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August 10, 1984

To: Members of the Executive Board

From: The Secretary

Subject: France - Relaxation of Exchange Controls

At the request of Mr. de Maulde, there follows for the information of the Executive Directors a translation of a communiqué dated July 31, 1984, issued by the Ministry of Economy and Finance, concerning two measures of relaxation of exchange controls:

Two measures have been adopted to relax exchange controls. Affecting businesses and individuals, they are of limited impact on the foreign exchange market.

For businesses, the bank domiciliation threshold for exports and imports is raised from F 150,000 to F 250,000

The present requirement is that merchandise imports and exports be paid for, unless a special waiver is obtained, through an authorized intermediary, which in practice means a bank. But this rule is not applied below a certain amount, which will now be raised from F 150,000 to F 250,000. With this decision, the number of operations subject to domiciliation will be reduced from 10 percent to 5 percent for imports and from 7 percent to 4 percent for exports, 1/ thus simplifying procedures.

For individuals, the ban on use of credit cards abroad is lifted

This measure has three advantages. It will remove a restriction contrary to the principles of the European Communities and recently condemned by their Court of Justice. It will reduce the financial constraints on individuals traveling abroad, who have sometimes been tempted to take the precaution of purchasing extra foreign exchange in advance. Finally, it will simplify procedures, which have been encumbered by a large number of requests for special authorizations.

In practice, this means a restoration of the system in effect prior to March 1983, under which residents will again be authorized to use credit cards abroad, with the card-issuing institutions being responsible for the implementation of controls.

These two measures demonstrate confidence in the strength of our currency and reflect a policy of relaxation and simplification. They also reflect the need to be cautious and to move gradually.

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1/ While in value terms the imports subject to domiciliation will be reduced from 52.4 percent to 45.5 percent, and exports from 44 percent to 43 percent.

Other Distribution:  
Department Heads

