Mahuad, Congress Agree To Lift Emergency

Reference:

1. hong kong afp in english 1030 gmt 18 mar 99 -- afp reports president mahuad lifts state of emergency [FBIS Translated Text] Ecuadorian President Jamil Mahuad and Congress President Engineer Juan Jose Pons early this morning announced a political agreement with various congressional blocs that will make Mahuad change the economic adjustment plan announced last Thursday [11 March]. The president said that the economic measures included in the agreement will generate $520 million, which will be used to cover the fiscal deficit that in 1998 totaled approximately 6 percent of the gross domestic product. The details of the laws that Congress must approve and their ensuing revenues will be as follows: Congress pledged to approve the elimination of all exemptions to the Value Added Tax, VAT, generating $86 million in revenues; it pledged to establish a tax on luxury vehicles, which will generate $16 million; it pledged to eliminate tariff exemptions, generating $40 million; it pledged to establish a 1-percent tax on the assets of companies, generating $52 million in revenues; it pledged to restore income taxes, generating $156 million; it pledged to establish a special tax on profits of bank foreign exchange transactions, generating $10 million. The government will receive the profits from the Central Bank of Ecuador, representing $5 million in revenues. It will also approve a 10-percent transfer of revenues from the Superintendency of Banks and Companies, generating $5 million in revenues. The increase of $2 in the price of each barrel of Ecuadorian petroleum will generate $130 million. The adjustment in the price for the transportation of oil through the Trans-Ecuadorian Oil Pipeline will generate $20 million in revenues. The agreement was reached and the president decided to lift the state of emergency that had been in force since last Thursday [as heard] and to lower the price of fuel. Starting today, the price of premium-grade gasoline went down to 18,000 sucre and extra-grade gasoline went down to 12,000 sucre. Now, here are some of the president's remarks after the announcement was made in the early morning hours of today at the Carondelet Palace. The president stated there will most likely be a review of the salaries of public employees and a raise will be announced in a few days. Before that, he stated that for the time being the deposits in savings and checking accounts will remain frozen. [Mahuad] "They remain frozen because that is fundamental for Ecuador to regain its stability. We are hearing a number of suggestions, opinions, and ideas because we can improve the system and make it a little more flexible. We are open to comments. For now, we cannot suspend the freeze because it has yielded results with regard to the price of the dollar and avoiding a large-scale withdrawal of deposits." As I mentioned before, the president also talked about a pay increase that may be declared after talks are held. [Mahuad] "We feel public employees must get a pay raise, but we have to compensate for that raise with the revenues we are earning. So, we will continue the talks to find a solution. I hope to have the fortune to announce an agreement on the matter in a few hours, in a few days. When I talk about a pay increase, I am, of course, including the country's teachers. "To answer the question by [political analyst] Gonzalo Ortiz, we remain as always open to talks. Nobody is unwelcome to talk with the government. We believe Ecuador belongs to
everyone and everyone must participate. In some instances, we will reach agreements on some topics with people who support them. We will reach other agreements with others in other instances. I always told you we were open to talks, and I believe the agreement reached early this morning proves it." The president also stated that the new gasoline prices must be in force as of early this morning, once the gas stations are informed and they can reprogram their pumps. [Mahuad] "The prices are in effect starting now, since we issued the decree. However, be aware that gas stations need to reprogram their pumps. I ask you to be understanding and to make the people understand that this takes some hours. In view of the marathon session we have held, gas stations have not been advised yet. They will be informed through the news media." President Mahuad announced the new agreement with other congressional blocs, but without the Social Christian Party; but this does not mean anyone has been excluded. He added his government remains open to a dialogue with all of the country's political and social sectors. The president was emphatic about this. [Mahuad] "First, nobody has been sidelined. The government has not told anyone we do not want to talk to you. These proposals are beneficial for Ecuador. As the Congress president stated, the ideal would be for all of us to be in agreement. If this cannot happen, as it is obvious, we need the majority to reach an agreement, because that is how democracies work. We remain completely open to holding talks with all sectors. I personally believe that what Ecuador was in urgent need of -- and you will agree with me -- was to return to normalcy, but not at any cost, making any kind of concession. That would have constituted a very serious mistake, and it would have been greatly irresponsible with the future of the country. "I have gone through very rough days. A lot of people plainly told me: Lower the price of gasoline and this thing is over. I would tell them: This problem is over, but we still have the problem of the budget, and we will have difficulties in a few hours for other reasons. The important thing is we found a solution that fixes the problem of the budget with $520 million and at the same time restores calm to the country. I think this is what is worth remembering from what happened here." These are the highlights of the president's responses, following the announcement of an agreement between the National Congress and the Executive. Congress President Juan Jose Pons has commented on the timetable and procedure the Congress will follow to approve and debate the bills proposed by the government. [Pons] "I would like to think that in the course of the debates on the bills, the support for them will be greater for the sake of the country and the ideological definitions of the parties. If this were to happen, the bills would be passed by a larger majority. Otherwise, we will continue working with the people who are supporting this path to resolve the crisis." This was Congress President Pons. At this time, the National Congress is discussing one of the bills included the package of measures, the urgent economic package, that the president forwarded to the Congress last week.