



**HD** Transcript of a Press Briefing By William Murray, Deputy Spokesman, International Monetary Fund [document]

**WC** 4,518 words

**PD** 13 September 2014

**ET** 03:31

**SN** All Africa

**SC** AFNWS

**LA** English

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**LP**

Washington, DC, Sep 12, 2014 (International Monetary Fund/All Africa Global Media via COMTEX) -- MR. MURRAY: Good day, I'm William Murray from the Communications Department at the IMF, this is one of our regular biweekly press briefings. We're embargoed until 10:30 a.m. Washington time, that's 3:30 p.m. GMT. A couple of quick housekeeping items. Managing Director Christine Lagarde is currently in Tokyo. She'll give a keynote speech tomorrow at the World Assembly for Women, an international conference hosted by the Japanese Government. Subsequent to that, the Managing Director and First Deputy Managing Director, David Lipton, will attend the G-20 Finance Ministers and Central Bank Governor's Meeting in Australia which is on September 18th-21st in Cairns.

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In connection with the G-20 ministerial, we will be publishing what we call the G-20 surveillance note. It's titled "Global Prospects and Policy Challenges." It will be published just prior to the formal start of the ministerial meeting. Deputy Managing Director Naoyuki Shinohara is in Milan, Italy where today and tomorrow he is participating in the Asia Europe Meeting, ASEM, and he will then visit Angola on September 15th, 16th for meetings with the country authorities. Media relations can fill you in a little bit more on those activities.

Deputy Managing Director Min Zhu is in China today and tomorrow attending the Summer Davos. Mr. Zhu will then be in New York City on September 22nd, 23rd to attend ECOSOC, that's the UN's Economic and Social Council, where he will speak a high level dialogue on employment and decent work organized by the International Labor Organization.

Again, this is sort of precursor to the annual meetings. The analytical chapters of the World Economic Outlook and the Global Financial Stability Report will be released on September 30th and October 1st respectively. The WEO analytical chapters, will focus on the macroeconomic effects of public investment and on global imbalances.

The Global Financial Stability Report analytical chapters will focus on shadow banking and the role of corporate governance and executive pay for banks. Again, you'll get the chapters under an embargo on the press center here.

With that, let me open the floor to questions and then I'll take questions from QUESTIONER: There were some reports last week about the meeting here in DC this coming November where the Greek debt would have been discussed. Are there any signs that actually this meeting will take place?

MR. MURRAY: Thank you for the question. No, that's not true. There is no meeting in November at the IMF to discuss the Greek debt. The debt sustainability analysis is updated at each review, of course, of the Greek program and there are factors that move debt to GDP projections up and down. And we will make an updated assessment during the forthcoming review of the Greece program.

A full mission for the sixth review of the program is planned to start work in Athens in late September.

QUESTIONER: About the mission that will go back to Athens in late September as you said, do you have an exact date and if Poul Thomsen will lead the mission?

MR. MURRAY: I do not have an exact date at this time. We will update you and in terms of Poul Thomsen's participation, I also do not have information but follow up with us as we get closer to the mission launch and we'll get back to you. Let's keep it on Greece ...

QUESTIONER: You told us many times from this podium that the issue of the Greek debt will be discussed at the sixth review. As I understand this, it's going to begin at the end of the month. The Euro Group said on Monday that the debate will begin after the sixth review. What we want to hear is that are the discussions about the financing of the Greek program and about the debt, still proceeding on an orderly way as you told us before many times?

And what is your plan or your strategy for the Greek debt? Is there an option of those talks between you and the Europeans? Are the Europeans onboard to discuss this big problem for Greece?

MR. MURRAY: Thanks. I don't have any specific answers on all of your questions but I do want to remind you and others what we have said all along. There is an agreed framework in place for ensuring debt sustainability with Greece's European partners agreeing to provide any additional debt relief as needed to help bring Greece's debt down to 124 percent of GDP by 2020. And to substantially below 110 percent of GDP by 2022 as long as Greece continues to deliver on its program commitments.

QUESTIONER: A couple of things on Russia and Ukraine. On Russia, some people were talking earlier this year about the threat of a recession. So I -- my question is how do you assess that threat at this point? And my second one is whether you expect any missions to Russia anytime soon for a regular update.

MR. MURRAY: I'll take the recession question first and then get into the upcoming missions. The IMF projection at the end of the Article IV mission which was concluded in July showed a 0.2 percent growth for 2014 which is not a recession. We are not projecting a recession in Russia in 2014.

There is a staff visit that is planned for the second half of September and communications are planned at the conclusion of that visit. So again, there will be a mission the second half of September upcoming but you'll have to stay tuned in terms of communications from that mission.

QUESTIONER: Thank you. And on Ukraine, again, the situation is dire but they do have a ceasefire now that seems to be holding. In terms of your program, in terms of the economic prospects for the country, do you regard this as their last chance?

MR. MURRAY: Well, don't forget we've had regular reviews on the Ukraine program and there will be one coming up. So I don't really have anything fresh in terms of our findings since the last review but let me note that we do welcome the agreement reached and the fact that the ceasefire has been broadly holding.

The current assumption under the program is that the conflict will subside in the coming months and staff continues to monitor developments very closely. However, as we've noted many times, there's significant downside risks in the program and, you know, we'll be updating you on those as we progress.

QUESTIONER: Last time we had a briefing you mentioned that the IMF was working on economic assessments for the three countries that have been hit by Ebola. So I wanted to know if you had an update on that or when you expect that to be released.

MR. MURRAY: Okay, sure. Let me get to you on that. Well, beyond the human toll that this outbreak is exacting, the Ebola outbreak looks set to cause significant harm to the economies of Guinea, Liberia and Sierra Leone. A large scale and well-coordinated intervention by the international community is urgently needed to help bring the epidemic under control particularly in the cases of Sierra Leone and Liberia. The largest sectors of these already fragile economies, that's the agriculture, services and **mining** sectors are being affected.

This is, in turn, engendering significant financing gaps for the fiscal and external accounts of these two countries and triggering higher inflation. In Guinea where the outbreak started earlier and the number of new cases has slowed somewhat more recently, industrial **mining** has so far been spared but economic activity has nonetheless slowed sharply in Guinea on account of disruption to international travel and closing of land borders in Guinea.

So how bad is the situation? Well, it's evolving rapidly but based on the latest information available growth could decline by at least three to three and a half percent in Liberia and Sierra Leone and by about one and a half percent in Guinea.

The largest estimated growth impact in Liberia and Sierra Leone is attributed to the fact in both countries, as I mentioned, that industrial production is being affected while this isn't the case in Guinea so far.

QUESTIONER: And that's for 2014?

MR. MURRAY: Correct.

QUESTIONER: Just to follow up on that point of clarification. Do you mean three and a half percentage points?

MR. MURRAY: Three and a half percentage points of growth.

QUESTIONER: Okay, of growth. And then --

MR. MURRAY: Three to three and a half.

QUESTIONER: Yeah, three to three and a half, okay, in Sierra Leone and one and a half to -- in Guinea.

MR. MURRAY: Let him finish and I'll come back to you.

QUESTIONER: You said there was significant financing gaps all -- I think the IMF has programs with all three. Are you all currently in negotiations to boost their loans? Expand their financing?

MR. MURRAY: Well, right now staff estimated, as I mentioned, significant financing gaps. And we're talking in the realm for fiscal imbalance of payment needs for the three countries; these gaps are on the order of \$100 to \$130 million for each country. So we're -- there's a range \$100 to \$130 million for each country. As was noted by one of your colleagues here, all three countries do have IMF programs. So we're in active engagement right now with the authorities to help determine how we can cover the additional financing requirement that they are facing.

QUESTIONER: Is there -- are you seeing broader economic impacts regionally with the economic fallout not just from the countries but also cross border trade, there's been flight issues. There's been, what do you call it, remittances issues. There's also et cetera. You see what I'm saying.

MR. MURRAY: Right, I see where you're going with that. Yeah, I can't quantify that for you right now. Those are all, what you just mentioned are among the things that our African Department, which is in the lead on this, is monitoring very closely and is in contact with other departments at the Fund in terms of assessing spillover effects and things of that nature.

We're also in contact with all of the international organizations both in the international financial institutions and beyond to gather information and also to assess what support's needed. But at some point in time, good questions at some point in time we'll be able and I think in fairly short order we'll be able to elaborate a bit more.

QUESTIONER: The question actually on the percentage it sort of confused me. Is it that the economy of this country is going to contract by three point five?

MR. MURRAY: The hit from current growth if -- from current growth you were expecting three to three and a half percent being trimmed in Sierra Leone and Liberia. One and a half percent from Guinea.

QUESTIONER: So what was the original? Do you have the --

MR. MURRAY: I don't have the numbers in front of me. Let me see if I can get those for you before the briefing's over.

[These figures were shared with the media at the end of the briefing: Sierra Leone: from 11.3 percent to 8 percent, Liberia: from 5.9 percent to 2.5 percent, and Guinea: from 3.5 to 2.4 percent.]

QUESTIONER: So it doesn't mean these economies are going to contract necessarily?

MR. MURRAY: Don't forget this is an evolving situation so it's not over yet. But there are high -- some of the countries had higher growth, you know, positive growth, significantly positive growth rates but it's knocking growth down significantly.

QUESTIONER: Can you -- is there any sort of timeline you're working on in terms of getting these financing gaps covered to ensure that they have the adequate resources to confront the crisis?

MR. MURRAY: We would like to move on this as quickly as possible. So but there'll be, you know, there's a process in place but it'll, you know, we're hoping to move as quickly as possible. I don't have anything further to elaborate on in terms of the timing of when we'll have further announcements but we -- I expect within fairly short order we'll have more to elaborate on.

QUESTIONER: I have a question on Scotland. I mean, in case of victory of the yes, do you think that could deal a huge blow to the British economy and do you think that an independent Scotland could be

self-sufficient economically speaking? And also, I have another question on Mali. I was wondering if the IMF had resumed its cooperation with the country following the **purchase** of the presidential plane. Thank you.

MR. MURRAY: Okay. Let's deal with Scotland first and I'm going to look again to Mali. First of all, I do want to make the point that there is a political process underway and I really don't want to comment on the political process itself. It wouldn't be appropriate. But let me make this point and you would have seen in our Article IV staff report that we had a reference, you know, it was published. The UK Article IV staff report had a reference to the issue there.

A yes vote would raise a number of important and complicated issues that would have to be negotiated. The main immediate effect is likely to be uncertainty over the transition to potentially new and different monetary, financial and fiscal frameworks in Scotland. While this uncertainty could **lead** to negative market reactions in the short term, longer term effects would depend on the decisions being made during the transition. And I would not want to speculate on this.

In terms of monetary and financial and fiscal, right.

QUESTIONER: The IMF was -- asking if the IMF was supposed to resume its mission to Mali in September, so I was wondering if it was on its way or where were you standing?

MR. MURRAY: Okay. Well, IMF staff is currently on the ground in Bamako for reviews that are underway. The discussions are a combination of the first and second reviews.

QUESTIONER: So the audit you were asking for has been carried out in Mali in the way you were expecting?

MR. MURRAY: Well, following discovery of a number of problematic transactions which reveal weaknesses in public financial management, IMF staff and the authorities reached an agreement on remedial measures which include an audit of the transactions by the independent government auditor and tightening of the procurement code.

The authorities have begun implementing these measures and this opened the way for combining the first and the second reviews of the Fund supported program. That's all I have for that. Thanks.

I'm going to try to -- we have a few questions online. . What is the IMF's comment on the sovereign debt restructuring resolution adopted by the UN General Assembly on September 9th? The resolution cites the IMF's work on the issues in 2003.

You know we certainly take note of the UN resolution. We've obviously taken note of the UN resolution. How it's implemented really is up to the members of the UN itself. Let me make a point here. The IMF has been working since early last year on possible reforms to strengthen the framework for addressing problems of sovereign debt distress when they arise.

We were asked by our membership to explore a market-based solution and the scope and content of this ongoing work was approved the executive board reflecting broad agreement among the IMF membership. One key point, the executive board in particular endorsed a contractual based approach that centers on the Fund's assessment of debt sustainability.

So what's been going on, just for those who have not tracked the sovereign debt work at the Fund, in May last year we started a process that's still underway of looking at the range of issues facing sovereigns and how debt is sustainable and needs to be restructured. In June, this past June, the executive board had a preliminary discussion on ideas to make the Funds lending framework more flexible so as to address problems of sovereign debt distress in a more prompt and calibrated manner.

And these would be based on the Fund's case by case determination of debt sustainability which I referred to earlier. Early next month, the IMF executive board will discuss ways to strengthen sovereign bond contracts so that the process of agreeing on a restructuring with creditors can be made more efficient and avoid the type of hold out problems we have seen in the Argentina case.

In this regard, the board asked staff to focus on contractual based approaches for more orderly and efficient restructuring of sovereign debt when needed rather than approaches based on international treaty or convention. The Fund's work in the area of sovereign debt restructuring, as I mentioned, is ongoing and will be continuing for some months. And we'll have regular updates on this.

The collective action clause discussions that are upcoming, I expect there will be a staff paper published in association with that. Back to the room.

QUESTIONER: Now, if I understand correctly you just said that there is no meeting planned very clearly.

MR. MURRAY: No meeting planned.

QUESTIONER: Did the IMF ask for one to begin with?

MR. MURRAY: Not aware of one.

QUESTIONER: Okay, now in November 2012 the Europeans pledged to support Greece as needed and that included both any fiscal gaps and any debt restructuring if needed. Would a reiteration of this pledge before the next review be enough for the IMF to move with the next review, the seventh one?

MR. MURRAY: I don't think a reiteration's necessary. As we said, there is an agreed framework in place and that's where it stands.

MR. MURRAY: I don't think is an issue for the next -- in other words, I don't think this is the issue in the context of the next review.

QUESTIONER: I'm not talking about the sixth. I'm talking about the seventh.

MR. MURRAY: I don't think it's an issue in terms of -- we take one review at a time. So it's definitely not an issue in the context of seventh.

QUESTIONER: Okay, and what about the fiscal gap? Some Europeans have said that Greece may actually top the markets and that might actually be enough for the fiscal gap to be covered. Is the IMF comfortable that this would be possible?

MR. MURRAY: You know, in terms of getting into -- you know, the point for us is a fully financed program. It always will be. So I don't want to get into details until we conduct the next review but let's -- suffice it to say that making sure the program is proper -- efficiently and fully financed is what we care about.

QUESTIONER: Talking about fully financed, the Ukraine program review said that the program was adequately financed and said that there was a \$3.4 billion gap in financing between now and the end of next year, some of that in the next 12 months. Part of that was going to be met by a planned bond issuance which has now been, I believe, delayed but there was still some financing according to the review that was still to be negotiated.

Can you say right now that the Ukraine program is fully financed?

MR. MURRAY: I don't have any specifics on the current financing arrange -- you know, we've said all along that it was important for the international community to step up and help Ukraine. So that's all I have to say about that at the moment.

QUESTIONER: So to be clear there's a difference in saying the international community says we think it's important for the international community to step up than saying yes we have commitments, we have reached all the commitments we need to ensure that the program is fully financed.

MR. MURRAY: Yeah, I don't have anything specific on the status of longer term financing to Ukraine for you at the moment. I can get back to you.

QUESTIONER: I'm sorry, I'm not talking about longer term financing. I'm talking about the 12 months fully financed requirement that the IMF rules go by. I'm just trying to verify that IMF can confidently say that the program at this point is fully financed.

MR. MURRAY: As far I know, you know, we have a program with Ukraine. So I am not aware of any other condition.

QUESTIONER : So yes?

MR. MURRAY: I'm not aware of any other condition.

QUESTIONER: So yes?

MR. MURRAY: I don't have a characterization for you right now. I'll have to get back to you.

QUESTIONER: So I have a follow-up on Greece.

MR. MURRAY: Yeah.

QUESTIONER: At the end of this year, the loan agreement between the Europeans and Greece is going to finish. It's well-known, okay?

MR. MURRAY: Uh-huh, yeah.

QUESTIONER: My question is are you comfortable to continue a loan dealing with the Greek program. That's the one. The second one thing, what is going to happen to this Troika? It's going to become just the IMF?

MR. MURRAY: I don't have anything on the Troika to elaborate upon at this time. I mean, we still have a program Greece that goes through into 2016. As far as I know, that's still the case. And, you know, we'll have to go from there.

I have to remind you that, because our program runs through until early 2016, our main focus is just to continue our work, whatever format it does it in. We still have work to do. Questions on any program with Europe are for European and Greek officials to talk about.

QUESTIONER: Bill, really can you take this question and maybe you can give us an answer later because it's a very important question.

MR. MURRAY: Well, you know, the thing is we have a program. We can operate in -- we operate all over with whatever structures we -- as long as we have a program, we continue to operate so that's what it is. I don't have anything to be -- it would be speculating if I had to say, you know, what ifs. We have a program. There's a review process underway. It continues. So --

QUESTIONER: So you are staying along, that's --

MR. MURRAY: Still have a program with Greece so it continues.

QUESTIONER: I have another question on Cyprus if it's possible.

MR. MURRAY: Sure, yeah, please.

QUESTIONER: I really don't know what is going on with Cyprus. There are a lot of reports that you are not going to give them the money and can you tell us what is the problem since the last 18 months, if I remember well, your reviews on Cyprus were very, very positive?

MR. MURRAY: I'm not sure about some of your characterizations, but let me tell you where things stand at the moment with Cyprus and the IMF. An IMF team with representatives of the European Commission, the ECB, the Troika that you referred to earlier, ended their visits in Nicosia to discuss the fifth review of the program back in July.

We published a statement back in July on that. I do not have an exact board date, IMF board date at the moment, and we'll communicate to you when we do have a firm date. You know, we have urged the authorities to put in place a legislative package on foreclosures that ensures that the foreclosure process is effective and provides adequate and balanced incentives to work out troubled loans.

This is essential to deal with high and rising non-performing loans, restart the flow of bank credit and put Cyprus back on the path of sustainable growth. The current package is not compatible with these goals and we look forward to hearing from the authorities on how they plan to proceed. That's my --

QUESTIONER: So I don't understand really, you're going to give them the money or not?

MR. MURRAY: We look forward to -- well, like I said, we don't have an exact date for completing the review the board and we'll communicate that when it's firm.

QUESTIONER: Yesterday, I think the board approved an extension in the 400 and some odd billion in emergency reserves for the IMF. That number has declined by about 40 billion I think since 2012 and the number of contracts. Can you say who's dropped off and why that money's still needed?

MR. MURRAY: Yeah, I'd have to chase that with our finance department. I think there's, you know, it's -- I'll have to get back to you on that. I think you're correct that it's a slightly smaller number but from an operational perspective it's not significant but I will get back to you on the countries.

Sure, no, that's fine. We'll update everybody. So the -- okay. This is -- oh, let me take a -- my colleagues are signaling. Let take some from the online media briefings that are here. Pakistan question. Please inform us when will Pakistan get the next installment of the loan which is due this month or has it been delayed?

Moreover, what kind of waiver had been given to Pakistan to qualify for the next tranche? Let

Again, this is the review process. So the fourth review discussions of our extended Fund facility are still ongoing. Discussions in Dubai have been constructive and will continue via video conference from Washington, DC. We expect to update you at the conclusion of these discussions.

Discussions, you know, always vary in terms of timing, so I can't be precise in terms of when we'll wrap up. Okay, I think we're going to take one more question from the center here Has Portugal showed any official intention to the IMF as Ireland did to an early payback of its bailout?

My answer on that is that we have not received any communication on this. So again, has Portugal showed any official intention to the IMF as Ireland did to an early payback of its bailout loans? That's the question. All I can tell you is that we have not received any communication on this.

**CO** imonf : International Monetary Fund

**IN** ibnk : Banking/Credit | ifinal : Financial Services

**NS** c315 : Conferences/Exhibitions | ccat : Corporate/Industrial News

**RE** greece : Greece | africaz : Africa | angol : Angola | austr : Australia | china : China | gurep : Guinea | italy : Italy | jap : Japan | liber : Liberia | mali : Mali | uk : United Kingdom | usa : United States | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | balkz : Balkan States | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia | eecz : European Union Countries | eurz : Europe | medz : Mediterranean | namz : North America | souafrz : Southern Africa | wafrz : West Africa | weurz : Western Europe

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