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EXCHANGE ARRANGEMENTS AND EXCHANGE RESTRICTIONS

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Contents

Country Chapters[1]

[1] These chapters are available on AREAER Online (www.elibrary-areaer.imf.org/). The term "country," as used in this publication, does not in all cases refer to a territorial entity that is a state as understood by international law and practice; the term also covers some territorial entities that are not states but for which statistical data are maintained and provided internationally on a separate and independent basis.

Kosovo
Kuwait
Kyrgyz Republic
Lao P.D.R.
Latvia
Lebanon
Lesotho
Liberia
Libya
Lithuania
Luxembourg
Madagascar
Malawi
Malaysia
Maldives
Mali
Malta
Marshall Islands
Mauritania
Mauritius
Mexico
Micronesia
Moldova
Mongolia
Montenegro
Morocco
Mozambique
Myanmar
Namibia
Nauru
Nepal
Netherlands
New Zealand
Nicaragua
Niger
Nigeria
Republic of North Macedonia
Norway
Oman
Pakistan
Palau
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Poland
Portugal
Qatar
Romania
Russia
Rwanda
St. Kitts and Nevis
St. Lucia
St. Vincent and the Grenadines
Samoa
San Marino
São Tomé and Príncipe
Saudi Arabia
Senegal
Serbia
Seychelles
Sierra Leone
Singapore
Slovak Republic
Slovenia
Solomon Islands
Somalia
South Africa
South Sudan
Spain
Sri Lanka
Sudan
Suriname
Sweden
Switzerland
Syria
Tajikistan
Tanzania
Thailand
Timor-Leste
Togo
Tonga
Trinidad and Tobago
Tunisia
Turkey
Turkmenistan
Tuvalu
Uganda
Ukraine
United Arab Emirates
United Kingdom
United States
Uruguay
Uzbekistan
Vanuatu
Venezuela
Vietnam
Yemen
Zambia
Zimbabwe

Preface

The *Annual Report on Exchange Arrangements and Exchange Restrictions* has been published by the IMF since 1950. It draws on information available to the IMF from a number of sources, including that provided in the course of official staff visits to member countries, and has been prepared in close consultation with national authorities.

This project was coordinated in the Monetary and Capital Markets Department under the guidance of Annamaria Kokenyne by a staff team led by Salim M. Darbar and comprising Apoorv Bhargava, Ricardo Cervantes, Pornpinun Chantapacdepong, Gergana Gencheva, Ingibjoerg Gudbjartsdottir, Jerzy Jiang, Tifany Lacroux, Thorvardur Tjoervi Olafsson, Svetlana Popova, Markus Specht, Hanqing Ye, and Viktoriya Zotova (external consultant). It draws on the specialized contributions of that department (for specific countries), with assistance from staff members of the IMF's five area departments, together with staff of other departments. The report was edited and produced by Rumit Pancholi, David Appleman, and Lucy Scott Morales of the Communications Department.

Abbreviations[1]

ACU	Asian Clearing Union (Bangladesh, Bhutan, India, Islamic Republic of Iran, Myanmar, Nepal, Pakistan, Sri Lanka)
AD	Authorized dealer
AFTA	ASEAN Free Trade Area (see ASEAN, below)
AGOA	African Growth and Opportunity Act (United States)
AIFMD	Alternative Investment Fund Managers Directive
AIFs	Alternative investment funds
AMU	Asian monetary unit
ASEAN	Association of Southeast Asian Nations (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, Thailand)
BCEAO	Central Bank of West African States (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo)
BEAC	Bank of Central African States (Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, Gabon)
CACM	Central American Common Market (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua)
CAMU	Central African Monetary Union
CAFTA	Central American Free Trade Agreement
CAP	Common agricultural policy (of the EU)
CARICOM	Caribbean Community and Common Market (Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago); The Bahamas is also a member of CARICOM, but it does not participate in the Common Market
CB	Central bank
CD	Certificate of deposit
CEFTA	Central European Free Trade Area (Bulgaria, Hungary, Poland, Romania, Slovak Republic, Slovenia)
CEMAC	Central African Economic and Monetary Community (members of the BEAC)
CEPGL	Economic Community of the Great Lakes Countries (Burundi, Democratic Republic of the Congo, Rwanda)
CET	Common external tariff
CFA	Communauté financière d'Afrique (administered by the BCEAO) and Coopération financière en Afrique centrale (administered by the BEAC)
CIMA Code	Chartered Institute of Management Accountants Code of Ethics for Professional Accountants
CIS	Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan)
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CMA	Common Monetary Area (a single exchange control territory comprising Eswatini, Lesotho, Namibia, and South Africa)

[1] Note: This list does not include acronyms of purely national institutions mentioned in the country chapters.

CMEA	Council for Mutual Economic Assistance (dissolved; formerly Bulgaria, Cuba, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Romania, U.S.S.R., Vietnam)
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
COMESA	Common Market for Eastern and Southern Africa (Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Uganda, Zambia, Zimbabwe)
CPI	Consumer price index
DSTI	Debt-service-to-income
EAC	East African Community
EBRD	European Bank for Reconstruction and Development
EC	European Council (Council of the European Union)
ECB	European Central Bank
ECCB	Eastern Caribbean Central Bank (Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines)
ECCU	Eastern Caribbean Currency Union
ECOWAS	Economic Community of West African States (Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo)
ECSC	European Coal and Steel Community
EEA	European Economic Area
EFSF	European Financial Stability Facility
EFSM	European Financial Stability Mechanism
EFTA	European Free Trade Association (Iceland, Liechtenstein, Norway, Switzerland)
EIB	European Investment Bank
EMU	European Economic and Monetary Union (Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia, Spain)
EPZ	Export processing zone
ERM	Exchange rate mechanism (of the European monetary system)
EU	European Union (formerly European Community); Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden
FATF	Financial Action Task Force on Money Laundering (of the OECD)
FDI	Foreign direct investment
FEC	Foreign exchange certificate
FIU	Financial intelligence unit
FSU	Former Soviet Union
FTA	Free trade agreement
G7	Group of Seven advanced economies (Canada, France, Germany, Italy, Japan, United Kingdom, United States)
GAFTA	Greater Arab Free Trade Agreement

GCC	Gulf Cooperation Council (Cooperation Council for the Arab States of the Gulf; Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates)
GDP	Gross domestic product
GSP	Generalized System of Preferences
HIPC	Heavily Indebted Poor Countries
IAS	International Accounting Standards
IBRD	International Bank for Reconstruction and Development (World Bank)
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IRB	Internal ratings-based approach
IORP	Institutions for Occupational Retirement Provision
ISIL	Islamic State of Iraq and the Levant
LAIA	Latin American Integration Association (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela)
LC	Letter of credit
LCR	Liquidity coverage ratio
LIBID	London interbank bid rate
LIBOR	London interbank offered rate
LTD	Loan-to-deposit
MCP	Multiple currency practice
MERCOSUR	Southern Cone Common Market (Argentina, Brazil, Paraguay, Uruguay)
MFN	Most favored nation
MOF	Ministry of finance
MoU	Memorandum of Understanding
MPC	Monetary policy committee
NAFTA	North American Free Trade Agreement
NAV	Net asset value
NPL	Non performing loans
OECD	Organization for Economic Cooperation and Development
OECS	Organization of Eastern Caribbean States (Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines)
OGL	Open general license
OTC	Over the counter
PACER	Pacific Agreement on Closer Economic Relations (of the Pacific Islands Forum; Australia, Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu)
PICTA	Pacific Island Countries Trade Agreement (of the Pacific Islands Forum); Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu)
RCPSFM	Regional Council on Public Savings and Financial Markets (an institution of WAEMU countries that is involved in issuance and marketing of securities authorization)
RIFF	Regional Integration Facilitation Forum (formerly Cross-Border Initiative); Burundi, Comoros, Eswatini, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Tanzania, Uganda, Zambia, Zimbabwe)

SACU	Southern African Customs Union (Botswana, Eswatini, Lesotho, Namibia, South Africa)
SADC	Southern Africa Development Community (Angola, Botswana, Democratic Republic of the Congo, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia, Zimbabwe)
SDR	Special drawing right
SWIFT	Society for Worldwide Interbank Financial Telecommunication
UCITS	Undertakings for the Collective Investment of Transferable Securities
UDEAC	Central African Customs and Economic Union (Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, Gabon)
UN	United Nations
UNSC	UN Security Council
VAT	Value-added tax
WAEMU	West African Economic and Monetary Union (formerly WAMU; members of the BCEAO)
WAMA	West African Monetary Agency (formerly WACH)
WAMZ	West African Monetary Zone
W-ERM II	Exchange rate mechanism (of the WAMZ)
WTO	World Trade Organization

Overview

This is the 72nd issue of the *Annual Report on Exchange Arrangements and Exchange Restrictions* (AREAER), which provides a yearly description of the foreign exchange arrangements, exchange and trade systems, and capital controls of all IMF member countries.[1] The AREAER reports on restrictions in effect under Article XIV, Section 2, of the IMF's Articles of Agreement in accordance with Section 3 of Article XIV, which mandates annual reporting on such restrictions.[2] It also provides information relating to paragraph 25 of the 2012 Integrated Surveillance Decision, which restates the obligation of each member country under the IMF's Articles of Agreement to notify the IMF of the exchange arrangement it intends to apply and any changes in that arrangement.[3]

The AREAER provides a description of global exchange and trade systems. It covers restrictions on current international payments and transfers and multiple currency practices (MCPs) subject to the IMF's jurisdiction in accordance with Article VIII, Sections 2(a) and 3, in addition to those maintained under Article XIV of the IMF's Articles of Agreement.[4] The report also provides information on the operation of foreign exchange markets, controls on international trade, controls on capital transactions, and measures implemented in the financial sector, including prudential measures. In addition, the AREAER reports on exchange measures imposed by member countries solely for national and/or international security reasons, including those reported to the IMF in accordance with relevant decisions by the IMF Executive Board.[5]

The AREAER provides information, relating to paragraph 25 of the 2012 Integrated Surveillance Decision, on exchange rate arrangements of member countries: the de jure arrangements as described by the countries and the de facto arrangements, which are classified into 10 categories (Table 1). This classification is based on the information available on members' de facto arrangements, as analyzed by IMF staff, which may differ from countries' officially announced (de jure) arrangements. The methodology and the characteristics of the categories are described in the Compilation Guide included in this report.

Table 1. Classification of Exchange Rate Arrangements

Type	Categories				
Hard pegs	Exchange arrangement with no separate legal tender	Currency board arrangement			
Soft pegs	Conventional pegged arrangement	Pegged exchange rate within horizontal bands	Stabilized arrangement	Crawling peg	Crawl-like arrangement
Floating regimes (market-determined rates)	Floating	Free floating			
Residual	Other managed arrangement				

Note: This methodology became effective February 2, 2009, and reflects an attempt to provide greater consistency and objectivity of exchange rate classifications across countries and to improve the transparency of the IMF's bilateral and multilateral surveillance in this area. For further details, see IMF Working Paper 09/211. https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Revised-System-for-the-Classification-of-Exchange-Rate-Arrangements-23311

[1] In addition to the 190 IMF member countries, the report includes information on Hong Kong SAR (People's Republic of China) as well as Aruba, Curaçao, and Sint Maarten (all in the Kingdom of the Netherlands).

[2] The IMF's Articles of Agreement are available at www.imf.org/external/pubs/ft/aa/index.htm.

[3] www.imf.org/external/np/sec/pn/2012/pn1289.htm.

[4] The information on exchange restrictions and MCPs consists of verbatim quotes from each country's most recent published IMF staff report as of December 31, 2020. In cases in which the information is drawn from IMF staff reports that have not been made public, the quotes have been included with the express consent of the member country. In the absence of such consent, the relevant information is reported as "not publicly available." Any changes to these restrictions and MCPs implemented after the relevant IMF report has been issued will be reflected in the subsequent issue of the AREAER that covers the year during which the IMF staff report with information on such changes is issued.

[5] The information on exchange measures imposed for security reasons is based solely on information provided by country authorities.

Several tools help navigate and interpret the findings of this report. A single table compares the characteristics of the exchange and trade systems of all IMF member countries: Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in IMF Member Countries.

The Country Table Matrix lists the categories of data reported for each country, and the Compilation Guide includes definitions and explanations used to report the data.

The AREAER is available online. As of January 1, 2020, access to AREAER Online is freely available to all; previously a subscription was required. The AREAER Online database includes the overview and detailed information for each of its member countries—which increased by 1, to 190, in this issue with the addition of Andorra, which became a member on October 16, 2020—and separately for a few members' territories.[6] In addition, AREAER Online contains data published in previous issues of the AREAER and is searchable by year, country, and category of measure; it also allows cross-country comparisons for time series.[7] [8]

In general, previous vintages of the AREAER published in a particular year included a description of exchange and trade systems as of the end of December of the previous year, with some reporting data through part of the publication year and de facto exchange rate arrangements as of the end of April of the publication year. The 2021 AREAER, similarly to the previous year's publication, includes a description of exchange and trade systems as of June 30, 2021, for virtually all members; some report developments through August 31, 2021.[9] Nevertheless, in keeping with past AREAERs, information on member countries' de facto exchange rate arrangements in this report are as of April 30, 2021.

Overall Developments

The COVID-19 pandemic resulted in the largest slowdown in global economic activity in recent history, with global GDP contracting by 3.1 percent (October 2021 *World Economic Outlook* [WEO]). The contraction was deep and sudden compared with previous global crises. There was a swift and sizable response to the shock, including through fiscal and financial sector measures.[10] Major central banks and, for the first time, some emerging market central banks undertook quantitative easing with asset purchase programs. The record portfolio outflows from emerging markets at the start of the pandemic reversed somewhat later in the year, but the flows remained volatile. Emerging market and developing economies responded to the capital outflows and the outlook for a severe recession, including by permitting exchange rates to depreciate, intervening in the foreign exchange market, and tightening administrative controls on foreign exchange transactions. To shore up their international reserves, many member countries received IMF financing through its emergency lending facilities. The large number of measures reported, the highest compared with previous years, likely reflect the objective to cushion the adverse impact of the pandemic and counter the severe downturn in economic activity and include the imposition of capital controls to protect reserves, particularly in economies dependent on travel and tourism.

There was a significant recovery in economic activity in 2021 despite the fluctuating intensity of the pandemic. Global GDP grew at 5.9 percent with both advanced and emerging market and developing economies showing strong growth. However, this was accompanied by rising inflation in part because of rising energy costs and supply disruptions and high demand for goods, especially in the United States. Monetary conditions

[6] Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands; information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China). Hence, detailed information is available for 193 jurisdictions.

[7] For further information on these resources, see https://www.bookstore.imf.org/areaer-and-macroprudential-statistics-gateway or https://www.imf.org/en/publications/search?when=After&series=Annual%20Report%20on%20Exchange%20Arrangements%20and%20Exchange%20Restrictions.

[8] The number of yearly changes reported by each country can be compared directly with those of the previous four reporting periods but not with those of years before that because of the update to the format of the yearly changes table, which was introduced with the 2017 publication (see the 2017 AREAER).

[9] The date of the latest reported development is indicated as the position date for each country in the country chapters in the AREAER Online database. A few countries reported developments beyond August 2021. Data for Syria and Myanmar are as of the end of 2018 and the end of August 2020, respectively.

[10] See the IMF Policy Tracker: https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#top.

tightened given the risks from higher inflation. Central banks in advanced economies took steps toward policy normalization, while those in several emerging markets continued to tighten monetary policy (January 2022 WEO *Update*). Many actions reported in the AREAER continued to be influenced by the pandemic. Some countries were able to gradually reverse previously imposed capital controls to shore up reserves and reported these as liberalization measures. At the same time, the reversal of temporary measures taken to ease some of the adverse impacts of the pandemic led to tightening of, or reversion to, the pre-pandemic regulations. Overall, the trend was toward liberalization of measures.

The 2021 AREAER documents the following major trends and significant developments:

- There was no significant shift in de facto exchange rate arrangements during this reporting period compared with the end of April 2020; about the same number of economies moved toward more flexibility as moved toward reduced flexibility. However, the number of reclassifications doubled, and about half of these occurred during the first quarter of 2020, reflecting adjustments to the countries' exchange rate policy in response to the onset of the COVID-19 pandemic.
- The share of countries that target a monetary aggregate increased compared with the previous period, with the number almost fully reverting to what it was in April 2019. The proportion of countries with an exchange rate anchor changed slightly when Andorra became a member in October 2020 (anchored to the euro) and with the change in Liberia's monetary policy framework, which reported targeting monetary aggregates (previously anchored to the US dollar). The number of member countries following an inflation-targeting framework also increased slightly. Correspondingly, there was a drop in countries in the "other monetary framework" category.
- A number of central banks increased interventions in their foreign exchange markets and took extraordinary measures to fight depreciation pressure on the country's currency in response to the high uncertainty associated with the COVID-19 pandemic throughout 2020 and the beginning of 2021. Although derivative instruments are not the most frequently used intervention tools, some countries also reported an increase in the use of the following instruments: options, nondeliverable forwards, and interventions through swaps.
- Foreign exchange market liberalization continued. In a number of countries, market activities became more sophisticated through upgraded central bank auction rules and more market-oriented foreign exchange allocations. Several countries eased controls on exchange rate spreads and commissions in the interbank and retail markets. Liberalization measures were implemented also in the forward market, allowing banks to contract more foreign exchange derivative operations and customers to better manage their foreign exchange exposures using foreign exchange swaps.
- The number of IMF member countries accepting the obligations of Article VIII, Sections 2(a), 3, and 4, increased by 1 in 2020 reaching 173 members, while the number of members that make use of the transitional arrangement under Article XIV remained unchanged (17) at the end of 2020. Of these 17 Article XIV members, 4 maintain no restrictions but have not yet decided to accept the obligations under Article VIII. The number of countries maintaining restrictive exchange measures fell from 48 in 2019 to 47 at the end of 2020. Two members removed all previously identified restrictive measures, while in one other member (whose exchange system had previously been free of exchange restrictions and MCPs) one such measure was identified in 2020. Overall, the number of restrictive exchange measures decreased by 2 in 2020—mostly in Article XIV countries.
- Liberalizing actions dominated the current account in 2020, amid an increased number of measures. Trade-related easing measures reached a record high in 2020, more than doubling compared with 2019, as members attempted to contain the repercussions of the COVID-19 pandemic. The liberalizing trend in payments and proceeds for invisible transactions and current transfers, which had reversed in 2019, also regained traction in 2020 and 2021 as members once again introduced more easing than tightening measures. Although several easing measures were reported among changes to account transactions, a trend toward more restrictive actions was discernible in this category. This can be attributed largely to pandemic-related attempts to safeguard international reserves—for instance, by restricting outward transactions from domestic foreign currency accounts.
- Tighter restrictions on international capital flows emerged in 2020 against the backdrop of the COVID-19 pandemic. The number of changes in capital controls increased, with significantly more tightening actions—on both inflows and outflows—than in previous years, and changes were dominated largely by COVID-19–related measures. The outflow controls were introduced mostly by tourism-dependent emerging market and developing economies and low-income developing countries, which were severely affected

by the COVID-19 pandemic. The inflow controls were explained largely by the tightening of the foreign direct investment (FDI) screening mechanism in EU member countries and some other advanced economies for national security reasons amid the COVID-19 pandemic. The majority of easing actions were taken by emerging market and developing economies, highlighting the continued liberalization trend in countries with relatively fewer external vulnerabilities—despite the pandemic. Based on partial-year data for 2021, COVID-19–related measures continued to dominate and consisted of easing of previous controls and extension of pandemic-related measures; tightening actions were markedly lower.

- Overall regulatory developments in the financial sector in 2020–21 reflected extensive policy responses at the outset of the pandemic and their subsequent withdrawal in 2021, with notable differences between commercial banks and institutional investors. Reported prudential measures peaked in 2020 with an exceptionally high share of easing measures on commercial banks to support their continued capacity to lend to the real economy. In contrast, prudential measures on institutional investors were broadly tightened in 2020–21. This likely reflects greater leeway to relax prudential measures on banks relative to institutional investors, given the reforms implemented in the banking sector following the global financial crisis. Institutional investors were also far more likely to face tighter capital controls than commercial banks during the pandemic. Hence, while the number of capital controls in 2020–21 was similar to those of the pre-pandemic years, they were geared toward limiting capital outflows by institutional investors to a greater extent than before.

The remainder of this overview highlights the major developments covered in the individual country chapters that are part of this report.

Developments in Exchange Arrangements

This section documents major changes and trends in the following related areas: exchange rate arrangements, intervention, monetary anchors, and the operation and structure of foreign exchange markets. It also reports on significant developments with respect to exchange taxes, exchange rate structures, and national currencies. There are five tables in this section. Table 2 highlights changes in the reclassification of the de facto exchange rate arrangements between May 1, 2020, and April 30, 2021. Table 3 breaks down countries' de facto exchange rate arrangements for 2013–21. Table 4 summarizes the detailed descriptions in the country chapters by reporting each IMF member country's monetary policy framework as indicated by country officials and the classification of their de facto exchange rate arrangements. Table 5 outlines IMF member countries' monetary policy frameworks as reported by country authorities and exchange rate anchors for 2013–21, and Table 6 reports the foreign exchange market structure among the membership for 2018–21.

Exchange Rate Arrangements[11]

In 2020, many countries experienced a worsening of macroeconomic conditions, mostly caused by the COVID-19 pandemic. External demand declined substantially, adversely affecting economic growth. The restrictions imposed to tackle the pandemic had a negative impact in most sectors of the economy, especially the tourism-related segments. Some economies were also affected by a sharp decline in oil and commodity prices. These factors, along with heightened demand for foreign currency by economic agents as a result of increased negative expectations—particularly in the first and third quarters of 2020—led to a weakening of most currencies.

The policy responses, particularly in advanced economies, eased global financial market uncertainty and reduced the intensity of capital outflows from emerging market and developing economies, dampening pressure on their exchange rates. During the last quarter of 2020 until April 2021, foreign exchange market conditions gradually stabilized against the backdrop of gradual easing of strict quarantine restrictions, restoration of economic activity, an increase in oil prices, and investor demand for risky assets, including the currencies of developing economies.

[11] This section summarizes developments between May 1, 2020, and April 30, 2021. However, some reclassifications in the exchange rate arrangement reflect policy changes that occurred during the first quarter of 2020, which were not included in the previous AREAER (with a cutoff date of April 30, 2020) because the exchange rate classification system requires at least six months of observations for a reclassification.

Similar to the previous reporting period, changes in de facto exchange rate arrangements during this reporting period were balanced, with almost the same number of countries moving from less to more flexible exchange rate arrangements than in the opposite direction. Of the 30 countries whose exchange rate arrangement was reclassified as of April 2021[12] (Table 2), 14 countries (47 percent) were reclassified to a more flexible arrangement (compared with 7 of 15 countries, or 47 percent, during the previous reporting period); 16 countries (53 percent) were classified to a more managed arrangement (compared with 8 of 15 countries, or 53 percent, during the previous reporting period).

Table 2. Changes and Resulting Reclassifications of Exchange Rate Arrangements, May 1, 2020–April 30, 2021

		De facto arrangement		
Country	**De jure arrangement**	**Previous arrangement**[1]	**Current (2021 AREAER)**	**Effective date of reclassification**
Afghanistan	Managed floating	Other managed arrangement	Crawl-like arrangement	March 2, 2020
Algeria	Managed floating	Crawl-like arrangement	Stabilized arrangement	April 24, 2020
Angola	Floating	Other managed arrangement	Floating	March 17, 2020
Argentina	Floating	Other managed arrangement	Crawl-like arrangement	January 27, 2020
Armenia	Free floating	Stabilized arrangement	Floating	March 10, 2020
Bangladesh	Floating	Crawl-like arrangement	Stabilized arrangement	February 3, 2020
Cambodia	Managed float	Crawl-like arrangement	Stabilized arrangement	June 17, 2020
Chile	Free floating	Floating	Free floating	June 4, 2020
China	Managed floating	Other managed arrangement	Crawl-like arrangement	July 31, 2020
Congo, Democratic Republic of the	Floating	Crawl-like arrangement	Other managed arrangement	May 18, 2020
Congo, Democratic Republic of the[3]			Crawl-like arrangement	August 7, 2020
Egypt	Floating	Crawl-like arrangement	Other managed arrangement	March 17, 2020
Egypt[3]			Stabilized arrangement	October 7, 2020
Ethiopia[2]	Managed floating	Crawl-like arrangement	Other managed arrangement	November 18, 2019
Ethiopia[3]			Crawl-like arrangement	February 3, 2020
Gambia, The	Free floating	Other managed arrangement	Stabilized arrangement	November 5, 2019
Ghana	Floating	Floating	Crawl-like arrangement	April 21, 2020
Guinea[2]	Managed floating	Crawl-like arrangement	Stabilized arrangement	November 12, 2019
Guinea[3]			Crawl-like arrangement	May 28, 2020
Haiti[2]	Floating	Crawl-like arrangement	Other managed arrangement	December 11, 2019
Kyrgyz Republic	Floating	Stabilized arrangement	Other managed arrangement	March 12, 2020
Liberia[2]	Managed floating	Crawl-like arrangement	Other managed arrangement	November 12, 2019
Liberia[3]			Stabilized arrangement	February 28, 2020
Liberia[3]			Other managed arrangement	October 14, 2020
Malawi	Floating	Stabilized arrangement	Crawl-like arrangement	July 16, 2020
Mongolia	Floating	Crawl-like arrangement	Stabilized arrangement	September 9, 2020
Morocco	Pegged exchange rate within horizontal bands	Stabilized arrangement	Pegged exchange rate within horizontal bands	March 24, 2020
Mozambique	Floating	Floating	Crawl-like arrangement	January 6, 2020
Pakistan	Floating	Other managed arrangement	Floating	March 9, 2020
Papua New Guinea	Floating	Crawl-like arrangement	Stabilized arrangement	November 3, 2020
Paraguay	Floating	Crawl-like arrangement	Floating	December 11, 2020

[12] Excludes countries whose exchange rates were reclassified twice during this AREAER's reporting period, reverting to the same classification as in April 2021.

Table 2 (concluded)

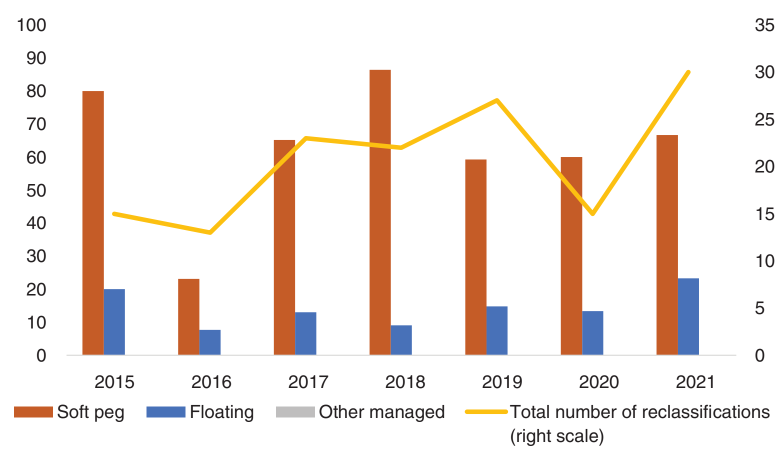
Country	De jure arrangement	De facto arrangement: Previous arrangement[1]	De facto arrangement: Current (2021 AREAER)	De facto arrangement: Effective date of reclassification
Peru	Floating	Floating	Crawl-like arrangement	April 6, 2020
Peru[3]			Floating	March 30, 2021
Philippines	Free floating	Floating	Crawl-like arrangement	March 19, 2020
Singapore	Other managed	Crawl-like arrangement	Stabilized arrangement	February 14, 2020
Solomon Islands	Conventional peg	Conventional peg	Other managed arrangement	October 11, 2019
Solomon Islands[3]			Crawl-like arrangement	June 8, 2020
Sri Lanka	Free floating	Stabilized arrangement	Floating	March 10, 2020
Sudan	Managed floating	Stabilized arrangement	Other managed arrangement	January 9, 2020
Sudan[3]			Stabilized arrangement	March 2, 2020
Switzerland	Free floating	Floating	Crawl-like arrangement	May 19, 2020
Vietnam	Managed floating	Stabilized arrangement	Crawl-like arrangement	March 26, 2020
Yemen[2]	Free floating	Stabilized arrangement	Floating	July 3, 2018
Zambia	Floating	Floating	Crawl-like arrangement	August 24, 2020

Source: AREAER database.
[1] This column refers to the arrangements as reported in the 2019 AREAER, except when a reclassification took place during January 1–April 30, 2019, in which case it refers to the arrangement preceding such a reclassification.
[2] The exchange rate arrangement was reclassified retroactively, overriding a previously published classification for the entire reporting period or part of the period.
[3] Cells in the column "Previous arrangement" are blank if there was a subsequent reclassification during the reporting period.

During this AREAER's reporting period, the number of reclassifications (as of April 30, 2021) doubled (30) compared with the previous reporting period (15 as of April 2020). Since 2015, at least two-thirds of the reclassifications reported each year took place in soft peg arrangements,[13] except those reported in the 2016 AREAER (from May 2015 to April 2016), when the "other managed" classification represented around 70 percent of all reclassifications (Figure 1). The share of countries whose exchange rate arrangement was reclassified to a soft peg increased by 7 percentage points, from 60 percent in the previous period. Similarly, the adjustments in floating categories rose by 10 percentage points, from 13 percent, while the residual category "other managed" had decreased 17 percentage points, from 27 percent in the previous AREAER.

Figure 1. Reclassification of De Facto Exchange Rate Arrangements, 2015–21

(Percent of total reclassifications as of April 30)



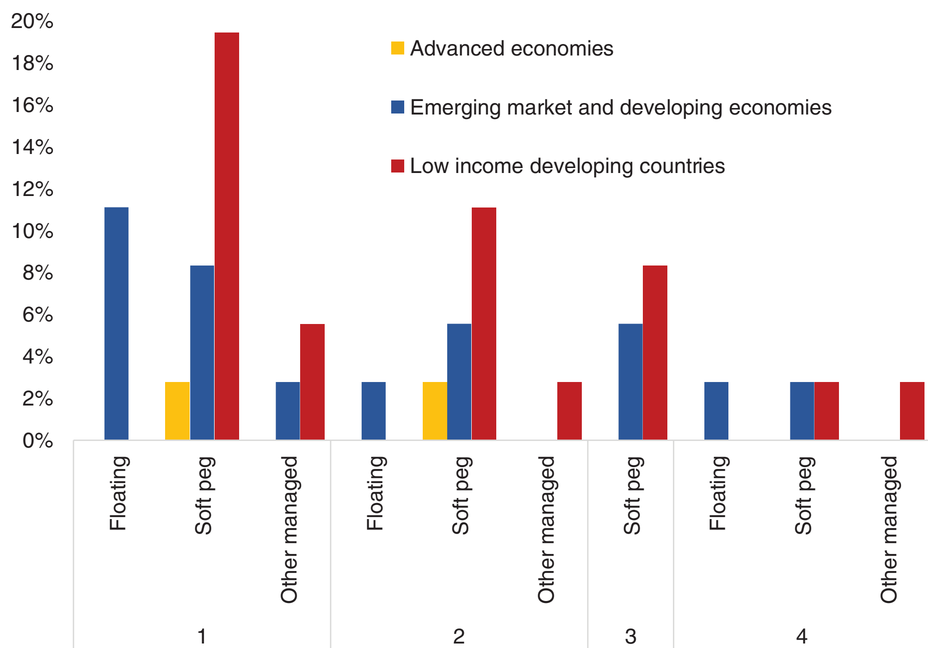
Source: AREAER database.

[13] For a list of soft peg classifications, see Table 1.

Fifty percent of all reclassifications took effect in the first quarter of 2020, reflecting adjustments to the countries' exchange rate policy in response to the COVID-19 pandemic (Figure 2). In 2020, the largest share of reclassifications consisted of low-income developing countries (53 percent), followed by emerging market and developing economies (42 percent) and advanced economies (6 percent). During the first quarter, 30 percent of reclassifications in 2020 involved a switch to soft pegs, of which 19 percent can be attributed to low-income developing countries, while 11 percent of reclassifications were a switch to floating, all of which were emerging market and developing economies. The pace of reclassification gradually declined beginning in the second quarter, with reclassifications to soft pegs the preferred exchange rate arrangement in both low-income developing countries and emerging market and developing economies in 2020.

Figure 2. Reclassification of De Facto Exchange Rate Arrangements in 2020

(Total reclassifications in 2020 per quarter, percent)



Source: AREAER database.

The changes in individual categories are as follows:

- *Soft pegs*—The total number of countries with soft pegs had a net increase of 2, to 92, compared with the previous reporting period. The majority of reclassifications took place in this group, with most of the changes in crawl-like and stabilized arrangements. Countries with soft pegs continue to make up the single largest type of exchange rate arrangement, accounting for 47.7 percent of members (Table 3).
  - o *Crawl-like arrangements*—There was a net increase of 1 in the number of countries with crawl-like arrangements, to 24, continuing the increasing trend since 2017 (Figure 3; Table 4). Although the net increase was only by 1, this category registered most of the changes in this reporting period (21). Eleven countries were added: five were reclassified from floating (Ghana, Mozambique, Philippines, Switzerland, Zambia), three from "other managed" (Afghanistan, Argentina, China), two from stabilized (Malawi, Vietnam), and one from conventional peg (Solomon Islands[14]). Ten countries exited this classification: seven moved to a stabilized arrangement

[14] Solomon Islands was reclassified twice—retroactively to "other managed" in October 2019 and to "crawl-like" in June 2020. Retroactive changes are reflected as of January 1, 2020, corresponding to the first day of the period covered in this year's AREAER.

(Algeria, Bangladesh, Cambodia, Egypt,[15] Mongolia, Papua New Guinea, Singapore), two to "other managed" (Haiti,[16] Liberia[17]), and one to floating (Paraguay). Three countries were reclassified twice during this reporting period, reverting to a crawl-like arrangement: two (Democratic Republic of the Congo,[18] Ethiopia[19]) following a temporary reclassification to "other managed," and one (Guinea[20]) that was temporarily reclassified to stabilized. Countries adopting stabilized and crawl-like arrangements often adjust their exchange rates in response to external events, including differences in inflation across countries, capital flow pressures, and new trends in world trade. As a result, they are often reclassified to other categories within the soft peg group.

- o *Stabilized arrangements*—There was a net increase of 1 in the number of countries with stabilized arrangements, to 24. Within soft pegs, following crawl-like arrangements, this category registered the second largest number of changes. Eight countries joined the group: seven from crawl-like arrangement (Algeria, Bangladesh, Cambodia, Egypt, Mongolia, Papua New Guinea, Singapore) and one from "other managed" (The Gambia). Seven countries left this group: three to floating (Armenia, Sri Lanka, Yemen), two to crawl-like (Malawi, Vietnam), one to "other managed" (Kyrgyz Republic), and one to a pegged exchange rate within horizontal bands (Morocco). One country was reclassified twice during this reporting period, reverting to a stabilized arrangement (Sudan[21]).
- o *Conventional pegs*—The number of countries in this category dropped by 1, to 40. Solomon Islands left the group for "crawl-like" because the exchange rate followed an appreciating trend within a 2 percent band against an invoice-based weighted basket of currencies from June 2020. The conventional peg arrangement holds the largest share among soft pegs, with 43.5 percent, although it has been decreasing gradually since April 2016 from its peak of 58 percent.
- o *Pegged exchange rates within horizontal bands*—There is one country in this category, as Morocco was reclassified from "stabilized." In the previous reporting period, there were no countries in this category. Three other countries have de jure pegged exchange rates within horizontal bands, but two of them have de facto "other managed" exchange rate (Syria, Tonga), and one has a de facto stabilized arrangement (Maldives).

- *Other managed arrangements*—The number of countries in this residual category decreased by 3, to 12. There were nine changes from May 2020 through April 2021. Three countries abandoned this category when their exchange rate arrangements were reclassified to crawl-like (Afghanistan, Argentina, China), two to floating (Angola, Pakistan), and one to stabilized (The Gambia). In contrast, three countries were added: two were reclassified from crawl-like (Haiti, Liberia) and one from stabilized (Kyrgyz Republic).
- *Floating arrangement*—The number of countries classified as floating remains at 32, with 12 changes in the group's composition. Six abandoned this category: five were reclassified to crawl-like (Ghana, Mozambique, Philippines, Switzerland, Zambia) and one to free floating (Chile). Six countries were added: three from stabilized (Armenia, Sri Lanka, Yemen), two from "other managed" (Angola, Pakistan), and one from crawl-like (Paraguay). One country was reclassified twice during this reporting period, reverting to a floating arrangement (Peru).[22]
- *Free floating*—The number of countries with free-floating arrangements rose by 1, to 32, as Chile was reclassified from floating in June 2020.
- *Hard pegs (no separate legal tender and currency boards)*—The number of countries in this category increased by 1, to 25, as Andorra became an IMF member in October 2020 with the classification "no separate legal tender." Changes in this category are rare, because countries with such arrangements tend to maintain their exchange rate policies unless their economies undergo large structural changes that result in an exit.

[15] Egypt was reclassified twice—to "other managed" in March 2020 and to "stabilized" in October 2020.

[16] Haiti was reclassified retroactively to "other managed" in December 2019. Retroactive changes are reflected as of January 1, 2020, corresponding to the first day of the period covered in this year's AREAER.

[17] Liberia was reclassified three times—retroactively to "other managed" in November 2019, then to stabilized in February 2020, and to "other managed" in October 2020. Retroactive changes are reflected as of January 1, 2020, corresponding to the first day of the period covered in this year's AREAER.

[18] The Democratic Republic of the Congo was reclassified twice—to "other managed" in May 2020 and back to "crawl-like" in August 2020.

[19] Ethiopia was reclassified twice—retroactively to "other managed" in November 2019 and back to "crawl-like" in February 2020.

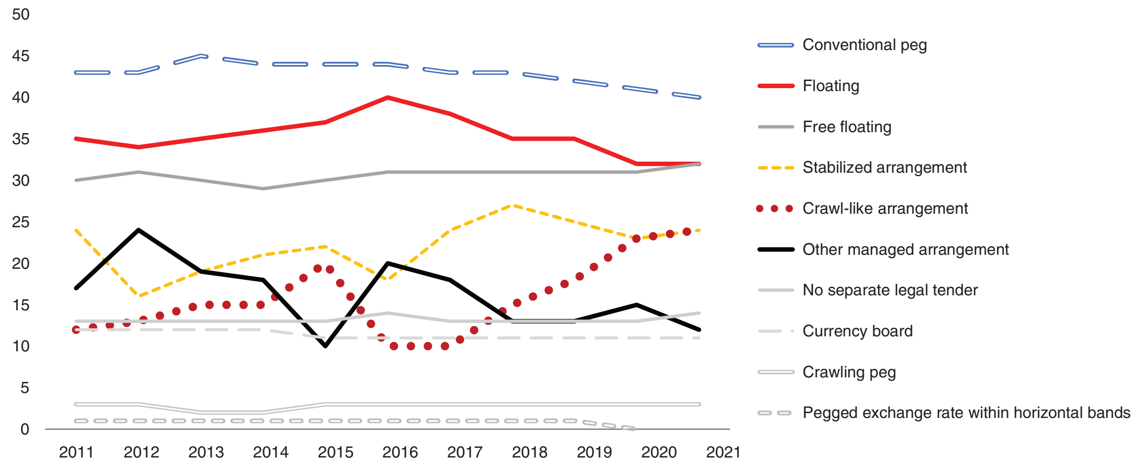
[20] Guinea was reclassified twice—retroactively to "stabilized" in November 2019 and back to "crawl-like" in May 2020.

[21] Sudan was reclassified twice—to "other managed" in January 2020 and back to "stabilized" in March 2020.

[22] Peru was reclassified twice—to "crawl-like" in April 2020 and back to "floating" in March 2021.

Figure 3. Exchange Rate Arrangements, 2011–21

(Number of countries as of April 30)



Source: AREAER database.

Table 3. Exchange Rate Arrangements, 2013–21

(Percent of IMF members as of April 30)[1]

Exchange Rate Arrangement	2013	2014	2015	2016[2]	2017	2018	2019	2020	2021[3]
Hard peg	13.1	13.1	12.6	13.0	12.5	12.5	12.5	12.5	13.0
No separate legal tender	6.8	6.8	6.8	7.3	6.8	6.8	6.8	6.8	7.3
Currency board	6.3	6.3	5.8	5.7	5.7	5.7	5.7	5.7	5.7
Soft peg	42.9	43.5	47.1	39.6	42.2	46.4	46.4	46.9	47.7
Conventional peg	23.6	23.0	23.0	22.9	22.4	22.4	21.9	21.4	20.7
Stabilized arrangement	9.9	11.0	11.5	9.4	12.5	14.1	13.0	12.0	12.4
Crawling peg	1.0	1.0	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Crawl-like arrangement	7.9	7.9	10.5	5.2	5.2	7.8	9.4	12.0	12.4
Pegged exchange rate within horizontal bands	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.5
Floating	34.0	34.0	35.1	37.0	35.9	34.4	34.4	32.8	33.2
Floating	18.3	18.8	19.4	20.8	19.8	18.2	18.2	16.7	16.6
Free floating	15.7	15.2	15.7	16.1	16.1	16.1	16.1	16.1	16.6
Residual									
Other managed arrangements	9.9	9.4	5.2	10.4	9.4	6.8	6.8	7.8	6.2

Source: AREAER database.
[1] Currently 190 member countries and the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China).
[2] Includes Nauru, which became an IMF member on April 12, 2016.
[3] Includes Andorra, which became an IMF member on October 16, 2020.

Table 4. De Facto Classification of Exchange Rate Arrangements, as of April 30, 2021, and Monetary Policy Frameworks

The classification system is based on the members' actual, de facto arrangements as identified by IMF staff, which may differ from their officially announced, de jure arrangements. The system classifies exchange rate arrangements primarily on the basis of the degree to which the exchange rate is determined by the market rather than by official action, with market-determined rates being on the whole more flexible. The system distinguishes among four major categories: hard pegs (such as exchange arrangements with no separate legal tender and currency board arrangements) soft pegs (including conventional pegged arrangements, pegged exchange rates within horizontal bands, crawling pegs, stabilized arrangements, and crawl-like arrangements) floating regimes (such as floating and free floating) and a residual

Table 4 (continued)

category, other managed. This table presents members’ exchange rate arrangements against alternative monetary policy frameworks to highlight the role of the exchange rate in broad economic policy and illustrate that different exchange rate regimes can be consistent with similar monetary frameworks. The monetary policy frameworks are as follows:

Exchange rate anchor

The monetary authority buys or sells foreign exchange to maintain the exchange rate at its predetermined level or within a range. The exchange rate thus serves as the nominal anchor or intermediate target of monetary policy. These frameworks are associated with exchange rate arrangements with no separate legal tender, currency board arrangements, pegs (or stabilized arrangements) with or without bands, crawling pegs (or crawl-like arrangements), and other managed arrangements.

Monetary aggregate target

The monetary authority uses its instruments to achieve a target growth rate for a monetary aggregate, such as reserve money, M1, or M2, and the targeted aggregate becomes the nominal anchor or intermediate target of monetary policy.

Inflation-targeting framework

This involves the public announcement of numerical targets for inflation, with an institutional commitment by the monetary authority to achieve these targets, typically over a medium-term horizon. Additional key features normally include increased communication with the public and the markets about the plans and objectives of monetary policymakers and increased accountability of the central bank for achieving its inflation objectives. Monetary policy decisions are often guided by the deviation of forecasts of future inflation from the announced inflation target, with the inflation forecast acting (implicitly or explicitly) as the intermediate target of monetary policy.

Other

The country has no explicitly stated nominal anchor, but rather monitors various indicators in conducting monetary policy. This category is also used when no relevant information on the country is available.

	Monetary policy framework								
Exchange rate arrangement (Number of countries)	**Exchange rate anchor**						**Monetary aggregate target (25)**	**Inflation-Targeting framework (45)**	**Other[1] (43)**
	US dollar (37)		**Euro (26)**		**Composite (8)**	**Other (9)**			
No separate legal tender (14)	Ecuador El Salvador Marshall Islands Micronesia	Palau Panama Timor-Leste	Andorra[2] (10/20) Kosovo San Marino Montenegro			Kiribati Nauru Tuvalu			
Currency board (11)	Djibouti Hong Kong SAR **ECCU** Antigua and Barbuda Dominica Grenada	St. Kitts and Nevis St. Lucia St. Vincent and the Grenadines	Bosnia and Herzegovina Bulgaria			Brunei Darussalam			
Conventional peg (40)	Aruba The Bahamas Bahrain Barbados Belize Curaçao and Sint Maarten Eritrea	Iraq Jordan Oman Qatar Saudi Arabia Turkmenistan United Arab Emirates	Cabo Verde Comoros Denmark[3] São Tomé and Príncipe **WAEMU** Benin Burkina Faso Côte d’Ivoire Guinea-Bissau Mali Niger Senegal Togo	**CEMAC** Cameroon Central African Rep. Chad Rep. of Congo Equatorial Guinea Gabon	Fiji Libya	Bhutan Eswatini Lesotho Namibia Nepal	Samoa[4]		
Stabilized arrangement (24)	Cambodia (6/20) Guyana Iran[5] Lebanon	Maldives Trinidad and Tobago	Croatia North Macedonia		Singapore (2/20)		Algeria[5] (4/20) Bangladesh[5] (2/20) Bolivia[5] The Gambia[5,9] (11/19) Nigeria[5]	Guatemala[5] Serbia	Azerbaijan[5] Egypt[5,7,10] (10/20) Mongolia[7] (9/20) Sudan[5,10] (3/20)

Table 4 (continued)

Exchange rate arrangement (Number of countries)	Monetary policy framework						
	Exchange rate anchor				Monetary aggregate target (25)	Inflation-Targeting framework (45)	Other[1] (43)
	US dollar (37)	Euro (26)	Composite (8)	Other (9)			
					Papua New Guinea[5] (11/20) Suriname[5] Tanzania[5] Tajikistan[5,7]		
Crawling peg (3)	Honduras Nicaragua		Botswana				
Crawl-like arrangement (24)			Vietnam[5] (3/20)		Afghanistan[5] (3/20) Burundi[5] China[4] (7/20) Democratic Rep. of the Congo[5,9,10] (8/20) Ethiopia[5,9,10] (2/20) Guinea[5,9,10] (5/20) Rwanda[5]	Costa Rica Dominican Republic[5] Ghana[5] (4/20) Philippines[5] (3/20) Romania[6] Uzbekistan[5]	Argentina[5] (1/20) Lao P.D.R.[5] Malawi[5] (7/20) Mauritania[5] Mozambique[5,7] (1/20) Switzerland[6] (5/20) Solomon Islands[4,9,10] (6/20) South Sudan[5] Tunisia[6,7] Zambia[5] (8/20)
Pegged exchange rate within horizontal bands (1)			Morocco[12] (3/20)				
Other managed arrangement (12)			Kuwait Syria		Liberia[9,10] (10/20) Myanmar Sierra Leone Zimbabwe (2/19)	Kenya	Haiti[5,9] (12/19) Kyrgyz Rep. (3/20) Tonga Vanuatu Venezuela
Floating (32)					Angola (3/20) Belarus Madagascar Yemen[9] (7/18)	Albania Armenia (3/20) Brazil[8] Colombia Georgia Hungary Iceland India[8] Indonesia[8] Israel Jamaica Kazakhstan Korea Moldova New Zealand Paraguay (12/20) Peru[10] (3/21) Seychelles Sri Lanka[8] (3/20) South Africa Thailand[8] Turkey Uganda Ukraine Uruguay	Malaysia Mauritius Pakistan[7] (3/20)

Table 4 (concluded)

Exchange rate arrangement (Number of countries)	Monetary policy framework						
	Exchange rate anchor				Monetary aggregate target (25)	Inflation-Targeting framework (45)	Other[1] (43)
	US dollar (37)	Euro (26)	Composite (8)	Other (9)			
Free floating (32)						Australia Canada Chile (6/20) Czech Republic Japan Mexico Norway Poland[8] Russia Sweden[8] United Kingdom	Somalia[11] United States EMU Austria Belgium Cyprus Estonia Finland France Germany Greece Ireland Italy Latvia Lithuania Luxembourg Malta The Netherlands Portugal Slovak Rep. Slovenia Spain

Source: AREAER database.
Note: If the member country's de facto exchange rate arrangement has been reclassified during the reporting period, the date of change is indicated in parentheses (month, year). CEMAC = Central African Economic and Monetary Community; ECCU = Eastern Caribbean Currency Union; EMU = European Economic and Monetary Union; WAEMU = West African Economic and Monetary Union.
[1] Includes countries that have no explicitly stated nominal anchor, but rather monitor various indicators in conducting monetary policy.
[2] Andorra became a member of the IMF on October 16, 2020.
[3] The member participates in the European Exchange Rate Mechanism (ERM II).
[4] The country maintains a de facto exchange rate anchor to a composite.
[5] The country maintains a de facto exchange rate anchor to the US dollar.
[6] The country maintains a de facto exchange rate anchor to the euro.
[7] The central bank is in transition toward inflation targeting.
[8] The authorities reported that their monetary policy framework is referred to as "flexible inflation-targeting."
[9] The exchange rate arrangement or monetary policy framework was reclassified retroactively, overriding a previously published classification.
[10] The exchange rate arrangement was reclassified twice during this reporting period.
[11] Currently the Central Bank of Somalia does not have a monetary policy framework.
[12] Within the framework of an exchange rate fixed to a currency composite, the Bank Al-Maghrib adopted a monetary policy framework in 2006 based on various inflation indicators, with the overnight interest rate as its operational target to pursue its main objective of price stability.

Monetary Anchors[23]

The exchange rate remained the anchor for monetary policy for fewer than half of member countries—41.5 percent (Table 5). There were five changes in official monetary anchors, similarly to the previous reporting period. Four countries moved from the group of countries with "other monetary framework" (43): two to "monetary aggregate target" (25), and two to "inflation-targeting framework" (45). One country reported having a monetary aggregate target during 2020, switching from an exchange rate anchor to the US dollar (see Table 4).

[23] Monetary anchors are defined as the main intermediate target the authorities pursue to achieve their policy goal (which, overwhelmingly, is price stability). The inventory of monetary anchors is based mainly on members' declarations in the context of the yearly AREAER update or Article IV consultations and is not necessarily consistent with the de facto exchange rate arrangement.

Table 5. Monetary Policy Frameworks and Exchange Rate Anchors, 2013–21

(Percent of IMF members as of April 30)[1]

	US dollar	Euro	Composite	Other currency	Monetary aggregate	Inflation targeting	Other[2]
2013	23.0	14.1	6.8	4.2	13.6	17.8	20.4
2014	22.5	13.6	6.3	4.2	13.1	17.8	22.5
2015	22.0	13.1	6.3	4.2	13.1	18.8	22.5
2016[3]	20.3	13.0	4.7	4.7	12.5	19.8	25.0
2017	20.3	13.0	4.7	4.7	12.5	20.8	24.0
2018	19.8	13.0	4.7	4.7	12.5	21.4	24.0
2019	19.8	13.0	4.2	4.7	13.5	21.4	23.4
2020	19.8	13.0	4.2	4.7	11.5	22.4	24.5
2021[4]	19.2	13.5	4.1	4.7	13.0	23.3	22.3

Source: AREAER database.

[1] Includes 190 member countries and the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China).

[2] Includes countries that have no explicitly stated nominal anchor but instead monitor various indicators in conducting monetary policy.

[3] Includes Nauru, which became an IMF member on April 12, 2016.

[4] Includes Andorra, which became an IMF member on October 16, 2020.

Seventy-seven member countries report an officially announced fixed exchange rate policy—either as a hard peg or soft peg—which implies the use of the exchange rate as the unique monetary anchor, with six exceptions. Although the official (de jure) exchange rate regime of these six countries is a soft peg, four countries reported the use of a mix of monetary policy tools, including exchange rate anchor under an "other monetary framework" (Solomon Islands, Tonga, Vanuatu, Venezuela), and two countries reported targeting monetary aggregates (Bolivia, Samoa). Among the 64 countries with de facto floating exchange rate arrangements—floating or free floating—the monetary anchor varies among monetary aggregates (4), inflation targeting (36), and "other" (24, including the 19 European Economic and Monetary Union [EMU] countries). In the group of countries targeting monetary aggregates (25) there are 17 countries implementing soft pegs, 4 countries in other managed arrangements, and 4 countries in floating arrangements. Countries with either stabilized or crawl-like arrangements (48) report reliance on a variety of monetary frameworks, including monetary aggregates and inflation-targeting frameworks. Other managed arrangements are split among exchange rate anchors (2), monetary aggregate targets (4), inflation targets (1), and other monetary policy frameworks (5).

- The share of IMF members with the exchange rate as the main policy target declined slightly, by 0.2 percentage point, to 41.5 percent, which reflects the change in Liberia's monetary policy framework to targeting monetary aggregates from a previous US dollar anchor. Countries with hard pegs and soft pegs make up 97.5 percent of this group. Three currency unions—the Central African Economic and Monetary Community, Eastern Caribbean Currency Union, and West African Economic and Monetary Union—have exchange rate anchors for their respective common currency.
- The US dollar maintained its position as the dominant exchange rate anchor, at 19.2 percent. Following a steady decrease from 26.5 percent since 2010, the number of countries using this anchor stabilized from April 2018 to April 2020 but continued decreasing during this reporting period by 0.6 percent, to 19.2 percent.
- The share or composition of countries using an exchange rate anchored to the euro increased 0.5 percentage point to 13.5 percent, with Andorra reporting the use of the euro as its own currency. Countries whose currencies are anchored to the euro generally have historical ties with European countries—for example, the Communauté Financière d'Afrique (CFA) franc area countries; are part of the European Union; or have strong trade relations with western Europe, including central and eastern European countries—for example, Bulgaria (currency board with the euro), North Macedonia (de jure floating arrangement), and Montenegro (uses the euro as its legal tender).

- Nine countries maintain an exchange rate anchored to another single currency. Three of these countries (Kiribati, Nauru, Tuvalu) use the Australian dollar as their legal tender, and one (Brunei Darussalam) has a currency board arrangement with the Singapore dollar. The remaining five have conventional pegged arrangements: three (Eswatini, Lesotho, Namibia) with the South African rand and two (Bhutan, Nepal) with the Indian rupee. Half the countries in this group are landlocked, bordering either partially or exclusively the country whose currency they use as their exchange rate anchor. The anchor currency is typically freely usable in the country and is often legal tender.
- Eight countries reported having a monetary policy framework with the exchange rate anchored to a currency composite. Two track special drawing rights (SDRs) as the sole currency basket (Libya, Syria) and one the SDR and the rand (Botswana). Vietnam anchors to a broader reference basket and additionally specified that the dong may fluctuate within a daily transaction band of ±3 percent against the US dollar. Singapore is anchored to its nominal effective exchange rate. Morocco tracks a euro and US dollar basket. The Fiji dollar is anchored to a basket of five currencies (US dollar, Australian dollar, New Zealand dollar, Japanese yen, euro). Kuwait does not disclose the composition of its reference currency basket.

Most IMF member countries, representing the overwhelming share of global output, are split among monetary aggregate targeting, inflation targeting, and "other" (which includes monetary policy not committed to a specific target).

- The number of countries targeting a monetary aggregate increased by 3, to 25, compared with the previous reporting period. Two countries switched from "other monetary framework" (Rwanda, Tajikistan) and one from an anchor to the US dollar (Liberia). This category does not include any country with a free-floating exchange rate arrangement. In fact, monetary aggregates are often the choice of economies with less developed financial markets and managed exchange rates. The objective of the arrangement is to influence consumer prices and, eventually, asset prices through the control of monetary aggregates. Reserve money is often used as the operational target to control credit growth through the credit multiplier.
- The number of countries that reported targeting inflation increased by 2, to 45. Two countries moved here from "other monetary framework" (Kenya, Uzbekistan). Seven countries reported having a "flexible inflation-targeting framework" (Brazil, India, Indonesia, Poland, Sri Lanka, Sweden, Thailand). The countries in this group are mostly middle income but include some advanced economies as well. Of these, 36 have either a de facto floating or free-floating exchange rate arrangement.[24] The central bank is responsible for setting the inflation target for 19 of the 45 countries in this category, and in 15 countries the central bank and the government jointly set the targets. About half of the countries (21) have a target with a tolerance band, with only one country targeting core inflation. Most of the countries (39) report having inflation-targeting regime commitments to transparency and accountability.
- The "other monetary policy framework" category total fell by 4, to 43. The number of countries that are not committed to a specific target (the "other" column in Table 4) was affected by four changes during the reporting period: two countries moved to an inflation-targeting framework (Kenya, Uzbekistan), and two countries reported targeting monetary aggregates. A few countries in this category are in transition to an inflation-targeting framework (Egypt, Mongolia, Mozambique, Pakistan, Tunisia). This category includes many of the largest economies, such as the euro area and the United States. It is also used as a residual classification for countries for which no relevant information is available and for those with alternative monetary policy frameworks not categorized in this report.

Foreign Exchange Interventions

The IMF staff regularly assesses whether the frequency of foreign exchange intervention is consistent with the de facto free-floating arrangements or whether classification as a soft peg is appropriate (see the Compilation Guide). These assessments draw on information that is publicly available, information reported to the IMF by member countries, market reports, and other sources, including information obtained during official staff visits to member countries.

[24] Inflation targeting aims to address the problem of monetary aggregates that do not have a stable relationship with prices, making intermediate monetary targets less suitable for inflation control.

Intervention purpose

In general, central banks intervene to build reserves or to dampen excessive market volatility, but they may also intervene in the foreign exchange market to fight appreciation/depreciation pressure on the country's currency. In the case of pegged arrangements, countries intervene in the foreign exchange market to maintain the exchange rate at a certain target level or range, or within a fluctuation band with respect to a central rate. The COVID-19 pandemic affected global financial markets, particularly in the early stages of the pandemic owing to heightened economic uncertainty that resulted in many cases of rapid depreciation in the currencies of emerging market and developing economies and low-income developing countries and also in some advanced economies. Rapid depreciation occurred most notably in Angola, Belarus, Brazil, Colombia, Iceland, Mexico, Nigeria, Norway, Russia, Seychelles, South Africa, Sudan, Turkey, Zambia, and Zimbabwe. Most emerging market and developing economy currencies strengthened from April to June 2020, some more rapidly than others (Colombia, Indonesia, Kazakhstan, Russia). However, as concerns about the second wave of COVID-19 grew, along with the decline in oil prices from August to October 2020, volatility increased again on world markets, affecting mostly the exchange rates of emerging markets and low-income developing countries, which depreciated again during the third quarter of 2020, albeit at a lower rate than before (Angola, Belarus, Kazakhstan, Russia, Turkey, Zambia, Zimbabwe).

In November–December 2020, reports on successful trials of vaccines against the coronavirus had a positive impact on global risk sentiment. Consequently, until April 2021, foreign exchange markets were relatively stable, with less fluctuation in exchange rates amid global growth optimism linked to COVID-19 vaccination progress. During that period, most emerging market and developing economies strengthened their currencies; currencies of low-income developing countries continued experiencing depreciation pressure.

Intervention techniques

IMF members typically conduct foreign exchange interventions in the spot foreign exchange market, either by directly contacting market participants (all or only a selection—for example, market makers) or through foreign exchange auctions (for more information on auctions, see the Foreign Exchange Markets section of this report). However, foreign exchange interventions occasionally also take place in the forward or options markets or through verbal intervention.

Preannounced programs of future purchases and sales of foreign exchange typically are counted as one intervention in the foreign exchange market for the purpose of the de facto classification, with the assumption that the market prices the new information on the day the program is announced.[25] To avoid influencing market expectations about the exchange rate at the time when the actual interventions take place, the program of interventions should indicate in advance the nature, frequency, and size of the central bank's foreign exchange transactions. Among the mechanisms currently used in preannounced intervention programs, countries may accumulate reserves following a preannounced calendar of auctions (Albania) or conduct purchases and sales of foreign exchange for the government pension fund (Norway). Similarly, a preannounced program is used by Russia, which bases its volume of intervention on the difference in the projected and actual amount of oil and gas revenue in the federal budget. The projected revenue is calculated using separate benchmark prices for oil and gas, respectively. As long as the actual oil and gas revenue exceeds the amount projected, the Ministry of Finance purchases foreign exchange through the Central Bank of Russia equal to the amount of additional oil and gas revenue. If actual oil and gas revenue drops below the projected level, the Ministry of Finance sells foreign exchange equal to the amount of the resulting shortfall in oil and gas revenue. A benchmark Urals oil price of US$40 a barrel (in real 2017 terms, adjusted for US inflation) is used in this framework. In addition, in response to lower proceeds from oil exports, oil products, and natural gas, in 2020 the central bank introduced a new mechanism for sales of foreign exchange, which it received from the National Wealth Fund (NWF) in connection with the NWF's purchase of Sberbank shares and the acquisition of Aeroflot Public Joint Stock Company shares by the Russian government. Specifically, it sells foreign exchange in the market if the Urals crude oil price falls below US$25 a barrel. The size of these operations is announced at the beginning of every month, and purchases are evenly distributed throughout the month.

[25] Very small, retail-type transactions are disregarded.

Some countries use derivatives as an alternative to spot interventions in the foreign exchange market. The National Bank of Georgia used to sell foreign exchange put options via auctions to accumulate reserves, but has not done so since April 2019. The Central Bank of Chile implemented a program of interventions in the foreign exchange spot market and through nondeliverable forwards to protect against unexpected and/or anticipated changes in currency exchange rates. The Central Bank of Mexico uses nondeliverable forwards with maturities of up to 12 months and settled in pesos. Similarly, the Central Bank of Colombia can intervene in the foreign exchange market through (1) direct uniform price auction sales of put or call options, (2) direct uniform price auctions (with three minutes of bids) or discriminatory price auction sales of foreign exchange (with three minutes of bids), (3) spot sales of foreign exchange by means of foreign exchange swap contracts at rates set by the central bank in auctions or over the counter, and (4) since March 2020, forward dollar sales through forward contracts. The Bank of Korea can also intervene in the market with its funds and funds from the Foreign Exchange Equalization Fund when it is deemed necessary for market stability. The Central Reserve Bank of Peru can intervene through dollar-indexed bonds, foreign exchange swaps, and repurchase agreements. The Central Bank of Brazil intervenes mainly in the derivatives market using foreign exchange swaps and, since March 2020, it has provided extra foreign exchange liquidity with the use of Brazilian Global dollar-denominated bond repurchase agreements, open only to foreign exchange dealers. Other countries, including Armenia, New Zealand, the Philippines, Serbia, and Tunisia, have also reported foreign exchange swaps as an intervention method.

Additional measures in response to COVID-19

A number of central banks reported having taken extraordinary measures in the foreign exchange market through interventions to reduce the pace of depreciation of their local currency in response to the high uncertainty associated with the COVID-19 pandemic throughout 2020 and the beginning of 2021.

Among the extraordinary measures the central bank of Colombia took in response to the crisis caused by COVID-19, the board of directors decided on the following: (1) Establish a new foreign exchange hedging mechanism through nondeliverable forward contracts for the sale of dollars at a future date for US$1 billion to facilitate trading in foreign currency by market participants. (2) Auction US$400 million in dollar swaps (foreign exchange swaps) in which the central bank would perform a spot sale of dollars and a forward purchase of dollars (in 60 days). This measure aimed to provide temporary liquidity in dollars to a broad group of entities including not only traditional intermediaries in the foreign exchange market but also companies that manage pensions and severance benefits in terms of their own position and the funds managed by them, with the goal of easing pressure in the foreign exchange market. (3) Purchase from the government of US$1,500 million, thereby boosting the level of the country's international reserves in line with its long-term external risk management policy.

Mexico's Foreign Exchange Commission (FEC) operates an intervention mechanism through a foreign exchange hedging program. The foreign exchange hedging is auctioned through nondeliverable forwards. As a response to the surge in global financial market volatility because of the spread of COVID-19, the FEC announced (1) an increase in the foreign exchange hedging program up to US$30 billion in nondeliverable forwards; (2) a temporary US dollar liquidity swap line established with the Federal Reserve valid through September 30, 2020, for up to US$60 billion; and (3) the possibility of selling nondeliverable forwards settled by differences in US dollars with international counterparties, to be traded during hours when Mexican markets are closed.

Russia diverged from the previously mentioned budget-rule-based interventions in response to pandemic-related volatility in the foreign exchange market—in part owing to the sharp decline in oil prices. It suspended, for 30 days, purchases of foreign exchange based on the budget rule and those related to purchases postponed in 2018. It announced and implemented ad hoc sales of foreign exchange to compensate for the lack of foreign exchange liquidity in the market during March–April 2020. Later in the year, with the recovery in oil prices, it announced and undertook the deferred purchases of foreign exchange.

The National Bank of Serbia's regular swap auctions are organized according to the variable method—with multiple swap points. However, from March 2020 to May 2020, the central bank organized the auctions according to the fixed method, with preannounced fixed swap points at favorable rates to support the domestic financial system under the conditions of COVID-19.

Official Exchange Rates

The vast majority (167) of IMF member countries report that they publish official exchange rates. This includes not only countries that have officially determined exchange rates, but by definition, also those countries that report a reference or indicative exchange rate computed and/or published by the central bank (see the Compilation Guide). The calculation of these exchange rates is often based on market exchange rates, such as those used in interbank market transactions or in a combination of interbank and bank-client transactions during a specified observation period. The published exchange rate is used as a guide for market participants in their foreign exchange transactions, for accounting and customs valuation purposes, in exchange transactions with the government, and sometimes as a requirement in specific exchange transactions.

During the 2020–21 reporting period, several countries adopted new methods for calculating their official exchange rates (Angola, Honduras, Mauritania, Mozambique, Paraguay, Sri Lanka, Sudan, Uzbekistan). Countries from all income levels and various geographic regions are represented among the 25 members that report no official or reference exchange rates; about half (12) are countries with no separate legal tender, 5 are soft pegs, 7 are floating or free floating, and 1 has the residual other managed de facto exchange rate arrangement. Among the countries that do not compute an official exchange rate, some, including Peru and Singapore, publish the market-determined rates on their monetary authority's website to promote information transparency.

Foreign Exchange Markets

The liberalization of foreign exchange markets continued during 2020 and through August 2021, with the pace of liberalization having picked up compared with the previous reporting period. Changes in the structure and operation of members' foreign exchange markets are summarized in Table 6.

Member countries reported 182 changes related to foreign exchange markets, slightly more than in the previous reporting period. Measures easing constraints on the operation of foreign exchange markets (97, or 53.3 percent) were nearly five times the number of tightening measures (20, or 11 percent); the remainder were neutral measures (65). In the previous reporting period, member countries reported 119 changes related to foreign exchange markets, of which 39.5 percent were easing measures and 20.2 percent were tightening measures. Across countries, foreign exchange market easing measures exceed tightening measures in almost every category. Member countries continue to implement greater liberalization in foreign exchange auctions and the forward market.

Table 6. Foreign Exchange Market Structure, 2018–21[1,2]

Market type	2018	2019	2020	2021
Spot exchange market	190	190	190	191
Operated by the central bank	118	119	120	115
Foreign exchange standing facility	70	68	69	66
Allocation	27	19	20	21
Auction	40	41	41	39
Fixing	5	5	5	4
Interbank market	174	173	173	174
Over the counter	142	145	146	149
Brokerage	51	49	50	51
Market making	72	71	71	73
Forward exchange market	140	140	139	141

Source: AREAER database.

[1] Includes 190 member countries and the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China).

[2] The years in this table represent the publication year of the AREAER and cover developments during the previous year and through part of the publication year (for example, the 2021 report has full-year data for 2020 and partial-year data for 2021).

Of the tightening measures, more than half are attributable to four countries: Nigeria (4), Argentina (3), Colombia (2), and Mauritius (2). Of the easing measures, Turkey (39) accounts for more than one-third. The other countries that reported higher numbers of easing measures are Colombia (7), Nigeria (5), Mauritius (4), and Morocco (4). In Turkey, where the most easing changes were recorded in this issue of the AREAER, the central bank lowered the rate for foreign exchange deposit facilities in steps and implemented other easing measures to support the lira in the Turkish lira, foreign exchange, and gold swap markets. Nigeria and Colombia introduced both easing and tightening measures during this reporting period. In Nigeria, tightening measures include the suspension of sales of foreign exchange by the central bank to *bureaus de change* as a result of border closures due to COVID-19 from March to September 2020 and since July 2021, while easing measures include the resumption of activity by *bureaus de change* between September 2020 and July 2021, as well as eliminating foreign currency sale requirements for international money transfer operators. In Colombia, easing measures include the addition of central counterparty risk clearinghouses as entities authorized to participate in foreign exchange auctions, as well as the relaxation of rules on spot foreign exchange transactions cleared and settled by central counterparty risk clearinghouses. Tightening measures include requiring entities other than exchange market intermediaries to record foreign exchange spot transactions with foreign agents. In the context of the COVID-19 pandemic, measures to ease trading in the foreign exchange market across countries included lowering central bank foreign exchange facility rates to support liquidity, loosening restrictions on setting prices, broadening market participation, and easing restrictions on using foreign currency swaps to hedge against volatility in the foreign exchange market.

Foreign exchange standing facility, allocations, auctions, and fixing

The number of countries that reported some type of official central bank facility decreased by 5, to 115, compared with the previous reporting period. The decrease in the number of countries in part reflects improved reporting by some member countries, while in other countries, changes took place in the activities conducted by central banks in the foreign exchange market. Central banks may provide access to foreign exchange to market participants through a standing facility, allocation to certain market participants, or the purchase and sale of foreign exchange through auctions or fixing sessions.

- *Foreign exchange standing facilities*—Sixty-six countries reported standing facilities in their jurisdictions. When a country has a foreign exchange standing facility it means that the central bank typically stands ready to buy or sell foreign exchange to banks, thus providing a maximum and minimum exchange rate for their currency for a given day. Such facilities are usually instrumental in maintaining a hard or soft peg arrangement. Compared with the previous issue of the AREAER, the number of countries reporting a standing facility decreased by three due to improved reporting by Denmark, Morocco, and Yemen. A relatively stable pattern has been observed in recent years: the number of countries operating standing facilities has either declined by one or two or remained steady from year to year.

  The countries with foreign exchange standing facilities include all those with currency boards (11); all conventional pegs, except Denmark, Iraq, and São Tomé and Príncipe (37); all crawling pegs, except Honduras (2); countries with crawl-like arrangements (2); countries classified as stabilized arrangements (7); and countries with other managed arrangements (5). The credibility of such arrangements depends largely on the availability of foreign exchange reserves backing the facility. Two countries with flexible exchange rates reported that they had foreign exchange standing facilities, similar to last year's report. These countries are Turkey (floating) and Russia (free floating). In Turkey, to ease depreciation pressure on the lira, the central bank lowered the selling rate of foreign exchange deposits at various maturities, introduced foreign exchange deposits as collateral at shorter maturities, and lowered the buying rate for this facility at various maturities. In addition, to enhance banks' efficiency in Turkish lira and foreign exchange liquidity management, new maturities for Turkish lira currency swaps were introduced, and the limits for such transactions in banks' total transaction limits at the Foreign Exchange and Banknotes Market were gradually raised. The central bank also started selling gold against foreign exchange in September 2020.

- *Foreign exchange auctions*—The number of countries reporting official foreign exchange auctions decreased by 2, to 39, since the previous reporting period. The Central Bank of Honduras suspended auctions for the sale of foreign currency to natural and legal entities in June 2021. Previously, foreign currency auctions were held daily except weekends and holidays. Kenya reported no foreign exchange auctions. In a significant majority (32 of 39) of countries, foreign exchange auctions are the only mechanism operated by the central bank. More than a third (17) have de facto exchange rate regimes that are floating, including 2 that are free floating. Foreign exchange auctions can be used to intervene in the foreign exchange market and influence the exchange rate, support price discovery, and manage foreign exchange reserves.

Among various changes reported, Angola adopted Bloomberg's FXGO platform to conduct foreign exchange auctions. Previously, the National Bank of Angola conducted a selling foreign exchange auction that followed the principles of a multiple price auction. Colombia broadened participation in auctions to include companies that manage pension funds and severance benefits and central counterparty risk clearinghouses. Mongolia eased the buying and selling limits for auction bids. South Sudan allowed licensed foreign exchange bureaus to participate directly in auctions. Previously, they could only participate indirectly by submitting applications through eligible banks. Serbia applied favorable rates in both its fixed-method swap auctions and for purchases and sales of foreign exchange and foreign cash with residents who have foreign exchange accounts with the National Bank of Serbia. This was done to support the domestic financial system in response to COVID-19.

- *Foreign exchange allocation systems*—Twenty-one countries reported having a foreign exchange allocation system. Foreign exchange allocation is often used to provide foreign exchange for strategic imports, such as oil or food, when foreign exchange reserves are scarce. For instance, it has at times been used to finance priority sector projects (Ethiopia) and strategic imports (Sudan). In addition, it may also be used to bolster exports through facilitating financing in foreign currency for input procurements by manufacturer-exporters (Bangladesh). Compared with the previous reporting period, both Mozambique and Mauritius (since March 2020) indicated that the central bank provides foreign exchange for the payment of fuel imports. Mauritius also introduced a US dollar–Mauritian rupee swap facility with commercial banks from March 2020 to June 2021 to support import-oriented businesses affected by declining foreign exchange inflows due to the COVID-19 pandemic. Yemen reported that the central bank has occasionally allocated foreign exchange to food importers through letters of credit at nonmarket exchange rates. The Central Bank of Iraq lowered the weekly limits on foreign currency cash sales to banks from US$120,000 to US$100,000, effective March 1, 2020. On the other hand, Ghana reported that since 2015 the Bank of Ghana has ceased providing dedicated foreign exchange support to banks for meeting letter of credit requirements for crude oil imports. The Central Bank of Suriname (CBvS) stopped selling foreign currency to oil and other importers in June 2021 and is planning to introduce foreign exchange auctions. Previously, the CBvS provided foreign exchange to settle import payments of fuel and other basic products and medicines. More than half of the countries (13) with allocation systems also rely on other mechanisms, mainly standing facilities or fixing sessions. Virtually all of them have a de facto soft peg arrangement.
- *Fixing sessions*—This arrangement is characteristic of the early stage of foreign exchange market development when price discovery may be difficult. Fixing sessions allow the central bank to organize sessions in which market participants can submit buying and selling bids. The central bank uses these bids to find the market clearing exchange rate. The number of countries that reported operating fixing sessions dropped by 1, to 4, compared with the previous period because in February 2021, Uzbekistan discontinued foreign exchange fixing sessions on the Uzbek Republican Currency Exchange.

Interbank and retail foreign exchange markets

The number of countries that reported having a foreign exchange interbank market stood at 174. There was an increase of 1 compared with the previous reporting period because of the inclusion of Andorra, the newest member of the IMF. The 19 jurisdictions that do not have an interbank market are typically countries where either security concerns made the operation of a foreign exchange market difficult in recent years, such as Somalia, South Sudan, and Yemen; where the legal framework does not allow the trading of foreign exchange among banks, such as Venezuela; in countries where the central bank maintains a conventional peg or currency board; or in jurisdictions where there is no separate legal tender. The latter two groups of countries consist of Aruba, Belize, Bhutan, Dominica, Eritrea, Kiribati, Lesotho, Libya, the Marshall Islands, Micronesia, Montenegro, Nauru, Palau, Timor-Leste, and Tuvalu. In most cases, these countries are small, and the size of the territory naturally limits the number of potential participants in the foreign exchange market.

For countries that have an interbank market, the form of operations may include over-the-counter markets, brokerage arrangements, and market-making arrangements. Thirty-four members allow all three types of systems.

- *Over-the-counter operations*—These account for most of the world's interbank markets. The number of countries in this group has grown nearly every year since 2013, when it comprised 127 countries, and now stands at 149. There was a net gain of three compared with the previous reporting period due to improved reporting by Eswatini, Jordan, and Mozambique. Despite no formal interbank foreign exchange market in St. Kitts and Nevis and St. Vincent and the Grenadines, banks in these countries can trade freely with one another. Although this type of foreign exchange market appears to be gaining popularity among IMF members, 24 countries with interbank markets still report that they do not engage in over-the-counter operations. These countries do not share any particular characteristic in terms of size, income level, or financial market sophistication.
- *Brokerage arrangements*—51 countries reported having a brokerage system. Compared with the previous reporting period, the addition of 1 comes from the newest IMF member, Andorra.
- *Market-making agreements*—73 countries reported having market-making agreements. Compared with the previous reporting period, there was an increase of two because Denmark and Indonesia revised their previous reporting and indicated that there are market-making mechanisms. Morocco raised the requirement for banks with market-maker status to provide quotes at a minimum of US$1 million. Previously, the requirement was US$500,000.

Most member countries report a framework for the operation of foreign exchange bureaus; the majority impose some type of licensing requirement. Since the previous AREAER, Barbados eased restrictions and granted permission to one foreign exchange bureau. Previously, there were no foreign exchange bureaus in the country. The Bank of Nigeria tightened rules on them as a result of COVID-19 border closures from March to September 2020 and again since July 2021. Most members refrain from restricting exchange rate spreads and commissions in the interbank market. Among easing changes, the Central Bank of Sudan announced the unification of the official exchange rate with the market rate and further allowed banks and foreign exchange bureaus to determine their own rate within a ±5 percent band around the central bank indicative rate and a maximum profit margin of 0.75 percent. Previously, banks and exchange bureaus had to apply the central bank rate to all transactions and were allowed a maximum profit margin of 0.5 percent. Morocco increased the flexibility of the dirham exchange rate further, by relaxing the limits of the exchange rates for the exchange of foreign banknotes, traveler's checks, letters of credit, bank checks, and money orders to ±7.5 percent in relation to the central exchange rate. Previously the limit was ±5 percent. Tanzania reduced the minimum amount of foreign exchange tradable for a given quoted price on the interbank foreign exchange market from US$250,000 to US$50,000 to accommodate banks with small net open positions. Among tightening changes, Honduras tightened the maximum commission charged for the purchase of foreign exchange.

Other Measures

Most of the changes in other measures during the reporting period refer to forward operations, exchange rate structure, other legal tender, and taxes on foreign exchange transactions.

- *Forwards*—17 easing measures and 2 tightening measures were reported on forward transactions across countries in this year's AREAER. During the reporting period, Angola allowed commercial banks to contract forward exchange operations with their clients. China lowered the foreign exchange risk reserve for banks that sell foreign exchange forward to their clients. India issued directions to make it easier for residents and nonresidents to access the domestic foreign exchange derivatives market. Residents as well as nonresidents can take long or short positions without an underlying exposure, up to a single limit of US$100 million. In Korea, as part of the COVID-19 pandemic response efforts, the limits on banks' foreign exchange derivatives contracts as a share of bank capital were increased for domestic banks and foreign bank branches. To further develop the foreign exchange market, Malaysia allowed residents and nonresidents to hedge against their foreign currency financial account obligations, as well as cancel or unwind their forward positions, except for hedges on portfolio investments; previously, such transactions required approval from Bank Negara Malaysia. In Mozambique, banks and their customers were permitted to trade financial derivatives, including forward foreign exchange operations, foreign exchange swaps, interest rate swaps, and forward rate agreements. Vietnam updated regulations on forward and swap transactions to allow more flexibility in hedging foreign exchange risk. Among tightening measures, the Bank of Papua New Guinea issued a directive in July 2020 for a temporary suspension on all forward transactions. Similarly, in Sri Lanka, commercial banks were directed to refrain from entering into forward contracts of foreign exchange for a period of three months starting January 2021.

During the COVID-19 pandemic, central banks established swap lines to support global liquidity and the smooth functioning of US dollar funding markets. The Bank of Canada, the Bank of England, the European Central Bank, the Federal Reserve, the Bank of Japan, and the Swiss National Bank coordinated efforts by lowering the pricing of the standing US dollar liquidity swap arrangements and increasing frequency as well as offering additional maturities of US dollar operations.

- *Exchange rate structure*—There were several changes in the number of countries maintaining a dual or multiple exchange rate structure. Currently, 22 countries are classified as having more than one exchange rate, of which 12 are dual and 10 are multiple. This is mainly a result of specific exchange rates applied to certain transactions or because of actual or potential deviations of more than 2 percent between official and other exchange rates and hence resulting in multiple currency practices under Article VIII (see next section). During this reporting period, the exchange rate structure of Myanmar was reclassified from multiple to unitary due to the elimination of an MCP resulting from the discontinuation of the multiple price foreign currency auction. Sudan announced the unification of the official exchange rate with the market rate in February 2021 and further announced the unification of the customs exchange rate in June 2021. However, in practice the exchange rate structure is still classified as multiple due to (1) deviation by more than 2 percent between the official exchange rate used in all government exchange transactions and the rate used by commercial banks; (2) large spreads between the official rate and the parallel market exchange rate; and (3) imposition by the government of a cash margin requirement for most imports.[26]
- *Other legal tender*—16 countries officially allow the use of another legal tender in their territory. Compared with the previous reporting period, Zimbabwe allowed anyone to pay for goods and services chargeable in Zimbabwe dollars in foreign currency, using "free funds" (funds lawfully held or earned in foreign currency) at the prevailing rate on the date of payment, beginning in March 2020—even though the Zimbabwe dollar was declared the sole legal tender in June 2019. El Salvador passed the Bitcoin Law in June 2021; its intent is to regulate Bitcoin as unrestricted legal tender that may be used freely in any transaction for any purpose by individuals and legal entities, public or private.
- *Taxes and subsidies on foreign exchange transactions*—Overall, 34 countries report taxing or subsidizing foreign exchange transactions during the reporting period, which is similar to the previous reporting period. Libya eliminated the surtax on sales of foreign currency for commercial or personal purposes (excluding family allowance) in January 2021. Yemen reported that foreign exchange has been allocated to private food importers at time-varying nonmarket official exchange rates, which are substantially lower than market rates. Since November 2020, the Central Bank of Nicaragua applies a commission of 2 percent to the sale of foreign exchange: the official exchange rate plus a commission of 2 percent (previously 1 percent).

[26] As per the AREAER Compilation Guide the status in this category mirrors the information reported in Section II.A, which is based on the latest IMF staff report as of December 31, 2020.

Member Countries' Obligations and Status under Articles VIII and XIV

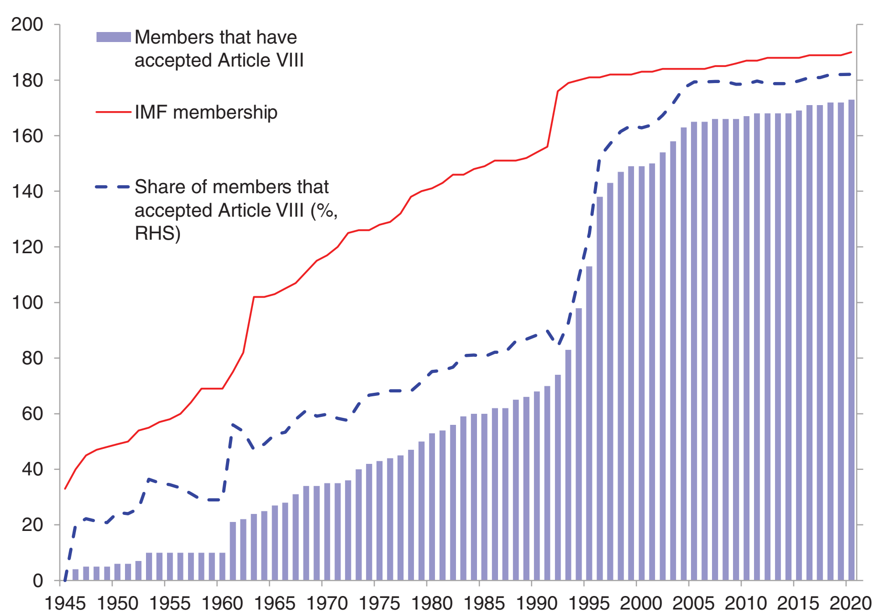
This section provides an overview of the status of IMF members' acceptance of the obligations of Article VIII, Sections 2(a), 3, and 4, of the IMF's Articles of Agreement and of the use of the transitional arrangements of Article XIV. It also describes recent developments in restrictive exchange measures—namely, exchange restrictions and MCPs subject to IMF jurisdiction under Articles VIII and XIV and measures imposed by members solely for national and/or international security reasons.

In accepting the obligations of Article VIII, Sections 2(a), 3, and 4, members agree not to impose restrictions on payments and transfers for current international transactions or engage in discriminatory currency arrangements or MCPs, except with IMF approval.[27] If Article XIV members introduce exchange restrictions or MCPs after joining the IMF, these restrictive measures are considered to have been imposed under Article VIII.

Status under Articles VIII and XIV

The number of countries that have accepted Article VIII increased by 1 (Figure 4), to 173, when Andorra joined the IMF on October 16, 2020. The share of Article VIII members increased significantly in the first half of the decade 2000–10 and remained flat at about 90 percent of the membership until the end of 2014. However, this share increased slightly during 2015–20 to 91 percent. Since 2000, there has been some progress in Article VIII acceptance among countries that have availed themselves of the transitional provisions of Article XIV. Their number had dropped from 34 in 2000 to 17 by the end of 2018 but remained unchanged in 2019–20. Progress was most notable during 2000–05, when 15 Article XIV countries accepted Article VIII obligations. Since 2000, 4 countries have joined the IMF, simultaneously accepting Article VIII obligations (Andorra, Montenegro, Nauru, Timor-Leste), while 4 other countries (Kosovo, Serbia, South Sudan, Tuvalu) joined the IMF availing themselves of the temporary provisions of Article XIV. Three of the 4 countries (Kosovo, Serbia, Tuvalu) subsequently accepted Article VIII obligations.

Figure 4. IMF Members That Have Accepted the Obligations of Article VIII, Sections 2(a), 3, and 4, 1945–2020[1]



Source: AREAER database.
[1] As of December 31, 2020.

[27] Countries that have accepted the obligations under Article VIII are referred to as "Article VIII members" or "Article VIII countries"; in contrast, those that continue to avail themselves of the transitional provisions of Article XIV are referred to as "Article XIV members" or "Article XIV countries" in this report.

As of December 31, 2020, many members in Article XIV status continued to maintain restrictions subject to IMF jurisdiction under Article VIII. Among the 17 members[28] in Article XIV status, 4 do not maintain restrictions but have not yet decided to accept the obligations under Article VIII. Four countries maintain both original or adapted Article XIV exchange measures and Article VIII restrictions. The remaining 9 Article XIV countries maintain exchange measures under Article VIII only.

Restrictive Exchange Measures

The first section below describes recent developments in exchange restrictions—measures that limit the availability and use of foreign currency for payments and transfers for current international transactions—and MCPs subject to IMF jurisdiction under Articles VIII and XIV. In particular, changes in 2020 to exchange restrictions and MCPs are indicated as reported in the latest IMF staff reports as of December 31, 2020. The subsequent section describes developments in measures imposed by members solely for national or international security reasons during 2020.

Exchange restrictions and multiple currency practices[29]

The number of countries maintaining restrictive exchange measures decreased by 1 in 2020, and their composition has also changed (Table 7).[30] Article VIII members maintained a few more restrictive exchange measures in 2020 (68 measures) than Article XIV members (60 measures).

In 2020, one Article VIII member and one Article XIV member removed all previously identified restrictive measures and now maintain exchange systems free of exchange restrictions and MCPs: Colombia (1 exchange restriction) and Myanmar (1 MCP). On the other hand, 2 exchange restrictions and 2 MCPs were identified in two other Article VIII members, one of which (Nicaragua) previously maintained an exchange system free of restrictions. As a result, the overall number of Article VIII countries and Article XIV members that maintain restrictive exchange measures decreased by 1, to 47 members in 2020.

The overall number of restrictive exchange measures decreased by 2 in 2020, including 3 measures by Article XIV members, while the number of such measures by Article VIII countries increased by 1. In 2020, 6 restrictive measures (3 exchange restrictions and 3 MCPs) were reported to have been eliminated,[31] while 4 measures (2 exchange restrictions and 2 MCPs) were newly identified. Article VIII members account for all 4 newly identified measures and 3 of the 6 removals (2 exchange restrictions and 1 MCP).

New restrictive measures were identified in 2 countries in 2020: Nicaragua (1 exchange restriction) and Zimbabwe (1 exchange restriction and 2 MCPs). In contrast, 4 countries eliminated some restrictive measures, but not all—Angola (1 exchange restriction and 1 MCP) and Ukraine (1 exchange restriction and 1 MCP)—while 2 other countries removed all their restrictive measures (see above).

The overall average number of restrictive measures grew marginally to 2.72 from 2.71 per country in 2020. The average number of measures per country increased to 4.62 from 4.50 for Article XIV countries and to 2.00 from 1.97 for Article VIII countries. Although the overall number of restrictive measures maintained by Article XIV countries was lower than in Article VIII members in 2020, they continued to maintain significantly more restrictions and MCPs per country than Article VIII countries given the relatively small number of Article XIV members.

[28] As of December 31, 2020, the member countries that make use of the transitional arrangements under Article XIV are Afghanistan, Angola, Bhutan, Bosnia and Herzegovina, Burundi, Eritrea, Ethiopia, Iraq, Liberia, Maldives, Myanmar, Nigeria, São Tomé and Príncipe, Somalia, South Sudan, Syria, and Turkmenistan.

[29] Countries maintaining exchange restrictions or MCPs whose IMF staff reports are unpublished are not mentioned in this section unless the authorities have consented to publication. However, their restrictive measures are included in the numbers.

[30] The AREAER does not indicate whether the Executive Board of the IMF has approved such measures.

[31] This section does not reflect changes in members' restrictive measures eliminated in 2020 but whose removal is reflected in the IMF staff reports issued after December 31, 2020.

The types of newly identified exchange restrictions vary in nature. In Nicaragua, a new exchange restriction was identified arising from the SUCRE (Sistema Unitario de Compensación Regional de Pagos[32]) regional payment arrangement, under which the period for settlement for current payments exceeds three months. In Zimbabwe, amid severe imbalance of payment and US dollar liquidity pressures, the central bank allocates foreign exchange to finance certain necessary imports while limiting the availability of foreign exchange for payments and transfers for other current international transactions not eligible to receive such allocations.

The elimination of exchange restrictions also affected different types of transactions. Angola removed a restriction arising from the long-standing stamp tax on foreign exchange operations.[33] Colombia eliminated an exchange restriction arising from the special regime for the hydrocarbon sector. After several years, Ukraine stopped banning the transfer abroad of dividends received by nonresident investors from foreign investments in Ukraine.[34]

All newly identified MCPs in 2020 were the result of either channeling some transactions to another segment of the foreign exchange market with a different exchange rate or by application of different exchange rates for certain transactions. Thus, in Zimbabwe an exchange restriction arising from official guidance issued by the Reserve Bank of Zimbabwe (RBZ) to commercial banks requiring them to prioritize their foreign exchange sales to finance specific categories of international transactions also resulted in an MCP. This is because it channels some non-priority or low-priority transactions to the bureau market, where the exchange rate exceeds more than 2 percent of the interbank market rate. An additional MCP was identified in Zimbabwe: the RBZ allocation of foreign exchange to finance certain necessary imports and purchases of repatriated foreign exchange proceeds under the exporters' surrender requirement are conducted at the interbank rate of the previous day.

Three different MCPs were reported to have been eliminated in 2020. Angola removed an MCP arising from the stamp tax on foreign exchange operations.[35] Myanmar eliminated an MCP arising from the previous multiple price foreign currency auction.[36] In Ukraine, the removal of the requirement to transfer any gains from the sale of unused foreign exchange to the state budget resulted in the elimination of the MCP.

Table 8 provides the description of restrictive exchange measures as indicated in the latest IMF staff reports as of December 31, 2020.

Exchange measures maintained for security reasons

Several member countries maintain measures solely for national and/or international security reasons, which could give rise to exchange restrictions under IMF jurisdiction if applied to payments and transfers for current international transactions. These restrictions, like others, require prior IMF approval under Article VIII, Section 2(a). However, because the IMF does not provide a suitable forum to discuss the political and military considerations that lead to measures of this kind, it established a special procedure for such measures to be notified to and approved by the IMF.[37] In total, 118 member countries reported in 2020 to the IMF that they maintained measures solely for security reasons, including 18 members that reported changes in such measures in 2020. The majority of the restrictions are financial sanctions to combat the financing of terrorism or financial sanctions against certain governments, entities, and individuals in accordance with United Nations Security Council resolutions, EU regulations, or decisions adopted by members on their own initiative.

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[32] Unitary System of Regional Compensation of Payments.

[33] The measure was lifted in October of 2019 and was reflected in the IMF staff report as of December 31, 2020.

[34] The measure was lifted in July of 2019 and is reflected in the IMF staff report as of December 31, 2020.

[35] The measure was lifted in October of 2019 and is reflected in the IMF staff report as of December 31, 2020.

[36] A one-way foreign exchange auction rule, which also eliminated the MCP, was adopted in November 2019. The measure is reflected in the IMF staff report as of December 31, 2020.

[37] See Decision No. 144-(52/51) in International Monetary Fund, *Selected Decisions and Selected Documents of the International Monetary Fund*, Issue 3, Washington, DC, 2012.

Table 7. Exchange Restrictions and Multiple Currency Practices, January 1–December 31, 2020

	Member under …								
	Article XIV status			Article VIII status			Total		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Total number of restrictions and multiple currency practices maintained by members[1]	62	63	60	69	67	68	131	130	128
Restrictions on payments for imports	6	6	6	4	4	4	10	10	10
Advance import deposit and margin requirements	0	0	0	2	2	2	2	2	2
Restrictions on advance payments	1	1	1	0	1	1	1	2	2
Requirement to balance imports with export earnings	1	1	1	0	0	0	1	1	1
Tax clearance requirements	1	1	1	0	0	0	1	1	1
Other	3	3	3	2	1	1	5	4	4
Restrictions on payments for invisibles	17	16	16	5	3	2	22	19	18
Education	1	1	1	0	0	0	1	1	1
Medical services	1	1	1	0	0	0	1	1	1
Travel services	4	4	4	0	0	0	4	4	4
Income on investment	7	6	6	3	3	2	10	9	8
Tax clearance requirement	3	2	2	1	1	1	4	3	3
Interest on deposits and bonds	1	1	1	1	1	1	2	2	2
Profits and dividends	2	2	2	1	1	0	3	3	2
Foreign exchange balancing for profit remittances	1	1	1	0	0	0	1	1	1
Other	4	4	4	2	0	0	6	4	4
Restrictions on amortization on external loans	2	2	2	2	1	1	4	3	3
Restrictions on unrequited transfers	2	2	2	1	1	1	3	3	3
Wages and salaries	0	0	0	1	1	1	1	1	1
Other	2	2	2	0	0	0	2	2	2
Nonresident accounts	2	2	2	2	1	1	4	3	3
Transferability of frozen or blocked deposits	1	1	1	2	1	1	3	2	2
Limits on usage of foreign currency accounts	1	1	1	0	0	0	1	1	1
Restrictions arising from bilateral or regional payment, barter, or clearing arrangements: Unsettled debit balances	2	1	1	6	7	8	8	8	9
Restrictions with general applicability	13	14	13	19	20	20	32	34	33
Administered allocations, rationing and undue delay	9	9	9	9	9	10	18	18	19
Payments above a threshold	0	0	0	1	1	1	1	1	1
Tax clearance certificates	0	1	1	1	1	1	1	2	2
Exchange taxes	1	1	0	3	3	3	4	4	3
Surrender of export earnings to have access to foreign exchange	0	0	0	1	1	0	1	1	0
Other	3	3	3	4	5	5	7	8	8
Multiple currency practices	18	20	18	30	30	31	48	50	49
Exchange taxes	2	2	1	1	1	1	3	3	2
Exchange subsidies	0	0	0	3	2	2	3	2	2
Multiple price auctions	3	3	2	4	3	3	7	6	5
Differentials between official, commercial, and parallel rates	12	14	14	19	21	22	31	35	36
Margin requirements	0	0	0	2	2	2	2	2	2

Table 7 (concluded)

	Member under …								
	Article XIV status			Article VIII status			Total		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Non-interest-bearing advance import deposits	1	1	1	0	0	0	1	1	1
Exchange rate guarantees	0	0	0	1	1	1	1	1	1
Memorandum items:									
Average number of restrictions per member	4.43	4.50	4.62	1.92	1.97	2.00	2.62	2.71	2.72
Number of countries with restrictions	14	14	13	36	36	34	50	48	47

Sources: AREAER database; and IMF staff reports.

[1] Includes 190 member countries and the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China).

Table 8. Exchange Restrictions and/or Multiple Currency Practices, by Country, as of December 31, 2020

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Albania	The IMF staff report for the 2018 Article IV Consultation with Albania states that, as of January 3, 2019, Albania maintained an exchange restriction in the form of outstanding debit balances on inoperative bilateral payment agreements. These were in place before Albania became an IMF member in 1991 and relate primarily to debt in nonconvertible and formerly nonconvertible currencies. (Country Report No. 19/29)
Angola	The IMF staff report for the Third Review under the Extended Arrangement under the Extended Fund Facility, Requests for Augmentation and Rephasing Access, Waivers of Nonobservance of Performance Criterion and Applicability of Performance Criterion, Modifications of Performance Criteria, and Completion of Financing Assurance Review for Angola states that, as of July 20, 2020, Angola maintained multiple currency practices (MCPs) and exchange restrictions (ERs) as described in the Informational Annex of IMF Country Report No. 18/156, with the exception of the ER arising from the operation of a priority list and the ER and MCP deriving from the stamp tax on foreign exchange operations, which were eliminated (see below). The application of a stamp tax on foreign exchange operations (SB) was eliminated in October 2019, removing an ER and an MCP (ER, Article VIII, 2a and MCP, Article VIII, 3). (Country Report No. 20/281) Therefore, Angola maintained one ER subject to IMF jurisdiction under Article VIII, Section 2(a) resulting from a special tax of 10% on transfers to non-residents under contracts for foreign technical assistance or management services and two MCPs that are subject to approval under Article VIII, Section 3 arising from the lack of a mechanism to prevent potential spreads in excess of 2% emerging (1) between successful bids within the BNA's foreign exchange auction; and (2) for transactions that take place at the reference rate in place and the rate at which transactions take place in the foreign exchange auction on that day. Angola also maintained restrictions on the making of payments and transfers for current international transactions under the transitional arrangements of Article XIV, Section 2. The measures maintained pursuant to Article XIV are: (i) limits on the availability of foreign exchange for invisible transactions i.e., travel expenses; and (ii) limits on unrequited transfers to foreign-based individuals and institutions. (Country Report No. 18/156)
Argentina	The IMF staff report for the Fourth Review under the Stand-By Arrangement, Request for Waivers of Applicability and Modification of Performance Criteria, and Financing Assurances Review with Argentina states that, as of July 3, 2019, the retention of the multiple currency price auction put in place in June 2018 that staff has assessed gives rise to the multiple currency practice. (Country Report No. 19/232)
Armenia	The IMF staff report for the 2019 Article IV Consultation and Request for a Stand-By Arrangement with Armenia states that as of May 3, 2019, Armenia maintained one MCP, which arises from a 2007 agreement between the MOF and Central Bank of Armenia (CBA) to settle some budgetary transactions at an agreed accounting exchange rate throughout the fiscal year. (Country Report No. 19/154)
Aruba–Kingdom of the Netherlands	The IMF staff report for the 2019 Article IV Consultation discussions with the Kingdom of the Netherlands–Aruba states that, as of May 6, 2019, Aruba maintained an unapproved exchange restriction arising from the foreign exchange tax on payments by residents to nonresidents (1.3% of the transaction value). (Country Report No. 19/148)
Bangladesh	The IMF staff report for the 2019 Article IV Consultation with Bangladesh states that, as of August 7, 2019, Bangladesh maintained one restriction subject to IMF approval under Article VIII, Section 2(a) on the convertibility and transferability of proceeds of current international transactions in nonresident taka accounts (NRTA). (Country Report No. 19/299)

Table 8 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Bhutan	The IMF staff report for the 2018 Article IV Consultation with Bhutan states that, as of August 7, 2018, Bhutan continues to avail itself of transitional arrangements under Article XIV, Section 2, pursuant to which it maintains exchange restrictions in connection with: (1) the availability of foreign exchange for travel, except for medical travel abroad by Bhutanese citizens, invisibles, and private transfers; (2) foreign exchange balancing requirement on remittances of income in convertible currencies or other foreign currencies from FDI; and (3) on the availability of foreign exchange for importers who have not provided evidence that goods for which payments have been made were actually imported. Bhutan also maintains exchange restrictions subject to IMF approval under Article VIII, Section 2(a), in connection with: (1) the foreign exchange balancing requirements for imports of capital goods (for projects involving FDI) and primary raw materials (for certain industrial projects); (2) banning residents who do not comply with the requirement to repatriate export proceeds from accessing foreign exchange for unrelated imports; (3) requiring foreign direct investment companies to pay for their establishment and operational expenses from their own convertible currency resources; (4) requiring Bhutanese companies to pay the interest on and amortization of external loans from their own convertible currency resources; and (5) restricting the availability of Indian rupees for making payments and transfers to India for certain current international transactions and banning the access to Indian rupees for unrelated current international transactions for those who contravene Royal Monetary Authority's (RMA's) 2012 guidelines on Indian rupee transactions. (Country Report No. 18/300)
Bosnia and Herzegovina	The IMF staff report for the Request for Purchase under the Rapid Financing Instrument for Bosnia and Herzegovina states that as of April 13, 2020, Bosnia and Herzegovina maintained restrictions on the transferability of balances and interest accrued on frozen foreign-currency deposits, subject to IMF jurisdiction under Article VIII. (Country Report No. 20/126)
Brazil	The IMF staff report for the 2020 Article IV Consultation with Brazil states that, as of November 9, 2020, the tax on financial transactions (Imposto sobre Operações Financeiras, IOF) of 6.38% on exchange transactions carried out through credit card, debit card, and traveler's checks (including cash withdrawals) by companies to fulfill their payment obligations for purchases of goods and services abroad by their customers gives rise to a MCP subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3. In January 2008, the IOF for these exchange transactions was raised to 2.38% and then further increased to 6.38% in March 2011. The scope of operations was expanded to other foreign exchange transactions in addition to credit cards in December 2013. (Country Report No. 20/311)
Burundi	The IMF staff report for the 2014 Article IV Consultation, Fifth Review under the Three-Year Arrangement under the Extended Credit Facility states that, as of July 29, 2014, Burundi maintained one MCP that is inconsistent with Article VIII, Section 2(a): The exchange rate used for government transactions differs by more than 2% from market exchange rates. (Country Report No. 14/293)
Congo, Democratic Republic of the	The IMF staff report for the Staff-Monitored Program and Request for Disbursement Under the Rapid Credit Facility states that as of December 5, 2019, the Democratic Republic of the Congo (DRC) maintained one exchange rate restriction subject to IMF approval arising from an outstanding net debt position against other contracting members under the inoperative regional payments' agreement with the Economic Community of the Great Lakes Countries. (Country Report No. 19/388)
Ecuador	The IMF staff report for the Request for an Extended Arrangement under the Extended Fund Facility with Ecuador states that, as of September 22, 2020, Ecuador maintained a tax that constitutes an exchange restriction subject to IMF approval under Article VIII. In addition, the SUCRE (Sistema Unitario de Compensación Regional de Pagos) regional payments arrangement also gives rise to a discriminatory exchange restriction, since the period for settlement under the bilateral payment arrangement exceeds three months (see Country Report No. 19/210). (Country Report No. 20/286)
Egypt	The IMF staff report for the 2017 Article IV Consultation Second Review Under the Extended Arrangement Under the Extended Fund Facility, and Request for Modification of Performance Criteria with Egypt states that, as of December 11, 2017, Egypt maintained one exchange restriction subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3 arising from a net debtor position under an inoperative bilateral payments arrangement with Bulgaria. (Country Report No. 18/14)
Ethiopia	The IMF staff report for the 2019 Article IV Consultation with Ethiopia states that, as of December 11, 2019, Ethiopia maintained four restrictions on payments and transfers for current international transactions, which relate to: (1) the tax certification requirement for repatriation of dividend and other investment income; (2) restrictions on repayment of legal external loans and suppliers of foreign partners credits; (3) the prioritization and rationing of foreign exchange to certain imports of goods and services, debt payments and invisibles, and (4) the requirement to provide a clearance certificate from the National Bank of Ethiopia (NBE) to obtain import permits. These restrictions are inconsistent with Article VIII, Section 2(a), of the IMF's Articles of Agreement. (Country Report No. 20/29)
Fiji	The IMF staff report for the 2019 Article IV Consultation with Fiji states that, as of January 23, 2020, exchange restrictions subject to Article VIII arise from the Fiji Revenue and Customs Authority tax certification requirements on the transfer abroad of profits and dividends, on the proceeds of airline ticket sales, and on the making of external debt and maintenance payments and from limits on large payments (e.g., oil imports and dividends repatriation of foreign banks). (Country Report No. 20/80)

Table 8 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Gabon	The IMF staff report for 2019 Article IV Consultation Fourth and Fifth Reviews under the Extended Arrangement under the Extended Fund Facility, and Request for Waiver of Nonobservance of Performance Criteria, and Rephasing of the Remaining Purchases with Gabon states that as of December 4, 2019, Gabon maintained a 1.5% tax on wire transfers abroad that is not consistent with Gabon's obligations under Article VIII, Section 2(a) of the Articles of Agreement. The proceeds of this tax are used to fund Gabon's health insurance scheme. (Country Report No. 19/389).
Ghana	The IMF staff report for the 2019 Article IV Consultation with Ghana states that, as of November 21, 2019, Ghana maintained one exchange restriction and an MCP subject to IMF approval. The exchange restriction arises from the limitation/prohibition in purchasing and transferring foreign exchange for import transactions by importers who have not submitted to the commercial bank customs entry forms for any past foreign exchange transactions related to imports, and which are unrelated to the underlying transaction. An MCP also arises, because the Bank of Ghana (BOG) requires the use of its internal rate (that is, the previous day's weighted average interbank exchange rate) for government transactions and the surrender of foreign exchange proceeds from cocoa exports funded through the cocoa syndicated loan without having a mechanism in place to ensure that, at the time of the transaction, this exchange rate does not differ from the rate prevailing in the market rate (that is, the interbank exchange rate) and the rates used by banks in their transactions with their customers by more than 2%. (Country Report No. 19/367).
Guinea	The IMF staff report for the First Review of the Arrangement Under the Three-Year Extended Credit Facility, Financing Assurances Review, and Request for Modification and for Waivers of Nonobservance of Performance Criteria with Guinea states that, as of June 8, 2018, the foreign exchange system gives rise to a MCP because the reference rate can potentially deviate by more than 2% from the commercial banks' purchase and sales rates on a given day. (Country Report No. 18/234)
Honduras	The IMF staff report for the Second Reviews Under the Stand-by Arrangement and the Arrangement Under the Standby Credit Facility, Requests for Augmentation and Rephasing of Access, and Modification of Performance Criteria with Honduras referencing the 2019 Article IV Consultation and Request for a Stand-By Arrangement and an Arrangement under the Standby Credit Facility with Honduras (Country Report No. 19/236), states that, as of June 1, 2020, Honduras maintained two multiple currency practices subject to IMF approval under Article VIII, Section 3: One MCP arises because there is no mechanism to prevent a potential deviation of more than 2% between the Reference Exchange Rate (TCR) of the day at which certain transactions take place and the exchange rates at which foreign exchange is sold at the foreign exchange auction or the foreign exchange interbank market at that day. A second MCP arises from the possible use of previous days' official exchange rates (TCR) in certain exchange rate transactions (for example, in foreign exchange sales by ADs to the Central Bank of Honduras (BCH) of amounts bought from customers or amounts that exceed the limits set by the BCH for such dealers) which rates may potentially deviate by more than 2% from the TCR and the interbank market rate on the day when foreign exchange rate transactions take place. (Country Report No. 20/186)
India	The IMF staff report for the 2019 Article IV Consultation with India states that, as of October 17, 2019, India maintained the following restrictions on the making of payments and transfers for current international transactions, which are subject to IMF approval under Article VIII, Section 2(a): restrictions related to the non-transferability of balances under the India-Russia debt agreement; restrictions arising from unsettled balances under inoperative bilateral payments arrangements with two Eastern European countries; and a restriction on the transfer of amortization payments on loans by nonresident relatives. (Country Report No. 19/385)
Iran	The IMF staff report for the 2018 Article IV Consultation with Islamic Republic of Iran states that, as of March 7, 2018, Iran maintained MCPs and an exchange restriction subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3: (1) A MCP and an exchange restriction arise from the establishment of an official exchange rate for use in some exchange transactions, which in practice differs by more than 2% from the rate used by foreign exchange bureaus. (2) A MCP arises from the differences of more than 2% between the current official and exchange bureaus rates and the preferential rates for certain imports for which foreign exchange commitments were made through LCs opened prior to March 21, 2002, under the previous multiple exchange rate system. (3) A MCP arises from the differences of more than 2% between the current official and exchange bureaus rates and the preferential rates for certain imports for which foreign exchange payment commitments were made through LCs or bank drafts prior to July 24, 2012. (Country Report No. 18/93)
Iraq	The IMF staff report for 2019 Article IV Consultation with Iraq states that, as of July 3, 2019, Iraq continues to avail itself of the transitional arrangements under Article XIV, Section 2, but no longer maintains any exchange restrictions or MCPs subject to Article XIV, Section 2, and currently maintains one MCP subject to IMF approval under Article VIII, Section 3. The MCP arises from the lack of a mechanism to ensure that the exchange rate at the Central Bank of Iraq (CBI) foreign exchange window and the market rates (retail exchange rates of commercial banks and exchange bureaus for the sale of foreign currency from sources other than the CBI foreign exchange window) do not deviate from each other by more than 2%. A previously identified exchange restriction arising from an Iraqi balance owed to Jordan under an inoperative bilateral payment agreement has been eliminated. (Country Report No. 19/248)
Jamaica	The IMF staff report for the Sixth Review Under the Stand-by Arrangement with Jamaica states that, as of October 16, 2019, Jamaica continues to implement a multiple-price foreign exchange auction system that gives rise to MCPs. (Country Report No. 19/338)

Table 8 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Kyrgyz Republic	The IMF staff report for the Request for Purchase Under the Rapid Financing Instrument and Disbursement Under the Rapid Credit Facility with the Kyrgyz Republic states that, as of March 24, 2020, the Kyrgyz Republic maintained a MCP arising from the use of the official exchange rate for government transactions. The official rate may differ by more than 2% from market rates because it is based on the average transaction weighted rate of the preceding day. (Country Report No. 20/90)
Lesotho	The IMF staff report for the 2019 Article IV Consultation with Lesotho states that, as of April 8, 2019, Lesotho maintained one exchange restriction arising from single discretionary allowances of M 1 million an individual a calendar year, for residents over 18, and of M 200,000 on the same basis for residents under 18. The availability of foreign exchange beyond these limits is subject to a discretionary approval on a case-by-case basis. (Country Report No. 19/113)
Maldives	The IMF staff report for the 2019 Article IV Consultation with Maldives states that, as of April 30, 2019, Maldives continues to avail itself of the transitional provisions of Article XIV but no longer maintains any measures under this provision, and has not yet accepted the obligations of Article VIII, Sections 2, 3, and 4. It maintains an exchange restriction subject to IMF approval under Article VIII, Section 2(a) of the IMF's Articles of Agreement arising from a shortage of foreign exchange at the official rate which leads to the Maldives Monetary Authority (MMA) rationing its supply of foreign exchange to commercial banks. This results in a channeling of foreign exchange transactions for current international transactions to the parallel market where transactions take place at an exchange rate that deviates by more than 2% from the prevailing market exchange rate. The greater than 2% spread gives rise to multiple currency practice subject to IMF approval under Article VIII, Section 3, and also to an exchange restriction, given the additional cost involved for obtaining foreign exchange. The extent of rationing has been eased over the past two years by increasing the amounts provided to commercial banks and adjusting amounts in line with seasonal patterns. The official exchange rate used by the MMA for government transactions is calculated based on the midpoint of the weighted average of the buying and selling rates of foreign exchange transactions conducted by commercial banks one day earlier. The lack of a mechanism to prevent the spread between this official exchange rate used by the MMA for government transactions and the prevailing market exchange rate from deviating by more than 2% gives rise to a multiple currency practice subject to IMF approval under Article VIII, Section 3. (Country Report No. 19/156)
Mongolia	The IMF staff report for the 2019 Article IV Consultation, with Mongolia states that, as of August 2, 2019, Mongolia maintained two MCPs subject to IMF jurisdiction. First, the modalities of the multi-price auction system give rise to an MCP because there is no mechanism in place that ensures that exchange rates of accepted bids at the multi-price auction do not deviate by more than 2%. In addition, Mongolia has an official exchange rate (reference rate) that is mandatorily used for government transactions (as opposed to the commercial market rate). Therefore, by way of official action, the authorities have created market segmentation. While Order #699 of the Bank of Mongolia (BOM) issued on December 3, 2010, sets forth that the reference rate is determined based on the weighted average of market rates used from 4 p.m. of the previous day to 4 p.m. of the current day, staff are of the view that this Order does not eliminate the market segmentation and the multiplicity of effective rates arising from it. Accordingly, in the absence of a mechanism to ensure that the commercial rates and the reference rate do not deviate by more than 2%, the way the reference rate is used in government transactions gives rise to an MCP subject to IMF approval. (Country Report No. 19/297)
Nepal	The IMF staff report for the 2020 Article IV Consultation with Nepal states that as of February 28, 2020, the Industrial Enterprises Act places a 75% limit on the conversion and transfer to foreign currency of salaries of nonresidents from countries where convertible currency is in circulation. Because the limit applies to amounts that may be less than net salaries, it gives rise to an exchange restriction under Article VIII. (Country Report No. 20/96)
Nicaragua	The IMF Staff Report for the 2019 Article IV Consultation with Nicaragua states that, as of January 30, 2020, staff identified an exchange restriction arising from Nicaragua's participation in the SUCRE (Sistema Unitario de Compensación Regional de Pagos) regional payments arrangement. SUCRE gives rise to an exchange restriction because the period for settlement under this regional payment arrangement exceeds three months. See Decision No. 10749-(94/67). Under the SUCRE, Nicaragua made four commercial transactions between 2013 and 2015, and since 2015 no transactions have been made. (Country Report No. 20/59)
Nigeria	The IMF staff report for the 2020 Article IV Consultation with Nigeria states that, as of December 16, 2020, Nigeria maintained the following exchange restrictions subject to IMF approval under Article VIII, Section 2(a) of the IMF's Articles of Agreement: (1) an exchange restriction arising from the prohibition to access foreign exchange at the Nigerian foreign exchange markets for the payment of imports of 42 categories of items; (2) an exchange restriction arising from the rationing of foreign exchange by the Central Bank of Nigeria (CBN) in different foreign exchange windows, and its allocation based on the CBN's determination of priority categories of transactions; and (3) an exchange restriction arising from existing limits on the amounts of foreign exchange available when traveling abroad (business travel allowance (BTA)/personal travel allowances (PTAs)), which cannot be exceeded even on verification of the bona fide nature of the transaction. In addition, Nigeria maintains the following MCPs subject to IMF approval under Article VIII, Section 3 of the IMF's Articles of Agreement: (1) an MCP arising from the intervention practice of the CBN that results in the establishment of an official exchange rate for use in official (government) transactions and some other transactions, which may differ by more than 2% from the rate used by commercial banks in other CBN foreign exchange windows (Secondary Market Intervention Sale (SMIS), SME, IEFX, and Invisibles), and by money transfer operators; (2) an MCP arising from the large spread between exchange rates used by the CBN in its foreign exchange windows and the rates in the parallel market, caused by the CBN's limitation on the availability of foreign exchange which channels current international transactions to such market; and (3) an MCP arising from the potential spread of more than 2% in the exchange rates at which the CBN sells foreign exchange to successful auction bidders in the SMIS window. (Country Report No. 21/33)

Table 8 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Pakistan	The IMF staff report for the Request for an Extended Arrangement under the Extended Fund Facility with Pakistan states that, as of June 28, 2019, import restrictions and an MCP, which are subject to approval under Article VIII of the IMF's Articles of Agreement, were introduced to support the balance of payments at a time of heightened volatility. Specifically, Pakistan maintains (1) a requirement to fully pre-fund LCs, imposed in early 2017; and (2) an exchange restriction on advance payment for imports against LCs, imposed in July 2018. (Country Report No. 19/212)
Papua New Guinea	The IMF staff report for the 2019 Article IV Consolation and Request for Staff Monitored Program with Papa New Guinea states that, as of February 21, 2020, Papua New Guinea maintained the following exchange restrictions subject to IMF approval under Article VIII, Section 2(a) of the IMF's Articles of Agreement arising from: (1) the requirement to obtain a tax clearance certificate (TCC) evidencing the payment of all taxes prior to making payments or transfers for certain current international transactions and (2) the rationing of foreign exchange, which results in undue delays and arrears in current international payments. Papua New Guinea also maintains the following MCPs subject to IMF approval under Article VIII, Section 3: (1) a MCP arising from the spread of more than 2% between the rates set by Bank of Papua New Guinea (BPNG) for its foreign exchange allocations to authorized foreign exchange dealers (AFEDs), and the rates used by AFEDs in transactions with their clients; and (2) an MCP arising from the potential spread deviation of more than 2% between the rates set by BPNG for its foreign exchange transactions with the government and embassies, and the rates used by AFEDs in transactions with their clients. (Country Report No. 20/95)
São Tomé and Príncipe	The IMF staff report for the First Review under the Extended Credit Facility and Request for Augmentation of Access, Rephasing of Access, and Financing Assurances Review for Sao Tome and Principe states that, as of July 20, 2020, São Tomé and Príncipe continues to avail itself of the transitional arrangements under Article XIV, but it does not maintain restrictions under Article XIV. However, it maintains restrictions subject to IMF approval under Article VIII. One exchange restriction regarding limitations on the transferability of net income from investment arises from Article 3(g) and Article 18 of the Investment Code (Law No. 19/2016). This restriction results from the requirement that taxes and other obligations to the government have to be paid/fulfilled as a condition for transfer, to the extent the requirement includes the payment of taxes and the fulfillment of obligations unrelated to the net income to be transferred. The second exchange restriction arises from limitations on the availability of foreign exchange through rationing of foreign exchange by Bank of São Tomé and Príncipe (BCSTP). This exchange restriction also gives rise to a MCP as the rationing has channeled bona fide current transactions to the parallel market where the exchange rate is at a spread of more than 2% from the exchange rate in the formal market. (Country Report No. 2020/232)
Serbia	The IMF staff report for the 2019 Article IV Consultation and Second Review under the Policy Coordination Instrument with Serbia states that as of June 28, 2019, Serbia maintained a system free of restrictions on payments and transfers for current international transactions, except with respect to blocked pre-1991 foreign currency savings deposits (IMF Country Report No. 02/105). (Country Report No. 19/238)
South Sudan	The IMF staff report for the 2019 Article IV Consultation with South Sudan, states that as of May 15, 2019, South Sudan maintained exchange restrictions and a MCP under the transitional arrangements of Article XIV. The exchange restrictions arise from: imposing absolute ceilings on the availability of foreign exchange for certain invisible transactions (travel, remittances for living expenses of students and families residing abroad, and transfers of salaries by foreign workers). The MCP, which also gives rise to an exchange restriction because of extra burden, arises from the spread of more than 2% between the parallel market exchange rate and the formal commercial exchange market rate. South Sudan also maintains the MCPs and exchange restriction subject to IMF's approval under Article VIII. The MCPs arise from the spread larger than 2% between (1) the official (indicative) rate and commercial banks' (market) rate and (2) between the official (indicative) rate and the parallel market rate. The exchange restriction arises because of prioritization of foreign exchange allocation by the Bank of South Sudan (BSS) for external government payments and payments for certain essential commodities. (Country Report No. 19/153)
Sudan	The IMF staff report for the 2019 Article IV Consolation with Sudan states that, as of February 5, 2020, Sudan maintained the following measures subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3: (1) An exchange restriction arising from the government's limitations on the availability of foreign exchange and the allocation of foreign exchange to certain priority items; (2) an MCP and exchange restriction arising from the establishment of an official exchange rate (the Central Bank of Sudan (CBOS) rate) for use in all government exchange transactions which in practice differs by more than 2% from the rate used by commercial banks; (3) an MCP and exchange restriction arising from large spreads between the CBOS rate and the parallel market exchange rate because of the CBOS' limitation on the availability of foreign exchange which channels current international transactions to the parallel market; and (4) an exchange restriction and an MCP arising from the imposition by the government of a cash margin requirement for most imports. (Country Report No. 20/72)
Syria	The IMF staff report for the 2009 Article IV Consultation with Syria states that as of February 12, 2010, Syria continued to maintain, under Article XIV, restrictions on payments and transfers for current international transactions, including administrative allocation of foreign exchange. Syria also maintained exchange measures that are subject to IMF approval under Article VIII: (1) prohibition against purchases by private parties of foreign exchange from the banking system for some current international transactions; (2) an MCP resulting from divergences of more than 2% between the official exchange rate and officially recognized market exchange rates; (3) a non-interest-bearing advance import deposit requirement of 75%–100% for public sector imports; and (4) an exchange restriction arising from the net debt under inoperative bilateral payments arrangements with the Islamic Republic of Iran and Sri Lanka. (Country Report No. 10/86)

Table 8 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Tajikistan	The IMF staff report for the Request for Disbursement under the Rapid Credit Facility with Tajikistan states that, as of April 29, 2020, the Republic of Tajikistan maintained one exchange restriction and two multiple currency practices subject to IMF approval under Article VIII, Section 2(a) and Section 3 of the IMF's Articles of Agreement. Foreign exchange shortages, evidenced by market participants' reports of undue delays in obtaining foreign exchange and external payment arrears, persist in the commercial foreign exchange market as a result of the setting of exchange rates by commercial banks used in foreign exchange transactions, due to informal guidance by the National Bank of Tajikistan (NBT), which do not reflect market conditions. As a consequence of this, not all demand for bona fide foreign exchange for current international transactions is satisfied, giving rise to an exchange restriction. One of the multiple currency practices arises because of the absence of a mechanism to prevent a potential deviation of more than 2% between: (1) the prevailing market exchange rate and (2) the official exchange rate, which is required to be used for converting domestic currency (somoni) to foreign currency, and vice versa, between accounts of individuals and legal entities opened within the same commercial bank; The second multiple currency practice arises because of the absence of a mechanism to prevent a potential deviation of more than 2% between: (1) the somoni–Russian ruble exchange rate (calculated as a cross-rate using the official exchange rate of the USD to somoni), which is required to be used for mandatory ruble surrender transactions and (with a maximum variation of 0.5%) for the purchase/sale in the interbank market of rubles derived from the mandatory surrender and (2) the market exchange rate banks may use for purchase/sale of Russian rubles derived from other sources. (Country Report No. 20/151)
Trinidad and Tobago	The IMF staff report for the 2018 Article IV Consultation with Trinidad and Tobago states that, as of August 6, 2018, Trinidad and Tobago maintained an exchange restriction and two MCPs subject to IMF approval under Article VIII, Section 2(a) and Section 3. The exchange restriction arises from the authorities' restriction of the exchange rate (that is, by restricting the maximum market buying and selling rates, and prohibiting foreign exchange transactions beyond the maximum rates), while not providing enough foreign exchange (that is, through the Central Bank of Trinidad and Tobago (CBTT)'s foreign exchange interventions) to meet all demand for current transactions at that rate. The CBTT also limits sales of its foreign exchange intervention funds to meeting only "trade-related" demand, which do not include non-trade transactions that are, however, current international transactions as defined under Article XXX(d) of the IMF's Articles of Agreement, and encourages ADs to similarly prioritize sales of foreign exchange obtained from other sources. Further, the authorities prioritize provision of foreign exchange to certain manufacturers through a special foreign exchange facility using the Export–Import Bank of Trinidad and Tobago (EximBank). These actions result in undue delays in access to foreign exchange to make payments or transfers for current international transactions and external payment arrears. The two MCPs arise from the absence of a mechanism to prevent the potential deviation of more than 2% at any given time among several effective exchange rates regulated by the authorities, for spot exchange transactions, namely: (1) the potential 2% deviation between: (a) on the one hand, the CBTT's intervention rate and the ADs' selling rates (the maximum of which is anchored on the intervention rate plus fixed margins), and (b) on the other hand, the ADs' buying rates (the maximum of which is limited at the previous day's mid-rate); (2) the potential 2% deviation between: (a) on the one hand, the buying and selling rates for foreign exchange transactions between the CBTT and the government, and (b) on the other hand, the ADs' selling rates. (Country Report No. 18/285)
Tunisia	The IMF staff report for the 2017 Article IV Consultation, Second Review under the Extended Fund Facility, and Request for Waivers of Nonobservance of Performance Criteria, and Rephasing of Access for Tunisia states that, as of March 14, 2018, Tunisia maintained the following measures subject to IMF approval under Article VIII, Sections 2(a) and 3: (1) an exchange restriction arising from the measures that restricts access to short-term financing for current international transactions that was customarily available and (2) an MCP resulting from honoring exchange rate guarantees extended prior to August 1988 to development banks, which will automatically expire after maturity of existing commitments (total loans covered by these guarantees amount to about US$20 million). (Country Report No. 18/120) The IMF staff report for the Fifth Review Under the Extended Fund Facility, and Requests for Waivers of Nonobservance and Modification of Performance Criteria and for Rephasing of Access for Tunisia states that effective December 31, 2018, the exchange restrictions introduced in 2017 (banning trade credits for imports that are deemed nonessential) was repealed. (Country Report No. 19/233)
Ukraine	The IMF staff report for the Request for Stand-By Arrangement with Ukraine states that as of June 2, 2020, Ukraine continues to maintain one exchange restriction and two MCPs, but a roadmap is in place to gradually phase them out. The exchange restriction arises from limits on the availability of foreign exchange for certain non-trade current international transactions (the limit on corporates' investments abroad may capture some current transactions). The MCPs arise from: (1) the use of multiple price foreign exchange auctions conducted by the National Bank of Ukraine (NBU) without a mechanism to prevent a spread deviation of more than 2% between the auction and market exchange rates and (2) the use of the official exchange rate for exchange transactions with the government without a mechanism to prevent a spread deviation of more than 2% between the official exchange rate and market exchange rates. (Country Report No. 20/197)
Zambia	The IMF staff report for the 2019 Article IV Consultation with Zambia, states that as of August 2, 2019, Zambia maintained an exchange restriction, which is subject to IMF approval under Article VIII, arising from limitations imposed by the government on access to foreign exchange for the making of payments and transfers for current international transactions, which is evidenced by the existence of external payments arrears accumulated prior to October 4, 1985. (Country Report No. 19/263)

Table 8 (concluded)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Zimbabwe	IMF staff report for the 2019 Article IV Consultation with Zimbabwe, states that, as of February 12, 2020, Zimbabwe continues to maintain a series of measures that give rise to several exchange restrictions and MCPs, inconsistent with Article VIII, Section 2(a) and Section 3, in particular: b(1) Under the official guidance issued by the Reserve Bank of Zimbabwe (RBZ), commercial banks are required to prioritize their foreign exchange sale to finance specific categories of international transactions which constitutes an exchange restriction as it limits the availability of foreign exchange for payments and transfers for current international transactions, in particular in the non-priority or low priority categories. Further, the prioritization also results in an MCP as it channels some of the non-priority or low-priority transactions to the bureau market which has an exchange rate of more than 2% in excess of that in the interbank market. (2) The RBZ also allocates foreign exchange to finance certain necessity imports, and purchases repatriated foreign exchange proceeds that exporters are required to sell (surrender) to the RBZ, at the prior business date's interbank rate. These allocation and purchase transactions at the prior business date's interbank rate constitute an MCP as this rate has recently deviated and may continue to deviate by more than 2% from the prevailing foreign exchange rate for other foreign exchange transactions taking place on the same date. The foreign exchange allocation here also gives rise to an exchange restriction as it limits the availability of foreign exchange for payments and transfers for other current international transactions not eligible to receive such allocation. (3) Zimbabwe has also a longstanding exchange restriction subject to IMF jurisdiction arising from unsettled balances under an inoperative bilateral payment agreement with Malaysia. (Country Report No. 20/82)

Source: IMF staff reports.

[1] Includes 190 member countries and the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China).

[2] The measures described in this table are quoted from IMF staff reports issued as of December 31, 2020, and may have changed subsequent to the date they were reported. The table does not include countries maintaining exchange restrictions or multiple currency practices whose IMF staff reports are unpublished, unless the authorities have consented to publication.

Regulatory Framework for Foreign Exchange Transactions

This section surveys the measures reported by members with respect to the regulatory framework for foreign exchange transactions from January 2020 through August 2021. The measures are divided into five major categories: trade-related measures, current invisible transactions and transfers, account transactions, capital controls, and provisions specific to commercial banks and institutional investors.

Trade-Related Measures

Members reported a record overall number of changes related to trade from January 2020 through August 2021, with 426 actions recorded in 2020–21 compared with an average of 230 measures in the previous three reporting periods. More than half (237) were easing measures, most taken by members in an effort to contain the economic fallout from the COVID-19 pandemic, while tightening measures amounted to only 141, reversing the trend observed over previous years.

In 2020, the total number of changes in import- and export-related exchange and trade controls rose to 281, of which 172 were easing (up from 75 in 2019—and more than the number of *all* trade-related changes reported that year) (Figure 5, panel 1). Only 81 changes were tightening and 28 neutral. In the first months of 2021, however, easing and tightening measures reached almost equal proportions, with trade liberalization measures just marginally more numerous than restrictive ones (65 and 60, respectively).

Although the number of countries[38] implementing restrictive measures continued to rise, to 39 in 2020, that number was eclipsed by the increase in countries taking easing measures (92) (Figure 5, panel 2). Between January 2020 and August 2021, emerging market and developing economies reported an average of 6.84 measures per member, followed by low-income developing countries with 3.77 measures per member, and advanced economies with just 2.93 measures per member.

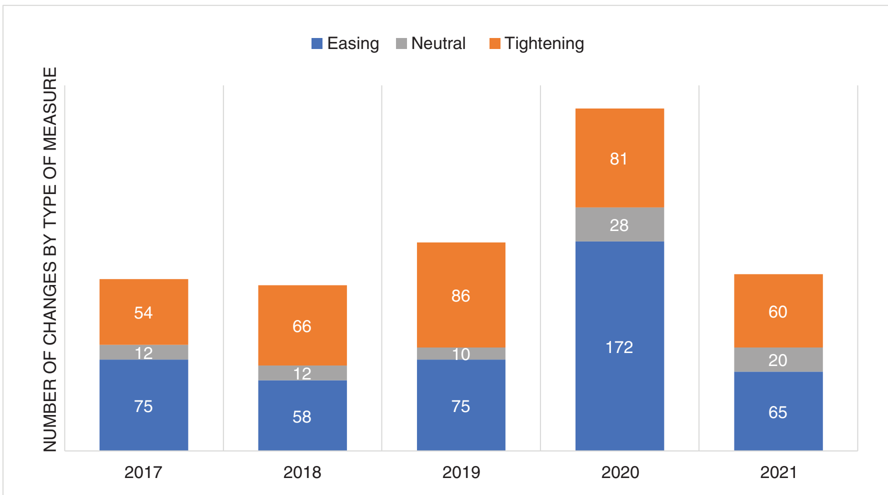
[38] Note that the number of countries in Figures 5 and 6 may not add up in the text because certain countries introduced tightening measures at the same time as neutral or easing measures.

Imports and import payments

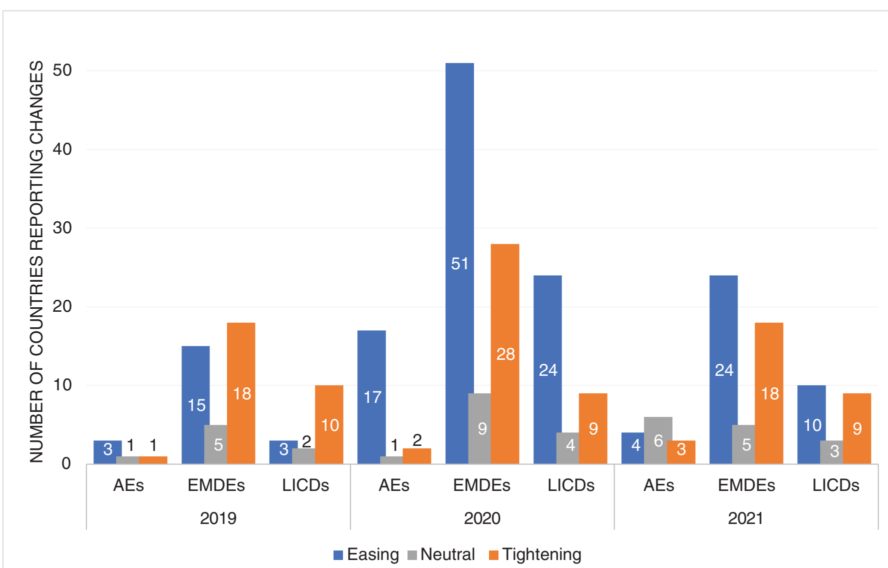
Sixty economies reported a total of 221 measures related to imports and import payments in 2020, up sharply from 35 economies reporting just 122 measures in 2019 (Figure 6, panel 1). The significant increase was due mainly to a rise in easing measures (to 138 in 2020 from 56 in 2019), many of which can be attributed to reactions to the COVID-19 pandemic. The 63 tightening measures followed the previous trend, while more neutral measures than before (20) were introduced. While emerging market and developing economies instituted the largest number of easing actions, they also reported a high proportion of tightening measures—as opposed to advanced economies, which tightened more sparingly (Figure 6, panel 2).

Figure 5. Trade-Related Measures

1. In 2020, members reported a record number of easing measures, while data from the first months of 2021 present more equal proportions of easing and tightening measures.



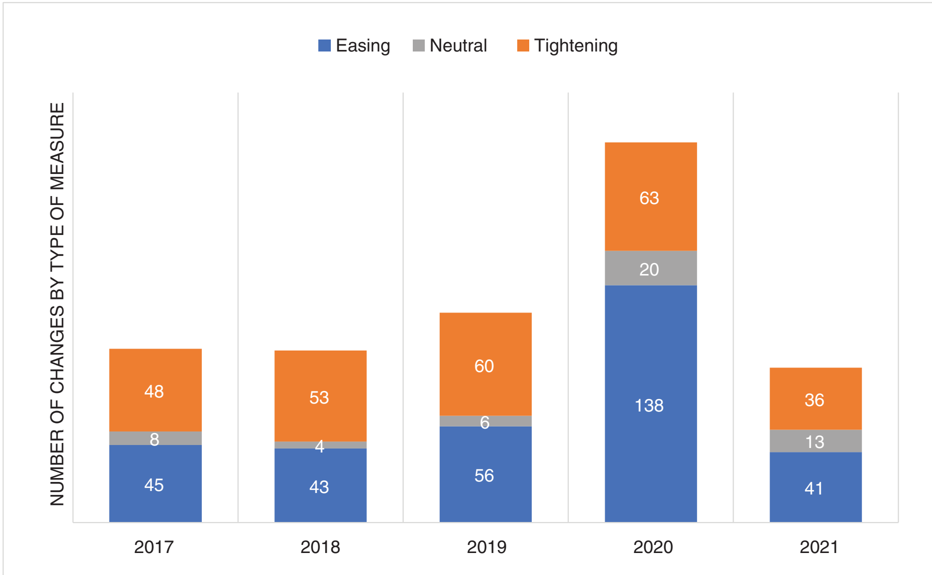
2. The number of countries implementing measures rose dramatically in 2020, dominated by emerging market and developing economies, and available data for 2021 appear to indicate the continuation of this trend.



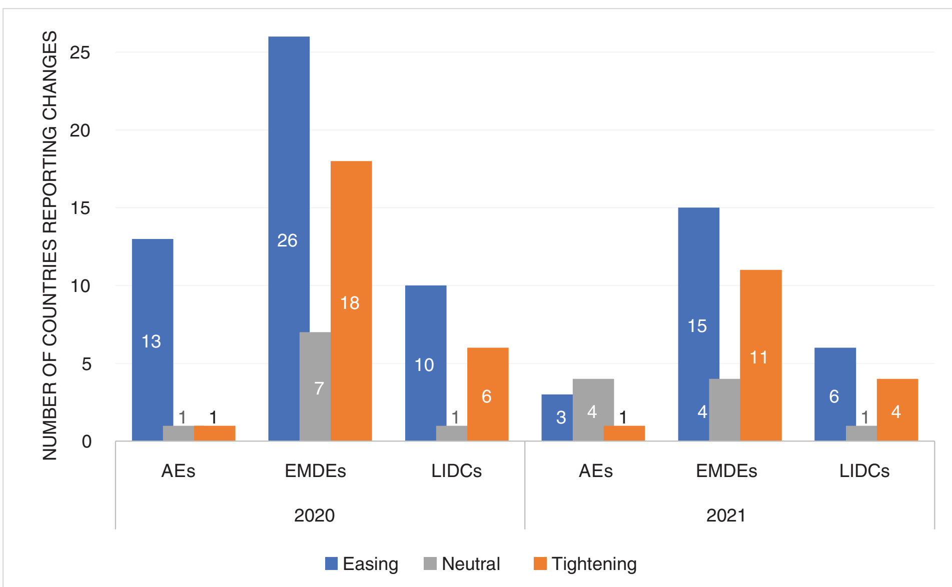
Source: AREAER database; and IMF staff calculations.
Note: The position date for 2021 varies by country and is less than the full year.
Panel 2: AEs = advanced economies; EMDEs = emerging market and developing economies; LIDCs = low-income developing countries.

Figure 6. Imports and Import Payments

1. Easing measures more than doubled between 2019 and 2020. Available data for 2021 suggest a drop in overall measures compared with 2020 but remain comparable with previous years.



2. Most measures in 2020 and 2021, both easing and tightening, were taken by emerging market and developing economies, whereas advanced economies tightened more sparingly.



Source: AREAER database; and IMF staff calculations.
Note: The position date for 2021 varies by country and is less than the full year.
Panel 2: AEs = advanced economies; EMDEs = emerging market and developing economies; LIDCs = low-income developing countries.

Forty-nine of the 60 countries enacting import-related measures took at least one liberalizing action in 2020, with a total of 138 easing measures reported. Among these countries, Sri Lanka implemented the largest number of liberalization measures (23), followed by Pakistan and Turkey (10 each), Bolivia (9), and Kuwait (8). The record number of easing measures can be attributed largely to preventive and reactive measures aimed at mitigating the impact of the COVID-19 pandemic. Measures taken by Sri Lanka were concerned with the simplification and, in most cases, reduction of customs duties for imported goods as well as the granting of exceptions to the Commodity Export Subsidy Scheme for medical equipment in the wake of the pandemic's first wave. Bolivia and Turkey enacted similar changes, restructuring several kinds of tariffs and granting temporary customs exceptions for items such as face masks, oxygen cylinders, and other medical supplies or personal protective equipment (also Canada, Zambia). All eight measures reported by Kuwait concerned the lifting of country- and product-specific import bans, most of which were removed during the first wave of the COVID-19 pandemic. Liberalizing measures taken by Pakistan, on the other hand, were more concerned with easing financing requirements for imports, such as advance payment requirements and deposits (also Libya, Mauritania, Philippines). Other such measures included exemptions for importers from being required to submit supporting documents to banks involved in import transactions (Bangladesh, South Africa), temporary suspensions of requirements for letters of credit (Bangladesh, Egypt), and increased threshold levels triggering the requirement to show supporting documentation (Ukraine). Despite this clear preponderance of pandemic-related actions, a nontrivial number of non-pandemic-related liberalizations took place in 2020 as well; for instance, in the form of trade agreements that went into effect during the reporting period, such as those between Australia and Peru and between Peru and the United Kingdom. Imports from Israel are no longer prohibited in Bahrain and the United Arab Emirates, according to corresponding normalization agreements.

Twenty-five countries implemented 63 tightening measures in 2020, a slight increase compared with 2019 (60 measures). Fourteen of these measures were adopted by the authorities in Sri Lanka, mirroring the previously mentioned restructuring of customs duties, and 11 in Turkey. It is important to note that most of these tightening actions signified the removal of previous easing measures, which were enacted temporarily as part of members' efforts to combat the ongoing pandemic. However, other tightening measures were taken to protect international reserves from the adverse economic impact of the pandemic. Such new tightening measures concerned documentation requirements for release of foreign exchange for imports (approval requirements in Argentina) as well as import restrictions on nonessential goods, which were introduced in many jurisdictions concurrently with COVID-related easing measures to protect declining international reserves (e.g., Seychelles, Sri Lanka,).

Available data for 2021 appear to confirm the trend toward a higher overall number of measures reported. However, easing measures have so far been only slightly more common than tightening measures, with 41 and 36 measures reported, respectively. Liberalizing changes concerned mainly reduced tariffs (e.g., in Bolivia, India, Malaysia, Sierra Leone, Zambia), while restrictive actions—many of which signified a return to regulations in place before pandemic-related easing measures were enacted—also extended to tightening financing requirements for imports (e.g., in Argentina, Bangladesh, Sri Lanka). New pandemic-related measures in 2021 were mainly easing: the Mexican authorities, for instance, temporarily waived the import duty for vaccines against SARS-CoV-2, and Bolivia enabled subnational governments to engage in direct foreign procurement of such vaccines.

Exports and export proceeds

There were 115 changes related to exports and export proceeds from January 2020 through August 2021, with easing measures (58) outnumbering tightening measures (42) and only a small number of neutral changes (7). Measures on export licenses were most numerous (37), followed by those regarding repatriation requirements (30) and surrender requirements (25); measures on export taxes amounted to 20. However, the proportions between easing and tightening measures for 2020 and 2021 presented quite different pictures: Easing measures greatly dominated in 2020 (34), making up almost twice as many of the total as tightening measures (18). In the first months of 2021, on the other hand, there were only 24 changes linked to liberalizing exports and export payments, while tightening measures were already more numerous than they were for all of 2020 (24 compared with 18) (Figure 7, panel 1).

In 2020, regulations on exports and export proceeds were eased in 25 countries[39] (up from 11 in 2019) and tightened in 14 countries (down from 16 in 2019) (Figure 7, panel 2). Russia led the list of liberalizing countries with four easing measures, relaxing repatriation requirements for proceeds from several types of exports, while Kuwait enacted both four easing and four tightening measures. The case of Kuwait exemplifies the temporary nature of measures taken in 2020, many of which were lifted after the first months of the pandemic,

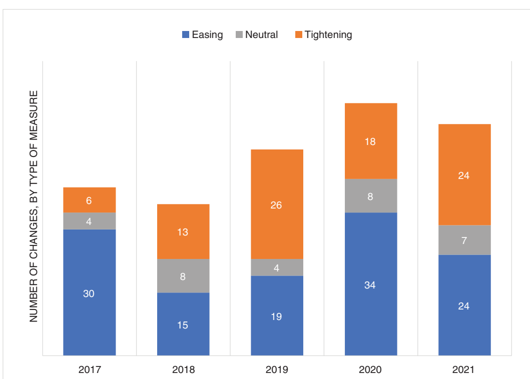
[39] Note that the number of countries in Figure 7 may not add up in the text because certain countries introduced tightening measures at the same time as neutral or easing measures.

resulting in both easing and tightening measures being recorded in the same categories (e.g., export licenses). Liberalization also extended to regulations on exports and export proceeds in low-income developing countries: Sierra Leone, for instance, reduced the repatriation requirement from 100 percent to 30 percent for all export proceeds from commodities that are not agricultural and fishery products. Among the easing actions in this category taken in response to the economic repercussions of the COVID-19 pandemic were extended tenures of realization of export proceeds (Bangladesh, India, Tunisia, Uzbekistan) as well as exemptions from or reductions of surrender requirements (Malaysia, Zimbabwe).

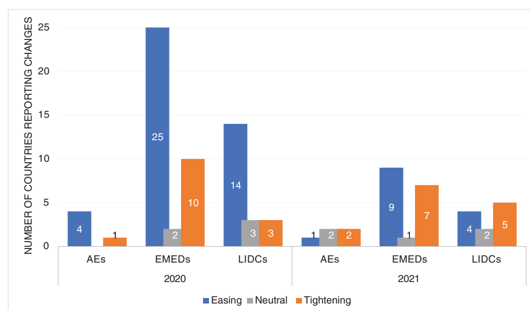
Showcasing the differential impact of the pandemic, most of the 18 tightening measures introduced in 2020 were aimed at containing the economic repercussions of the COVID-19 pandemic. For instance, Mozambique increased its surrender requirement to 30 percent, to address the exceptional balance of payments needs arising from the pandemic. Temporary controls were also applied to the exports of certain goods deemed to contribute to control and prevention of the spread of the COVID-19 virus, including personal protective equipment, disinfectant wipes, and hand sanitizers (e.g., Australia). Non-pandemic-related tightening measures included an increased repatriation requirement in Iran (from 50–60 percent to 80 percent of export revenues) as well as a reduced repatriation period in Sudan in response to inadequate international reserves.

Figure 7. Exports and Export Proceeds

1. Changes increased overall in 2020 and 2021. While easing measures dominated in 2020, data from the first months of 2021 present almost equal proportions of easing and tightening measures.



2. Tightening measures were introduced mostly by EMDEs in 2020, while more LIDCs tightened in 2021.



Source: AREAER database; and IMF staff calculations.
Note: The position date for 2021 varies by country and is less than the full year. AEs = advanced economies; EMDEs = emerging market and developing economies; LIDCs = low-income developing countries.

During the first months of 2021, there were equal numbers of tightening and easing measures (24 each); 7 neutral measures were also reported. However, a clear increase in tightening measures was discernible, with such actions in early 2021 already outnumbering the total for 2020 (18). Among the 24 restrictive changes in 2021, Sri Lanka alone instituted 6 measures—for instance, introducing a 25 percent surrender requirement to licensed banks on all proceeds from exports of goods, as well as a requirement for banks to sell 50 percent of the proceeds in various currencies purchased from exporters of goods to the central bank. Malawi also reintroduced such a requirement to manage shortages of foreign exchange on a temporary basis and lowered the time allowed for repatriation of profits under an existing repatriation requirement. Other pandemic-related tightening measures in 2021 included an authorization requirement for the exportation of COVID-19 vaccines (Belgium) and, at the European Union level, a transparency and authorization mechanism for exports of COVID-19 vaccines. In terms of easing measures in 2021, Argentina registered four such changes, lifting a 50 percent surrender requirement for proceeds from exports other than hydrocarbons and mineral products and relaxing both repatriation requirements and export taxes. Russia continued its liberalization trend with four measures aimed at easing repatriation requirements. Malaysia, similarly as part of a broader liberalization of the country's foreign exchange policy, entirely removed a requirement to surrender export proceeds to authorized dealers, following an earlier suspension of surrender requirement below a threshold because of pandemic-related economic pressure.

Current Invisible Transactions and Current Transfers

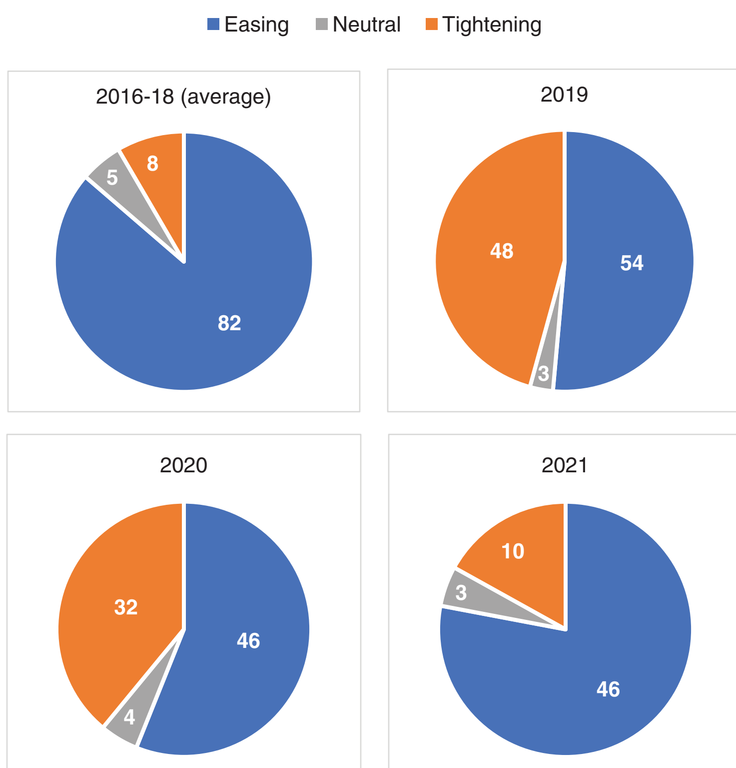
This section discusses exchange controls on invisible transactions and transfers that are included in the current account of the balance of payments. This category includes income from investment (for example, profits, dividends, and interest); payments for travel, education, medical expenses, and subscription and membership fees; unrequited transfers (for example, remittance of nonresidents' salaries and wages); and payments related to services. The section also covers the repatriation and surrender requirements for proceeds from current invisible transactions and current transfers.

Liberalization in this category picked up noticeably in the reporting period, reversing the slowdown observed in 2019 and approaching the average proportions of 2016–18 (Figure 8). From January 2020 through August 2021, members reported significantly more easing measures (92) than restrictive ones (42), especially in the first months of 2021.

Figure 8. Current Invisible Transactions and Current Transfers

(Number of changes, by measure)

While the number of tightening measures in 2020 and 2021 continued to exceed the average for 2016–18, a trend toward prior proportions is discernible, with fewer tightening measures reported than in 2019.



Source: AREAER database; and IMF staff calculations.
Note: The position date for 2021 varies by country and is less than the full year.

Payments for current invisibles and current transfers

During 2020, more than half of the 67 measures related to payments for current invisibles and current transfers, reported by 22 countries, were easing measures (37), while 28 were tightening and 3 neutral. Of the 37 liberalizing changes, Bangladesh reported 10 actions across a range of current payments, including eliminating documentation requirements for ex post verification of dividend payments and easing trade-related requirements in response to the COVID-19 pandemic. Easing measures were also taken by Argentina (6), both to facilitate access to foreign currency by residents abroad and to grant exceptions to new currency controls (see section that follows). In early 2020, Morocco increased the electronic trade allowance for individuals using credit cards abroad, and Maldives abolished a remittance tax. In addition, several countries eased restrictions, including in response to COVID-19, to facilitate personal payments (Argentina, Bangladesh, Nepal, Tajikistan, Tonga); payments for travel (Morocco, South Africa, Tunisia); foreign workers' wages (Bangladesh, Maldives); credit card use abroad (Argentina, Bangladesh, Democratic Republic of the Congo, Morocco, Ukraine); and other payments (e.g., Pakistan).

In 2020, among the 28 tightening measures reported, 11 were introduced by Argentina as the country imposed and strengthened currency controls to prevent capital flight in the context of considerable balance of payments difficulties. The controls covered most payments in this category and included documentation requirements, prior approval requirements, and quantitative limits. Several other countries introduced tightening measures on investment-related payments to stave off potential negative impacts of the COVID-19 crisis on foreign exchange reserves. Tonga (6 measures), for instance, tightened conditions on all non-import-related transfers by requiring tax clearance for such transfers of any amount as part of the government's COVID-19 tax policy. Given its reliance on inflows of foreign currency through tourism revenues, which dropped significantly, Fiji (4 measures) required central bank approval for all transfers of profits and dividends, regardless of the amount, and reduced quantitative limits on credit and debit card use abroad at the onset of the COVID-19 pandemic. Other examples of members tightening regulations on investment-related payments to strengthen the resilience of the financial sector during the pandemic include temporary bans on the granting of foreign exchange licenses for all outgoing transactions, including dividend payments and profit transfers (Aruba, Albania, The Bahamas) and above certain thresholds (Curaçao and Sint Maarten).

The trend toward liberalization in this category continued into the first months of 2021, diverging further from the 2019 proportions and approaching 2016–18 averages. Of 42 measures reported, the vast majority (36) were easing, with only 3 neutral and 3 tightening changes in regulations. The Philippines enacted 7 easing measures, relaxing indicative limits across most subcategories by allowing foreign exchange to be credited to foreign currency deposit unit accounts for remittance to nonresident beneficiaries, followed by the Solomon Islands (5), which increased the amount commercial banks may authorize for payment while increasing the threshold for central bank approval for several types of payments. COVID-19–related liberalization of personal payment transactions continued in some countries—for instance, regarding medical treatment abroad (Samoa). Only Sri Lanka and Bangladesh tightened in 2021, the former by limiting credit card use abroad for foreign exchange payments to nonresidents and the latter by removing temporary pandemic-related easing measures on remittances abroad under online teaching arrangements.

Proceeds from current invisibles and current transfers

Between January 2020 and the end of August 2021, easing regulations outnumbered tightening measures (19 and 11, respectively), with one neutral measure reported. Nineteen of the total thirty-one changes concerned surrender requirements, and twelve targeted repatriation requirements.

Ten countries reported 14 changes in 2020, composed of 9 easing measures, 4 tightening measures, and 1 neutral change. Many of the measures mirrored the changes to regulations on exports and export-related payments. Among the six countries liberalizing restrictions on proceeds from current and invisible transfers, Russia alone accounted for 4 of the 9 easing measures, reflecting the previously mentioned reforms of repatriation requirements. Other easing measures included increases in the amount of export proceeds allowed to be retained abroad (Thailand) as well as decreases in surrender requirements to authorized dealers (Bangladesh) or to the central bank (Honduras).

Four countries tightened in 2020, mostly in relation to the pandemic: Belarus ended a deadline extension for repatriation requirements enacted earlier that year; Kazakhstan introduced measures aimed at stabilizing the exchange rate, including requiring quasi-public-sector export entities to sell a portion of foreign currency export proceeds in the domestic market; Mozambique introduced a new 30 percent surrender requirement to ease pressure on foreign currency reserves; and Nigeria required oil and gas companies to sell foreign exchange directly to the central bank to improve foreign exchange supply in the economy in the context of the pandemic.

In the first months of 2021, members reported 10 easing measures and 7 tightening measures, for a total of 17 changes in regulations—already more than in all of 2020. On the easing side, Russia once again led with four measures aimed at liberalizing regulations regarding proceeds from current invisibles and current transfers, followed by Bangladesh with two measures relaxing surrender requirements under certain conditions with the goal of facilitating exports and e-commerce. Algeria made surrender to authorized dealers of foreign exchange proceeds from current invisibles and current transfers entirely optional, and Ethiopia increased the amount of foreign exchange exporters and inward remittance beneficiaries may retain in their domestic accounts. Among those introducing new surrender requirements were Malawi and Suriname (30 percent of export proceeds) and Sri Lanka (10 percent on purchases by banks of workers' inward remittances). Malawi reintroduced the surrender requirement to manage the shortage of foreign exchange on a temporary basis, seeking to encourage exporters to step up foreign exchange supply to the interbank market as the central bank winds down its role as supplier of foreign exchange.

Account Transactions

From January 2020 through August 2021, most of the 182 changes in resident and nonresident account regulations were easing regulations (92), followed by 53 neutral and 37 tightening measures. Among the 27 countries[40] reporting measures, emerging market and developing economies were the only group taking restrictive measures; advanced economies and low-income developing countries eased regulations or passed neutral measures (Figure 9, panel 1).

Changes in regulations in this category were not as numerous in 2020 as they were in 2019. Among the 91 changes reported in 2020, 53 were liberalization efforts, while 22 of the remaining measures were tightening and 16 neutral. While 2020 thus saw a drop in liberalizing regulations and an increase in tightening measures (most of which were taken in response to the COVID-19 pandemic), easing measures still made up the largest share of changes reported, and a greater preponderance of easing regulations was discernible in the available data for 2021.

Resident accounts

Twenty-one members reported 57 measures concerning resident accounts in 2020, of which liberalization actions (33) outnumbered tightening (17) and neutral (7) measures (Figure 9, panel 2). While easing and neutral measures thus declined from their previous levels, tightening measures almost doubled compared with 2019. Concerning the 33 easing measures, Russia (5) and Sri Lanka (6) dominated, the former by removing restrictions on residents' deposit accounts in domestic and foreign currency at nonbank institutions and the latter by permitting outward remittances on capital transactions, among other changes. Both Bangladesh and South Africa liberalized extensively as well, partially in response to the COVID-19 pandemic: Bangladesh, for instance, permitted dividends payable to foreign shareholders to be credited to their foreign currency accounts maintained in the country. South Africa, as a temporary measure for the lockdown period, allowed authorized dealers to open customer foreign currency accounts for government-related bodies to receive donations from abroad and to retain foreign donations for overseas payments for personal protective equipment. As a general reform, the country allowed institutional investors to open customer foreign currency accounts to accept foreign currency deposits emanating from disinvestment proceeds of foreign assets. Similarly, Thailand removed previous restrictions and limits on residents maintaining foreign exchange accounts. Several low-income developing countries also reported significant changes: Resident Ethiopians, for instance, were allowed to open foreign currency savings accounts in commercial banks without approval from the National Bank of Ethiopia.

Tightening measures in 2020 were introduced by, among others, Argentina, Aruba, South Africa, Sri Lanka, and Venezuela. Venezuela, for instance, tightened regulations on resident foreign exchange accounts to curtail domestic payments for goods and services in foreign currency. To reduce overall demand for foreign currency and to strengthen the domestic currency capital market, Argentina restricted convertibility of domestic currency into foreign currency without central bank approval by requiring an affidavit from customers indicating that they have not conducted certain operations in securities at a more depreciated exchange rate. Members also introduced a range of tightening measures related to COVID-19: Fiji suspended offshore investment and the associated opening of domestic foreign currency accounts; Curaçao and Sint Maarten no longer approved foreign exchange licenses for outward transactions above certain thresholds. Temporary daily withdrawal

[40] Note that the number of countries in Figure 9 may not add up in the text because certain countries introduced tightening measures at the same time as neutral or easing measures.

limits for resident foreign exchange accounts were enacted in Egypt and lowered from existing levels in Sri Lanka; the latter also suspended outward remittances through resident foreign currency accounts. Sri Lanka is an example of a country that complemented tightening measures on outflows with easing measures to encourage inflows of foreign exchange through the establishment of special deposit accounts available to a broad set of eligible resident and nonresident individuals and entities.

Both easing and tightening measures were on the rise in early 2021: among the 51 recorded changes in regulations, 24 were of an easing nature, while 8 were tightening changes. Sri Lanka made up 8 of the easing actions, notably allowing resident individuals to hold foreign exchange accounts abroad. Similarly, Thailand increased the total limit on portfolio investment abroad for retail investors. Aruba (5 measures) removed temporary foreign exchange restrictions imposed in response to the pandemic and once again allowed transfers by resident legal entities to their own bank accounts held abroad. Malaysia eased convertibility of accounts in domestic currency into foreign currency by allowing sales of domestic currency by residents freely for any amount with licensed onshore banks (excluding international Islamic banks). Resident individuals in the Solomon Islands first became eligible to hold foreign exchange accounts domestically in 2021. Of the 19 neutral measures, 17 were enacted by Sri Lanka, reflecting both extensions of temporary pandemic-related measures as well as the restructuring of regulations regarding different types of accounts in the country. Six of the eight tightening measures in 2021 were also introduced by Sri Lanka, reflecting mainly changes to business foreign currency accounts. North Macedonia enacted new limits for transfers to accounts with payment institutions or e-money institutions abroad. Temporary pandemic-related tightening measures also continued into 2021, with Mongolia prohibiting transactions in foreign currency between residents and legal entities to lower deposit dollarization.

Nonresident accounts

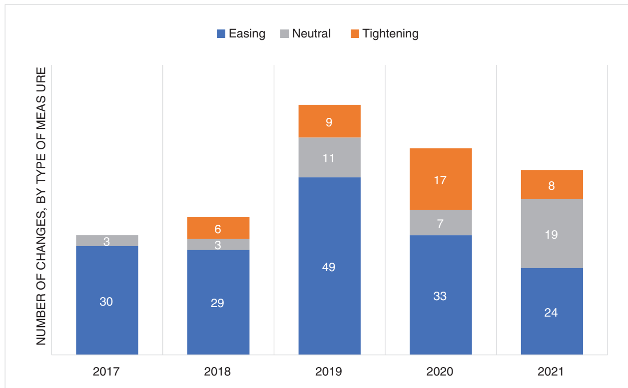
Ten members reported 34 changes in 2020, just slightly fewer than in 2019. The changes continued to be predominantly in the easing direction (19), at about the same level as in 2018 (Figure 9, panel 3). Bangladesh alone contributed eight liberalization measures, expanding, for example, the types of income earned by expatriates that may be credited to foreign currency accounts. Bangladesh was followed in terms of easing measures by two other emerging market and developing economies—namely, Sri Lanka (7) and Pakistan (2). Following the emergence of COVID-19, Sri Lanka for instance introduced a new freely convertible and repatriable foreign currency account to shore up foreign currency reserves. Both Pakistan and Ethiopia liberalized inflows by allowing certain nonresidents, i.e., Pakistan Origin Card holders and nonresident foreign nationals of Ethiopian origin, respectively, to hold new foreign and domestic currency accounts.

Only three countries tightened regulations in this category in 2020. Sri Lanka lowered the amount holders of personal foreign currency accounts may withdraw in foreign currency notes and, as a COVID-19 measure, the migration allowance for those claiming the allowance for the first time. Overall, Sri Lanka reported equal numbers of easing and tightening measures regarding domestic accounts (7), reflecting in part the temporary nature of COVID-19–related measures. Fiji tightened the rules on deposits of proceeds from the sale of domestic assets in nonresident domestic currency accounts by requiring central bank approval for all such transactions.

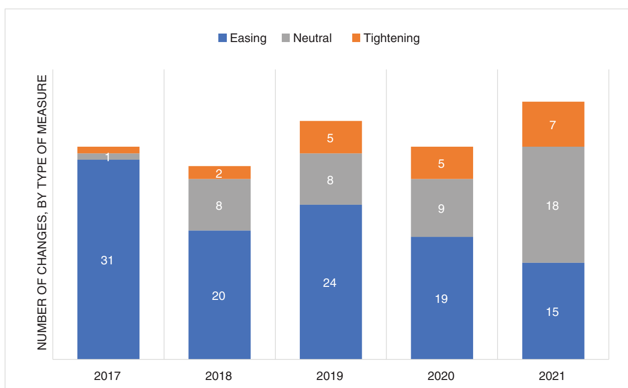
The changes reported for the first months of 2021 outnumbered the measures in 2020, with tightening measures (7) already higher than the total for 2020 and easing measures (15) close to the 2020 total. While some pandemic-related actions were extended in 2021 (being recorded as neutral measures), the apparent increase in easing measures does not seem to be driven by COVID-19 dynamics. Rather, several low-income developing countries and emerging market and developing economies continued broader liberalization: The Philippines (4 measures) eased regulations regarding nonresident domestic currency accounts by expanding the ways in which these accounts may be funded (e.g., including proceeds from the onshore sale of equity and debt securities as well as proceeds from trade transactions); Vietnam, as part of reforms emanating from the new Law on Securities, eased regulations on domestic currency accounts; and Bangladesh, seeking to increase inward investment, liberalized regulations by allowing temporary foreign exchange accounts in the name of proposed companies of foreign investors contemplating investment in the country. One of the few advanced economies reporting measures in this category, Iceland completed its gradual liberalization of controls on transfers of domestic currency derived from transactions with offshore domestic currency assets imposed in response to the global financial crisis by formally repealing the 2016 Offshore Króna Act and simultaneously passing a revised foreign exchange law. Tightening measures were introduced only by Sri Lanka, both regarding the removal of previously enacted COVID-19 easing regulations as well as by the clarification of rules on inward and outward investment accounts and migration allowances.

Figure 9. Account Transactions

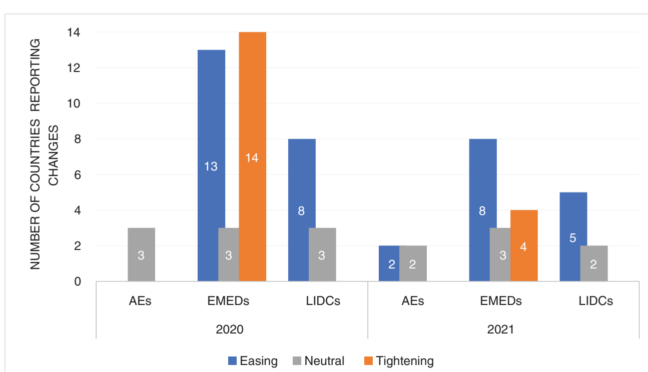
1. All tightening measures in 2020 and 2021 occurred in EMDEs, while LIDCs liberalized account transactions.



2. **Resident accounts:** In 2020, liberalization actions decreased, while tightening measures were on the rise. Available data for 2021 confirm this trend.



3. **Nonresident accounts:** Although decreasing from 2019 to 2020, easing measures continued to dominate in the reporting period. Tightening actions picked up in 2021.



Source: AREAER database; and IMF staff calculations.
Note: The position date for 2021 varies by country and is less than the full year. AEs = advanced economies; EMDEs = emerging market and developing economies; LIDCs = low-income developing countries.

Capital Controls

The global economy entered a deep recession in 2020, due to the COVID-19 pandemic and the Great Lockdown, with larger contraction in service sectors than in manufacturing. Financing needs and sovereign debt vulnerabilities significantly increased in many low-income developing countries and some emerging market and developing economies because countries expanded fiscal support. Worsening pandemic dynamics considerably affected the growth outlook for low-income developing countries. Several emerging and frontier markets were affected greatly as financial conditions tightened at unprecedented speed, market volatility spiked and borrowing costs surged, and the bank profitability outlook turned sour on expectations of widespread default. The global economy recovered in 2021, even as the pandemic resurged, but the momentum of economic recovery weakened, and uncertainty increased due to the rapid spread of the Delta variant and the threat of new variants (*Global Financial Stability Report* April 2020 and October 2020). Global FDI flows were affected by the pandemic as well. The Great Lockdown slowed existing investment projects, and the prospect of recession led multinational businesses from developed and developing economies to reassess new projects (*World Investment Report* 2021). Pandemic outbreaks in critical links of global supply chains resulted in longer-than-expected supply disruptions, contributing to inflation in many countries.

Net capital outflows from advanced economies slowed in 2020 and recovered in 2021. Emerging market and developing economies and low-income developing countries experienced a sharp net capital flow reversal during 2020–21 (Figure 10, panel 1), which was largely explained by more volatile portfolio flows, slower inflows into direct investment and other investment (such as loans, deposits, trade credits, and so on), and a resulting drawdown of foreign reserve assets (Figure 10, panel 2). Although portfolio inflows into emerging market and developing economies and low-income developing countries rose in 2021, the recovery of portfolio inflows was uneven, with some countries continuing to experience large outflows. In addition, there was only a modest recovery of FDI flows to emerging market and developing economies, partly because of uncertainty regarding access to vaccines, emergence of virus mutations, and delays in opening of economic sectors. Advanced economies also experienced slower FDI flows (both inflows and outflows) and more volatile portfolio and other investment flows in 2020 (Figure 10, panel 3). However, FDI into advanced economies in 2021 showed a stronger rebound thanks to improved macroeconomic fundamentals benefiting from broad vaccination coverage and massive fiscal stimulus packages.

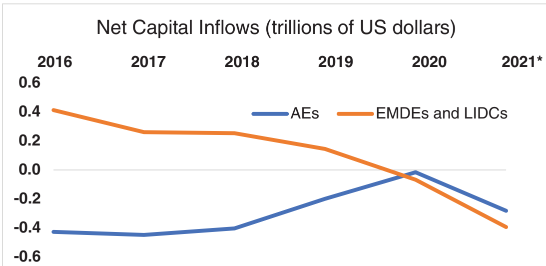
Against this backdrop, tighter restrictions on international capital flows emerged. The number of changes in capital controls increased dramatically in 2020, with significantly more tightening actions —on both inflows and outflows—than in previous years. With partial data available for 2021, some reversal of temporary restrictions is discernible.

The measures included in this section are also considered to be capital flow management measures (CFMs) as defined by the IMF's institutional view on the liberalization and management of capital flows.[41] In addition to the capital controls included in this section, prudential-type measures discussed in the next section may also be CFMs if they were designed to limit capital flows. However, the AREAER does not use this terminology because classifying a measure as a CFM requires substantial background information and considerable judgment, which is beyond the scope of the analysis conducted in compiling the AREAER database.

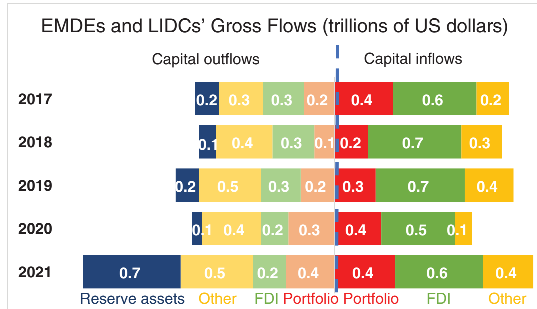
[41] CFMs encompass a broad spectrum of measures. For the purposes of the IMF's institutional view, the term "capital flow management measures" refers to measures designed to limit capital flows. CFMs comprise residency-based CFMs, which encompass a variety of measures (including taxes and regulations) affecting cross-border financial activity that discriminate on the basis of residency—also generally referred to as capital controls—and other CFMs, which do not discriminate on the basis of residency but are nonetheless designed to limit capital flows. These other CFMs typically include measures, such as some prudential measures, that differentiate transactions on the basis of currency, as well as other measures that typically apply to the nonfinancial sector. The concept of capital controls in the AREAER is residency-based: it includes various measures that regulate the conclusion or execution of transactions and transfers and the holding of assets at home by nonresidents and abroad by residents. See IMF, Review of The Institutional View on The Liberalization and Management of Capital Flows, Washington, DC, 2022.

Figure 10. Capital Flows

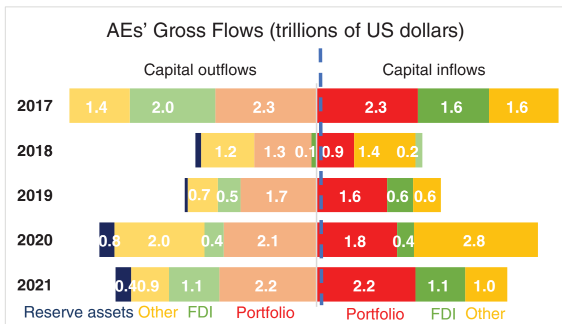
1. EMDEs and LIDCs experienced a sharp net capital flow reversal during 2020–21.



2. EMDEs and LIDCs in 2020–21 saw more volatile portfolio flows, a slower inflow into direct investment and other investment, and a resulting drawdown of reserve assets.



3. AEs in 2020 saw slower FDI flows and more volatile portfolio and other investment flows. Conditions improved in 2021.



Source: IMF, World Economic Outlook (WEO) database, October 2021.
Note: AEs = advanced economies; EMDEs = emerging market and developing economies; FDI = foreign direct investment; LIDCs = low-income developing countries.
*Data for 2021 are WEO projections.

The number of actions in 2020 rose to the highest level[42] since 2017 (Figure 11, panel 1). With partial data available for 2021, the pace of changes in capital controls looks set to exceed that in 2019 again. Of the 380 changes in 2020, there were 186 tightening actions, 176 easing actions, and 18 actions that were neutral or of an indeterminate nature.[43] There was a steep rise in tightening actions in 2020 compared with 2019, which comprises an increase in both tightening outflow controls (by almost twice the number) and inflow controls (by almost three times) (Figure 11, panel 2).[44] The higher number of outflow controls reflected the slowdown in growth and capital inflows and the stress of the COVID-19 pandemic. The higher number of inflow controls is explained largely by the tightening of the FDI screening mechanism in a number of countries for national security reasons amid the COVID-19 pandemic. Tightening actions were markedly lower in 2021 based on partial-year data. In 2020, changes in capital transactions were dominated largely by COVID-19–related measures: 161 of 186 total tightening actions were measures introduced in response to the pandemic, while the rest were for other reasons (Figure 11, panel 3). In contrast, 146 of 176 easing actions were unrelated to the COVID-19 pandemic, highlighting the continued liberalization trend in many countries despite the pandemic (Figure 11, panel 4). In partial year 2021, COVID-19–related measures were slightly higher than non-pandemic-related measures and were explained largely by an easing of previous controls and by an extension of pandemic-related measures (recorded as neutral changes).

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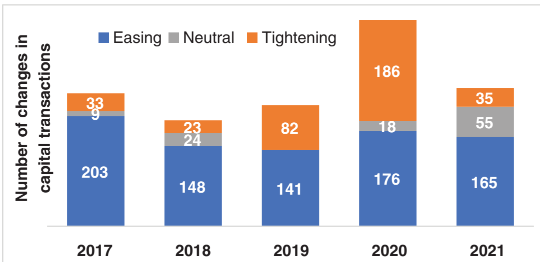
42 There were 380 changes in regulations on capital transactions in 2020, compared with 223 in 2019, 195 in 2018, and 245 in 2017.

43 The 18 neutral changes during 2020 and 55 in 2021 cannot be classified as easing or tightening of restrictions. Most either did not discriminate by residence or currency or involved changes in regulations that were not clearly either easing or tightening. To avoid counting the same measure more than once, as far as possible, pandemic-related measures that were extended were labeled neutral—of which a large portion can be attributed to Sri Lanka (13 and 36 neutral changes in 2020 and 2021, respectively).

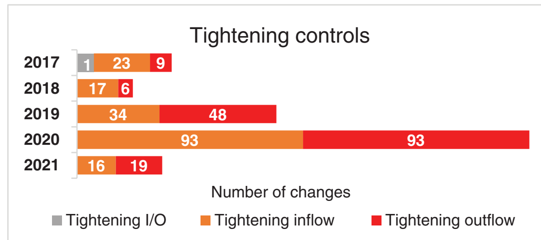
44 In this section, restrictions on nonresidents' acquisition of domestic assets (including restrictions on repatriation of these assets) are referred to as "inflow controls"; restrictions on residents' acquisition of assets abroad (including repatriation restrictions on these assets) are referred to as "outflow controls."

Figure 11. Overview of Controls on Capital Transactions, 2017–21

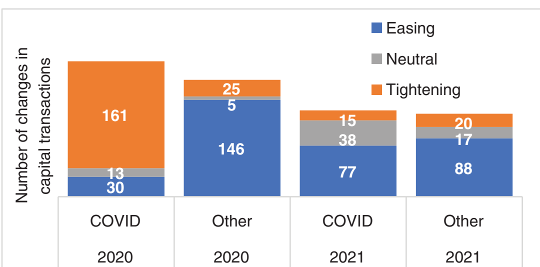
1. In 2020, there was a higher number of changes (both tightening and easing) to controls on capital transactions than in any of the preceding three years. Partial year 2021 also saw a large number of easing and neutral changes, while measures tightening controls declined dramatically.



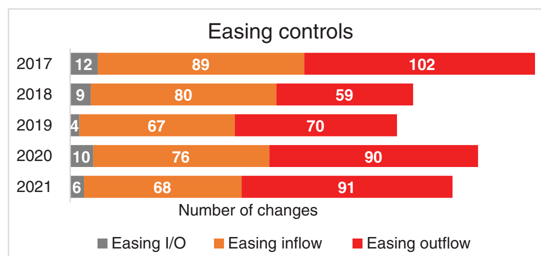
2. In 2020, tightening measures increased dramatically on both capital inflows and outflows, while they were subdued in 2021.



3. In 2020, the number of tightening actions was dominated by COVID-19–related measures, while the number of easing actions was largely attributable to other reasons. In partial year 2021, the COVID-19–related measures continued to dominate and mostly eased previous controls.



4. The easing of controls on capital outflows continued to dominate in 2020–21.



Source: AREAER database; and IMF staff calculations.
Note: The position date for 2021 varies by country and is less than the full year. Tightening (Easing) I/O means that the measure can be tightening (easing) of both capital inflows and outflows. COVID refers to changes that are explicitly reported as measures in response to the COVID-19 pandemic. "Other" refers to changes that are not related to the COVID-19 pandemic.

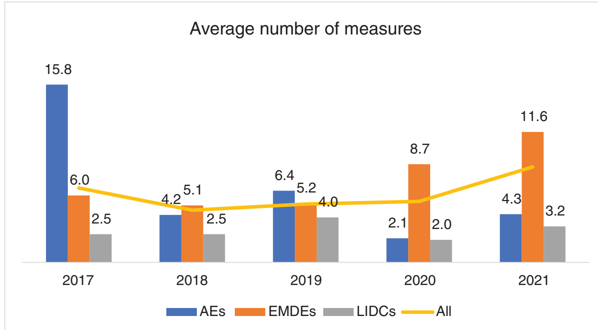
Not only were more actions taken in 2020 than in any of the preceding three years, the number of countries reporting changes also increased dramatically. Although the majority of actions on capital transactions were taken by emerging market and developing economies, more advanced economies (27 countries) introduced restrictive measures than emerging market and developing economies (19 countries) and low-income developing countries (2 countries) in 2020–21. However, on average, controls on capital transactions were implemented mostly by emerging market and developing economies, followed by advanced economies and low-income developing countries (Figure 12).

Actions taken by advanced economies in 2020–21 were in sharp contrast to the previous three years. There was a significantly higher number of tightening measures, while the number of easing measures declined dramatically, indicating that the liberalization trend in advanced economies seen in the previous three years significantly slowed. In 2020, the total number of changes in the controls on capital transactions in advanced economies amounted to 62, of which 43 were tightening (by 27 countries), 18 easing (by 18 countries), and 1 neutral (by 1 country) (Figure 13, panels 1 and 2).

Most of the actions in 2020 and 2021 were reported by emerging market and developing economies. In 2020, the total number of changes in the controls on capital transactions in emerging market and developing economies amounted to 306, of which 148 were easing (by 23 countries), 141 tightening (by 19 countries), and 17 neutral (by 3 countries) (Figure 13, panels 3 and 4). As in advanced economies, the number of measures tightening controls by emerging market and developing economies in 2020 increased significantly by almost three times from the previous year, although it dropped again sharply in the partial year 2021.

Figure 12. Controls on Capital Transactions by Income Groups—Overview, 2017–21

On average, controls on capital transactions were implemented mostly by EMDEs, followed by AEs and LIDCs.



Source: AREAER database; and IMF staff calculations.
Note: The position date for 2021 varies by country and is less than the full year. Some countries may have taken both tightening and easing actions. AEs = advanced economies; EMDEs = emerging market and developing economies; LIDCs = low-income developing countries.

Low-income developing countries reported fewer actions during 2020–21, of which the number of tightening actions declined sharply[45] from 2019. Reported measures were largely easing controls on capital transactions, suggesting a continued liberalization trend among these countries (Figure 13, panels 5 and 6).

The nature of new measures differed significantly among country income groups. The majority of the measures adopted in advanced economies were FDI- and real-estate-investment-related measures, while for emerging market and developing economies, most changes continue to relate to capital and money market instruments. In sharp contrast, the majority of actions introduced in low-income developing countries related to credit operations and repatriation requirements.

Advanced economies

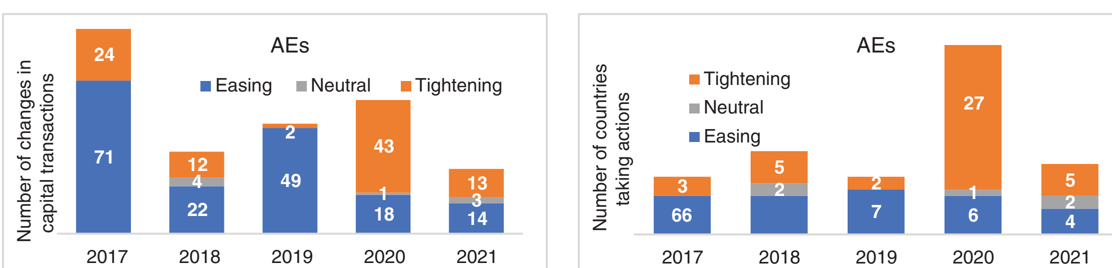
In advanced economies, there was a shift in the composition of changes in controls in 2020–21 toward FDI, which has increased significantly and outnumbered actions related to capital and money market instruments (Figure 14, panel 1). Several countries in advanced economies adopted or reinforced screening regimes for foreign investment, including in reaction to the COVID-19 pandemic. The number of actions in other categories generally decreased during the period.

Figure 13. Controls on Capital Transactions by Income Groups, 2017–21

Advanced economies

1. In sharp contrast to the previous three years, there was a significant increase in the number of tightening measures in 2020–21 and a large drop in easing measures in 2020.

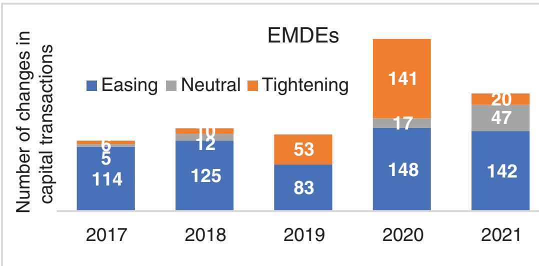
2. The number of countries taking tightening actions increased significantly in 2020–21.



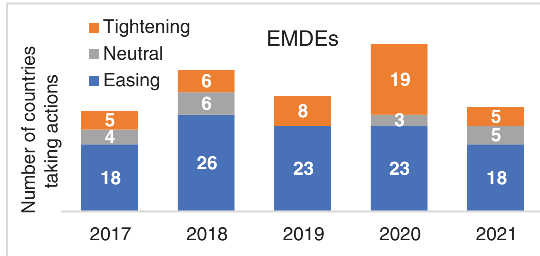
[45] In 2019, a significant number of changes in low-income developing countries were in the Central African Economic and Monetary Community region, in the context of a persistent fragile economic situation since the oil price decline in 2014–16, prompting changes in the securities regulations.

Emerging market and developing economies

3. Tightening measures in 2020 amounted to almost three times those in previous years and dropped sharply in 2021, while the number of easing measures continued to increase in 2020–21.

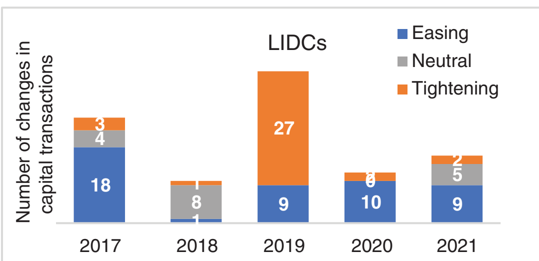


4. The number of countries taking tightening actions more than doubled in 2020 compared with 2019, mainly due to the pandemic, while the number of countries easing controls remained the same in 2020.

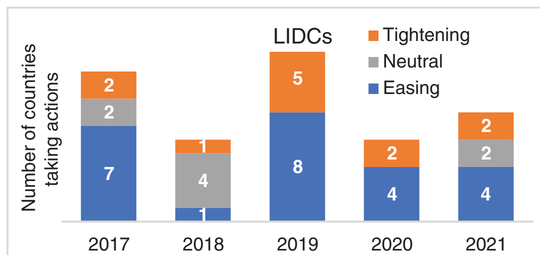


Low-income developing countries

5. Measures easing controls on capital transactions dominated in LIDCs during 2020–21, while the number of tightening actions dropped significantly compared with 2019.



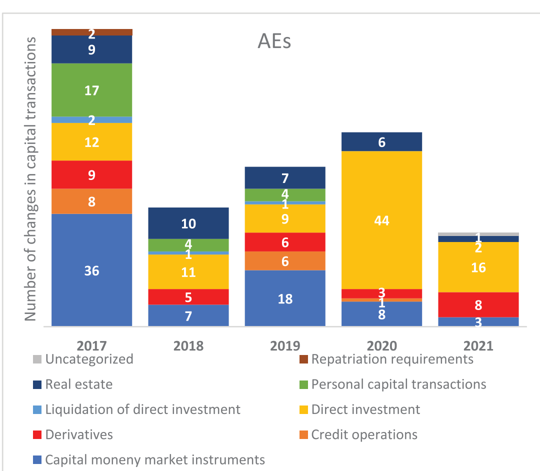
6. Similarly to the past, only a few LIDCs introduced changes in 2020–21.



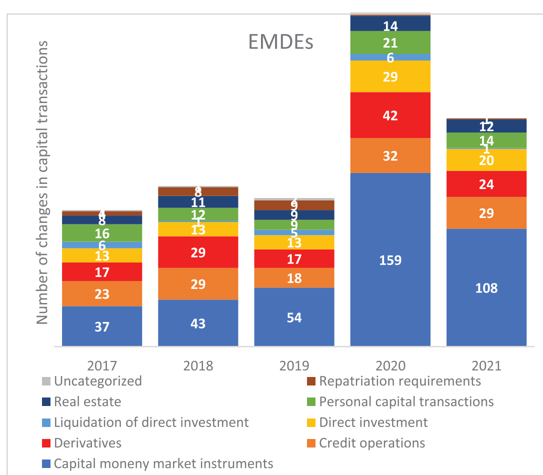
Source: AREAER database; and IMF staff calculations.
Note: The position date for 2021 varies by country and is less than the full year. Some countries may have taken both tightening and easing actions. AEs = advanced economies; EMDEs = emerging market and developing economies; LIDCs = low-income developing countries.

Figure 14. Controls on Capital Transactions by type and region, 2017–21

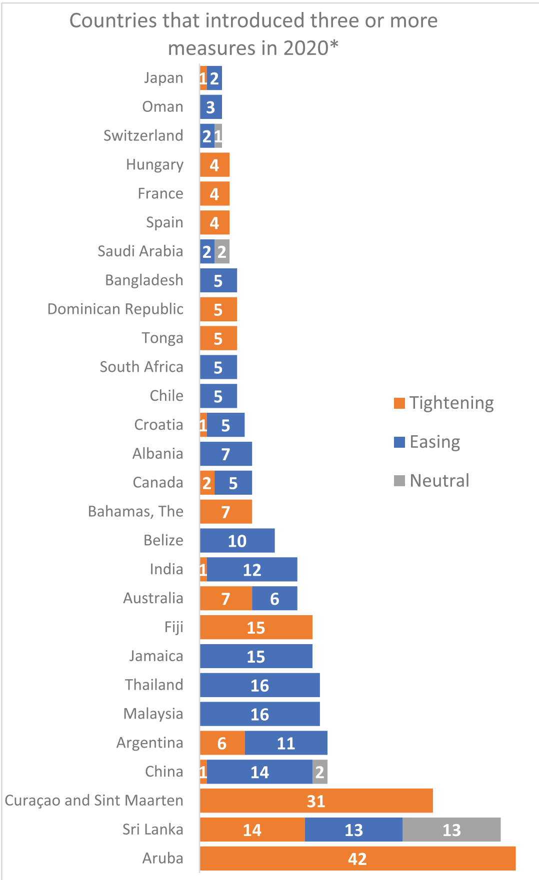
1. The majority of actions in 2020–21 taken by AEs were related to direct investment, which increased substantially, and outnumbered actions related to capital and money market instruments.



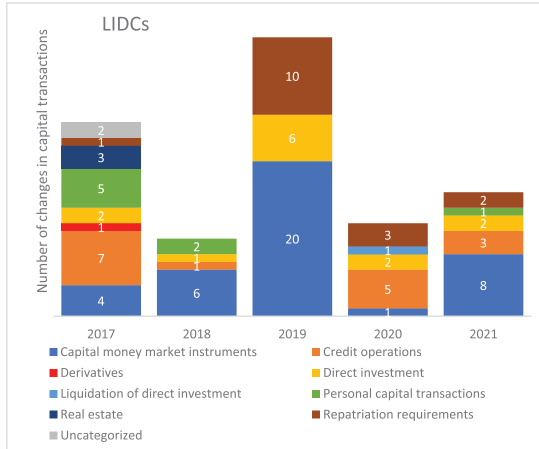
2. Most actions in EMDEs were related to capital and money market instruments. The number of measures increased in several categories in 2020–21.



3. Of 70 economies that took action in 2020, 4 (all EMDEs) had more than 10 tightening actions, and 8 (all EMDEs) had 10 or more easing actions.



4. Actions introduced by LIDCs in 2020 dropped sharply compared with the previous year. The majority of actions in 2020–21 were easing measures related to credit operations, repatriation requirements, and capital and money market instruments.



Source: AREAER database; and IMF staff calculations.
Note: The position date for 2021 varies by country and is less than the full year. AEs = advanced economies; EMDEs = emerging market and developing economies; LIDCs = low-income developing countries.

*Countries that introduced one change in 2020 were Austria, Azerbaijan, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, Greece, Ireland, Kyrgyz Republic, Latvia, Lithuania, Luxembourg, Maldives, Malta, Mexico, Mozambique, The Netherlands, Poland, Portugal, Slovak Republic, South Sudan, Sweden, United Kingdom. Countries that introduced two changes in 2020 were Belarus, Brazil, Costa Rica, Honduras, Indonesia, Italy, Qatar, Pakistan.

Of the 43 tightening actions by advanced economies in 2020, 35 were restrictive measures on inward direct investment (by 22 EU member countries,[46] plus Australia, Canada, Japan, New Zealand, United Kingdom), and 5 were on purchases by foreigners of shares and securities (by Australia and Spain). The restrictive measures on FDI and foreigners' purchases of shares and securities related to national security concerns about foreign ownership of critical infrastructure, health sector shares, critical technologies, supplies of critical resources, and other sensitive domestic assets. Often, these measures were motivated by national interest to

[46] The 22 advanced economy EU member countries tare Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Italy, Ireland, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Portugal, Slovak Republic, Slovenia, Spain, and Sweden.

protect sensitive local sectors against foreign takeovers amid the pandemic.[47] In addition, three restrictive measures were reported by Australia on foreigners' purchases of real estate and on nonresidents' sale or issuance locally of derivatives. These measures were not related to the pandemic.

The restrictive measures on inward direct investment ranged from those at the individual country level to those at the regional level. At the regional level, an EU-wide framework for FDI screening[48] was implemented calling for the European Commission and the member states to coordinate their action on foreign investment to protect businesses operating in strategic or critical sectors. Before the EU-wide FDI Screening Regulation went into effect, some individual EU member states introduced screening legislation and mechanisms; namely, France, Germany, Italy, Slovenia, and Spain. Spain imposed authorization requirements (for both FDI and foreigners' purchases of shares) in certain sectors, initially for non-EU residents and later, temporarily, also for EU citizens. Slovenia introduced a new FDI review mechanism and broadened the scope of the transactions subject to review, along with Germany, France, and Italy. France also lowered thresholds that trigger screening procedures. Many non-EU member countries made temporary adjustments that applied more stringent rules and stricter scrutiny on an approval process to a broader range of transactions than was previously the case, such as Canada, New Zealand, and the United Kingdom to cover public health and sensitive and high-risk sectors. Japan lowered the threshold of FDI in designated industries that require prior notification, while Australia temporarily imposed approval requirements, regardless of value (applying a zero-dollar threshold) or the nature of foreign investors (for both FDI and foreigners' purchases of shares). Later in 2020, there were 9 easing actions (out of 18 easing actions) taken by Australia, Canada, and Japan to ease the inward direct investment screening measures that were previously introduced. Australia and Canada increased the screening threshold for certain countries under particular trade and investment agreements. Japan introduced an exemption program for prior notification for stock purchases with certain conditions.

Of the total 13 tightening actions in 2021, 8 were additional measures related to screening of foreign direct investment by Australia and Sweden (more stringent rules and stronger enforcement), Canada (lower trigger thresholds for particular types of investment), and Italy (stronger enforcement and expanding scope of activities). In addition, Australia broadened the scope of its foreign investment screening program to include collective investment vehicles. Canada issued updated Guidelines on the National Security Review of Investments, supporting continued transparency in the review process.[49] Among the neutral measures, Spain extended the duration of the existing investment screening measures for FDI and foreign acquisition of shares. Iceland at first removed controls on derivative transactions but later imposed limits on the foreign exchange derivative positions of Icelandic banks, specifically on transactions in which the Icelandic króna is specified in the contract against a foreign currency, replacing the previous ban on such activities.

There were 14 easing actions reported in 2021, by Iceland (5), Australia (4), New Zealand (3), and Canada (2). Australia and New Zealand gradually relaxed screening measures on FDI and real estate investment by nonresidents. Canada continued to relax the screening threshold for certain countries under particular trade and investment agreements.

Emerging market and developing economies

The majority of actions in 2020 and 2021 taken by emerging market and developing economies remained largely related to capital and money market instruments (159 and 108), followed by derivatives (42 and 24), credit operations (32 and 29), direct investment (29 and 20), and personal capital transactions (21 and 14)—all of which have increased from the previous three years (Figure 14, panel 2). Most of the actions in 2020 were taken by tourism-dependent economies, which were severely affected by the COVID-19 pandemic—namely, Aruba (42), Sri Lanka (40), Curaçao and Sint Maarten (31), Fiji (15), and The Bahamas (7), which initially tightened measures on capital outflows, mostly in capital and money market instruments and credit operations. With improving economic conditions some countries gradually eased existing controls (Figure 14,

[47] Currently, it is still too early to assess the overall impact of the increase in the adoption of FDI screening mechanisms on FDI inflows. However, it is likely to have a growing impact in the coming years (*World Investment Report* 2021).

[48] Regulation (EU) No. 2019/452 of March 19, 2019, went into effect October 11, 2020.

[49] This update specifically addresses national security concerns relating to investments involving potentially sensitive technologies, sensitive personal data, and the security of critical mineral supply chains.

panel 3).[50] Nevertheless, despite dealing with the pandemic, several countries introduced a number of easing actions on both capital inflows and outflows—namely, China (17), Malaysia (16), Thailand (16), Jamaica (15), India (13), and Belize (10). The relaxation of controls covers all categories but was dominated by capital and money market instruments. This, in part, reflects the continued trend toward liberalization of emerging markets' domestic financial and corporate sectors, as both residents and nonresidents were allowed to participate in cross-border investment under more liberalized conditions. Gradual relaxation of capital controls was also reported by Argentina (17), which relaxed some of the controls imposed initially to deal with the 2018–19 economic crisis.

Among the key tightening measures introduced in 2020 by countries that experienced pressure from the COVID-19 pandemic on foreign exchange reserves were the following:

- Controls on outward capital transactions were introduced to limit capital outflows and to preserve the currency peg in Aruba and Curaçao and Sint Maarten. These countries temporarily suspended the granting of foreign exchange licenses for outward capital transactions by residents on almost all categories of outflows—namely, granting loans to nonresidents, making investment abroad (both direct and portfolio investments), personal capital transactions, and purchase of real estate from nonresidents (in the case of Aruba).[51] In 2021, Aruba gradually eased and eventually eliminated all temporary controls.
- Sri Lanka suspended outward remittances on capital transactions by residents, imposed restrictions on purchases of Sri Lankas international sovereign bonds by local banks, and on outward transfers of funds for emigrants. The objective of the measures was to stabilize the exchange rate and preserve scarce international reserves due to the collapse in tourism receipts and large portfolio outflows. In mid-2020 and in 2021, the authorities relaxed selected restrictions imposed earlier by allowing some transactions under certain thresholds.
- Fiji suspended delegated limits[52] for offshore investments (on shares, assets, and direct investment). In addition, delegated limits were replaced with a central bank approval requirement for withdrawal of investment through sales of shares and assets or shareholders' funds (including dividends). Delegated limits were reduced for emigration allowances, loan repayments, and deeds of gift.
- The Bahamas suspended approvals of applications to purchase foreign exchange for transactions in international capital markets, direct investments, and real estate investments.

In line with the EU-wide framework for FDI screening, emerging market and developing economies, which are EU members (such as Bulgaria, Croatia, Hungary, Poland, Romania), strengthened their FDI review mechanism on strategic sectors in 2020.

In contrast, several countries eased regulations in 2020 as part of the COVID-19 pandemic response effort. For instance, Korea raised the limits on banks' foreign exchange derivatives contracts to prepare for sudden volatility in the foreign exchange swap market. Mexico lifted the reporting requirement on derivative transactions by financial institutions. Oman relaxed regulations on the sale of real estate by nonresidents locally, and South Africa extended the deadline for surrendering foreign exchange receipts to authorized dealers.

Despite the pandemic, several countries continued liberalizing controls on capital transactions. While exchange controls continue to apply to most capital transactions in China, in 2020–21 easing continued of controls on capital and money market instruments. Belize, Jamaica, Malaysia, and Thailand eased controls

[50] The total number of measures includes a relatively large number of changes reported by a few countries in 2020 and 2021. mainly because of wide-ranging restrictions imposed during an economic crisis from the pandemic, such as in Aruba and Sri Lanka. In some instances, these measures were gradually reversed as the economic situation improved. The AREAER records the imposition of these restrictions and their step-by-step removal across many categories of transactions, thereby showing a large number of measures taken by these countries.

[51] Some of these measures also affected liquidation and repatriation of nonresidents' investments and are captured as inflow tightening in the AREAER.

[52] Delegated limits are the amounts up to which authorized dealers may approve and carry out transactions for their clients without the central bank's approval.

on capital outflows in 2020 by relaxing regulations on residents' purchases of foreign assets. Many countries eased controls on FDI (China, Maldives, Oman) and outward direct investment (Malaysia, South Africa). Among the key changes were the following:

- In 2020, China took further steps to liberalize controls on capital account transactions by initially reducing documentation requirement for outward transfers of earnings on certain types of securities investments by foreign institutional investors, and later by expanding the scope of the qualifying financial instruments. In addition, China relaxed regulations on FDI and allowed foreign investment in certain sectors by removing them from its negative list.[53] During the reporting period conditions were also relaxed for foreign investors participating in local derivatives trading of certain commodities.
- In 2020, Malaysia further eased controls on capital account transactions. For example, limits were eliminated for residents' outward direct investment, portfolio investment, and purchases of real estate and for financial guarantees issued by residents and nonresidents, under certain conditions. In addition, Malaysia relaxed controls on inflows by allowing residents to issue ringgit-denominated redeemable preferred shares to nonresidents for use in Malaysia. Derivative transactions abroad by residents and locally by nonresidents were further liberalized in 2021.
- Thailand continued to relax regulations on residents' investment in foreign securities by increasing investment limits and expanding eligible financial products in 2020 as part of the measures to mitigate pressure on the strength of the currency and to address structural issues in the Thai foreign exchange market. In 2021, the documentation requirement was removed for derivatives purchases by registered nonresident businesses under the Nonresident Qualified Company (NRQC) program to allow them more freedom to manage currency risk related to the Thai baht.
- Jamaica continued increasing permissible limits and expanding coverage of foreign assets in which pension funds and insurance companies may invest.
- India increased investment limits on foreign portfolio investment in government and corporate bonds and eased controls on residents' and nonresidents' participation in foreign exchange derivatives markets for the purpose of hedging their foreign exchange exposure in 2020. Further liberalization was introduced in 2021 by increasing the threshold for mutual funds' investment abroad and relaxing regulations on derivative transactions by nonresidents.
- Belize lifted the central bank approval requirement and replaced it with a notification requirement for portfolio investment transactions by residents and nonresidents locally and abroad in 2020.
- In 2020, Argentina relaxed prior approval requirements under certain conditions for residents' investments in money market instruments and payments for credit operations, and liquidation of direct investments by nonresidents. Controls were gradually eased on capital and money market instruments and credit operations in 2021.

Low-income developing countries

The liberalization trend seen in low-income developing countries in the previous three years continued in 2020–21. Easing of controls on capital transactions dominated during the period, while the number of tightening actions declined significantly compared with 2019 (Figure 14, panel 4).

In 2020, there were 10 easing (mainly on capital inflows) and 2 tightening actions on capital outflows. Among the key changes were the following:

- To minimize the effect of the COVID-19 pandemic, some countries eased controls on capital inflows, such as, Honduras (allowing for contracting externally financed nonconcessional debt under certain conditions) and Bangladesh (easing controls on commercial credit for imports of industrial raw materials, life-saving drugs, and agricultural and chemical fertilizer).
- Some countries relaxed controls on capital inflows unrelated to the COVID-19 pandemic in 2020 to further liberalize the capital account: Ethiopia eased controls on FDI, and Bangladesh lifted the permission

[53] Negative lists enumerate certain sectors and projects that are restricted or prohibited to foreign investors, including certain service, infrastructure, transportation, medicine, education, manufacturing, and agriculture sectors.

requirement for nonresident investors to repatriate sales proceeds under certain conditions, while other countries eased controls on capital outflows, including South Sudan and Honduras by relaxing regulations on surrender requirements on certain capital account transactions. Later, in 2021, Honduras lifted the surrender requirement on proceeds from capital transactions to the central bank as part of the reforms supporting the transition toward a more flexible exchange rate regime and fewer foreign exchange interventions by the central bank. In 2021, Vietnam implemented the largest number of changes among low-income developing countries (10 of a total 16 measures in the year) to ease controls on FDI and foreigners' investment in shares.

- In contrast, Mozambique tightened controls on capital outflows by introducing a surrender requirement for commercial banks on receipts from exports of goods and services and investment income in 2020, as part of the measures in response to urgent balance of payments needs during the COVID-19 pandemic. Meanwhile, the Kyrgyz Republic tightened controls on credit operations by stopping the issuance of government external debt guarantees to public and private entities as part of the reform of its government debt management system and to promote competition.

Provisions Specific to Commercial Banks and Institutional Investors

This section reviews developments in provisions specific to the financial sector; i.e., commercial banks and institutional investors, with a focus on prudential measures that are also capital controls.[54] This category covers some monetary and prudential measures in addition to capital controls.[55] It includes, among other categories of financial institution transactions, borrowing abroad, lending to nonresidents, purchasing locally issued securities denominated in foreign exchange, and establishing regulations pertaining to banks' and institutional investors' investments. These provisions may be similar or identical to the measures described in the respective categories of controls on accounts, capital and money market instruments, credit operations, and direct investment if the same regulations apply to commercial banks and institutional investors as to other residents. In such cases, the measure also appears in the relevant category in the sections on accounts and capital transactions.

Reported measures in the financial sector in 2020 and 2021 reflect wide-ranging policy responses to the pandemic and their subsequent reversal, with notable differences between commercial banks and institutional investors. Strong policy action was particularly evident in 2020: reported measures (287) exceeded those in previous years, mostly reflecting the exceptionally large number of prudential measures (194), while the number of capital controls (94) remained broadly in line with those in previous years (Figure 15, panel 1). As expected, the number of easing measures (157) was higher in 2020 than in previous years, but the same applies to tightening measures (82) (Figure 15, panel 2). While not covering the whole year, the number of reported measures in 2021 (178) was similar to what was observed in the pre-pandemic years, although the number of capital controls (99) was somewhat higher than usual.

Regarding prudential measures in the financial sector, 2020 stands out for the high share of easing measures (60 percent), many of which were subsequently tightened in 2021, as reflected in the higher share of tightening measures than usual (57 percent, Figure 15, panel 3). In contrast, for capital controls in the financial sector, 2020 stands out for the high share of tightening measures (42 percent), many of which were extended beyond their initially announced maturity in 2021 as the pandemic continued to affect countries (such extensions are labeled as neutral changes, Figure 15, panel 4).

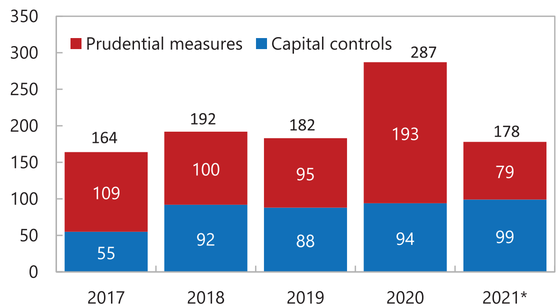
[54] Capital controls and prudential measures are highly intertwined because of their overlapping application. For example, some prudential measures (such as different reserve requirements for deposit accounts held by residents and nonresidents) could also be regarded as capital controls because they distinguish between transactions with residents and nonresidents and hence influence capital flows.

[55] Inclusion of an entry in this category does not necessarily indicate that the aim of the measure is to control the flow of capital.

Figure 15. Capital Controls and Prudential Measures in the Financial Sector, 2017–21

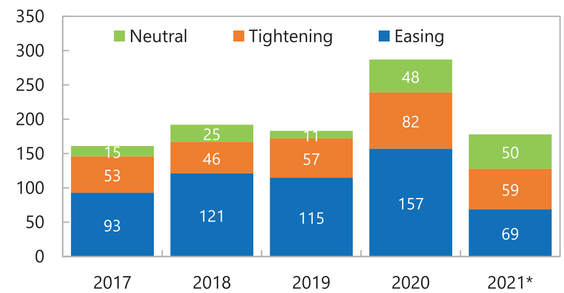
1. The number of capital controls and prudential measures in the financial sector reached a new high in 2020.

(Number of changes)



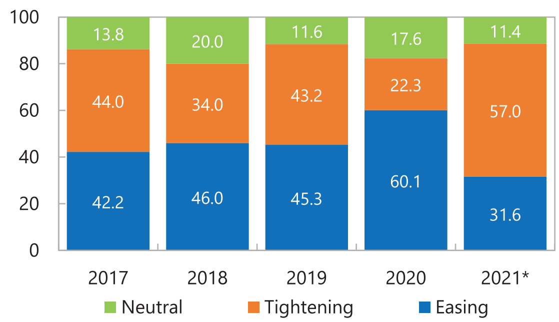
2. While easing measures continued to dominate overall in 2020, as in the past, there was a sharp increase in tightening measures.

(Number of changes)



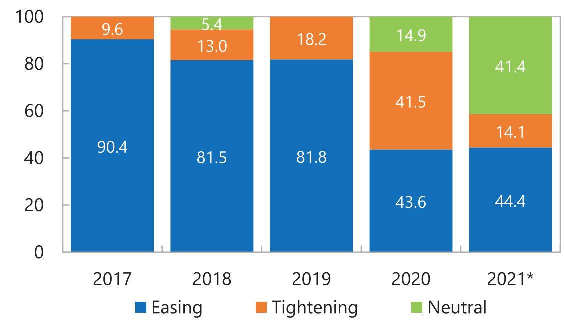
3. Shares of easing prudential measures increased significantly in 2020 but reversed in 2021.

(Share of types of changes)



4. Shares of tightening capital controls jumped markedly in 2020, which were extended in 2021.**

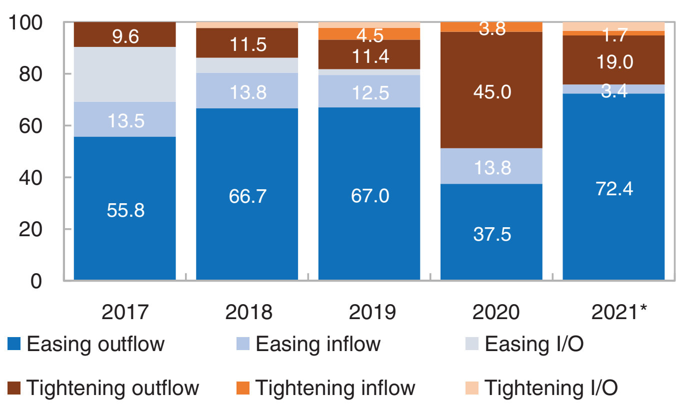
(Share of types of changes)



Source: AREAER database; and IMF staff calculations.
* The position date for 2021 varies by country and is less than a full year.
** Measures that were extended from the original duration are counted as neutral.

Figure 16. Capital Controls in the Financial Sector 2017–21

(Share of types of changes by direction; neutral changes are disregarded)



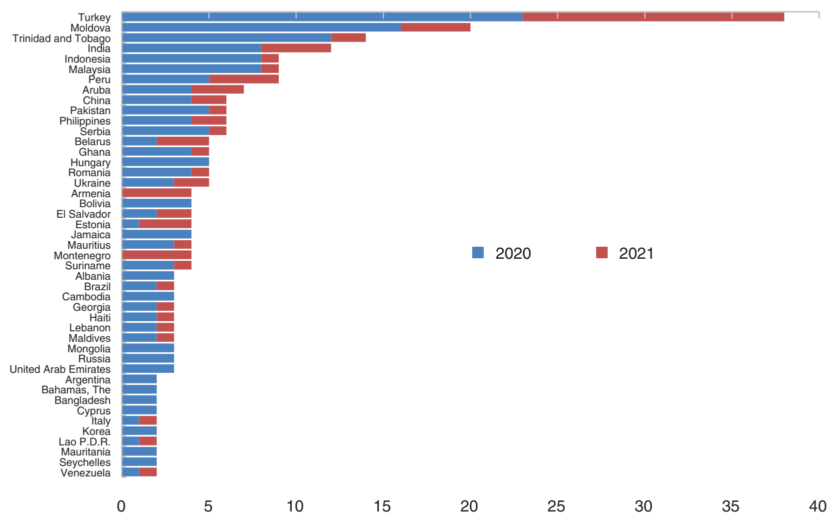
Source: AREAER database; and IMF staff calculations.
Note: I/O = Measures that affected both inflow and outflow of capital.
* The position date for 2021 varies by countries and is less than a full year.

Considering the direction of changes in capital controls in the financial sector, the share of outflow control tightening measures was high both in 2020 and 2021 (45 and 19 percent, respectively). Many of these were subsequently eased in 2021, when the share of outflow easing measures was somewhat higher (72 percent) than in the pre-pandemic years (Figure 16).

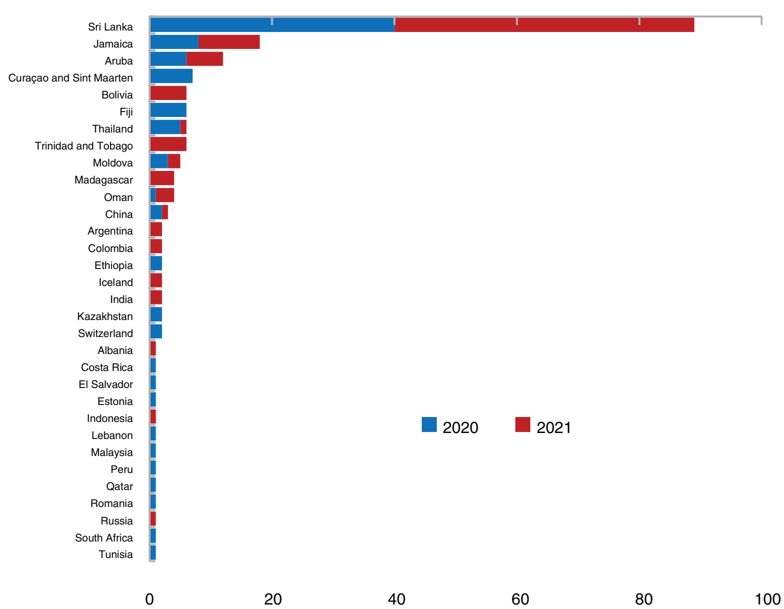
Looking at countries that implemented prudential policy actions in 2020 and 2021, Turkey took the highest number of measures (23 and 15, respectively), followed by Moldova (16 and 4, respectively), Trinidad and Tobago (12 and 2, respectively), and India (8 and 4, respectively; Figure 17, panel 1).

Figure 17: Countries Taking Policy Action in 2020–21*

1. Prudential Measures in the Financial Sector (Number of changes)**



2. Capital Controls in the Financial Sector (Number of changes)

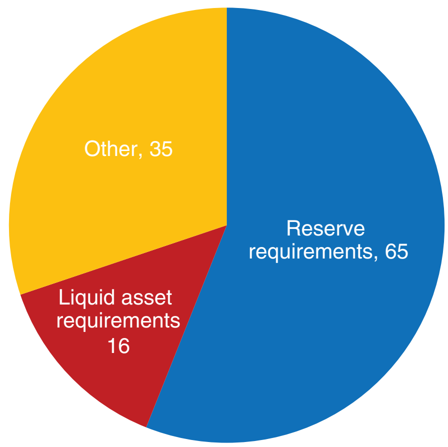


Source: AREAER database; and IMF staff calculations.
* The position date for 2021 varies by country and is less than a full year.
** Excludes countries with only one reported measure in 2020 and 2021 (Australia, Bahrain, Belize, Botswana, Croatia, Ethiopia, Latvia, Malta, Myanmar, Nicaragua, Nigeria, Poland, Portugal, Rwanda, Singapore, Sri Lanka, Tanzania, United Kingdom, Uzbekistan, Vietnam).

With respect to the number of changes in capital controls, Sri Lanka, by far, exceeds all other countries in 2020 and 2021 (40 and 49, reported measures, respectively). Jamaica (8 and 10, respectively), Aruba (6 and 6, respectively), and Curaçao and Sint Maarten (7 and 0, respectively) also made considerable use of capital controls (Figure 17, panel 2). The large pandemic-related decline in tourism played an important role in creating the conditions that led these countries to resort to capital controls.

Figure 18. Easing of Prudential Measures in the Financial Sector, 2020

(Number of easing measures)

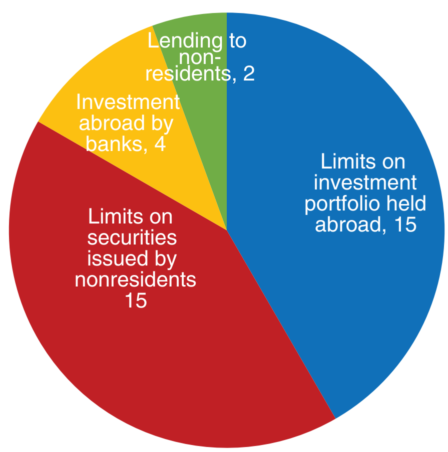


Source: AREAER database; and IMF staff calculations.

As mentioned earlier, in 2020 there was an unusually high number of relaxations in prudential measures (116). Reducing reserve requirements (65) and liquid asset requirements (16) features strongly among easing measures as countries tried to ensure that the financial sector had sufficient liquidity to continue to provide credit to the pandemic-affected real economy and support financial markets (Figure 18).

Figure 19. Tightening of Outflow Capital Controls in the Financial Sector, 2020

(Number of tightening measures)



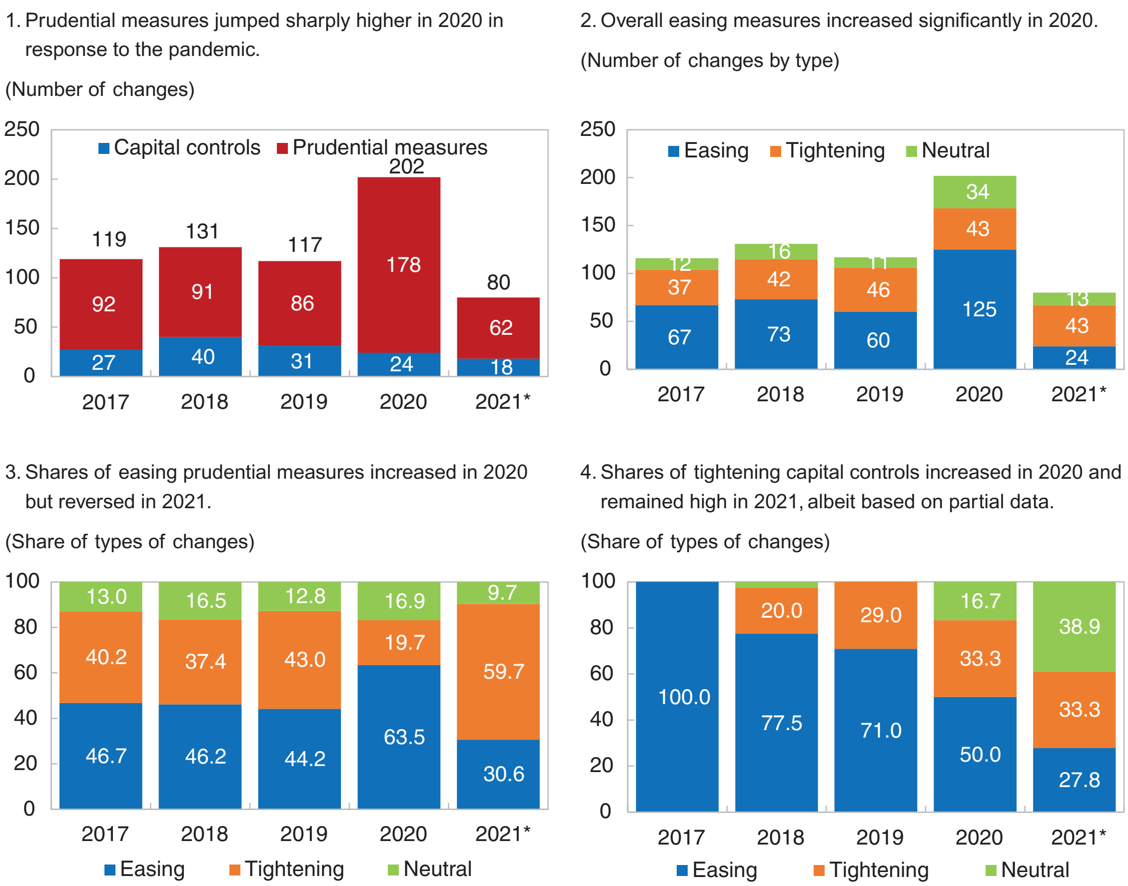
Source: AREAER database; and IMF staff calculations.

In 2020 there was also significant tightening of capital controls on outflows (36). Measures that tightened or imposed new restrictions on investment portfolios held abroad (15) and on securities issued by nonresidents (15) were the most common type of outflow controls tightened in response to the drying up of inflows and pressures on exchange rates during the pandemic (Figure 19)

Commercial banks and other credit institutions

Measures affecting commercial banks and other credit institutions were exceptionally abundant in 2020 (202), mostly as a result of prudential measures (178); the number of capital controls was lower than in pre-pandemic years (24; Figure 20, panel 1). As expected, the number of easing measures in 2020 was exceptionally high (125), while the number of tightening measures was in line with the pre-pandemic period (43). A somewhat higher number of neutral measures (34) is also observed, which reflects the extension of many pandemic-related measures as the pandemic dragged on (Figure 20, panel 2). As for the financial sector as a whole, prudential measures affecting commercial banks were mostly rules that eased their operations in 2020 (64 percent). These were subsequently reversed in 2021 with improving external and domestic economic conditions (60 percent; Figure 20, panel 3). For capital controls on commercial banks, the downward trend in the share of easing measures observed since 2017 continued (50 and 28 percent in 2020 and 2021, respectively), with 2020 and 2021 showing a higher share of tightening measures (33 percent in each year) than in previous years. Neutral changes (17 and 39 percent, respectively) reflect the extension of previously introduced measures (Figure 20, panel 4)

Figure 20. Capital Controls and Prudential Measures on Commercial Banks, 2017–21

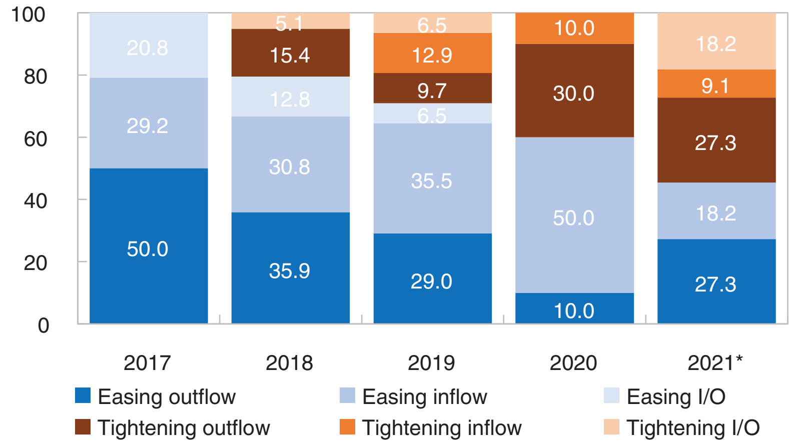


Source: AREAER database; and IMF staff calculations.
* The position date for 2021 varies by country and is less than a full year.

Regarding the direction of changes in capital controls on commercial banks (24 measures), 2020 is characterized by a large share of inflow control easing (50 percent) and outflow control tightening measures (30 percent). These measures reflect country responses to the pandemic, which led to large outflow pressures in certain countries, prompting them to introduce or tighten outflow controls and/or ease inflow controls (Figure 21). Measures tightening outflow controls in 2020 (6 measures) concerned limits on commercial banks' assets abroad (4 measures) and lending to nonresidents (2 measures).

Figure 21. Capital Controls on Commercial Banks, 2017–21

(Share of types of changes by direction; neutral changes are disregarded)



Source: AREAER database; and IMF staff calculations.
Note: I/O = Measures that affected both inflow and outflow of capital.
* The position date for 2021 varies by country and is less than a full year.

Some notable country examples of changes to capital controls on commercial banks in 2020 and 2021 are the following:

- *Controls on capital inflows:* Colombia and Costa Rica removed restrictions on residents' (including banks') borrowing from abroad. Ethiopia allowed domestic banks to borrow from abroad to fund foreign currency loans locally, and China temporarily eased limits on borrowing from abroad (by increasing the so-called macroprudential adjustment parameter from 1 to 1.25 for a few months). In contrast, Qatar tightened restrictions on banks' Tier 1 issuance abroad.
- *Controls on* capital *outflows:* Sri Lanka tightened limits on outward investment and suspended commercial banks' purchases of Sri Lankan sovereign bonds, but subsequently eased the restrictions by allowing these transactions to the extent that they are funded by new foreign currency inflows. Thailand tightened limits on Thai baht liquidity that domestic financial institutions may provide to a nonresident group without proof of underlying trade or investment. Oman tightened limits on banks' credit exposure to nonresidents. On the easing side, Indonesia relaxed capital limitations on foreign equity participation for certain commercial banks.
- *Controls* on *capital inflows and outflows:* Iceland introduced limits on commercial banks' derivative positions involving the Icelandic currency, which replaced the previous ban on such activities.

Similarly, some notable country examples of changes to prudential measures on commercial banks in 2020 and 2021 are the following:

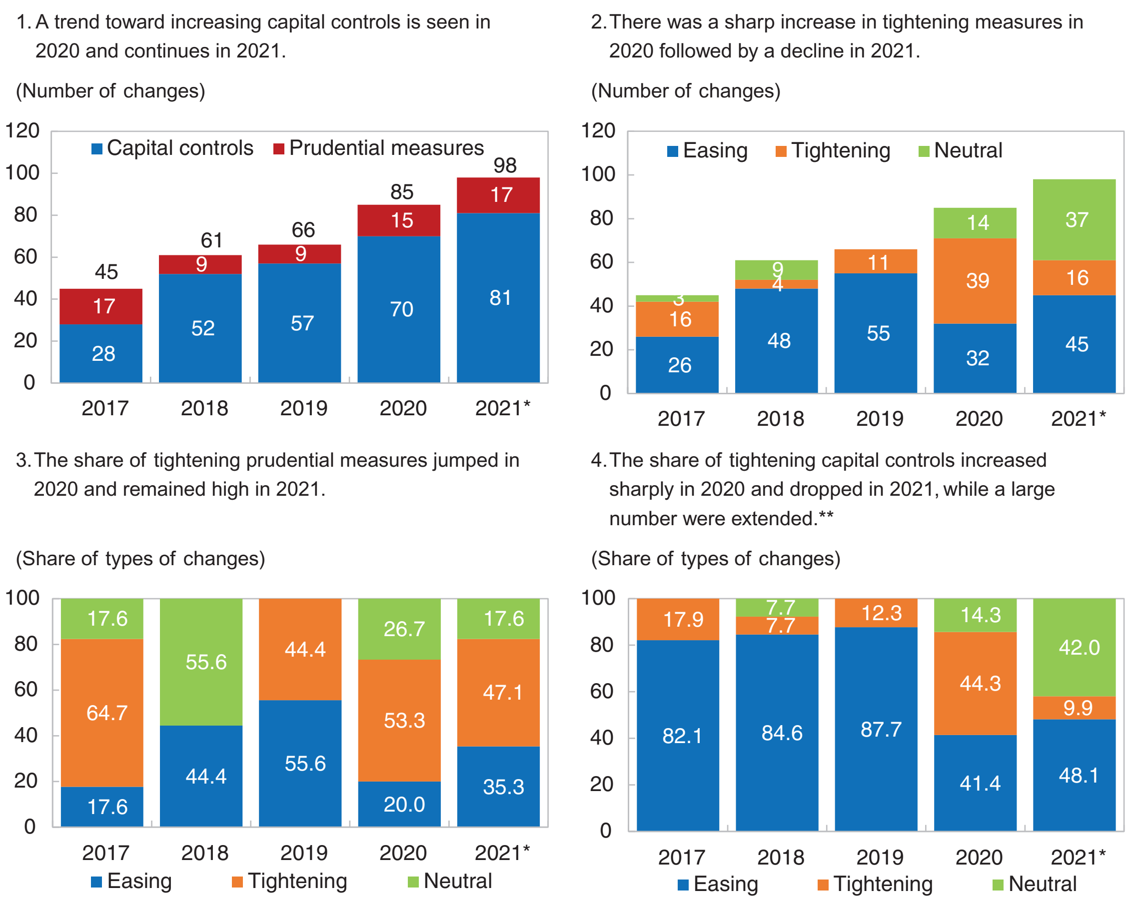
- *Reserve requirements:* As noted above, a reduction in reserve requirements (both for domestic and foreign currency liabilities) was a common policy response to the pandemic; among countries that reduced reserve requirements were Argentina, Aruba, Bahrain, Bangladesh, Bolivia, Botswana, Brazil, Cambodia, China, Croatia, El Salvador, Haiti, India, Indonesia, Jamaica, Lao P.D.R., Malaysia, Maldives, Moldova, Mongolia, Myanmar, Nicaragua, Pakistan, Peru, Philippines, Romania, Rwanda, Suriname, Tanzania, Trinidad and Tobago, Turkey, and United Arab Emirates.
- *Liquid asset requirements:* In a similar manner, easing of liquid asset requirements was another common pandemic policy response; among the countries easing liquid asset requirements were Aruba, Belarus, Cyprus, Georgia, Jamaica, Korea, Malaysia, Mauritius, and Peru.
- *Other measures:* Korea relaxed limits on commercial banks' foreign currency derivative positions, and Ghana relaxed the capital conservation buffer requirement for banks.

Institutional investors

The number of reported measures affecting institutional investors has been on an upward trend since 2017 and continued during the pandemic (85 and 98 measures, respectively; Figure 22, panel 1). However, 2020 stands out for the high number of tightening measures (39) and 2021 for the large number of neutral measures (37)—the latter reflecting mostly the extension of previously introduced measures (Figure 22, panel 2).

With respect to prudential measures affecting institutional investors, the share of tightening measures in 2020 and 2021 is fairly high (53 and 47 percent, respectively). This is in stark contrast to measures affecting commercial banks, for which easing measures dominated in the pandemic prudential policy responses. For prudential measures affecting institutional investors, there were only three instances of easing in 2020 (20 percent; Figure 22, panel 3). This likely reflects greater leeway to relax prudential measures on commercial banks relative to institutional investors, given the reforms implemented in the banking sector following the global financial crisis. Examples of tightening of prudential measures on institutional investors include India, where limits on mutual funds' exposure to single issuers were tightened, and Montenegro, where limits on insurance companies' exposure to investment funds managed by the same manager were tightened. Capital controls on institutional investors were more common (70 and 81 in 2020 and 2021, respectively, which also exceeds those on commercial banks) and were characterized by tightening of controls in 2020 and many extensions (neutral) in 2021 (Figure 22, panel 4).

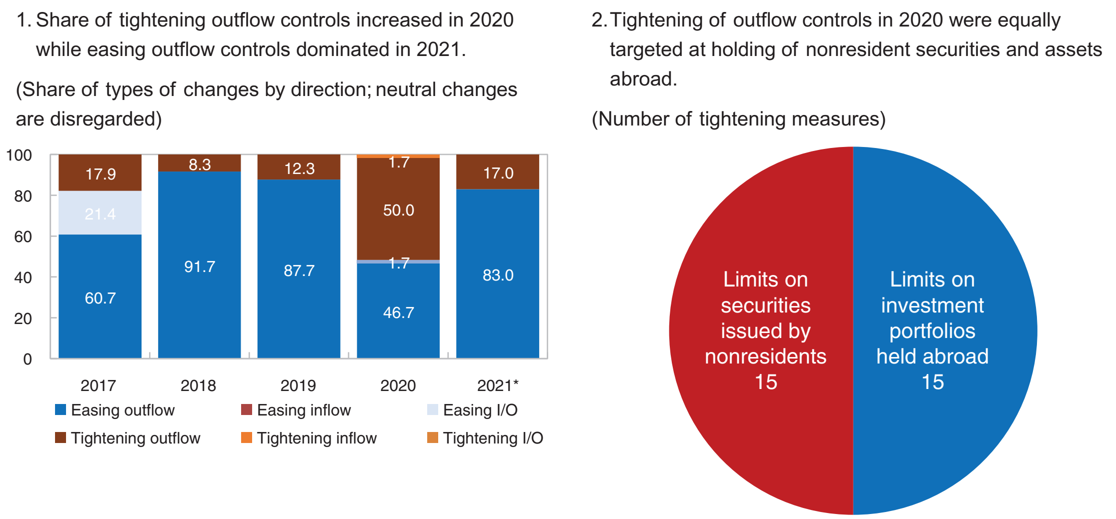
Figure 22. Capital Controls and Prudential Measures on Institutional Investors, 2017–21



Source: AREAER database; and IMF staff calculations.
* The position date for 2021 varies by country and is less than a full year.
** Measures that were extended from the original duration are counted as neutral.

Looking at the direction of capital controls on institutional investors, tightening of outflow controls was common in 2020 (50 percent), with subsequent easing in 2021 (83 percent, Figure 23, panel 1). This reflects mainly tightening of limits on institutional investors' investment in securities issued by nonresidents (15) and restrictions on institutional investors' portfolios held abroad (15) in a bid to stem capital outflows in the context of balance of payments pressure during the early period of the pandemic (Figure 23, panel 2).

Figure 23. Capital Controls on Institutional Investors, 2020–21



Source: AREAER database; and IMF staff calculations.
Note: I/O = Measures that affected both inflow and outflow of capital.
* The position date for 2021 varies by country and is less than a full year.

Some notable country examples of changes to capital controls on institutional investors in 2020 and 2021 are the following:

- *Controls on capital inflows:* In 2020, Kazakhstan allowed nonresident insurance companies and insurance brokers from World Trade Organization (WTO) member countries to open branches locally as part of its commitments in the WTO. Moldova tightened limits on nonresident insurance companies' investment portfolios held locally.
- *Controls on capital outflows:* Aruba temporarily suspended the licensing of outward capital transactions and revoked such general licenses that existed at the outset of the pandemic but eliminated these restrictions in 2021. Similarly, Curaçao and Sint Maarten suspended such licenses for transactions above a certain threshold. Sri Lanka temporarily suspended outward remittances and investments from resident insurance companies and subsequently made adjustments to those restrictions (both easing and tightening them). Fiji prohibited outward investment by insurance companies and the Fiji National Provident Fund.

Compilation Guide[1]

Status Under IMF Articles of Agreement

Article VIII	The member country has accepted the obligations of Article VIII, Sections 2, 3, and 4, of the IMF's Articles of Agreement.
Article XIV	The member country continues to avail itself of the transitional arrangements of Article XIV, Section 2.

Exchange Measures

Restrictions and/or multiple currency practices	Exchange restrictions and multiple currency practices (MCPs) maintained by a member country under Article VIII, Sections 2, 3, and 4, or under Article XIV, Section 2, of the IMF's Articles of Agreement, as specified in the latest IMF staff reports issued as of December 31, 2020. Information on exchange restrictions and MCPs or on the nonexistence of exchange restrictions and MCPs for countries with unpublished IMF staff reports are published only with the consent of the authorities. If no consent has been received, the AREAER indicates that "Information is not publicly available." Hence, "Information is not publicly available" does not necessarily imply that the country maintains exchange restrictions or MCPs. It indicates only that the country's relevant IMF staff report has not been published and that the authorities have not consented to the publication of the information on the existence of exchange restrictions and MCPs. Because the relevant IMF staff report may refer to years before the reporting period for this volume of the AREAER; therefore, more recent changes in the exchange system may not be included here. Changes in the category "Restrictions and/or multiple currency practices" are reflected in the edition of the AREAER that covers the calendar year during which the IMF staff report including information on such changes is issued. Changes in these measures which give rise to exchange restrictions or MCPs and that affect other categories of the country tables are reported under the relevant categories in the AREAER, in accordance with the normal reporting periods.
Exchange measures imposed for security reasons	Exchange measures on payments and transfers in connection with international transactions imposed by member countries for reasons of national or international security.
In accordance with IMF Executive Board Decision No. 144-(52/51)	Security restrictions on current international payments and transfers on the basis of IMF Executive Board Decision No. 144-(52/51), which establishes the obligation of members to notify the IMF before imposing such restrictions, or, if circumstances preclude advance notification, as promptly as possible.
Other security restrictions	Other restrictions imposed for security reasons (e.g., in accordance with UN or EU regulations) but not notified to the IMF under Board Decision 144-(52/51).

Exchange Arrangement

Currency	The official legal tender of the country.
Other legal tender	The existence of another currency that is officially allowed to be used in the country.
Exchange rate structure	If there is one exchange rate, the system is called unitary. If there is more than one exchange rate that may be used simultaneously for different purposes and/or by different entities, and if these exchange rates give rise to MCPs or differing rates for current and capital transactions, the system is called dual or multiple. Different effective exchange rates resulting from exchange taxes or subsidies, excessive exchange

[1] Specific references to the underlying legal materials and hyperlinks to the legal texts are included in a separate column (References to legal instruments and hyperlinks) at each category level in each section of the country chapters.

rate spreads between buying and selling rates, bilateral payments agreements, and broken cross rates are not included in this category. Changes in measures within this category are reported in accordance with the normal reporting periods. Reclassification in cases related to changes in MCPs occurs in the edition of the AREAER, that covers the calendar year during which the IMF staff report that includes information on such changes is issued.

Classification Describes and classifies the de jure and the de facto exchange rate arrangements.

De jure

The description and effective dates of the de jure exchange rate arrangements are provided by the authorities. By Article IV, Section 2(a) of the Fund's Articles of Agreement and Paragraph 16 of the 2007 Surveillance Decision No. 13919-(07/51), each member is required to notify the Fund of the exchange arrangements it intends to apply and to notify the Fund promptly of any changes in its exchange arrangements. Country authorities are also requested to identify, whenever possible, which of the existing categories of exchange rate arrangements below most closely corresponds to the de jure arrangement in effect. Country authorities may also wish to briefly describe their official exchange rate policy. The description includes officially announced or estimated parameters of the exchange arrangement (e.g., parity, bands, weights, rate of crawl, and other indicators used to manage the exchange rate). It also provides information on the computation of the exchange rate.

De facto

IMF staff classifies the de facto exchange rate arrangements according to the categories below. The name and the definition of the categories describing the de facto exchange rate arrangements have been modified in accordance with the revised classification methodology, as of February 1, 2009.[2] Where the description of the de jure arrangement can be empirically confirmed by the IMF staff over at least the previous six months, the exchange rate arrangement will be classified in the same way on a de facto basis.

Because the de facto methodology for classification of exchange rate regimes is based on a backward-looking approach that relies on past exchange rate movement and historical data, some countries are reclassified retroactively to a date when the behavior of the exchange rates changed and matched the criteria for reclassification to the appropriate category. For these countries, if the retroactive date of reclassification is prior to the period covered in this report, then the effective date of change to be entered in the country chapter and the changes section is deemed to be the first day of the year in which the decision of reclassification took place.

No separate legal tender Classification as an *exchange rate arrangement with no separate legal tender* involves the confirmation of the country authorities' de jure exchange rate arrangement. The currency of another country circulates as the sole legal tender (formal dollarization).

Adopting such an arrangement implies the complete surrender by the monetary authorities of control over domestic monetary policy.

Exchange arrangements of countries that belong to a monetary or currency union in which the same legal tender is shared by the members of the union are classified under the arrangement governing the joint currency. This classification is based on the behavior of the common currency, whereas the previous classification was based on the lack of a separate legal tender. The classification thus reflects only a definitional change and is not based on a judgment that there has been a substantive change in the exchange arrangement or in other policies of the currency union or its members.

[2] For further details see IMF Working Paper 09/211.

Currency board	Classification as a *currency board* involves the confirmation of the country authorities' de jure exchange rate arrangement. A currency board arrangement is a monetary arrangement based on an explicit legislative commitment to exchange domestic currency for a specified foreign currency at a fixed exchange rate, combined with restrictions on the issuing authority to ensure the fulfillment of its legal obligation. This implies that domestic currency is usually fully backed by foreign assets, eliminating traditional central bank functions such as monetary control and lender-of-last-resort and leaving little scope for discretionary monetary policy. Some flexibility may still be afforded, depending on the strictness of the banking rules of the currency board arrangement.
Conventional peg	Classification as a *conventional peg* involves the confirmation of the country authorities' de jure exchange rate arrangement. For this category the country formally (de jure) pegs its currency at a fixed rate to another currency or basket of currencies, where the basket is formed, for example, from the currencies of major trading or financial partners and weights reflect the geographic distribution of trade, services, or capital flows. The anchor currency or basket weights are public or notified to the IMF. The country authorities stand ready to maintain the fixed parity through direct intervention (i.e., via sale or purchase of foreign exchange in the market) or indirect intervention (e.g., via exchange rate related use of interest rate policy, imposition of foreign exchange regulations, exercise of moral suasion that constrains foreign exchange activity, or intervention by other public institutions). There is no commitment to irrevocably keep the parity, but the formal arrangement must be confirmed empirically: the exchange rate may fluctuate within narrow margins of less than ±1% around a central rate or the maximum and minimum value of the spot market exchange rate must remain within a narrow margin of 2% for at least six months.
Stabilized arrangement	Classification as a *stabilized arrangement* entails a spot market exchange rate that remains within a margin of 2% for six months or more (with the exception of a specified number of outliers or step adjustments) and is not floating. The required margin of stability can be met either with respect to a single currency or a basket of currencies, where the anchor currency or the basket is ascertained or confirmed using statistical techniques. Classification as a stabilized arrangement requires that the statistical criteria are met and that the exchange rate remains stable as a result of official action (including structural market rigidities). The classification does not imply a policy commitment on the part of the country authorities.
Crawling peg	Classification as a *crawling peg* involves the confirmation of the country authorities' de jure exchange rate arrangement. The currency is adjusted in small amounts at a fixed rate or in response to changes in selected quantitative indicators, such as past inflation differentials vis-à-vis major trading partners or differentials between the inflation target and expected inflation in major trading partners. The rate of crawl can be set to generate inflation-adjusted changes in the exchange rate (backward looking) or set at a predetermined fixed rate and/or below the projected inflation differentials (forward looking). The rules and parameters of the arrangement are public or notified to the IMF.
Crawl-like arrangement	For classification as a *crawl-like arrangement*, the exchange rate must remain within a narrow margin of 2% relative to a statistically identified trend for six months or more (with the exception of a specified number of outliers) and the exchange rate arrangement cannot be considered as floating. Normally, a minimum rate of change greater than allowed under a stabilized (peg-like) arrangement is required. However, an arrangement will be considered crawl-like with an annualized rate of change of at least 1%, provided that the exchange rate appreciates or depreciates in a sufficiently monotonic and continuous manner.

Pegged exchange rate within horizontal bands	Classification as a *pegged exchange rate within horizontal bands* involves the confirmation of the country authorities' de jure exchange rate arrangement. The value of the currency is maintained within certain margins of fluctuation of at least ±1% around a fixed central rate, or the margin between the maximum and minimum value of the exchange rate exceeds 2%. It includes arrangements of countries in the ERM of the European Monetary System (EMS), which was replaced with the ERM II on January 1, 1999, for those countries with margins of fluctuation wider than ±1%. The central rate and width of the band are public or notified to the IMF.
Other managed arrangement	This category is a residual and is used when the exchange rate arrangement does not meet the criteria for any of the other categories. Arrangements characterized by frequent shifts in policies may fall into this category.
Floating	A *floating* exchange rate is largely market determined, without an ascertainable or predictable path for the rate. In particular, an exchange rate that satisfies the statistical criteria for a stabilized or a crawl-like arrangement will be classified as such unless it is clear that the stability of the exchange rate is not the result of official actions. Foreign exchange market intervention may be either direct or indirect, and such intervention serves to moderate the rate of change and prevent undue fluctuations in the exchange rate, but policies targeting a specific level of the exchange rate are incompatible with floating. Indicators for managing the rate are broadly judgmental (e.g., balance of payments position, international reserves, parallel market developments). Floating arrangements may exhibit more or less exchange rate volatility, depending on the size of the shocks affecting the economy.
Free floating	A floating exchange rate can be classified as *free floating* if intervention occurs only exceptionally and aims to address disorderly market conditions and if the authorities have provided information or data confirming that intervention has been limited to at most three instances in the previous six months, each lasting no more than three business days. If the information or data required are not available to the IMF staff, the arrangement will be classified as floating. Detailed data on intervention or official foreign exchange transactions will not be requested routinely from member countries, but only when other information available to IMF staff is insufficient to resolve uncertainties about the appropriate classification.
Official exchange rate	Provides information on the computation of the exchange rate and the use of the official exchange rate (accounting, customs valuation purposes, foreign exchange transactions with the government).
Monetary policy framework	The category includes a brief description of the monetary policy framework in effect according to the following subcategories:
Exchange rate anchor	The monetary authority buys or sell foreign exchange to maintain the exchange rate at its predetermined level or within a range. The exchange rate thus serves as the nominal anchor or intermediate target of monetary policy. These frameworks are associated with exchange rate arrangements with no separate legal tender, currency board arrangements, pegs (or stabilized arrangements) with or without bands, crawling pegs (or crawl-like arrangements), and other managed arrangements.
U.S. dollar	The U.S dollar is the nominal anchor or the only legal tender.
Euro	The euro is the nominal anchor or the only legal tender.
Composite	A currency composite consisting of two or more currencies is the nominal anchor.
Other	A currency other than the U.S dollar and the euro is the nominal anchor or the only legal tender.
Monetary aggregate target	The intermediate target of monetary policy is a monetary aggregate such as M0, M1, or M2, although the country may also set targets for inflation. The central bank may use a quantity (central bank reserves or base money) or price variable (policy rate) as operational target.

Inflation-targeting framework	This involves the public announcement of numerical targets for inflation, with an institutional commitment by the monetary authority to achieve these targets, typically over a medium-term horizon. Additional key features normally include increased communication with the public and the markets about the plans and objectives of monetary policymakers and increased accountability of the central bank for achieving its inflation objectives. Monetary policy decisions are often guided by the deviation of forecasts of future inflation from the announced inflation target, with the inflation forecast acting (implicitly or explicitly) as the intermediate target of monetary policy.
Target setting body	The official body or organizational unit responsible for setting and/or adjusting the inflation targets.
Inflation target	The numerical targets for inflation which have been publicly announced by the Central Bank. Inflation targets are generally expressed as i) a point target, ii) targets with plus minus a certain numerical limit, and iii) as a band or range. The target measure is defined in terms of end-year inflation or as average annual inflation. CPI and core CPI are based on national definitions, which may vary from country to country. Target horizon is the term in years of inflation targets as publicly announced by the Central Bank.
Operating target (policy rate)	Policy rate is used as the operating target of the monetary policy to achieve the inflation target. Short-term policy interest rate target (for example, overnight, one week, two weeks, etc.) is generally expressed as i) a point target, ii) target with a certain numerical limit above and below the target, and iii) as a band or range (upper and lower limits).
Accountability	Accountability framework that requires the central bank to explain its conduct of monetary policy in the pursuit of achieving its inflation target. For example, the governor or representatives of the central bank are required to appear before Parliament or one of its committees to explain actions and views on monetary policy and economic developments. It may also require reporting inflation targets through *Open letters* on monetary policy. Usually written by the Governor on behalf of the Monetary Policy Committee to the government in the event that inflation misses the inflation target by a pre-specified amount.
Transparency	The manner and level of detail how monetary policy decisions are communicated to the public. Institutional transparency is gauged by the communication vehicles employed by the central bank, including the release of inflation reports and the frequency and detail of these reports, the announcement of changes in the stance of monetary policy via press release, reviews of inflation performance and changes in monetary policy, the publication of inflation forecasting models, and the use of media and other public presentations.
Other monetary framework	The country has no explicitly stated nominal anchor, but rather monitors various indicators in conducting monetary policy. This category is also used when no relevant information on the country is available.
Exchange tax	Foreign exchange transactions are subject to a special tax. Bank commissions charged on foreign exchange transactions are not included in this category; rather, they are listed under the exchange arrangement classification.
Exchange subsidy	Foreign exchange transactions are subsidized by using separate, nonmarket exchange rates.
Foreign exchange market	The existence of a foreign exchange market.
Spot exchange market	Institutional setting of the foreign exchange market for spot transactions and market participants. Existence and significance of the parallel market.

Operated by the central bank

The role of the central bank in providing access to foreign exchange to market participants through a foreign exchange standing facility, allocation of foreign exchange to authorized dealers, or other legal and private persons, and the management of buy or sell auctions or fixing sessions. Price determination and frequency of central bank operations.

A foreign exchange standing facility allows market participants to buy foreign exchange from or sell it to the central bank at predetermined exchange rates at their own initiative and is usually instrumental in maintaining a hard or soft peg arrangement. The credibility of the facility depends to a large extent on the availability of foreign exchange reserves to back the facility.

Allocation involves redistribution of foreign exchange inflows by the central bank to market participants for specific international transactions or in specific amounts (rationing). Foreign exchange allocation is often used to provide foreign exchange for strategic imports such as oil or food when foreign exchange reserves are scarce. In an allocation system, companies and individuals often transact directly with the central bank, and commercial banks may buy foreign exchange only for their clients' underlying international transactions. Purchases of foreign exchange for the banks' own books typically are not permitted.

Auctions are organized by the central bank, usually for market participants to buy and /or sell foreign exchange. They can take the form of multiple-price auctions (all successful bidders pay the price they offer) or single-price auctions (all successful bidders pay the same price, which is the market-clearing/cut-off price). The authorities may exercise discretion in accepting or rejecting offers, and sometimes a floor price is determined in advance, below which offers are not accepted. The frequency of auctions depends mainly on the amount or availability of foreign exchange to be auctioned and on the role the auction plays in the foreign exchange market.

Fixing sessions are often organized by the central bank at the early stage of market development to establish a market-clearing exchange rate. The central bank monitors the market closely and often actively participates in price formation by selling or buying during the session to achieve a certain exchange rate target. The price determined at the fixing session is often used for foreign exchange transactions outside the session and/or for accounting and valuation purposes.

Interbank market

The organization and operation of the interbank market or interventions. Existence of brokerage, over the counter, and market-making arrangements.

Forward exchange market

The existence of a forward exchange market and the institutional arrangement and market participants.

Official cover of forward operations

An official entity (the central bank or the government) assumes the exchange risk of certain foreign exchange transactions.

Arrangements for Payments and Receipts

Prescription of currency requirements

The official requirements affecting the selection of currency and the method of settlement for transactions with other countries. When a country has payments agreements with other countries, the terms of these agreements often lead to a prescription of currency for specified categories of payments to, and receipts from, the countries concerned. This category includes information on the use of domestic currency in transactions between residents and nonresidents, both domestically and abroad; it also indicates any restrictions on the use of foreign currency among residents.

Payments arrangements

Bilateral payments arrangements

Two countries have an agreement to prescribe specific rules for payments to each other, including cases in which private parties are also obligated to use specific currencies. These agreements can be either operative or inoperative.

Regional arrangements	More than two parties participate in a payments agreement.
Clearing agreements	The official bodies of two or more countries agree to offset with some regularity the balances that arise from payments to each other as a result of the exchange of goods, services, or—less often—capital.
Barter agreements and open accounts	The official bodies of two or more countries agree to offset exports of goods and services to one country with imports of goods and services from the same country, without payment.
Administration of control	The authorities' division of responsibility for monitoring policy, administering exchange controls, and determining the extent of delegation of powers to outside agencies (banks are often authorized to effect foreign exchange transactions).
Payments arrears	Official or private residents of a member country default on their payments or transfers in foreign exchange to nonresidents. This category includes only the situation in which domestic currency is available for residents to settle their debts but they are unable to obtain foreign exchange—for example, because of the presence of an officially announced or unofficial queuing system; it does not cover nonpayment by private parties owing to bankruptcy.
Controls on trade in gold (coins and/or bullion)	Separate rules for trading in gold domestically and with foreign countries.
Controls on exports and imports of banknotes	Regulations governing the physical movement of means of payment between countries. Where information is available, the category distinguishes between separate limits for the (1) export and import of banknotes by travelers and (2) export and import of banknotes by banks and other authorized financial institutions.

Resident Accounts

Indicates whether resident accounts that are maintained in the national currency or in foreign currency, locally or abroad, are allowed and describes how they are treated and the facilities and limitations attached to such accounts. When there is more than one type of resident account, the nature and operation of the various types of accounts are also described; for example, whether residents are allowed to open foreign exchange accounts with or without approval from the exchange control authority, whether these accounts may be held domestically or abroad, and whether the balances on accounts held by residents in domestic currency may be converted into foreign currency.

Nonresident Accounts

Indicates whether local nonresident accounts maintained in the national currency or in foreign currency are allowed and describes how they are treated and the facilities and limitations attached to such accounts. When there is more than one type of nonresident account, the nature and operation of the various types of accounts are described.

Blocked accounts	Accounts of nonresidents, usually in domestic currency. Regulations prohibit or limit the conversion and/or transfer of the balances of such accounts.

Imports and Import Payments

Describes the nature and extent of exchange and trade restrictions on imports.

Foreign exchange budget	Information on the existence of a foreign exchange plan, i.e., prior allocation of a certain amount of foreign exchange, usually on an annual basis, for the importation of specific types of goods and/or services. In some cases, also covers differentiations among individual importers.
Financing requirements for imports	Information on specific import-financing regulations limiting the rights of residents to enter into private contracts in which the financing options differ from those in the official regulations.

Documentation requirements for release of foreign exchange for imports	
Domiciliation requirements	The obligation to domicile the transactions with a specified (usually domestic) financial institution.
Preshipment inspection	Most often a compulsory government measure aimed at establishing the veracity of the import contract in terms of volume, quality, and price.
Letters of credit	Parties are obligated to use letters of credit (LCs) as a form of payment for their imports.
Import licenses used as exchange licenses	Import licenses are used not for trade purposes but instead to restrict the availability of foreign exchange for legitimate trade.
Import licenses and other nontariff measures	
Positive list	A list of goods that may be imported.
Negative list	A list of goods that may not be imported.
Open general licenses	Indicates arrangements whereby certain imports or other international transactions are exempt from the restrictive application of licensing requirements.
Licenses with quotas	Refers to situations in which a license for the importation of a certain good is granted, but a specific limit is imposed on the amount to be imported.
Other nontariff measures	May include prohibitions on imports of certain goods from all countries or of all goods from a certain country. Several other nontariff measures are used by countries (e.g., phytosanitary examinations, setting of standards), but these are not covered fully in the report.
Import taxes and/or tariffs	A brief description of the import tax and tariff system, including taxes levied on the foreign exchange made available for imports.
Taxes collected through the exchange system	Indicates if any taxes apply to the exchange side of an import transaction.
State import monopoly	Private parties are not allowed to engage in the importation of certain products, or they are limited in their activity.

Exports and Export Proceeds

	Describes restrictions on the use of export proceeds, as well as regulations on exports.
Repatriation requirements	The obligation of exporters to repatriate export proceeds.
Surrender requirements	
Surrender to the central bank	Regulations requiring the recipient of repatriated export proceeds to sell, sometimes at a specified exchange rate, any foreign exchange proceeds in return for local currency to the central bank.
Surrender to authorized dealers	Regulations requiring the recipient of repatriated export proceeds to sell, sometimes at a specified exchange rate, any foreign exchange proceeds in return for local currency to commercial banks or exchange dealers authorized for this purpose or on a foreign exchange market.
Financing requirements	Information on specific export-financing regulations limiting the rights of residents to enter into private contracts in which the financing options differ from those in the official regulations.

Documentation requirements The same categories as in the case of imports are used.

Export licenses Restrictions on the right of residents to export goods. These restrictions may take the form of quotas (where a certain quantity of shipment abroad is allowed) or the absence of quotas (where the licenses are issued at the discretion of the foreign trade control authority).

Export taxes A brief description of the export tax system, including any taxes that are levied on foreign exchange earned by exporters.

Payments for Invisible Transactions and Current Transfers

Describes the procedures for effecting payments abroad in connection with current transactions in invisibles, with reference to prior approval requirements, the existence of quantitative and indicative limits, and/or bona fide tests. Detailed information on the most common categories of transactions is provided only when regulations differ for the various categories. Indicative limits establish maximum amounts up to which the purchase of foreign exchange is allowed upon declaration of the nature of the transaction, mainly for statistical purposes. Amounts above those limits are granted if the bona fide nature of the transaction is established by the presentation of appropriate documentation. Bona fide tests also may be applied to transactions for which quantitative limits have not been established.

Trade-related payments Includes freight and insurance (including possible regulations on non-trade-related insurance payments and transfers), unloading and storage costs, administrative expenses, commissions, and customs duties and fees.

Investment-related payments Includes profits and dividends, interest payments (including interest on debentures, mortgages, etc.), amortization of loans or depreciation of foreign direct investments, and payments and transfers of rent.

Payments for travel Includes international travel for business, tourism, etc.

Personal payments Includes medical expenditures abroad, study expenses abroad, pensions (including regulations on payments and transfers of pensions by both state and private pension providers on behalf of nonresidents, as well as the transfer of pensions due to residents living abroad), and family maintenance and alimony (including regulations on payments and transfers abroad of family maintenance and alimony by residents).

Foreign workers' wages Transfer abroad of earnings by nonresidents working in the country.

Credit card use abroad Use of credit and debit cards to pay for invisible transactions.

Other payments Includes subscription and membership fees, authors' royalties, consulting and legal fees, etc.

Proceeds from Invisible Transactions and Current Transfers

Describes regulations governing exchange receipts derived from transactions in invisibles—including descriptions of any limitations on their conversion into domestic currency—and the use of those receipts.

Repatriation requirements The definitions of repatriation and surrender requirements are similar to those applied to export proceeds.

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Restrictions on use of funds Refers mainly to the limitations imposed on the use of receipts previously deposited in certain types of bank accounts.

Capital Transactions

Describes regulations influencing both inward and outward capital flows. The concept of controls on capital transactions is interpreted broadly. Thus, controls on capital transactions include prohibitions; need for prior approval, authorization, and notification; dual and multiple exchange rates; discriminatory taxes; and reserve requirements or interest penalties imposed by the authorities that regulate the conclusion or execution of transactions or transfers; or the holding of assets at home by nonresidents and abroad by residents. The coverage of the regulations applies to receipts as well as to payments and to actions initiated by nonresidents and residents. In addition, because of the close association with capital transactions, information is also provided on local financial operations conducted in foreign currency, describing specific regulations in force that limit residents' and nonresidents' issuing of securities denominated in foreign currency or, generally, limitations on contract agreements expressed in foreign exchange.

Repatriation requirements The definitions of repatriation and surrender requirements are similar to those applied to export proceeds.

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Controls on capital and money market instruments Refers to public offerings or private placements on primary markets or their listing on secondary markets.

On capital market securities Refers to shares and other securities of a participating nature and to bonds and other securities with an original maturity of more than one year.

Shares or other securities of a participating nature Includes transactions involving shares and other securities of a participating nature if they are not effected for the purpose of acquiring a lasting economic interest in the management of the enterprise concerned. Investments for the purpose of acquiring a lasting economic interest are addressed under foreign direct investments.

Bonds or other debt securities Refers to bonds and other securities with an original maturity of more than one year. The term "other securities" includes notes and debentures.

On money market instruments Refers to securities with an original maturity of one year or less and includes short-term instruments such as certificates of deposit and bills of exchange. The category also includes treasury bills and other short-term government paper, bankers' acceptances, commercial papers, interbank deposits, and repurchase agreements.

On collective investment securities Includes share certificates and registry entries or other evidence of investor interest in an institution for collective investment such as mutual funds, and unit and investment trusts.

Controls on derivatives and other instruments Refers to operations in other negotiable instruments and nonsecured claims not covered under the above subsections. These may include operations in rights; warrants; financial options and futures; secondary market operations in other financial claims (including sovereign loans, mortgage loans, commercial credits, negotiable instruments originating as loans, receivables, and discounted bills of trade);

	forward operations (including those in foreign exchange); swaps of bonds and other debt securities; credits and loans; and other swaps (e.g., interest rate, debt/equity, equity/debt, foreign currency, as well as swaps of any of the instruments listed above). Also included are controls on operations in foreign exchange without any other underlying transaction (e.g., spot or forward trading on the foreign exchange markets, forward cover operations, etc.).
Controls on credit operations	
Commercial credits	Covers operations directly linked with international trade transactions or with the rendering of international services.
Financial credits	Includes credits other than commercial credits granted by all residents, including banks, to nonresidents or vice versa.
Guarantees, sureties, and financial backup facilities	Includes guarantees, sureties, and financial backup facilities provided by residents to nonresidents and vice versa. Also includes securities pledged for payment or performance of a contract—such as warrants, performance bonds, and standby letters of credit—and financial backup facilities that are credit facilities used as a guarantee for independent financial operations.
Controls on direct investment	Refers to investments for the purpose of establishing lasting economic relations both abroad by residents and domestically by nonresidents. These investments are essentially for the purpose of producing goods and services, in particular, investments that allow investor participation in the management of the enterprise. The category includes the creation or extension of a wholly owned enterprise, subsidiary, or branch and the acquisition of full or partial ownership of a new or existing enterprise that results in effective influence over the operations of the enterprise.
Controls on liquidation of direct investment	Refers to the transfer of principal, including the initial capital and capital gains, of a foreign direct investment as defined above.
Controls on real estate transactions	Refers to the acquisition of real estate not associated with direct investment, including, for example, investments of a purely financial nature in real estate or the acquisition of real estate for personal use.
Controls on personal capital transactions	Covers transfers initiated on behalf of private persons and intended to benefit other private persons. Includes transactions involving property to which the promise of a return to the owner with payments of interest is attached (e.g., loans or settlements of debt in their country of origin by immigrants), and transfers effected free of charge to the beneficiary (e.g., gifts and endowments, loans, inheritances and legacies, or emigrants' assets).

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions	Describes regulations specific to these institutions, such as monetary, prudential, and foreign exchange controls. Inclusion of an entry in this category does not necessarily signify that the aim of the measure is to control the flow of capital. Some of these items (e.g., borrowing abroad, lending to nonresidents, purchase of locally issued securities denominated in foreign exchange, investment regulations) may be repetitions of the entries under respective categories of controls on capital and money market instruments, credit operations, or direct investments when the same regulations apply to commercial banks as well as to other residents.
Open foreign exchange position limits	Describes regulations on certain commercial bank balance sheet items (including capital) and on limits covering commercial banks' positions in foreign currencies (including gold).

Provisions specific to institutional investors	Describes controls specific to institutions, such as insurance companies, pension funds, investment firms (including brokers, dealers, or advisory firms), and other securities firms (including collective investment funds). Incorporates measures that impose limitations on the composition of the institutional investors' foreign or foreign currency assets (reserves, accounts) and liabilities (e.g., investments in equity capital of institutional investors or borrowing from nonresidents) and/or that differentiate between residents and nonresidents. Examples of such controls are restrictions on investments because of rules regarding the technical, mathematical, security, or mandatory reserves; solvency margins; premium reserve stocks; or guarantee funds of nonbank financial institutions. Inclusion of an entry in this category does not necessarily signify that the aim of the measure is to control the flow of capital.
Insurance companies	
Pension funds	
Investment firms and collective investment funds.	

Listing conventions used in the report are as follows:

- When it is unclear whether a particular category or measure exists—because pertinent information is not available at the time of publication—the category is displayed with the notation "n.a."
- If a measure is known to exist but specific information on it is not available, the category is displayed with the notation "yes."
- If no measure exists on any item within a category, the category is displayed with the notation "no."
- If members have provided the IMF staff with information indicating that a category or an item is not regulated, these are marked by "n.r."
- When relevant documents have not been published and the authorities have not consented to the publication of the information as included in the IMF staff report, the text reads "Information is not publicly available."

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	Total number of Member Countries with these features[1]	Afghanistan, I.R. of	Albania	Algeria	Andorra	Angola	Antigua and Barbuda	Argentina	Armenia	Australia	Austria	Azerbaijan, Republic of	The Bahamas	Bahrain, Kingdom of	Bangladesh
International Financial Statistics (IFS) code:		512	914	612	171	614	311	213	911	193	122	912	313	419	513
Status Under IMF Articles of Agreement															
Article VIII	173		•	•	•		•	•	•	•	•	•	•	•	•
Article XIV	17	•				•									
Exchange Rate Arrangements															
No separate legal tender	14				▲										
Currency board	10						◊								
Conventional peg	38												◊	◊	
Stabilized arrangement	24			◊								◊			◊
Crawling peg	3														
Crawl-like arrangement	24	◊						◊							
Pegged exchange rate within horizontal bands	1														
Other managed arrangement	12														
Floating	32		•			•			•						
Free floating	32									•	⊕				
Exchange rate structure															
Dual exchange rates	12								•				•		
Multiple exchange rates	10					•									
Arrangements for Payments and Receipts															
Bilateral payments arrangements	58	•		•		•		•	•			•			•
Payments arrears	23					•	•	•							
Controls on payments for invisible transactions and current transfers	94		•	•		•	•	•				•	•		•
Proceeds from exports and/or invisible transactions															
Repatriation requirements	85		•	•		•	–	•				•	•		•
Surrender requirements	63			•		•		•					•		•
Capital Transactions															
On capital market securities	156		•	•		•	•	•	•	•	•	•	•	•	•
On money market instruments	125	•	•	•		•		•			•		•		•
On collective investment securities	129		•	•		•		•	•	•	•	•	•		•
Controls on derivatives and other instruments	102		•	•		■		•			•	•	•	•	•
Commercial credits	87			•		•		•					•		•
Financial credits	113			•		•	•	•			•		•		•
Guarantees, sureties, and financial backup facilities	74			•		•		•					•		•
Controls on direct investment	154			•		•		•		•	•	•	•	•	•
Controls on liquidation of direct investment	34							•							•
Controls on real estate transactions	149	•	•	•		■	•	•	•	•	•		•	•	•
Controls on personal capital transactions	95			•		•	–	•		•		•	•		•
Provisions specific to:															
Commercial banks and other credit institutions	174	•	•	•		•	•	•	•	•	•	•	•	•	•
Institutional investors	157		•	•		•	–	•	•	•	•	•	•		•

[1] Total excludes information on the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China).

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	316	913	124	339	638	514	218	963	616	223	516	918	748	618	624	522	622
	Barbados	Belarus	Belgium	Belize	Benin	Bhutan	Bolivia	Bosnia and Herzegovina	Botswana	Brazil	Brunei Darussalam	Bulgaria	Burkina Faso	Burundi	Cabo Verde	Cambodia	Cameroon
Status Under IMF Articles of Agreement																	
Article VIII	●	●	●	●	●		●		●	●	●	●	●		●	●	●
Article XIV						●		●						●			
Exchange Rate Arrangements																	
No separate legal tender																	
Currency board								▲			✚	▲					
Conventional peg	◊			◊	▲	✚							▲		▲		▲
Stabilized arrangement							◊									◊	
Crawling peg									*								
Crawl-like arrangement														◊			
Pegged exchange rate within horizontal bands																	
Other managed arrangement																	
Floating		●								●							
Free floating			⊕														
Exchange rate structure																	
Dual exchange rates														●			
Multiple exchange rates																	
Arrangements for Payments and Receipts																	
Bilateral payments arrangements	●	●		●		●			●	●		●		●	●	●	
Payments arrears															●	●	
Controls on payments for invisible transactions and current transfers	●	●		●	●	●	●	●		●	●	●	●	●			●
Proceeds from exports and/or invisible transactions																	
Repatriation requirements		●		●	●	●		●					●	●			●
Surrender requirements	●			●	●	●				●			●				●
Capital Transactions																	
On capital market securities	●	●	●	●	●	●	●	●	●	●		●	●	●		●	●
On money market instruments	●	●	●	●	●	●	●	●	●	●		●	●	●			●
On collective investment securities	●	●	●	●	●	●	●	●	●	●		●	●	●			●
Controls on derivatives and other instruments	●	●	●	●	●	●				●			●	●			
Commercial credits	●	●		●	●	●	●		●	●			●	●			●
Financial credits	●	●	●	●	●	●	●	●		●			●	●		●	●
Guarantees, sureties, and financial backup facilities	●			●	●	●							●				
Controls on direct investment	●	●	●	●	●	●		●		●	●	●	●	●		●	●
Controls on liquidation of direct investment	●			●		●											●
Controls on real estate transactions	●	●		●	●	●		●		●	●	●	●	●		●	●
Controls on personal capital transactions	●	●		●	●	●		●			●		●	●			●
Provisions specific to:																	
Commercial banks and other credit institutions	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●
Institutional investors	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	156	626	628	228	924	233	632	636	634	238	662	960	423	935	128	611	321
	Canada	Central African Republic	Chad	Chile	China, People's Rep. of	Colombia	Comoros	Congo, Dem. Rep. of	Congo, Republic of	Costa Rica	Côte d'Ivoire	Croatia	Cyprus	Czech Republic	Denmark	Djibouti	Dominica
Status Under IMF Articles of Agreement																	
Article VIII	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Article XIV																	
Exchange Rate Arrangements																	
No separate legal tender																	
Currency board																◊	◊
Conventional peg		▲	▲				▲		▲		▲				❖		
Stabilized arrangement												▲					
Crawling peg																	
Crawl-like arrangement					*			◊		◊							
Pegged exchange rate within horizontal bands																	
Other managed arrangement																	
Floating						●											
Free floating	●			●									⊕	●			
Exchange rate structure																	
Dual exchange rates																	
Multiple exchange rates																	
Arrangements for Payments and Receipts																	
Bilateral payments arrangements								●				●					
Payments arrears							●	●								●	●
Controls on payments for invisible transactions and current transfers		●	●		●		●	●	●		●						
Proceeds from exports and/or invisible transactions																	
Repatriation requirements		●	●		●	●	●	●	●		●						●
Surrender requirements		●	●				●		●		●						●
Capital Transactions																	
On capital market securities	●	●	●	●	●	●	●	●	●	●	●	●		●		●	●
On money market instruments		●	●	●	●	●		●	●		●	●		●			
On collective investment securities		●	●	●	●	●		●	●		●	●		●		●	●
Controls on derivatives and other instruments		■	■	●	●	●	■	●	■		●	●		●			–
Commercial credits		●	●		●	●	●	●	●		●					●	●
Financial credits		●	●	●	●	●		●	●	●	●		●	●		●	●
Guarantees, sureties, and financial backup facilities		■	■	●	●		●	●	■		●					●	●
Controls on direct investment	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●
Controls on liquidation of direct investment		●	●		●	●	●	●	●								
Controls on real estate transactions	●	●	●	●	●			●	●		●	●	●	●	●		●
Controls on personal capital transactions		●	●		●	●	●	●	●	●	●						●
Provisions specific to:																	
Commercial banks and other credit institutions		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Institutional investors		●	●	●	●	●	–		●	●	●	●	●	●	●	●	●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	Dominican Republic	Ecuador	Egypt	El Salvador	Equatorial Guinea	Eritrea	Estonia	Eswatini	Ethiopia	Fiji	Finland	France	Gabon	Gambia, The	Georgia	Germany	Ghana
	243	248	469	253	642	643	939	734	644	819	172	132	646	648	915	134	652
Status Under IMF Articles of Agreement																	
Article VIII	●	●	●	●	●		●	●		●	●	●	●	●	●	●	●
Article XIV						●			●								
Exchange Rate Arrangements																	
No separate legal tender		◊		◊													
Currency board																	
Conventional peg					▲	◊		✚		*			▲				
Stabilized arrangement			◊											◊			
Crawling peg																	
Crawl-like arrangement	◊								◊								◊
Pegged exchange rate within horizontal bands																	
Other managed arrangement																	
Floating															●		
Free floating							⊕				⊕	⊕				⊕	
Exchange rate structure																	
Dual exchange rates						●											●
Multiple exchange rates																	
Arrangements for Payments and Receipts																	
Bilateral payments arrangements	●	●					●										●
Payments arrears						●	●										
Controls on payments for invisible transactions and current transfers					●	●		●	●	●		●	●				●
Proceeds from exports and/or invisible transactions																	
Repatriation requirements			●		●	●		●	●	●			●				●
Surrender requirements					●	●		●	●	●			●				●
Capital Transactions																	
On capital market securities	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●
On money market instruments	●	●	●	●	●	●		●	●	●	●	●	●			●	●
On collective investment securities	●	●	●	●	●	–		●	●	●	●	●	●			●	●
Controls on derivatives and other instruments	●	●	●	●	■	–			●	●	●		■			●	●
Commercial credits		●			●	●		●	●	●			●				
Financial credits		●		●	●	●		●	●	●	●		●	●		●	
Guarantees, sureties, and financial backup facilities	●	●			■	–		●	●	●			■				
Controls on direct investment	●		●	●	●	●	●	●	●	●	●	●	●			●	●
Controls on liquidation of direct investment					●				●	●			●				
Controls on real estate transactions		●		●	●		●	●	●	●	●		●		●	●	●
Controls on personal capital transactions		●			●	●	●	●	●	●			●				
Provisions specific to:																	
Commercial banks and other credit institutions	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Institutional investors	●	●	●	●	●	–	●	●	●	●	●	●	●	●	●	●	●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	174	328	258	656	654	336	263	268	944	176	534	536	429	433	178	436	136
	Greece	Grenada	Guatemala	Guinea	Guinea-Bissau	Guyana	Haiti	Honduras	Hungary	Iceland	India	Indonesia	Iran, I.R. of	Iraq	Ireland	Israel	Italy
Status Under IMF Articles of Agreement																	
Article VIII	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●
Article XIV														●			
Exchange Rate Arrangements																	
No separate legal tender																	
Currency board		◊															
Conventional peg					▲									◊			
Stabilized arrangement			◊			◊							◊				
Crawling peg								◊									
Crawl-like arrangement				◊													
Pegged exchange rate within horizontal bands																	
Other managed arrangement							●										
Floating									●	●	●	●				●	
Free floating	⊕														⊕		⊕
Exchange rate structure																	
Dual exchange rates													●	●			
Multiple exchange rates				●													
Arrangements for Payments and Receipts																	
Bilateral payments arrangements			●	●		●		●			●			●			
Payments arrears				●		●								●			
Controls on payments for invisible transactions and current transfers		●		●	●			●			●		●	●			
Proceeds from exports and/or invisible transactions																	
Repatriation requirements		●		●	●	●		●			●	●	●				
Surrender requirements		●			●	●		●			●						
Capital Transactions																	
On capital market securities	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	
On money market instruments		●		●	●		●	●	●		●	●	●	●			
On collective investment securities	●	●		●	●		●	●	●		●	●	●	●			●
Controls on derivatives and other instruments		●		●	●		●			●	●	●	●	●			
Commercial credits		●		●	●	●		●			●	●	●				
Financial credits		●		●	●	●		●	●		●	●	●	●			
Guarantees, sureties, and financial backup facilities				●	●	●		●			●	●	●				
Controls on direct investment	●	●	●	●	●			●	●	●	●	●	●	●	●	●	●
Controls on liquidation of direct investment		●									●			●			
Controls on real estate transactions	●	●		●	●			●	●	●	●	●	●	●	●	●	
Controls on personal capital transactions		●		●	●						●		●	●			
Provisions specific to:																	
Commercial banks and other credit institutions	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Institutional investors	●		●	–	●	●		●	●	●	●	●	–			●	●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	343	158	439	916	664	826	542	967	443	917	544	941	446	666	668	672	946
	Jamaica	Japan	Jordan	Kazakhstan	Kenya	Kiribati	Korea, Republic of	Kosovo	Kuwait	Kyrgyz Republic	Lao People's Dem. Rep.	Latvia	Lebanon	Lesotho	Liberia	Libyan Arab Jamahiriya	Lithuania
Status Under IMF Articles of Agreement																	
Article VIII	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●
Article XIV															●		
Exchange Rate Arrangements																	
No separate legal tender						✚		▲									
Currency board																	
Conventional peg			◊											✚		○	
Stabilized arrangement													◊				
Crawling peg																	
Crawl-like arrangement											◊						
Pegged exchange rate within horizontal bands																	
Other managed arrangement					●				●	●					●		
Floating	●			●			●										
Free floating		●										⊕					⊕
Exchange rate structure																	
Dual exchange rates										●							
Multiple exchange rates																	
Arrangements for Payments and Receipts																	
Bilateral payments arrangements			●							●	●					●	
Payments arrears										●							
Controls on payments for invisible transactions and current transfers	●	●		●							●		●	●		●	
Proceeds from exports and/or invisible transactions																	
Repatriation requirements				●		■					●			●		●	
Surrender requirements	●			●										●	●	●	
Capital Transactions																	
On capital market securities	●	●	●	●	●	●	●		●	●	●		●	●		●	
On money market instruments	●			●	●	●			●	●	●		●	●		●	
On collective investment securities	●			●	●	●				●	●		●	●		●	
Controls on derivatives and other instruments	●			●	●	●	●		●	●	●		●	●		●	
Commercial credits	●					●			●	●	●		●	●		●	
Financial credits	●			●		●			●	●	●		●	●		●	
Guarantees, sureties, and financial backup facilities	●					●				●			●			●	
Controls on direct investment	●	●	●	●	●	●	●		●	●	●	●	●	●		●	●
Controls on liquidation of direct investment						■										●	
Controls on real estate transactions			●	●	●	●			●	●	●	●	●	●		●	●
Controls on personal capital transactions	●			●		■					●			●		●	
Provisions specific to:																	
Commercial banks and other credit institutions	●		●	●	●	■	●	●	●	●	●	●	●	●	●	●	●
Institutional investors	●		●	●	●	–	●	●		●	●	●	●	●	●	●	●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	137	674	676	548	556	678	181	867	682	684	273	868	921	948	943	686	688
	Luxembourg	Madagascar	Malawi	Malaysia	Maldives	Mali	Malta	Marshall Islands, Rep. of the	Mauritania	Mauritius	Mexico	Micronesia, Fed. States of	Moldova	Mongolia	Montenegro, Rep. of	Morocco	Mozambique
Status Under IMF Articles of Agreement																	
Article VIII	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●
Article XIV					●												
Exchange Rate Arrangements																	
No separate legal tender								◊				◊			▲		
Currency board																	
Conventional peg						▲											
Stabilized arrangement					◊									◊			
Crawling peg																	
Crawl-like arrangement			◊						◊								◊
Pegged exchange rate within horizontal bands																*	
Other managed arrangement																	
Floating		●		●						●			●				
Free floating	⊕						⊕				●						
Exchange rate structure																	
Dual exchange rates					●												
Multiple exchange rates														●			
Arrangements for Payments and Receipts																	
Bilateral payments arrangements		●		●									●	●			
Payments arrears																	
Controls on payments for invisible transactions and current transfers		●	●			●			●				●			●	●
Proceeds from exports and/or invisible transactions																	
Repatriation requirements		●	●	●		●			●				●			●	●
Surrender requirements		●	●			●										●	●
Capital Transactions																	
On capital market securities	●	●	●	●	●	●	●	–	●	●	●	●	●	●	●	●	●
On money market instruments	●	●	●	●		●		–	●	●	●	■	●		●	●	●
On collective investment securities	●	●	●	●		●		–	●	●	●		●	●		●	●
Controls on derivatives and other instruments	●	●	●	●		●		–	■		●		●			●	●
Commercial credits		●	●	●		●		–				■	●			●	●
Financial credits		●	●	●		●		–	●		●	■	●			●	●
Guarantees, sureties, and financial backup facilities		●	●	●		●		–	●		●	■	●			●	●
Controls on direct investment	●	●	●	●	●	●		●	●	●	●	●	●	●		●	●
Controls on liquidation of direct investment								–									●
Controls on real estate transactions	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Controls on personal capital transactions		●	●	●	●	●		–	●		●	■	●			●	●
Provisions specific to:																	
Commercial banks and other credit institutions	●	●	●	●	●	●	●	–	●	●	●	●	●	●		●	●
Institutional investors	●	●	●	●	●	●		●	●	●	●	–	●		●	●	●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	518	728	836	558	138	196	278	692	694	962	142	449	564	565	283	853
	Myanmar	Namibia	Nauru	Nepal	Netherlands	New Zealand	Nicaragua	Niger	Nigeria	North Macedonia, Rep. of	Norway	Oman	Pakistan	Palau	Panama	Papua New Guinea
Status Under IMF Articles of Agreement																
Article VIII		●	●	●	●	●	●	●		●	●	●	●	●	●	●
Article XIV	●								●							
Exchange Rate Arrangements																
No separate legal tender			✚											◊	◊	
Currency board																
Conventional peg		✚		✚				▲				◊				
Stabilized arrangement									◊	▲						◊
Crawling peg							◊									
Crawl-like arrangement																
Pegged exchange rate within horizontal bands																
Other managed arrangement	●															
Floating						●							●			
Free floating					⊕						●					
Exchange rate structure																
Dual exchange rates																
Multiple exchange rates									●							●
Arrangements for Payments and Receipts																
Bilateral payments arrangements									●	●						●
Payments arrears	●						●									
Controls on payments for invisible transactions and current transfers	●	●		●				●	●	●			●	●		●
Proceeds from exports and/or invisible transactions																
Repatriation requirements	●	●		●				●	●				●			●
Surrender requirements		●		●				●	●				●			●
Capital Transactions																
On capital market securities	●	●		●		●		●	●	●	●	●	●			
On money market instruments	●	●		●				●	●	●			●			
On collective investment securities	●	●		●				●		●			●			
Controls on derivatives and other instruments		●		●				●		●	●	●	●			
Commercial credits	●	●		●			●	●	●				●			
Financial credits	●	●		●			●	●					●			
Guarantees, sureties, and financial backup facilities	●	●		●				●					●			●
Controls on direct investment	●	●	●	●	●	●	●	●		●	●	●	●	●		
Controls on liquidation of direct investment	●			●												
Controls on real estate transactions	●	●	●	●		●		●		●	●	●	●	●		
Controls on personal capital transactions	●	●		●			●	●	●	●	●		●			
Provisions specific to:																
Commercial banks and other credit institutions	●	●		●	●		●	●	●	●	●	●	●			●
Institutional investors	●	●		●		●	●	●	●	●	●	●	●	●		●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	Paraguay	Peru	Philippines	Poland	Portugal	Qatar	Romania	Russian Federation	Rwanda	Samoa	San Marino	São Tomé and Príncipe	Saudi Arabia	Senegal	Serbia, Rep. of	Seychelles
	288	293	566	964	182	453	968	922	714	862	135	716	456	722	942	718
Status Under IMF Articles of Agreement																
Article VIII	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●
Article XIV												●				
Exchange Rate Arrangements																
No separate legal tender											▲					
Currency board																
Conventional peg						◊				*		▲	◊	▲		
Stabilized arrangement															▲	
Crawling peg																
Crawl-like arrangement			◊				▲		◊							
Pegged exchange rate within horizontal bands																
Other managed arrangement																
Floating	●	●														●
Free floating				●	⊕			●								
Exchange rate structure																
Dual exchange rates												●				
Multiple exchange rates																
Arrangements for Payments and Receipts																
Bilateral payments arrangements	●	●				●	●	●				●				
Payments arrears												●			●	
Controls on payments for invisible transactions and current transfers	●		●						●	●		●		●	●	
Proceeds from exports and/or invisible transactions																
Repatriation requirements								●		●				●	●	
Surrender requirements										●				●		
Capital Transactions																
On capital market securities	●		●	●		●	●	●		●	●		●	●	●	
On money market instruments	●		●	●			●	●		●	●		●	●	●	
On collective investment securities			●	●	●		●	●		●	●		●	●	●	
Controls on derivatives and other instruments	●		●	●		●	●				●	–	●	●	●	
Commercial credits	●		●	●							●	–	●	●		
Financial credits	●		●	●				●		●	●	–	●	●	●	
Guarantees, sureties, and financial backup facilities	●		●					●				–	●	●	●	
Controls on direct investment			●	●	●	●	●	●		●	●	●	●	●	●	
Controls on liquidation of direct investment										●						
Controls on real estate transactions	●		●	●	●	●	●	●		●	●	●	●	●	●	●
Controls on personal capital transactions			●			●		●		●	●	●	●	●	●	
Provisions specific to:																
Commercial banks and other credit institutions	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Institutional investors	●	●	●	●	●	●	●	●	●	●	●	■	●	●	●	

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	724	576	936	961	813	726	199	733	184	524	361	362	364	732	366	144	146
	Sierra Leone	Singapore	Slovak Republic	Slovenia	Solomon Islands	Somalia	South Africa	South Sudan	Spain	Sri Lanka	St. Kitts and Nevis	St. Lucia	St. Vincent and the Grenadines	Sudan	Suriname	Sweden	Switzerland
Status Under IMF Articles of Agreement																	
Article VIII	●	●	●	●	●		●		●	●	●	●	●	●	●	●	●
Article XIV						●		●									
Exchange Rate Arrangements																	
No separate legal tender																	
Currency board											◊	◊	◊				
Conventional peg																	
Stabilized arrangement		*												◊	◊		
Crawling peg																	
Crawl-like arrangement					*			◊									▲
Pegged exchange rate within horizontal bands																	
Other managed arrangement	●																
Floating							●			●							
Free floating			⊕	⊕		●			⊕							●	
Exchange rate structure																	
Dual exchange rates								●									
Multiple exchange rates														●			
Arrangements for Payments and Receipts																	
Bilateral payments arrangements				●				–						●			
Payments arrears								–									
Controls on payments for invisible transactions and current transfers	●		●		●		●	●		●	●	●	●		●		
Proceeds from exports and/or invisible transactions																	
Repatriation requirements	●				●		●	–		●	●		●	●	●		
Surrender requirements					●		●	–		●	●		●	●	●		
Capital Transactions																	
On capital market securities	●		●	●	●		●	–	●	●	●	●	●	●	●	●	●
On money market instruments	●		●	●	●		●	–	●	●		●	●	●	●	●	●
On collective investment securities	●		●	●	●		●	–	●	●	●	●	●	■	●	●	●
Controls on derivatives and other instruments	●		●	●	●		●	–	●	●		●		■	●	●	●
Commercial credits	●				●		●	–		●		●	●		●		●
Financial credits	●	●		●	●		●	–	●	●	●	●	●		●	●	●
Guarantees, sureties, and financial backup facilities	●				●		●	–		●		●	●		●		
Controls on direct investment	●		●	●	●		●	–	●	●	●	●	●		●	●	●
Controls on liquidation of direct investment	●				●			–		●		–			●		
Controls on real estate transactions	●	●	●	●	●		●	–	●	●	●	●	●		●	●	●
Controls on personal capital transactions	●				●		●	–		●		●	●	●	●		
Provisions specific to:																	
Commercial banks and other credit institutions	●	●	●	●	●		●	–	●	●	●	●	●	●	●	●	
Institutional investors	●	●	●	●	●		●	–	●	●	●	●	●	●	●	●	●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	463	923	738	578	537	742	866	369	744	186	925	869	746	926	466	112	111
	Syrian Arab Republic	Tajikistan	Tanzania	Thailand	Timor-Leste, Dem. Rep. of	Togo	Tonga	Trinidad and Tobago	Tunisia	Turkey	Turkmenistan	Tuvalu	Uganda	Ukraine	United Arab Emirates	United Kingdom	United States
Status Under IMF Articles of Agreement																	
Article VIII		●	●	●	●	●	●	●	●	●		●	●	●	●	●	●
Article XIV	●										●						
Exchange Rate Arrangements																	
No separate legal tender					◊							✚					
Currency board																	
Conventional peg						▲					◊				◊		
Stabilized arrangement		◊	◊					◊									
Crawling peg																	
Crawl-like arrangement									▲								
Pegged exchange rate within horizontal bands																	
Other managed arrangement	●						●										
Floating				●						●			●	●			
Free floating																●	●
Exchange rate structure																	
Dual exchange rates	●																
Multiple exchange rates		●						●						●			
Arrangements for Payments and Receipts																	
Bilateral payments arrangements	●		●	●						●	●		●	●			
Payments arrears			●									–	●				
Controls on payments for invisible transactions and current transfers	●	●	●			●	●		●	●	●	–		●			
Proceeds from exports and/or invisible transactions																	
Repatriation requirements	●	●	●	●		●	●		●	●	●	–		●			
Surrender requirements	●	●				●	●		●		●	–					
Capital Transactions																	
On capital market securities	●	●	●	●		●	●	●	●	●	●	–		●	●	●	●
On money market instruments	●	●	●	●		●	●		●	●	●	–		●		●	●
On collective investment securities	●	●	●	●		●	●		●	●	●	–		●	●	●	●
Controls on derivatives and other instruments	●		●	●		●	●		●	●		–		●			●
Commercial credits	●					●			●	●	●	–		●			
Financial credits	●		●	●		●			●	●	●	–		●			
Guarantees, sureties, and financial backup facilities	●		●	●		●			●		●	–		●			●
Controls on direct investment	●		●	●		●	●	●	●	●	●	–		●	●	●	●
Controls on liquidation of direct investment							●				●	–		●			
Controls on real estate transactions	●		●	●	●	●	●	●	●	●	●	–	●	●	●	●	●
Controls on personal capital transactions	●	●	●	●		●	●		●		●	–		●			
Provisions specific to:																	
Commercial banks and other credit institutions	●	●	●	●	●	●	●	●	●	●	●	–	●	●	●	●	
Institutional investors	–		●	●		●		●	●	●	●	–		●	●	●	●

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

	298	927	846	299	582	474	754	698	314	532	354
	Uruguay	Uzbekistan	Vanuatu	Venezuela, Rep. Bolivariana de	Vietnam	Yemen, Republic of	Zambia	Zimbabwe	Aruba	Hong Kong SAR	Curaçao and Sint Maarten
Status Under IMF Articles of Agreement											
Article VIII	●	●	●	●	●	●	●	●	●	●	●
Article XIV											
Exchange Rate Arrangements											
No separate legal tender											
Currency board										◊	
Conventional peg									◊		◊
Stabilized arrangement											
Crawling peg											
Crawl-like arrangement		◊			◊		◊				
Pegged exchange rate within horizontal bands											
Other managed arrangement			●	●				●			
Floating	●					●					
Free floating											
Exchange rate structure											
Dual exchange rates											
Multiple exchange rates				●							
Arrangements for Payments and Receipts											
Bilateral payments arrangements	●		■		●			●			
Payments arrears			■			●	●				
Controls on payments for invisible transactions and current transfers		●		●					●		●
Proceeds from exports and/or invisible transactions											
Repatriation requirements		●		●	●			●	●		
Surrender requirements				●				●	●		
Capital Transactions											
On capital market securities		●	●	●	●			●	●		●
On money market instruments		●	●	●	●			●	●		●
On collective investment securities		●	●	●	●			●	●		●
Controls on derivatives and other instruments		●		●	●			●	●		●
Commercial credits		●		●	●			●	●		●
Financial credits		●		●	●	●		●	●		●
Guarantees, sureties, and financial backup facilities		●		●	●			●	●		●
Controls on direct investment		●		●	●	●		●	●		●
Controls on liquidation of direct investment				●				●	●		●
Controls on real estate transactions		●		●	●			●	●	●	
Controls on personal capital transactions		●		●	●			●	●		●
Provisions specific to:											
Commercial banks and other credit institutions	●	●	●	●	●	●	●	●	●	●	●
Institutional investors	●	●	●	●	●	●	●	●	●	●	●

Key

- ● Indicates that the specified practice is a feature of the exchange system.
- – Indicates that data were not available at the time of publication.
- ■ Indicates that the specified practice is not regulated.
- ⊕ Indicates that the country participates in the euro area.
- ❖ Indicates that the country participates in the European Exchange Rate Mechanism (ERM II).
- ◊ Indicates that flexibility is limited vis-à-vis the U.S. dollar.
- ▲ Indicates that flexibility is limited vis-à-vis the euro.
- ✚ Indicates that flexibility is limited vis-à-vis another single currency.
- ○ Indicates that flexibility is limited vis-à-vis the SDR.
- * Indicates that flexibility is limited vis-à-vis another basket of currencies.

Country Table Matrix

(Position as of "DATE")

I. Status under IMF Articles of Agreement

A. Date of membership

1. Article VIII
2. Article XIV

II. Exchange Measures

A. Restrictions and/or multiple currency practices

B. Exchange measures imposed for security reasons

1. In accordance with IMF Executive Board Decision No. 144-(52/51)
2. Other security restrictions

III. Exchange Arrangement

A. Currency

1. Other legal tender

B. Exchange rate structure

1. Unitary
2. Dual
3. Multiple

C. Classification

1. No separate legal tender
2. Currency board
3. Conventional peg
4. Stabilized arrangement
5. Crawling peg
6. Crawl-like arrangement
7. Pegged exchange rate within horizontal bands
8. Other managed arrangement
9. Floating
10. Free floating

D. Official exchange rate

E. Monetary policy framework

1. Exchange rate anchor
   a. US dollar
   b. Euro
   c. Composite
   d. Other
2. Monetary aggregate target

3. Inflation-targeting framework
   a. Target setting body
      1. Government
      2. Central Bank
         i. Monetary Policy Committee
         ii. Central Bank Board
         iii. Other
      3. Government and Central Bank
   b. Inflation target
      1. Target number
         i. Point target
         ii. Target with tolerance band
         iii. Band/Range
      2. Target measure
         i. CPI
         ii. Core inflation
      3. Target horizon
   c. Operating target (policy rate)
      1. Policy rate
      2. Target corridor band
      3. Other
   d. Accountability
      1. Open letter
      2. Parliamentary hearings
      3. Other
   e. Transparency
      1. Publication of votes
      2. Publication of minutes
      3. Publication of inflation forecasts
4. Other monetary framework

F. Exchange tax

G. Exchange subsidy

H. Foreign exchange market

1. Spot exchange market
   a. Operated by the central bank
      1. Foreign exchange standing facility
      2. Allocation
      3. Auction
      4. Fixing
   b. Interbank market
      1. Over the counter
      2. Brokerage
      3. Market making

2. Forward exchange market
   a. Official cover of forward operations

IV. Arrangements for Payments and Receipts

A. Prescription of currency requirements

1. Controls on the use of domestic currency
   a. For current transactions and payments
   b. For capital transactions
      1. Transactions in capital and money market instruments
      2. Transactions in derivatives and other instruments
      3. Credit operations
2. Use of foreign exchange among residents

B. Payments arrangements

1. Bilateral payments arrangements
   a. Operative
   b. Inoperative
2. Regional arrangements
3. Clearing agreements
4. Barter agreements and open accounts

C. Administration of control

D. Payments arrears

1. Official
2. Private

E. Controls on trade in gold (coins and/or bullion)

1. On domestic ownership and/or trade
2. On external trade

F. Controls on exports and imports of banknotes

1. On exports
   a. Domestic currency
   b. Foreign currency
2. On imports
   a. Domestic currency
   b. Foreign currency

V. Resident Accounts

A. Foreign exchange accounts permitted

1. Held domestically
   a. Approval required
2. Held abroad
   a. Approval required

B. Accounts in domestic currency held abroad

C. Accounts in domestic currency convertible into foreign currency

VI. Nonresident Accounts

A. Foreign exchange accounts permitted

1. Approval required

B. Domestic currency accounts

1. Convertible into foreign currency
2. Approval required

C. Blocked accounts

VII. Imports and Import Payments

A. Foreign exchange budget

B. Financing requirements for imports

1. Minimum financing requirements
2. Advance payment requirements
3. Advance import deposits

C. Documentation requirements for release of foreign exchange for imports

1. Domiciliation requirements

2 Preshipment inspection

3. Letters of credit
4. Import licenses used as exchange licenses
5. Other

D. Import licenses and other nontariff measures

1. Positive list
2. Negative list
3. Open general licenses
4. Licenses with quotas
5. Other nontariff measures

E. Import taxes and/or tariffs

1. Taxes collected through the exchange system

F. State import monopoly

VIII. Exports and Export Proceeds

A. Repatriation requirements

1. Surrender requirements
   a. Surrender to the central bank
   b. Surrender to authorized dealers

B. Financing requirements

C. Documentation requirements

1. Letters of credit
2. Guarantees
3. Domiciliation

4. Preshipment inspection
5. Other

D. Export licenses

1. Without quotas
2. With quotas

E. Export taxes

1. Collected through the exchange system
2. Other export taxes

IX. Payments for Invisible Transactions and Current Transfers

A. Controls on these transfers

1. Trade-related payments
   - *a. Prior approval*
   - *b. Quantitative limits*
   - *c. Indicative limits/bona fide test*
2. Investment-related payments
   - *a. Prior approval*
   - *b. Quantitative limits*
   - *c. Indicative limits/bona fide test*
3. Payments for travel
   - *a. Prior approval*
   - *b. Quantitative limits*
   - *c. Indicative limits/bona fide test*
4. Personal payments
   - *a. Prior approval*
   - *b. Quantitative limits*
   - *c. Indicative limits/bona fide test*
5. Foreign workers' wages
   - *a. Prior approval*
   - *b. Quantitative limits*
   - *c. Indicative limits/bona fide test*
6. Credit card use abroad
   - *a. Prior approval*
   - *b. Quantitative limits*
   - *c. Indicative limits/bona fide test*
7. Other payments
   - *a. Prior approval*
   - *b. Quantitative limits*
   - *c. Indicative limits/bona fide test*

X. Proceeds from Invisible Transactions and Current Transfers

A. Repatriation requirements

1. Surrender requirements
   - *a. Surrender to the central bank*
   - *b. Surrender to authorized dealers*

B. Restrictions on use of funds

XI. Capital Transactions

A. Controls on capital transactions

1. Repatriation requirements
   - *a. Surrender requirements*
     1. Surrender to the central bank
     2. Surrender to authorized dealers
2. Controls on capital and money market instruments
   - *a. On capital market securities*
     1. Shares or other securities of a participating nature
        - i. Purchase locally by nonresidents
        - ii. Sale or issue locally by nonresidents
        - iii. Purchase abroad by residents
        - iv. Sale or issue abroad by residents
     2. Bonds or other debt securities
        - i. Purchase locally by nonresidents
        - ii. Sale or issue locally by nonresidents
        - iii. Purchase abroad by residents
        - iv. Sale or issue abroad by residents
   - *b. On money market instruments*
     1. Purchase locally by nonresidents
     2. Sale or issue locally by nonresidents
     3. Purchase abroad by residents
     4. Sale or issue abroad by residents
   - *c. On collective investment securities*
     1. Purchase locally by nonresidents
     2. Sale or issue locally by nonresidents
     3. Purchase abroad by residents
     4. Sale or issue abroad by residents
3. Controls on derivatives and other instruments
   - *a. Purchase locally by nonresidents*
   - *b. Sale or issue locally by nonresidents*
   - *c. Purchase abroad by residents*
   - *d. Sale or issue abroad by residents*

4. Controls on credit operations
   - *a. Commercial credits*
     1. By residents to nonresidents
     2. To residents from nonresidents
   - *b. Financial credits*
     1. By residents to nonresidents
     2. To residents from nonresidents
   - *c. Guarantees, sureties, and financial backup facilities*
     1. By residents to nonresidents
     2. To residents from nonresidents
5. Controls on direct investment
   - *a. Outward direct investment*
   - *b. Inward direct investment*
6. Controls on liquidation of direct investment
7. Controls on real estate transactions
   - *a. Purchase abroad by residents*
   - *b. Purchase locally by nonresidents*
   - *c. Sale locally by nonresidents*
8. Controls on personal capital transactions
   - *a. Loans*
     1. By residents to nonresidents
     2. To residents from nonresidents
   - *b. Gifts, endowments, inheritances, and legacies*
     1. By residents to nonresidents
     2. To residents from nonresidents
   - *c. Settlement of debts abroad by immigrants*
   - *d. Transfer of assets*
     1. Transfer abroad by emigrants
     2. Transfer into the country by immigrants
   - *e. Transfer of gambling and prize earnings*

XII. Provisions Specific to the Financial Sector

A. Provisions specific to commercial banks and other credit institutions

1. Borrowing abroad
2. Maintenance of accounts abroad
3. Lending to nonresidents (financial or commercial credits)
4. Lending locally in foreign exchange
5. Purchase of locally issued securities denominated in foreign exchange
6. Differential treatment of deposit accounts in foreign exchange
   - *a. Reserve requirements*
   - *b. Liquid asset requirements*
   - *c. Interest rate controls*
   - *d. Credit controls*

7. Differential treatment of deposit accounts held by nonresidents
   a. Reserve requirements
   b. Liquid asset requirements
   c. Interest rate controls
   d. Credit controls
8. Investment regulations
   a. Abroad by banks
   b. In banks by nonresidents
9. Open foreign exchange position limits
   a. On resident assets and liabilities
   b. On nonresident assets and liabilities

B. Provisions specific to institutional investors

1. Insurance companies
   a. Limits (max.) on securities issued by nonresidents
   b. Limits (max.) on investment portfolio held abroad
   c. Limits (min.) on investment portfolio held locally
   d. Currency-matching regulations on assets/liabilities composition
2. Pension funds
   a. Limits (max.) on securities issued by nonresidents
   b. Limits (max.) on investment portfolio held abroad
   c. Limits (min.) on investment portfolio held locally
   d. Currency-matching regulations on assets/liabilities composition
3. Investment firms and collective investment funds
   a. Limits (max.) on securities issued by nonresidents
   b. Limits (max.) on investment portfolio held abroad
   c. Limits (min.) on investment portfolio held locally
   d. Currency-matching regulations on assets/liabilities composition

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