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CONFIDENTIAL

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The Chairman's Summing Up at the Conclusion of the
1983 Article IV Consultation with the Netherlands Antilles
Executive Board Meeting 83/158, November 21, 1983

It was noted that activity in most sectors of the economy has shown signs of weakness since late 1982, which can be ascribed not only to a decline in external demand but also to somewhat uncompetitive labor costs.

In view of the present and prospective employment difficulties, the social partners and the authorities should be commended for seeking to restore wage competitiveness; the moderation, or even reduction in some cases of wages, and the abolition of certain wage indexation arrangements were welcome.

It can be anticipated that external developments may well imply a stabilization and perhaps decline of public sector revenues, a prospect that has to be contrasted with the rising trend of expenditures. Thus, a warning should be given of the threat of rapidly rising fiscal imbalances which could undermine rather quickly the external position of the Netherlands Antilles. The tax measures announced by the federal government on November 16 should therefore be welcomed.

The Article IV consultations with the Netherlands Antilles will continue to be held on an 18-month cycle.