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Statement at the End of an IMF Mission to the Islamic Republic of Iran

End-of-Mission press releases include statements of IMF staff teams that convey preliminary findings after a visit to a country. The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board. This mission will not result in a Board discussion.

An International Monetary Fund (IMF) team, led by Martin Cerisola, Assistant Director for the Middle East and Central Asia Department, visited Tehran from January 24 to February 5, 2015. The team held discussions with the authorities on recent developments in the Iranian economy, the near-term outlook, and the authorities' macroeconomic policies and reform agenda.

At the conclusion of the mission, Mr. Cerisola made the following statement:

“Discussions with the Iranian authorities took place against the background of a marked improvement in macroeconomic conditions over the past year, with a rebound in economic activity and a decline in inflation. However, the sharp drop in global oil prices and an uncertain external environment will bring significant challenges to the outlook.

“The authorities recognize these challenges and remain determined to sustain the improvements in macroeconomic conditions. The discussions focused on the policies needed for preserving disinflation gains and for supporting the economy in its adjustment to lower oil prices. For this, the IMF team recommended that fiscal policy should aim at limiting the budget deficit in the next fiscal year to around 2.5 percent of GDP. Monetary policy should continue to aim at keeping inflation expectations anchored, by preemptively targeting liquidity growth at prudent levels. This policy mix would help absorb shocks and provide more room for credit to flow to the economy. Maintaining exchange rate flexibility will also help smooth the transition to an environment with lower oil prices. The discussions also focused on the need for pressing ahead reforms and the authorities' plans in the banking sector to address nonperforming loans and strengthen the efficiency of financial intermediation.

“The IMF team and the authorities agreed that the 2015 Article IV Consultation mission in the Spring will provide an opportunity to deepen the discussions of the policy and reform priorities of the authorities.

“The mission met with senior officials of the Central Bank of Iran and Ministry of Economy and Finance, as well as a wide range of private sector representatives.