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**IMMEDIATE  
ATTENTION**

EBD/82/230

September 24, 1982

To: Members of the Executive Board

From: The 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 Thursday, September 30, 1982. 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)

Other Distribution:  
Department Heads

INTERNATIONAL MONETARY FUND

GRENADA

Extension of Approval of Multiple Currency Practice

Prepared by the Western Hemisphere and Exchange  
and Trade Relations Departments

(In consultation with the Legal Department)

Approved by Carlos Sanson and W.A. Beveridge

September 24, 1982

At the conclusion of the 1980 Article IV consultation discussions with Grenada, the Fund granted approval until May 10, 1982 for 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 (Executive Board Decision No. 6855-(81/79), adopted May 11, 1981). Approval for maintenance of the multiple currency practice was subsequently extended until September 30, 1982 (Executive Board Decision No. 7113-(82/68), adopted May 7, 1982). The tax, which was introduced for fiscal reasons at a rate of 2.5 per cent in April 1977 and doubled to its current rate of 5 per cent in February 1978, is considered a temporary measure by the authorities pending a review of Grenada's tax system. A staff team is scheduled to visit Grenada next month for the 1982 Article IV consultation discussions with Grenada. The staff will review on that occasion the need for the continued maintenance of the exchange tax. In the meantime, it is proposed to extend approval of the resulting multiple currency practice until March 31, 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. 7113-(82/68), adopted May 7, 1982, is extended until March 31, 1983 or the completion of the next Article IV consultation with Grenada, whichever is the earlier.