



International
Monetary Fund

Statement at the Conclusion of an IMF staff mission to Guatemala

Español

Press Release No. 07/303

December 20, 2007

The following statement was issued today in Guatemala City at the conclusion of an International Monetary Fund (IMF) staff mission to Guatemala:

"An IMF mission headed by Mr. David Robinson, Deputy Director of the Western Hemisphere Department, visited Guatemala City during December 13-17 to discuss recent economic developments and participate in the seminar 'Dialogue on Economic and Social Policies.' The mission met with president-elect Alvaro Colom, vice-president-elect Rafael Espada, and members of their teams. The mission also met with central bank governor Maria Antonieta de Bonilla and staff of the ministry of finance and the central bank.

"The seminar with members of the incoming government was an excellent opportunity to review economic progress and challenges, and to discuss global and regional developments, including linkages between Guatemala and the world. Guatemala has made important progress over the past few years in embracing macroeconomic stability and increasing integration with the world economy, which is already paying off in higher economic growth and greater resilience to external shocks. But despite these achievements, Guatemala is far from fulfilling its economic potential, with per-capita GDP below its level of 1980, and poverty—while declining—still very high.

"Looking forward, the key challenge for Guatemala is to raise GDP growth to the levels now seen in faster growing emerging market economies. This will require measures to boost both investment and productivity growth, including through improving the business environment, and better provision of key public goods like health, education, and public security, and better infrastructure. This needs to be achieved while maintaining Guatemala's macroeconomic strengths, underscoring the importance of early action to strengthen government revenue, which is low compared to regional peers, and of ensuring that inflation is contained at low levels. A second important area is to continue developing and strengthening the financial sector. The stresses in the banking system in late 2006 and early 2007

were managed effectively, and neither the financial system nor the broader economy were seriously affected. However, it is important to continue improving the regulatory and supervisory frameworks, bringing them closer to international standards. Last but not least, it will be important to ensure that the benefits of growth are widely shared, to promote equity and broaden support for market-oriented reforms.

"The mission expressed gratitude to president-elect Colom, vice-president elect Espada, and members of the government-elect for the open dialogue, and conveyed the IMF's readiness to help the new government implement its policy program. The mission also thanked the World Bank for organizing the seminar."

IMF EXTERNAL RELATIONS DEPARTMENT

Public Affairs

Media Relations

Phone: 202-623-7300

Phone: 202-623-7100

Fax: 202-623-6278

Fax: 202-623-6772
