

June 19, 1981 - 81/120

The Acting Chairman's Summing Up at the Conclusion of the
1981 Article IV Consultation with St. Vincent and the Grenadines
Executive Board Meeting 81/93 - June 17, 1981

Directors generally supported the staff appraisal in the first Article IV consultation with St. Vincent and the Grenadines. They commended the authorities for the rapid recovery of the economy from earlier successive natural disasters, the favorable climate for investment, and the record of prudent financial and economic management. But they noted the need for a further strengthening of the public finances and a reduction of the high rates of unemployment and inflation.

Directors considered that an improved savings performance on the part of the public sector, including the public utilities, would be an essential element for the successful implementation of public investment programs in coming years. They commended, in general, the allocation of the resources in the development program, including the attention to agriculture. In light of the phasing-out of the traditional source of budgetary grants, hope was expressed that larger foreign assistance than is now in prospect could be secured.

Directors also attached importance to the pursuit of a prudent wage policy, including the use of appropriate phasing, aimed at ensuring the continued competitiveness and growth of the export and tourist sectors, and the development of the manufacturing sector.

The hope was expressed that, within the framework of the East Caribbean Currency Authority, an upward adjustment in interest rates in the region would be brought about in order to help strengthen the balance of payments, as well as to encourage savings and improve the allocation of scarce financial resources. Finally, the hope was expressed that St. Vincent and the Grenadines would soon adopt Article VIII status.