

February 22, 1982 - 82/19

The Chairman's Summing Up at the Conclusion of the
1981 Article IV Consultation with Kuwait
Executive Board Meeting 82/18, February 17, 1982

Executive Directors were generally in agreement with the views expressed in the staff report for the 1981 Article IV consultation with Kuwait. They commended the authorities for pursuing demand management and related policies that had contributed to good growth rates and improved economic diversification in recent years, while reducing substantially inflationary pressures from the high levels of the mid-1970s. With the economy relatively free of supply constraints, the moderately expansionary stance of fiscal policy in 1982 was thought to be appropriate.

Directors commended the authorities for taking measures to reduce credit expansion for financing speculative activities. Given the situation in international financial markets, Directors welcomed the indication that the authorities were considering the adoption of a more flexible interest rate structure in order to enhance the role of monetary policy and the development of capital markets in Kuwait.

With respect to external financial policies, the prospect of a possible further reduction in the current surplus in 1982 was noted. The Kuwaiti authorities were commended for their adherence to liberal systems of exchange and trade, a continued high level of financial assistance to less developed countries, mainly in the form of grants, and their prudent reserve and investment management policies. These policies contributed positively to the international adjustment process.

Finally, the desirability of further improvement in statistical data on the Kuwaiti economy was noted by Executive Directors.