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**IMF Executive Board Completes 1st Review of Korean Program:
Activates Supplemental Reserve Facility**

Michel Camdessus, Managing Director of the International Monetary Fund (IMF), said the IMF's Executive Board today reviewed the progress Korea has made in implementing its economic program. As a result of completing this review, a further SDR 2.6 billion (about US\$3.5 billion) is available to Korea under the SDR 15.5 billion (about US\$21 billion) stand-by credit approved December 4, 1997 (see Press Release 97/55). The IMF has already made available SDR 4.1 billion (about US\$5.5 billion) under the three-year stand-by credit.

The latest credit is being made available under the terms of the newly-created Supplemental Reserve Facility (SRF). The SRF was put into place on December 17, 1997 (see Press Release 97/59) to provide financial assistance to IMF members experiencing exceptional balance of payments difficulties due to a large short-term financing need resulting from a sudden and disruptive loss of market confidence reflected in pressure on the capital account and the member's reserves. Financing under the SRF is being provided at shorter maturities and at a higher rate of charge than resources available under stand-by and extended Fund facility (EFF) credits. This change in terms was anticipated at the time the Korean program was drawn up, and is reflected in Korea's Letter of Intent. The total amount of financing available to Korea under the program, which remains exceptional, has not changed.

Camdessus said "The Korean authorities are moving swiftly to implement the economic program approved by the IMF on December 4, 1997. The interest rate ceiling is being raised, the won is now freely floating, and important actions have been taken on the fiscal front. Action plans for restructuring the financial sector, constituting the cornerstone of the program, are also proceeding, and the IMF looks forward to continued close cooperation with the authorities in this critical area."