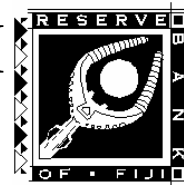


RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK CLARIFIES RECENT CHANGES TO EXCHANGE CONTROLS

The Reserve Bank has recently reviewed its exchange control policies and made changes to the current delegation of foreign exchange transactions to Authorised Foreign Exchange Dealers, effective from Monday 6 November, 2006.

The changes included the reduction of delegated limits in certain categories and the requirement of Reserve Bank approval for other transactions.

The Deputy Governor of the Reserve Bank, Mr. Sada Reddy, stated that the policy changes were made to complement the Reserve Bank's current monetary policy stance and will be reviewed regularly.

In response to several queries, Mr. Reddy clarified that there is no reduction in limits of the various types of foreign exchange payments that can be carried out. All that the change to the Exchange Control policy means is that rather than commercial banks automatically approving certain transactions up to a certain limit, these approvals will now be given by the Reserve Bank. He explained, for example, the reduction in delegated limits for profit remittances. What this means is that while banks could process applications for profit remittances up to \$500,000 earlier, now they can only process applications up to \$100,000. For amounts above \$100,000, the application will need to be processed by the Reserve Bank.

The Deputy Governor further stated that any suggestion that devaluation is likely given a weakening reserves position is totally unfounded. He stressed there is no likelihood, whatsoever, of a devaluation and highlighted that Fiji's external reserves remain at comfortable levels. In fact, reserves were at \$840 million at the end of October, equivalent to 3.4 months of imports and were at around \$822 million as at last week.

The Reserve Bank believes that the recent policy measures will be sufficient to protect Fiji's foreign reserves.

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