

EBS/83/66

CONFIDENTIAL

March 29, 1983

To: Members of the Executive Board
From: The Secretary
Subject: Rwanda - Exchange System

Attached for the information of the Executive Directors is a paper prepared by the staff on a recent change in the exchange system of Rwanda.

Att: (1)

INTERNATIONAL MONETARY FUND

Rwanda--Exchange System

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

March 29, 1983

In the attached communication dated March 18, 1983, the National Bank of Rwanda has informed the Fund that the Government of Rwanda decided to introduce an advance import deposit requirement scheme effective from March 1, 1983. Under the scheme, purchases of foreign exchange will be subject to the requirement of a noninterest-bearing deposit equivalent to 100 per cent (in case of the appendix List I) or 50 per cent (in case of the appendix List II) of the c. & f. value of the import. The deposits are required to be lodged at the National Bank of Rwanda for the interval between the validation of the import license and customs clearance, a period of up to approximately nine months.

Given present interest rates in Rwanda, the 100 per cent deposit requirement would involve an implied spread of up to 7 per cent, and the 50 per cent deposit an implied spread of up to 3.5 per cent in the selling exchange rates, and would give rise to multiple currency practices subject to Fund jurisdiction under Article VIII, Section 3.

In its communication, the Government of Rwanda states that the measure has been introduced to contain imports of luxury goods, and thereby to promote balance of payments adjustment. The staff is of the view that introduction of the advance deposit requirement system is likely to provide a temporary reinforcement to the balance of payments. Nevertheless, the objectives of the temporary measure would be better served by a sustained strengthening of the general policy actions noted in the Staff Report for the 1983 Article IV Consultation with Rwanda (SM/83/31, 2/8/83). These actions would include appropriate pricing policies--including producer pricing policies and exchange rate action--and tighter demand management policies, rather than a measure that is directed specifically against imports. In the light of these considerations, approval by the Executive Board of the multiple currency practice is not recommended.

Rwanda

Kigali, February 24, 1983

Notice to: Authorized Banks

Importers

1. Validation of a licence involving provisions of foreign exchange shall be subject to the simultaneous establishment of a deposit, on the books of the National Bank, equal to 100 per cent of the C&F value of the products on list I and to 50 per cent for the products on list II (lists are attached).
2. The importers must clearly enter the following on the licence, in the space provided for quantity and description of merchandise:
"merchandise of the list ... requiring establishment of a deposit"
of ... % of the C&F value, i.e. frw:
3. Applications for licences requiring the establishment of a deposit shall be submitted under separate transmittal notes made out in six copies, indicating the customs tariff number and the rate and amount of the deposit in the box provided for the operations.
4. The National Bank shall debit each week the authorized bank through which the licences have been applied for with the amount of the deposits in question. The debit note shall be accompanied by a copy of the transmittal note under which the licence application was submitted.
5. The deposits may be released when the merchandise involved has cleared customs. Repayment of the total amount deposited for the licence in question may be effected, however, when 90 per cent of the merchandise has cleared customs.

For this purpose the authorized banks shall debit the account "import deposits for BCR clients, 1/ or BK clients 2/" opened with the National Bank upon presentation of a copy of the declaration of domestic consumption.

The debit note prepared by the authorized banks must identify the debit note of the National Bank and contain the information from the transmittal notes with respect to the licences whose deposits have been cleared.

1/ Account No. 25.01.01
2/ Account No. 25.02.01

The amounts on the declaration of domestic consumption must be listed next to the C&F amount of the licence.

6. The authorized banks are strictly prohibited from extending credit for the establishment of an import deposit.

7. With this notice, Article 61 of import regulation V concerning the imports of new vehicles by importers-representatives is suspended.

8. This notice shall not apply to licence applications submitted by government ministries or agencies.

9. Foodstuffs and beverages imported by hotels shall not be subject to these provisions.

10. A single global licence may not be issued for merchandise some of which requires a deposit and some of which does not.

11. Documentary credits opened for a product on lists I or II shall be established at 100%.

12. Any transfer of costs relating to foreign supplier credits for products on lists I or II is prohibited.

13. This notice shall enter into force for licences submitted on or after March 1, 1983.

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/s/

THE GOVERNOR

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List I

Attachment to the Notice to Authorized Banks
and Importers
dated February 24, 1983

Chapter 2		Meat and edible meat offals: all headings
Chapter 3		Fish, crustaceans, molluscs: all headings
Chapter 4	04.01 B.	Cream
	04.01 C.	Yoghurt, kephir, curdled milk, whey ...
	04.02 B.	Cream
	04.03	Butter
	04.04	Cheese and curd
	04.06	Natural honey
	04.07	Edible products of animal origin ...
Chapter 5		Products of animal origin, not ... specified ...: all headings
Chapter 7	07.01	Vegetables, fresh or chilled
	07.02	Vegetables (whether or not cooked), preserved by freezing
	07.03	Vegetables ... preserved in brine ...
	07.04	Dried, dehydrated ... vegetables ...
Chapter 8		Edible fruit and nuts, peel of melons or citrus fruit: all headings
Chapter 9		Coffee, tea, maté and spices: all headings
Chapter 16	16.01	Sausages and the like, of meat, meat offal or <u>/animal blood/</u>

Translator's Note: Translation based on Brussels Nomenclatur

	16.03	Meat extracts and meat juices; fish extracts
	16.04 A.	Caviar and caviar substitutes
	16.05	Crustaceans and molluscs ...
Chapter 17	17.01	Lump sugar
	17.02	Other sugars, solid ...
	17.03	Molasses
	17.04	Sugar confectionery, not containing cocoa
Chapter 18		Cocoa and cocoa preparations: all headings
Chapter 19	19.03	Macaroni, spaghetti and similar products
	19.04	Tapioca and sago; tapioca and sago substitutes obtained from potato or other starches
	19.05	Prepared foods obtained by the swelling ... of cereals ...
	19.07	Bread, ships' biscuits and other ... wares ...
	19.08	Pastry, ... cakes and other fine bakers' wares ...
Chapter 20		Preparations of vegetables ...: all headings
Chapter 21		Miscellaneous edible preparations: all headings except 21.06
Chapter 22		Beverages, spirits and vinegar: all headings except 22.08 A.
Chapter 24		Tobacco: all headings except 24.01
Chapter 34	34.01 A.	Medicinal soap
	34.01 B.	Soap; ... products and preparations ...
	34.02	Organic surface-active agents ...
Chapter 36	36.05	Pyrotechnic articles ...
Chapter 37	37.01 B.	Photographic plates and film ...
	37.02 B.	Film ... sensitized, unexposed ...
	37.03	Sensitized paper, paperboard and cloth ...

Chapter 39	39.07 A.	Transport and packing articles, including containers
	39.07 B.	Tableware and household utensils
	39.07 E.	Tubes of artificial plastic materials ... up to diameter 200 - PM 10 -
Chapter 41	41.05	Other kinds of leather
	41.06	Chamois-dressed leather
	41.08	Patent leather and imitation patent leather; metallized leather ...
Chapter 42	42.01	Saddlery and harness ...
	42.02	Travel goods ...
	42.03 B.	Articles of apparel and clothing accessories ...
Chapter 43		Furskins and artificial fur; manufactures thereof: all headings
Chapter 44	44.23	Builders' carpentry and joinery ...
	44.24	Household utensils of wood
	44.27	Standard lamps, table lamps and other lighting fittings, of wood ...
	44.28	Other articles of wood
Chapter 58		Carpets, mats, matting and tapestries: all headings
Chapter 61	61.01 C.	Men's and boys' outer garments ...
	61.02	Women's, girls' ... outer garments
	61.05	Handkerchiefs
	61.06	Shawls, scarves, mufflers ...
	61.07	Ties, bow ties and cravats
Chapter 67		Prepared feathers and down ...: all headings

- Chapter 70 70.13 A. /Glass/ware ... of a kind commonly used for table ... purposes ...
- 70.16 Bricks, ... slabs, ... squares ...
- 70.19 Glass beads, imitation pearls ...
- Chapter 71 Pearls, precious and semiprecious stones, precious metals ...: all headings except 71.12 A., 71.14 A., 71.16 A.
- Chapter 73 73.13 B. Sheets and plates, of iron or steel, hot-rolled or cold-rolled
- 73.21 C. Prefabricated structures, houses, shops /halls/ ...
- 73.21 E. Doors, including sliding doors
- 73.22 Reservoirs, tanks, vats ... of iron and steel only
- Chapter 84 84.06 A. Outboard motors
- 84.18 A. Centrifugal driers for laundry, for domestic use
- 84.25 A. Hay or grass mowers
- 84.40 A. Laundry and dry-cleaning machinery, mangles, wringers /essoreuses à rouleaux/
- Chapter 85 85.06 A. Electro-mechanical appliances
- f. 85.07 Shavers and hair clippers, with self-contained electric motor
- 85.12 A. /Electric/ instantaneous or storage water heaters ...
- 85.15 C.2 Other receivers, including combined receivers
- 85.15 D. Television cameras
- 85.15 E. Television broadcast receivers
- Chapter 87 87.02 A.3c Passenger vehicles, over 9 HP up to 10 HP
- 87.02 A.3d Passenger vehicles, over 10 HP up to 13 HP
- 87.02 A.3e Passenger vehicles, over 13 HP
- 87.05 Bodies (excluding cabs) for the motor vehicles falling within heading 87.02 B.

Chapter 89	89.01 A.	Sport boats, pleasure boats, and recreational craft
Chapter 90	90.05	Refracting telescopes (monocular and binocular) ...
	90.07 B.	Photographic cameras ...
	90.08	Cinematographic cameras ...
	90.09	Image projectors (other than cinematographic projectors) ...
	90.13 B.	Optical appliances and instruments ...
Chapter 91		Clocks and watches and parts thereof: all headings
Chapter 92		Musical instruments, sound recorders ...: all headings except 92.12 B.
Chapter 93		Arms and ammunition; parts thereof: all headings except headings comprising the letter A
Chapter 94	94.01	Chairs and other seats ... whether or not convertible into beds ...
	94.03	Other furniture and parts thereof
	94.04	Mattress supports, articles of bedding or similar furnishing ...
Chapter 95		Articles ... of carving or moulding material ...: all headings except 95.08 A.
Chapter 97		Toys, games and sports requisites: all headings
Chapter 98	98.10	Mechanical lighters and similar lighters ...
	98.11	Smoking pipes ...
	98.12	Combs ...
	98.14	Scent and similar sprays of a kind used for toilet purposes ...
	98.16	Tailors' dummies and other lay figures ...
Chapter 99		Works of art, collectors' pieces, and antiques: all headings

