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This paper provides background information to the staff report on the 1982 Article IV consultation discussions with Congo, which was circulated as SM/82/182 on August 31, 1982.

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INTERNATIONAL MONETARY FUND
PEOPLE'S REPUBLIC OF THE CONGO

Recent Economic Developments

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Relations Department

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People's Republic of the Congo - Basic Data

Area, population, and GDP per capita

Area	342,000 square kilometers
Population: Total (1981 estimate)	1.6 million
Growth rate	2.7 per cent
GDP per capita (1981)	SDR 896

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u> Est.
<u>GDP (at market prices)</u>					
Total (in billions of CFA francs)	203.9	254.5	361.9	507.5	666.0
Agriculture (per cent of real GDP)	(11.3)	(10.6)	(9.5)	(8.9)	(8.3)
Mining (per cent of real GDP)	(31.1)	(32.0)	(33.4)	(36.4)	(36.7)
Manufacturing (per cent of real GDP)	(9.2)	(3.8)	(8.3)	(8.3)	(9.0)
Government (per cent of real GDP)	(14.9)	(13.9)	(12.7)	(11.6)	(11.0)
Percentage change in real GDP	...	9.8	15.8	14.5	11.0
Gross investment as per cent of GDP	28.2	30.3	32.8	40.9	39.6

Prices (per cent change)

GDP deflator	...	13.7	22.8	22.4	18.2
Consumer prices	10.1	8.1	7.2	17.0	18.0

Central government finance

(In billions of CFA francs)

Revenue	56.3	51.6	117.4	209.6	241.4
Of which: oil revenue	(13.1)	(22.7)	(58.8)	(126.1)	(134.9)
Grants	3.7	0.8	--	--	4.0
Expenditure and net lending	75.9	63.1	130.0	190.7	235.0
Current	(70.1)	(49.6)	(102.5)	(119.8)	(153.5)
Capital	(5.1)	(11.3)	(27.5)	(70.9)	(81.5)
Net lending	(0.7)	(2.2)	(--)	(--)	(--)
Overall surplus or deficit (-), commitment basis	-15.9	-10.7	-12.6	18.9	10.4
Arrears	13.7	6.4	4.6	-7.1	-4.0
Overall surplus or deficit (-), cash basis	-2.2	-4.3	-8.0	11.8	6.4
Foreign financing (net)	0.8	-0.8	9.1	-2.2	...
Domestic financing (net)	-1.8	1.1	-2.5	-9.6	...
Debt rescheduling	3.2	4.0	1.4	--	--

People's Republic of the Congo - Basic Data (continued)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u> <u>Est.</u>
<u>Money and credit</u>	<u>(Per cent change)</u>				
Domestic credit	6.4	10.1	17.2	25.8	...
Central Government	17.3	-0.2	5.3	-80.2	...
Other	1.3	15.6	22.8	68.2	...
Money and quasi-money	7.0	21.8	36.7	50.3	...
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u> <u>Prov.</u>	<u>1982</u> <u>Est.</u>
<u>Balance of payments</u>	<u>(In millions of SDRs)</u>				
Exports, f.o.b.	246.2	383.7	699.3	920.8	981.2
Imports, f.o.b.	-213.7	-280.9	-418.7	-686.7	-730.0
Trade balance	32.5	102.8	280.6	234.1	251.2
Services and private transfers (net)	-202.8	-212.1	-462.1	-649.9	-662.9
Current account balance	-170.3	-109.3	-181.5	-415.8	-411.7
Official transfers	37.2	32.7	48.6	46.8	58.4
Capital account (net)	118.6	63.8	149.6	425.0	410.6
Official	(95.3)	(43.6)	(148.6)	(100.1)	(92.1)
Private	(23.3)	(20.2)	(1.0)	(324.9)	(318.5)
Errors and omissions (net)	-13.1	12.9	40.9	--	--
Allocation of SDRs, Trust Fund, and valuation changes	3.7	8.4	6.6	-1.9	--
Overall surplus or deficit (-)	-23.8	8.4	64.3	54.1	57.2
Current account deficit as per cent of GDP	18.4	8.3	10.1	23.3	18.2
<u>Gross official foreign reserves</u> (end of period)	8.8	36.6	72.5	109.6	162.0
In weeks of imports, c.i.f.	1.7	5.5	7.3	6.8	9.4
<u>External public debt</u>					
Disbursed and outstanding (end of period)	590.2	623.2	703.8	861.0	972.9
Debt service as per cent of exports of goods and non-factor services					
Excluding the Fund	26.1	14.6	6.7	9.1	11.9
Including the Fund	26.1	14.6	6.8	9.2	12.0

People's Republic of the Congo - Basic Data (concluded)

Relations with the Fund

(as of August 31, 1982)

Date of membership	July 10, 1963
Status	Article XIV
Quota	SDR 25.5 million
Intervention currency	The CFA franc, issued by the Bank of Central African States (BEAC), is pegged to the French franc at the rate of CFAF 1 = F 0.02.
Local currency/SDR equivalent	CFAF 330.08 = SDR 1
Fund holdings of currency	SDR 22.22 million (87.1 per cent of quota)
Net cumulative allocation of SDRs	SDR 9.72 million
Holdings of SDRs	SDR 0.96 million, or 9.8 per cent of the net cumulative allocation
Trust Fund loans disbursed	
First period	SDR 5.39 million
Second period	SDR 7.32 million
Gold distribution	11,126 fine ounces
Direct distribution of profits from gold sales	US\$2.09 million
Technical assistance	A staff member of the Bureau of Statistics visited Brazzaville in November 1981 to collect data for the Government Finance Statistics Yearbook.

I. Supply and Use of Resources

Estimates of national accounts data are based on official nominal GDP figures for 1978 and 1980. The nominal and real GDP estimates have been derived by using available indicators on production and prices. Information from the fiscal and balance of payments sections was also used where relevant. Many assumptions had to be made, and the series are only indicative of developments in the economy.

1. Supply of resources

Between 1978 and 1981 the Congolese economy, stimulated by the strong recovery of crude oil output, expanded rapidly with real GDP growing at an average annual rate of 13 per cent (Table 1). Value added of the mining sector expanded steadily at an average rate of 20 per cent per year. Because the mining sector's recovery was durable, contrary to the experience of the mid-1970s, rapidly growing oil resources helped improve government finances and the liquidity of the economy, thereby strongly stimulating the non-oil sectors. Construction in particular grew by 50 per cent on average in 1979 and 1980; forestry, and transport and communications, expanded at rates exceeding 19 per cent during those years (Table 2). In 1981, however, growth in construction halved, stagnated in transportation, and was negative in the forestry sector. The latter reflected transportation and other exploitation problems of concessions in the north of the country, combined with weak world demand. The deceleration in these sectors was compensated in part by faster growth of services and trade, the second largest sector, which accelerated to 15 per cent in 1981. Public administration and agriculture grew at annual rates of only 4 per cent; as a result, their share of real GDP declined by some 3 percentage points during the period. The growth of agricultural output remained low because of inefficient methods of production and an aging labor force.

In 1982, GDP is expected to increase by 11 per cent, 2 percentage points below the 1979-81 average, solely because the growth of the mining sector is anticipated to slow down, as contrary to 1981 no new wells will come on stream. However, other sectors, in particular forestry, transportation, and industry, are expected to expand at faster rates than in 1981.

The mining sector's importance continued to increase during the period, with its share rising from 31 per cent of real GDP in 1978 to 36 per cent in 1981. Construction almost doubled its share during the same period while that of forestry, transport and communications remained unchanged; the relative contribution of all other sectors declined. The implicit GDP deflator averaged 22.5 per cent in 1980-81, mostly because dollar oil prices increased and the CFA franc depreciated. In 1982 the deflator is expected to increase more slowly due to lower real growth and more stable oil prices in dollar terms. The evolution of nominal GDP by sector is shown in Appendix Table I.

Table 1. People's Republic of the Congo: GDP by Industrial Origin, 1978-82

(In billions of CFA francs; 1980 prices)

	1978	1979	1980	1981	1982
Agriculture, livestock, and fishing	32.2	33.0	34.4	36.0	38.0
Forestry	4.6	5.5	7.7	6.5	7.0
Mining	88.5	100.0	121.0	151.0	169.0
Industry	26.2	27.5	29.9	34.5	41.5
Construction	7.6	11.5	17.1	21.5	26.0
Transport and communications	22.3	26.5	32.8	33.0	36.5
Services and trade	47.9	49.5	54.0	62.0	67.0
Public administration	42.4	43.5	46.0	48.0	50.5
Gross value added	<u>271.7</u>	<u>297.0</u>	<u>342.9</u>	<u>392.5</u>	<u>435.5</u>
Import duties	12.8	15.5	19.0	22.0	24.5
GDP at market prices	<u>284.5</u>	<u>312.5</u>	<u>361.9</u>	<u>414.5</u>	<u>460.0</u>
Of which: non-oil GDP	(196.0)	(212.5)	(240.9)	(263.5)	(291.0)
Indirect taxes less subsidies	-10.5	-8.0	-12.6	-25.5	-47.0
GDP at factor cost	274.0	304.5	349.3	389.0	413.0
Net factor income	-10.8	-19.0	-34.2	-44.0	-58.0
GNP at factor cost	263.2	285.5	315.1	345.0	355.0
GNP at market prices	273.7	293.5	327.7	370.5	402.0
<u>Memorandum item:</u>					
Percentage change in real GDP	...	9.8	15.8	14.5	11.0

Source: Staff estimates.

Table 2. People's Republic of the Congo: GDP Indicators, 1978-82

	1978	1979	1980	1981	1982
	<u>(In per cent of real GDP)</u>				
Agriculture, livestock, and fishing	11.3	10.6	9.5	8.9	8.3
Forestry	1.6	1.8	2.1	1.6	1.5
Mining	31.1	32.0	33.4	36.4	36.7
Industry	9.2	8.8	8.3	8.3	9.0
Construction	2.7	3.7	4.7	5.2	5.7
Transport and communications	7.8	8.5	9.1	8.0	7.9
Services and trade	16.8	15.8	14.9	15.0	14.6
Public administration	14.9	13.9	12.7	11.6	11.0
Import duties	4.5	5.0	5.3	5.3	5.3
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
	<u>(Real annual percentage changes)</u>				
Agriculture, livestock, and fishing		2.5	4.2	4.7	5.6
Forestry		19.6	40.0	-15.6	7.7
Mining		13.0	21.0	24.8	11.9
Industry		5.0	8.7	15.4	20.3
Construction		51.3	48.9	25.7	20.9
Transport and communications		18.8	23.8	0.6	10.6
Services and trade		3.3	9.1	14.8	8.1
Public administration		2.6	5.7	4.3	5.2
GDP		<u>9.8</u>	<u>15.8</u>	<u>14.5</u>	<u>11.0</u>
Of which: non-oil GDP		(8.4)	(13.4)	(9.4)	(10.4)
<u>Memorandum items:</u>					
Nominal GDP growth rate		24.8	42.2	40.2	31.2
Of which: non-oil GDP		(17.1)	(23.2)	(26.8)	(29.0)
GDP deflator (percentage changes)		13.7	22.8	22.4	18.2

Source: Table 1.

2. Use of resources

Gross domestic expenditure has grown less steadily than GDP, because the resource gap fluctuated significantly between 1978 and 1981 (Table 3 and Appendix Table II). In real terms the resource gap averaged 14 per cent of GDP in 1978 and 1979, fell to less than 1 per cent in 1980, and rose to 20 per cent in 1981. The sharp rise in the latter year occurred mainly because real gross investment rose by 53 per cent, compared to 29 per cent for consumption (Table 4). As a result, real gross domestic expenditure grew by an average of 5 per cent in 1979 and 1980, and by 37 per cent in 1981.

The Government has been trying to direct more resources to productive purposes, and between 1978 and 1981 consumption in real terms fell from 79 per cent of GDP to 64 per cent, while investment rose from 21 per cent to 35 per cent. Helped by rapidly increasing oil revenues, public investment, which accounted for 30 per cent of total gross investment in 1978, rose to 43 per cent by 1981. At the same time, in relation to GDP, public consumption fell faster than private consumption.

In 1982, real gross domestic expenditure is expected to grow by less than real GDP. Although total consumption will continue to fall in relation to GDP, public consumption is expected to increase by over two percentage points, reflecting in part the first increase in salaries since 1975. Public investment is expected to decline in terms of GDP, as investment expenditures are becoming constrained by the country's absorptive capacity.

The relative decline of consumption has greatly increased gross domestic savings, which in real terms rose from 9 per cent of GDP in 1978 to 24 per cent in 1981. In 1980, savings were almost equivalent to investment; consequently, net imports of goods and nonfactor services amounted to less than 1 per cent of GDP. In 1981, investment rose much faster than domestic savings, reflecting the Government's expansionary fiscal policy, and the resource gap increased to 20 per cent of GDP; for 1982 it is expected to decline to 17 per cent of GDP.

II. Production

1. Agriculture

The area under cultivation represents less than 1 per cent of the Congo's total land area, because vast tracts are covered by forests and marshes while the hilly areas are generally not suitable for agriculture. Although half of the Congo's population earns its living from agriculture, the sector averaged only 10 per cent of real GDP during 1978-81. In large part, this reflects the relative inefficiency of agriculture; some 90 per cent of the cultivated area is farmed according to traditional

Table 3. People's Republic of the Congo: Supply and Use of Resources, 1978-82

(In billions of CFA francs; 1980 prices)

	1978	1979	1980	1981	1982
GDP at market prices	284.5	312.5	361.9	414.5	460.0
Net imports of goods and nonfactor services (= resource gap)	43.4	36.5	2.1	84.0	79.0
Gross domestic expenditure	<u>327.9</u>	<u>349.0</u>	<u>364.0</u>	<u>498.5</u>	<u>539.0</u>
Consumption	257.9	262.5	245.3	316.5	337.0
Private	(169.4)	(179.5)	(160.9)	(224.0)	(224.5)
Public	(88.5)	(83.0)	(84.4)	(92.5)	(112.5)
Gross investment	70.0	86.5	118.7	182.0	202.0
Private	(49.3)	(63.0)	(78.5)	(103.5)	(114.0)
Public	(20.7)	(23.5)	(40.2)	(78.5)	(88.0)
<u>Memorandum items:</u>					
Gross domestic savings	26.6	50.0	116.6	98.0	123.0
As per cent of GDP	(9.3)	(16.0)	(32.2)	(23.6)	(26.7)
Gross investment (as per cent of GDP)	24.6	27.7	32.8	43.9	43.9

Source: Staff estimates.

Table 4. People's Republic of the Congo: Supply and Use of Resources, 1979-82

(Real annual percentage changes)

	1979	1980	1981	1982
GDP at market prices	9.8	15.8	14.5	11.0
Net imports of goods and nonfactor services (= resource gap)	-15.9	-94.2	3,900.0	-6.0
Gross domestic expenditure	<u>6.4</u>	<u>4.3</u>	<u>37.0</u>	<u>8.1</u>
Consumption	1.8	-6.6	29.0	6.5
Private	(6.0)	(-10.4)	(39.2)	(0.2)
Public	(-6.2)	(1.7)	(9.6)	(21.6)
Gross investment	23.6	37.2	53.3	11.0
Private	(27.8)	(24.6)	(31.8)	(10.1)
Public	(13.5)	(71.1)	(95.3)	(12.1)
<u>Memorandum item:</u>				
Gross domestic savings	88.0	133.2	-16.0	25.5

Source: Table 3.

methods by smallholders growing primarily subsistence crops. The rural population, which is concentrated in the southern third of the country, has also been declining as young people migrate to the cities; in 1980, it is estimated that 40 per cent of the population lived in Pointe Noire and Brazzaville.

a. Food crops

Food crop production statistics are not comprehensive because no reliable data are available on total output of subsistence crops. Traditional foodstuffs are marketed primarily by the producers themselves while corn, paddy, and groundnuts are marketed by the Office des Cultures Vivrières (OCV), a state marketing board. Production of cassava, the main subsistence crop, increased at a 3 per cent compound rate between 1978 and 1981; for 1982 it is estimated to expand by 8 per cent (Table 5). At the same time marketed output rose steadily, and shortages that existed in the cities have for the most part disappeared. In fact, the retail price of cassava flour has fallen in recent years. Over the same period, the production of plantains and other vegetables increased at rates similar to that of cassava. In contrast, the output of bananas and yams declined, the latter at a compound rate of 16 per cent per year.

The OCV was created in late 1978 as a successor to the Office National de Commercialisation des Produits Agricoles (ONCPA). With a view to increasing supply, the OCV promoted the creation of state farms to supplement private production in areas where chronic deficits existed. In cooperation principally with Romania, paddy and corn farms were set up, and production rose rapidly. Between 1978 and 1981, the production of paddy doubled, while that of corn almost quintupled. Nonetheless, the efficiency of the state farms has been hampered by the lack of adequate equipment, including shortages of spare parts, and weaknesses in management. In 1982, production is not expected to grow by more than 7 per cent for rice and 11 per cent for corn. The production of groundnuts has declined during the period at a compound rate of almost 6 per cent per year. This appears to have resulted from the lack of price incentives, producer prices for groundnuts lagged substantially behind consumer prices. However, the producer price was raised by 25 per cent in 1980/81 and again by 49 per cent in 1981/82. The authorities expect production to rise substantially in the next few years.

While the OCV does not directly manage state farms, it is in charge of marketing their output. The lack of feeder roads and trucks, and the seasonal floods that occur in many regions, have prevented the smooth distribution of marketed output. Available information suggests that the OCV, which inherited the financial problems of the ONCPA, is operating at a loss. Its difficulties also stem from government-imposed retail prices which are set below costs.

Table 5. People's Republic of the Congo: Production of Principal Crops, 1977/78-1981/82

	1977/78	1978/79	1979/80	1980/81	1981/82 Est.
<hr/>					
Food crops	(In thousands of tons)				
Manioc	572.0	560.0	580.0	628.0	678.0
Plantains	...	...	55.6	58.0	60.0
Bananas	35.0	32.0	29.5	30.0	31.9
Vegetables	...	36.0	36.6	38.0	39.5
Yams	11.6	9.0	6.4	6.8	7.4
Groundnuts	17.1	15.6	13.9	14.4	15.0
Corn	2.4	5.8	9.0	10.6	11.8
Paddy	1.6	3.3	2.7	2.8	3.0
<hr/>					
Export crops	(In tons)				
Cocoa <u>1/</u>	2,275	2,339	2,113	1,900	2,000
Coffee <u>2/</u>	684	750	550	1,070	1,000
Tobacco	656	434	553	410	415
Palm kernels	712	373	624	550	450

Source: Data provided by the Congolese authorities.

1/ These figures refer only to domestically produced cocoa. Non-domestic cocoa exports are estimated as follows (in tons): 1977/78--none; 1978/79--230; 1979/80--220; 1980/81--310; and 1981/82--250.

2/ These figures refer only to domestically produced coffee. Non-domestic coffee exports are estimated as follows (in tons): 1977/78--4,500; 1978/79--4,100; 1979/80--2,100; 1980/81--2,600; and 1981/82--2,000.

b. Export crops

The Congo is a marginal producer of cocoa and coffee which are grown mostly by smallholders in the Northern Sangha and the Central Plateau regions, respectively. The two crops are grown only on 12,000 hectares and, in recent years, annual output of cocoa stagnated at around 2,000 tons while that of coffee averaged less than 1,000 tons. The export volume of these two crops is larger than domestic output because of border trade, especially in the case of coffee, stimulated by the convertibility of the CFA franc and the availability of essential goods in the Congo. Cocoa and coffee production has been hampered by the dwindling number of people engaged in agriculture, and by the inadequacy of extension services and of the transportation network. The young population migrates to the cities and the old farmers continue to use traditional low-yielding methods of cultivation.

In January 1980, the Congolese authorities began a medium-term rehabilitation project of the coffee and cocoa sectors to be executed by the Office du Café et du Cacao (OCC). Along with the OCV, the OCC was created in late 1978 to take over and improve on the activities of the ONCPA. The project aims at increasing the area under cultivation by 600 hectares per year for coffee and by 1,000 hectares per year for cocoa over five years. By the end of the current decade, annual domestic production of coffee is to increase to 3,000 tons and that of cocoa to 10,000 tons. To this end, the project emphasizes the development of extension services, notably through the increase in the number of technical assistants, the control of diseases, and the provision of inputs. The project cost is estimated at CFAF 4.4 billion, of which CFAF 1.4 billion is to be financed by the African Development Bank (ADB). To date some CFAF 500 million has been disbursed. Some 119 technical assistants are actually in the field, compared to the 360 needed to achieve the target ratio of 1 assistant to 100 farmers.

The production and export of the two other export crops, palm kernels and tobacco, have followed a downward trend in recent years. The output of palm kernels has declined steadily primarily because producer prices have been kept too low; they have been raised only once in the last nine years. Exports of palm kernels have been declining even faster because palm kernels are being used by the state-owned palm oil factory to heat its boilers. The producer prices of tobacco have also been raised infrequently and cultivation of tobacco is declining.

c. Producer prices

Producer prices are determined by a commission consisting of representatives from the Ministry of Agriculture, the OCV, and the OCC. Once the commission agrees on the level of producer prices, the proposal is submitted to the Government for final approval. The producer prices of a number of crops have been increased substantially in recent years (Appendix Table III). The producer prices for most of these products are now comparable to those prevailing in neighboring countries. Although world

market prices for cocoa and coffee have fallen substantially in recent years, the Government has continued to raise producer prices of these crops. The OCC has so far been able to support these prices. Retail prices are set for traditional food staples, but actual prices are often determined by market forces.

2. Forestry

The share of forestry in real GDP has declined from some 4 per cent in 1970 to 2.1 per cent in 1980; in 1981 and 1982 it is estimated to have fallen further to 1.5 per cent. This is due not only to the rapid growth of crude oil production but also to the slowdown of timber felling. The latter reflects the fall in world demand for timber, and the depletion of easily accessible forest reserves of the south. Timber felling has moved to the vast northern forests where access is more difficult. In addition, in order to avoid overexploitation which severely eroded the soil in the south, the Government has been prudent in extending new concessions.

Between 1978 and 1982 production of timber and processed wood grew at an 8 per cent compound rate (Table 6). Since 1979, exports of logs have increased in relation to total timber felling. Averaging 36 per cent in 1978 and 1979, they represented 46.5 per cent in 1980 and 38.9 per cent in 1981, and are expected to account for some 48 per cent in 1982. Until 1980, okoumé accounted for most of the exported logs (Appendix Table IV). However, exports of sapelli, a hard white wood, increased rapidly between 1978 and 1980, and in 1981 moved into first place. Other important species include limba, sipo, agba, and tiama. Most logs are exported to Portugal, which in 1981 accounted for 31 per cent of total exports, followed by Italy (12 per cent) and the Federal Republic of Germany (11 per cent). Processed wood consists for the most part of veneer. However, in 1978-81 production of veneer has fluctuated while that of sawn timber grew steadily as new sawmills were opened. The other processed wood product, plywood, accounts only for a small portion of the total, although its share is growing rapidly. Because the companies processing wood operate on a small scale with expensive machinery, they cannot compete with the cheaper imported products. As a result, the companies have difficulties selling their products and are seeking other markets in the region.

The Office Congolais de Bois (OCB), a state enterprise, is the sole exporter of logs. The OCB buys from the concessionaires at prices called "beach prices", which fluctuate with world market prices. The beach price is obtained after deducting the OCB's handling and export costs from the export price; it includes a profit margin for the companies determined by the OCB. Because the OCB is overstaffed and relatively inefficient, its handling costs are high, reducing the beach price correspondingly. Furthermore, the OCB lacks storage facilities and is unable to delay sales when world market prices are low. In order to stimulate private sector interest in the forestry sector, the Government

Table 6. People's Republic of the Congo: Production of Timber and Processed Wood, 1978-82

(In thousands of cubic meters)

	1978	1979	1980	1981	1982 Est.
Timber	<u>460.7</u>	<u>478.2</u>	<u>602.6</u>	<u>526.9</u>	<u>631.7</u>
Of which: exports	(166.0)	(173.0)	(280.6)	(205.1)	(300.0)
Processed wood	<u>129.1</u>	<u>130.8</u>	<u>150.1</u>	<u>146.2</u>	<u>173.7</u>
Veneer	83.9	75.2	87.6	72.8	101.6
Sawn timber	43.1	53.3	63.5	70.4	66.1
Plywood	2.1	2.3	4.0	3.0	6.0

Source: Data provided by the Congolese authorities.

is studying the possibility of allowing private companies to export directly. The volume of timber purchased by the OCB increased sharply in 1980 as operations in the northern part of the country picked up. At the same time, favorable international prices increased the unit value of exported logs by 23 per cent and gross profits of the OCB more than doubled. In 1981, the volume of logs purchased by the OCB fell by 27 per cent, though it still remained above the 1978 and 1979 levels, owing to production difficulties in the north caused in part by heavier than normal rainfall. Thus, although the CFA franc unit value of exported logs continued to increase, gross profits of the OCB fell. The OCB also sells a small portion of its purchases to local expatriates who have sales outlets abroad. In 1981, such local sales represented 7 per cent of purchases. These sales are made at preferential prices, which take into account the investment effort of the particular producer in the country.

The development of the northern forestry concessions is to be undertaken within the framework of the Five-Year Development Plan (1982-86). The northern half of the country has been divided into two blocks: the Likouala block, comprising nine forestry concessions; and the Sangha block, with five concessions. Each concession is subject to annual exploitation limits, based on its inventory. The concessionaires are required to transform 60 per cent of their felled timber into sawn or veneer wood. Two private foreign companies are operating in the Sangha block, in addition to state companies created in cooperation with France and Algeria. The major bottleneck is the inadequate transportation

infrastructure, and the plan emphasizes the building of feeder roads to the main rivers in the region, the Sangha and the Congo. Although shipping timber by river is subject to seasonal variations of the water level, presently there is no other practical alternative. The logs are shipped downriver by rafts or barges to Brazzaville and then by railway to Pointe Noire. The inadequate capacity of the railway, owing to track deficiencies and insufficient rolling stock, sometimes causes the congestion of the port of Brazzaville, which leads to losses of timber. This also adversely affects sawmills and veneer plants in the south which have become increasingly dependent on timber from the north.

The five-year plan also envisages the building of a paper pulp factory near the coast, at a cost of CFAF 112 billion. Two eucalyptus plantations covering 16,000 hectares have already been established; the acreage is to be doubled over the next few years. The eucalyptus used is a hybrid, which grows rapidly and matures in seven years. The project will be executed by the Société d'Etude de la Cellulose du Congo (SECC), and will be financed by the International Finance Corporation (IFC) and the European Investment Bank. Feasibility studies will be carried out by a Swedish company (Billerud) with experience in eucalyptus projects in Brazil and Portugal. The factory is expected to produce 250,000 tons of pulp and paper per year. The Government is also studying a project for the production of methanol from wood.

3. Livestock and fishing

a. Livestock

In recent years, the Government has endeavored to increase domestic production of meat by expanding the number of cattle on state ranches with technical assistance from the Fonds Européen de Développement (FED). Between 1978 and 1981, the cattle population increased at an 11 per cent compound rate, in 1982, it is expected to increase by 6 per cent (Appendix Table V). However, the supply from state ranches still lags substantially behind demand. Presently, the Congo imports about 8,000 tons of beef per year, equivalent to 80 per cent of total consumption, primarily from Argentina, Zimbabwe, and West Africa. Although the number of pigs rose between 1978 and 1980 at an average annual rate of 29 per cent, it declined by 50 per cent in 1981, primarily because of animal disease. In order to increase the supply of meat, the development plan envisages the creation of additional state ranches which will also engage in poultry production. All state ranches except one are now operated entirely by the Congolese Government; the remaining ranch will be turned over by the FED to the Government in December 1982.

b. Fishing

Freshwater fishing is undertaken by traditional methods; the annual catch amounts to some 7,000 tons. The Government has begun to organize cooperatives, which will receive assistance in the areas of catching

and marketing. Until 1982, modern coastal fishing was carried out by the Société Italienne-Congolaise d'Armement et de Pêche (SICAPE), a joint venture of the Government and a private Italian company. Initial plans of the joint venture, which included also the creation of a canning factory, did not materialize fully and the company's activities were limited to coastal and deepwater fishing. These operations were hampered by the small size of the fleet of vessels, which in addition were plagued by shortages of spare parts. In 1981, the enterprise was dissolved, and the Government is in the process of establishing a new enterprise, the Société Congolaise de Pêche Maritime (COPEMAR). Local consumption of fish exceeds 30,000 tons per year, and is largely met by importing salted fish.

4. Manufacturing

This sector is dominated by state enterprises, most of which were created in the late 1960s. The enterprises produce for the domestic market, even though several were established to serve the entire UDEAC area. The largest enterprises in this sector are engaged in the production of cement, flour, sugar, and cigarettes. In many cases, production stagnated until 1980, though with fluctuations, reflecting the aging of equipment and a shortage of spare parts and inputs (Appendix Table VI). Even though their production generally increased in 1981, most enterprises operated at less than three quarters of capacity. Production of the cement factory, CIDOLOU, decreased by almost 40 per cent in 1980, and although it increased by 49 per cent in 1981, CIDOLOU was operating at only 52 per cent of capacity. Production of flour by the Minoterie et Aliments de Bétail (MAB) plummeted in 1979 and ceased in 1980 due to a lack of spare parts. However, it recovered in 1981, and for 1982 output is expected to be slightly above the 1978 level. Production of refined sugar by the Sucrerie du Congo (SUCO) fell in 1979, but has been on an upward trend since then. Nonetheless, in 1981 SUCO was operating at less than 20 per cent of capacity. In contrast, tobacco products (cigarettes and cut tobacco) have continued to decline.

These enterprises have been experiencing financial difficulties because of inappropriate investment, employment, and pricing policies, as well as inefficient production methods and weaknesses in management. The excessive work force could not until recently be reduced by law and pricing policy is set more according to social than economic criteria. To alleviate their financial difficulties, the Treasury subsidized many enterprises but at the same time, because of the deterioration in the budgetary situation, the Government incurred arrears vis-à-vis the enterprises. This prompted the enterprises, in turn, to withhold tax payments. The financial difficulties of both the state enterprises and the Treasury peaked in the late 1970s when the country experienced a severe liquidity crisis.

This prompted the Government to adopt measures designed to redress the whole state enterprise sector. In December 1978, it created the National Management Center (CENAGES), which is under the supervision of the Office of the Prime Minister. The purpose of the CENAGES is to provide technical and management assistance to the state enterprises, initially with the help of ILO and private French experts. One of the first tasks of the CENAGES was to organize a Conference on State Enterprises, which met several times between January and September 1980. The conference identified the problems facing the enterprises, established a compensation mechanism for the settlement of the debt owed by enterprises to the Central Government and vice versa, elaborated a charter for state enterprises, and proposed the elaboration of programs for their rehabilitation. Such programs were drawn up for 46 enterprises and adopted in the context of the Five-Year Development Plan. These programs call for the improvement of production methods (upkeep and modernization); the training of personnel, the increase in working capital, mainly through central government transfers; the takeover of debt service obligations by the Central Government, the reduction of personnel; and the adjustment of pricing policies. The managers of the state enterprises are to follow the guidelines set forth in the Charter for State Enterprises. The charter calls for the systematic preparation of balance sheets and the auditing of the enterprises at regular intervals; the coordination of operations of enterprises engaged in complementary lines of activity; and sets forth the conditions for central government transfers. The CENAGES, which has organized seminars on accounting, inventory management, and marketing procedures, has been entrusted with the follow-up of the execution of the rehabilitation programs.

5. Mining

The mining sector has become the most important sector of the Congolese economy after offshore petroleum production began in 1972, its share rose from less than 4 per cent of GDP in 1971 to 36 per cent in 1981 when crude petroleum accounted for 86 per cent of total exports. Other mining sector activities have practically disappeared. The potassium mine flooded in mid-1977, which sharply decreased the production of natural gas, the mine had been the only major consumer of natural gas from the oil fields. Natural gas production ceased altogether in 1980, when the Société Nationale d'Electricité (SNE), the only other user, no longer required natural gas (Table 7). Copper, lead, and zinc production ceased in 1979. The only remaining activity is a copper, lead, and zinc enrichment plant, which obtains its ore from a mine at Dienguélé and is operated by the Société Nationale des Mines de M'Fouati (SONAMIF). Production of enriched mineral, however, is constrained by shortages of inputs, and only half the target of 30,000 tons per year has been reached in 1981.

Table 7. People's Republic of the Congo: Mineral Output, 1978-82

	1978	1979	1980	1981	<u>1982</u> Est.
<u>(In thousands of metric tons)</u>					
Crude oil <u>1/</u>	2,416	2,730	3,291	4,100	4,600
Enriched copper, lead, and zinc	2	8	6	15	...
Copper, lead, and zinc ore	5	--	--	--	--
<u>(In millions of cubic meters)</u>					
Natural gas (utilized production)	1.7	1.5	--	--	--

Source: Data provided by the Congolese authorities.

1/ 1.13 tons = 1 cubic meter (on average).

The basin off the Congo's coast is rich in petroleum but the deposits are in geologically difficult strata. In the two years 1980-81, four new fields came on stream, and presently seven oil fields are in operation. The three major fields are Emeraude (which came on stream in 1972), Loango (1977), and Likouala (1980). In addition to the off-shore fields, an onshore field, Pointe Indienne, has been operating since 1965; it is almost depleted. The average quality of the oil is 28° API, ranging from 24° for Emeraude to 38° for Pointe Indienne. However, only small quantities of higher grade oil are produced. The operators of the Congo's oil fields are Elf-Congo and Agip-Recherches. Elf-Congo has a 65 per cent share in six oil fields and a 35 per cent share in the remaining one (Loango). Agip-Recherches is the only other shareholder. The exploration of two new fields, Nkayi and Sendji Marine, is undertaken jointly by the two companies and the Government, represented by Hydro-Congo, which has a 30 per cent share. The authorities intend to continue such joint ventures in the future.

Between 1978 and 1981, oil production rose rapidly and steadily at a 20 per cent annual compound rate. For 1982, crude oil output is expected to increase by only 12 per cent because of minor technical difficulties affecting two wells. During the first five months of 1982, 1.76 million tons were produced, but production for the year as a whole is forecast to reach 4.6 million tons. All output is exported except for 225,000 tons which represents the Congo's storage capacity for

crude oil. The total annual output of crude oil is still below the level originally anticipated because of exploitation difficulties at the Emeraude field. This field, located 20 km from the coast and 600 m below the sea bed, would yield only 3 per cent of the estimated reserve of 600 million tons with traditional techniques. However, a pilot project, begun in 1980 and lasting until end-1983, attempts to use a new method of injecting steam in order to increase output. The process is expected to increase recoverable output to 15 per cent for only one third of the field. Thus, cumulative output from Emeraude could reach 42 million tons, compared with 18 million tons using traditional methods. However, the technique, while used successfully in onshore fields, is being used for the first time in an offshore field, and at a considerable depth. The project is financed by the parent company of Elf-Congo, Elf-France, at a cost of US\$700 million.

The government-owned refinery at Pointe Noire was completed in 1977 by SYBETRA, a Belgian consortium, but has not started operations because of improper quality design. The technical modifications are now completed and the refinery is expected to become fully operational in the second half of 1982. Given the low quality of the Congo's crude, some 55 per cent of the refinery's output will be fuel oil, which fetches a lower price on world markets than crude oil. The cost per liter of the so-called "white products" (gasoline, diesel, etc.) is thus likely to exceed the cost of the imported products. In addition, some diesel will still have to be imported because the refinery will not be able to meet domestic demand for that product. For gasoline and kerosene, production will exceed domestic demand, and the authorities hope to export the excess to other UDEAC markets. The refinery will be managed by the Compagnie des Raffineries (CORAF), with a 60 per cent participation by Hydro-Congo and 40 per cent by Elf-Congo. The authorities intend for CORAF to cover its operating costs; however, because CORAF will buy the crude at world market prices, this involves raising the prices at the pump. Proposals by Hydro-Congo to that effect are under study.

6. Transport

The transportation system of the Congo consists mainly of railroads and waterways. A state enterprise, the Agence Transcongolaise des Communications (ATC), manages the railroads, waterways, and the port of Pointe Noire. Domestic air transportation is provided by another state enterprise, Lignes Nationales Aériennes Congolaises (Lina-Congo). Because no integrated mode of transport exists, transshipments are necessary and result in high transportation costs. Forestry products, coffee, and cocoa are shipped by river barges to Brazzaville, loaded onto railway cars to Pointe Noire, and then onto ocean freighters. Air and road transportation are still of secondary importance. Most roads are unpaved and feeder roads are generally lacking. The railroad (800 km) is the most important means of transportation in the south while waterways (5,000 km) are used in the north.

The railroad system consists of a 510 km long trunk line between Pointe Noire and Brazzaville, the Chemin de Fer du Congo-Océan (CFCO), and a 290 km long branch line between Mont Bêlo and Mbinda (on the border with C. . .) operated by the Compagnie Minière de l'Ogooué (COMILOG). The trunk line is the main artery for passenger and freight traffic, while the branch line is used only for the transport of manganese ore arriving by cableway from Moanda in southeastern Gabon. Passenger traffic, after declining in 1979, picked up strongly in 1980 and continued to grow in 1981 (Appendix Table VII). In 1982, the trend is expected to continue. Freight traffic on the CFCO line behaved similarly but increased somewhat more slowly. Both passenger and freight traffic picked up since 1980 because of the higher economic activity. Traffic on the COMILOG line depends on mining output in Gabon; freight volume rose by 34 per cent in 1979, stagnated in 1980, and declined by 37 per cent in 1981. For 1982, an 18 per cent increase is expected.

The number of passengers and the volume of freight handled by the port of Brazzaville both declined by almost 20 per cent in 1979, but increased in 1980 and 1981. At Pointe Noire, petroleum exports have grown steadily, and are expected to almost double in 1982, compared with 1978. Other merchandise exports increased steadily until 1980, declined by almost 20 per cent in 1981, and are expected to recover only partially in 1982.

In view of the importance of the railway link between Pointe Noire and Brazzaville, the Government embarked in the mid-1970s on a track realignment project in the hilly region between Houle and Mont Bêlo in order to increase the traffic volume of the CFCO. The project, financed by 14 foreign lenders, including the World Bank, has been plagued by cost overruns and technical difficulties, and is now expected to be completed within two years. The total cost of the project, originally estimated at CFAF 33 billion in 1977, has been revised to CFAF 78 billion, of which CFAF 10.8 billion is to be financed from domestic sources (ATC, Central Government, and commercial banks).

ATC has in recent years significantly improved its operations with World Bank assistance and, compared to other state enterprises, is now relatively well-managed. However, its operations are constrained by the pricing policy dictated by the Government. To compensate for this, the Government has taken over a large part of ATC's investments, in particular for heavy equipment. ATC's tariff policy reflects the Government's decision to subsidize some sectors of the economy, to this end, merchandise is divided into two categories. Wood, vehicles, and alcohol are charged higher tariff rates, while basic items benefit from preferential rates. ATC is to finance its investments in the context of the Five-Year Development Plan mostly with borrowed resources. The major projects are the acquisition of new railway equipment and the extension of river transport.

Lina-Congo, the airline company, suffered until recently from poor management, which affected the quality of service and resulted in a low volume of operations. In 1981, the company started a rehabilitation program with the assistance of foreign experts. Tariffs were raised by 60 per cent, the first increase since 1974. In spite of the increase, the number of passengers increased by 31 per cent in 1981, primarily because of improved services, notably the regular operation of flights. In 1982, the number of passengers is expected to increase by some 40 per cent. To meet the increased demand, the company plans to purchase a Boeing 737 within the context of the Five-Year Development Plan, to supplement its two Fokker and two Twin-Otter airplanes.

Regional and international air service is provided by a number of foreign airline companies, such as Air Afrique, a multinational company in which the Congo has a participation. Reflecting the Congo's increased economic activity, international passenger traffic increased by 23 per cent in 1981 and accounted for 32 per cent of total passenger traffic in that year. In contrast, international freight accounted for 90 per cent of total freight volume in 1981.

7. Commerce and energy

The Office National du Commerce (OFNACOM), a state-owned trading company, was created in 1964 with the main objective of ensuring an adequate supply of basic consumer goods and stabilizing prices. To this end, OFNACOM has the monopoly of imports and local distribution of salted fish, rice, tomato concentrate, salt, meat, sugar, galvanized roofs, blankets, and enameled pots. Until 1979, OFNACOM sold these products through its own retail outlets. However, because of rising operating costs these outlets are being phased out and the commodities are now sold to private wholesalers. OFNACOM is to stabilize retail prices of its products and ensure that they do not rise above the levels stipulated by the Government. Thus, at times OFNACOM sells below cost with its losses covered by government subsidies. The Government is in the process of reviewing its pricing policies in the context of the rehabilitation of the state enterprise sector.

Hydro-Congo, created in 1973, has the monopoly of the importation and distribution of petroleum products. Until now, all of the Congo's crude oil has been exported, and local consumption of refined petroleum products has been met entirely from imports. The petroleum refinery is expected to become fully operational during the first half of 1983, and, except for diesel fuel, its production will satisfy domestic demand.

Between 1978 and 1981, consumption of petroleum products has increased relatively slowly (Appendix Table VIII). Consumption of diesel fuel and of premium gasoline increased by an annual compound rate of 4.3 per cent and 6.1 per cent, while that of regular gasoline and of kerosene declined by 2.3 per cent and 4.6 per cent. In 1981, diesel fuel accounted for 55 of the total volume of petroleum products consumed.

Because of the government-imposed policies, Hydro-Congo has incurred large operating deficits. Prices at the pump are kept below costs, and Hydro-Congo has to sell to state enterprises, which are already in arrears. Within the context of the debt compensation exercise, it was established that at end-1979, Hydro-Congo was owed CFAF 7 billion by a number of state enterprises. In addition, the company is owed CFAF 2 billion by a neighboring country. To cover its operating deficit, Hydro-Congo borrows from the commercial banks. In 1981 interest payments on such loans were equivalent to the company's wage bill. Hydro-Congo cannot incur arrears, since all imports must be guaranteed by irrevocable letters of credit before the tankers can leave the foreign ports. The Congo imports fuel mainly from Brazil and the Central African countries. In 1981, the Congo imported CFAF 14 billion worth of petroleum products; for 1982, such imports are expected to fall to CFAF 10 billion, assuming that the oil refinery begins operating as planned in the second half of 1982. Hydro-Congo's investment program for the next five years aims essentially at expanding storage capacity for petroleum products.

The production and distribution of electricity is the responsibility of the SNE, a state enterprise. Most of the southern part of the country is supplied through the company's grid, while the northern part depends mainly on generators. Demand for electricity has exceeded supply in recent years, and electricity has been imported from Zaire. In 1979, the latest year for which data on a national basis are available, consumption of electricity increased by 4 per cent. As part of the Five-Year Development Plan, work will begin on the Imboulou barrage in the first quarter of 1983 which, once completed, will produce 100 megawatts. The rates SNE is allowed to charge for electricity do not cover its costs, and the enterprise depends on transfers from the Central Government. In 1982, such transfers are expected to total CFAF 1.5 billion.

III. Prices, Wages and Employment

1. Prices

Available consumer and wholesale price indices are based on a basket of goods and services representative of the consumption patterns of European expatriates. Therefore, the import content of this basket is high. As measured by these indices, consumer prices increased by an average of 7.5 per cent in 1979-80 and by about 17 per cent in 1981, while the rate of increase of wholesale prices, which accelerated to 16 per cent in 1980, declined to 12 per cent in 1981 (Table 8). The movements in the two indices show a lagged adjustment pattern, with the consumer price index increasing in line with the previous year's increase in the wholesale price index.

Table 8. People's Republic of the Congo: Price Indices
for the City of Brazzaville, 1978-81 1/

(1964 = 100; annual averages)

	Weights	1978	1979	1980	1981
Wholesale prices					
Foodstuffs	0.40	312.8	301.0	303.1	350.1
Manufactured products	0.45	236.6	252.0	333.9	376.1
Fuel and electricity	0.15	236.6	332.5	424.2	441.9
General index		266.7	290.7	336.7	376.6
Percentage change from previous year		7.8	9.0	15.8	11.9
Consumer prices					
Foodstuffs	0.516	248.1	275.6	288.7	358.5
Clothing	0.082	212.0	240.2	268.3	309.6
Fuel and electricity	0.054	150.7	150.7	179.5	200.1
Household services	0.067	196.7	171.6	182.4	182.4
Maintenance and repairs	0.069	262.1	285.5	300.7	302.8
Toiletries	0.026	174.3	207.8	241.2	283.4
Other	0.186	241.8	296.6	336.1	359.7
General index		243.3	261.2	281.0	328.0
Percentage change from previous year		0.3	7.4	7.6	16.7

Source: Appendix Table IX.

1/ European basket.

Within each price index there was usually foodstuffs, with a weight of 52 per cent in the consumer price index and 40 per cent in the wholesale price index, which dominated the trend of the overall index. Within the consumer price index, the price of foodstuffs increased by an average of 8 per cent in 1979-80 and 24 per cent in 1981. These developments were in line with those in partner countries. Within the wholesale price index, the price of foodstuffs declined by an average 1.3 per cent during 1979-80, but increased by 15 per cent in 1981. The price of manufactured products, mostly imported also, increased by 6.5 per cent in 1979, by 32 per cent in 1980, and by 13 per cent in 1981.

Retail prices for some traditional foodstuffs appear in Appendix Table X. For the period 1979-81, the prices of most items increased. Among the three items showing price decreases was cassava flour, a staple in the local diet. The highest price increases related to those of beef, yams, and fresh fish. Prices of individual items showed wide fluctuations during the period but, in general, increased in 1981; during that year, prices of 12 items increased and only 2 decreased. The price of premium gasoline was CFAF 165 per liter as of July 1, 1982; the proposed new price is CFAF 200 per liter, equivalent to some US\$2.20 per gallon.

The system of price controls, which has remained basically unchanged since 1972, consists of fixed retail prices and fixed profit margins. Fixed retail prices are imposed on several essential items, including basic foodstuffs, water, electricity, and petroleum products. The import and domestic distribution of some of those items is controlled by OFNACOM, although since 1979 it has moved away from retailing operations; the commerce of petroleum is controlled by Hydro-Congo. Although domestic transportation costs are high, OFNACOM charges the same price for a given item throughout the country, taking into account average transportation costs. Hydro-Congo charges four different prices for the same type of fuel, depending upon location. For other enterprises, fixed profit margins ranging from 20 per cent to 35 per cent, introduced in 1966, have remained unchanged. Prices of a number of goods, mainly luxury goods, are not controlled. Enterprises seeking an upward adjustment of fixed prices submit their requests to the National Price Commission, which makes its recommendations to the Government.

2. Wages

Both the guaranteed minimum hourly wage for agricultural workers, Salaire Minimum Agricole Garanti (SMAG), and for non-agricultural workers, Salaire Minimum Interprofessionnel Garanti (SMIG), have not changed since January 1, 1975, when increases ranging from 18 per cent to 70 per cent were granted (Appendix Table XI).

The salary scale for the public sector has also remained unchanged since January 1, 1975 (Appendix Tables XII and XIII). Moreover, there was a freeze on promotions during 1977-79; the salary increments from promotions granted after 1979 were paid only from January 1981; job reclassifications intended to upgrade people who had received professional training were frozen during 1977-81; and a tax, equivalent to 20 per cent of the basic wage, was imposed from 1978 until 1981 in order to finance a National Solidarity Fund. Family allowances also have remained unchanged. Consequently, real salaries of government employees have declined substantially since 1975. In 1982 monthly wages of civil servants were raised by lump sums ranging from CFAF 10,000 for those with low salaries to CFAF 7,000 for those with high salaries.

Salaries in state farms and state enterprises are determined through negotiations between the Confédération Syndicale Congolaise (CSC), the sole trade union, and each farm or enterprise. Such negotiations are supposed to be held every two years but, in fact, none has taken place since 1977. However, salaries in state enterprises are higher than in the civil service and are supplemented by indemnities which can be equal to the salaries themselves.

In the private sector, salaries are also determined through negotiations between the trade union and individual enterprises, but there have been no negotiations since 1977 and there are no cost of living clauses. However some enterprises have granted small lump-sum increases.

3. Employment

In 1980, the labor force was estimated at some 510,000 people, or slightly less than one third of the total population. No comprehensive data on its sectoral distribution is available, except for employment by the Central Government. Over the three years ended in 1981, civil service employment increased by 31 per cent to 38,727, excluding defense and security forces (Appendix Table XIV). In 1981, the Ministry of Education accounted for 44 per cent of total central government employment, followed by the Ministry of Health and Social Affairs (22 per cent).

As a result of the Government's policy of offering employment in the civil service or state enterprises to all high school or university graduates unable to find employment elsewhere, employment by both the Central Government and state enterprises expanded rapidly because the private sector does not generate enough jobs. Moreover, the qualifications of graduates are not generally suited to the private sector needs. The Government hopes to alleviate this problem by encouraging students to enter technical fields where more jobs are available. The Government plans to reopen a technical school in October of 1982, which has been closed for about a decade. At present, the Lycée Technique is the only institution offering technical training, and this to a very limited number of people; on-the-job training is available in some private enterprises.

No data is available on unemployment but it is considered to be significant, reflecting the continued migration of young people from the rural areas to the urban centers.

IV. Development Planning

Following several years of implementation of various investment programs, the Congolese authorities adopted at the end of 1981 the first Five-Year Economic and Social Development Plan, covering the period 1982-86. During 1978-81, three investment programs had been implemented, the 1978-79 "government action" program, the 1980 "complementary" program, and the 1981 "transitory" program. These programs consisted basically of a list of projects, many of which were carried over from one program to the other. Their implementation was stymied by the low absorptive capacity of the economy and the lack of financing. The five-year plan represents an attempt by the authorities to place their development effort in the context of a macroeconomic framework.

The plan is designed to set the stage for self-sustained economic growth in the post-petroleum era and addresses three principal objectives: (1) development and unification of the national territory through investments in infrastructure, (2) the revival of the productive base of the economy and the creation of conditions propitious for its future expansion, notably through the rehabilitation of the state enterprise sector, and (3) the improvement of the living standards of the population. Total investment is to reach CFAF 1,970 billion (at 1981 prices), of which CFAF 1,110 billion represents investments by the public sector; of the remainder, oil sector investment accounts for up to 70 per cent. The total investment envisaged is equivalent to almost three times the 1981 GDP, and the planned average annual real investment, at CFAF 395 billion, is equivalent to about twice the total gross investment realized in 1981. It is estimated that during the plan period an annual GDP growth of 10 per cent will be achieved. Total employment creation is projected at 95,000.

The public sector investment program, the core of the plan, devotes 43.5 per cent to physical infrastructure, particularly to transportation (roads, rail, and waterways), energy and water, and urban and rural construction; 37 per cent to the productive sector (agriculture, forestry, and industry), including resources to rehabilitate the state enterprises; and the remainder to social and administrative infrastructure. The Central Government is to undertake 70 per cent (CFAF 780 billion) of the public sector investment, while the state enterprises are to invest CFAF 330 billion (Table 9). Almost 50 per cent of the Central Government's investment is to be directed toward infrastructure. The planned annual investment expenditures within the central government budget average CFAF 156 billion, compared to CFAF 71 billion in 1981. However, the plan does not formally provide for annual investment

Table 9. People's Republic of the Congo: Public Investment Expenditures Under the Five-Year Development Plan, 1982-86

(In billions of CFA francs at 1981 prices; and in per cent)

	<u>Central Government</u>		<u>State enterprises</u>		<u>Total</u>	
	<u>Amount</u>	<u>Per cent</u>	<u>Amount</u>	<u>Per cent</u>	<u>Amount</u>	<u>Per cent</u>
Agriculture and Livestock	70.0	9.0	3.5	1.0	73.5	6.6
Forestry	44.0	5.6	152.0	46.1	196.0	17.6
Mining and Energy	103.0	13.2	29.0	8.8	132.0	11.9
Industry	49.0	6.3	54.0	16.4	103.0	9.3
Transport	78.5	10.1	60.5	18.3	139.0	12.5
Construction	190.0	24.3	5.0	1.5	195.0	17.6
Information and Telecommunications	27.0	3.5	9.5	2.8	36.5	3.3
Commerce	16.5	2.1	4.0	1.2	20.5	1.8
Education	22.5	2.9	--	--	22.5	2.1
Public Health	27.0	3.5	1.0	0.3	28.0	2.5
Interior	38.0	4.9	--	--	38.0	3.4
Defense and Security	37.5	4.8	--	--	37.5	3.4
Plan	12.5	1.6	--	--	12.5	1.1
Presidency, Party, Prime Minister	16.0	2.1	--	--	16.0	1.5
Other	48.5	6.1	11.5	3.6	60.0	5.4
Total	780.0	100.0	330.0	100.0	1,110.0	100.0

Sources: Data provided by the Congolese authorities; and staff calculations.

tranches. Investment targets are to be adjusted annually in light of experience and changing circumstances, particularly with respect to oil resource prospects. The 1982 budget foresees central government investments of CFAF 116 billion.

Public sector investment under the plan is concentrated in construction, forestry, and transport, which together account for 48 per cent. However, investment by the Central Government alone is directed mainly to construction, mining and energy, and transport. The Government's investment in the mining and energy sector is primarily for projects to increase the supply of electricity. Investment by state enterprises is overwhelmingly concentrated in the forestry sector, which accounts for 46 per cent of their total investment; a paper pulp factory, at a cost of CFAF 112 billion, and the exploitation of virtually untapped northern forests, at a cost of CFAF 34 billion, are the main projects. State enterprise investments in the industrial sector (CFAF 54 billion) are largely intended for their own rehabilitation; the cement factory alone is to invest CFAF 22 billion for renovation and expansion. In the transport sector, the Agence Transcongolaise des Communications (ATC) is to invest CFAF 23 billion for the renewal of the rolling stock of the CFCO railway, and CFAF 15 billion for the modernization of the waterways. An additional CFAF 9 billion is allocated for studies to integrate the transport system on a national basis. Together, forestry, industry, and transportation account for 81 per cent of investments by the state enterprises.

The plan is to be financed mainly from oil resources, to be complemented by substantial foreign borrowing. The plan estimates that oil output will increase steadily to 7.5-8.0 million tons in 1985 and decline thereafter. Assuming further an average price of US\$32 per barrel and an exchange rate of CFAF 250 per U.S. dollar, the plan forecasts that oil resources accruing to the public sector will be CFAF 900 billion, about the mid-point of a projected range of CFAF 650 billion to CFAF 1,200 billion. Under different hypotheses of the growth of non-oil revenue, of current budget expenditures, and of debt service, resources available for the investment budget could range from CFAF 280 billion to CFAF 605 billion. The plan adopts an average figure of CFAF 400 billion and projects that the Central Government will need to borrow CFAF 380 billion to realize the full amount of planned investments. Furthermore, borrowing by state enterprises is projected at CFAF 280 billion. Thus, total public external borrowing could reach CFAF 660 billion, compared with disbursed outstanding public debt of CFAF 264 billion at the end of 1981.

V. Government Finance

The public sector in the Congo consists of the Central Government, the local authorities (Communes, Regions, and Districts), autonomous agencies, and state enterprises, which play an important role in the

economy. The Congolese Amortization Fund (CCA), an autonomous agency under the Ministry of Finance, is in charge of the Central Government's debt and is also, since 1978, responsible for the financing of the major part of the Government's investment activities. The relatively large share of the public sector in the Congolese economy is evidenced by the fact that government revenue and expenditure accounted for 41 per cent and 38 per cent of GDP, respectively, in 1981.

In the following discussion, central government budgetary operations have been consolidated with those of the CCA. Therefore, it covers the budgetary operations of the Treasury as well as a large part of those government operations which are not channeled through the Treasury, in particular, those capital outlays which are financed by the CCA through transfers from the government budget, earmarked tax receipts, and external borrowing. Adequate information is not available, however, on expenditures financed through foreign grants and loans. The Treasury accounts also include special funds, such as the Road Fund and the Forestry Fund, which are financed in part through earmarked revenue, and autonomous agencies, such as the General Hospital and the National Printing Office. In recent years the autonomous agencies have been subsidized by the Government. The local authorities hold most of their liquid assets with the Treasury while those of the Treasury itself are mainly deposited with the Central Bank. The total of short- and medium-term advances from the Central Bank is subject to a statutory ceiling of 20 per cent of the preceding year's budgetary receipts of domestic origin.

1. Overall developments, 1979-81

During the period 1979-80 the Government's fiscal policy stance remained expansionary. Government spending, which was restrained somewhat within the context of the 1979 stabilization program, was allowed to more than double in 1980 (Table 10). In relation to nominal GDP, budgetary expenditure and net lending, which had declined to 25 per cent in 1979, rose again to 36 per cent in 1980. Meanwhile, non-oil revenue stagnated, reflecting the sluggish growth of the non-oil sector, deficiencies in tax collection, as well as the continued difficult financial position of the state enterprises. As a result, notwithstanding the substantial growth of oil receipts following the rapid increase in volume and prices, the budgetary deficit remained large, representing about 4 per cent of GDP in each of the two years (Table 11). Consequently, despite significant foreign borrowing for project financing and debt relief totaling CFAF 5.4 billion obtained through rescheduling, in 1979-80 available means of financing were inadequate and payments arrears, largely domestic, were accumulated. In these two years, such arrears amounted to CFAF 11 billion, or 47 per cent of the cumulative deficit on a commitment basis.

Table 10. People's Republic of the Congo: Consolidated Central Government Operations, 1978-82 ^{1/}

(In billions of CFA francs)

	1978	1979	1980	1981	1982 Est.
Revenue	<u>56.3</u>	<u>51.6</u>	<u>117.4</u>	<u>209.6</u>	<u>241.4</u>
Oil	<u>13.1</u>	<u>22.7</u>	<u>58.8</u>	<u>126.1</u>	<u>134.9</u>
Non-oil	43.2	28.9	58.6	83.5	106.5
Grants	<u>3.7</u>	<u>0.8</u>	<u>--</u>	<u>--</u>	<u>4.0</u>
Expenditure and net lending	<u>75.9</u>	<u>63.1</u>	<u>130.0</u>	<u>190.7</u>	<u>235.0</u>
Current	<u>70.1</u>	<u>49.6</u>	<u>102.5</u>	<u>119.8</u>	<u>153.5</u>
Capital	5.1	11.3	27.5	70.9	81.5
Net lending	0.7	2.2	--	--	--
Overall surplus or deficit (-), commitment basis	<u>-15.9</u>	<u>-10.7</u>	<u>-12.6</u>	<u>18.9</u>	<u>10.4</u>
Arrears	13.7	6.4	4.6	-7.1	-4.0
Overall surplus or deficit (-), cash basis	<u>-2.2</u>	<u>-4.3</u>	<u>-8.0</u>	<u>11.8</u>	<u>6.4</u>
Financing	<u>2.2</u>	<u>4.3</u>	<u>8.0</u>	<u>-11.8</u>	<u>-6.4</u>
Foreign (net)	<u>0.8</u>	<u>-0.8</u>	<u>9.1</u>	<u>-2.2</u>	<u>...</u>
Borrowing	(8.9)	(5.3)	(18.9)	(13.7)	(...)
Amortization	(-8.1)	(-6.1)	(-9.8)	(-15.9)	(-28.7)
Domestic (net)	-1.8	1.1	-2.5	-9.6	...
Central Bank	(0.9)	(1.0)	(0.4)	(-17.1)	(...)
Other financial institutions	(2.1)	(-0.5)	(-0.2)	(0.1)	(...)
Nonfinancial institutions ^{2/}	(-5.2)	(-0.2)	(-2.9)	(-1.3)	(-4.4)
Other Treasury operations ^{3/}	(0.4)	(0.8)	(0.1)	(8.7)	(...)
Debt rescheduling	3.2	4.0	1.4	--	--

Sources: Data provided by the Congolese authorities; and staff estimates.

^{1/} The consolidation of the government budget and the operations of the Congolese Amortization Fund (CCA) include the following principal adjustments: the inclusion in revenue of tax receipts earmarked for the CCA, the inclusion in current expenditure of total scheduled interest payments, and the shift of scheduled amortization of government debt to the financing items. However, it excludes part of central government expenditure financed by foreign grants and loans.

^{2/} Including borrowing from the oil companies.

^{3/} Including change in cash balances.

Table 11. People's Republic of the Congo: Fiscal Indicators, 1979-82

	1979	1980	1981	1982 Est.
<u>(Annual percentage changes)</u>				
Revenue and grants	-12.7	124.0	78.5	17.1
Expenditure and net lending	-16.9	106.0	46.7	23.2
Of which: current	(-29.2)	(106.7)	(16.9)	(28.1)
capital	(121.6)	(143.4)	(157.8)	(15.0)
Nominal GDP	24.8	42.2	40.2	31.2
Of which: non-oil GDP	(17.1)	(23.2)	(26.8)	(29.0)
<u>(In per cent of GDP)</u>				
Revenue	<u>20.3</u>	<u>32.4</u>	<u>41.3</u>	<u>36.2</u>
Tax revenue	<u>15.5</u>	<u>25.4</u>	<u>32.4</u>	<u>28.1</u>
Of which: oil companies	(4.3)	(9.7)	(16.3)	(12.4)
Nontax revenue	4.8	7.0	8.9	8.1
Of which: oil companies	(4.6)	(6.5)	(8.6)	(7.8)
Grants	<u>0.3</u>	—	—	<u>0.7</u>
Expenditure and net lending	<u>24.8</u>	<u>35.9</u>	<u>37.6</u>	<u>35.3</u>
Current	<u>19.5</u>	<u>28.3</u>	<u>23.6</u>	<u>23.0</u>
Capital	4.4	7.6	14.0	12.3
Net lending	0.9	—	—	—
Overall surplus or deficit (-), commitment basis	<u>-4.2</u>	<u>-3.5</u>	<u>3.7</u>	<u>1.6</u>
<u>(In per cent of total revenue)</u>				
Tax revenue	<u>76.4</u>	<u>78.5</u>	<u>78.4</u>	<u>77.6</u>
Direct taxes	<u>47.4</u>	<u>42.5</u>	<u>48.3</u>	<u>49.2</u>
Of which: oil companies	(21.3)	(30.0)	(39.5)	(34.2)
Taxes on goods and services	12.6	8.9	5.9	9.4
Taxes on international transactions	8.9	12.8	9.9	11.5
Other taxes	0.8	1.6	0.8	1.0
Unclassified tax revenue	16.7	12.7	13.5	6.4
Nontax revenue	<u>23.6</u>	<u>21.5</u>	<u>21.6</u>	<u>22.4</u>
Of which: oil royalties	(22.6)	(20.1)	(20.7)	(21.6)
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Sources: Table 10 and Appendix Tables I and XV.

In 1981, the Government's financial position improved considerably owing to the substantial increase in revenue that more than offset the continued rise in total expenditure. Budgetary revenue increased by nearly 79 per cent to CFAF 209.6 billion, mainly due to a more than doubling of tax and royalty payments from the oil sector to CFAF 126.1 billion, following a 25 per cent expansion in crude oil output and a 34 per cent rise in the export unit price in terms of the CFA franc. Non-oil receipts increased by 42 per cent to CFAF 83.5 billion, notwithstanding the abrogation of the special levy on wages and salaries for the National Solidarity Fund. The upswing in economic activity, improved collection procedures and, in particular, substantial efforts to collect overdue taxes contributed to increasing the ratio of non-oil revenue to non-oil GDP from 24 per cent in 1980 to 27 per cent in 1981.

Current expenditure rose by 17 per cent to CFAF 119.8 billion while investment outlays increased by 158 per cent to CFAF 70.9 billion, reflecting the Government's attempt to direct an increasing share of the oil revenue toward development expenditure. As a result, capital expenditure rose from 8 per cent of GDP in 1980 to 14 per cent in 1981, while the ratio of current expenditure to GDP declined from 28 per cent to 24 per cent.

The overall surplus on a commitment basis of CFAF 18.9 billion, equivalent to 3.7 per cent of GDP, together with substantial foreign borrowing, enabled the Treasury to pay its current debt amortization and, in addition, reduce payments arrears by CFAF 7.1 billion. At the same time, by the end of 1981 the banking system's net claims on the Government were reduced to CFAF 4 billion from CFAF 22 billion a year earlier. The substantial growth of resources also allowed the Treasury to discharge its current payments obligations on a timely basis, thereby contributing to improving the liquidity of the economy and stimulating economic activity.

2. Revenue performance

Between 1978 and 1981 government revenue (excluding grants) increased at an annual compound rate of 55 per cent, mainly due to the sharp increase in resources accruing from the oil sector, which helped raise the ratio of total revenue to GDP from 27.6 per cent in 1978 to 41.3 per cent in 1981. Non-oil revenue rose at an annual compound rate of 24 per cent, and its ratio to non-oil GDP, which was 25.9 per cent in 1978, declined to 24.3 per cent in 1980 but increased to 27.3 per cent in 1981. The buoyancy of non-oil tax revenue, which averaged less than unity in 1979-80, rose slightly, to 1.1, in 1981. This reflected lax tax enforcement, as well as the difficult financial situation of most state enterprises which continued to incur substantial tax arrears. The improved responsiveness of the tax system in 1981 is attributable to government efforts to strengthen tax administration and collect overdue taxes following the adoption of a compensation scheme to settle bilateral claims with state enterprises.

Receipts from taxes on net income and profits increased at an annual compound rate of 88 per cent between 1978 and 1981, and the share of these taxes in total tax revenue increased from 46 per cent in 1979 to 60 per cent in 1981 (Appendix Table XV). The yield from the income tax on the oil companies, which had more than doubled in 1979 to CFAF 11 billion, amounted to CFAF 82.7 billion in 1981 due to the increase in prices and output, and accounted for 50 per cent of total tax revenue (Appendix Table XVI). The yield from taxes on non-oil companies, which increased by an average of 11 per cent in 1979-80, rose by 31 per cent in 1981, owing in part to improved tax administration, including the introduction of a prepayment system (perception par anticipation) similar to the withholding at the source of individual income taxes. All incorporated enterprises were obliged to discharge their principal taxes (Impôts sur les Sociétés and Taxe spéciale) through prepayment four times a year of 25 per cent of their tax obligations presumptively calculated on the basis of 5 per cent of called-up capital. ^{1/}

Taxes on goods and services increased at an annual compound rate of 25 per cent between 1978 and 1981 and accounted for 23 per cent of non-oil taxes in 1981. The proceeds from the tax on internal transactions, the rates of which were slightly raised in 1979, rose further in 1981 and accounted for 36 per cent of total taxes on goods and services due to the increase in economic activity, particularly commerce. The receipts from the single tax accounted for 43 per cent of these taxes in 1981. This tax is levied on sales of enterprises having a market in other UDEAC countries and which, for this purpose, are exempt from import duty and other taxes on raw materials. The proceeds of the single tax accrue to the Treasury of the country where the products are consumed. The receipts from excise taxes, which had declined in recent years, in part due to collection difficulties with respect to the tax on petroleum products, increased substantially in 1981 as Hydro-Congo, the local distributor of oil products, began to regularize its tax payments.

Revenue from taxes on international transactions, mainly import duties and taxes, increased at an annual compound rate of 35 per cent in this period and accounted for 39 per cent of non-oil tax receipts in 1981. The collection of import taxes has not kept pace with the increase in imports in recent years, in part because of an accumulation of tax arrears by state enterprises having financial difficulties. However, the yield of these taxes has also been affected by substantial exemptions beyond those foreseen in the tax law and the investment code. It is officially estimated that because of such exemptions (exonérations non réglementaires) there was a revenue loss of some CFAF 7 billion in 1980 alone.

^{1/} A summary of the Congo's tax system in 1982 is contained in Appendix I.

Nontax revenue consists mainly of oil royalties, a part of which is earmarked for the payment of debt incurred for the construction of the Government's oil refinery in Pointe Noire. Nontax revenue more than doubled in 1980 and rose further by 75 per cent to CFAF 45 billion in 1981, reflecting the substantial rise in crude oil output and prices.

3. Expenditure trends

Economic classification of government current expenditure is available only on the basis of payments authorizations (ordonnancements). As shown in Appendix Table XVII, current outlays on that basis, including interest on the public debt, rose at an annual compound rate of 18 per cent in 1978-81 and reached CFAF 94 billion in 1981. In terms of non-oil GDP, current expenditures declined from 42 per cent in 1978 to 25 per cent in 1979, but increased to about 40 per cent in 1980 and 1981; as a ratio of total GDP such outlays declined from 34 per cent in 1978 to 24 per cent in 1981.

Wage and salary payments rose at an annual compound rate of 11.2 per cent in 1978-81 to CFAF 40.8 billion in 1981, when they accounted for 43 per cent of total current outlays, compared with 53 per cent in 1978. The decline in the share of personnel outlays is due not only to the sharp increase in most other expenditure categories but also to the fact that no general wage awards were granted in this period. The rise in the wage bill was attributable to the continuing increase in the number of civil servants. In this three-year period, their number (excluding defense and security forces) rose by 31 per cent to 38,727, reflecting the Government's long-standing policy to employ those college and university graduates who cannot find employment elsewhere. In recent years, very few of these graduates have been absorbed by the private sector and only a limited number by the state enterprises. Similarly, many students leaving secondary education have also been employed by the Government, with the result that the age distribution of government employees is skewed toward the younger age group. The Ministry of Education has accounted for a substantial share of personnel outlays in recent years. In 1981, this Ministry accounted for 44 per cent of the total civil service employment, and 36 per cent of the total wage bill. All education is public and free for the most part. Primary education is virtually universal, and many students in secondary schools, and all students in higher education, automatically receive grants and scholarships. In 1981, some 8,000 students, of which 3,000 were studying abroad, received scholarships amounting to CFAF 6.1 billion, or 7 per cent of total current outlays, excluding interest payments.

Outlays for goods and services almost tripled between 1978 and 1981 to CFAF 15.9 billion, or to 17 per cent of total expenditure. Subsidies and current transfers, which declined by 23 per cent in 1979, rose rapidly to CFAF 19.1 billion in 1981, or to 20 per cent of

the total; in addition to scholarships, a large element of these outlays consists of subsidies to state enterprises and government agencies for the financing of their current operations. Such subsidies were estimated at CFAF 6.1 billion in 1980, or 36 per cent of total subsidies and transfers in that year.

Capital expenditures in 1979-81 reflected the continued execution of projects under the "action" program for 1978-79, outlays under the "complementary" program for 1980, as well as those under the "transitory" program for 1981. Whereas the action program had shifted the emphasis from new projects to the rehabilitation of existing enterprises, mainly in agriculture, forestry, and manufacturing, the 1980-81 programs placed emphasis on new investments in the transportation and construction sectors. The 1981 program was to set the stage for the Five-Year Development Plan which was adopted at the end of 1981.

There is no comprehensive information available on the sectoral distribution of actual investments in each of the three years. The CCA, which has become the principal administrator of the implementation of the investment budget, has to obtain the required financing as well as verify the disbursements of individual ministries and agencies, and is not yet fully equipped for these tasks. However, it is estimated that in 1980-81 most of the investment outlays were directed to transportation, public works, and construction, followed by agriculture and forestry. The capital outlays recorded by the CCA do not provide adequate information on total investments since projects financed by foreign grants and some foreign bilateral loans are not always included. Moreover, part of the outlays recorded as investments are not project expenditure but transfers and subsidies to state enterprises and public agencies. The principal sources of financing for the investment budget were transfers from the ordinary budget, resources from foreign and domestic borrowing, earmarked taxes (Taxe spéciale sur les carburants and Taxe touristique), and, until 1981, the special levy on wages for the National Solidarity Fund.

4. The 1982 budget

The budgetary outcome for 1982 is likely to remain favorable despite an estimated 23 per cent expansion in government spending to about CFAF 235 billion. Budgetary revenue and grants are forecast to increase by 17 per cent to CFAF 245 billion resulting in an overall surplus of CFAF 10 billion compared to a surplus of CFAF 19 billion in 1981 (Table 10). Oil revenue is anticipated to rise by only 7 per cent reflecting lower output and export prices, which are now expected to be 4.6 million tons and US\$31 per barrel, respectively, as against 5.2 million tons and US\$32 originally assumed in the budget. Non-oil revenue is estimated to increase in line with non-oil GDP, or by about 28 per cent, to CFAF 107 billion. Receipts from taxes on net income and profits and on goods and services are estimated to be substantially above the 1981 level due to

the improvement in collection procedures, notably the general application of the prepayment system, and the continued expansion in economic activity. Available data indicate that collections of these taxes during the first five months of 1982 were twice those of the same period in 1981. Receipts from import duties and taxes are also anticipated to show a substantial increase due to the foreseen 14 per cent rise in imports and the efforts to reduce unauthorized exemptions.

The net revenue effect of tax changes introduced with the 1982 budget are not expected to be significant. These include the enlargement of the base for company taxation to include those foreign companies which temporarily provide services to the oil companies operating in the Congo; the reduction in real estate taxes; the provision of tax incentives to companies establishing themselves in the interior of the country; and the simplification of the tax system through the elimination of two minor taxes and the corresponding increase in the rates of the principal tax on net income and profits.

Over three quarters of the expansion in budgetary expenditure in 1982 is attributable to the growth of current spending. Current outlays are estimated to grow by 28 per cent owing largely to a 32 per cent increase in the wage bill and the more than doubling of interest payments on the public debt. Almost 60 per cent of the growth of personnel outlays reflects the Government's decision to raise civil servants' wages and salaries and the emoluments of the diplomatic personnel. The cost of new recruitment accounts for 28 per cent of the increase in personnel expenditure. The upgrading of salary scales, which had been suspended during 1978-81, the provision of appropriations for the partial settlement of wages and salary arrears, the significant adjustment of scholarship rates, and the implementation of the compensation mechanism to settle government arrears vis-à-vis state enterprises and other domestic creditors are also contributing factors. Appropriations for settlements of arrears amount to CFAF 3.4 billion, while scholarships are to increase by about 46 per cent to CFAF 8.9 billion. Total wage and salary arrears are estimated at CFAF 2 billion, of which some 28 per cent is to be liquidated in 1982. Excluding the scheduled interest payments, current expenditure is estimated to increase by 20 per cent, or by about 2 per cent in real terms, and would represent 34 per cent of non-oil GDP compared with 37 per cent in 1981. Capital outlays are estimated to increase by about 15 per cent to CFAF 81.5 billion, equivalent to 21 per cent of non-oil GDP, a two percentage point decline from 1981.

VI. Money and Credit

The Congo belongs to a monetary area that includes four other French-speaking countries in Central Africa--Cameroon, the Central African Republic, Chad, and Gabon. All five countries share a central

bank, the Banque des Etats de l'Afrique Centrale (BEAC), and a currency, the CFA franc, issued by the BEAC and fully convertible into French francs at the fixed rate of CFAF 1 = F 0.02. Monetary policy for the area is formulated by the Board of Directors of the BEAC, assisted in each country by a national monetary committee that oversees the implementation of the policy, assesses credit requirements, proposes rediscount ceilings to the BEAC Board, and sets subceilings for rediscountable credit.

The National Development Bank (BNDC) and two commercial banks complete the banking system of the Congo. The capital of the BNDC is held by the Congolese Government, which is the majority owner, the French Caisse Centrale de Coopération, and the BEAC. The Government is also a majority owner of both commercial banks, the Union Congolaise des Banques (UCB) and the Banque Commerciale Congolaise (BCC).

1. Overall developments, 1979-81

During the period 1979-80, the growth of credit was relatively slow, and that of money supply consistently below nominal GDP growth. In 1981, however, these trends changed, with domestic credit increasing at a faster pace, and money supply growing more rapidly than GDP (Table 12 and Appendix Table XVIII). The growth of domestic credit and money supply remained rapid during the first quarter of 1982. Foreign exchange reserves, which were negative in 1978, became positive in 1979 and have increased rapidly since then.

Total domestic credit increased by an average of 13 per cent during 1979-80, but it increased by 26 per cent in 1981 and at a 36 per cent average annual rate during the first quarter of 1982. The expansion of total credit was mainly attributable to increased credit to the private sector and state enterprises, which grew by 16 per cent in 1979, by 23 per cent in 1980, and by 68 per cent in 1981. This, in turn, was due to the recovery of economic activity, the implementation of infrastructural projects, and investments by petroleum companies. With respect to credit to public enterprises and the private sector, the share going to the latter declined during 1979-80, but rose sharply in 1981 to represent two thirds (Appendix Table XIX). Central bank advances to the Government have remained well below the statutory ceiling. These advances were short-term until 1981 when the Government began to resort to medium-term advances to finance development projects. Such medium-term advances, which amounted to CFAF 7.8 billion in 1981, are expected to increase by an additional CFAF 12 billion in 1982. The ceiling on central bank advances to the Government is based on the budgetary receipts of domestic origin, which have been increasing substantially, the present ceiling, effective July 1982, is CFAF 32 billion.

Table 12. People's Republic of the Congo: Money and Credit, 1979-81
(Annual percentage changes)

	1979	1980	1981
Domestic credit	<u>10.1</u>	<u>17.2</u>	<u>25.8</u>
Claims on Government (net)	-0.2	5.3	-80.2
Claims on private sector and state enterprises	15.6	22.8	68.2
Of which: short-term credit	(26.3)	(28.1)	(...)
Money supply	<u>21.8</u>	<u>36.7</u>	<u>50.3</u>
Money	20.2	37.1	38.5
Of which: currency in circulation	(16.3)	(20.3)	(34.8)
Quasi-money	35.0	33.3	40.8
Medium- and long-term foreign liabilities	12.1	11.8	70.6
<u>Memorandum item:</u>			
Nominal GDP	24.8	42.2	40.2

Source: Appendix Table XVIII.

Net foreign assets of the banking system, which included the postal debt until 1982, were negative in 1978, turned positive but small in 1979, and increased almost tenfold in 1980, mostly on the strength of petroleum exports (Table 13). In 1981, net foreign assets doubled, as even higher exports of petroleum more than offset an almost 50 per cent increase in foreign liabilities. Although the Central Bank reduced its foreign liabilities, the commercial banks borrowed heavily, primarily from French banks for on-lending to the oil companies. The postal debt, which amounted to almost 40 per cent of foreign liabilities at the end of 1981, was entirely consolidated in 1982. Nonetheless, in the first quarter of 1982, net foreign assets declined at an average annual rate of 18 per cent.

The rate of growth of money supply accelerated throughout the period; it tripled to 22 per cent in 1979, and reached 50 per cent in 1981. However, the ratio of narrow money to GDP declined in 1979 to 13.5 per cent and stabilized around that level in 1980-81 (Appendix Table XX). The ratio of broad money to GDP declined steadily in 1979-80 but increased to 16.2 per cent in 1981.

2. Domestic assets

The origin and destination of the increase in domestic credit changed during the period 1978-81. In contrast to 1978 when all of the credit increase originated in the Central Bank, in 1979 and thereafter the expansion of credit originated in the commercial banks (Appendix Table XXI). As for the destination of credit, whereas in 1978 the Central Government had received 86 per cent of the increase in credit, its share had declined to 10 per cent in 1980. In 1981, net credit to the Government decreased substantially.

The Central Bank's domestic credit peaked in 1979, declined by 24 per cent in 1980 and by 67 per cent in 1981, but increased by 140 per cent during the first quarter of 1982 (Appendix Table XXI). Net credit to the Government peaked in 1980 but became negative in 1981 because of the increase in government deposits, which had fluctuated relatively little during 1979-80 but more than quadrupled during the last quarter of 1981. During the first quarter of 1982, net credit to the Government became positive again, due to an increase in advances and a drop in government deposits. Credit to banks declined by 9 per cent in 1979 and by 60 per cent in 1980 and increased by 119 per cent in 1981; however, it still remained below its 1979 level. Short-term advances to banks peaked in June 1979, declined by 76 per cent in June 1980, and remained relatively stable thereafter; medium-term rediscounts, which declined by 45 per cent in 1980, almost doubled in 1981.

The rate of growth of domestic credit to commercial and development banks rose rapidly from 14 per cent in 1979 to 23 per cent in 1980 and 65 per cent in 1981 (Appendix Table XII). During the first quarter of 1982, credit grew at an average annual rate of 19 per cent.

Table 13. People's Republic of the Congo: Monetary Survey, 1978-82

(In millions of CFA francs; end of period)

	1978	1979	1980	1981		1982
				Mar.	Dec.	Mar. (Prov.)
Net foreign assets	<u>-6,209</u>	<u>1,518</u>	<u>14,365</u>	<u>17,690</u>	<u>30,009</u>	<u>28,661</u>
Central Bank	-1,407	5,838	19,209	22,895	36,238	33,117
Commercial and develop- ment banks	1,980	1,727	1,349	1,277	-672	-4,456
Postal debt	-6,782	-6,047	-6,193	-6,482	-5,557	--
Domestic credit	<u>60,731</u>	<u>66,866</u>	<u>78,396</u>	<u>78,411</u>	<u>98,629</u>	<u>107,528</u>
Claims on Government (net)	21,310	21,279	22,400	16,734	4,427	8,174
Claims on private sector and state enterprises	39,421	45,587	55,996	61,677	94,202	99,354
Asset = Liabilities	<u>54,522</u>	<u>68,384</u>	<u>92,761</u>	<u>96,101</u>	<u>128,638</u>	<u>136,189</u>
Money supply	<u>36,825</u>	<u>44,847</u>	<u>61,299</u>	<u>71,664</u>	<u>92,120</u>	<u>98,934</u>
Money	32,901	39,548	54,236	63,884	75,111	83,009
Quasi-money	3,924	5,299	7,063	7,780	17,009	15,925
Medium- and long-term foreign liabilities	8,945	10,026	11,214	11,334	19,134	19,315
Other items (net)	8,752	13,511	20,248	13,103	17,384	17,940

Source: Appendix Table XVIII.

These increases in credit are accounted for by the behavior of credit to the private sector and state enterprises. The maturity structure of this credit was quite stable, with short-term credit averaging about 60 per cent of total credit throughout the period 1979-81, and long-term credit averaging 14.5 per cent during 1979-80 and declining in 1981. Credit to the Government, which takes the form of equipment bonds and advances, increased somewhat; but with the expansion in government deposits, net credit to the Government represented a small and declining share of total credit. In the two years ended March 1982, deposit liabilities of the commercial and development banks more than doubled, reflecting mainly the improved government financial situation and the reduction of its domestic payments arrears, which helped improve the liquidity of the economy. The increase in the use of bank services by the general public following the opening of new bank branches in rural areas also appears to have been a contributing factor.

The distribution of short-term bank credit by economic activity is based on declarations by the banks to the Centrale des Risques and covers only loans in excess of CFAF 2 million; smaller amounts are not subject to declaration (Appendix Table XXIV). With the exception of 1978, the figures reported by the Centrale des Risques fluctuated between 79 per cent and 89 per cent of total short-term credit to the economy. The share going to services decreased from 48 per cent in 1978 to 42 per cent in 1980; from 44 per cent in August 1980, it increased to 48 per cent in August 1981. The share of manufacturing increased from 26 per cent in 1978 to 39 per cent in 1980; from 38 per cent in August 1980, it decreased to 20 per cent in August 1981. Together, these two sectors accounted for 74 per cent of the total in 1978 and 80 per cent in 1980. Of the remaining sectors, the share of construction declined and the share of agriculture remained stable but very low, averaging 2.3 per cent during 1978-80.

3. Monetary policy instruments

The main instruments of monetary policy available to the BEAC are rediscount ceilings, four bank coefficients (the reserve coefficient, the liquidity ratio, the ratio of deposits to nonrediscountable credit, and the ratio of own resources), and interest rates.

The Board of Directors of the BEAC sets a ceiling each year on the amount of short-term rediscountable credit for the Congo. Within this ceiling, the national monetary committee sets subceilings for individual banks. During the period under review, ceilings were much higher than actual rediscounts and, consequently, did not operate as an effective instrument of monetary policy. In 1978, rediscounts represented 80 per cent of the ceiling; they declined to 47 per cent in 1979, to less than 1 per cent in 1980, and to 27 per cent in 1981.

Of the four bank coefficients, the Congo has not yet made use of the reserve coefficient. The other three coefficients have generally been respected, but this did not prevent a rapid expansion of credit in 1981 when commercial banks' liquidity improved substantially.

Interest rates have undergone only a few small changes in the past notwithstanding the rapid increase in foreign rates. This may have encouraged capital flight, mainly to France, due to the freedom of capital movements that prevails in the monetary area, and added to difficulties in mobilizing domestic financial savings. As a member of a monetary area, the Congo cannot unilaterally change the basic interest rate structure. The present structure of interest rates appears in Appendix Table XXV.

VII. External Trade and Payments

1. Overall developments

The Congo's overall balance of payments remained in surplus in 1981 for the third consecutive year. This surplus, although stabilizing at the previous year's level of CFAF 17 billion, is almost eight times larger than the surplus of 1979 (Table 14). In terms of SDRs, the surplus declined by 16 per cent to SDR 54 million in 1981, reflecting the depreciation of the CFA franc pari passu with the French franc (Table 15). Nonetheless, these developments represent a clear shift from the pattern of persistent deficits during the 1970s. This is not the case for the current account (including public transfers), which deteriorated considerably from a deficit equivalent to 8 per cent of GDP in 1979 to 23 per cent in 1981, when it amounted to CFAF 118 billion (SDR 369 million). Hence, the overall balance of payments surpluses were essentially due to a steady improvement in the capital account.

The composition of the current account reveals two striking elements. On the one hand, the trade balance has been in surplus since 1978, owing mainly to the growth of petroleum production and exports. The total value of oil exports grew at a compound annual rate of 75 per cent over the three-year period 1979-81, a more than fivefold increase. The trade surplus reached CFAF 75 billion in the latter year. On the other hand, these surpluses were consistently more than offset by growing net service payments, which increased from CFAF 52 billion in 1979 to CFAF 198 billion in 1981. The Congolese oil sector is a heavy importer of foreign capital and manpower services; the special technical and geological problems pertaining to off-shore drilling make oil exploration and exploitation in the Congo particularly costly. Moreover, the growing external debt, both public and private, continues to increase service payments while not contributing to the immediate expansion of production in traditional export sectors such as forestry and agriculture.

Table 14. People's Republic of the Congo: Balance of Payments, 1978-82

(In billions of CFA francs)

	1978	1979	1980	1981 Prel.	1982 Est.
Exports, f.o.b.	69.54	105.44	192.39	295.00	336.00
Of which: petroleum	(48.05)	(73.20)	(153.70)	(258.50)	(295.00)
Imports, f.o.b.	-60.36	-77.21	-115.19	-220.00	-250.00
Trade balance	<u>9.18</u>	<u>28.23</u>	<u>77.20</u>	<u>75.00</u>	<u>86.00</u>
Services (net)	-56.38	-51.55	-113.53	-198.20	-215.00
Private transfers (net)	-0.90	-6.73	-13.60	-10.00	-12.00
Public transfers (net)	10.52	8.99	13.38	15.00	20.00
Current account balance	<u>-37.58</u>	<u>-21.06</u>	<u>-36.55</u>	<u>-118.20</u>	<u>-121.00</u>
Nonmonetary capital (net)	31.42	17.05	41.68	137.52	142.58
Private sector borrowing	(53.13)	(32.75)	(51.09)	(79.03)	(96.30)
Public sector borrowing	(37.17)	(20.38)	(46.81)	(50.00)	(60.00)
Private sector amortization	(-47.70)	(-33.68)	(-42.83)	(-47.00)	(-53.00)
Public sector amortization	(-9.56)	(-10.54)	(-6.97)	(-20.01)	(-30.52)
Other private long-term	(1.46)	(3.37)	(8.22)	(12.00)	(16.00)
Private short-term	(-3.12)	(3.37)	(-15.81)	(62.00)	(52.00)
Public short-term	(0.04)	(1.40)	(1.17)	(1.50)	(1.80)
Monetary capital (net)	2.09	0.49	-0.53	-1.38	-2.00
SDR allocation and valuation adjustments	-0.09	1.23	0.97	-1.18	--
Trust Fund	1.13	1.07	0.85	0.56	--
Errors and omissions (net)	-3.69	3.54	11.26	--	--
Overall balance	<u>-6.72</u>	<u>2.32</u>	<u>17.68</u>	<u>17.32</u>	<u>19.58</u>

Source: Appendix Table XXVI.

1/ Including the consolidation of the postal debt.

Table 15. People's Republic of the Congo: Balance of Payments, 1978-82

(In millions of SDRs) 1/

	1978	1979	1980	1981 Prel.	1982 Est.
Exports, f.o.b.	246.16	383.66	699.31	920.81	981.17
Of which: petroleum	(170.09)	(266.35)	(558.69)	(806.88)	(861.44)
Imports, f.o.b.	-213.66	-280.94	-418.71	-686.71	-730.03
Trade balance	<u>32.50</u>	<u>102.72</u>	<u>280.60</u>	<u>234.10</u>	<u>251.14</u>
Services (net)	-199.59	-187.57	-412.67	-618.66	-627.84
Private transfers (net)	-3.19	-24.50	-49.43	-31.21	-35.04
Public transfers (net)	37.24	32.71	48.63	46.82	58.40
Current account balance	<u>-133.03</u>	<u>-76.63</u>	<u>-132.86</u>	<u>-368.95</u>	<u>-353.34</u>
Nonmonetary capital (net)	111.22	62.04	151.50	429.25	416.36
Private sector borrowing	(188.07)	(119.16)	(185.71)	(246.68)	(281.21)
Public sector borrowing	(131.58)	(74.15)	(170.15)	(156.07)	(175.21) 2/
Private sector amortization	(-168.86)	(-122.55)	(-155.68)	(-146.71)	(-154.77)
Public sector amortization	(-33.84)	(-38.35)	(-25.34)	(-62.46)	(-89.12)
Other private long-term	(5.17)	(12.27)	(29.88)	(37.46)	(46.72)
Private short-term	(-11.04)	(12.27)	(-57.47)	(193.53)	(151.85)
Public short-term	(0.14)	(5.09)	(4.25)	(4.68)	(5.26)
Monetary capital (net)	7.40	1.78	-1.93	-4.31	-5.84
SDR allocation and valuation adjustments	-0.32	4.48	3.53	-3.68	--
Trust Fund	4.00	3.89	3.09	1.75	--
Errors and omissions (net)	-13.06	12.28	40.94	--	--
Overall balance	<u>-23.79</u>	<u>8.44</u>	<u>64.27</u>	<u>54.06</u>	<u>57.18</u>

Source: Appendix Table XXVII.

1/ CFAF/SDR conversion rates: 1978, 282.50; 1979, 274.83; 1980, 275.11; 1981, 320.37; 1982, 342.45

2/ Including the consolidation of the postal debt.

In the same period, net capital inflows rose steadily and rapidly, reaching CFAF 136 billion in 1981, eight times higher than in 1979. The major factor behind this trend was long-term borrowing of the private and public sectors, which, after falling in 1979, more than doubled over the two subsequent years to reach CFAF 129 billion in 1981. This more than offset the rapid increase in external debt amortization, which amounted to CFAF 67 billion (SDR 209 million) in the same year. Moreover, in 1981 the private sector's recourse to short-term borrowing acquired sizable dimensions for the first time, reaching CFAF 62 billion.

The overall surpluses of the three years 1979-81 and the successful debt rescheduling efforts resulted in a net improvement in the Central Bank's external reserves position and by the end of 1981 the Congo had liquidated most of its external payments arrears. These arrears were fully liquidated in early 1982.

Prospects for 1982 seem favorable. Both oil and total export receipts are expected to rise by 14 per cent in 1982. Import payments are expected to increase by a similar rate, mainly reflecting the oil companies' continued need for materials and equipment. Net service payments are expected to increase by 10 per cent, after almost doubling in the previous year. Consequently, the current account deficit is expected to increase slightly in 1982, from CFAF 118 billion to CFAF 121 billion (SDR 353 million). Capital inflows will remain high in 1982, with total long-term borrowing increasing by 21 per cent. The combined impact is favorable and the overall surplus is estimated to increase from CFAF 17 billion (SDR 54 million) in 1981 to CFAF 20 billion (SDR 57 million) in 1982.

2. Merchandise trade

a. Trade balance

As mentioned earlier, the Congo's trade balance has been in surplus throughout the period 1978-81, and is estimated to remain so in 1982. The CFAF 9 billion surplus of 1978 represents a clear shift from the deficits of the mid-1970s. Most of the improvement in the trade balance took place in 1979 and 1980, with the surplus rising almost ninefold over the 1978 level to reach CFAF 77 billion in 1980 (Table 16). It stabilized in 1981 at CFAF 75 billion but is estimated to increase further to CFAF 86 billion in 1982.

This favorable trend is attributable to the upsurge in oil exports which resulted in a sharp and steady increase in total exports. Import payments rose three and a half times over the period 1978-81, a large increase but nonetheless smaller than that of exports. Some 60 per cent of the increase in exports was due to a steady rise in prices--mainly of petroleum--while two thirds of the rise in imports were on account of higher volume (Appendix Table XXVIII).

Table 15. People's Republic of the Congo: Trade Balance, 1978-82

	1978	1979	1980	1981 Prel.	1982 Est.
(In billions of CFA francs)					
Total exports (f.o.b.)	69.5	105.4	192.4	295.0	336.0
Total imports (f.o.b.)	60.4	77.2	115.2	220.0	250.0
Trade balance	<u>9.1</u>	<u>28.2</u>	<u>77.2</u>	<u>75.0</u>	<u>86.0</u>
(Annual percentage changes)					
Total exports (f.o.b.)					
Value	...	51.6	82.5	53.3	13.9
Volume	...	18.7	9.5	19.8	6.4
Unit value	...	27.7	66.7	28.0	7.0
Total non-oil exports (f.o.b.)					
Value	...	50.0	20.0	7.2	-2.4
Volume	...	81.4	-25.6	15.3	-7.4
Unit value	...	-17.3	61.3	-7.0	5.4
Total imports (f.o.b.)					
Value	...	27.8	49.2	91.0	13.6
Volume	...	12.5	35.6	72.2	13.6
Unit value	...	13.6	10.0	10.9	--

Sources: Appendix Tables XXVI and XXVIII.

The terms of trade of the Congo improved significantly from 1978 to 1981 (Table 17). The index rose by 90 per cent over this period, due solely to increases in petroleum export prices; excluding petroleum, the index improved significantly in 1980 but has since deteriorated.

b. Exports

(1) Exports of petroleum

The Congo continues to be a relatively minor oil exporting country in the world market although petroleum production and exports have grown steadily during the last decade. The share of oil export receipts increased from less than 2 per cent of total exports in 1972 to 69 per cent in 1978-79, and 87 per cent in 1981-82 (Appendix Table XXIX).

Table 17. People's Republic of the Congo: Terms of Trade, 1978-82
(CFA franc indices; 1980 = 100)

	1978	1979	1980	<u>1981</u> Prel.	<u>1982</u> Est.
Export price index	50	61	100	125	133
Export price index, excl. petroleum	77	65	100	93	98
Import price index	83	88	100	110	122
Terms of trade	60	69	100	114	109
Terms of trade, excl. petroleum	93	74	100	85	80

Sources: Data provided by the Congolese authorities; and staff calculations.

The value of petroleum exports increased more than fivefold over the three-year period 1979-81, to about CFAF 259 billion, and is projected to increase an additional 14 per cent in 1982 (Table 18). This rapid growth is largely due to the sharp rise in oil prices in terms of CFA francs. The increase in the unit value of exports accounted for more than four fifths of the growth in export receipts in 1979, about two thirds in 1980, and 50 per cent in 1981. During the latter year, the increase in unit values was almost exclusively due to the depreciation of the CFA franc with respect to the U.S. dollar. In fact, the volume of petroleum exports increased merely by 68 per cent from 1978 to 1981, compared with the fivefold increase in total value.

(2) Forestry sector exports

The share of the forestry sector exports in total exports has declined substantially since the early 1970s, reflecting the rapid expansion of crude oil production and the sluggish growth of timber felling due, in part, to weakening world demand. As the second source of export earnings, forestry accounted for 12 per cent of exports in 1979-80 and 7 per cent in 1981-82.

After increasing markedly in 1980 largely because of a surge in production, forestry exports have stagnated over the last two years at around the 1980 level of CFAF 22 billion, mainly as a result of depressed

Table 18. People's Republic of the Congo: Petroleum Exports, 1979-82
(Annual percentage changes)

	1979	1980	<u>1981</u> Prel.	<u>1982</u> Est.
Value	52.3	110.0	68.2	14.1
Volume	7.6	24.5	25.6	6.7
Unit value (CFAF)	42.4	68.8	33.6	7.2
Unit value (US\$)	51.1	69.6	4.0	-3.9

Source: Appendix Table XXIX.

demand in European markets and the depletion of timber resources in easily accessible areas in the south. Moreover, notwithstanding the Government's intentions to revitalize the forestry sector, production and marketing difficulties, which caused several expatriate firms to cease their operations following the 1975 nationalization, have not been entirely overcome.

(3) Other exports

Coffee and cocoa are the two major agricultural export products. Their relative share in total exports has declined, however, from 5.5 per cent in 1978-79 to 2.3 per cent in 1980 and to only 1 per cent in 1981-82. This fall is largely attributable to declining production and prices.

Coffee export receipts averaged about CFAF 3 billion during the last three years. With prices increasing by more than 6 per cent annually, the stagnation is explained by a decrease in exported quantities. The volume of coffee exports fell from a record 5,200 tons in 1979 to as low as 2,800 tons in 1981 due partly to insufficient financial incentives to producers, lack of extension services, and a sharp decrease in coffee re-exports. The record volume in 1979 is overwhelmingly due to re-exports of coffee from Angola and Zaire.

Cocoa exports have also been declining since 1979, and are estimated to stabilize in 1982 at the 1981 level of CFAF 1 billion. Exports of sugar fell from CFAF 2.6 billion in 1974 to insignificant levels in the early 1980s. Serious production and financial problems of the former agro-industrial complex, the Société Industrielle et Agricole du Congo (SIACONGO), account for the decline.

Among mineral goods, potash used to be a major export of the Congo. Production faced increasing difficulties during the early 1970s, until it came to a halt in June 1977 when the potash mine at Holle was inundated irreparably.

Exports of industrial goods, mainly textiles, soap, and cigarettes, are picking up again after a relative stagnation during the period 1978-80. Their value totaled CFAF 3 billion in 1981 and is projected to increase further during the plan period 1982-86. Re-exports of diamonds, which amounted to CFAF 8 billion in 1981 and are expected to reach CFAF 8.5 billion in 1982, contain some 10 per cent of value added; the counterpart of the remainder is included in unrecorded imports.

c. Imports

Import payments (c.i.f.) grew at an average annual rate of 54 per cent since 1978 to reach CFAF 270 billion in 1981. They are estimated to increase further by 14 per cent in 1982. Comprehensive data on the composition of imports by type of commodity are not available; one third of the total value of imports estimated by the Central Bank, mainly through questionnaires sent to the enterprises, remains unrecorded by the Customs Office (Appendix Tables XXVIII and XXX). Nevertheless, available information indicates that the share of machinery and vehicles in total imports almost doubled in 1981-82, with respect to 1979, to reach 27 per cent. Construction materials are the second largest group with 14 per cent in 1981-82, up from an average of 9 per cent in the preceding three years. Plastics and chemicals have maintained an average share of 8 per cent since 1978. Imports of refined petroleum products have stagnated in value and decreased in proportion to total imports from 9 per cent in 1978 to only 5 per cent in 1981; their share is estimated to decline further with the entry into operation of the domestic oil refinery in the second half of 1982. Finally, the share of food and livestock imports fell from 16 per cent in 1978-79 to 14 per cent in 1980 and only 9 per cent in 1981-82, despite a steady average annual growth of 22 per cent over the entire period.

d. Direction of trade

Industrial countries, mainly members of the EC, account for some 80 per cent of the Congo's trade. The main source of imports is France with an average of 48 per cent of total imports during the period 1978-80 (Appendix Table XXXI). Italy (8 per cent) is the second most important supplier, followed by West Germany (5 per cent). The Congo's main clients are Italy, with an average of 27 per cent of total exports during the period 1978-80, Argentina (12 per cent), the United States and France (11 per cent each), and Spain (9 per cent), followed closely by Germany, Belgium, the Netherlands, and Brazil. Deliveries of crude oil to refineries in the Virgin Islands, which declined significantly in the late 1970s, have picked up again since 1979.

Over the period under review, trade with African countries remained limited to about 2 per cent of exports and 10 per cent of imports. The Congo is a member of the Central African Customs and Economic Union (UDEAC). ^{1/} Recorded exports to UDEAC countries remain small. Imports of refined petroleum products, mainly from Gabon, are expected to decline once the domestic refinery starts operating.

3. Services

Since 1978, the Congo's deficit on the services account has increased by an annual compound rate of 52 per cent, to CFAF 198 billion in 1981 (Appendix Table XXVI). Over the period under review, the average growth rate of exports of services was about 26 per cent. In 1981 exports of services amounted to CFAF 35 billion, up from CFAF 25 billion in the previous year. More than half of the services receipts have traditionally come from transi. services provided by the Congo to neighboring countries. However, in recent years the Congo has lost income from this item due to transportation bottlenecks. With a better transportation infrastructure the Congo will be able to regain an important share of the external trade of the Central African Republic, part of which is now hauled through Cameroon.

On the payments side, developments during the last decade have reflected the steady increase in the oil companies' expenditures on exploration and development of oil fields. The high service payments of the mid-1970s were related primarily to the development of the Loango oil field, which came on stream at the end of 1977. In recent years, the development of the Likouala, Mengo, Yanga, and Kundji fields, in addition to other offshore exploration efforts, required large outlays in the services account. The sectoral balance of payments for the oil sector shows that total payment for services reached CFAF 168 billion in 1981, or 70 per cent of total service payments of CFAF 233 billion (Appendix Table XXXII). Freight and insurance, which rose by an annual compound rate of 52 per cent between 1978 and 1981 in line with the increase in imports, has represented one fifth of total service payments. Investment income, another important item, tripled in the three years ended 1981 to reach CFAF 37 billion. Scheduled interest payments on private debt, which were relatively negligible in 1978, rose markedly thereafter and accounted for almost three quarters of the total interest payments in 1980-81; scheduled public debt interest payments, after declining in 1979 to CFAF 7 billion as a result of rescheduling, increased to CFAF 9.4 billion in 1981 and are estimated at CFAF 13 billion in 1982. Finally, travel payments doubled to CFAF 13 billion in 1981 after remaining unchanged in the previous year.

^{1/} The other members are Cameroon, the Central African Republic, and Gabon.

4. Unrequited transfers

Net outflows of private transfers, which amounted to only CFAF 0.9 billion in 1978, rose to CFAF 6.7 billion in 1979 and doubled to CFAF 13.6 billion in 1980. After a reduction to CFAF 10 billion in 1981, they are estimated to increase again in 1982. The low level in 1978 was mainly due to the departure of expatriates employed in the M'Passa mine, as well as to that of West African traders during the previous year; both groups used to send substantial remittances home. The large increase in net outflows of private transfers during 1979-80 reflects a change in the accounting of salaries of French expatriates. They were given residency status, so that the portion of their salaries which is paid directly in France is considered an outflow and so recorded.

Unlike net private transfers, net public unrequited transfers are positive. The net inflows, after decreasing by 16 per cent to CFAF 9 billion in 1979, rose by 49 per cent in 1980 and 12 per cent in 1981 to CFAF 15 billion; they are estimated at CFAF 20 billion in 1982. Receipts in 1980-81, which were about six times higher than payments, consist of bilateral technical assistance, essentially from France and some socialist countries, and aid from international organizations.

5. Capital movements

Net capital inflows, including errors and omissions, after decreasing in 1979 to CFAF 21.1 billion, increased more than sixfold during the following two years to CFAF 136.1 billion in 1981. Half of the increase in that year was due to the oil companies' recourse to short-term borrowing. Capital inflows are estimated to remain high in 1982. Total long-term borrowing, which determined the overall trend of the capital account, fell to CFAF 53 billion in 1979, increased to CFAF 129 billion in 1981, and is estimated to reach CFAF 156 billion in 1982. The private sector accounts for about 60 per cent of total long-term borrowing, long-term loans to the oil companies by their parent companies in Europe represent the largest component of private long-term capital inflows. Direct investment rose substantially but remained relatively small. Government borrowing grew rapidly between 1979 and 1981, reflecting the improvement in the Congo's credit standing.

Amortization of external debt has been increasing fast in recent years, offsetting a sizable part of capital inflows. Private sector amortization, after falling in 1979, increased by an average 18 per cent in 1980 and 1981 to CFAF 47 billion in 1981, and is expected to further increase to CFAF 53 billion in 1982. Public sector amortization grew to CFAF 20 billion in 1981 and is estimated to reach CFAF 31 billion in 1982, except for 1980, when debt rescheduling had a major effect, public sector amortization has equaled about half of total public sector borrowing since 1979.

Private short-term capital turned around from a net debit of CFAF 16 billion in 1980 to a net credit of CFAF 62 billion in 1981 as the oil companies used foreign commercial credits for the first time as a major source of financing.

The monetary sector has registered net capital outflows since 1980. Net foreign assets of the deposit money banks, which increased sharply in 1978, primarily because exporters to the Congo required additional guarantees in the form of deposits with foreign banks, decreased slightly in 1979-80, but fell by CFAF 2 billion in 1981, becoming negative at the end of that year (Appendix Table XXIII).

6. External public debt

The Congo's outstanding external public debt rose by 60 per cent in the two years ended December 31, 1981 when it reached CFAF 263.8 billion (SDR 861.0 million), equivalent to 52 per cent of GDP (Appendix Table XXXIII). The Central Government accounts for about two thirds of this total, the remainder representing debt of the state enterprises. The rapid growth of external indebtedness started in 1974, when the petroleum boom led the Government to increase considerably current and capital expenditures. However, as the boom was short-lived, the Congo accumulated payments arrears, which impaired its credit standing. In 1978, for instance, the Congolese Government had to pay an interest rate 2.25 percentage points above the six-month London Interbank Offer Rate (LIBOR) in order to be able to contract a Eurodollar loan; in addition, it had to earmark future oil revenues for the repayment of that loan. In recent years, however, the steady increase in oil production and exports improved the Congo's external position. Over the last four years the Government was able to reschedule its debt and gradually reduce its external payments arrears and thereby improve the country's credit standing in international banking circles. By mid-1982, all external payments arrears had been liquidated.

External debt service obligations of the public sector reached CFAF 29.4 billion in 1981 (SDR 91.8 million) or 9.2 per cent of total exports of goods and nonfactor services, compared to 6.8 per cent in 1980 and 14.6 per cent in 1979 (Table 19). They are estimated to increase to 12 per cent in 1982 and 13.2 per cent in 1983. The uneven growth of debt service in the past is partly explained by the successful debt rescheduling efforts. According to the CCA, CFAF 7.6 billion of past and future debt service obligations was renegotiated in 1979, of which CFAF 1.1 billion was due in that year alone, similarly, CFAF 9.7 billion was rescheduled in 1980 and CFAF 0.3 billion in 1981.

Table 19. People's Republic of the Congo: External Public
Debt Service, 1978-83

(In billions of CFA francs)

	1978	1979	1980	<u>1981</u> Est.	<u>1982</u> Est.	<u>1983</u> Proj.
Capital						
Due	9.56	10.54	6.97	20.01	30.52	41.00
Paid	4.46	7.37	11.22	20.00	31.00	41.00
In arrears	5.10	2.07	-5.63	-0.03	-0.48	--
Renegotiated	--	1.10	1.38	0.04	--	--
Interest						
Due	12.19	6.81	7.12	9.42	12.90	17.00
Paid	12.19	6.98	7.37	10.00	13.00	17.00
In arrears	--	-0.17	-0.25	-0.58	-0.10	--
Renegotiated	--	--	--	--	--	--
Total						
Due	21.75	17.35	14.09	29.43	43.42	58.00
Paid	16.65	14.35	18.59	30.00	44.00	58.00
In arrears	5.10	1.90	-5.88	-0.61	-0.58	--
Renegotiated	--	1.10	1.38	0.04	--	--

Sources: Data provided by the Congolese authorities; and staff estimates and projections.

7. Exchange and trade system 1/

a. Exchange rate system

The Congo's currency, the CFA franc, is pegged to the French franc at the rate of CFAF 1 = F 0.02. A number of currencies are quoted in Brazzaville, with their rate in CFA francs calculated as the crossrate via the French franc. There are no taxes or subsidies on purchases or sales of foreign exchange.

The import-weighted nominal effective exchange rate, which was relatively stable in the mid-1970s, appreciated steadily at an average annual rate of 2.5 per cent during the period 1977-80 (Appendix Table XXXIV). Since then, the trend has reversed reflecting the depreciation of the French franc vis-à-vis the U.S. dollar and other major currencies. The import-weighted real effective exchange rate remained stable during the 1970s but depreciated by 4.0 per cent in 1980, stabilized in 1981, then depreciated further by 5 per cent in the first half of 1982. An export-weighted effective exchange rate is less useful in the case of the Congo, as the oil prices are established in U.S. dollars irrespective of the country of destination.

b. Trade and payments system

The Congo maintains a system of trade and payments that is free of restrictions on payments and transfers for current international transactions, especially as regards to France, Monaco and all other countries whose bank of issue is linked with the French Treasury by an Operations Account (Benin, Cameroon, the Central African Republic, Chad, the Comoros, Gabon, Ivory Coast, Mali, Niger, Senegal, Togo, and Upper Volta). The Congo's payments agreements with China, Bulgaria, and North Korea are inoperative.

The Office of External Financial Relations in the Ministry of Finance supervises borrowing and lending abroad. The Minister of Finance has sole authority in exchange control matters. All exchange transactions must be effected through authorized banks or the Postal Administration. Licenses for imports and exports are issued by the Foreign Trade Office in the Ministry of Commerce, except those for gold, which are granted by the Office of External Financial Relations.

Imports from all sources require prior authorization. The annual indicative import program distinguishes between five zones: (1) the countries of the Central African Customs and Economic Union (UDEAC), (2) France; (3) other countries of the French franc area; (4) EC countries other than France, and (5) all remaining countries. All imports under this program require licenses. The import program does

1/ The Annual Report on Exchange Arrangements and Exchange Restrictions provides a detailed description of the Congo's exchange and trade system.

not include petroleum imports, for which a joint quota is set for the countries of the UDEAC. Also outside the program are imports for the Government under foreign aid and bilateral payments agreements and imports made by the Office National du Commerce (OFNACOM), which has a monopoly over certain import items. The quotas for non-EC countries may be used to import goods originating in any country outside the French franc area.

All import transactions relating to countries other than France and the Operations Account countries must be domiciled with an authorized bank. Import licenses from these countries require the visa of the Foreign Trade Bureau and the Office of External Financial Relations in order for importers to be entitled to purchase the necessary exchange, provided they submit the shipping documents to the authorized bank. All imports must be insured with the state insurance company, the Société d'Assurances et de Réassurances du Congo (ARC).

Payments for invisibles to France and the Operations Account countries are permitted freely; those to other foreign countries are subject to approval. Payments for invisibles related to trade are permitted freely when the basic trade transaction has been approved or does not require authorization. Transfers of income accruing to non-residents in the form of profits, dividends, and royalties are also permitted freely when the basic transaction has been approved. Annual exchange allocations are in force for vacation and business travel. The transfer of the entire net salary of a foreigner working in the Congo is permitted, provided that the transfer takes place within three months of the pay period.

All exports require prior authorization. Most exports to countries in the French franc area may be made freely.

Capital movements between the Congo, France, and the Operations Account countries are free of exchange controls, though export declarations are required. Most international capital transactions are subject to prior approval. Capital transfers abroad require exchange control approval and are restricted, but capital receipts from abroad are generally permitted freely.

People's Republic of the Congo. Summary of Tax System, 1962

(In CFA francs and in per cent)

Tax	Nature of Tax	Exemptions and Deductions	Rate
A Central Government			
1 Taxes on net income and profits			
1 1 Taxes on companies 1/			
1 1 1 Tax on companies	(Impôt sur les bénéfices des sociétés et autres personnes morales), Code Général des Impôts (CGI)		
	Law No 39-62 of December 28, 1962 and subsequent amendments	Agricultural cooperatives and unions established in accordance with Law of August 5, 1920. A five-year exemption for newly established companies under certain conditions.	Industrial, commercial, and forestry companies. 49 per cent. 2/ Agricultural companies, public enterprises and nonprofit organizations and other corporate bodies: 36.4 per cent.
1 1 2 Minimum tax on companies (Taxe spéciale sur les sociétés--TSS), CGI			
	CGI	Same as above 1 1 1	1 per cent on turnover with a minimum payment of CFAF 1 million. Reduced minimum amount of CFAF 0.5 million for companies with turnover below CFAF 10 million
1 1 3 Tax on income from securities (Impôt sur le revenu des valeurs mobilières--IRVM), CGI		Interest from loans not represented by negotiable instruments	Dividends, interest, and attendance fees of shareholders: 20 per cent. Director fees and premiums: 22 per cent. Prizes and premiums for bonds: 30 per cent.
1 1 4 Special coupon tax (Impôt spécial sur les bons de caisse), CGI		Bonds covered under 1 1 3 are exempt	15 per cent on interest from registered "bons de caisse"; 30 per cent on the nominal value of bearer's "bons de caisse"

1/ Imposed only on non-oil companies

2/ A compulsory borrowing scheme is applied to 10 per cent of the taxable income (bons d'équipement) Proceeds of the bonds are earmarked for the investment budget
ing interest at 3.5 per cent per annum Taxpayers are given two-year equipment bonds bear-

(In CFA francs and in per cent)

Tax	Nature of Tax	Exemptions and Deductions	Rate																						
1 15 Contribution to National Investment Fund (Fonds national d'investissement)	Levied as a surcharge on business and professional licenses, and internal turnover tax	Same as in cases of taxes and licenses concerned	20 per cent on the amount due of licenses. In case of internal turnover tax the rate is 1 per cent on the turnover																						
1 2 Taxes on individuals	Although theoretically unitary, this tax is, in part, scheduled due to large differentiations in determining various types of income. The tax is payable by all individuals domiciled in the Congo on their income derived within the country. Nonresident persons are liable to tax on income obtained from sources located in the Congo. Types of income covered include (1) real property income, (2) industrial, commercial, and agricultural income, (3) directors' fees of limited liability companies, (4) income from noncommercial professions, (5) income from securities, (6) capital gains on business assets at cessation of a business. A three-year carry-over rule is applied for losses. As an exception to the general rule of actual income determination, in some cases incomes are determined on a lump-sum basis (<i>régime du forfait</i>). (1) taxpayers deriving rental income or engaged in agricultural or forestry activities or retail merchandise sales with annual turnovers not exceeding CFAF 40 million, (2) other taxpayers with annual turnovers not exceeding CFAF 10 million. Tax is withheld on wages, salaries, pensions, and annuities. A 20 per cent withholding is applied to payments for copyrights and royalties paid to nonresidents	A five-year exemption for newly established enterprises is granted on their industrial, mining, and agricultural incomes. A 20 per cent deduction is allowed for agricultural income. A 30 per cent lump-sum deduction is allowed for real property income and wages, salaries, pensions, and annuities. Family situation is taken into account by granting one income split for the wife and half a split for each dependent child or one split for each disabled child. The tax is reduced by 20 per cent for each part not exceeding CFAF 300,000 and by 10 per cent for those from CFAF 300,000 and CFAF 600,000. A tax credit is further granted for wages, salaries, pensions, and annuities at 2 per cent of such income	<table><tr><th>Brackets by Part of Income (in CFA francs)</th><th>Rates (Per cent) 1/</th></tr><tr><td>Up to 126,000</td><td>Exempt</td></tr><tr><td>From 126,001 to 150,000</td><td>5</td></tr><tr><td>From 150,001 to 300,000</td><td>10</td></tr><tr><td>From 300,001 to 500,000</td><td>15</td></tr><tr><td>From 500,001 to 800,000</td><td>20</td></tr><tr><td>From 800,001 to 1,000,000</td><td>30</td></tr><tr><td>From 1,000,001 to 2,000,000</td><td>35</td></tr><tr><td>From 2,000,001 to 4,000,000</td><td>40</td></tr><tr><td>From 4,000,001 to 8,000,000</td><td>55</td></tr><tr><td>Above 8,000,000</td><td>65</td></tr></table>	Brackets by Part of Income (in CFA francs)	Rates (Per cent) 1/	Up to 126,000	Exempt	From 126,001 to 150,000	5	From 150,001 to 300,000	10	From 300,001 to 500,000	15	From 500,001 to 800,000	20	From 800,001 to 1,000,000	30	From 1,000,001 to 2,000,000	35	From 2,000,001 to 4,000,000	40	From 4,000,001 to 8,000,000	55	Above 8,000,000	65
Brackets by Part of Income (in CFA francs)	Rates (Per cent) 1/																								
Up to 126,000	Exempt																								
From 126,001 to 150,000	5																								
From 150,001 to 300,000	10																								
From 300,001 to 500,000	15																								
From 500,001 to 800,000	20																								
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From 2,000,001 to 4,000,000	40																								
From 4,000,001 to 8,000,000	55																								
Above 8,000,000	65																								

1/ A 10 per cent compulsory borrowing scheme is applied on the taxable income (see footnote 2/, previous page). The rate is reduced to 7.5 per cent in case of real property income. This scheme is not applied if the income from real property or income determined under the *régime du forfait* is below CFAF 1,200,000 per annum.

People's Republic of the Congo. Summary of Tax System, 1982 (continued)

(In CFA francs and in per cent)

Tax	Nature of Tax	Exemptions and Deductions	Rate
1 22 Additional tax on individual income (<u>impôt complémentaire</u> -- IC), CCI.	Levied on (1) real property income, (2) industrial, commercial, and agricultural incomes, (3) directors' fees of limited liability companies, (4) income from noncommercial professions, (5) salaries paid to the spouse of the individual entrepreneur Income is determined as in 1 21 above	Salaries, pensions, annuities, and income of self-employed nonresident artists are exempt The tax is reduced by 10 per cent for each dependent child.	Up to CFAF 600,000 - 4 per cent. Part of income exceeding CFAF 600,000 - 8 per cent.
1 23 Tax on income from securities (see above 1 13)	Same as above 1 13	Same as above 1 13	Same as above 1 13
1 24 Special coupon tax (see above 1 14)	Same as above 1 14	Same as above 1 14	Same as above 1 14.
1 25 Contribution to National Investment Fund (see above 1 15)	Same as above 1 15	Same as above 1 15	Same as above 1 15.
2 Social security contributions	Covers (1) family allowances, (2) work accidents and occupational diseases, (3) retirement, (4) National Construction Fund	None.	For Family Allowances Fund, 6.69 per cent on payroll with an annual maximum of CFAF 1,020,000. For Work Accidents and Occupational Diseases Fund, 2.25 per cent on payroll with an annual maximum of CFAF 1,020,000. For Retirement Fund, 2.40 per cent on payroll with an annual maximum of CFAF 1,020,000. For National Construction Fund, 2 per cent on payroll
2 2 Employees' social security contributions		None.	For Retirement Fund, 1.60 per cent on wages and salaries
3 Payroll taxes	Levied on gross amounts of wages, salaries, pensions, emoluments including benefits in kind provided to employees	Employees of foreign embassies, foreign technical assistance missions, and international organizations are exempt Salary paid to the spouse by the individual entrepreneur is not taxable either	5 per cent and raised to 9 per cent for that part of individual remunerations in excess of CFAF 15 million
3 1 Lump-sum payroll tax (<u>Taxe forfaitaire due par les employeurs et débiteurs</u>), CCI			

(In CFA francs and in per cent)

Tax	Nature of Tax	Exemptions and Deductions	Rate								
3.2 Apprenticeship tax (Taxe d'apprentissage), CGI	Levied on gross amounts of salaries, wages, and other benefits in cash and in kind.	Those enterprises promoting or engaging in vocational or technical training may benefit from partial or total exemption.	1 per cent.								
4. Taxes on property											
4.1 Tax on unimproved land (Taxes sur les terrains d'agrément, les terrains non mis ou insuffisamment mis en valeur, les terrains à bâtir et les terrains inexploités ou insuffisamment exploités), CGI.	Annual levy on vacant plots in urban centers and unexploited rural land.	Permanent and temporary exemptions are granted under specified conditions.	Rates vary from CFAF 5 to 40 per square meter and unexploited rural land is taxable at CFAF 250 per hectare.								
4.2 Tax on television sets (Taxe sur les récepteurs de télévision)	Levied on owners of television sets	Public entities, schools owning television sets for educational use.	CFAF 6,000 per annum.								
4.3 Tax on touristic cars of companies (Taxe sur les véhicules de tourisme des sociétés).	Levied annually on cars owned by companies.	Cars older than ten years of age are exempt.	CFAF 50,000 on cars up to 11 horsepower. CFAF 70,000 on cars above 11 horsepower.								
4.4 Tax on rent (Taxe immobilière sur les loyers)	Levied on rental income from improved land and collected by the local governments on behalf of the central government budget.	Foreign embassies are exempt.	One twelfth of the annual rental income.								
5. Taxes on goods and services											
5.1 General sales taxes, turnover or value added taxes											
5.1.1 Internal turnover tax (Impôt sur le chiffre d'affaires intérieur--ICAI), CGI	Levied on gross receipts from the sale of goods and professional services.	Goods subject to <u>taxe unique</u> , export goods, local sales of agricultural, forestry, and husbandry products without any commercial or industrial processing. Transactions of insurance companies subject to a special levy; transactions between the Treasury and the Central Bank and turnover of the Central Bank.	<table><tr><th>Tax Inclusive Rates</th><th>Tax Exclusive Rates</th></tr><tr><td>9.00 1/</td><td>9.89 1/</td></tr><tr><td>7.00 1/</td><td>7.52 1/</td></tr><tr><td>4.50 2/</td><td>4.71 2/</td></tr></table>	Tax Inclusive Rates	Tax Exclusive Rates	9.00 1/	9.89 1/	7.00 1/	7.52 1/	4.50 2/	4.71 2/
Tax Inclusive Rates	Tax Exclusive Rates										
9.00 1/	9.89 1/										
7.00 1/	7.52 1/										
4.50 2/	4.71 2/										

APPENDIX I

- 1/ Including additional tax of 1 per cent collected on behalf of local governments and contribution to National Investment Fund of 1 per cent.
- 2/ Including additional tax of 0.50 per cent collected on behalf of local governments and contribution to National Investment Fund of 1 per cent.

People's Republic of the Congo: Summary of Tax System, 1982 (continued)

(In CFA francs and in per cent)

Tax	Nature of Tax	Exemptions and Deductions	Rate
5 12 Internal transaction tax (Taxe intérieure sur les transactions--TIT)	Levied on goods and services Collected at the first stage of transfer by the importer or producer.	In addition to goods and transactions exempted under internal turnover tax, those consumed by large masses are also exempt. Enterprises with an annual turnover under CFAF 3 million are exempt.	Reduced rates apply to plants for garments and paints, beverage processing, car rentals, restaurants, movie theaters, dance halls, highway transportation Services: 5.5 per cent (tax inclusive) or 5.82 per cent (tax exclusive). Others: 7.5 per cent (tax inclusive) or 8.10 per cent (tax exclusive).
5 13 Tax on consumption credits (Taxe sur les crédits à la consommation)	Levied on loans for consumption purposes granted by banks and other financial institutions.	Loans to the Government and public entities are exempt.	1 per cent. In the case of signature loans the rate is 1.5 per cent.
5 14 Taxe unique UDEAC tarif des douanes	Production tax established under a special regime and levied on factory value of selected products (manufactured by some 25 enterprises) exportable to UDEAC countries Replaces import duties and other taxes on all materials used in the manufacturing as well as on the final product itself Levied only on such products consumed in the Congo	Goods exported to other UDEAC member countries (Cameroon, Central African Republic, and Gabon) are exempt.	Rates are determined by UDEAC and vary according to each commodity. Examples: Cotton fabrics 7 per cent Paints 12 per cent Mineral waters 15 per cent Shoes 33 per cent
5.2 Selective excises on goods			
5 21 Tax on alcoholic beverages (Taxe sur les boissons alcooliques)		None	Rates vary according to the type of beverage.
5 3 Selective taxes on services			
5 31 Tax on railroad tickets	Levied on railroad passenger fares.	None	10 per cent on fare (tax inclusive rate).

(In CFA francs and in per cent)

Tax	Nature of Tax	Exemptions and Deductions	Rate
6 Taxes on international trade Tarif des douanes et Code des douanes			
6 1 Import duties	Import tax rates are identical in UDEAC countries, except for the additional tax. Classification is based on the Brussels nomenclature system.	Imports from UDEAC countries are exempt (they may only be subject to <u>taxe unique</u> in this case).	
6 11 Customs duty (Droit de douane).	Charges on c i f value of import goods	Following exemptions are granted: (a) imports admitted under special franchise; (b) imports by enterprises benefiting from the Investment Code.	Minimum rates range from 2.5 per cent to 30 per cent and may be tripled (general rates) for imports from certain countries of certain specified goods.
6 12 Fiscal duty (Droit d'entrée)	Levied on all imports either on their c i f values or on their weights or volumes	Same as above 6 11	Rates vary according to each commodity, but they range mostly from 10 per cent to 40 per cent.
6 13 Import turnover tax (Taxe sur le chiffre d'affaires à l'importation)	Levied on all imports on their c i f values plus customs duty and fiscal duty	Imports admitted under special franchise and imports for inter-governmental organizations and services.	10 per cent.
6 14 Additional tax (Taxe complémentaire--TC)	Levied on certain imports on their c i f values at rates determined independently by each UDEAC member country	(a) Goods for mass consumption are exempt, (b) exemptions described in cases of customs duty and import turnover tax also apply here.	Rates vary according to each commodity from 5 per cent to 50 per cent; most are between 5 per cent and 10 per cent.
6 15 Import statistics tax (Taxe statistique à l'importation)	Levied on c i f value of imported goods	None.	0 per cent.
6 2 Export duties	Assessed on export goods	Exports to UDEAC countries are exempt.	
6 21 Export duty (Droit de sortie--DS)	Levied on f o b value of export goods, often the value is determined by Government (valeurs <u>mercuriales</u>)	Exports by the Red Cross or similar charitable organizations. The tax is suspended on palm oil and palm kernels.	Rates range from zero to 13 per cent.

People's Republic of the Congo: Summary of Tax System, 1982 (continued)

(In CFA francs and in per cent)

Tax	Nature of Tax	Exemptions and Deductions	Rate
6 22 Export turnover tax (Taxe sur le chiffre d'affaires à l'exportation--TCAR).	Levied on the f o b. value of export goods plus export duties and special levies	Goods exported by the Red Cross or similar charitable organizations and goods shipped to scientific organizations.	Normal rate is 2 per cent.
6 23 Export statistics tax (Taxe statistique à l'exportation).	Levied on f.o.b. values of export goods.	Coffee, cocoa, and palm oil are exempt.	0.2 per cent.
6 24 Royalty on raw diamonds (Redevance sur les diamants bruts).	Levied on f o b. value of exported raw diamonds. Administered by Diamond Office.	None.	2 per cent.
6 25 Quality control tax (Taxe de contrôle du conditionnement)	Levied on certain export goods (e.g., tobacco, and coffee). Receipts of this levy are earmarked for the control service (Service du conditionnement) Assessed on the standard value of the goods involved	None.	
6 26 Research tax (Taxe de recherche)	Levied on certain products (e.g., cotton, tobacco, palm oil, groundnuts). Assessed on their standard values.	None.	Rates range from 0.5 per cent to 1 per cent.
6 27 Taxes on forestry exports (Code forestier, Law No 4 of January 4, 1974 and Law No 5 of January 4, 1974)	Levied on f o b values of forestry products.	Logs produced in other UDZAC countries are exempt.	
6 271 Taxes on lumber.	Levied at f o b. values of the annually produced lumber as specified in exploitation permits	None.	n.a.
6 271 1 Land clearance tax (Taxe d'aménagement)	Earmarked for the Forestry Land Clearing Fund (Fonds d'aménagement), collected together with the reforestation tax, and receipts are equally distributed between the two funds involved.	None	The combined rates of this levy and the reforestation levy vary from 2.5 per cent to 3.5 per cent of the f.o.b. value.
6 271 2 Reforestation tax (Taxe de reboisement)	Earmarked for the Reforestation Fund (Fonds de reboisement)	None.	Same as above 6 271 1.

People's Republic of the Congo. Summary of Tax System, 1982 (continued)

(In CFA francs and in per cent)

Tax	Nature of Tax	Exemptions and Deductions	Rate
6.272 Taxes on logs (Redevance sur les bois en grumes).			Rates are differentiated by the qualities of logs and the fore- stry regimes in which they are pro- cessed. Rates are defined on decree. Regimes are defined on the basis of transport cost from the production area to the ship- ping port. Rates vary from 3 per cent to 33 per cent on the f.o.b. value.
6.272.1 Tax on exported logs (Redevance à la sortie)	Levied at the f.o.b. values of logs exported without any proces- sing in the country.	In addition, logs processed in the Congo are exempt from this levy but subject to 6.272.2.	
6.272.2 Tax on processed logs (Redevance à l'usine)	Levied at the f.o.b. values of logs processed in the country.	None.	Rates are differentiated for each product depending on their quality; they range between 2.5 per cent and 10.5 per cent on the f.o.b. value.
6.28 Special tax on export- ed coffee (Taxe spéciale sur les café exportés)	Specific levy on exported coffee.	None.	CFAF 5 per kilo.
6.29 Tax on exported live animals (Taxe sur les animaux vivants exportés)	Levied in lieu of export duty and export turnover tax.	Animals exported by the Govern- ment Hunting Agency are exempt.	From CFAF 200 to CFAF 100,000 according to each animal. Rates are reduced by 50 per cent for animals under six months of age.
6.30 Tax on hides of crocodiles and giant lizards' hides		None	Crocodile: CFAF 120. Giant Lizard: CFAF 70.
6.31 Special levy on exported agricul- tural products (Taxe de prélevement à l'exportation des produits agricoles)	Levied on certain agricultural exports (e.g., cocoa, tobacco) on behalf of Rural Production Support Fund (Caisse de soutien à la production rurale)	None	Cocoa: CFAF 4 per kilo. Tobacco: CFAF 1.5 per kilo.
7 Other taxes			
7.1 Stamp taxes (Droits de timbre)	Obligatory use of stamped paper for many legal documents in certain acts	Receipts are exempt.	Rates vary from CFAF 300 to CFAF 5,000 depending on type of paper used

(In CFA francs and in per cent)

Tax	Nature of Tax	Exemptions and Deductions	Rate
7 2 Registration fees (Droits d'enregistrement des actes et mutations)	Assessed on the value declared at a juridical act and applied mainly to transfers, leases, sales and divisions of real estate, formation of corporations, their mergers, prolongation of their legal existence, or increase of their equity or transformation of their accumulated profits into increased capital, inheritance rights, court decisions, and insurance transactions	None	Rates range from 0.5 per cent to 15 per cent. Fixed rates vary between CFAF 1,000 and CFAF 3,000 on certain acts
B Local governments (communes, regions et districts)			
4 Taxes on property			
4 1 Real estate taxes			
4 11 Tax on improved land (Contribution foncière des propriétés bâties), CCI	Levied on improved land (construction with masonry foundations)	A 25 per cent deduction is allowed from the assessed rental value. Permanent exemptions. Public buildings and constructions used for agricultural activities. Temporary exemptions. New housing for ten years, new housing with low rental for 25 years, other new buildings from five to ten years depending on the use of their various parts.	Communes are allowed to fix the rate at up to 20 per cent
4 12 Tax on unimproved land (Contribution foncière des propriétés non bâties), CCI	Levied on unimproved urban plots and agricultural land. 10 per cent of the presumed market value of the land as assessed in accordance with the CCI (Art 272, valeur vénale forfaitaire) in rural centers or by the Ministry of Finance each year in urban centers	Permanent exemptions. Real estate used by government Chambers of Commerce, charitable, social and educational organizations and temporary exemptions. Lands newly put into cultivation or livestock-raising are exempt from three to ten years. A 20 per cent deduction is allowed from the tax base as determined in the previous column.	Communes are allowed to fix the rate at up to 40 per cent.

(In CFA francs and in per cent)

Tax	Mature of Tax	Exemptions and Deductions	Rate
4 13 Tax on business premises (Taxe sur la valeur locative des locaux professionnels), CCI.	Charged on rental value of business and professional premises, workshops belonging to taxpayers subject to business licenses	Premises of businessmen exempt from business licenses are exempt from this local property tax	Communes are allowed to fix the rate at up to 15 per cent.
5. Taxes on goods and services			
5.1 Additional internal turnover tax (Taxe additionnelle au chiffre d'affaires), CCI	Same as internal turnover tax of the Central Government (see above A 5 11).	Same as above A. 5.11	River and railroad transportation services: 0.5 per cent. Others: 1 per cent.
5 2 Selective taxes on goods			
5.21 Taxes on petroleum products (Taxe sur les hydrocarbures), CCI		Deliveries for aviation activities and for government services.	CFAF 1 per liter.
5.3 Selective taxes on services			
5 31 Entertainment tax (Taxe sur les spectacles, jeux et divertissements), CCI.	Levied on receipts from entertainment activities	Agricultural, educational, and sports shows and displays.	15 per cent in places with entry charge up to CFAF 200. 30 per cent in places with entry charge above CFAF 200. 10 per cent in private places and gambling houses. Cabarets, music halls, and dance halls are charged from CFAF 4,000 to CFAF 240,000 depending on their size and location.
5.32 Refuse removal tax (Taxe d'enlèvement des ordures ménagères), CCI	Charged for services of refuse removal in urban centers.	Public entities and educational, scientific, and charitable organizations.	Rates range from CFAF 3,000 to CFAF 30,000 depending on the use of premises.
5 4 Taxes on use of goods or property, or permission to perform activities			
5.41 Business and professional licenses.	They are mainly part of local government finances	None	... are allowed to increase basic rates specified in CCI (e.g., in Brazzaville and Pointe Noire the basic rates are increased by 120 per cent and in Lubumbashi by 115 per cent)

(In CFA francs and in per cent)

Tax	Nature of Tax	Exemptions and Deductions	Rate
5 411	Business licenses (<u>Contribution des patentes</u>), CCI	Levied on enterprises engaged in industrial, commercial, and professional activities.	Businesses are divided into Tables A, B, and a special table for Importers. Table A covers ten groups of businesses for which fees are further differentiated according to three various regions. Fees range from CFAF 1,100 to CFAF 220,000. Table B comprises a fixed fee ranging from CFAF 1,100 to CFAF 220,000 and a variable fee depending on the number of workers employed or the number of machines used. Importers' table is divided into 69 groups of import activity. Fees range from CFAF 11,000 to CFAF 660,000. 1/
5 412	Liquor licenses (<u>Contribution des licences</u>), CCI	Levied on enterprises engaged in selling alcoholic beverages in addition to business licenses described above in 5 411	Fees range from CFAF 11,000 to CFAF 66,000. 1/
5 42	Motor vehicle tax (<u>Taxe sur les véhicules à moteur</u>).	Annual tax on vehicles based on their horsepower	In Brazzaville rates range from CFAF 5,000 to CFAF 15,000 depending on the horsepower
7 Other taxes			
7 3	Poll tax (<u>Taxe régionale</u>), CCI	Levied on individuals 18 years of age or over	In Brazzaville: CFAF 1,000. In Lubomo CFAF 700
7.4	Other	Local governments charge miscellaneous fees and duties on various activities.	n a

1/ A surcharge of 7 per cent is applied on behalf of Chambers of Commerce

TAX INCENTIVES

1. General tax incentives (Régime de droit commun)
Investment Code, 1973 (Code des Investissements)
Ordonnance No: 11-73 du 26 avril 1973

General tax incentives (Régime de droit commun) may be classified as follows

- 1 Customs duties and taxes on goods with reduced rates on specified investment goods imported by enterprises according to their investment programs with prior approval, and on equipment for mining and petroleum sectors
- 2 Other taxes permanent or temporary exemptions from company income taxes, individual income taxes, taxes on property, business licenses, internal turnover tax, registration fees, and stamp duty
- 3 Investment allowance (CGL, Art 129-132) a fraction of 31 per cent to 50 per cent of the amounts invested is deductible from taxable income in respect of individual income tax (IRPP) and additional tax on individual incomes (Impôt complémentaire) and company tax (Impôt sur les sociétés) In order to qualify for investment allowance, enterprises must invest a minimum amount of CFAF 1 million in one year.

2 Special tax incentives (Régimes privilégiés)
Investment Code, 1973

Benefits provided under special tax incentives (Régimes privilégiés) are divided into four groups

1. Scheme A may be granted by a decree, it applies to enterprises whose activities are based in the Congo It provides exemption from or reduction to 5 per cent of import duties on raw materials and capital goods, exemption from or reduced rates of export taxes on their products, accelerated depreciations (three years), exemption for five years from income taxes on their commercial and industrial profits, from business licenses and royalties on mining and forestry
2. Scheme B may be granted by a law, it applies to enterprises of particular importance to the Congo. In addition to certain fiscal incentives as under Scheme A, it provides a guarantee that their fiscal liabilities will not be increased for a period up to 25 years Enterprises benefiting from Scheme A or B, or considered as especially important for economic development, may be granted an establishment agreement (Convention d'établissement), which provides rights and obligations (e.g., transfer guarantee of profits abroad, nondiscrimination with respect to public law, renewals of mining and forestry exploitation rights)
3. Scheme C may be accorded by the Executive Committee of UDEAC (Central African Customs and Economic Union), it applies to enterprises whose markets extend, in addition to the Congo, to another member country of UDEAC These enterprises are eligible for taxe unique and may also benefit from certain fiscal incentives as under Scheme A
4. Scheme D In addition to the benefits provided under Scheme C, it provides an establishment agreement Moreover, enterprises whose activities are of special importance for the economic development of the more than two members of the UDEAC, and which undertake exceptionally large investments, may be granted a stabilized fiscal regime as under Scheme B.

Sources Chambres de Commerce et d'Agriculture et d'Industries de Brazzaville, Code Général des Impôts, 1971 edition and subsequent amendments, Fiduciaire France-Afr'que, Fiscalité Africaine--République Populaire du Congo, and, in the same series, Mémento Fiscal et Social de la République Populaire du Congo, 1982, International Bureau of Fiscal Documentation African Tax Systems Congo (Brazzaville), Amsterdam, UDEAC Code des Douanes, and UDEAC Tarif des Douanes

Table I. People's Republic of the Congo. GDP by
Industrial Origin, 1978-82

(In billions of CFA francs)

	1978	<u>1979</u> Est.	1980	<u>1981</u> Est.	<u>1982</u> Est.
Agriculture, livestock, and fishing	27.8	31.0	34.4	42.0	52.5
Forestry	4.0	5.0	7.7	7.5	9.5
Mining	36.9	59.0	121.0	202.0	272.0
Industry	22.6	25.5	29.9	40.5	57.5
Construction	6.0	10.0	17.1	24.0	32.5
Transport and communications	17.7	23.0	32.8	37.0	45.5
Services and trade	41.3	46.0	54.0	72.5	92.5
Public administration	36.6	40.5	46.0	56.0	70.0
Gross value added	<u>192.9</u>	<u>240.0</u>	<u>342.9</u>	<u>481.5</u>	<u>632.0</u>
Import duties	11.0	14.5	19.0	26.0	34.0
GDP at market prices	<u>203.9</u>	<u>254.5</u>	<u>361.9</u>	<u>507.5</u>	<u>666.0</u>
Of which: non-oil GDP	(167.0)	(195.5)	(240.9)	(305.5)	(394.0)
Indirect taxes less subsidies	-12.2	-8.5	-12.6	-22.0	-34.0
GDP at factor cost	191.7	246.0	349.3	485.5	632.0
Net factor income	-12.5	-20.5	-34.2	-37.5	-42.0
GNP at factor cost	179.2	225.5	315.1	448.0	590.0
GNP at market prices	191.4	234.0	327.7	470.0	624.0

Sources: Data provided by the Congolese authorities; and staff estimates.

Table II. People's Republic of the Congo: Supply and Use of Resources, 1978-82

(In billions of CFA francs)

	1978	<u>1979</u> Est.	1980	<u>1981</u> Est.	<u>1982</u> Est.
GDP at market prices	203.9	254.5	361.9	507.5	666.0
Net imports of goods and nonfactor services (= resource gap)	34.7	28.0	2.1	85.5	87.0
Gross domestic expenditure	<u>238.6</u>	<u>282.5</u>	<u>364.0</u>	<u>593.0</u>	<u>753.0</u>
Consumption	181.2	205.5	245.3	385.5	489.5
Private	(119.0)	(140.5)	(160.9)	(273.0)	(326.0)
Public	(62.2)	(65.0)	(84.4)	(112.5)	(163.5)
Gross investment	57.4	77.0	118.7	207.5	263.5
Private	(40.4)	(56.0)	(78.5)	(118.0)	(149.0)
Public	(17.0)	(21.0)	(40.2)	(89.5)	(114.5)
<u>Memorandum items:</u>					
Gross domestic savings	22.7	49.0	116.6	122.0	176.5
As per cent of GDP	(11.1)	(19.2)	(32.2)	(24.0)	(26.5)
Gross domestic investment (as per cent of GDP)	28.2	30.3	32.8	40.9	39.6

Sources: Data provided by the Congolese authorities, and staff estimates.

Table III. People's Republic of the Congo: Producer Prices
for Selected Crops, 1978/79-1981/82

(In CFA francs per kg)

	1978/79	1979/80	1980/81	1981/82
Robusta coffee				
Shelled beans, unsorted	150	170	172	180
Unshelled beans	100	120	120	126
Arabica coffee				
Shelled beans, unsorted	160	180	184	193
Unshelled beans	100	120	120	126
Cocoa				
Superior quality	200	220	220	231
Average quality	140	150	154	162
Palm kernels	25	35	35	35
Paddy	45	45	50	63
Corn	43	43	47	59
Groundnuts	60	60	75	112
Beans	120	150	150	205
Potatoes	120	120	140	140

Source: Data provided by the Congolese authorities.

Table IV. People's Republic of the Congo: Operations of the
Wood Marketing Board, 1978-81 1/

(Volume in thousands of cubic meters; value in millions of CFA francs;
unit value in CFA francs/cubic meter)

	1978	1979 <u>2/</u>	1980	1981
I. Purchases				
Value	3,523	3,632	7,267	6,205
Volume	192.5	183.0	309.7	225.8
Okoumé	(61.6)	(46.0)	(80.8)	(35.5)
Sapelli	(23.3)	(35.0)	(55.8)	(66.7)
Other	(107.6)	(102.0)	(173.1)	(123.6)
Unit value	18,300	19,800	23,500	27,500
II. Exports				
Value	4,156	4,176	8,972	7,332
Volume	166.9	160.0	280.6	205.1
Okoumé	(47.7)	(39.8)	(70.1)	(40.1)
Sapelli	(21.4)	(33.5)	(57.0)	(57.4)
Other	(97.8)	(92.7)	(153.5)	(107.6)
Unit value	24,900	26,100	32,000	35,750
III. Local sales				
Value	286	375	445	361
Volume	15.7	18.3	20.8	15.4
Unit value	18,200	20,500	21,400	23,450
Memorandum item:				
Gross profits (II + III - I)	919	919	2,150	1,488

Sources: Data provided by the Congolese authorities; and staff estimates.

1/ Logs only.

2/ Partly estimated data.

Table V. People's Republic of the Congo. Livestock on
State Ranches, 1978-82

	1978	1979	1980	1981	1982 Est.
(Head of cattle)					
M'Passa	671	537	510	492	737
Massangui	6,076	6,255	7,096	7,383	7,484
Louamba	5,446	5,490	5,648	6,250	6,396
Louboulou	3,310	3,690	4,076	2,988	5,196
Kilebê-Moussia	--	290	434	450	500
Louila	3,843	5,480	5,672	5,715	6,010
Diheesse	4,392	6,464	8,564	10,596	9,763
SAPM	1,385	1,863	2,248	2,451	2,500
CEB	238	411	438	328	458
Total	<u>25,361</u>	<u>30,480</u>	<u>34,686</u>	<u>36,661</u>	<u>39,044</u>
(Number of pigs)					
Gamabê	778	609	1,058	868	1,119
Kombê	222	332	594	535	902
SAPM	1,021	2,620	2,483	939	...
Kinkala	57	38	99	452	...
Maléla	97	40	66	--	...
Djoué	321	476	570	--	...
Mantsiorou	377	225	572	--	...
Loubomo	317	173	--	--	...
Etoro	104	--	51	--	...
Moulenda	19	--	30	--	...
Total	<u>3,313</u>	<u>4,513</u>	<u>5,523</u>	<u>2,794</u>	<u>...</u>

Source: Data provided by the Congolese authorities.

Table VI. People's Republic of the Congo: Industrial Production, 1978-82
(In metric tons, unless otherwise indicated)

	1978	1979	1980	1981	1982 Est.	1981 Capacity	1981 Production/ capacity
Cement	60,000	55,300	35,000	52,200	60,000	100,000	52.2
Refined sugar	13,500	11,700	12,300	16,100	32,000	100,000	16.1
Flour	10,000	1,800	-- 1/	8,386	10,800	...	...
Palm oil 2/	1,082	1,383	1,997	2,711	...	...	...
Groundnut oil	400	431	249	779	1,520	3,900	20.0
Limestone	5,500	3,379	5,711	10,493	20,000	20,000	52.5
Soap	3,114	2,499	4,652	4,800	5,000	6,000	80.0
Bottles	-- 3/	4,212	6,085	7,540	7,000	10,000	75.4
Mineral water (hectoliters)	11,265	15,990	14,956	18,516	36,000	63,000	29.4
Beer (thousands of hectoliters) 4/	250.2	271.0	294.2	295.0	315.0))
Soft drinks (thousands of hectoliters) 5/	95.4	112.5	130.0	143.0	157.3))
Cigarettes (thousands of packs)	36.0	31.2	32.0	31.4	30.8))
Cut tobacco	492	400	381	350	350))
Cloth (millions of meters)	13.7	16.0	17.3	20.8	22.0	...	...
Shoes (thousands of pairs)	724	696	836	857	925	...	...
Notebooks (millions)	4.15	2.86	2.86	4.02	5.87	6.00	67.0
Electricity (millions of kwh)	549	113.1	154.6	...	...	...	...

Source: Data provided by the Congolese authorities.

1/ Factory closed due to technical difficulties.

2/ Excluding home production of some 6,000 tons/yr.

3/ Factory closed from 1976-78 for restructuring.

4/ Primus only.

5/ Canada dry only.

Table VII. People's Republic of the Congo: Air, Rail, and Water Traffic, 1978-82

	1978	1979	1980	1981 Est.	1982 Est.
Air traffic					
Passengers (thousands)	<u>277.4</u>	<u>279.6</u>	<u>310.2</u>	<u>398.3</u>	<u>538.0</u>
International <u>1/</u>	59.8	62.9	78.7	98.8 <u>2/</u>	124.0
Regional	26.0	24.6	25.3	29.5 <u>2/</u>	34.0
Domestic	191.6	192.1	206.2	270.0	380.0
Freight (thousands of tons)	<u>16.0</u>	<u>17.3</u>	<u>15.3</u>	<u>16.4</u>	<u>18.5</u>
International <u>1/</u>	12.3	13.6	12.4	13.6 <u>2/</u>	15.0
Regional	1.4	1.2	1.5	1.2 <u>2/</u>	1.5
Domestic	2.3	2.5	1.4	1.6	2.0
Rail traffic					
Passenger-km (millions)	<u>298</u>	<u>285</u>	<u>337</u>	<u>350</u>	<u>360</u>
Freight (thousands of tons)	<u>2,972</u>	<u>3,474</u>	<u>3,537</u>	<u>2,750</u>	<u>3,050</u>
CFCO	1,270	1,186	1,380	1,400	1,450
COMILOG	1,702	2,288	2,157	1,350	1,600
Water traffic					
Passengers (thousands)	<u>83.0</u>	<u>68.4</u>	<u>75.4</u>	<u>90.0</u>	<u>95.0</u>
Freight (thousands of tons)	<u>6,104</u>	<u>6,970</u>	<u>7,775</u>	<u>7,780</u>	<u>8,790</u>
Pointe Noire	5,429	6,358	7,052	7,000	7,900
Petroleum	(2,405)	(2,720)	(3,349)	(4,000)	(4,500)
Other	(3,024)	(3,638)	(3,703)	(3,000)	(3,400)
Other	675	612	723	780	890

Sources: Data provided by the Congolese authorities; and staff estimates.

1/ Outside UDEAC region.

2/ Actual.

Table VIII. People's Republic of the Congo: Consumption of
Petroleum Products, 1978-82

(In thousands of cubic meters)

	1978	1979	1980	1981	<u>1982</u> <u>Est.</u>
Jet fuel	36.0	42.7	44.1	42.6	50.2
Premium gasoline	28.5	26.3	27.4	34.0	34.9
Regular gasoline	23.3	23.4	23.9	21.7	22.6
Diesel	150.2	142.6	163.1	170.3	162.6
Kerosene	21.9	19.5	19.6	19.0	20.1
Fuel oil	22.6	22.1	15.7	15.6	20.6
Lubricants (thousands of tons)	6.5	6.7	7.1	5.9	5.8

Source: Data provided by the Congolese authorities.

Table IX. People's Republic of the Congo: Price Indices for the City of Brazzaville, 1978-81 1/
(1964 = 100; end of period)

Weights	1978	1979	1980			1981					
			March	June	Sept.	Dec.	March	June	Sept.	Dec.	
Wholesale prices											
Foodstuffs	0.40	311.1	269.9	300.5	301.3	307.0	307.4	334.5	336.2	364.8	364.8
Manufactured goods	0.45	246.1	267.5	313.6	316.7	343.8	367.9	362.6	370.9	381.5	391.0
Fuel and electricity	0.15	240.6	394.3	388.9	441.9	441.9	441.9	441.9	441.9	441.9	441.9
General index		269.2	306.7	321.7	330.0	345.4	354.3	366.8	368.4	385.1	388.6
Percentage change from previous year		9.5	13.9	12.6	12.5	17.6	15.5	14.0	11.6	11.5	9.7
Consumer prices											
Foodstuffs	0.516	242.7	285.2	282.0	283.0	284.8	313.0	346.3	361.1	368.8	371.0
Clothing	0.082	214.4	246.3	262.3	260.2	265.9	291.2	299.1	301.3	324.4	325.3
Fuel and electricity	0.054	150.7	150.7	150.7	200.1	200.1	200.1	200.1	200.1	200.1	200.1
Household services	0.067	196.7	171.6	182.4	182.4	182.4	182.4	182.4	182.4	182.4	182.4
Maintenance and repairs	0.069	276.5	327.1	284.9	308.8	305.1	311.3	291.9	301.3	310.6	311.1
Toiletries	0.026	214.4	212.8	225.1	246.0	254.5	257.8	280.3	280.3	287.1	289.2
Other	0.186	244.6	313.8	327.1	336.9	342.5	344.9	354.2	355.2	369.1	371.3
General index		249.1	273.5	272.2	279.6	281.9	299.3	319.1	327.5	336.7	338.9
Percentage change from previous year		4.6	9.8	7.2	6.5	8.0	9.4	17.2	17.1	19.4	13.2

Source: Data provided by the Congolese authorities.

1/ European basket.

Table X. People's Republic of the Congo: Representative Retail
Prices of Major Food Products in Brazzaville, 1978-81

(In CFA francs per kilo; end of period)

	1978	1979	1980	1981	Annual percentage increase 1978-81
Cassava flour	148	142	131	121	-3.9
Corn	163	176	181	194	3.4
Yams	86	90	78	151	14.1
Sweet potatoes	63	104	84	116	15.5
Sweet bananas	126	134	125	150	3.4
Palm kernels	65	64	64	85	5.9
Palm oil (per liter)	250	260	302	333	6.4
Groundnut oil (per liter)	500	476	451	603	3.8
Shelled groundnuts	491	446	439	479	-5.2
Salt	102	95	112	125	4.2
Beef, boneless	786	815	1,302	1,400	14.5
Chicken (per unit)	1,043	1,233	1,138	1,175	2.0
Fresh fish	331	559	588	849	25.5
Salted fish	921	1,055	1,218	663	-6.9

Source: Data provided by the Congolese authorities.

Table XI. People's Republic of the Congo: Minimum Guaranteed
Hourly Wages 1/

(In CFA francs per hour)

	Since January 1, 1975	
	SMIG <u>2/</u>	SMAG <u>3/</u>
First category		
First level, A	78.00	67.50
Second level, A	79.51	68.86
Second category, level A	80.98	70.14
Third category, first level	85.29	73.78
Fourth category, first level	109.45	103.40
Fifth category, first level	148.54	135.28

Source: Data provided by the Congolese authorities.

1/ Net of allowances and supplements.

2/ Nonagricultural occupations, based on 40 working hours per week.

3/ Agricultural occupations, based on 48 working hours per week.

**Table XII. People's Republic of the Congo: Salary Scale
for Central Government Employees**

(In CFA francs per month)

Scale	Corresponding net monthly salary 1/ Since January 1, 1975 2/ 3/
1,900	206,833
1,700	185,167
1,500	163,500
1,300	141,833
1,100	120,167
900	98,500
700	76,833
500	55,167
300	33,500
200	22,667

Source: Data provided by the Congolese authorities.

1/ Net of allowances and supplements.

2/ 100 points on the index correspond to CFAF 10,833.

3/ At the beginning of 1982, the Government granted lump-sum increases, which ranged from CFAF 7,000 to CFAF 10,000.

Table XIII. People's Republic of the Congo: Central Government Employees' Salaries, from January 1, 1975 1/

	In CFA francs per month	Scale equivalence
Civil servants <u>2/</u>		
Grade		
A1 superior	165,667	1,520
A2 superior	118,000	1,080
B1	64,917	590
B2	58,417	530
C1	48,667	440
C2	47,583	430
D1	33,500	300
D2	23,750	210
Contractual workers		
Fifth category, first level	24,782	
Fourth category, first level	19,354	
Third category, first level	14,766	
Second category, A level	14,022	
First category, A level	13,500 <u>3/</u>	

Source: Data provided by the Congolese authorities.

1/ Net of allowances and supplements. At the beginning of 1982, the Government granted lump-sum increases, which ranged from CFAF 7,000 to CFAF 10,000.

2/ Monthly salaries are determined according to an assigned scale number. The scale starts at 200 and extends with 10-point intervals to 1,900 (Appendix Table XII).

3/ Corresponds to an hourly SMIG of CFAF 78.00.

Table XIV. People's Republic of the Congo: Employment by the Central Government, 1978-81 1/

(In numbers of employees)

	1978	1979	1980	1981	<u>1978-81</u> Per cent change
Education	11,958	13,881	15,444	16,915	41.4
Health and Social Affairs	5,809	6,301	7,168	8,436	45.2
Rural Economy	2,622	2,771	2,701	2,768	5.6
Finance	1,554	1,660	1,733	1,812	16.6
Information and Sports	1,286	630	601	653	-49.2
Public Works, Urban Development, and Housing	586	512	509	488	-16.7
Presidency	628	644	775	761	21.2
Congolese Labor Party	704	1,195	1,061	1,065	51.3
Justice and Labor	540	644	688	763	41.3
Foreign Affairs	476	498	531	586	23.1
Other	3,455	3,022	3,579	4,480	29.7
Total	<u>29,618</u>	<u>31,758</u>	<u>34,790</u>	<u>38,727</u>	<u>30.8</u>

Source: Data provided by the Congolese authorities.

1/ Excluding Defense and Security.

Table XV. People's Republic of the Congo: Central Government Revenue, 1978-82

(In millions of CFA francs)

	1978	1979	1980	1981	1982 Est.
Revenue from oil sector <u>1/</u>	<u>13,078</u>	<u>22,672</u>	<u>58,773</u>	<u>126,136</u>	<u>134,870</u>
Taxes	<u>4,838</u>	<u>11,020</u>	<u>35,220</u>	<u>82,725</u>	<u>82,635</u>
Royalties	8,240	11,652	23,553	43,411	52,235
Non-oil revenue <u>2/</u>	<u>43,236</u>	<u>28,984</u>	<u>58,574</u>	<u>83,526</u>	<u>106,530</u>
Tax revenue	<u>41,858</u>	<u>28,438</u>	<u>56,909</u>	<u>81,707</u>	<u>104,630</u>
Taxes on net income and profits	10,182	7,089	12,744	16,577	...
Companies	(6,656)	(4,621)	(8,117)	(11,975)	(...)
Individuals	(3,526)	(2,468)	(4,627)	(4,602)	(...)
Employees' payroll taxes and taxes on property	1,619	1,190	1,873	2,025	...
Taxes on goods and services	6,397	6,483	10,428	12,417	...
Internal turnover tax	(1,490)	(1,724)	(1,970)	(1,994)	(...)
Tax on internal transactions	(1,727)	(1,920)	(3,957)	(4,484)	(...)
Single tax	(2,892)	(2,433)	(4,189)	(5,361)	(...)
Excise taxes	(152)	(303)	(180)	(466)	(...)
Other	(136)	(103)	(132)	(112)	(--)
Taxes on international transactions	8,451	4,586	15,014	20,779	...
Import duties and taxes	(8,231)	(4,427)	(14,805)	(20,580)	(...)
Export duties and taxes	(220)	(159)	(209)	(199)	(...)
Other taxes	573	482	1,885	1,453	...
Unclassified tax revenue <u>3/</u>	14,636	8,608	14,965	28,456	15,530
Nontax revenue	<u>1,378</u>	<u>546</u>	<u>1,665</u>	<u>1,819</u>	<u>1,900</u>
Total revenue	<u>56,314</u>	<u>51,656</u>	<u>117,347</u>	<u>209,662</u>	<u>241,400</u>
Of which: tax revenue	(46,696)	(39,458)	(92,129)	(164,432)	(187,265)

Sources: Data provided by the Congolese authorities; and staff estimates.

1/ See Appendix Table XVI.2/ Classified non-oil revenue refers to receipts collected during the budget year only; unclassified revenue includes receipts collected during the complementary period as well as items pending classification.3/ Items pending classification (including those collected during the complementary period of the preceding year) and recording discrepancies.

Table XVI. People's Republic of the Congo: Oil Revenue, 1978-82

(In millions of CFA francs)

	1978	1979	1980	1981	1982 Est.
Income taxes					
Taxes based on production	5,350	14,717	46,101	84,128	89,021 <u>1/</u>
Balance to following					
year <u>2/</u>	-1,366	-5,063	-15,944	-17,347	-23,730
Current year receipts	<u>3,984</u>	<u>9,654</u>	<u>30,157</u>	<u>66,781</u>	<u>65,291</u>
Balance from preceding					
year <u>2/</u>	854	1,366	5,063	15,944	17,347
Treasury gross receipts	<u>4,838</u>	<u>11,020</u>	<u>35,220</u>	<u>82,725</u>	<u>82,638</u>
Royalties					
Royalties based on					
production	9,364	13,046	26,525	49,110	51,149 <u>1/</u>
Balance to following					
year <u>3/</u>	-3,933	-5,327	-8,299	-13,998	-12,912
Current year receipts	<u>5,431</u>	<u>7,719</u>	<u>18,226</u>	<u>35,112</u>	<u>38,237</u>
Balance from preceding					
year <u>3/</u>	2,809	3,933	5,327	8,299	13,998
Treasury gross receipts	<u>8,240</u>	<u>11,652</u>	<u>23,553</u>	<u>43,411</u>	<u>52,235</u>
Total gross receipts	13,078	22,672	58,773	126,136	134,873
Earmarked debt service					
payments abroad	(3,279)	(4,432)	(5,584)	(12,118)	(15,827)
Earmarked domestic debt					
service and other					
payments	(2,025)	(2,307)	(3,446)	(6,220)	(2,818)
Net receipts by Treasury	<u>(7,774)</u>	<u>(15,933)</u>	<u>(49,743)</u>	<u>(107,798)</u>	<u>(116,228)</u>

Sources: Data provided by the Congolese authorities; and staff estimates.

1/ Assuming an average export price of US\$31 per barrel and an average exchange rate of CFAF 303 = US\$1.00.

2/ Tax receipts for December and 20 per cent of taxes due on total production.

3/ Royalties for fourth quarter.

Table XVII. People's Republic of the Congo: Economic Classification
of Central Government Current Expenditure, 1978-82 1/

(In millions of CFA francs)

	1978	1979	1980	1981	<u>1982</u> Budget
Wages and salaries	29,663	31,662	36,339	40,775	53,813
Goods and services	5,714	5,679	7,149	15,922	20,562
Subsidies and current transfers	14,268	11,001	16,765	19,138	26,680
Scheduled interest payments	3,420	4,233	5,551	8,148	18,952
Other	3,278	3,012	5,940	9,879	13,145
Total	<u>56,343</u>	<u>55,587</u>	<u>71,744</u>	<u>93,862</u>	<u>133,152</u>

Source: Data provided by the Congolese authorities.

1/ Payment authorizations (ordonnancements), excluding complementary periods.

Table XVIII. People's Republic of the Congo: Monetary Survey, 1978-82 1/
(In millions of CFA francs; end of period)

	1978	1979	1980				1981				1982 March (Prov.)
			March	June	Sept.	Dec.	March	June	Sept.	Dec.	
Net foreign assets	-6,209	1,518	6,833	10,966	12,516	14,365	17,690	26,532	28,878	30,009	28,661
Foreign assets	5,339	12,878	18,194	22,137	23,320	24,021	27,940	41,996	41,290	44,236	39,146
Foreign liabilities	11,548	11,360	11,361	11,171	10,804	9,656	10,250	15,464	12,412	14,229	10,485
Of which: postal debt	(6,782)	(6,047)	(6,047)	(5,995)	(5,834)	(6,193)	(6,482)	(5,876)	(5,557)	(5,557)	(-)
											2/
Domestic credit	60,731	66,866	66,750	67,498	72,698	78,396	78,411	89,366	95,857	98,629	107,528
Claims on Government (net)	21,310	21,279	19,432	17,894	22,724	22,400	16,734	6,452	8,765	4,427	8,174
Of which:											
central bank advances	(9,167)	(8,180)	(7,858)	(7,585)	(8,810)	(8,928)	(7,501)	(-)	(-)	(7,800)	(9,441)
use of counterparts 3/	(5,291)	(6,891)	(7,197)	(7,257)	(7,153)	(6,880)	(6,065)	(6,400)	(5,929)	(5,928)	(5,928)
deposits with the CCP	(533)	(533)	(533)	(533)	(533)	(533)	(533)	(533)	(533)	(533)	(2,601)
Claims on private sector and state enterprises	39,421	45,587	47,318	49,604	49,974	55,996	61,677	82,914	87,092	94,202	99,354
Money supply	36,825	44,847	49,280	53,265	56,018	61,299	71,664	79,101	86,887	92,120	98,934
Money	32,901	39,548	43,153	46,177	47,869	54,236	63,884	69,437	73,974	75,111	83,009
Of which: currency in circulation	(17,225)	(19,939)	(19,583)	(20,253)	(22,457)	(23,913)	(25,045)	(27,050)	(29,572)	(32,309)	(34,802)
Quasi-money	3,924	5,299	6,127	7,088	8,149	7,063	7,780	9,664	12,913	17,009	15,925
Medium- and long-term foreign liabilities 4/	8,945	10,026	10,529	11,309	11,400	11,214	11,334	19,242	19,236	19,134	19,315
Capital accounts	7,040	9,030	10,250	10,670	11,520	12,810	10,310	14,970	15,940	13,170	) 17,940
Other items (net)	1,712	4,481	3,524	3,220	6,276	7,438	2,793	2,585	2,672	4,214)

Source Data provided by the Congolese authorities.

1/ Consolidated accounts of the Central Bank, the commercial banks, the Development Bank (BNDC), the Postal Checking System, and the Treasury.

2/ The postal debt was consolidated in 1982.

3/ Use of the compensatory financing facility, loans from the Trust Fund, and the STABEX loan.

4/ Liabilities of the BNDC to the CCCE, loans from the Trust Fund, and the STABEX loan.

Table XIX. People's Republic of the Congo: Credit to the Private Sector and to State Enterprises, 1978-81

(In per cent; end of period)

	1978	1979	1980	1981
Private sector	58.5	55.0	51.0	66.5
State enterprises	41.5	45.0	49.0	33.5
Total	100.0	100.0	100.0	100.0

Source: Data provided by the Congolese authorities.

Table XX. People's Republic of the Congo: Average Money Supply and Ratios of Narrow and Broad Money to GDP, 1978-81

	1978	1979	1980	1981
<u>(In billions of CFA francs)</u>				
Money (M ₁) <u>1/</u>	30.05	34.42	47.86	70.60
Money and quasi-money (M ₂) <u>1/</u>	34.37	39.57	54.97	82.44
<u>(In per cent)</u>				
Ratio of M ₁ to GDP	14.8	13.5	13.3	13.9
Ratio of M ₂ to GDP	16.9	15.6	15.3	16.2

Sources: Data provided by the Congolese authorities; and staff calculations.

1/ End-of-quarter averages.

Table XXI. People's Republic of the Congo: Origin, Destination,
and Financing of the Increase in Domestic Credit, 1978-81

(In millions of CFA francs)

	1978	1979	1980	1981
Increase in domestic credit	<u>3,633</u>	<u>6,135</u>	<u>11,530</u>	<u>20,233</u>
Origin:				
Central Bank	3,441	-37	-5,786	-12,218
Of which: use of counterparts	(1,087)	(1,600)	(-11)	(-952)
Commercial banks and the BNDC				
(net)	-529	6,907	17,169	33,088
Total change	(1,948)	(5,914)	(10,996)	(37,932)
Central bank financing	(2,477)	(-993)	(-6,173)	(4,844)
Treasury	--	--	--	--
Total change	(--)	(--)	(--)	(--)
Central bank financing	(--)	(--)	(--)	(--)
Postal debt	721	-735	147	-637
Postal checking system	--	--	--	--
Destination:				
Central Government	3,141	-31	1,121	-17,973
Private sector and state enterprises	492	6,166	10,409	38,206
Financing:				
Net foreign assets	-1,226	-6,992	-12,993	-15,008
Postal debt	721	-735	147	-637
Medium- and long-term foreign liabilities	1,634	1,081	1,188	7,920
Money supply	2,326	8,022	16,452	30,821
Currency in circulation	(391)	(2,644)	(3,842)	(7,903)
Sight deposits	(1,884)	(4,003)	(10,846)	(12,972)
Time and savings deposits	(51)	(1,375)	(1,764)	(9,946)
Capital accounts	576	1,990	3,780	360
Other items (net)	-398	2,769	2,956	-3,223

Sources: Appendix Tables XVIII, XXII, and XXIII.

Table XXII. People's Republic of the Congo: Summary Accounts of the Central Bank, 1978-82

(In millions of CFA francs; end of period)

	1978	1979	1980				1981				1982
			March	June	Sept.	Dec.	March	June	Sept.	Dec.	March (Prov.)
Net foreign assets	-1,407	5,838	10,212	12,770	14,952	19,209	22,865	34,200	34,687	36,238	33,117
Foreign assets	2,390	9,677	13,627	16,693	17,539	20,885	24,856	35,416	35,269	36,677	33,454
Foreign exchange	(1,614)	(8,171)	(11,670)	(14,594)	(15,817)	(19,396)	(22,337)	(33,129)	(32,989)	(34,466)	(30,853)
SDR holdings	(370)	(334)	(792)	(533)	(226)	(—)	(449)	(290)	(283)	(283)	(283)
Reserve position in the Fund	(—)	(—)	(—)	(—)	(—)	(—)	(561)	(649)	(649)	(649)	(1,039)
Other	(406)	(1,172)	(1,172)	(1,495)	(1,496)	(1,489)	(1,489)	(1,348)	(1,348)	(1,279)	(1,279)
Foreign liabilities	3,797	3,839	3,412	2,853	2,587	1,676	1,961	1,216	582	439	337
Use of Fund resources	(3,192)	(3,409)	(2,844)	(2,425)	(2,152)	(1,303)	(680)	(472)	(—)	(—)	(—)
Other	(605)	(430)	(568)	(428)	(435)	(373)	(1,281)	(744)	(582)	(439)	(337)
Domestic credit	23,516	23,479	20,703	18,399	19,321	17,693	13,762	6,043	7,065	5,475	13,183
To Central Govern- ment (net)	12,274	13,230	11,783	10,202	14,028	13,618	8,400	59	1,255	-3,445	4,454
Advances	(9,167)	(8,230)	(7,915)	(7,642)	(8,867)	(8,985)	(7,501)	(—)	(—)	(7,800)	(9,441)
Use of counter- parts 1/	(4,662)	(6,891)	(7,197)	(7,257)	(7,153)	(6,880)	(6,065)	(6,400)	(5,928)	(5,928)	(5,928)
Deposits	(-1,278)	(-1,616)	(-3,113)	(-4,481)	(-1,776)	(-2,031)	(-4,950)	(-6,125)	(-3,872)	(-16,610)	(-9,645)
Currency holdings	(-277)	(-275)	(-216)	(-216)	(-216)	(-216)	(-216)	(-216)	(-801)	(-563)	(-1,270)
To banks	11,242	10,249	8,920	8,197	5,293	4,076	5,362	5,984	5,810	8,920	8,729
Rediscounted foreign drafts	(175)	(390)	(119)	(310)	(137)	(—)	(—)	(—)	(—)	(283)	(—)
Short-term redis- counts and advances	(4,960)	(3,060)	(2,316)	(1,462)	(782)	(392)	(1,183)	(1,837)	(1,638)	(1,897)	(1,288)
Medium-term rediscounts	(6,107)	(6,799)	(6,485)	(6,425)	(4,374)	(3,683)	(4,179)	(4,147)	(4,172)	(6,740)	(7,441)
Liabilities to banks	1,015	2,087	3,308	3,551	2,923	4,666	3,248	4,187	3,431	1,829	4,355
Currency holdings	695	767	809	844	958	850	812	763	984	1,104	925
Deposits	320	1,320	2,499	2,707	1,965	3,816	2,436	3,424	2,447	725	3,430
Currency in circulation	16,253	18,897	18,558	19,193	21,283	22,739	24,017	26,071	27,787	30,642	32,607
Issued	17,225	19,939	19,583	20,253	22,457	23,913	25,045	27,050	29,572	32,309	34,802
Held by Treasury	-277	-275	-216	-216	-216	-216	-216	-216	-801	-563	-1,270
Held by banks	-695	-767	-809	-844	-958	-850	-812	-763	-994	-1,104	-925
SDR allocations	1,235	1,726	2,217	2,217	2,217	2,218	2,645	3,060	3,060	3,060	3,060
Medium- and long-term foreign liabilities 2/	3,453	4,525	4,831	5,203	5,371	5,371	5,385	5,928	5,928	5,928	5,928
Net unclassified liabilities	153	2,082	2,001	1,142	2,479	1,908	1,362	997	1,346	254	350

Source Data provided by the Congolese authorities.

1/ Use of the compensatory financing facility, loans from the Trust Fund, and the STABEX loan.

2/ Loans from the Trust Fund, and the STABEX loan.

Table XXIII. People's Republic of the Congo: Summary Accounts of the Commercial and Development Banks, 1978-82

(In millions of CFA francs; end of period)

	1978	1979	1980				1981				1982
			March	June	Sept.	Dec.	March	June	Sept.	Dec.	March (Prov.)
Net foreign assets	1,980	1,727	2,668	3,191	3,398	1,349	1,277	-1,792	252	-672	-4,456
Foreign assets	2,949	3,201	4,570	5,514	5,781	3,136	3,084	6,580	6,021	7,561	5,692
Foreign liabilities	969	1,474	1,902	2,323	2,383	1,787	1,807	8,372	6,273	8,233	10,148
Claims on BEAC	1,015	2,087	3,304	3,551	3,348	4,666	3,248	4,187	3,431	1,829	4,355
Cash	695	767	809	844	958	850	812	763	984	1,104	925
Deposits	320	1,320	2,499	2,707	2,390	3,816	2,436	3,424	2,447	725	3,430
Domestic credit	41,142	47,056	48,387	50,768	52,303	58,052	62,996	82,898	88,512	95,984	100,473
To Central Government (net)	1,721	1,469	1,069	1,164	2,329	2,056	1,319	-16	1,420	1,782	1,119
Equipment bonds (net) and advances	(2,692)	(1,904)	(2,074)	(2,202)	(2,965)	(2,871)	(3,172)	(2,904)	(4,180)	(6,109)	(5,787)
Claims on postal checking system	(533)	(533)	(533)	(533)	(533)	(533)	(533)	(533)	(533)	(533)	(2,601)
Deposits	(-1,504)	(-968)	(-1,538)	(-1,571)	(-1,169)	(-1,368)	(-2,386)	(-3,453)	(-3,293)	(-4,860)	(-7,269)
To private sector and state enterprises	39,421	45,587	47,318	49,604	49,974	55,496	61,677	82,914	87,092	94,202	99,354
Short-term	(19,654)	(24,818)	(26,553)	(28,764)	(28,252)	(31,737)	(55,122)	(52,195)	(54,281)	(...)	(...)
Medium-term	(8,857)	(9,077)	(8,674)	(9,863)	(12,233)	(13,566)	(19,827)	(22,189)	(22,189)	(...)	(...)
Long-term	(6,927)	(7,245)	(6,693)	(7,383)	(7,280)	(7,508)	(7,668)	(7,304)	(7,032)	(...)	(...)
Other	(3,983)	(4,447)	(4,995)	(4,783)	(4,579)	(4,468)	(5,271)	(3,588)	(3,590)	(...)	(...)
Deposit liabilities	20,039	25,417	30,189	33,539	34,202	38,027	47,114	52,497	58,567	60,945	63,726
Sight deposits	16,555	20,118	24,062	26,451	26,053	30,964	39,334	42,833	45,654	43,936	47,801
Time and savings deposits	3,924	5,299	6,127	7,088	8,149	7,063	7,780	9,664	12,913	17,009	15,925
Liabilities to BEAC	11,242	10,249	8,920	8,197	5,293	4,075	5,362	5,984	5,810	8,920	8,729
Rediscounts	6,282	7,800	7,163	7,337	4,939	4,075	4,632	5,330	5,354	7,532	(...)
Advances	4,960	2,449	1,757	863	354	—	730	654	456	1,388	(...)
Medium- and long-term foreign liabilities 1/	5,492	5,501	5,698	6,106	6,029	5,843	5,949	13,314	13,308	13,206	13,587
Net unclassified liabilities	7,364	9,703	9,556	9,668	13,525	16,122	9,096	13,498	14,006	14,070	14,530

Source Data provided by the Congolese authorities

1/ Liabilities of the BNDC to the CCCE.

Table XXIV. People's Republic of the Congo: Sectoral Distribution
of Short-Term Bank Credit, 1978-81 1/

(In millions of CFA francs and in per cent; end of period)

	1978		1979		1980		1980 2/		1981 2/	
	Value	Share	Value	Share	Value	Share	Value	Share	Value	Share
Services	9,507	48.2	9,274	41.9	11,058	41.6	12,321	43.6	15,413	47.7
Commerce (including imports)	(8,331)	(42.2)	(8,130)	(36.8)	(9,230)	(34.7)	(10,921)	(38.7)	(13,768)	(42.6)
Exports	(409)	(2.1)	(833)	(3.7)	(1,196)	(4.5)	(831)	(2.9)	(1,165)	(3.6)
Other services	(767)	(3.9)	(311)	(1.4)	(632)	(2.4)	(569)	(2.0)	(480)	(1.5)
Manufacturing	5,099	25.9	7,583	34.3	10,413	39.2	10,699	37.9	6,539	20.2
Transport	2,029	10.3	1,346	6.1	1,458	5.5	943	3.3	1,333	4.1
Housing and construction	1,468	7.4	1,555	7.0	1,203	4.5	1,680	6.0	1,537	4.8
Forestry	477	2.4	765	3.5	543	2.0	650	2.3	160	.5
Agriculture	537	2.7	599	2.7	529	2.0	631	2.2	603	1.9
Mining	167	.8	428	1.9	305	1.2	682	2.4	5,111	15.8
Unclassified	444	2.3	567	2.6	1,079	4.1	646	2.3	1,620	5.0
Total	19,728	100.0	22,117	100.0	26,588	100.0	28,252	100.0	32,316	100.0
Memorandum item.										
Change (in per cent)	6.1		12.1		20.2		...		14.4	

Source: Data provided by the Congolese authorities.

1/ Reported to the Centrale des Risques.

2/ End of August.

Table XIV. People's Republic of the Congo: Structure of Interest Rates, Effective Since October 29, 1979

I. Central bank lending rates

In per cent per annum

1. Basic rediscount rate

8.50

2. Preferential rate applicable to:

a Short- and medium-term advances to the Treasury

4.00

b. Small- and medium-sized national enterprises

5.25

3. Penalty rate applicable to:

13.00

a. Temporary advances with the Bank's rediscount ceilings with signatures not acceptable for rediscounting

b. Exceptional temporary advances in excess of the Bank's rediscount ceilings

II. Commercial banks' lending rates

The commercial banks apply preferential rates to:

(a) agricultural credit exclusive of marketing and storage,

(b) crop financing, export credit and medium-term credit to government agencies, cooperative institutions, and nonprofit marketing companies,

(c) credit to small- and medium-sized national enterprises with outstanding short- and medium-term credit of less than CFAF 25 million, and

(d) medium-term credit for housing of social interest.

Preferential rates

Nonpreferential rates

Minimum Maximum

Minimum Maximum

Short-term

1. Portfolio operations (local)

a) Within individual rediscount ceiling

11.00 - 13.00

b) Outside individual rediscount ceiling

13.50 - 15.00

2. Export credits

9.00 - 12.50

3. Financing of commercial loans

11.00 - 13.50

Medium-term

Noncommercial customers

7.50 - 8.25

Commercial customers

7.75 - 8.75

Rediscountable credit

11.00 - 13.50

Nonrediscountable credit

13.50 - 15.00

Long-term

Under 10 years

Noncommercial customers

7.50 - 8.25

Commercial customers

7.75 - 8.75

Over 10 years

13.50 - 15.00

III. Commercial banks' deposit rates

Demand deposits

Time deposits

3-6 months

6-12 months

12-24 months

Amounts in CFA francs

200,001 - 500,000

3.50 4.25 4.75 5.25

500,001 - 1,000,000

4.25 4.75 5.25 5.75

1,000,001 - 5,000,000

4.75 5.75 6.25 6.75

5,000,001 - 10,000,000

5.25 6.25 6.75 7.25

above 10,000,000

no ceiling no ceiling no ceiling no ceiling

Savings deposits:

6.50 per cent for amounts between a minimum of CFAF 25,000 and a maximum of CFAF 5,000,000.

Source. Data provided by the Congolese authorities

Table XXVI. People's Republic of the Congo Balance of Payments, 1978-82

(In billions of CFA francs)

	1978	1979	1980	1981 Prel.	1982 Est.
Exports, f.o.b.	69.54	105.44	192.39	295.00	336.00
Petroleum	(48.05)	(73.20)	(153.70)	(258.50)	(295.00)
Wood	(12.27)	(14.16)	(22.31)	(20.00)	(22.00)
Cocoa	(2.00)	(2.00)	(1.44)	(1.00)	(1.00)
Coffee	(2.13)	(3.50)	(3.00)	(2.00)	(3.00)
Other	(5.09)	(12.58)	(11.94)	(13.50)	(15.00)
Imports, f.o.b.	-60.36	-77.21	-115.19	-220.00	-250.00
Trade balance	<u>9.18</u>	<u>28.23</u>	<u>77.20</u>	<u>75.00</u>	<u>86.00</u>
Services (net)	-56.38	-51.55	-113.53	-198.20	-215.00
Credits	17.42	15.53	25.05	35.00	41.00
Freight and insurance	(6.76)	(8.45)	(7.79)	(10.00)	(10.00)
Other transportation and insurance	(1.75)	(1.88)	(4.03)	(7.00)	(7.00)
Travel	(1.16)	(1.15)	(1.56)	(3.00)	(5.00)
Investment income	(0.21)	(0.05)	(1.19)	(2.00)	(3.00)
Other Government, n.i.e.	(4.41)	(1.11)	(1.50)	(3.00)	(4.00)
Other private services	(3.13)	(2.89)	(8.98)	(10.00)	(12.00)
Debits	-73.80	-67.08	-138.58	-233.20	-256.00
Freight and insurance	(-14.34)	(-17.36)	(-26.09)	(-50.00)	(-57.00)
Other transportation and insurance	(-4.05)	(-4.72)	(-4.82)	(-5.00)	(-6.00)
Travel	(-4.58)	(-6.14)	(-6.14)	(-13.00)	(-17.00)
Investment income	(-13.09)	(-20.31)	(-37.17)	(-37.20)	(-43.00)
Of which:					
scheduled interest on public debt	(-12.19)	(-6.81)	(-7.12)	(-9.40)	(-12.90)
scheduled interest on private debt	(-0.34)	(-13.46)	(-27.14)	(-28.10)	(...)
Other Government, n.i.e.	(-4.68)	(-1.23)	(-1.36)	(-2.00)	(-2.00)
Other private services	(-33.06)	(-17.32)	(-63.00)	(-126.00)	(-131.00)
Private transfers (net)	-0.90	-6.73	-13.60	-10.00	-12.00
Public transfers (net)	10.52	8.99	13.38	15.00	20.00
Current account balance, excl. public transfers	<u>-48.10</u>	<u>-30.05</u>	<u>-49.93</u>	<u>-133.20</u>	<u>-141.00</u>
Current account balance, incl. public transfers	<u>-37.58</u>	<u>-21.06</u>	<u>-36.55</u>	<u>-118.20</u>	<u>-121.00</u>
Nonmonetary capital (net)	31.42	17.05	41.68	137.52	142.58
Private sector borrowing	(53.13)	(32.75)	(51.09)	(79.03)	(96.30)
Public sector borrowing	(37.17)	(20.30)	(46.81)	(50.00)	(60.00)
Private sector amortization	(-47.70)	(-33.68)	(-42.83)	(-47.00)	(-53.00)
Public sector amortization	(-9.56)	(-10.54)	(-6.97)	(-20.01)	(-30.52)
Other private long-term	(1.46)	(3.37)	(8.22)	(12.00)	(16.00)
Private short-term	(-3.12)	(3.37)	(-15.81)	(62.00)	(52.00)
Public short-term	(0.04)	(1.40)	(1.17)	(1.50)	(1.80)
Monetary capital (net)	2.09	0.49	-0.53	-1.38	-2.00
SDR allocation and valuation adjustments	-0.09	1.23	0.97	-1.18	—
Trust Fund	1.13	1.07	0.85	0.56	—
Errors and omissions (net)	-3.69	3.54	11.26	—	—
Overall balance	<u>-6.72</u>	<u>2.32</u>	<u>17.68</u>	<u>17.32</u>	<u>19.58</u>

Sources: Data provided by the Congolese authorities, and staff estimates.

1/ Including the consolidation of the postal debt.

Table XXVII. People's Republic of the Congo: Balance of Payments, 1978-82

(In millions of SDRs) 1/

	1978	1979	1980	1981 Prel.	1982 Est.
Exports, f.o.b.	246.16	383.66	699.31	920.81	981.17
Petroleum	(170.09)	(266.35)	(558.69)	(806.88)	(861.44)
Wood	(43.43)	(51.52)	(81.09)	(62.43)	(64.24)
Cocoa	(7.08)	(7.28)	(5.23)	(3.12)	(2.92)
Coffee	(7.54)	(12.74)	(10.90)	(6.24)	(8.76)
Other	(18.02)	(45.77)	(43.40)	(42.14)	(43.81)
Imports, f.o.b.	-213.66	-280.94	-418.71	-686.71	-730.03
Trade balance	32.50	102.72	280.60	234.10	251.14
Services (net)	-199.59	-187.57	-412.67	-618.66	-627.84
Credits	61.65	56.51	91.06	109.26	119.72
Freight and insurance	(23.92)	(30.75)	(28.32)	(31.22)	(29.20)
Other transportation and insurance	(6.19)	(6.84)	(14.65)	(21.85)	(10.44)
Travel	(4.10)	(4.18)	(5.67)	(9.36)	(14.60)
Investment income	(0.74)	(0.18)	(4.33)	(6.25)	(8.76)
Other Government, n.i.e.	(15.61)	(4.04)	(5.45)	(9.34)	(11.68)
Other private services	(11.08)	(10.52)	(32.64)	(31.22)	(35.04)
Debits	-261.24	-244.08	-503.71	-727.92	-747.56
Freight and insurance	(-50.76)	(-63.17)	(-94.83)	(-156.07)	(-166.45)
Other transportation and insurance	(-14.34)	(-17.17)	(-17.52)	(-15.61)	(-17.52)
Travel	(-16.20)	(-22.34)	(-22.32)	(-40.58)	(-49.64)
Investment income	(-46.34)	(-73.90)	(-135.11)	(-116.12)	(-125.57)
Of which:					
Scheduled interest on public debt	(-43.14)	(-24.78)	(-25.88)	(-22.22)	(-37.67)
Scheduled interest on private debt	(-1.20)	(-49.98)	(-98.65)	(-87.71)	(...)
Other Government, n.i.e.	(-16.57)	(-4.48)	(-4.94)	(-6.24)	(-5.84)
Other private services	(-17.03)	(-63.02)	(-229.00)	(-393.30)	(-382.54)
Private transfers (net)	-3.19	-24.50	-49.43	-31.21	-35.04
Public transfers (net)	37.25	32.72	48.64	46.82	58.40
Current account balance, excl. public transfers	-170.27	-109.34	-181.49	-415.77	-411.74
Current account balance, incl. public transfers	-133.03	-76.63	-132.86	-368.95	-353.34
Nonmonetary capital (net)	111.22	62.04	151.50	429.25	416.36
Private sector borrowing	(188.07)	(119.16)	(185.71)	(246.68)	(281.21)
Public sector borrowing	(131.58)	(74.15)	(170.15)	(156.07)	(175.21)
Private sector amortization	(-168.86)	(-122.55)	(-155.68)	(-146.71)	(-154.77)
Public sector amortization	(-33.84)	(-38.35)	(-25.34)	(-62.46)	(-89.12)
Other private long-term	(5.17)	(12.27)	(29.88)	(37.46)	(46.72)
Private short-term	(-11.04)	(12.27)	(-57.47)	(193.53)	(151.85)
Public short-term	(0.14)	(5.09)	(4.25)	(4.68)	(5.26)
Monetary capital (net)	7.40	1.78	-1.93	-4.31	-5.84
SDR allocation and valuation adjustments	-0.32	4.48	3.53	-3.68	—
Trust Fund	4.00	3.89	3.09	1.75	—
Errors and omissions (net)	-13.06	12.88	40.94	—	—
Overall balance	-23.79	8.44	64.27	54.06	57.18

Source: Appendix Table XXVI.

1/ CFAF/SDR conversion rates: 1978, 282.50, 1979, 274.83, 1980, 275.11, 1981, 320.37, 1982, 342.43.

2/ Including the consolidation of the postal debt.

Table EXVIII. People's Republic of the Congo Balance of Payments Indicators, 1978-82 ^{1/}

	1978	1979	1980	1981 Prel.	1982 Est
(In per cent)					
Exports, f.o.b./GDP	34.1	41.4	53.2	58.1	50.5
Imports, c.i.f./GDP	36.6	37.2	39.0	53.2	46.1
Current account balance, excl. public transfers/GDP	-23.6	-11.8	-13.8	-26.2	-21.2
Current account balance, incl. public transfers/GDP	-18.4	-8.3	-10.1	-23.3	-18.2
Overall balance/GDP	-3.3	0.9	4.9	3.4	2.9
Exports, f.o.b.	100.0	100.0	100.0	100.0	100.0
Crude oil	69.0	69.0	80.0	87.0	88.0
Wood	18.0	13.0	12.0	7.0	6.0
Coffee	3.0	2.0	1.0	1.0	1.0
Other	10.0	16.0	7.0	5.0	5.0
Imports, c.i.f.	100.0	100.0	100.0	100.0	100.0
Livestock and food	17.0	16.0	14.0	9.0	9.0
Petroleum and minerals	9.0	8.0	10.0	6.0	5.0
Plastics and chemicals	9.0	7.0	8.0	6.0	8.0
Construction materials	8.0	7.0	11.0	14.0	14.0
Machines and vehicles	24.0	16.0	15.0	27.0	27.0
Other (mostly unrecorded imports)	33.0	46.0	42.0	38.0	37.0
(Annual percentage changes)					
Total exports, f.o.b.					
Value	...	31.6	82.5	53.3	13.9
Volume	..	18.7	9.5	19.8	6.4
Unit value	..	27.7	66.7	28.0	7.0
Total non-oil					
Value	...	50.0	20.0	-5.7	12.3
Volume	...	81.4	-25.6	1.4	6.5
Unit value	..	-17.3	61.3	-7.0	5.4
Crude oil					
Value	..	32.3	110.0	68.2	14.1
Volume	..	7.6	24.5	25.6	6.7
Unit value (CFAP)		42.4	68.8	33.6	7.2
Unit value (US\$)	.	51.1	69.6	4.0	-3.9
Wood					
Value	..	15.4	57.6	-10.4	10.0
Volume	..	43.5	13.6	1.0	2.3
Unit value	...	-19.4	38.8	-11.3	7.6
Total imports (c.i.f.)					
Value	..	26.0	49.4	91.1	13.7
Volume	..	20.8	31.5	73.7	2.5
Unit value	...	4.8	13.6	10.0	10.9
Livestock and foodstuffs					
Value		20.5	24.4	22.4	19.4
Volume		12.8	3.1	11.2	9.3
Unit value	..	6.8	20.6	10.1	9.2
Petroleum					
Value	..	15.3	77.6	11.5	-27.7
Volume	..	-31.1	30.2	-2.4	-3.5
Unit value	...	67.2	36.3	14.9	-1.1
Construction materials					
Value		12.1	128.0	149.0	2
Volume	.	18.5	95.7	122.3	1
Unit value	.	-5.4	16.5	12.0	1.0
Machines and vehicles					
Value		-13.1	33.2	254.8	12.5
Volume		-13.1	25.5	222.5	2.3
Unit value			6.1	10.0	10.0
Other					
Value		5.2	47.7	64.1	18.4

Sources: Data provided by the Congolese authorities and staff estimates and calculations

^{1/} Based on series expressed in CFA francs

Table XXIX. People's Republic of the Congo: Composition of Exports (f.o.b.), 1978-82

(Value in billions of CFA francs; volume in metric tons;
unit value in CFA francs per ton)

	1978	1979	1980	1981 Prel.	1982 Est.
Crude oil					
Value	48.05	73.20	153.70	258.50	295.00
Volume	2,500,000	2,690,000	3,348,000	4,217,000	4,500,000
Unit value	19,100	27,200	45,900	61,300	65,700
Unit value (in US\$ per barrel) 1/	12.10	18.28	31.00	32.25	31.00
Wood					
Value	12.27	14.16	22.31	20.00	22.00
Volume	184,000	264,000	300,000	303,000	310,000
Unit value	66,500	53,600	74,400	66,000	71,000
Cocoa					
Value	2.00	2.00	1.44	1.00	1.00
Volume	2,700	3,100	2,700	1,800	1,800
Unit value	747,700	651,100	537,000	550,000	550,000
Coffee					
Value	2.13	3.50	3.00	2.00	3.00
Volume	3,600	5,200	4,400	2,800	4,100
Unit value	581,000	673,500	685,500	706,000	727,000
Industrial goods					
Value	2.11	2.13	1.82	3.00	4.00
Volume	...	...	...	...	...
Unit value	...	...	...	...	...
Diamonds (re-exports)					
Value	1.98	5.23	8.01	8.00	8.50
Volume	16.10	51.30	38.60	40.00	40.00
Unit value (in millions of CFAF)	123.20	101.90	207.70	200.00	210.00
Miscellaneous					
Value	1.00	5.22	2.11	2.50	2.50
Total value	69.54	105.44	192.39	295.00	336.00

Sources: Data provided by the Congolese authorities; and staff estimates.

1/ 1 metric ton = 7 barrels (on average).

Table XXX. People's Republic of the Congo: Composition of Imports (c.i.f.), 1978-82

(Value in billions of CFA francs; volume in metric tons;
unit value in CFA francs per ton)

	1978	1979	1980	1981 Prel.	1982 Est.
Livestock					
Value	4.44	5.43	6.34	8.00	9.24
Volume	16,085	20,636	16,782	20,000	21,000
Unit value	276,000	263,000	377,800	400,000	440,000
Foodstuffs					
Value	8.37	10.00	12.85	15.48	18.79
Volume	75,191	82,303	89,354	98,000	108,000
Unit value	111,300	121,500	143,800	158,000	174,000
Petroleum Products					
Value	5.96	6.87	12.20	13.60	9.83
Volume	183,071	126,046	164,093	160,000	100,000
Unit value	32,600	54,500	74,300	85,400	98,300
Minerals					
Value	0.59	1.08	2.18	3.51	5.65
Volume	20,942	39,307	58,917	82,500	115,500
Unit value	28,200	27,500	37,000	42,500	48,900
Chemical products					
Value	4.83	5.23	8.18	11.91	17.34
Volume	9,127	8,628	13,606	17,700	23,000
Unit value	529,200	606,200	601,200	673,000	754,000
Plastics					
Value	1.72	1.86	2.78	4.05	5.89
Volume	2,946	2,361	3,406	4,428	5,756
Unit value	583,800	787,800	816,200	914,000	1,024,000
Textiles and leather					
Value	4.06	5.01	5.75	6.96	8.42
Volume	4,065	4,233	4,524	4,976	5,474
Unit value	998,800	1,183,600	1,271,000	1,398,000	1,538,000
Paper products					
Value	1.60	1.44	2.53	3.26	4.20
Volume	2,664	2,567	3,224	3,708	4,264
Unit value	600,600	561,000	784,700	878,800	984,300
Construction materials					
Value	5.97	6.69	15.25	37.97	42.74
Volume	21,252	25,185	49,277	109,550	110,100
Unit value	280,900	265,600	309,500	346,600	388,200
Machines and vehicles					
Value	17.95	15.59	20.77	73.70	82.90
Volume	10,040	8,728	10,957	35,340	36,140
Unit value	1,787,800	1,786,200	1,895,600	2,085,200	2,293,700
Other					
Value	1.06	0.96	1.20	1.50	2.00
Unrecorded imports ^{1/}					
Value	18.15	34.42	51.25	90.00	100.00
Total value (b.o.p. basis)	74.70	94.57	141.28	270.00	307.00

Sources: Data provided by the Congolese authorities, and staff estimates.

^{1/} Including diamonds to be re-exported.

Table XXXI. People's Republic of the Congo: Direction of Trade, 1978-80
(In per cent)

	1978	1979	1980
Exports (f.o.b.), by destination	100.0	100.0	100.0
Industrial countries	83.2	66.3	71.8
Of which: EC	(74.1)	(46.4)	(47.8)
Africa	5.1	2.9	2.1
U.S.S.R. and Eastern Europe	0.6	--	--
Other	11.1	30.8	26.1
United States	0.7	15.0	10.3
Japan	0.5	1.5	1.5
Belgium	4.6	6.1	4.3
France	24.4	6.7	3.1
Germany	4.5	4.9	6.0
Italy	31.5	24.8	27.0
Netherlands	6.3	2.0	5.9
Spain	7.7	3.3	12.2
Argentina	--	17.1	11.5
Brazil	--	8.0	4.4
Chile	6.0	2.9	2.0
Virgin Islands	--	--	6.2
Other	13.8	7.7	5.6
Imports (c.i.f.), by origin	100.0	100.0	100.0
Industrial countries	79.8	76.8	80.1
Of which: EC	(68.5)	(67.4)	(68.4)
Africa	9.2	11.7	10.4
U.S.S.R. and Eastern Europe	0.7	0.5	0.4
Other	10.3	11.0	9.1
United States	4.6	3.9	4.2
Japan	2.6	1.8	3.3
France	49.9	45.4	49.8
Germany	5.5	5.5	4.6
Italy	5.9	10.3	8.0
Gabon	3.4	4.2	3.5
Brazil	4.1	3.2	2.7
Other	24.0	25.7	23.9

Source: IMF, Direction of Trade 1974-80.

Table XXXII. People's Republic of the Congo: Balance of Payments for the Oil and Non-Oil Sectors, 1978-81
(In billions of CFA francs)

	1978		1979		1980		1981	
	Oil	Non-oil	Oil	Non-oil	Oil	Non-oil	Oil	Non-oil (Prel.)
Exports, f.o.b.	48.05	21.49	73.20	32.24	153.70	38.69	258.50	36.50
Imports, f.o.b.	-5.17	-55.19	-16.41	-60.80	-26.80	-88.39	-110.95	-109.05
Trade balance	<u>42.88</u>	<u>-33.70</u>	<u>56.79</u>	<u>-28.56</u>	<u>126.90</u>	<u>-49.70</u>	<u>147.55</u>	<u>-72.55</u>
Services (net)	-41.23	-15.15	-33.31	-18.24	-88.45	-25.08	-145.80	-52.40
Credits	(0.49)	(16.93)	(--)	(15.53)	(--)	(25.05)	(--)	(35.00)
Debits	(-41.72)	(-32.08)	(-33.31)	(-23.77)	(-88.45)	(-50.13)	(-145.80)	(-87.40)
Transfers (net)	-0.07	9.69	-0.03	2.29	-0.77	0.55	-0.30	5.30
Current account balance, incl public transfers	<u>1.58</u>	<u>-39.16</u>	<u>23.45</u>	<u>-44.51</u>	<u>37.68</u>	<u>-74.23</u>	<u>1.45</u>	<u>-119.65</u>
Long-term capital (net)	2.99	31.51	-3.45	15.73	6.81	49.51	16.85	57.20
Short-term capital (net)	1.29	-2.28	2.12	3.14	-16.89	1.72	-1.75	63.85
Other (net)	--	-2.65	--	5.84	--	13.08	--	-0.65
Overall balance	<u>5.86</u>	<u>-12.58</u>	<u>22.12</u>	<u>-19.80</u>	<u>27.60</u>	<u>-9.92</u>	<u>16.55</u>	<u>0.75</u>

Source: Data provided by the Congolese authorities.

Table XXXIII. People's Republic of the Congo: External Public Debt, 1978-82

	1978	1979	1980	1981	1982
<u>(In billions of CFA francs)</u>					
Outstanding and disbursed <u>1/</u>	160.7	165.0	202.7	263.8	302.1
Scheduled debt service	21.8	17.3	14.1	29.4	43.4
Interest	(12.2)	(6.8)	(7.1)	(9.4)	(12.9)
Principal	(9.6)	(10.5)	(7.0)	(20.0)	(30.5)
<u>Memorandum items:</u>					
Nominal GDP	203.9	254.5	361.9	507.5	666.0
Exports of goods and nonfactor services	83.6	118.0	207.3	318.0	362.0
<u>(In per cent)</u>					
Outstanding and disbursed debt/GDP	78.8	64.8	56.0	52.0	45.4
Debt service ratio	26.1	14.6	6.8	9.2	12.0
Interest/debt service	56.0	39.3	50.4	32.0	29.7

Sources: Data provided by the Congolese authorities; and World Bank and Fund staff estimates.

1/ End of period.

Table XXXIV. People's Republic of the Congo: Effective
Exchange Rates, 1/ 1978-82

(Index; 1975 = 100)

	Q1	Q2	Q3	Q4	Annual
Nominal					
1978	101.5	103.1	104.1	104.0	103.2
1979	104.9	105.0	105.8	107.7	105.2
1980	108.8	109.1	109.8	109.0	109.2
1981	108.0	108.8	107.8	108.3	108.6
1982	108.3	107.4	...	...	107.8 <u>2/</u>
Real					
1978	100.9	101.4	101.3	100.2	100.8
1979	100.2	101.2	97.9	100.2	99.7
1980	97.4	95.6	94.8	94.9	95.6
1981	97.8	96.2	96.0	94.1	96.0
1982	92.3	90.7	...	...	91.5 <u>2/</u>

Source: Staff calculations.

1/ Import-weighted index (basket over national currency).

2/ Average for first semester.

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