INTERNATIONAL MONETARY FUND

0411

PRESS RELEASE NO. 89/1

FOR IMMEDIATE RELEASE
January 5, 1989

John B. McLenaghan, a national of Australia, has been appointed Director of the International Monetary Fund's Bureau of Statistics, succeeding Werner Dannemann, a national of the Federal Republic of Germany, who was named as Special Advisor on Fund Statistical Issues.

Mr. McLenaghan, 53, a graduate of the University of Sydney, worked at the Reserve Bank of Australia before joining the Fund as an economist in 1970. He held various positions in the Exchange and Trade Relations Department before his appointment as Assistant Director of the Bureau of Statistics in 1981. He became Deputy Director of the Bureau in 1986.

The Bureau of Statistics has responsibility for collecting and maintaining the Fund's data base of internationally comparable economic statistics for use in its work with member countries and for inclusion in International Financial Statistics (IFS) and other statistical publications of the Fund. In addition, the Bureau oversees the development and review of the Fund's statistical concepts, methodologies, and standards in the fields of balance of payments, government finance, and money and banking statistics. The Bureau also provides technical assistance to member countries in the development and improvement of national statistical systems. In each of these fields, the Bureau collaborates closely with other international organizations.

INTERNATIONAL MONETARY FUND

0411

PRESS RELEASE NO. 89/2

FOR IMMEDIATE RELEASE
January 17, 1989

The International Monetary Fund has approved the use of Fund resources totaling the equivalent of up to SDR 141.5 million by the Government of Trinidad and Tobago. Of this total, an amount of SDR 99 million is available over the next 14 months under a stand-by arrangement in support of the Government's economic and financial program. The balance of SDR 42.5 million may be available under the compensatory and contingency financing facility (CCFF) to meet Trinidad and Tobago's need for additional financing, should adverse external contingencies occur during the period of the stand-by arrangement. Trinidad and Tobago's quota in the Fund is SDR 170.1 million and its outstanding financial obligations to the Fund arising out of past operations and transactions currently total the equivalent of SDR 85.1 million.

The external contingency financing under the CCFF will cover unanticipated deviations from the program projections of export prices for crude oil and petroleum products and of interest rates on variable rate external debt. Trinidad and Tobago is the first member of the Fund to avail itself of the contingency mechanism introduced under the new Facility established on August 23, 1988 (Press Release No. 88/25). This Facility was designed to assist countries in dealing with adverse external shocks of an unpredictable character that are beyond the control of the authorities and which could endanger the successful implementation of growth-oriented adjustment programs supported by the Fund.

Trinidad and Tobago's economic difficulties of recent years have mainly reflected the decline in petroleum export earnings since the early 1980s and delays in adjusting the country's domestic spending to the lower level of export receipts. As a result, over the past five years, real gross domestic product (GDP) has declined by more than one fourth, the unemployment rate has more than doubled to around 25 percent currently, and gross international reserves have been reduced to low levels. After initial actions to restrain public expenditure and improve the economy's ability to compete internationally, the authorities have developed a medium-term economic program for the period 1989-91 that is intended to provide momentum to the process of economic recovery, help diversify production, and strengthen Trinidad and Tobago's external position. The stand-by arrangement is designed to support the 1989 phase of this program.

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INTERNATIONAL MONETARY FUND

PRESS RELEASE NO. 89/3

FOR IMMEDIATE RELEASE
February 3, 1989

The International Monetary Fund has approved a stand-by arrangement for the Government of Nigeria, authorizing purchases up to the equivalent of SDR 475 million over the next 15 months, in support of the Government's economic and financial program. Purchases under the stand-by arrangement, which is equivalent to 56 percent of Nigeria's quota in the Fund of SDR 849.5 million, will be entirely financed from the Fund's ordinary resources. Currently, Nigeria has no outstanding financial obligations to the Fund.

Following the economic boom of the 1970s, fueled by rising earnings from petroleum exports, Nigeria was not well placed to face the downturn of the oil prices that began in 1981. Export earnings tumbled, imports fell drastically, and the overall balance of payments moved into a substantial deficit. The maintenance of an overvalued exchange rate encouraged capital flight, and the country incurred substantial payments arrears. The worsening economic situation led to a declining gross domestic product (GDP), increasing unemployment, and an acceleration of inflation. Moreover, there was a substantial buildup of external debt and a rundown of international reserves.

In July 1986, Nigeria initiated a structural adjustment program that sought to improve fiscal and domestic financial viability, while restructuring and diversifying the productive base of the economy to reduce dependence on the oil sector and on imports. The program contained substantial structural initiatives, particularly in the external sector, including the establishment of a transitional two-tier foreign exchange market. The Government abolished import licensing, removed export bans, and lifted restrictions on the import of capital. Domestically, the program removed price controls, liberalized the export of non-oil commodities, and terminated agricultural commodity boards. However, despite substantial retrenchment, the budget deficit widened, reaching 11.4 percent of GDP in 1988.

The program for 1989, supported by the current stand-by arrangement, builds on the progress achieved in the previous years in promoting economic efficiency through an improved allocation of foreign exchange and increased incentives for domestic production, especially for exports and import-competing uses. These policies are expected to improve the growth rate over the medium term. A key objective of the program is to achieve a better balance between aggregate demand and

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supply through cautious financial policies, with the aim of reducing the inflation rate and providing an atmosphere in which structural changes and incentives for the economy can yield improved results. The tightening of monetary policy under the program will help contain inflationary pressures and stabilize the exchange rate.

Medium-term projections indicate Nigeria's debt service burden is likely to remain heavy for a number of years, and while the overall external deficit is projected to fall during this period, Nigeria will need continued balance of payments support and debt relief.