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FOR  
AGENDA

SM/53/72  
Supplement 1

September 24, 1953

To: Members of the Executive Board  
From: The Acting Secretary  
Subject: 1953 Consultations - Nicaragua

Mr. Delgado proposes the following decision in place of the decision proposed by the staff on page 16 of SM/53/72.

The subject "1953 Consultations - Nicaragua" is on the agenda for EB Meeting 53/70, Friday, September 25.

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1. The Government of Nicaragua has consulted the Fund under Article XIV, Section 4 of the Fund Agreement concerning the further retention of its transitional arrangements.
  2. The Fund is pleased to note that Nicaragua attained in 1952 a balance of payments surplus for the second consecutive year and has during 1953 been realizing further sizeable increases in its foreign exchange reserves. The Nicaraguan authorities consider that the reserves are approaching a level which might be deemed adequate.
  3. The Fund views with satisfaction the substantial degree of monetary stability that has been maintained through continued budget surpluses, and the continuation of a firm credit policy. These factors plus the advance deposits for imports and the partial sterilization of surcharge proceeds have resulted in only a nominal increase in money supply of domestic origin. The Fund is pleased to note that the Nicaraguan authorities are planning a strengthening of controls over commercial credit in order to ensure the maintenance of monetary and exchange stability.
  4. The Fund welcomes the intentions of the Nicaraguan authorities to eliminate gradually during the forthcoming year, the preferential rate used for Government payments abroad and to establish a unitary exchange rate, and looks forward to further consultations with Nicaragua on these matters.
  5. In concluding the 1953 consultations, the Fund has no other comments to make on the transitional arrangements maintained by Nicaragua.

Other Distribution:  
Department Heads  
Division Chiefs