

**PRESS CONFERENCE WITH IMF ON THE FIRST REVIEW UNDER
THE THREE-YEAR SBA ARRANGEMENT WITH THE IMF
STATEMENT BY MINISTER AUDLEY SHAW**

Ladies and gentlemen,

The IMF mission team led by Dr. Uma Ramakrishnan, has been here for the past two weeks to conduct the first review of our performance under the Precautionary Standby Arrangement (PBSA) that was agreed with the IMF in October 2016. The team has reviewed our performance in terms of the quantitative targets and structural reforms through end December. This is a short review period, since we will be shifting to a six monthly review starting from end June 2017.

I will provide a more comprehensive review of economic policy and performance in my Budget Speech on March 9, but let me highlight a few of our achievements to date under the programme.

- Economic performance is on track with growth expected to be around 1.7 percent this Fiscal Year. Private sector lending and activities have increased and our balance of payments is in a healthy position.
- We are on track to meeting all our fiscal targets for this year, most notably, the primary budget surplus for the central Government of 7 percent of GDP. As you know, this target is the main anchor to achieving our goal of reducing our debt to 60 percent of GDP by 2025.
- We have surpassed our target for Non-Borrowed International Reserves which reached US\$1,671 million versus the target of US\$ 1,429 million at end December.
- At 1.7 percent through December, our annual inflation rate is well within the Bank of Jamaica's central target of 5.5 percent for this Fiscal Year.

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- Finally, we have had intensive, but fruitful discussions on a draft budget for FY 2017/18 that we are confident could be supported by the Fund under the PSBA.

Regarding the structural benchmarks under the program:

- New rates and bands for property taxes based on the 2013 land valuations were approved by Cabinet.
- As part of the Public Sector Rationalization Action Plan, we are actively identifying the positions that will be affected due to the implementation of shared corporate services in Public Relations and Communications, and Internal Audit and quantified the implications through the development of a costed transition plan and schedule.
- We have restructured the organization of the Accountant General's Department, and transferred responsibility for further development and management of the Central Treasury Management System to the that Department.
- To address the high incidence and risks of dollarization in the economy, the Bank of Jamaica has increased the cash reserve requirements that favoured foreign currency deposits in the banking system. As you also know, this effort has also been supported by a relatively stable exchange rate.

On behalf of the Ministry of Finance and the Bank of Jamaica staff, I would like to express my appreciation to Dr. Uma Ramakrishnan and her team for their constructive engagement during the mission. We stand ready to hold further discussions with the IMF team in the coming

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weeks to aid in the speedy preparation and review of their Staff Report to the IMF Board.

Thank you.

Audley Shaw
Minister of Finance and the Public Service
March 3, 2017.