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International Monetary Fund
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Communiqué at the Conclusion of the Sixth Annual Regional Conference on Central America, Panama, and the Dominican Republic

The following statement was released today in San José, Costa Rica, by Mr. Murilo Portugal, Deputy Managing Director of the International Monetary Fund; Luz María Serpas de Portillo, President, Central American Monetary Council; Francisco de Paula Gutiérrez, President, Central Bank of Costa Rica; Vicente Bengoa, President, Council of Finance Ministers; and Rafael Camilo, President, Council of Superintendents of Banks and Other Financial Institutions:

“Finance ministers, central bank governors, financial sector superintendents, representatives of the International Monetary Fund, and other international financial institutions met in San José, Costa Rica, over the past two days to hold frank discussions about key issues facing the region; identify practical policy solutions; and review the progress in the implementation of reforms at the regional level.

“This year’s conference took place against the backdrop of yet another year of strong economic performance in the region, with growth at its highest level in a decade, a decline in inflation, continued fiscal consolidation, and a relatively strong external position. In moving toward greater multilateral openness, the region is integrating further with the world as exemplified by the implementation of the Central American-Dominican Republic Free Trade Agreement (CAFTA-DR), the planned creation of a Central American customs union, and the forthcoming negotiations on an Association Agreement with the European Union.

“Conference participants underscored the importance of taking advantage of good times to tackle the daunting tasks of entrenching stronger growth, reducing still high levels of poverty, and decreasing vulnerabilities against adverse shocks. There was consensus that it was the right time to press ahead with reforms. Conference participants highlighted that increased integration needs to go hand-in-hand with the adoption of common standards, regulation and, in certain areas, more policy coordination.

“This year’s conference reviewed progress on two major regional projects: consolidated supervision of regional financial conglomerates, spearheaded by the Central American Council of Superintendents of Banks and Other Financial Institutions; and regional fiscal

coordination, led by the Committee of Finance Ministers. In addition, conference participants discussed issues related to the development of equity and private debt markets and income distribution effects of taxation and social spending in Central America.

“Finance ministers agreed to seek a treaty with the United States to avoid double taxation and, based on a proposal by the Dominican Republic, insurance against natural disasters from international financial institutions. The financial superintendents agreed to prepare a regional memorandum of understanding (MOU) to foster the supervision of regionally operating financial institutions.

“Participants expressed their gratitude toward the Spanish government, which finances a number of regional technical assistance projects coordinated by the IMF and asked for their continued support. In light of progress made on these projects during the last year, conference participants discussed next steps, including the second phase of the project to improve consolidated supervision, additional work to foster fiscal cooperation, and the development of regional financial statistics.

“Conference participants agreed that next year’s annual conference will be held again at the end of June and thanked the Central Bank of El Salvador for its offer to host the event.”