

August 10, 1982 - 82/139

The Acting Chairman's Summing Up at the Conclusion of the
1982 Article IV Consultation with the Yemen Arab Republic
Executive Board Meeting 82/102
August 6, 1982

Executive Directors indicated broad agreement with the views set out in the staff appraisal and commended the Yemen Arab Republic authorities on the results achieved under the First Five-Year Plan. In particular, they noted the high growth rate, the substantial increase in investment, and the reduced rate of inflation. These achievements were supported by a high level of external assistance and workers' remittances.

On the other hand, Directors expressed concern about the rising budgetary and balance of payments deficits of recent years and those in prospect and about the declining level of international reserves that is occurring as a consequence. In this connection, the role of high interest rates and the world recession was stressed. They remarked at the same time that, in order to overcome the budgetary and balance of payments deficits, it would be important to deal with the fiscal imbalance by adopting measures aimed at increasing the efficiency of revenue collections and improving expenditure control.

It was also observed that, while the exchange rate arrangements appeared to have been satisfactory thus far, care would have to be taken to ensure the international competitiveness of the export and import-competitive sectors. Finally, it was noted with satisfaction that the Yemen Arab Republic continues to follow liberal trade and exchange policies.