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June 12, 1985

To: Members of the Executive Board
From: The Secretary
Subject: Danish Foreign Exchange Reforms

The Secretary has received the following memorandum dated June 11, 1985 from Mr. Fugmann:

Please advise the Executive Board of the following:

In 1983 and 1984, the Danish authorities undertook a comprehensive liberalization and simplification of the Foreign Exchange Regulations. As an integral part of the ongoing liberalization of foreign exchange transactions, the Ministry of Industry and Danmarks Nationalbank have recently issued a revised and consolidated edition of the Foreign Exchange Regulations. The new regulations took effect June 1, 1985. The major changes are as follows:

The general limit for all foreign exchange transactions that are exempted from restrictions has been increased from DKr 25,000 to DKr 40,000. As a consequence, the business community will have to complete some 25,000 payment forms less on a monthly basis.

In the future, residents may hold foreign exchange accounts with Danish banks for up to three months.

The upper limit for foreign investments in Danish enterprises has been raised from DKr 5 million to DKr 10 million annually. Similarly, the limit for residents' investments in foreign enterprises has been raised to DKr 10 million annually.

The maximum limit for loans from residents to Danish subsidiaries abroad has been raised from DKr 0.5 million to DKr 2 million annually.

The minimum maturity for finance loans which residents take up abroad has been lowered from five years to one year.

It is agreed that Danmarks Nationalbank will introduce a liberal procedure for approving residents' purchases of unlisted foreign securities.

In addition, a number of prohibitions concerning user rights and legal proceedings by creditors have been abolished as a result of the modifications that have taken place in recent years.

Other Distribution:
Department Heads