing gradual relaxation of restrictions introduced earlier, Greece implemented 12 easing measures, including, among others, permission to open new accounts and the addition of coholders to an existing account with a credit institution; changing the biweekly cash withdrawal limit per depositor to a monthly limit, which was subsequently raised twice during the reporting period; and raising the weekly limits for the banking system with respect to transfers abroad on their own behalf and on behalf of their customers. In addition, several limits previously imposed on bank customers' transfers (including abroad) that are subject to different conditions or documentation requirements were gradually increased.

Ukraine continued on its path of liberalization, implementing eight measures in response to improving foreign exchange market conditions. For example, it progressively eased and finally eliminated the requirement that legal entities use funds from their foreign exchange accounts before purchasing foreign exchange from authorized dealers, and it abolished the daily limit on cash withdrawals from foreign currency accounts at home and abroad. Regulations on resident individuals' international foreign currency transfers were relaxed, including the removal of limits on non-trade-related current transfers and the elimination of the licensing requirement for transfers and deposits abroad of funds from outside Ukraine. Resident individuals who are not engaged in business may obtain an electronic license via a simplified arrangement to transfer up to a certain amount abroad annually, place personal funds in an account abroad, make investments, and pay life insurance premiums.

Iceland progressively relaxed and finally eliminated restrictions on withdrawing foreign currency cash from residents' domestic foreign exchange accounts and eased rules governing transfers abroad for some financial transactions. It also gradually eased and eventually removed the requirement that residents repatriate foreign currency acquired abroad. Restrictions on convertibility of funds in domestic currency accounts were removed, and transfers of capital in domestic currency are no longer restricted, except for offshore króna-denominated assets subject to special restrictions. The amount that may be withdrawn by individuals from offshore króna-denominated accounts was increased under specified conditions.

Among other reported easing measures, The Bahamas loosened its regulations on opening and maintaining foreign exchange accounts by waiving the approval requirement for resident businesses with revenue earned in foreign currency and account balances below a certain threshold. Similarly, Fiji relaxed its provisions on opening foreign exchange accounts by lifting the approval requirement for locally registered business entities with account balances below a certain limit and delegating approval to authorized dealers for opening foreign exchange accounts for certain companies. Regarding transactions allowed with foreign exchange accounts, Egypt removed daily and monthly limits on foreign currency cash deposits and withdrawals for companies importing nonessential goods and eliminated limits on foreign currency transfers abroad by residents. Mozambique removed the limit on the percentage of export proceeds that can be credited to foreign exchange accounts to reflect elimination of the surrender requirement. Belarus removed several controls on the purchase and use of foreign exchange by legal entities and individual entrepreneurs. As a result, foreign exchange purchased and credited to the resident foreign exchange current account at a local bank may be maintained indefinitely. Residents no longer have to use the purchased foreign exchange for the purpose indicated in the request submitted to the bank.

On the tightening side, Pakistan no longer allows residents who are not tax filers to credit their foreign exchange accounts with cash in foreign currencies.

Nonresident accounts

Fourteen members reported 51 changes, which are predominately easing measures, with the exception of 1 tightening and 3 neutral measures. Greece alone contributed 12 liberalization measures; Iceland added another 10 measures to the total number of 47 easing measures.

Greece's easing measures on resident accounts were also reflected in nonresident accounts: limits on cash withdrawals by depositors were further relaxed, as were transfers abroad by banks and their customers. Similarly, measures by Iceland to liberalize nonresident accounts resemble those implemented on resident accounts. Additionally, Iceland allowed nonresidents to transfer gifts and grants to residents in foreign currency within set limits and permitted nonresidents to transfer funds for prepayment and retirement of loans and investments in various financial instruments and claims in foreign currency. Later in the reporting period, restrictions on cross-border transfers through nonresidents' foreign currency accounts were removed. Regarding nonresidents' domestic currency accounts, transfers for gifts and grants to residents were allowed within a set limit.

Among the other countries that followed the liberalization trend, Curaçao and Sint Maarten eased the approval requirement for domestic currency accounts and eliminated the provision that such accounts be funded with domestic banknotes. In Bangladesh, nonresident Bangladeshis may open nonresident foreign currency deposit accounts to credit their retirement benefits, periodical pensions, superannuation benefits, and so on, and the balances in those accounts can be used to settle legitimate payments abroad. Ethiopia lifted the ceiling on the amount of foreign exchange that can be deposited in demand foreign exchange accounts. Fiji further raised the monthly amount that nonresidents can deposit in their domestic currency accounts as reimbursement for expenses, living allowances, fees, and bonds. Egypt lifted the limit on transfers abroad by individuals and companies. Sri Lanka eased restrictions on blocked accounts by raising multiple limits with respect to transfers of eligible migration allowances by emigrants. Samoa delegated approval of transfers from closed foreign exchange accounts to authorized commercial banks for amounts below a certain threshold. Ukraine gradually increased the daily limit on cash withdrawals from foreign currency accounts at home and abroad and raised and ultimately eliminated the limit on domestic currency cash withdrawals from accounts within Ukraine. The United States removed security restrictions on nonresident accounts with respect to Sudan.

On the tightening side, Iceland narrowed the scope of exemptions to the special reserve requirement to close a potential loophole that could allow investors to avoid the reserve requirement. More specifically, cross-border movement of Icelandic krónur is no longer exempt from the restrictions in cases related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (vostro account).

Capital Controls

The overall trend toward the liberalization of capital transactions continued amid a pickup in global growth, which strengthened in 2017 to 3.8 percent, up from 3.2 percent. The uptick was broad-based as both advanced and emerging market and developing economies experienced better growth in 2017 than in 2016. Important drivers included increased investment spending in advanced economies and recovery in commodity-exporting emerging market and developing economies. Following the US elections in November 2016, there was an uptick in capital outflows from emerging markets, particularly in portfolio flows, which reversed in early 2017. Capital flows to emerging market economies, after surging in the first half of 2017, moderated in the second half of the year but remained robust, in line with the favorable economic environment. However, capital flows became more volatile in the first half of 2018, in part owing to trade tensions, monetary policy normalization in the United States, the appreciating US dollar, worries about growth in China and other emerging market economies (particularly those with weak fundamentals), and political uncertainty. As a result, some emerging markets, particularly those with weak fundamentals, experienced reduced capital inflows, higher financing costs, and exchange rate pressure. Consequently, emerging market economies responded by raising policy rates to combat inflation and exchange rate pressure and capital flow reversals, allowed exchange rates to depreciate, and intervened to stem depreciation.

The trend of easing measures predominating for both inflows and outflows continued. From January 2017 through August 2018, IMF members reported a total of 518 measures, somewhat more than the 500 measures reported in the previous period.[27],[28] Of the total, 449 measures (about 87 percent) were directed toward easing capital flows, 52 (10 percent) were tightening measures, and 14 (about 3 percent) are considered neutral. For the previous reporting period, the numbers were as follows: easing 80 percent, tightening 11 percent, and neutral 8 percent. While the growth in overall measures was modest at about 3 percent, if measures taken by Argentina, Iceland, and Ukraine are excluded from the current and previous reporting periods, the number of measures increased by about 13 percent compared with the previous period. A large share of these measures is attributable to Curaçao and Sint Maarten, which increased the threshold for transactions with nonresidents, an action that affected many categories reported in this section.

The measures included in this section are also considered to be capital flow management measures (CFMs) as defined by the IMF's institutional view on the liberalization and management of capital flows.[29] In addition to the capital controls included in this section, prudential-type measures discussed in the next section may also be CFMs if they were designed to limit capital flows. However, the AREAER does not use this terminology, because classifying a measure as a CFM requires substantial background information and considerable judgment, which is beyond the scope of the analysis conducted in compiling the AREAER database.

Repatriation and surrender requirements

A few countries adjusted repatriation and surrender requirements with respect to capital transactions. Most of the measures involved easing outflows. Ukraine further lowered the surrender requirement from 65 percent to 50 percent for capital transactions. It had imposed the surrender requirement along with other measures earlier to counter a challenging geopolitical and balance of payments situation. Furthermore, certain types of external borrowing by residents were excluded from the surrender requirement. Korea ended repatriation requirements related to capital transactions by removing a remaining requirement for sums over a specified limit. Argentina eliminated the required holding period on foreign borrowing (previously, foreign borrowing could not be repaid before 120 days). Iceland eliminated the requirement for repatriation of all foreign currency acquired abroad to an authorized institution. The Gambia rescinded the compulsory surrender requirement for commercial banks, which it had introduced earlier when it faced balance of payments pressure. Serbia allowed investors, with approval, to retain proceeds from trading in debt securities in foreign exchange accounts abroad, which previously had to be repatriated within 30 days if not reinvested. Jamaica eased surrender requirements for authorized dealers and cambios twice during the reporting period.

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[27] The total number of measures includes a relatively large number of changes reported by Argentina, Iceland, and Ukraine. While the number of measures reported by Argentina and Ukraine is a little higher compared with the previous reporting period, the number for Iceland is much lower, indicating the removal of restrictions is virtually complete. Iceland and Ukraine initially imposed wide-ranging restrictions to deal with an economic crisis. These restrictions constrained capital transactions across many categories. With the economy gaining strength, Iceland removed almost all restrictions on cross-border transactions, except those affecting offshore króna accounts. A similar situation was reported by Ukraine, where the authorities have gradually eased broad controls as conditions improved—by broadening exceptions, increasing limits, and easing administrative procedures. Argentina, after several years of restrictive practices, liberalized its foreign exchange market in December 2015, which has affected transactions across many categories, resulting in the reporting of a high number of easing measures. The AREAER records the imposition of these restrictions and their step-by-step removal across many categories of transactions, thereby showing a large number of measures taken by these countries.

[28] The number of measures is directly comparable with the previous reporting period but not to prior years because of the change in reporting yearly changes under each subcategory rather than under the main category, which was introduced with the 2017 publication.

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

Controls on capital and money market instruments

A total of 238 measures to adjust controls on capital and money market instruments were taken during the reporting period, a number just slightly higher than in the previous reporting period. Such measures were the most frequently reported, just as in the previous reporting period. Measures to ease (200) outnumbered those to tighten (29), as was the case during the previous period. This, in part, reflects the trend toward liberalization of emerging markets' domestic financial and corporate sectors, as both individuals and institutions were allowed to invest overseas under more liberalized conditions.

The largest number of measures eased conditions for outflows (125), dominated by Argentina and followed by Ukraine and Iceland. Argentina, in the context of large-scale macroeconomic adjustment, introduced sweeping reforms that resulted in a flexible exchange rate regime accompanied by a host of measures to ease access to the foreign exchange market. Argentina made it easier for nonresidents to access the local foreign exchange market and repatriate their income from investments or proceeds from the sale of their investments and eliminated the monthly limit on transfers abroad. The minimum holding period of nonresidents' portfolio investments was reduced to zero from 120 days. The monthly limit on residents' (individual and legal entities) access to the local foreign exchange market for portfolio investments abroad was removed. Finally, it replaced the various pieces of foreign exchange regulations with one consolidated text that eliminates distinctions between residents and nonresidents with respect to their operations in the foreign exchange market. Against a backdrop of strong economic performance, Iceland removed almost all capital controls imposed to deal with its banking crisis in 2008. It gradually lifted the ceiling on residents' portfolio investments abroad before eliminating it. In addition, nonresidents were permitted to issue instruments in local currency, and króna proceeds of cross-currency settlement of sales and issuances of securities no longer have to be deposited in a restricted króna-denominated account. However, some króna-denominated assets remain subject to special restrictions. Ukraine took steps to ease some of the restrictions imposed previously to counter capital flight as macroeconomic stabilization took hold and economic conditions improved. It relaxed the ban on dividend repatriation by permitting transfers related to dividends earned through 2017, up to a limit. It also permitted foreign investors to repatriate proceeds from, for example, sales of securities or corporate rights under certain conditions. In addition, the limit for transfers of foreign currency abroad by resident legal entities based on an individual license was increased and changed to an annual from a monthly limit. The Bahamas reduced the premium on purchases of foreign exchange for outward capital transactions. Bolivia permitted assets of the Integrated Pension System to be invested in foreign sovereign debt securities under certain conditions, up to a limit. Chile increased the limit on purchases of foreign securities by insurance companies for the placement of technical and capital reserves. China took steps to ease both the inflow and the outflow of capital, in part to further internationalize the use of the renminbi. Domestic branches of foreign banks (including banks in Hong Kong SAR, Macao SAR, and Taiwan Province of China) were allowed to conduct domestic and foreign currency cross-border financing freely within the limit determined by their capital or net asset, without being subject to People's Bank of China and State Administration of Foreign Exchange advance review and approval requirements. Curaçao and Sint Maarten raised the threshold for approval of portfolio outflows. Continuing its cautious liberalization, Greece gradually increased the amount credit institutions may transfer abroad per customer without documentation within a two-month period up to an aggregate institution ceiling. Mozambique did away with approval for all outward portfolio investment transactions and replaced it with approval only for transactions above a certain limit. Serbia allowed residents to make foreign exchange payments for investments in selected (for example, issued by EU members) short-term securities. Sri Lanka increased the annual limit for investment abroad in stock and sovereign bonds. Tajikistan removed the preregistration requirement for portfolio investments for transactions above a threshold, and residents may now conduct such transactions if supporting documents are submitted to the bank servicing the transactions. All such transactions must be reported to the central bank within five business days. Thailand widened the scope of qualified investors who may invest in securities abroad without local intermediaries, up to a set annual limit. Tonga delegated authorization of outward transfers up to a limit to authorized dealers; central bank approval is required above the limit.

Only two countries reported measures that tightened outflows. The majority of these were undertaken by Bolivia, which reduced the share of foreign assets that closed-end and open-end investment funds may hold. Thailand lowered the annual amount qualified investors—as defined by the central bank—may invest in securities abroad.

Measures to ease inflows (68) included increasing access to domestic securities markets, easing conditions for foreign borrowing, and allowing greater equity participation by foreigners. Angola permitted nonresidents to purchase securities with maturity longer than one year. Argentina continued the liberalization of its foreign exchange market, initiated in late 2015 as part of a general shift to a more market-based economy. For instance, it eased conditions for foreign borrowing and nonresident investments by eliminating the holding period and issued a consolidated text of foreign exchange regulation that did away with the distinction between residents and nonresidents, which affected all forms of portfolio inflows and thereby accounted for the greatest number of easing inflow measures. China activated northbound trading of its Bond Connect program, which allows foreign investors through Hong Kong SAR to invest in Chinese bonds. China also took steps to attract foreign investment from qualified foreign institutional investors by eliminating the three-month holding (lockup) period before they can remit invested principal (for shares, bonds, money market instruments, and collective investment schemes). Curaçao and Sint Maarten increased the threshold above which approval is required for portfolio inflows. Along with easing outflows, Iceland took steps to remove restrictions on inflows. Iceland first raised the limit on nonresidents' portfolio investment in foreign-currency-denominated assets that can be carried out with only notification and later removed all limits except on transactions related to offshore króna assets. The limit on withdrawals by individuals from offshore króna assets was increased significantly, subject to certain conditions. The limit on individuals' inward portfolio investment exempt from the special reserve requirement, which was imposed on certain inflows, was increased; later the special reserve requirement ratio was reduced to 20 percent from 40 percent. Residents may issue or sell securities abroad without repatriation requirements. Cross-currency settlement of sale or issuance of securities does not require that the proceeds in krónur be deposited in a restricted króna-denominated account in the issuer's name within a domestic bank. Previously, residents were generally prohibited from issuing securities abroad, unless specifically exempt. India took steps to encourage inflows aimed at boosting growth. Certain investors were permitted to contribute capital to companies structured as an LLP and to purchase convertible notes issued by Indian start-ups under certain conditions. India also increased the limit on foreign portfolio investors' investments in central government securities. Saudi Arabia, in part to deepen its capital markets, further relaxed some restrictions on qualified foreign financial institutions' investment in listed securities, such as decreasing the required minimum limit on assets under management by the financial institution, and eliminated the approval requirement for the qualification application and the condition that investors have a certain level of experience. It also relaxed limits on the percentage of foreign investments in listed securities under the swap agreement framework and allowed nonresident foreign investors to invest directly in the parallel equity market (Nomu). Serbia permitted residents of EU members to invest in the money market. Sri Lanka permitted sales of stock and securities abroad without approval, but the proceeds from the sale of stock must still be credited to the domestic institution that handled the transaction. Sri Lanka also increased the limit on investments by nonresidents in the retail sector. Tunisia eliminated the authorization requirement for foreigners' acquisition of stock equal to or exceeding 50 percent of a company's equity.

Only two countries tightened controls on inflows: the Kyrgyz Republic introduced a requirement for permission from the central bank for foreign investment in a bank if ownership crosses a particular threshold, and Iceland narrowed the scope of exemptions to the special reserve requirement to close a potential loophole that allowed investors to avoid the reserve requirement. In addition, Iceland broadened the types of assets that fall under the purview of the special reserve requirement.

Controls on derivatives and other instruments

Most of the measures on derivatives were toward easing, and only three countries tightened regulations. The overall trend was in the same direction as in the previous reporting period, with easing measures dominating. The percentage of easing measures rose to about 83 percent compared with about 72 percent in the previous period.

Argentina's liberalization of the foreign exchange market also eased restrictions on derivatives transactions. The Bahamas reduced the premium on purchases of foreign exchange for the purpose of buying certain foreign securities, including derivatives products. Chile increased the limit on purchases of foreign securities, including derivatives, by insurance companies for the placement of technical and capital reserves. China first eased and then retightened the foreign exchange risk reserve ratio on forward sales. However, it took additional easing measures. It introduced listing and trading of crude oil futures denominated and settled in

renminbi on the Shanghai Energy Exchange and allowed participation by foreign investors. Foreign investors were also allowed to trade in iron ore futures on the Dalian Commodities Exchange. Curaçao and Sint Maarten increased the threshold for approval for transactions with nonresidents, including for derivatives transactions. Greece gradually increased the amount depositors could transfer abroad without documentation. Hong Kong SAR raised the excess position limits above which participants trading in Hang Seng Index and Hang Seng China Enterprises Index futures and options contracts could exceed the statutory limits. Iceland introduced both tightening and easing measures. Derivatives transactions for the purpose of hedging against foreign exchange risk conducted by resident financial institutions were exempt from the special reserve requirement. However, shortly thereafter, to limit carry trade activity, the rules on foreign exchange were amended to remove the exemption for derivatives transactions used for hedging risk connected to the issuance of offshore Eurobonds denominated in króna. India eased conditions for nonresidents to participate in the derivatives market by allowing them to trade in the exchange-traded currency derivatives market. It allowed nonresident parent companies of Indian subsidiaries and central treasuries of groups access to derivatives trading and introduced a simplified hedging facility with reduced documentation requirements and other procedural requirements with the aim of encouraging a more dynamic and efficient market. It also increased the limit on positions foreign portfolio investors may take without an underlying transaction. South Africa allowed the Johannesburg Stock Exchange to list Zambian-referenced grain derivatives contracts in US dollars to nonresidents and qualifying South African and Common Monetary Area corporate entities for an additional two years. Tajikistan removed the preregistration requirement for transactions above a threshold for portfolio investments, including derivatives securities, and residents may conduct such transactions in any amount provided supporting documents are submitted to the bank servicing the transactions. All such transactions must be reported to the central bank within five business days. Tonga delegated authorization of outward transfers for financial derivatives up to a limit to authorized dealers; central bank approval is required for transactions above the limit. Ukraine further eased purchases and transfers of foreign currency abroad by resident legal entities based on an individual license, including for derivatives contracts, by increasing the limit and converting it to an annual from a monthly limit. It eliminated restrictions on forward foreign exchange operations for hedging risks for banks and economic agents. In addition to China and Iceland, the only other case of tightening was reported by Turkey, which required leveraged transactions of foreign exchange, precious metals, and other designated assets to be conducted by residents through appropriate authorized institutions.

Controls on credit operations

Measures on cross-border lending were almost entirely directed at easing controls. This pattern was much more pronounced compared with the previous reporting period: about 88 percent of measures were aimed at relaxing conditions during this reporting period compared with about 63 percent in the previous period. The number of measures to ease outflows was slightly higher than those for inflows, unlike during the previous reporting period, when outflow measures were about double those of inflow easing measures.

Reflecting the liberalization measures with respect to other capital transactions, Argentina, Cabo Verde, and Curaçao and Sint Maarten eliminated or eased conditions for residents to extend credit to nonresidents. Chile increased the limit that insurance companies could lend abroad as a percent of total assets. Sri Lanka increased the limits for guarantees for overseas branches and subsidiaries. Thailand further eased restrictions for domestic financial institutions to provide direct loans in baht to nonresidents, whereby under certain conditions they may do so without approval. Serbia eased the conditions under which resident legal entities other than banks may grant financial loans in foreign currency to nonresidents and may issue warranties and other means of collateral for credit operations to nonresidents abroad. Tajikistan removed the preregistration requirement for transactions above a certain threshold for commercial credit with maturity over one year and for financial credit by residents to nonresidents. Furthermore, residents were allowed to conduct such transactions in any amount provided all supporting documents were submitted to the bank servicing the transactions and reported to the central bank within five business days. Iceland removed all limits on lending in domestic currency to nonresidents, allowed loans in domestic and foreign currency to be repaid in either currency, allowed lending in foreign currency to nonresidents under certain conditions, and permitted cross-border issuance of guarantees. Ukraine increased the permitted maturity of commercial credit. It also gradually broadened the type of financial credit that can be repaid early by residents in line with the strengthened macroeconomic situation.

Argentina, Cabo Verde, and Curaçao and Sint Maarten eliminated or eased conditions for residents' borrowing from nonresidents as part of their measures to liberalize capital transactions. Bangladesh allowed certain industries in export processing zones to access short-term foreign currency loans from parent companies or shareholders and allowed authorized dealers to issue a guarantee to cover exchange rate fluctuations. Colombia allowed loans by nonresidents to residents through authorized dealers. Serbia permitted resident branches of foreign legal entities and resident natural persons to borrow at maturities of less than a year from nonresidents based in EU members. It also permitted legal entities to obtain guarantees and warranties from nonresidents under certain conditions; for example, linked to imports of goods and services. Tajikistan removed the pre-registration requirement for transactions above a threshold for commercial credit with maturity over one year and for financial credit to residents from nonresidents. It also allowed residents to conduct such transactions in any amount subject to documentary requirements provided such transactions are reported to the central bank within five business days. China allowed domestic branches of foreign banks to engage in domestic and foreign currency cross-border financing within specified limits without approval, in part to encourage further internationalization of the renminbi. Iceland gradually eased and then eliminated limits on prepayment and retirement of loans in foreign currency and permitted borrowing from nonresidents. Ukraine allowed residents to borrow from abroad under certain conditions without registration with the central bank.

The small number of tightening measures were targeted mostly at slowing inflows. For example, Vietnam required that state-owned banks get approval from the central bank to obtain credit from nonresidents. Turkey introduced a limit for nonfinancial companies on credit and financing denominated in foreign currency from abroad to prevent a buildup of excessive external debt. Iceland further narrowed the scope of transactions exempt from the special reserve requirement by excluding króna-denominated lending by nonresidents to residents to prevent investors from avoiding the reserve requirement on new foreign currency inflows.

Controls on direct investment

The liberalization trend continued, with about 90 percent of the 42 measures directed at easing conditions, somewhat higher than the close to 80 percent reported during the previous period. Inflow easing measures exceeded outflow easing measures.

Inflow easing measures included those that raised automatic threshold levels and the broadening of permissible sectors. Australia introduced an annual indexing system for raising the automatic thresholds level below which investments are free from restrictions. Canada increased the limit above which investors from World Trade Organization members are subject to screening and raised the threshold for review of investments from countries participating in the Canada-European Union Comprehensive Economic and Trade Agreement and of other trade agreement partners. New Zealand raised the threshold for automatically permitted Australian private and government investments. Iceland eased restrictions on inward direct investment, which is now no longer limited to investments with foreign currency from abroad converted to domestic currency and registered with the central bank. Curaçao and Sint Maarten increased the threshold for approval for inward FDI. Saudi Arabia shortened the time needed to obtain licenses and made them valid for five years (compared with one year previously) and opened new sectors to FDI. South Africa increased the annual amount parent companies may transfer to a "HoldCo" (a type of corporate holding company registered in South Africa that is not subject to foreign exchange restrictions) listed on the stock exchange. Sri Lanka raised the limit on investments by nonresidents in the retail trade sector. Uzbekistan relaxed conditions for FDI by lowering the threshold for foreign investment capital and the size of companies eligible for such investments.

Argentina allowed resident individuals, private sector legal entities established in Argentina that are not authorized dealers, trusts and other estates established in Argentina, and local governments to buy foreign exchange for direct investment abroad without prior approval and without limit. China delisted several industries from its sensitive industries list, thereby allowing outward FDI in these sectors without approval. Iceland removed restrictions on foreign exchange transactions and cross-border movement of domestic and foreign currency, including for direct investment, and direct investment abroad no longer requires confirmation by the central bank. India allowed resident individuals to set up and acquire joint ventures and wholly owned subsidiaries abroad within the limit of the liberalized remittance scheme (a framework that regulates resident individuals' outward current and capital transfers), subject to conditions. The investment may be only in equity of the joint venture or subsidiary, and no multilayered structure may be incorporated or acquired.

Cabo Verde eliminated all controls on outward FDI. Curaçao and Sint Maarten increased the threshold for approval of outward FDI. Mozambique permitted outward FDI up to a limit without approval. South African companies investing outside the Common Monetary Area no longer need to obtain at least 10 percent of the foreign target entity's voting rights, and South Africa increased the limit on investment in companies outside the investing company's current line of business. Sri Lanka raised the annual limit for investments for listed and unlisted companies and individuals; it also increased the annual limit for investments by local companies and partnerships (other than individuals) to set up overseas offices. Tajikistan removed the preregistration requirement for transactions above a threshold for outward FDI, and residents may conduct such transactions in any amount (provided all supporting documents are submitted to the bank servicing the transactions and subject to a central bank notification period of five business days). Tonga permitted outward transfers for direct investment up to a certain limit, above which approval is required. Ukraine converted the monthly limit to an annual one and increased the annual limit on foreign exchange that resident legal entities may purchase to transfer for outward investment based on an individual license.

Only a handful of countries took measures to tighten flows. China placed outward investments by domestic natural persons through foreign companies—including companies based in Hong Kong SAR, Macao SAR, and Taiwan Province of China—under the regulation on investment in sensitive sectors, thereby requiring approval. Russia imposed limits on banks' subsidiaries abroad. New Zealand, on the other hand, tightened rules for overseas persons acquiring residential land and for profits a prendre (that is, to acquire the right to profit off land belonging to another), in particular related to forestry.

Only a few countries reported changes to the conditions for the repatriation abroad of income and capital from foreign direct investment—and all reported easing outflows. Argentina removed all restrictions on access to the foreign exchange market. As a result, nonresident investors in Argentina may repatriate their capital and proceeds of direct investment. Iceland liberalized the transfer of proceeds from investment, except for transactions related to offshore króna accounts; withdrawals from these accounts are permissible under certain conditions up to an annual limit that was increased substantially. Curaçao and Sint Maarten increased the threshold for approval for outward remittances of capital. Ukraine took the largest number of measures. For example, under certain conditions it permitted the purchase or transfer of foreign exchange in order to return abroad funds obtained by foreign investors from the sale of securities and corporate rights, as a result of reduction of the authorized capital of legal entities, and from equity withdrawn from their resident companies.

Controls on real estate transactions

Measures to ease restrictions far exceeded those to tighten them, but the share was lower than in the previous reporting period (about 73 percent compared with 84 percent). Correspondingly, the share of tightening measures rose to about 27 percent compared with about 7 percent. All tightening measures were targeted to reducing inflows.

Argentina eased restrictions on the purchase and transfer of foreign exchange, including for investment in real estate abroad. It first hiked, then eliminated the limit on foreign currency residents could purchase to transfer abroad without central bank approval. It ultimately removed all distinctions between residents and nonresidents in the operations of the foreign exchange market. The Bahamas reduced the premium on purchasing foreign exchange for real estate purchases abroad and increased the limit on foreign exchange that can be purchased at the official rate for buying residential and time share properties abroad. As part of the liberalization pursued by Cabo Verde, controls on the purchase of real estate abroad by residents and the sale of properties by nonresidents were eliminated. Iceland removed all restrictions on residents' purchases of real estate abroad. It also permitted nonresidents to sell real estate locally without any restrictions. Mozambique softened approval requirements for purchases of real estate abroad by residents, restricting them to amounts above a certain threshold. Tajikistan removed the preregistration requirement for transactions above a certain threshold for purchases of real estate abroad by residents, and residents may conduct such transactions in any amount with supporting documents to the bank servicing the transactions. Such transactions must be reported to the central bank within five business days. Tonga delegated authorized dealers to transfer funds abroad, up to a limit, from the sale of real estate by nonresidents. Transfers above the limit require central bank approval. Ukraine increased the limit permitted for purchases and transfers of foreign currency by resident legal entities, including for real estate investment abroad based on an individual foreign currency license, and changed it to an annual from a monthly limit.

A few countries eased conditions for inflows. The liberalization of the foreign exchange market also removed controls on nonresidents' investment in real estate in Argentina. Australia introduced a system to adjust the threshold for automatic investment in real estate annually, and Singapore was added to the list of countries with a higher threshold for direct interest in developed commercial real estate and sensitive land because of a free trade agreement between the two countries. Bangladesh raised the limit for housing credit to nonresident Bangladeshis, making it easier for them to invest in real estate in Bangladesh. Cabo Verde removed all controls on purchases of real estate by nonresidents. Turkey introduced a "golden visa" program to allow foreigners to acquire citizenship by purchasing real estate worth at least US$1 million.

The few countries that tightened measures targeted inflows. Australia, Canada, and New Zealand all took steps to counter rising real estate prices. Australia imposed several constraints on foreign buyers. In particular, the states of Victoria and New South Wales imposed additional taxes on foreign buyers, while the Commonwealth Government introduced a vacancy fee for foreign owners with underused residential property, capped sales by property developers to foreign owners, and eliminated the exemption on capital gains tax for foreign tax residents. Similarly, two provinces in Canada—British Columbia and Ontario—imposed additional taxes on purchases by foreigners to prevent speculative buying. The measures by New Zealand went beyond residential properties: approval will be required to acquire an interest in residential land, forestry-related profits a prendre of at least 1,000 hectares a year, and certain other regulated profits a prendre of 5 hectares or more. Finally, constitutional changes in Georgia prohibit selling agricultural land to foreigners.

Controls on personal transactions

Measures to ease capital flows overwhelmingly outnumbered those taken to tighten them. The share of easing measures rose to about 99 percent compared with 92 percent in the previous period. Controls on personal transactions were the second most frequent type of measure reported, following measures on capital and money market instruments. Led by Iceland and followed by Greece, the two countries accounted for just over 40 percent of the measures: their liberalization measures affected most of the transactions represented in this category.

The bulk of the easing measures related to outflows. Argentina liberalized outflows by permitting residents to purchase foreign exchange for capital transfers without limit or approval for personal capital transactions. As a result, it also eliminated the minimum holding period for personal debts. The Bahamas increased the limit on gifts by residents to nonresidents that may be transferred; central bank approval is required above the limit. It also increased from 50 percent to 100 percent the amount of wages and salaries immigrants may remit annually for the length of the contract. Cabo Verde eliminated the approval requirement for outbound personal capital transactions. Curaçao and Sint Maarten raised the threshold for approval for lending by residents to nonresidents, settlements of debts abroad by immigrants, and the transfer of assets abroad by emigrants. Greece gradually increased the amount credit institutions may transfer abroad for personal transactions per customer without documentation within a two-month period up to an aggregate institutional ceiling. Iceland gradually eased controls on transfers abroad by increasing the limit and then eliminating it, including on transfers related to personal loans, gifts, settlement of debts by immigrants, and transfers abroad by emigrants. Lesotho allowed residents to make transfers to residents temporarily abroad, up to a limit. Samoa delegated approval to authorized dealers subject to documentation for repayment of certain overseas debts (for example, overseas student loans, preexisting debts while resident in another country). Sri Lanka increased the limits on emigrants' initial and subsequent migration allowance along with the limit on the allowance with respect to proceeds from the sale of inherited property and assets. Tajikistan removed the preregistration requirement for transactions above a threshold for personal loans by residents to nonresidents. Residents may conduct such transactions in any amount with supporting documents to the bank servicing the transactions. Such transactions must be reported to the central bank within five business days. Tonga permitted authorized dealers to approve, up to a limit, loan payments abroad by immigrants and transfers by emigrants. It also eliminated the monthly limit on transfers for gifts by residents to nonresidents but retained the annual limit permissible without supporting documents. Ukraine eased restrictions on outflows by gradually increasing the daily foreign currency cash purchase limit for individuals. It removed the limit on non-trade-related current transfers and increased the limit for purchases and transfers of foreign currency, including for personal transfers abroad based on an individual foreign currency license.

Inflow easing measures totaled about less than half the number of outflow easing measures. Iceland dominated in terms of the number of inflow easing measures. Liberalization by some of the countries mentioned above—Argentina, Cabo Verde, Curaçao and Sint Maarten, Greece, and Tajikistan—also affected inflow transactions.

As part of the liberalization process, Argentina relaxed conditions on foreign borrowing by eliminating the minimum holding period and ultimately allowed equal access to the foreign exchange market for both residents and nonresidents. Similarly, the liberalization by Cabo Verde meant that personal lending by residents to nonresidents and the transfer of gambling and prize earnings were no longer subject to approval. Curaçao and Sint Maarten increased the threshold for approval for personal lending to residents by nonresidents and for transfers in the country by immigrants. Colombia allowed loans by nonresidents to residents through authorized dealers. Along with the measures to ease outflows mentioned above, Iceland eased and then eliminated limits on inflows, including on loans and gifts from nonresidents. Nepal increased the limit on borrowing by individuals from nonresidents. Serbia permitted resident natural persons to borrow for maturities of less than a year from nonresidents based in EU members. Tajikistan removed the preregistration requirement for transactions above a certain threshold for personal loans by residents from nonresidents. Residents may conduct such transactions in any amount with supporting documents to the bank servicing the transactions; such transactions must be reported to the central bank within five business days.

Provisions Specific to Commercial Banks and Institutional Investors

This section reviews developments in provisions specific to commercial banks and institutional investors, with a focus on prudential measures that are in the nature of capital controls.[30] This category covers some monetary and prudential measures in addition to foreign exchange controls.[31] It includes, among other categories of financial institution transactions, borrowing abroad, lending to nonresidents, purchasing locally issued securities denominated in foreign exchange, and establishing regulations pertaining to banks' and institutional investors' investments. These provisions may be similar or identical to the measures described in the respective categories of controls on accounts, capital and money market instruments, credit operations, and direct investment if the same regulations apply to commercial banks and institutional investors as to other residents. In such cases, the measure also appears in the relevant category in the sections on capital controls and nonresident accounts.

Reported measures in the financial sector indicate member countries' efforts to continue to strengthen the regulatory framework of commercial banks, other credit institutions, and institutional investors. The number of reported measures (276) introduced from January 2017 to August 2018 decreased by about 10 percent compared with the previous reporting period. This reflects a marked decline in measures related to institutional investors (27 percent) and a marginal decrease regarding commercial banks (below 1 percent). It further indicates that the intensity of implementing the postcrisis global financial sector reform agenda may have peaked, in particular for banks, because for the first time since the global financial crisis, the number of easing measures exceeded that of tightening measures.

As in the previous reporting period, the majority of the reported measures were prudential measures (163). Their share stayed broadly unaltered at about 60 percent for the two reporting periods. The number of reported capital control measures was 113, compared with 119 in the previous reporting period. A majority of the capital controls affect institutional investors (about 54 percent), a somewhat lower share than in the previous reporting period.

Changes in capital controls overwhelmingly eased regulatory constraints (of the 113 measures, 104 are easing), as in the previous reporting period. A majority of reported changes in capital controls are aimed at easing outflows (70), 20 measures are aimed at both inflows and outflows, and 14 measures eased inflows. All of the 9 tightening measures were aimed at outflows, which differs from the previous reporting period, when about a quarter of the tightening measures were aimed specifically at inflows.

As in the previous reporting period, easing and tightening prudential measures were more balanced compared with capital controls: 71 had a tightening effect, 67 an easing effect, and 25 a neutral effect. A summary of the changes in this category is presented in Table 9.

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

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

Table 9. Provisions Specific to the Financial Sector, January 1, 2017–August 31, 2018

	Provisions specific to commercial banks and other credit institutions				Provisions specific to institutional investors				Total
	Easing	Tightening	Neutral	Total	Easing	Tightening	Neutral	Total	
Capital controls	50	2	0	52	54	7	0	61	113
Prudential measures	63	61	16	140	4	10	9	23	163
Total	113	63	16	192	58	17	9	84	276

Source: AREAER database.

Commercial banks and other credit institutions

Over 40 percent of measures easing capital controls eased capital outflows (22), while 14 measures eased inflows and 14 measures eased both types of flows.

- *Controls on capital inflows*—Nearly all of the measures easing inflows relaxed restrictions on borrowing from abroad (Argentina, Cabo Verde, Colombia, India, Kazakhstan, Nigeria, Ukraine). Nigeria also eased constraints on lending locally in foreign currency.
- *Controls on capital outflows*—Ukraine took a number of steps to ease restrictions on early external debt repayments; the country also eased restrictions on banks opening correspondent accounts abroad and holding a larger net open foreign exchange position. Iceland removed all restrictions on outward investments, except using funds that fall under the scope of so-called offshore króna assets. Cabo Verde, Oman, Sri Lanka, and Thailand eased restrictions on lending to nonresidents, with the first two countries also relaxing constraints on maintaining balances on accounts abroad. Bhutan relaxed open foreign exchange position limits, Jamaica eased surrender requirements on two occasions, and Sri Lanka relaxed constraints on banks' outward investment.
- *Controls on both inflows and outflows*—China eased restrictions on cross-border financing in domestic and foreign currency, Egypt relaxed net long and short foreign currency position limits, Ukraine gradually relaxed open foreign currency position limits, and Uruguay removed differential liquid asset requirements for deposit accounts held by residents and nonresidents.

Only 2 measures tightened capital controls, compared with 12 in the previous reporting period. Mongolia tightened restrictions on banks' permission to establish subsidiary companies or hold minority interests in companies abroad, and Vietnam imposed more stringent rules on lending locally in foreign currency.

The 140 reported prudential measures indicate continued bolstering of the prudential framework of banks' operations to advance the global financial sector reform agenda. However, the balance between tightening and easing measures has shifted rapidly, with the number of tightening measures declining and the number of easing measures increasing somewhat. For the first time since the global financial crisis, easing measures (63) exceeded tightening measures (61). As in the previous reporting period, there were a number of neutral measures (16).

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

- Several measures affected reserve requirements, which remain important tools used to attain monetary policy and financial stability objectives, and in some cases to respond to capital flow volatility. Reserve requirements were eased in Belarus, Brazil, China, Mongolia, and Uruguay (domestic currency liabilities only); Bolivia, Haiti, and Turkey (foreign currency liabilities only); and Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Mauritania,[32] Niger, Senegal, and Togo.
- Cyprus, Latvia, and India eased liquid asset requirements, while Argentina (and Sri Lanka) raised (daily) limits on banks' net open foreign exchange positions, Kazakhstan increased the limit on banks' foreign exchange derivatives positions, and Uzbekistan removed the requirement for commercial banks to obtain specific licenses to conduct foreign exchange operations (a banking license is sufficient).

[32] Mauritania did not reduce the reserve requirement ratio but lengthened the maintenance period.

Sixty-one measures tightened prudential frameworks. The measures were aimed mainly at enhancing banks' resilience against liquidity and exchange rate shocks and at adapting domestic regulations to international standards.

- Several countries introduced or continued to phase in the liquidity coverage ratio (LCR); for instance, Belarus, Cyprus, Lebanon, Singapore, and Turkey. The LCR is part of the Basel III regulatory framework for banks and aims to address banks' vulnerabilities regarding liquidity risk.
- Several countries introduced or tightened measures to address foreign-exchange-related risks. Georgia restricted small loans to local currency, and Latvia tightened restrictions on unhedged foreign exchange lending to retail borrowers. In Poland, mortgages are permissible only in the currency in which consumers receive most of their income or hold most of their assets. Risk weights on existing exchange-rate-related mortgages were raised. Korea continued to phase in the LCR for significant foreign exchange currencies, while Hungary introduced an interbank and a broader wholesale funding ratio (with the latter being currency and maturity weighted) to prevent excessive reliance on such funding. Turkey introduced a limit on foreign currency (external and domestic) borrowing for nonfinancial companies with foreign currency liabilities of less than US$15 million.

Neutral measures were mostly related to the implementation of new regulatory frameworks on banks' operations and to changes in the institutional framework of bank supervision. Russia distinguished between basic and universal bank licenses, a new Financial Sector Conduct Authority replaced the Financial Services Board in South Africa, and Moldova set quantitative and qualitative requirements for audit firms.

Institutional investors

The number of measures regarding institutional investors (84) dropped between reporting periods (by 31 from the previous period), reversing the trend of an increasing number of measures in recent reporting periods. This reflects marked decreases in both capital control and prudential measures (61 and 23 compared with 75 and 40, respectively, in the previous period). This is similar to the experience of commercial banks. Changes easing constraints on the operations of institutional investors (58) from January 2017 to August 2018 significantly exceeded those tightening constraints (17). This was also true in the previous reporting period and, as was the case then, this reflects mainly the relatively large number of measures easing capital flows, particularly outflows.

Regarding capital controls, 54 of the 61 reported changes relaxed constraints. A large majority (48 of 54) of easing measures relaxed constraints on capital outflows, with the remaining 6 measures affecting both inflows and outflows. Restrictions on purchases of foreign securities were eased by Chile and South Africa (for insurance companies) and Bolivia, El Salvador, Honduras, and Peru (for pension funds). Belarus, Mozambique, South Africa, and Sri Lanka eased restrictions on investments abroad by investment firms and collective investment funds. Iceland removed all restrictions on outward investments (except with funds that fall under the scope of so-called offshore króna assets) and domestic issuance of securities by nonresidents.

Four measures eased the prudential framework for operations by institutional investors. Indonesia and Kazakhstan increased limits on insurance companies and reinsurance companies' investments in financial instruments of a single issuer, while Pakistan allowed local insurance companies to issue US dollar–denominated insurance policies.

Ten measures tightened the prudential rules for institutional investors' operations to safeguard financial stability. Indonesia required insurance companies to hold additional funds to cover currency mismatches, Latvia subjected investment firms to capital requirements for lending to unhedged resident retail borrowers, and Italy tightened single borrower loan restrictions for EU Alternative Investment Funds. South Africa required institutional investors exceeding their prudential limits to rebalance their portfolios within 12 months, and in the United Arab Emirates (UAE) insurance companies must at all times invest inside the UAE the assets required to match the technical provisions for policies issued inside the UAE.

Among reported prudential measures specific to institutional investors, 9 of the 23 were recorded as neutral. These measures reflect mainly institutional or procedural changes and cannot be linked directly to easing or tightening constraints on institutional investors' operations. Belarus set up a framework for two types of investment funds: joint-stock investment funds and mutual funds. Kosovo amended and supplemented the legal framework for pension funds. The Dominican Republic changed the currency requirements for type 2 pension funds from US dollars to any foreign currency.

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Status Under IMF Articles of Agreement

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

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

Exchange Measures

Restrictions and/or multiple currency practices Exchange restrictions and multiple currency practices (MCPs) maintained by a member country under Article VIII, Sections 2, 3, and 4, or under Article XIV, Section 2, of the IMF's Articles of Agreement, as specified in the latest IMF staff reports issued as of December 31, 2017. Information on exchange restrictions and MCPs or on the nonexistence of exchange restrictions and MCPs for countries with unpublished IMF staff reports are published only with the consent of the authorities. If no consent has been received, the AREAER indicates that "Information is not publicly available." Hence, "Information is not publicly available" does not necessarily imply that the country maintains exchange restrictions or MCPs. It indicates only that the country's relevant IMF staff report has not been published and that the authorities have not consented to the publication of the information on the existence of exchange restrictions and MCPs. Because the relevant IMF staff report may refer to years before the reporting period for this volume of the AREAER; therefore, more recent changes in the exchange system may not be included here. Changes in the category "Restrictions and/or multiple currency practices" are reflected in the edition of the AREAER that covers the calendar year during which the IMF staff report including information on such changes is issued. Changes in these measures which give rise to exchange restrictions or MCPs and that affect other categories of the country tables are reported under the relevant categories in the AREAER, in accordance with the normal reporting periods.

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

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

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

Exchange Arrangement

Currency The official legal tender of the country.

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

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

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

in cases related to changes in MCPs occurs in the edition of the AREAER, that covers the calendar year during which the IMF staff report that includes information on such changes is issued.

Classification Describes and classifies the de jure and the de facto exchange rate arrangement**s**.

De jure

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

De facto

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

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

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

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

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

Currency board Classification as a *currency board* involves the confirmation of the country authorities' de jure exchange rate arrangement. A currency board arrangement is a monetary arrangement based on an explicit legislative commitment to exchange domestic currency for a specified foreign currency at a fixed exchange rate, combined with restrictions on the issuing authority to ensure the fulfillment of its legal obligation. This implies that domestic currency is usually fully backed by foreign

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

Conventional peg

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

Stabilized arrangement

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

Crawling peg

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

Crawl-like arrangement

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

Pegged exchange rate within horizontal bands

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

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

Target setting body The official body or organizational unit responsible for setting and/or adjusting the inflation targets.

Inflation target The numerical targets for inflation which have been publicly announced by the Central Bank. Inflation targets are generally expressed as i) a point target, ii) targets with plus minus a certain numerical limit, and iii) as a band or range. The target measure is defined in terms of end-year inflation or as average annual inflation. CPI and core CPI are based on national definitions, which may vary from country to country. Target horizon is the term in years of inflation targets as publicly announced by the Central Bank.

Operating target (policy rate) Policy rate is used as the operating target of the monetary policy to achieve the inflation target. Short-term policy interest rate target (for example, overnight, one week, two weeks, etc.) is generally expressed as i) a point target, ii) target with a certain numerical limit above and below the target, and iii) as a band or range (upper and lower limits).

Accountability Accountability framework that requires the central bank to explain its conduct of monetary policy in the pursuit of achieving its inflation target. For example, the governor or representatives of the central bank are required to appear before Parliament or one of its committees to explain actions and views on monetary policy and economic developments. It may also require reporting inflation targets through *Open letters* on monetary policy. Usually written by the Governor on behalf of the Monetary Policy Committee to the government in the event that inflation misses the inflation target by a pre-specified amount.

Transparency The manner and level of detail how monetary policy decisions are communicated to the public. Institutional transparency is gauged by the communication vehicles employed by the central bank, including the release of inflation reports and the frequency and detail of these reports, the announcement of changes in the stance of monetary policy via press release, reviews of inflation performance and changes in monetary policy, the publication of inflation forecasting models, and the use of media and other public presentations.

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

Exchange tax Foreign exchange transactions are subject to a special tax. Bank commissions charged on foreign exchange transactions are not included in this category; rather, they are listed under the exchange arrangement classification.

Exchange subsidy Foreign exchange transactions are subsidized by using separate, nonmarket exchange rates.

Foreign exchange market The existence of a foreign exchange market.

Spot exchange market Institutional setting of the foreign exchange market for spot transactions and market participants. Existence and significance of the parallel market.

Operated by the central bank The role of the central bank in providing access to foreign exchange to market participants through a foreign exchange standing facility, allocation of foreign exchange to authorized dealers, or other legal and private persons, and the management of buy or sell auctions or fixing sessions. Price determination and frequency of central bank operations.

A foreign exchange standing facility allows market participants to buy foreign exchange from or sell it to the central bank at predetermined exchange rates at their own initiative and is usually instrumental in maintaining a hard or soft peg arrangement. The credibility of the facility depends to a large extent on the availability of foreign exchange reserves to back the facility.

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

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

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

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

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

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

Arrangements for Payments and Receipts

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

Payments arrangements

Bilateral payments arrangements — Two countries have an agreement to prescribe specific rules for payments to each other, including cases in which private parties are also obligated to use specific currencies. These agreements can be either operative or inoperative.

Regional arrangements — More than two parties participate in a payments agreement.

Clearing agreements — The official bodies of two or more countries agree to offset with some regularity the balances that arise from payments to each other as a result of the exchange of goods, services, or—less often—capital.

Barter agreements and open accounts — The official bodies of two or more countries agree to offset exports of goods and services to one country with imports of goods and services from the same country, without payment.

Administration of control — The authorities' division of responsibility for monitoring policy, administering exchange controls, and determining the extent of delegation of powers to outside agencies (banks are often authorized to effect foreign exchange transactions).

Payments arrears — Official or private residents of a member country default on their payments or transfers in foreign exchange to nonresidents. This category includes only the situation in which domestic currency is available for residents to settle their debts but they are unable to obtain foreign exchange—for example, because of the presence of an officially announced or unofficial queuing system; it does not cover nonpayment by private parties owing to bankruptcy.

Controls on trade in gold (coins and/or bullion) — Separate rules for trading in gold domestically and with foreign countries.

Controls on exports and imports of banknotes — Regulations governing the physical movement of means of payment between countries. Where information is available, the category distinguishes between separate limits for the (1) export and import of banknotes by travelers and (2) export and import of banknotes by banks and other authorized financial institutions.

Resident Accounts

Indicates whether resident accounts that are maintained in the national currency or in foreign currency, locally or abroad, are allowed and describes how they are treated and the facilities and limitations attached to such accounts. When there is more than one type of resident account, the nature and operation of the various types of accounts are also described; for example, whether residents are allowed to open foreign exchange accounts with or without approval from the exchange control authority, whether these accounts may be held domestically or abroad, and whether the balances on accounts held by residents in domestic currency may be converted into foreign currency.

Nonresident Accounts

Indicates whether local nonresident accounts maintained in the national currency or in foreign currency are allowed and describes how they are treated and the facilities and limitations attached to such accounts. When there is more than one type of nonresident account, the nature and operation of the various types of accounts are described.

Blocked accounts — Accounts of nonresidents, usually in domestic currency. Regulations prohibit or limit the conversion and/or transfer of the balances of such accounts.

Imports and Import Payments

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

Foreign exchange budget — Information on the existence of a foreign exchange plan, i.e., prior allocation of a certain amount of foreign exchange, usually on an annual basis, for the importation of specific types of goods and/or services. In some cases, also covers differentiations among individual importers.

Financing requirements for imports — Information on specific import-financing regulations limiting the rights of residents to enter into private contracts in which the financing options differ from those in the official regulations.

Documentation requirements for release of foreign exchange for imports	
Domiciliation requirements	The obligation to domicile the transactions with a specified (usually domestic) financial institution.
Preshipment inspection	Most often a compulsory government measure aimed at establishing the veracity of the import contract in terms of volume, quality, and price.
Letters of credit	Parties are obligated to use letters of credit (LCs) as a form of payment for their imports.
Import licenses used as exchange licenses	Import licenses are used not for trade purposes but instead to restrict the availability of foreign exchange for legitimate trade.
Import licenses and other nontariff measures	
Positive list	A list of goods that may be imported.
Negative list	A list of goods that may not be imported.
Open general licenses	Indicates arrangements whereby certain imports or other international transactions are exempt from the restrictive application of licensing requirements.
Licenses with quotas	Refers to situations in which a license for the importation of a certain good is granted, but a specific limit is imposed on the amount to be imported.
Other nontariff measures	May include prohibitions on imports of certain goods from all countries or of all goods from a certain country. Several other nontariff measures are used by countries (e.g., phytosanitary examinations, setting of standards), but these are not covered fully in the report.
Import taxes and/or tariffs	A brief description of the import tax and tariff system, including taxes levied on the foreign exchange made available for imports.
Taxes collected through the exchange system	Indicates if any taxes apply to the exchange side of an import transaction.
State import monopoly	Private parties are not allowed to engage in the importation of certain products, or they are limited in their activity.

Exports and Export Proceeds

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

Financing requirements Information on specific export-financing regulations limiting the rights of residents to enter into private contracts in which the financing options differ from those in the official regulations.

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

Export licenses Restrictions on the right of residents to export goods. These restrictions may take the form of quotas (where a certain quantity of shipment abroad is allowed) or the absence of quotas (where the licenses are issued at the discretion of the foreign trade control authority).

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

Payments for Invisible Transactions and Current Transfers

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

Trade-related payments Includes freight and insurance (including possible regulations on non-trade-related insurance payments and transfers), unloading and storage costs, administrative expenses, commissions, and customs duties and fees.

Investment-related payments Includes profits and dividends, interest payments (including interest on debentures, mortgages, etc.), amortization of loans or depreciation of foreign direct investments, and payments and transfers of rent.

Payments for travel Includes international travel for business, tourism, etc.

Personal payments Includes medical expenditures abroad, study expenses abroad, pensions (including regulations on payments and transfers of pensions by both state and private pension providers on behalf of nonresidents, as well as the transfer of pensions due to residents living abroad), and family maintenance and alimony (including regulations on payments and transfers abroad of family maintenance and alimony by residents).

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

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

Other payments Includes subscription and membership fees, authors' royalties, consulting and legal fees, etc.

Proceeds from Invisible Transactions and Current Transfers

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

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

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

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

Capital Transactions

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

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

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Controls on capital and money market instruments Refers to public offerings or private placements on primary markets or their listing on secondary markets.

On capital market securities Refers to shares and other securities of a participating nature and to bonds and other securities with an original maturity of more than one year.

Shares or other securities of a participating nature Includes transactions involving shares and other securities of a participating nature if they are not effected for the purpose of acquiring a lasting economic interest in the management of the enterprise concerned. Investments for the purpose of acquiring a lasting economic interest are addressed under foreign direct investments.

Bonds or other debt securities Refers to bonds and other securities with an original maturity of more than one year. The term "other securities" includes notes and debentures.

On money market instruments Refers to securities with an original maturity of one year or less and includes short-term instruments such as certificates of deposit and bills of exchange. The category also includes treasury bills and other short-term government paper, bankers' acceptances, commercial papers, interbank deposits, and repurchase agreements.

On collective investment securities Includes share certificates and registry entries or other evidence of investor interest in an institution for collective investment such as mutual funds, and unit and investment trusts.

Controls on derivatives and other instruments Refers to operations in other negotiable instruments and nonsecured claims not covered under the above subsections. These may include operations in rights; warrants; financial options and futures; secondary market operations in other financial claims (including sovereign loans, mortgage loans, commercial credits, negotiable instruments originating as loans, receivables, and discounted bills of trade); forward operations (including those in foreign exchange); swaps of bonds and other debt securities; credits and loans; and other swaps (e.g., interest rate, debt/equity, equity/debt, foreign currency, as well as swaps of any of the instruments listed above). Also included are controls on operations in foreign exchange without any other underlying transaction (e.g., spot or forward trading on the foreign exchange markets, forward cover operations, etc.).

Controls on credit operations

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

Financial credits: Includes credits other than commercial credits granted by all residents, including banks, to nonresidents or vice versa.

Guarantees, sureties, and financial backup facilities: Includes guarantees, sureties, and financial backup facilities provided by residents to nonresidents and vice versa. Also includes securities pledged for payment or performance of a contract—such as warrants, performance bonds, and standby letters of credit—and financial backup facilities that are credit facilities used as a guarantee for independent financial operations.

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

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

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

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

Provisions Specific to the Financial Sector

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

Open foreign exchange position limits: Describes regulations on certain commercial bank balance sheet items (including capital) and on limits covering commercial banks' positions in foreign currencies (including gold).

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

Listing conventions used in the report are as follows:

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

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries
(As of date shown on first page of country chapter; symbol key at end of table)

	Total number of Member Countries with these features[1]	Afghanistan, I.R. of	Albania	Algeria	Angola	Antigua and Barbuda	Argentina	Armenia	Australia	Austria	Azerbaijan, Republic of	The Bahamas	Bahrain, Kingdom of	Bangladesh	Barbados
International Financial Statistics (IFS) code:		512	914	612	614	311	213	911	193	122	912	313	419	513	316
Status Under IMF Articles of Agreement															
Article VIII	172		●	●		●	●	●	●	●	●	●	●	●	●
Article XIV	17	●			●										
Exchange Rate Arrangements															
No separate legal tender	13														
Currency board	10					◊									
Conventional peg	41											◊	◊		◊
Stabilized arrangement	27				◊						◊				
Crawling peg	3														
Crawl-like arrangement	15	◊												◊	
Pegged exchange rate within horizontal bands	1														
Other managed arrangement	13			*											
Floating	35		●				●	●							
Free floating	31								●	⊕					
Exchange rate structure															
Dual exchange rates	12							●				●			
Multiple exchange rates	9				●										
Arrangements for Payments and Receipts															
Bilateral payments arrangements	62	●		●	●		●	●			●		●	●	●
Payments arrears	21				●	●									
Controls on payments for invisible transactions and current transfers	94			●	●	●					●	●		●	●
Proceeds from exports and/or invisible transactions															
Repatriation requirements	84		●	●	●	–					●	●		●	●
Surrender requirements	60			●	●							●		●	●
Capital Transactions															
On capital market securities	155		●	●	●	●		●	●	●	●	●	●	●	●
On money market instruments	125	●	●	●	●					●		●		●	●
On collective investment securities	125		●	●	●			●	●	●	●	●		●	●
Controls on derivatives and other instruments	101		●	●	■			●		●	●	●	●	●	●
Commercial credits	87			●	●							●		●	●
Financial credits	116			●	●	●				●		●		●	●
Guarantees, sureties, and financial backup facilities	75			●	●							●		●	●
Controls on direct investment	152			●	●		●		●	●	●	●	●	●	●
Controls on liquidation of direct investment	37			●										●	●
Controls on real estate transactions	145	●	●	●	■	●	●	●	●	●		●	●	●	●
Controls on personal capital transactions	95			●	●	–			●		●	●		●	●
Provisions specific to:															
Commercial banks and other credit institutions	173	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Institutional investors	153		●	●	●	–	●	●	●	●	●	●		●	●

[1] Totals excludes information on three territories: Aruba, Curaçao, and Sint Maarten (all in the Kingdom of the Netherlands), and Hong Kong SAR (China); their information is located at the end of the table.

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

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

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

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

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

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

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries
(As of date shown on first page of country chapter; symbol key at end of table)

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

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries
(As of date shown on first page of country chapter; symbol key at end of table)

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

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

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

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

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries
(As of date shown on first page of country chapter; symbol key at end of table)

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

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

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

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

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

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

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

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries
(As of date shown on first page of country chapter; symbol key at end of table)

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

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries
(As of date shown on first page of country chapter; symbol key at end of table)

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

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

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

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

Key

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

Country Table Matrix

(Position as of "DATE)

I. Status under IMF Articles of Agreement

A. Date of membership

1. Article VIII
2. Article XIV

II. Exchange Measures

A. Restrictions and/or multiple currency practices

B. Exchange measures imposed for security reasons

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

III. Exchange Arrangement

A. Currency

1. Other legal tender

B. Exchange rate structure

1. Unitary
2. Dual
3. Multiple

C. Classification

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

D. Official exchange rate

E. Monetary policy framework

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

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

F. Exchange tax

G. Exchange subsidy

H. Foreign exchange market

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

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

IV. Arrangements for Payments and Receipts

A. Prescription of currency requirements

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

B. Payments arrangements

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

C. Administration of control

D. Payments arrears

1. Official
2. Private

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

1. On domestic ownership and/or trade
2. On external trade

F. Controls on exports and imports of banknotes

1. On exports
   a. Domestic currency
   b. Foreign currency
2. On imports
   a. Domestic currency
   b. Foreign currency

V. Resident Accounts

A. Foreign exchange accounts permitted

1. Held domestically
   a. Approval required
2. Held abroad
   a. Approval required

B. Accounts in domestic currency held abroad

C. Accounts in domestic currency convertible into foreign currency

VI. Nonresident Accounts

A. Foreign exchange accounts permitted

1. Approval required

B. Domestic currency accounts

1. Convertible into foreign currency
2. Approval required

C. Blocked accounts

VII. Imports and Import Payments

A. Foreign exchange budget

B. Financing requirements for imports

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

C. Documentation requirements for release of foreign exchange for imports

1. Domiciliation requirements

2 Preshipment inspection

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

D. Import licenses and other nontariff measures

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

E. Import taxes and/or tariffs

1. Taxes collected through the exchange system

F. State import monopoly

VIII. Exports and Export Proceeds

A. Repatriation requirements

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

B. Financing requirements

C. Documentation requirements

1. Letters of credit
2. Guarantees
3. Domiciliation

4. Preshipment inspection
5. Other

D. Export licenses

1. Without quotas
2. With quotas

E. Export taxes

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

IX. Payments for Invisible Transactions and Current Transfers

A. Controls on these transfers

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

X. Proceeds from Invisible Transactions and Current Transfers

A. Repatriation requirements

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

B. Restrictions on use of funds

XI. Capital Transactions

A. Controls on capital transactions

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

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

XII. Provisions Specific to the Financial Sector

A. Provisions specific to commercial banks and other credit institutions

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

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

B. Provisions specific to institutional investors

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

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