

DOCUMENT OF INTERNATIONAL MONETARY FUND AND NOT FOR PUBLIC USE

EBD/83/76

MASTER FILES

ROOM C-120

01

March 21, 1983

To: Members of the Executive Board  
From: The Acting Secretary  
Subject: Belgium - Recent Exchange Measures

The Secretary has received the following memorandum dated March 16, 1983 from Mr. Schneider:

Please find attached the instructions issued by the Belgo-Luxembourg Exchange Institute (IBLC) to Belgian and Luxembourg banks as a result of recent pressures on the exchange markets.

I would very much appreciate if you would inform the members of the Executive Board.

Attachment

Att: (1)

Other Distribution:  
Department Heads

21355 BKNLE B

TRANSLATION

3/16/83 LD

INTERFUND WASHINGTON

ATTENTION MR. J. DE GROOTE

Reference telephone conversation of today

Urgent

For General and Foreign Departments

The Belgo-Luxembourg Exchange Institute has decided that no later than March 18, 1983 your foreign exchange cash position on the official market /Marché Réglementé/ must be brought below the upper limit of 20 million Belgian or Luxembourg Francs, permitted by Item 1 of the instructions to authorized banks of June 18, 1976.

Any authorization involving an overall ceiling in excess of that amount which may have been granted to your bank is therefore suspended until further notice.

This decision does not affect any positions that your bank may have been authorized to maintain as cover for very specific commitments, not counted in the computation of your corrected cash position, on the basis of a special authorization from the IBLC.

Belgo-Luxembourg Exchange Institute.

Urgent

For General and Foreign Departments

The Belgo-Luxembourg Exchange Institute:

Primo

Has decided, pursuant to the Provisions of Article 4, para. 2(b) of Regulation "H," that as of March 14, 1983 and until further notice, holders of "regulated" accounts /Comptes Réglementés/ are forbidden to replenish them with new funds in foreign currencies. Accordingly, authorized banks are no longer allowed to credit "regulated" accounts in execution of orders received on or after March 14, 1983, but must make immediate spot purchase of foreign currencies which residents of the BLEU have received as payment from abroad, for any operation pertaining to the "regulated" market. "Regulated" accounts coming under Regulation "L" and settlement for advances on a "regulated" account are excepted.

Secundo

Has decided that holdings in "regulated" accounts which have not been utilized by close of business on April 15, 1983 must be repurchased on the regulated market on that same date. The provisions of Article 4, para. 1(c) of Regulation "H" are not applicable to these repurchases. Assets maintained in a "regulated" account under a special authorization constitute exceptions to these provisions.

Tertio

Reminds authorized banks that advances on convertible account are authorized only for the purpose of facilitating the execution of orders relating to current operations on the regulated market, where the foreign correspondent does not know the date of execution in advance, in other words, when the time of payment depends on the beneficiaries meeting certain conditions, such as: remittance of a check, bill of lading, or in order to compensate for substantial delays in the routing of cover.

The additional interest charge on debtors which should be discounted by authorized banks pursuant to Regulation "A", Article 5, para. 2 on advances on convertible foreign account, shall be deposited in the account of the Belgo-Luxembourg Exchange Institute at the National Bank of Belgium, Brussels in the case of banks established in Belgium, or in the Caisse d'Epargne de l'Etat in Luxembourg in the case of banks established in Luxembourg, in accordance with modalities to be determined at a later date.

Belgo-Luxembourg Exchange Institute

Unquote

BANKIONALE

Received in Cable Room  
March 16, 1983