

DOCUMENT OF INTERNATIONAL MONETARY FUND
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**FOR
AGENDA**

EBS/83/223
Supplement 1

CONFIDENTIAL

October 21, 1983

To: Members of the Executive Board
From: The Secretary
Subject: Ghana - Review Under Stand-By Arrangement

The attached supplement to the paper on a review under the stand-by arrangement for Ghana has been prepared on the basis of additional information received.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. Kratz (ext. 72852) or Mr. Ballali (ext. 75169).

Att: (1)

CONFIDENTIAL

INTERNATIONAL MONETARY FUND

GHANA

Review of the Stand-By Arrangement
Supplementary Information

Prepared by the African Department

Approved by J.B. Zulu

October 20, 1983

Since the issuance of EBS/83/223 on October 7, 1983, the staff has obtained additional information from the Ghanaian authorities. On October 10, 1983, in accordance with the undertaking in the program and as discussed in EBS/83/223, the Ghanaian authorities announced the unification of the exchange rate, further increases in the retail prices of petroleum products, and increases in interest rates (effective October 13, 1983).

With regard to petroleum prices, the authorities raised them by much more than had been indicated in the letter of intent dated September 30, 1983, in which they undertook to raise these prices to the equivalent of crude oil being imported at $\text{¢ } 20 = \text{US\$1}$. The increases actually announced on October 10, 1983 raised these prices to the equivalent of crude oil being imported at $\text{¢ } 23 = \text{US\$1}$. This action should have the effect of limiting the subsidy during the rest of the year. Thus the prices of petroleum products per imperial gallon were raised as follows: premium gasoline, from $\text{¢ } 25.00$ to $\text{¢ } 35.00$; regular gasoline, from $\text{¢ } 21.50$ to $\text{¢ } 30.50$; gas oil, from $\text{¢ } 15.50$ to $\text{¢ } 24.00$; and kerosene, from $\text{¢ } 13.20$ to $\text{¢ } 20.00$.

The authorities also announced new excise taxes on beer and cigarettes. The price of beer has been raised by 75 percent, for example, from $\text{¢ } 20$ to $\text{¢ } 35$ for the large bottle. The price of cigarettes has been raised by 33 percent. The measures are estimated to raise $\text{¢ } 800$ million during the remainder of 1983. These tax increases are part of the authorities contingency plan of emergency measures to be implemented at short notice discussed during the review mission.

All the performance criteria for end of August have been met. Performance related to reduction of external payments arrears and limits

on external borrowing has been indicated in Table 8, page 21, of EBS/83/223. Performance with regard to credit ceilings for end of August, 1983 was as follows:

	<u>End August 1983</u>	
	<u>Program</u>	<u>Outturn</u>
Net domestic assets	20.87 <u>1/</u>	20.67
Net claims on Government	20.38 <u>1/</u>	19.82
Cocoa financing	--	--
Credit to rest of the economy	4.68	3.06
Other items (net)	-4.19	-2.21

1/ Performance criteria; maximum permissible.