

RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK ANNOUNCES CHANGES TO EXCHANGE CONTROL POLICY

The Reserve Bank has made changes to the exchange control policy it announced in March with regards to local borrowing by non-resident companies and individuals.

These changes were the result of consultations with commercial banks, the private sector and other stakeholders.

The amended policy which comes into effect from 1 January 2008 is as follows:

1. Foreign owned companies will now be allowed to borrow locally up to a certain percentage of their total borrowings based on their shareholding structure under the debt to equity ratio guideline of 3:1. The following will apply to all new borrowings by non resident companies:
 - 51% - 70% non-resident ownership - upto 75% local financing
 - 71% - 90% non-resident ownership - upto 65% local financing
 - 91% - 100% non-resident ownership - upto 50% local financing
2. Non-resident individuals will be required to fully finance from offshore purchase of properties except those in approved tourism related projects.

The Governor of the Reserve Bank Mr Savenaca Narube said "The earlier intention of requiring 100 percent non-resident owned companies to refinance half of their existing local borrowing from abroad has been relaxed. I believe that these changes go a long way to address the concerns that we have received but at the same time continue to support the Reserve Bank's monetary policy aimed at safeguarding our foreign reserves position."

Details of these measures are available from the Reserve Bank and commercial banks.