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The Chairman's Summing Up at the Conclusion of the
1982 Article IV Consultation with São Tomé and Príncipe
Executive Board Meeting 82/137 - October 27, 1982

Executive Directors generally supported the thrust of the views expressed in the staff appraisal in the 1982 Article IV consultation with São Tomé and Príncipe. Directors considered the significant weakening of the country's financial position in 1981/82, reflecting increasing consumption in the face of declining output and deteriorating terms of trade, which has led to a heavy dependence on foreign assistance. Directors consequently emphasized the need for substantial adjustment. They underscored the vulnerability of the economy, its heavy dependence on imports, its weak productive and export base, and the bottlenecks in the transportation system. The uncertainties about the future of cocoa markets gave rise to questions about the place that should be given to this crop in the planning strategy of the country. Directors stressed the need to promote a balanced diversification in agriculture, to increase labor productivity, especially by a more restrained wage policy, and to restore a more viable budgetary position. In this connection, improvement in the performance of state enterprises--particularly by the elimination of the large losses--was seen to be essential for redressing the country's overall economic and financial performance.

Directors commented on the information flow problems and underlined the importance of an adequate data base for the formulation and implementation of economic policies.