

1. PAKISTAN - EXCHANGE SYSTEM

As described in EBS/93/140, Supplement 1, Pakistan maintains a number of restrictions on the making of payments and transfers for current international transactions in accordance with the transitional arrangements under Article XIV, Section 2. In addition, Pakistan also maintains exchange restrictions and multiple currency practices, evidenced by the payment of an import license fee required at the time of opening letters of credit or making payments for imports, the forward exchange cover operation by the State Bank of Pakistan, and the advanced income tax taking the form of a 5 percent charge on the purchase of foreign exchange for travel, that are subject to Fund approval under Article VIII, Sections 2 and 3. The Fund welcomes recent actions by the authorities to eliminate certain restrictions, and notes Pakistan's intention to eliminate the remaining restrictions and multiple currency practices noted above by end-June 1994. In the meantime the Fund grants approval for the retention of these restrictions and multiple currency practices until June 30, 1994.

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