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Statement by an IMF Mission to the Dominican Republic

An International Monetary Fund (IMF) mission led by Mr. Alejandro Santos visited Santo Domingo during August 3-19 to conduct discussions under the second and third reviews of the Stand-By Arrangement (SBA), which was approved by the IMF Executive Board in November 2009 ([Press Release No. 09/393](#)). The mission met with President Leonel Fernández, Central Bank Governor Héctor Valdez, Minister of Finance Vicente Bengoa, Minister of Economy Temístocles Montás, Vice-President of the Public Electricity Corporation Celso Marranzini, as well as members of the Economic and Social Cabinet, senior government officials, representatives of the private sector, and the international community. At the conclusion of the visit, Mr. Santos issued the following statement:

“The first phase of the authorities’ economic program that envisaged supportive macroeconomic policies ended in June with very positive results. Real gross domestic product (GDP) recovered rapidly and is estimated to have grown by 7.5 percent in the first half of 2010 (year-on-year), while headline annual inflation remained below the Central Bank’s target of 6-7 percent. Core inflation (which excludes food and fuels) reached only 3.5 percent (year-on-year) for the first half of 2010. Other indicators of economic activity have recovered and continue expanding at healthy rates. Against the background of the strong and broad-based expansion projected real GDP growth for 2010 has been revised upward to 5.5-6 percent; end-year inflation is still expected to remain within the official target.

“All performance criteria and structural benchmarks for end-June 2010 were observed. Progress continues in all areas of the structural agenda, although there are delays in implementing the authorities’ strategy to improve tax collections, and the electricity reform has not produced financial savings for the government. The monetary authorities have made progress in their plans to adopt an inflation targeting framework for monetary policy in 2012.

“The second phase of the authorities program started in July 2010 and envisages a gradual process of fiscal consolidation and a tightening of policies to maintain domestic demand growth on a sustainable path. The mission held productive discussions on policies and measures for the remainder of 2010 and 2011 and progress was made in many areas but some issues require further consultation and discussion. It was agreed to continue the discussions in Washington DC in the following weeks.”