

**Statement by the IMF Staff Representative
January 23, 2004**

This statement provides additional information that has become available since the staff report was issued. The information does not alter the staff appraisal.

1. **Growth and inflation.** The monthly index of economic activity (IMAE) for October was 2.4 percent higher than a year earlier. This is in line with the modest recovery assumed in the program. The 12-month inflation rate in December was 6.5 percent, slightly higher than the program target of 6 percent. However, core inflation (excluding volatile items such as fuel) was only 3.7 percent.
2. **Fiscal developments.** Preliminary data through November 2003 indicate that the fiscal program remains on track.
3. **Interest rates.** Interest rates have continued to trend downward. At end-2003, average dollar deposit and lending rates were 5.7 percent and 12.1 percent, respectively.
4. **International reserves.** At end-2003, net international reserves were US\$33 million higher than programmed, with gross reserves at US\$504 (2.9 months of projected 2004 imports).
5. **Privatization.** The foreign company managing ENITEL (a state-owned telecommunications company) has decided not to match the offer received by the government in mid-December. Thus, the sale of ENITEL to the private sector (a floating completion point trigger) is now final. The authorities received the proceeds (US\$49.6 million) on January 21.
6. **Structural benchmarks.** On January 16, 2004, new on-site technical and administrative procedures for banking supervision were approved (structural benchmark for end-2003).