

DOCUMENT OF INTERNATIONAL MONETARY FUND AND NOT FOR PUBLIC USE

EBS/85/119
Supplement 2

CONFIDENTIAL

May 20, 1985

To: Members of the Executive Board
From: The Secretary
Subject: Guyana - Overdue Financial Obligations to the Fund

Attached for the information of Executive Directors is the text of a telex from the Acting Managing Director to the Honorable Carl B. Greenidge, Minister of Finance of Guyana, dated May 17, 1985.

Att: (1)

ATTACHMENT

THE HONORABLE CARL GREENIDGE
MINISTER OF FINANCE
MINISTRY OF ECONOMIC PLANNING AND FINANCE
GEORGETOWN (GUYANA)

DEAR MINISTER GREENIDGE:

I AM WRITING TO YOU WITH RESPECT TO THE OUTCOME OF THE EXECUTIVE BOARD'S DISCUSSION ON MAY 15, 1985 OF GUYANA'S OVERDUE FINANCIAL OBLIGATIONS TO THE FUND. A COPY OF THE DECISION ADOPTED BY THE BOARD ON THAT DATE HAS BEEN FORWARDED TO YOU BY THE SECRETARY, AND YOU HAVE NO DOUBT RECEIVED A REPORT OF THE MEETING FROM MR. KAFKA AND MR. ROBINSON.

THE DECISION TO DECLARE GUYANA INELIGIBLE TO USE THE FUND'S GENERAL RESOURCES REFLECTS THE SERIOUSNESS THAT THE EXECUTIVE BOARD ATTACHES TO THE CONTINUED EXISTENCE OF GUYANA'S ARREARS TO THE FUND AND UNDERScores THE URGENCY OF PROMPT AND FULL SETTLEMENT OF THOSE OBLIGATIONS. IN REACHING THIS DECISION, EXECUTIVE DIRECTORS WELCOMED THE RECENT PARTIAL PAYMENTS BY GUYANA AND EXPRESSED SYMPATHY FOR GUYANA'S DIFFICULT ECONOMIC CIRCUMSTANCES. THEY REGRETTED, HOWEVER, THAT GUYANA HAS NOT BECOME CURRENT WITH THE FUND AS URGED IN THE BOARD'S PREVIOUS DECISION ON FEBRUARY 15, 1985.

AS WILL BE EVIDENT FROM THE BOARD'S DECISION, DIRECTORS WERE ALSO MOST DISAPPOINTED THAT GUYANA HAS NOT YET ADOPTED A FORCEFUL AND COMPREHENSIVE ADJUSTMENT PROGRAM TO CORRECT DOMESTIC AND EXTERNAL IMBALANCES, AND THE BOARD AGAIN URGED THAT GUYANA ADOPT SUCH A PROGRAM AS A MATTER OF URGENCY. IN THIS CONNECTION, AS YOU KNOW, THE FUND STANDS READY TO PROVIDE TECHNICAL ASSISTANCE IN THE DESIGN OF AN ADJUSTMENT PROGRAM IN ADDITION TO THE ASSISTANCE ALREADY AGREED IN THE AREAS OF FISCAL OPERATIONS AND THE CONSUMER PRICE INDEX.

I WANT ALSO TO EMPHASIZE THE FUND'S DESIRE TO MAINTAIN CLOSE CONTACT WITH GUYANA AND OUR HOPE THAT NORMAL FINANCIAL RELATIONS BETWEEN THE FUND AND GUYANA WILL BE RESTORED AS SOON AS POSSIBLE. I AM CONFIDENT THAT THIS IS YOUR DESIRE AS WELL AND ASSURE YOU THAT THE STAFF AND I STAND READY TO ASSIST YOU IN ANY WAY THAT MAY BE HELPFUL.

REGARDS
RICHARD ERB
ACTING MANAGING DIRECTOR
INTERFUND

Sent on May 17, 1985