

## Iraqi Dinar Fact Sheet

July 2011

- **The U.S. Treasury does not hold Iraqi dinars.** Official U.S. foreign exchange reserve assets are comprised of euro, yen, gold, and Special Drawing Rights (or SDRs), an international reserve asset created by the IMF in 1969 to supplement its member countries' official reserves.
- **A redenomination of the Iraqi currency would not lead to a revaluation by the same amount, and may have no effect on the currency's value.** Under a redenomination, a new currency replaces an old currency, but the value of the currency remains the same. On June 21, 2011, the Central Bank of Iraq (CBI) announced that it would be implementing a *redenomination* of the Iraqi dinar. Under the proposed redenomination, the Iraqi government would issue a new dinar note that will be equivalent to 1000 current dinars. The exchange rate would be 1.17 *new* dinars to the dollar, equivalent to 1,170 *current* dinars to the dollar.
- **As a sovereign nation, Iraq has the sole responsibility for the management of its currency.** The U.S. government is not in a position to revalue, or prevent the revaluation of, another country's currency.
- **The Iraqi dinar has been pegged at 1,170 dinars to the U.S. dollar since early January 2009.** From 2006 to 2008, the CBI allowed the currency to appreciate by about 20 percent, primarily as a way to combat inflation (see chart at right). Inflation peaked at more than 70 percent in 2006 and has remained below 10 percent since early 2008.
- **The Treasury Department does not prohibit U.S. citizens from exchanging dinar for dollars.** Treasury is not aware of any U.S. financial institution engaged in the exchange of Iraqi dinars though there are some online money services businesses (MSBs) that advertise this service. Treasury requires certain MSBs to register with the Financial Crimes Enforcement Network (FinCEN), but does not recommend or endorse any such business.
- **Executive Order 13303 does not pertain to U.S. citizens' investments in the Iraqi dinar.** The Order protects assets of the Development Fund for Iraq (DFI) and other Iraqi assets from legal attachments or liens. The Coalition Provisional Authority created the DFI in 2003 in order to promote the transparent use of Iraqi funds for purposes benefiting the people of Iraq.

