
IV. CUSTOMS AND EXCHANGE REGULATIONS

Currency and Exchange Rate

The unit of currency in Jamaica is the Jamaican dollar available in bills of \$100, \$20, \$10, \$5, \$2 and \$1 and coins of 50¢, 25¢, 20¢, 10¢, 5¢ and 1¢. Although officially floating against other world currencies, in practice the Jamaican dollar has, for several years, been pegged in a very narrow range around \$1.00 (U.S.) = \$5.50 (J). The value of the Canadian dollar against the Jamaican dollar floats in relation to the Canadian currency's movements against the U.S. dollar.

Exchange Control

The central bank, the Bank of Jamaica, operates a twice-weekly auction to manage the distribution of foreign exchange. Bona fide importers who can show evidence that imported goods have arrived on the island and all duties and taxes have been paid are allowed unrestricted access to the auction. Firms or individuals seeking funds to pay licence fees, royalties, dividends, consultant fees, etc., must first apply to the Bank of Jamaica for approval to enter the auction. Roughly 85 per cent of the bidders in each auction receive the foreign exchange they seek. Unsuccessful bidders are free to enter the next and subsequent auctions. After winning in an auction, firms can expect to wait 10 days to a month before receiving funds.

Canadian exporters should be aware of the auction system and how it functions since it directly affects when they are paid. Jamaican firms normally do not have access to letters of credit (LCs). In theory, Jamaican commercial banks must remit all foreign exchange they receive to the Bank of Jamaica for use in the auction. In practice, the commercial banks retain limited amounts of hard currency to open LCs for their largest and oldest customers. Most companies, however, do not have access to LCs and must use the auction. As noted above, local firms cannot enter the auction until their goods have landed in Jamaica and cleared Customs. In addition, they cannot enter the auction until any payment terms offered