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John Neagle

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Jamaica: International Monetary Fund Agrees To Six-Month Extension For \$60 Million Loan Agreement

by John Neagle

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On June 8 in Kingston, Finance Minister Seymour Mullings told the Parliament that the International Monetary Fund had agreed to a six-month extension of a \$60 million credit agreement to Jamaica beyond the September expiration date. Jamaica sought the extension after failing to meet economic targets established by the IMF for the last two quarters. In September, Hurricane Gilbert seriously damaged the country's banana and tourism industries. Government officials said that the extension means Jamaica should receive the \$60 million that had not yet been disbursed under the original agreement. Mullings said the economy was burdened by a \$4.5 billion foreign debt, the largest on a per capita basis in Latin America and the Caribbean. Debt service consumes 41% of the government's projected 1989 budget, and 39% of annual export revenue. The finance minister said the government plans to close part of its \$1.65 billion financing gap with tax hikes for telephones, cars and airline tickets. Despite the hurricane damage, Mullings predicted a 4% growth rate this year, compared to 0.5% in 1988. The minister's speech was the government's first economic policy statement since Prime Minister Michael Manley was elected Feb. 9 after eight years of conservative rule. During an official visit in Mexico City on June 11, Tourism Minister Frank Pringle told reporters that Jamaica's foreign debt per capita breaks down to \$2,000. (Basic data from AFP, 06/09/89; Notimex, 06/11/89)

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