

Where can I change money and who determines the exchange rate?

Banks and foreign exchange bureaus will provide money changing services.

The exchange rate will be determined by these institutions on the basis of supply and demand for the respective currencies.

The exchange rate may vary from one place to another.

The Central Payments Office (CPO) will publish daily selected indicative exchange rates taken from the international financial markets.

These rates will show how much the rupiah, Australian dollar, escudo, baht and Euro are worth against the US\$.

These rates will be posted daily in banks, airports, exchange bureaus and other public places.

Will there be rules for businesses that exchange money?

Yes. The CPO will license and supervise financial institutions, including currency exchange bureaus (cambio).

Will East Timor have its own currency in the future and what will it be?

The people and government of East Timor may eventually choose to establish their own currency, with whatever design and name.

Until that time, the US\$ will remain the legal tender.

EXPLAINING THE NEW CURRENCY OF EAST TIMOR

QUESTIONS AND ANSWERS ABOUT USING THE UNITED STATES DOLLAR (US\$)



By Regulation 2000/7 of 24 January 2000, the United States dollar (US\$) became the new legal tender in East Timor. This means that all official transactions must be carried out in US\$. For example, payments of your electricity bill will have to be made in US\$.

However, if you want to, you can use other currencies present in East Timor - the Indonesian rupiah, Australian dollar, Portuguese escudo and Thai baht - for every day business.

Why was the US\$ chosen as the official currency? Were East Timorese representatives consulted about the decision?

The US\$ was chosen because it is a strong and stable currency and is widely accepted around the world.

The decision to adopt the US\$ was made by the National Consultative Council (NCC).

The NCC represents East Timorese in all of UNTAET's major decisions.

Eleven of the 15 NCC members are East Timorese delegates: seven represent the CNRT; three represent non-CNRT groups, and one represents the Catholic Church.

Will there be a permanent increase in prices because of the adoption of the US\$?

No, because prices are generally determined by the amount of goods and services available, and the choice of the US\$ does not affect that amount.

Who will control prices?

Prices will be determined through the principle of supply and demand, and not by any government agency.

For example, the price of bananas may rise if many people want to buy them (demand), but there are not enough bananas (supply).

The opposite is also true, too. The price of bananas may fall, if there are too many bananas (supply) but not enough people to buy them (demand).

When will I have to stop using other currencies?

Except for official transactions, you will not have to stop using other currencies for private business unless you and the other person you are dealing with both agree to use US\$.

You can continue using other currencies, like rupiahs, until a decision is made by the people and government of East Timor to change the system.

As an employee, in what currency will I be paid?

People who work in public service - like government employees and teachers - will be paid in US\$.

People who work in private businesses - like bakeries, hotels, and factories - will be paid in whatever currency the employer and employee agree on.

How much will I be paid?

You will be paid according to local living standards.

Public sector employees will be paid according to the civil service salary scale.

Owners of private businesses and prospective employees will be free to set or negotiate salaries and wages.