

MASTER FILES

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December 11, 1985

To: Members of the Executive Board

From: The Secretary

Subject: France - Relaxation of Exchange Control Regulations

The Fund has received from Mr. de Maulde the following information from the Ministry of Economy, Finance and Budget concerning the relaxation of some exchange control regulations which were recently implemented in France:

TRANSLATION

Relaxation of Exchange Controls

It was decided on December 2, 1985 to ease the exchange regulations relating to enterprises and individuals.

The following is the text of the ministerial press release of December 2, 1985 on these measures. Please inform the IMF staff of them.

Mr. Pierre Beregovoy, Minister of Economy, Finance and Budget, has decided to implement an important package of measures to relax exchange controls.

The plan has three purposes--to help modernize the Paris financial market, to encourage French investment abroad, and to relax the regulations governing transfers by individuals.

(1) With respect to modernization of the Paris financial market, the range of operations permissible to residents will be significantly enlarged.

In particular, enterprises will be authorized, in managing their exchange risks, to engage in currency to currency operations, including operations involving the ECU, using the various techniques available on the markets--arbitrage, options, back-to-back. Participants will also be authorized to undertake interest rates swaps in managing their foreign currency debt.

Residents may also acquire foreign securities--marketable securities, certificates of deposit, commercial paper--regardless of their term, through the devise-titre system.

(2) With respect to enterprises, the regulations governing direct investment abroad will be eased.

First, the requirement that financing be in foreign currency is being totally eliminated.

Second, the threshold below which these investments are not subject to prior authorization is being raised from 2 million to 15 million francs.

Finally, requests for authorization will generally be processed within one month at most.

These measures to promote direct investment abroad will help expand exports by encouraging the presence of French enterprises abroad.

In addition, to simplify collection by French enterprises on their claims, the ceiling below which amounts to be repatriated may be paid in cash or any other means of payment is being raised from F 50,000 to F 100,000.

(3) With respect to individuals, the regulations governing transfers are being eased. To facilitate current operations, the following thresholds have been raised:

The lump-sum allowance for installation abroad is being raised from F 20,000 to F 60,000. The lump-sum allowance for study abroad has been raised from F 5,000 to F 10,000 per month for a single person and from F 10,000 to F 20,000 per month for a family.

The ceiling on transfers without supporting documents and the ceiling on emergency transfers are being raised from F 1,500 to F 3,000 and from F 3,000 to F 6,000, respectively, per month per transferor.

The official regulations will be sent to you as soon as they are published.

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