# IMF PRESS RELEASE

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International Monetary Fund
700 19th Street, NW
Washington, D.C. 20431 USA

## IMF Completes Fifth Turkey Review and Approves US$1.4 Billion Credit Tranche

The Executive Board of the International Monetary Fund (IMF) today approved the fifth review of Turkey's economic program, which is supported by a three-year IMF stand-by credit. The decision will enable Turkey to draw up to SDR 1.09 billion (about US$1.4 billion) immediately.

The stand-by credit was approved in December 1999 for SDR 2.9 billion (about US$3.8 billion) (see Press Release 99/66). On December 22, 2000, the Board decided to provide additional resources available under the Supplemental Reserve Facility (SRF) for SDR 5.8 billion (about US$7.6 billion) to alleviate balance of payments difficulties (see Press Release 00/80).

Of the total amount of SDR 8.7 billion (about US$11.4 billion) under the stand-by credit, Turkey has so far drawn SDR 2.84 billion (about US$3.7 billion).

Following the Executive Board discussion on Turkey, Horst Köhler, Managing Director and Chairman, said:

"Policy implementation since the last Executive Board meeting has been most encouraging. In particular, the central bank has strictly implemented the monetary policy framework laid out in their December 2000 Letter of Intent and important actions in the structural area have been implemented during January.

"On monetary policy, the Central Bank of Turkey has successfully mopped up most of the excess domestic credit created during the crisis, thus helping to restore market confidence as evidenced by the reduction in interest rates and the increase in foreign reserves.

"On banking, the recent decision to adopt a time-bound plan to resolve the banks currently controlled by the Saving Deposit Insurance Fund that did not elicit market interest should help restore confidence in the banking system. The strengthening of regulations aimed at addressing sources of market risk is similarly welcome.

"Progress has been made also in other structural areas, including by implementing key steps envisaged under the program to facilitate the privatization of telecommunication, transportation, and energy sectors. In light of the progress made, and of the authorities' reassurance that the Electricity Markets Law would be enacted by mid-February, the Executive Board approved the request of the Turkish authorities for a waiver of compliance on the performance criterion relating to the enactment of this law.

"Strict adherence to the monetary, fiscal and the structural reform program is needed. The determination shown so far augurs well for the return of full market confidence and for the success of the authorities' ambitious disinflation program," Mr. Köhler said.

IMF EXTERNAL RELATIONS DEPARTMENT
Public Affairs: 202-623-7300 - Fax: 202-623-6278
Media Relations: 202-623-7100 - Fax: 202-623-6772