

The reactions of the Governments of the Americas to the international crisis:

**follow-up to policy measures adopted up to
31 December 2011**

(Preliminary version)



UNITED NATIONS



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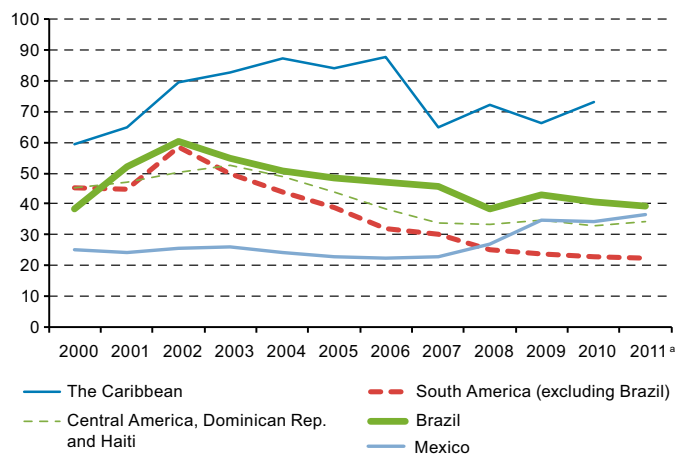
This document was prepared by the Economic Development Division in collaboration with the ECLAC subregional headquarters in Mexico and the ECLAC subregional headquarters in Trinidad and Tobago, the ECLAC offices in Bogota, Brasilia, Buenos Aires, Montevideo and Washington, D.C. and other divisions of the Commission.

Introduction

The international economic and financial crisis that hit Latin America and the Caribbean in 2008 and 2009 had two major consequences: first, it cut short a run of economic growth which, in terms of magnitude and duration, had been unprecedented since the 1970s; second, for the first time, a large number of countries in the region implemented a series of countercyclical measures that helped to contain the impact of a crisis of external origin on economic and social development.

However, the capacity to implement countercyclical tools during the crisis varied considerably between countries in the region, as it was largely dependent on policy space created previously. In particular, commodity-exporting countries, especially in the south of the continent, had taken advantage of the increased revenue generated by high commodity prices to strengthen their fiscal position, for example by slashing their public debt (see figure 1).

■ **Figure 1 ■**
Gross public debt, simple averages
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official country data.

^a The data for Argentina, Chile, Colombia and Uruguay correspond to the third quarter; the data for the Bolivarian Republic of Venezuela correspond to the second quarter.

Before the crisis, the Central American countries had achieved similar reductions in public debt. In some highly indebted countries with lower per capita incomes, debt paydown was accomplished with support from the Heavily Indebted Poor Countries (HIPC) initiative (which benefited Guyana, Haiti, Honduras, Nicaragua and the

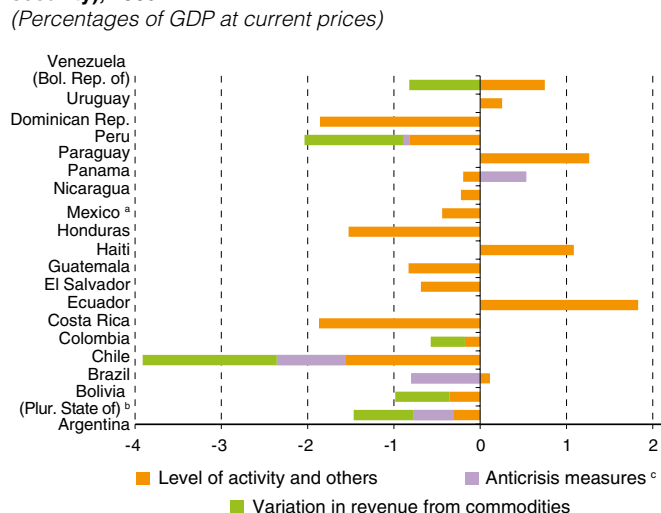
Plurinational State of Bolivia) and other debt relief initiatives. Although the Caribbean countries also managed to lower their public debt to some extent, in many cases the debt burden was still heavy enough to hinder the implementation of countercyclical policies in a crisis.

Until mid-2008, before the widespread impact of the subprime mortgage crisis had taken its toll, the region was tackling the repercussions of soaring international food and hydrocarbon prices. The surges were the result of both demand factors (such as the growth of Asian countries and the expansion of biofuels) and supply factors, as well as the boom in financial investment in commodity markets (UNCTAD, 2008). The consequences varied significantly between different groups of countries. Whereas net commodity exporters benefited from the price rises, net importers were hit by the rising value of their imports and surging inflation—especially in the food and transport sectors—which impacted on low-income households in particular. In this context, many countries implemented mitigation measures such as subsidies, tax breaks and stabilization funds, as well as trade and administrative measures (Jiménez, Jiménez and Kacef, 2008). In addition, given that high export prices, together with the growth in emigrant remittances and high external liquidity, resulted in an abundance of foreign currency, several countries allowed real and nominal currency appreciations as a means of easing external inflationary pressures. Although several central banks intervened by building up international reserves, 17 of the 20 countries in the region for which information is available were showing real year-on-year currency appreciations in June 2008, just before the financial crisis broke out in September that year. The largest real currency appreciations were recorded in the Bolivarian Republic of Venezuela, Brazil, Colombia, Guatemala, Jamaica, Nicaragua, Paraguay, the Plurinational State of Bolivia and Uruguay (ECLAC, 2008: figure I.10).

The countercyclical fiscal policy approach adopted to tackle the global crisis in 2008-2009 was reflected mostly in public spending.

On the income side, the measures designed to promote investment and consumption included adjustments to income tax (deductions, exemptions, accelerated depreciation and nominal rate reductions) and reforms of taxes on goods and services (VAT, specific taxes and tariffs). However, at the regional level, tax receipts fell as a proportion of GDP mainly as a result of lower activity levels. In some countries, public income also contracted as commodity export prices fell. In short, anticrisis measures limiting tax collection had a measurable impact only in a few countries (see figure 2).

■ **Figure 2** ■
Changes in central government tax revenue (excluding social security), 2009
(Percentages of GDP at current prices)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Economic Survey of Latin America and the Caribbean 2009-2010* (LC/G.2458-P), Santiago, Chile, 2010. United Nations publication, Sales No. S.10.II.G.3.

^a Non-oil tax revenue only.

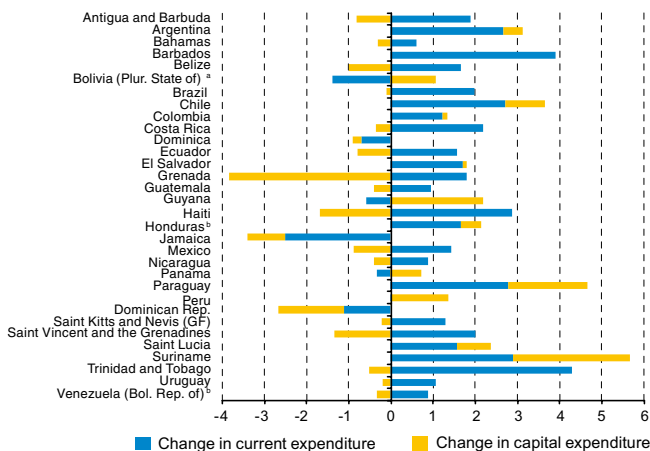
^b General government.

^c It was not possible to ascertain the revenue impact of the system of accelerated depreciation in Costa Rica or of the tariff cut in Mexico.

On the spending side, the measures included increased investment in infrastructure, housing plans, programmes to support small- and medium-sized enterprises and small farmers, and various social and labour policies. Overall, two trends stand out. First, unlike in previous crises, in the region as a whole—notwithstanding significant differences between countries—public investment was not used as an adjustment variable. In fact, as a proportion of GDP, it remained practically stable between 2008 and 2009, edging up from 4.5% to 4.6%. However, capital spending did vary markedly between subregions. In 2009, based on the simple average for the countries, capital spending fell by 0.3% of GDP in the Caribbean and 0.4% of GDP in Central America and Mexico, whereas in South America it rose by 0.4% of GDP. In South America, capital spending continued to be relatively low, but—unlike in the other subregions—was boosted enough to ensure a positive impact on aggregate demand and employment and avoid the damage to long-term development such as that caused by fiscal adjustment strategies adopted during previous crises.

The second main trend was that Governments stepped up current spending more than capital spending (see figure 3).

■ **Figure 3** ■
Changes in central government expenditure, 2009
(Percentages of GDP at current prices)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Economic Survey of Latin America and the Caribbean 2009-2010* (LC/G.2458-P), Santiago, Chile, 2010. United Nations publication, Sales No. S.10.II.G.3.

^a General government.

^b Total spending does not include net lending.

Central government primary current spending in Latin America expanded from an average of 15.8% of GDP in 2008 to 17.0% of GDP in 2009. Much of this increase was the result of higher transfers to the most vulnerable households in an effort to minimize the effects of the crisis. Many countries had created institutions to provide targeted transfers to low-income households as part of an ongoing social protection strategy, and this enabled them to channel additional resources to these groups quickly and efficiently. Current spending expanded across the board in the three subregions, by between 1.1% and 1.4% of GDP, as a simple average for the respective countries.

A variety of measures were adopted, some for the first time in the region, to safeguard jobs and the incomes of workers who became unemployed. These steps included expanding access to unemployment insurance and associated benefits, the use of training schemes to temporarily finance jobs or improve the subsequent integration of the workers affected, wage subsidies for specific groups (young people and workers at risk of redundancy) and emergency employment plans (ECLAC/ILO, 2011).

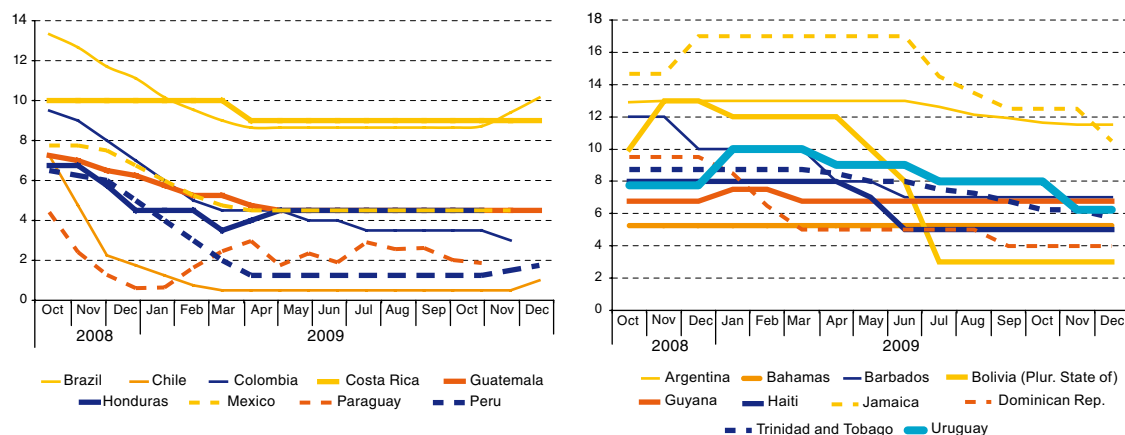
In terms of social measures, Governments introduced consumption subsidies (for fuel, food, transport and electricity) and targeted transfers for low-income households (for housing, health and education). In the region as a whole, 57% of the measures announced were of the targeted sort, which tend to be more effective because they benefit the population groups most in need and do not transfer public resources to sectors with higher incomes. There were notable differences at the subregional level, however. In South America and Mexico, measures focused on supporting low-income families, whereas in Central America and the Caribbean they were spread across the two categories equally. The different approaches could be linked to disparities in institutional capacities between countries, given that general subsidies require less institutional capability than targeted programmes (ECLAC, 2009).

At the same time, amid considerable uncertainty in international financial markets, which in late 2008 was reflected in sudden outflows of foreign exchange and the suspension of external credit lines for banks and subsequent rises in the nominal exchange rate, several central banks took steps to increase liquidity in national financial

systems, both in national currency and in dollars (including the early repurchasing of bonds issued by central banks, increasing lines of credit for the financial system and injecting liquidity through debt repurchases). In addition, legal reserve requirements were lowered in order to increase the secondary expansion potential of the money supply and measures were implemented to improve regulation and supervision of the financial system. Interest rates were cut across the board to reduce the cost of credit, as falling international prices, especially food prices, helped to curb inflation. Countries were therefore able to reverse the monetary policy interest rate hikes which had been applied up to mid-2008 in response to imported inflation fuelled by high hydrocarbon and food prices in international markets.

Measures were also adopted to enable credit chains to continue functioning. However, the specific characteristics of the crisis created considerable uncertainty and distrust of the global financial system, which resulted in a contraction in private bank credit. Several countries sought to strengthen public banking as an alternative source of credit but only a few had public banks with sufficient capacity to do so.

■ Figure 4 ■
Latin America and the Caribbean (selected countries): monetary policy benchmark rates
(Annual percentages)

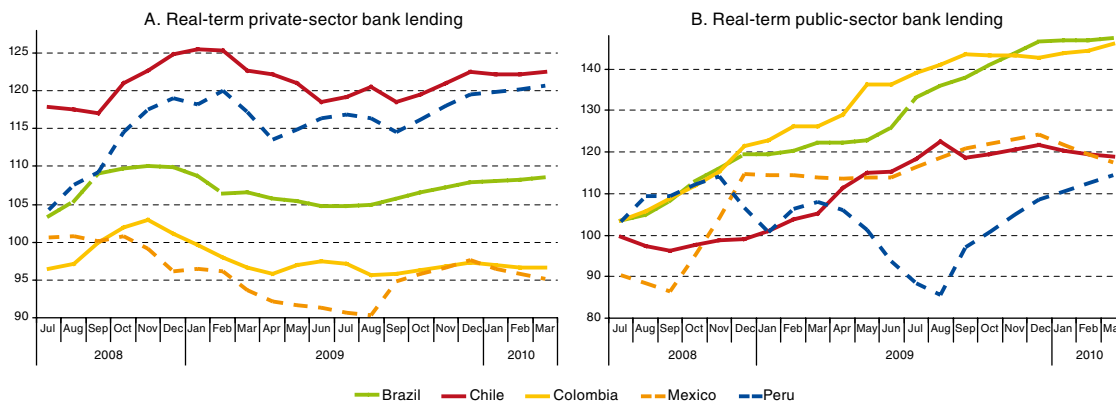


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data from the countries.

■ Figure 5 ■

Real-term private-sector and public-sector bank lending

(Index: first semester 2008=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Preliminary Overview of the Economies of Latin America and the Caribbean 2010* (LC/G.2480-P), Santiago, Chile, 2010. United Nations publication, Sales No. S.11.II.G.2.

In 2009, the foreign-exchange market was heavily driven by shifts in expectations concerning the duration of the crisis in developed countries and the perception of risk in the region. As a result, in the early months of the year, most of the region's currencies continued to depreciate in nominal terms. However, as the United States adopted a massive financial bailout plan and the risk of another systemic crash in its financial system subsided, fears of a global crisis to outlast the Great Depression of the 1930s began to recede. A number of central banks in the region established liquidity swap lines with the United States Federal Reserve and several countries concluded standby agreements with the International Monetary Fund (IMF) to take advantage of its new rapid financing facilities. These measures, combined with the region's international reserves position and low levels of external debt, amounted to a demonstration of reduced risk. Consequently, in the second quarter external liquidity conditions eased considerably for Latin America, which led to renewed nominal and real currency appreciation and boosted inflows of external financial resources.

In 2010, growth resumed in Latin America and the Caribbean thanks to the global economic upturn led by China and India. The improved performance was facilitated by the decline in international food and hydrocarbon prices, which had a positive effect on real wages and domestic demand (ECLAC, 2009). Major differences were once again evident among subregions, however, since the recovery was

more robust in the South American countries (6.4%) than in Central America (4.0%) and the Caribbean (0.4%).

In 2010 and early 2011, several countries—especially commodity exporters with financial systems integrated into international markets—recorded large foreign currency inflows, which put upward pressure on their currencies.

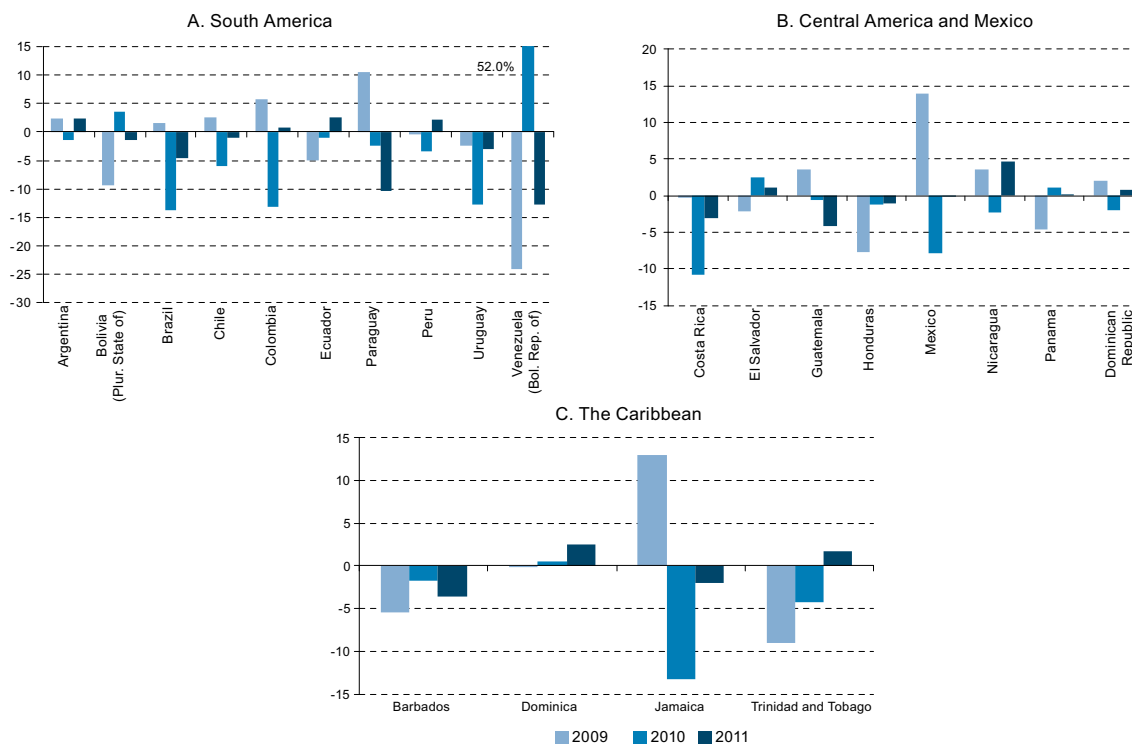
The resumption of economic growth, which continued into 2011, albeit at a slower rate, enabled countries to withdraw the measures implemented to contain the impact of the 2008-2009 crisis. As explained in more detail in the listing by country, some of the measures were designed from the outset to be temporary, such as bringing forward public spending, speeding up the drawback of taxes for certain productive sectors and the temporary levying of a specific tax. Also discontinued were special export financing, accelerated depreciation and temporary sectoral and labour subsidies. Emergency employment programmes were not generally suspended but their coverage was reduced as job creation picked up. Several countries kept some measures in place which, although adopted as part of a set of countercyclical policies, represented long-term initiatives, such as programmes to support small- and medium-sized enterprises and farmers, and public investment programmes (including housing programmes in Brazil and Colombia). Targeted social programmes created or expanded during the crisis were also continued.

The Caribbean stands out as the only subregion to have been hit by a severe financial crisis in 2009 (the CLICO case). Owing to its more sluggish economic recovery compared with the other subregions, many of the measures implemented in previous years were kept in place, especially the liquidity support fund, which was set up to contain the impact of the financial crisis. Food subsidies have also been retained. In view of the limited fiscal space in most Caribbean countries, unlike in the other subregions, no measures were implemented to boost aggregate

spending. Instead, fiscal policy sought to consolidate the fiscal accounts by combining higher spending in certain areas (such as subsidies and public investment) with controls on spending in other areas (public sector wages) and increases in revenue (VAT and fuel tax).

Although there were significant differences, many countries in the region began to regain their fiscal space, mainly by capitalizing on higher income generated by the economic upturn and, in some countries, by rising prices for their export commodities.

■ **Figure 6** ■
Year-on-year variation in the real effective exchange rate, annual average
(Percentages)



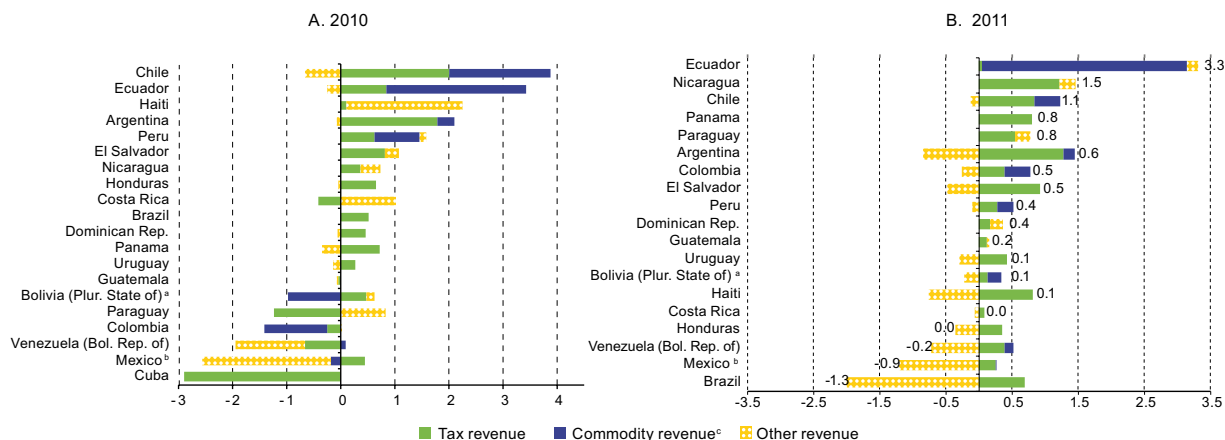
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data from the countries.

In 2010 and 2011, primary spending as a proportion of GDP fell slightly as a regional average. Consequently, after two years of deficits, in 2011 the primary balance turned positive again, measured as a simple average for the Latin American countries, and the overall

deficit narrowed from around 2.9% of GDP in 2009 to around 1.5% of GDP in 2011 (ECLAC, 2011).¹

¹ On the basis of the average for the six Caribbean countries for which 2011 data are available, the overall deficit shrank from 3.9% of GDP in 2009 to 3.2% in 2011 (calculated based on figures from ECLAC, 2011).

■ **Figure 7** ■
Changes in total central government revenue, 2010 and 2011
(Percentages of GDP at current prices)



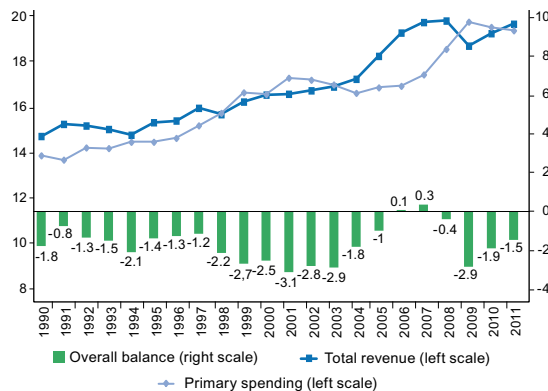
Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Preliminary Overview of the Economies of Latin America and the Caribbean 2010* (LC/G.2480-P), Santiago, Chile, 2010. United Nations publication, Sales No. S.11.II.G.2; and *Preliminary Overview of the Economies of Latin America and the Caribbean 2011* (LC/G.2512-P), Santiago, Chile, 2011. United Nations publication, Sales No. S.12.II.G.2.

^a General government.

^b Public sector.

^c Includes both tax and non-tax revenue derived from the exploitation of commodities.

■ **Figure 8** ■
Latin America and the Caribbean (19 countries): central government fiscal indicators, simple averages, 1990-2011
(Percentages of GDP)

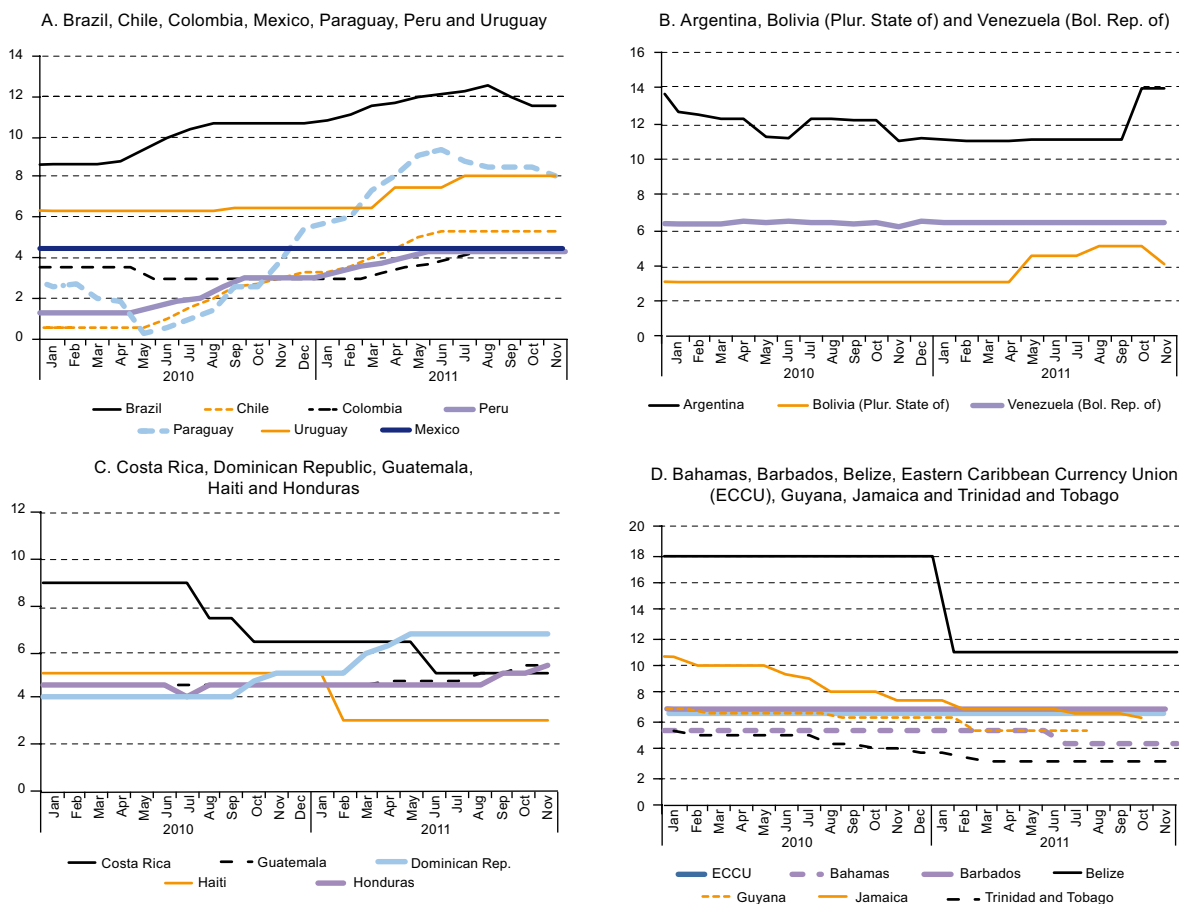


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data from the countries.

This helped to bring down regional public debt, which fell as a proportion of GDP in both 2010 and 2011 after expanding in 2009 (see figure 1).

At the same time, international food and fuel prices rose again. Although the increases were not as sharp as in 2007-2008, buoyant domestic demand in several countries meant that they were viewed as a threat to price stability and, as a result, monetary policy rates began to creep up again. However, not all countries raised interest rates, either because the economic upturn had yet to gain momentum or because they opted for other measures to rein in domestic demand, or because rate hikes were thought to be ineffective in view of the external origin of the price rises. In any case, the increase—or at least the end to successive cuts—in interest rates was one of the main macroeconomic policy responses to the new phase in the growth cycle since mid-2010.

■ **Figure 9** ■
Monetary policy rate, 2010-2011
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Preliminary Overview of the Economies of Latin America and the Caribbean 2011* (LC/G.2512-P), Santiago, Chile, 2011. United Nations publication, Sales No. S.12.II.G.2.

This new growth phase in the region was accompanied, however, by mounting doubts over debt sustainability in several European countries. Compared with these countries, the region's risk position seemed to be much improved, which prompted larger capital inflows to Latin America and the Caribbean and emerging countries. These flows were also driven by strong liquidity growth in the United States, which was fuelled in turn by a highly expansionary monetary policy

adopted to keep the country's financial system operational and aid the performance of its loan portfolios. This triggered real appreciation in most countries in Latin America and the Caribbean despite the various measures introduced to discourage capital inflows, such as the widespread build-up of international monetary reserves. At the regional level, reserves rose from US\$ 567 billion at the end of 2009 to more than US\$ 760 billion at the end of 2011.

ECLAC projects more sluggish economic growth in 2012 as the global economy cools and risks of a sharp slowdown increase (ECLAC, 2011).² The impact on the region will be channelled mainly through the real economy. Global demand for its export products is likely to slacken, resulting in smaller export volumes and deteriorating terms of trade, although commodity prices will remain relatively high in historic terms.³ Slower global growth will also have an impact on other variables determining the robustness and nature of economic growth in the region, such as foreign direct investment and migrant worker remittances. Boosted by the moderate recovery of the United States economy, which contrasts with the stagnation—and, in some cases, the crisis—in the euro zone, the performance of the countries in the northern part of the Latin American and Caribbean region is expected to show a relative improvement. In 2012, similar rates of growth are expected in Central America (3.7%) and South America (3.9%), whereas the Caribbean is projected to continue lagging (1.7%).

Should the external situation take a sharp turn for the worse, these impacts will naturally be stronger. In addition, with public revenues eroded by falling export prices, commodity-exporting countries would see their fiscal policy space compressed. On the financial front, additional risks could arise relating to possible capital outflows in a flight to quality assets and strategies to minimize vulnerabilities in the banking system, especially among banks of European origin.

Amid prospects of a cooling global economy, its possible impact on growth in the region and expectations of inflation, and facing the risk of an even more severe deterioration in external conditions, most countries stopped raising monetary policy rates and some lowered them. In addition, several countries took steps to strengthen growth or indicated that they were poised to do so should external or domestic conditions change. For example, seeking to boost domestic demand, the Government of Brazil announced a reduction in taxes on domestic credit, consumer durables (white goods), certain food staples and financial transactions associated with long-term foreign investment. The maximum value of housing units qualifying for preferential taxation rates under the *Minha Casa Minha Vida* programme was also raised. Lastly, the Government announced that exporters of industrial goods may apply for tax refunds equivalent to up to 3% of their sales.

² For the following paragraphs, see ECLAC (2011), which analyses the varying vulnerabilities of countries in the region in the event of a cooling of the global economy, according to their levels of financial and trade integration.

³ These assumptions do not take into account the possibility of hydrocarbon prices surging as a result of geopolitical conflicts.

In Peru, two emergency decrees adopted in September and October 2011 contain measures on public investment in infrastructure construction and maintenance, loan guarantees for micro- and small enterprises and non-traditional exporters, and temporary employment programmes. Although these steps were not designed to cope with a new global economic crisis, the Government has indicated that they could be expanded into a contingency plan should a further crisis materialize.

In accordance with the stipulations of the World Trade Organization, MERCOSUR authorized its member countries to increase their import duties on up to 100 tariff lines above the levels established in the common external tariff for a period of up to 12 months, with the possibility of extending the increases for an additional 12 months, in order to protect the domestic industry from sharp inflows of imports.

Other countries have indicated that they are monitoring global economic developments and their potential impact on the regional and national economies and that they are prepared to take steps such as providing liquidity, boosting public investment and stimulating private investment and employment when deemed necessary.

Macroeconomic policy experiences in recent years show that the region has improved its capacity to manage economic cycles. In particular, net commodity exporters took advantage of the years of high export prices and robust global economic growth to reduce their vulnerabilities. This enabled them to tackle the 2008-2009 global crisis by implementing innovative measures to minimize the impact of the crisis. However, the space to implement these measures varied considerably between countries and subregions depending on their productive structure and their level of integration in goods and financial markets.

In 2009, ECLAC published a document⁴ reviewing the efforts made by countries to tackle the international economic and financial crisis. The document was updated and supplemented several times thanks to inputs kindly provided by the respective countries. Two years later, in this document, ECLAC now offers a detailed review of the measures implemented, as well as those announced more recently in preparation for the possibility of a heavy slowdown in the global economy in 2012. It is hoped that this document will be useful in considering policies for tackling economic crises and managing economic cycles generally. Comments and feedback from ECLAC member countries are welcomed and will be used to add to the document and ensure accuracy in a future updated version.

⁴ The latest version is ECLAC (2010c).

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SUMMARY OF MEASURES, BY COUNTRY

Measure	Country												
	AR	BO	BR	CL	CO	CR	CU	EC	SV	GT	HT	HN ¹	MX
Monetary and financial policy													
Legal reserve adjustments	R	R	D	D	R				R	D/R		X	
Liquidity injections in national currency	R	D	D/R	D	R	D	N			D		X	D
Changes to the monetary policy rate			D/R/N	D	D	R	N	X		D	R	X	R
Other measures	R/N		D/R		D			D/R	R		N	X	
Fiscal policy													
Tax cuts or benefits and subsidy increases	D/R	R	D/R/N	D	R/N	D/R	N	D/R	D/R	D	D/R/N	X	D
Increase or early disbursement of public spending allocations	R	R	D/R	D	R	D/R		R		D		X	D
Other measures	R/N		D/R/N	D	D/R	R	N	D/R/N	R	D		X	R
Exchange-rate and foreign-trade policies													
Liquidity injections in foreign currency (*)	R	R	D	D	D/R			D	D	D			D
Increase in import duties and import restrictions	R/N	R	R/N					D/R					
Tariff reductions			D					R					R
Export financing and support	R	D/R	D/R/N	D/R	R	D		D/R			N		
Exchange-rate policy	R/N		N			R	N			R	N		
Other measures	R/N				N		N	R					
Sectoral policies													
Housing	D	R	D/R/N	D/R	R	D/R	N	R		R	N	X	R
SMEs	R	R	R	D/R	D/R/N	D	N		R	R	R	X	D/R
Agriculture		D/R	D	R		D	R/N		R	D	R/N	X	D/R
Tourism										R			D
Industry	D/N	R	D/N	D	D/R/N	R				R	R	X	D
Other measures	R		D	D		R	N					X	X
Labour and social policies													
Labour policy	D/R	R	D/R/N	D/R	R/N	D/N	N		R	R	N	X	D/R
Social programmes	R	R	R/N	D	R	R	N		R	R	D/R/N	X	R
Other measures													
Multilateral financing													
	D/R				R	D/R		R	R	R	R	X	R

¹ No up-to-date information is available to 31 December 2011.

* Does not include central bank interventions involving the sale of foreign exchange in currency markets.

Note: AR= Argentina

BO= Bolivia (Plurinational State of)

BR= Brazil

CL= Chile

CO= Colombia

CR= Costa Rica

CU= Cuba

EC= Ecuador

SV= El Salvador

GT= Guatemala

HT= Haiti

HN= Honduras

MX= Mexico

NI= Nicaragua

PA= Panama

PY= Paraguay

PE= Peru

DO= Dominican Republic

UY= Uruguay

VE= Venezuela (Bolivarian Republic of)

NI'	PA	PY	PE	DO	UY	VE	BS	BB	BZ	GY	JM	SR	TT	AI	AG	DM	GD	MS	KN	LC	VC	CA	US	
		D/R	D	R				R	N		D		N											
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X		D/R	D/R/N	R	X	R/N	D/R	R	N	R	R	N	R/N		D	R			R	D	D	D	R	
X	R	R	D	R			R	R	R/N	R	R	N	N		R	R	D	N			R	D	R/N	
X	R	R/N		D/R			D		R	R	R	N	N		R/N	R/N	N		N	D	D			

BS= Bahamas
BB= Barbados
BZ= Belize
GY= Guyana

JM= Jamaica
SR= Suriname
TT= Trinidad and Tobago
AI= Anguilla

AG= Antigua and Barbuda
DM= Dominica
GD= Grenada
MS= Montserrat

KN= Saint Kitts and Nevis
LC= Saint Lucia
VC= Saint Vincent and the Grenadines
CA= Canada

US= United States
R – Measure remains in place (possibly with modifications)
D – Measure discontinued
N – New measure

DETAILED MEASURES, BY COUNTRY

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>ARGENTINA</p> <p>No new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011.</p> <p>Within the framework of MERCOSUR, the list of exceptions to the common external tariff was temporarily expanded with effect from 2012.</p>	<p>Legal reserve adjustments</p> <p>Lowering of legal reserve in dollars and other measures that implied a reduction in the legal reserve in local currency.</p> <p>Measure in place since 2009.</p> <p>Liquidity injections in national currency</p> <p>Programme of daily automatic repurchase of securities issued by the central bank maturing within six months.</p> <p>Measure in place since the second quarter of 2008.</p> <p>Tripling of the central bank's credit line for local banks.</p> <p>Measure implemented.</p> <p>Swap of secured loans to refinance Government liabilities issued in 2001.</p> <p>Measure implemented during the first half of 2009.</p> <p>A new mortgage loan scheme was announced following an agreement with private shareholders in Banco Hipotecario to enable public-sector involvement in its management.</p> <p>Measure implemented during the second quarter of 2009.</p> <p>Other measures</p> <p>The Federal Administration of Public Revenues (AFIP), the central bank and the National Securities Commission introduced measures to discourage the movement of private and corporate capital to tax havens and offshore banks. Financial agents may now conduct transactions only with countries that supply information on counterparts.</p> <p>Measure in place since the second quarter of 2009.</p> <p>The Government invited bidding for prepayment of US\$ 2.251 billion in Boden 2012 coupon bonds due to mature on 3 August 2009.</p> <p>Measure implemented during the second quarter of 2009.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Tax and pension fund moratorium covering all tax and social security liabilities payable at 31 December 2007.</p> <p>Measure discontinued. The measure was implemented between the first and third quarter of 2009.</p> <p>Reduction in employer contributions such that all firms creating or regularizing jobs pay 50% of contributions for the first year and 75% for the second.</p> <p>Measure in place since the fourth quarter of 2008.</p> <p>Elimination of the scheme of income tax deductions applicable to wage-earners since 2000. This measure benefits some 800,000 middle- or high-income workers.</p> <p>Measure in place since the first quarter of 2009.</p> <p>Additional payment for retirees of a fixed sum equivalent to US\$ 56, to be covered by the social security administrator.</p> <p>Measure implemented during the fourth quarter of 2009.</p> <p>The Government extended the regime of tax incentives under the law promoting investment in capital goods and infrastructure work. Firms may choose between an accelerated depreciation allowance from profit taxes and early VAT reimbursement. US\$ 330 million per year was made available for investment projects that impact job creation and value added. Of this total, US\$ 56 million is earmarked for SMEs.</p> <p>Measure in place since the second quarter of 2008.</p> <p>Increase or early disbursement of public spending allocations</p> <p>Public works plan worth US\$ 30.69 billion, of which US\$ 19.81 billion already has structured funding, and the remainder is under negotiation. US\$ 15.90 billion of that amount will be executed in 2009, more than double the figure for 2008. The public works programme will focus mostly on housing projects, hospitals, sewerage systems and roads.</p> <p>Measure implemented and remains in place since the first quarter of 2010.</p> <p>The Government announced a programme of bond issues worth a total of US\$ 1.12 billion to finance the 2009-2010 roads plan. A first tranche of 6- and 20-year bonds was issued for US\$ 420 million, which will be financed by the diesel levy; ANSES bought US\$ 380 million and the remainder came from private and official Banks, cooperatives and institutional investors.</p> <p>Measure implemented during the first half of 2009.</p>	<p>Liquidity injections in foreign currency</p> <p>On 30 March 2009 the central bank announced a preliminary agreement to establish a US\$ 10 billion currency swap mechanism with the Central Bank of China. This will be treated as a contingency mechanism for strengthening the Argentine central bank's reserve position.</p> <p>Measure in place since the first quarter of 2009.</p> <p>The central bank announced a swap with its counterpart in Brazil for the equivalent of US\$ 1.5 billion in pesos and reais.</p> <p>Measure in place since the second quarter of 2009.</p> <p>Increase in import duties and import restrictions</p> <p>Customs imposed tighter controls on products that are sensitive for national industry, such as textiles, footwear, metallurgical goods, white goods and motorcycles.</p> <p>Measure in place since the first quarter of 2009.</p> <p>Advance permits for imports were made obligatory for a larger range of products. Import controls were tightened by extending the deadlines for automatic advance import permits.</p> <p>Measure in place since the first quarter of 2009.</p> <p>Reference values created and import duties raised, and procedures related to unfair trade expedited.</p> <p>Measure in place since 2009.</p> <p>New measure: In December 2011, MERCOSUR authorized its member countries to raise their import tax rates above the common external tariff for up to 100 tariff headings, for a period of up to 12 months, with the possibility of a further 12-month extension.</p> <p>Export financing and support</p> <p>Lifting of ban on exports of maize and wheat, which had been in place since June 2008. The export of 6 million tons of maize and 520,000 tons of wheat was authorized.</p> <p>Measure implemented in 2009.</p> <p>Reduction in withholding tax on exports of wheat and maize: rates of export duty on wheat fall from 28% to 23%, and on maize from 25% to 20%. Additional one-point reduction for every million tons of production above the recent average.</p> <p>Measure in place since the fourth quarter of 2008.</p> <p>Reduction of 50% on withholding tax on exports of all fresh fruit and vegetables.</p> <p>Measure in place since the first quarter of 2009.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>The Government announced that it would channel up to US\$ 1.6 billion in social security contributions held by the National Social Security Administrator (ANSES) to credit lines for building, extending, finishing or purchasing new or existing housing. It was also decided to bring credit allotments for 2010 and 2011 forward to 2009.</p> <p>Measure implemented/ discontinued during the second quarter of 2009.</p> <p>SMEs</p> <p>According to the regime of tax incentives under the law promoting investment in capital goods and infrastructure projects, firms may choose between an accelerated depreciation allowance from profit taxes and early VAT reimbursement. US\$ 330 million per year was made available for investment projects that impact job creation and value added. Of this total, US\$ 56 million is earmarked for SMEs.</p> <p>Industry</p> <p>Loans for financing sales of motor vehicles and consumer durables, pre-financing of exports and working capital. Announcement of credit lines targeting these activities, to be financed from official funds, for US\$ 3.68 billion.</p> <p>Measure implemented/discontinued during 2009.</p> <p>A government trust was set up to take over Massuh, a paper manufacturer, which was in meetings with creditors.</p> <p>Measure implemented in 2009.</p> <p>It was announced that ANSES would lend General Motors Argentina US\$ 73 million to develop and market a new small-cylinder model using locally made parts.</p> <p>Measure implemented in 2009.</p> <p>New measure (since the second quarter of 2010): The Bicentenary Production Financing Programme was set up to lend to the production sector. Advances were granted by the central bank to financial institutions enabling them to finance key investment projects.</p> <p>Other measures</p> <p>Creation of a Ministry of Production, by merging into a single ministerial body existing departments of industry, commerce and SMEs; agriculture, livestock, fisheries and food; tourism and (to be confirmed) mining. Also the Office of the Under-Secretary for Small and Medium-Sized Enterprises and the National Investment Development Agency.</p> <p>Measure implemented/in place since 2009.</p>	<p>Labour policy</p> <p>Subsidy of 10% of labour cost for 12 months, extendable by a further 12 months (at 5%), by waiving employer contributions.</p> <p>Measure implemented/discontinued between the fourth quarter of 2008 and the first quarter of 2010.</p> <p>Promotion of worker formalization (through incentives).</p> <p>Measure implemented during the fourth quarter of 2008.</p> <p>Waivers of all capital and interest owed for regularization of the employment situation of up to 10 workers.</p> <p>From the eleventh worker on, the debt owed can be paid in instalments. Up to five years of pension contributions will be recognized for employees whose situation is regularized.</p> <p>Measure implemented/discontinued between the first quarter of 2009 and the first quarter of 2010</p> <p>The Government announced a 15.5% wage hike for civil servants. The rise will be stepped: 8% in June 2009 (payable in July's earnings) and 7% in August (payable in September).</p> <p>Measure implemented between the second and third quarter of 2009.</p> <p>Measure in place since the second quarter of 2009: Creation of the Social Income with Work Programme. This programme aims to create new jobs through cooperatives dedicated mainly to community work.</p> <p>Measure discontinued (in force between June 2009 and June 2010): Expansion of the contributory unemployment insurance system and the non-contributory training and employment system. Thanks to a resolution adopted by the Ministry of Labour, individuals who are still unemployed when the period covered by unemployment insurance has expired can apply to join the training and unemployment insurance system for six months, receiving 225 pesos per month. This measure was in force from 1 June 2009 to 30 June 2010.</p> <p>Measure discontinued in December 2011: Production Recovery Programme (REPRO). Temporary payment of a non-remunerative fixed monthly sum to ensure that those working for participating firms affected by the crisis keep their jobs. This programme was implemented in 2002, and it was extended until 31 December 2011 by Law 26563 after a national employment crisis was declared.</p>	<p>The World Bank endorsed the Country Partnership Strategy (CPS) and allocated US\$ 3.3 billion for its execution, which allows Argentina to borrow up to that amount up to 2011.</p> <p>Measure remains in place with modifications: Loans are now available until June 2012. These funds have already been earmarked.</p> <p>The World Bank also approved a loan of US\$ 840 million for the Matanza-Riachuelo Basin Sustainable Development Project, a higher amount than for 2006-2008. It also agreed to finance a basic social protection project for US\$ 450 million for 2009-2011 (separately from the funding agreed for CPS).</p> <p>Measure in place since 2009.</p> <p>Measure implemented/discontinued: During 2009-2010, the Executive Board of the Andean Development Corporation (ADC) approved operations worth US\$ 1.78 billion (US\$ 531 million in 2009 and US\$ 1.25 billion in 2010), a fivefold increase on the amounts approved in 2008 (US\$ 375 million). The loans were used to improve infrastructure in the road, rail, electricity, water and sanitation sectors, among others.</p> <p>Measure implemented: The Argentine Government agreed with the Inter-American Development Bank (IDB) to expand the Country Strategy by up to US\$ 4 billion. This made it possible to take new loans until December 2011, when the next Strategy will be determined on the basis of the increase in capital advocated at the Annual Meeting in Medellín.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
ARGENTINA	<p>New measures: During 2010, new macroprudential regulation measures were implemented:</p> <p>(i) Deposit coverage was increased from 30,000 to 120,000 pesos (from the first half of 2010);</p> <p>(ii) A new framework for valuing public-sector securities was implemented, aimed at making more transparent the valuation of public-sector securities (including central bank securities) held by financial entities, and reducing the procyclical impact of valuing public securities at market prices (from the first half of 2010); and</p> <p>(iii) A capital preservation requirement was implemented (from the second half of 2010, but with modifications (higher coverage rate), with effect from January 2012).</p>	<p>Other measures</p> <p>Unification of system under State regime: elimination of funded segment managed by retirement and pension fund management companies (AFJPs). Transfer to public sector of flow of contributions formerly collected by AFJPs, representing almost 1.5% of GDP. Transfer to public sector of assets formerly administered by pension system (some 10% of GDP, just under half of which consists of private-sector liabilities and assets held abroad).</p> <p>Measure in place since the fourth quarter of 2008.</p> <p>Measures to promote the declaration of assets at home and abroad and incentives to bring funds held abroad by residents into the country.</p> <p>Measure implemented between the first and third quarter of 2009.</p> <p>30% of Government revenues from soybean export duties to be distributed to the provinces. This measure (announced on 19 March 2009) is intended to inject funds into the provinces.</p> <p>Measure in place since the second quarter of 2009.</p> <p>New measure (implemented between the second and fourth quarter of 2010): Management of liabilities–debt swap 2010 and new debt restructuring offer for holders of public securities eligible in the 2005 swap. Debt restructuring offer for holders of Brady bonds.</p> <p>New measure (from the first quarter of 2010): Use of free reserves to service debt held with private entities and international organizations.</p> <p>New measure (implemented from the second quarter of 2010; now completed): Federal Programme to Reduce Indebtedness of Argentine Provinces. Debt owed by the provinces to the Government will not be adjusted for changes in the CER, the repayment period has been extended and interest rates have been lowered.</p>	<p>Exchange-rate policy</p> <p>Greater demand-side controls over foreign currency.</p> <p>Measure remains in place, with modifications: Controls have been tightened by introducing new requirements (concerning the provision of information and tax treatment) for the transfer of funds into or out of the country.</p> <p>Sliding exchange rate with a managed floating exchange-rate regime.</p> <p>Measure remains in place.</p> <p>New measure (from the fourth quarter of 2011): All foreign currency from export operations carried out by hydrocarbons firms (producers of crude oil or oil products, natural gas and liquefied gases) and mining firms must enter and be traded in the foreign-exchange market.</p> <p>Other measures</p> <p>Alteration of rules for the purchase of public securities liquidated overseas and other interventions by the National Securities Commission, Federal Administration of Public Revenues (AFIP) and the central bank.</p> <p>Measure in place since the second half of 2009.</p> <p>New measure (since 2010): Controls were tightened on operations involving the formation of freely available external assets by residents, For operations exceeding the equivalent of US\$ 250,000 in a calendar year, restrictions were imposed based on the financial position declared for tax purposes and the income over the period in question (in the case of individuals), and the net equity and composition of assets and earnings over the period (for legal entities). In addition, all these purchases, whatever the amount, are subject to approval by the Federal Administration of Public Income.</p> <p>New measure (from 2010): The repatriation of direct investment is now subject to prior approval. This also applies to new investments involving the disbursement of funds, in cases of contributions and purchases from residents, and to the extent that these funds have not been brought in through the local foreign- exchange market.</p> <p>New measure (since 2010): Implementation of SEPAIMO (an import payment follow-up system). The system makes it easier to check whether import payments are backed up by commercial operations registered by Customs.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>The Government announced that it would channel up to US\$ 1.6 billion in social security contributions held by the National Social Security Administrator (ANSES) to credit lines for building, extending, finishing or purchasing new or existing housing. It was also decided to bring credit allotments for 2010 and 2011 forward to 2009.</p> <p>Measure implemented/ discontinued during the second quarter of 2009.</p> <p>SMEs</p> <p>According to the regime of tax incentives under the law promoting investment in capital goods and infrastructure projects, firms may choose between an accelerated depreciation allowance from profit taxes and early VAT reimbursement. US\$ 330 million per year was made available for investment projects that impact job creation and value added. Of this total, US\$ 56 million is earmarked for SMEs.</p> <p>Industry</p> <p>Loans for financing sales of motor vehicles and consumer durables, pre-financing of exports and working capital. Announcement of credit lines targeting these activities, to be financed from official funds, for US\$ 3.68 billion.</p> <p>Measure implemented/discontinued during 2009. A government trust was set up to take over Massuh, a paper manufacturer, which was in meetings with creditors.</p> <p>Measure implemented in 2009. It was announced that ANSES would lend General Motors Argentina US\$ 73 million to develop and market a new small-cylinder model using locally made parts.</p> <p>Measure implemented in 2009.</p> <p>New measure (since the second quarter of 2010): The Bicentenary Production Financing Programme was set up to lend to the production sector. Advances were granted by the central bank to financial institutions enabling them to finance key investment projects.</p> <p>Other measures</p> <p>Creation of a Ministry of Production, by merging into a single ministerial body existing departments of industry, commerce and SMEs; agriculture, livestock, fisheries and food; tourism and (to be confirmed) mining. Also the Office of the Under-Secretary for Small and Medium-Sized Enterprises and the National Investment Development Agency.</p> <p>Measure implemented/ in place since 2009.</p>	<p>Social programmes</p> <p>Measure in place since the second quarter of 2009: Creation of the Social Income with Work Programme. This programme aims to create new jobs through cooperatives dedicated mainly to community work.</p> <p>Measure in place since the third quarter of 2009: Creation of Universal Child Allowance for Social Protection. Individuals who have children or who are pregnant, who are unemployed or lacking stable employment conditions, receive a monthly sum per child. In return, parents must supply vaccination/ education certificates for each child.</p> <p>Measure implemented/ remains in place: In early 2009 the Retirement Mobility Law entered into force, according to which pensions began to be adjusted automatically every March and September. It covers all benefits that are the responsibility of the Argentine Integrated Retirement System (SIPA) and is calculated based on the average of the variation in SIPA tax revenues and a general wage index. In addition, in December 2009 a single one-off payment of 350 pesos was made to retirees and pensioners entitled to the minimum pension. A lower amount, calculated according to a sliding scale, was paid to those who receive benefits of up to 1,500 pesos per month. The measure was repeated in December 2010, this time with a payment of 500 pesos.</p>	

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>BOLIVIA (PLURINATIONAL STATE OF)</p> <p>No new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011.</p>	<p>Legal reserve adjustments</p> <p>Steps have been taken to avoid the dollarization of liabilities in the financial system by increasing the Liquid Asset Requirement Fund (RAL) for additional deposits in hard currency, while leaving the provisions for local-currency deposits unchanged. The authorities have also sought to avoid the dollarization of financial system assets, by creating additional provisions for loans denominated in foreign currency.</p> <p>Measure remains in place, with modifications: The central bank has continued to raise the legal reserve requirement for foreign currency. In November 2010 it rose from 2% to 3.5% and again in January 2011 to 13.5% while the additional reserve requirement increased from 30% to 45%. The additional provisions for loans in foreign currency are also still applicable.</p> <p>These policies have achieved the desired result. Both deposits and loans in local currency have been increasing as a percentage of the total and both stand at around 60%-65% of the total, a substantially higher percentage than in 2008.</p> <p>Liquidity injections in national currency</p> <p>Decrease in rate of liquidity absorption through open market operations (second half of 2008).</p> <p>Measure discontinued: From the third quarter of 2010, the central bank began to absorb the liquidity in the economy by increasing open-market operations. With effect from this date, the central bank has been issuing more securities than the number that have expired to absorb liquidity and combat inflation.</p> <p>Provision of liquidity in national currency through the redemption of securities issued in open-market operations. Early redemption options are also available.</p> <p>Measure discontinued: In February 2011 the central bank re-launched a programme allowing the public to buy bonds and securities directly from the central bank, to facilitate this process.</p> <p>Facility for repo operations and liquidity credits backed by the RAL.</p> <p>Measure discontinued.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>The Government supported zinc prices to maintain production, using a mineral price stabilization account.</p> <p>Measure remains in place: The mineral price stabilization account remains in force, and operates with a fund of US\$ 5 million to help mining firms cope with price fluctuations.</p> <p>In May 2009 the Juana Azurduy Mother-and-Child bonus started to be distributed to pregnant women and to mothers of children under the age of 2. Pregnant women will receive four payments of US\$ 17 each for attending four ante-natal check-ups and one payment of US\$ 17 for having the baby delivered at one of the designated institutions and one post-partum check-up. Mothers of children under 2 will receive payments of US\$ 18 each for taking the infant to bimonthly check-ups (up to a maximum of 12 payments).</p> <p>Measure remains in place: As of March 2011, 638,652 families had received the bonus.</p> <p>Increase or early disbursement of public spending allocations</p> <p>In the framework of the contingency plan for 2009, public investment will rise to US\$ 1.871 billion in 2009, 35.5% more than the 2008 figure; that figure will increase to US\$ 2.871 billion if Congress approves a loan of US\$ 1 billion for the operations of Yacimientos Petroliferos Fiscales Bolivianos (YPFB) during 2009.</p> <p>Measure remains in place, with modifications: Public investment in fact only reached US\$ 1.439 billion in 2009, owing to problems spending the budgeted funds. This situation continued during 2010, when budgeted public investment was US\$ 1.807 billion while the amount spent was US\$ 1.521 billion. This trend is expected to continue in the near future, since boosting public investment is part of the Government's programme to change and nationalize the Bolivian economy.</p> <p>Congress approved the loan of US\$ 1 billion to Yacimientos Petroliferos Fiscales Bolivianos (YPFB). However, the amount was later changed and only US\$ 700 million was lent to YPFB and the rest to another State-owned hydrocarbons firm. After this, the Government approved several other loans using net international reserves and is planning to lend the country's production sector US\$ 2 billion in 2011.</p> <p>US\$ 870 million will be invested in the infrastructure sector (47% of the total budget), of which US\$ 690 million (37.5%) will be devoted to road building.</p>	<p>Liquidity injections in foreign currency</p> <p>Decrease in commission charged for transfers from abroad transacted through the central bank and increase in commission on outward transfers.</p> <p>Measure remains in place. The central bank continues to charge a low commission on transfers from abroad transacted through the central bank and apply a higher commission to outward transfers.</p> <p>Increase in import duties and import restrictions</p> <p>Inclusion of a 35% tariff rate in the country's tariff structure, especially for Chinese-made textiles.</p> <p>Measure remains in place, with modifications: The law came into force and Chinese-made products and textiles are subject to tariffs (this is not a generalized tariff). Despite this, imports from China have continued to grow apace over the past few years.</p> <p>Export financing and support</p> <p>Temporary financing for tariff payments for export firms legally established in the country that export to the United States without tariff preferences and in the framework of the Andean Trade Promotion and Drug Eradication Act (ATPDEA).</p> <p>Measure discontinued: This measure was implemented for 18 months. Export firms that exported to the United States during this time without tariff preferences and in the framework of ATPDEA received financing for tariff payments.</p> <p>In July 2009, micro-enterprises, small firms and exporters of textiles to the Bolivarian Republic of Venezuela (whose market was one those it was hoped would substitute for loss of demand in the United States) were made eligible for loans from the Productive Development Bank (BDP), a second-tier institution.</p> <p>Measure remains in place: Loans to SMEs are still on the rise, and the Government is still pursuing its policy of increasing loans to the production sector. In March 2012, the Government passed a law facilitating the use of US\$ 1.2 billion from net international reserves for loans to the production sector, including SMEs.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>Increases are planned for budget items relating to the housing sector.</p> <p>Measure remains in place, with modifications: In fact, public investment in housing fell over the period 2008-2010. In 2011, the budget for this sector increased to more than double the 2010 expenditure.</p> <p>SMEs</p> <p>In July 2009, micro-enterprises, small firms and exporters of textiles were made eligible for loans from the Productive Development Bank (BDP), a second-tier institution.</p> <p>Measure remains in place: Loans to SMEs are still rising, and the Government is still pursuing its policy of increasing loans to the production sector. In March 2012, the Government passed a law facilitating the use of US\$ 1.2 billion from net international reserves for loans to the production sector, including SMEs.</p> <p>Fresh public procurement sums were allocated with a view to supporting Bolivian production and making use of micro-enterprises, small producers and associations of small producers.</p> <p>Measure remains in place, with modifications: In addition to new public procurement sums, an automated system was created for tendering and procuring work in the public sector. From 2008 to 2010 execution of the public investment budget improved significantly: in 2008 the Government spent only 58% of the budget, while in 2010 it spent just over 84% of the budget.</p> <p>Agriculture</p> <p>Increases are planned for budget items relating to the agricultural sector.</p> <p>Measure discontinued: There was little change in the budget items between 2008 and 2009, and a fall in 2010. This also happened to actual expenditure, which only represents part of the budgeted amount owing to difficulties in spending budgeted funds because of procurement rules. Nevertheless, following changes to these rules, the percentage of the budgeted funds that were spent rose from 55% to 68% between 2008 and 2010.</p> <p>Fresh public procurement sums were allocated with a view to generating mechanisms to support Bolivian production and organizations of rural smallholders.</p> <p>Measure remains in place.</p> <p>Industry</p> <p>Increases are planned for budget items relating to the energy and mining sector.</p> <p>Measure discontinued: In both sectors, the budget almost doubled between 2008 and 2009 to then drop back to 2008 levels in 2010. However, while the amount spent in the mining sector increased between 2008 and 2009 (and then fell in 2010), the amount spent in the energy sector dropped over this period.</p>	<p>Labour policy</p> <p>A 12% increase in the minimum wage is planned (including the police and armed forces) and wages in the health and education sectors will rise by 14%.</p> <p>Measure remains in place, with modifications: The minimum wage increased by 10% in 2008, by 12% in 2009 and by 20% in 2011. In absolute terms, the minimum wage increased from 577.5 bolivianos in 2008 to 815 bolivianos in 2011.</p> <p>Wages in the health and education sectors also continued to rise. Following one increase of 14% in 2009, they rose by 11% in 2011.</p> <p>Social programmes</p> <p>In May 2009 the Juana Azurduy Mother-and-Child bonus started to be distributed to pregnant women and mothers of children under the age of 2.</p> <p>Measure remains in place: As of March 2011, 638,652 families had received the bonus.</p>	

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
BOLIVIA (PLURINATIONAL STATE OF)		<p>Measure remains in place, with modifications: US\$ 691 million was invested in infrastructure in 2009 while US\$ 725 million was invested in 2010. Efforts to invest in all sectors will continue.</p> <p>The energy-sector budget will be increased by 51.8%; it will receive US\$ 150 million, equivalent to 7.9% of the total calculated for 2009. The budget for hydrocarbons projects will be 30.5% higher than the current figure.</p> <p>Agricultural production projects will receive US\$ 150 million, equivalent to 8.1% of the budget. Mining will receive US\$ 110 million, 168.4% more than in 2008.</p> <p>The budget for multisectoral projects will be increased by 35.9% to a total of US\$ 105 million.</p> <p>Urban development and housing projects will be given a strong boost, with their budget increasing by 18% to a total of US\$ 200 million.</p> <p>Measures remain in place, with modifications: While the budget for several sectors increased in 2009, the inability to spend these funds meant that the amount invested in 2009 was virtually the same as in 2008, and this continued in 2010. Although the Government tried to provide a fiscal stimulus and spend more during the crisis, government departments lacked the resources to spend these sums of money.</p> <p>The only area in which public investment was spent as budgeted in 2009 was the social sector (education, health, basic sanitation, urban development and housing) but the increase from 2008 to 2009 was minimal (2%) and expenditure remained unchanged from 2009 to 2010.</p> <p>In June 2008, fresh sums were allocated to public procurement with a view to making it quicker and more efficient and expediting public investment, while also helping to support Bolivian production.</p> <p>Measure remains in place.</p>	

Sectoral policies

BDP broadened its sectoral lending policy to include the production sector, extending preferential rates of interest and years of grace.

Measure remains in place, with modifications: Although the preferential interest rates were implemented, the financial sector has not expanded credit to the production sector. Thus, the Government implemented new measures in 2011 to lower interest rates even further so that the production sector could access credit. Although lending to the production sector increased that year, the Government is planning to boost support for that sector.

Labour and social policies**Multilateral financing**

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>BRAZIL</p> <p>To counteract the severe slowdown and boost domestic demand, in early December 2011 the Government announced it would cut a number of taxes on financial transactions and consumer goods, increase social benefits and provide more support to exporters. In addition, in December MERCOSUR authorized a temporary expansion of the list of exceptions to the common external tariff.</p>	<p>Legal reserve adjustments</p> <p>Effective legal reserve reduced.</p> <p>Measure discontinued. It was announced in February 2010 that reserve requirements would return to their pre-crisis levels. Official banks reduced the spread between deposits and loans, as a way of inducing private banks to do the same.</p> <p>Measure discontinued. Official banks are no longer under orders to reduce the spread. Although official banks' share of total lending increased substantially during the crisis, from a third to almost half, this has been shrinking since early 2011, in a bid to support the stabilization policy. The National Bank for Economic and Social Development (BNDES), for example, experienced a 2% drop in lending during the first quarter of 2011.</p> <p>Liquidity injections in national currency</p> <p>Rediscount operations streamlined. Authorization to acquire portfolios of small and medium-sized banks (September 2008).</p> <p>Central bank authorized to grant loans to banks secured by loan portfolios.</p> <p>Measures discontinued: The central bank stopped carrying out these special operations in late 2009.</p> <p>The Treasury authorized a US\$ 43.73 billion loan to the National Bank for Economic and Social Development (BNDES); thus, the bank will have a total of US\$ 72.59 billion in 2009 for business loans. This will be financed by the Treasury by using its own resources and issuing real-estate debt instruments. The long-term interest rate on these loans was lowered from 2.5% to 1% in April 2009 to reduce costs for BNDES and companies. BNDES has softened its rules for loans for investments and working capital, and increased specific financing for used work vehicles.</p> <p>An additional BNDES credit line of US\$ 1.75 billion was made available to the states.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>The sectors worst hit by the crisis may be granted fresh tax cuts and more resources.</p> <p>Federal Government and some states have extended the time allowed for monthly tax payments, thus easing pressure on corporate cash flows.</p> <p>Measure discontinued during 2010.</p> <p>A series of tax cuts have been announced, totalling around US\$ 3.67 billion, in order to boost consumption:</p> <p>(i) The tax on financial operations will be cut from 3% to 1.5% for direct consumer credit operations and the overdraft credit line.</p> <p>Measure discontinued: Cuts to the tax on financial operations were reversed during 2010.</p> <p>(ii) The processed products tax applicable to vehicles was temporarily cut (originally until March 2009, then for six more months up to September 2009); for the purchase of motor vehicles with cylinder capacities of up to 1,000 cc, the tax will be cut from 7% to 0%, and for those up to 2,000 cc, from 13% to 6.5% (the rate will be gradually raised again as of October 2009).</p> <p>Measure discontinued/remains in place: During 2010, almost all crisis-related tax cuts or special benefits were abolished. Lower car tax rates were phased out by March 2010. The incentives applicable to large vehicles such as trucks and tractors were eliminated by December 2010. The 40% reduction in import tax for car parts came to an end in May 2011. With regard to capital goods, transport vehicles and construction materials, the reduction in the industrial products tax (IPI) was maintained until December 2011.</p> <p>(iii) Income tax tables for physical persons were revised, introducing lower rates (7.55% and 22.5%), which favour the middle class, that is, those who earn up to US\$ 875 per month.</p> <p>Measure remains in place.</p>	<p>Liquidity injections in foreign currency</p> <p>Resumption of foreign exchange swap auctions in order to provide liquidity to importers.</p> <p>Measure discontinued in 2009.</p> <p>Agreement between the central bank and the United States Federal Reserve to establish a currency swap line for up to US\$ 30 billion.</p> <p>Measure discontinued.</p> <p>The central bank announced its willingness to use up to US\$ 3 billion in foreign-currency reserves for loans to ailing firms to refinance debts in the external market.</p> <p>Measure discontinued in 2010.</p> <p>Increase in import duties and import restrictions</p> <p>The Government placed a series of non-tariff restrictions on imports. Importers from 17 sectors will now have to request an import licence in advance. The main sectors affected are: wheat, plastics, copper, aluminium, iron, capital goods, electrical and electronic material, auto parts and transport material in general (this measure was temporarily suspended on 28 January 2009).</p> <p>Measures remain in place, with modifications: The Government announced that it would strengthen its trade protection mechanisms by increasing its antidumping complaints and those concerning other illegal trade practices and trade diversion to avoid quotas and tariffs. It has set up an intelligence group made up of several ministries to identify and analyse unfair competition claims.</p> <p>New measure: In December 2011, MERCOSUR authorized its member countries to raise their rates of import tax above the common external tariff for up to 100 tariff headings, for a period of up to 12 months, with the possibility of a further 12-month extension.</p> <p>Tariff reductions</p> <p>306 products included in the "ex-tariff" list (mechanism that temporarily reduces tariffs on products that do not have a locally-made counterpart), which will make it cheaper to buy imported capital goods and products in the electrical, paper and pulp, graphics, medical and hospital, automobile and electronics sectors, among others.</p> <p>Measure discontinued.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>Creation of a real estate credit line for public servants (including staff of public enterprises and mixed public-private firms), as a means to stimulate civil building work. Banco do Brasil and the Federal Economic Fund to grant real estate loans at below-market rates.</p> <p>Measure discontinued.</p> <p>Launch of the <i>Minha casa minha vida</i> (my home my life) housing programme which consists of US\$ 8.96 billion in Treasury subsidies and has a total cost of US\$ 14.87 billion.</p> <p>Measure remains in place, with modifications: The Government signed a contract for the construction of over a million homes and launched a second phase targeting lower-income families. The aim is to sign a contract for a further two million new homes.</p> <p>New measure: In December 2011, the maximum price for a home to qualify for preferential tax treatment under the programme was raised from 75,000 reais to 85,000 reais.</p> <p>SMEs</p> <p>Creation of a guarantee fund for SMEs, for up to US\$ 1.75 billion.</p> <p>Measure remains in place.</p> <p>Two Treasury guarantee funds were also created to be administered by Banco del Brasil and BNDES, for US\$ 440 million in 2009 and US\$ 880 million in 2010. These will back lending to micro-enterprises and small firms for capital goods purchases.</p> <p>Measure remains in place.</p> <p>Agriculture</p> <p>US\$ 6.47 billion in support for the agricultural sector:</p> <ul style="list-style-type: none"> - US\$ 2.19 billion in advances of resources from Banco do Brasil. - US\$ 2.41 billion increase in the resources that banks earmark for the agricultural sector. - Increase in rate for compulsory rural savings deposits from 65% to 70%, which represents US\$ 1.09 billion. - Use of foreign-exchange reserves to finance the rural sector through the intermediary of trading companies. - Use of US\$ 2.20 million in resources from constitutional funds. - US\$ 440 million in assistance for agricultural cooperatives. - Allocation of US\$ 150 million to family agriculture using resources from the Workers' Protection Fund (FAT). <p>Measure implemented.</p> <p>Industry</p> <p>Expansion of borrowing capacity of PETROBRÁS and the National Bank for Economic and Social Development (BNDES) (US\$ 5.25 billion) to keep up planned investment levels.</p> <p>Measure implemented.</p>	<p>Labour policy</p> <p>Expansion of unemployment insurance for workers laid off as of December 2008, particularly for sectors of the economy that have experienced higher numbers of lay-offs than in the preceding months.</p> <p>Measure discontinued.</p> <p>Minimum wage adjustments (estimated at over 12% in 2009) to be maintained.</p> <p>Measure remains in place: The minimum wage is adjusted annually.</p> <p>New measure: From August 2011, under the new industrial policy, lower employer contributions will apply to wages in labour-intensive sectors such as garments, footwear, construction and computer programming. This measure will be implemented as a pilot project until 2012.</p> <p>New measure: From August 2011, under the new industrial policy, the Government will expand the programme supporting the capacity of BNDES to create jobs and generate income, benefiting sectors such as car parts and furniture and fixtures.</p> <p>Social programmes</p> <p>Expenditure levels will be maintained for the <i>Bolsa Família</i> programme and works included under the Growth Acceleration Programme (PAC).</p> <p>Measure remains in place.</p> <p>New measure: In June 2011, the government announced its <i>Brasil sem Miséria</i> (Brazil without extreme poverty) programme, which aims to eradicate extreme poverty by 2014. The programme and its various measures is expected to benefit the 16 million people suffering extreme poverty.</p>	

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
BRAZIL	<p>Measure remains in place: The treasury has continued to build up BNDES capital through credit operations. In 2011 these amounted to 50 billion reais. These funds are in addition to the amounts totalling over 200 billion reais that were lent in 2009 and 2010 to enable the bank to continue expanding its operations, particularly new investment operations.</p> <p>New measure: In December 2011, the Government lowered the annual tax rate on personal loans from 3% to 2.5%.</p> <p>Changes to the monetary policy rate</p> <p>On 21 January 2009, the central bank cut its base rate by 100 basis points (from 13.75% to 12.75%). Later, on 11 March, it cut this rate by a further 150 basis points, to 11.25%.</p> <p>Measure discontinued: From April 2010, the central bank began to raise its monetary policy rate (SELIC), which had fallen to 8.75% in September 2009. In April it rose to 9.50%, then to 10.75% in July, where it remained until January 2011. Under the new Government, this policy has continued, and the rate reached 12.5% in July.</p> <p>New measure: From August 2011, the central bank started to gradually lower the interest rate again, taking it down to 10.5% in January 2012.</p> <p>The long-term interest rate on BNDES loans was lowered from 6.25% to 6%.</p> <p>Measure remains in place: The long-term interest rate has stood at 6% since July 2009.</p> <p>Interest rates on several BNDES operations were cut: from 10.25% to 4.5% on loans for production and sale of capital goods, and from 10.25% to 7% on loans for production and sale of buses and trucks. Terms were lengthened for financing loans to transporters (from 84 to 96 months) and the interest rate was cut from 13.5% to 4.5%.</p> <p>Measure remains in place: BNDES has maintained these interest rates for special operations.</p>	<p>New measure: From August 2011, capital goods, construction materials, trucks and light commercial vehicles will be exempt from industrial products tax (IPI), under the new industrial policy. This measure will be implemented as a pilot project until 2012.</p> <p>On 30 March 2009 a new fiscal covenant was announced, with additional tax cuts of over US\$ 730 million. The main measures in this package refer to the industrial products tax (IPI): as well as the extension of the reduction in IPI on vehicles for six more months (to September 2009), taxes on motorcycles and 30 categories of construction materials will also be cut. In exchange for these benefits for the automobile sector, the assembly firms agreed to maintain their level of employment. In addition, a number of sectors were added to the list of priorities of the Development Agency for the Amazon Region, which benefit from an income tax exemption: pulp and paper (if they have reforestation projects), disposable materials, toys, watches and optical materials. In order to help offset the drop in takings, tax on cigarettes will be raised as of May 2009. The cuts mentioned were later extended for a further three or six months at a total fiscal cost of US\$ 1.46 billion.</p> <p>Measure discontinued/remains in place, as detailed above. The higher tax on cigarettes remains in force.</p> <p>New measure: In October 2009, the tax on short-term foreign capital inflows was reintroduced, at a rate of 2%. This was increased in 2010 and by early 2011 it stood at 6%.</p> <p>New measure: In December 2011, the Government cut taxes on long-term foreign investments (shares, venture capital, the redemption of share receipts of Brazilian companies traded abroad (such as American depository receipts, ADRs)) from 2% to zero. The rate applicable to non-resident investment in long-term (over four years) corporate bonds was also lowered.</p> <p>New measure: In December 2011, the Government lowered the annual tax rate on personal loans from 3% to 2.5%.</p> <p>New measure: In December 2011, the Government cut taxes on consumer durables (white goods), some basic foods, and steel wool and synthetic paper.</p> <p>New measure: In December 2011, the Government announced a drawback for exporters of industrial products, up to a maximum of 3% of their sales.</p>	<p>Export financing and support</p> <p>Use of foreign-exchange reserves to finance exports, by reverse auction of bank securities to backstop foreign trade. The contracts tie in the repurchase of these instruments, thus maintaining the current level of reserves.</p> <p>Measure discontinued.</p> <p>Central bank allowed to grant foreign-currency loans directly to private banks, exclusively to finance foreign trade transactions.</p> <p>Measure discontinued.</p> <p>Extension of up to one year for businesses that benefited from the drawback scheme to demonstrate their exports. The same applies to businesses that benefited from advance exchange contracts (soft loans for exporters). In addition, income tax has been eliminated on measures to promote exports and the Government has announced an integrated drawback scheme, which will enable primary goods exporters to discount the tax paid on raw materials, in order to benefit agro-industry.</p> <p>Measures remain in place: To counteract the effects of currency appreciation, the Government has identified policies that will support exporters. These include facilitating drawbacks and making it easier to manage the funds received.</p> <p>Creation of a special line of credit for the National Bank for Economic and Social Development (BNDES) to provide guarantees to exporters. The amount will be higher the US\$ 520 million limit currently established under the Export Financing Programme (PROEX).</p> <p>Measure discontinued.</p> <p>New measure: In December 2011, the Government announced a drawback for exporters of industrial products, up to a maximum of 3% of their sales.</p> <p>Exchange-rate policy</p> <p>New measure: In October 2009, the tax on short-term foreign capital inflows was reintroduced, at a rate of 2%. This was increased during 2010 and by early 2011 it stood at 6%.</p> <p>New measure: In December 2011, the Government cut taxes on long-term foreign investments (shares, venture capital, the redemption of share receipts of Brazilian companies traded abroad (such as American depository receipts, ADRs)) from 2% to zero. The rate applicable to non-resident investment in long-term (over four years) corporate bonds was also lowered.</p>

Sectoral policies

Creation of a US\$ 440 million guarantee fund for the maritime industry, which was subsequently expanded to US\$ 2.19 billion.

Measure implemented: Although these operations have been discontinued, they may be reinstated in the future now that legal coverage is in place.

New measure: In August 2011 the Government launched its new industrial policy for the period 2011-2014, which focuses on innovation and technology. Noteworthy measures include:

- (i) exemption from IPI for capital goods, construction materials, trucks and light commercial vehicles;
- (ii) a reduction in employer contributions on wages in labour-intensive sectors;
- (iii) a preference margin of 25% for Brazilian firms in government procurement;
- (iv) expansion of the programme supporting the capacity of BNDES to create jobs and generate income.

New measure: In December 2011, the Government announced a drawback for exporters of industrial products, up to a maximum of 3% of their sales.

Other measures

Loan totalling up to US\$ 550 million approved for used vehicle firms, using resources from the Workers' Protection Fund.

Measure implemented: This was a temporary measure.

Labour and social policies**Multilateral financing**

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
BRAZIL	<p>Other measures</p> <p>Broader powers for the central bank to intervene in failing financial institutions. Banco do Brasil and the Federal Economic Fund authorized to buy struggling financial institutions, as well as insurance and social security enterprises. Insurance and social security entities may also be acquired.</p> <p>Measure remains in place: The central bank retained its new powers. Nevertheless, in light of Banco Panamericano's recent troubles, it decided to use market mechanisms, such as the deposit insurance fund (FGDC), to raise the necessary funds (around 3 billion reais) to ensure the continued operation of the bank.</p> <p>Announcement of the creation of an investment bank within the Federal Economic Fund to buy the stock of real estate firms, as well as other sectors (this bank will have start-up resources of between US\$ 870 million and US\$ 1.09 billion). This replaces the process used by these firms until recently to raise capital, through share issues.</p> <p>Measure not implemented: The investment bank was not created.</p>	<p>Increase or early disbursement of public spending allocations</p> <p>The Government will spend the US\$ 6.34 billion reserved for the Sovereign Fund on projects to maintain overall demand.</p> <p>An increase of US\$ 4.15 billion was agreed in the area of Government investment, adding to the US\$ 16.57 billion already planned.</p> <p>It was announced that US\$ 2.5 billion was being released for infrastructure investments. This was funded by the Unemployment Insurance Fund (FGTS).</p> <p>On 4 February it was announced that resources for PAC were to be increased by over US\$ 62.14 billion up to 2010 and another US\$ 219.6 billion as of 2011. 90% of the first amount will go to three projects: investment in PETROBRAS, construction of a rail link between Rio de Janeiro and São Paulo and a ports upgrading plan.</p> <p>Measure discontinued/remains in place: The Government embarked on a budget cut in 2011, reducing the approved amount by 50 billion reais. It was decided to hold current expenditure in check by, for example, postponing the start dates of new officials and cutting travel expenses. However, the main social programmes and the priority investment projects were not affected.</p> <p>PAC remains in force and phase two (PAC2) was launched in March 2010. This incorporates more areas in the social and urban spheres. Investments target six key areas:</p> <ul style="list-style-type: none"> - transport; - energy; - <i>Cidade Melhor</i> (a better city); - <i>Comunidade Cidadã</i> (citizens' community); - <i>Minha Casa, Minha Vida</i> (my home my life); and - <i>Água e Luz para Todos</i> (water and light for all) 	

Sectoral policies

Labour and social policies

Multilateral financing

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
BRAZIL		<p>Other measures</p> <p>The Government will launch an advertising campaign to stimulate consumption.</p> <p>Measure implemented in 2009.</p> <p>As an additional source of receipts (around US\$ 1.09 billion), it was agreed that the assets of the Federal Railway Company, which were owing to be auctioned in 2008, will be sold.</p> <p>The creation of a sovereign fund was agreed, with an initial amount of 0.5% of GDP (around US\$ 5 billion). The Government intends to use these funds to provide the country with savings to compensate for any future economic fluctuations and finance the internationalization of Brazilian companies. This will be financed through the issue of Treasury bonds.</p> <p>Measure remains in place: The fund was created with Act 11887 of 2008.</p> <p>The Government announced that it would allow the renegotiation of debts owned by mayors' offices to the social security system, for periods of up to 20 years, in order to enable offices in arrears to gain access to Government loans, especially those associated with PAC.</p> <p>Measure implemented.</p> <p>In March 2009 public spending cuts of US\$ 11.11 billion were announced. The Ministry of Justice and the Ministry of Sports and Tourism were among the worst affected.</p> <p>Measure implemented.</p> <p>New measure: From August 2011, under the new industrial policy, Brazilian firms will have a preference margin of 25% in government procurement in bidding procedures for manufactured products and domestic services.</p>	

Sectoral policies

Labour and social policies

Multilateral financing

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>CHILE</p> <p>No new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011.</p> <p>In late November 2011, contingency measures were set out for 2012. They included plans for direct employment and measures to encourage employment and investment. In addition, it was announced that Banco Estado would resume its function as a provider of liquidity for economic agents, in particular in key sectors such as real estate, as occurred in 2009.</p>	<p>Legal reserve adjustments</p> <p>Temporary relaxation of legal reserve requirement.</p> <p>Measure discontinued.</p> <p>Liquidity injections in national currency</p> <p>One stop 28-day and 60-90 day repo operations.</p> <p>Measure discontinued.</p> <p>Calls to bid for fiscal resources in United States dollars for local banking.</p> <p>Measure discontinued.</p> <p>Tax adjustments designed to increase liquidity and the demand for publicly offered bonds, to make them more attractive as an alternative source of financing for businesses. The costs of structuring, intermediation and issue were subsidized to encourage new medium-sized firms to use this option.</p> <p>Measure discontinued.</p> <p>Expansion of the financing facility of the Production Development Corporation (CORFO) for banking and non-banking factoring; implementation of a new CORFO facility to guarantee loan rescheduling.</p> <p>Measure discontinued.</p> <p>As additional monetary policy measures, the central bank announced in July 2009 that it would establish a Term Liquidity Facility (FLAP) for banks, to provide 90- and 180-day liquidity with the current monetary interest rate. It also adjusted the plan for the issue of central bank notes (PDBC) with terms of less than one year. Lastly, it suspended for the rest of 2009 the emission of debt instruments with terms of one year or more.</p> <p>Measure discontinued.</p> <p>Changes to the monetary policy rate</p> <p>The central bank has gradually cut its monetary policy rate throughout 2009, from 8.25% in January to a minimum of 0.5% in July.</p> <p>It has also been announced that the rate will be held at that level for a considerable period.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Temporary increase in housing subsidy and new subsidy for middle-income housing.</p> <p>Measure discontinued: The home-buying subsidies were extended for two years, temporarily doubling the subsidy available for homes worth up to 1,000 unidades de fomento (UF), a unit of account employed in Chile's capital markets, and a new subsidy —also for two years— was created for housing units valued between 1,000 and 2,000 UF.</p> <p>A fiscal stimulus plan was announced in January, totalling US\$ 4 billion, equivalent to 2.8% of GDP; its purpose is to stimulate growth and employment through the application of short-term measures and structural reforms. The plan includes increased public spending, tax cuts and injections of capital. It also provides for direct, targeted incentives intended to have direct impacts on the economy. The Economic and Social Stabilization Fund will be used for the first time to finance this plan; other revenue will come from the debt issue authorized in the 2009 budget (with a maximum of US\$ 3 billion) and from a reduction in the fiscal regulation target.</p> <p>The planned measures are as follows:</p> <p>(i) Stimulating investment and consumption:</p> <p>Stamp duty will be eliminated for all credit transactions in 2009 and the rate of that duty will be halved for the first semester of 2010.</p> <p>(ii) Business financing:</p> <p>Temporary reductions in businesses' monthly interim corporate income tax payments on the basis of their past profits. In 2009, payments by SMEs will be reduced by 15%, and those of larger businesses by 7%.</p> <p>(iii) Individual support:</p> <p>Income tax rebates will be brought forward for natural persons in respect of the 2010 fiscal year.</p> <p>Measures implemented in 2009.</p> <p>In March 2009 a payment of US\$ 70 per family dependant was made available for the most vulnerable households as part of the fiscal stimulus plan.</p> <p>Measure implemented.</p> <p>In August 2009, low-income families eligible for family or maternity benefit or family subsidy received a further payment of US\$ 70 per family dependant. Four million people are estimated to receive this payment.</p> <p>Measure implemented.</p>	<p>Liquidity injections in foreign currency</p> <p>Calls to bid for US\$ 5 billion for foreign exchange swap (1 to 6 months).</p> <p>Measure discontinued.</p> <p>Export financing and support</p> <p>Enhancement of the programme covering bank loans to exporters.</p> <p>Measure remains in place. Expedited processing of VAT rebates for exporters.</p> <p>Measure discontinued.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>An increase of 10% in real terms in housing investment in 2009.</p> <p>Temporary increase in housing subsidy. New subsidy for middle-income housing sectors.</p> <p>Measure discontinued: The home-buying subsidies were extended for two years, temporarily doubling the subsidy available for homes worth up to 1,000 unidades de fomento (UF), a unit of account employed in Chile's capital markets, and a new subsidy —also for two years— was created for housing units valued between 1,000 and 2,000 UF.</p> <p>Enhanced coverage for housing foreclosure insurance.</p> <p>Measure discontinued.</p> <p>For State-subsidized housing, the maximum coverage of loans will be raised from the current level of 80% to 90% of the value of the dwelling.</p> <p>Measure remains in place.</p> <p>The Government will facilitate the use of negotiable mortgage-backed loans (mutuos hipotecarios endosables) for house purchases and will authorize the social security agencies to issue them.</p> <p>Measure remains in place.</p> <p>SMEs</p> <p>Additional resources (US\$ 500 million) for Investment Guarantee Fund (FOGAIN).</p> <p>Measure implemented.</p> <p>Capitalization of Banco Estado (US\$ 500 million) to increase loans to SMEs.</p> <p>Measure remains in place: The additional loan capacity of the Banco Estado is a permanent measure.</p> <p>Additional funds totalling US\$ 8.3 million will be injected into the Technical Cooperation Service (SERCOTEC) to double seed capital for microenterprises.</p> <p>Measure implemented.</p> <p>US\$ 2.5 million was injected into the Solidarity and Social Investment Fund (FOSIS), thereby tripling the capacity of programme fund, which subsidizes the operating costs of institutions that provide credit to microenterprises.</p> <p>Measure implemented.</p> <p>Extension of the maximum period for renegotiation of tax liabilities to three years and immediate suspension of any order of restraint or seizure on account of arrears against microenterprises that avail themselves of this facility.</p> <p>Measure implemented.</p> <p>The operations of reciprocal guarantee cooperatives and companies will be eligible for support thanks to the upgrading of the Small Enterprise Guarantee Fund (FOGAPE) and the availability of coverage for working capital will be increased. As an interim measure, larger enterprises will be authorized to apply to FOGAPE when they need support to continue operating, so that their workers will remain in employment.</p>	<p>Labour policy</p> <p>Additional budgetary allocation for labour-intensive employment or investment schemes; funds will be executed if the rise in the unemployment rate or the slowing of GDP growth exceeds expected levels.</p> <p>Measure implemented.</p> <p>(Additional) hiring subsidies under consideration.</p> <p>Measure remains in place (see below on draft law to encourage firms to retain and train employees).</p> <p>Labour subsidy for low-wage workers between the ages of 18 and 24.</p> <p>Measure remains in place.</p> <p>It is planned to broaden the Unemployment Solidarity Fund to give access to all unemployed workers, not only those with permanent contracts.</p> <p>Measure remains in place.</p> <p>The Government proposed legislation to encourage firms to retain and train employees, by means of tax incentives and subsidies. The proposal increases employers' tax credit for spending incurred on staff training, providing they maintain the staff endowment they had in April. Alternatively, worker and employer may agree upon a special leave of absence for up to 5 months, during which the worker will not attend work, but undertake training and receive a benefit equivalent to 50% of his or her average income for the last six months, up to a ceiling of US\$ 320. This benefit is paid by the firm and subsidized through unemployment insurance.</p> <p>Measure implemented/remains in place.</p> <p>Social programmes</p> <p>Payment of US\$ 70 per family dependant made available for most vulnerable households in March 2009.</p> <p>Measure implemented.</p> <p>In August 2009, a payment of US\$ 70 per family dependant was made available for families on a low income and those receiving family or maternity benefits or a family subsidy. Around four million people are expected to receive this payment.</p> <p>Measure implemented.</p>	

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
CHILE	<p>Measure discontinued: The monetary stimulus was gradually withdrawn from May 2010. In June 2011, the monetary policy rate reached 5.25% and remained at that level until December, given the deteriorating outlook in Europe and a sharp drop in some commodity prices (including fuels). In January 2012, the rate was cut to 5.0%.</p>	<p>Between August and September 2009, overpayments of income tax were partially refunded, almost nine months in advance of the normal date. The amount refunded was based on the average for the last three years, up to a ceiling of US\$ 420. Over 1 million people are estimated to have benefited from this measure.</p> <p>Measure implemented.</p> <p>Increase or early disbursement of public spending allocations</p> <p>Countercyclical fiscal policy in the 2009 budget law.</p> <ul style="list-style-type: none"> - Real increase of 5.7% in total spending (GDP 2.5%). - Social spending up 7.8% (69% of total spending). - Spending on infrastructure up 8.8%. <p>Measure implemented.</p> <p>Some US\$ 7 billion will be spent on public investment. The goal is to concentrate public works execution in the first half of 2009. The ministries with the largest shares in this will be those of Public Works (US\$ 2.5 billion), Housing and Urban Development (US\$ 1.46 billion) and Health (US\$ 300 million), and the Department of Regional and Administrative Development (US\$ 1.07 billion).</p> <p>Measure implemented.</p> <p>In the case of public works, investment will be increased by 14.6% in projects which improve connectivity, infrastructure and transport. Investment for development in the country's regions will be up by 7.3%, thanks to resources from the National Fund for Regional Development.</p> <p>Housing investment will rise by 10% in real terms. It is intended that 140,000 new homes will be built. More roads and minor side streets will be paved, and 50,000 subsidies will be provided for the programme to protect family property.</p> <p>Measure implemented.</p> <p>As part of the fiscal stimulus programme, a further US\$ 700 million will be devoted to a massive public investment programme, which will include urban and rural road-building, housing and irrigation works throughout the country.</p> <p>Measure implemented.</p> <p>Other measures</p> <p>US\$ 1.15 billion economic stimulus programme to encourage house purchases and support financing of small companies.</p> <p>Measure implemented.</p>	

Sectoral policies	Labour and social policies	Multilateral financing
<p>Measure remains in place: The increased lending capacity of FOGAPE is a permanent measure.</p> <p>Measure discontinued: Larger firms' access to FOGAPE was an interim measure.</p> <p>Support will be provided to securitize of loans for very small businesses, which will lower the cost of credit for this sector.</p> <p>Measure implemented.</p> <p>Agriculture</p> <p>Increase in benefits under decree law 701 on incentives for the forestry industry.</p> <p>Measure remains in place.</p> <p>Support for salmon industry by means of credit guarantees of up to US\$ 120 million provided by the Production Development Corporation (CORFO).</p> <p>Measure remains in place: The increased lending capacity of CORFO is a permanent measure. CORFO continues to provide credit guarantees to the salmon industry.</p> <p>Industry</p> <p>Capitalization of Corporación Nacional del Cobre de Chile (CODELCO) for US\$ 1 billion to boost its investment plan.</p> <p>Measure implemented.</p> <p>Support for small-scale mining with a price support fund of US\$ 18 million.</p> <p>Measure discontinued: The Empresa Nacional de Minería (ENAMI) launched the price support fund in November 2008, and a total of US\$ 10.6 million was transferred to the sector. One year later, small-scale mining had repaid the amount in full. The mechanism was activated during the 2008/2009 crisis, but it had also been employed at other times when the price of metals fell sharply.</p> <p>Other measures</p> <p>A one-off payment of US\$ 41 million to the Municipal Common Fund.</p> <p>Measure implemented: In 2010, a further one-off payment was made to the fund, for use in the aftermath of the earthquake that struck the country in February.</p> <p>The lending capacity of insurance companies was increased to allow more resources to be channelled into credit; steps have also been taken to enable these companies to participate in syndicated loans.</p> <p>No information is available on this measure.</p>		

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>COLOMBIA</p> <p>No new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011.</p>	<p>Legal reserve adjustments</p> <p>Reduction in bank reserve for current and savings accounts (from 11.5% to 11.0%) and term deposits under 18 months (from 6.0% to 4.5%).</p> <p>Measure remains in place.</p> <p>Liquidity injections in national currency</p> <p>Provision of temporary liquidity through 14- and 30-day repos.</p> <p>Measure remains in place, with modifications: The annual repos balance fell by US\$ 505 million in 2009 and rose by US\$ 966 million in 2010.</p> <p>The balance as of September 2011 was 6,473 billion pesos, 4,208 billion more than at year-end 2010.</p> <p>Changes to the monetary policy rate</p> <p>The central bank has gradually cut its intervention rate from 10.0% in December 2008 to 3.5% in December 2009.</p> <p>Measure discontinued: After holding its intervention rate at 3.5% from April 2010, the central bank increased the rate several times during 2011 in order to ease inflationary pressures. It stood at 4.75% in November 2011.</p> <p>Other measures</p> <p>Temporary replacement of monetary contraction auctions with non-reserve interest-bearing deposits.</p> <p>Measure discontinued: Auctions of non-reserve interest-bearing deposits were adopted by the central bank during the first quarter of 2010 in a bid to correct the market interest rate, but they were brought to an end in April of the same year.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Tax payers will benefit from cuts amounting to US\$ 960 million under the tax reform of 2006, which introduced changes that will come into effect in 2009:</p> <p>(i) the nominal rate of income tax drops from 34% in 2008 to 33% in 2009.</p> <p>Measure remains in place.</p> <p>(ii) stamp duty comes down from 1.0% to 0.5%.</p> <p>Measure remains in place, with modifications: Act 1370 of December 2009 abolished this duty, except in the case of consular procedures.</p> <p>(iii) the number of payments of wealth tax is reduced from three to two in 2009.</p> <p>Measure remains in place, with modifications: Although initially introduced as an interim measure (to 2010), it was extended to 2014 by Act 1370 of 2009. Decree 4825 of December 2010 expanded the tax and included a tax surcharge, specifically intended for those affected by the severe rains.</p> <p>New measure: In 2011, the tax collection system was strengthened, with tighter controls over tax evasion.</p> <p>Increase or early disbursement of public spending allocations</p> <p>Creation of an Infrastructure Fund for US\$ 500 million for up to 12 years. The Inter-American Development bank (IDB) and the Andean Development Corporation (ADC) are participating.</p> <p>Measure remains in place: The Government, IFC, IDB and ADC all contribute to the fund. It closed with US\$ 150 million and is managed by the investments funds Ashmore and Inverlink.</p> <p>Priority given to infrastructure programmes and sectors (concessions, major highways, departmental roads, tertiary roads, housing, drinking water and basic sanitation) and to social and productive stimulus programmes.</p> <p>Total Government investment in public works in 2009 will reach over US\$ 2.4 billion (US\$ 1.7 billion on roads, US\$ 300 million on housing and US\$ 225 million on irrigation, among others).</p> <p>Total infrastructure spending by other public bodies (territorial agencies, decentralized bodies and infrastructure spending financed by royalties), will be US\$ 7.1 billion in 2009. If this is carried out as planned, public sector demand will grow by 5.5%.</p>	<p>Liquidity injections in foreign currency</p> <p>Approval given to Government's request to authorize free-use programmatic external borrowing and contingent credit lines with international financial entities for US\$ 1.5 billion, in order to make up possible gaps.</p> <p>Measure remains in place, with modifications: Approval was extended in 2010 to include multilateral organizations, development agencies and foreign governments.</p> <p>Elimination of capital controls for fixed-income portfolio investment. All capital controls on foreign portfolio investment eliminated. 40% external borrowing deposit eliminated.</p> <p>Measure remains in place: In 2009 foreign portfolio investment reached a record high of US\$ 4.822 billion, before falling to US\$ 2.349 billion in 2010. As of October 2011, US\$ 1.418 billion had been accumulated. From December 2010, flexibility was increased in order to support the process of integrating the Colombian, Peruvian and Chilean stock exchanges.</p> <p>Suspension of auctions for direct purchase of international reserves for US\$ 20 million per day.</p> <p>Measure discontinued: Currency appreciation pressures led to a change of policy and US\$ 3.06 billion was auctioned in 2010 and US\$ 3.72 billion in 2011. In September it was decided to change this into an options auction programme, with a limit of US\$ 200 million, but this has yet to be put into practice.</p> <p>Export financing and support</p> <p>Assurance of US\$ 650 million in resources for the Foreign Trade Bank of Colombia (Bancoldex), by means of a Government-backed loan from IDB, and a further US\$ 260 million from ADC, to finance the export sector.</p> <p>Measure remains in place, with modifications: In 2010, the measure was implemented in the form of support for export firms, to counteract the drop in income caused by appreciation of the peso at various times over the year. Credit lines were employed in both pesos and dollars, representing loans of 527 billion pesos. In addition, special credit lines were created to support firms exporting to Venezuela (332 billion pesos) and to drive production development in border areas (97 billion pesos).</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>Public works investment plan for housing construction.</p> <p>In April 2009, the national government will allocate US\$ 230 million to housing, US\$ 21 million to backing for loans to upgrade low-income housing and US\$ 210 million to lowering interest rates on mortgage loans of less than US\$ 70,000. In July, an additional US\$ 125 million were assigned for lowering interest on home loans. The goal is to stimulate construction and the consumption of building materials, with a view to saving jobs.</p> <p>Measure remains in place, with modifications: 132,311 new homes were built in 2009, 80,000 of which constituted social housing. Between August 2010 and June 2011, the Government reported that work had begun on 236,380 new housing units as part of its development plan.</p> <p>In late 2009, US\$ 162 million was injected into the mortgage subsidy programme (Programa de cobertura condicionada de tasas) to increase the number of potential beneficiaries to 95,000. In April 2010, the Government announced that this policy would be gradually dismantled.</p> <p>SMEs</p> <p>Together with the Government of the Bolivarian Republic of Venezuela, the national Government will create a joint fund to finance micro-enterprises and small businesses in the two countries. The fund will be endowed with resources of US\$ 200 million (Colombia and the Bolivarian Republic of Venezuela will each contribute US\$ 100 million).</p> <p>Measure discontinued: A bilateral letter of intent was signed, but the proposal did not go ahead owing to deteriorating diplomatic relations between the two countries.</p> <p>New measure: President Santos re-established diplomatic relations with the Government of the Bolivarian Republic of Venezuela, and a new trade agreement was signed in November 2011.</p> <p>Under decree 525 of 23 February 2009 payroll taxes were cut for micro-enterprises and SMEs in their first three years of operation. The reduction amounts to 75% in the first year, 50% in the second and 25% in the third.</p> <p>Measure remains in place, with modifications: Under Act 1429 of 2010, the reduced tax rates are now available for five years. to firms with less than 50 employees that begin economic activities or formalize their activities from December 2010.</p> <p>Industry</p> <p>Public works investment plan for building roads and irrigation districts.</p> <p>Measure discontinued.</p>	<p>Labour policy</p> <p>Decree No. 4868 set the minimum wage for 2009 at US\$ 207, a 7.67% increase.</p> <p>Decree No. 5053 set the minimum wage for 2010 at US\$ 214, a 3.6% increase on 2009.</p> <p>Measure implemented.</p> <p>The National Apprenticeship Service (SENA) will use resources invested in public securities (TES) for youth training courses. SENA is to double the number of places for technical and technological training, offering 250,000 new places for unemployed 16- to 26-year-olds living in extreme poverty in urban areas. This project has a budget of US\$ 130 million.</p> <p>Measure implemented: SENA implemented "Plan 250 Mil". The Government added a further US\$ 147 million to SENA's annual budget, earmarked for this programme. Budget execution was 121% in 2009 and 103% in 2010.</p> <p>New measure: Act 1429 of 2010 grants tax benefits to firms that hire individuals under 28 years, individuals on a low income and mothers who are heads of household.</p> <p>Social programmes</p> <p>Protection of social investment despite public spending cuts, through the General System of Participation (SGP). Increases are planned regardless of the GDP growth rate.</p> <p>Measure implemented: The SGP is specifically intended for education, health and drinking water. It therefore constitutes social investment and grew by 14.9% between 2008 and 2009 and by 6.5% from 2009 to 2010.</p> <p>The transport allowance was raised to US\$ 25 in 2009. Decree No. 5054 raised the allowance to US\$ 25.50 for 2010.</p> <p>Measure implemented.</p> <p>Government spending on social support programmes for 2009 is projected at US\$ 1.29 billion, distributed as follows: US\$ 710 million on Families in Action, US\$ 230 million for older adult programmes and US\$ 320 million in assistance for the displaced, poor and vulnerable populations. Social programmes are estimated to grow by 42% over 2008, when US\$ 910 million was spent.</p>	<p>Creation of an Infrastructure Fund for US\$ 500 million for up to 12 years. Inter-American Development bank (IDB) and Andean Development Corporation (ADC) participating.</p> <p>Measure remains in place: Funds were also received from the International Finance Corporation (IFC) and the fund closed with US\$ 150 million.</p> <p>On 11 May 2009 IMF approved a loan of roughly US\$ 10.5 billion to Colombia to counteract a possible tightening of external financing. The Government can use the facility in contingencies, but has not done so yet.</p> <p>Measure remains in place, with modifications: The loan was renewed in May 2010 for US\$ 3.46 billion and in 2011 for US\$ 6.2 billion.</p> <p>To date, this line of credit has not been used.</p> <p>The Board of Directors of the Bank of the Republic (JDBR) asked IMF to renew the flexible credit line. This was approved on 6 May 2011 at US\$ 6.22 billion for a two-year term.</p> <p>Assurance of resources needed for external financing in 2009 through multilateral loans (IDB, World Bank and ADC), for US\$ 2.4 billion.</p> <p>Measure implemented: Colombia issued US\$ 800 million in 2009 in public securities(TES Global), which replaced US\$ 300 million in loans from multilateral bodies. Multilateral funds as a source of Government financing in turn amounted to US\$ 2.054 billion in 2009 and US\$ 2.076 billion in 2010.</p> <p>Assurance of US\$ 650 million in resources for the Foreign Trade Bank of Colombia (Bancoldex), by means of a Government-backed loan from IDB, and a further US\$ 260 million from ADC, to finance the export sector.</p> <p>Measure implemented: In late 2009 IDB provided an additional government-backed loan to Bancoldex for US\$ 200 million, to be disbursed over five years. By 2010 US\$ 130 million had already been disbursed.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
COLOMBIA		<p>Central Government to spend US\$ 280 million on programmes to bolster production.</p> <p>Measure remains in place: In 2010, US\$ 1.9 billion was provided in agricultural loans, and loans worth US\$ 1.5 million were issued by Banco de las Oportunidades. The Government invested US\$ 838 million in roads in 2009 and US\$ 829 million in 2010. This sector will be strengthened in the next few years and 34 trillion pesos will be invested in infrastructure over the period 2011-2014. The Government states that this is already financed. Total infrastructure spending in 2009 (including the Government, leverage of the private sector and decentralized bodies) amounted to US\$ 22.202 billion dollars in 2009, equivalent to 87% of target. In 2010 budget execution in the sector was 91% of target, or 3.5 trillion pesos.</p> <p>Investment in infrastructure was equivalent to 1.1% of GDP in 2010, and is forecast to be 1.6% in 2011. Total government investment in 2011 is expected to reach 12.832 billion pesos (2.1% of GDP), representing nominal growth of 22.5% versus 2010. This stems from the current Government's policy of injecting funds to strengthen five key sectors it has designated "engines of economic growth" (mining, housing, infrastructure, agriculture and technological innovation).</p> <p>Other measures</p> <p>The Ministry of Finance prefinanced the 2009 central government deficit using resources from international bond issues and disbursements from multilateral banks.</p> <p>Measure remains in place: In 2009 the Government obtained financing of US\$ 5.546 billion, of which US\$ 2.054 billion corresponded to multilateral financing.</p> <p>In 2009 the Government prefinanced US\$ 2 billion using bonds.</p> <p>In 2011 the risk premium for Colombian debt was reduced after three credit rating agencies raised the country's credit rating to investment grade.</p>	<p>In 2011 the special credit lines were reassigned to address the events of that year, such as the heavy rains and the non-extension of ATPDEA tariff preferences.</p> <p>Other measures</p> <p>New measure: Around 4,000 headings in the tariff regime were amended in 2010, taking nominal import tax from 12.2% to 8.3%. This measure has a dual purpose: support the competitiveness of small and medium-sized enterprises, and boost the demand for dollars for import, to help halt appreciation of the peso.</p>

Sectoral policies

New measure: In late 2010 and throughout 2011 the country experienced extremely heavy rainfall, which had a severe impact on infrastructure. The investment plan was therefore completely redesigned, and new resources were acquired but have yet to be used given that the rains only eased off in November 2011.

A credit line of almost US\$ 200 million was set up through the Foreign Trade Bank of Colombia (Bancoldex) to fund the purchase of bottom-of-the-range automobiles and prevent the loss of 4,000 assembly jobs.

Measure remains in place: Despite these efforts, industry contracted by 3.9% in 2009 and industrial employment fell 6.5%, with the automotive sector making the largest contribution to this drop.

In 2010, the Bancoldex credit line was accompanied by low interest rates on loans and appreciation of the peso. The automotive sector experienced a strong upsurge, with growth of 36.4%.

Labour and social policies

Measure remains in place: In 2009, US\$ 1.986 billion was assigned to programmes supporting vulnerable groups (older adults, displaced persons and poor families). The same level of expenditure was maintained for these programmes in 2010.

Increase of 1.1 million in the number of families covered by the Families in Action Programme.

Measure implemented: A total of 805,000 new families joined the programme in 2009 and 28,000 in 2010. The current Government has suspended the expansion policy.

Multilateral financing

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
COLOMBIA		<p>The Government of Colombia signed a financial cooperation agreement with the Government of Spain to enable investment in production projects, providing up to US\$ 330 million over two years at low rates of interest and with long maturities.</p> <p>Measure implemented: In addition, two government-backed financing operations were carried out, with Bancoldex and Findeter receiving US\$ 100 million and US\$ 150 million respectively from the Government of Japan.</p> <p>In November, Congress approved a US\$ 4.5 billion increase in the Government's borrowing limit for 2010 and 2011.</p> <p>Measure implemented. The government deficit reached 4.2% of GDP in 2009 and fell to 3.7% in 2010. This reflected the countercyclical measure of using public spending to provide an economic stimulus. It is forecast that 2011 will close with a deficit of 3.6% of GDP.</p>	

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>COSTA RICA</p> <p>No new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011.</p>	<p>Liquidity injections in national currency</p> <p>The central bank opened up a special line of financing in local currency, available to financial entities subject to the oversight of the General Financial Institute Audit Bureau. In June 2009 the life of this credit line was extended to 30 September 2009.</p> <p>Measure discontinued: The special credit line established in late 2008 to meet the extraordinary liquidity requirements for financial intermediaries was extended until December 2009. This credit line was used only once for a relatively small amount, and not in response to a need for liquidity, but rather to test the system.</p> <p>In addition to confirming the capitalization of State banks for a sum of US\$ 117.5 million, a draft law on subordinated debt, which will enable public banks to issue this sort of contact, will be promoted.</p> <p>Measure implemented: The sum of 65.915 billion colones was used from the funds set aside for capitalizing State banks, representing 98% execution of the budget.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>The 2009 budget included US\$ 1.4 million to subsidize fuel for the fisheries industry, as well as spending on items such as health care, education and social security.</p> <p>Measure remains in place: The Costa Rican Institute of Fishing and Agriculture (INCOPESCA) has continued to subsidize fuel for the fisheries industry.</p> <p>In March 2009, a decree was signed authorizing the accelerated depreciation of assets in 2009, with a possible extension to 2010.</p> <p>Measure discontinued: The measure was not extended to 2010.</p> <p>Increase or early disbursement of public spending allocations</p> <p>On 29 January 2009 the Government announced Plan Escudo, a social protection and economic stimulus plan to deal with the international crisis. Plan Escudo has four pillars: families, workers, firms and the financial sector. The public sector aims to invest an amount equivalent to 5% of GDP in education infrastructure and road construction and refurbishment through the Plan. Much of this investment will be covered by an US\$ 850 million loan from IDB, which was approved in June 2009. As a counterpart investment, the Government will contribute US\$ 200 million.</p>	<p>Export financing and support</p> <p>The Foreign Trade Corporation of Costa Rica (PROCOMER) launched an assistance and advice programme for export firms in order to help reactivate exports.</p> <p>Measure discontinued: The programme was implemented, but its impact has yet to be evaluated.</p> <p>Exchange-rate policy</p> <p>On 22 January 2009 the adjustment rate of the exchange-rate band ceiling was increased from 6 to 20 cents daily, in order to provide more leeway to adapt to international conditions.</p> <p>Measure remains in place: The band was only modified once in 2009, on 23 January, when the sell rate was set at 563.25 colones to the dollar and the nominal rate of depreciation rose from 6 to 20 cents per day.</p>

Sectoral policies	Labour and social policies	Multilateral financing

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>The Government asked banks to reduce by 2% the interest rate on mortgage loans of less than US\$ 89,000. The National Institute of Cooperative Development (INFOCOOP) made a commitment to reduce mortgage rates by 2.5%.</p> <p>Measure implemented/discontinued: The interest rates were temporarily reduced.</p> <p>Ceiling of Family Housing Benefit lifted to over US\$ 8,900.</p> <p>Measure remains in place: In late 2011, the ceiling of the Family Housing Benefit was lifted to over US\$ 9,800.</p> <p>SMEs</p> <p>Economic support in the form of start-up capital for young people wishing to develop production projects (PROJOVEN).</p> <p>Measure discontinued: The PROJOVEN programme was bolstered towards the end of previous Government's term (coinciding with the most acute phase of the economic crisis). The programme no longer exists.</p> <p>Resources in the amount of US\$ 400 million for loans to small producers and merchants affected by the international situation.</p> <p>No information is available on this measure.</p> <p>Negotiation with banks to reduce the interest rate by 2% for loans to micro-enterprises and SMEs. Reduction of 1% in interest rate on INFOCOOP micro-credit.</p>	<p>Labour policy</p> <p>Social security coverage for workers who lose their jobs and for their dependent family members, has been increased from three months to six months.</p> <p>Measure discontinued in 2009.</p> <p>Draft law establishing an agreement between employers and workers, whereby firms reduce the number of hours worked, but do not reduce hourly wages or dismiss staff.</p> <p>Measure not implemented: The law was not adopted.</p> <p>Project to modernize labour legislation, to introduce more flexible schemes, such as the four-day week and annualized working hours.</p> <p>Measure not implemented: The law was not adopted.</p> <p>Employee training for firms hurt by the crisis. Grants for employees wishing to train in exchange for a guarantee from the firm of job stability and payment of social contributions.</p> <p>No information is available on this measure.</p> <p>New measure: In October 2011, the government launched the EMPLEATE programme, aimed at young people aged from 17 to 24 in situations of poverty and social risk who wish to join the workforce. The programme is a public-private initiative, and offers training and labour-market entry.</p>	<p>Congress approved a loan of US\$ 500 million from IDB to bolster the Costa Rican Electricity Institute.</p> <p>Measure implemented/ remains in place.</p> <p>A financial support agreement was signed with IMF. If necessary, Costa Rica may draw up to US\$ 780 million in exchange for a commitment to follow particular fiscal, monetary, exchange-rate and financial policies. Following an initial review of the economic plan, IMF allowed the Government to draw down the first US\$ 585 million in September 2009.</p> <p>Measure implemented/ discontinued: These funds were not used.</p> <p>The Government will request a US\$ 500 million loan from the World Bank to cover fiscal needs, given the significant downturn in receipts.</p> <p>Measure implemented. The loan was approved in April 2009 and disbursed in a single tranche.</p> <p>In June 2009 IDB approved an US\$ 850 million loan for infrastructure investment. The first phase of the investment was approved at the end of September and consists of US\$ 375 million in projects, mainly in the rural areas.</p> <p>Measure remains in place: The investments were made , although there were delays.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
COSTA RICA	<p>Changes in the monetary policy rate</p> <p>In mid-July, the central bank reduced the net monetary policy rate from 10% to 9%, seeking to lower interest rates in the financial market.</p> <p>Measure remains in place: The monetary policy rate was reduced to 7.5% in August 2010, to 6.5% on 21 October 2010, and to 5% on 4 June 2011. It has since remained stable.</p>	<p>In March 2009 it was announced that US\$ 1.26 billion would be invested in infrastructure works through trust funds. Given delays in current public works projects, however, doubts have been raised about the capacity of the public sector to carry out the infrastructure spending plan.</p> <p>Measures only partly implemented: Few of these measures were implemented in 2009. They began to be implemented in 2010 and 2011.</p> <p>Other measures</p> <p>In August 2008, the Government presented an extraordinary budget for US\$ 90 million.</p> <p>Measure implemented.</p> <p>In the first semester a budget of US\$ 35 million was also approved to help deal with any crisis which may be caused by rising international food prices.</p> <p>Measure implemented.</p> <p>On 19 March 2009 the Minister of Finance announced measures to deal with the growing fiscal deficit. Changes will be made to the legislation to allow increased borrowing in foreign currency (from 20% to 40%) and the use of borrowing to finance current spending. In addition, the portion of the budget of public entities that comes from the national budget will be cut by 20%.</p> <p>Measure implemented: The use of borrowing to finance current spending was approved.</p> <p>Further budget cuts were announced in July in response to falling tax receipts. It would also announced that initiatives to boost revenue, such as a 2% tax on the gross income of casinos, would be submitted to Congress.</p> <p>The Government will request a US\$ 500 million loan from the World Bank to cover fiscal needs.</p> <p>Measure implemented: The loan was approved in April 2009 and disbursed in a single tranche.</p> <p>At the end of October, the Assembly approved an extraordinary budget allowing the Government to incur debts up to US\$ 790 million to cover expenses in November and December 2009 without withdrawing funding from social programmes and other Government spending obligations.</p> <p>Measures implemented: 2009 was a difficult year in fiscal terms: after two years of surplus (2007 and 2008) the fiscal balance deteriorated sharply during 2009, owing in the main to social measures (transfers) and public-sector salary increases. Various budget cuts were therefore necessary over the course of the year.</p> <p>Measure remains in place: From 2009, the Government has continued its efforts to cut spending, owing to the widening fiscal deficit. However, the fiscal reform the Government wanted to implement in 2011 has yet to be approved.</p>	

Sectoral policies	Labour and social policies	Multilateral financing
<p>The three State banks agreed in May 2009 to provide more flexible terms on loans to micro-enterprises and small companies. In particular, they will postpone amortization payments for 24 months and increase loan maturities by 2 years. The measure is applicable to some 34,500 loan operations.</p> <p>Measures implemented/discontinued: Loan terms (interest rates and requirements) became more flexible during 2009.</p> <p>Agriculture</p> <p>Creation of the National Food Plan, which includes production development policies.</p> <p>Measure discontinued: This was a temporary programme aimed at alleviating the 2008-2009 food crisis. The new Government decided to discontinue it in light of the changing domestic and international situation.</p> <p>Industry</p> <p>Congress approved a loan of US\$ 500 million from IDB to bolster the Costa Rican Electricity Institute.</p> <p>Measure implemented/remains in place.</p> <p>Other measures</p> <p>To support companies that supply the public sector and enable them to recover their investments quickly, the Government will reduce its invoice payment period to 30 calendar days.</p> <p>Measure remains in place.</p>	<p>Social programmes</p> <p>Increase in Government spending on social affairs. Part of this went to subsidies on food, transport and gasoline. Social spending on education and housing also rose.</p> <p>Measure implemented: Government spending on social affairs rose. Transfers increased by 20% in nominal terms between 2008 and 2009. Public-sector salaries also rose, including in the areas of education and public health.</p> <p>Increase of 15% in pensions of the non-contributory regime of the Costa Rican social security fund.</p> <p>Measure remains in place.</p> <p>Project to offer children's meals at weekends in child-care centres in the country's 37 poorest districts.</p> <p>Measure remains in place.</p> <p>Increase in the number of beneficiaries of the Avancemos programme, with more grants for young people.</p> <p>Measure remains in place.</p> <p>Revision of pricing procedures so that the drop in the oil price can be passed through more quickly to public transport fares.</p> <p>No information is available on this measure.</p>	

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>CUBA</p> <p>The measures taken by Cuba are a response to broader challenges emerging as the country updates its economic model. Although these measures are not directly associated with the international crisis, it may be argued that the crisis prompted the Cuban response.</p>	<p>Liquidity injections in national currency</p> <p>New measure: Decree-Law No. 289 entered into force on 20 December 2011, and commercial banks began to offer loans (for higher amounts) and other banking services to individuals, especially farmers and own-account workers, enabling them to finance working capital. This legislation also provided for more flexible collections and payments between legal entities and individuals, and made it possible for the latter to open current accounts.</p> <p>Changes in the monetary policy rate</p> <p>New measure: In early February 2012, the central bank implemented a new concept for forming interest rates. Although these are set by the central bank, commercial banks do have some leeway, based on three factors:</p> <ul style="list-style-type: none"> (i) the purpose of the loan; (ii) the customer's ability to pay; and (iii) the risk assessment. Commercial banks are permitted a very small profit margin with regard to loans for building and repairing homes, in order to encourage construction activity. 	<p>Tax cuts or benefits and subsidy increases</p> <p>New measure: In September 2011 the Government of Cuba issued two decrees making the rules, taxes and licences more flexible for own-account workers. Among the measures adopted, older persons are exempt from Social Security contributions, the price of certain licences has been reduced, and the amount of taxes to be paid will depend on the activity and where it takes place. In addition, own-account workers will not have to pay the tax obligations arising between July and December 2011 for the first five workers hired.</p> <p>The minimum monthly payment for room rental tax was cut by 25%, and it became possible to temporarily suspend payment of the permit to carry out repairs, which will also benefit carriers.</p> <p>Other measures</p> <p>New measure: Rising food prices and the global crisis compelled the Government of Cuba to optimize public spending and focus on priority activities. To reduce the burden on the State, with effect from 2010-2011 the Government decided to give public enterprises more managerial autonomy and to permit greater decentralization of investment and production decision-making. The increase in public spending in 2011 came with a shift towards the capitalization of public enterprises, specifically to ensure the payment of debts to providers, the treasury and banks. This is part of a process of strengthening public enterprises that also includes a plan to grant greater managerial autonomy. The 2011 creation of the AZCUBA Sugar Industry Business Group to replace the Ministry of Sugar can be seen as a step in that direction, as was the elimination of the Ministry of Fisheries and the creation of other business groups in 2010.</p>	<p>Exchange-rate policy</p> <p>New measure: On 14 March 2011, the convertible peso was devalued by 8% against the United States dollar, to restore parity between the two currencies. This decision however does not affect the current exchange rate of the Cuban peso in relation to the convertible peso in CADECA (exchange bureaux). This still stands at 24 Cuban pesos for sales of convertible pesos by the public to CADECA and 25 Cuban pesos for purchases of convertible pesos by the public from CADECA. Furthermore, the official exchange rate used in State sector accounting (1 to 1) remained unchanged for the Cuban peso against the convertible peso.</p> <p>Other measures</p> <p>New measure: In June 2011, Cuba signed an agreement with China to strengthen bilateral relations. The agreement covered loans, grants and cooperation in the areas of finance, technical issues, oil, IT and communications.</p> <p>New measure: In January 2012, Brazil lent Cuba US\$ 200 million to buy equipment, machines, small tractors and harvesters to boost food production in Cuba.</p> <p>New measure: In February 2012 Cuba signed an agreement with Viet Nam for cooperation on rice-growing. The aim was to obtain seeds and organize and drive specialized production of rice over a total of 40,000 hectares on the island.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>New measure: After 50 years, the Government of Cuba is now allowing homes to be bought and sold among Cuban citizens and foreigners residing in the country. The new law entered into force on 10 November 2011 and permits the sale, exchange, bequest and gift of property; there are some restrictions, however. For example, Cubans and permanent residents may own a maximum of two properties - one residential home and one holiday home.</p> <p>SMEs</p> <p>New measure: Decree-Law No. 289 entered into force on 20 December 2011, and commercial banks began to offer loans (for higher amounts) and other banking services to individuals, especially farmers and own-account workers, enabling them to finance working capital.</p> <p>New measure: As part of a restructuring of the labour force in Cuba, and following the president's acknowledgement of a bloated State payroll, from October 2010 178 new activities may now be exercised under the own-account regime.</p> <p>New measure: In May 2011 "paladares" (small restaurants) were allowed to increase their capacity. In addition, it was agreed that workers could be hired for all non-State activities and that the process of creating more flexible conditions for own-account workers should continue.</p> <p>Agriculture</p> <p>One of the Government's priorities is to reduce the country's dependence on food imports, by providing specific types of support to the agricultural sector. The measures implemented include:</p> <ul style="list-style-type: none"> (i) Granting land-usage rights (a process that began in 2008 and is still ongoing); (ii) Raising the prices paid by the Government to farmers for their produce; in addition, part of their produce may be freely sold on the market (new measure); and (iii) From 1 December 2011, allowing farmers to sell their produce directly to hotels and restaurants in the tourist sector (new measure). <p>New measure: Decree-Law No. 289 entered into force on 20 December 2011, and commercial banks began to offer loans (for higher amounts) and other banking services to individuals, especially farmers and own-account workers, enabling them to finance working capital.</p> <p>New measure: In January 2012, Brazil lent Cuba US\$ 200 million to buy equipment, machines, small tractors and harvesters to boost food production in Cuba.</p> <p>New measure: In February 2012 Cuba signed an agreement with Viet Nam for cooperation on rice-growing. The aim was to obtain seeds and organize and drive specialized production of rice over a total of 40,000 hectares on the island.</p>	<p>Labour policy</p> <p>Measure remains in place, with modifications: In mid-2009, the Government of Cuba authorized multiple employment via Decree-Law No. 268. Workers from virtually every sector (except for State leaders, health-care professionals, researchers, lecturers, teachers and accountants) can now sign more than one employment contract and receive the corresponding salary. For the first time, high-school and university students may work in part-time paid employment.</p> <p>Measure remains in place: In early July 2009, the Government of Cuba authorized a pay rise for teachers and other education staff (as a priority sector and with a view to improving their living conditions). This measure will cost approximately US\$ 37 million and will benefit some 545,000 workers in the country.</p> <p>New measure: As part of a restructuring of the labour force in Cuba, and following the president's acknowledgement of a bloated State payroll, from October 2010 178 new activities may now be exercised under the own-account regime.</p> <p>New measure: In May 2011 "paladares" (small restaurants) were allowed to increase their capacity. In addition, it was agreed that workers could be hired for all non-State activities and that the process of creating more flexible conditions for own-account workers should continue.</p> <p>Temporary measure: Own-account workers will not have to pay the tax obligations arising between July and December 2011 for the first five employees hired.</p> <p>Social programmes</p> <p>New measure: From September 2011, older persons are exempt from Social Security contributions.</p>	

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
CUBA			

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
DOMINICAN REPUBLIC No new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011.	<p>Legal reserve adjustments</p> <p>As of February 2009 monetary policy began to be eased by making the legal reserve more flexible, among other measures.</p> <p>In its second resolution (12 February 2009), the monetary board authorized the central bank to free US\$ 210 million corresponding to the legal reserve and up to US\$ 84 million against Government bond issues provided for in the 2009 budget law, for financial intermediation agencies to lend to production sectors, including agriculture, manufacturing, construction, micro-enterprises and SMEs. The central bank established a preferential rate of 17% for the production sectors that borrow from the released legal reserve funds.</p> <p>Measure remains in place, with modifications: On 26 May 2009 the Central Bank reduced the reserve requirement from 20% to 17.5% for universal banks and from 15% to 13% for all other financial entities. At year-end it lowered the requirement to 17% for universal banks and 12.5% for other financial entities. On 10 November 2011 the requirement was lowered to 15.6% for universal banks and 11.1% for other entities.</p> <p>On 25 March 2009, the prudential regulations for the banking sector were temporarily made more flexible to stimulate bank lending.</p> <p>No updated information on this measure.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>The following subsidies were allocated in 2008:</p> <ul style="list-style-type: none"> - Subsidy to the electric power sector: 2.4% of GDP. - Subsidy for liquefied petroleum gas: 0.5% of GDP. - Fuel price subsidy: 0.25% of GDP. - Direct subsidy to free zone export firms: 0.13% of GDP. - Subsidies to the agricultural sector: 0.17% of GDP. <p>Measures discontinued/remains in place with modifications: Under the October 2009 arrangement with IMF an effort was launched to cut current fiscal spending by as much as possible, focusing on targeting subsidies for the consumption of liquefied gas and electricity.</p> <p>In March, the Government extended for the rest of fiscal year 2009 the exemptions it had granted to the agricultural sector: on advance payments of income and assets taxes and on the withholding of income tax on payments made by the State.</p> <p>Draft legislation was also drawn up to:</p> <ul style="list-style-type: none"> - Exempt insurance policies purchased by agribusinesses from tax. - Lower from 5% to 0.5% the withholdings on payments made by the State and its agencies for the purchase of goods and services. - Eliminate the 2% charged for reregistering a mortgage. - Allow education expenses to be deducted from income tax. <p>Measure discontinued: Tax reform approved in 2011 repealed virtually all of the exemptions introduced in 2009.</p> <p>In May the Government announced tax and rates exemptions for construction companies building low-cost housing projects.</p>	<p>Tariff reductions</p> <p>On 10 March 2009, the tax paid by airlines for transporting cargo was eliminated to lower export costs.</p> <p>Measure remains in place.</p> <p>Export financing and support</p> <p>Also on 10 March 2009, the Presidential Export Promotion Board was set up to assess export performance and develop a unified export policy. A fund to promote export supply and attract foreign direct investment was also established.</p> <p>Measure not implemented: The Presidential Commission for Promotion of Exports has still not been convened. There is no information on operations of the Fund for Promoting Exportable Supply and Attracting Foreign Direct Investment.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Other measures</p> <p>New measure: On 1 October 2011, a decree entered into force permitting the sale and purchase of vehicles (previously, only cars manufactured prior to 1959 could be bought and sold). Thus, cars may now be bequeathed and bought and sold between Cubans and foreigners residing in the country, also facilitating the transfer of property for those leaving Cuba permanently.</p> <p>New measure: In June 2011, Cuba signed an agreement with China to strengthen bilateral relations. The agreement covered loans, grants and cooperation in the areas of finance, technical issues, oil, IT and communications.</p>		
Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>The central bank announced that all mortgages applied for in March 2009 for new house purchases, up to a limit of US\$ 340,000, will have a fixed interest rate of 15% up to 1 January 2010.</p> <p>Measure implemented.</p> <p>In May the Government announced tax and rates exemptions for construction companies building low-cost housing projects.</p> <p>Measure implemented with a delay: In March 2010 the Finance Ministry authorized a tax credit for the Tax on the Transfer of Industrialized Goods and Services (ITBIS) paid by buyers of low-cost housing (up to RD\$ 2 million).</p> <p>The Government also announced mortgage loans with rates fixed for at least three years.</p> <p>Measure remains in place: The measure was implemented in early 2009 when lowering the bank reserve requirement flooded the market with liquidity. But greater interest rate flexibility will be given for these loans starting in 2012, since the fixed rate was established for just three years.</p> <p>The Government also proposed the creation of a Bono Tierra (land bonus), through which State-owned land will be given over for low-cost housing.</p> <p>Measure not implemented: The land bonus has not been implemented yet.</p> <p>SMEs</p> <p>In May the Government announced the creation of a fund totalling some US\$ 42 million to stimulate the development of micro-enterprises and SMEs. Of these resources, US\$ 28 million will be channelled through the National Council for the Promotion and Support of Micro-Enterprises and SMEs (PROMIPYME), with the support of the Reserve Bank of the Dominican Republic, and the other US\$ 14 million will be lent through institutions that specialize in credit for small businesses.</p> <p>Measure partially implemented: As of mid-2011 the Micro, Small, and Medium-sized Enterprise Fund (FOMIPYME) had not been established, so PROMIPYME is in charge of State activities supporting MiSMEs.</p>	<p>Labour policy</p> <p>As of August 2008 the public sector minimum wage, including civil and military pensions and retirement benefits, was adjusted by 67%.</p> <p>Measure implemented.</p> <p>On the same date, a 15% wage rise was decreed for public-sector employees earning up to US\$ 840 per month, which benefits 97.6% of civil servants.</p> <p>Measure implemented.</p> <p>Social programmes</p> <p>The liquefied petroleum gas (LPG) subsidy has been targeted since the last quarter of 2008 to benefit the poorest segments of the population. Two programmes were created: (i) a targeted LPG subsidy for public transport, which benefits 24,000 public transport drivers, and (ii) a targeted LPG subsidy for households, with an estimated coverage of 800,000 homes.</p> <p>Measure implemented.</p> <p>As of the last quarter of 2008, the coverage of the Dominican Republic's main social welfare scheme, the Solidarity Programme, was extended to 50,000 new households. This scheme includes subsidies for the purchase of food, school aid and assistance for the elderly.</p> <p>Measure remains in place: At year-end 2011 nearly 600,000 households were benefiting from the Solidarity Programme.</p> <p>The transfer corresponding to Solidarity Programme's subsidy for food purchases ("Eating comes first") was increased by 27%.</p> <p>Measure remains in place: At year-end 2011, 539,000 households were registered with the programme and will receive conditional cash transfers of 700 pesos per month starting in 2012.</p>	<p>On 20 March 2009, IDB approved a loan of US\$ 360 million to improve liquidity in the private sector. Of this amount, US\$ 300 million will be transferred to the central bank for lending to commercial banks, and the remaining US\$ 60 million will be used to provide budget financing for productivity and competitiveness programmes.</p> <p>Measure not implemented: Despite the announcement, the funding granted by IDB was not used.</p> <p>On 19 March 2009, several projects to stimulate economic growth were announced. These include the Coral road project, the Viadom project, a second line for the Santo Domingo underground railway system and the Haina-Santiago railway line. These projects will be financed by the private sector and with a loan from, among other sources, the Andean Development Corporation.</p> <p>Measures only partially implemented: The economic slowdown in 2009 and the difficulty in obtaining funding prior to signature of the special drawing rights agreement with IMF let the Government to cut spending twice. As a result, although the subsidies and cutbacks announced were maintained, many of the stimulus measures were withdrawn or postponed until 2010.</p> <p>In October an agreement with IMF that will allow the Government to implement countercyclical policies was announced.</p> <p>Measure remains in place: In October 2009 the Dominican Republic and IMF reached an understanding for signing 28-month, US\$ 1.7 billion stand-by agreement with IMF.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
DOMINICAN REPUBLIC	<p>Liquidity injections in national currency</p> <p>Approval of a short-term liquidity mechanism for financial intermediation entities through repos of securities issued by the central bank or other eligible instruments.</p> <p>Measure remains in place: The legal basis for repo operations was put in place in 2008; the Central Bank can resort to them when necessary.</p> <p>On 20 March 2009, IDB approved a loan of US\$ 360 million to improve liquidity in the private sector. Of this amount, US\$ 300 million will be transferred to the central bank for lending to commercial banks, and the remaining US\$ 60 million will be used to provide budget financing for productivity and competitiveness programmes.</p> <p>Measure not implemented: Despite the announcement, the funding granted by IDB was not used.</p> <p>Measure remains in place: In February 2009 the Central Bank stopped placing bonds directly with the general public. Although the measure was announced as a temporary one, no date has yet been announced for resuming marketing to the general public.</p> <p>Changes to the monetary policy rate</p> <p>On 16 February 2009 the central bank cut the overnight interest rate to 6.0% and the Lombard rate to 11.5%, which was one percentage point lower than the rates a month earlier. On 1 April 2009, these rates were lowered to 5.0% and 10.5%, respectively. The interest rates on fixed-term savings certificates were also lowered by between two and three percentage points.</p> <p>On 29 June, the central bank cut the interest rate on over-the-counter certificates by 100 basis points. After this cut, 1-year certificates carry an interest rate of 7% and 3-year certificates a rate of 12%.</p> <p>In August, the central bank lowered its benchmark rates. The monetary policy rate was reduced from 5% to 4% and the Lombard rate from 10.5% to 9.5%.</p>	<p>Measure implemented with a delay: In March 2010 the Finance Ministry authorized a tax credit for the Tax on the Transfer of Industrialized Goods and Services (ITBIS) paid by buyers of low-cost housing (up to RD\$ 2 million).</p> <p>The Government also announced mortgage loans with rates fixed for at least three years.</p> <p>Measure remains in place: The measure was implemented in early 2009 when lowering the bank reserve requirement flooded the market with liquidity. But greater interest rate flexibility will be given for these loans starting in 2012, since the fixed rate was established for just three years.</p> <p>The Government also proposed the creation of a Bono Tierra (land bonus), through which State-owned land will be given over for low-cost housing.</p> <p>Measure not implemented: The land bonus has not been implemented yet.</p> <p>The Senate approved draft legislation to make educational expenditures tax-deductible for persons liable for income tax.</p> <p>Measure remains in place.</p> <p>In August, the authorities published a compendium of advances on the measures announced in the framework of the National Unity Summit convened in response to the global economic crisis. The main points include:</p> <ul style="list-style-type: none"> - Approval of a law reducing the rate at which payments made the State are withheld as payment towards income tax, from 5% to 0.5%. - Approval of legislation exempting restructuring operations from the 2% mortgage tax. - Approval of a law making spending on education deductible from personal income tax. <p>Measures implemented.</p> <p>Increase or early disbursement of public spending allocations</p> <p>On 19 March 2009, several projects to stimulate economic growth were announced. These included the Coral road project, the Viadom project, a second line for the Santo Domingo underground railway system and the Haina-Santiago railway line. These projects will be financed by the private sector and with a loan from, among other sources, the Andean Development Corporation.</p> <p>Measures only partially implemented: The economic slowdown in 2009 and the difficulty in obtaining funding prior to signature of the special drawing rights agreement with IMF led the Government to cut spending twice. As a result, although the subsidies and cutbacks announced were maintained, many of the stimulus measures were withdrawn or postponed until 2010.</p>	

Sectoral policies	Labour and social policies	Multilateral financing
<p>Agriculture</p> <p>In the second week of February a series of measures were announced to protect and strengthen food security programmes, rural prosperity and competitiveness. It was agreed to boost the financing extended by the Agricultural Bank and allocate US\$ 100 million from National Bank for the Promotion of Housing and Production (BNV) to develop the sector.</p> <p>Measure remains in place: Over the past few years the Government has continued to increase funding for the Agricultural Bank. For 2012, RD\$7.306 billion has been allocated to the agricultural sector, with the focus on food production.</p> <p>A training programme for rural youth will also be rolled out, endowing young people with land from the agrarian reform to attract them into the sector.</p> <p>No updated information on this measure.</p> <p>In March 2009, the Government extended for the rest of fiscal year 2009 the exemptions it had granted to the agricultural sector: on advance payments of income and assets taxes and on the withholding of income tax on payments made by the State.</p> <p>Measure discontinued.</p> <p>Tourism</p> <p>In March 2009, the Committee for the Implementation of a Comprehensive Unified Service System for Investment in Tourism was established.</p> <p>No updated information on this measure.</p>	<p>School attendance incentives created for over 292,000 children and adolescents in households identified through the Solidarity Programme.</p> <p>Measure remains in place: At year-end 2011, more than 213,000 households were registered with the programme; starting in 2012 they will receive conditional cash transfers of 150 pesos per child, up to 600 pesos per household, once every two months.</p> <p>An increase of 33% is expected in food purchase transfers under the Older Adult Programme, which will benefit 50,000 elderly.</p> <p>Measure remains in place: At year-end 2011 more than 152,000 persons were registered with the programme.</p> <p>In March 2009, family health coverage was extended within the contributory social security scheme with a view to stimulating competition and reducing the expenses of its members.</p> <p>Measure remains in place.</p>	

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
DOMINICAN REPUBLIC	<p>Measure discontinued: The monetary policy stance changed in October 2010; the benchmark rate began to be increased and went from 4% in September 2010 to 6.75% in May 2011 and was held steady after that. The Lombard rate was held steady at 9.5% through December 2011 and was then lowered to 9% in order to narrow the policy rate corridor.</p> <p>Other measures</p> <p>Measure remains in place: Under the October 2009 Stand-By Arrangement with IMF, the Central Bank committed to moving to inflation targeting in mid-2012.</p>	<p>Other measures</p> <p>New measure: Tax reform approved in mid-2011 repealed virtually all of the exemptions introduced in 2009. Noteworthy tax measures include the 1% tax on assets held by universal banks, making dividends subject to income tax, increasing the withholding rate on government procurement contracts from 0.5% to 5%, the tax on sales from free trade zones to local markets and the introduction of taxes to bring the taxation of lottery and gambling proceeds into line with the rest of the economy.</p>	

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
ECUADOR No new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011.	<p>Changes to the monetary policy rate</p> <p>Suspension of the reduction of interest rates until June 2009.</p> <p>No information is available on this measure.</p> <p>Other measures</p> <p>Establishment of a monthly tax on available funds and investments held abroad by private entities regulated by Superintendency of Banks and Insurance and the Stock Market Division of the Superintendency of Companies.</p> <p>Measure remains in place.</p> <p>Loans extended to public officials (up to three months' wages) to stimulate domestic demand.</p> <p>No information is available on this measure.</p> <p>Coupon payments on Global 2012 bonds fell into technical arrears in November 2008 and those on Global 2030 bonds in February 2009; the two bonds represented total commitments of US\$ 3.2406 billion (23.6% of total public debt and 32.1% of external public debt). In April 2009 the Government proposed to exchange those bonds for cash in a modified Dutch auction, setting a floor price of 29.5% plus 50 basis points over the bond's nominal value. Some 91% of these bonds were exchanged in June at 35% of their nominal value.</p> <p>Measure implemented.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Tax credit allowed for above-minimum bank provisions.</p> <p>No information is available on this measure.</p> <p>Moratorium on advance income tax payment up to December 2009 for exporters in the sectors worst affected by the crisis; reduction in the withholding tax on interest paid abroad, to 0% for the banking sector and 5% for private firms until December 2009 (except for capital from tax havens).</p> <p>Measure discontinued.</p> <p>Taxes on private banks to be temporarily reduced and financial institutions to be required to capitalize their profits. Banks will also be allowed access to fiscal incentives in exchange for issue of credit to the production sectors.</p> <p>Measure remains in place.</p> <p>A tax reform bill has been drafted and will need to be approved by the legislative commission, to assist the production sector and strengthen the country's financial system.</p> <p>Measure implemented.</p> <p>New measure: In November 2011, a new tax reform was enacted.</p> <p>Increase or early disbursement of public spending allocations</p> <p>It was announced that almost US\$ 1.6 billion will be drawn from the Free Liquidity International Reserve (RILD) for investment in production and job creation. The funds will be administered by the central bank and the ministries coordinating economic policy and production, and will be invested in infrastructure projects and lending to the production sector. The central bank also authorized the Ecuadorian Social Security Institute (IESS) to invest US\$ 300 million from RILD in the National Finance Corporation (CFN).</p>	<p>Liquidity injections in foreign currency</p> <p>Tax credit of 12.5% of the amount allocated to loans to the production sector using fresh capital from the financial sector.</p> <p>No information is available on this measure.</p> <p>Extension of second-tier credit lines by National Development Bank. These credit lines will be available to financial institutions which sustain their operations using remittances from outside the country.</p> <p>No information is available on this measure.</p> <p>On 11 March 2009 the Ecuadorian Social Security Institute announced the decision to buy US\$ 400 million in performing mortgage portfolio from the private banking sector. The banks have committed to plough these funds back into new lending and to apply the same loan mortgage conditions as they did in 2008.</p> <p>Measure implemented.</p> <p>Increase in import duties and import restrictions</p> <p>Introduction of safeguard measures on imports for an (initial) period of one year, in order to help to offset the balance-of-payments deficit estimated for 2009. This includes countries with which Ecuador has preferential trade agreements. The determination first increases tariffs by 30% or 35% in ad valorem terms for 73 subcategories and creates specific tariffs for 283 others. Second, it places quantitative restrictions on 248 subcategories by allocating quotas by importer and by subcategory. In total, 627 subcategories are covered by the measure.</p> <p>Measure remains in place, with modifications: Several safeguard measures were abolished, but others were (re)introduced.</p>

Sectoral policies	Labour and social policies	Multilateral financing

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>The stimulus package announced in October 2009 includes major funding for housing and construction, which is to be channeled through the public banking sector.</p> <p>Measure remains in place, with modifications: During 2010 and 2011, fiscal policy continued to be expansionary, with particular emphasis on social spending and investment in infrastructure.</p>		<p>Negotiation of a US\$ 1 billion loan from IDB to finance road infrastructure.</p> <p>Measure remains in place: In October 2009. The Inter-American Development Bank (IDB) approved a credit line of US\$ 1 billion, of which US\$ 350 million has been lent and US\$ 166 million has been spent.</p> <p>In April 2009, the Latin American Reserve Fund approved a US\$ 480 million loan to Ecuador. The loan has a maturity of three years and a one-year grace period for capital amortizations.</p> <p>Measure implemented.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
ECUADOR		<p>A fiscal stimulus package to counteract the effects of the crisis was announced in October 2009. The package consists of US\$ 2.555 billion to finance housing, municipal public works, microloans and investments in infrastructure with resources from the central bank and RILD.</p> <p>Measures implemented: Financing the stimulus package involved repatriating US\$ 1.782 billion from RILD. A credit line from the Inter-American Development Bank (IDB) was also used to finance road infrastructure (in October 2009, IDB approved a credit line of US\$ 1 billion, of which US\$ 350 million has been lent and US\$ 166 million has been spent). The stimulus package was implemented between 2010 and 2011, but it is not clear exactly how much money was spent.</p> <p>Measure remains in place, with modifications: During 2010 and 2011, fiscal policy continued to be expansionary, with particular emphasis on social spending and investment in infrastructure.</p> <p>Other measures</p> <p>A tax on banks' stocks of external assets was established to encourage national saving, and the levy on capital outflows was raised from 0.5% to 1%.</p> <p>Measure remains in place, with modifications: The levy on capital outflows was raised to 2% in December 2009 and to 5% in November 2011.</p> <p>Negotiation of a US\$ 1 billion loan from IDB to finance road infrastructure.</p> <p>Measure implemented: In October 2009, IDB approved a credit line of US\$ 1 billion, of which US\$ 350 million has been lent and US\$ 166 million has been spent.</p> <p>The Government reduced the State-financed part of Petroecuador's budget to US\$ 3 billion in 2009 (compared to US\$ 4.884 billion in 2008). This will be accomplished by means of staff cuts, among other measures.</p> <p>Measure discontinued: In 2010, the budget was increased to US\$ 3.859 billion. The budget for 2011 was US\$ 3.974 billion.</p> <p>The Government is engaged in negotiations to obtain financing for large infrastructure works, such as the Pacific Refinery, the Coca Codo Sinclair hydroelectric project and others.</p> <p>Measure discontinued: The Government did not obtain financing for the Pacific Refinery. Financing was obtained for the Coca Codo Sinclair hydroelectric project, and US\$ 385 million was declared to have been spent on this project in 2011.</p>	<p>On 10 July 2009, Ecuador imposed tariff surcharges on 1,346 subcategories of imports from Colombia. The surcharge involved eliminating the existing tariff preferences in the Andean Community (CAN). The secretariat of CAN granted Ecuador the right to adopt these measures in respect of Colombian imports; the justification for this was the adoption of exchange-rate safeguards owing to the appreciation of the dollar against the Colombian peso.</p> <p>Measure remains in place, with modifications: Several tariff surcharges were abolished, but many were maintained.</p> <p>Tariff reductions</p> <p>Elimination of tariffs on inputs and capital goods not produced in the country.</p> <p>Measure remains in place.</p> <p>Export financing and support</p> <p>Expediting (from 30 days to 5) and reducing red tape for tax returns (drawbacks), leading to earlier reimbursement of tax pre-payments by exporters.</p> <p>Measure remains in place, with modifications: The period is now 10 working days.</p> <p>Export sectors hurt by the crisis will be exempted from advance payment of income tax in 2009.</p> <p>Measure discontinued.</p> <p>A credit line of US\$ 100 million will be opened by the National Finance Corporation for external trade operations.</p> <p>Measure implemented, with modifications: In addition, US\$ 500 million was made available from the IDB credit line in October 2009.</p> <p>Other measures</p> <p>The external investment limit for investment funds will be lowered from 50% to 20%.</p> <p>No information is available on this measure.</p>

Sectoral policies

Labour and social policies

Multilateral financing

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
ECUADOR		<p>In August 2009, a tax reform was proposed . This is currently under consideration in the National Assembly, and consists of the following measures:</p> <ul style="list-style-type: none"> (i) the tax on foreign exchange transfers will be raised from 1% to 2%, with the first US\$ 500 of each transaction exempt; (ii) the advance payment of corporate income tax will become a minimum payment, i.e., if the advance payment exceeds the company's real tax liabilities, it will not necessarily be returned; (iii) tax on dividends received by company shareholders; (iv) changes were made to the method of calculating the special consumption tax (ICE) on cigarettes and alcoholic and carbonated beverages. A VAT rate of 12% will apply to imports of paper used in the manufacture of newspapers and magazines; (v) incentives for the production sector, such as a VAT rebate for tour operators for inbound tourism, more flexible conditions for reinvestment of earnings in science and technology (subject to the firm maintaining its staff levels) and extension of the 0% VAT rate for artisans qualified by the Ministry of Production, Employment and Competitiveness and the National Board for the Protection of Artisans. (vi) 12% VAT rebate for the public sector. <p>Measure implemented: The tax reform was enacted in December 2009 and a new tax reform was enacted in November 2011. The main elements were:</p> <ul style="list-style-type: none"> - the tax on foreign-exchange transfers was raised from 2% to 5% for transfers of over US\$ 1,000; - taxes on cigarettes and alcohol were raised; - a two-cent levy on plastic bottles was introduced; and - a tax on motor vehicle pollution was introduced. 	

Sectoral policies

Labour and social policies

Multilateral financing

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>EL SALVADOR</p> <p>No new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011.</p>	<p>Legal reserve adjustments</p> <p>Banks were required to hold 3% of assets (1.1% of GDP) in the central bank as cash reserves. As of April 2009, these reserves began to be returned with a view to increasing the system's liquidity and the credit supply.</p> <p>Measure remains in place: The extra reserves (of 3%, introduced in July 2008) continued to be returned and by December 2009 had been returned in full. Meanwhile, the standard liquidity reserve was kept at 25% for current-account deposits, 20% for savings and fixed-term accounts, 20% for own securities issues of less than one year and 15% for those over one year.</p> <p>Other measures</p> <p>Financial Stability Committee created.</p> <p>Measure remains in place: The Financial Stability Committee was created in late 2008 and is made up of the heads of the Ministry of Finance, the Technical Secretariat of the Office of the President, the Central Reserve Bank and the Superintendency of the Financial System (created in January 2011).</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Subsidies for the entire population on consumption of electric power, water, liquefied gas and public transport, for US\$ 400 million (1.8% of GDP). The blanket electrical energy subsidy (US\$ 163 million, equivalent to 0.7% of GDP) was modified in February 2009 to apply only to clients that consume less than 99 kilowatts per month (these consumers account for 80% of total demand).</p> <p>Measure remains in place, with modifications: Blanket subsidies have been introduced over the past 20 years, in particular following the 2008 increase in fuel prices. Since 2009, within the framework of the agreement with IMF, the Government has begun to target these subsidies.</p> <p>Setting of benchmark prices for gasoline and diesel.</p> <p>Measure remains in place: The benchmark prices were introduced in September 2008, and in principle their calculation reflects the "efficient market price", which seeks to limit the margin of fuel marketers.</p> <p>Other measures</p> <p>In June 2009, the Government announced a comprehensive plan to combat the crisis, at a total estimated cost of US\$ 587 million (coverage has been secured for 60% of the plan and the rest will depend on support from international agencies). This plan includes a strategy aimed at strengthening public finances. An austerity programme will be created to restrict superfluous spending and some US\$ 150 million will be saved through subsidy streamlining and targeting. In addition, a programme is to be started up to combat tax avoidance and evasion, smuggling and corruption.</p> <p>Measure remains in place, with modifications: The measures contained in the plan to combat the crisis were incorporated into the five-year development plan 2010-2014, which represents the Government's core policies. This plan is still being implemented, as reflected in macroeconomic, sectoral and social policies.</p>	<p>Liquidity injections in foreign currency</p> <p>Measures to be taken to strengthen instruments of participation in the repo market and the mechanism to facilitate the operability of the interbank market.</p> <p>Measure discontinued: Repos were used throughout 2009 to inject liquidity into Salvadoran banks.</p> <p>The IDB Executive Board approved a loan for US\$ 400 million to the central bank under the Liquidity for Growth Sustainability Project, in response to the liquidity squeeze in the international financial markets.</p> <p>Measure discontinued: Of the US\$ 400 million intended for the production sectors and to be administered by the central bank, only US\$ 187.8 million was used, owing to the limited demand for loans and the cost involved for banks to sell category A loans.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>SMEs</p> <p>In the framework of the plan to combat the crisis, the Government announced the creation of a State bank for production development, which will provide timely financing to different branches of the economy, mainly micro-enterprises and SMEs. This bank will also channel a system of guarantees to give businesses access to private bank loans.</p> <p>Measure remains in place, with modifications: Banco Multisectorial de Inversiones is currently acting as a State bank. There are plans to provide it with more funds so that it can have a much greater impact on productive development. However, the Legislative Assembly has yet to approve the details of the plan or its financing.</p> <p>Agriculture</p> <p>In the agricultural sector, there are plans to strengthen the improved seed programme and provide small farmers with fertilizers.</p> <p>Creation of a strategic reserve of maize and beans to guarantee supply.</p> <p>Fertilizers and agricultural inputs will be imported and distributed at cost price to small and medium-sized producers. This will benefit 450,000 producers in 160 municipalities in 2009 and 600,000 producers throughout the country in 2010.</p> <p>Measures implemented: In general, the measures to support the agricultural sector were implemented, despite coinciding with reconstruction efforts related to the storms caused by tropical storm Ida in November 2009.</p>	<p>Labour policy</p> <p>The comprehensive counter-crisis plan will provide support for the creation of 100,000 direct jobs in the next 18 months. The temporary employment programme will take the form of a scheme to extend and upgrade public services, utilities and social housing.</p> <p>Measure remains in place with modifications: The Temporary Income Support Programme (PATI) was set up in November 2009. It is aimed at young people aged from 16 to 24 years and women who are heads of household. The programme consists of six months of training and participation in a community project, in return for US\$ 100 per month. In May 2011, the first phase of the programme came to an end, and phase two was launched. The programme's coverage has been extended from 11 to 35 municipalities.</p> <p>Social programmes</p> <p>Solidarity Network programme to combat extreme poverty strengthened by doubling the amount of assistance per family, from US\$ 150 to US\$ 300 for families with children in primary education.</p> <p>Measure remains in place, with modifications: In 2009, the new Government replaced the Solidarity Network programme (introduced in 2005) with the Rural Communities in Solidarity and Urban Communities in Solidarity programmes. Many of the measures are retained, including conditional transfers.</p> <p>Alliance for the Family programme implemented to increase standards of living for middle-income families through discounts on schooling costs, broader health coverage, increase in pensions, and 100% payment of salaries to working mothers registered with the Salvadorian Social Security Institute (ISSS) during maternity leave, among other measures.</p> <p>Measure remains in place, with modifications: The Alliance for the Family programme became operational in January 2008; from mid-2009, many of its components were incorporated into the new Government's social policies.</p> <p>Loan of US\$ 297 million secured from IDB and the World Bank to strengthen social development.</p> <p>Measure implemented.</p>	<p>In December 2008, IMF announced that it would backstop the Salvadoran Government's economic programme for 2009 with a 15-month stand-by agreement for the equivalent of 513.9 special drawing rights (about US\$ 800 million). The Government intends to treat the agreement as a precautionary measure.</p> <p>Measure discontinued: The agreement with IMF was replaced by a three-year stand-by agreement for US\$ 790 million, signed in March 2010 (see below).</p> <p>The IDB Executive Board approved a loan for US\$ 400 million to the central bank under the Liquidity for Growth Sustainability Project, in response to the liquidity squeeze in the international financial markets.</p> <p>Measure discontinued: Of the US\$ 400 million intended for the production sectors and to be administered by the central bank, only US\$ 187.8 million was used, owing to the limited demand for loans and the cost involved for banks to sell category A loans.</p> <p>In November 2008 a loan was agreed with IDB and the World Bank for US\$ 653 million to restructure the Eurobond debt (issued after the earthquakes of 2001) maturing in 2011.</p> <p>Measure implemented.</p> <p>Loan of US\$ 297 million from IDB and the World Bank to strengthen social development efforts.</p> <p>Measure implemented.</p> <p>In mid-September 2009, it was announced that the Government of El Salvador had reached a preliminary agreement with IMF for the conclusion of a precautionary arrangement for an amount of US\$ 800 million over three years to replace the agreement signed in early 2009.</p> <p>Measure remains in place: In March 2010 the IMF Board approved a three-year stand-by agreement for US\$ 790 million to enable the Government of El Salvador to cope with the global crisis.</p> <p>Measure remains in place: In January 2009 the World Bank approved a loan of US\$ 450 million to bolster fiscal sustainability, governance and transparency in the use of public funds and to ensure that improvements in social protection and education continue.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
EL SALVADOR			

Sectoral policies	Labour and social policies	Multilateral financing
	<p>As part of the counter-crisis plan, the Government announced an urban community solidarity scheme aimed at improving living conditions in precarious urban settlements. This will involve upgrading infrastructure and utilities, repairing and building 11,000 houses, providing an education benefit for children between 6 and 18 years of age and adopting measures to increase public safety.</p> <p>Measure remains in place. The Urban Communities in Solidarity programme continues to operate.</p> <p>The Government announced the construction of 25,000 urban dwellings (including 2,000 with state subsidy for land acquisition) and 20,000 floor and ceiling structures in rural communities in extremely poor municipalities.</p> <p>Measure remains in place: Construction is underway.</p> <p>The Solidarity Network, renamed Rural Communities in Solidarity, is to be upgraded and extended. Improvements are planned in the quality and coverage of water, electric power, sanitation, health-care and education services in 32 poor municipalities. A basic pension will be provided for the entire older adult population in the 100 municipalities covered by the programme.</p> <p>Measure remains in place: The Rural Communities in Solidarity programme remains operational.</p> <p>Comprehensive health care and nourishment will be provided for children between 0 and 3 years of age in 100 municipalities with high levels of undernutrition. The school meals programme will be extended through urban educational establishments (this will extend to another 500,000 students from pre-school up to the third cycle in the rest of 2009). Uniforms and school supplies will be provided free of charge.</p> <p>Measure implemented.</p> <p>Affiliates of the Salvadoran Social Security Institute (ISSS) who have lost their jobs will temporarily be guaranteed access to the Institute's health services (for six months). The fees for public health services will be eliminated and all establishments in the public system will be provided with essential medicines.</p> <p>No information is available on this measure.</p> <p>In June 2009 a basic universal pension was created. This will benefit 42,000 older adults aged 70 or over without social security who reside in the country's poorest municipalities.</p> <p>Measure implemented.</p>	<p>New measure: In February 2010 the Inter-American Development Bank (IDB) approved a loan of US\$ 200 million for a two-year programme to improve fiscal accounts and finance social programmes.</p> <p>New measure: In July 2010 three loans from the World Bank were agreed, amounting to US\$ 230 million. These will be used for the income and employment support programme (US\$ 50 million); to strengthen local government (US\$ 80 million); and to support social programmes and the economic recovery (US\$ 100 million).</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
EL SALVADOR			

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>GUATEMALA</p> <p>No new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011.</p>	<p>Legal reserve adjustments</p> <p>Temporary, moderate easing of restrictions of banks' accounting of reserves (November 2008). Measure discontinued.</p> <p>Loan portfolio reserve requirement implemented (100% coverage of the ailing portfolio). Measure remains in place: In keeping with the gradual increases under the law enacted in 2009, banks are required to maintain reserves covering 100% of their past-due portfolio starting in 2011.</p> <p>Liquidity injections in national currency</p> <p>Issues of fixed-term certificates of deposit of over seven days were suspended and a facility was created to allow their early redemption. Measure discontinued.</p> <p>Government cash resources were used to increase liquidity in December 2008. Measure discontinued.</p> <p>Changes to the monetary policy rate</p> <p>Measure discontinued: In 2011, the Bank of Guatemala Monetary Board decided to raise the monetary policy rate, which went from 4.5 % in 2010 to 5.5% effective 29 September 2011 in response to rising inflation. The rate had been held at 4.5% throughout 2010 after being lowered several times in 2009 (from 7.25% to 4.25%).</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Most of the measures implemented form part of the National Emergency and Economic Recovery Programme (PNERE) implemented in January 2009. Measure discontinued.</p> <p>Increase or early disbursement of public spending allocations</p> <p>Priority will be afforded to spending on labour-intensive physical and social infrastructure. Measure discontinued.</p> <p>Development programmes totalling US\$ 950 million financed by external loans. Measure discontinued.</p> <p>Other measures</p> <p>With the decline in tax revenue (in particular from taxes on foreign trade), as a result of the crisis, Congress approved an increase in the issuance of national currency bonds to the tune of US\$ 380 million. A US\$ 350 million loan from the World Bank (of which 45% would be received in 2009 and the rest in 2010) was approved in November 2009. Most of these funds will be used for social development and for investment in infrastructure. Measure discontinued.</p>	<p>Liquidity injections in foreign currency</p> <p>Establishment by the central bank of a special account to inject dollar liquidity, with pre-established ceilings. Measure discontinued.</p> <p>The Monetary Board authorized the Bank of Guatemala to supply dollar liquidity to banks in the system for as much as US\$ 290 million up to 31 May 2009. Measure discontinued.</p> <p>Exchange-rate policy</p> <p>The margin of fluctuation of the moving average of the flexible exchange-rate system was increased from 0.50% to 0.75%. Measure remains in place, with an exchange rate fluctuation margin of 0.60% for 2010 and 2011 and no changes in the other parameters.</p>

Sectoral policies	Labour and social policies	Multilateral financing
	<p>In July 2009, the authorities introduced a programme of improvements and construction in the area of social housing ("Casas para todos" – Homes for All). During the first stage of the programme, 5,600 units will be built, priced at up to US\$ 28,500 and financed by the Banco Multisectorial de Inversiones, as well as 2,200 units worth up to US\$ 13,000, financed by the Fondo Nacional de Vivienda Popular. Lastly, the Ministry of Housing will invite bids for the construction of 1,500 units costing US\$ 5,000.</p> <p>Measure remains in place: The investment is being carried out.</p>	

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>A liquidity facility known as the Housing Financing Fund was create to provide lines of credit to finance housing, and a guarantee fund for banking institutions was set up to increase the availability of financing for the housing segment.</p> <p>Measure remains in place.</p> <p>SMEs</p> <p>Implementation of a programme to strengthen SMEs.</p> <p>Measure remains in place.</p> <p>Tourism</p> <p>A strategy has been created to promote local and foreign tourism.</p> <p>Measure remains in place.</p> <p>Industry</p> <p>Projects in electric, thermal, hydroelectric and oil-fired power.</p> <p>Measure remains in place.</p> <p>Agriculture</p> <p>In the framework of budget reorganization, an allocation was earmarked to support rural productive development through the Rural Development Programme (PRORURAL) (US\$ 50 million); the Guatemalan Exporters' Association (AGEXPORT) (US\$ 2 million); the Ministry of Agriculture, Livestock and Food/International Agricultural Development Fund (MAGA/FIDA) (US\$ 17 million); the Forestry Incentives Programme (PINFOR) (US\$ 12 million); the supply of fertilizers (US\$ 26 million); and land leases (US\$ 10 million).</p> <p>Measure discontinued.</p>	<p>Labour policy</p> <p>The minimum wage for workers in agricultural and non-agricultural sectors was increased by 10.6% and 7.2%, respectively. The maquila industry was not included, because the commission responsible for deciding on the increase was unable to reach a resolution.</p> <p>Measure remains in place.</p> <p>Regularization of part-time work through legal reform.</p> <p>Measure remains in place.</p> <p>Social programmes</p> <p>A budgetary allocation was made to ensure the consolidation of the Mi Familia Progresista scheme, as well as other social programmes.</p> <p>By the end of 2009, another 200,000 families from over 47 municipalities are expected to join, making a total of 458,000 families who will have benefited directly.</p> <p>Measure remains in place: Health and education levels have improved since the programme started up in 2008. Conditional cash transfers made by year-end 2010 stood at 2.042 billion quetzals (about 0.62% of 2010 GDP). The programme remained in place in 2011 but was not expanded; it is likely to continue in 2012 as well.</p> <p>Design and implementation of measures to stimulate sustainable productive activity in the municipalities with the highest poverty levels.</p> <p>Measure remains in place.</p> <p>Implementation of rural development programmes, with a budget allocation of US\$ 70 million in 2009.</p> <p>Measure discontinued.</p>	<p>Congress will take measures to activate loan commitments with multilateral agencies and negotiate credit lines for banks in the financial system with regional and international agencies.</p> <p>Measure remains in place: Credit facilities with international organizations were approved in 2009 and 2010.</p> <p>Precautionary stand-by agreement signed with IMF.</p> <p>Measure remains in place.</p> <p>In February 2009, five external loans were approved, totalling US\$ 950 million for financing different development programmes.</p> <p>Measure remains in place.</p> <p>Talks are ongoing with IDB and CABEL regarding the opening of credit lines for the private sector.</p> <p>Measure remains in place: Credit facilities were approved, albeit for small amounts, in the area of US\$ 100 million.</p> <p>In June 2009, IMF inaugurated its Technical Assistance Center for Central America, Panama, and the Dominican Republic (CAPTAC-DR) in Guatemala, with a view to promoting growth and development in the region and helping to drive regional economic integration.</p> <p>Measure remains in place.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>HAITI</p> <p>In the case of Haiti, the measures put in place starting in January 2010 seek to address the impact and consequences of the earthquake rather than the difficult world economic environment. Measures have focused on encouraging reconstruction and promoting investment; social measures range from humanitarian response to new initiatives in favour of the hardest-hit population groups.</p>	<p>Changes to the monetary policy rate</p> <p>Measure remains in place: Interest rates (interbank) have been lowered further, from 5% to 3% since January 2011, in order to spur lending.</p> <p>Other measures</p> <p>New measure: A bank guarantee fund of approximately US\$35 million was created and has been operating since late 2010 to cover the risk of a growing impaired loan portfolio.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Programmes to subsidize food and transport costs.</p> <p>Measure remains in place (food).</p> <p>Measure discontinued: In March 2011 the Government of Haiti withdrew the subsidy for oil products.</p> <p>New measure: The March 2011 budget provides for a tax deduction for machinery and equipment imported by producers impacted by the earthquake and for certain housing-related items (such as prefabricated units with a value of up to US\$150,000).</p> <p>Other measures included reducing or providing exemptions for taxes and fees on mortgage loans, benefits and indemnities received after the earthquake.</p>	<p>Export financing and support</p> <p>Measure remains in place/new measure: As proposed by the United States, the programme facilitating maquila exports to the United States (HOPE Act) is being strengthened and has also been expanded by the Haiti Economic Lift Programme (HELP) Act of May 2010, which entered into force in November 2010.</p> <p>Exchange-rate policy</p> <p>New measure: The relative abundance of dollars in the economy (owing to remittances and grants) has enabled the central bank to accumulate reserves, These stood at almost US\$ 1.2 billion at the end of the 2011 fiscal year (September).</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>New measure: One of the largest programmes (in terms of the amounts involved, approximately US\$ 30 million) was approved in August 2011 for initiatives in 16 neighbourhoods and 6 camps to rebuild these neighbourhoods with decent housing so that people who have been living in camps since the earthquake can go back.</p> <p>SMEs</p> <p>Measure remains in place with modifications. The trust funds and SME support programmes (cf. Central Bank Fonds de Développement Industriel, pre-existing) are being enhanced.</p> <p>Industry</p> <p>Measure remains in place with modifications: Promotion of the export processing industry (new hub in the north-eastern part of the country...) is being stepped up under broader tariff facilities (United States HOPE and HELP Acts).</p> <p>Agriculture</p> <p>Policies for productive development in the agricultural sector.</p> <p>Measure remains in place with modifications. New focus for measures to revitalize agriculture after the earthquake.</p>	<p>Social programmes</p> <p>Programmes to subsidize food and transport costs.</p> <p>Measure remains in place (food).</p> <p>Measure discontinued: In March 2011 the Government of Haiti withdrew the subsidy for petroleum products.</p>	

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>HONDURAS (No updated information available).</p>	<p>Legal reserve adjustments Reduction in legal reserve requirement from 12% to 10% (October 2008). Reduction of the legal reserve in dollars and in lempiras for any bank at least 60% of whose loan portfolio is devoted to production activities (December 2008).</p> <p>Liquidity injections in national currency More flexible requirements so that private banks can make US\$ 1.16 billion in surplus liquidity available to the production sectors. Debts in arrears owned by producers to be restructured to enable them to surmount the financial crisis or problems caused by natural phenomena. The Government will share the credit risk with the banking system to stimulate lending to producers. The central bank disbursed some US\$ 120 million raised from public funds and multilateral sources through the trust fund of the Honduran Bank for Production and Housing (BANHPROVI).</p> <p>Changes to the monetary policy rate The monetary policy rate was reduced to 5.75% in March 2009, followed by further cuts in mid-April, to 4.5%, and in June, to 3.5%. In July, however, in response to possible pressure on international reserves, the rate was increased to 4.0%</p> <p>Other measures The financial system to be strengthened by guaranteeing savers' deposits and capitalizing the deposit insurance fund. A special fund has also been created to protect the financial system.</p>	<p>Tax cuts or benefits and subsidy increases The Government took a series of measures to subsidize fuel and stabilize food prices in mid-2008 in response to rising oil and food prices, especially in urban areas. In January 2009, Congress approved a new decree on income tax exemptions for employees earning less than US\$ 7.940 per year. This decree came into effect for the 2009 tax year.</p> <p>Increase or early disbursement of public spending allocations The implementation of public investment to be expedited to safeguard growth with equity and create jobs, particularly in road and energy infrastructure. Public investment to be increased to US\$ 750 million.</p> <p>Other measures The authorities announced a fiscal austerity plan, with a 8.2% cut in the budget in relation to 2008 and a 10% reduction in central government current expenditure. There will be cuts in spending on purchase of vehicles, travel and subsistence allowances, fuel purchases and advertising.</p>	

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>Temporary credit lines for some US\$ 106 million for mortgage loans for new social housing.</p> <p>The Bolivarian Republic of Venezuela committed to buying Honduran bonds for a total value of US\$ 100 million for housing programmes.</p> <p>SMEs</p> <p>IDB extended US\$ 2.1 million to the Network of Micro-Finance Institutions of Honduras (REDMICROH), to enable it to offer soft loans to micro-enterprises and SMEs. This is a non-repayable fund that will help to improve access to and coverage of financial services in low-income segments, with a particular emphasis on rural areas.</p> <p>SMEs will have preferential rates on private-sector loans financed by public funds.</p> <p>Targeted support of US\$ 32 million to finance agricultural micro-enterprises and small businesses and US\$ 21 million to support other social sectors.</p> <p>Agriculture</p> <p>Another series of measures were taken in 2008 to increase the availability of production resources in the agricultural sector, especially to ensure the supply of staple grains and avoid price speculation.</p> <p>Signature of agreements with the Venezuelan Government and in the framework of the Bolivarian Alternative for Latin America and the Caribbean (ALBA): bilateral agreement on food security between Honduras and the Bolivarian Republic of Venezuela; loans of up to US\$ 30 million for agricultural producers. US\$ 42 million is to be allocated to vouchers for the payment of past-due agricultural debt and the formalization of ownership of urban plots. The Government will pay rural landowners in order to extend definitive registration documents to the organized farmer groups that benefitted under agrarian reform (the "reformed sector") and bring these plots into the production system.</p> <p>Industry</p> <p>Investment of US\$ 530 million of public funds to finance the private production sectors. Broadening of credits for construction, urban developments, industrial parks, commercial centres and education establishments, hospitals, hotels and so forth. Financing for the construction of small hydroelectric projects. As at April 2009, of the total funds allocated, approximately US\$ 40 million had been disbursed.</p> <p>Measures relating to electric power and fuel will be taken to provide support to the production sector.</p> <p>Other measures</p> <p>Creation of credit lines to facilitate payment of suppliers, contractors and micro-enterprises, and to pay for health-care provision.</p> <p>Facilities and support to be provided to businesses in the environmental licensing process.</p>	<p>Labour policy</p> <p>In January 2009 a new monthly minimum wage was approved: of US\$ 290 for urban areas and US\$ 215 for rural areas.</p> <p>Social programmes</p> <p>Budgets were increased for programmes such as school lunches, free matriculation, community schools (in rural areas), the basic health services package, reforestation, various education benefits, and subsidies for fuel and electric power.</p> <p>Targeted support of US\$ 159 million for the social sectors, to be channelled to social housing, support for SMEs and other social sectors.</p> <p>In March 2009, the number of families in the poorest municipalities receiving transfers was increased from 150,000 to 220,000.</p>	<p>The Government requested, together with other Governments of the region, loans from the Central American Bank for Economic Integration (CABEI) and IDB.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>MEXICO</p> <p>No new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011.</p>	<p>Liquidity injections in national currency</p> <p>Additional short-term financing lines for banks. Temporary authorization to banks to inject liquidity into their own investment funds.</p> <p>Measure discontinued: Between September 2008 and June 2009 17.838 billion pesos were granted for bridge loan facilities, of which 4.006 billion pesos have been drawn down.</p> <p>Announcement of a plan to buy back medium- and long-term Government securities for up to US\$ 2.83 billion.</p> <p>Measure implemented/discontinued: The repurchased bonds were settled.</p> <p>The Secretariat of Finance and Public Credit and the central bank announced a cut in long-term debt issues and the launch of a forward swap mechanism to inject money into the markets.</p> <p>Measure implemented: In November 2008 the amount of fixed-rate 10-, 20- and 30-year bonds to be auctioned was decreased, and the amount of 10- and 30-year UDIBONOS to be auctioned was decreased.</p> <p>The central bank created a forward swap programme for US\$ 6 billion, which will enable banks to swap the exposure of instruments with long-term fixed rates for variable-rate short-term securities.</p> <p>Measure discontinued.</p> <p>In 2009 Nacional Financiera (NAFIN) and Bancomext will provide financing of over US\$ 12.81 billion —24% more than the resources authorized in 2008— to support 1.3 million firms. This measure is intended to inject liquidity into businesses and encourage commercial banks to boost lending.</p> <p>No updated information on this measure.</p> <p>Changes to the monetary policy rate</p> <p>The central bank gradually reduced its monetary-policy target rate, from 8.25% in early 2009 to 4.5% in July. No further reductions are expected in the rate.</p> <p>Measure remains in place: The monetary policy rate has not changed since then.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>An economic support programme presented on 3 March 2008 contained 10 measures covering taxes, social security contributions, employment generation, tariff simplification, public spending, development of marginalized areas, electric power rates and financing for development banks to boost economic activities, investment and employment.</p> <p>The National Agreement on Family Economy and Employment (ANFEFE), announced on 7 January 2009, included the following:</p> <p>(i) In 2009, gasoline prices will be frozen and the price of liquefied petroleum gas will be cut by 10%. The rise in diesel prices is also cut by 75%.</p> <p>Measure implemented/discontinued: The Price of gasoline was frozen in January 2009 and started edging up again in January 2010. The price of liquefied gas fell but also began to rise in January 2010, as did diesel.</p> <p>(ii) The price of electric power will be lowered. The formula for determining electric power charges for industry will be modified, and more businesses will be allowed to opt for a 12-month fixed-rate system.</p> <p>Measure implemented/discontinued: Electricity rates were lowered in 2009 but started to rise again in 2010</p> <p>On 25 March 2009, a decree was issued to expedite tax rebates, to allow for taxes owing to be paid in instalments, and in some cases, to waive fines.</p> <p>Measure implemented.</p> <p>Increase or early disbursement of public spending allocations</p> <p>On 8 October the Government announced the Growth and Employment Stimulus Programme (PICE), which comprises the following:</p> <p>(i) Fiscal stimulus for US\$ 6.39 billion, equivalent to 0.7% of GDP, largely as additional expenditure on infrastructure.</p> <p>(ii) Increase of US\$ 11.68 billion in financing: US\$ 9.2 billion through the development banks and US\$ 2.48 billion through the National Infrastructure Fund.</p> <p>(iii) Government procurement programme to support development of SMEs.</p> <p>(iv) Comprehensive reform of the investment scheme of Petróleos Mexicanos (PEMEX) and reforms to expedite spending on infrastructure.</p>	<p>Liquidity injections in foreign currency</p> <p>The central bank set up a swap mechanism of US\$ 30 billion with the United States Federal Reserve.</p> <p>Measure discontinued: The measure took effect in October 2008 and ran until April 2009. It was extended twice and ended on 1 February 2010.</p> <p>Tariff reductions</p> <p>Cuts in tariffs, particularly for products imported from countries with which Mexico has no free trade agreement.</p> <p>Measure remains in place.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>Credit support will be increased in the framework of the National Agreement for Family Economy and Employment (ANFEFE).</p> <p>Measure remains in place: Since 2007 the Affordable Housing Trust Fund (Fonhapo) has invested more than 10 billion pesos through the Social Development Secretariat (Sedesol) to support and enhance living conditions for asset-poor families. By mid-2011 nearly 3.5 million persons had benefited from more than 790,000 subsidies, of which some 110,000 were for building housing and more than 680,000 were for additions and improvements.</p> <p>SMEs</p> <p>The following measures will be implemented in the framework of ANFEFE:</p> <ul style="list-style-type: none"> (i) The Government will make at least 20% of its purchases from small or medium-sized enterprises in 2009. (ii) A US\$ 350 million trust fund will be established to launch the development programme for SMEs that supply the country's oil industry. (iii) SMEs will be provided with technical assistance and will receive financial support through the México Emprende trust fund, which will have US\$ 500 million to generate support to the tune of US\$ 17.69 billion in loans in 2009-2012. <p>Measures remain in place: According to government reports there was indeed more funding for SMEs in 2009, although there is no way to tell how much is actually due to the crisis.</p> <p>In order to offset the damage caused by the outbreak of influenza A(H1N1), the Government announced a financing programme of US\$ 779 million, which will be supported by fiscal resources to constitute guarantees of US\$ 156 million. These resources will be channelled through Nacional Financiera (NAFIN), Bancomext and, to a lesser extent, Agricultural Trust Funds (FIRA) and Financiera Rural. US\$ 354 million will be earmarked for supporting SMEs. In July, NAFIN made available to the commercial banking sector an additional US\$ 180 million to support SMEs affected by the influenza outbreak, by granting loans and rescheduling repayments.</p> <p>Measure discontinued.</p> <p>Agriculture</p> <p>In the framework of ANFEFE, credit for the rural sector, through Financiera Rural and FIRA, will increase by 10% to US\$ 5.945 billion.</p> <p>Measure implemented/remains in place.</p> <p>US\$ 71 million will go to the pig-farming sector as part of the measures to offset the damage caused by the outbreak of influenza A(H1N1).</p> <p>Measure implemented/discontinued.</p> <p>Tourism</p> <p>US\$ 142 million will go to companies in the tourism, restaurant and leisure industry as part of the measures to offset the damage caused by the outbreak of influenza A(H1N1).</p> <p>Measure discontinued.</p>	<p>Labour policy</p> <p>Additional assignment (US\$ 50 million, March 2008) to the national employment and training system, to be used to broaden the coverage and quality of the National Employment Service.</p> <p>Measure implemented.</p> <p>In December 2008, minimum wages for 2009 were raised 4.6% across the board.</p> <p>Measure implemented.</p> <p>In the framework of the National Agreement for Family Economy and Employment (ANFEFE), the following measures have been taken:</p> <ul style="list-style-type: none"> (i) The temporary employment programme at the federal level was expanded by 40% over what had been planned, bringing it up to US\$ 160 million in 2009. <p>Measure remains in place: The Temporary Jobs Programme (PET) already existed and is still in effect.</p> <ul style="list-style-type: none"> (ii) US\$ 140 million was earmarked under the Employment Preservation Programme for protecting sources of employment in businesses which are the most vulnerable to world events and are declaring layoffs. <p>Measure discontinued in December 2009. The applications window closed in September 2009 without the entire amount originally allocated having been used. As of 1 September 2009 the programme had helped preserve 196,008 direct jobs.</p> <ul style="list-style-type: none"> (iii) Expansion of the savings withdrawal capacity in case of unemployment. <p>Measure remains in place.</p> <ul style="list-style-type: none"> (iv) Expansion of social security coverage for unemployed workers. <p>Measure remains in place.</p> <ul style="list-style-type: none"> (v) Strengthening of the national employment service, with a budget of around US\$ 88 million. <p>Measure implemented.</p> <p>The Employment Preservation Programme will support workers affected by technical stoppages in industries involved in manufacturing, assembly and repair of non-electrical, electrical and electronic machinery and equipment and in transport and auto parts. Under the Programme, resources of up to US\$ 140 million will be used to support some 500,000 sources of work. The Programme started on 11 February 2009 and complements ANFEFE.</p> <p>Measure discontinued in December 2009 (see above).</p>	<p>The credit from the World Bank and IDB will be increased to US\$ 7.1 billion (US\$ 5.3 billion for the Federal Government and US\$ 1.8 billion for development banks).</p> <p>No updated information on this measure.</p> <p>IMF granted a preventive, one-year stand-by line of credit for US\$ 47 billion. This instrument will act as financial "armourplating" for the economy.</p> <p>Measure remains in place: Mexico did not use this credit facility. This flexible credit facility with IMF was renewed in March 2010 and expanded in January 2011 to US\$ 72 billion.</p> <p>IMF approved the allocation of US\$ 4 billion to the Bank of Mexico (BANXICO) in special drawing rights; this allocation is unrelated to the stand-by loan and Mexico will not have to disburse resources to access it.</p> <p>Measure implemented: The Bank of Mexico reports receiving a total of US\$ 2.561 billion from DEG in 2009, which was added to international reserves.</p> <p>A loan of US\$ 1.5 billion was secured from the World Bank for social programmes.</p> <p>Measure implemented/remains in place: On 25 April 2009 the Federal Government and the World Bank signed a US\$ 1.504 billion loan agreement to scale up the Oportunidades Human Development Programme for helping disadvantaged segments of the population meet basic needs in education, health and nutrition. The variable-rate 16-year loan is repayable in a single installment.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
MEXICO		<p>Measures implemented/discontinued: The Government began to withdraw the stimulus measures in the second half of 2009; in late 2009 cutbacks in public spending were announced in order to maintain fiscal balance.</p> <p>The National Infrastructure Programme will be accelerated in the framework of ANFEFE.</p> <p>Other measures</p> <p>The Government took out coverage at US\$ 70 per barrel against fluctuation in the oil price (at a cost of US\$ 1.5 billion to cover 90% of exports). Resources are also available from the Petroleum Stabilization Fund.</p> <p>Measure implemented in November 2008.</p> <p>Public spending cut by US\$ 6 billion (almost 4% of the original budget). This measure was prompted by the downturn in public finances caused by sharply falling activity levels and the drop in oil export volumes.</p> <p>Measure implemented: The falling price of oil and other hydrocarbons in 2009 led government revenue to fall 480.1 billion pesos short of the estimate in the revenue act for 2009. In view of this and as provided in article 21 of the federal budget and fiscal responsibility law, in May 2009 the federal government implemented savings and austerity measures and tightened operating and administrative spending of APF dependencies and entities for an estimated 35 billion pesos in current expenditure savings. On 23 July another public spending cutback was announced, this time in the amount of 50 billion pesos.</p> <p>In September 2009, the Executive presented the Federation's draft budget of expenditure for 2010, which provides for a real decrease in spending. In order to make up for the decline in government revenue, the fiscal package for 2010 contains proposals for tax adjustments including a higher rate for some taxes and the creation of new ones.</p> <p>Measure implemented/remains in place: The central government budgets for 2010-2012 seek to maintain fiscal balance in keeping with the provisions of the fiscal responsibility law. The most important tax changes in 2010 were raising the VAT from 15% to 16% and raising the top income tax rate from 28% to 30%.</p> <p>In December, the Government announced it was entering into oil price hedging contracts to guarantee oil prices for 2010. In order to strengthen Government revenues, it also decreed price increases for gasoline and diesel.</p> <p>Measure implemented.</p>	

Sectoral policies	Labour and social policies	Multilateral financing
<p>A programme has been implemented to boost tourism after the outbreak of influenza A (H1N1), involving the investment of US\$ 85 million to conduct an advertising campaign in diverse media.</p> <p>Measure discontinued.</p> <p>Industry</p> <p>Overhaul of the investment scheme of Petróleos Mexicanos (PEMEX). Announcement that an oil refinery is to be built (PICE).</p> <p>Measure implemented.</p> <p>As announced under ANFEFE, in addition to the resources already approved, PEMEX will receive an additional US\$ 1.2 billion for investment, and the individual states will receive an additional US\$ 990 million for infrastructure investments.</p> <p>Measure implemented.</p> <p>Also under ANFEFE, the National Bank for Public Works and Services and the National Infrastructure Fund will provide loans and guarantees totalling over US\$ 4.6 billion for the execution of infrastructure projects planned for 2009 in partnership with the private sector.</p> <p>Measure implemented/remains in place: The National Infrastructure Fund was to provide support for embarking on 35 billion pesos in projects in 2009 and more than 125 billion pesos in investments over the coming three years.</p> <p>On 17 February, NAFIN announced the launch of a credit line of US\$ 670 million for the automobile industry, with three pillars: first, US\$ 310 million for brand lenders, which NAFIN will allocate to credit lines destined for vehicle purchases; the second, also US\$ 280 million, earmarked for guarantees to back commercial bank auto loans; and third, US\$ 280 million to lend to automobile distributors at preferential rates (interbank equilibrium rate plus 5%).</p> <p>Measure discontinued.</p> <p>NAFIN announced another credit line for the auto parts sector and an additional loan for distributors. Also, Banco Nacional de Comercio Exterior will provide US\$ 980 million to that sector.</p> <p>Measure discontinued.</p> <p>A vehicle renovation programme was announced, to provide subsidies to the owners of vehicles 10 or more years old so that they can replace them with new cars. Initially, the programme had a budget of US\$ 35 million. It was subsequently modified to include vehicles ready for scrap and to make it more attractive to national consumers.</p> <p>Measure discontinued: As noted above, the measure was revised in October 2009 to broaden the scope of the programme by eliminating the vehicle age requirement. The measure was extended beyond the original expiration date (30 November 2009), to March 2010. Even so, the US\$ 35 million planned for phase 2 of the programme was not paid out.</p>	<p>On 9 February two amendments were proposed to strengthen the commitments made under ANFEFE. The first of these reforms the provisions of the social security law in order to improve the flexibility of requirements to access retirement funds upon unemployment and to increase the amount of workers' retirement funds available. The second amendment reforms a number of provisions of the Workers' National Housing Fund Institute (INFONAVIT) in order to make more flexible use of housing contributions so that part of these can be put towards retirement savings.</p> <p>No updated information on this measure.</p> <p>The Government will offer monthly support of up to US\$ 110 for urban unemployed for four to six months providing they participate in social programmes; this will be implemented through the temporary urban employment programme. It is estimated that 60,000 urban workers will benefit from these measures.</p> <p>Measure remains in place: The Temporary Urban Jobs Programme (PETU) is still in effect.</p> <p>More flexible rules were announced on 25 March 2009 for participation in the Employment Preservation Programme (or the technical stoppages programme) to make it easier for companies in the worst-hit sectors to obtain support. The following changes were introduced:</p> <ul style="list-style-type: none"> (i) The support period was extended retroactively to November and December 2008. (ii) The scope of the Programme was expanded to include construction, electronic products and auto parts given that these sectors have been hit particularly hard. (iii) Companies no longer need to register with or obtain the prior approval of conciliation and arbitration boards for it to be established that they face a technical stoppage. (iv) The Programme will no longer be limited to workers earning between 1 and 10 times the minimum wage. Companies may now choose to include up to 75% of the payroll regardless of wage levels. <p>In May 2009, the rules for accessing this programme were made more flexible. The main changes were: a reduction in the requirements and information requested from firms; additional support of US\$ 4 per worker for as long as the epidemiological emergency lasts; the use of drop in daily sales, instead of payroll reduction, as a criterion for calculating support for each firm; and, lastly, worker retention calculated on the reference period January-February 2009.</p> <p>Measure discontinued in December 2009 (see above).</p>	

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
MEXICO			

Sectoral policies	Labour and social policies	Multilateral financing
<p>Other measures</p> <p>Programme of federal support for mass transit, with an investment of US\$ 1.24 billion in 2009, supported by the Growth and Employment Stimulus Programme (PICE).</p> <p>Measure implemented.</p> <p>The following measures will be implemented in the framework of ANFEFE:</p> <ul style="list-style-type: none"> (i) Direct or financial support worth US\$ 53 million to enable low-income families to replace their electrical appliances with new, more energy-efficient models. (ii) NAFIN and Bancomext will increase direct and indirect financing for businesses to a total credit balance of US\$ 12.46 billion. (iii) Direct lending and credit generated by the development banking sector will rise by over US\$ 8.85 billion in 2009 (an increase of over 26%). (iv) A new brand with the slogan "Made in Mexico" will be registered and disseminated to promote purchases of Mexican goods and services. <p>Measures implemented/discontinued: It is estimated that PICE and ANEFE boosted aggregate demand by 1.8%.</p> <p>After the outbreak of influenza A (H1N1), the Government announced credit lines for firms damaged by the epidemiological emergency, for a total of US\$ 1.06 billion.</p> <p>In addition, US\$ 212 million will go to airline companies as part of the measures to offset the damage caused by the outbreak of the disease.</p> <p>Measures discontinued.</p>	<p>A productivity support programme was launched to benefit 105,000 workers with short-term vocational training and provide expert technical advice to SMEs.</p> <p>Measure discontinued: The Productivity Support Programme (PAP) was launched in January 2009. During that year, 184,453 workers benefited from the programme despite a nearly 20% decrease in the original budget. The budgets for the programme in 2010 and 2011 were cut drastically, and in 2010 the programme operated only in the Federal District. For those two years, the target population was reduced to some 1,500 people. In 2011 the budget for the programme was revised to zero and the programme was terminated.</p> <p>An emergency programme amounting to US\$ 14 million has been put in place through the National Employment Service to project the jobs of over 50,000 tourism-sector workers employed in the country's main tourist destinations. The support will go to lower-income workers and consists of one to two minimum wages for up to two months.</p> <p>No updated information on this measure.</p> <p>Social programmes</p> <p>On 30 April 2008 a food support programme was established in priority areas, aimed at improving nourishment and nutrition in households in very isolated areas not covered by other Government food programmes.</p> <p>Measure remains in place: The Food Support Programme (PAL) was created in 2004 and is still in effect. Allocated funds rose substantially in 2009 and 2010, by 182% per year in real terms. Since 2010 PAL has been operated by the National Coordination Board for the Oportunidades Programme.</p> <p>The World Bank approved a US\$ 1.5 billion loan to expand the Government's "Oportunidades" social programme.</p> <p>Measure implemented/remains in place: On 25 April 2009 the Federal Government and the World Bank signed a US\$ 1.504 billion loan agreement to scale up the Oportunidades Human Development Programme for helping disadvantaged segments of the population meet basic needs in education, health and nutrition. The variable-rate 16-year loan is repayable in a single installment.</p>	

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>NICARAGUA (No updated information available).</p>	<p>Liquidity injections in national currency</p> <p>Through the Central American Integration System (SICA), the Central American Bank for Economic Integration (CABEI) was asked to extend a line of credit to its members to provide loans for central and private banks.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Subsidies created for fuel purchases, targeting urban collective transport.</p> <p>Increase or early disbursement of public spending allocations</p> <p>On 20 January the Government presented the Production, Growth and Employment Support Programme of 2009, whose main pillars are: financial stability and external cooperation; public investment; production and private investment; promotion of employment; and promotion of fiscal austerity.</p> <p>US\$ 300 million will be allocated to road, school and sanitation infrastructure.</p> <p>Central Government social spending was increased.</p> <p>Other measures</p> <p>Public-sector wages were frozen and expenditures on vehicles, computer equipment and foreign travel was reduced by 50%.</p> <p>On 2 March 2009 it was announced that a new budget cut would have to be made for 2009, in addition to the US\$ 66 million announced previously. The Government is assessing the possibility of using international reserves to cover shortfalls in the public budget. A number of measures were also announced to enhance efficiency in public spending.</p> <p>On 23 June the executive sent a proposal to the National Assembly for a fresh spending cut of US\$ 41 million, which would affect health and education, (among other areas), the supreme court and the municipalities. The Government also proposed to increase domestic borrowing by US\$ 28 million through bond issues.</p> <p>In December, the National Assembly approved a fiscal reform allowing the Government to raise approximately US\$ 46 million to cover part of the 2010 budget deficit and thus meet its various obligations to IMF.</p>	<p>Tariff reductions</p> <p>Import tariffs were temporarily reduced or eliminated for various products (edible oils, beans, cereal products and barley, among others) in order to offset the rise in international food prices.</p> <p>In June 2009 agricultural activities and industrial and fishery SMEs were granted exemption from import duties and taxes on imports of raw materials, intermediate goods, capital goods, and parts and accessories for machinery and equipment up to 30 June 2010.</p> <p>Exchange-rate policy</p> <p>The crawling-peg rate will be maintained at 5% per year and free convertibility of foreign currency is to be guaranteed. Efforts will be made to keep international reserves at the 2008 level.</p> <p>Other measures</p> <p>Steps will be taken to open new markets and strengthen trade ties with the Russian Federation, Iran and the countries of the Bolivarian Alternative for Latin America and the Caribbean (ALBA).</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>The construction of 4,800 dwellings was announced, with financing from IDB and the Central American Bank for Economic Integration (CABEI).</p> <p>Agriculture</p> <p>US\$ 17 million to be allocated to strengthening the food production programme.</p> <p>Procedures for obtaining exemption benefits for essential goods for the agricultural sector will be simplified and tax exemptions will be extended for agriculture.</p> <p>Tourism</p> <p>Tourism will be promoted by eliminating visa requirements.</p> <p>Industry</p> <p>Free-zone procedures will be facilitated and simplified to attract foreign direct investment. In May a one-stop services facility was created to expedite procedures for free-zone firms.</p> <p>On 18 May the National Assembly approved a loan agreement between the Government and IDB, which will provide US\$ 40 million to continue the project to upgrade the Central American Electrical Interconnection System.</p>	<p>Labour policy</p> <p>Steps will be taken to open the labour market to recent university graduates through agreements with business associations.</p> <p>Training will be provided to groups of unemployed people, especially young people. This training will focus on the skills required in the free zones and other priority production sectors.</p> <p>It is hoped that the National Labour Market Integration Programme will incorporate 1,000 young people into the workforce. The public employment service promotes and facilitates link-ups between labour supply and demand.</p> <p>Social programmes</p> <p>Government social spending increased.</p> <p>Different types of food support and subsidies provided by strengthening or launching initiatives such as the Food for the People programme and the Food Distribution and Sale at Fair Prices programme.</p> <p>Transfers to vulnerable and low-income sectors to soften the impact of food and energy price rises.</p>	<p>Through the Central American Integration System (SICA), the Central American Bank for Economic Integration (CABEI) was asked to extend a line of credit to its members to provide loans for central and private banks.</p> <p>A loan of US\$ 300 million is being sought from IDB to be channelled through the national financial system in order to support production activities.</p> <p>Efforts will be made to re-establish relations with foreign cooperation agencies to reactivate budgetary assistance allocations not received in 2008.</p> <p>A loan of US\$ 200 million to be sought from CABEI to strengthen production activities.</p> <p>The construction of 4,800 dwellings was announced, with financing from IDB and CABEI.</p> <p>On 18 May the National Assembly approved a loan agreement between the Government and IDB, which will provide US\$ 40 million to continue the project to upgrade the Central American Electrical Interconnection System.</p> <p>On 28 August, IMF disbursed US\$ 150.7 million to the Central Bank of Nicaragua as part of the multilateral financial support package brokered by the Group of Twenty (G20), in order to strengthen the country's international reserve position.</p> <p>IMF approved the second and third revision of the economic-financial programme of Nicaragua, which represented a disbursement of US\$ 36 million. The approval of these revisions enabled Nicaragua to opt for US\$ 53 million of funding from the World Bank and IDB.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>PANAMA</p> <p>No new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011.</p>	<p>Liquidity injections in national currency</p> <p>In March 2009, the Government announced a financial stimulus programme (PEF) for US\$ 1.11 billion, to focus on stimulating credit and investment. The funds were to be provided through loans from the Andean Development Corporation, IDB and the National Bank of Panama.</p> <p>PEF was amended in June and an additional credit item of US\$ 230 million was incorporated to stimulate investment and finance short-term loans.</p> <p>These amendments were made after US\$ 500 million from IDB were turned down. These changes have lowered the PEF funds to US\$ 610 million.</p> <p>Measure discontinued: There was no demand among the private banks in the national banking system, so the outstanding balance on loans to finance companies fell every month in 2009 instead of increasing. Loans totalling US\$ 1.399 billion were made in 2008, US\$ 669 million in 2009 and US\$ 788 million in 2010.</p> <p>Other measures</p> <p>Panama reopened its 2015 global bond in March, selling US\$ 323 million to cover borrowing needs arising in the 2009 general budget.</p> <p>Measure implemented. It was already provided for in the national budget approved in December 2008.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>The Government introduced new legislation lowering the income tax rate for workers with a monthly wage of less than US\$ 1,000. As of 2009, workers earning less than US\$ 2,500 will also benefit from these measures. There are also income tax exemptions for workers earning less than US\$ 800 per month.</p> <p>Measure remains in place: The measure was not designed to face the global crisis but rather to cushion the impact of the value-added tax increase (from 5% to 7%) designed to fund the government investments described in Panama's Strategic Government Plan 2010-2014.</p> <p>Other measures</p> <p>In mid-June the Government amended the fiscal responsibility law to allow the public deficit to rise to 2.5% of GDP providing that, for two consecutive quarters, the United States economy has grown at a rate not exceeding 1% and the Panamanian economy at a rate not exceeding 5%.</p> <p>Measure remains in place even though the fiscal deficit was only 1.05% of GDP in 2009, 2.12% in 2010 and approximately 2% in 2011.</p> <p>In October the first phase of a fiscal reform was approved. This reform aims to fight tax evasion, levies taxes on concessions and grants a moratorium to those with fines for outstanding income tax if they agree to pay all amounts owed within the established deadlines.</p> <p>Measure remains in place. The tax reform approved in March 2010 changed the income tax structure and raised the value-added tax (ITBMS) from 5% to 7%, among other steps.</p>	<p>Export financing and support</p> <p>In August, the National Bank of Panama created a new financing scheme to stimulate exports and expand the sector's access to credit.</p> <p>Measure remains in place.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Agriculture</p> <p>Implementation of the Agro Compita programme, with preferential financing for producers of food sold in the market at lower prices. Maintenance of the Food Solidarity Programme (provision of tools, inputs and animals to boost agricultural production for own consumption).</p> <p>Measure remains in place.</p>	<p>Social programmes</p> <p>The Government approved a loan of US\$ 11.1 million for programmes to enhance the basic consumption basket, subsidies for staple grains producers and health programmes for the uninsured in the regions of Chilibre, Las Cumbres and San Miguelito. The funds will be channelled through the Ministry of Agrarian Development, under the supervision of the Ministry of Health.</p> <p>Measure remains in place.</p> <p>Users whose monthly energy consumption is below a certain limit will receive a discount in the payable rate.</p> <p>Measure remains in place.</p> <p>In October a grant of US\$ 100 a month was approved for all people over 70 years of age who do not receive a pension.</p> <p>Measure remains in place.</p>	<p>In January the Government announced a financial stimulus programme for US\$ 110 million, to focus on stimulating credit and investment. The funds were to be provided through loans from the Andean Development Corporation, IDB and the National Bank of Panama.</p> <p>PEF was modified in June after US\$ 500 million from IDB were turned down.</p> <p>Measure implemented.</p> <p>Measure remains in place: Panama continues to use loans from multilaterals to fund part of its ambitious government investment programmes. In June 2011 three loan agreements were signed with the Andean Development Corporation for a total of S\$ 513 million, of which US\$ 400 million will be allocated for the subway construction project, US\$ 100 million will go to investments in the drinking water and sanitation sector and US\$ 13 million will go to natural disaster emergency response funding.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>PARAGUAY</p> <p>At the national level, no new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011. In the framework of MERCOSUR, a temporary extension of the list of common external tariff exceptions starting in 2012 was approved.</p>	<p>Legal reserve adjustments</p> <p>The legal reserve in national currency was lowered from 17% to 15% in October 2008. In February 2009, it was reduced to 0% for deposits of over one year.</p> <p>Measure discontinued: The last liquidity stimulus measure was withdrawn by the Central Bank of Paraguay (BCP) in April 2011. The legal reserve requirement for national-currency deposits up to 360 days at the country's financial entities, banks, finance companies and savings and loan institutions for housing went from 15% to 18%, and from 21% to 25% for foreign-currency deposits with the same term. The requirement was held at 0% for deposits exceeding 360 days.</p> <p>The legal reserve in foreign exchange was lowered from 26.5% to 21% for all deposits of up to 360 days in October 2008. In February 2009 it was reduced to 0% for all deposits of over 541 days.</p> <p>Measure discontinued: In April 2011 the legal reserve requirement for foreign-currency deposits under 360 days went from 21% to 25%.</p> <p>Banking provisions were increased to up to 1.5% of the entire loan portfolio for entities failing to comply with the requirements of the central bank (1 January 2009).</p> <p>Measure remains in place.</p> <p>Liquidity injections in national currency</p> <p>A liquidity facility was set up for local financial entities, known as the Short-term Liquidity Facility through Repurchase of Monetary Regulation Instruments (FLIR) (October 2008).</p> <p>Measure remains in place with modifications. In January 2010 BCP lowered the FLIR interest rate from 8.5% to 7.5%, lowering it again in August 2010, to 6.0%.</p> <p>Since March 2011 eligible financial entities may access FLIR, with an annual interest rate of 8.0% on the first tranche of repurchase operations.</p> <p>The FLIR rate was set at 9% in April 2011, 9.25% in May 2011 and 9.5% in August 2011.</p>	<p>Increase or early disbursement of public spending allocations</p> <p>An expansionary fiscal policy was adopted for 2009, including:</p> <ul style="list-style-type: none"> - Greater investment in road infrastructure - Increased investment in social housing - Expansion of conditional transfer programme to benefit 120,000 families. <p>Investment in public works grew by 103% in 2009 (US\$ 104 million), and Government transfers for capital investment increased by 82% (US\$ 46 million). Health spending increased by 45%, and spending on education rose by 13%. The executed budget of the Ministry of Agriculture and Livestock increased by 44%.</p> <p>The Ministry of Finance requested budget increases totalling US\$ 173.8 million to carry out three large operations under the Government's Economic Reactivation Plan: US\$ 114.5 billion for the Development Finance Agency's credit operations, US\$ 33 million for the Ministry of Public Works and US\$ 26.3 million for the National Electricity Administration.</p> <p>Measures remain in place with modifications: Fiscal policy in 2010, although it incorporated measures for containing and optimizing public spending, remained expansionary and gave priority to funding social programmes and projects as well as job-creating infrastructure projects.</p> <p>In 2010 approximately 50% of total central government spending went to social programmes in the health and education sectors, cash transfers and old-age pensions.</p> <p>Investments in road projects in 2010 created 51,000 jobs in building paved roads, improved roads and bridges. Overall, total infrastructure spending in 2010 was twice that of two years ago.</p> <p>The general national budget for fiscal 2011 allocated approximately 50% of public spending for social projects and programmes and 30% for capital expenditure. Public spending in 2011, which was expansionary, continued to give priority to funding social programmes and projects. The 2011 budget calls for a 16.5% increase in total spending compared with spending planned for 2010.</p> <p>Other measures</p> <p>Loans amounting to US\$ 300 million to be secured to finance the 2009 budget through contingency credit lines with international agencies. This measure was submitted to Congress in May 2009.</p> <p>Measure implemented.</p> <p>Concessions and public-private partnerships to be approved by Congress in the first semester of 2009 (US\$ 542 million).</p> <p>No updated information on this measure.</p>	<p>Increase in import duties and import restrictions</p> <p>Measures to eliminate protectionist measures in MERCOSUR:</p> <p>Temporary application of special import tariffs to correct trade distortions in intra-zone commerce.</p> <p>Measure remains in place.</p> <p>Policies were implemented to protect industries exposed to dumping and anti-competitive practices (textiles and household cleaning products).</p> <p>Measure remains in place.</p> <p>The Government adopted new measures in October to protect the national clothing and apparel industry. Decree 3006 states that imported clothing items are subject to the common external tariff of MERCOSUR. Decree 3005 states that such imports are subject to VAT and to the tax on commercial, industrial and service activities like all other economic activities.</p> <p>Measure remains in place.</p> <p>New measure: In December 2011 MERCOSUR authorized its member states to raise import duties above the common external tariff for up to 100 tariff items for up to 12 months, extendable for up to 12 additional months.</p> <p>Tariff reductions</p> <p>New measure: At the MERCOSUR Summit in Foz de Iguazú in December 2010 Paraguay achieved the following agreements: (a) hold tariffs at zero to 2% for 1,200 capital goods items and 390 computer and telecommunications items until 2019; (b) maintain a zero customs tariff for raw materials until 2013; (c) unify the Common External Tariff (CET) exception lists; and (d) unify the application of low import tariffs for 649 products.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>Budget of US\$ 37 million given to the National Housing Council (CONAVI) and to the Social Action Secretariat (SAS) to build low-cost housing.</p> <p>Measure remains in place with modifications. The goal of building 1,570 affordable housing units in 2009 was met.</p> <p>CONAVI became SENAVITAT in 2010. That same year SENAVITAT planned to build 3,100 units (Paraguay's housing backlog is approximately 850,000 units, including repairs and additions). Housing construction in 2010 was hampered by a shortage of cement in Paraguay that year.</p> <p>Plans are to build 9,881 housing units in 2011. During the first quarter of the year SENAVITAT granted US\$ 2.9 million in home construction loans.</p> <p>In 2010 some US\$ 31.2 million in AFD loans financed more than 1,000 housing units; this is 37% of AFD loan approvals.</p> <p>SMEs</p> <p>Loans to micro-enterprises and SMEs (US\$ 125.4 million).</p> <p>Measure remains in place with modifications: While there is no exact information on disbursements in 2009, support for microSMEs is still a priority for the Development Finance Agency (AFD).</p> <p>Agriculture</p> <p>Implementation of a policy to support the agricultural sector in order to soften the impact of the drought and safeguard the 2009/2010 harvest; this includes loans, technical assistance and seed distribution. Creation of a regime to promote agricultural development and a Preferential mark-up scheme in Government and municipal procurement processes. Preference margins of up to 70% will be afforded to agricultural products from the rural family production system.</p> <p>Credit lines amounting to US\$ 30 million for 30,000 small producers through the agricultural loans facility (CAH), with 150,000 beneficiaries.</p> <p>Measure implemented in 2009.</p> <p>The Ministry of Agriculture and Livestock provided for subsidy line of US\$ 7 million for the family farming sector to offset the effects of adverse weather. The National Programme to Support Family Farming provided US\$ 5 million to support production projects.</p> <p>Measure implemented: The US\$ 7 million subsidy facility was implemented in 2009 and used to offset losses caused by the drought that hit Paraguay in 2008. The National Programme for Supporting Family Farming is permanent and is still in effect.</p>	<p>Labour policy</p> <p>Implementation of a job creation programme based on labour-intensive construction projects for the community. This programme will be implemented in the short term by the municipalities of six of the country's departments. The total investment will be US\$ 6 million, using funds from the Itaipu and Yacyretá binational entities.</p> <p>Measure implemented in 2009.</p> <p>New measure: In 2010, investments in road projects generated 51,000 jobs in building paved roads, improved roads, and bridges; one of the public spending priorities for 2010 was job-creating infrastructure projects.</p> <p>Under law 2051/03 on public procurement, it was established that successful bidders in tenders for provincial and municipal works or services must employ at least 70% local workers.</p> <p>Measure remains in place.</p> <p>Social programmes</p> <p>Expansion of conditional transfers programme to benefit 120,000 extremely poor families (US\$ 50 per family). Up to December 2009, the programme covered some 88,000 families. Another 32,000 indigenous families joined in January 2010. The benefits will extend to 600,000 people, i.e., half of those living in extreme poverty.</p> <p>Measure remains in place: Estimates are that in 2011 a total of 200,000 families benefited from conditional cash transfers.</p> <p>The focus of social programmes generally remained the same.</p> <p>In 2010 approximately 50% of total central government spending went to social programmes in the health and education sectors, cash transfers and old-age pensions.</p> <p>The general national budget for fiscal 2011 calls for approximately 50% of public spending to go to social projects and programmes.</p> <p>Between August and December 2010 870 older persons living in a situation of poverty received subsidies. As of October 2011 subsidies had been granted to 16,505 persons.</p> <p>Between January and September 2011 the National Treasury of Paraguay allocated 21.25% more resources for social services such as education, health and social security than during the same period in 2010.</p> <p>Between 15 August 2010 and 31 July 2011, spending on education increased by 16.6%, on health by 9% and on social security by 5.4%.</p>	<p>External loans awaiting approval by Congress: US\$ 105 million (March 2009). The projects chosen will afford priority to the impact on employment (rural and community development, road networks) and to the reorganization of the State (strengthening of justice system, modernization of fiscal, tax and customs administration).</p> <p>External loans being sought from financial agencies: US\$ 285 million allocated to the economic reactivation plan. This financing will be channelled to the upgrading of rural roads, basic health care, the supply of funds through the Development Finance Agency, education reform, and modernization of the drinking water and sanitation system.</p> <p>Up to July 2009, international bodies had approved US\$ 250 million of the US\$ 285 million earmarked for the economic recovery plan. Of the amount approved, US\$ 100 million (funds from the World Bank payable to the treasury) are awaiting approval by congress.</p> <p>New measures</p> <p>Paraguay received a grant for US\$ 700 million from the Andean Development Corporation (CAF), which will be used for three purposes: (1) Construction and repair of rural schools; (2) Secretariat for Women's Issues; and (3) Secretariat for Children's Issues (March 2010).</p> <p>The Inter-American Development Bank (IDB) granted US\$ 3.4 million of non-refundable cooperation funds for building citizen security and for funding the Programme for Modernization of the Agricultural Credit Fund (CAH), the Modernization Programme for the Transport Sector and the National Rural Road Programme, Second stage, Phase 2 (March 2010).</p> <p>In December 2010, the non-refundable IDB cooperation grants ratified by Congress were:</p> <ul style="list-style-type: none"> (a) Water and Sanitation Programme for Rural and Indigenous Communities (US\$ 40 million); (b) support for strategic planning for rainwater drainage (US\$ 750,000); (c) Integral Management of Solid Municipal Wastes (US\$ 700,000); (d) Programme for forging public-private partnerships (US\$ 700,000); and (e) first loan to the tourism sector (US\$ 10 million). <p>In 2011, IDB disbursed US\$ 2.5 million to the Investment and Export Network of Paraguay (REDIEX), which successfully implemented 62 export projects.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>PARAGUAY</p>	<p>A facility was opened for automatic early payment of IRMs (November 2008).</p> <p>Measure implemented.</p> <p>In March 2009 the central bank set up a short-term liquidity facility for repurchase of monetary regulation instruments and letters of commitment issued by the central bank, treasury bonds and Development Finance Agency bonds.</p> <p>Measure remains in place with modifications (see above).</p> <p>Long-term provision of funding to banks through the Development Finance Agency (US\$ 155 million).</p> <p>Measure remains in place with modifications. The supply of long-term funding for banks continued in 2010 and 2011 although there was a decrease in home purchase and construction loans funded by AFD.</p> <p>Changes to the monetary policy rate</p> <p>The curve of the base interest rate for monetary regulation instruments was cut 1% in October and again in November 2008.</p> <p>Measure discontinued: In the second half of 2010 BCP took a more restrictive monetary policy stance, reflected in a gradual rise in Monetary Regulation Instrument (IRM) placement rates. The weighted average IRM rate went from 0.3% in May to 5.5% in December. BCP also began to accept tenders for 14-day IRMs as well as for traditional maturities (May 2010). The weighted average IRM reached its highest point (9.3%) in June 2011.</p> <p>New measure: The decrease in the growth rate of the Paraguayan economy led to a less restrictive monetary policy stance from July 2011, with the weighted average interest rate on IRMs falling to 8.8%. The average yield on these instruments was 7.25% as of December 2011.</p>	<p>An inter-agency unit is to be created to monitor trends in economic activity. In 2009 management and auditing controls will be strengthened in the different entities.</p> <p>Measure remains in place: The inter-institutional unit was officially created but is not yet operating.</p> <p>Administrative procedures for public procurement to be expedited.</p> <p>Measure implemented.</p> <p>In July 2009, the Finance Ministry received a grant of US\$ 8 million from Taiwan Province of China, to be allocated to the economic recovery and social assistance plan which the country's government established in response to the global financial crisis.</p> <p>Measure implemented</p> <p>New measures:</p> <p>Paraguay received US\$ 700,000 in funding from the Andean Development Corporation (ADC) for three purposes: (1) building and repairing rural schools; (2) the Women's Secretariat; and (3) the Secretariat for Children and Adolescents (March 2010).</p> <p>The Inter-American Development Bank (IDB) granted US\$ 3.4 million in non-reimbursable technical cooperation funding for enhancing public safety, the Programme for Modernizing the agricultural credit institution CAH, the Programme for Modernizing the Transport Sector and the National Rural Roads Programme, Phase 2 (March 2010).</p> <p>As of December 2010 Congress had ratified non-reimbursable technical cooperation funding from IDB for (a) the Water and Sanitation Programme for Rural and Indigenous Communities (US\$ 40 million); (b) support for strategic planning for the rainwater drainage sector (US\$ 750,000); (c) Integral Management of Municipal Solid Waste (US\$ 700,000); (d) programme for encouraging public-private partnerships (US\$700,000); and (e) initial loan for the tourism sector (US\$ 10 million).</p> <p>In March 2011 IDB and the Government of Paraguay signed two non-reimbursable technical cooperation agreements for US\$600,000 each: (a) for the Ministry of Public Works and Communications (MOPC); and (b) for the Ministry of Finance.</p> <p>In March 2011 ADC and the Government of Paraguay signed two non-reimbursable technical cooperation agreements: (a) for the Women's Secretariat (US\$ 200,000); and (b) for the Ministry of Agriculture and Livestock (US\$300,000).</p>	<p>New measure: In 2010 MERCOSUR ratified the effectiveness of the decree allowing goods whose final destination is Paraguay to enter any other MERCOSUR member in transit and pay duties at Paraguayan customs. This resolution provides for phasing out double levying of the Common External Tariff (CET) in three stages: the first, starting in January 2012, will apply the system for zero- tariff extrazone goods; the second, starting in January 2014, will apply the new system to goods with a CET of 2% to 4%; and the third, to be applied no later than 1 January 2019, will apply to the entire tariff universe.</p> <p>Export financing and support</p> <p>US\$ 50 million in funds to support export activity.</p> <p>Measure remains in place with modifications: This is funding under the Program to Support Paraguayan Exports through REDIEX (Investments and Exports Network), designed with IDB support; instead of US\$ 50 million only US\$ 10 million was allocated, with the execution period running from 2010 to 2013.</p> <p>Other measures</p> <p>Control of contraband.</p> <p>Measure remains in place.</p> <p>The maximum daily variation of the net foreign-exchange position was limited to US\$ 1 million and the maximum amount of this position was reduced from 50% to 30% of effective net worth (October 2008).</p> <p>In November 2009, the central bank increased the maximum daily net operating long position for financial intermediation institutions from US\$ 2 million to US\$ 5 million to give them greater operating margins.</p> <p>Measure remains in place.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>New measures: In 2010 the Agricultural Credit Fund (CAH) had a loan portfolio of US\$ 15.3 million and the Cattle Industry Fund (FG) had US\$ 13.7 million, for financing capital investment projects and operating expenses.</p> <p>During the first quarter of 2011 CAH granted US\$ 5.83 million in loans and FG US\$1.34 million.</p> <p>In May 2011 CAH and FG signed an inter-institutional cooperation agreement for identifying and financing agricultural and livestock producers. The purpose of the agreement is to make loans of 50 million guaranies or more to rural producers who do not usually have access to formal credit.</p> <p>In September 2011 BCP ruled that financial entities may draw on funds deposited in the special reserve account, for lending and for renewing, refinancing or restructuring loans to the cattle sector and the meat industry hit by the animal health emergency.</p> <p>Industry</p> <p>US\$ 194 million in investment in road infrastructure.</p> <p>Measure implemented en 2009.</p> <p>Creation of a regime to promote production, industrial development and the use of national labour, as well as a preferential mark-up scheme in Government and municipal procurement processes. Preference margins of up to 70% will be afforded to national manufactured products.</p> <p>Measure remains in place (Decree No. 6225, whereby the Finance Ministry created mechanisms for supporting domestic output and jobs, preference margins and procurement guidelines governed by Law 2051/2003.</p> <p>New measures: In 2010 the Finance Ministry signed investment applications under Law 1.064/97 for the export processing industry totaling US\$ 3.56 million for four projects.</p> <p>The Ministry also approved 79 investment project applications under Law 60/90 totalling US\$ 118.44 million. The law seeks to encourage capital investment and reinvestment by granting special benefits for private initiatives.</p> <p>In 2010 AFD approved US\$ 84.3 million in loans. It decided to maintain interest rates for all loan products and lower, from 10% to 7%, the rate on loans to producers' cooperatives in 2011.</p> <p>As of November 2011 the Finance Ministry had approved investment project applications under Law 60/90 totalling US\$ 534.40 million.</p>		<p>In February 2011, the World Bank signed with the Government of Paraguay the Loan Agreement No. 7994-PA and the Power Sector Fund Guarantee Agreement for a total of 100 million dollars.</p> <p>In March 2011, IDB signed two technical non-refundable technical cooperation agreement with the Government of Paraguay for US\$ 600,000 each: (a) for the Ministry of Public Works and Communications and (b) for the Ministry of Finance.</p> <p>In March 2011, CAF signed two non-refundable technical cooperation agreement with the Government of Paraguay: (a) for the Secretariat for Women's Issues (US\$ 200,000) and (b) for the Ministry of Agriculture (US\$ 300,000).</p> <p>In March 2011, the OPEC Fund for International Development granted a loan for US\$ 19 million for the Programme for Reconversion of the Centre, Modernization of Metropolitan Public Transport and Government Offices, which is being jointly financed by BID.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
PARAGUAY	<p>Other measures</p> <p>Maximum daily variation in the net foreign currency position limited to US\$ 1 million, and to 30% of effective assets (down from 50%) (October 2008).</p> <p>Measure discontinued: In August 2010 BCP again raised the ceiling on the net foreign currency position of financial entities, to 50% of their regulatory capital. The central bank was bolstered by the adoption of a scheme that allows it to maintain an adequate level of capitalization.</p> <p>Measure remains in place: The BCP capitalization law enacted in April 2010 is still being implemented.</p> <p>New measures: In November 2010 BCP approved three resolutions related to financial system solvency: (1) higher minimum capital requirements for banks and financial institutions; (2) changes in the standards for classifying assets, credit risk, provisioning and interest accrual, shortening the time for classifying a loan as past due; and (3) changes in the basic guidelines for managing credit risk and the way that general provisions are calculated.</p>		

Sectoral policies

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Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>PERU</p> <p>In September and October 2011, two emergency decrees established a set of short- and medium-term measures for revitalizing the economy. The Government has indicated that although these measures were not designed to face a new global economic crisis, they could be extended in the event of a crisis (contingency plan).</p>	<p>Legal reserve adjustments</p> <p>Legal reserve requirement reduced five times for local-currency deposits and three times for foreign-currency deposits. The minimum reserve requirement therefore stands at 6.0% and the marginal rate for foreign-currency reserves at 30%.</p> <p>Measure discontinued: Increase of the minimum reserve requirement for deposits in national currency (from 6% in March 2010 to 9% in October 2011). Increase in the marginal reserve requirement for deposits in foreign currency (from 12% in August 2010 to 25% in October 2011). Increase in the marginal reserve requirement for foreign currency, from 30% in August 2010 to 55% in October 2011. Reserve coverage was expanded to include liabilities of foreign subsidiaries of banks operating in the domestic market.</p> <p>Responding to the changing scenario with a sharp rise of financial flows into the country and in order to encourage a shift in foreign-source funding of financial entities towards longer terms, in 2010 reserve requirements were implemented for foreign loans (new or renewed) with maturities under two years, and taxes on profits on financial derivative trades by non-residents were established.</p> <p>With effect from 1 September 2009, the central bank of Peru has granted exemption from the reserve requirement to long-term investment funds that provide financing to microfinance institutions.</p> <p>Measure implemented.</p> <p>Liquidity injections in national currency</p> <p>The central bank of Peru lengthened the maturities of loans to some financial institutions.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>New measures: In 2011 the tax on financial transactions was lowered from 0.05% to 0.005% and the general sales tax rate was lowered from 19% to 18%. Both changes took effect on 1 March. The tariff on 3,401 items was reduced, bringing the average tariff down from 5% in December 2010 to 3.4% for the first quarter of 2011.</p> <p>Increase or early disbursement of public spending allocations</p> <p>An economic stimulus plan amounting to about US\$ 4 billion (3.2% of GDP) was announced for the 2009-2010 biennium. In 2009, the main components of the plan are infrastructure works (US\$ 1.65 billion), support for sectors hit by the crisis (non-traditional exporters, SMEs and workers) for a total of US\$ 290 million, and social protection (especially social infrastructure) for almost US\$ 230 million.</p> <p>On 29 January the first package of measures for implementing the economic stimulus plan was announced. The package amounted to US\$ 1.42 billion (about 1.1% of GDP) and included:</p> <ul style="list-style-type: none"> - Payments of Government debt to refineries, feeding through into a reduction in fuel prices. - Increase in investment resources and simplification of procedures. - Resource transfer to local governments. <p>Other measures were also announced, mainly aimed at expediting investment. They include a fund of resources from the public sector and pension fund administrators to finance infrastructure works through concessions or public-private partnerships. Also announced was the transfer of funds to the Ministry of Transport and Communications and to local governments, for infrastructure work, an accelerated depreciation scheme, the creation of guarantees for raising long-term capital for financing private infrastructure works, a cut in the initial rate of interest for purchasing social housing and the creation of a central bank fund for refinancing microfinance institutions.</p> <p>Measures implemented and discontinued: In May 2010 the Government announced, via emergency decree, measures for containing fiscal spending; these included holding the growth of fiscal spending in 2010 to no more than 3% of the nominal amount executed in 2009 and limiting the execution of public investment projects and the use of funds in contingency reserves.</p> <p>New measure: In October 2011, emergency decree No. 058 allocated additional funding for the national infrastructure maintenance plan (765 million nuevos soles).</p>	<p>Liquidity injections in foreign currency</p> <p>Swap operations in foreign currency as a means of maintaining foreign-currency liquidity in the financial system.</p> <p>Measure discontinued: The changing international scenario throughout 2010 drove financial flows into Peru up sharply. The authorities were thus faced with a new dilemma: national currency appreciation. The Central Bank intervened in the foreign-exchange market throughout 2010 in order to mitigate exchange-rate volatility by purchasing dollars (US\$ 8.963 billion in net dollar purchases for 2010).</p> <p>The Central Bank maintained its exchange rate intervention policy in 2011.</p> <p>Export financing and support</p> <p>Temporary increase in the rate of tax rebate on non-traditional exports (from 5% to 8%).</p> <p>Measure discontinued: In the second half of 2010 the tax refund rate was lowered from 8% to 6.5%. In 2011 the rate was changed to 5%.</p> <p>New measure: In October 2011 emergency decree No. 058 revived the guarantee fund for loans to SMEs and non-traditional exporters.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>Among others, extra support was allocated to programmes such as the My Home fund, My Roof, My Neighbourhood and Water for All, as well as the COFICASA mortgage loan programme managed by the Development Finance Corporation (COFIDE).</p> <p>Measure implemented.</p> <p>SMEs</p> <p>Funds were approved for support to SMEs, including direct State procurement for US\$ 47 million.</p> <p>Measure discontinued.</p> <p>New measure: In October 2011 emergency decree No. 058 created a new pro-SME State procurement programme (for 381 million soles).</p> <p>The Business Guarantee Fund (FOGEM) was set up to help micro-enterprises and SMEs to gain access to credit.</p> <p>Measure discontinued: The fund terminated in March 2011.</p> <p>New measure: October 2011 emergency decree No. 058 revived the guarantee fund for loans to SMEs and non-traditional exporters.</p> <p>Industry</p> <p>The Government has allocated additional resources to construction and infrastructure maintenance.</p> <p>Measure implemented.</p> <p>The “scrap metal” bonus was created to revitalize the automobile park. Financing for this scheme is included in the budget proposal for 2010.</p> <p>Measure remains in place with modifications. Since 2010 the bonus is being distributed by zones.</p>	<p>Labour policy</p> <p>Promotion of the formalization of workers.</p> <p>Measure remains in place.</p> <p>A special programme has been set up to help workers who lose their jobs because of the crisis to find other employment.</p> <p>Measure remains in place. Direct implementation of works to be allowed under the “Building Peru” programme (emergency job creation), which will expedite the start-up of such works.</p> <p>Measure remains in place.</p> <p>To boost workers’ purchasing power, the Government approved a scheme whereby in 2009 workers may withdraw 100% of the two payments that are made for time served. The percentage that workers are allowed to withdraw will be reduced over time. The two payments made out of salaries into social security and the pension system will be covered by public funds in 2009, also to boost purchasing power.</p> <p>Measure discontinued.</p> <p>New measures: In October 2011 emergency decree No. 058 created new temporary jobs programmes (expected cost: 115 million nuevossoles).</p> <p>Social programmes</p> <p>Additional resources are being invested in maintaining and equipping education and health institutions, and the budgets of social programmes (the equality fund and the food supplement programme) are being expanded.</p> <p>Measure discontinued.</p>	

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
PERU	<p>A number of monetary policy measures have been proposed to keep up levels of liquidity in the financial system, including:</p> <ul style="list-style-type: none"> - Repo operations of up to 12 months - Repurchase of central bank certificates in the secondary market. - Exemption from legal reserve of external liabilities with maturities of two years or more held by financial institutions. - Reduction in the minimum reserve funds banks must keep in their current account with the central bank, from 2.0% to 1.0%. <p>These measures were implemented in 2010.</p> <p>In March, the Government issued US\$ 1 billion in Global Bonds at a rate of 7.125% to prefinance the 2010 budget.</p> <p>Measure implemented.</p> <p>In April 2009, the central bank started conducting repo operations with smaller financial institutions, which were allowed to sell their loans portfolio temporarily to the central bank.</p> <p>In June the central bank simplified registration procedures for this mechanism and lowered the risk rating requirements in order to broaden access to more financial institutions.</p> <p>Measure discontinued.</p> <p>Changes to the monetary policy rate</p> <p>In February 2009, the central bank reduced the benchmark rate of interest by 0.25 percentage points to 6.25% (the first cut since 2003). The central bank continued to gradually lower the rate, which reached 1.25% in August 2009.</p> <p>Measure discontinued: In May 2010 the Central Reserve Bank of Peru (BCRP) raised the benchmark rate from 1.25% to 1.5%. Rate increases continued until October, and the rate was then held at 3% through year-end.</p> <p>In January 2011 the BCRP began raising the benchmark rate gradually at monthly intervals, to 4.25% in May.</p>	<p>Other measures</p> <p>Resources from the Fiscal Stabilization Fund (which in March 2009 held US\$ 1.8 billion, equivalent to around 1.5% of GDP) may be used to finance increased public spending. The resources that would have been deposited in the Fund from the 2008 fiscal balance were transferred directly to the budget.</p> <p>Measure discontinued: For 2011 the authorities ordered the public spending budget be cut by crediting US\$ 2 billion to the Fiscal Stabilization Fund, from the outstanding balances from 2010 and the funding eliminated under the rationalization programme under the fiscal balance law of 2011.</p> <p>The Fiscal Responsibility and Transparency Act was altered to allow a larger increase in public spending.</p> <p>Measure discontinued: Under the 2011 Fiscal Accountability and Transparency Act, the deficit for 2011 and 2012 cannot exceed 1% of GDP, and central government consumption spending cannot increase by more than 4% in real terms.</p> <p>The 2011 Public Budget Financial Balance Law introduced a new fiscal rule for 2011 requiring a surplus equivalent to 2% of annual GDP for the first half of the year.</p> <p>In March, the Government issued US\$ 1 billion in Global Bonds at a rate of 7.125% to prefinance the 2010 budget.</p>	

Sectoral policies

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Multilateral financing

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>URUGUAY (Only partially updated information available).</p>	<p>Legal reserve adjustments</p> <p>Measure discontinued: In October 2009 the Central Bank began to gradually lower the legal reserve requirements for national-currency deposits, from 25% in September 2009 to 12% in January 2010. For deposits in foreign currency the reserve requirement was reduced from 35% in September 2009 to 15% in July 2010.</p> <p>This measure was discontinued in June 2011 when the Central Bank raised the reserve requirements for national and foreign currency. A marginal reserve requirement of 15% on top of the regular requirement was created for deposits in national currency and 27% for deposits in foreign currency, bringing the total reserve requirement up to 30% for national currency and 45% for foreign currency.</p> <p>Liquidity injections in national currency</p> <p>Early redemption, in two stages, of securities issued by the central bank, which offers the possibility of obtaining liquidity in local currency or dollars (November 2008).</p> <p>Measure discontinued.</p> <p>Measures by which tax rebate certificates can be swapped for cash through the central bank, which will allow access to some US\$ 100 million, also helping to inject liquidity into the economy.</p> <p>Changes to the monetary policy rate</p> <p>The central bank reduced the monetary policy rate from 10% to 9% on 18 March. The 10% rate had been adopted on 12 January, replacing the 7.75% rate that had been in place since October 2008.</p> <p>Measure discontinued: While the Central Bank continued to lower the benchmark rate during 2009 (to 8% in June and 6.25% in December), this trend reversed in 2010. The Central Bank raised the benchmark rate to 6.5% in September 2010, 7.5% in March 2011 and 8% in June 2011, holding it steady from then to year-end. On 29 December the Monetary Policy Committee raised it to 8.75%, the highest since year-end 2009.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Bonus in the form of 120% exemption from the economic activities income tax (IRAE) for investments made in 2009, in the framework of the law on investment and the new weighting that rewards projects that create more employment.</p> <p>The manufacture of energy equipment will be 100% exempted from IRAE starting this year, then the rebate will be gradually lowered to 50% in 2018. In addition, VAT will be reimbursed on imports of inputs for equipment manufacture and waived for local purchases of such inputs.</p> <p>In the case of agricultural machinery, VAT exemption will be raised from 75% to 100% for the purchase of manufacturing inputs, and an IRAE exemption regime will also be applied.</p> <p>One and a half times the real value of some expenditures (particularly those involved in funding innovation and technology projects) may be deducted from IRAE payments.</p> <p>VAT on purchases of diesel in the manufacturing sector may be deducted for a 90-day period.</p> <p>Other measures</p> <p>Cut of at least 5% in spending and investment by the Government and public enterprises.</p> <p>Increase in specific domestic tax (Imesi) on cigarettes.</p>	<p>Liquidity injections in foreign currency</p> <p>Early redemption, in two stages, of securities issued by the central bank, which offers the possibility of obtaining liquidity in local currency or dollars (November 2008).</p> <p>Increase in import duties and import restrictions</p> <p>Postponement of cut (from 2% to 1%) of the consular rate on imports, originally planned for June 2009.</p> <p>Advance of the economic activities income tax (IRAE) payments on imports of certain consumer goods, such as clothing and footwear, will be upped from 4% to 8%.</p> <p>Customs valuation procedures will be stepped up to avoid undervaluation of import reference prices in the clothing and footwear sectors.</p> <p>Tariff protection on specific segments of vehicle manufacture to be reviewed.</p> <p>Tariff reductions</p> <p>Advances on IRAE will be levied on imports of consumer goods, as already occurs with VAT.</p> <p>Extension of tax-free imports of inputs for re-export (temporary admission).</p> <p>Export financing and support</p> <p>Measures by which exporters can swap tax rebate certificates for cash through the Banco de la República Oriental del Uruguay, which will allow firms access to up to US\$ 100 million.</p> <p>Increase in rate for 180-day credits to pre-finance exports, from 1.78% to 2.78%, up to December 2009.</p> <p>Preferential rates for pre-financing of textile exports to be maintained until December 2009. This regime to be extended to the leather and automobile sectors.</p> <p>An additional US\$ 125 will be made available to help the banking system to fund investment projects and pre-finance exports.</p> <p>Banco de la República Oriental del Uruguay: guarantee fund of US\$ 20 million created for exports to countries that classified as representing a non-payment risk.</p>

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<p>Housing</p> <p>A new policy of State-subsidized mortgage loans for housing purchases and/or construction.</p> <p>SMEs</p> <p>Creation of a national guarantee system to facilitate access to credit.</p> <p>Increase in guarantee fund for SME loans administered by the National Development Corporation.</p> <p>Regulations are issued for the Subprogramme of Public Contracting for the development of micro-enterprises and SMEs.</p> <p>Implementation of a programme called "Exporta Fácil" ("easy exports") for micro-enterprises and SMEs.</p> <p>Greater benefits for SMEs under the investment promotion law.</p> <p>Agriculture</p> <p>Measures to provide loans and support to the dairy sector.</p> <p>Tourism</p> <p>Implementation of a system whereby tourists can buy national products tax-free. Real-estate companies' commissions for rentals to non-residents included in the services export regime. Tax Administration Department (DGI) to keep a record of dwellings offered for seasonal rental.</p> <p>Industry</p> <p>VAT reduction on purchases of diesel for the manufacturing sector, for a 90-day period.</p> <p>Tax rebate certificates may be swapped for cash under the special regime for the automobile industry (which receives a 10% reimbursement in addition to the 2% all sectors receive).</p> <p>The amount of the exemption from RAE will depend on the labour employed and exports generated by investment projects. The auto, electronics and naval industries have been added to the categories promoted.</p> <p>Banco de la República Oriental del Uruguay: the amount earmarked to fund investment in industry, commerce and service provision will be doubled to US\$ 200 million in 2009, with especially favourable rates and maturities.</p> <p>Steps to promote the production of renewable energy equipment and agricultural machinery, through tax exemptions.</p> <p>In the case of agricultural machinery, VAT exemption will be raised for the purchase of manufacturing inputs, and a similar exemption scheme for the economic activities income tax (IRAE) will also be applied.</p>	<p>Labour policy</p> <p>Training subsidy (US\$ 5 million), consisting of subsidizing training and part of the wage of workers in training, through the Labour Reconversion Fund of the National Employment Board (JUNAE).</p>	<p>New measure: In 2011 precautionary loans were cleared with the World Bank to face contingencies arising from contagion through the financial channel from the crisis in the developed countries. The credit facilities were granted in two tranches, one for US\$100 million in February and the other for US\$ 260 million in October under a Special Deferred Drawdown Option that enables the country to draw down the principal over three years following approval. There have been no drawdowns to date.</p>

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VENEZUELA (BOLIVARIAN REPUBLIC OF) No new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011.		Other measures The following measures were announced on 21 March 2009: <ul style="list-style-type: none"> - Increase in the VAT rate from 9% to 12%. Measure remains in place: The rate increase took effect on 1 April 2009. <ul style="list-style-type: none"> - Window for increasing public borrowing in 2009 up to US\$ 17.4 billion (starting from the previous authorized amount of US\$ 5.7 billion). Measure implemented: The Organic Law on Financial Administration of the Public Sector was partially reformed for this purpose. <ul style="list-style-type: none"> - A draft law is to be sent to the National Assembly, aimed at changing the premises of the 2009 budget. In the new scenario, the average annual price of oil will be revised from US\$ 60 per barrel to US\$ 40 per barrel and the oil production target will be lowered from 3.6 million bpd to 3.17 million bpd. This, in turn, will make it necessary to revise public spending downwards for 2009. Measure implemented: This brought the spending budget down by 4.5%, equivalent to 7.5 billion bolívares, putting the budget at 159.97 billion bolívares. Wage ceilings to be established for senior civil servants. Measure implemented. Spending cuts decreed for budget items the authorities considered to be superfluous, such as changes of vehicles and representation expenditures. Measure implemented.	

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BAHAMAS As for many Caribbean countries, it is impossible to clearly distinguish previous anti-crisis measures from new anti-crisis measures that were implemented starting in 2011. As the region is only slowly recovering from the economic downturn, policy measures in most areas have remained in place since they were first introduced.	Changes to the monetary policy rate New measure: After keeping the monetary policy rate stable during the crisis, the Central Bank lowered its discount rate from 5.25% to 4.50% in June 2011 with the expectation that financial institutions will follow suit and lower the prime lending rate from 5.50% to 4.75% to stimulate credit growth and facilitate recovery in economic activity. Other measures In December legislation was approved to strengthen controls on money laundering and financing for terrorist activities. Measure implemented. A commitment was made to ensure the use of international best practices in order to avoid being considered an uncooperative jurisdiction. Measure implemented.	Increase or early disbursement of public spending allocations Expedited implementation of projects to develop and expand infrastructure. Measure discontinued: The 2009 programme of early disbursement for public infrastructure was discontinued and construction in 2010 was undertaken on a phased basis. Other measures Government borrowing capacity increased from US\$ 100 million to US\$ 150 million as of November 2008. Measure implemented. In February the Government announced that it was arranging a loan of US\$ 200 million from a consortium of banks to provide funding for the stimulus programme. Measure implemented. In February, the Government announced that it would apply a policy to absorb the reduction in revenues and keep current expenditures steady. Measure implemented.	Tariff reductions Measure remains in place with modifications: In 2009, import tariffs on food products were lowered. Later, to ensure equity between small and large businesses, duty concessions for large businesses was limited to 5 years, starting in 2010.

Sectoral policies	Labour and social policies	Multilateral financing
	<p>Labour policy</p> <p>A 20% rise in the minimum wage was announced.</p> <p>Measure remains in place. The minimum wage was raised by 21.1% in nominal terms in 2009 and 25% in 2011.</p>	

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<p>SMEs</p> <p>New measure: A draft SME Development Act is currently being prepared to provide the basis for providing financial and non-financial assistance to SMEs.</p> <p>Agriculture</p> <p>The Government has launched a series of initiatives to increase domestic food production and reduce food imports and is planning more.</p> <p>Measure not implemented: No sectoral policies in agriculture were implemented in response to the crisis.</p> <p>Tourism</p> <p>Pursuit of a marketing campaign, especially in the United States, to promote the country and limit the drop in tourist arrivals.</p> <p>Measure remains in place: Measures to promote tourism, including the Companion Fly Free programme was maintained in 2010 and has continued into 2011. This has contributed in part to higher visitor arrivals.</p>	<p>Labour policy</p> <p>Surplus funds in the Medical Benefit Branch of the National Insurance Board (NIB) have been used to provide unemployment relief for workers who have lost their jobs or been placed on reduced work-weeks.</p> <p>Measure implemented.</p> <p>Measure discontinued: The 6-month temporary employment programme that was introduced in fiscal year 2009/2010 was discontinued.</p> <p>At the end of April, the Government announced that temporary unemployment benefits would be paid to 5,150 registered persons for a period of 13 weeks. The Government had allocated US\$ 20 million to this initiative and the payments of benefits would start in May.</p> <p>Measure remains in place with modifications: Permanent unemployment benefits were introduced, to curb the hardship from this and future crises. However to provision for these benefits, contributions by both employers and employees were increased.</p>	<p>During August and September, the Bahamas increased its external reserves through access to Special Drawing Rights from IMF totalling US\$ 168.6 million.</p> <p>Measure implemented.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
BAHAMAS	<p>Following the bailout of CLICO financial group in Trinidad and Tobago in January 2009, in February the Government of the Bahamas took judicial control of CLICO operations in the Bahamas.</p> <p>At the end of May, the Government announced that it would guarantee CLICO Bahamas' obligations in order to facilitate the sale of CLICO's policy liabilities. The guarantee is expected to be for a maximum of US\$ 30 million and for a period of five years. The Government has also introduced bills in the House of Assembly that seek to reform the insurance sector in the wake of the collapse of CLICO Bahamas.</p> <p>Measures remain in place: as of yet, no buyer has been identified for the CLICO portfolio.</p> <p>In June it was confirmed that a Financial Services Authority is to be created to consolidate and improve financial regulation in the Bahamas.</p> <p>Measure not yet implemented: The new Financial Services Authority has not yet been established.</p> <p>During August and September, the Bahamas increased its external reserves through access to Special Drawing Rights from IMF totalling US\$ 168.6 million.</p> <p>Measure implemented.</p>	<p>In the budget communication for fiscal year 2009-2010 it was announced that the Government will streamline revenue collections to facilitate the payment of taxes and fees and will impose several fiscal discipline measures, such as the reduction to a minimum of international travel and staff appointments.</p> <p>Measure implemented.</p> <p>New measures: In the 2010/2011 budget the Government implemented a number of revenue measures aimed at rationalizing and simplifying the tax system. Among these were a 45% cut on the rate on tankless water heaters and an increase in taxes on motor vehicles to encourage use of fuel-efficient vehicles. Stamp taxes on realty and bank transactions and fees for international business companies were also increased. Hotel room tax was increased by 10% and the annual fees paid by retail banks was raised by 50%.</p> <p>On the expenditure side, contributions and grants to charitable organizations were reduced by between 10 to 25%. Subsidies to private schools were reduced by 20%. Meanwhile, capital expenditure was increased by less than 4% to maintain infrastructure that is necessary for growth. The salaries and duty allowances of the Prime Minister, MPs and Senators was reduced. Responsibility allowances of Senior public officers were not paid for 2011/2011. Public service promotions and employment were frozen except in special circumstances.</p>	

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<p>Industry</p> <p>In May 2009, the Government announced its commitment to maintain capital expenditures for its major projects, such as the New Providence Roads Project, the Nassau Harbour Project the redevelopment of the old City Market site and the upgrade of Marsh Harbour International Airport.</p> <p>Measure remains in place with modifications: In the 2010/2011 budget, capital expenditure was increased by less than 4% to maintain infrastructure that is necessary for growth.</p>	<p>The Government intends to establish a national training and retraining programme for recently laid off workers.</p> <p>Measure remains in place with modifications: In fiscal year 2011/2012, the government implemented a National Job Promotion Strategy to stimulate employment in the context of relatively high unemployment. A B\$ 25 million National Job Readiness and Training Programme was put in place, aimed at improving service and productivity, retraining workers and providing apprenticeship training for prospective employees.</p> <p>In June 2009 the Government announced that it was redoubling efforts to help recently displaced workers apply for unemployment benefits, job and personal counselling, etc.</p> <p>Measure implemented (see above).</p> <p>Social policy</p> <p>In August, the Government announced the suspension of its Educational Guarantee Loan Programme, due to a high default rate and the need to prioritize public expenditures.</p> <p>Measure remains in place.</p>	

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<p>BARBADOS</p> <p>As for many Caribbean countries, it is impossible to clearly distinguish previous anti-crisis measures from new anti-crisis measures that were implemented starting in 2011. As the region is only slowly recovering from the economic downturn, policy measures in most areas have remained in place since they were first introduced.</p>	<p>Legal reserve adjustments</p> <p>In October, the Barbados Central Bank announced a reduction of the foreign exchange reserve requirement on deposit-taking financial institutions from 4% to 2%. Previously, the foreign exchange requirement was reduced in June this year from 6% to 4%.</p> <p>Measure remains in place.</p> <p>Liquidity injections in national currency</p> <p>In October and November 2008, the Government issued debentures and treasury bills for a total of US\$ 135 million to provide liquidity to the public sector. In December 2009, the Barbados Government floated another US\$ 50 million issue of Treasury Notes.</p> <p>Measure implemented.</p> <p>Following the bailout of CLICO financial group in Trinidad and Tobago in January 2009, in February the central bank took steps to support CLICO subsidiaries in Barbados, providing liquidity funds and opening a facility for further liquidity support.</p> <p>Measures remain in place: as of yet, no buyer has been identified for the CLICO portfolio. During the last quarter of 2011, a local NGO of policy holders was formed to seek legal action to recover depositors' funds.</p> <p>In January 2009 the central bank announced the establishment of a repurchase agreement facility to help commercial banks to obtain cheaper credit.</p> <p>No updated information on this measure.</p> <p>In April, the central bank governors of Trinidad and Tobago, Barbados and the Eastern Caribbean Currency Union announced the establishment of an US\$ 80 million regional Liquidity Support Fund to provide financial resources to the Eastern Caribbean territories affected by the collapse of CLICO. Barbados would be providing US\$ 5 million to the Fund.</p> <p>Measure implemented: The Liquidity Support Fund was set up in 2009 and has received the projected funding of US\$ 80 million.</p> <p>In August the Government signed a US\$ 120 million bond with Scotiabank and Merchant Bank Trinidad and Tobago Limited, securing funds to support the country's international reserves and contribute to the financing of its capital works programmes. In addition, in September, the Government announced an issue of US\$ 50 million in debentures (bonds) as part of an overall loan of US\$ 2 billion. This loan is being raised to assist with the financing of the Development Plan.</p> <p>Measure implemented.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Temporary subsidies for basic food staples.</p> <p>Measure remains in place.</p> <p>Establishment of tax exemptions for low-income workers.</p> <p>Measure remains in place.</p> <p>New measures: In fiscal year 2010/11, the environmental levy was removed, the allocation towards welfare grants and food was increased, and a text book grant scheme for primary school children was introduced. Furthermore, marketing support for the Tourism Authority was increased. In the 2011/2012 budget, supplementaries to the Transport Board, Sanitation Service Authority and the University of the West Indies was increased. Also proposed in the 2011/2012 budget is the adjustment of existing property tax bands to in order to allow home owners to forego increases in land taxes over the next fiscal period. A 50% land tax rebate is to be granted to proven manufacturers of solar energy equipment. The due date for businesses in the hotel and restaurant sector is to be adjusted to the last quarter of the fiscal year (January to March), when such businesses are best able to pay such taxes. Finally, tax on remittances payable to external insurers by local attractions and tour operators in order to provide contract services to cruise lines is to be removed in the fiscal year 2011/2012. Government has also introduced a tax credit on employment creation for companies and a productivity and innovation tax credit. VAT on imported components was removed for the local assembly of personal computers.</p> <p>Other measures</p> <p>In May, the Government presented its budgetary proposals for fiscal year 2009-2010. To balance the budget and protect jobs, it proposed the following measures:</p> <ol style="list-style-type: none"> (1) a reduction of the excise tax payable on vehicles; (2) an increase from US\$ 75,000 to US\$ 100,000 in the amount of building material expenses for which first-time homeowners can claim a VAT refund; (3) a general adjustment of water tariffs to preserve access and affordability for all. <p>Measures implemented/remain in place: The government continued to pursue fiscal consolidation in the budgets for 2010/2011 and 2011/2012. The following measures were implemented in 2010/2011 and maintained in 2011/2012:</p> <ol style="list-style-type: none"> (i) an increase in VAT from 15% to 17% for the next 18 months, beginning December 1, 2010; (ii) the elimination of the tax free allowances for travelling and entertainment for employees; (iii) the elimination of tax free allowances for savings with credit unions and investment in mutual funds; (iv) an increase in gasoline tax by 50%. 	<p>Other measures</p> <p>In an effort to implement better foreign exchange controls, the Barbados Central Bank imposed new individual and corporate identification requirements for the application for foreign exchange and export credit.</p> <p>Measure remains in place.</p>

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<p>Housing</p> <p>Measure remains in place with modifications: The Government expanded the housing programme that was introduced in 2009, increasing investments in housing and roads rehabilitation in order to stimulate activity in the construction sector and create jobs.</p> <p>SMEs</p> <p>In January the central bank expanded the range of entities eligible for credit guarantees under the Small Business Guarantee Scheme, to include medium-sized companies in the tourism and manufacturing sectors.</p> <p>Measure remains in place with modifications: The government allocated the sum of \$ 1.5 million to Fund Access to empower it to facilitate the needs of the SME sector for technical assistance and new business training and to assist with working capital. Part of the government subsidy is to be used for the provision of website development and ecommerce services to members. The government is also to provide a BDS\$ 50 million backed guarantee facility to enable loans to musicians, artists, designers and chefs for promotion, marketing and distribution of creative works.</p> <p>In February, the Government announced proposals to create a Special Department or Ministry of Innovation and Economic Empowerment to support the small business sector.</p> <p>No updated information on this measure.</p> <p>Agriculture</p> <p>Efforts are planned to mobilize more credit for small farmers.</p> <p>Measure implemented.</p> <p>New measures: In fiscal year 2010/2011, registered farmers were allowed to apply for the flat commercial water rate to reduce their cost and assist with increased production.</p> <p>In fiscal year 2011/2012, a rebate of up to BDS\$ 5,000 will be given to livestock farmers who retrofit livestock housing with solar energy.</p> <p>Tourism</p> <p>The Government is increasing the marketing budget of the Barbados Tourism Association.</p> <p>Measure remains in place: In fiscal year 2010/2011, the government increased its marketing budget to the Barbados Tourism Authority by a further \$ 6 million. This was in addition to the \$ 10 million provided for in fiscal year 2009/2010.</p> <p>In September, the central bank announced the extension of the Credit Guarantee Scheme to the tourist and tourism-related sectors. This extension included guarantees of moratoria on repayment of principal and interest for a period of six months from 15 September 2009 to 15 March 2010.</p>	<p>Labour policy</p> <p>Establishment of tax exemptions for low-income workers.</p> <p>Measure remains in place.</p> <p>In May, the Government presented the Employment Stabilization Scheme which allows employers that commit to uphold current employment levels to receive the equivalent of a loan from the National Insurance Scheme. The Employment Stabilization Scheme is supposed to start in July 2009, and the loans will be repayable in five years at a 3% interest rate. The fiscal cost has been estimated at about US\$ 17 million over six years.</p> <p>Measure remains in place with modifications: Employment stabilization remains in place through the government's tripartite arrangement with labour and the privates sector to prevent job losses. One such measure is to defer payments to the National Insurance Scheme (NIS) for workers by employers in order to reduce the wage burdens, in exchange for employers' agreement to maintain their current number of employees.</p> <p>Social programmes</p> <p>A conditional transfer programme is being designed with assistance from the World Bank, and economic support is being negotiated with IDB to expand health care in the country's poorest areas.</p> <p>Measures remain in place: These programmes, which include the payment of an energy grant to the most vulnerable in society in order to offset the cost of energy, are still ongoing in fiscal year 2011/2012.</p> <p>Expansion of welfare grants and pensions.</p> <p>Measure remains in place: The government has since continued to increase welfare grants and food subsidies, introduced a text book grant and increased in non-contributory pensions and minimum contributory pensions.</p>	

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BARBADOS	<p>Changes to the monetary policy rate</p> <p>In October 2008 and January 2009 the central bank cut the minimum rate of interest payable on deposits.</p> <p>Measure remains in place: The monetary policy rate has remained largely unchanged since 2008/09. Like in October 2009, the minimum savings rate stood at 2.65% in October 2011.</p> <p>Other measures</p> <p>Explicit support to Credit Union Movement (locally-owned financial institutions) in order to increase oversight and regulation, promote corporate governance, protect investors' interests and combat money-laundering.</p> <p>Measure implemented.</p> <p>In March the Government of Barbados entered into discussions regarding the acquisition of CLICO Life (a CLICO subsidiary in Barbados), with the intention that the funds generated by the purchase would be injected back into the entity.</p> <p>No updated information on this measure.</p> <p>Monitoring of the financial sector was increased.</p> <p>Measure remains in place: The Bank Supervision Department stepped up surveillance activities in 2011 and introduced revised reporting schedules. Also subsequent to the passage of the Financial Services Commissions Act in Dec. 2010, the supervision and regulation of insurance companies, pensions and securities and credit unions were enhanced.</p> <p>In May, the Government announced that a Memorandum of Understanding had been signed between the Government and CLICO which placed the sale of the subsidiaries of CLICO Holdings in the hands of a Government-controlled committee, comprised by, among others, representatives from the Ministry of Finance, Economic Affairs and Energy and the central bank.</p> <p>Measures remain in place: as of yet, no buyer has been identified for the CLICO portfolio.</p>		

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<p>Measure remains in place with modifications: the 2010/11 budget proposes to establish a Tourism Loan Guarantee Facility to provide working capital assistance to hotels.</p> <p>New measure: The budget 2010/11 aims to upgrade the small hotels sector at a cost of \$20 million. Additionally, government proposes to establish a Tourism Loan Guarantee Facility to provide working capital assistance to hotels.</p> <p>Measure discontinued: The duty free concessions to the tourism sector for the import of electric water heaters was removed in the budget 2011/12.</p> <p>Industry</p> <p>New measure: in 2010/2011, the Barbados Industrial Development Corporation has been mandated to engage discussions with a foreign financier to procure a \$50 million loan to be guaranteed by the government to allow the organization to build internal capacity to assist domestic manufacturers.</p> <p>New measure: In 2011/2012, duties and VAT on imported components were removed for the local assembly of personal computers.</p>		

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<p>BELIZE</p> <p>As for many Caribbean countries, it is impossible to clearly distinguish previous anti-crisis measures from new anti-crisis measures that were implemented starting in 2011. As the region is only slowly recovering from the economic downturn, policy measures in most areas have remained in place since they were first introduced.</p>	<p>Legal reserve adjustments</p> <p>New measure: In May 2010, the cash reserve requirement was lowered from 10.0% to 8.5% of average deposit liabilities, in an attempt to boost private credit growth. The effect of this measure was, however, limited, as high liquidity levels prevailed in the commercial banking system.</p> <p>Changes to the monetary policy rate</p> <p>New measure: In November 2010, the Central Bank lowered the minimum interest rate on savings deposits from 4.5% to 3.5%. Jointly with the reduction in the legal reserve requirement, the aim of this measure was to boost private credit growth, but it had only little effect.</p> <p>New measure: Effective 1 February 2011, the Central Bank reduced its lender of last resort rate from 18% to 11% to encourage commercial banks to lower their lending rates.</p> <p>Other measures</p> <p>Following the bailout of CLICO financial group in Trinidad and Tobago in January 2009, in March the Government of Belize took judicial control of CLICO Belize, through the Supervisor of Insurance.</p> <p>In April, the authorities appointed a judicial manager for CLICO Belize and imposed a series of restrictions on its operations in order to protect policyholders, such as forbidding the issue of new contracts, the disposal of assets and the repatriation of funds out of Belize.</p> <p>Measures remain in place: as of yet, no buyer has been identified for the CLICO portfolio.</p> <p>New measures: In 2010, reform measures were put into place to develop the government's domestic debt market and to lower the cost of intermediation to signal a lowering of lending rates.</p> <p>New measure: In March 2010, the Central Bank Act was amended to reduce the limit on Central Government's direct advances from the Central Bank from 20% of the previous year's current revenue or \$ 50 million, whichever is greater, to 8.5% of current revenue in the previous fiscal year. At the same time, the aggregate amount of Government securities that the Central Bank may hold at anytime was increased from seven times to ten times the aggregated amount of its paid up capital and the General Reserve Fund.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Taxes on fuel were cut to offset the high cost of living during 2008. However, in March 2009 the Prime Minister announced a rise in the excise tax on fuels in the 2009 budget.</p> <p>Measure discontinued: As announced, in 2009, the government introduced a flat tax of BZ\$1.00 on the import duty rate of gasoline and diesel. In 2011, the General sales tax (GST) rate on imported fuels was zero-rated, and the loss from this was to be compensated for applying a fixed surcharge of BZ\$1.00 and BZ\$0.80 to the import duty rate of gasoline and diesel, respectively.</p> <p>In January the Government approved a cut in the retail price of domestic gas, and in February negotiated a reduction in the price of flour.</p> <p>Measures remain in place.</p> <p>In February the Government re-established the position of Controller of Supplies to monitor and enforce price controls.</p> <p>Measure implemented.</p> <p>New measure: To offset the impact from tax increases in 2010 for the poor, a number of tax relief measures were put in place: Key measures included a decrease in the income and business tax to provide further relief for persons earning not more than \$29,000.00 per annum and a decrease in the rate of business tax for businesses licensed to provide telecommunications services from 24.5% to 19.0%.</p> <p>New measure: Given the windfall receipts from higher oil prices, the government removed the general sales tax from Kerosene to ease the burden on households, effective from April 2011.</p> <p>Other measures</p> <p>New measure: In order to pursue fiscal consolidation, a number of tax increases were also put in place in 2010: The business tax for the supply of electricity was raised from 1.75% to 6.5%, to raise an extra BZ\$ 10 million. Also, an excise tax on locally produced crude oil was levied at the rate of \$1.00 per barrel. A social levy of 5% was imposed on the value of all goods and services imported into an export processing zone and was projected to generate BZ\$3.5 million. The government targeted the collection of tax arrears, especially from the Belize Telemedia Limited (BTL) and land taxes from large landowners. The rate of the general sales tax was increased from 10.0% to 12.5%.</p> <p>New measure: In March 2010, the Central Bank Act was amended to reduce the limit on Central Government's direct advances from the Central Bank from 20% of the previous year's current revenue or \$50 million, whichever is greater, to 8.5% of current revenue in the previous fiscal year. At the same time, the aggregate amount of Government securities that the Central Bank may hold at anytime was increased from seven times to ten times the aggregated amount of its paid up capital and the General Reserve Fund.</p>	<p>Tariff reductions</p> <p>New measure: In 2010, import duties were removed from a number of products, including basic food items, powdered laundry detergents, agricultural equipment and basic school supplies.</p> <p>New measure: In 2011/2012, duties on imported components were removed for the local assembly of personal computers.</p> <p>New measure: Starting from April 2011, the government increased the scope of import duty waivers for the tourism sector, including duty on importation of small buses and vans. Consumer items for small hotels and guest houses, including bed linen and furnishings can now be imported free of duty. Both measures were aimed at stimulating activity in the tourism sector.</p> <p>Increase in import duties and import restrictions</p> <p>In March the Prime Minister announced a rise in the import duty on gasoline and diesel in the 2009 budget.</p> <p>Measure implemented: As announced, in 2009, the government introduced a flat tax of BZ\$1.00 on the import duty rate of gasoline and diesel. In 2011, to compensate for the losses stemming from the zero-rating of the General sales tax (GST) rate on imported fuels, a fixed surcharge of BZ\$1.00 and BZ\$0.80 was applied to the import duty rate of gasoline and diesel, respectively.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>New measure: Starting from April 2011, the government allocated BZ\$ 4.4 million for a home improvement project and home repairs for low income households.</p> <p>SMEs</p> <p>In March the Government announced the approval of a US\$ 10 million loan for the Development Finance Corporation (DFC) of Belize, a public financial institution that provides credit for small farmers, young entrepreneurs and small business.</p> <p>Measure implemented.</p> <p>Agriculture</p> <p>In March the Government announced the approval of a US\$ 10 million loan for the Development Finance Corporation (DFC) of Belize, a public financial institution that provides credit for small farmers, young entrepreneurs and small business.</p> <p>Measure implemented.</p> <p>New measure: Starting from April 2011, the government increased the fuel allowance to \$2.50 per gallon to facilitate farmers transporting their sugarcane to the factory, This was aimed at cutting downtime in sugarcane processing.</p> <p>Tourism</p> <p>New measure: Starting from April 2011, the government increased the scope of import duty waivers for the sector, including duty on importation of small buses and vans. Consumer items for small hotels and guest houses, including bed linen and furnishings can now be imported free of duty. Both measures were aimed at stimulating activity in the tourism sector.</p>	<p>Labour policy</p> <p>New measure: Starting from April 2011, the government implemented a jobs programme for inner city youths who ar prone to violence and crime, including gang members.</p> <p>New measure: Starting from April 2011, the government allocated additional funds (BZ\$ 1.0) to its apprenticeship programme, intended to help young persons find jobs in a difficult environment owing to the crisis.</p> <p>Social programmes</p> <p>A support programme was designed with help from the World Bank, based on conditional money transfers.</p> <p>Measure remains in place :In fiscal year 2011/2012, the cash transfer would be allocated an additional BZ\$ 4.0 million by the government, for transfers benchmarked against school attendance and vaccination.</p> <p>With support from IDB, the coverage of a primary health care programme in underprivileged areas of the country was expanded.</p> <p>Measure remains in place.</p> <p>In March the Government proposed a sharp increase in its funding of the National Health Insurance Programme to compensate for the cessation of the Social Security Board's funding for the scheme.</p> <p>Measure implemented.</p> <p>New measure: Starting from April 2011, the government extended its food support programme to other districts in Belize that were considered in need of the programme. A total of BZ\$ 2.5 million was allocated to the programme.</p>	<p>In March the Government announced that it was seeking loans for around US\$ 100 million during 2009 from IDB, the Caribbean Development Bank, the World Bank, the European Commission and IMF, among others, for investment in infrastructure rehabilitation and upgrading after the floods and to provide a stimulus to activity.</p> <p>Measure implemented: The Government received loan financing from IDB, CDB, CABEL, IFAD, OPEC and the Kuwait Fund.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>GUYANA</p> <p>As for many Caribbean countries, it is impossible to clearly distinguish previous anti-crisis measures from new anti-crisis measures that were implemented starting in 2011. As the region is only slowly recovering from the economic downturn, policy measures in most areas have remained in place since they were first introduced.</p>	<p>Other measures</p> <p>Discussion of reforms to enhance the financial system's transparency and solvency, including the establishment of credit systems to improve credit information, measures to make the payments system more solid and laws to combat money-laundering.</p> <p>Measure implemented: The discussed reforms were agreed and implemented.</p> <p>Following the bailout of CLICO financial group in Trinidad and Tobago in January 2009, in February the Government of Guyana took judicial control of CLICO Guyana. In March the Government reiterated support and guarantees for CLICO Guyana's shareholders.</p> <p>In April, the President announced that the Government would allocate US\$ 34 million over 10 years to cover guarantees made to CLICO Guyana policyholders and investors.</p> <p>Measures remain in place with modifications: In September 2009, Guyana received G\$ 3 billion (US 15 million) from the regional Petroleum Funds to meet the CLICO liabilities.</p> <p>In May, the National Assembly passed the anti-money laundering bill.</p> <p>Measure remains in place.</p> <p>In June the Government announced that it would allow the sale of CLICO Guyana assets.</p> <p>Measure remains in place: as of yet, no buyer has been identified for the CLICO portfolio.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Several fiscal measures were taken in 2008 to deal with the rising cost of living: fuel tax was reduced and VAT was eliminated for some staple items.</p> <p>Measures remain in place.</p> <p>Cash subsidies and capital transfers to the electricity sector.</p> <p>Measure discontinued.</p> <p>Other measures</p> <p>Renewed efforts to secure and conclude debt relief agreements with bilateral and commercial creditors.</p> <p>Measure remains in place: In 2009, \$US 410 million was received as debt relief under the HIPC initiative. As of December 2011, Guyana has been qualified for, is eligible or potentially eligible and may wish to receive HIPC Initiative Assistance.</p> <p>In June the World Bank approved the new Country Assistance Strategy (CAS) for Guyana for 2009-2012.</p> <p>Measure remains in place.</p> <p>New measure: With loan support from the Inter-American Development Bank (IDB), the government's national competitiveness strategy will focus on addressing weaknesses in infrastructure, the regulatory regime, tax and trade policy, and access to financing, among other areas.</p>	<p>Other measures</p> <p>In February, the President called for a moratorium in the implementation of the Economic Partnership Agreement (EPA) between CARIFORUM and the European Union to enable the Caribbean countries to pull through the global economic crisis.</p> <p>Measure remains in place: The moratorium remains in place.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>In June an increase in the ceiling on loans granted by mortgage finance companies for low-income housing purposes was announced.</p> <p>Measure remains in place.</p> <p>Agriculture</p> <p>In February 2009 the Government renewed its commitment to support the sugar and rice sectors.</p> <p>Measure remains in place.</p> <p>Increased support for the agricultural sector, including the "Grow More" campaign, the Agriculture Export Diversification Programme, and the Rural Enterprise and Agricultural Development Programme.</p> <p>Measure remains in place.</p> <p>Direct intervention in the flour, rice and sugar markets through cash transfers to producers and suppliers and the introduction of subsidies.</p> <p>Measure discontinued.</p> <p>Industry</p> <p>Cash subsidies and capital transfers to the electricity sector.</p> <p>Measure remains in place.</p> <p>In February the Government announced its renewed commitment to provide support for the traditional sectors: sugar, rice and bauxite, including engagements with the major operators to ensure the viability and realization of planned investments, especially in the bauxite and alumina industries.</p> <p>Measure remains in place.</p>	<p>Labour policy</p> <p>Adjustments in wages and salaries of public-sector employees and pensioners to compensate for the increased cost of living.</p> <p>Measure remains in place.</p> <p>Social programmes</p> <p>In June the Government and the Inter-American Development Bank launched the second phase of the US\$ 27.2 million Low Income Housing Settlement Programme (LISP).</p> <p>Measure remains in place.</p>	<p>In May, Guyana signed a Country Strategy Paper with the European Commission under the 10th European Development Fund, which clears the way for a US\$ 73 million grant for development objectives.</p> <p>Measure implemented.</p> <p>In June it was announced that Guyana was one of four Latin American and Caribbean nations to obtain increased access to funding from the Inter-American Development Bank during 2009 and 2010. Guyana will be able to borrow up to US\$ 28.6 million (previously the ceiling was US\$ 20.6 million).</p> <p>Measure implemented.</p> <p>In November, Guyana signed an agreement with the Government of Norway to receive US\$ 30 million in 2010, and up to US\$ 250 million by 2015 in support of Guyana's Low Carbon Development Strategy.</p> <p>Measure implemented.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>JAMAICA</p> <p>No new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011.</p>	<p>Legal reserve adjustments</p> <p>In December the Bank of Jamaica increased the cash reserve and liquid assets requirements for commercial banks, merchant banks and building societies. Further rises were decreed in January and February 2009.</p> <p>Measure discontinued: In July 2010, the Bank of Jamaica (BOJ) reduced the cash reserve ratio (CRR) on Jamaica Dollar prescribed liabilities of deposit taking financial institutions to 12.0% from 14.0%, given weak domestic demand conditions. This action enhanced the pool of loanable funds by \$ 4.5 billion. The reduction in the CRR led to a fall in the Liquid Assets Requirement (LAR) against Jamaica Dollar prescribed liabilities to 26.0% from 28.0%.</p> <p>Liquidity injections in national currency</p> <p>In November 2008 the Bank of Jamaica established an intermediation facility in foreign currency to facilitate the flow of credit. Later, this facility was extended to cover deposits and loans in local currency.</p> <p>Measure discontinued in 2010.</p> <p>In November, the Government of Jamaica secured an emergency credit line from IDB, for US\$ 500 million, in order to provide commercial banks with funds to lend to the production sectors.</p> <p>Measure implemented.</p> <p>New measure/measure discontinued: In fiscal year 2010/2011, BOJ created a special lending window for members of the financial sector who had cross-border investments. This facility was discontinued in April 2011, and the full amount of US\$ 175 million has been repaid by the sector.</p> <p>Changes to the monetary policy rate</p> <p>In October and December 2008, the Bank of Jamaica increased interest rates across the spectrum of open-market instruments.</p> <p>In July, the central bank reduced interest rates twice: by 100 and 150 basis points respectively.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>In December the Government announced an economic stimulus package that included tax cuts and low-cost loans for business, manufacturing and tourism activities.</p> <p>Measure discontinued: by late 2009, many of these measures were discontinued (e.g. the 50% reduction in the General Consumption Tax rate for the tourism sector ended in September 2009).</p> <p>In January the tax on dividends paid by non-listed companies was abolished and the transfer tax was reduced from 6.5% to 5%, while the income tax threshold was increased.</p> <p>Measure remains in place with modifications: In 2010 and 2011, the transfer tax was further reduced, to 4%, in May 2011, with zero-rated tax on the trading of registered corporate bonds (securities) and a reduced 1.5% rate imposed on death (deceased estates). The income tax threshold was further increased, to stand at GSS 441,168 from January 2010.</p> <p>In May, the Ministry of Finance and Planning announced a partial reversal of the tax measures presented in April. The General Consumption Tax will be waived for a number of imported goods (estimated revenue loss of US\$ 23 million). To compensate for this loss, the Government increased the Special Consumption Tax on cigarettes and established a new single rate of 25% for the Special Consumption Tax on certain spirits and beer. Those measures are expected to boost tax revenue by an additional US\$ 23 million.</p> <p>Measure remains in place.</p> <p>Increase or early disbursement of public spending allocations</p> <p>Additional expenditure of US\$ 29 million for local infrastructure such as roads, drains, gullies (and other urgent repairs) was authorized.</p> <p>Measure implemented.</p> <p>Other measures</p> <p>The Government is negotiating with the European Union for funds to finance the budget for 2009 and to cover the projected shortfall in income.</p> <p>Measure implemented.</p> <p>The Senate agreed to lift the public borrowing ceiling from US\$ 9 billion to US\$ 12 billion.</p> <p>Measure implemented.</p> <p>In early 2009 two US\$ 100-million loans were secured from the World Bank and the Caribbean Development Bank, respectively, to support the fiscal sustainability and debt programmes.</p> <p>Measure implemented.</p> <p>At the beginning of April, the Prime Minister announced a 15% cut in his salary and called for Members of Parliament to do likewise.</p> <p>Measure implemented.</p>	<p>Liquidity injections in foreign currency</p> <p>In October 2008 the Bank of Jamaica established a special loan facility in foreign currency for security dealers and deposit-taking institutions.</p> <p>No updated information on this measure</p> <p>In November 2008 the Bank of Jamaica established an intermediation facility in foreign currency to facilitate the flow of credit.</p> <p>Measure discontinued.</p> <p>Tariff reductions</p> <p>Effective 15 December 2008, barrels imported before the end of December containing articles totalling less than US\$ 3,000 in value were to be allowed in duty-free.</p> <p>Measure discontinued: This measure was implemented for two weeks in December 2008, to allow duty-free imports of personal effects during the holiday season.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Agriculture</p> <p>Creation of promotional programmes and subsidies to boost agricultural output.</p> <p>Measure remains in place: Promotional activities for the agricultural sector continue.</p> <p>Measure discontinued: No new subsidies were offered to the agricultural sector.</p> <p>Tourism</p> <p>In December the Government announced an economic stimulus package that included tax cuts and low-cost loans for business, manufacturing and tourism activities.</p> <p>Measure discontinued (see below).</p> <p>Intensive marketing campaign in the United States to position Jamaica as a sports tourism destination.</p> <p>No updated information on this measure.</p> <p>In August, the government agreed to extend the tourism stimulus package to September. The package included a 50% reduction in the General Consumption Tax rate paid by the sector as well as a loan scheme accompanied by an increased advertising budget.</p> <p>Measure discontinued: The 50% reduction in the GCT rate for tourism ended in September 2009.</p> <p>Industry</p> <p>In December the Government announced an economic stimulus package that included tax cuts and low-cost loans for business, manufacturing and tourism activities.</p> <p>Measure implemented.</p> <p>At the beginning of April, it was announced that a Special Task Force had been set up to look at proposals for the reform and restructuring of the bauxite sector. In May, the Government held talks with overseas stakeholders to determine the fate of the three bauxite plants whose operations have been scaled down. In July the Ministry of Energy and Mining announced that the Task Force had been working in collaboration with the bauxite and alumina companies to ensure compliance with the regulation, closely monitoring critical aspects of the closing-down process within the bauxite and alumina sector and its economic, environmental and social impact.</p> <p>Measures remain in place: The bauxite industry suffered heavy losses during the crisis, and three of the country's four alumina factories closed down in 2009. The government continues to seek ways to support the industry. In 2010, the Mining and Quarrying Sector Plan was published as part of the country's development road map, Vision 2030. One crucial element for the strengthening of the industry would be a reduction in the cost of energy (see below).</p> <p>At the end of April, the Minister of Industry, Investment and Commerce announced that the Government was exploring the possibility of generating cash by importing damaged vehicles to have them repaired in free-zone facilities for re-export.</p> <p>Measure implemented from May 2009.</p>	<p>Labour policy</p> <p>Wage rise for civil servants and adjustment of the national minimum wage.</p> <p>In August it was announced that the Government is determined to avoid job cuts in Jamaica's public sector, regardless of spending cuts, but has ruled out salary increases in order to keep the public sector wage bill under control.</p> <p>Measure remains in place: There is an ongoing 3 year wage freeze for fiscal years 2009/2010-2011/2012 and therefore there has been no increase in public sector wages. In turn, there have been no cuts in public service employment. The government established the Public Sector Transformation Unit (PSTU) to assess the state of the public service and make recommendations for improving efficiency and eliminating waste. The unit published its final report with recommendations in May 2011, estimating accumulated combined savings from these measures of J\$ 49.74 billion over a five (5) year period, with J\$ 25.45 billion accruing in the first two years.</p> <p>Social programmes</p> <p>A loan is being negotiated with IDB to maintain and broaden the Programme of Advancement Through Health and Education (PATH), and training and community empowerment.</p> <p>Measure implemented: IDB funding for PATH was granted.</p> <p>The Government announced that PATH would be provided with an additional US\$ 9.2 million to undertake an ambitious expansion that would extend the Programme's coverage to an estimated 120,000 additional beneficiaries.</p> <p>In May, the Government announced that it would spend US\$ 15 million during fiscal year 2009-2010 to ensure that poor Jamaicans were protected by its social safety net. This includes an additional US\$ 11 million to expand the PATH Programme, the scope of which was increased to 307,000 beneficiaries in February 2009. Allocations to the School Feeding Programme have also been increased, from US\$ 3 million to US\$ 11 million, and funding for public health services has been boosted by an additional US\$ 20 million.</p> <p>Measure remains in place: The government continues to protect social spending on health, nutrition, early childhood, education through its PATH programme, with support from multilateral institutions. In March 2011, IDB approved a US\$ 50 million loan for the programme.</p>	<p>The Government is negotiating with the European Union for funds to finance the budget for 2009 and to cover the projected shortfall in income.</p> <p>Measure implemented: In September 2009, EU approved budget support of US\$ 40.8 million.</p> <p>In November 2008, the Government of Jamaica secured an emergency credit line from IDB, for US\$ 500 million, in order to provide commercial banks with funds to lend to the production sectors.</p> <p>Measure implemented.</p> <p>A US\$ 300 million lending facility for January 2009 was negotiated with IDB (to be accessed through the EXIM Bank and other commercial banks).</p> <p>Measure implemented (see below).</p> <p>In early 2009 two US\$ 100-million loans were secured from the World Bank and the Caribbean Development Bank, respectively, to support the fiscal sustainability and debt programmes.</p> <p>Measure implemented (see below).</p> <p>In April, the Government announced that in the preceding months it had successfully negotiated a total of US\$ 951 million in credit from the World Bank, IDB and the Caribbean Development Bank to balance and support the fiscal and monetary accounts.</p> <p>Measure implemented.</p> <p>In May, the Government announced "pre-emptive" talks with IMF. In June, it was announced that there would be discussion on the terms under which Jamaica should enter into a funding arrangement with the Fund. At the end of July, it was announced that the loan would amount to US\$ 1.2 billion; that there would be a contraction in public expenditure to meet the conditionalities dictated by IMF, but preserving spending on public security, education and health. The Government expects to make a formal submission for the loan in September.</p> <p>Measure implemented: In February 2010, the IMF approved a 27-month Stand-By Arrangement with Jamaica for the amount of SDR 820.5 million (about US\$1.27 billion) to support the country's economic reforms and help it cope with the consequences of the global downturn. The key objectives of the arrangement are to support the Jamaican authorities' ample reform program to address deep-seated structural weaknesses in the country's economy, increase its growth potential, and make it less vulnerable to external shocks.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
JAMAICA	<p>Measure remains in place: BOJ has since continued to reduce policy rates throughout 2010 and 2011. By December 2011, the interest rate payable on its 30-day Certificate of Deposit (CD) stood at 6.25%. The rate on the Bank's overnight instrument stood at 0.25%.</p>	<p>In April, the Government announced a major package of tax measures to increase fiscal income and finance the 2009-2010 budget. Among the measures announced were:</p> <ul style="list-style-type: none"> (i) A major increase in the special fuel tax and an increase in the customs user fee levied on selected petroleum products. (ii) The broadening of the General Consumption Tax to cover goods previously exempted. (iii) A 100% increase in the income tax threshold. (iv) The establishment of a Large Taxpayer Office to deal with the 3% of taxpayers that provide 80% of the country's tax income. (v) The establishment of a Forensic Data-Mining Intelligence Unit to inspect the tax affairs of the self-employed. <p>Measures remain in place: In order to arrest the weakening of public finances, the government was forced to introduce new tax measures that raised rates on a variety of taxes in September 2009 and January 2010. These measures included increasing the special consumption tax on fuels and raising the general consumption tax (GCT) rate to 17.5% from 16.5%. At the same time, a number of exemptions from GCT were also announced. The outcome for fiscal year 2009/2010 was an increase in revenue of 18.2%, with revenue increasing from 27.1% to 29.9% of GDP. Meanwhile, public expenditures experienced a similar increase.</p> <p>In order to comply with the conditions dictated by the IMF to grant the requested loan, there would be a contraction in public expenditure, but preserving spending on public security, education and health. In August it was announced that the Government must cut spending for the current fiscal year by 20% because of falling revenue.</p> <p>Measure not implemented: As government expenditures increased at a similar pace as revenues, no significant fiscal adjustment occurred in 2009/2010.</p> <p>The Government of Jamaica affirmed increases in the General Consumption Tax (GCT) rate from 16.5% to 17.5%, however, some exemptions to this tax were also announced.</p> <p>Measure implemented (see above).</p>	

Sectoral policies

In June Trinidad and Tobago's Prime Minister announced that sending liquefied natural gas (LNG) to stimulate investments in Jamaica's alumina sector was now feasible. Trinidad and Tobago signed an agreement in 2004 to supply Jamaica with 1.1 million tons of LNG per year for 20 years, beginning in 2009, for use by the Jamalco refinery and the Jamaica Public Service Company's electric power plants.

Measure remains in place: While the 20-year agreement with Trinidad and Tobago fell through, Jamaica has found an alternate supplier: the Bolivarian Republic of Venezuela. The government is eager to pursue its LNG plans and is hoping to have LNG-powered electrical plants operating in Jamaica by 2014.

Other measures

As of 2010, several special loan windows are available through the Ex-Im Bank, Development Bank of Jamaica and Commercial Banks to support various industries.

Labour and social policies**Multilateral financing**

Besides alleviating immediate pressure on the public finances and providing needed balance-of-payments support, IMF backing has helped to bolster confidence in Jamaica's creditworthiness. The confidence boost stemming from IMF support has also allowed the monetary authorities to reduce interest rates substantially without weakening the Jamaican dollar.

Measures remain in place: Jamaica continues to engage with multilateral lending agencies to gain access to longer term loans at a preferential interest rate. For 2011, a loan total of US\$ 424.8 million is expected to be approved.

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
SURINAME No new anti-crisis measures were announced to counteract the negative effects of the international economic slowdown in 2011.	<p>Other measures</p> <p>Following the bailout of CLICO financial group in Trinidad and Tobago in January 2009, in late March the central bank of Suriname announced that it was closely monitoring the status of CLICO operations in Suriname to protect policyholders' interests, and was consulting with CLICO officers to find a solution to the growing liquidity and solvency problems faced by that firm's operations in Suriname.</p> <p>Measure discontinued: All CLICO clients in Suriname were processed satisfactorily after the bailout.</p> <p>New measure: In late 2011, a draft law to modernize the financial sector and increase Central Bank's autonomy was in discussion in the National Assembly. Other laws that would modernize the financial sector are in the final stage of drafting.</p>	<p>Other measures</p> <p>New measure: In 2011, the government introduced revenue-raising fiscal measures in order to tackle the fiscal deficit, which is threatening to reach 4% of GDP in 2011. These measures include:</p> <ul style="list-style-type: none"> (i) Increasing the fuel duty from Sr\$1/litre to Sr\$1.5/litre; (ii) Reintroducing a tax on motor vehicles; (iii) Raising the revenue tax by 2 percentage points, bringing the tax to 10% on the sale of goods and 12% on the sale of services. The government will also start to charge the tax on electricity and water bills, which were previously not taxed. By 2013, the revenue tax system is set to be replaced by a value-added tax (VAT) system, in order to broaden the tax base and implement an easier to administer digital-based collection system; (iv) Raising excise duties on alcohol and tobacco products by 50%; (v) Doubling the presumptive tax on casinos; and (vi) Reorganising the artisanal gold sector. 	<p>Exchange rate policy</p> <p>New measure: In January 2011, authorities devalued the official exchange rate by 20% <i>vis-à-vis</i> the US dollar. This operation brought the rate in the official market broadly in line with that in the parallel market. Following the unification of the exchange rates, the Central Bank of Suriname intervened on the forex market to support the new unified exchange rate. Intervention took place during the weeks after the devaluation through import-financing: Importers were enabled to purchase foreign exchange through their commercial banks from the Central Bank against the new exchange rate. The intervention thus covered the demand for foreign exchange needed for import purposes.</p> <p>Other measures</p> <p>New measure: In January 2011, the reserve requirement for foreign currency deposits was increased from 33% to 40%.</p> <p>New measure: Existing rules and laws were activated in 2011 in order to regulate and order the foreign exchange market.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
TRINIDAD AND TOBAGO As for many Caribbean countries, it is impossible to clearly distinguish previous anti-crisis measures from new anti-crisis measures that were implemented starting in 2011. As the region is only slowly recovering from the economic downturn, policy measures in most areas have remained in place since they were first introduced.	<p>Legal reserve adjustments</p> <p>New measure: To reduce liquidity, the Central Bank in November 2010 requested commercial banks to place in aggregate \$1 billion in an interest-bearing account for 18 months.</p> <p>Liquidity injections in national currency</p> <p>In April, the central bank governors of Trinidad and Tobago, Barbados and the Eastern Caribbean Currency Union announced the establishment of an US\$ 80 million regional Liquidity Support Fund to provide financial resources to the Eastern Caribbean territories affected by the collapse of CLICO. Trinidad and Tobago would be providing US\$ 50 million to the Fund.</p> <p>Measure implemented: The Liquidity Support Fund was set up in 2009 and has received the projected funding of US\$ 80 million.</p>	<p>Other measures</p> <p>With revenue falling short of projections in fiscal year 2008/2009 given the decline in energy prices, the Government has cut current spending and postponed some non-essential investment projects in order to avoid generating a fiscal deficit.</p> <p>Measure implemented.</p> <p>In June the Government declared that it planned to use the US\$ 2.9 billion saved in the Heritage and Stabilisation Fund (HSF) to fuel growth and to promote Trinidad and Tobago as a major provider of financial services.</p> <p>Measure not implemented: No withdrawals were made from HSF.</p> <p>The budget for fiscal year 2009-2010 approved in September contains</p> <ul style="list-style-type: none"> (i) a stimulus package for contractors; (ii) expansion of financing to the National Entrepreneurship Development Company to provide financing to the small and medium-sized enterprises; (iii) expansion of the Fair Share Programme for awarding public contracts to small contractors; 	<p>Increase in import duties and import restrictions</p> <p>The budget for fiscal year 2009-2010 includes an increase in excise and import duty on alcohol and tobacco of 15%.</p> <p>Measure remains in place.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Agriculture</p> <p>New measure: In 2011, rice farmers were given access to cheaper fertilizer, reducing production cost and therefore lower rice prices.</p> <p>Industry</p> <p>Following the announcement by BHP Billiton that it will pull out of Suriname in 2010 (affecting the Bakhuis aluminium development project), the Government has engaged in talks with Alcoa regarding that company's possible takeover of the project.</p> <p>Measure remains in place: In August 2009, Suralco, a subsidiary of Alcoa, became the sole owner of all activities in the bauxite sector, as Billiton withdrew from Suriname. The bauxite sector has continued to struggle in the wake of the world economic crisis, forcing Suralco to postpone all non-essential maintenance, stop all capital investments, and lower production.</p>	<p>Labour policy</p> <p>New measure: The outgoing government started to implement the second phase of the civil service reform in July 2010, awarding half of the negotiated salary increase, with the second half provided for in 2011. The rest of the negotiated increase was awarded by the new administration in January/February 2011.</p> <p>Social policy</p> <p>New measure: In 2010, government introduced a disability allowance, child allowance, and increased the old age fund from SG\$ 375 to SG\$ 425. Pensions were also increased by 10%.</p> <p>New measure: In December 2011, the Interamerican Development Bank (IDB) approved a US\$ 15 million loan to support the creation of a new Conditional Cash Transfer Program to benefit children and pregnant and lactating women from 15,000 low-income households.</p>	<p>New measure: In September 2011, Suriname became member of the International Financial Corporation (IFC) of the World Bank.</p> <p>New measure: In December 2011, the Interamerican Development Bank (IDB) approved a US\$ 15 million loan to support the creation of a new Conditional Cash Transfer Program to benefit children and pregnant and lactating women from 15,000 low-income households.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>New measure: In addition to a tax allowance for first-time home owners that was introduced in 2010, the government extended the subsidised interest rate of 2% to be accessible through all financial institutions for the purchase of HDC (Housing Development Corporation) houses in January 2011.</p> <p>New measure: The government has decided to reduce mortgage rates from the current 6-8% to 5-7%, which will benefit over 13,000 homeowners and will become effective during 2012.</p> <p>SMEs</p> <p>The budget for fiscal year 2009-2010 allocates increased funding to the National Entrepreneurship Development Company to provide financing to the small and medium-sized enterprises.</p> <p>Measure remains in place.</p> <p>New measure: Starting from January 2011, no customs entry is required for goods worth up to \$ 20,000.</p> <p>New measure: Starting from fiscal year 2011/2012, the government aims to facilitate SMEs' access to the stock exchange for financing: SMEs with a minimum capital of \$5 million will be able to list on the Stock Exchange if they have at least 25 shareholders, holding at least 30% of the share capital which must not exceed TT\$ 50 million.</p>	<p>Labour policy</p> <p>The Government has committed to maintaining key social programmes to provide employment to the poor.</p> <p>Measure remains in place.</p> <p>New measure: In fiscal year 2011/2012, the government will upgrade the Youth Development and Apprenticeship programme to address the high unemployment rate of the youth.</p> <p>New measure: In April 2011, the settlement of wage negotiations with the Public Services Association (PSA) has led to a 5% increase in salary, bringing temporary relief to the industrial relations climate.</p>	<p>New measure: In 2010, The Inter-American Development Bank (IDB) made a commitment to provide financing of US\$ 1.3 billion for the period of 2011-2015, whose purposes include water treatment, public capital expenditure management, climate change measures, rehabilitation and expansion of main roads and so on.</p> <p>In December 2011, the IDB signed two loan agreements or a total of US\$ 130 million. Of this total, US\$ 80 million is destined for the support of climate change policy, legislative and institutional reform, while the remaining US\$50 million will be used to ensure strengthening of the financial sector.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
TRINIDAD AND TOBAGO	<p>Changes to the monetary policy rate</p> <p>In late March the central bank reduced the repo rate by 25 basis points to 8.5%. This rate was subject to subsequent cuts reaching 5.75% in November.</p> <p>Measure remains in place: With the aim of reviving the domestic economic growth, the repo rate was reduced on five occasions during 2010 to an all-time low of 3.75% by Decemeber 2010. This reduction has brought down the prime lending rate from 8.8% on October 2010 to 8% in April 2011. In 2011, the Central Bank further lowered the repo rate in January, February and July, by 0.25% respectively, which took the rate to a record low of 3.00% where it remained for the rest of the year.</p> <p>Other measures</p> <p>CLICO financial group was bailed out to prevent contagion from spreading to other financial institutions.</p> <p>Measure implemented</p> <p>Regulation and supervision of the financial sector was improved.</p> <p>Measure remains in place: Improvement of regulation and supervision includes:</p> <ul style="list-style-type: none"> (i) the implementation of the Financial Institutions Act 2008, which provides for consolidated supervision and information sharing between the Central Bank and other authorities (both domestic and foreign) involved in financial sector supervision; (ii) production of the framework for Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT), which has been strengthened by the establishment of a separate Financial Intelligence Unit (FIU), under the FIU Act of 2009, and the renewal of the Financial Obligations Regulations (FOR) in 2010; (iii) new or updated guidelines, issued by the Central Bank, on corporate governance, impaired assets, and consolidated prudential reporting; and (iv) the expansion of the Central Bank's enforcement powers to include the issuance of compliance directions and the impositions of administrative fines. <p>In December 2011, the government signed a loan agreement of US\$ 50 million with the Inter-American Development Bank to ensure continuous strengthening of the financial sector.</p> <p>In April, the governor of the central bank announced that Trinidad and Tobago would be spending US\$ 800 million during the next two years on the bailout of CLICO.</p> <p>In April and May, the central bank performed forensic audits on CLICO and the CLICO Investment Bank.</p>	<ul style="list-style-type: none"> (iv) increases in Motor Vehicle Transfer Tax by 50%; (v) an increase in excise and import duty on alcohol and tobacco of 15%; and (vi) introduction of a revised property tax regime for residential, commercial and agricultural lands. <p>Measure remains in place with modifications:</p> <p>The budgets for 2010/2011 and 2011/2012 continued to focus on stimulating the economy. In addition, the budget for 2011/2012 allocates more resources to economic diversification towards the non-energy sector including agriculture and tourism, and social services such as health care, education and housing. The budget projects a fiscal deficit of -4.9% of GDP, the fourth consecutive fiscal deficit since 2008/2009.</p>	

Sectoral policies	Labour and social policies	Multilateral financing
<p>New measure: In fiscal year 2011/2012, the government is amending the Corporation Tax Act such that the SMEs will be eligible for a reduced tax rate of 10% for the first 5 years of operations.</p> <p>Agriculture</p> <p>New measure: Agricultural production is benefiting from public investments in the network of agricultural access roads and irrigation ponds.</p> <p>New measure: During the first quarter of 2011, the Ministry of Food Production, Land and Marine Affairs distributed 600 Agricultural Land Leases.</p> <p>New measure: Interest rates at the Agricultural Development Bank (ADB) were reduced from 6-8% to 3-5% in 2011.</p> <p>New measure: In 2011, the government initiated the Agricultural Incentive Programme under which farmers can get percentage rebates in purchasing irrigation equipment, land preparation, pest management and post-harvest marketing.</p> <p>Tourism</p> <p>The budget for fiscal year 2009-2010 includes a US\$ 4 million stimulus package for tourism.</p> <p>Measure remains in place with modifications: In fiscal year 2011/2012, the government is revising its investment incentive packages, for an increased focus on sustainable tourism.</p> <p>Industry</p> <p>The budget for fiscal year 2009-2010 includes increased tax incentives for capital retooling in the manufacturing sector. It also foresees a proposal of a single-regime Supplemental Petroleum Tax (SPT) for the energy sector.</p> <p>Measure implemented. In fiscal year 2011/2012, the government is still supportive of industrial economic activity, aiming for stronger diversification towards the non-energy sector.</p>		

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
TRINIDAD AND TOBAGO	<p>In May, the Government presented CLICO Financial Group's main shareholders with a list of demands for managerial control of the privately-owned conglomerate, including the reversal of a controversial and unauthorized sale of a 51% holding in CLICO Energy Co. Ltd., carried out in February, days after the Group was granted a bailout.</p> <p>In June the Government took over management of CLICO Financial Group.</p> <p>Measure remains in place with modifications: In 2010, the new government announced a different approach to the treatment of CLICO, restructuring and merging the traditional insurance business of CLICO and British American and preparing the merged entity for divestment.</p> <p>In 2011, the government announced made initial payments of TT\$ 75,000 to short term investors while investors whose principal balances exceeded TT\$ 75,000 would be paid through government bonds amortized over 20 years at zero interest rate.</p> <p>In 2011, the Minister of Finance announced the government's intention to establish a new entity which will issue an instrument for holders of Short Term Investment Products of CLICO. This instrument will have equal face value of their bonds at the date of exchange (significantly higher than their current market value).</p>		

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
EASTERN CARIBBEAN MONETARY UNION ANGUILLA	<p>Liquidity injections in national currency</p> <p>In April, the central bank governors of Trinidad and Tobago, Barbados and the Eastern Caribbean Currency Union announced the establishment of an US\$ 80 million regional Liquidity Support Fund to provide financial resources to the Eastern Caribbean territories affected by the collapse of CLICO. The Eastern Caribbean Currency Union would be providing US\$ 10 million to the Fund.</p> <p>Measure implemented: The Liquidity Support Fund was set up in 2009 and has received the projected funding of US\$ 80 million.</p> <p>Other measures</p> <p>In February 2009 the Eastern Caribbean Central Bank assumed control of the Bank of Antigua Ltd. (part of the Stamford financial group) in order to protect the interests of depositors and preserve the stability of the country's financial system.</p> <p>Measure discontinued: In July 16, 2009, the Eastern Caribbean Amalgamated Bank was incorporated, purchasing Bank of Antigua and commencing operations on October 18, 2010.</p>	<p>Other measures</p> <p>The Government has announced that it is considering cutting back on capital expenditure in order to control its overall expenditure.</p> <p>Measure implemented.</p> <p>In June a specific Eight Point Stabilization and Growth Programme to address the economic crisis was formalized at a meeting of the Organisation of Eastern Caribbean States (OECS)/Eastern Caribbean Currency Union (ECCU). The Programme includes fiscal reform, debt management, public sector investments and financial safety nets, amalgamation of indigenous commercial banks, and rationalization, development and regulation of the insurance sector. This is an ongoing initiative to be implemented at both the national and sub-regional level. In September, the first elements of the Programme were finalized.</p> <p>Measure remains in place: The country continues to implement the Eight Point Stabilization and Growth Programme.</p> <p>New measure: In November 2010, a 7% tax on telecommunications came into effect.</p>	

Sectoral policies	Labour and social policies	Multilateral financing

Sectoral policies	Labour and social policies	Multilateral financing

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
		<p>New measure: In April 2011, a new petroleum levy of 7% came into effect.</p> <p>New measure: In April 2011, an interim stabilization levy came into effect, with payments beginning in May 2011. The levy imposes a temporary 3% tax on wages, matched by a 3% tax rate payable by employers. A 6% stabilisation levy applies to the earnings of the self-employed.</p>	
<p>ANTIGUA AND BARBUDA</p> <p>As for many Caribbean countries, it is impossible to clearly distinguish previous anti-crisis measures from new anti-crisis measures that were implemented starting in 2011. As the region is only slowly recovering from the economic downturn, policy measures in most areas have remained in place since they were first introduced.</p>	<p>Liquidity injections in national currency</p> <p>In April, the central bank governors of Trinidad and Tobago, Barbados and the Eastern Caribbean Currency Union announced the establishment of an US\$ 80 million regional Liquidity Support Fund to provide financial resources to the Eastern Caribbean territories affected by the collapse of CLICO. The Eastern Caribbean Currency Union would be providing US\$ 10 million to the Fund.</p> <p>Measure implemented: The Liquidity Support Fund was set up in 2009 and has received the projected funding of US\$ 80 million.</p> <p>Other measures</p> <p>In February the Eastern Caribbean Central Bank assumed control of the Bank of Antigua Ltd. (part of the Stamford financial group) in order to protect the interests of depositors and preserve the stability of the country's financial system.</p> <p>Measure discontinued: In July 16, 2009, the Eastern Caribbean Amalgamated Bank was incorporated, purchasing Bank of Antigua and commencing operations on October 18, 2010.</p> <p>In June the chief financial regulator was dismissed for his role in the Stamford financial fraud case. In the aftermath of this case, a wide inquiry on the regulatory regime and administrative procedures was launched in July.</p> <p>Measure remains in place: The government passed legislation to strengthen the Financial Sector Regulatory Commission by enacting the Money Services Act in July 2010 and the Co-operative Societies Act in November 2010. The Money Services Act consolidates provisions respecting the licensing and regulation of money services business. The Co-operative Societies Act provides for the provision for the registration, supervision, governance operation and management of co-operative societies (credit unions).</p> <p>New measure: In May 2010, the Property portfolio of British American Insurance Company (BAICO) was sold to Caribbean Alliance Insurance Company (BAICO) was a subsidiary of CLICO, which collapsed in 2009 as a result of its exposure to the United States Housing market).</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Extension of list of articles subject to a zero rate for the Antigua and Barbuda Sales Tax.</p> <p>Measure discontinued.</p> <p>Elimination of consumption tax on certain articles (mainly food items).</p> <p>Measure discontinued.</p> <p>Reduction in service charge on certain articles (mainly food items).</p> <p>Measure discontinued.</p> <p>Subsidized utilities for pensioners.</p> <p>Measure discontinued.</p> <p>Other measures</p> <p>Pension payments increased.</p> <p>Measure remains in place.</p> <p>Negotiation with the Caribbean Development Bank for a US\$ 30 million loan to provide budgetary support for 2009.</p> <p>Measure implemented; the government of Antigua and Barbuda continues to receive funding from the Caribbean Development Bank.</p> <p>In April, the Government was evaluating a fiscal consolidation plan to balance public expenditure and revenue in light of the impact of the global recession. Among the measures included were the improvement of procurement practices, better management of vehicles, evaluation of the utility of rental quarters and the enhancement of revenue efficiencies.</p> <p>Measure remains in place: The National Economic and Social Transformation (NEST) Plan became operational was introduced in 2009. In addition to fiscal consolidation, it entails an economic sector plan, social transformation and financial sector stability. The plan is part of the medium to long term strategy of the government.</p>	<p>Other measures</p> <p>New measure: The Revised Treaty of Basseterre establishing the OECS Economic Union was signed on 18 June 2010.</p> <p>New measure: At least 15 Tax Information Exchange Agreements were signed, as set out by the OECD Action Plan.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Tourism</p> <p>In November the Government implemented an Emergency Economic Plan which seeks to provide some relief to the tourism sector in meeting the cost of its operations, and to protect workers in the industry from being laid off. Some measures included are discounting of electricity bills for hotels, establishment of joint marketing strategy and preferential tax rates.</p> <p>Measure discontinued</p> <p>New measure: As part of the NEST plan, starting from August 2011, capital items to assist in the improvement and refurbishment of properties would be exempted from the payment of customs duties. Also included in this exemption are operating equipment such as glass and silverware, room linens and small operating equipments; security apparatus and equipment.</p> <p>SMEs</p> <p>New measure: As part of the NEST plan, a Credit Guarantee Scheme was introduced which should have been available by August 2011, and would enable SMEs to access credit from authorised financial institutions. Government guarantees 80% of the approved loan to a maximum of \$ 20,000. (Done in collaboration with the Government, Antigua Barbuda Investment Authority and the Antigua and Barbuda Development Bank).</p> <p>Industry</p> <p>New measure: As part of the NEST plan, from August 1, 2011, the government was to waive import duty on all raw materials, packaging materials and machinery. Secondly, the government would waive the revenue recovery charge in respect of all raw materials, packaging materials and machinery.</p>	<p>Labour policy</p> <p>An unemployment fund was created to provide income for people who have lost their jobs.</p> <p>Measure not yet implemented: The introduction of the unemployment fund has been delayed.</p> <p>Social programmes</p> <p>Subsidized utilities for pensioners.</p> <p>Measure implemented.</p> <p>Pension payments increased.</p> <p>Measure remains in place.</p> <p>Expansion of the School Uniform Grant and School Meals Programmes.</p> <p>Measure remains in place.</p>	<p>Negotiation with the Caribbean Development Bank for a US\$ 30 million loan to provide budgetary support for 2009.</p> <p>Measure implemented; the government of Antigua and Barbuda continues to receive funding from the Caribbean Development Bank.</p> <p>New measure: In June 2010, the government signed an IMF Standby Arrangement for US\$ 117.8 million. This is a three year Stand-by arrangement. According to a review done in October 2010, the country has met the agreed fiscal targets.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
		<p>In June a specific Eight Point Stabilization and Growth Programme to address the economic crisis was formalized at a meeting of the Organisation of Eastern Caribbean States (OECS)/Eastern Caribbean Currency Union (ECCU). The Programme includes fiscal reform, debt management, public sector investments and financial safety nets, amalgamation of indigenous commercial banks, and rationalization, development and regulation of the insurance sector. This is an ongoing initiative to be implemented at both the national and sub-regional level. In September, the first elements of the Programme were finalized.</p> <p>Measure remains in place: The country continues to implement the plan. In 2011, it agreed to setting debt and fiscal targets.</p> <p>In August the Government received emergency funds —half loan, half grant— of US\$ 50 million from the Bolivarian Alternative for Latin America and the Caribbean (ALBA) to help pay back wages of hundreds of public employees who had not been paid since July.</p> <p>Measure implemented</p> <p>New measure: In January 2010, the rate of the Embarcation tax was increased from EC\$ 35 to EC\$ 50 for national and CARICOM citizens and from US\$ 18 to US\$ 25 for non-CARICOM citizens.</p> <p>New measure: In January 2010, the Passenger Facility Charge was increased from US\$ 10 to US\$ 25.</p> <p>New measure: In January 2010, the Revenue Recovery Charge at a single rate of 10% was introduced to replace the Customs Service Tax which had ranged from 0% to 10%. It is charged on all non-oil imports and domestic production.</p>	

Sectoral policies

Labour and social policies

Multilateral financing

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>DOMINICA</p> <p>As for many Caribbean countries, it is impossible to clearly distinguish previous anti-crisis measures from new anti-crisis measures that were implemented starting in 2011. As the region is only slowly recovering from the economic downturn, policy measures in most areas have remained in place since they were first introduced.</p>	<p>Liquidity injections in national currency</p> <p>In April, the central bank governors of Trinidad and Tobago, Barbados and the Eastern Caribbean Currency Union announced the establishment of an US\$ 80 million regional Liquidity Support Fund to provide financial resources to the Eastern Caribbean territories affected by the collapse of CLICO. The Eastern Caribbean Currency Union would be providing US\$ 10 million to the Fund.</p> <p>Measure implemented: The Liquidity Support Fund was set up in 2009 and has received the projected funding of US\$ 80 million.</p> <p>Other measures</p> <p>New measure: In 2010, the government passed the Money Service Business Act and Payments System Act (regulating Money Transfer and cheque changing service).</p> <p>New measure: In May 2010, the Property portfolio of British American Insurance Company (BAICO) was sold to Caribbean Alliance Insurance Company (BAICO was a subsidiary of CLICO, which collapsed in 2009 as a result of its exposure to the United States Housing market).</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Increase in income tax allowance and cut in tax rates.</p> <p>Measure remains in place: In January 2008, the first phase of the Income Tax Reform Programme was implemented. Overall, the reform consists of a tax reduction of three percentage points across tax brackets, and a EC\$ 5,000 increase in the tax free allowance. The third and final stage of the reform was implemented in January 2010.</p> <p>Increase or early disbursement of public spending allocations</p> <p>In April, the Government introduced a number of economic stimulus measures, including accelerated implementation of the public sector investment programme.</p> <p>Measure discontinued: During fiscal year 2009-2010, the rate of implementation of capital projects only reached 76.4% of budgeted capital expenditure.</p> <p>Other measures</p> <p>In April, the Government adopted austerity measures that included a freeze on international travel by civil servants except in exceptional circumstances, a freeze on procurement of non-essential goods and services and a reduction in public agencies' consumption of electrical power and telecommunications services.</p> <p>Measure discontinued.</p> <p>In June a specific Eight Point Stabilization and Growth Programme to address the economic crisis was formalized at a meeting of the Organisation of Eastern Caribbean States (OECS)/Eastern Caribbean Currency Union (ECCU). The Programme includes fiscal reform, debt management, public sector investments and financial safety nets, amalgamation of indigenous commercial banks, and rationalization, development and regulation of the insurance sector. This is an ongoing initiative to be implemented at both the national and sub-regional level. In September, the first elements of the Programme were finalized.</p> <p>Measure remains in place: The country continues to implement the plan.</p>	<p>Tariff reductions</p> <p>Tariff reductions for selected articles (mainly food items).</p> <p>Measure discontinued.</p> <p>Other measures</p> <p>New measure: The Revised Treaty of Basseterre establishing the OECS Economic Union was signed on 18 June 2010.</p> <p>New measure: At least 12 Tax Information Exchange Agreements were signed, as set out by the OECD Action Plan.</p>

Sectoral policies	Labour and social policies	Multilateral financing
	<p>Labour policy Minimum wage increased. Measure remains in place.</p> <p>Social programmes Social welfare payments increased by 10%. Measure remains in place.</p> <p>Exemption from hospital costs for certain sectors of the population. No updated information on this measure.</p> <p>Increase in school transfer subsidy. Measure remains in place.</p>	<p>At the beginning of July, the Government presented a formal request for a US\$ 5 million emergency loan to IMF under the Rapid-Access Component of the Exogenous Shocks Facility (ESF), in response to the adverse external economic conditions.</p> <p>Measure implemented: The IMF Board approved an ESF disbursement of US\$ 5.1 million in July 2009.</p> <p>New measure: In September 2009, the government agreed with the Export-Import Bank of China on a concessional loan of US\$ 40 million (11% of GDP) for projects in education and infrastructure. US\$ 24 million of the total (7% of GDP) would represent new expenditure and external financing not previously incorporated in the fiscal projections.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>GRENADA</p> <p>As for many Caribbean countries, it is impossible to clearly distinguish previous anti-crisis measures from new anti-crisis measures that were implemented starting in 2011. As the region is only slowly recovering from the economic downturn, policy measures in most areas have remained in place since they were first introduced.</p>	<p>Liquidity injections in national currency</p> <p>In April, the central bank governors of Trinidad and Tobago, Barbados and the Eastern Caribbean Currency Union announced the establishment of an US\$ 80 million regional Liquidity Support Fund to provide financial resources to the Eastern Caribbean territories affected by the collapse of CLICO. The Eastern Caribbean Currency Union would be providing US\$ 10 million to the Fund.</p> <p>Measure implemented: The Liquidity Support Fund was set up in 2009 and has received the projected funding of US\$ 80 million.</p> <p>Other measures</p> <p>New measure: In December 2009, the new Cooperatives Societies Act was passed. The Act provides for the provision for registration, supervision, governance operation and management of credit unions.</p> <p>New measure: In March 2010, a new Insurance Act was implemented, ensuring stronger regulation and supervision of the insurance industry. The new Act increases the capital and solvency requirements for insurance companies and makes provision for the establishment of statutory funds to protect policyholder's liabilities. It also imposes penalties on companies and their officers for non compliance and brings insurance agents, brokers and adjusters under greater supervision.</p> <p>New measure: In May 2010, the Property portfolio of British American Insurance Company (BAICO) was sold to Caribbean Alliance Insurance Company (BAICO was a subsidiary of CLICO, which collapsed in 2009 as a result of its exposure to the United States Housing market).</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>New measure: Between September and December 2010, the excise tax on new motor vehicles was temporarily removed.</p> <p>Other measures</p> <p>The Value Added Tax Bill 2009 was presented in the Senate. It will be implemented on 1 February 2010.</p> <p>Measure remains in place with modifications: The new 15% VAT and excise tax were introduced as planned in February 2010. Later in the year, the VAT was removed from text books and from service charges for hotels. It was lowered by 50% on construction materials.</p> <p>In June a specific Eight Point Stabilization and Growth Programme to address the economic crisis was formalized at a meeting of the Organisation of Eastern Caribbean States (OECS)/Eastern Caribbean Currency Union (ECCU). The Programme includes fiscal reform, debt management, public sector investments and financial safety nets, amalgamation of indigenous commercial banks, and rationalization, development and regulation of the insurance sector. This is an ongoing initiative to be implemented at both the national and sub-regional level. In September, the first elements of the Programme were finalized.</p> <p>Measure remains in place: The country continues to implement the plan.</p>	<p>Tariff reductions</p> <p>Suspension of common external tariff on selected goods.</p> <p>Measure discontinued.</p> <p>Other measures</p> <p>New measure: The Revised Treaty of Basseterre establishing the OECS Economic Union was signed on 18 June 2010.</p> <p>New measure: 13 Tax Information Exchange Agreements were signed, as set out by the OECD Action Plan.</p>
<p>MONTSERRAT</p> <p>As for many Caribbean countries, it is impossible to clearly distinguish previous anti-crisis measures from new anti-crisis measures that were implemented starting in 2011. As the region is only slowly recovering from the economic downturn, policy measures in most areas have remained in place since they were first introduced.</p>	<p>Other measures</p> <p>New measure: In May 2010, the Property portfolio of British American Insurance Company (BAICO) was sold to Caribbean Alliance Insurance Company (BAICO was a subsidiary of CLICO, which collapsed in 2009 as a result of its exposure to the United States Housing market).</p>	<p>Other measures</p> <p>In June a specific Eight Point Stabilization and Growth Programme to address the economic crisis was formalized at a meeting of the Organisation of Eastern Caribbean States (OECS)/Eastern Caribbean Currency Union (ECCU). The Programme includes fiscal reform, debt management, public sector investments and financial safety nets, amalgamation of indigenous commercial banks, and rationalization, development and regulation of the insurance sector. This is an ongoing initiative to be implemented at both the national and sub-regional level. In September, the first elements of the Programme were finalized.</p> <p>Measure remains in place: The country continues to implement the plan.</p> <p>New measure: The government is undertaking measures to strengthen tax collection through the merger of the Inland Revenue and Customs Departments into the Montserrat Customs and Revenue Services. While this process started in 2009, it is still ongoing.</p>	

Sectoral policies	Labour and social policies	Multilateral financing
	<p>Social programmes</p> <p>Free-milk programme for families with small children and persons with special needs.</p> <p>Measure discontinued.</p> <p>Food basket distribution programme.</p> <p>Measure discontinued.</p>	<p>New measure: In April 2010, the IMF agreed to an Extended Credit Facility of US\$ 13.3 Million; of this amount, US\$ 1.9 million was disbursed in April 2010 and US\$ 1.95 million in November 2010.</p>
	<p>Social programmes</p> <p>New measure: In September 2010, the government launched the Helping Youth Prepare for Employment programme which provides employment for the youth.</p> <p>New measure: In fiscal year 2009-2010, the government introduced monthly financial assistance to vulnerable households. The programme is ongoing.</p>	

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>SAINT KITTS AND NEVIS</p> <p>As for many Caribbean countries, it is impossible to clearly distinguish previous anti-crisis measures from new anti-crisis measures that were implemented starting in 2011. As the region is only slowly recovering from the economic downturn, policy measures in most areas have remained in place since they were first introduced.</p>	<p>Liquidity injections in national currency</p> <p>In April, the central bank governors of Trinidad and Tobago, Barbados and the Eastern Caribbean Currency Union announced the establishment of an US\$ 80 million regional Liquidity Support Fund to provide financial resources to the Eastern Caribbean territories affected by the collapse of CLICO. The Eastern Caribbean Currency Union would be providing US\$ 10 million to the Fund.</p> <p>Measure implemented: The Liquidity Support Fund was set up in 2009 and has received the projected funding of US\$ 80 million.</p> <p>Other measures</p> <p>On 31 July 2009, the High Court ordered that the business conducted in Saint Kitts and Nevis by British American Insurance Company Limited, part of CLICO Financial Group, be placed under judicial management. A full audit is to be carried out on the company's operations.</p> <p>Measure discontinued: In May 2010, the Property portfolio of British American Insurance Company (BAICO) was sold to Caribbean Alliance Insurance Company (BAICO) was a subsidiary of CLICO, which collapsed in 2009 as a result of its exposure to the United States Housing market).</p> <p>New measure: The Financial Services Regulatory Commission that was established in 2009 became operational in October 2010, with the goal to regulate the non-bank financial sector as a single regulatory unit.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Elimination of consumption tax on 10 food and non-food products.</p> <p>Measure discontinued.</p> <p>Price controls extended to a larger number of goods.</p> <p>Measure discontinued.</p> <p>Other measures</p> <p>In June a specific Eight Point Stabilization and Growth Programme to address the economic crisis was formalized at a meeting of the Organisation of Eastern Caribbean States (OECS)/Eastern Caribbean Currency Union (ECCU). The Programme includes fiscal reform, debt management, public sector investments and financial safety nets, amalgamation of indigenous commercial banks, and rationalization, development and regulation of the insurance sector. This is an ongoing initiative to be implemented at both the national and sub-regional level. In September, the first elements of the Programme were finalized.</p> <p>Measure remains in place: The country continues to implement the plan.</p> <p>New measure: In November 2010, a VAT of 17% and excise tax was introduced.</p> <p>New measure: Effective 2011, the Housing and Social Development Levy was restructured (Payroll tax increase from 3% to 3.5% for tier 1; tier 2- increase from 8% to 10% and tier 3- increase from 10% to 12%).</p> <p>New measure: A temporary public sector wage and hiring freeze was implemented for the period 2010-2013.</p> <p>New measure: Since 2010, travel and overtime expenses in public service have been curtailed.</p> <p>New measure: Since 2010, existing regulation concerning the age of retirement from public service has been enforced.</p> <p>New measure: In October 2008, the Federation national Assembly passed the Unincorporated Business Act, imposing a 4% tax on every person carrying on business in the country. The tax replaces the Traders Tax (small business tax).</p>	<p>Tariff reductions</p> <p>Suspension of common external tariff on 31 food and non-food products.</p> <p>Measure discontinued.</p> <p>Other measures</p> <p>New measure: The Revised Treaty of Basseterre establishing the OECS Economic Union was signed on 18 June 2010.</p> <p>New measure: 15 Tax Information Exchange Agreements were signed, as set out by the OECD Action Plan.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>New measure: In June 2011, a temporary (18 months) import duty exemption was established for first time homeowners, up to a house cost of EC\$ 400,000.</p> <p>Agriculture</p> <p>Distribution of 224 acres of land to rural workers for agricultural production.</p> <p>Measure implemented.</p> <p>New measure: In 2010, agricultural development was supported through the provision of land and other essential inputs.</p> <p>Tourism</p> <p>In July, the Tourism Minister stated that the government had introduced stimulus measures for small hotels, and negotiated with airlines and big resort operators to try to maintain the flow of visitors.</p> <p>Measure discontinued.</p> <p>A stimulus package for restaurants was implemented in July in order to preserve jobs. This stimulus package will extend for a period of one year and allows qualifying restaurants access to duty-free imports of food and wine, as well as a one-time duty-free import of cutlery, plates, glasses, furniture and kitchen appliances and equipment.</p> <p>Measure discontinued.</p> <p>Industry</p> <p>New measure: In June 2010, Wind energy production commenced in St. Kitts and Nevis.</p>	<p>Labour policy</p> <p>Revision of minimum wage.</p> <p>Measure remains in place.</p>	<p>New measure: In January 2011, St. Kitts and Nevis entered into a 3 year Stand by Arrangement with the IMF to support economic recovery and debt restructuring. As of October 2011, a total amount of US\$ 35.5 million had been disbursed.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>SAINT LUCIA</p> <p>As for many Caribbean countries, it is impossible to clearly distinguish previous anti-crisis measures from new anti-crisis measures that were implemented starting in 2011. As the region is only slowly recovering from the economic downturn, policy measures in most areas have remained in place since they were first introduced.</p>	<p>Liquidity injections in national currency</p> <p>In April, the central bank governors of Trinidad and Tobago, Barbados and the Eastern Caribbean Currency Union announced the establishment of an US\$ 80 million regional Liquidity Support Fund to provide financial resources to the Eastern Caribbean territories affected by the collapse of CLICO. The Eastern Caribbean Currency Union would be providing US\$ 10 million to the Fund.</p> <p>Measure implemented: The Liquidity Support Fund was set up in 2009 and has received the projected funding of US\$ 80 million.</p> <p>Other measures</p> <p>New measure: In May 2010, the Property portfolio of British American Insurance Company (BAICO) was sold to Caribbean Alliance Insurance Company (BAICO) was a subsidiary of CLICO, which collapsed in 2009 as a result of its exposure to the United States Housing market).</p> <p>New measure: In 2011, the Financial Regulatory Services Authority Act was passed, paving the way for reforms of the institutional arrangements for financial supervision.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Suspension of consumption tax on nine articles.</p> <p>Measure remains in place: Articles of basic consumption remain free of tax.</p> <p>Increase in subsidies for bulk imports of rice, flour and sugar.</p> <p>Measure remains in place: Rice, flour and sugar imports continue to be subsidized.</p> <p>Number of staple foods and health-related articles subject to price controls increased from 15 to 44.</p> <p>Measure remains in place: Price controls continue to apply for basic foodstuffs.</p> <p>Increase or early disbursement of public spending allocations</p> <p>The Government has implemented a stimulus package (US\$ 10 million) directed mainly at creating short term employment.</p> <p>Measure implemented.</p> <p>Other measures</p> <p>In June a specific Eight Point Stabilization and Growth Programme to address the economic crisis was formalized at a meeting of the Organisation of Eastern Caribbean States (OECS)/Eastern Caribbean Currency Union (ECCU). The Programme includes fiscal reform, debt management, public sector investments and financial safety nets, amalgamation of indigenous commercial banks, and rationalization, development and regulation of the insurance sector. This is an ongoing initiative to be implemented at both the national and sub-regional level. In September, the first elements of the Programme were finalized.</p> <p>Measure remains in place: The country continues to implement the plan.</p>	<p>Tariff reductions</p> <p>Suspension of common external tariff.</p> <p>Measure discontinued.</p> <p>Other measures</p> <p>New measure: The Revised Treaty of Basseterre establishing the OECS Economic Union was signed on 18 June 2010.</p> <p>New measure: 18 Tax Information Exchange Agreements were signed, as set out by the OECD Action Plan.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Housing</p> <p>A housing project totalling US\$ 26 million will be implemented in Fort Vieux in 2009.</p> <p>Measure implemented: The housing project in Fort Vieux was implemented; the government continues to fund social housing programmes.</p> <p>SMEs</p> <p>The government will use resources approved by IMF to fund small businesses.</p> <p>Measure implemented; the government continues to provide support for SMEs.</p> <p>Tourism</p> <p>The Government has increased resources available for tourism marketing.</p> <p>Measure implemented; the government continues to provide support for the tourism sector.</p> <p>Industry</p> <p>A number of infrastructure projects will be rolled out in 2009: the National Hospital (US\$ 52 million), the construction and rehabilitation of several major roads and the redesign of Castries port.</p> <p>Measures implemented; the government continues to invest in infrastructure.</p>	<p>Labour policy</p> <p>The Government has implemented a stimulus package (US\$ 10 million) directed mainly at creating short-term employment in various projects.</p> <p>Measure implemented.</p>	<p>At the end of July, IMF approved a US\$ 10.7 million disbursement under the Exogenous Shock Facility to help the country cope with the effects of the global crisis. The resources will be used to fund small businesses for financing the 2009/2010 budget.</p> <p>Measure implemented: The ESF funds were disbursed as planned.</p>

Country	Monetary and financial policy	Fiscal policy	Exchange-rate and foreign-trade policies
<p>SAINT VINCENT AND THE GRENADINES</p> <p>As for many Caribbean countries, it is impossible to clearly distinguish previous anti-crisis measures from new anti-crisis measures that were implemented starting in 2011. As the region is only slowly recovering from the economic downturn, policy measures in most areas have remained in place since they were first introduced.</p>	<p>Liquidity injections in national currency</p> <p>In April, the central bank governors of Trinidad and Tobago, Barbados and the Eastern Caribbean Currency Union announced the establishment of an US\$ 80 million regional Liquidity Support Fund to provide financial resources to the Eastern Caribbean territories affected by the collapse of CLICO. The Eastern Caribbean Currency Union would be providing US\$ 10 million to the Fund.</p> <p>Measure implemented: The Liquidity Support Fund was set up in 2009 and has received the projected funding of US\$ 80 million.</p> <p>Other measures</p> <p>New measure: In May 2010, the Property portfolio of British American Insurance Company (BAICO) was sold to Caribbean Alliance Insurance Company (BAICO) was a subsidiary of CLICO, which collapsed in 2009 as a result of its exposure to the United States Housing market).</p> <p>New measure: In November 2010, the government sold 51% of its shares in National Commercial Bank to East Caribbean Financial Holding Limited, due to liquidity problems. As planned, an additional 29% of the government's shares were divested in February 2012 to the St. Vincent and the Grenadines National Insurance Service.</p>	<p>Tax cuts or benefits and subsidy increases</p> <p>Extension of list of zero-rated and VAT-exempt articles, including staple foods.</p> <p>Measure remains in place with modifications: Basic food items continue to be exempt from VAT.</p> <p>Other measures</p> <p>In June a specific Eight Point Stabilization and Growth Programme to address the economic crisis was formalized at a meeting of the Organisation of Eastern Caribbean States (OECS)/Eastern Caribbean Currency Union (ECCU). The Programme includes fiscal reform, debt management, public sector investments and financial safety nets, amalgamation of indigenous commercial banks, and rationalization, development and regulation of the insurance sector. This is an ongoing initiative to be implemented at both the national and sub-regional level. In September, the first elements of the Programme were finalized.</p> <p>Measure remains in place: The country continues to implement the plan.</p>	<p>Tariff reductions</p> <p>Review of common external tariff on certain commodities.</p> <p>Measure discontinued.</p>

Sectoral policies	Labour and social policies	Multilateral financing
<p>Tourism</p> <p>The Government established several measures to support the tourism sector: a preferential rate for electricity, tax rebates for hotel and yacht operators and a loan facility for hoteliers.</p> <p>Measure discontinued.</p>	<p>Labour policy</p> <p>The Government has proposed that the National Insurance Service (NIS) provide a contribution to persons who are displaced or become unemployed as a result of the crisis.</p> <p>Measure not implemented.</p> <p>Social programmes</p> <p>Strengthening of social safety nets including increased benefits for the poor, a student support programme, and an increase in the non-contributory pension for the elderly.</p> <p>Measure implemented: The measure was at least partially implemented, as the National Insurance Service implemented a non-contributory, means-tested benefit to assist the elderly to cope with the impact of the crisis.</p>	<p>In May, IMF approved a US\$ 5.7 million disbursement under the Exogenous Shock Facility to help the country to cope with the effects of the global crisis.</p> <p>Measure implemented.</p>

Liquidity injections in national currency

Crisis liquidity facilities: the following measures were taken to provide liquidity to the financial system:

- (i) On 12 December 2007, the Bank of Canada announced that it would enter into term purchase and resale agreements (term PRAs). The facility became effective 13 December 2007 and was modified 21 April 2009 to also reinforce the Bank of Canada's conditional statement regarding the expected future path of the target overnight rate.

Measure discontinued on 12 April 2010.

- (ii) The Bank of Canada announced the expansion of the range of acceptable collateral for its Standing Liquidity Facility (SLF). SLF provides liquidity to institutions that participate directly in the Large Value Transfer System (LVTS) and the Automated Clearing Settlement System (ACSS) (12 December 2007). This measure included:
- Lowering the minimum pool size for the National Housing Act Mortgage-Backed Securities (NHA-MBS) accepted as SLF collateral (5 June 2008).
 - The addition of United States Treasury securities (25 June 2008) and Asset-Backed Commercial Paper (ABCP) (31 March 2008) to the list of SLF-eligible securities.
 - Changes in eligibility requirements for ABCP accepted as collateral (11 September 2008).

Measure remains in place.

- (iii) Canada Mortgage and Housing Corporation (CMHC) launched a new quarterly 10-year Canada Mortgage Bond maturity on 31 July 2008; this was expected to raise up to US\$ 8.4 billion in supplementary funding for financial institutions in 2009.

Measure implemented.

- (iv) As part of the G7 Action Plan, the Bank of Canada introduced the following new measures to provide liquidity to the financial system:
- To provide significant term liquidity to the financial sector, the amount to be auctioned on 15 October of the 27-day Term Purchase and Resale Agreement (PRA)—an open-market operation designed to lower overnight interest rates and increase the money supply—was set at US\$ 8.4 billion.

Measure implemented.

- To enhance the distribution of liquidity, term PRAs were permitted to be transacted with direct participants in LVTS as well with primary dealers until further notice (effective 21 October 2008); the Bank of Canada announces (on 25 June 2009) that the auctions of regular term PRA will continue through at least the end of January 2010;

Measure discontinued: the term PRAs were discontinued on 12 April 2010 (see above).

- To enhance the functioning of money markets, the Bank of Canada offered a new term PRA facility on a temporary basis, directly for primary dealers and indirectly for other money market participants (Term PRA for Private Sector Money Market Instruments, 14 October 2008).

Measure discontinued: The facility became effective 27 October 2008 and was discontinued 16 March 2009. It was replaced by the Term PRA for Private Sector Instruments (see below).

- To give institutions greater flexibility in managing collateral, the Bank of Canada is accepting an assignment of non-mortgage loan portfolios as eligible collateral for LVTS and SFL purposes, effective from 20 October 2008 until 2 November 2009; on 25 June 2009 the Bank announced it would continue to accept, for a temporary period until at least 1 February 2010, an assignment of non-mortgage loan portfolios as eligible collateral for LVTS and standing liquidity facility purposes; on 5 November

2009 the Bank of Canada announced that, starting 2 February 2010, this temporary measure will be gradually reduced from 100% to 20% of each participant's total pledged collateral. As a result, a new limit of 80% of total collateral pledged will come into effect as of 2 February 2010. It will then be reduced to 50% as of 1 March 2010, and to 20% as of 1 April 2010.

Measure remains in place after the reductions were implemented: non-mortgage loan portfolios remain as eligible collateral with a limit of 20% of total collateral pledged.

- Up to US\$ 21 billion in NHA-MBS insured mortgage pools to be purchased through CMHC to maintain availability of longer-term credit (10 October 2008); the total size of the program is increased to US\$ 105 billion under the Extraordinary Financing Framework (27 January 2009)

Measure discontinued: This programme (the Insured Mortgage Purchase Programme (IMPP)) ran to the end of March 2010.

- (v) As part of the G7 Action Plan, the Canadian Lenders Assurance Facility (CLAF) was created on 23 October 2008: this is a temporary programme to guarantee mid- to long-term debt issued by Canadian banks and other federally-regulated deposit-taking institutions.

Measure discontinued: Reflecting improved credit conditions in funding markets, the Canadian Lenders Assurance Facility expired at the end of December 2009.

- (vi) The base commercial pricing of CLAF was reduced by 25 basis points, and the 25 basis points across-the-board surcharge for insurance provided under the Facility was waived until further notice, making the facility more competitive with similar programmes offered in other countries (12 November 2008).

Measure implemented.

- (vii) The Office of the Superintendent of Financial Institutions (OSFI) announced an increase in the allowable limit of innovative and preferred shares in Tier 1 capital, providing financial institutions with more sources of funds to support lending (12 November 2008).

Measure remains in place.

- (viii) Further to the measures implemented under the G7 Action Plan, the Bank of Canada announced a Term Loan Facility (TLF) allowing LVTS participants to use non-mortgage portfolios as collateral for term loans (12 November 2008). On 22 September 2009, the Bank of Canada announced that the facility would expire at the end of October 2009 because of better market conditions.

Measure discontinued: As announced, the measure expired at the end of October 2009.

- (ix) To provide a source of liquidity for off-the-run Government of Canada securities, the Bank of Canada announced the following changes to the cash management and regular buyback programmes: the existing buyback floors were reduced to US\$ 2.5 billion for all maturities; buyback operations were scaled back for the remainder of the fiscal year (22 December 2008).

Measure implemented.

- (x) Extraordinary Financing Framework (EFF) of the Economic Action Plan (27 January 2009): this framework will provide up to US\$ 170 billion to address difficulties in specific credit market segments, mitigate systemic risks and put financial institutions on a more level playing field with initiatives undertaken by trading partners:
- An additional US\$ 42 billion of insured mortgage pools will be purchased under the Insured Mortgage Purchase Programme (IMPP), in addition to the US\$ 63 billion of purchases already authorized, increasing the total size of the Programme to US\$ 105 billion.

Measure discontinued: The Insured Mortgage Purchase Programme ran to the end of March 2010.

- The resources and scope of action available to the federal Crown corporations was enhanced, with US\$ 11 billion being provided in incremental financing to the business sector.

Measure implemented.

- To further help small businesses gain access to financing, the Government increased the maximum eligible loan amount under the Canada Small Business Financing Programme for loans made after 31 March 2009 (lending under the scheme could be increased by some US\$ 250 million per year).

Measure remains in place.

- Up to US\$ 10 billion will be allocated to a new Canadian Secured Credit Facility to purchase term asset-backed securities backed by loans and leases on vehicles and equipment (facilitating vehicle and equipment financing).

Measure discontinued: The Canadian Secured Credit Facility ran to the end of March 2010.

- The deadline for CLAF was extended to 31 December 2009.

Measure discontinued.

- (xi) A new term PRA facility was created for private sector instruments (23 February 2009), incorporating four major changes to the previous term PRA facility for this sector (the Term PRA for Private Sector Money Market Instruments): the set of eligible securities was expanded to include corporate bonds; the range of potentially eligible counterparties now includes federally or provincially regulated market participants who have significant activity in the corporate bond market; the minimum bid rate has been significantly reduced; and the term of transactions has been expanded from 2 weeks to 1 and 3 months. On 22 September 2009, the Bank of Canada announced that the facility would expire at the end of October 2009 because of better market conditions.

Measure discontinued: As announced, the measure expired at on 27 October 2009.

- (xii) Bank of Canada announced on 25 June 2009 the extension of the following temporary liquidity facilities: auctions of regular term PRA will continue through at least the end of January 2010; the Bank will continue to accept, for a temporary period until at least 1 February 2010, an assignment of non-mortgage loan portfolios as eligible collateral for LVTS and standing liquidity facility purposes.

Measure discontinued: The frequency of regular term PRA was reduced from weekly to biweekly and subsequently, to monthly. At the beginning of February 2010, the Bank began to reduce the eligibility of non-mortgage loans as collateral for the Standing Liquidity Facility from 100% to 20%.

- (xiii) On 20 October 2009, the Bank of Canada released the new schedules for its Term PRA liquidity operations commencing the week of 26 October and running through January 2010. It also announced changes to the amounts managed by these programmes, as conditions in funding markets have improved. On 15 December 2009, the Bank of Canada announced the following changes, effective 19 January 2010: operations will be held on a monthly basis rather than bi-weekly; and only Canadian dollar securities eligible under the Bank of Canada's Standing Liquidity Facility will be eligible for term PRAs.

Measure implemented: Improved conditions in funding markets have allowed the Bank of Canada to stop providing Canadian dollar- liquidity through the temporary facilities put in place during the crisis. At the end of June 2009, prospective sunset dates for all of the Bank's extraordinary liquidity operations were announced.

- (xiv) New measure: In response to a G-20 commitment, the Governors and heads of Supervision (GHOS), the governing body of the Basel Committee on Bank Supervision (BCBS), agreed in July and September 2010 to several measures for strengthening capital and liquidity regulation. The measures are outlined in <http://www.bis.org/press/p100726.htm> and <http://www.bis.org/press/p100912.htm>.

Changes to the monetary policy rate.

The Bank of Canada lowered its overnight interest rate target from 0.50% to 0.25% on 21 April 2009; this decision brings the cumulative monetary policy easing to 425 basis points since December 2007. The Bank reaffirmed its commitment to hold the policy rate at that level until the end of the second quarter of 2010.

Measure discontinued: The Bank maintained the target overnight rate at 0.25% until July 2010, when it started to reduce monetary stimulus. On 20 July 2010 the Bank of Canada announced that it was raising its target rate to 0.75%. On 8 September 2010 the target for the overnight rate was raised again to 1%, and as of January 2012, it is still at this level. The Bank Rate is correspondingly 1.25% and the deposit rate is 0.75%.

Other measures.

In June 2009, the Minister of Finance announced the launch of the Transition Office, which will head the effort to establish a Canadian securities regulator. The Minister also announced the establishment of a Task Force on Financial Literacy to help create a cohesive national strategy to support initiatives across Canada aimed at improving financial education.

Measure remains in place: The Canadian Securities Transition Office is heading the effort to establish a national Canadian securities regulator to replace the current system of 13 provincial and territorial regulators.

Measure implemented: Task Force on Financial Literacy delivered its final report on 9 February 2011.

Fiscal policy

Tax cuts or benefits and subsidy increases

Tax relief measures benefiting both businesses and private households were announced on 31 December 2008, amounting to a tax reduction of US\$ 26 billion in fiscal year 2009-2010:

- Introduction of the Tax-Free Savings Account.
- Reduction of the general corporate income tax rate from 19.5% to 19%.
- Extension of accelerated capital cost allowance treatment for three years for investment in manufacturing or processing machinery and equipment.
- As part of the Fifth Protocol to the Canada-United States Income Tax Convention, the rate of withholding tax on interest payments from Canada to non-arm's length United States lenders is reduced from 7% to 4%.
- Proposal of a one-time change allowing Registered Retirement Income Fund (RRIF) holders to reduce their required minimum withdrawal by 25% for 2008.

Measure remains in place with modifications: On 28 December 2009, the Government announced tax relief measures coming into effect in 2010, including:

The Government announced on 28 December 2009 tax relief measures coming into effect in 2010, including:

- A reduction from 19% to 18% of the federal general corporate income tax rate.

- (ii) An increase from 10% to 25% in the pension surplus threshold under the Income Tax Act.
- (iii) Changes associated with the Fifth Protocol to the Canada-United States Tax Convention, including the final step in the phased elimination of withholding tax on non-arm's length interest paid between the two countries —the rate drops from 4% in 2009 to zero on 1 January 2010.

In the framework of the Economic Action Plan, US\$ 17 billion will be made available in personal income tax relief in the next five fiscal years, and employment insurance rates will be kept low.

Measure implemented.

Increase or early disbursement of public spending allocations

Economic Action Plan: unveiled with the Budget 2009 on 27 January 2009, the plan will provide temporary economic stimulus of almost US\$ 25 billion (equivalent to 1.9% of GDP) to help Canadian families and businesses deal with short-term challenges. This plan includes the following measures:

- (i) Investment in infrastructure, roads, bridges, broadband internet access, electronic health records, laboratories and border crossings countrywide (US\$ 10 billion).
- (ii) Action to stimulate housing construction (US\$ 6.5 billion); measures include a home renovation tax credit providing an estimated 4.6 million Canadian families with up to US\$ 1,130 each, funding for energy retrofits, investments for social housing, and low-cost loans to municipalities.
- (iii) Action to help the Canadians worst affected by the crisis (US\$ 7 billion).
- (iv) Support for businesses and communities (US\$ 6.3 billion).

Measure implemented: As of June 2011, the Action Plan was on track to deliver C\$ 25.5 billion in further stimulus in its second year, and roughly C\$ 2.7 billion in funding for extended infrastructure programmes was expected to be claimed in 2011-2012. The following measures have been implemented:

- (i) Reducing the Tax Burden for Canadians: C\$ 3.02 billion was spent in 2009-2010 and C\$ 3.18 billion was spent in 2010-2011, for a total of C\$ 6.20 billion.
- (ii) Helping the Unemployed: C\$ 3.35 billion in 2009-2010 and C\$ 4.88 billion in 2010-2011, for a total of C\$ 8.23 billion.
- (iii) Building Infrastructure to Create Jobs: C\$ 6.03 billion in 2009-2010, C\$ 7.75 billion in 2010-2011, and C\$ 1.04 billion to be spent in 2011-2012, for a total of C\$ 14.82 billion.
- (iv) Advancing Canada's Knowledge Economy and Creating Better Jobs: C\$ 1.55 billion in 2009-2010, C\$ 1.96 billion in 2010-2011, and C\$ 0.25 to be spent in 2011-2012, for a total of C\$ 3.76 billion.
- (v) Supporting Industries and Communities: C\$ 10.98 billion in 2009-2010 and C\$ 2.21 billion in 2010-2011, for a total of C\$ 13.19 billion.

Recreational Infrastructure Canada (RInC) Programme (11 May 2009): The RInC Programme was created under Canada's Economic Action Plan, providing US\$ 458 million over two years to upgrade or rehabilitate existing recreational facilities in cooperation with provinces and territories.

The Government announced on 18 December 2009 that total transfers to provinces and territories will increase by US\$ 2.3 billion in 2010-2011, bringing total federal support to US\$ 53 billion.

Measures implemented/discontinued: Total federal stimulus measures amount to C\$ 24.93 in 2009-2010, C\$ 19.98 billion in 2010-2011, and C\$ 1.29 billion to be claimed in 2011-2012, for a total of C\$ 46.20 billion. Including provincial and

territorial actions, the total amount of stimulus provided by the Economic Action Plan in 2009-2010 and 2010-2011 is C\$ 60.23 billion. The vast majority of the support provided by the Economic Action Plan ended on 31 March 2011, as planned.

New measures: In June 2011, the Government announced that it would build on the achievements of Canada's Economic Action Plan with a new phase designed to secure the recovery and improve the well-being of Canadians over the long-term. "The Next Phase of Canada's Economic Action Plan: A Low-Tax Plan for Jobs and Growth" was unveiled with the Budget 2011.

Exchange-rate and foreign-trade policies

Liquidity injections in foreign currency

Currency swaps: swap facility with United States Federal Reserve, the Bank of England, the European Central Bank (ECB), the Bank of Japan and the Swiss National Bank, as part of coordinated central bank actions to improve the liquidity conditions in global financial markets:

- (i) To respond to continued strains in short-term funding markets the swap facility was expanded from US\$ 10 billion to US\$ 30 billion on 29 September 2008.
- (ii) To address continued pressures in global United States dollar funding markets, on 3 February 2009 the temporary reciprocal currency arrangements between the United States Federal Reserve, the Bank of Canada and other central banks was extended to 30 October 2009.
- (iii) On 25 June 2009 the Bank of Canada and the United States Federal Reserve announced that they had agreed to extend their expanded US\$ 30 billion swap facility to 1 February 2010.

Measure discontinued: The facility was terminated on 1 February 2010.

- (iv) New measure: On 9 May 2010, the Federal Reserve, European Central Bank, Bank of Canada, Bank of England, and Swiss National Bank announced reestablishment of temporary U.S. dollar liquidity swap facilities.
- (v) On 21 December 2010, the Bank of Canada and the Federal Reserve agreed to extend their US\$ 30 billion swap facility (reciprocal currency arrangement) to 1 August 2011. This swap facility, re-established in May 2010, was set to expire in January 2011. On 29 June 2011, both institutions agreed to again extend their US\$ 30 billion swap facility again to 1 August 2012. On 30 November 2011, the facility was extended once again through 1 February 2013, and the price on the existing temporary swap arrangement was lowered by 50 basis points, so that the new rate would be the U.S. dollar overnight index swap (OIS) rate plus 50 basis points.

Sectorial policies

Housing

Action to stimulate housing construction in the framework of the Economic Action Plan: US\$ 6.5 billion to build quality housing, stimulate construction and enhance energy efficiency.

Measure implemented.

On 16 December 2009 the Government implemented Bill C-51, which includes the Home Renovation Tax Credit, the First-Time Home Buyers' Tax Credit, as well as other measures.

Measure discontinued/still in place: The Home Renovation Tax Credit expired, while the First-Time Home Buyers' Tax Credit is still in place.

Agriculture

Targeted support will be provided for forestry as part of the Economic Action Plan's measures to support businesses and communities.

Measure implemented.

Industry

Action to support businesses and communities (part of the Economic Action Plan): US\$ 6.3 billion provided in extra support for sectors, regions and communities. This includes targeted support for the automotive and manufacturing sectors, as well as funding for clean energy.

Measure implemented.

On 30 December 2009 the Government extends the 50% straight-line accelerated capital cost allowance (CCA) rate for investments in manufacturing or processing machinery and equipment in 2010 and 2011, as set out in the Economic Action Plan.

Measure implemented.

Automotive sector:

- (i) Canada contributed US\$ 3.3 billion to the short-term automotive rescue announced by the United States Administration, providing emergency loans to the Canadian arms of General Motors (US\$ 2.5 billion) and Chrysler (US\$ 0.8 billion) to support them while they restructure their businesses (20 December 2008).
- (ii) Canadian Secured Credit Facility in the framework of the Extraordinary Financing Framework of the Economic Action Plan: up to US\$ 10 billion will be allocated to this facility to purchase term asset-backed securities backed by loans and leases on vehicles and equipment, to help the competitiveness of the auto industry.
- (iii) 7 April 2009: US\$ 570 million was added to Export Development Canada's (EDC) Accounts Receivable Insurance (ARI) programme for auto parts suppliers.
- (iv) 7 April 2009: the Canadian Warranty Commitment Programme was launched to ensure consumer warranties are honoured on new vehicles purchased from General Motors of Canada Limited and Chrysler Canada Inc. during a limited period of restructuring.
- (v) 16 April 2009: US\$ 120 million in funding over five years was granted to Automotive Partnership Canada to keep the Canadian auto industry competitive and sustainable.
- (vi) 30 April 2009: the Governments of the United States and Canada reviewed and approved the restructuring plans of Chrysler LLC and its subsidiaries, including Chrysler Canada Inc. The Governments will provide US\$ 10.5 billion in financing, including short- and medium-term capital and debt-in-possession financing to assist with the court-supervised restructuring of Chrysler LLC. Of this amount, the United States is contributing US\$ 8.08 billion and Canadian governments (including the Government of Canada and Government of Ontario) US\$ 2.42 billion. The details of the Government of Canada and the Government of Ontario's support are:
 - A medium-term restructuring loan of up to US\$ 1 billion repayable in three instalments over eight years.
 - The Governments of Canada and Ontario will also participate in a joint Canada-United States debtor-in-possession (DIP) loan to Chrysler LLC with the Canadian amount totalling US\$ 1.22 billion.
 - Effective immediately, a working capital loan of up to US\$ 180 million will be offered to Chrysler Canada through EDC.
 - The final instalment of US\$ 200 million as part of the US\$ 0.8 billion interim loan

announced on 20 December 2009, and reconfirmed 30 March 2009, will be advanced on 1 May 2009.

- The Governments of Canada and Ontario will together receive 2% of the equity of the new Chrysler and will have the right to select one independent director.
- (vii) The Governments of the United States and Canada reviewed and approved on 1 June 2009 the restructuring plan of General Motors and its subsidiaries. The Governments of Canada and Ontario will participate alongside the United States Treasury by lending US\$ 9.5 billion to General Motors and new General Motors. They will receive approximately US\$ 1.7 billion in debt and preferred stock as well as approximately 12% of the equity of the new General Motors and will have the right to select one initial director.

Measures discontinued:

Of the C\$ 3.7 billion committed to Chrysler by Canada and Ontario, C\$ 2.9 billion had been drawn upon January 2011. Chrysler emerged from bankruptcy protection on June 10, 2009. As additional consideration for providing loans to Chrysler, Canada and Ontario received a 2% equity stake in the restructured firm. By 24 May 2011 Chrysler Canada Inc. had paid its outstanding government loans in full, more than six years ahead of schedule.

On 21 July 2011, the Government of Canada announced that Canada had sold its remaining interests in Chrysler Group LLC to Fiat for US\$ 140 million, receiving US\$ 125 million for its membership interests in Chrysler, and an additional US\$ 15 million as a portion of proceeds arising from the assignment to Fiat of an agreement between the U.S. Treasury Department and the UAW Retiree Medical Benefits Trust (VEBA). One-third of the proceeds would be remitted to the Government of Ontario in recognition of the support the Province provided.

All of the C\$ 10.8 billion committed to General Motors by Canada and Ontario has been disbursed. General Motors emerged from bankruptcy protection on July 10, 2009. Canada and Ontario received a combined 11.7% ownership stake in the restructured General Motors, as well as US\$ 403 million in preferred shares. By 20 April 2010, General Motors had completed the repayment of its entire C\$ 1.5 billion interim loan from Canada and Ontario ahead of schedule. General Motors also announced in October and November 2010 the addition of new shifts to its Oshawa facility that will secure over 1,300 jobs.

The Government of Canada has begun to reduce its ownership in General Motors. In the initial public offering by General Motors in November 2010, Canada sold over 35 million shares at US\$ 33 per share, which resulted in gross proceeds of US\$ 1.15 billion. This sale reduced Canada's ownership stake in General Motors to 9.34%. On 14 January 2011, General Motors announced it would inject US\$ 2 billion worth of stock into its company pension plan, resulting in Canada's ownership stake in General Motors being reduced to 8.98%.

Other measures

The Government announced on 22 May 2009 the launch of the Canadian Life Insurers Assurance Facility (CLIAF), which will provide insurance on the wholesale term borrowing of federally regulated life insurance companies. As part of the Extraordinary Financing Framework (EFF) of the Economic Action Plan, this programme is designed to help Canada's life insurance industry access wholesale debt markets.

Measure discontinued: Reflecting improved credit conditions in funding markets, the Canadian Life Insurers Assurance Facility expired at the end of December 2009.

Country

Labour and social policies

CANADA

Labour policy

Action to help Canadians in the framework of the Economic Action Plan: US\$ 7 billion for the Canada Skills and Transition Strategy , which includes extra support for Canadians most affected by the economic downturn, including enhancements to employment insurance and increased funding for skills and training.

Measure implemented (measure discontinued, as the funds of the Economic Action plan have been used up).

Social programmes

Action to stimulate housing construction (part of the Economic Action Plan): includes investments for social housing to support low-income Canadians, older adults, persons with disabilities and Aboriginal Canadians, and low-cost loans to municipalities.

Measure implemented (measure discontinued, as the funds of the Economic Action plan have been used up).

Liquidity injections in national currency**(1) Provision of short-term liquidity to sound financial institutions:**

- (i) Primary Credit Program: on 17 August 2007, the Fed reduced the spread between the primary credit rate and the target federal funds rate to 50 basis points and began to allow the provision of primary credit for terms as long as 30 days. On 16 March 2008, the Fed further reduced this spread to 25 basis points and increased the maximum maturity to 90 days. On 17 November 2009, in light of the continued improvement in financial market conditions, the Fed announced that it approved a reduction in the maximum maturity of primary credit loans to 28 days from 90 days effective 14 January 2010.

Measure discontinued: On 18 February 2010, in light of the continued improvement in financial market conditions, several modifications to the terms of the discount window lending programmes were approved, including Board approval of requests by the board of directors of the 12 Federal Reserve Banks to increase the primary credit rate (generally referred to as the discount rate) from 50 to 75 basis points. In addition, effective on 18 March 2010, the typical maximum maturity for primary credit loans would be shortened to overnight. The increase in the discount rate widened the spread between the primary credit rate and the top of the FOMC's 0 to 25 basis points target range for the federal funds rate to 50 basis points.

- (ii) Term Auction Facility (TAF) (announced on 12 December 2007): provides term funding of 28-day or 84-day maturity to eligible depository institutions. The programme's loan ceiling was reduced from US\$ 150 billion per auction prior to 25 June 2009 to US\$ 75 billion in September, owing to improving market conditions. The Fed expects that amounts provided under the TAF will continue to be scaled back in early 2010.

Measure discontinued: Through the end of 2009, the TAF programme made available funds of 28-day and 84-day maturity, at an interest rate that was determined by the auction. In June 2009, the Federal Reserve announced that it would begin to reduce the amount of funds offered at TAF auctions through time as conditions in funding markets improved. In September 2009, the Federal Reserve announced that the size of the auctions would continue to be reduced and that early in 2010, the auctions would be converted to a single cycle of 28-day auctions. The final TAF was held on 8 March 2010, with credit extended under that auction maturing on 8 April 2010.

- (iii) Term Securities Lending Facility (TSLF) (announced on 11 March 2008): the TSLF loans Treasury securities to primary dealers for 28 days against eligible collateral. The facility will expire on 1 February 2010.

Measure discontinued: As announced, the facility was closed on 1 February 2010. All securities loans made under the facility were repaid in full, with interest, in accordance with the terms of the facility.

- (iv) Primary Dealer Credit Facility (PDCF) (announced on 16 March 2008): the PDCF is an overnight loan facility that provides funding to primary dealers. The Federal Reserve announced a sharp easing of the terms under the PDCF in September 2008, taking a wider range of assets as collateral. The facility will expire on 1 February 2010.

Measure discontinued: As announced, the facility was closed on 1 February 2010. All loans extended under this facility were repaid in full, with interest, in accordance with the terms of the facility.

- (v) Currency swap lines: the Federal Reserve concluded bilateral temporary currency liquidity agreements with 14 foreign central banks to relieve funding pressures in the global market for dollar liquidity. The programme has been extended until 30 October 2009. The temporary reciprocal currency arrangements (swap lines), with the exception of the arrangement with the Bank of Japan, were extended to 1 February 2010 (on 25 June 2009).

Measure discontinued: Those arrangements terminated on 1 February 2010.

New measure: In May 2010, the FOMC announced that it was re-establishing dollar liquidity swap lines with the Bank of Canada, the Bank of England, the European Central Bank, the Bank of Japan, and the Swiss National Bank. On 21 December 2010 the Federal Open Market Committee authorized an extension through 1 August 2011, of its temporary U.S. dollar liquidity swap arrangements with the Bank of Canada, the Bank of England, the European Central Bank, the Bank of Japan, and the Swiss National Bank, which were set to expire in January 2011. Another extension of the U.S. dollar liquidity swap arrangements — through 1 August 2012— was announced on 29 June 2011. On 30 November 2011, the Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, the Federal Reserve, and the Swiss National Bank agreed to lower the pricing on the existing temporary U.S. dollar liquidity swap arrangements by 50 basis points so that the new rate will be the U.S. dollar overnight index swap (OIS) rate plus 50 basis points. This pricing will be applied to all operations conducted from 5 December 2011. The authorization of these swap arrangements was further extended to 1 February 2013.

- (vi) On 25 June 2009, the Federal Reserve announced the extension of the TSLF and the PDCF to 1 February 2010. The following changes were also announced: the size of upcoming TAF auctions will be trimmed and auctions under TSLF Schedule 1 and TSLF Options programmes will be suspended. The frequency of Schedule 2 TSLF auctions and the amounts offered were then reduced in July and August.

Measures discontinued: As announced, the TSLF was closed on 1 February 2010. All securities loans made under the facility were repaid in full, with interest, in accordance with the terms of the facility. Concerning the PDCF, the Federal Reserve had announced a sharp easing of the terms in September 2008, taking a wider range of assets as collateral. The facility was closed on 1 February 2010. All loans extended under this facility were repaid in full, with interest, in accordance with the terms of the facility.

- (vii) The Fed announced on 30 October 2009 that a temporary exemption to the limitations in section 23A of the Federal Reserve Act, instituted as part of the response to the financial crisis, will expire as scheduled on 30 October 2009. The exemption allowed all insured depository institutions to provide liquidity to their affiliates for assets typically funded in the tri-party repo market.

Measure discontinued.

(2) Provision of liquidity directly to borrowers and investors in key credit markets:

- (i) Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF) (announced on 19 September 2008): the AMLF is a lending facility that finances the purchases of high-quality asset-backed commercial paper (ABCP) from money market mutual funds by United States depository institutions and bank holding companies.

Measure discontinued: The facility expired on 1 February 2010. All loans made under the facility were repaid in full, with interest, in accordance with the terms of the facility.

- (ii) Temporary Guarantee Program for Money Market Funds (announced on 19 September 2008): Under the program, the Treasury will insure the holdings of any eligible publicly offered money-market fund, making available as necessary the assets of the Exchange Stabilization Fund for up to US\$ 50 billion. The programme was opened on 29 September 2008 and expired as anticipated on 18 September 2009.

Measure discontinued.

- (iii) Commercial Paper Funding Facility (CPFF) (announced on 7 October 2008): The CPFF provides a liquidity backstop to United States issuers of commercial paper through a specially created limited liability company, the CPFF LLC. This company purchases three-month unsecured and asset-backed commercial paper directly from eligible issuers. The Federal Reserve provides financing to the LLC through the CPFF.

Measure discontinued: The CPFF was closed on 1 February 2010. The last of the CPFF LLC's commercial paper holdings matured on 26 April 2010, and the CPFF LLC was dissolved on 30 August 2010. All loans that were made to the CPFF LLC were repaid in full, in accordance with the terms of the facility, and all of the commercial paper that the CPFF LLC purchased was repaid in accordance with the stated terms.

- (iv) Money Market Investor Funding Facility (MMIFF) (announced on 21 October 2008): the MMIFF provides liquidity to United States money market mutual funds and certain other money market investors.

Measure discontinued: The facility was closed on 30 October 2009. No loans were made under the MMIFF.

- (v) Term Asset-Backed Securities Loan Facility (TALF) (announced on 25 November 2008 and launched on 3 March 2009) is a funding facility that will issue loans with a term of up to three years to persons that own eligible asset-backed security (ABS) collateral. The TALF is intended to assist the financial markets in accommodating the credit needs of consumers and small businesses by facilitating the issuance of ABS collateralized by student loans, auto loans, credit card loans, and loans guaranteed by the Small Business Administration (SBA) (US\$ 200 billion initially). On 18 March 2009, the Federal Reserve announced that the set of eligible collateral for loans extended by the TALF was being expanded. On 1 May 2009, the Federal Reserve announced that, starting in June, commercial mortgage-backed securities (CMBS) and securities backed by insurance premium finance loans would be eligible collateral. On 19 May 2009, it announced that, starting in July, certain high-quality CMBS issued before 1 January 2009 (legacy CMBS) would become eligible collateral. On 17 August 2009, the Federal Reserve and the Treasury approved extension of TALF loans against newly issued ABS and legacy CMBS up to 31 March 2010, and against newly issued CMBS up to 30 June 2010. On 4 December 2009 the Fed announced the adoption of a final rule that establishes criteria for determining the eligibility of agencies to issue credit ratings on ABS, other than those backed by commercial real estate, to be accepted as collateral.

Measure discontinued: The Federal Reserve closed the Term Asset-Backed Securities Loan Facility (TALF) for new loan extensions against newly issued CMBS on 30 June 2010 and for new loans against all other types of collateral on 31 March 2010. TALF loans extended by the Federal Reserve Bank of New York during this programme will mature over the next several years, with all loans maturing no later than 30 March 2015. As of 30 September 2010, more than 60% of the TALF loans had been repaid in full, with interest, ahead of their legal maturity dates. All loans that have not been repaid in full early are current in their payments of principal and interest and no collateral has been surrendered in lieu of repayment.

- (vi) Support for specific institutions: the Federal Reserve has lent to certain specific institutions in order to avert disorderly failures, for example, Bear Stearns, AIG, Citigroup, Bank of America.

Measure discontinued/remains in place with modifications: America and Citigroup paid an exit fee in order to terminate the agreement with the Federal Reserve, Treasury and FDIC in September 2009 and December 2009, respectively. In 2010/2011, the Treasury purchased senior preferred stock from AIG as part of a comprehensive plan to restructure federal assistance to the systemically important company. By 14 January 2011, the Treasury had received approximately 1.1 billion shares of AIG common stock in exchange for its existing TARP investments in AIG, and an additional 563 million shares of common stock from the exchange of the Series C preferred shares held by the Trust. It is expected that Treasury will sell its stake in AIG into the public markets over time. As of January 2012, Treasury had invested approximately US\$ 47.5 billion of TARP funds in AIG. For more details, see the Targeted Investment Programme (TIP), the Asset Guarantee Programme (AGP), and the AIG Programme under TARP.

- (vii) On 25 June 2009, the Federal Reserve announced the extension of the AMLF and CPFF to 1 February 2010. The authorization for the MMIFF, which expires on 30 October 2009, was not extended.

Measures discontinued.

(3) Purchasing long-term securities:

- (i) Mortgage-related paper (announced on 25 November 2008): the Federal Reserve will purchase the direct obligations of housing-related Government-sponsored enterprises Fannie Mae, Freddie Mac, and the Federal Home Loan Banks (up to US\$ 100 billion), and mortgage-backed securities backed by Fannie Mae, Freddie Mac and Ginnie Mae (US\$ 500 billion). The purpose is to reduce the cost and increase the availability of credit for the purchase of housing.

Measure discontinued: (see below) The purchase phase of the programme was completed in March 2010.

- (ii) On 18 March 2009 the Federal Reserve announced an increase in its purchases of agency debt (from US\$ 100 billion to US\$ 200 billion) and an expansion in its purchases of agency mortgage-backed securities (MBS) (from US\$ 500 billion to US\$ 1.25 trillion) in 2009.

Measure discontinued: In total, US\$ 1.25 trillion in agency MBS were purchased between January 2009 and March 2010, when the purchase phase of the programme was completed. Additional transactions were conducted after March to facilitate the settlement of the initial purchases.

- (iii) On the same date, the Federal Reserve also announced plans to purchase up to US\$ 300 billion of longer-term Treasury securities over the next six months.

Measure remains in place with modifications: On 3 November 2010, the FOMC announced its intention to purchase a further US\$ 600 billion of longer-term Treasury securities by the end of the second quarter of 2011, a pace of about US\$ 75 billion per month. The FOMC completed its purchases of US\$ 600 billion of longer-term Treasury securities by the end of June 2011. On 21 September 2011, the FOMC announced its intention to extend the average maturity of its holding securities by purchasing, by the end of June 2012, US\$ 400 billion of Treasury securities with remaining maturities of 6 years to 30 years and to sell an equal amount of Treasury securities with remaining maturities of 3 years or less (Operation Twist). The purpose was to put downward pressure on longer-term interest rates and help make broader financial conditions more accommodative.

Temporary supplemental financing (announced on 17 September 2008): the programme consists of a series of Treasury bills, apart from the Treasury's current borrowing programme, which provides cash for use in the Federal Reserve's lending and liquidity initiatives. On 16 September 2009, the Department of the Treasury announced that the programme would decrease to US\$ 15 billion in coming weeks, as outstanding Supplementary Financing Program bills mature and are not rolled over.

Measure remains in place with modifications: On 23 February 2010 Treasury announced that it was expanding the Supplementary Financing Programme from the then current level of US\$ 5 billion to US\$ 200 billion to ensure that the Federal Reserve would have the flexibility to manage its balance sheet. On 27 January 2011 Treasury announced that beginning on 3 February 2011, the balance in the Treasury's Supplementary Financing Account would gradually decrease to US\$ 5 billion, as outstanding Supplementary Financing Programme bills would mature and not be rolled over. This action was taken to preserve flexibility in the conduct of debt management policy.

Troubled Assets Relief Programme (TARP) (part of the Emerging Economic Stabilization Act (EESA), announced on 19 September 2008): the Treasury submitted legislation to Congress requesting authority (to expire two years from the date of enactment) to issue up to US\$ 700 billion to purchase troubled assets from financial institutions. The purchases were intended to be residential and commercial mortgage-related assets.

- (i) EESA, approved by Congress on 3 October 2008, included some key modifications to the original TARP: the original amount of US\$ 700 billion would be released in instalments, with US\$ 350 billion made available immediately; taxpayers would get a stake in participating companies and profit opportunities in the form of equity warrants; ability for the Government to buy troubled assets from pension plans, local governments and small banks; selective restriction of executive compensation; an independent oversight board; and assistance to homeowners.

Measure implemented.

- (ii) Deposit insurance: temporary lift of the limit on Federal Deposit Insurance Corporation (FDIC) deposit insurance from US\$ 100,000 to US\$ 250,000.

Measure remains in place: On 20 May 2009, the temporary increase was extended through 31 December 2013. On 21 July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act permanently raised the current standard maximum deposit insurance amount to US\$ 250,000.

- (iii) TARP Capital Purchase Program (CPP) (announced on 14 October 2008): a voluntary capital purchase programme under which the Treasury will invest a part of TARP to obtain stakes in United States banks. Under the Program, it would purchase up to US\$ 250 billion (the first instalment of TARP) of senior preferred shares on standardized terms. Nine major financial institutions had already agreed to participate in the Program (receiving injections totalling US\$ 125 billion). On 27 October 2008 the Treasury funded 22 United States banks in a second round of recapitalization (US\$ 38 billion). On 19 November 2009 the Treasury announced its intention to dispose of several warrant positions received in consideration for investments made under the CPP; it conducted auctions to sell its warrant positions in JP Morgan Chase & Co., Capital One Financial Corporation, and TFC Financial Corporation in December.

Measure discontinued: Under this voluntary programme, Treasury provided US\$ 205 billion of capital to 707 financial institutions through the purchase of senior preferred shares on standardized terms, which included warrants for future Treasury purchases of common stock. The CPP was available to qualifying U.S. controlled banks, savings associations, and certain bank and savings and loan holding companies engaged solely or predominantly in financial activities permitted under the relevant law. The CPP is now closed.

- (iv) Temporary Liquidity Guarantee Program (TLGP) (announced on 14 October 2008): enables the FDIC to temporarily guarantee the senior debt of all FDIC-insured institutions and certain holding companies, as well as deposits in non-interest bearing deposit transaction accounts. On 9 September 2009 the FDIC Board adopted a Notice of Proposed Rulemaking (NPR) reaffirming the expiration of the debt guarantee component of the TLGP on 31 October 2009. Under the NPR, the FDIC will seek comment on whether a temporary emergency facility should be left in place for six months after the expiration of the current programme.

Measure discontinued: The TLGP comprised two distinct components: the Debt Guarantee Programme, pursuant to which the FDIC guaranteed certain senior unsecured debt issued by entities participating in the TLGP; and the Transaction Account Guarantee (TAG), pursuant to which the FDIC guaranteed all funds held at participating insured depository institutions (IDIs) (beyond the standard maximum deposit insurance limit) in qualifying noninterest-bearing transaction accounts. As indicated, on 9 September 2009 the FDIC Board reaffirmed the expiration of the debt guarantee component of the TLGP on 31 October 2009. A temporary emergency facility was left in place for six months after the expiration of the programme. On 22 June 2010 the FDIC issued a Final Rule extending the TAG component of the TLGP through 31 December 2010, for IDIs that were currently participating in the TAG programme, with the possibility of an additional extension of up to 12 months without additional rulemaking, upon a determination by the FDIC's Board of Directors that continuing economic difficulties warrant further extension.

- (v) Discontinued measure: In late 2008 the Treasury announced that it would provide "exceptional assistance" to institutions deemed to be vital for financial markets and created three programmes under the TARP, including the Targeted Investment Programme (TIP) and the Asset Guarantee Programme (AGP), to provide the targeted assistance. Under the TIP Treasury provided exceptional assistance on a case-by-case basis in order to stabilize institutions that were considered systemically significant to prevent broader disruption of financial markets. Treasury provided this assistance by purchasing preferred stock, and also received warrants to purchase common stock, in the institutions. Under the TIP, Treasury purchased US\$ 20 billion in preferred stock from Citigroup Inc. and US\$ 20 billion in preferred stock from Bank of America Corporation. The TIP investments were in addition to CPP investments in these banks. In December 2009, Bank of America and Citigroup repaid their TIP investments in full. The program is closed and Treasury expects it will result in a positive return for taxpayers. Under the AGP, Treasury acted to support the value of certain assets held by qualifying financial institutions, by agreeing to absorb unexpectedly large losses on certain assets. The programme was designed for financial institutions whose failure could harm the financial system and was used in conjunction with other forms of exceptional assistance. The AGP programme is now closed and resulted in a positive return to the taxpayers.
- (vi) Ongoing measure (with modifications): On 10 November 2008, Treasury announced the purchase of US\$ 40 billion in senior preferred stock from the American International Group (AIG) as part of a comprehensive plan to restructure federal assistance to the systemically important company. AIG would use the equity to pay down US\$ 40 billion of the Federal Reserve's secured lending facility. On 30 September 2010 AIG announced that it had entered into an agreement-in-principle with the Treasury, the FRBNY, and the AIG Credit Facility Trust designed to repay all of the company's obligations. Under the plan, which was completed on 14 January 2011, Treasury received approximately 1.1 billion shares of AIG common stock in exchange for its existing TARP investments in AIG, and an additional 563 million shares of common stock from the exchange of the Series C preferred shares held by the Trust. It is expected that Treasury will sell its stake in AIG into the public markets over time. As of January 2012, Treasury had invested approximately US\$ 47.5 billion of TARP funds in AIG.
- (vii) Interim final rule on TARP standards for compensation and corporate governance (announced on 10 June 2009): limits executive compensation for certain executives and highly compensated employees at companies receiving TARP funds; appoints a special master to review compensation plans at firms receiving exceptional assistance; implements and expands upon key Recovery Act provisions; and sets additional compensation and governance standards to improve accountability and disclosure.

Measure implemented.

(viii) Executive Compensation Determinations (22 October 2009): the Special Master for TARP Executive Compensation released determinations on the compensation packages for the top executives —five most senior executive officers and the next 20 most highly compensated employees— at the seven firms that received exceptional TARP assistance (AIG, Citigroup, Bank of America, Chrysler, GM, GMAC and Chrysler Financial). On 11 December 2009 the Special Master for TARP Executive Compensation released its second round of rulings.

Measure implemented: On 23 March 2010, the Special Master for TARP Executive Compensation issued rulings on 2010 executive pay packages for the 'Top 25' executives at the five remaining firms that received exceptional assistance: AIG, Chrysler, Chrysler Financial, GM, and GMAC. On 1 April 2011, the Acting Special Master for TARP Executive Compensation released 2011 compensation determinations for the "top 25" executives at the four remaining companies that received exceptional TARP assistance: AIG, Ally Financial (formerly GMAC), Chrysler and GM.

(ix) On 9 December 2009 the Treasury announced an open government effort that will increase public access to data and information. Under this initiative, Treasury has compiled and will now make available new data on tax returns, more user friendly information on transactions under the TARP, and a new report on ban trading and derivatives.

Measure implemented.

(x) On 9 December 2009 Treasury announced the extension of TARP until 3 October 2010, and that it would refocus the funds on small businesses, mortgage relief and the term asset-backed securities lending facility (TALF). It also said it does not expect to deploy more than US\$ 550 billion, that up to US\$ 175 billion in repayments are expected by the end of 2010, and substantial additional repayments thereafter.

(ix) On 10 December 2009 the Treasury released a report summarizing the fiscal year 2009 activities of the TARP and providing estimates from the Office of Financial Stability (OFS) detailing the lowered projected costs and higher projected returns of the TARP. According to the report, Treasury's investments to stabilize the system are delivering higher returns than anticipated and Treasury does not anticipate having to draw upon the full US\$ 700 billion in TARP authority. TARP Repayments totaled US\$ 164 billion by the end of December.

Measures implemented: TARP is winding down. As of 3 October 2010, no new investments could be made through that programme. Additionally, the Dodd-Frank Wall Street Reform and Consumer Protection Act (signed on 21 July 2010) capped TARP purchase authority at US\$ 475 billion, down from the US\$ 700 billion originally allocated. The U.S. Treasury estimates that TARP will cost less than US\$ 28 billion —a fraction of the US\$ 700 billion originally authorized. As of January 2012, more than three-quarters (77%) of the funds disbursed through TARP's investment programmes had been recovered through repayments, dividends, interest, and other income, with total funds disbursed amounting to US\$ 411 billion and total funds recovered amounting to US\$ 318 billion. Of the total disbursed, US\$ 245 billion was invested in banking institutions through 5 programmes: CPP, TIP, AGP, the Capital Assistance Programme (CAP) (see description below under the Financial Stability Plan), and the Community Development Capital Initiative (CDCI) (see description under Sectoral Policies for SMEs), and as of March 2011, Treasury had recovered more than 100% of that amount. Treasury currently estimates that the bank programmes within TARP will ultimately provide a lifetime positive return of approximately US\$ 20 billion to taxpayers. As of January 2012, Treasury's remaining investments in banks represented only approximately 7% of the banking system. Credit Union System Investment Program (CU SIP) (November 2008) facilitates lending by supporting corporate credit unions.

Measure remains in place: CU SIP is a monthly recurring programme aimed at helping the credit union system help its members weather the national economic crisis.

Financial Stability Plan (FSP) (10 February 2009), the plan consists of:

- (i) The Financial Stability Trust, which includes:
 - A comprehensive stress test for all banks with assets in excess of US\$ 100 billion (Supervisory Capital Assessment Program (SCAP)).

Measure implemented: The stress test was completed on 7 May 2009.

- Capital Assistance Program (CAP): institutions that have been thoroughly tested will then have access to funds provided by the Treasury under this programme. This was closed on 9 November 2009 with no investments having been made, as almost all banks participating in the SCAP were shown to have no additional capital need.

Measure discontinued.

- A separate entity set up to manage the Government's investments in United States financial institutions.

Measure implemented.

- (ii) Public-Private Investment Fund: up to US\$ 500 billion in public funds (with the potential to expand up to US\$ 1 trillion) to provide financial institutions with greater means to cleanse their balance sheets of "legacy" assets.

Measure implemented.

- (iii) Consumer and Business Lending Initiative: an expansion of TALF from US\$ 200 billion to US\$ 1 trillion, to encourage new consumer/business lending. The initial scope of TALF was expanded to include commercial mortgage-backed securities (CMBS).

Measure implemented.

- (iv) New Era of Transparency, Accountability, Monitoring and Conditions: firms will have to show how public funds are enabling them to preserve or generate lending; all recipients are committed to undertake measures to mitigate mortgage foreclosures restrictions apply to the participating firms in relation to paying dividends, repurchasing shares and pursuing acquisitions until the Government's investment has been repaid; the recipients are obliged to comply with the senior executive compensation restriction.

Measure implemented.

- (v) Housing Support and Foreclosure Prevention: a US\$ 50 billion fund to prevent avoidable foreclosures.

Measure implemented.

- (vi) Small Business and Community Lending Initiative: intended to finance the purchase of AAA-rated Small Business Administration (SBA) loans to unfreeze secondary markets for small business loans.

Measure implemented.

(16 March 2009): as part of the Financial Stability Plan and the Consumer and Business Lending Initiative (CBLI), the Treasury will: jump-start credit markets for small businesses by purchasing up to US\$ 15 billion in securities; temporarily raise guarantees to up to 90% in the Small Business Administration (SBA) 7(a) Loan Program; temporarily eliminate certain SBA loan fees to reduce the cost of capital; require the 21 largest banks receiving Financial Stability Plan assistance to report their small-business lending monthly and call for all banks to increase small business lending; issue guidance for an expanded carry-back provision as part of the tax cut package for small businesses provided for in the American Recovery and Reinvestment Act.

Measure implemented.

Public-Private Investment Program (PPIP):

(23 March 2009): the Treasury releases details of the programme first mentioned in February with the announcement of the Financial Stability Plan. Under the PPIP the Treasury will make targeted investments in multiple Public-Private Investment Funds (PPIFs) that will purchase legacy real estate-related assets, using up to US\$ 100 billion from the TARP to generate US\$ 500 billion in financing for this purpose, with the potential to expand to US\$ 1 trillion over time. The plan has two key elements:

- (i) Legacy Loans Program: combines a FDIC guarantee of debt financing with equity capital from the private sector and the Treasury to support the purchase of troubled loans from insured depository institutions.
- (ii) Legacy Securities Program: combines financing from the Federal Reserve and Treasury through the TALF with equity capital from the private sector and the Treasury to address the problem of troubled securities.
- (iii) On July 2009, the Treasury announced the Program has been scaled back, given improved financial market conditions. The Program will launch with a government investment of up to US\$ 30 billion in a partnership with nine fund managers to buy legacy securities from banks.

Measure implemented: As of 30 June 2010, the PPIFs had completed their fundraising and have closed on approximately US\$ 7.4 billion of private sector equity capital commitments, which has been matched 100% by the Treasury, representing US\$ 14.7 billion of total equity capital commitments. The Treasury has also provided US\$ 14.7 billion of debt capital commitments, representing US\$ 29.4 billion of total purchasing power among the eight remaining PPIFs.

Changes to the monetary policy rate

Primary credit programme: On 17 August 2007, the Federal Reserve reduced the spread between the primary credit rate and the federal funds target rate to 50 basis points and began to allow the provision of primary credit for terms as long as 30 days. On 16 March 2008, the Federal Reserve further reduced this spread to 25 basis points and increased the maximum maturity to 90 days.

Measure discontinued: On 17 November 2009, in light of the continued improvement in financial market conditions, the Fed announced that it approved a reduction in the maximum maturity of primary credit loans to 28 days from 90 days effective 14 January 2010. On 18 February 2010, in light of the continued improvement in financial market conditions the Federal Reserve Board approved requests by the board of directors of the 12 Federal Reserve Banks to increase the primary credit rate (generally referred to as the discount rate) from 50 to 75 basis points. In addition, effective on 18 March 2010, the typical maximum maturity for primary credit loans would be shortened to overnight. The increase in the discount rate widened the spread between the primary credit rate and the top of the FOMC's 0 to 25 basis points target range for the federal funds rate to 50 basis points.

Cuts in the federal funds rate: the Federal Reserve began to ease monetary policy in September 2007, with the monetary policy rate easing by a cumulative 425 basis points from 5.25% in September 2007 to 1% in October 2008. In December 2008, the Federal Reserve set a range of 0 to 25 basis points for the federal funds target rate.

Measure remains in place: The federal funds target rate has since remained at this range. According to its 25 January 2012 statement, the Federal Reserve anticipates that economic conditions are likely to warrant exceptionally low levels for the federal fund rates at least through late 2014.

Other measures

Capital Assistance Program (CAP) and Supervisory Capital Assessment Program (SCAP): the results of the SCAP (the stress test) of the 19 largest United States banks were announced on 7 May 2009. Any bank needing to augment its capital buffer had until 8 June 2009 to develop a detailed capital plan and until 9 November 2009 to implement it.

Measure discontinued: The CAP was closed on 9 November 2009 with no investments being made, as almost all banks participating in the SCAP were shown to have no additional capital need.

On 1 June 2009, the Federal Reserve outlined the criteria it would use to evaluate applications to redeem United States Treasury capital from the 19 bank holding companies (BHC) that participated in SCAP. Any BHC seeking to redeem United States Treasury capital must demonstrate an ability to access the long-term debt markets without reliance on the Temporary Liquidity Guarantee Program (TLGP) of the Federal Deposit Insurance Corporation (FDIC), as well as access to public equity markets. The Federal Reserve's review of a BHC application will also consider 5 other criteria.

Measure implemented.

On 9 June 2009, the United States Department of Treasury announced that 10 of the largest United States financial institutions participating in the CPP met the requirements for repayment established by the primary federal banking supervisors, becoming eligible to complete the repayment process if they choose to do so (the Treasury would receive US\$ 68 billion in repayment proceeds).

Measure implemented.

New Measure: Comprehensive Capital Analysis and Review (CCAR): On 18 March 2011, the Federal Reserve announced it had completed its cross-institution study of the capital plans of the 19 largest U.S. bank holding companies. The CCAR involved a forward-looking, detailed evaluation of capital planning and stress scenario analysis at the 19 bank holding companies. Although it was not standardized to the degree of the SCAP was in early 2009, it built on the experience gained during that exercise. As a result of the CCAR, some firms were expected to increase or restart dividend payments (in February 2009 the Fed had advised bank holding companies that safety and soundness considerations required that dividends be substantially reduced or eliminated), buy back shares, or repay government capital. The Federal Reserve's actions on capital come after significant improvements in both economic conditions and the capital positions of financial institutions.

New Measure: On 22 November 2011, the Federal Reserve issued a final rule requiring top-tier U.S. bank holding companies with total consolidated assets of US\$ 50 billion or more to submit annual capital plans for review. The aim of the annual capital plans, which build on the CCAR, conducted in 2011, is to ensure that institutions have robust, forward-looking capital planning processes that account for their unique risks, and to help ensure that institutions have sufficient capital to continue operations throughout times of economic and financial stress. In addition to issuing the final rule, the Federal Reserve Board launched the 2012 CCAR and issued instructions outlining the information the Federal Reserve is seeking from the firms and the analysis the Federal Reserve will do for the CCAR in 2012.

Regulatory reform agenda: on 26 March 2009, the Treasury outlined a framework for regulatory reform, which has four broad components: addressing systemic risk; protecting consumers and investors; eliminating gaps in regulatory structure; and fostering international coordination. In terms of addressing systemic risk, the focus will be on five elements:

- (i) A single independent regulator with responsibility over systemically important firms and critical payment and settlement systems.
- (ii) Higher standards on capital and risk management for systemically important firms.
- (iii) Registration of all hedge fund advisers with assets under management above a moderate threshold.
- (iv) A comprehensive framework of oversight, protections and disclosure for the Over-the-Counter (OTC) derivative market.
- (v) New requirements for money market funds to reduce the risk of rapid withdrawals.

Measure proposed: The outcome of this discussion was the Dodd-Frank act that was adopted on 21 July 2010 (see below).

On 13 May 2009, the Treasury offered more details for the regulatory reform of OTC derivatives, requiring clearing of all standardized OTC derivatives through regulated central counterparties, which should impose margin requirements and other necessary risk controls.

Measure proposed: The outcome of this discussion was the Dodd-Frank act that was adopted on 21 July 2010 (see below).

On 17 June 2009, the President proposed a comprehensive regulatory reform plan to modernize and protect the integrity of the financial system. This plan will:

- (i) Require that all financial firms that pose a significant risk to the financial system at large are subjected to strong consolidated supervision and regulation.
- (ii) Increase market discipline and transparency to make markets strong enough to withstand system-wide stress and the potential failure of one or more large financial institutions.
- (iii) Rebuild trust in markets by creating the Consumer Financial Protection Agency to focus exclusively on protecting consumers in credit, savings, and payment markets.
- (iv) Provide the Government with the tools needed to manage financial crises so it is not forced to choose between bailouts and financial collapse.
- (v) Raise international regulatory standards and improve international coordination. In this regard, the plan proposes: international reforms to support domestic efforts, including strengthening the capital frameworks; improving oversight of global financial markets; coordinating supervision of internationally active firms; and enhancing crisis management tools.
- (vi) Delivery to Congress of draft legislation related to several aspects of the plan for regulatory reform (consumer and investor protection, compensation fairness and systemic risk).
- (vii) On 11 August 2009, the final piece of legislative language —focusing on the regulatory reform of over-the-counter (OTC) derivatives— was delivered to Congress.
- (viii) On 11 December 2009 the House of Representatives passed H.R. 4173 – The Wall Street Reform and Consumer Protection Act of 2009.

Measure proposed: The outcome of this discussion was the Dodd-Frank act that was adopted on 21 July 2010 (see below).

New Measure: The Dodd-Frank Wall Street Reform and Consumer Protection Act: This legislation from 21 July 2010 aims to address “Too Big to Fail” and taxpayer-funded bailouts, ensuring that failing firms will be shut down in an orderly fashion; to put in place strong consumer financial protections, including the creation of a new dedicated Bureau (the Consumer Financial Protection Bureau (CFPB)), give financial regulators the tools they need to identify and curb reckless risk-taking, and create a safer, more transparent derivatives market through comprehensive reform. The Dodd-Frank Act is categorized into sixteen titles and it requires that regulators create rules, conduct studies, and issue periodic reports. Regulators are currently in the process of creating the rules required by the Act, seeking comments on several proposed rules and requirements. Recent approved rules

include a final rule, approved on 17 October 2011, to implement the resolution plan requirement in the Dodd-Frank Wall Street Reform and Consumer Protection Act. The rule requires bank holding companies with assets of US\$ 50 billion or more and nonbank financial firms designated by the Financial Stability Oversight Council for supervision by the Federal Reserve Board to annually submit resolution plans —describing the company’s strategy for rapid and orderly resolution in bankruptcy during times of financial distress— to the Federal Reserve Board and the FDIC. Under the final rule, companies will submit their initial resolution plans on a staggered basis: the first group of companies, generally those with US\$ 250 billion or more in non-bank assets, must submit their initial plans on or before 1 July 2012; the second group, generally those with US\$ 100 billion or more, but less than US\$ 250 billion, in total non-bank assets, must submit their initial plans on or before 1 July 2013; the remaining companies must submit their initial plans on or before 31 December 2013.

- (i) The Dodd-Frank Act created the Financial Stability Oversight Council (FSOC) to identify and mitigate threats to the financial stability of the United States. During its existence thus far, the FSOC has promoted interagency collaboration and established the organizational structure and processes necessary to execute its duties. The FSOC and its member agencies also have completed studies on limits on proprietary trading and investments in hedge funds and private equity funds by banking firms (the Volcker rule; on 23 December 2011 the comment period on the proposal to implement the rule was extended until 13 February 2012), on financial sector concentration limits, on the economic effects of risk retention, and on the economic consequences of systemic risk regulation. The FSOC is currently seeking public comments on proposed rules that would establish a framework for identifying nonbank financial firms and financial market utilities that could pose a threat to financial stability and that therefore should be designated for more stringent oversight. Importantly, the FSOC has begun systematically monitoring risks to financial stability and has released its inaugural annual report (FSOC 2011 Annual Report)
- (ii) The Federal Reserve created an Office of Financial Stability Policy and Research at the Federal Reserve Board, to improve data quality and facilitate access to and analysis of data for the FSOC and its member agencies. This office coordinates the Fed’s efforts to identify and analyze potential risks to the broader financial system and the economy. It also helps evaluate policies to promote financial stability and serves as the Board’s liaison to the FSOC.
- (iii) As a complement to those efforts under Dodd-Frank, the Federal Reserve has been working with other regulatory agencies and central banks around the world to design and implement a stronger set of prudential requirements for internationally active banking firms. These efforts resulted in the agreements reached in the fall of 2010 on the major elements of the new Basel III prudential framework for globally active banks. The requirements under Basel III that such banks hold more and better-quality capital and more-robust liquidity buffers should make the financial system more stable and reduce the likelihood of future financial crises. The Federal Reserve is working with the other U.S. banking agencies to incorporate the Basel III agreements into U.S. regulations.

The Fraud Enforcement and Recovery Act (20 May 2009): the legislation expands the Department of Justice’s authority to prosecute crimes involving mortgage fraud, commodities fraud, and fraud involving United States government assistance provided during the recent economic crisis. The legislation authorizes new resources for fiscal years 2010 and 2011 to hire fraud prosecutors and investigators. This legislation creates a bipartisan Financial Crisis Inquiry Commission to investigate the financial practices that led to the economic crisis.

Measure remains in place.

On 17 November 2009 the Interagency Financial Fraud Enforcement Task Force is established by Executive Order to strengthen efforts to combat financial crime. The Department of Justice will lead the task force and the Department of Treasury, HUD and the SEC will serve on the steering committee. The task force, which replaces the Corporate Fraud Task Force established in 2002, will build upon efforts already underway to combat mortgage, securities and corporate fraud by increasing coordination and fully utilizing the resources and expertise of the government's law enforcement and regulatory apparatus.

Measure remains in place.

Financial Accounting Standards No. 166 and 167 (FAS 166 and 167) were published on 12 June 2009 and are to become effective in 2010. These new standards address weaknesses in accounting and disclosure standards for off-balance sheet vehicles.

Measure remains in place.

On 15 July 2009, the Federal Reserve approved an interim final rule to require creditors to increase the amount of notice consumers receive before the rate on a credit card account is increased or a significant change is made to the account's terms. These revisions are the first stage in the Federal Reserve Board's implementation of the Credit Card Accountability, Responsibility and Disclosure Act of 2009 (Credit Card Act). In May 2009, the Credit Card Act amended the Truth in Lending Act (TILA) and other statutes to establish fair and transparent practices for open-ended consumer credit plans, including credit cards.

Measure remains in place.

Fed Proposal on compensation policies (22 October 2009): the goal is to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of their organization. The proposal includes two supervisory initiatives:

- One, applicable to large, complex banking organizations, which will review through a "horizontal review" each firm's policies and practices to determine their consistency with principles for risk-appropriate incentive compensation.
- Second, supervisors will review compensation practices at regional, community, and other banking organizations not classified as large and complex as part of the regular, risk-focused examination process.

Measure implemented: These supervisory initiatives led to the new measure on 21 June 2010.

New Measure: On 21 June 2010, the Federal Reserve, in cooperation with the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS) and the Federal Deposit Insurance Corporation (FDIC) completes a first round of in-depth analysis of incentive compensation practices at large, complex banking organizations as part of the so-called "horizontal review" (a coordinated examination of practices across multiple firms), issuing final guidance on incentive compensation. The guidance is designed to ensure that incentive compensation arrangements at banking organizations appropriately ties rewards to longer-term performance and do not undermine the safety and soundness of the firm to create undue risks to the financial system. A report on multi-disciplinary, horizontal review of incentive compensation practices at 25 large, complex banking organizations was released in October 2011: "Incentive Compensation Practices: A Report on the Horizontal Review of Practices at Large Banking Organizations". On 30 March 2011, the federal financial regulatory agencies requested comment on a joint proposed rule to ensure that regulated financial institutions design their incentive compensation arrangements to take account of risk. The proposed rule, which is being issued pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, would apply to certain financial institutions with more than US\$ 1 billion in assets. It also contains heightened standards for the largest of these institutions.

Build America Bond programme (April 2009): a new financing tool created under the American Recovery and Reinvestment Act (ARRA) that allows state and local governments to obtain funding at lower borrowing costs. By mid December, the programme had provided US\$ 55 billion nationally in low-cost borrowing for state and local governments.

Measure discontinued: On 5 November 2010 the U.S. Department of the Treasury announced that more than US\$ 150 billion had been issued through 31 October 2010. The programme expired on 31 December 2010.

On 12 November 2009 the Fed announced final rules that prohibit financial institutions from charging consumers fees for paying overdrafts on automated teller machine (ATM) and one-time debit card transactions, unless a consumer consents, or opts in, to the overdraft service for those types of transactions.

Measure implemented: On 28 May 2010 the Federal Reserve Board announced final clarifications to aspects of its November 2009 final rule under Regulation E (Electronic Fund Transfers) and its December 2008 final rule under Regulation DD (Truth in Savings) pertaining to overdraft services. The final clarifications explain that the prohibition in Regulation E on assessing overdraft fees without the consumer's affirmative consent applies to all institutions, including those with a policy and practice of declining ATM and one-time debit card transactions when an account has insufficient funds.

On 16 November 2009 the Fed announced proposed rules that would restrict the fees and expiration dates that may apply to gift cards, protecting consumers from certain unexpected costs and requiring that gift card terms and conditions be clearly stated.

Measure implemented.

On 17 November 2009 federal regulators issued a final model privacy notice form that will make it easier for consumers to understand how financial institutions collect and share information about consumers.

Measure implemented.

On 22 December 2009 the Fed and the Federal Trade Commission announced final rules on risk-based pricing notices that generally require a creditor to provide a consumer with a notice when, based on the consumer's credit report, the creditor provides credit to the consumer on less favourable terms than it provides to other consumers.

Measure implemented.

On 28 December 2009 the Fed proposed amendments to regulation D (Reserve Requirements of Depository Institutions) that would enable the establishment of a term deposit facility. Under the proposal, the Federal Reserve Banks would offer interest-bearing term deposits to eligible institutions through an auction mechanism. Term deposits would be one of several tools that the Fed could employ to drain reserves to support the effective implementation of monetary policy.

Measure implemented: On 30 April 2010 the Federal Reserve Board approved amendments to Regulation D. These amendments incorporate public comments on the proposed amendments to Regulation D that were announced on 28 December 2009.

New measure: On 30 April 2010, the federal financial regulatory agencies issued final guidance to address the risks associated with funding and credit concentrations arising from correspondent relationships. The guidance highlights the need for institutions to identify, monitor, and manage correspondent concentration risk on a standalone and organization-wide basis.

Tax cuts or benefits and subsidy increases

Tax rebates (February 2008): US\$ 150 billion in rebates for individuals and tax breaks for businesses was signed into law in early February 2008.

Measure discontinued: One-time rebates were paid to individual U.S. taxpayers during 2008.

New measure: The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 from 17 December 2010 includes a variety of benefits impacting several different tax years:

- A 2% Employee Payroll Tax Cut: the legislation includes an employee-side payroll tax cut for over 155 million workers, providing tax relief of about US\$ 112 billion in 2011 paychecks.
- Extension of Unemployment Benefits: the legislation extends emergency unemployment benefits at their current level for 13 months, preventing an estimated 7 million workers from losing their benefits over the next year as they search for jobs.
- The Child Tax Credit: the US\$ 3,000 refundability threshold established in the Recovery Act for the Child Tax Credit will be extended, ensuring an ongoing tax cut to 10.5 million lower-income families with 18 million children.
- The Earned Income Tax Credit (EITC): the legislation continues a Recovery Act expansion of the Earned Income Tax Credit worth, on average, US\$ 600 for families with 3 or more children, and reduces the “marriage penalty” faced by working married families. Together, these enhancements to the EITC will help 6.5 million working families with 15 million children.
- The American Opportunity Tax Credit: the new American Opportunity Tax Credit—a partially refundable tax credit worth up to US\$ 2,500 per student per year that helps more than 8 million students and their families afford the cost of college—is continued.
- 100% Expensing: the legislation temporarily allow businesses to expense 100% of certain investments in 2011, potentially generating more than US\$ 50 billion in additional investment in 2011.
- 1603 Renewable Energy Grants: the agreement extends the 1603 programme, which provides payments in lieu of renewable energy tax credits and is helping to support jobs in the wind and solar industries.

Measure remains in place: On 23 December 2011, the Temporary Payroll Tax Cut Continuation Act of 2011 temporarily extends the 2% payroll tax cut for employees, continuing the reduction of their Social Security tax withholding rate from 6.2% to 4.2% of wages paid through 29 February 2012.

Measure remains in place: On 12 January 2012, Congress approved legislation to continue federal extended unemployment benefits programmes. The legislation extends the availability of benefits in all tiers of Emergency Unemployment Compensation (EUC) through February 2012. In addition, the Extended Benefits Program (EB) which provides for additional benefits will be extended in 33 states with high unemployment.

Increase or early disbursement of public spending allocations

American Recovery and Reinvestment Act (ARRA) (17 February 2009): the estimated cost of the economic recovery package is US\$ 787 billion (5.5% of GDP) over the fiscal years 2009-2019:

- (i) Tax provisions account for 38% of the stimulus in the next three years, of which more

than 45% will be through the Making Work Pay tax credit for workers earning less than US\$ 75,000.

- (ii) Aid to states, the unemployed, for access to health care and to students account for about 35%. The plan includes aid to states for Medicaid and to support state budgets, mainly for education. It includes spending on student grants, special education and education for the disabled; help for the unemployed and struggling families, health insurance assistance for the unemployed and nutritional assistance.
- (iii) Spending accounts for 27%. The package includes spending on modernization of the electric grid, road and bridge infrastructure, public transit improvements, high-speed rail investments, health information technology, health research, investments in energy and water, upgrading government buildings, and homeland security and defence.
- (iv) Highlights of the impact of this measure during the first 200 days include: US\$ 66.1 billion in estimated tax benefits, US\$ 502 million in payments made to promote renewable energy production, US\$ 2.3 billion provided to 37 states to spur development of affordable housing and US\$ 28.2 billion in Build America Bonds issuances to help 37 states finance a variety of public improvement projects.

Measure remains in place with modifications: In 2011, the original Recovery Act expenditure estimate of US\$ 787 billion is increased to US\$ 840 billion to be in line with the President's 2012 budget and with scoring changes made by the Congressional Budget Office since the enactment of the Recovery Act. Since its enactment in February 2009, US\$ 740.6 billion has been paid out according to the U.S. Treasury (as of January 2012): US\$ 299.8 billion in tax benefits (40.5%), US\$ 222.5 billion in contracts, grants and loans (30%), and US\$ 218.3 billion in entitlements (29.5%).

New Markets Tax Credit (NMTC) awards (15 May 2009): US\$ 1.5 billion in NMTC was awarded to 32 organizations throughout the country, using resources from the ARRA. The NMTC programme injects private-sector capital investment into communities to create jobs, stimulate growth and jumpstart the lending necessary for financial stability. The 32 awardees have planned investments in renewable energy projects, charter schools, health-care facilities, manufacturing companies and retail centres. On 30 October, Treasury announced US\$ 5 billion in NMTC awards, including the US\$ 1.5 billion made possible through the ARRA, for more than 90 organizations in communities around the country.

Measure implemented.

(6 November 2009) The Worker, Homeownership, and Business Assistance Act of 2009: building on the Recovery Act, the legislation provides tax cuts for homebuyers and businesses, while providing support for workers who are still struggling to find jobs (up to 20 additional weeks of unemployment insurance).

Measure implemented.

Exchange-rate and foreign-trade policies**Liquidity injections in foreign currency**

Foreign-currency liquidity swap lines: on April 6 2009, the Federal Open Market Committee (FOMC) announced foreign-currency liquidity swap lines with the Bank of England, the European Central Bank, the Bank of Japan and the Swiss National Bank. These lines are designed to provide the Federal Reserve with the capacity to offer liquidity to United States institutions in foreign currency. If drawn upon, the foreign-currency swap lines would support Federal Reserve operations to address financial strains by providing liquidity to United States institutions in sterling in amounts of up to US\$ 43 billion, in euros in amounts of up to US\$ 105 billion, in yen in amounts of up to US\$ 105 billion, and in Swiss francs in amounts of up to US\$ 35 billion. FOMC authorized these liquidity swap lines up to October 30, 2009.

The foreign-currency swap arrangements were extended through 1 February 2010 (on 25 June 2009). The extension currently applies to the swap lines with the Bank of England, the European Central Bank and the Swiss National Bank. The Bank of Japan will consider the extension and announce its decision following its next Monetary Policy Meeting.

Measure discontinued: The Bank of Japan did not extend the swap lines. The remaining swap arrangements were extended terminated on 1 February 2010. The Federal Reserve did not draw on these swap lines.

New measure: In November 2011, the Federal Reserve announced the reestablishment of temporary foreign-currency liquidity swap lines with the Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, and the Swiss National Bank. These arrangements were authorized to provide the Federal Reserve with the capacity to offer liquidity to U.S. institutions in currencies of the counterparty central banks (that is, in Canadian dollars, sterling, yen, euros, and Swiss francs). The Federal Reserve lines constitute a part of a network of bilateral swap lines among the six central banks, which allow for the provision of liquidity in each jurisdiction in any of the six currencies should central banks judge that market conditions warrant.

Sectoral policies

Housing

Housing sector:

- (i) On 30 July 2008, the Housing and Economic Recovery Act (HERA) was signed into law, including the establishment of the S.A.F.E. Act. HERA was designed to foster the recovery and revitalization of the residential housing market, including foreclosure prevention and consumer protection initiatives. To provide uniform licensing standards nationwide, the S.A.F.E. Act of 2008 mandated all states to establish minimum standards for the licensing and registration of state-licensed mortgage loan originators by 1 August 1 2009. This also mandated the implementation and maintenance of a mortgage licensing and registration system for the residential mortgage industry.

Measure remains in place: On 31 January 2011 the federal bank, thrift and credit union regulatory agencies, along with the Farm Credit Administration, announced that the Nationwide Mortgage Licensing System and Registry began accepting federal registrations.

- (ii) The Government took control of Fannie Mae and Freddie Mac:
- On 6 September 2008, the Treasury and the Federal Housing Authority (FHA) announced that the two largest Government-sponsored enterprises (GSEs) were placed into "conservatorship" (under the control of the United States Government). The move would accelerate stabilization in the housing market by bringing down the cost of home loans. The Treasury and the FHFA established Preferred Stock Purchase Agreements (PSPAs), contractual agreements between the Treasury and the conserved entities, totalling US\$ 200 billion, US\$ 100 billion for each GSE, to ensure that each firm maintained a positive net worth. Treasury is now amending the PSPAs to allow the cap on its funding commitment under these agreements to increase as necessary to accommodate any cumulative reduction in net worth over the next three years. At the conclusion of the three year period, the remaining commitment will then be fully available to be drawn per the terms of the agreements.

Measure implemented.

- On 25 November 2008, the Federal Reserve initiated a programme to purchase the direct obligations of housing-related GSEs Fannie Mae and Freddie Mac and the Federal Home Loan Banks, and mortgage-backed securities (MBS) backed by Fannie Mae, Freddie Mac, and Ginnie Mae (up to US\$ 600 billion). This program ended on 31 December 2009.

Measure discontinued.

- (iii) Hope for Homeowners programme (1 October 2008): mortgage assistance for homeowners at risk of foreclosure. The programme will refinance mortgages for borrowers who are having difficulty making their payments but can afford a new FHA-insured loan. The FHA is authorized to insure up to US\$ 300 billion refinanced housing loans under this programme, which will end on 30 September 2011.

Measure discontinued: As announced, the programme ended on 30 September 2011.

- (iv) Credit Union Homeowners Affordability Relief Program (CU HARP) (November 2008): a two-year, US\$ 2 billion programme to provide assistance to credit union members who face delinquency, default, or foreclosure. This programme will lower monthly mortgage payments for struggling low-income and moderate-income credit union members and provide interest-rate relief to an estimated 10,000 households. The National Credit Union Administration (NCUA) will funnel federal loans to credit unions through the Central Liquidity Facility (CLF) by allowing participating creditworthy credit unions to borrow money at a discount from the Treasury, at rates lower than those available through private sources.

Measure discontinued.

- (v) Housing Support and Foreclosure Prevention (part of the Financial Stability Plan (FSP), 10 February 2009): a US\$ 50-billion fund to prevent avoidable foreclosures.

Measure implemented.

- (vi) Homeowner Affordability and Stability Plan (Making Home Affordable) (announced on 17 February 2009 and updated on 4 March 2009) will:
- Provide access to low-cost refinancing for 4 to 5 million homeowners, whose principal exceeds the current 80% loan-to-value rate (the Home Affordable Refinancing Program).

Measure remains in place.

- A US\$ 75-billion homeowner stability initiative to reach up to 3 to 4 million at-risk homeowners, assisting them to modify mortgage loans so payments would not exceed 31% of household income (the Home Affordable Modification Program (HAMP)). Under this initiative, the lender would voluntarily lower the interest rate, and the Government would provide subsidies to the lender. The plan includes a proposal to allow courts to modify mortgages during bankruptcy proceedings for borrowers who have run out of options. On 30 November 2009 the Administration kicked off Mortgage Modification Conversion Drive, a nationwide campaign to help borrowers who were in the trial phase of their modified mortgages under the HAMP convert to permanent modifications.

Measure remains in place: More than 5.6 million modification arrangements were started between April 2009 and the end of December 2011 —including more than 1.7 million HAMP trial modification starts and nearly 1.2 million FHA loss mitigation and early delinquency interventions. More than 930,000 homeowners have received a HAMP permanent modification to date, saving an estimated \$10.5 billion in monthly mortgage payments.

- Support low mortgage rates by strengthening confidence in Fannie Mae and Freddie Mac: the Treasury is increasing its Preferred Stock Purchase Agreement to US\$ 200 billion each from their original level of US\$ 100 billion each; the Treasury will continue to purchase Fannie Mae and Freddie Mac MBS to promote stability and liquidity in the marketplace; the Treasury will increase the size of the GSEs' retained mortgage portfolios by US\$ 50 billion to US\$ 900 billion along with corresponding increases in the allowable debt outstanding.

Measure implemented.

Measure remains in place: MHA options include: Home Affordable Modification Programme SM (HAMPSM), Principal Reduction Alternative SM (PRA), Second Lien Modification Programme (2MP), FHA Home Affordable Modification Programme (FHA-HAMP), SDA's Special Loan Servicing, Veteran's Affairs Home Affordable Modification (VA-HAMP), Home Affordable Foreclosure Alternatives Programme (HAFA), Second Lien Modification Programme for Federal Housing Administration Loans (FHA-2LP), Home Affordable Modification Programme for Rural Development Loans (RD-HAMP), Home Affordable Refinance Programme (HARP), FHA Refinance for Borrowers with Negative Equity (FHA Short Refinance), Home Affordable Unemployment Programme (UP) and Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (HHF).

- (vii) On 6 April 2009, Treasury announced a multi-agency initiative to combat foreclosure rescue scams, coordinating information and resources across agencies to maximize targeting and efficiency in fraud investigations, alert financial institutions to emerging schemes, step up enforcement actions and educate consumers to help those in financial trouble avoid becoming the victims of a loan modification or foreclosure rescue scam.

Measure implemented.

- (viii) Helping Families Save Their Homes Act (20 May 2009): the Act expands on the success of the Making Home Affordable (MHA) programme, authorizing new important tools to assist in stabilizing the financial system during the current economic downturn: extension of temporary increase in deposit insurance; increase in the borrowing authority for the Federal Deposit Insurance Corporation (FDIC) to \$ 100 billion; increase in the borrowing authority for the National Credit Union Administration (NCUA) to \$6 billion. The legislation also establishes protections for renters living in foreclosed homes. It significantly increases aid to homeless Americans, appropriating US\$ 2.2 billion to help solve the crisis of homelessness. In addition, it consolidates homelessness programmes to improve effectiveness and streamline administration, and targets assistance on families with children.

Measure implemented.

- (ix) On 1 June 2009, the federal financial institution regulatory agencies jointly issued for public comment proposed rules requiring mortgage loan originators who are employees of agency-regulated institutions to meet the registration requirements of the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E. Act).

Measure implemented: The agencies issued final rules on 28 July 2010, to take effect on 1 October 2010.

- (x) On 31 July 2009, the Treasury announced the Home Price Decline Protection (HPDP) programme, a component of the Home Affordable Modification Program (HAMP), with an allocation of up to \$ 10 billion (but the actual amount spent will depend on home price trends). The HPDP programme will provide additional incentive payments for modifications on properties located in areas where home prices have recently declined.

Measure implemented.

- (xi) On 8 October 2009, the Treasury and the Department of Housing and Urban Development (HUD) announced a new milestone of more than 500,000 trial loan modifications in progress under the MHA program.

Measure remains in place (see item vi).

- (xii) HFA Initiative (19 October 2009): using authority provided by the Housing and Economic Recovery Act of 2008 (HERA), this initiative for state and local housing finance agencies (HFAs) will help support low mortgage rates and expand resources for low and middle income borrowers:

1. Temporary New Issue Bond Program (NIBP):

Measure implemented: The NIBP provided temporary financing for state and local housing finance agencies to issue new housing bonds to fund new mortgages. Under the HFA initiative, the two government-sponsored enterprises (GSEs) Freddie Mac and Fannie Mae issued securities backed by programme bonds, which were then purchased by the Treasury.

2. Temporary Credit and Liquidity Program (TCLP):

Measure implemented: Fannie Mae and Freddie Mac administered this programme for HFAs to help relieve financial strains and enable them to continue providing housing resources to working families. Treasury agreed to purchase a participation interest in the Temporary Credit and Liquidity Facilities (TCLFs) provided to HFAs under the programme, providing a credit and liquidity backstop.

Measure discontinued: On 13 January 2010 the U.S. Treasury, together with the U.S. Department of Housing & Urban Development (HUD), and the Federal Housing Finance Agency (FHFA) announced the completion of all transactions under the initiative.

- (xiii) The Fed adopted on 30 October 2009 a policy statement detailing risk-management practices for prudent commercial real estate loan workouts.

Measure implemented.

- (xiv) (6 November 2009) The Worker, Homeownership, and Business Assistance Act of 2009: building on the Recovery Act, the legislation extends the Homebuyers Tax Credit for homes purchased or under contract by 30 April 2010. A credit of up to US\$ 8,000 will apply to qualifying first-time buyers, and a smaller credit of up to US\$ 6,500 will now apply to families that have lived in their homes for at least five years and wish to step up to a new home.

Measure implemented.

- (xv) On 24 December 2009 the Treasury announced it would terminate the program established under HERA to support the mortgage market by purchasing Government-Sponsored Enterprise (GSE)-guaranteed mortgage-backed securities (MBS) on 31 December 2009. By the conclusion of its MBS purchase program, Treasury anticipates it will have purchased approximately US\$ 220 billion of securities across a range of maturities. The short-term credit facility that Treasury established under HERA for Fannie Mae, Freddie Mac, and the Federal Home Loan Banks will terminate on 31 December 2009.

Measure discontinued: As announced, the short-term credit facility established under HERA was terminated on 31 December 2009.

- (xvi) **New measure: Help for the Hardest Hit Housing Markets:** On 19 February 2010, the Administration announced US\$ 1.5 billion in funding for innovative measures to help families in the states that have been hit the hardest by the aftermath of the housing bubble.

- (xvii) New measure: On 26 March 2010, the Administration announces adjustments to the Home Affordable Modification Programme (HAMP) and to the Federal Housing Administration (FHA) programmes, to expand flexibility for mortgage servicers and originators to assist more unemployed homeowners and to help more people who owe more on their mortgage than their home is worth because their local markets saw large declines in home values.
- (xviii) New measure: On 17 June 2010, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the Office of Thrift Supervision announce a series of upcoming public hearings on how to update the regulations of the 1977 Community Reinvestment Act (CRA) to reflect changes in the financial services industry, changes in how banking services are delivered to consumers today, and current housing and community development needs. Separately, the agencies announced they were proposing a change to the CRA rules to encourage depository institutions to support the Neighbourhood Stabilization Programme funded by the U.S. Department of Housing and Urban Development (HUD), to support stabilization of communities affected by high foreclosure levels. On 15 December 2010 the agencies announced they were expanding the scope of the CRA regulations to encourage support for HUD Neighbourhood Stabilization Programme activities. The final rule was substantially the same as the proposal published for comment in June 2010.
- (xix) New measure: The Federal Reserve Board held four public hearings in 2010 (on July 15, August 5, September 16 and September 24) on potential revisions to Regulation C, which implements the Home Mortgage Disclosure Act (HMDA).
- (xx) New measure: On 16 August 2010, the Federal Reserve Board proposed enhanced consumer protections and disclosures for home mortgage transactions, including significant changes to Regulation Z (Truth in Lending). The proposal represented the second phase of the Board's comprehensive review and update of the mortgage lending rules in the regulation. On 22 December 2010 the Board approved an interim rule amending Regulation Z to clarify certain aspects of a 24 September 2010 interim rule. The September interim rule implements provisions of the Mortgage Disclosure Improvement Act (MDIA) which amended the Truth in Lending Act (TILA) to require mortgage lenders to disclose examples of how a loan's interest rate or monthly payments can change.
- (xxi) New measure: On 16 August 2010, the Federal Reserve Board proposed a rule to revise the escrow account requirements for higher-priced, first-lien "jumbo" mortgage loans. The proposed rule, which implements a provision of the Dodd-Frank Act, would increase the annual percentage rate (APR) threshold used to determine whether a mortgage lender is required to establish an escrow account for property taxes and insurance for first-lien jumbo mortgage loans. Jumbo loans are loans exceeding the conforming loan-size limit for purchase by Freddie Mac, as specified by the legislation. On 23 February 2011 the Board issued a final rule and requested public comment on a second rule under regulation Z to revise the escrow account requirements for higher-priced, first-lien "jumbo" mortgage loans.
- (xxii) New measure: On 16 August 2010, the Federal Reserve Board announced final rules to protect mortgage borrowers from unfair, abusive, or deceptive lending practices that can arise from loan originator compensation practices. The new rules apply to mortgage brokers and the companies that employ them, as well as mortgage loan officers employed by depository institutions and other lenders.
- (xxiii) New measure: On 2 December 2010, the federal financial regulatory agencies issued final supervisory guidance on sound practices by financial institutions for real estate appraisals and evaluations. The Interagency Appraisal and Evaluation Guidelines, which replace 1994 guidelines, explain the agencies' minimum regulatory standards for appraisals. In promoting sound credit decisions, the guidelines emphasize the importance of financial institutions maintaining strong internal controls to ensure reliable appraisals and evaluations. Future revisions to the appraisal guidelines may be necessary after regulations are adopted to implement the Dodd-Frank Act.
- (xxiv) New measure: On 13 April 2010, the Federal Reserve Board announced formal enforcement actions requiring 10 banking organizations to address a pattern of misconduct and negligence related to deficient practices in residential mortgage loan servicing and foreclosure processing. The Federal Reserve will closely monitor progress at the firms in addressing these matters and will take additional enforcement actions as needed.
- (xxv) New measure: Housing Finance Reform: On 2 February 2011, the Administration delivered a report to Congress proposing a plan for discussion that provides a path forward for reforming the housing finance market, which includes winding down Fannie Mae and Freddie Mac and shrinking the government's footprint in housing finance on a responsible timeline.

SMEs

- (i) The Small Business and Community Lending Initiative —part of the Financial Stability Plan (FSP)— announced on 10 February 2009) is intended to finance the purchase of AAA-rated Small Business Administration (SBA) loans to unfreeze secondary markets for small business loans.

Measure implemented.

- (ii) Unlocking Credit for Small Businesses (16 March 2009): as part of the Financial Stability Plan and the Consumer and Business Lending Initiative (CBLI), the Treasury will: jump-start credit markets for small businesses by purchasing up to US\$ 15 billion in securities; temporarily raise guarantees to up to 90% in the Small Business Administration (SBA) 7(a) Loan Program; temporarily eliminate certain SBA loan fees to reduce the cost of capital; require the 21 largest banks receiving Financial Stability Plan assistance to report their small business lending monthly and call for all banks to increase small business lending; issue guidance for an expanded carry-back provision as part of the American Recovery and Reinvestment Act tax cut package for small businesses.

Measure implemented.

- (iii) New Efforts to Improve Access to Credit for Small Businesses (26 October 2009):

Taking further steps to provide small businesses with access to credit by supporting community bank lending through the FSP: provide lower-cost capital to community banks that submit a plan to increase small business lending; and support small business lending in the hardest-hit rural and urban communities by making low-cost capital available to Community Development Financial Institutions.

Seeking legislation to increase maximum SBA loan sizes: by raising lending limits on SBA's 7(a) and 504; and by raising lending limits on the Microloan program.

Convening a Treasury-SBA Small Business Lending Conference to work with regulators, lenders and Congress to ensure credit is available. A Small Business Financing Forum was hosted on 18 November 2009.

Measure implemented.

- (iv) (6 November 2009) The Worker, Homeownership, and Business Assistance Act of 2009: building on the Recovery Act, the bill provides and expanded tax cut to struggling businesses. The Recovery Act included a provision that allowed small businesses to count their losses this year against the taxes they paid in previous years. This benefit is extended for an additional year and expanded to medium and large businesses as well.

Measure implemented.

- (v) **Measure remains in place: Community Development Capital Initiative (CDCI): as part of the U.S. Administration's ongoing commitment to improving access to credit for small businesses, Treasury announced on 3 February 2010 final terms for the Community Development Capital Initiative. This TARP programme invested lower-cost capital in Community Development Financial Institutions (CDFIs) that lend to small businesses in the country's hardest-hit communities.**

Industry

Automotive rescue plan:

In December 2008, the Automotive Industry Financing Programme (AIFP) was launched under TARP to prevent the uncontrolled liquidation of the U.S. automotive industry. Under the AIFP, the U.S. Treasury made emergency loans to General Motors and Chrysler to provide a path for these companies to go through orderly restructurings and achieve viability. The U.S. Treasury also made other investments including in Ally Financial (then GMAC Inc.) and Chrysler Financial.

Measure implemented: In total, US\$ 81 billion were made available under the programme and it is on track to recover most of it.

- (i) Automakers General Motors and Chrysler LLC received US\$ 17.4 billion in federal loans on 19 December 2008. These funds came from the troubled asset relief programme (TARP).

Measure implemented.

- (ii) At the end of December 2008 the Government committed a further US\$ 6 billion to stabilize GMAC LLC, a financing company considered vital to the future of General Motors.

Measure implemented.

- (iii) On 16 January 2009, the Treasury Department announced that it would make a US\$ 1.5 billion loan to a special purpose entity created by Chrysler Financial to finance the extension of new consumer auto loans.

Measure implemented.

- (iv) On 17 February 2009 the Government announced the release of US\$ 4 billion in additional aid to General Motors and created a task force to oversee the restructuring of the sector.

Measure implemented.

- (v) On 19 March 2009 the Treasury announced a US\$ 5 billion programme to aid struggling autoparts suppliers (the Auto Supplier Support Program).

Measure implemented.

- (vi) After a month of close engagement with the Auto Task Force, Chrysler, Fiat and their key stakeholders executed an agreement on 30 April 2009:
- Fiat will contribute a free license to use its intellectual property and know-how to capitalize Chrysler in exchange for 20% of the equity of the reorganized Chrysler.
 - The newly reorganized Chrysler will purchase all of the assets of the old Chrysler out of a chapter 11 bankruptcy case in exchange for a US\$ 2 billion payment to its secured lenders.

- The new Chrysler will establish an independent trust (VEBA) that will provide health-care benefits for Chrysler's retirees. VEBA will be funded by a note of US\$ 4.6 billion payable over approximately 13 years with a 9% rate of interest and will receive 55% of the equity of new Chrysler. It will also have the right to select one independent director.
- The Chrysler Pension Plans will be preserved and strengthened by the Daimler contribution of US\$ 600 million.
- The United States Treasury will receive 8% of equity of the new Chrysler and will select the initial group of four independent directors.
- The Governments of Canada and Ontario will together receive 2% of the equity of the new Chrysler and will have the right to select one independent director (the Governments of Canada and Ontario will participate alongside the United States Treasury in lending money to Chrysler and the new Chrysler based on a 3:1 formula using Canadian currency).
- United States Government support will consist of: US\$ 3.3 billion in debtor-in-possession financing to support Chrysler through an expedited chapter 11 proceeding; US\$ 4.7 billion in the form of a term loan to new Chrysler, with US\$ 2.1 billion due in 30 months and 50% of the balance on the 7th anniversary and the other 50% on the 8th anniversary of the loan.

Measure implemented/discontinued: Chrysler emerged from bankruptcy protection on 10 June 2009.

- (vii) 21 May 2009: the Treasury announced additional investment of US\$ 7.5 billion in GMAC LLC. GMAC will be allowed to issue government-backed debt for the first time. The aid includes US\$ 4 billion to support anticipated growth in Chrysler dealer and retail loans. The other US\$ 3.5 billion will help to fulfil capital needs based on the Federal Reserves stress tests. Due to a variety of factors, including that the restructurings of GM and Chrysler were accomplished with less disruption to GMAC than banking supervisors initially projected, Treasury announced on 20 December 2009 that it will commit \$ 3.8 billion of new capital to GMAC rather than the \$5.6 billion originally announced, resulting in a \$ 1.8 billion reduction in the previously forecasted TARP expenditures.

Measure implemented.

- (viii) On 1 June 2009, the President announced that General Motor's restructuring plan is deemed viable and that the Government is making US\$ 30 billion of additional federal assistance available to support the plan. To implement its plan, General Motors will use Section 363 of the United States Bankruptcy Code to clear away the remaining impediments to its successful re-launch.

Measure discontinued: General Motors emerged from bankruptcy protection on 10 July 2009.

- (ix) Car Allowance Rebate System (CARS)/"Cash for Clunkers": a US\$ 1 billion programme that helps consumers buy or lease a more environmentally-friendly vehicle from a participating dealer when they trade in a less fuel-efficient car or truck. The programme is designed to energize the economy; boost auto sales and put safer, cleaner and more fuel-efficient vehicles on the roads. At the end of July, the House of Representatives voted to bolster the programme with an additional US\$ 2 billion from an Energy Department loan fund, and on 6 August 2009 the Senate approved the additional money.

Measure discontinued: The CARS programme achieved the objectives set out by Congress to increase automotive sales and aid the environment. In just a few short weeks of sales, nearly 680,000 older vehicles were replaced by new, more fuel-efficient vehicles. The deadline for dealers to file CARS application closed on 25 August 2009, and the CARS Programme was officially shut down on 30 September 2011.

- (x) In November 2008, the U.S. Government began to reduce its ownership in General Motors. In the initial public offering by General Motors in November 2010, the U.S. sold over 400 million shares at US\$ 33 per share, which resulted in net proceeds of US\$ 13.5 billion. This sale reduced the U.S. Treasury's ownership of GM's outstanding common stock by nearly half, from 60.8% to 33.3%.
- (xi) On 15 December 2010, Treasury announced that General Motors had completed the repurchase of all GM preferred stock issued under the TARP, repaying taxpayers US\$ 2.1 billion. Coming on the heels of the successful initial public offering in November 2010 that netted US\$ 13.5 billion for taxpayers, this preferred share repurchase brought the total amount of funds that taxpayers have received in return for their investment in GM to more than US\$ 23 billion.
- (xii) On 30 December 2010, Treasury announced that it was converting US\$ 5.5 billion of preferred stock in Ally Financial (former GMAC Inc.) into common stock—a move designed to accelerate Treasury's ability to exit its investment in the company.
- (xiii) On 1 March 2011, Treasury announced the public offering of trust preferred securities (TruPs) received from Ally Financial Inc. (Ally) pursuant to the AIFP. Treasury held approximately US\$ 2.7 billion of Ally TruPs. All proceeds from this first sale would represent a partial recovery on Treasury's investment in Ally. The offering did not include any of Treasury's US\$ 5.9 billion of mandatory convertible preferred stock in Ally, nor did it include any of Treasury's holdings of 74% of the shares of Ally's common stock.
- (xiv) On 24 May 2011, Chrysler repaid its outstanding TARP loans six years before the scheduled maturity of those loans in 2017. Chrysler returned more than US\$ 10.6 billion of US\$ 12.5 billion committed to Chrysler through principal repayments, interest, and cancelled commitments. Following the repayment, Treasury holds a 6.6% common equity stake in the company.
- (xv) On 2 June 2011, Treasury announced that it had reached an agreement to sell to Fiat Treasury's 6% fully diluted equity interest in Chrysler and Treasury's interest in an agreement with the UAW retiree trust. After the completion of this transaction (on 21 July 2011), Treasury had fully exited its TARP investment in Chrysler Group LLC under the TARP.

The Administration also announced several steps to support demand for automobile sales:

- (i) It will ensure that American Recovery and Reinvestment Act (ARRA) funds to purchase government cars are released as quickly as possible, and will work through the budget process to accelerate other federal fleet purchases as well.

Measure implemented.

- (ii) It will accelerate efforts being made through the Treasury's Consumer and Business Lending Initiative (CBLI), and is working with automobile finance companies to increase credit to consumers and dealers.

Measure implemented.

- (iii) It will offer a new tax benefit for automobile purchases made between 16 February 2009 and the end of the year.

Measure implemented: The Recovery Act allowed taxpayers to take a deduction for state and local sales and excise taxes paid on the purchase of new cars, light trucks, motor homes and motorcycles. The deduction was available on new vehicles purchased from 17 February 2009, through 31 December 2009. In states that don't have a sales tax, the law provided a deduction for other taxes or fees paid.

- (iv) It will work with Congress to identify parts of ARRA that could be trimmed to fund a fleet modernization programme to provide credit to consumers who turn in old, less fuel-efficient cars and purchase cleaner cars.

Measure implemented.

A new Director of Recovery for Auto Communities and Workers was designated to ensure that the full resources of the federal Government are leveraged to assist workers, communities and regions that rely on the automobile industry.

Measure implemented.

Other sectors: ARRA (17 February 2009) contains spending on energy, transport, infrastructure, and homeland security.

- (i) Modernizing roads, bridges, transit and waterways: about US\$ 70 billion.

Measure remains in place.

- (ii) Energy efficiency: about US\$ 60 billion, including spending on energy efficiency initiatives and tax incentives to spur energy savings. In October, Treasury announced the allocation of US\$ 2.2 billion in Clean Renewable Energy Bonds to help government agencies, public power providers, and cooperative electric companies obtain lower cost financing for clean energy development projects.

Measure remains in place.

- (iii) An estimated US\$ 3 billion for renewable energy projects funded through ARRA. The programme will provide direct payments in lieu of tax credits in support of an estimated 5,000 biomass, solar, wind, and other types of renewable energy production facilities.

Measure remains in place.

- (iv) Investing in scientific research (more than US\$ 15 billion) and extending broadband services (about US\$ 7 billion).

Measure remains in place.

- (v) Health information technology: about US\$ 19 billion.

Measure remains in place.

New measure: On 17 December 2010, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010: it included among a variety of benefits impacting several different tax years, an extension of the 1603 Renewable Energy Grants programme, which provides payments in lieu of renewable energy tax credits and is helping to support jobs in the wind and solar industries.

Labour and social policies

Labour policy

The Government designated a new Director of Recovery for Auto Communities and Workers to ensure that the full resources of the federal Government are leveraged to assist workers, communities and regions that rely on the automobile industry.

Measure implemented.

As part of the Recovery Act's effort to jump-start the economy by providing tax cuts to working families, Treasury announced the disbursement to Puerto Rico of US\$ 600 million that is expected to benefit more than 1 million workers.

Measure implemented: Over time, Treasury disbursed funds to several other states as well.

(06 November 2009) The Worker, Homeownership, and Business Assistance Act of 2009: building on the Recovery Act, the legislation will allow up to 20 additional weeks of unemployment insurance, with the most weeks going to workers in states with the highest unemployed rates.

Measure implemented.

On 19 December 2009, the President signed legislation that extended for six months federal subsidy payments that allow unemployed workers to purchase health care coverage guaranteed by the Consolidated Omnibus Reconciliation Act (COBRA). The extension was added to the Department of Defense spending package (H.R. 3326), which passed the House and Senate.

Measure discontinued: The COBRA premium reduction under the Recovery Act is no longer available for individuals who experience involuntary terminations after 31 May 2010. However, individuals who qualified on or before 31 May 2010 may continue to pay reduced premiums for up to 15 months, as long as they are not eligible for another group health plan or Medicare.

New Measure: The Unemployment Compensation Extension Act of 22 July 2010 extended the filing deadline for federal unemployment insurance benefits until 30 November 2010.

New Measure: The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 17 December 2010 includes a variety of benefits impacting several different tax years:

- A 2% Employee Payroll Tax Cut: the legislation includes an employee-side payroll tax cut for over 155 million workers, providing tax relief of about US\$ 112 billion in 2011 paychecks.
- Extension of Unemployment Benefits: the legislation extends emergency unemployment benefits at their current level for 13 months, preventing an estimated 7 million workers from losing their benefits over the next year as they search for jobs.
- The Child Tax Credit: the US\$ 3,000 refundability threshold established in the Recovery Act for the Child Tax Credit will be extended, ensuring an ongoing tax cut to 10.5 million lower-income families with 18 million children.
- The Earned Income Tax Credit: the legislation continues a Recovery Act expansion of the Earned Income Tax Credit worth, on average, US\$ 600 for families with 3 or more children, and reduces the “marriage penalty” faced by working married families. Together, these enhancements to the EITC will help 6.5 million working families with 15 million children.
- The American Opportunity Tax Credit: the new American Opportunity Tax Credit—a partially refundable tax credit worth up to US\$ 2,500 per student per year that helps more than 8 million students and their families afford the cost of college—is continued.
- 100% expensing: the legislation temporarily allow businesses to expense 100% of certain investments in 2011, potentially generating more than US\$ 50 billion in additional investment in 2011.

- 1603 Renewable Energy Grants: the agreement extends the 1603 programme, which provides payments in lieu of renewable energy tax credits and is helping to support jobs in the wind and solar industries.

Measure remains in place with modifications: The Emergency Unemployment Compensation (EUC) was extended to 3 January 2012: EUC is a 100% federally funded programme that provides benefits to individuals who have exhausted regular state benefits. The EUC programme was created on 30 June 2008, and has been modified several times. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended the expiration date of the EUC programme to 3 January 2012. On 13 January 2012, Congress approved legislation to continue federal extended unemployment benefits programmes. The legislation extended the availability of benefits in all tiers of Emergency Unemployment Compensation (EUC) through February 2012. In addition, the Extended Benefits Program (EB) which provides for additional benefits will be extended in 33 states with high unemployment.

Social programmes

The American Recovery and Reinvestment Act (ARRA) of 17 February 2009 includes aid to the unemployed, for access to health care and to students. It includes spending on student grants, special education, and education for the disabled. It includes help for the unemployed and struggling families, health insurance assistance for the unemployed and spending on training activities for dislocated workers, and nutritional assistance, including food stamps.

Measure implemented.

As part of the Administration's efforts to strengthen communities and ease pressures on the housing market, the Treasury announced US\$ 885 million in ARRA funding to spur the development of affordable housing units in several States.

Measure implemented.

New Measure: NCUA and Treasury's Community Development Capital Initiative (CDCI) (3 February 2010): this TARP programme invested lower-cost capital in Community Development Financial Institutions (CDFIs) that lend to small businesses in the country's hardest-hit communities.

New Measure: (17 June 2010) The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the Office of Thrift Supervision announced a series of upcoming public hearings on how to update the regulations of the 1977 Community Reinvestment Act (CRA) to reflect changes in the financial services industry, changes in how banking services are delivered to consumers today, and current housing and community development needs. On 29 September 2010 the federal banking and thrift regulatory agencies announced a final CRA rule to implement a provision of the Higher Education Opportunity Act. The provision requires the agencies to consider low-cost higher education loans to low-income borrowers as a positive factor when assessing a financial institution's record of meeting community credit needs under the CRA.