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May 31, 1983

To: Members of the Executive Board

From: The Secretary

Subject: Afghanistan - Staff Report for the 1983 Article IV Consultation

Attached for the information of the Executive Directors is the staff report for the 1983 Article IV consultation with Afghanistan. A draft decision appears on page 11. This subject will be brought to the agenda for discussion on a date to be announced.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. Drees (ext. 76122) or Mr. Borpujari (ext. 57142).

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INTERNATIONAL MONETARY FUND

AFGHANISTAN

Staff Report for the 1983 Article IV Consultation

Prepared by the Staff Representatives for the 1983 Consultation with Afghanistan

Approved by Said H. Hitti and Subimal Mookerjee

May 27, 1983

I. Introduction

The 1983 Article IV consultation discussions with Afghanistan were held in Kabul during the period February 14-20, 1983. The Afghan representatives were led by the Minister Secretary of the Council of Ministers and included the Deputy Minister of Finance, the First Deputy Governor of Da Afghanistan Bank (the central bank), and other senior officials of several ministries and agencies. The mission also met with the General President of Da Afghanistan Bank. The mission was composed of Messrs. F. Drees (Head), J.G. Borpujari, J. Rose, and L.A. Wolfe and Mrs. M.M. Redman (Secretary), all of MED.

Afghanistan continues to avail itself of the transitional arrangements of Article XIV.

II. Background

Since the last consultation discussions in April and November 1978, Afghanistan has experienced far-reaching developments. Following the Revolution of April 1978 there were further changes in Government, a strengthening of ties with the U.S.S.R., and the initiation of fundamental social and economic reforms. Afghanistan has also experienced insurgent activities and major population movements, both internally and to neighboring countries, mainly Pakistan. Against this background and in view of the long period that has elapsed since the last consultation, the mission concentrated on seeking information on economic and financial developments since 1978. To the extent possible in the current circumstances, the authorities cooperated in providing relevant information. Despite this, the discussions could not be adequately focused on future prospects and policies because of incomplete information and the fluidity of the current situation.

After suffering from a drought in 1977/78 1/ and recovering in the following year, Afghanistan's economy experienced production setbacks in subsequent years. Domestic output was adversely affected by the damage to infrastructural and production facilities resulting from the civil strife, by the population movements, as well as by the sharp reduction in Western aid. The Afghan authorities also attribute the decline in part to disruptions that occurred during the initial stage of implementing the land reform program. During 1979/80 and 1980/81 these factors led to sharp declines in the production of industrial crops such as cotton and sugar beets, as well as in industrial output, in particular of textiles, cement, and coal. By contrast, in 1980/81 the production of natural gas, of which only a small portion is used domestically, with the remainder being exported to the U.S.S.R., increased with the coming on stream of a new field in May 1980 (Table 1). Pressures on domestic prices intensified partly due to supply problems which arose from the decrease in domestic output and transportation difficulties and partly due to large monetary growth (see below). In 1980/81 the consumer price index for Kabul exceeded the previous year's level by about 13 per cent, although a number of commodities, in particular basic food items and petroleum products, are heavily subsidized.

Available data do not permit an adequate analysis of fiscal and monetary developments. It would appear, however, that the overall credit expansion was, on average, fairly small during the period 1978/79-1980/81 as a whole. The sharp rise in government revenues from natural gas helped in limiting bank financing of the budget in 1980/81. Over the period, government agencies such as the Food Department and the Petroleum and Sugar Monopolies apparently obtained some imports on an aid basis, thereby reducing their domestic credit needs. However, because of the growth in net foreign assets of the banking system, domestic liquidity rose on average by 20 per cent in the three years ended March 1981.

The sharp rise in gas export prices and the sizable increases in loans and grants from Council for Mutual Economic Assistance (CMEA) countries, in particular the U.S.S.R., were the main reasons behind the strong balance of payments position during 1978/79-1980/81, which had been in surplus since the early 1970s reflecting mainly large inflows of workers' remittances and official aid. The overall balance of payments surplus reached a record level of nearly US$200 million in 1980/81. There was, however, a significant change in the composition of external reserves as Afghanistan's transactions in convertible currencies were in deficit since early 1980; in 1980/81 the deficit amounted to about US$70 million. This development reflected a sharp drop in workers' remittances, mainly from the Islamic Republic of Iran, lower income from tourism, and a substantial reduction in aid from Western sources and some international organizations. Exports for convertible exchange continued to rise, albeit at a much lower rate than those to bilateral payments agreement countries (mainly to the U.S.S.R. and Czechoslovakia).

1/ Afghan year 1356 ended March 20. Unless otherwise noted, all annual data in this report are on the Afghan year basis.

Table 1. Afghanistan: Selected Economic Indicators, 1978/79-1982/83

Year Ended March 30	1978/79	1979/80	1980/81	1981/82	1982/83
			(Percentage changes)		
Domestic production of:					
Food grains	6	-4	4	3	-- 1/
Raw cotton	-4	-20	-38	-8	-8 1/
Natural gas	-5	-5	20	-4	-5 2/
Cotton textiles	--	-16	-34	-37	-11 2/
Consumer prices	5	10	13	22	20 3/
Money and quasi-money	16	23	20	18	18 4/
Exports	3	43	48	--	-6 2/
Imports	20	6	24	6	-- 2/
			(In millions of Afghanis)		
Changes in:					
Money and quasi-money	4,382	7,489	8,073	8,581	10,301 4/
Net foreign assets	3,556	2,196 5/	12,197	1,763	-4,307 4/
Net domestic assets	826	5,293 5/	-4,124	6,818	14,608 4/
Of which: net unclassified items	(-4,516)	(-2,015) 5/	(-8,474)	(4,161)	(10,693) 4/
			(In millions of U.S. dollars)		
Current external payments balance	-225	-135	-38	-116	-151 2/
Overall external payments balance	98	59	195	-25	-99 2/
Of which: bilateral	(-57)	(61)	(264)	(29)	(-67) 2/
Gross official reserves (end of period)					
Convertible	420	409	341	281	258 6/
Bilateral	--	17	281	310	225 6/

Sources: Da Afghanistan Bank, Central Statistics Office, Ministry of Agriculture and Land Reform, and Ministry of Mines and Industries.

1/ Excludes relatively small amounts harvested in the winter months, January-March.
2/ Projection.
3/ Staff estimate.
4/ First nine months.
5/ Adjusted for gold revaluation profit of Af 10,579 million.
6/ As of December 20, 1982.

Historically, Afghanistan has maintained a complex multiple exchange rate system, with different rates quoted by Da Afghanistan Bank, the commercial banks, and the dealers in the bazaar market. The latter rates, which applied basically to convertible exchange transactions for nontraditional exports and private imports, appreciated from about Af 90 per U.S. dollar in the early 1970s to about Af 36 per U.S. dollar in the fall of 1978. This appreciation reflected, in large part, the increasing inflow of workers' remittances and occurred despite central bank intervention aimed at safeguarding the country's export competitiveness. On May 21, 1979 a substantial move was made toward a unitary exchange rate system, when the banks' exchange rates were unified at Af 43.00 (buying) and Af 44.00 (selling) per U.S. dollar. These official rates initially applied to all transactions of the Government as well as those of the public sector enterprises and the private sector; however, in July 1979 a special rate was introduced for the exports of karakul. The bazaar exchange market has continued to operate freely, with rates, until late 1981, fairly close to the official rate. At the present time, in addition to the official (buying) rate of Af 50, there is an operational rate of Af 55, while the bazaar rate is about Af 94 per U.S. dollar (see Section III.4). Afghanistan has four bilateral payments agreements, two of which are with Fund members, China and Hungary. The external trade and exchange system is generally free from quantitative restrictions; the travel allowance, which had been reduced to US$200 in May 1978, was raised to US$2,000 per trip in December 1979.

The multiple exchange rates and the bilateral payments agreements with Fund members require approval under Article VIII.

III. Recent Developments, Prospects, and Policies

1. Production and planning

The seven-year plan launched in 1976/77 has since become inoperative and was replaced by annual Socio-Economic Development Plans. The plan for 1981/82 projected a reversal of the downward trend in economic activity experienced in the preceding two years. In the event, the factors referred to above led to substantial shortfalls from plan targets, especially those relating to cash crops, industrial production, and the output of natural gas. Overall, indications are that there was little, if any, economic growth in 1981/82. This situation appears to have continued in 1982/83, when economic activity was also affected by an intensification of labor shortages because of the increased mobilization of manpower resources for security purposes, as well as by electric power disruptions. The authorities are implementing a number of measures to stimulate economic activity. In the industrial field, these include increased vocational training as well as measures to insure an adequate power supply. Agricultural output is expected to benefit from the gradual implementation of the land reform program (so far about one quarter of the cultivable land has been redistributed), which is the major policy measure in the economic field introduced in the past five years. Other measures include an extension of farmers' cooperatives, increased provision of modern inputs facilitated by larger credit to be provided through the Agricultural Bank, and a sizable upward adjustment of procurement prices for cotton (60 per cent) and sugar beets (40 per cent) announced in February 1983.

2. Domestic financial developments

Following a decline in 1980/81, net domestic assets of the banking system rose sharply in 1981/82 and at an even sharper rate in the first nine months of 1982/83. An adequate explanation of these developments is not possible because the available fiscal and monetary data do not corroborate each other, and the monetary accounts attribute over two thirds of the increase in domestic credit to the expansionary effect of net unclassified items. There are indications that the fiscal position in 1981/82 and 1982/83 came under pressure despite a reduced level of development spending. Factors that have affected the budgetary situation include a leveling off in the growth of gas export proceeds, an increase in debt service payments as well as in outlays for defense and for subsidies, and a 27 per cent salary adjustment for public sector employees in 1981/82. These factors would tend to suggest that bank financing of the Government in 1981/82 and 1982/83 may have been larger than indicated by the fiscal accounts and may in fact explain part of the unusually large expansionary impact of the unclassified items. Contributing reasons for the rise in bank credit were the construction and rehabilitation of food and petroleum storage facilities by official entities and possibly increased credit needs of industrial companies whose financial positions were affected by production declines and price controls. In addition, it appears that public sector companies and official entities obtained less external aid during 1981/82-1982/83 than in previous years, thereby increasing their domestic financing requirements.

The mission observed that all but a small part of the banking system's net domestic assets consisted of claims on the Government and on other parts of the public sector (fully or partly government-owned enterprises and various official entities). Private enterprises have traditionally played a small role in the modern sector of the Afghan economy and part of their credit needs is being met in the money bazaar. Therefore, changes in net domestic assets of the banking system could be taken as an approximate measure of the impact of the public sector's operations. These changes had clearly been highly expansionary in the past two years. The growth in credit, although in part offset by a decline in foreign assets, had led to relatively high monetary expansion rates (21 per cent per annum during the 21 months ended December 1982) at a time of declining production. In addition, the recent rapid depreciation of the exchange rate in the bazaar exchange market (see subsection 4 below) had made the Afghani a less attractive "store of value" than during the period of appreciation, 1971-78, and thus presumably had resulted in an increase in the velocity of money. Because of these factors, as well as the increased local currency costs of imports and higher costs of domestically produced goods, in part related to transportation difficulties, there had been an acceleration in the rate of inflation. This rate was presumably somewhat higher than the 20-22 per cent rise recorded by the consumer price index for Kabul during the past two years. The mission, therefore, suggested that it was necessary to contain credit expansion so as not to exacerbate the imbalance between the availability of, and claims on, resources and welcomed the authorities' intention to pursue tight control of budgetary expenditures in 1983/84, to improve revenue collection, to review tax rates, and to limit the rise in credit to other sectors of the economy. As interest rates charged and paid by banks are currently far below the inflation rate, the mission suggested that the interest rate level be reviewed. The authorities believe that higher interest rates, while desirable as an incentive to savers, would adversely affect investments and add to the pressure on prices.

3. Balance of payments

For the first time in more than a decade, Afghanistan incurred an overall balance of payments deficit (US$25 million) in 1981/82, with the deterioration occurring exclusively in transactions channeled through bilateral payments accounts which, nevertheless, continued to be in surplus. This development reflected mainly an increase in the trade deficit and sharply lower net capital inflows due to a substantial decline in grant aid and increased debt repayments, as the relief granted by the U.S.S.R. in an agreement of the mid-1970s came to an end. The trade deficit rose due to stagnating exports, largely because of lower volumes and prices of carpets and karakul skins. Gas export receipts continued to rise, albeit at a reduced rate as a further price increase was partly offset by a reduction in shipments. Import growth slowed, mainly reflecting a reduction in aid-financed imports.

A balance of payments estimate for 1982/83, made by the Afghan authorities on the basis of actual data for the first nine months of the year, shows an overall deficit of about US$100 million, most of it with bilateral partners. A continuing rise in the trade deficit is estimated as gas shipments apparently have declined further due to insurgent activities. In addition, exports of fruits, wool and, in particular, carpets are estimated to have fallen. Imports are believed to have remained about unchanged from the previous year, a development which the Afghan representatives attributed, in part, to transportation difficulties on the traditional transit routes. The sharply higher local currency costs of private imports (see subsection 4 below) may also have been a cause. Another factor accounting for the deterioration in the external position was a further sharp decline in net external assistance, mostly due to higher amortization payments, which are estimated to have reduced net inflows to the lowest level in six years. The Afghan representatives stated that the balance of payments outcome for 1983/84 was subject to a number of uncertainties and added that the external economic situation would continue to be difficult.

Official convertible reserves (excluding gold) fell steadily during the past three years (by US$180 million) to a level of about US$260 million by end-1982. At that time, bilateral balances stood at US$225 million, US$85 million less than at the beginning of 1982/83. Taken together, these assets were equivalent to about seven months' imports. The Afghan representatives viewed the decline in reserves with concern. Afghanistan's external debt doubled over the four years ended March 1982 and reached US$2 billion; about three quarters of it is owed to the U.S.S.R. Debt service payments exceeded 20 per cent of the export of goods and services in 1982/83; projections for the next few years are not available, but the Afghan representatives thought that the ratio would remain about unchanged in 1983/84.

4. Exchange and trade system

After maintaining multiple exchange rate systems for many years, the banks' exchange rates were unified in May 1979, with official buying and selling rates for all bank transactions established at Af 43.00/44.00 per U.S. dollar, respectively. In view of the deteriorating convertible reserve position, the authorities advised the banks in October 1980 not to provide convertible exchange for private sector imports, which have since then been financed through the bazaar market. Other sales to the private sector are also effected in this market, except that the banks provide foreign exchange for specified profit remittances and capital repatriation. The official rate was gradually lowered and has been Af 50.00/51.20 per U.S. dollar since September 1981. In January 1982 an operational rate was introduced and the bank exchange market thus was moved to a dual rate basis for convertible currency transactions; the authorities consider this dual rate regime for bank transactions as temporary. All public sector imports, except those financed through the budget, and all exports other than the traditional export items, cotton, karakul, and wool, are being effected at the operational rate of Af 55.00/56.25 per U.S. dollar. All bilateral transactions have continued to be made at the official rate. Exporters of nontraditional commodities may sell their convertible export proceeds to private importers for specified imports; the rate for such sales is believed to be close to that in the bazaar. The bazaar rate for the Afghani, which had been fairly close to the official rate through end-1981, has since depreciated sharply to about Af 94 per U.S. dollar on March 24, 1983. Thus, the exchange rate system has reverted to the one in effect for most of the period prior to May 1979, a system which involved subsidization of certain imports and taxation of traditional exports.

The authorities feel that the levels of the banks' exchange rates are appropriate for the essential consumption and investment needs of the economy; these rates, together with the subsidization policy through the fiscal system, insure that prices of basic import needs are kept in check. The financing of nonessential imports is permitted to take place at bazaar market rates. The authorities believe that in current circumstances it is not practical to intervene in the bazaar market. They also consider the official rate appropriate for traditional exports, although they are thinking of promotional measures outside the exchange system. Given the fact that these exports are largely marketed by public sector agencies, the authorities do not think that the spread between the bank and bazaar rates induces illegal trade transactions. While recognizing the special circumstances that operate in Afghanistan at the present time, the mission noted that world market prices for traditional exports had weakened while domestic prices, in particular the procurement price for cotton, had risen substantially. These price changes suggested the need for continued flexibility in the rates applied by banks. As regards the bazaar exchange rate, the mission suggested that a restrained demand management stance was necessary to help stabilize the rate. The mission noted that an additional multiple currency practice arose from spreads between the banks' buying and selling rates being somewhat in excess of 2 per cent and noted that this was done for revenue purposes. 1/

The Afghan representatives stated that they formulated an annual trade plan with projections of exports and imports. It was the Government's policy that basic needs should be met by public sector importers, with less essential imports being left to private importers. The plan was amended in accordance with actual developments and involved no quantitative restrictions.

Afghanistan has traditionally channeled a substantial share of its external transactions through bilateral payments agreements. Such agreements are being maintained with China, Czechoslovakia, the U.S.S.R., and Hungary; the agreement with Hungary covers only a limited number of exports and imports. The mission noted that in the past few years the share of Afghanistan's trade with bilateral countries had risen from approximately one third to two thirds. The Afghan representatives stated that the change in direction of exports was mainly due to the sharp increases in natural gas prices. In addition, there was a decline in demand in multilateral countries for such Afghan goods as carpets and karakul. Furthermore, the cost of transportation to bilateral countries had been lowered due to improved transport facilities, while difficulties had been encountered in using the traditional transit routes. The latter factors also pertained to imports. Other reasons for the increased share of bilateral countries in imports included the sharp decline in multilateral aid and the substantial rise in loans and grants from bilateral sources; the rising price of petroleum, which was imported entirely from the U.S.S.R.; and the emergence, during 1979/80-1981/82, of large bilateral payments surpluses and the efforts that were made to utilize the credit balances. In this context, the Afghan representatives mentioned that a trilateral arrangement had been reached in principle, under which Afghanistan's purchases from a third country would be settled with clearing dollars owed by the U.S.S.R. The mission expressed the hope that the Afghan authorities would terminate the two bilateral payments agreements with Fund members.

1/ For details about the exchange rate regime, see Afghanistan: Recent Economic Developments (to be issued shortly).

IV. Staff Appraisal

In the early and mid-1970s Afghanistan's balance of payments recorded surpluses, mainly because of increased inflows of aid and workers' remittances. The external position remained strong during the three years ended March 1981; although the changes in Government in Afghanistan led to a decline in aid from Western sources and the events in the Islamic Republic of Iran to a sharp reduction in remittances, these factors were offset by a substantial rise in gas export prices and in loans and grants from CMEA countries. There was, however, a considerable deterioration in the external position during 1981/82 and 1982/83, reflecting mainly lower export prices (except for gas) and volumes, as well as sharply lower net capital inflows due in part to the expiration of debt relief granted in the mid-1970s. The outlook for 1983/84 is for a further sizable external deficit.

The staff recognizes that, as long as Afghanistan suffers from a depressed level of production due to the security situation in the country and as long as external assistance remains at its present low level, balance of payments management will be difficult. Nevertheless, the adoption of appropriate financial policies would help to contain the economy's imbalances. One area that needs attention is the rate of credit expansion, which over the past two years has been excessive and the major reason for the acceleration of domestic price increases. Given that only a small part of credit goes to the private sector, corrective action essentially involves measures to cut the public sector's credit requirements.

Adjustments are also required in the exchange rate regime. Afghanistan introduced a unitary rate system for bank transactions in 1979, while the bazaar exchange market continued to operate freely. Until September 1981 the bank rate was depreciated several times and in early 1982 a second, more depreciated, rate was introduced for specified bank transactions. Furthermore, in 1980 the banks stopped financing private sector transactions in convertible currencies. These have subsequently been financed either by purchasing the proceeds from nontraditional exports or through the bazaar exchange market where the rates, which are not subject to official intervention or regulation, have sharply depreciated since late 1981. While these steps have limited the payments imbalance, the staff believes, however, that a reform of the exchange system is called for. Given that recent price increases have been fairly rapid in Afghanistan, the exchange rate for traditional exports does not appear to provide adequate production incentives. On the other hand, the exchange rates for public sector imports involve implicit subsidization not only of basic consumer items but also of capital and other goods. The staff, therefore, recommends that the authorities pursue a more flexible policy with respect to the exchange rates charged by banks and unify these rates at an appropriate level as steps toward an eventual unification of the exchange rate system.

Afghanistan has four bilateral payments agreements. The two agreements with member countries came into effect after Afghanistan joined the Fund and thus are subject to the Fund's approval jurisdiction; the staff encourages the Afghan authorities to terminate these agreements as soon as feasible.

As the authorities do not have any plans for the elimination of the multiple currency practices and the bilateral agreements, the staff does not recommend their approval.

V. Proposed Decision

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

1. The Fund takes this decision relating to Afghanistan's exchange measures subject to Article VIII, Sections 2 and 3, and in concluding the 1983 Article XIV consultation with Afghanistan in the light of the 1983 Article IV consultation with Afghanistan conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. Afghanistan's present exchange regime involves exchange restrictions and multiple currency practices as described in SM/83/ . The Fund hopes that the authorities will pursue a more flexible exchange rate policy, with a view toward the eventual establishment of a unified exchange rate system. The Fund encourages Afghanistan to terminate the bilateral payments agreements with two Fund members.

Afghanistan: Fund Relations 1/

Admission to the Fund:	July 1955.
Status:	Article XIV.
Quota:	SDR 67.5 million; proposed quota under Eighth General Review: SDR 86.7 million.
Exchange rate policy:	An official rate of Af 50.00/51.20 per U.S. dollar applies to all transactions through bilateral payments accounts as well as to sales of convertible exchange to the Central Government for budgetary purposes and purchases of export proceeds of traditional exports. The operational rate of Af 55.00/56.25 per U.S. dollar applies to other sales to the public sector as well as purchases for which the official rate does not apply; however, proceeds from nontraditional exports may be used for settlement of specified imports. The bazaar rate, which is freely determined in the bazaar exchange market and stood at Af 93.79 per U.S. dollar on March 24, 1983, applies to sales to and purchases from the private sector except export proceeds.
Use of Fund resources:	Afghanistan has not made use of Fund resources since 1975. Fund holdings of Afghanis are equivalent to 77.7 per cent of quota.
Trust Fund:	Afghanistan was eligible but did not satisfy the criterion of balance of payments need.
SDR Department:	Holdings are equivalent to 54.1 per cent of net cumulative allocations of SDR 26.7 million.
Gold distribution:	Afghanistan received US$5.9 million from profits on gold sales.
Technical assistance:	A statistical advisor provided to Da Afghanistan Bank under CBD auspices, took up his assignment in March 1983.

1/ As at April 30, 1983.

Last Article IV consultation: April 8-12 and November 9-15, 1978. The Staff Report (SM/79/8) was discussed by the Executive Board on January 31, 1979.

The Executive Board decision (Decision No. 6041-(79/17)), adopted January 31, 1979, was as follows:

1. This decision is taken by the Executive Directors in concluding the 1978 consultation with Afghanistan pursuant to Article XIV, Section 3.

2. Multiple currency practices are maintained by Afghanistan as described in Recent Economic Developments (SM/79/21, 1/16/79). The Fund welcomes the intention of the authorities to simplify the exchange rate system. In the meantime, the Fund grants approval for the maintenance of these practices until February 29, 1980.

Afghanistan - Basic Data

Population: 16.36 million (estimate for mid-1981)

Afghan year ended March 20	1978/79	1979/80	1980/81	1981/82	1982/83
Production					
Foodgrains (in thousand tons)	4,346	4,180	4,329	4,453	4,462 1/
Raw cotton (in thousand tons)	132	105	65	60	55 1/
Natural gas (million cubic meters)	2,461	2,327	2,790	2,675	2,545 2/
Cotton textiles (million square meters)	77	65	43	27	24 2/
	(In millions of Afghanis)				
					Rev. Est.
Government finances					
Revenue, of which:	15,838	15,737	26,139	29,811	31,226
Sales proceeds from natural gas	(2,637)	(3,873)	(11,509) 3/	(13,556)	(13,914)
Expenditure	19,085	21,894	31,040	33,518	35,214
Ordinary expenditure	(10,575)	(14,744)	(18,883)	(22,669)	(23,964)
Development expenditure	(8,510)	(7,150)	(12,157)	(10,849)	(11,250)
Overall deficit 4/	-3,247	-6,157	-4,901	-3,707	-3,988
External financing	(553)	(741)	(6,037)	(3,046)	(4,621)
Domestic financing	(2,447)	(8,529)	(-2,034)	(1,736)	(-633)
	(In millions of U.S. dollars)				
					Proj. 5/
Balance of payments					
Trade balance	-293	-183	-113	-165	-209
Exports, f.o.b., of which:	(337)	(481)	(714)	(713)	(673)
Natural gas	[53]	[103]	[233]	[273]	[...]
Imports, c.i.f.	(-630)	(-664)	(-827)	(-878)	(-881)
Services (net)	45	52	84	56	47
Unrequited transfers (net)	23	-4	-3	—	11
Current account surplus or deficit (-)	-225	-135	-32	-110	-151
Multilateral	(-94)	(6)	(17)	(30)	(6)
Bilateral	(-131)	(-142)	(-49)	(-140)	(-157)
Nonmonetary capital (net)	192	260	300	164	99
Multilateral 6/	(74)	(195)	(286)	(146)	(76)
Bilateral	(118)	(65)	(14)	(19)	(23)
Errors and omissions	131	-65	-73	-80	-48
Overall surplus or deficit (-)	98	59	195	-25	-99
Multilateral 6/	(155)	(-2)	(-69)	(-54)	(-32)
Bilateral	(-57)	(61)	(264)	(29)	(-67)

1/ Excludes relatively small amounts harvested in the winter months January-March.
2/ Projection.
3/ Not fully explained by the price and volume increases for gas exports during 1980/81.
4/ Overall deficits differ from total financing due to data discrepancies and adjustment to cash basis.
5/ Based on actual data for the first nine months.
6/ Includes all transactions other than those channeled through bilateral payments accounts.

Afghanistan - Basic Data (concluded)

Afghan year ended March 20	1978/79	1979/80	1980/81	1981/82	1982/83
			(In millions of Afghanis)		
					First 9 Months
Monetary changes					
Money and quasi-money	4,382	7,489	8,073	8,581	10,301
Net foreign assets 1/	3,556	2,196 2/	12,197	1,763	-4,307
Net domestic assets, of which:	826	5,293 2/	-4,124	6,818	14,608
Claims on public sector (net)	(2,731)	(7,692) 2/	(-1,127)	(5,811)	(3,023)
Net unclassified assets	(-4,516)	(-2,015)	(-8,474)	(4,161)	(10,693)
			(In millions of U.S. dollars)		
Gross official reserves (end of period) 3/					
Convertible assets	420	409	341	281	258 4/
Bilateral assets	—	17	281	310	225 4/
					1982/83
External public debt					
Amount disbursed (end of period)	1,367	1,627	1,927	2,091	2,190 5/
Debt service in per cent of exports of goods and services	14.4	14.4	6.5	14.9	20.8 5/
			(In Afghanis per U.S. dollar)		
Exchange rate					
Average midpoint of bazaar rate	38.84	42.93	46.13	56.62	74.15 6/
			(In per cent)		
Changes in key economic indicators					
Consumer prices	5.2	9.9	12.6	21.5	20.0 7/
Money and quasi-money	15.7	23.2	20.3	18.0	18.3 8/
Net domestic assets	7.3	-43.8	-60.7	255.1	153.9
Imports	20.3	5.5	24.4	6.2	0.4
Exports	3.1	42.9	48.3	-0.1	-5.7
Gas export prices	50.0	91.9	95.8	25.3	13.2 8/

1/ Differs from the data on net foreign reserve movements mainly because of the use in the banking statistics of a fixed exchange rate for the national currency valuation of gold holdings.
2/ Adjusted for gold revaluation profit of Af 10,579 million.
3/ Of Da Afghanistan Bank; excludes gold.
4/ As of December 20.
5/ Projection.
6/ First ten months; the rate was Af 93.79 per U.S. dollar on March 24, 1983.
7/ Staff estimate.
8/ First nine months.