

IMF Executive Board Completes Review of Colombia's Performance under the Flexible Credit Line

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The Executive Board of the International Monetary Fund (IMF) today completed its review of Colombia's qualification for the arrangement under the Flexible Credit Line (FCL) and reaffirmed Colombia's continued qualification to access FCL resources. The Colombian authorities have indicated that they intend to continue treating the arrangement as precautionary.

The two-year FCL arrangement for Colombia in an amount equivalent to SDR 3.87 billion (about US\$5.98 billion) was approved by the IMF's Executive Board on May 6, 2011 (see Press Release No. 11/165). Colombia's first FCL was approved on May 11, 2009 (see Press Release No. 09/161) and a successor one-year arrangement was approved on May 7, 2010 (see Press Release No. 10/186).

Following the Executive Board discussion of Colombia, Mr. David Lipton, First Deputy Managing Director and Acting Chair of the Board, made the following statement:

"Colombia's continued resilience to global financial turbulence and its vigorous growth during the past year attest to its strong fundamentals and skillful policy management. Sound policy track records and institutions, including the structural fiscal balance rule, a credible inflation targeting regime, and effective financial supervision, have underpinned robust public and private balance sheets.

"The FCL arrangement for Colombia, approved a year ago in a context of heightened external risks, has supported the authorities' macroeconomic strategy, providing insurance against global tail risks, and helping to strengthen market confidence. The Executive Board confirms that Colombia continues to meet the qualification criteria for access to FCL resources.

"The authorities are committed to continue rebuilding policy buffers gradually to protect against global risks. Fiscal consolidation has outpaced expectations and the gradual tightening of monetary policy has been appropriate given

strong domestic demand. The floating exchange rate regime continues to play a key role in helping to absorb external shocks, while the increase in external buffers is being complemented by the FCL arrangement.

"Lingering global uncertainty entails significant downside risks, particularly regarding the outlook for global trade, external financing, and commodity prices. Colombia has maintained ample policy space to mitigate the potential fallout from those shocks, and the authorities remain committed to their rules-based framework and to adjust policies as needed."

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