

DOCUMENT OF INTERNATIONAL MONETARY FUND AND NOT FOR PUBLIC USE

June 6, 1997

To: Members of the Executive Board

From: The Acting Secretary

Subject: Final Minutes of Executive Board Meeting 96/72

The following correction has been made in EBM/96/72 (7/26/96):

**Page 73, item 6, decision, last line: for "(EBD/96/78,"
read "(EBD/96/98,"**

A corrected page is attached.

Att: (1)

Other Distribution:
Department Heads

of Jamaica's renewed emphasis on controlling monetary growth would add to the credibility of the anti-inflation effort.

Directors cautioned that overreliance on monetary policy to contain inflation, while wages continued to rise faster than foreign inflation, would leave the external sector vulnerable to a reversal of private capital inflows. Also, high interest rates would undermine needed investment. Exchange rate policy would need to be managed, together with fiscal, monetary, and wage policies, in a manner that was consistent with maintenance of external competitiveness and lasting progress on inflation.

On structural issues, the authorities had been working over the past year to strengthen financial system supervision, and the recent action with regard to Century National Bank was seen as a positive step. Directors encouraged the authorities to strengthen further their efforts in this area. They welcomed the fact that other reforms were under consideration, including steps to increase the autonomy of the Bank of Jamaica. The authorities were urged to limit NIBJ's financial support to private enterprises, and to continue with the policy of privatizing public assets.

It is expected that the next Article IV consultation with Jamaica will be held on the standard 12-month cycle.

5. EXECUTIVE DIRECTOR

The Chairman bade farewell to Mr. Geethakrishnan on the completion of his service as Executive Director for Bangladesh, Bhutan, India, and Sri Lanka.

DECISIONS TAKEN SINCE PREVIOUS BOARD MEETING

The following decisions were adopted by the Executive Board without meeting in the period between EBM/96/71 (7/24/96) and EBM/96/72 (7/26/96).

6. TANZANIA—ACCEPTANCE OF OBLIGATIONS OF ARTICLE VIII, SECTIONS 2, 3, AND 4

The Fund notes with satisfaction that, with effect from July 15, 1996, Tanzania has accepted the obligations of Article VIII, Sections 2, 3, and 4 of the Fund's Articles of Agreement. (EBD/96/98, 7/22/96)

Decision No.11312-(96/72), adopted
July 25, 1996

7. APPROVAL OF MINUTES

The minutes of Executive Board Meetings 95/25 and 95/36 are approved.

8. EXECUTIVE BOARD TRAVEL

Travel by Executive Directors as set forth in EBAM/96/108; Supplement 1 (7/24/96) and EBAM/96/121 (7/24/96), by an Advisor to Executive Director as set forth in EBAM/96/121 (7/24/96), and by an Assistant to Executive Director as set forth in EBAM/96/120 (7/22/96) is approved.

APPROVAL: June 3, 1997

REINHARD H. MUNZBERG
Secretary