

RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK OF FIJI ANNOUNCES POLICY

CHANGES TO EXCHANGE CONTROLS

The Reserve Bank of Fiji has tightened exchange controls with immediate effect.

The Deputy Governor, Sada Reddy, said that this move is in line with one of the Bank's core objectives of safeguarding our foreign reserves.

Some of these changes include suspension of facilities while application for other facilities by customers will require the approval of the Reserve Bank. Certain transactions will continue to be delegated but at lower limits.

Further clarification of these measures can be obtained from Commercial Banks, other Authorised Foreign Exchange Dealers and the Reserve Bank of Fiji.

Sada Reddy
Deputy Governor

ATTACHMENT 1

Reserve Bank of Fiji

Part 1 **Exchange Control Restrictions effective from 14 April 2009**

(for information of Commercial Banks)

Part A: Facilities Suspended

1. Offshore Investments

- These include investments by non-bank financial institutions, companies and individuals
- Suspension applies to both new applications and existing approvals not yet utilised

Part B: Facilities Not Delegated and Requiring RBF Permission

- a) Emigration allowance (up to \$200,000 per annum)
- b) Profit remittances & withdrawal of investments
- c) Payment for merchant imports
- d) Offset of foreign exchange earnings against foreign currency payables other than payment of imports already landed in Fiji
- e) Foreign currency accounts – for local individuals and locally registered business entities
- f) Insurance payments
- g) Mortgage of Fiji registered assets to secure transactions held outside Fiji
- h) Local Borrowing by Non-Resident Individuals and non – resident controlled companies

Part C: Facilities Delegated

1. Travel Allowance

- Limit of \$5,000 per trip per traveller

2. Credit Card Facility

- Restricted to F\$5,000 per month
- All amounts in excess of the new limit requires prior Reserve Bank permission

3. Debit Card Facility

- Monthly usage of F\$5,000 per month.

4. Advance payments & pre-payment of imports

- New delegated limit of \$20,000 per invoice

5. F\$ Credit into External Account

- Limit for other funds from local sources to F\$200 per month
- Limit for proceeds from sale of assets to \$50,000 per sale

6. Offset of Foreign Exchange Earnings against Foreign Currency Bills Payable

- New delegated limit of F\$100,000 per transaction for payment of imports that have arrived in Fiji

- Any amounts in excess of this limit requires prior Reserve Bank permission

7. **Other Remittances** (apart from those specified above)

- New delegated limit of F\$50,000 per application for the following transactions:-
 - trade-related transactions
 - foreign currency loan repayments
 - office expenses and other foreign currency bills payable
 - education (if paid directly to the education institution)
 - medical expenses (if paid directly to the medical institution)
 - alimony and other payments required under court order

[Exception: Payment for import of goods already received in Fiji is still fully delegated]
- Limit of F\$500 per application per annum will continue to apply for the following transactions:
 - gifts
 - maintenance
 - education allowance if not paid directly to the education institution
 - medical expenses if not paid directly to the medical institution
 - miscellaneous expenses/ transactions
 - cancelled hotel bookings
 - subscriptions
 - wages to foreign crew
- All amounts in excess of the above limits require the prior permission of the Reserve Bank

Part D: Documentation Requirements

The above facilities will require documentation to be sighted for amounts above F\$500 per transaction.

Part E: Forward Foreign Exchange Facility

All forward foreign exchange contracts of commercial banks to be operated within the current guidelines of matching sales against purchases.

Part F: Reporting Requirements

1. Foreign Exchange Transactions

- Commercial Banks to continue to report individual transactions above F\$50,000 on a daily basis to the External Markets Unit of the Reserve Bank
- Commercial Banks to submit summary OET reports on a weekly basis to the Exchange Control Unit of the Reserve Bank

2. Local Borrowing & Guarantees

- Commercial banks to submit outstanding credits to non-resident individuals and non-resident controlled business entities on a quarterly basis to the Exchange Control Unit of the Reserve Bank.

3. Foreign Currency Accounts

- Commercial banks to continue to submit balances of accounts held by local individuals and locally registered business/entities on a quarterly basis to the Exchange Control Unit of the Reserve Bank.

Enquiries:

Mr Ariff Ali
Ms Rigamoto Motufaga

Chief Manager Financial Markets
Manager Exchange Control

Reserve Bank of Fiji
April 2009

ATTACHMENT 2

PART 2: FOREIGN CURRENCY PAYMENTS effective from 14 April 2009.

(Conversion of F\$ into foreign currency including deposits into designated F\$ external accounts of non-residents and payments made out of account holders' foreign currency accounts)

Type of Payment	Delegated Limit	Documentary Requirements (to be sighted and stamped by authorised dealers)	Documentary Requirements for Reserve Bank Approvals
Airline Ticket Sales [applicable only to overseas airlines with offices or agents in Fiji]	<ul style="list-style-type: none"> Up to \$50,000 per application 	<ul style="list-style-type: none"> Documentary evidence that amounts applied for are sourced from the Airline's ticket sales Original blanket tax clearance for projected annual sales Original Reserve Bank approval on Form B for applications outside delegated authority limit. 	<ul style="list-style-type: none"> Original Form B application; Original blanket tax clearance for projected annual sales; Documentary evidence that amounts applied for are sourced from the Airline's ticket sales; Weekly sales for the previous month; Projected sales for the following 3 months.
Charges/Fees/Services a) Freight & Shipping b) Other Transport Charges c) Royalty & Commission d) Patents, Copyright e) Brokerage & Other Charges to agents and representatives outside Fiji f) Movie/Film Hire, News Service g) Repair – domestic air/shipping, other h) Technical, Professional & Management Fees i) Advertising j) Office Expenses k) Visa Application l) Re-imburement/refund m) Software, etc n) Other *does not include commercial bank's head office expenses or reimbursement charges	<ul style="list-style-type: none"> Up to \$50,000 per amount due 	<ul style="list-style-type: none"> Original invoice or statement for payment due; Original Tax Clearance Certificate for amount due above \$10,000; *Original Reserve Bank approval on Form B for applications outside delegated authority limit. <p>* In the case of refunds and reimbursement, a tax clearance is not required if funds are received within a month from the date of repatriation.</p> <p>In case for Directors Fees the coy's latest audited accounts is required.</p>	<ul style="list-style-type: none"> Original Form B application; Original invoice or statement; and Original Tax Clearance Certificate for amount due above \$10,000.

Type of Payment	Delegated Limit	Documentary Requirements (to be sighted and stamped by authorised dealers)	Documentary Requirements for Reserve Bank Approvals
Court Order Payments a) Alimony b) Collection of debt c) Other Note: Beneficiary must be non-resident	<ul style="list-style-type: none"> Up to \$50,000 per amount due per annum 	<ul style="list-style-type: none"> Original Court Order; Original Reserve Bank approval on Form B for applications outside delegated authority limit. 	<ul style="list-style-type: none"> Original Form B application; Original Court Order.
Credit Card Payments	<ul style="list-style-type: none"> \$5,000 per month 	<ul style="list-style-type: none"> Original current month's statement of payment due. 	<ul style="list-style-type: none"> No amounts outside the delegated authority limits will be considered.
Debit Card Facility <ul style="list-style-type: none"> Monthly Usage 	<ul style="list-style-type: none"> \$5,000 per month 		
Deposits into F\$ External A/cs a) Salaries & wages from employment in Fiji b) Interest payable on the account c) Payments from other external accounts d) Proceeds of sale of assets/personal effects/claims e) Income from rental/directors fees/gratuity f) FNPF Proceeds g) Tax Refunds h) Proceeds from sale of foreign currency sourced from external sources or remaining from travel funds uplifted i) Other funds from local sources	<ul style="list-style-type: none"> Up to the full amount Up to the full amount Up to the full amount Up to \$50,000 per sale Up to \$50,000 per annum Up to the full amount Up to the full amount Up to the full amount Up to \$200 per month 	<ul style="list-style-type: none"> Original pay slip which should indicate tax has been deducted n/a Original documentary evidence of source of funds Original Tax Clearance Certificate; Signed Sale & Purchase Agreement and proof of transfer of ownership where applicable. Documentary evidence of payment FNPF cheque IRD cheque n/a Original Reserve Bank approval on Form B for applications outside delegated authority limit 	<ul style="list-style-type: none"> Original Form B application; Tax Clearance Certificate; Signed Sale & Purchase Agreement and proof of transfer of ownership where applicable. Original Form B application; Original Tax Clearance Certificate for amounts above \$10,000; Relevant documentary evidence.

Type of Payment	Delegated Limit	Documentary Requirements (to be sighted and stamped by authorised dealers)	Documentary Requirements for Reserve Bank Approvals
<p>Education Expenses</p> <p>a) Paid directly to the education institution</p> <p>b) Paid directly to the student</p> <p>c) Scholarship Payments by recognised institutions</p>	<ul style="list-style-type: none"> Up to \$50,000 per student per annum Up to \$500 per applicant per annum Up to full amount due 	<ul style="list-style-type: none"> Original enrolment letter on letterhead and statement of expenses for the school year. Original Reserve Bank approval on Form B for applications outside delegated authority limit. Original scholarship confirming the amount due 	<ul style="list-style-type: none"> Original Form B application; Original enrolment letter on letterhead and statement of expenses for the school year. As above and Original Tax Clearance Certificate for amounts above \$10,000.
<p>Emigration Allowance</p> <p>Source of Funds</p> <ul style="list-style-type: none"> Sale of personal assets Maturity of life insurance Death benefits Rental/directors fees Savings/FNPF/Refund Estate Funds Pension 	<ul style="list-style-type: none"> Requires RBF approval 	<ul style="list-style-type: none"> Original Reserve Bank approval on Form IE/B. Authorised dealers to ensure that the last page of Fiji passports are endorsed with the amount of foreign exchange facilities approved for emigration. <p><i>[Travellers abroad including emigrants are only allowed to carry Fiji currency notes up to \$500 and foreign currency notes up to the equivalent of F\$5,000 (inclusive of any Fiji currency notes)]</i></p> <p>[Note: Travel allowance is not applicable in such cases.]</p>	<ul style="list-style-type: none"> Original Form IE application for initial applications; Original Form B for additional applications; Valid passport (including family members); Permanent resident visa (including family members); Original Tax Clearance Certificate for amounts above \$10,000; Airline Tickets – one way.
<p>Gifts</p>	<ul style="list-style-type: none"> Up to \$500 per applicant/beneficiary per annum <p>[Applications above this limit are restricted]</p>		<ul style="list-style-type: none"> No amount above \$500 will be considered.
<p>Government Department Payments/Transfers [includes Funding of Offshore Accounts]</p>	<ul style="list-style-type: none"> Up to full amount 	<ul style="list-style-type: none"> Original approval letter from the Ministry of Finance Original invoice for amounts due 	

Type of Payment	Delegated Limit	Documentary Requirements (to be sighted and stamped by authorised dealers)	Documentary Requirements for Reserve Bank Approvals
Import Payments a) Goods on board ship or aircraft, or goods landed but awaiting Customs clearance. b) Goods already landed & cleared by the Fiji Customs c) Prepayment of term bills for goods already landed & cleared by Fiji Customs d) Advance Import Payments prior to shipment of goods e) Merchant Goods f) Payment to Third Party (Goods already received in Fiji)	<ul style="list-style-type: none"> • Up to full payment due for Letters of Credit and Sight Draft arrangements. • Up to the full payment due • Requires RBF approval • Up to \$20,000 per invoice • Requires RBF approval • Requires RBF approval 	<ul style="list-style-type: none"> • Original supplier's invoice showing the value of goods imported • Original Bill of Lading or Airway Bill confirming details of the current shipment or cargo • Relevant original Customs documents upon receipt of goods in Fiji • Original supplier's invoice and Customs SAD documents. • Original Reserve Bank approval on Form A. • Original Reserve Bank approval on Form A. • Original Reserve Bank approval on Form A. 	<ul style="list-style-type: none"> • Original Form B application; • Original supplier's invoice; • Supplier's demand for immediate payment; • Original Customs SAD documents. • As above, however Customs SAD documents to be provided once goods have been cleared by Customs. • Original Form B application; • Original Form F (x4 copies)/Original Customs SAD document; • Original supplier's invoice; • Confirmation of funds once received in Fiji.
Oil Import Payments	<ul style="list-style-type: none"> • Requires RBF approval 	<ul style="list-style-type: none"> • Original Reserve Bank approval on Form B. 	<ul style="list-style-type: none"> • Original supplier's invoice; • Original customs SAD documents; • Tax clearance for Freight and Port Charges; • Projected Payments for ensuing quarter; • Re-export figures from shipment
Insurance /Re-insurance Payments Offshore ** Placement Offshore	<ul style="list-style-type: none"> • Requires RBF approval 	<ul style="list-style-type: none"> • Original Reserve Bank approval on Form B. 	<ul style="list-style-type: none"> • Original Form B application; • Tax Clearance Certificate for amounts above \$10,000.

Type of Payment	Delegated Limit	Documentary Requirements (to be sighted and stamped by authorised dealers)	Documentary Requirements for Reserve Bank Approvals
Lease Payments a) Aircraft b) Fishing or cruise vessels c) Machinery d) Other Lease Payments	<ul style="list-style-type: none"> Up to \$50,000 per amount due per annum 	<ul style="list-style-type: none"> Original signed lease agreement; Blanket tax clearance for amounts due per annum; Original Reserve Bank approval on Form B for applications outside delegated authority limit. 	<ul style="list-style-type: none"> Original Form B application; Original signed Lease Agreement. Original Tax Clearance for amounts above \$10,000.
Loan Repayments a) Principal & Interest (excluding up front fees) b) Loan prepayment	<ul style="list-style-type: none"> Up to \$50,000 per amount due as scheduled Requires RBF approval 	<ul style="list-style-type: none"> Original Loan Agreement & repayment schedule; Original Tax Clearance Certificate for the amount due. Original Reserve Bank approval on Form B for applications outside delegated authority limit. 	<ul style="list-style-type: none"> Original Form B application; and Original Tax Clearance Certificate As above; and Lender's demand for early repayment; Revised repayment schedule (where applicable).
Lottery Tickets *Note: up front payment of lottery winnings is not permitted	<ul style="list-style-type: none"> Up to \$500 per applicant per annum [Applications above this limit are restricted] 	<ul style="list-style-type: none"> Original documentary evidence from recognised overseas lotteries only (not pyramid selling e.g. dollar jet) 	<ul style="list-style-type: none"> No amount above \$500 will be considered.
Maintenance	<ul style="list-style-type: none"> Up to \$500 per applicant per annum 	<ul style="list-style-type: none"> Original Reserve Bank approval on Form B for applications outside delegated authority limit. 	<ul style="list-style-type: none"> Original Form B application stating relationship between applicant and beneficiary; Original Tax Clearance Certificate for amounts above \$10,000.

Type of Payment	Delegated Limit	Documentary Requirements (to be sighted and stamped by authorised dealers)	Documentary Requirements for Reserve Bank Approvals
Medical Expenses a) Paid directly to the Medical Institution b) Paid directly to the patient	<ul style="list-style-type: none"> • Up to \$50,000 per medical treatment • Up to \$500 per applicant per annum 	<ul style="list-style-type: none"> • Original invoice or letter from the medical institution stating the amount due; • Visa of the applicant (where applicable). • Original Reserve Bank approval on Form B for applications outside delegated authority limits. 	<ul style="list-style-type: none"> • Original invoice or letter from the medical institution stating the amount due • Visa of the applicant (where applicable) • As above; and • Documentary evidence of expenses incurred upon return (if not already provided); • Tax Clearance Certificate for amounts above \$10,000 per application.
Offsetting of Foreign Exchange Earnings against Foreign Currency Bills Payable a) Merchandise imports b) Other	<ul style="list-style-type: none"> • Up to \$100,000 per transaction • Requires RBF approval 	<ul style="list-style-type: none"> • Original supplier's and exporter's invoices; • Original Customs SAD Documents and other relevant information; • Banks to provide to the Reserve Bank a list of the export licences reconciled. • Original Reserve Bank approval on Form B. 	<ul style="list-style-type: none"> • Original Form B application; • Original supplier's and exporter's invoices; • Original Customs SAD Document and other relevant information.
Offshore Investment [New applications and existing approvals not yet utilised by non-bank financial institutions, companies and individuals.]	<ul style="list-style-type: none"> • Suspended 		
Pensions/Superannuation/Gratuity <ul style="list-style-type: none"> ▪ payments by Government and FNPF ▪ Payments by companies 	<ul style="list-style-type: none"> • Up to full amount [Note: Beneficiary must be non-resident] 	<ul style="list-style-type: none"> • Original documentary evidence from the paying institution. 	

Type of Payment	Delegated Limit	Documentary Requirements (to be sighted and stamped by authorised dealers)	Documentary Requirements for Reserve Bank Approvals
<p>Profit declared and distributed to non-resident shareholders/partners/sole proprietors</p> <p>a) Capital b) Dividend or Operating Profit</p>	<ul style="list-style-type: none"> • Requires RBF approval a) Capital profit remittance is restricted to F\$1m per annum b) Dividend profit remittance is restricted to any one calendar year's profit not yet remitted c) Local borrowing to fund profit remittances are restricted 	<ul style="list-style-type: none"> • Original Reserve Bank approval on Form B 	<ul style="list-style-type: none"> • Original Form B application; • Original Tax Clearance Certificate; • Audited accounts for amounts above \$0.5m per amount distributed; • Unaudited accounts for amounts of \$0.5m and below; • Directors' resolution approving the dividend payment
<p>Refund</p> <p>a) Hotel bookings cancelled b) Other (incl. Airline tickets sold locally by travel agent)</p> <p>c) Tax</p>	<ul style="list-style-type: none"> • Up to \$500 per cancelled booking • Up to the full amount per beneficiary 	<ul style="list-style-type: none"> • Original documentary evidence of cancelled booking from hoteliers and travel agencies; • Original Reserve Bank approval on Form B for applications outside delegated authority limit. • Original IRD cheque 	<ul style="list-style-type: none"> • Original Form B application; • Bank confirmation confirming receipt of funds from offshore; • Original documentary evidence of cancelled booking from hoteliers and travel agencies;
<p>Subscriptions to clubs, societies and trade organisations including entrance fees.</p>	<ul style="list-style-type: none"> • Up to \$500 per subscription per annum 	<ul style="list-style-type: none"> • Original invoice or statement for the amount due; • Original Reserve Bank approval on Form B for applications outside delegated authority limit. 	<ul style="list-style-type: none"> • Original Form B application; • Original invoice or statement for amount due.

Type of Payment	Delegated Limit	Documentary Requirements (to be sighted and stamped by authorised dealers)	Documentary Requirements for Reserve Bank Approvals
<p>Travel Allowance</p> <p>a) Fiji Passport Holders (excluding emigrants)</p> <ul style="list-style-type: none"> Return ticket One way ticket <p>b) Foreign passport holders</p> <ul style="list-style-type: none"> sourced directly from the applicant's F\$ external or foreign accounts; sourced from F\$ resident account Others (tourist) 	<ul style="list-style-type: none"> Delegated up to \$5,000 per person per trip Up to the full amount Delegated up to \$5,000 per person per trip Up to the full unutilised balance of funds imported and verifiable by documentary evidence 	<ul style="list-style-type: none"> Return travel ticket to Fiji, original passport & visa <u>and</u> original Reserve Bank approval on Form T (or B) for applications outside delegated authority limits. Authorised dealers to ensure that last page of Fiji passports are endorsed with the amount of foreign exchange facilities approved for travel. <p><i>[Travellers abroad including emigrants are only allowed to carry Fiji currency notes up to \$500 and foreign currency notes up to the equivalent of F\$5,000 (inclusive of any Fiji currency notes)]</i></p>	<ul style="list-style-type: none"> Original Form T (or B) application; Tax Clearance Certificate for amounts above \$10,000 (including \$5,000 under delegated authority); Return travel ticket to Fiji; Original passport & visa.
<p>Wages paid in foreign currency cash to foreign crew members</p>	<ul style="list-style-type: none"> Up to \$500 per beneficiary 	<ul style="list-style-type: none"> Original documentary proof of receipt of funds from offshore. 	<ul style="list-style-type: none"> Original documentary proof of receipt of funds from offshore.
<p>Wedding Expenses</p>	<ul style="list-style-type: none"> Restricted to \$500 per applicant per annum 	<ul style="list-style-type: none"> Documentary evidence of statement of expenses, wedding invitation card, invoices etc. 	<ul style="list-style-type: none"> No amount above \$500 will be considered.
<p>Withdrawal of Investment</p> <p>a) Sale of Shares/Assets</p>	<ul style="list-style-type: none"> Requires RBF approval 	<ul style="list-style-type: none"> Original Reserve Bank approval on Form B 	<ul style="list-style-type: none"> Original Form B application; Original Tax Clearance Certificate for amounts above \$10,000; Signed Sale & Purchase Agreement (or other original

b) Shareholders Funds			documentary proof of sale); <ul style="list-style-type: none"> • Bank confirmation of receipt of funds from offshore (if applic); • Minister of Lands Consent (if apple) <ul style="list-style-type: none"> • Original Form B application; • Original Tax Clearance Certificate; • Original letter from Company; • Original bank confirmation that funds originated from offshore (where applicable).
Miscellaneous Expenses	<ul style="list-style-type: none"> • \$500 per applicant and / or beneficiary per annum 		

Other Facilities

Category	2009
1. Foreign Currency – Denominated Business Accounts a) Exporters b) Other FX Earners c) Regional or Intl Organisations	<ul style="list-style-type: none"> a) & b) delegated to banks up to \$100,000 subject to conditions stipulated in Notice EC. 12 Part III c) fully delegated <p>[No change from current policy]</p>
2. Forward Foreign Exchange Cover & Options	<ul style="list-style-type: none"> As per conditions stipulated to commercial banks <p>[No change from current policy]</p>
3. Offshore Borrowing	<ul style="list-style-type: none"> Delegated to authorised lenders up to \$5.0 million per borrower <p>[No change from current policy]</p>
4. Foreign Currency Loans by local banks	<ul style="list-style-type: none"> Not delegated and requires prior approval of Reserve Bank; Foreign currency to be sourced from commercial bank's own holdings or from external sources and not from the Reserve Bank; <p>[No change from current policy]</p>
5. Investment in Fiji by Foreign Investors a) Issue of Shares/Capital b) Transfer of Shares/Capital c) F\$ Fixed Deposits with Authorised Lending Institutions	<ul style="list-style-type: none"> a) & b) require the approval of the Reserve Bank Investment by non-residents on SPSE and licensed brokers up to F\$5.0 million per foreign investor per annum c) Unlimited investment in Fiji dollar term deposits <p>[No change from current policy]</p>
6. Local Borrowing & Guarantees a) non-resident controlled Business Entities b) Non-resident individuals	<ul style="list-style-type: none"> a) & b) Not delegated and requires prior approval of Reserve Bank

Notes:

- All amounts in excess of limits delegated to authorised foreign exchange dealers including facilities not delegated at all require the prior permission of the Reserve Bank of Fiji.
- The maximum delegated limit per transaction for authorised restricted dealers and money changers including Global Transfers t/a Western Union, is restricted to the paid up capital of the business.
- Any amendments to validity of specific and unconditional permissions (unutilised) formally granted by the Reserve Bank is fully delegated, provided any amendment made is within 1 year of the original validity date and the Reserve Bank is notified of the amendment, except for oil approvals are valid for one month only.
- The above facilities will require documentation to be sighted for amounts above F\$500 per transaction.
- Unless otherwise specified by the Reserve Bank, authorised restricted dealers and money changers including Global Transfers t/a Western Union are required to sight documentary evidence for amounts above F\$500 per transaction and to maintain accurate records and a register for all transactions (including transactions that may not require documentary evidence to be sighted).
- Where applicable, tax clearance requirement is waived for transactions up to \$10,000