

EBD/84/3

January 5, 1984

To: Members of the Executive Board  
From: The Acting Secretary  
Subject: Guinea-Bissau - Exchange Arrangements

Attached for the information of the Executive Directors is a paper on changes in Guinea-Bissau's exchange and trade system.

Att: (1)

Other Distribution:  
Department Heads

THE UNIVERSITY OF CHICAGO

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CHICAGO, ILL.

DEAR MR. [Name]

I have your letter of [Date]

and am glad to hear that you are

interested in the [Subject]



Sincerely,

[Signature]



INTERNATIONAL MONETARY FUND

Guinea-Bissau--Exchange Arrangements

Prepared by the African Department and the Exchange  
and Trade Relations Department

(In consultation with the Legal Department)

Approved by Oumar B. Makalou and W.A. Beveridge

January 5, 1984

In the attached communication dated December 27, 1983, the Governor of the National Bank of Guinea-Bissau has notified the Fund of certain changes in the exchange and trade system being undertaken in the context of an economic and financial stabilization program. With effect from December 23, 1983 the Guinea-Bissau peso has been devalued from PG 44 = SDR 1 to PG 88 = SDR 1, representing a devaluation of 50 percent in terms of the SDR to which it is pegged. Exchange rates for currencies used in transactions with foreign countries are to be determined on a daily basis. The exchange rate in terms of the SDR may be adjusted monthly by the National Bank on the basis of domestic price developments, external market conditions, export trends, and the overall balance of payments position.

Retail traders will receive imported products in proportion to their exports of agricultural products. Private traders undertaking exports of nontraditional products will be authorized to use a portion of their foreign exchange receipts to pay for merchandise imports. Import and export taxes have also been modified according to a new schedule, and the new export duty tariff establishes a special regime for goods destined for ECOWAS countries.

The staff report for the 1983 Article IV consultation with Guinea-Bissau, which was discussed by the Executive Board on June 8, 1983, noted that Guinea-Bissau maintains comprehensive and rigid restrictions operated through the exchange and trade systems. The authorities were urged to undertake adjustments to exchange rate and producer price policies, and to make progress towards eliminating the restrictions as part of a comprehensive adjustment process. The staff is of the opinion that the exchange rate action, as described above, is a step in the right direction, and encourages the authorities to support this by a range of adjustment measures, as discussed recently with a staff technical assistance mission that visited Bissau in October-November 1983. No further action by the Board is recommended at this time.

Attachment

TO: INTERFUND  
WASHINGTON, DC  
INTERNATIONAL MONETARY FUND

FROM: BISSAU  
11/27/83  
Guinea-Bissau - Exchange Arrangements

Prepared by the African Department and the Exchange  
and Trade Relations Department

We have the honor to inform you that in the context of the implementation of the economic and financial stabilization program formulated by our Government, our country's Council of Ministers decided to promulgate the following legislative measures with effect from 12/23/83:

In the attached communication dated December 27, 1983, the Governor of the National Bank of Guinea-Bissau Decree No. 38/83, which provides for changes in the exchange and trade system being undertaken in the context of the economic and financial stabilization program, the following measures were adopted:

December 27, 1983 the Guinea-Bissau peso has been devalued from 100 to 1000 SDRs. The exchange rate is pegged. Exchange rates for currencies used in the country are fixed. The exchange rate in terms of the SDR may be adjusted monthly by the National Bank of Guinea-Bissau. The exchange rate shall be adjusted daily in accordance with the market conditions, export trends, and the overall balance of payments.

Likewise, the National Bank shall fix the exchange rates for foreign currencies used in the country. The exchange rate shall be adjusted daily in accordance with the market conditions, export trends, and the overall balance of payments.

Article 2. The exchange ratio between Guinea-Bissau pesetas and SDRs shall be fixed at 1000 to 1.

The National Bank shall fix the exchange rates for foreign currencies used in the country. The exchange rate shall be adjusted daily in accordance with the market conditions, export trends, and the overall balance of payments.

The National Bank shall fix the exchange rates for foreign currencies used in the country. The exchange rate shall be adjusted daily in accordance with the market conditions, export trends, and the overall balance of payments.

Article 3. The National Bank shall issue regulations under this Decree within 30 days.

Article 4. This Decree shall enter into force on this date.

Decree No. 34/83

Article 1. As from January 1, 1984, the salaries of civil service employees shall be increased by 40 percent.

Article 2. Any doubt concerning the interpretation of this Decree shall be resolved by a Decision of the Minister of Economy and Finance.

Decree No. 35/83

Article 1. Imported products shall be distributed to retail traders in proportion to the agricultural products exported that were collected and delivered to the state marketing system in the preceding crop year.

Article 2. The Ministry of Commerce and Handicrafts shall authorize private traders to effect exports of nontraditional products, allotting to them a portion of the foreign exchange acquired in these operations for use in paying for merchandise imports.

Article 3. Within 30 days, the Minister of Commerce and Handicrafts shall present regulations concerning the application of this Decree.

Article 4. This Decree shall enter into force on this date.

Decree No. 36/83

Article 1. The rates shown in the Consumption Tax Schedule /Imposto de Consumo e de Fabricacoes approved by Decree No. 12/78 of May 20 are hereby altered in accordance with Schedule I annexed to this Decree.

Article 2. In Article 4 of the General Schedule for the Stamp Tax, The National Bank shall issue regulations under this Article 3. annexed to Decree No. 20/80 of May 10, in the portion pertaining to Decree within 30 days. Customs, the rates are hereby altered in accordance with Schedule II of this Decree shall enter into force on this date. Article 4. This Decree shall enter into force on this date. annexed to this Decree.

Article 3. The general customs emoluments shown in the schedule Decree No. 34/83 annexed to Decree No. 12/78 of May 20, the rates are hereby altered in Article 1. As from January 1, 1984, the salaries of civil service employees shall be increased by 40 percent. accordance with Schedule III annexed to this Decree.

Article 4. The rates of the tax on tonnage and the tax on maritime trade shown in Articles 3 and 6 of Decree No. 13/79 of June 21 are hereby altered in accordance with Schedules IV and V, respectively, annexed to this Decree. Decree No. 32/83

Article 5. The storage fees for merchandise handled in premises administered directly by Customs, established by Decree No. 49/75 of September 24, are hereby updated in accordance with Schedule VI annexed to this Decree. Article 1. Imported products shall be distributed to traders in proportion to the agricultural products exported that were collected and delivered to the state marketing system in the preceding crop year.

Article 6. The Ministry of Commerce and Handicrafts shall authorize transit fees/taxas de tráfego/ are hereby created for private traders to effect exports of non-traditional products, according to merchandise handled in premises administered directly by Customs, as shown in a portion of the foreign exchange acquired in these operations for use in Schedule VII annexed to this Decree. Article 2. The Ministry of Commerce and Handicrafts shall authorize

Article 7. (1) The export duty tariff established by Legislative Decree No. 1825 of January 4, 1965 is hereby abolished. Article 3. Within 30 days, the Minister of Commerce and Handicrafts shall present regulations concerning the application of this Decree.

(2) A restricted tariff is hereby established on the goods shown in Schedule VIII annexed to this Decree, except goods bound for areas of the Economic Community of West African States (ECOWAS). Article 4. This Decree shall enter into force on this date. Decree No. 30/83

(3) For goods shown in the schedule mentioned under (2) Article 1. The rates shown in the Consumption Tax Schedule (Imposto de Consumo e de Fabricação) approved by Decree No. 12/78 of May 20 are hereby altered in accordance with Schedule I annexed to this Decree.

deposit or a bond furnished under the terms provided for in the EOA until such time as the document proving consumption entry is submitted.

(4) The guarantee referred to in (3) above shall be valid for 90 days, which period may be extended by a further 30 days when duly justified.

(5) If the above-mentioned documents are not submitted within the periods stated, the deposits shall be forfeited and the bonds called by decision of the director or chief of the customs station, no formalities being required.

Article 8. This Decree shall enter into force on January 1, 1984.

REGARDS

PEDRO A. GODINHO GOMES  
GOVERNOR

