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MCDUGALL ANNOUNCES BALANCE OF PAYMENT ASSISTANCE FOR THE CZECH AND SLOVAK FEDERAL REPUBLIC AND HUNGARY

The Secretary of State for External Affairs, the Honourable Barbara McDougall, today announced special balance of payment support for the Czech and Slovak Federal Republic (CSFR) and for Hungary.

Canada will provide the equivalent of US\$25 million to the CSFR and US\$12.5 million to Hungary in balance of payment support as part of a concerted effort by the Organization for Economic Co-operation and Development (OECD) countries to complete the necessary financing of the CSFR's and Hungary's 1991 economic reform programs and to complement financial support by the International Monetary Fund (IMF). Canadian assistance will take the form of guarantees for loans to be provided by Canadian financial institutions at market rates.

"Canada's concrete support for the Czech and Slovak Federal Republic and for Hungary reflects our determination to assist these countries at this critical juncture in their transition to democratic governments and market economies," said Mrs. McDougall.

The CSFR and Hungary, along with other Central and Eastern European countries, are embarking on major programs of economic reform supported by the IMF. They have sought exceptional financing from the G-24 in order to assist them in pursuing economic reforms and to overcome their immediate balance of payment problems related to the Gulf crisis, a significant terms of trade loss with the Soviet Union, and a sharp contraction of trade among Eastern European countries resulting from the winding-down of the Council of Mutual Economic Assistance (CMEA).

Mrs. McDougall said that this form of Canadian assistance to the CSFR and Hungary was exceptional. Guarantees for loans by the Government will enable Canadian financial institutions to provide the loans at competitive rates and to provide longer repayment terms.

This special assistance complements the work of the Department's Task Force on Central and Eastern Europe which administers financial assistance for Canadian projects and initiatives in the region.

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