

People's Republic of China - 1985 Consultation

1. The Fund takes this decision relating to the People's Republic of China's exchange measures subject to Article VIII, Section 3, in concluding the 1985 Article XIV consultation with the People's Republic of China, in the light of the 1985 Article IV consultation with the People's Republic of China conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. The People's Republic of China continues to maintain restrictions on the making of payments and transfers for current international transactions in accordance with Article XIV. The Fund welcomes the termination of the bilateral payments arrangement with a Fund member, and notes with satisfaction the intention of the authorities to eliminate the remaining bilateral payments arrangements with Fund members. The Fund also welcomes the elimination of the internal settlement rate for trade transactions. The maintenance by the People's Republic of China of an exchange tax on remitted profits of joint ventures, excluding most ventures in designated areas, gives rise to a multiple currency practice subject to approval under Article VIII, Section 3. The exchange restrictions, multiple currency practice and bilateral payments arrangements that relate to this decision are described in SM/85/266 (9/27/85) and in SM/85/272 (10/24/85).

Decision No. 8125-(85/162), adopted
November 8, 1985