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ATTENTION**

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ROOM C-120

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EBD/83/72

March 17, 1983

To: Members of the Executive Board

From: The Acting Secretary

Subject: Grenada - Extension of Approval of Multiple Currency Practice

It is not proposed to bring the attached memorandum to the agenda of the Executive Board for discussion unless an Executive Director so requests by noon on Tuesday, March 22, 1983. In the absence of such a request, the draft decision will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Att: (1)

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Department Heads

INTERNATIONAL MONETARY FUND

GRENADA

Extension of Approval of Multiple Currency Practice

Prepared by the Western Hemisphere Department and the
Exchange and Trade Relations Department

(In consultation with the Legal Department)

Approved by E. Wiesner and W.A. Beveridge

March 16, 1983

In Decision No. 6855-(81/79), adopted May 11, 1981, the Executive Board approved until May 10, 1982 the maintenance by Grenada of a multiple currency practice arising from the imposition of a 5 per cent tax on all sales of foreign exchange by commercial banks except for payments for imports of some basic foods and drugs. On May 7, 1982, the Executive Board extended this approval until September 30, 1982 (Executive Board Decision No. 7113-(82/68)), and on September 30, 1982, in Decision No. 7219-(82/131) approval was extended until March 31, 1983 or the completion of the next Article IV consultation with Grenada, whichever is the earlier.

A staff team is now expected to visit Grenada before mid-year to conduct the 1983 Article IV consultation discussions. The report on these discussions will include a review on the need for the continued maintenance of the exchange tax. In the meantime, it is proposed to extend approval of the multiple currency practice until September 30, 1983, or the completion of the next Article IV consultation discussions with Grenada, whichever is the earlier.

Accordingly, the following draft decision is proposed for adoption by the Executive Board:

The approval of Grenada's multiple currency practice under Decision No. 7219-(82/131), adopted September 30, 1982, is extended until September 30, 1983, or the completion of the next Article IV consultation with Grenada, whichever is the earlier.