

## **G FINANCE MEASURES**

Financial measures are intended to regulate the access to and cost of foreign exchange for imports and define the terms of payment. They may increase import costs in the same manner as tariff measures.

### **G1 Advance payment requirement**

Advance payment requirements related to the value of the import transaction and/or related import taxes: these payments are made at the time an application is lodged, or when an import licence is issued. They can consist of:

#### **G11 Advance import deposit**

A requirement that the importer should deposit a percentage of the value of the import transaction before receiving the goods: no interest is paid on the deposits.

*Example: Payment of 50% of the transaction value is required three months before the expected arrival of the goods to the port of entry.*

#### **G12 Cash margin requirement**

A requirement to deposit the total amount of the transaction value in a foreign currency, or a specified part of it, in a commercial bank, before the opening of a letter of credit:

*Example: Deposit of 100% of the transaction value is required at the designated commercial bank.*

#### **G13 Advance payment of customs duties**

A requirement to pay all or part of the customs duties in advance: no interest is paid on these advance payments.

*Example: Payment of 100% of the estimated customs duty is required three months before the expected arrival of the goods to the port of entry.*

#### **G14 Refundable deposits for sensitive product categories**

A requirement to pay a certain deposit which is refunded when the used product or its container is returned to a collection system:

*Example: \$100 deposit is required for each refrigerator, which will be refunded when brought in for recycling after use.*

#### **G19 Advance payment requirements n.e.s.**

### **G2 Multiple exchange rates**

Varying exchange rates for imports, depending on the product category: usually, the official rate is reserved for essential commodities while the other goods must be paid at commercial rates or occasionally by buying foreign exchange through auctions.<sup>1</sup>

*Example:* Only the payment for infant food and staple food imports may be made at the official exchange rate.

### **G3 Regulation on official foreign exchange allocation**

#### **G31 Prohibition of foreign exchange allocation**

No official foreign exchange allocations available to pay for imports:

*Example:* Foreign exchange is not allocated for imports of luxury products such as motor vehicles, TV sets, jewelleryes, etc.,

#### **G32 Bank authorization**

A requirement to obtain a special import authorization from the central bank:

*Example:* For imports of motor vehicles, a central bank permit is required in addition to the import licence.

#### **G33 Authorization linked with non-official foreign exchange**

Licence granted only if non-official foreign exchange is used for the import payment.

##### **G331 External foreign exchange**

Licence granted only for imports related to technical assistance projects and other sources of external foreign exchange:

*Example:* Imports of construction materials are allowed only if payments may be made through the foreign direct investment fund.

##### **G332 Importers' own foreign exchange**

Licence granted if the importer has his own foreign exchange held in an overseas bank:

*Example:* Imports of textile materials are authorized only if the importer could pay directly to the exporter with his own foreign exchange obtained through his export activity abroad.

##### **G339 Licence linked with non-official foreign exchange, n.e.s.**

#### **G39 Regulation on official foreign exchange allocation, n.e.s.**

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<sup>1</sup> The use of multiple exchange rates is formally prohibited by the GATT 1994

**G4 Regulations concerning terms of payment for imports**

Regulations related to conditions of payment of imports and the obtaining and use of credit (foreign or domestic) to finance imports.

*Example: No more than 50% of the transaction value can be paid in advance of the arrival of goods to the port of entry.*

**G9 Finance measures n.e.s.**