

Subsection 2.—The Foreign Exchange Control Board*

The main operations of the Foreign Exchange Control Board during 1948 and the first half of 1949 are given at p. 1081 of the 1950 edition. Reviews of the Board's activities in earlier years will be found in previous Year Books.

Changes in Exchange Control Policies and Methods.—The Foreign Exchange Control Regulations were amended in November, 1949, March, 1950, and July, 1950, to add Italy, Denmark and Austria, respectively, to the list of "special arrangement countries". After those dates Canadian dollars became acceptable in payment for exports to the countries concerned and reasonable amounts of Canadian dollars were authorized for travel expenditures by Canadian residents in those countries.

As indicated in Subsection 1, the designation of official rates of exchange was withdrawn effective on Oct. 1, 1950. Since that date the rates for purchases and sales of exchange in Canada have been determined by conditions of supply and demand. A result of the new system of establishing exchange rates was that the so-called unofficial rates for Canadian dollars at New York and other centres disappeared. In other respects the general structure of exchange control remained unchanged although the following consequential modifications in the Regulations were made at that time:

(1) While a Canadian resident is still obliged forthwith to declare to an authorized dealer foreign exchange which he receives, the former requirement of selling the exchange to the authorized dealer at the same time was removed. Instead of selling the exchange immediately, he may deposit it in a special foreign currency account with the authorized dealer for sale within the next 90 days.

(2) Former limits on the purchase and sale of foreign exchange for forward delivery were removed and it is now open to any resident of Canada to arrange with his bank for a forward contract for any purpose or term. Delivery of exchange under such a contract may, however, be made or taken only where it is to be used for an approved purpose.

Early in October, 1950, the Board was instructed to discontinue the limitation on pleasure travel expenditures of 150 U.S. dollars during a 12-month period and to authorize Canadian residents to obtain and use any reasonable amounts of U.S. dollars for all types of bona fide travel expenditures in the United States and other non-Sterling Area countries. At the same time the amount which a traveller may take from Canada without permit was increased from \$10 to \$50 in foreign currency and from a total of \$25 to \$100 in foreign and Canadian currency. Banks were authorized to approve permits for amounts up to \$500 per trip for business travel and \$500 per year for travel for other purposes and to refer larger applications to the Board. Similarly, the general exemption from completion of a permit form for applications for U.S. dollars in a form other than currency was increased from \$10 to \$50 and the authority of banks and other agents to sell U.S. dollars for benevolent remittances was increased from \$10 to \$50 per applicant per month. The maximum amount of funds which a resident of Canada is permitted to transfer from Canada upon moving to a United States dollar area country for permanent residence was also increased from \$12,500 to \$25,000 during the first year.

* Revised under the direction of R. H. Tarr, Secretary, Foreign Exchange Control Board.