



STATE OF ISRAEL
MINISTRY OF FINANCE

SPOKESPERSON OFFICE

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DEPARTMENT

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Press Release

IMF Publishes Concluding Statement on Israel in 2009: Finance Minister Says Many Challenges Ahead for 2010 Including Reducing Unemployment

Members of an IMF delegation, headed by Peter Doyle, this morning submitted to Finance Minister **Dr. Yuval Steinitz** and Bank of Israel Governor **Prof. Stanley Fischer** the concluding statement for the delegation's study of the Israeli economy in 2009. In mid-January 2010, the IMF is due to submit a report summarizing developments in the Israeli economy during 2009.

Finance Minister **Dr. Yuval Steinitz** thanked the IMF delegation and said: "The IMF's report describes how Israel coped with the global recession, and emphasizes the importance of a bi-annual budget and finance sector stability. As IMF economists have noted, the Israeli economy's resilience largely derives from the reduction in the public debt and the structural reforms applied over the past decade. According to the report, Israel was among the first to show a recovery, with the result that the economy was among the least hard-hit in the world." Steinitz added: "The government will continue to adopt a cautious and responsible approach in the management of its strategy for exiting the recession, and will support growth and a downturn in the national debt: We intend to prove in concrete terms that Israel's growth potential was and is considerable".

Bank of Israel Governor **Prof. Stanley Fischer** added: "I would like to thank the IMF delegation for the fundamental study which they have made of the Israeli economy. As has always been the case, the report is the result of professional work by the members of the delegation, who examined the policy measures that were adopted by the government and the Bank of Israel against the background of the global recession. We are glad that the delegation supports the Bank of Israel's monetary policy, including the measures which the bank adopted in the foreign currency market from the beginning of the recession and until now".

Nevertheless, the IMF document that was published today does contain recommendations for improvement. Among the recommendations presented by the delegation, the Bank of Israel Governor emphasized those recommendations that touched on the need to maintain credibility in monetary policy. Additionally, other recommendations included the need for consistency in all components of fiscal policy,



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the necessity of reverting to a downtrend in the debt-GDP ratio, and the need to increase the supervision and monitoring of all elements in the financial system.

The Governor also said that “the Israeli economy cannot rest on its laurels merely because of the positive report. The decrease in the potential growth rate to a level of between 3% and 3.5% as presented in the IMF report is indicative of weakness in the Israeli economy. “The Governor stressed the urgent need for structural changes in the Israeli economy which will help to restore the high growth potential of recent years.