

**FOR
AGENDA**

EBS/83/155

CONFIDENTIAL

July 28, 1983

To: Members of the Executive Board

From: The Secretary

Subject: Dominican Republic - Staff Report for Review Under Extended Arrangement

Attached for consideration by the Executive Directors is a paper on a review of the extended arrangement for the Dominican Republic. A draft decision appears on page 21.

This subject has been tentatively scheduled for discussion on Wednesday, August 24, 1983.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. van Beek, ext. 73311.

Att: (1)

INTERNATIONAL MONETARY FUND

DOMINICAN REPUBLIC

Staff Report for Review Under the Extended Arrangement

Prepared by the Staff Representatives for the
EFF Review with the Dominican Republic

Approved by E. Wiesner and Manuel Guitian

July 27, 1983

On January 21, 1983, the Executive Board approved an extended arrangement for the Dominican Republic (EBS/82/239, 12/29/82), covering the three-year period 1983-85, in an amount equivalent to SDR 371.25 million (450 per cent of quota), of which SDR 115.5 million is from ordinary resources and SDR 255.75 million from borrowed resources. At the same time, the Board approved a request for a purchase under the CFF in an amount equivalent to SDR 42.75 million (51.8 per cent of quota), which raised the Fund's holdings of Dominican pesos under this facility to 100 per cent of quota. The Dominican Republic made a purchase of SDR 45 million upon approval of the EFF and another purchase of SDR 29.25 million in April 1983 after having satisfied the end-March 1983 performance criteria (Table 1). In accordance with the provisions of the arrangement, purchases for the remainder of 1983 could amount to SDR 49.5 million (60 per cent of quota). The Dominican Republic authorities are also requesting a purchase under the buffer stock financing facility in an amount equivalent to SDR 12.6 million, in relation to special stocks of sugar.

In a letter dated January 14, 1983, requesting the extended arrangement, the Dominican Republic authorities stated that they would review with the Fund before June 30, 1983 the progress made in implementing the program for the first year of the arrangement. The review discussions were initiated in Santo Domingo in the period May 3-18, 1983, were continued at headquarters on June 2, 1983, and were concluded in Santo Domingo in the period June 22-July 1, 1983. The Dominican Republic representatives included the Governor and other senior officials of the Central Bank, the Minister and Deputy Minister of Finance, the Technical Secretary of the Presidency and the Director of the Planning Office, and senior officials of the major public enterprises. The mission was also received by the President of the Republic. Mr. Kafka, the Executive Director for the Dominican Republic, participated in some of the discussions.^{1/}

^{1/} The staff team consisted of Messrs. van Beek (Head-WHD), Boutros-Ghali (ETR), Decarli (WHD), Incer (WHD), Ms. Jimenez (Secretary-BLS), and Mrs. Orpin (Secretary-WHD). Mr. Gonzalez (WHD) joined the mission for a few days during the first week of the first visit to Santo Domingo.

Table 1. Dominican Republic: Projection of the IMF Position
(December 31, 1982-December 31, 1985)

	Out- standing 1982 Dec. 31	Operations in First Year of Arrangement 1983				Out- standing 1983 Dec. 31	Operations in Second Year Third Year 1984 1985		Out- standing 1985 Dec. 31
		Jan.-Mar.1/	Apr.-June 1/	July-Oct.	Nov.-Dec.	Dec. 31	Jan.-Dec.	Jan.-Dec.	Dec. 31
(In millions of SDRs)									
Purchases	<u>64.1</u>	<u>87.7</u>	<u>29.3</u>	<u>32.8</u>	<u>29.3</u>	<u>235.2</u>	<u>123.8</u>	<u>123.7</u>	<u>462.9</u>
Under tranche policies	13.8	45.0	29.3	20.2	29.3	132.6	123.8	123.7	371.4
Ordinary	(13.8)	(22.5)	(14.7)	(10.1)	(14.6)	(70.7)	(53.6)	(--)	(115.6)
Enlarged access	(--)	(22.5)	(14.6)	(10.1)	(14.7)	(61.9)	(70.2)	(123.7)	(255.8)
Compensatory financing	39.8	42.7	--	--	--	79.5	--	--	69.7
Buffer stock	10.5	--	--	12.6	--	23.1	--	--	21.8
Repurchases		<u>0.8</u>	<u>0.7</u>	<u>3.6</u>	<u>2.9</u>		<u>9.5</u>	<u>10.3</u>	
Under tranche policies		--	--	2.1	2.9		8.7	--	
Ordinary		(--)	(--)	(2.1)	(2.9)		(8.7)	(--)	
Enlarged access		(--)	(--)	(--)	(--)		(--)	(--)	
Compensatory financing		0.8	0.7	1.5	--		0.8	9.0	
Buffer stock		--	--	--	--		--	1.3	
Net purchases		<u>86.9</u>	<u>28.6</u>	<u>29.2</u>	<u>26.4</u>		<u>114.3</u>	<u>113.4</u>	
Memorandum items									
Total holdings (end of period)	<u>146.6</u>	<u>233.5</u>	<u>262.1</u>	<u>291.3</u>	<u>317.7</u>	<u>317.7</u>	<u>432.0</u>	<u>545.4</u>	<u>545.4</u>
Excluding compensatory and buffer stock	96.3	141.3	170.6	188.7	215.1	215.1	330.2	453.9	453.9
(In per cent of quota)									
Total holdings (end of period)	<u>177.7</u>	<u>283.0</u>	<u>317.7</u>	<u>353.1</u>	<u>385.1</u>	<u>385.1</u>	<u>523.6</u>	<u>661.1</u>	<u>661.1</u>
Excluding compensatory and buffer stock	116.7	171.3	206.8	228.7	260.7	260.7	400.2	550.2	550.2

Source: International Monetary Fund.

1/ Actual transactions.

As of June 30, 1983 the Fund's holdings of Dominican pesos amounted to 317.6 per cent of quota (206.8 per cent if purchases under the buffer stock and CF facilities are excluded). Full use of the extended arrangement would raise the Fund's holdings of Dominican pesos to 661 per cent of quota by the end of the arrangement (550 per cent if purchases under the bufferstock and compensatory financing facilities are excluded). The Dominican Republic has accepted the obligations of Article VIII, Sections 2, 3 and 4, of the Articles of Agreement. The exchange restrictions maintained by the Dominican Republic were approved by the Fund, together with the extended arrangement, on January 21, 1983 until the end of the first year of the arrangement or the next Article VIII consultation, whichever is earlier. Further information on the Dominican Republic's relations with the Fund is presented in Appendix I. Data on financial relations with the World Bank Group are shown in Appendix II. Basic economic data are shown in Appendix III and additional economic data are presented in the Statistical Appendix.

I. Background

1. Developments in 1982

The weakening of the public sector finances and the balance of payments difficulties which the Dominican Republic had experienced for several years reached very serious proportions in 1982. The economy was hit severely by the fall in the prices of sugar and other export commodities and by the progressive drying up of capital inflows. The terms of trade deteriorated by some 27 per cent last year and the rate of growth of real GDP slowed down to about 1-1/2 per cent; the rate of inflation, as measured by the consumer price index, remained unchanged in 1982 at 7.5 per cent (Table 2).

Table 2. Dominican Republic: Selected Economic Indicators

(Percentage changes from the preceding year)

	1977	1978	1979	1980	1981	1982	Proj. 1983
GDP at market prices	16.1	3.1	16.9	20.3	13.5	6.1	11.2
Real GDP	5.0	2.1	4.8	5.7	3.5	1.6	2.0
Terms of trade	-2.2	-16.3	1.9	24.7	8.3	-27.4	-4.5
Consumer prices	12.8	3.5	9.2	16.7	7.5	7.6	7.5

Sources: Central Bank of the Dominican Republic; and Fund staff estimates.

Merchandise exports declined by more than US\$400 million (35 per cent) last year. However, imports also declined (by more than 13 per cent) as economic activity weakened and the availability of foreign exchange at the official rate was reduced, while the deficit in the services account was cut in half as receipts from tourism surged. As a result, the deficit in the current account of the balance of payments widened by less than US\$40 million in 1982 to US\$440 million or from 5.4 per cent to 5.5 per cent of GDP (Table 3).

The net inflow of capital was, at US\$145 million, only a little more than half as large in 1982 as in 1981. While net foreign borrowing by the public sector increased somewhat in 1982, mainly on account of U.S. Government assistance under the Caribbean Basin Initiative, the private capital account shifted from a net inflow to a net outflow. The overall balance of payments deficit more than doubled in 1982 (to US\$310 million), with more than one third of the deficit reflected in a further accumulation of payments arrears. At the end of December 1982, the net international reserves of the Central Bank were negative at US\$680 million, of which US\$435 million represented external payments arrears; gross foreign assets were US\$172 million, equivalent to only six weeks of imports (Statistical Appendix Table 17). The premium for the U.S. dollar in the parallel foreign exchange market rose from about 30 per cent (selling) in December 1981 to about 50 per cent in October 1982 and remained at about that level through the first three months of 1983; it has since edged up to about 56 per cent. (Chart 1 shows the movements in the real and nominal effective exchange rates of the peso in the official and parallel foreign exchange markets over the period since January 1978.)

The fiscal deficit of the Central Government increased from the equivalent of 2 per cent of GDP (RD\$155 million) in 1981 to 2.7 per cent of GDP (RD\$215 million) in 1982 (Table 4). Current expenditures increased by less than 3 per cent in 1982, and capital outlays were reduced by more than one third. However, central government revenues declined by 18 per cent from 1981 to 1982, reflecting the weakening of foreign trade and economic activity in general. On a monthly basis (and measured in relation to the same month one year earlier), tax collections began to improve markedly in September 1982, a tendency which has continued into the early months of 1983.

The fiscal performance of the rest of the nonfinancial public sector improved in 1982, reflecting a large reduction in the overall deficit of the Price Stabilization Institute (INESPRE) (which had experienced serious storage and marketing problems in 1981) and in the net lending of the Agricultural Bank. However, the operations of the sugar corporation (CEA) were affected adversely by rising production costs and falling world sugar prices. The electricity corporation (CDE) achieved a sizable reduction in its operating deficit in 1982 as a result of rate adjustments, but investment outlays were stepped up and its overall deficit increased.

Table 3. Dominican Republic: Balance of Payments Summary

(In millions of U.S. dollars)

	1979	1980	1981	Prel. 1982	Prog. 1983	Proj. 1983
<u>Current account</u>	-331.3	-669.8	-405.9	-441.9	-269.7	-168.0
Merchandise trade balance	-268.9	-557.8	-263.7	-489.6	-300.3	-288.0
Exports	(868.6)	(961.9)	(1,188.0)	(767.7)	(819.7)	(812.0)
Imports	(-1,137.5)	(-1,519.7)	(-1,451.7)	(-1,257.3)	(-1,120.0)	(-1,100.0)
Services (net)	-268.2	-299.8	-335.2	-157.3	-176.4	-95.0
Travel	(-34.3)	(6.8)	(78.5)	(179.1)	(195.6)	(207.0)
Investment income	(-187.7)	(-210.2)	(-289.7)	(-254.1)	(-267.0)	(-223.0)
Other	(-46.2)	(-96.4)	(-124.0)	(-82.3)	(-105.0)	(-79.0)
Transfers (net)	205.8	187.8	193.0	205.0	207.0	215.0
<u>Net capital movements</u>	208.8	521.0	262.5	146.3	249.7	159.7
Private	13.4	155.5	88.4	-51.3	0.9	-49.0
Official	195.4	365.5	174.1	197.6	248.8	208.7
SDR allocation	7.2	7.3	6.6	--	--	--
Gold revaluation and monetization	27.8	23.7	-14.1	-15.0	--	-4.7
<u>Net international reserves</u>						
(increase -)	87.5	117.8	150.9	310.6	20.0	13.0
Of which: increase in external payments arrears <u>1/</u>	43.4	106.2	166.1	119.9	-100.0	-60.0 <u>2/</u>

Sources: Central Bank of the Dominican Republic; and Fund staff estimates.

1/ Including delays in the delivery of foreign exchange under letters of credit.2/ Assumes that refinancing of arrears takes effect before the end of 1983.

Table 4. Dominican Republic: Public Sector Operations

	1979	1980	1981	Prel. 1982	Prog. 1983	Proj. 1983
<u>(In millions of Dominican pesos)</u>						
Central government current revenue	681.5	879.8	909.0	745.5	790.9	850.0
Central government current expenditure	612.2	715.2	756.2	778.5	719.9	800.0
<u>Central government current account</u> surplus or deficit (-)	<u>69.3</u>	<u>164.6</u>	<u>153.7</u>	<u>-33.0</u>	<u>71.8</u>	<u>50.0</u>
Rest of public sector current account surplus or deficit (-)	-41.9	-66.8	-122.1	-136.6 ^{1/}	-27.3 ^{1/}	-37.5 ^{1/}
<u>Public sector current account</u> surplus or deficit (-)	<u>27.4</u>	<u>97.8</u>	<u>31.6</u>	<u>-169.6</u>	<u>44.5</u>	<u>12.5</u>
Capital revenue	21.0	18.0	19.9	41.1	19.0	35.0
Capital expenditure	362.3	517.9	470.0	269.5	395.7	381.6 ^{2/}
<u>Overall public sector deficit (-)</u>	<u>-313.9</u>	<u>-402.1</u>	<u>-418.5</u>	<u>-425.0</u>	<u>-332.2</u>	<u>-334.1</u>
Central Government	-303.5	-186.7	-154.2	-217.3	-197.0	-170.0
Rest of public sector	-10.4	-215.4	-264.3	-207.7	-135.2	-164.1
Residual ^{3/}	32.1	5.1	-29.9	-27.2	-20.0	-20.0
<u>Financing</u>	<u>281.8</u>	<u>397.0</u>	<u>448.4</u>	<u>452.2</u>	<u>352.2</u>	<u>354.1</u>
Foreign ^{4/}	155.7	297.0	105.6	98.6	152.2	32.5
Domestic	126.1	100.0	342.8	353.6	200.0	321.6
Banking system	(126.1)	(100.0)	(342.8)	(353.6)	(200.0)	(291.6) ^{5/}
Other	(--)	(--)	(--)	(--)	(--)	(30.0) ^{6/}
<u>(In per cent of GDP)</u>						
Central government current account surplus or deficit (-)	1.2	2.5	2.0	-0.4	0.8	0.5
Rest of the public sector current account surplus or deficit (-)	-0.7	-1.0	-1.6	-1.7	-0.3	-0.4
Public sector current account surplus or deficit	0.5	1.5	0.4	-2.1	0.5	0.1
<u>Overall public sector deficit (-)</u>	<u>-5.7</u>	<u>-6.0</u>	<u>-5.5</u>	<u>-5.3</u>	<u>-3.7</u>	<u>-3.7</u>
Central Government	-5.5	-2.8	-2.0	-2.7	-2.2	-1.9
Rest of public sector	-0.2	-3.2	-3.5	-2.6	-1.5	-1.8
Financing	5.1	6.0	5.9	5.6	3.9	3.9

Sources: National Budget Office; Central Bank of the Dominican Republic; and Fund staff estimates.

^{1/} Based on four major entities, namely the State Sugar Company (CEA), the Electricity Corporation (CDE), the Price Stabilization Institute (INESPRE), and the holding company for a group of government-owned enterprises (CORDE).

^{2/} Includes investment in housing for RD\$70 million by the National Housing Institute (IHVI).

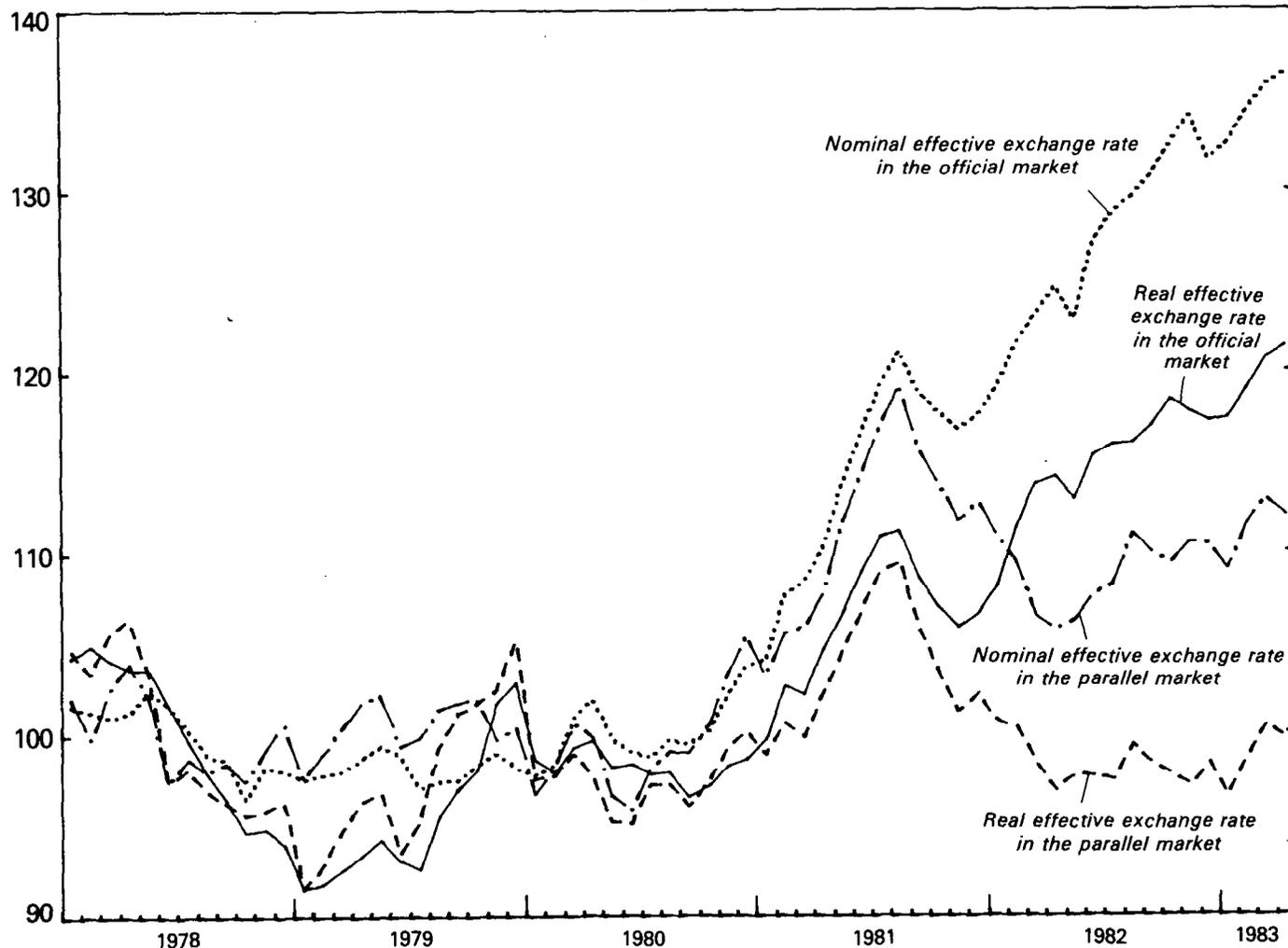
^{3/} Includes the surplus or deficit of certain entities not consolidated in the public sector accounts.

^{4/} Includes only net disbursements to the nonfinancial public sector.

^{5/} Includes financing from private commercial banks estimated at RD\$14.2 million.

^{6/} Estimated amount of tax credit certificates issued.

CHART 1
 DOMINICAN REPUBLIC
 REAL AND NOMINAL EFFECTIVE EXCHANGE RATES¹
 (1978 = 100)



Sources: Central Bank of the Dominican Republic; /FS; and Fund staff estimates.
¹Trade weighted indices. Increase reflects appreciation of the Dominican peso.



The total financing requirement of the consolidated public sector in 1982 was, at RD\$450 million, about the same as in 1981, declining in relation to GDP from 5.9 per cent to 5.6 per cent. The amount financed from foreign sources was a little less than in 1981, and that financed internally a little larger. Credit to the public sector accounted for some 76 per cent of the increase in the net domestic assets of the banking system in 1982, down from 90 per cent in 1981; credit to the private sector increased by 9 per cent in 1982, following a small decline in 1981 (Table 5 and Statistical Appendix Table 14). Following several years of slow growth in relation to GDP, banking system liabilities to the private sector increased at about the same rate as nominal GDP in 1982 (6 per cent).

2. Objectives and policies for the first year of the extended arrangement and performance under the program

The Administration which took office in August 1982 quickly prepared a financial and economic program in support of which it requested the EFF arrangement. The main aim of this program is to achieve a viable external payments position in the context of a high and sustained rate of economic growth. The program's balance of payments target was to limit the loss in the net international reserves of the Central Bank to US\$20 million in 1983 and to attain surpluses in 1984 and in 1985, to be achieved through the management of fiscal, monetary and external sector policies (Table 6 presents selected program parameters in relation to GDP and Table 7 presents other selected economic and financial indicators).

Regarding fiscal policy, the overall deficit of the nonfinancial public sector was to be reduced from a level initially estimated at 7 per cent of GDP in 1982 to 3.9 per cent in 1983. A large part of the projected improvement in fiscal performance was expected to derive from a package of tax measures approved in late 1982 and early 1983, which included the introduction of a broad-based sales tax of the value-added type that was expected to yield some RD\$100 million of additional revenue (1.1 per cent of GDP). The rest of the projected improvement was to result from tight control over current expenditure in the Central Government and a streamlining of the operations of the public enterprises.

Regarding monetary policy, ceilings were established over the expansion of the net domestic credit of the Central Bank and the expansion of the combined net domestic credit to the nonfinancial public sector extended by the Central Bank and Banco de Reservas (the state-owned commercial bank). To foster the growth of private financial savings, high-yield financial certificates were created in late 1982, and interest rates on domestic financial instruments were increased.

Regarding external sector policies, transfers of import payments to the parallel foreign exchange market were accelerated, while nontraditional exporters were to be permitted to benefit partially from the more depreciated parallel market exchange rate. Payment arrears were

Table 5. Dominican Republic: Monetary Indicators

	Level Dec. 31 1981	Change from Previous Year December 31					Proj. 1983
		1979	1980	1981	Prel. 1982	Prog. 1983	
<u>I. Central Bank</u>							
(In millions of Dominican peso)							
Net international reserves	-322.3	-124.0	-107.3	-109.6	-357.5	-20.0	-13.0
Net domestic assets	718.2	193.4	114.5	156.0	393.6	84.0	46.0
Currency issue	395.9	69.4	7.2	46.4	36.1	64.0	33.0
(Percentage change) ^{1/}							
Net domestic assets		70.9	33.5	44.6	99.4	19.1	10.4
Currency issue		25.4	2.1	13.3	9.1	14.5	7.5
<u>II. Banking System</u>							
(In millions of Dominican pesos)							
Net international reserves	-391.2	-87.5	-117.8	-151.0	-310.6	-20.0	-13.0
Net domestic assets	2,237.9	298.1	228.5	380.2	503.6	311.6	393.6
Public sector	(995.6)	(126.1)	(100.0)	(342.8)	(383.6)	(200.0)	(291.6)
Private sector	(1,019.9)	(64.2)	(151.4)	(-24.6)	(93.6)	(121.6)	(99.4)
Medium- and long-term foreign liabilities	259.0	14.0	67.6	70.8	100.1	97.6	176.2 ^{2/}
Liabilities to private sector	1,587.7	196.6	43.1	158.4	92.9	194.0	204.4
(Percentage change) ^{3/}							
Net domestic assets		29.4	18.7	26.6	31.1	16.5	23.4
Liabilities to private sector		16.5	3.1	11.1	5.9	9.9	12.2

Sources: Central Bank of the Dominican Republic; and Fund staff estimates.

^{1/} In relation to currency issue at the beginning of the period.

^{2/} Includes deposits in the Central Bank for RD\$110.9 million, which correspond to deferred amortization payments to foreign commercial banks pending the negotiation of the refinancing arrangement.

^{3/} In relation to liabilities to the private sector at the beginning of the period.

Table 6. Dominican Republic: Macroeconomic Flows

(As per cent of GDP)

	1979	1980	1981	Est. 1982	Prog. 1983	Proj. 1983	Program 1984 1985	
I. Balance of Payments								
<u>Current account surplus or deficit (-)</u>	-6.0	-10.1	-5.4	-5.5	-3.0	-1.9	-2.6	-2.6
Trade balance	-4.9	-8.4	-3.5	-6.1	-3.4	-3.2	-3.2	-2.9
Investment income	-3.4	-3.2	-3.9	-3.2	-3.0	-2.5	-2.4	-2.4
Other services and transfers	2.3	1.5	2.0	3.8	3.4	3.8	3.0	2.7
<u>Capital account</u>	4.4	8.3	3.4	1.6	2.8	1.8	3.4	3.3
Private capital 1/	1.4	2.9	1.1	-0.9	--	-0.6	0.3	0.4
Nonfinancial public sector 2/	2.8	4.5	1.4	1.2	1.7	0.4	2.4	3.4
Financial public sector	0.2	0.9	0.9	1.3	1.1	2.0	0.7	-0.5
<u>Net monetary movements (increase -)3/</u>	1.6	1.8	2.0	3.9	0.2	0.1	-0.8	-0.7
II. Nonfinancial public sector 2/								
<u>Public sector savings</u>	0.5	1.5	0.4	-2.1	0.5	0.1	1.6	2.6
Central Government current account surplus or deficit (-)	1.2	2.5	2.0	-0.4	0.8	0.5	1.6	2.1
Revenue	(12.3)	(13.2)	(12.0)	(9.3)	(8.9)	(9.5)	(9.7)	(10.2)
Expenditure	(-11.1)	(-10.7)	(-10.0)	(-9.7)	(-8.1)	(-9.0)	(-8.1)	(-8.1)
Rest of public sector current account surplus or deficit (-)	-0.7	-1.0	-1.6	-1.7	-0.3	-0.4	--	0.5
<u>Capital revenue</u>	0.4	0.3	0.3	0.5	0.2	0.4	0.2	0.1
<u>Public sector capital expenditure</u>	6.6	7.8	6.2	3.7	4.4	4.3	5.3	5.7
Fixed investment	5.4	5.0	4.6	3.6	3.9	4.0	4.8	5.3
Other capital expenditure	1.2	2.8	1.6	0.1	0.5	0.3	0.5	0.4
<u>Overall deficit</u>	-5.7	-6.0	-5.5	-5.3	-3.7	-3.7	-3.5	-3.0
<u>Residual deficit</u>	0.6	--	-0.4	-0.3	-0.2	-0.2	--	--
<u>Financing</u>	5.1	6.0	5.9	5.6	3.9	3.9	3.5	3.0
Foreign	2.8	4.5	1.4	1.2	1.7	0.4	2.4	3.4
Domestic	2.3	1.5	4.5	4.4	2.2	3.5	1.1	-0.4
III. Savings and Investment								
<u>Fixed capital formation</u>	25.2	25.7	23.7	21.0	22.1	21.0	23.4	24.6
Public sector	5.4	5.0	4.6	3.6	3.9	4.0	4.8	5.3
Private sector 4/	19.8	20.7	19.1	17.4	18.2	17.0	18.6	19.3
<u>Savings</u>	25.2	25.7	23.7	21.0	22.1	21.0	23.4	24.6
Foreign savings	6.0	10.1	5.4	5.5	3.0	1.9	2.6	2.6
National savings	19.2	15.6	18.3	15.5	19.1	19.1	20.8	22.0
Public sector	(0.5)	(1.5)	(0.4)	(-2.1)	(0.5)	(0.1)	(1.6)	(2.6)
Private sector	(18.7)	(14.1)	(17.9)	(17.6)	(18.6)	(19.0)	(19.2)	(19.4)
<u>Memorandum item</u>								
Rate of growth of real GDP	4.8	5.7	3.5	1.6	2.0	2.0	3.5	5.0

Sources: Central Bank of the Dominican Republic; and Fund staff estimates.

1/ Includes unrequited transfers, gold monetization, and errors and omissions.

2/ Includes short-term borrowing. Includes four public financial institutions: the Agricultural Bank, the Industrial Development Corporation (CFI), the Cooperative Development and Credit Institute (IDECOOP), and the Workers Savings Bank. Prior to 1981 the foreign financing of the nonfinancial public sector includes movements in some private debt with public guarantee.

3/ Includes the Central Bank and the commercial banks.

4/ Includes changes in inventories.

Table 7. Dominican Republic: Selected Economic and Financial Indicators

	1980	1981	Prel. 1982	Proj. 1983	Revised Proj. 1983
<u>(Annual per cent changes, unless otherwise specified)</u>					
National income and prices					
GDP at constant prices	5.7	3.5	1.6	2.0	2.0
GDP deflator	13.8	9.7	4.5	9.0	9.0
Consumer prices (average)	16.8	7.5	7.5	9.0	7.5
External sector (on the basis of U.S. dollars)					
Exports, f.o.b.	10.8	23.5	-35.3	4.6	5.7
Imports, f.o.b.	33.6	-4.4	-13.4	-6.3	-12.5
Export volume	-19.1	5.0	-12.0	7.8	7.8
Import volume	21.7	-12.0	-14.5	-8.8	-14.8
Terms of trade (deterioration -)	24.7	8.3	-27.4	-5.5	-4.5
Nominal effective exchange rate (depreciation -)	--	0.7	-1.3	...	...
Real effective exchange rate (depreciation -)	1.1	-1.3	1.0	...	...
Central Government					
Revenue	29.0	4.0	-18.5	18.5	14.5
Expenditure	8.4	0.3	-10.0	1.3	6.5
Money and credit <u>1/</u>					
Domestic credit (net) <u>2/</u>	20.3	29.1	36.0	19.9	25.5
Public sector <u>2/</u>	(7.8)	(26.2)	(26.4)	(12.4)	(18.9)
Private sector <u>2/</u>	(11.8)	(-1.9)	(6.4)	(7.5)	(6.4)
Money and quasi-money (M2)	2.1	11.1	6.2	11.4	12.6
Velocity (GDP relative to M2, level)	5.1	5.2	5.2	5.0	5.1
Interest rate <u>3/</u>	7.5	8.5	8.5	9.5	9.5
<u>(In per cent of GDP)</u>					
Central government savings	2.5	2.0	-0.4	0.8	0.5
Overall public sector deficit	-6.0	-5.9	-5.6	-3.9	-3.9
Domestic financing	(1.5)	(4.5)	(4.4)	(2.2)	(3.5)
Foreign financing	(4.5)	(1.4)	(1.2)	(1.7)	(0.4)
Gross domestic investment	25.7	23.7	21.0	22.1	21.0
Gross national savings	15.6	18.3	15.5	19.1	19.1
BOP-current account deficit	-10.1	-5.4	-5.5	-3.0	-1.9
External public debt <u>4/</u>	33.1	28.7	32.6	...	32.4 <u>5/</u>
<u>(In per cent of exports of goods and nonfactor services)</u>					
Debt service <u>5/</u>	21.3	21.2	29.5	...	26.4
Interest payments <u>5/</u>	11.3	12.7	16.6	...	16.8
<u>(In millions of SDRs)</u>					
Overall balance of payments	-90.5	-128.0	-281.3	-18.3	-11.9
Gross official reserves (weeks of imports)	8.8	9.2	6.4	12.0	10.0
External payments arrears	115.0	268.0	396.6	324.7	345.2

Sources: Central Bank of the Dominican Republic; and Fund staff estimates.

1/ Excludes nonbank financial intermediaries.

2/ Changes in relation to broad money outstanding at the beginning of period.

3/ Term deposits exceeding 180 days.

4/ Public and publicly guaranteed debt of all maturities, including use of Fund credit, arrears, and all other foreign reserve liabilities.

5/ On external debt as defined in footnote 4.

scheduled to be reduced by US\$100 million in 1983 and totally eliminated during the arrangement. Recourse to external borrowing was to be limited, especially in the maturity range of less than ten years, and accordingly ceilings were set on disbursements of foreign loans to the public sector.

The Dominican Republic has so far remained in compliance with the performance criteria of the program. At the end of March 1983, the program's first testing date, all performance criteria were satisfied, and the same was true at the end of June 1983. As of March 31, 1983, the net domestic assets of the Central Bank remained below their ceiling by RD\$34 million or 3 per cent, and net credit of the Central Bank and Banco de Reservas to the public sector stayed below its ceiling by RD\$11 million or about 1 per cent (Table 8). Thus, although both the currency issue and the deposits of commercial banks with the Central Bank fell short of projections, the net international reserves of the Central Bank were on target. The Central Bank's external payments arrears on March 31 were US\$12 million below ceiling.

As regards the performance in the second quarter of 1983, net credit to the public sector was just below its ceiling as of June 30, while the net domestic assets of the Central Bank remained below their ceiling by a sizable margin (5 per cent). The Central Bank's net international reserves exceeded the target by almost US\$20 million, and its external payments arrears were US\$6 million below ceiling.

Also, the required transfers of import payments from the official to the parallel foreign exchange market in the amounts of US\$40 million in the first quarter of 1983 and US\$15 million in the second quarter were put into effect on March 31 and June 16, respectively.

II. Report on the Discussions

1. External sector

Although the balance of payments targets have been met so far, developments in the external sector have diverged in some important respects from the assumptions used in the program, especially as regards the availability of foreign financing from both commercial banks and official creditors. The refinancing arrangement which is being negotiated with commercial banks, as it stands now, while rolling over a substantial amount of debt over a five-year period, will result in a reduction of bank exposure in the Dominican Republic. Also, disbursement of a nonproject loan from the World Bank is no longer likely in 1983, utilization of project loans has remained well below projections, and difficulties have been encountered in securing the expected amounts of net lending from foreign governments.

These shortfalls in foreign financing have been offset in part by a larger-than-projected reduction in the current account deficit reflecting mainly lower imports of goods and services (see Table 3).

Table 8. Dominican Republic: Extended Arrangement Quantitative Performance Criteria for 1983

	Aug. 31			March 31, 1983		June 30, 1983		1983	
	1982	Dec. 31, 1982		Target		Targets		Targets or Limits	
	Actual	Est.	Act.	or Limits	Act.	or Limits	Act.	Sept. 30	Dec. 31
(In millions of Dominican pesos)									
Net domestic assets of the Central Bank <u>1/</u>	924	1,113	1,113	1,103	1,069	1,114	1,059	1,135	1,197
Net credit of the Central Bank and Banco de Reservas to the non-financial public sector <u>2/</u>	1,235	1,466	1,388	1,505	1,494	1,535	1,531	1,585	1,666
(In millions of U.S. dollars)									
Net international reserves of the Central Bank <u>3/</u>	-562	-673	-682	-698	-698	-709	-690	-725	-693
External payments arrears of the Central Bank <u>4/</u>	365	453	436	439	428	414	408	394	353
Cumulative disbursements of foreign loans to the public sector with maturity of less than: <u>5/6/</u>									
1 year	...	...	...	200	--	200	--	200	200
3 years	...	...	...	220	--	220	4	220	220
10 years	...	...	...	370	--	370	4	370	370
Transfers of import payments from the official to the parallel foreign exchange market <u>7/</u>	...	...	...	40	40	15	15	15	15

Sources: Central Bank of the Dominican Republic; and Memorandum on the Economic Policy of the Dominican Republic.

1/ Defined as the difference between the currency issue and the net international reserves.

2/ As defined in Table 1 annexed to the Memorandum on the Economic Policies of the Dominican Republic.

3/ As defined in Table 4 annexed to the Economic Policies Memorandum.

4/ As defined in Table 3 annexed to the Economic Policies Memorandum.

5/ Excluding loans to the Central Bank.

6/ These limits are applied throughout the period.

7/ These targets refer to the quarters ending on the dates indicated.

Merchandise imports are now projected to decline by some 12-1/2 per cent in value terms in 1983, and payments of interest by 12 per cent or US\$30 million because of the decline in world interest rates and the delay in reaching agreement on refinancing the debt to foreign commercial banks. Also receipts from tourism have been somewhat stronger than expected, while merchandise exports have been a little weaker despite substantially higher sugar exports and somewhat higher exports of gold. The volume of sugar exports in 1983 is now projected to be higher and prices have been recently firming up in world markets.

The Dominican Republic representatives noted that there also had been some offsets in the form of new external financing. Food import credits totaling US\$10 million had been obtained from Argentina and a bank loan for a similar amount had been secured for the City of Santo Domingo, contingent upon the refinancing agreement with the banks. In addition, indications had been received from the United States that another US\$40 million loan under the Caribbean Basin Initiative (CBI) was likely to be available to the Dominican Republic in U.S. FY 1984 (which starts October 1, 1983), half of which could be expected to be disbursed in the last quarter of 1983; also, if the CBI legislation now before the U.S. Congress were to be enacted, Dominican Republic sugar exporters would no longer have to pay the sugar import fee in the U.S. market.

Nevertheless, the authorities were concerned lest financing would be insufficient to permit achievement of the program's overall balance of payments objectives for 1983. One source of concern was the continuing uncertainty regarding the renewal of the San Jose Agreement with Venezuela which expires on August 31, and hence the availability of an estimated US\$20 million (or 30 per cent) of financing for oil imports from that country in the last four months of the year; although Mexico and Venezuela had recently indicated the Agreement would be renewed, there was no assurance it would be on the same terms. There was also a question about the timing of the receipts of foreign loans in the remainder of 1983, and in order to shift some of these receipts from the fourth quarter to the third it had been decided to move up the State Sugar Company (CEA)'s schedule of sugar sales subject to advances.^{1/}

While efforts were continuing to secure additional financing the authorities said they are prepared to take compensating policy measures should it become clear that compliance with the program is in danger.

Reviewing the experience with some of the exchange measures introduced last fall, the Dominican Republic representatives said the exchange certificate system was working satisfactorily inasmuch as no undue

^{1/} These are sales corresponding to shipments in calendar year 1984 to the U.S. market on which an advance payment of 50 per cent is made. The CEA has made such sales in varying amounts in the past, obtaining most recently a record US\$42 million of advances in 1982 and US\$21 million in 1981. The schedule for 1983 calls for advances of US\$36 million from such sales, most of which has now been obtained.

administrative difficulties had been encountered and discounts on the amounts traded among importers had been quite small.^{1/} As of mid-June 1983, more than US\$21 million of these certificates had been issued of which more than US\$13 million had been presented to the Central Bank to make import payments. Comparable information on the amount actually redeemed was not available, but the Central Bank had gone to great lengths to ensure the prompt availability of foreign exchange for import payments made with the certificates. Because of problems in the tobacco sector, the share of tobacco exports qualifying for the exchange incentive had been increased from 10 to 20 per cent in March 1983; in June the 10 per cent incentive applying to raw cacao was extended to cacao products. Also, in June 1983 hotels were made eligible for exchange certificates for the full value of any foreign exchange surrendered to the Central Bank, at the same time that their import payments were shifted from the official to the parallel foreign exchange market. Another recent measure in the exchange field is the transfer to the parallel market of credit card transactions.

As regards the experience with the participation of banks in the parallel market, the business community had welcomed this move and the banks had generally been able to operate at rates several points below those quoted by the exchange houses. However, the banks had not been able to capture a significant part of the supply of foreign exchange to the market, mainly because remittances from Dominicans living abroad continued to be made through the exchange houses. The transfer of credit card transactions to the parallel market was expected to channel foreign exchange to the banks.

External payments arrears and delays in the delivery of foreign exchange under letters of credit have been reduced according to the schedule set in the program. At the end of June 1983 external payments arrears stood at US\$99 million compared with US\$182 million at end December 1982. However, the delays incurred by the Central Bank in providing foreign exchange due to local commercial banks for letters of credit were up to US\$309 million at the end of June 1983, from US\$254 million at end of December 1982; no new delays have been incurred after December 1982, but letters of credit outstanding as of November 30, 1982 are being rolled over by the foreign commercial banks while the financing arrangement is being negotiated.

^{1/} This system was established in November 1982 as a means of increasing profitability in the production of the major traditional agricultural export products, namely, raw sugar and molasses, coffee, cocoa, and tobacco. Exporters of these products receive freely negotiable exchange certificates equivalent to a fixed share of export receipts (initially 20 per cent for raw sugar and 10 per cent for the other products). These certificates entitle the bearer to buy foreign exchange at the official exchange rate for purposes of making any payments abroad for which the Central Bank made foreign exchange available as of December 31, 1983.

Under the package that has been agreed upon in principle, the banks would refinance 95 per cent of (1) all letters of credit overdue as of November 30, 1982 (US\$214 million) and of the stock of letters of credit outstanding as of that date (US\$142 million); (2) all principal payments in arrears as of November 30, 1982 and all amortization payments falling due to banks between December 1, 1982 and December 31, 1983 (estimated at US\$126 million); and (3) acceptances outstanding as of November 30, 1982 made under lines established with the Central Bank (US\$55 million). Except for the 5 per cent downpayment, all these obligations would be deferred until January 1984 when they would be converted into a five-year loan (including one year grace) to the Central Bank with government guarantee. No final understanding has been reached yet on refinancing a US\$60.8 million export financing loan made in 1981 by a consortium of banks to the State Sugar Company (CEA) and negotiations on this loan are continuing.

Assuming that the CEA loan is refinanced on similar terms, and including new borrowing envisaged under the three-year program (including borrowing from the Fund), this refinancing proposal would imply that the total external debt (including short-term debt and the foreign reserve liabilities of the Central Bank) will show a moderate increase in relation to GDP during the program period (Table 9). Disbursed debt is expected to increase from about 32-1/2 per cent of GDP at the end of 1982 to 33 per cent by the end of 1985, before declining to 31 per cent by end 1987. Reflecting mainly the impact of the refinancing of debt to commercial banks, the ratio of actual debt service to exports of goods and services is expected to fall from 29-1/2 per cent in 1982 to 26-1/2 per cent in 1983, jump to 43 per cent by 1985 when amortization payments under the proposed refinancing arrangement would start, and decline again in the following two years. However, the debt burden as measured by the ratio of interest payments to GDP is expected to show a sustained, albeit moderate, decline throughout the period.

These debt service projections would have to be modified if the Dominican Republic should negotiate a rescheduling through the Paris Club of its debt to foreign governments, mainly by the United States and Spain, which the authorities have under consideration.

2. Demand management

In the fiscal area, the deficit of the nonfinancial public sector in 1982 was, at RD\$452 million or 5.6 per cent of GDP, considerably less than had been projected (RD\$567 million or 7 per cent of GDP). This result reflected primarily the stronger-than-expected performance of central government revenues due apparently to a major strengthening of tax administration. Tax collections have remained strong in the first four months of 1983 and the Central Government's deficit in this period was reduced by about RD\$60 million from its level in the corresponding period of 1982 (Statistical Appendix Tables 11 and 12). Central government expenditures have been growing somewhat faster

Table 9. Dominican Republic: External Public Debt Operations, 1979-87

	1979	1980	1981	1982	1983	1984	Proj. 1985	1986	1987
(In millions of U.S. dollars)									
<u>Total debt movements</u>									
(net)	319.4	472.8	283.7	554.9	221.7	220.0	245.0	250.0	250.0
Medium- and long-term debt 1/	282.0	211.7	187.0	266.8	855.9	425.0	440.0	254.7	251.6
Disbursements	(414.6)	(338.5)	(314.7)	(414.3)	(1,080.7)	(603.9)	(785.6)	(605.2)	(568.4)
Refinancing	/--/	/--/	/--/	/--/	/568.4/ 2/	/--/	/--/	/--/	/--/
Other	/414.6/	/338.5/	/314.7/	/414.3/	/512.3/	/603.9/	/785.6/	/605.2/	/568.4/
Amortizations	(132.6)	(126.8)	(127.7)	(147.5)	(224.8) 3/	(178.9)	(341.6)	(350.5)	(316.8)
Refinancing	/--/	/--/	/--/	/--/	/--/	/--/	/142.1/	/142.1/	/142.1/
Other	/132.6/	/126.8/	/127.7/	/147.5/	/224.8/	/178.9/	/199.5/	/208.4/	/174.7/
Other debt (net)	145.6	254.1	105.0	177.0	-581.7	-91.6	-79.4	--	--
Short-term debt	(-40.9)	(103.2)	(-38.0)	(-30.2)	(-57.8)	(--)	(--)	(--)	(--)
Central Bank arrears	(43.4)	(106.2)	(166.8)	(119.9)	(-398.2) 4/	(-38.1)	(--)	(--)	(--)
Other foreign reserve liabilities 5/	(112.0)	(69.9)	(-23.4)	(77.7)	(-115.9)	(-53.5)	(-79.4)	(--)	(--)
Other	(31.1)	(-25.2)	(-0.4)	(9.6)	(-9.8)	(--)	(--)	(--)	(--)
Gross foreign reserves (increase -)	-108.2	7.0	-8.3	111.1	-52.5	-113.4	-119.6	-4.7	-1.6
<u>Total interest payments</u>	97.4	144.3	193.0	189.6	200.8	218.4	240.2	257.0	270.6
On medium and long-term debt	78.5	109.4	132.0	113.3	144.8	196.0	226.4	247.1	260.7
On other debt	18.9	34.9	61.0	76.3	56.0	22.4	13.8	9.9	9.9
Debt service payments, excluding refinancing	230.0	271.1	320.7	337.1	855.6 6/	330.5	381.3	423.7	420.3
Debt service payments, including refinancing	230.0	271.1	320.7	337.1	314.9	397.3	581.8	607.5	587.4
<u>Total external debt</u>									
(end of period)	1,406.4	1,869.8	2,170.1	2,611.2	2,887.1	3,220.5	3,585.1	3,839.8	4,091.4
Medium and long term 1/	1,091.3	1,300.6	1,495.9	1,760.0	2,617.6 2/	3,042.6	3,486.6	3,741.3	3,992.9
Other	315.1	569.2	674.2	851.2	269.5	177.9	98.5	98.5	98.5
Gross foreign reserves (end of period)	282.2	275.2	283.5	172.4	224.9	338.3	457.6	462.6	464.2
(In per cent)									
<u>Selected indicators 7/</u>									
Effective interest rate	6.9	7.7	8.9	7.3	7.0	6.8	6.7	6.7	6.6
Debt service ratio									
On payments due prior to refinancing	20.3	21.3	21.2	29.5	71.7 5/	25.4	28.3	29.2	26.8
On actual payments	20.3	21.3	21.2	29.5	26.4	30.5	43.2	41.8	37.4
Interest payments ratio to GDP	1.8	2.6	2.6	2.4	2.3	2.2	2.2	2.1	2.0
External debt ratio to GDP	25.5	33.1	28.7	32.6	32.4	32.9	33.0	32.1	31.0

Sources: Central Bank of the Dominican Republic; and Fund staff estimates.

1/ External public and publicly guaranteed debt with an original maturity of at least one year, including use of Fund resources.

2/ Out of the total amount financed, US\$457.7 million corresponds to the conversion of short-term debt of the State Sugar Company (CEA), short-term lines of credit of the Central Bank, and arrears; and US\$110.7 million corresponds to deferred amortization payments on medium- and long-term debt.

3/ Includes US\$110.7 million of deferred amortization payments on medium- and long-term debt.

4/ Includes US\$60 million of payments and US\$338.2 million of conversion into medium- and long-term debt.

5/ Including arrears and use of Fund resources.

6/ Includes US\$356 million of arrears due to banks.

7/ All indicators refer to total debt, including use of Fund resources.

than had been projected in the program, due in part to an expansion of housing construction programs undertaken by the Government to support economic activity and employment. Current spending is running well above the budget projections, while investment spending has fallen short of projected levels, reflecting in part the adoption of a more rigorous expenditure classification system but also the continued slow rate of execution of projects financed by international institutions.

The prospective financial situation of the State Sugar Company has improved with the projected increase in sugar exports and the CEA's domestic financing requirement in 1983 is expected to be in line with the program projections provided that the full amount of sales subject to advances is obtained and the short-term debt is successfully refinanced. As regards other major public enterprises, the domestic financing requirement of the Price Stabilization Institute (INESPRE) may exceed the projection by a small amount if a reduction in inventories is not achieved in the remainder of the year. The domestic financing requirement of the State Electricity Corporation may also be higher than expected, due mainly to the higher operating costs resulting from a prolonged period of drought and heat.

The authorities are taking steps to ensure that any such overruns, if they occur, will be compensated by reductions in central government expenditures. In particular, they are prepared to withhold further transfers to the National Housing Institute (INVI), to finance its low- and medium-cost housing construction program. While this program has already been scaled down, it remains a potential source of fiscal pressure. Legislation passed last month provides for the issuance of up to RD\$60 million in so-called tax credit certificates, earmarked for INVI, which can be used as payment to contractors and suppliers or placed directly with the public. These certificates, which are negotiable and carry an interest rate of 12 per cent (tax free), can be redeemed in lieu of taxes due, but not before six months after the date of issuance. Hence, they will not affect the collection of revenues in 1983, but they could produce a considerable claim on revenues in 1984 and later years. The authorities explained that because of various constraints incorporated in the legislation the full authorized amount of these certificates was not likely to be issued and that no more than RD\$20-30 million was likely to be issued in 1983. They were aware of the potential drain on future government revenues but they argued that the yield should be sufficient to prevent the certificates from being redeemed quickly.

The authorities also noted that new tax measures were being put into place, including a 50 per cent increase in the excise tax on cigarettes that had just been passed into law and a proposed increase in excise taxes on alcoholic beverages. Consideration was also being given to reimposing the tax on sugar exports which had been abolished in 1981

and replaced by an excess profits tax. The increase in cigarette taxes was estimated to yield an additional RD\$15 million on a full-year basis (some of which is earmarked for specific purposes spelled out in the legislation), and the increase in liquor taxes would yield an estimated RD\$12 million.

As regards the implementation of the general sales tax which was enacted in January 1983, the Dominican Republic representatives said that the preparatory work was proceeding according to schedule. Training of tax collectors and auditors started in mid-May and a publicity campaign was being launched in an effort to educate the business sector and the public about the tax. The present plan was to start charging the tax on sales made in December 1983 with collections starting in January 1984. While this was somewhat later than had been planned originally, it was very important for the eventual success of the tax not to leave an impression of weak administration in the crucial first few months of operation. Current estimates were that the tax would yield some RD\$80-90 million in the first full year.

The total financing requirement of the consolidated public sector in 1983 is expected to be close to the program projection of 3.9 per cent of GDP; this outcome compares to a deficit of 5.6 per cent of GDP in 1982 (see Table 4). However, the amount financed from foreign sources will be substantially less, and that financed internally substantially larger, than had been projected. Public sector savings, which were negative in 1982 by 2 per cent, may turn positive in 1983 although they will not reach the level of 1/2 per cent of GDP projected in the program. Public sector investment is expected to be somewhat less than projected as the housing construction program would not fully offset shortfalls in other projects, particularly those financed with foreign loans.

It is to be noted that the elaboration of the public sector investment program has been delayed. The review of the program by the World Bank was not initiated until April 1983 and submission to the Caribbean Consultative Group is not expected to take place until early December.

In the monetary area, action has been taken to further reduce liquidity in the financial system and thereby reduce pressures on the balance of payments. The Central Bank has started to issue stabilization bonds, at competitive interest rates, and the total authorized amount of RD\$35 million is expected to be placed before the end of 1983.

The resources accruing to the Central Bank have been growing less rapidly than had been projected in the program, reflecting not only the shortfall in foreign financing but also sluggish growth of currency in circulation. As regards the banking system as a whole, its liabilities to the private sector have been growing somewhat faster than projected.

Deposit liabilities have been growing approximately in line with the program projections and the authorities were satisfied that the prevailing interest rate structure was adequate, taking into account especially the reductions that had occurred in international interest rates. Reviewing the experience with the high-yield financial certificates that were introduced late last year, the Dominican Republic representatives said the initial response had been a bit disappointing perhaps because not enough publicity had been given to the availability of those new instruments. However, in subsequent months activity in the certificates had begun to increase and as of mid-June 1983 some RD\$32 million was outstanding, mostly in three-year certificates, which was equivalent to about 4 to 5 per cent of total time and savings deposits in the banking system. There had undoubtedly been some shifts out of lower-yield deposits but it had not been possible yet to ascertain the magnitude of such substitution. The authorities agreed that the high minimum denominations of the certificates probably were an obstacle, but the first scheduled reductions in these minimum denominations had taken effect on June 1 and they would want to examine their impact before deciding upon an accelerated schedule.

III. Staff Appraisal

The Government that took office on August 16, 1982 inherited an economic situation characterized by severe internal and external imbalances. The overall balance of payments deficit reached more than US\$300 million in 1982, or double the 1981 level, and the premium for the U.S. dollar in the parallel foreign exchange market rose substantially. Large external payments arrears (including delays in letters of credit) continued to be accumulated in 1982. The fiscal deficit of the nonfinancial public sector widened sharply in 1980 and 1981 and remained unsustainably high in 1982, leading to steep increases in public sector borrowing from the domestic banking system and reductions in the availability of credit to the private sector. The rate of growth of real GDP slowed down to about 1-1/2 per cent in 1982.

The economic and financial program which is supported by the present extended arrangement is aimed at achieving a viable external payments position in the context of a satisfactory rate of economic growth. The implementation of the program for the first year of the arrangement has resulted in a sizable domestic adjustment so far. In the first four months of 1983, the fiscal deficit of the nonfinancial public sector was reduced considerably. Central government tax collections were strong and the financial situation of the major public enterprises improved. At the same time, the deficit in the current account of the balance of payments narrowed and there was a major improvement in the overall balance of payments, while external payments arrears were reduced. Through the end of June all performance criteria under the program had been met.

Despite these achievements, the economic situation remains difficult and the authorities will have to exercise continued strong vigilance in the implementation of the program if they are to obtain the objectives that they have set for the remainder of the first program year.

One area of concern is the attainment of the fiscal targets of the program. While the financial performance of the major public enterprises has improved from earlier years, there still is a danger of slippages particularly in the Electricity Corporation which has recently suffered an unexpected increase in operating costs. Moreover, in order to support economic activity and employment, the Government has launched an ambitious housing construction program through the National Housing Institute which is being financed in part through the issuance of tax credit certificates that create the potential of a sizable claim on revenues in 1984 and later years. The staff notes that the authorities are taking steps to tighten control over current and capital expenditures and that they are prepared to withhold further transfers for the housing construction program. In the view of the staff this program will have to be kept under continuing review in order to prevent it from endangering achievement of the fiscal targets.

Another area of concern is the continuing uncertainty about the prospective flow of external financing. The authorities have acted to accelerate the schedule of advance sales by the State Sugar Company, and they are prepared to take compensatory policy measures if and when it becomes apparent that further shortfalls in foreign financing would endanger the achievement of the overall balance of payments objectives for 1983. The staff welcomes these measures, and it notes that the sale of stabilization bonds by the Central Bank will also serve to reduce pressures on the balance of payments.

Summing up, the Dominican Republic authorities are engaged in a medium-term economic program designed to strengthen the balance of payments, while creating the bases for the sustained growth of output and employment. The staff considers that the policy actions taken so far, backed up by additional measures to deal with further shortfalls in foreign financing, give reasonable assurance that the performance targets set in the financial program for 1983 will be met.

IV. Proposed Decision

Accordingly, the following draft decision is proposed for adoption by the Executive Board:

The Fund and the Dominican Republic have completed the review contemplated in paragraph 4(c) of the extended arrangement for the Dominican Republic and in paragraph 3 of the letter of January 14, 1983, attached thereto. No new understandings are necessary regarding circumstances in which purchases may be made by the Dominican Republic until January 20, 1984.

Fund Relations with the Dominican Republic
(As of June 30, 1983)

Date of membership: December 28, 1945.

Status: Article VIII.

Quota: SDR 82.5 million.

Proposed quota: SDR 112.1 million

Fund holdings of Dominican pesos:	<u>As of June 30, 1983</u>	<u>Millions of SDRs</u>	<u>Per Cent of Quota</u>
Total		262.06	317.65
Tranche policies		13.76	16.68
Compensatory financing facility		81.00	98.18
Buffer stock		10.54	12.78
Enlarged access		37.12	45.00
Extended Fund facility		37.12	45.00

SDR Department:	<u>As of June 30, 1983</u>	<u>Millions of SDRs</u>	<u>Per Cent of Allocation</u>
Net cumulative allocation		31.59	100.00
Holdings		0.08	0.25

Direct distribution of profits from gold sales (July 1, 1976-July 31, 1980): US\$6.82 million.

Gold distribution (four distributions): 36,800.979 fine ounces.

Exchange system: The Dominican peso has been linked to the U.S. dollar, the intervention currency, at RD\$1 per U.S. dollar since the initial par value of the Dominican peso was established in February 1948. A parallel exchange market also exists and the rate in this market recently has fluctuated at around RD\$1.55 per U.S. dollar. The Fund's holdings of Dominican pesos are valued on the basis of a representative exchange rate under Rule 0-2, paragraph (b)(i).

Last Article IV consultation: The 1982 Article IV consultation discussions were held in September-October 1982 (EBS/82/239) and the consultation was concluded at EBM/83/15 (January 21, 1983).

World Bank Group Financial Relation
with the Dominican Republic

(In millions of U.S. dollars)

A. <u>IBRD Operations (as of March 31, 1983)</u> ^{1/}				
	Commitments (net of cancellations)	Disbursements	Undisbursed Amount	
Agriculture and irrigation	69.0	23.3	45.7	
Industry	25.0	25.0	--	
Tourism	46.0	27.8	18.2	
Transport	65.0	47.5	17.5	
Population	5.0	5.0	--	
Education	12.0	10.5	1.5	
Housing	25.4	1.9	23.5	
Sugar Rehabilitation	35.0	--	35.0	
Urgent imports requirements	25.0	25.0	--	
<u>Total</u>	<u>307.4</u>	<u>166.0</u>	<u>141.4</u>	
Repayments		21.0		
Total outstanding		145.0		
B. <u>IFC Operations (as of March 31, 1983)</u> ^{2/}				
	<u>Loans</u>	<u>Equity</u>	<u>Total</u>	
Commitments	9.0	1.7	10.7	
Total held by IFC	5.2	1.7	6.9	
Total undisbursed	--	--	--	
C. <u>IBRD Loan Transactions</u>				
	<u>1980</u>	Actual <u>1981</u>	<u>1982</u>	Est. <u>1983</u>
Disbursements	39.1	33.8	24.9	28.9
Repayments	2.1	2.3	2.3	4.6
Net lending	37.0	31.5	22.6	24.3

Source: IBRD.

^{1/} A loan for US\$7.1 million to the Municipality of Santo Domingo was approved in June 1983.

^{2/} A total of US\$7.8 million in loans and US\$0.7 million in equity investments was approved after March 31, 1983.

Dominican Republic--Basic Data

Area and population

Area	48,400 sq. kilometers
Population (mid-1982)	5.9 million
Annual rate of population increase (1977-82)	2.9 per cent

GDP (1982) US\$8.0 billion

GDP per capita (1982) US\$1,365

	1979	1980	1981	Prel. 1982
<u>Origin of GDP</u>		(per cent)		
Agriculture and fishing	16.8	16.7	16.9	17.4
Mining and manufacturing	23.7	22.5	22.7	21.5
Construction	6.7	6.8	6.6	6.4
Commerce, transportation, and communications	24.8	24.4	24.6	25.1
Government	8.6	9.6	9.2	9.2
Other	19.4	20.0	20.0	20.4
<u>Ratios to GDP</u>				
Exports of goods and services	21.1	19.7	20.2	14.3
Imports of goods and services	30.8	32.6	28.1	22.3
Current account of the balance of payments	-6.0	-10.1	-5.4	-5.5
Central government revenues	12.5	13.4	12.3	9.4
Central government expenditures	18.0	16.2	14.3	12.1
Central government savings	1.3	2.5	2.0	-0.4
Public sector overall surplus or deficit (-)	-5.1	-6.0	-5.9	-5.6
External public debt (end of year) ^{1/}	25.5	33.1	28.7	32.6
Savings	19.3	15.6	18.3	15.5
Investment	25.2	25.7	23.7	21.0
Money and quasi-money (end of year) ^{2/}	23.2	19.7	19.2	19.3
<u>Annual percentage changes in selected economic indicators</u>				
Real GDP per capita	2.0	2.7	0.6	-1.3
Real GDP	4.8	5.7	3.5	1.6
GDP at current prices	16.9	20.3	13.6	6.1
Domestic expenditures (at current prices)	16.2	24.2	7.7	6.1
Investment	23.4	22.7	4.7	-7.0
Consumption	14.2	24.7	8.6	10.0
GDP deflator	11.5	13.8	9.7	4.5
Cost of living (annual averages)	9.2	16.7	7.5	7.6
Central government revenues	15.9	29.0	4.0	-18.5
Central government expenditures	42.3	8.4	0.3	-10.0
Money and quasi-money ^{2/}	16.8	2.1	11.1	6.2
Money	30.7	-1.9	12.8	12.4
Quasi-money	7.8	5.4	9.9	1.6
Net domestic bank assets ^{3/}	31.9	20.3	29.1	36.0
Credit to public sector (net)	11.5	7.8	26.2	26.4
Credit to private sector	5.9	11.8	-1.9	6.4
Merchandise exports (f.o.b., in U.S. dollars)	28.6	10.7	23.5	-35.3
Merchandise imports (f.o.b., in U.S. dollars)	31.9	33.6	-4.5	-13.4

	1979	1980	1981	Prel. 1982
<u>Central government finances</u>				
	(millions of Dominican pesos)			
Revenue	690.8	890.8	926.7	755.6
Expenditure	994.3	1,077.5	1,080.9	972.9
Current account surplus or deficit (-)	69.3	164.6	153.7	-33.0
Overall surplus or deficit (-)	-303.5	-186.7	-154.2	-217.3
External financing (net)	134.1	117.6	60.2	48.4
Internal financing (net)	169.4	69.1	94.0	168.9
<u>Balance of payments</u>				
	(millions of U.S. dollars)			
Merchandise exports (f.o.b.)	868.6	961.9	1,188.0	767.7
Merchandise imports (f.o.b.)	-1,137.5	-1,519.7	-1,451.7	-1,257.3
Travel (net)	-34.3	6.8	78.5	179.1
Investment income (net)	-187.7	-210.2	-293.1	-254.1
Other services and transfers (net)	159.6	91.4	72.4	122.7
Balance on current and transfer accounts	-331.3	-669.8	-405.9	-441.9
Official capital (net)	195.4	365.5	174.1	197.6
Private capital (net) and errors and omissions <u>4/</u>	76.8	191.0	75.9	-66.3
Change in banking system net reserves (increase -)	87.5	117.8	150.9	310.6
<u>International reserve position (end of year)</u>				
	(millions of U.S. dollars)			
Central Bank (gross)	282.2	275.2	283.4	172.4
Central Bank (net)	-105.4	-212.7	-322.3	-679.6
Rest of banking system (net)	-17.0	-27.5	-68.8	-22.2

1/ Public and publicly guaranteed debt of all maturities, including use of Fund credit, arrears, and all other foreign reserve liabilities.

2/ Includes only banking system liabilities.

3/ Changes in relation to broad money outstanding at the beginning of the year.

4/ Includes counterpart entries to the increase in reserves resulting from allocations of SDRs and from gold revaluation and monetization.

Table 10. Dominican Republic: Consumer Price Index

(May 1976-April 1977 = 100)

	Weights	1979	1980	1981	1982	Jan.-April	
						1982	1983
<u>I. End of the Period</u>							
<u>General index</u>	100.0	136.8	143.0	153.5	164.5	155.9	162.2
Food, beverages, and tobacco	51.7	147.5	141.1	145.5	159.4	149.1	156.0
Housing	23.9	123.7	142.3	168.8	176.7	167.7	176.0
Clothing, shoes, and accessories	6.0	122.5	142.2	150.6	168.1	152.7	171.8
Other	18.4	128.1	149.4	157.0	161.6	157.9	158.7
<u>II. Period Average</u>							
<u>General index</u>	100.0	116.9	136.3	146.8	158.0	155.8	162.8
Food, beverages, and tobacco	51.7	121.1	139.7	140.3	151.4	148.8	156.5
Housing	23.9	116.1	127.2	156.0	170.7	168.8	176.3
Clothing, shoes, and accessories	6.0	111.2	133.9	144.8	158.8	154.4	167.3
Other	18.4	108.23	139.82	153.8	160.0	158.2	161.2

Source: Central Bank of the Dominican Republic.

Table 11. Dominican Republic: Operations of the Central Government

(In millions of Dominican pesos)

	1979	1980	1981	1982	Budget 1983	Jan.-April 1982	1983
Current revenue	681.5	879.8	909.9	745.5	805.0	221.4	304.2
Taxes on income and profits	131.5	182.1	186.2	181.3	185.7	56.3	72.0
Taxes on property	5.3	7.0	7.1	9.4	10.9	2.4	3.0
Taxes on production and transactions	183.4	207.8	256.4	253.3	257.2	82.4	103.9
Taxes on exports and imports	275.0	285.9	270.8	185.2	194.8	48.8	11.7
Other revenue	86.3	197.0	189.4	116.3	156.4	31.5	53.6
Current expenditure	612.2	715.2	756.2	778.5	731.9	239.8	264.0
Wages and salaries	319.2	375.2	402.2	430.0	394.6	130.1	134.5
Purchases of goods and services	112.8	111.8	138.7	133.3	127.7	35.6	43.7
Transfers to private sector	62.4	58.5	66.5	68.8	67.6	14.6	18.1
Transfers abroad	1.2	1.5	1.0	0.6	0.9	0.2	0.7
Transfers to rest of public sector	94.7	110.5	99.2	94.7	77.7	35.1	40.2
Interest payments	21.9	45.6	45.9	48.3	60.3	24.2	26.8
Other	--	12.1	2.7	5.8	3.1	--	--
Surplus on current account	69.3	164.6	153.7	-33.0	73.1	-18.4	40.2
Capital revenue	9.3	11.0	16.8	10.1	15.2	3.5	2.4
Capital expenditure	382.1	362.3	324.7	194.4	285.3	84.6	82.7
Capital formation	140.3	134.9	151.8	110.7	141.5	33.2	28.9
Registered in Treasury accounts	(121.4)	(134.9)	(151.8)	(110.7)	(141.5)	(33.2)	(28.9)
Not registered in Treasury accounts	(18.9)	(--)	(--)	(--)	(--)	(--)	(--)
Transfers to rest of public sector	237.3	187.6	163.0	80.3	138.5	33.1	39.4
Registered in Treasury accounts	(212.0) ^{1/}	(187.6)	(163.0)	(80.3)	(138.5)	(33.1)	(39.4)
Not registered in Treasury accounts	(25.3) ^{2/}	(--)	(--)	(--)	(--)	(--)	(--)
Other	4.5 ^{3/}	39.8 ^{3/}	9.9	3.4	5.3	18.3	14.4
Overall surplus or deficit (-)	-303.5	-186.7	-154.2	-217.3	-197.0	-99.5	-40.1
Financing	303.5	186.7	154.2	217.3	197.0	99.5	40.1
External (net)	134.1	117.6	60.2	48.4	110.8	8.1	-9.7
Drawings	(150.8)	(127.9)	(75.8)	(91.1)	(159.2)	(29.1)	(19.0)
Commercial borrowing	/120.0/	/--/	/--/	/--/	/--/	/--/	/--/
Project borrowing	/30.8/4/	/127.9/	/75.8/	/91.1/	/159.2/	/29.1/	/19.0/
Amortization	(-16.7)	(-10.3)	(-15.6)	(-42.7)	(-48.4)	(-21.0)	(-28.7)
Domestic	169.4	69.1	94.0	168.9	86.2	91.4	49.8
Central Bank (net)	(31.5)	(70.0)	(118.2)	148.5	(...)	(57.4)	(57.8)
Credit (net)	/31.5/5/	/70.0/	/118.2/	/148.5/	/.../	/57.4/	/57.8/
Budgetary reserve	/--/	/--/	/--/	/--/	/.../	/--/	/--/
Reserve Bank	(79.6)	(32.7)	(13.9)	(3.4)	(...)	(35.7)	(19.4)
Credit (net)	/27.8/	/29.7/	/-1.6/	/22.2/	/.../	/41.6/	/5.0/
Deposits	/51.8/	/3.0/	/15.5/	/-18.8/	/.../	/-5.9/	/14.4/
Private commercial banks (net)	(-3.6)	(1.4)	(0.5)	(-1.7)	(...)	(-2.4)	(--)
Other	(61.9) ^{6/}	(-35.0)	(-38.6)	(18.7)	(...)	(0.7)	(-27.4)

Sources: National Budget Office, Central Bank of the Dominican Republic; and Fund staff estimates.

^{1/} A total of RD\$58.2 million registered in Treasury accounts as financial investment is included here in capital transfers (RD\$12.7 million for CORDE, RD\$25.5 million for CDE, and RD\$ 20 million for CEA).

^{2/} Debt amortization abroad on behalf of CDE out of US\$185 million foreign loan.

^{3/} The disbursement of RD\$25 million from IDB, registered in Treasury accounts in 1979, is included in 1980.

^{4/} Includes RD\$5 million for drawing from Central Bank account of P.L. 480 funds.

^{5/} Includes RD\$3.1 million in Central Bank coin issue on behalf of the Treasury.

^{6/} Mostly RD\$50 million Hurricane David bond issue, bought by Central Bank and later transferred to Rosario Mining Corporation.

Table 12. Dominican Republic: Central Government Revenue

(In millions of Dominican pesos)

	1979	1980	1981	1982	Jan.-April	
					1982	1983
Total revenue	690.8	890.8	926.0	745.5	224.9	306.6
Tax revenue	606.5	696.4	734.4	646.6	195.4	256.5
Taxes on net income and profits	131.5	182.1	186.2	181.3	56.3	72.0
Company, corporate, or enterprise	(78.0)	(131.6)	(112.5)	(112.5)	(31.5)	(39.2)
Of which: Rosario Mining	/22.3/	/60.7/	/29.0/	/.../	/.../	/.../
Individuals	(52.3)	(49.5)	(72.6)	(63.6)	(24.1)	(32.1)
Other	(1.2)	(1.0)	(1.1)	(5.2)	(0.7)	(0.7)
Taxes on property	5.3	7.0	7.1	9.4	2.4	3.0
Death and gift taxes	(1.2)	(1.8)	(1.7)	(3.0)	(0.4)	(0.7)
Property transfers	(4.0)	(5.0)	(5.2)	(6.2)	(1.9)	(2.2)
Other	(0.1)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)
Taxes on goods and services	183.4	207.8	256.4	253.3	82.4	103.9
Selective excises on goods	(147.7)	(167.3)	(213.3)	(224.9)	(63.8)	(82.2)
Cigarettes	/24.4/	/24.9/	/27.1/	/28.2/	/.../	/.../
Beer, alcoholic beverages	/64.2/	/77.5/	/81.1/	/86.5/	/.../	/.../
Gasoline, petroleum products	/37.8/	/55.6/	/104.0/	/106.7/	/.../	/.../
Sugar	/19.0/	/6.7/	/--/	/--/	/--/	/--/
Other	/2.3/	/2.6/	/1.1/	/3.5/	/.../	/.../
Selective excises on services	(16.8)	(19.9)	(21.6)	(28.4)	(7.6)	(10.2)
Taxes on use of goods or property, or permission to perform activities	(18.9)	(20.6)	(21.5)	(20.6)	(11.0)	(11.5)
Business or professional licenses	/6.2/	/7.1/	/7.2/	/5.3/	/2.0/	/2.6/
Motor vehicle taxes	/12.7/	/13.5/	/14.3/	/15.3/	/9.0/	/8.9/
Taxes on international trade and transactions	275.0	285.9	270.8	185.2	48.8	71.7
Import duties	(220.8)	(226.7)	(182.8)	(174.9)	(43.6)	(69.4)
Custom duties	/69.3/	/67.9/	/48.6/	/48.0/	/11.6/	/16.4/
Other charges	/151.5/	/158.8/	/134.2/	/126.9/	/32.0/	/53.0/
Export duties	(54.2)	(59.2)	(88.0)	(10.2)	(5.2)	(2.3)
Sugar	/12.2/	/40.5/	/83.0/	/2.2/	/--/	/--/
Coffee and cocoa	/40.8/	/17.6/	/4.2/	/7.4/	/.../	/.../
Other	/1.2/	/1.1/	/0.8/	/0.6/	/.../	/.../
Other taxes	11.3	13.6	13.9	17.4	5.5	5.9
Stamp taxes	(6.4)	(7.2)	(7.6)	(8.1)	(2.3)	(3.6)
Other	(4.9)	(6.4)	(6.3)	(9.3)	(3.2)	(2.3)
Nontax revenue	75.0	183.4	174.8	88.8	26.0	47.7
Property income	52.4	162.6	152.8	65.6	16.1	37.6
Of which: Rosario Mining	(27.7)	(125.2)	(131.0)	(41.1)	(...)	(...)
From nonfinancial public enterprises and public financial institutions	(25.9)	(126.9)	(129.1)	(52.9)	(5.1)	(35.8)
Other	(26.5)	(35.7)	(23.7)	(12.7)	(11.0)	(1.8)
Fees and charges	17.3	17.4	18.3	15.1	7.7	7.4
Fines and forfeits	0.8	0.9	0.8	0.8	0.2	0.5
Other	4.5	3.5	2.9	7.3	2.0	2.2
Capital revenue: sale of assets and grants	9.3	11.0	16.8	10.1	3.5	2.4

Sources: National Budget Office; Central Bank of the Dominican Republic; Ministry of Finance; and Fund staff estimates.

^{1/} Includes revenue for the sale of minibus tickets. Minibuses began to be operated by a government owned company (ONATRATE) in 1980. Revenue and expenditure are included in the central government budget until the organization of the company as a separate entity is legally completed.

Table 13. Dominican Republic: Operations of the Principal Decentralized and Autonomous Entities

(In millions of Dominican pesos)

	1977	1978	1979	1980	1981	1982	January-May	
							1982	1983
I. Dominican Electricity Corporation (CDE)								
<u>Current revenue</u>	83.1	112.4	103.0	157.2	173.6	217.4	80.3	103.4
Own revenues	66.5	90.5	89.9	146.0	172.8	198.5	75.1	95.6
Transfers from Central Government	16.6	21.9	13.1	11.2	0.8	18.9	5.2	7.8
<u>Current expenditure</u>	82.1	104.5	138.3	206.2	218.5	229.9	83.8	105.2
Wages and salaries	20.9	22.6	25.3	30.3	36.3	41.1	16.5	18.6
Goods and services	54.2	69.1	76.6	146.4	153.2	162.3	61.8	67.8
Interest payments	3.2	12.9	11.4	11.4	23.5	24.6	5.2	15.9
Other	3.8	0.8	25.0	18.1	5.5	1.9	0.3	2.9
<u>Current account surplus or deficit (-)</u>	1.0	7.9	-35.3	-49.0	-44.9	-12.5	-3.5	-1.8
<u>Capital revenue</u>	--	--	72.8	86.9	24.9	31.4	6.7	6.4
Transfers from Central Government	--	--	72.8	86.9	21.6	12.2	5.5	2.5
Other	--	--	--	--	3.3	19.2	1.2	3.9
<u>Capital expenditure</u>	33.7	26.5	34.5	80.2	60.6	93.1	24.8	23.3
Capital formation	30.6	25.3	34.1	79.8	60.4	93.1	24.8	23.3
Purchase of buildings	--	--	0.2	0.4	0.1	--	--	--
Financial investment	3.1	1.2	0.2	--	0.1	--	--	--
<u>Overall surplus or deficit (-)</u>	-32.7	-18.6	3.0	-42.3	-80.6	-74.2	-21.6	-18.7
External financing	31.5	15.5	8.4	38.8	42.8	59.8	17.7	6.3
Domestic financing	1.2	3.1	-5.4	3.5	37.8	14.4	3.9	12.4
II. Price Stabilization Institute (INESPRE)								
<u>Current revenue</u>	187.8	180.7	247.6	325.6	311.0	309.8	131.4	134.6
Own revenues	187.7	180.7	247.6	325.6	311.0	309.8	131.4	134.6
Transfers from Central Government	0.1	--	--	--	--	--	--	--
<u>Current expenditure</u>	204.6	185.7	243.2	310.3	366.7	322.7	122.0	115.9
Wages and salaries	2.7	3.7	7.6	13.0	15.4	16.0	6.0	6.7
Goods and services	180.3	159.8	213.3	285.5	338.0	289.8	109.8	99.2
Interest payments	2.2	2.8	2.6	2.4	11.8	14.1	4.6	2.2
Transfers to Central Government	19.3	18.8	19.0	6.8	--	--	--	--
Other	0.1	0.6	0.7	2.8	1.5	2.8	1.6	7.8
<u>Current account surplus or deficit (-)</u>	-16.8	-5.0	4.4	15.3	-55.7	-12.9	9.4	18.7
<u>Capital revenue</u>	0.1	--	37.3	--	--	9.3	3.6	7.3
Transfers from Central Government	--	--	37.3	--	--	--	--	--
<u>Capital expenditure</u>	0.9	0.2	2.0	3.0	3.3	17.5	8.7	1.6
Capital formation	0.9	0.2	1.8	2.9	3.1	17.5	4.4	1.6
Purchase of buildings	--	--	--	0.1	0.2	--	--	--
Financial	--	--	0.2	--	--	--	4.3	--
<u>Overall surplus or deficit (-)</u>	-17.6	-5.2	39.7	12.3	-59.0	-21.1	4.3	24.4
External financing	-8.8	32.6	-6.6	23.0	10.7	4.0	1.3	-8.0
Domestic financing	26.4	-27.4	-33.1	-35.3	48.3	17.1	-5.6	-16.4

Table 13. Dominican Republic: Operations of the Principal Decentralized and Autonomous Entities (Concluded)

(In millions of Dominican pesos)

	1977	1978	1979	1980	1981	1982	January-May	
							1982	1983
III. State Sugar Council (CEA)								
<u>Current revenue</u>	<u>213.6</u>	<u>170.5</u>	<u>168.4</u>	<u>208.6</u>	<u>295.1</u>	<u>198.6</u>	<u>82.1</u>	<u>111.7</u>
Own revenues	210.7	167.6	168.4	208.6	295.1	198.6	82.1	111.7
Transfers from Central Government	2.9	2.9	--	--	--	--	--	--
<u>Current expenditure</u>	<u>123.2</u>	<u>158.1</u>	<u>167.9</u>	<u>242.9</u>	<u>307.3</u>	<u>289.2</u>	<u>129.7</u>	<u>117.7</u>
Wages and salaries	71.9	78.2	83.1	90.8	114.1	115.5	51.2	51.3
Goods and services	48.5	73.8	74.5	124.1	171.1	134.6	58.5	57.6
Interest payments	1.5	1.1	6.2	20.9	15.3	32.7	13.4	8.8
Transfers to Central Government	1.0	--	--	--	--	1.8	1.4	--
Other	0.3	5.0	4.1	7.1	6.8	4.6	5.2	--
<u>Current account surplus</u>	<u>90.4</u>	<u>12.4</u>	<u>20.5</u>	<u>-34.3</u>	<u>-12.2</u>	<u>-90.6</u>	<u>-47.6</u>	<u>-6.0</u>
<u>Capital revenue</u>	<u>--</u>	<u>--</u>	<u>20.0</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3.8</u>
Transfers from Central Government	--	--	20.0	--	--	--	--	--
Other	--	--	--	--	--	--	--	3.8
<u>Capital expenditure</u>	<u>55.6</u>	<u>58.1</u>	<u>35.8</u>	<u>60.0</u>	<u>43.4</u>	<u>10.1</u>	<u>5.4</u>	<u>2.3</u>
Capital formation	5.7	9.5	9.1	29.6	18.3	10.1	5.4	2.3
Purchase of buildings	0.1	0.8	--	--	--	--	--	--
Financial	49.8	47.8	26.7	30.4	25.0	--	--	--
Other	--	--	--	--	0.1	--	--	--
<u>Overall surplus or deficit (-)</u>	<u>34.8</u>	<u>-45.7</u>	<u>-15.3</u>	<u>-94.3</u>	<u>-55.6</u>	<u>-100.7</u>	<u>-53.0</u>	<u>-4.5</u>
External financing	-13.7	34.1	25.9	108.5	64.2	31.9	2.3	-31.8
Domestic financing	-21.1	11.6	-10.6	-14.2	-8.6	68.8	50.7	36.3
IV. Corporation of State Enterprises (CORDE)^{1/}								
<u>Current revenue</u>	<u>4.1</u>	<u>7.3</u>	<u>2.3</u>	<u>3.0</u>	<u>2.3</u>	<u>1.7</u>		
Own revenues	4.1	7.3	2.2	2.9	1.9	1.7		
Transfers from Central Government	--	--	0.1	0.1	0.4	--		
<u>Current expenditure</u>	<u>2.1</u>	<u>2.8</u>	<u>4.2</u>	<u>2.9</u>	<u>2.4</u>	<u>3.4</u>		
Wages and salaries	1.3	1.4	1.8	2.0	1.8	1.7		
Goods and services	0.3	0.2	0.5	0.6	0.3	1.2		
Interest payments	0.4	0.9	0.7	--	0.3	0.5		
Other	0.1	0.3	1.2	0.3	--	--		
<u>Current account surplus or deficit (-)</u>	<u>2.0</u>	<u>4.5</u>	<u>-1.9</u>	<u>0.1</u>	<u>-0.1</u>	<u>-1.7</u>		
<u>Capital revenue</u>	<u>0.2</u>	<u>0.5</u>	<u>24.7</u>	<u>3.0</u>	<u>4.0</u>	<u>2.6</u>		
Transfers from Central Government	--	--	22.3	--	--	--		
Other	0.2	0.5	2.4	3.0	4.0	2.6		
<u>Capital expenditure</u>	<u>4.1</u>	<u>6.5</u>	<u>26.0</u>	<u>6.2</u>	<u>6.8</u>	<u>5.4</u>		
Capital formation	--	--	0.1	--	--	--		
Purchase of buildings	--	--	--	--	--	--		
Financial investment	4.1	6.5	25.9	6.2	6.8	5.4		
<u>Overall surplus or deficit (-)</u>	<u>-1.9</u>	<u>-1.5</u>	<u>-3.2</u>	<u>-3.1</u>	<u>-2.9</u>	<u>-4.5</u>		
External financing	1.4	--	-2.6	-5.2	--	--		
Domestic financing	0.5	1.5	5.8	8.3	2.9	4.5		

Sources: National Budget Office, Execution of the Budget; Dominican Electricity Corporation; Price Stabilization Institute; State Sugar Council; Corporation State Enterprises; and Fund staff estimates.

^{1/} Holding company for a group of enterprises in which the Government is a shareholder.

Table 14. Dominican Republic: Banking System - Summary Accounts

(In millions of Dominican pesos)

	December 31					April 30	
	1978	1979	1980	1981	1982	1982	1983
I. Central Bank							
Net international reserves	18.6	-105.4	-212.7	-322.3	-679.8	-421.1	-740.8
<u>Net domestic assets</u>	<u>658.4</u>	<u>878.4</u>	<u>1,063.8</u>	<u>1,375.9</u>	<u>1,827.6</u>	<u>1,449.9</u>	<u>1,942.8</u>
Net claims on the public sector	374.3	423.8	525.3	688.0	970.5	777.3	1,034.7
Credit to commercial banks	222.7	269.5	325.0	444.5	530.2	418.0	567.7
Credit to the rest of the financial system	55.8	83.0	115.4	133.0	157.9	144.4	165.9
Net unclassified assets	5.6	102.1	97.1	110.4	169.0	110.2	174.5
Counterpart unrequited foreign exchange	31.5	65.0	96.9	81.9	80.5	68.9	77.4
Medium- and long-term foreign liabilities	106.6	120.6	188.2	259.0	368.3	285.7	416.3
<u>Liabilities to commercial banks</u>	<u>314.1</u>	<u>311.8</u>	<u>286.8</u>	<u>287.8</u>	<u>335.1</u>	<u>370.0</u>	<u>385.5</u>
Cash in vaults	49.0	68.8	74.6	72.1	74.1	48.1	49.3
Other liabilities	265.1	243.0	212.2	215.7	261.0	321.9	336.2
<u>Liabilities to the private sector</u>	<u>224.8</u>	<u>275.6</u>	<u>279.2</u>	<u>324.9</u>	<u>363.9</u>	<u>304.2</u>	<u>322.8</u>
Currency in circulation	223.9	273.5	274.9	323.8	357.9	303.1	320.6
Other liabilities	0.9	2.1	4.3	1.1	6.0	1.1	2.2
II. Banking System							
Net international reserves	-34.9	-122.4	-240.2	-391.2	-701.8	-425.6	-773.5
<u>Net domestic assets</u>	<u>1,382.7</u>	<u>1,732.1</u>	<u>1,991.5</u>	<u>2,371.9</u>	<u>2,912.9</u>	<u>2,416.4</u>	<u>3,094.0</u>
Net claims on the public sector	426.7	552.8	652.8	995.6	1,379.2	1,116.0	1,503.0
Credit to the private sector	828.9	893.1	1,044.5	1,019.9	1,113.5	990.5	1,138.0
Credit to the rest of the financial system	94.7	110.8	166.8	175.5	197.8	191.8	215.2
Net unclassified assets	32.4	175.4	127.4	180.9	222.4	118.1	237.8
Counterpart unrequited foreign exchange	31.5	65.0	96.9	81.9	80.5	68.9	77.4
Medium- and long-term foreign liabilities	106.6	120.6	188.2	259.0	368.3	285.7	416.3
Liabilities to the rest of the financial system	20.1	37.9	36.9	52.1	81.7	94.6	110.0
<u>Liabilities to the private sector</u>	<u>1,189.6</u>	<u>1,386.2</u>	<u>1,429.3</u>	<u>1,587.7</u>	<u>1,680.6</u>	<u>1,541.6</u>	<u>1,716.8</u>
Currency in circulation	223.9	273.5	274.9	323.6	357.9	303.1	320.6
Demand deposits	209.1	292.4	280.1	302.5	345.8	291.1	303.0
Time and savings deposits	478.7	481.5	498.7	553.1	662.7	587.8	696.6
Other liabilities	183.8	232.5	253.5	273.2	176.8	231.3	252.4
Private capital and surplus	94.1	106.3	122.1	135.1	137.4	128.3	144.2

Sources: Central Bank of the Dominican Republic; and Fund staff estimates.

Table 15. Dominican Republic: Balance of Payments
(In millions of U.S. dollars)

	1979			1980		
	Credit	Debit	Balance	Credit	Debit	Balance
<u>Current account</u>	<u>1,373.3</u>	<u>1,704.6</u>	<u>-331.3</u>	<u>1,503.0</u>	<u>2,172.8</u>	<u>-669.8</u>
<u>Merchandise and services</u>	<u>1,166.8</u>	<u>1,703.9</u>	<u>-537.1</u>	<u>1,313.1</u>	<u>2,170.7</u>	<u>-857.6</u>
<u>Merchandise, f.o.b.</u>	<u>868.6</u>	<u>1,137.5</u>	<u>1/-268.9</u>	<u>961.9</u>	<u>1,519.7</u>	<u>2/-557.8</u>
<u>Services</u>	<u>298.2</u>	<u>566.4</u>	<u>-268.2</u>	<u>351.2</u>	<u>651.0</u>	<u>-299.8</u>
Freight and insurance	13.0	123.9	-110.9	14.4	163.9	-149.5
Other transport	9.2	7.6	1.6	11.3	10.6	0.7
Travel	123.9	158.2	-34.3	172.6	165.8	6.8
Investment income	31.9	219.6	-187.7	41.8	252.0	-210.2
Government, n.i.e.	4.1	3.5	0.6	4.5	3.7	0.8
Other services	116.1	53.6	62.5	106.6	55.0	51.6
<u>Transfers</u>	<u>206.5</u>	<u>0.7</u>	<u>205.8</u>	<u>189.9</u>	<u>2.1</u>	<u>187.8</u>
Private	177.3	0.3	177.0	183.8	0.7	183.1
Official	29.2	0.4	28.8	6.1	1.4	4.7
<u>Capital account</u>	<u>459.2</u>	<u>250.4</u>	<u>208.8</u>	<u>672.3</u>	<u>151.3</u>	<u>521.0</u>
<u>Private capital</u>	<u>95.1</u>	<u>81.7</u>	<u>13.4</u>	<u>244.0</u>	<u>88.5</u>	<u>155.5</u>
Direct investment	—	13.4	-13.4	62.7	—	62.7
Long- and medium-term loans ^{4/}	42.6	68.3	-25.7	78.9	88.5	-9.6
Other (net) ^{5/}	52.5	—	52.5	102.4	—	102.4
<u>Official capital</u>	<u>364.1</u>	<u>168.7</u>	<u>195.4</u>	<u>428.3</u>	<u>62.8</u>	<u>365.5</u>
Central Government	155.3	13.8	141.5	92.6	12.7	79.9
Dec. gov. agencies	11.2	4.6	6.6	5.0	1.9	3.1
Local governments	—	0.7	-0.7	—	0.5	-0.5
Public enterprises	132.7	57.0	75.7	105.4	18.3	87.1
Public financial institutions	19.9	6.6	13.3	100.3	7.6	92.7
Short term	45.0	86.0	-41.0	125.0	21.8	103.2
<u>SDR allocation</u>			<u>7.2</u>			<u>7.3</u>
<u>Gold monetization</u>			<u>—</u>			<u>—</u>
<u>Gold revaluation</u>			<u>27.8</u>			<u>23.7</u>
<u>Net monetary movements (increase -)</u>			<u>87.5</u>			<u>117.8</u>
<u>Central Bank</u>			<u>124.0</u>			<u>107.3</u>
Assets			-108.2			7.0
Liabilities			232.2			100.3
<u>Commercial banks</u>			<u>-36.5</u>			<u>10.5</u>
Assets			-31.6			-70.4
Liabilities			-4.9			80.9

Table 15. Dominican Republic: Balance of Payments (Concluded)

(In millions of U.S. dollars)

	1981			1982		
	Credit	Debit	Balance	Credit	Debit	Balance
<u>Current account</u>	<u>1,718.8</u>	<u>2,124.7</u>	<u>-405.9</u>	<u>1,354.5</u>	<u>1,796.4</u>	<u>-441.9</u>
<u>Merchandise and services</u>	<u>1,524.4</u>	<u>2,123.3</u>	<u>-598.9</u>	<u>1,146.2</u>	<u>1,793.1</u>	<u>-646.9</u>
<u>Merchandise, f.o.b.</u>	<u>1,188.0</u>	<u>1,451.7</u>	<u>3/-263.7</u>	<u>767.7</u>	<u>1,257.3</u>	<u>-489.6</u>
<u>Services</u>	<u>336.4</u>	<u>671.6</u>	<u>-335.2</u>	<u>378.5</u>	<u>535.8</u>	<u>-157.2</u>
Freight and insurance	17.8	141.7	-123.9	11.5	125.0	-113.5
Other transport	13.6	12.4	1.2	9.7	12.6	-2.9
Travel	206.3	127.8	78.5	266.1	87.0	179.1
Investment income	11.8	304.9	-293.1	4.4	258.5	-254.1
Government, n.i.e.	7.3	5.2	2.1	6.4	5.0	1.5
Other services	79.6	79.6	--	80.4	47.7	32.7
<u>Transfers</u>	<u>194.4</u>	<u>1.4</u>	<u>193.0</u>	<u>208.3</u>	<u>3.3</u>	<u>205.0</u>
Private	176.4	0.1	176.3	190.0	1.2	188.8
Official	18.0	1.3	16.7	18.3	2.1	16.2
<u>Capital account</u>	<u>613.5</u>	<u>351.0</u>	<u>262.5</u>	<u>376.5</u>	<u>306.2</u>	<u>146.3</u>
<u>Private capital</u>	<u>156.6</u>	<u>68.2</u>	<u>88.4</u>	<u>2.1</u>	<u>53.4</u>	<u>-51.3</u>
Direct investment	79.7	--	79.7	--	1.4	-1.4
Long- and medium-term loans ^{4/}	9.3	68.2	-58.9	2.1	24.1	-22.0
Other (net) ^{5/}	67.6	--	67.6	--	27.9	-27.9
<u>Official capital</u>	<u>456.9</u>	<u>282.8</u>	<u>174.1</u>	<u>374.4</u>	<u>176.8</u>	<u>197.6</u>
Central Government	133.8	14.1	119.7	125.7	42.8	82.9
Dec. gov. agencies	1.5	1.7	-0.2	(
Local governments	--	0.1	-0.1	(121.0	75.1	45.9
Public enterprises	82.9	55.2	27.7	(
Public financial institutions	92.7	27.3	65.4	107.7	8.7	99.0
Short term	146.0	184.4	-38.4	20.0	50.2	-30.2
<u>SDR allocation</u>			<u>6.6</u>			--
<u>Gold monetization</u>			<u>5.1</u>			<u>-16.4</u>
<u>Gold revaluation</u>			<u>-19.2</u>			1.4
<u>Net monetary movements (increase -)</u>			<u>-19.2</u>			<u>310.6</u>
<u>Central Bank</u>			<u>150.9</u>			<u>357.3</u>
Assets			-8.3			111.0
Liabilities			117.9			246.3
<u>Commercial banks</u>			<u>41.3</u>			<u>-46.7</u>
Assets			-145.2			-19.5
Liabilities			186.5			-27.2

Sources: Central Bank of the Dominican Republic; and Fund staff estimates.

^{1/} Includes US\$16.9 million of donations on account of hurricanes; US\$22.5 million corresponding to imports of merchant vessels not covered by customs data; and US\$17.7 million of other coverage adjustments.

^{2/} Includes US\$21.3 million of coverage adjustments.

^{3/} Includes US\$1.5 million of coverage adjustments.

^{4/} Includes publicly guaranteed private debt.

^{5/} Includes private short-term capital and errors and omissions.

Table 16. Dominican Republic: Exports by Principal Commodity Group

(Value in millions of U.S. dollars; volume in thousands of metric tons or troy ounces; and unit values in U.S. dollars per metric ton and per 100 lbs.)

	1979	1980	1981	Prel. 1982	Jan.-April	
					1982	1983
<u>Total exports, f.o.b.</u>	<u>868.6</u>	<u>961.9</u>	<u>1,188.0</u>	<u>767.5</u>	<u>266.5</u>	<u>284.6</u>
<u>Major agricultural exports</u>	<u>525.1</u>	<u>498.9</u>	<u>753.6</u>	<u>487.2</u>	<u>170.4</u>	<u>179.8</u>
Raw sugar						
Value	190.9	290.2	513.2	265.5	83.4	105.9
Volume	992.4	802.0	847.5	833.3	287.0	440.3
Unit value (m. tons)	192.4	361.9	605.5	318.6	290.6	240.5
Unit value (100 lbs.)	8.7	16.4	27.5	14.4	13.2	10.9
Refined sugar and by-products						
Value	42.6	40.5	47.2	43.1	16.2	11.7
Unprocessed coffee						
Value	142.9	51.8	62.2	90.6	38.1	30.8
Volume	38.8	19.7	26.8	34.0	13.8	12.3
Unit value (m. tons)	3,686.0	2,636.5	2,320.9	2,664.1	2,760.9	2,504.1
Unit value (100 lbs.)	167.1	119.6	105.3	120.8	125.2	113.6
Processed coffee						
Value	14.8	25.0	13.6	5.0	5.0	--
Raw cocoa						
Value	73.1	51.1	44.8	52.9	18.1	19.3
Volume	25.1	23.5	27.2	38.7	11.3	13.7
Unit value (m. tons)	2,913.6	2,176.5	1,647.1	1,366.2	1,602.8	1,408.8
Unit value (100 lbs.)	132.1	98.7	74.7	61.9	72.6	63.9
Processed cocoa						
Value	5.3	4.7	5.3	6.1	2.6	2.4
Tobacco leaf						
Value	54.9	34.8	65.6	21.4	6.7	8.4
Volume	42.5	21.8	39.2	12.0	3.0	5.0
Unit value (m. tons)	1,291.1	1,596.5	1,673.5	1,777.5	2,233.3	1,680.0
Unit value (100 lbs.)	58.6	72.4	75.9	80.6	101.3	76.2
Tobacco products						
Value	0.6	0.8	1.7	2.6	0.3	1.3
<u>Major mineral products</u>	<u>272.1</u>	<u>379.4</u>	<u>334.1</u>	<u>193.0</u>	<u>62.8</u>	<u>77.1</u>
Bauxite						
Value	20.9	18.5	15.7	5.2	3.5	--
Volume	634.7	605.8	457.2	140.5	98.7	--
Unit value (m. tons)	32.9	30.6	34.3	37.3	35.5	--
Ferronickel						
Value	123.5	101.3	110.5	24.2	6.4	21.2
Volume	65.4	46.6	49.1	14.1	2.9	16.9
Unit value (m. tons)	1,885.9	2,172.2	2,250.5	1,709.6	2,206.9	1,254.4
Gold alloy						
Value	104.9	225.5	186.4	146.6	45.2	50.7
Volume (troy ounces)	353.0	369.6	407.8	386.3	175.0	113.7
Silver alloy						
Value	22.8	34.0	21.5	17.0	7.7	5.2
Volume (troy ounces)	2,276.2	1,622.5	2,033.6	2,197.0	990.2	446.9
<u>Other exports</u>	<u>71.4</u>	<u>83.7</u>	<u>100.3</u>	<u>87.3</u>	<u>33.3</u>	<u>27.7</u>

Sources: Central Bank of the Dominican Republic; and Fund staff estimates.

1/ Figures may not add up exactly due to rounding.

Table 17. Dominican Republic: Net International Reserves

(In millions of U.S. dollars)

	December 31					April 30	
	1978	1979	1980	1981	1982	1982	1983
<u>Total</u>	<u>-34.9</u>	<u>-122.4</u>	<u>-240.2</u>	<u>-391.1</u>	<u>-701.8</u>	<u>-425.6</u>	<u>-773.5</u>
<u>Central Bank</u>	<u>18.6</u>	<u>-105.4</u>	<u>-212.7</u>	<u>-322.3</u>	<u>-679.6</u>	<u>-421.1</u>	<u>-740.8</u>
<u>Assets</u>	<u>174.0</u>	<u>282.2</u>	<u>275.2</u>	<u>283.5</u>	<u>172.4</u>	<u>236.1</u>	<u>214.2</u>
Gold	(20.2)	(48.4)	(72.8)	(58.7)	(43.7)	(51.0)	(38.7)
Sight deposits and currency	(118.6)	(59.8)	(157.7)	(142.4)	(103.5)	(111.9)	(59.3)
Time deposits	(0.5)	(130.6)	(16.2)	(49.0)	(4.0)	(9.6)	(89.0)
IDB bonds	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)
U.S. AID letters of credit	(0.4)	(2.1)	(1.6)	(0.6)	(--)	(0.6)	(--)
Items in transit	(25.6)	(29.9)	(24.5)	(28.5)	(17.7)	(57.4)	(17.5)
SDR holdings	(6.1)	(9.5)	(--)	(1.9)	(0.6)	(2.3)	(5.9)
IMF reserve tranche	(--)	(--)	(--)	(--)	(--)	(--)	(--)
Bilateral agreements	(0.8)	(0.1)	(0.6)	(0.6)	(1.1)	(1.5)	(2.0)
<u>Liabilities</u>	<u>-155.4</u>	<u>-387.6</u>	<u>-487.9</u>	<u>-605.8</u>	<u>-852.0</u>	<u>-657.2</u>	<u>-955.0</u>
Arrears	(--)	(-22.4)	(-47.5)	(-62.7)	(-182.2)	(-91.6)	(-139.1)
Letters of credit <u>1/</u>	(--)	(-21.0)	(-102.1)	(-253.7)	(-254.1)	(-313.5)	(-294.3)
Bilateral agreement	(-50.9)	(-59.4)	(-105.7)	(-116.6)	(-142.4)	(-111.3)	(-157.5)
Use of IMF resources	(-47.5)	(-124.3)	(-48.5)	(-23.0)	(-71.6)	(-21.5)	(-202.1)
IDB deposit <u>2/</u>	(--)	(-50.0)	(-15.8)	(--)	(--)	(--)	(--)
Central banks	(--)	(-32.8)	(-64.2)	(-61.0)	(-51.7)	(-57.2)	(-42.0)
Foreign commercial bank	(-57.0)	(-77.8)	(-104.1)	(-88.8)	(-65.0)	(-62.1)	(-50.0)
Other	(--)	(--)	(--)	(--)	(-85.0)	(--)	(-70.0)
<u>Commercial banks</u>	<u>-53.5</u>	<u>-17.0</u>	<u>-27.5</u>	<u>-68.8</u>	<u>-22.2</u>	<u>-4.5</u>	<u>-32.7</u>
<u>Assets <u>3/</u></u>	<u>25.3</u>	<u>56.9</u>	<u>127.3</u>	<u>272.5</u>	<u>291.9</u>	<u>352.4</u>	<u>328.2</u>
<u>Liabilities</u>	<u>-78.8</u>	<u>-73.9</u>	<u>-154.8</u>	<u>-341.3</u>	<u>-314.1</u>	<u>-356.9</u>	<u>-370.0</u>

Source: Central Bank of the Dominican Republic.

1/ Amounts owed to local commercial banks by the Central Bank for letters of credit which have been paid by head offices or correspondent banks abroad.

2/ Advance deposit made from the Venezuelan Special Fund.

3/ Includes amounts due to the banks by the Central Bank, as explained in footnote 1/.

Table 18. Dominican Republic: Summary of External Debt
(In millions of U.S. dollars)

	1978	1979	1980	1981	1982
<u>Debt outstanding (end of period)</u>	<u>1,130.3</u>	<u>1,299.2</u>	<u>1,688.6</u>	<u>1,837.8</u>	<u>1,991.1</u>
<u>Nonfinancial public sector</u>	<u>598.6</u>	<u>782.9</u>	<u>1,145.4</u>	<u>1,255.7</u>	<u>1,354.3</u>
Medium and long term	521.9	747.1	1,006.4	1,154.7	1,283.5
Short term	76.7	35.8	139.0	101.0	70.8
<u>Financial public sector 1/ (medium and long term)</u>	<u>134.1</u>	<u>145.3</u>	<u>207.7</u>	<u>275.6</u>	<u>374.6</u>
Central Bank	109.3	122.8	188.2	259.0	359.1
National Housing Bank	24.8	22.5	19.5	16.6	15.5
<u>Publicly guaranteed</u>	<u>111.6</u>	<u>83.0</u>	<u>37.8</u>	<u>33.8</u>	<u>31.3</u>
Public enterprises 2/					
Medium and long term	...	...	--	--	--
Private sector					
Medium and long term	...	...	37.8	33.8	31.3
<u>Private nonguaranteed</u>	<u>286.0</u>	<u>288.0</u>	<u>297.7</u>	<u>272.7</u>	<u>235.9</u>
Medium and long term	279.9	284.8	288.6	232.7	213.3
Short term	6.1	3.2	9.1	40.0	22.6
<u>Net movements</u>	<u>124.5</u>	<u>168.9</u>	<u>389.4</u>	<u>140.2</u>	<u>158.3</u>
<u>Nonfinancial public sector</u>	<u>146.3</u>	<u>184.3</u>	<u>362.5</u>	<u>110.3</u>	<u>98.6</u>
Disbursements	124.6	302.0	234.1	218.2	239.3
Amortization	-22.1	-76.5	-36.0	-74.5	-110.5
Adjustments 3/	4.3	-0.3	61.2	4.6	--
Short term (net)	39.5	-40.9	103.2	-38.0	-30.2
Disbursements	(74.4)	(44.9)	(125.0)	(146.0)	(20.0)
Amortization	(-34.9)	(-86.0)	(-21.8)	(-184.0)	(-50.2)
<u>Financial public sector 1/</u>	<u>15.6</u>	<u>11.2</u>	<u>62.4</u>	<u>67.9</u>	<u>99.0</u>
Central Bank	14.9	13.5	65.4	70.9	100.1
Disbursements	(15.9)	(17.4)	(69.2)	(92.7)	(107.7)
Amortization	(-1.0)	(-3.9)	(-3.9)	(-23.9)	(-7.6)
Adjustments 3/	(--)	(--)	(0.1)	(2.1)	(--)
National Housing Bank	0.7	-2.3	-3.0	-3.0	-1.1
Disbursements	(2.0)	(--)	(--)	(--)	(--)
Amortization	(-1.3)	(-2.3)	(-3.0)	(-3.0)	(-1.1)
<u>Publicly guaranteed</u>	<u>-12.3</u>	<u>-28.6</u>	<u>-45.2</u>	<u>-4.0</u>	<u>-2.5</u>
Public enterprises	-12.3	-28.6	-45.2	--	--
Disbursements	(1.5)	(7.0)	(14.8)	(--)	(--)
Amortization	(-13.5)	(-35.9)	(-19.1)	(--)	(--)
Adjustment 3/	(-0.3)	(0.3)	(-40.9)4/	(--)	(--)
Private sector	...	...	...	-4.0	-2.5
Disbursement	(...)	(...)	(...)	(0.9)	(0.8)
Amortization	(...)	(...)	(...)	(-4.6)	(-3.3)
Adjustment 3/	(...)	(...)	(...)	(-0.3)	(--)
<u>Private nonguaranteed</u>	<u>-25.1</u>	<u>2.0</u>	<u>9.7</u>	<u>-25.0</u>	<u>-36.8</u>
Disbursements	48.6	33.7	73.4	8.4	1.3
Amortization	-56.8	-28.7	-69.6	-64.3	-20.7
Short term (net)	-16.9	-3.0	5.9	30.9	-17.4
<u>Memorandum item</u>					
Net drawings of nonfinancial public sector 5/	130.0	155.7	297.0	105.6	98.6

Source: Central Bank of the Dominican Republic.

1/ For purposes of making the definition of financial public sector consistent with that used in the fiscal accounts, only the Central Bank and the National Housing Bank are considered part of the financial public sector in this table.

2/ Outstanding debts of some public enterprises are included in the publicly guaranteed debt in 1978 and 1979.

3/ Changes in stocks that are not the result of net disbursements. Includes changes in stocks reflecting reclassifications among categories.

4/ Adjustment subtracts the outstanding debt of some public enterprises which had been included in the publicly guaranteed debt in 1978 and 1979.

5/ Drawings minus amortizations of nonfinancial public sector (including certain enterprises shown within publicly guaranteed debt through 1980), excluding adjustments.