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ROOM C-120

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EBD/83/335

December 27, 1983

To: Members of the Executive Board

From: The Acting Secretary

Subject: France - Exchange System

The attached paper on changes in the exchange system of France is circulated for the information of Executive Directors.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

France--Exchange System

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

(In consultation with the Legal Department)

Approved by L.A. Whittome and C. David Finch

December 23, 1983

In the attached memorandum dated December 13, 1983 the Executive Director for France, on behalf of his authorities, has notified the Fund of changes in the arrangements for provision of foreign exchange for tourism. Under the new arrangements, transfers abroad through authorized intermediaries may be made freely for the settlement of expenses incurred by residents for normal tourism purposes. The basic foreign exchange allocation for payments not made through resident authorized intermediaries has been restored to the limit of F 5,000 per person per trip prevailing before an annual limit of F 2,000 per person was introduced on March 28, 1983, 1/ and higher allowances may be granted with special authorization. For business travel abroad, a supplementary allocation, equivalent to F 1,000 per person per day, has been made available. The restriction introduced in March limiting the use of credit cards abroad by residents to business travel expenses remains in effect.

The imposition by France on March 28, 1983 of limits on the provision of foreign exchange for tourism, as described in SM/83/69, gave rise to restrictions on the making of payments and transfers for current international transactions. In the light of the notification on May 17, 1983 to the Fund by the French authorities of their intention to terminate them by December 31, 1983, the Executive Board granted temporary approval for the maintenance of the restrictive measures at the conclusion of the 1983 Article IV consultations with France. The new arrangements, introduced on December 8, 1983 and made effective on December 20, 1983, make available, without restriction, means of payment for the settlement of travel expenses abroad by residents. The new regulations will be administered so as to permit all payments and transfers for bona fide travel expenses abroad, and thus do not give rise to restrictions on the making of payments and transfers for current international transactions requiring Fund approval. Elimination of the restriction, in the opinion of the staff, will have a welcome effect in terms of the costs incurred by residents, and on the services trade of other Fund members.

Attachment

1/ See "France--Staff Report for the 1983 Article IV Consultation," SM/83/69 and Supplement 1, 5/6/83).

TO: The Managing Director
FROM: Bruno de Maulde
SUBJECT: France--Exchange Measures

DATE: December 13, 1983

Pursuant to my memorandum dated March 28, 1983 and as announced in another memorandum dated May 17, 1983, I wish to inform you on behalf of my authorities that the recent reduction in exchange allocation for tourist travel and the provisions regarding its implementation will be terminated by December 20, 1983.

The new provisions are described in the two attached texts which have already been published in the "Journal Officiel" dated December 8, 1983. Their entry into force by December 20, 1983 will mark a return to the situation prevailing before March 29, 1983 except, however, for the use of personal credit cards abroad by residents which remains restricted.

Source: Journal officiel, December 8, 1983.

Circular of December 7, 1983

Concerning Travel Expenses Abroad
and Customs Control of Means of Payment Carried by Travelers

Paris, December 7, 1983

The Minister of Economy, Finance, and Budget,
To Authorized Intermediaries.

This circular amends the Circular of August 9, 1973 concerning travel expenses abroad and customs control of means of payment carried by travelers, as amended by a circular of July 10, 1980 and a circular of March 28, 1983.

Paragraph I ("Resident Travelers") of the Circular of August 9, 1973 is hereby rescinded and replaced by the following text:

"I. RESIDENT TRAVELERS

"1. Transfers

"Expenses incurred by residents in connection with trips which they make abroad may, on presentation of supporting documents, be paid for by a transfer to a foreign country. These transfers, carried out through authorized intermediaries, are not subject to any limitation as to amount.

"Expenses which may be paid in this way must correspond to expenses usually incurred by travelers: hotel expenses, transportation expenses, package tour fees, miscellaneous rental charges, advance payments or deposits, reservation fees, and the like.

"2. Fixed Allowances, in Francs and in Foreign Currencies

"Aside from the expenses they may choose to pay for by means of a transfer, without limitation as to amount, residents traveling abroad may take with them a fixed allowance of means of payment to settle their expenses.

"(a) For travel of all types, F 5,000 or the equivalent thereof in foreign currencies may be taken out per person and per trip.

"Applications for allowances of means of payment payable abroad, which must be supported by documents establishing the identity of the parties concerned, may not be submitted to the authorized intermediary banks more than one month prior to the date of departure on travel.

"(b) For business travel, a supplementary allowance of F 1,000 or equivalent may be taken out per person and per day of travel.

"With the special authorization of the Bank of France or the Caisse Centrale de Coopération Economique, a higher allowance may be granted.

"Requests to authorized intermediaries for the granting of allowances of foreign means of payment must be supported by a certification of business travel, which must indicate the length of the trip and be returned to the traveler. If the applicant is a businessman, craftsman, or professional, the certification, stating that the travel is in connection with his work, shall be issued by himself. If the applicant is an employee, the certification, stating that the travel is to be undertaken on behalf of the employer, shall be issued by the employer.

"A statement, marked 'Business Travel' and showing the amount of means of payment issued, shall be prepared in duplicate by the authorized intermediary, which shall keep one available for governmental use and remit the other to the traveler.

"If the traveler takes all or part of his allowance for business travel in the form of French bank notes, he will not have a statement from an authorized intermediary for that amount. He must therefore have his certification of business travel available for presentation on request to the Customs Service.

"3. Customs Control of Means of Payment Carried by Travelers

"(a). At the request of the Customs Service, residents going abroad must declare all French francs or foreign currency carried by them.

"Means of payment up to the amounts specified in 2 above may be freely exported. In the case of special allowances for business travel, the traveler shall present, at the request of the Customs Service, the statement marked "Business Travel" which was provided to him by the authorized intermediary, or his certification of business travel, or, if applicable, a special authorization issued by the Bank of France or the Caisse Centrale de Coopération Economique.

"Residents holding convertible franc accounts shall be authorized to export in addition any means of payment denominated in foreign currency or traveler's checks denominated in French francs acquired by debiting their convertible franc accounts. In support of this export, they shall present to the Customs Service upon request the purchase invoice for these means of payment, stating that the means of payment were acquired by debiting a convertible account.

"Means of payment which under the rules stipulated above may not be exported, and which have been declared in response to the request of the Customs Service, shall be deposited with Customs. Customs shall issue a receipt. Upon presentation of that receipt, deposits shall be returned to the depositor or his agent under the conditions specified by the Director-General of Customs and Indirect Taxes.

"(b) All means of payment may be freely imported. However, residents who bring into France means of payment denominated in foreign currency shall be required to exchange them for francs within one month.

"Notwithstanding the above, the conversion of holdings with a value of less than F 1,000 shall not be required.

"A resident who is unable to go abroad within one month following his acquisition of foreign currency shall, in accordance with the same rules, be required to surrender that currency.

"4. Credit Cards

Residents may use credit cards, debit cards or check guarantee cards issued on France only to pay business travel expenses.

"Unless the Bank of France authorizes otherwise, such cards may be issued only against company accounts. Bearers of such cards must make themselves known to the issuing institution so that the latter can apply this authorization to them.

"Card-issuing institutions must have the authorization of the Directorate General of Customs and Indirect Taxes. They must make certain that the regulations are observed, preserve all supporting documents, and report all violations in the manner prescribed in their authorization."

This circular shall be published in the Journal Officiel de la République Française and shall take effect on December 20, 1983.

Jacques Delors

Source: Journal officiel, December 8, 1983, p. 3543.

Implementation of Decree No. 68-1021 of November 24, 1968
Regulating Financial Relations with Foreign Countries

The Minister of Economy, Finance and Budget, the Minister of the Interior and Decentralization, the Secretary of State in Charge of the Budget in the Office of the Minister of Economy, Finance and Budget, and the Secretary of State in Charge of the Overseas Departments and Territories in the Office of Minister of the Interior and Decentralization,

Having regard to Law No. 66-1008 of December 26, 1966 on financial relations with foreign countries;

Having regard to Decree No. 68-1021 of November 24, 1968 regulating financial relations with foreign countries, as amended by Decree No. 71-144 of February 22, 1971 and by Decree No. 80-618 of August 4, 1968 **[sic]**;

Having regard to the Decree of November 5, 1870, in particular its Article 2; and

Having regard to the Arrêté of August 9, 1973 prescribing certain arrangements for the implementation of Decree No. 68-1021 of November 24, 1968, as amended by the Arrêtés of January 19, 1974, April 8, 1980, July 10, 1980, April 2, 1981, May 21, 1981, March 24, 1982 and March 28, 1983;

DECREE:

Article 1. The following paragraph (11) is added to Article 2 as amended of the Arrêté of August 9, 1973 prescribing certain arrangements for the implementation of Decree No. 68-1021 of November 24, 1968 regulating financial relations with foreign countries:

"(11). Travel expenses abroad."

Article 2. Article 4 of the Arrêté of August 9, 1973 as amended is hereby rescinded and replaced by the following text:

"Article 4. In addition to travel expenses, the payment of which is generally authorized under Article 2, paragraph (11) above, residents traveling abroad are authorized to make arrangements to provide themselves with means of payment denominated in foreign currencies up to the limit of a fixed allowance which, in the absence of special authorization from the Bank of France or the Caisse Centrale de Coopération Economique acting by authority of the Minister of Economy, Finance and Budget, must not exceed a maximum ceiling prescribed in a circular of the Minister of Economy, Finance and Budget.

"Resident and nonresident travelers abroad are authorized to export, to pay for their travel expenses, amounts in francs or foreign exchange up to maximum ceilings prescribed in a circular of the Minister of Economy, Finance and Budget."

Article 3. The Arrêté of March 28, 1983 prescribing certain arrangements for the implementation of Decree No. 68-1021 of November 24, 1968 regulating financial relations with foreign countries is hereby rescinded.

Article 4. The Director of the Treasury, the Director-General of Customs and the Director-General of the Caisse Centrale de Coopération Economique, shall be responsible, each in his own sphere, for implementing this Arrêté, which shall be published in the Journal Officiel de la République Française and shall take effect on December 20, 1983.

Done in Paris, December 7, 1983.

The Minister of Economy, Finance and Budget,
Jacques Delors

The Minister of the Interior and Decentralization,
Gaston Defferre

The Secretary of State in Charge of the Budget
in the Office of the Minister of Economy,
Finance and Budget,
Henri Emmanuelli

The Secretary of State in Charge of the Overseas
Departments and Territories in the Office of the
Minister of the Interior and Decentralization,
Georges Lemoine