



Exchange Controls in Fiji

Do you know that if you travel overseas, you can only take \$500 worth of Fiji currency? It's true. Do you also know that foreign companies here in Fiji need to get the Reserve Bank of Fiji's (RBF) approval to send profits abroad? This is also true. When it comes to large flows of money in and out of Fiji you need to comply with certain regulations. These regulations are called exchange controls.

What exactly are exchange controls? Well, as hinted above, exchange controls are guidelines put in place to monitor the flow of money in and out of the country. These controls are administered by the RBF under powers granted to it under the Exchange Control Act.

Are there any controls on money coming into the country? Generally, there are no restrictions on the money that can come into the country. The RBF ensures that export receipts are brought back into the country and not kept offshore.

But why do we need these exchange controls? Are they important for Fiji? Yes. Exchange controls play a very important role in ensuring that Fiji maintains an adequate level of foreign reserves.

How does it do this? Well, most importantly, exchange controls help prevent large and/or sudden outflows, which can significantly reduce Fiji's foreign reserves. On the other hand, it ensures that our export receipts are brought back to Fiji, which also helps in maintaining an adequate level of foreign reserves.

As you know, foreign reserves are important,

as they help Fiji pay for its imports of goods and services, as well as its external debt, when they fall due. Exchange controls have been successful over the years in ensuring that we maintain a healthy level of foreign reserves.

How does the RBF decide on what exchange controls to have? There is no simple rule to this. The RBF reviews its policies on an annual basis and over the years, it has gradually eased exchange controls – although some exchange controls were re-introduced after May 2000, they have since been relaxed.

The pace at which exchange controls are relaxed depends on outcomes of the balance of payments, as well as general economic developments. Easing exchange controls are also important to attract foreign investment, as it is a sign of confidence in Fiji's economic future.

Currently, almost all payments relating to imports of goods and services are delegated to the commercial banks and authorised foreign exchange dealers. In 2004, the RBF increased the delegated limits for selected transactions.

Are we pressured to relax exchange controls? No. However, as a member of the International Monetary Fund and the World Trade Organisation, Fiji needs to ensure that our exchange control policies are consistent with certain rules. In this regard, our current policies are compliant with our obligations.

Where can we get more information on current exchange controls? If you need to know more about exchange controls, please visit the RBF's website (www.rbf.gov.fj).

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