



OFFICIAL PRESS RELEASE

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NRBT to raise awareness on foreign exchange

The NRBT has recognised public concerns around the new Foreign Exchange Control Act 2018 (the FEC Act) leading to misunderstanding and misinterpretation of the law. The NRBT would like to clarify that there has been nothing new introduced in the FEC Act 2018 and the EC Directive that has not already existed in the old Act, Regulations and Exchange Control Policy Guidelines. The FEC Act 2018 aims to advance transparency in terms of managing foreign exchange.

The FEC Act authorises the NRBT to manage the country's foreign exchange in and out of the country and does not intend to violate a person's Constitutional right to their property or money in Tonga. In the event a person chooses to convert/transfer/dispose of their property or money in exchange for foreign currency, the person forfeits that right and is subject to the exchange control directive issued under the FEC Act.

In recognition of the need to develop an appropriate framework that would assure a reasonable amount of export proceeds of Tonga are returned to Tonga, the NRBT with major exporters, related government authorities and relevant stakeholders conducted extensive consultation in 2010. The FEC Act 2018 was vetted by the International Monetary Fund (IMF) to ensure compliance with global practice.

The legal framework also needed to be tailored to provide for the opportunity for future development. On this basis, the Board of Directors of NRBT approved to amend the legislation in 2011 which the Foreign Exchange Control Bill was submitted through the usual and mandatory legal process. The FEC Act 2018 applies only to foreign exchange transactions after 1 November 2018.

The NRBT is encouraged to see the improved public engagement and interest in the FEC Act and as a response; NRBT will develop and strengthen public awareness around the legislation and its duty to manage the country's foreign exchange.

For more information on the FEC Act 2018, please refer to our Frequently Asked Questions page. If you have any further questions, please contact Ms. 'Ana Soakai Takai on a.soakai@reservebank.to or call 24-057.