

Trinidad and Tobago's gradually declining oil output, the staff emphasizes that the government should strengthen revenues from sources other than oil.

Exchange rate stability is one of Trinidad and Tobago's principal policy goals. The authorities are committed to a market-determined exchange rate and are pursuing prudent monetary and fiscal policies to keep inflation low. Over the past two years, there has been a moderate real appreciation of the currency and, in 1998, a significant deterioration in the terms of trade. The staff considers that, although the exchange rate appears to be broadly competitive, the authorities should use market mechanisms—including interest rates and, if necessary, central bank intervention—to smooth supply and demand. The authorities said the lumpy nature of foreign exchange inflows necessitated some smoothing of the exchange rate.

In the opinion of the IMF staff, the medium-term outlook for Trinidad and Tobago remains favorable because of the large volume of energy sector investment now under way and the soundness of fiscal and monetary policies. The staff expects that even a small improvement in the terms of trade will lead to a considerable narrowing in 1999 of the current account deficit and that the fiscal balance will improve over the next several years. ■

The full texts of these Article IV staff reports may be found on the IMF's website (www.imf.org). The IMF invites reader comments on the reports before October 5, 2000. They may be sent by e-mail to pilotproject@imf.org.

Available on the web

News Briefs

- 99/41, July 22. IMF Completes Review and Approves \$213 Million Credit Tranche for the Philippines
- 99/43, July 27. IMF Approves ESAF Disbursement to Tanzania

Public Information Notices (PINs)

- 99/61: Mozambique, July 14
- 99/62: Oman, July 16
- 99/63: Côte d'Ivoire, July 16
- 99/64: Czech Republic, July 29

Letters of Intent and Memorandums of Economic and Financial Policies

- Bolivia, Letter of Intent, April 8
- Senegal, Letter of Intent, June 4
- Madagascar, Letter of Intent, June 28
- Russia, Statement on Economic Policy, July 13

Notes: PINs are IMF Executive Board assessments of members' economic prospects and policies issued following Article IV consultations—with the consent of the member—with background on the members' economies; and following policy discussions in the Executive Board at the decision of the Board.

Letters of Intent and Memorandums of Economic and Financial Policies are prepared by a member country and describe the policies that the country intends to implement in the context of its request for financial support from the IMF.

Institute of International Finance report IMF transparency will help resolve future financial crises

According to a high-level steering committee of senior financiers formed by the Institute of International Finance (IIF), the IMF has greatly improved its transparency during the past year, both in its operations and in its discussions of systemic issues. This increased transparency can significantly contribute to cooperation between the public and private sectors in addressing future financial crisis. The Steering Committee on Emerging Markets was established in the summer of 1998 to recommend ways to strengthen the architecture of the international financial system. The committee held meetings with top Group of Seven and other officials and issued reports on their findings. (See *IMF Survey*, April 5, page 110, for a summary of two of the reports: *Report of the Working Group on Transparency in Emerging Markets Finance* and *Report of the Task Force on Risk Assessment*.) The IIF's *Summary Report on the Work of the IIF Steering Committee on Emerging Markets Finance* is now available and highlights the issues likely to feature in discussions leading up to this year's Annual Meetings of the IMF and the World Bank.

Challenges

The report enumerates major challenges facing participants in the global system of emerging market finance:

- *For market participants, including commercial banks, securities firms, asset management and insurance firms, and hedge funds:* improve risk monitoring and management, support increased transparency, and work cooperatively to resolve crises voluntarily.
- *For governments, central banks, and regulators of emerging market economies:* maintain sound domestic

Selected IMF rates

Week beginning	SDR interest rate	Rate of remuneration	Rate of charge
July 19	3.34	3.34	3.80
July 26	3.32	3.32	3.77

The SDR interest rate and the rate of remuneration are equal to a weighted average of interest rates on specified short-term domestic obligations in the money markets of the five countries whose currencies constitute the SDR valuation basket (as of January 1, 1999, the U.S. dollar was weighted 41.3 percent; euro (Germany), 19 percent; euro (France), 10.3 percent; Japanese yen, 17 percent; and U.K. pound, 12.4 percent). The rate of remuneration is the rate of return on members' remunerated reserve tranche positions. The rate of charge, a proportion (currently 113.7 percent) of the SDR interest rate, is the cost of using the IMF's financial resources. All three rates are computed each Friday for the following week. The basic rates of remuneration and charge are further adjusted to reflect burden-sharing arrangements. For the latest rates, call (202) 623-7171 or check the IMF website (www.imf.org/external/np/tre/sdr/sdr.htm).

Data: IMF Treasurer's Department