



STATEMENT TO PARLIAMENT
BY
MINISTER OF FINANCE AND PLANNING
Dr the Hon Omar Davies
on
Tuesday, December 9, 2003

JAMAICA'S RELATIONSHIP WITH THE IMF

There have been assertions emanating from various spokespersons for the Opposition concerning the presence in the island of a team from the International Monetary Fund (IMF) as well as the future relationship between the Government and that institution.

I wish simply to state the facts such that the speculation and wild assertions can be put to rest. The facts are as follows.

The team from the IMF is engaged in what is commonly known as Article IV Consultations. These consultations between the Fund and member states are standard requirements and they are carried out on a regular basis – at least once a year. The present round of consultations had been scheduled to take place in November but was postponed until now by mutual agreement. The team arrived in Jamaica on Monday December 1 and will depart on Friday December 12. I met with them for initial discussion on Tuesday, December 2 and will meet with them in a “wrap up” meeting prior to their departure. These are standard operating procedures.

In terms of the Government's future intention toward a relationship with the Fund, as both the Prime Minister and I have stated publicly and in this House on previous occasions, the Government welcomes that institution's assessment of the overall macro-economic programme but does not intend to enter into a borrowing relationship. The Fund and the Government had achieved agreement on a relationship of mutual satisfaction under the umbrella of a Staff Monitored Programme (SMP). Subsequently, in January of this year, the Board of the Fund took the decision, for reasons unrelated to Jamaica, to discontinue SMPs. Since then, Jamaica has been engaged in discussions concerning the development of a successor arrangement to the SMP.

Jamaica's situation, whereby a country wishes to remain in good standing with the Fund but does not wish to borrow resources is not unique. Hence, there are other countries like ourselves interested in finding a resolution to the problem created by the decision of the Fund's Board to abandon SMPs. After the conclusion of this visit, the normal IMF process will take place whereby the team will develop its assessment, circulate the draft report and then submit its final report to the Board.

Mr. Speaker, this report on the present situation is unspectacular. These are the simple facts. My sincere hope is that now that the facts have been reiterated, the baseless speculations will cease.