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ZAIRE

Recent Economic Developments

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Zaire - Basic Data

Area, population, and GDP per capita

Area	2,343,950 square kilometers
Population: Total (1980 estimate)	28.3 million
Growth rate	1.5 per cent
GDP per capita (1980)	SDR 162

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u> Proj.
<u>GDP</u>				
Total (in millions of zaires)	5,480.5	11,126.8	16,704.7	24,723.0
Agriculture (per cent of real GDP)	18.4	19.6	19.6	19.5
Manufacturing (per cent of real GDP)	7.6	7.4	7.1	7.1
Mining (per cent of real GDP)	22.7	22.3	23.2	23.5
Per cent change in real GDP	-4.7	-3.3	2.5	2.1
Gross investment as per cent of GDP (at market prices)	18.4	18.7	20.8	21.5

Prices (per cent change)

GDP deflator	45.4	109.9	46.5	45.0
Consumer prices	48.5	101.3	46.7	45.0

Central government finance

(In millions of zaires)

Current revenue	731.0	1,930.0	3,738.6	4,780.0
GECAMINES	(106.5)	(729.3)	(983.7)	(530.0)
Other	(624.5)	(1,200.7)	(2,754.9)	(4,250.0)
Current expenditure	1,240.7	2,299.0	3,714.4	5,235.0
Capital expenditure	267.3	319.0	617.4	995.0
External grants	171.0	220.0	448.0	700.0
Overall deficit (-)	-606.0	-468.0	-145.2	-750.0
External borrowing (net) as per cent of overall deficit	11.7	-0.4	-84.0	-33.3
Domestic bank borrowing as per cent of overall deficit	87.3	103.4	184.0	133.3
Overall deficit as per cent of GDP	11.1	4.2	0.9	3.0

Zaire - Basic Data (continued)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u> Proj.
<u>Money and credit</u> (Per cent change)				
Net domestic assets	47.1	5.7	45.1	45.2
Government	(49.6)	(30.7)	(13.0)	(42.9)
Enterprises and households	(19.4)	(37.1)	(15.4)	(46.8)
Money and quasi-money	60.7	12.4	61.5	32.2
<u>Balance of payments</u> (In millions of SDRs)				
Exports, f.o.b.	1,258	1,420	1,501	1,360
Imports, f.o.b.	-818	-857	-923	-945
Trade balance	440	563	578	415
Net services and unrequited transfers	-506	-552	-578	-777
Current account balance	-66	11	--	-362
Capital account (net)	-197	-209	-196	-154
Public capital	98	-38	18	-100
Private capital and errors and omissions	-295	-171	-214	-54
SDR allocation	--	16	16	16
Exceptional financing and reserve movements	263	182	180	500
Debt rescheduling and emergency assistance	45	51	1,254	399
Payments arrears (decrease -)	278	168	-1,050	...
Net international reserves (increase -)	-60	-37	-24	...
Current account deficit (-) as per cent of GDP	-1.2	0.2	--	-7.6
<u>Gross official foreign reserves</u> (end of period) <u>1/</u>	97	157	160	118 <u>2/</u>
<u>External public debt</u>				
Disbursed and outstanding (end of period)	2,954	3,059	3,536	...
Debt service as per cent of exports of goods and non-factor services	11.9	11.8	20.1	30.8

1/ Excluding gold.

2/ End-September.

Zaire - Basic Data (concluded)

Relations with the Fund

Date of membership	September 28, 1963
Quota	SDR 228 million
Status	Article XIV
Exchange system	The zaire is pegged to the SDR. As of November 30, 1981 the rate was Z 1 = SDR 0.1575.
Fund holdings of Zaire's currency (November 30, 1981)	SDR 509.9 million (223.6 per cent of quota), of which SDR 14.1 million (6.2 per cent) was related to purchases under the compensatory financing facility and SDR 17.8 million (7.8 per cent) to purchases under the oil facility.
SDR holdings (November 30, 1981)	SDR 9.1 million, equivalent to 10.5 per cent of the net cumulative allocation of SDR 86.3 million.
Distribution of profits from gold sales	US\$18.0 million
Gold distribution	96,709 troy ounces of fine gold
Trust Fund loans outstanding	SDR 110.4 million
Technical assistance	Five CBD experts, including a Principal Manager, are currently serving in the Bank of Zaire.

List of Abbreviations

ADB	African Development Bank
ANEZA	Association Nationale des Entreprises Zairoises
CEPGL	Communauté Economique des Pays des Grands Lacs
CSC	Caisse de Stabilisation Cotonnière
CECAMINES	Générale des Carrières et des Mines du Zaïre
IDA	International Development Association
IFAD	International Fund for Agricultural Development
INS	Institut National de la Statistique
KILO-MOTO	Office des Mines d'Or de Kilo-Moto
MIBA	Société Minière de Bakwanga
OFIDA	Office des Douanes et Accises
OGEDep	Office de Gestion de la Dette Publique
ONAFITEX	Office National des Fibres Textiles
ONC	Office National du Café
ONPV	Office National de Promotion des Produits Vivriers
OZAC	Office Zaïrois de Contrôle
OZACAF	Office Zaïrois du Café
PAM	Programme Agricole Minimum
Petro-Zaïre	Entreprise Pétrolière du Zaïre
SAD (Imports)	Importations sans achat de devise
SODIMIZA	Société de Développement Industriel et Minier du Zaïre
SOFIDE	Société Financière de Développement
SOMINKI	Société Minière et Industrielle du Kivu
SOZACOM	Société Zaïroise de Commercialisation des Produits Miniers
ZAIREP	Zaïre Pétrole
Zaïre-SEP	Zaïre Services des Entreprises Pétrolières

I. Production and Expenditure

Zaire is one of the largest countries in Africa, both in area and population, and is rich in natural resources, including a number of strategic minerals and a vast hydroelectric potential. Following a long period of inappropriate policies and measures, especially in the early 1970s, Zaire has faced serious economic and financial difficulties since 1975, when its terms of trade deteriorated markedly. In particular, real gross domestic product (GDP) has generally stagnated, the rate of inflation has been very high, the balance of payments has been under great pressure, and the country has found it difficult to service its external debt. In 1980 economic and financial performance showed some improvement, as the Zairian authorities implemented relatively successfully a stabilization program initiated in mid-1979; but further adjustment efforts are still needed to alleviate the structural problems in the economy, as well as to promote internal financial equilibrium and a sustainable external payments position.

1. Production

Zaire's real GDP declined by about 3 per cent in 1979, but rose by 2.5 per cent in 1980 (Table 1). The mining sector, which in 1980 accounted for 23 per cent of total output, played a determining role in these movements; thus, in 1979 the drop in value added of the mining sector represented 37 per cent of the decline in overall GDP, while in 1980 the increase in value added of that sector amounted to 61 per cent of the total. Services other than commerce, which in 1980 accounted for 26 per cent of real GDP, also played an important part in 1979, when the decline in value added of that sector was equivalent to 29 per cent of the total drop in GDP. As shown in Table 1, where subsistence agriculture and subsistence construction are presented as separate sectors, in 1979 value added increased in five out of the ten sectors of the economy and declined in the other five; in 1980 value added increased in six, declined in two, and stayed unchanged in the remaining two sectors. The evolution of nominal GDP, by sector, in each of these two years is indicated in Appendix Table I.

In 1980 real GDP was some 10 per cent lower than its 1975 level, while the population was 14 per cent greater. The factors constraining growth in Zaire remained, as for the years since 1975, limited foreign exchange for imports, transport difficulties, insufficient domestic and external confidence among producers and potential investors, and administrative bottlenecks. These factors in turn resulted in severe shortage of spare parts, fuel, and essential raw materials for production and for the rehabilitation of rundown equipment, and an extremely low level of capacity utilization, as well as a low level of fixed capital formation relative to GDP.

In 1981 real GDP is expected to register a growth rate of about 2 per cent. Although developments in export markets and capital movements have been far less favorable than anticipated, thereby precluding a significant amelioration of the foreign exchange situation for imports, the substantial

Table 1. Zaire: Gross Domestic Product by Industrial Origin at 1970 Prices, 1975-81

(In millions of zaires)

	1975	1976	1977	1978	1979	1980 <u>1/</u>	1981 <u>2/</u>
Agriculture (commercialized)	83.8	90.4	81.7	79.2	81.7	82.9	83.1
Mining <u>3/</u>	242.0	226.7	239.8	218.0	206.3	220.4	227.9
Manufacturing	92.1	84.8	83.0	72.5	68.2	67.5	68.9
Construction	38.7	32.5	27.1	27.7	24.1	24.1	25.2
Electricity and water	10.2	11.0	11.2	11.4	11.6	11.8	12.0
Transportation and telecommunications	82.3	71.1	67.0	65.7	59.2	63.0	64.0
Commerce	120.9	113.7	114.0	95.8	96.9	97.6	99.0
Other services <u>4/</u>	243.0	242.5	259.0	261.3	252.1	249.3	252.5
Import duties	32.8	18.4	15.9	16.3	15.1	18.6	19.3
Commercialized GDP	945.8	891.1	898.7	847.9	815.2	835.2	851.9
Agriculture (subsistence)	88.9	91.5	94.2	97.0	99.9	102.9	106.0
Construction (subsistence)	19.4	16.2	13.5	13.8	12.0	12.0	12.5
Total GDP	1,054.1	998.8	1,006.4	958.7	927.1	950.1	970.4

Source: Data provided by the Zairian authorities.

1/ Provisional.

2/ Projected.

3/ Including processing of minerals.

4/ Including banking and government services.

policy measures taken by the authorities during 1980 and the first half of 1981 have contributed to a strengthening of confidence in the economy. Furthermore, a concerted effort has been made since early 1980 to improve the allocation of foreign exchange resources. As a result, all sectors are forecast to show positive growth rates in 1981.

a. Agriculture and agro-industry

The deterioration of the transportation network following many years of neglect, dislocations due to the Zairianization measures of 1973-74 (even though these measures were largely rescinded later on), the lack of agricultural credit for small-scale producers and of foreign exchange for essential imports, and insufficient storage and other marketing facilities, as well as the uncertainties created by the Government's pricing policies, all contributed to retarding agricultural development in the 1970s. Recently, however, measures have been initiated to remedy the situation, the aims and objectives of which were spelled out in a document entitled Programme de Relance Agricole (January 1978) as follows: (1) self-sufficiency in basic food-stuffs (especially rice, manioc, and maize); (2) rehabilitation of agricultural production for local agro-industries; (3) promotion of agricultural production for exports; and (4) improvement of living conditions of the rural population. In this context, the Zairian authorities have sought to improve the export regime for coffee and timber by allowing exporters to retain a certain portion of their foreign exchange receipts with a view to financing more of their imports of spare parts and other intermediate goods; in addition, the minimum producer prices have been raised periodically, and since June 1, 1981 some of these prices have been eliminated.

In July 1978 the Government introduced a system of development agreements (conventions de développement) under which manufacturing firms are authorized to increase their prices by up to 10 per cent with the proviso that the extra profits thus earned would be used in projects, designed and managed by the enterprises themselves, for the production of the raw materials they normally use.

Efforts are also being made to strengthen the Department of Agriculture and Rural Development, with technical assistance from abroad, in order to improve its extension services and policy formulation in general. In addition, the authorities are attempting to improve interdepartmental coordination on agricultural issues, and they are examining various possibilities for increasing credit to small-scale agricultural producers. One of the possibilities under consideration is the establishment of a special credit unit for small farmers within SOFIDE, the development bank, which has greatly expanded its lending operations to the agricultural sector in recent years.

In the commercialized agricultural sector, value added expanded by 3 per cent in 1979 and by 1 per cent in 1980, but it is expected to increase

by less than 1 per cent in 1981. In the case of subsistence agriculture, value added rose by 3 per cent in both 1979 and 1980, and it is projected to increase at the same rate in 1981.

The production of palm fruit and its agro-industrial counterparts, palm oil, palm kernel oil, and palm husks, either stagnated or declined during 1979 and 1980, continuing a trend that had persisted throughout the 1970s. Thus, the production of palm oil stagnated in 1979 and declined by 5 per cent in 1980 to 93,200 tons (Appendix Table II). In 1981 all three products are expected to show increases, with palm oil production projected to amount to 115,000 tons (a 23 per cent increase). The oil palm industry requires substantial new investments and the authorities have, since 1977, been implementing a program designed to plant 100,000 hectares of industrial palm; part of the required investment is being financed with external aid, including some from the IDA.

After declining by 22 per cent in 1979, coffee production recovered in 1980 to 80,300 tons; but it is expected to drop by some 4 per cent in 1981 (Appendix Table II). Zaire's coffee production, mostly of robusta, is significantly understated because of smuggling to neighboring countries. Such smuggling has been quite substantial in some years, as traders have sought the opportunity to purchase consumption goods that are not available in sufficient quantities domestically or to obtain for their products a stronger currency than the zaire. To improve the marketing of coffee and to counter smuggling, in 1979 the Zairian authorities eliminated the Office National du Café (ONC) and replaced it with the Office Zairois du Café (OZACAF) with strengthened authority, more rigorous standards for buying agents, and reinforced rules and regulations governing the coffee trade. OZACAF is expected to keep a closer surveillance of developments in coffee production and stocks, and thus serve as a more effective representative of Zaire in the International Coffee Organization.

After several years of persistent declines, the production of cotton (fiber) increased by 20 per cent in 1979 and by a further 62 per cent in 1980. However, as shown in Appendix Table II, the 1980 production of 9,700 tons was still only 60 per cent of the level that had been attained in 1975. Production in 1981 is expected to more than double to 20,000 tons. The decline in cotton production that had occurred in the period 1975-78 was, to an extent, due to difficulties in evacuating cotton to the factory centers because of the bad roads and insufficient vehicles; it was also due to the deteriorated state of the cotton gins, poor extension services to planters, and lack of incentives for farmers. In order to alleviate the situation, in 1979 the authorities eliminated the Office National des Fibres Textiles (ONAFITEX); its functions have been given to local textile industries organized into seven agro-industrial units of mixed enterprises under the supervision of the Caisse de Stabilisation Cotonnière.

The production of timber (logs) increased by 6 per cent in 1979, but declined in 1980 by 7 per cent to 325,000 cubic meters; in the case of

sawn timber, output declined by 13 per cent in 1979 and again by 23 per cent to 68,100 cubic meters in 1980. In 1981 output of timber (logs) is expected to increase by 8 per cent to its 1979 level of 350,000 cubic meters (Appendix Table II). Substantial improvements have occurred in timber production since the coming into operation in 1977 of a new firm with modern up-to-date facilities and management. The older timber companies are also making efforts to rehabilitate and improve their plants and equipment.

The production of foodstuffs continues to lag substantially behind the potential of the country. Although data on foodstuff production are incomplete, the available information indicates that output of maize, manioc, and rice, which are the most important staples, have either stagnated or declined in recent years (Appendix Table II). In 1979 the production of commercialized maize was only 2 per cent above its 1975 level and lower than the level attained in 1977. A similar situation has prevailed for manioc, the production of which in 1979 was 1 per cent above its 1975 level, and for rice whose production was 3 per cent lower in 1979 than in 1975. Foodstuff production has had problems at the farm level and in marketing. At the farm level, there has been severe shortage of fertilizers and pesticides, while a great need persists for effective extension services. The marketing problems have ensued not only from the poor state of the road system but also because marketing structures are underdeveloped.

In an effort to revive food production, in 1978 the authorities created the Office National de Promotion des Produits Vivriers (ONPV); they also launched a Programme Agricole Minimum (PAM) for the years 1980-81. PAM is designed to accelerate supplies of additional inputs and to make additional provisions for transport equipment to farmers; but the program has been slowed down by lack of adequate personnel and equipment.

b. Mining

The index of mineral production (including petroleum) declined by 5 per cent in 1979, but rose by 13 per cent in 1980 when it was, nevertheless, still 9 per cent below its 1975 level (Appendix Table III). Copper production fell by 6 per cent in 1979, but expanded by 15 per cent in 1980 to 459,300 tons. Output of cobalt rose by 7 per cent in 1979 and by 4 per cent in 1980 to 14,500 tons, while zinc production fell by 12 per cent in 1979 and again by 11 per cent in 1980 to 122,800 tons. In 1981 the production of copper is expected to increase by about 2 per cent and that of cobalt by 4 per cent.

The production of the above three minerals is carried out mostly by GECAMINES (Appendix Table IV); another company, SODIMIZA, accounts, on the average, for 6-8 per cent of the total copper output. GECAMINES has been facing a number of problems in recent years that have adversely affected its production; these have included staffing and organizational problems,

technical difficulties, and delays in the implementation of its investment program.

Diamond output declined by 22 per cent in 1979, but recovered somewhat in 1980 when it increased by 17 per cent to 10.2 million carats; however, in 1980 it was still 20 per cent below the level of production in 1975. A basic factor behind the decline in diamond output in recent years has been the deterioration in the quality of the ore being mined. In addition, the major producer, MIBA, has had technical problems which it intends to resolve, with external assistance, through the construction of a kimberlite plant as well as a dredging project.

Petroleum production in Zaire has expanded since 1975, despite technical problems that have sometimes disrupted operations. A consortium led by Zaire Gulf-Oil, as well as Zaire Pétrole (ZAIREP), are involved in the production; the latter company started operation in May 1979. Production of crude petroleum increased by 15 per cent in 1979, but fell by 13 per cent to 6.6 million barrels in 1980 due to technical difficulties; it is expected to decline by a further 2 per cent to 6.5 million barrels in 1981.

c. Manufacturing

The index of manufacturing production declined by 8 per cent in 1979 and by 2 per cent in 1980; the consumption goods component fell by 12 per cent in 1979 and by 1 per cent in 1980, while that of equipment goods remained unchanged in 1979 but fell by 3 per cent in 1981 (Appendix Table V). In 1980 only metal manufacturing attained a real value higher than that of 1975. The persistent decline in value added in manufacturing since 1975 has reflected extremely low capacity utilization rates (30 to 40 per cent during the 1979-80 period) in certain cases and deteriorated equipment in others. These factors have in turn been due mainly to shortages of spare parts, raw materials, and fuel, as the required foreign exchange has been lacking. Although certain incentives were dampened by the attempt at Zairianization and by price controls, a substantial improvement in the investment climate was achieved by the decision in late 1976 to return most enterprises to their former owners and by the recent liberalization and improved flexibility of the price control regime. In addition, on September 28, 1979 Zaire adopted a new Investment Code and created a new Investment Commission to implement the Code. The work of the Commission was to become more transparent and its decisions more rational and less political than before. The Zairian Enterprises Association (ANEZA) played an active role in drafting the new Code and in deciding on the nature and modus operandi of the new Commission. Under the new Code, enterprises may benefit from special incentives, including tax exemptions, if they satisfy certain criteria.

d. Other sectors

The other productive sectors of the economy have also shown the symptoms of foreign exchange shortage, with the attendant lack of raw materials, fuel, and spare parts, despite the benefits ensuing from public projects. Thus, in real terms, the value added in construction declined by 13 per cent in 1979 and stagnated in 1980, while that in electricity and water increased by 2 per cent in both years. After a 10 per cent decline in 1979, transportation and telecommunications recovered somewhat in 1980, registering a rise of 6 per cent. The value added in all these three sectors is expected to increase in 1981.

As to the service sectors, the value added in commerce rose marginally in both 1979 and 1980 and is expected to increase similarly in 1981. The value added in other services, including government services, fell by 4 per cent in 1979 and by 1 per cent in 1980, but is expected to recover in 1981 to just over its 1979 level.

2. Expenditure

Gross domestic expenditure increased by 103 per cent in 1979 and 51 per cent in 1980 (Table 2), but these increases reflected mainly price movements; real domestic expenditure rose by only 16 per cent in 1979 and by 17 per cent in 1980 (Appendix Table VI). As a proportion of GDP, consumption fell from 86 per cent in 1979 to 84 per cent in 1980 due to a sizable drop in the ratio of private consumption to GDP; government consumption relative to GDP rose from 17 per cent in 1979 to 20 per cent in 1980. As a result, there was an increase in domestic savings in relation to GDP, from 14 per cent in 1979 to 16 per cent in 1980. In real terms, the level of total consumption in 1980 was 17 per cent below that of 1975; private real consumption in 1980 was 35 per cent below its 1975 level, indicating a major deterioration of living standards, while reflecting the decline in output and the sharp rise in prices during the intervening period.

Gross fixed investment as a proportion of GDP declined by four percentage points to 13 per cent in 1979, but recovered somewhat to 16 per cent in 1980; these compare unfavorably with the ratio of 29 per cent in 1975. In view of the economic difficulties of Zaire since the mid-1970s, foreign capital inflows have declined drastically, while lack of needed foreign exchange for imported components has also proved an obstacle to some potential investment. Finally, although the deficit on goods and nonfactor services as a proportion of GDP rose from 4 per cent in 1979 to 5 per cent in 1980, it was significantly below the 19 per cent level of 1975.

Table 2. Zaire: Gross Domestic Product and Expenditure
at Current Prices, 1975-80

(In millions of zaires)

	1975	1976	1977	1978	1979	1980 1/
GDP	1,919.1	2,860.2	3,956.2	5,480.5	11,126.8	16,704.7
Gross domestic expenditure	2,285.0	3,386.1	5,137.3	5,712.6	11,602.0	17,463.3
Consumption	1,672.2	2,644.5	3,620.8	4,705.6	9,523.3	13,987.1
Private	(1,220.3)	(2,089.2)	(2,848.6)	(3,812.2)	(7,666.3)	(10,596.6)
Government	(451.9)	(555.3)	(772.2)	(893.4)	(1,857.0)	(3,390.5)
Gross fixed investment	547.5	655.8	1,371.6	950.2	1,425.6	2,633.8
Enterprises	(430.6)	(452.1)	(1,150.9)	(735.7)	(985.5)	(1,995.4)
Government	(116.9)	(203.7)	(220.7)	(214.5)	(440.1)	(638.4)
Change in stocks	65.3	85.8	114.9	56.8	653.1	842.4
Balance on goods and nonfactor services	-365.9	-525.9	-1,188.1	-232.1	-475.2	-758.6
Exports	(519.5)	(926.6)	(1,116.8)	(1,216.3)	(2,742.1)	(6,032.0)
Imports	(-885.4)	(-1,452.5)	(-2,304.9)	(-1,448.4)	(-3,217.3)	(-6,790.6)

Source: Data provided by the Zairian authorities.

1/ Provisional.

II. Prices, Wages, and Employment

1. Prices

As with many other countries with similar structures, the consumer price level in Zaire is greatly influenced by the rate of growth of domestic credit and/or net domestic assets of the banking system relative to real output growth, by the movements of prices of imported goods, and by exchange rate developments. In Zaire the quarterly average level of net domestic assets rose by 34 per cent in 1979 and by 19 per cent in 1980, while real output fell by about 3 per cent in 1979 and rose by 2.5 per cent in 1980. At the same time, export prices (expressed in U.S. dollars) of Zaire's trading partners rose by 18 per cent in 1979 and by 17 per cent in 1980. Furthermore, the average exchange rate of the zaire vis-à-vis the SDR declined by 53 per cent in 1979 and by 39 per cent in 1980. As a result of these developments, the consumer price index (CPI) for Kinshasa, which is used as the principal indicator of the rate of inflation, rose on average by 101 per cent in 1979 and by 47 per cent in 1980 (Table 3).

In both 1979 and 1980 the prices of foodstuffs, which account for about 61 per cent of the CPI, increased by less than the overall average, while the prices of the other elements of the index (housing, clothing, and miscellaneous items) rose by more; on average, the prices of foodstuffs increased by 97 per cent in 1979 and by 21 per cent in 1980. In 1981 the average level of the CPI is expected to rise by some 45 per cent.

Substantial increases were made in the minimum producer prices in 1979, as well as in 1980 (Table 4). For robusta coffee, the minimum producer price was raised almost fivefold in 1979 and was practically doubled in 1980, while for first quality cotton it was doubled in 1979 but left unchanged in 1980; sizable increases were also effected in the case of maize, manioc, palm fruit, and rice.

Table 3. Zaire: Consumer Price Index for Kinshasa, 1976-81 ^{1/}
(1975 = 100; period averages)

	General index (100 per cent)	Food (60.6 per cent)	Housing (17.1 per cent)	Clothing (9.5 per cent)	Miscellaneous (12.8 per cent)
1976					
March	149.0	165.1	124.3	110.3	99.4
June	175.4	187.3	149.1	140.4	180.3
September	199.8	215.5	178.5	171.3	172.6
December	216.9	232.4	190.1	195.8	196.7
Annual average	180.7	198.1	157.2	142.7	157.2
1977					
March	279.2	318.1	208.8	199.3	266.4
June	316.8	376.6	215.3	214.9	268.0
September	323.6	377.8	231.4	234.9	276.4
December	340.0	391.8	220.8	308.4	264.0
Annual average	305.4	350.5	216.8	229.7	273.0
1978					
March	379.0	542.9	253.3	305.6	256.6
June	413.2	490.1	270.9	364.7	270.8
September	489.9	574.6	321.0	423.3	339.4
December	656.4	821.9	376.8	476.7	313.7
Annual average	453.4	550.2	289.2	371.7	296.9
1979					
March	823.9	970.1	604.3	642.6	562.2
June	970.9	1,177.3	642.8	698.4	634.4
September	1,025.8	1,125.7	912.4	664.9	903.4
December	1,126.5	1,220.7	920.9	1,073.3	995.1
Annual average	912.7	1,082.9	731.8	769.5	707.4
1980					
March	1,206.0	1,176.2	1,502.7	974.4	1,122.2
June	1,371.2	1,368.6	1,575.3	1,099.1	1,312.8
September	1,417.6	1,330.7	1,713.2	1,477.7	1,389.3
December	1,425.8	1,358.0	1,569.7	1,650.3	1,387.5
Annual average	1,339.0	1,313.3	1,544.7	1,271.5	1,268.2
1981					
March	1,551.0	1,508.5	1,700.0	1,725.3	1,423.7
June	1,725.6	1,763.4	1,764.9	1,766.8	1,463.8
July	1,805.7	1,833.6	1,813.2	1,901.6	1,592.6

Source: Data provided by the Zairian authorities.

^{1/} Estimates of the National Institute of Statistics (INS), based on 169 articles.

Table 4. Zaire: Minimum Producer Prices, 1975-81

(In makuta per kilogram; end of period)

	1975	1976	1977	1978	1979	1980	1981 Sept.
Coffee <u>1/</u>							
Robusta	9	14	14	14	80	150	--
Arabica	17	32	32	32	100	200	--
Cotton							
First quality	10	20	20	45	90	90	115
Second quality	5	15	15	35	60	60	90
Maize	7	10	12	22	35	50	50
Manioc	2	10	10	22	35	50	50
Palm fruit <u>1/</u>	1	2	5	5	5	10	--
Rice, paddy (Uvira zone)	...	...	...	...	200	200	200
Rice, paddy (Other zones)	8	12	12	16	27	70	70

Source: Data provided by the Zairian authorities.

1/ The minimum producer price has been eliminated in 1981.

To improve price incentives in the economy, the Zairian authorities have liberalized substantially the domestic pricing system. Effective June 1, 1981, price controls at the ex-factory, wholesale, and retail levels were lifted on a wide range of goods and services. Thus, price controls now apply only to those goods and services considered of strategic importance, namely, palm oil, wheat flour, sugar, petroleum and pharmaceutical products, construction materials other than wood, water, electricity, and internal public transport. Even in these cases, controls are being administered flexibly, with requests for price increases being regarded as automatically approved if the Department of Economy and Industry does not react within 30 days. Effective June 1, 1981, minimum producer prices of coffee and

palm fruit were also eliminated; and the authorities made it clear that the few remaining ones are strictly floor prices above which all transactions between producers and buyers may be freely concluded.

Regarding petroleum prices, the policy has been to adjust them periodically to reflect developments in world oil prices and in the exchange rate, as well as to encourage domestic conservation. But these adjustments have not been effected promptly or consistently for the different petroleum products and have resulted in relative domestic prices that have been different from world relative prices. The aim has been to generate relatively high profits from those products (e.g., gasoline) demanded by the more well-to-do consumers, while minimizing profits on those products (e.g., kerosene) which are heavily utilized by low-income earners. Because of the financial constraints imposed by this policy on oil-distributing companies, the authorities have recently sought to modify the relative price structure of petroleum products. In keeping with the new policy, in July 1981 prices of gasoline were raised by 38 per cent, whereas those of kerosene and diesel fuel were increased by 79 per cent and 143 per cent, respectively (Table 5), compared with a devaluation of 67 per cent in local currency terms in June 1981.

Table 5. Zaire: Retail Prices of Petroleum Products, 1977-81

(In zaires per liter; end of period)

	1977	1978	1979		1980		1981
			Jan.	Sept.	Mar.	Oct.	July
Gasoline (regular)	0.49	0.51	1.37	2.50	4.00	4.00	5.50
Kerosene	0.14	0.14	0.20	0.70	1.20	1.40	2.50
Diesel fuel	0.17	0.17	0.24	0.71	1.00	1.15	2.80

Source: Data provided by the Zairian authorities.

2. Wages and employment

Following a number of adjustments, the minimum wage index increased by 34 per cent in 1979 and by 6 per cent in 1980 (Table 6), or at a much slower pace than the rate of inflation. In the public sector, a new salary scale was introduced on April 1, 1979 to compensate employees for some of the erosion of their real salaries due to past inflation. Consequently, the

average public sector salary index increased by 106 per cent in 1979 and by 16 per cent in 1980. In the private sector, nominal wages on average rose by 34 per cent in 1979 and by 36 per cent in 1980. In the case of GECAMINES, the average salary increased by 37 per cent in 1979 and tripled in 1980, reflecting mainly the indexation of expatriate salaries.

Table 6. Zaire: Nominal Wages in the Private and Public Sectors, 1975-80

(1975 = 100)

	1975	1976	1977	1978	1979	1980
Minimum wage	100.0	131.4	137.1	157.1	209.9	222.8
Public sector	100.0	127.9	133.4	155.7	320.3	371.5
Private sector	100.0	131.4	159.5	206.5	277.3	378.3
GECAMINES	100.0	150.9	186.5	240.8	328.8	986.5

Source: Data provided by the Zairian authorities.

Real wages and salaries have been declining steadily following the large inflation rates experienced in recent years. Thus, on average, real wages in the private sector declined by 33 per cent in 1979 and by 7 per cent in 1980; in the public sector, they rose by 2 per cent in 1979 and fell by 21 per cent in 1980.

Employment data in Zaire are readily available only for the government sector. These show that employment in the Government, excluding the military, rose by 7 per cent in 1979 and by a further 4 per cent in 1980 to some 405,000.

III. Economic Development Planning

1. The public investment program for 1979-81

In order to promote the revival of economic activity, the Zairian authorities launched in late 1978 a public investment program covering the three-year period 1979-81. This program, which was prepared with World Bank assistance, was an integral part of a broader plan of corrective

action, the Mobutu Plan, designed not only to improve economic conditions and management but also to promote financial adjustment. As revised and updated, the 1979-81 public investment program envisaged total outlays of Z 4.6 billion (at 1980 prices), 1/ of which 14 per cent was allocated to agriculture, 34 per cent to mining, 23 per cent to transportation, 22 per cent to energy and water, and the balance to health and education; the program was to be financed in almost equal shares by domestic and foreign resources.

Available data on the execution of the program indicate that, despite an improvement in the implementation rate in 1980, investment in 1979-80 amounted to somewhat less than Z 1.9 billion, or 40 per cent of the three-year total, compared with a target of 63 per cent. On a sectoral basis, the lowest rate of implementation was recorded in agriculture (19 per cent), while the highest was registered in mining (60 per cent). Implementation of the program was apparently constrained by the shortage of financial resources, the execution of certain ongoing projects outside of the program, and management deficiencies at the project level, notably in the agricultural sector. In light of this experience, in March 1981 the authorities adopted a new public investment program which covers the three years 1981-83.

2. The public investment program for 1981-83

This program, which was approved by presidential decree on April 2, 1981, aims essentially at reviving the economy and increasing exports by rehabilitating and strengthening the directly productive sectors as well as the supporting infrastructure facilities. In several respects, it carries forward the actions initiated during 1979-80. Unlike the 1979-81 program, however, the new program is more comprehensive, encompassing all ongoing and new development projects planned for execution by the Government and public enterprises. At the same time, the authorities have reaffirmed their commitment to encourage private investment, especially in agriculture and manufacturing, and they have taken appropriate actions to this end, including the liberalization of the domestic pricing system described earlier and the reorientation of the foreign exchange allocation system in favor of priority imports.

The new program provides for total public investment of Z 6.9 billion (at 1980 prices), of which almost 14 per cent is allocated to agriculture and related infrastructure, 34 per cent to mining, 20 per cent to transportation, and 16 per cent to the energy sector (including water supply), with the balance being devoted to social infrastructure and other services (Table 7). Of the total investment, which is to be carried out in roughly equal annual tranches, 21 per cent is expected to be financed through the

1/ Since June 19, 1981, when the zaire was devalued by 40 per cent in terms of the SDR, Z 1 = SDR 0.1575.

Table 7. Zaire: Public Investment Program by Sector, 1981-83

(In millions of zaires; at 1980 prices)

	1981	1982	1983	1981-83	
				Total	Per cent of total
Agriculture and related infrastructure	388.4	284.5	278.7	951.6	13.9
Agriculture per se	113.6	76.8	70.3	260.7	3.8
Agriculture	(79.8)	(48.1)	(49.6)	(177.5)	(2.6)
Livestock	(23.5)	(19.9)	(16.8)	(60.2)	(0.9)
Forestry	(10.3)	(8.8)	(3.9)	(23.0)	(0.3)
Infrastructure	274.8	207.7	208.4	690.9	10.1
Mining	718.3	846.0	801.4	2,365.7	34.4
GECAMINES	561.0	699.0	696.0	1,956.0	28.5
MIBA	89.5	57.2	25.5	172.2	2.5
Other	67.8	89.8	79.9	237.5	3.4
Transportation	521.2	509.6	351.2	1,382.0	20.1
Railways	309.3	277.3	192.0	778.6	11.3
Waterways	148.7	184.2	122.1	455.0	6.6
Aviation	61.0	42.6	29.5	133.1	2.0
Other	2.2	5.5	7.6	15.3	0.2
Electricity and water	467.1	431.3	195.5	1,093.9	15.9
Electricity	358.2	311.3	101.4	770.9	11.2
Water	108.9	120.0	94.1	323.0	4.7
Social services	69.6	131.5	104.2	305.3	4.4
Education	54.8	102.9	63.8	221.5	3.2
Health	14.8	28.6	40.4	83.8	1.2
Other	265.0	279.6	224.5	769.1	11.3
Of which: telecommunications	(144.8)	(131.8)	(122.1)	(398.7)	(5.8)
Total	2,429.6	2,482.5	1,955.5	6,867.6	100.0

Source: Présidence de la République, Commissariat Général au Plan, Plan Mobutu, Programme de Relance Economique 1981-83 (Mars 1981).

government budget, 14 per cent by internally generated resources of public enterprises, and 65 per cent by foreign aid. More than 42 per cent of the required external assistance has already been secured, leaving some Z 2.6 billion of financing to be found in the period ahead (Table 8).

Table 8. Zaire: Sources of Financing of the Public Investment Program, 1981-83

(In millions of zaires; at 1980 prices)

	Domestic			Foreign	Total
	Government budget	Public enterprises <u>1/</u>	Total domestic		
Agriculture and related infrastructure	215.5	--	215.5	736.1	951.6
Mining	53.8	518.5	572.3	1,793.4	2,365.7
Transportation	169.7	374.0	543.7	838.3	1,382.0
Electricity and water	268.5	63.0	331.5	762.4	1,093.9
Social services	257.4	16.3	273.7	31.6	305.3
Other	465.5	--	465.5	303.6	769.1
Total	1,430.4	971.8	2,402.2	4,465.4 <u>2/</u>	6,867.6
Per cent of total	20.8	14.2	35.0	65.0	100.0

Source: Présidence de la République, Commissariat Général au Plan, Plan Mobutu, Programme de Relance Economique 1981-83 (Mars 1981),

1/ Internally generated resources of public enterprises.

2/ Of which Z 1,899.0 million has already been secured.

In its assessment of this program, the World Bank staff has indicated that, overall, the program responds to Zaire's priorities. The program is considered to be more realistic than its predecessor in terms of its cost estimates, implementation schedule, and some of the financing components. While a large part of the required financing remains to be obtained, the prospects for its execution are more favorable than before because of the experience gained in recent years, the improvement in planning procedures,

and interdepartmental coordination, the measures already taken or envisaged to generate the necessary domestic resources and to accelerate external aid disbursements, and the fuller political support being accorded to the new program. Furthermore, the program is to be transformed into an annually rolling plan of action.

While endorsing the priorities of the program, the fifth meeting of the Consultative Group for Zaire, which was held under the aegis of the World Bank in Paris on June 23-25, 1981, welcomed the authorities' commitment to reviving private investment. In line with the World Bank's evaluation, the Group also concluded that the program could contribute measurably to the country's economic recovery, and hence was worthy of strong internal and external support.

a. Agriculture

The revitalization and development of the agricultural sector is essential for the revival of the Zairian economy and the improvement of the country's external payments position. Conscious of this, as well as of the crucial role of the private sector in agricultural development, the authorities have adopted a strategy centered mainly on creating an environment conducive to greater private initiative by improving institutional arrangements, alleviating transportation bottlenecks, providing farmers with essential imported inputs and adequate credit, and liberalizing the pricing system. In collaboration with private firms and religious institutions, steps have already been taken to improve extension services and organize small farmers in certain regions. This approach to agricultural development has been applied successfully in the cotton sector, where as already mentioned there has been an impressive growth in output.

In line with this strategy, the public investment program allocates only 4 per cent of the total financial resources to agriculture per se, including livestock and forestry. At the same time, it devotes 10 per cent of the total to related infrastructure, mainly for the maintenance and rehabilitation of roads and bridges as well as the purchase of transport equipment. Construction of new roads is limited, the only important one being the road linking Kisangani to Bukavu, which is designed to open up the Kivu region that has substantial agricultural potential. Most of the agricultural projects included in the program are ongoing, with their financing practically secured. These projects aim primarily at expanding production of foodstuffs as well as of raw materials for the local processing industries. In the area of food production, by far the most important project is the integrated Eastern Kasai Maize Project, whose objective is to raise maize yields per hectare from the current level of 0.8 tons to 3.5 tons by 1986, with financial assistance from IFAD, IDA, and ADB. There are also a number of other maize and rice projects that are being financed mostly from external sources. With respect to agricultural raw materials, the principal projects are designed to boost production of cotton, sugar, and palm oil. In addition, substantial counterpart funds

generated under foreign commodity assistance programs are now being used to finance the PAM; total outlays under this program, which amounted to Z 50 million in 1980, are projected to reach Z 85 million in 1981.

To resolve existing problems and map out a longer-term strategy, the Zairian authorities are in the process of completing, with World Bank assistance, a more comprehensive action plan for agriculture. It is as part of this plan that they are taking steps to reorganize and streamline the Department of Agriculture, improve interdepartmental coordination, and periodically review key agricultural issues, notably pricing, marketing, rural credit, the allocation of foreign exchange, and the role of the private sector. Policies and actions in these areas are expected to be reviewed in May 1982 by a subgroup on agriculture of the Consultative Group for Zaire.

b. Mining

While attempting to revitalize the agricultural sector, the authorities have decided to give urgent attention to the requirements of the principal mining companies, especially to the maintenance and rehabilitation of their productive capacity. Accordingly, the public investment program allocates Z 2.4 billion to the mining sector, more than four fifths of which is for GECAMINES.

The current objectives of GECAMINES' program are basically twofold: first, to maintain at least the current annual production levels of about 430,000 tons of copper and 15,000 tons of cobalt; and second, to restore productive capacity for copper and cobalt by 1983 to the 1974 levels of some 470,000 tons and 16,000 tons, respectively. Because of resource constraints, a further expansion of productive capacity has been temporarily deferred. To attain the above objectives, GECAMINES will place major emphasis on the full implementation of its rehabilitation program, particularly the replacement of equipment, the modernization of several plants as well as supporting infrastructure, and the replenishment of stocks of spare parts and other essential materials. Since this program requires substantial external financing, the authorities have recently concluded a loan agreement with the French Caisse Centrale de Coopération Economique (for F 100 million) to meet the company's most urgent needs; negotiations with a consortium of private banks (for US\$130 million) were not successful and alternative sources of financing are being considered. The Government and GECAMINES have also requested the World Bank to help mobilize an additional US\$160 million to finance the company's rehabilitation program. In view of GECAMINES' key role in the economy, the authorities are considering ways and means of strengthening the company's financial structure over the medium term. It is also expected that the operations of SOZACOM, which has such a crucial role in the marketing of the country's principal exports, will be improved in the near future following implementation of recommendations expected to be made by a foreign consulting firm.

As to the diamond industry, the fundamental objective is rehabilitation and improvement of capacity to avoid a sharp drop in output. Present plans call for maintaining the annual output of MIBA at 5.5-6.0 million carats through 1984 and raising it to 7.5 million carats by 1985 through the construction of a kimberlite plant and a dredging project, to be financed mainly from external resources. The public investment program also aims at expanding significantly output of other minerals, especially gold and tin.

c. Transportation

The deterioration of the transportation network, mainly because of the lack of maintenance and the obsolescence of equipment, has greatly constrained past development efforts. To redress the situation, especially of the Voie Nationale, the authorities have already taken substantial measures to improve the organization, management, and financial structure of the major public transport organizations. Moreover, the public investment program, which devotes Z 1.4 billion to the transportation sector, gives high priority to maintenance and rehabilitation of the existing network as well as to the provision of essential spare parts and new equipment. With regard to the railways, the program aims at improving both the Shaba-Ilebo stretch and the Kinshasa-Matadi section by reinforcing the tracks and overhauling and renewing the rolling stock. The program also comprises several major projects to facilitate river navigation and to improve infrastructure at the ports of Matadi, Kinshasa, and Ilebo to enable them to accommodate container traffic, thereby reducing transshipment delays. On the whole, these projects, which are expected to be financed largely from external sources, including the World Bank, involve limited increases in capacity. If implemented according to schedule, they should contribute toward easing existing bottlenecks, thus facilitating not only domestic trade but also the flow of exports and imports.

d. Energy

In the field of energy, the basic policy objective remains the development of the country's large hydroelectric resources, with a view to reducing dependency on oil products. Thus, the public investment program provides for the completion by late 1982 of the Inga-Shaba hydroelectric complex, to which substantial resources have been allocated since 1974. The program also gives priority to the rehabilitation of the Shaba network, the restructuring and upgrading of the Kinshasa network, and the construction of the Katana-Goma transmission line.

IV. Public Finance

The public sector in Zaire comprises the Central Government, the regions, incorporated cities, decentralized agencies, and public enterprises. The regions have no financial autonomy. By contrast, the incorporated cities can impose certain taxes and establish their own budgets provided they are not in deficit; any deficits of the cities have to be approved and covered by the Central Government. The decentralized agencies, which include the Road Fund, hospitals, medical supply stores, research organizations, and the customs administration, are financially autonomous in the sense that their detailed budgets are not under the control of Parliament. However, few of them have resources of their own, and the Central Government's budget sets the overall limits to the subsidies they receive. Public enterprises receive some budgetary subsidies, but on balance they have recently been contributing more to the government budget in the form of profit remittances.

The Central Government's budget covers the operating expenditures of the Government and the regions; subsidies to the cities, decentralized agencies, and public enterprises; and interest and amortization in respect of the Government's foreign and domestic debt. In addition, the budget covers the Government's own contribution to development projects; all foreign-financed outlays, whether for technical assistance, purchase of equipment, or development projects, are outside the budget. The resources of the budget consist of tax and nontax revenue, but exclude foreign grants and the proceeds of foreign loans. The tables in this report on budgetary operations are obtained from the Treasury accounts kept with the Bank of Zaire (the Central Bank); as such they cover all budgetary operations, as well as certain transactions financed by foreign grants. The table on overall government operations (Appendix Table VII) reflects not only budgetary operations but also government expenditures financed by foreign loans and grants, data for which had to be estimated in part.

1. Developments in overall government operations

The fiscal accounts for 1979 and 1980 show a considerable improvement by almost any standard, but available returns for 1981 reflect a deterioration of the situation.

The overall deficit on government operations fell from 11.1 per cent of GDP in 1978 to 4.2 per cent in 1979 and further to 0.9 per cent in 1980 (Table 9). Net bank borrowing by the Government in the last two years was reduced in nominal terms, and hence as a per cent of the money stock. As a ratio of broad money at the beginning of the period, such borrowing declined from an average of 40 per cent between 1975 and 1978 to 26 per cent in 1979 and to 13 per cent in 1980. Government expenditure fell relative to GDP in 1979, but it increased again in 1980 despite a substantial reduction in the rate of increase. Meanwhile, government revenue improved consistently as a percentage of GDP.

Table 9. Zaire: Overall Government Operations, 1975-81

(In per cent of GDP)

	1975	1976	1977	1978	1979	1980	1981 <u>1/</u>
Revenue	24.9	19.5	20.5	16.5	19.3	25.1	22.2
Budget revenue	(22.0)	(16.6)	(16.9)	(13.3)	(17.3)	(22.4)	(19.3)
Expenditure	36.8	34.1	30.1	27.5	23.5	25.9	25.2
Budget expenditure	(30.0)	(27.2)	(22.6)	(23.0)	(20.7)	(22.2)	(21.0)
Overall deficit (-)	-11.8	-14.6	-9.6	-11.1	-4.2	-0.9	-3.0
Budget deficit (-)	(-8.0)	(-10.6)	(-5.7)	(-9.6)	(-3.3)	(0.2)	(-1.7)

Sources: Appendix Tables I, VII, and VIII; and data provided by the Zairian authorities.

1/ Projected.

Projections for 1981, based on actual developments through June, indicate a weakening of the situation. The overall government deficit is likely to increase to 3 per cent of GDP; and net bank borrowing by the Government could amount to Z 1,000 million, or the equivalent of 30 per cent of the money stock at the beginning of the year. Total expenditure is projected to remain about constant relative to GDP, but a reduction in the ratio of revenue to GDP is expected to occur.

The changes in the fiscal accounts in the last few years reflect the implementation of policy measures aimed at stabilizing the economy as well as exogenous developments which generally had a positive impact. The measures taken, together with the impact of the other factors, improved the budgetary situation, although the desired targets were not always met. Thus, in 1979, even though there was a substantial improvement, government bank borrowing exceeded the ceilings under the authorities' stabilization program. The performance in 1980 was better in this respect, as the ceilings on government bank borrowing were consistently met and by substantial margins. The ceilings on such borrowing were set higher in 1981, chiefly because of anticipated difficulties on the revenue side; they were observed in June, but there is a possibility that they may be exceeded in the second half of the year.

The direction of fiscal policy had been a matter of design necessitated by the need to reduce inflation and improve the balance of payments

situation. The balance of payments problem stems in large part from the heavy burden of the foreign public debt and is reflected in the fiscal accounts by substantial increases in interest and amortization payments. Taking into account the increase in foreign debt arrears and the rescheduling of debt service payments over the last few years, one obtains a more comprehensive picture of the debt burden both for the budget and the balance of payments, and hence of the need to reduce the deficit on government operations in order to limit demand for imports. If all debt service payments had been made in full, the overall government deficit would still have been reduced in relation to GDP, but bank borrowing would have increased relative to the money stock.

The policy measures taken to improve the fiscal accounts were perhaps more heavily concentrated on revenue than on expenditure, judging both by the original plans and the results. In 1980 various indirect taxes were increased, but their effect was compensated by reductions in income taxes for individuals. The latter, however, enabled the Government to postpone general salary increases for its employees. Much more important for the developments in 1980 were measures to strengthen tax administration, especially relating to import and export taxes. A new Customs and Excise Office (OFIDA) was established with assistance from Belgium, and the introduction of improved procedures resulted in a substantial increase in receipts not only in nominal terms but, more importantly, also relative to imports and exports (Table 10). On the expenditure side, the Government was successful in limiting the number of employees throughout the administration, with the notable exception of primary and secondary education. During the first half of 1981 the Government enacted various tax changes that would by themselves have increased revenue by about 12 per cent. In addition, measures were taken to strengthen control over expenditure which, after some initial success, however, proved to be somewhat disappointing. While the hiring freeze was again effective, outlays for primary and secondary education, the Presidency and Political Institutions (dotations), and defense appeared to be more difficult to control.

The improvements registered in the fiscal accounts were, apart from changes in policy, also due to favorable economic developments that had an impact on revenue. Both imports and exports, which are important tax bases, increased substantially in local currency terms, especially in 1979 and 1980. The increase in total imports and exports exceeded the rise in GDP in both years, reflecting price and volume changes as well as the effect of successive devaluations. By contrast, however, economic developments in 1981 are the cause of the relative slowdown in revenue growth and of the increase in the overall deficit, notwithstanding the positive effect of the revenue and expenditure measures that were implemented. A weakening of the copper and cobalt markets is having a negative influence on GECAMINES' contribution to the budget. Furthermore, there appear to be bottlenecks in the supply of imports which affect collections from import duties, as well as from taxes on domestic production. Nevertheless,

Table 10. Zaire: Indicators of Performance of Budgetary Revenue, 1975-80

(In per cent)

	1975	1976	1977	1978	1979	1980
	<u>(Annual percentage change)</u>					
Income taxes	25.9	35.3	56.8	29.2	102.1	21.0
Payroll tax	-56.2	42.9	340.0	259.0	133.5	88.3
Taxes on goods and services	11.8	19.4	74.2	21.7	93.7	142.1
Import duties	-6.1	10.0	-3.5	24.1	136.4	124.2
Export duties	91.9	71.2	82.2	-25.0	-4.3	711.7
GECAMINES	46.8	1.2	11.0	-22.6	584.8	34.9
Other revenue	35.6	-38.0	130.2	-3.4	37.9	412.1
Total	-19.2	12.5	40.5	9.3	164.0	93.7
	<u>(Revenue as per cent of tax base)</u>					
Income taxes/GDP I	6.3	5.7	6.5	6.3	6.8	5.5
Taxes on goods and services/GDP I	3.8	3.0	3.8	3.5	3.6	5.8
Import duties/Imports, f.o.b.	16.8	8.9	9.3	14.4	14.5	19.4
Export duties/Exports I	17.0	16.5	15.6	7.9	4.1	18.5
GECAMINES/Exports II	43.2	21.5	27.6	17.3	38.8	31.2
Other revenue/GDP I	3.2	1.4	2.3	2.0	1.7	4.5
Total/GDP	25.2	19.4	20.3	16.5	21.7	28.0

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

Notes: GDP = Commercialized GDP.
 GDP I = Commercialized GDP minus value added in the mining sector.
 Exports I = Exports, f.o.b., excluding exports by GECAMINES.
 Exports II = Exports by GECAMINES.

the discrepancy that is expected between targets and results of government operations for 1981 does not only stem from adverse economic developments; efforts to improve budgetary controls seem to be weakening, while extra-budgetary operations are also adversely affecting the Government's financial position.

Although the ceilings on government borrowing were met during 1980 and the first half of 1981, there is considerable pressure on expenditures stemming in part from the fact that outlays have been cut in real terms during the past five years. These pressures come to light especially in the monthly spending pattern of the last two years (Appendix Table IX). Expenditures appear to have a tendency to increase early in each quarter, followed by substantial cutbacks in the last month of each quarter when the ceiling on government borrowing applies. While the overall targets on government expenditure and the ceilings on government borrowing are met despite these fluctuations, considerable uncertainty is created in the execution of the budget. In addition, arrears in payments to the private sector are becoming a problem, and, although the available information suggests that the arrears accumulated toward the end of each quarter are paid off in subsequent months, the Government is burdening itself with a serious management problem.

2. Budgetary revenue

Budgetary revenue in both 1979 and 1980 increased at a higher rate than GDP, rising from 13.3 per cent of GDP in 1978 to 22.4 per cent in 1980. However, a reduction in this ratio is expected in 1981.

These developments reflect in large part underlying changes in the major economic variables that are representative of the tax bases; they also reflect improvements in tax administration and changes in tax rates. In 1979, when nominal GDP rose by 103 per cent, imports measured in zaires increased by 133 per cent and import duties rose by about the same percentage (Appendix Table X) as the average duty rate remained constant. In the same year, GECAMINES' contribution to the budget, coming from a low level in 1978, increased almost sevenfold (Appendix Table XI), owing to a substantial expansion in its exports and the postponement of some of the company's investment outlays. Taxes on exports other than from GECAMINES fell somewhat, despite a considerable increase in the value of the related exports, because of changes in the coffee tax. Other taxes, notably on net income and profits and on goods and services, increased about in line with GDP.

In 1980, while GDP rose by 50 per cent, imports increased by 67 per cent; this resulted from the devaluation in February 1980 and from improvements in customs administration following the establishment of OFIDA. One of the measures implemented by the new customs office was the application of the existing tax system to goods imported without purchase of foreign exchange from the domestic banking system; previously, these goods were

smuggled in because of weaknesses in surveillance, thus escaping the imposition of taxes. GECAMINES' exports also increased faster than GDP; but GECAMINES' contribution to the budget, while still increasing in nominal terms, fell relative to its export earnings because of the increased tax relief granted to the company to carry out its rehabilitation program. Revenue from other export duties increased at a surprisingly high rate, partly due to the fact that the underlying growth in exports exceeded the rise in GDP; it is possible, however, that part of the receipts under this category should have been classified elsewhere. Income tax revenue grew at a relatively low rate, partly because of tax relief offered to individuals as a compensation for inflation; also, various companies experienced production bottlenecks due to shortages of imported raw materials and spare parts. By contrast, revenue from taxes on goods and services rose relative to GDP because of an increase in the rate of the turnover tax and increases in a number of excise taxes.

Available returns for 1981 reveal a substantial slowdown in the growth rate of total revenue, despite the enactment of several revenue-raising measures. Principal among these measures was the increase in the rates of specific import duties to take account of past inflation and to prevent underinvoicing. In addition, the taxation of imports financed without purchase of foreign exchange from the domestic banking system was to continue, accounting for an additional increase in projected revenue. However, the collections from import duties in the period January-June 1981 showed no increase compared with those in the corresponding period of 1980, and although receipts are expected to pick up somewhat in the second half of the year following the devaluation in June 1981, they are likely to remain substantially below expectations mainly because of the underlying difficult import situation. Receipts from taxes on goods and services were likewise somewhat disappointing in the same period, even though the rates of the internal turnover tax were raised in April. The excise taxes on cigarettes and beer were raised in June, but this may not result in a rebound of receipts during the second half of the year because of difficulties in production. The contribution of GECAMINES to the budget was also rather small during the period January-June 1981, and for the year as a whole it is likely to be about 55 per cent of the amount paid in 1980. This is due not only to the marked reductions in export prices for copper and cobalt but also to compensations that have been granted for certain outlays that were paid for by GECAMINES on behalf of the Government. Income taxes is the only category that showed a considerable increase in January-June 1981, but this is due more to a shift in the seasonal pattern of payments than to an exceptionally strong performance in 1981. All in all, the indications are that, despite the increase in tax rates, total budgetary revenue in 1981 will fall short of the initial projections.

3. Budgetary expenditure

Total government expenditure and domestic expenditure of the budget have been on a downward trend relative to GDP up to 1980, when they

increased again by about 2-3 percentage points. This downward trend was a major reason for the improvement in government finances in 1979. However, although the upturn in 1980 could easily be accommodated because of an even more rapid increase in revenue, it brought expenditure to a high level that was difficult to compress when the growth in revenue began to taper off in 1981. Thus, the available accounts for 1981 show a widening deficit relative to GDP, even though the expenditure to GDP ratio is expected to be about constant.

Looking at the year-to-year changes in budgetary expenditure (Table 11), the policy of restraint appears to be of a more recent origin and has been maintained consistently in the last two years. The growth rate in expenditures increased sharply in 1978 and 1979, but it was reduced substantially in 1980 and is likely to be reduced even more in 1981. The reduction in the growth rate was most pronounced in wages and salaries and in transfers and subsidies which together make up more than half of budgetary expenditure. By contrast, interest payments almost doubled in 1980 and are likely to grow faster than total expenditure in 1981. Other outlays, which include the dotations of the Presidency and the Political Institutions and the operating expenditures of ministries, are on a relatively high growth path (Appendix Table XII).

Table 11. Zaire: Annual Changes in Budgetary Expenditure, 1975-80

(In per cent)

	1975	1976	1977	1978	1979	1980
Wages and salaries	15.0	35.1	33.4	44.5	80.8	51.2
Interest	8.0	137.8	27.8	14.0	76.5	92.0
Transfers and subsidies	26.0	49.6	-8.8	33.7	103.2	24.5
Capital expenditure	-67.4	54.9	-20.0	11.5	13.4	91.0
Other expenditure	-6.8	1.9	11.7	65.3	105.7	70.8
Total	-19.7	35.0	14.7	41.0	82.7	61.0

Source: Appendix Table XII.

While these trends reveal some of the successes obtained in the past as well as some of the remaining problems, a more disaggregated analysis is necessary to identify more fully the underlying factors. About one half of the increase in the wage bill in 1980 (which equaled 51 per cent) resulted from a reclassification of the salaries of decentralized agencies and the Presidency and the Political Institutions. The remaining half of the increase was due to substantial retroactive salary payments, adjustments in fringe benefits, and increases in the number of personnel employed in primary and secondary education. There was no general salary increase in 1980, as wage-earners were partly compensated for inflation through tax relief; and the number of government employees, other than in education, fell as a result of the enforcement of a hiring freeze. The increase of about 42 per cent in the wage bill that is likely to occur in 1981 stems primarily from general salary increases and expansion in the number of employees in primary and secondary education. Salaries for all government employees were increased by 15 per cent in January 1981, and salaries for employees below the rank of director were raised by a further 15 per cent effective August 1981, a measure aimed at providing some compensation for the effect of the devaluation of June 1981.

The number of employees in primary and secondary education rose by about 15,000 in the first three months of 1981, or by more than half the total increase in 1980. On the conviction that a large number of employees in this sector were not legitimately employed, the Government decided in March 1981 to limit spending on salaries for education by introducing cash ceilings on salary payments to each religious congregation in each region. The ceilings were set equal to the actual payments made in December 1980, and the regional authorities were instructed to pay only those legitimately employed. These measures proved successful through September 1981 in limiting salary payments in this sector. However, in most regions no proper accounts were kept of the actual salary payments made, and the absence of appropriate personnel files made it impossible to establish whether the employees had been hired in accordance with the existing regulations. In addition, in the absence of central control over hiring, the Government was faced with the fait accompli of an addition of 5,000 new teachers to the payroll. These problems came to a head in September 1981, and the Government felt obliged to make retroactive salary payments for the period during which the cash limits had been applied and to expand the payroll with the newly hired staff. As a result, it is now expected that the wage bill for primary and secondary education will increase by some 40 per cent during 1981.

Meanwhile, the hiring freeze for employees other than in education has remained in effect, and control procedures have been introduced to verify employment records against the pay lists. These have led to the elimination of 12,000 names from the pay list, as some had never been employed, while others had passed the retirement age. As a result, the Government's wage bill, including pensions but excluding primary and secondary education, is likely to increase by only 24 per cent in 1981.

In March-April 1981 the Government also introduced a number of other measures to reduce expenditure, relating most importantly to travel expenses, subsidies to decentralized agencies, dotations of the Presidency and the Political Institutions, and outlays for defense. Indications are that travel expenses have been cut effectively, but it is expected to take more time to realize the envisaged savings in the other expenditure categories. The available information suggests in particular that dotations and defense expenditure have been growing more rapidly than planned.

V. Money and Banking

Financial institutions in Zaire comprise the Bank of Zaire (the Central Bank), nine commercial banks, the Postal Checking System, and eight other financial intermediaries. As of June 30, 1981, the four largest commercial banks held 88 per cent of the subscribed capital and 87 per cent of the deposits of the commercial banking system as a whole. Among the nonbank financial institutions, by far the most important is the development bank (SOFIDE).

1. Instruments of monetary and credit policy

In conducting monetary and credit policy, the Bank of Zaire generally relies on global and selective credit ceilings, prior approval of all credit not subject to ceilings, reserve requirements, direct controls on bank interest rates, and the rediscount tool. By far the most important instrument is the global and selective ceilings on most short-term credit that are set for the whole banking system, in the first instance, and then for each of the nine commercial banks. Since 1977 these ceilings have been set quarterly, and the allocations per bank depend on their deposit and capital resources; before 1977 the ceilings were set on a half-yearly basis. For each bank, the global ceiling is subdivided into a freely usable (plafond libre) and a regulated one (plafond règlementé). For the latter, which normally covers over 90 per cent of credit subject to the ceilings, the total for each bank is divided into credit for agricultural production, other domestic production, distribution, and transport. The Bank of Zaire induces compliance with its ceilings through penalty rates that, in the case of the plafond règlementé, vary positively with the percentage of excess credit over the ceiling as well as with the length of time during which any excess has continued. The penalty rates also differ between categories of credit; they tend to be lowest for agricultural production. In addition, access to the rediscount facilities of the Central Bank can be suspended for violations. An excess in the case of the plafond règlementé may be compensated for by underutilization of the plafond libre. In the case of the plafond libre, excesses are always penalized.

Within the aggregate credit program established by the Bank of Zaire, normally almost two thirds is subject to the credit ceilings (plafond libre)

plus plafond règlementé). The remainder is reserved for credit outside the ceilings (hors plafonds). Credit hors plafonds is for (a) financing of foodstuffs (mainly purchases from producers); (b) cotton production; (c) GECAMINES; and (d) medium- and long-term "productive" investment. Such credit is granted only after prior approval, on a case-by-case basis, by the Bank of Zaire; generally, even though the individual amounts may be sizable, the number of loans involved is not large. For 1981, the global expansion of credit to the private sector was set at Z 475 million. Of this total, credit under the plafond règlementé was fixed at Z 260.7 million. Of the remainder, Z 90.1 million was for foodstuffs, Z 67.9 million for medium- and long-term credit, Z 20.0 million for GECAMINES, and Z 19.6 million for cotton.

The rediscount tool is used to reinforce the selective credit controls primarily by defining the assets that can be rediscounted as well as by setting, usually on a half-yearly basis, rediscount ceilings (plafonds au refinancement) for the nine commercial banks as a group and for each bank. The four largest commercial banks normally are entitled to some 90 per cent of the permitted amount under the plafonds au refinancement. The Bank of Zaire also imposes a minimum reserve requirement which, since January 1, 1979, has been fixed at 25 per cent of demand deposits for each commercial bank. Up to one third of the amount required can be in the form of Treasury bonds (bons du Trésor), while at least two thirds must be in the form of bankers' deposits at the Bank of Zaire. The Bank penalizes violations in this area through interest rate charges or through blocking a bank's access to rediscount facilities.

Although commercial banks have been free to set their commissions generally in the range of 0.25-2 per cent), the Bank of Zaire has regulated interest rates on both deposits and loans and advances (Appendix Table XIII). In recent years, however, the Bank has shown an increasing flexibility in this area by allowing commercial banks to set some rates freely, and by adjusting others more often than before, in the light of changing circumstances. Thus, on March 10, 1980 the Bank of Zaire modified most interest rates on deposits, while leaving interest rates charged on loans unchanged. Specifically, commercial bank interest rates were raised for deposits of 6-24 months, and those for longer-term deposits were permitted to be set freely. Subsequently, effective April 1, 1981 the Bank modified interest rates on deposits as well as on loans. The rates paid by commercial banks on time deposits of 3-24 months were increased by 3-5 percentage points to 8-30 per cent per annum; the rates on deposits of over 24 months were left freely negotiable. Concurrently, the rates that commercial banks are allowed to charge for a number of their loan categories were permitted to be set freely. The basic rediscount rate of the Bank of Zaire was also raised, on April 1, 1981, by 3 percentage points to 15 per cent per annum, and similar increases were made in the Bank's other lending rates.

2. Monetary and credit developments

On an end-year basis, the stock of money and quasi-money (broad money) rose by 12 per cent in 1979 and by 62 per cent in 1980 (Table 12). The monetary expansion was limited in 1979 owing to a demonetization operation, or currency reform, which was effected in the last week of the year; in that week the existing bank notes of Z 5 and Z 10 denominations were taken out of circulation and new notes were exchanged for approximately one third of the total. By this process, the stock of bank notes in circulation was reduced by Z 718.2 million during the last week of December 1979. Currency in circulation thus declined by 29 per cent in 1979, but then rose by 172 per cent in 1980. Demand deposits increased by 44 per cent in 1979 and by 26 per cent in 1980, while time and savings deposits, after rising by 45 per cent in 1979, declined by 1 per cent in 1980. Similarly, on the credit side, the net domestic assets of the banking system rose by only 6 per cent in 1979, but by 46 per cent in 1980. Consequently, the ratio of currency in circulation to broad money rose from 27 per cent at end-1979 to 46 per cent at end-1980, whereas the ratio of net domestic assets to broad money actually declined from 112 per cent at end-1979 to 100 per cent at end-1980.

Net claims of the banking system on the Government continued to influence strongly the evolution of both broad money (through currency in circulation) and net domestic assets. Thus, although following the demonetization process at end-1979 the ratio of net claims on Government to broad money of 99 per cent was unusually high, the ratio was still 69 per cent at end-1980. Bank credit to the Government expanded by twice the rate of credit to the private sector in both 1979 and 1980.

The currency reform was designed to replace the old 5 and 10 zaire bank notes with new ones, on a one-to-one basis, in amounts of up to Z 3,000 for individuals, Z 5,000 for small- and medium-sized firms, and Z 20,000 for large companies. Whereas individuals could keep the amounts exchanged in cash, enterprises were required to deposit 50 per cent of the amounts exchanged with the banking system. A host of practical problems ensued in carrying out the reform, with the result that the operation that was expected to last for only one week in December 1979 will remain incomplete through 1981. In particular, the amount of new bank notes printed proved initially to be highly insufficient; and the limited banking facilities, combined with serious transportation constraints, complicated the exchange throughout the country. The currency reform, being unanticipated, had adverse effects on the productive sectors of the economy, especially agriculture and other activities in rural areas which depend heavily on cash payments. In 1980 an additional Z 200 million of old for new notes were exchanged.

Credit to the private sector rose by 37 per cent in 1979 and by 15 per cent in 1980. Given the currency reform and the slow pace of the remonetization process, there was a severe liquidity squeeze in early 1980, causing substantial economic dislocations. During the first three

Table 12. Zaïre: Monetary Survey, 1978-81

(In millions of zaires; end of period)

	1978		1979		1980			1981		
	Dec.		Dec.		Mar.	June	Sept.	Dec.	Mar.	June
Net foreign assets (broad)	-954.4		-1,046.4		-1,205.3	-1,201.1	-1,241.3	-1,272.4	-1,453.2	-2,555.9
Net foreign assets (narrow)	64.4		259.8		575.0	488.7	508.9	464.6	188.2	118.4
Foreign assets	(532.0)		(872.0)		(1,393.9)	(1,301.9)	(1,412.6)	(1,578.7)	(1,348.3)	(2,458.9)
Foreign liabilities	(467.6)		(612.2)		(818.9)	(813.2)	(903.7)	(1,114.1)	(1,160.1)	(2,340.5)
Foreign currency deposits	-45.2		-60.3		-88.5	-90.9	-155.9	-146.5	-82.2	-149.9
Provision for external arrears other than on public debt service payments	-973.6		-1,245.9		-1,691.8	-1,598.9	-1,594.3	-1,590.5	-1,559.2	-2,524.4
Net domestic assets	2,204.6		2,330.3		2,654.0	2,856.1	3,258.1	3,380.5	4,054.1	4,242.1
Net claims on Government	1,578.3		2,062.2		2,012.5	2,060.4	2,284.3	2,329.4	2,924.3	2,906.7
Credit to enterprises and households	641.0		878.7		988.2	999.2	1,139.8	1,014.3	1,178.3	1,227.6
Other net domestic assets	-14.7		-610.6		-346.7	-203.5	-166.0	36.8	-48.5	107.8
Money and quasi-money	1,854.5		2,084.9		2,488.6	2,770.4	3,210.1	3,367.3	3,904.8	4,024.0
Revaluation gains and losses	-682.7		-947.7		-1,309.6	-1,385.1	-1,463.0	-1,528.9	-1,632.7	-2,885.8
SDR allocation counterpart	78.4		146.7		269.7	269.7	269.7	269.7	328.8	548.0

Source: Data provided by the Zaïrian authorities.

quarters of that year the Bank of Zaire expanded its rediscount facilities in order to ease the liquidity situation; this enabled commercial banks to increase their lending significantly, particularly to the coffee sector and, during the first half of the year, to Zaire-SEP, the company that had the monopoly for the import and wholesale distribution of oil products. But in an attempt to ensure observance of the ceiling on net domestic assets for end-December 1980 established under their stabilization program, the authorities took measures to restrain credit in the last quarter of the year, including reducing rediscount facilities and encouraging commercial banks to call in outstanding loans. As a result, commercial bank borrowing from the Bank of Zaire, which had risen from Z 17.9 million at end-December 1979 to Z 197.7 million at end-September 1980, fell to Z 128.4 million by end-1980 (Appendix Tables XIV and XV).

Throughout 1979 and 1980 credit to the private sector continued to be dominated by agriculture, commerce, and manufacturing (Table 13). On the basis of end-year data, the share of private sector credit going to these sectors averaged 35 per cent, 27 per cent, and 17 per cent, respectively, in 1979-80; but whereas the share of agriculture increased from 30 per cent at the beginning of 1979 to 39 per cent at end-1980, over the same period the share of commerce declined from 32 per cent to 25 per cent and that of manufacturing remained unchanged at 16 per cent.

In agriculture, an important element has been the amount of credit allocated to the coffee sector. Such credit rose markedly in 1980, going from Z 207 million at end-December 1979 to Z 428 million (equivalent to 34 per cent of bank credit to enterprises and households) at end-August 1980 before declining in absolute terms, in line with other credit, to Z 361 million (or 36 per cent of bank credit to enterprises and households) at end-December 1980. Several factors have militated against the reduction of the share of the coffee sector in total credit to the private sector. These have included the adverse effect of the currency reform, which hit coffee producers and traders particularly hard; transport difficulties in evacuating the crop to external markets; falling world prices for coffee; and the fact that the commercial banks find it especially profitable to deal with coffee exporters who are permitted to retain 10-20 per cent of their foreign exchange earnings.

In commerce, credit to Zaire-SEP rose markedly in the first nine months of 1980, from only Z 3 million at end-December 1979 to Z 91 million at end-September 1980; but it then declined sharply to Z 1 million at end-December 1980 following an adjustment of retail prices of certain petroleum products.

Between end-December 1980 and end-June 1981 broad money increased at an annual rate of 39 per cent, with currency in circulation rising by 52 per cent and demand deposits by 20 per cent; time and savings deposits declined by 14 per cent, reflecting the generally restrictive stance of credit policy vis-à-vis the private sector. Credit to the Government

Table 13. Zaire: Distribution of Commercial Bank Credit to Enterprises and Households by Principal Economic Sectors, 1975-81

(In millions of zaires; end of period)

	1975		1976		1977		1978		1979			1980			1981		
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec. 1/	June 1/
Agriculture 2/	58.6	90.1	148.5	194.6	207.8	223.0	245.3	275.7	332.3	357.9	437.5	397.4	454.8	483.5			
Mining	2.9	7.8	30.3	26.7	19.0	27.1	38.1	30.9	19.8	23.7	27.6	35.8	36.9	34.7			
Manufacturing	78.5	78.4	97.1	104.9	131.5	135.7	142.8	163.8	155.8	175.8	170.5	165.2	186.4	201.2			
Construction	5.1	5.3	4.8	9.6	12.4	15.0	18.8	18.2	20.7	19.7	31.4	22.7	31.3	29.7			
Electricity and water	0.1	0.8	0.8	3.4	0.7	0.9	4.8	7.3	9.5	4.9	2.9	1.7	3.9	5.9			
Transportation and tele-communications	24.0	25.2	22.4	36.6	39.1	47.7	45.6	50.5	49.0	38.1	39.6	29.5	28.7	33.2			
Commerce	83.7	128.4	165.1	202.7	214.2	241.2	249.3	261.0	310.4	283.8	352.9	283.2	313.6	316.9			
Services	15.3	16.9	18.3	24.8	25.2	27.5	34.8	25.5	36.8	42.4	33.9	30.1	28.7	24.1			
Other 3/	51.2	32.8	49.7	37.7	48.0	31.6	32.5	45.8	53.9	52.9	43.5	48.7	94.0	98.4			
Total	319.4	385.7	537.0	641.0	697.9	749.7	812.0	878.7	988.2	999.2	1,139.8	1,014.3	1,178.3	1,227.6			

Source: Data provided by the Zairian authorities.

1/ Provisional.

2/ Includes animal husbandry, fishing, and forestry.

3/ Includes households.

continued to dominate the growth of net domestic assets; of the Z 862 million increase in net domestic assets during this period, Z 577 million was on behalf of the Government (Table 12). In addition, Z 33 million more old notes were exchanged for new ones, reducing the net amount of currency demonetized from a total of Z 518 million at end-1980 to Z 485 million at end-June 1981. Agricultural credit continued to expand relative to total private sector credit, and its share thus rose to 39 per cent, while the share of credit to commerce rose slightly to 26 per cent and that of manufacturing remained virtually unchanged. Credit to the coffee sector increased only marginally so that its share in total private sector credit declined to 30 per cent; this followed a tacit agreement among commercial banks to restrict the financing of coffee during the harvesting season in 1981 to a maximum of Z 4.50 per kilogram, compared with Z 6.00-6.50 per kilogram in 1980. Credit to Zaire-SEP, as well as to Petro-Zaire (which during the period was authorized to take over the importation of Zaire's petroleum products from Zaire-SEP), was negligible.

VI. Balance of Payments and External Debt

1. Introduction and overall trends

An analysis of Zaire's balance of payments should take account of two main factors. The first relates to the inadequacy of the statistical information. The foreign exchange record of the Bank of Zaire is the single most important source of information on external transactions. However, as it captures only those transactions which have counterpart financial flows, a methodology has been developed whereby diverse supplementary sources are used in a systematic manner to improve the coverage of the country's external transactions. Despite the limitations of this approach, it is believed that the resulting estimates represent a reasonable approximation of the underlying balance of payments situation.

The second important factor is the effect of chronic foreign exchange scarcity on the meaning of the overall balance of payments deficit. In Table 14 and Appendix Table XVI it may be seen that the overall deficit, which declined from the equivalent of SDR 263 million in 1978 to SDR 182 million in 1979 and further to SDR 180 million in 1980, is projected to increase to SDR 500 million in 1981. A cursory examination may lead to the conclusion that the balance of payments would deteriorate sharply in 1981, thereby reversing the recent improvement. It should be noted, however, that the overall deficit has defined the limits of external financing available to Zaire, and certain items above the line, mainly imports, have been made to adjust to these limits. Thus, the evolution of the overall deficit described above may be more accurately interpreted as indicating a marked increase in available financing in 1981 following several years of relative stringency.

Table 14. Zaire: Summary Balance of Payments, 1978-81

(In millions of SDRs) ^{1/}

	1978	1979	1980 ^{2/}	1981 ^{3/}
Trade balance	440	363	578	415
Exports	1,258	1,420	1,501	1,360
Imports	-818	-857	-923	-945
Oil	(-58)	(-116)	(-161)	(-200)
Non-oil	(-760)	(-741)	(-762)	(-745)
Services balance	-537	-604	-680	-867
Receipts	72	62	103	80
Expenditures	-609	-666	-783	-947
Freight and insurance	(-138)	(-163)	(-196)	(-207)
Other transport	(-56)	(-36)	(-52)	(-46)
Travel	(-30)	(-31)	(-29)	(-30)
IMF charges	(-12)	(-12)	(-11)	(-17)
Interest on public debt ^{4/}	(-147)	(-126)	(-163)	(-295)
Other investment income	(-31)	(-51)	(-76)	(-82)
Government, n.i.e.	(-87)	(-103)	(-99)	(-100)
Other services	(-108)	(-144)	(-157)	(-170)
Unrequited transfers	31	52	102	90
Private	-83	-75	-38	-70
Public	114	127	160	160
Current account surplus or deficit (-)	-66	11	=	-362
Public capital	98	-38	18	-100
Disbursements	386	154	292	210
Pipelines	(386)	(154)	(292)	(190)
New loans	(-)	(-)	(-)	(20)
Amortisation ^{4/}	-288	-192	-274	-310
Private capital and errors and omissions	-295	-171	-214	-54
SDR allocation	=	16	16	16
Overall deficit (-)	-263	-182	-180	-500
Financing items	263	182	180	500
Payments arrears (decrease -)	278	168	-1,050	-100
Of which: cash payments	(-46)	(-20)	(-50)	(-40)
Debt rescheduling	=	=	1,196	345
Emergency assistance	45	51	58	54
Net Fund credit	-10	-11	13	191
Purchases	(-)	(20)	(78)	(295)
Repurchases	(-10)	(-31)	(-65)	(-104)
Other net reserve movements (increase -)	-50	-37	-37	10
Profits on gold sales	=	11	=	=
Memorandum items:				
Actual debt service ^{5/}	157	150	291	360
Ratio of actual debt service to exports of goods and non-factor services (in per cent)	12.0	10.2	18.4	25.2

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

^{1/} Totals may not add exactly due to rounding.^{2/} Provisional.^{3/} Projected on the basis of information available in late August 1981.^{4/} Due before debt rescheduling.^{5/} Interest and amortization due before rescheduling plus arrears reduction (of less arrears accumulation) less debt rescheduling. Includes reduction of arrears by cash payments, but excludes Fund charges and repurchases.

Particularly in recent years, Zaire has had a surplus in its merchandise trade, as imports have had to be limited to amounts far below exports. The trade surplus increased significantly in 1979 and 1980. However, it is expected to decline in 1981, despite only a modest nominal increase in imports, because of a large drop in exports due to reductions in both volumes and prices of the major export commodities. The services deficit has traditionally been a high and rising figure, exceeding the trade surplus. It widened by 13 per cent in 1980, and it is projected to deteriorate further by 28 per cent in 1981. As for net transfers, a decline is forecast for 1981, after a consistent increase in recent years. Altogether, these developments led the current account to swing to a modest surplus in 1979 and to be in balance in 1980. In contrast, a current account deficit of SDR 362 million (about 8 per cent of GDP) is projected for 1981.

In recent years Zaire has had a very heavy external debt service burden, a situation exacerbated by increasingly smaller replenishments of the loan pipeline. In view of other demands on the country's foreign exchange receipts, substantial arrears were accumulated in 1978 and 1979. To reduce Zaire's external debt service payments to more manageable levels, and to rationalize the arrears situation, debt reschedulings were agreed with the Paris Club in December 1979 and in July 1981, as well as with a syndicate of commercial banks in May 1980. Even after these reschedulings, debt service payments have claimed relatively high proportions of Zaire's foreign exchange receipts, thereby contributing to the maintenance of low import levels.

During the period 1979-81 the zaire was devalued four times vis-à-vis the SDR for a cumulative total of 79 per cent. Despite the high rates of domestic inflation, these devaluations permitted the zaire to depreciate in real effective terms. With respect to the export sector, these actions had a palpable impact on the profitability of domestic production, as Zaire has no perceptible influence on prices of most of its exports. On the payments side, the exchange rate actions may have diminished only the excess demand for foreign exchange, as the scarcity of such exchange has remained chronic and widely felt. However, in combination with changes in the system of allocation of foreign exchange, there appears to have been a shift in the composition of imports registered by the banking system in favor of essential goods. The permissibility of customs clearance since May 1980 of imports financed without recourse to the foreign exchange resources of the banking system appears to have alleviated the supply situation to some extent, while serving as a means to recuperate undeclared foreign exchange receipts through the parallel exchange market. 1/

1/ It is believed that the receipts from undeclared exports of diamonds and coffee and from invisibles are the predominant sources of supply to this market.

2. Exports

In 1980 exports grew by about 6 per cent in SDR terms, compared with nearly 13 per cent in 1979 (Appendix Table XVII). About four fifths of the export growth in 1980 was traceable to price increases (Appendix Table XVIII), as volume increases registered by some commodities were largely offset by declines in others. 1/ By contrast, in 1981 exports are projected to decline by more than 9 per cent, about two thirds of which would be attributable to a decline in prices.

Reflecting mainly a recovery in production, copper export volume rose from 383,600 tons in 1979 to 468,500 tons in 1980, with the increase being accounted for mostly by GECAMINES. Aided further by a 9 per cent increase in copper prices, receipts grew by a third to SDR 752 million, equivalent to one half of total export earnings in 1980. In 1981 it is estimated that copper receipts would decline by 8 per cent as a result of a weakening of U.S. dollar prices and a drop in volume to 448,500 tons. The drop in volume is due largely to transportation constraints, particularly in the southern overland routes, though the expansion of concentrator facilities has increased the recovery rate from the raw ore, thereby enabling increased production.

The continued lack of buoyancy in the economies of industrial countries and the maintenance by SOZACOM, the marketing agency, of its cobalt offer price of US\$25 per pound through 1980 2/ resulted in a drop in export volume from 10,500 tons in 1979 to 6,850 tons in 1980. With Zaire accounting for some 60 per cent of world production of this strategic mineral, it has been in a position to exercise price leadership. However, annual accumulations to already high stocks resulting from production rates far in excess of exports, 3/ as well as Zaire's general balance of payments difficulties,

1/ The general export price index is based on SDR unit values. In the discussion below on individual products, price developments refer to unit values in U.S. dollars.

2/ During the period 1973-77 Zaire's cobalt quotations rose steadily from US\$2.70 per pound to US\$6.40 per pound. In the wake of the May 1978 invasion of Shaba and of fears in the international market of supply disruptions, Zaire was able to raise its quotations per pound four times during 1978 to US\$8.50 in May, US\$12.50 in July, US\$18.00 in September, and to US\$20.00 in October. In February 1979 a further increase to US\$25.00 per pound was announced.

3/ Cobalt is a by-product of copper production in Zaire. Zaire also has an arrangement with a Belgian concern whereby cobalt stocks held abroad are prefinanced to the extent of 35 per cent of SOZACOM's offer price, thereby enabling Zaire to obtain foreign exchange even prior to final sale. However, the interest paid on such prefinancing, as well as warehousing fees, may outweigh the benefits derived if stocks are large and held unsold for long periods of time. At the end of 1980 cobalt stocks amounted to some 22,400 tons.

led many cobalt consumers to anticipate lower prices and to exhaust their own stocks before making new orders. Consequently, receipts from cobalt exports declined by 34 per cent to SDR 290 million in 1980, reducing the share of cobalt in total exports from 31 per cent in 1979 to 19 per cent in 1980.

In 1981 receipts from cobalt exports are expected to decline further by 22 per cent on account of a fall in the average price to US\$17 per pound due to several developments. On February 27, 1981 SOZACOM reduced its export offer price from US\$25 per pound to US\$20 per pound, mainly in view of the continuing weakness in foreign demand and the need to slow down research into substitutes. This new offer price has been maintained, but the strengthening of the U.S. dollar since April 1981 has inter alia induced SOZACOM to apply discounts of 10-20 per cent on U.S. dollar contracts. On June 5, 1981 Zaire agreed to sell 5.2 million pounds (about 2,360 tons) at US\$15 per pound over a 12-month period to the U.S. General Services Administration stockpile. 1/ With this special sale, export volume in 1981 is expected to increase slightly.

The export volume for zinc in 1979 and 1980 remained within the range of 29,600-31,500 tons, equivalent to less than half of productive capacity. In view of the relatively low return per pound for this metal, it has been given low priority whenever transportation bottlenecks arise, particularly in the railroad system. In 1981 some alleviation of these bottlenecks, partly through the evacuation of some ore by truck to Dar es Salaam, would permit a sharp increase in export volume to 80,000 tons. Together with a 19 per cent increase in prices, receipts are expected to rise more than threefold to SDR 59 million (4 per cent of total exports).

Average prices for gold and silver doubled in 1980. In the case of silver, this was accompanied by a higher export volume, resulting both from increased copper mining and from higher silver content in the ore. In the case of gold, volume actually declined, mainly on account of irregular provisions of foreign exchange to KILO-MOTO for purchases of equipment and material. 2/ In 1981 the average prices of both metals would be markedly lower; but, while the volume of silver recovered would drop substantially, a concerted effort by the Bank of Zaire to keep KILO-MOTO provisioned would result in the restoration of gold production to high levels.

1/ Under the contract, the United States has an option to purchase a further 5 million pounds at a price to be negotiated; this option expires in January 1982.

2/ The gold production of KILO-MOTO and SOMINKI is bought by the Bank of Zaire in local currency at a price equivalent to 90 per cent of the opening quotation on the London gold market.

In 1980 export receipts from diamonds (mainly of industrial grade) remained virtually the same as in 1979, as a decline in prices was offset by an increase in volume. The latter development is attributable partly to the replacement on February 1, 1980 of the preferential exchange rate for diamonds of small-scale prospectors with a system of direct payment in foreign exchange. ^{1/} In 1981 a 19 per cent decline in value is anticipated for several reasons. In view of the recessionary tendencies in the developed economies, prices on industrial grade diamonds have continued to soften. Moreover, the near depletion of alluvial deposits, which are easier to exploit than underground sources, has reduced output. Furthermore, effective April 2, 1981 Zaire terminated its 14-year sales arrangement with the De Beers Group. In the past, this arrangement guaranteed a market for Zaire's total production; however, the authorities felt that the 20 per cent commission in effect was excessive and that Zairian participation in the valuation process was inadequate. Under the new arrangement, SOZACOM was given the exclusive right to sell Zaire's diamonds, charging only 4 per cent commission. Since April periodic auctions have been held, and three independent companies (Dutch and British) have participated in the bidding.

The volume of coffee exports increased from 62,800 tons in 1979 to 74,100 tons in 1980, mainly on account of a recovery in production. The establishment of export proceeds retention schemes for exporters generally in February 1980 and for coffee exporters particularly in October 1980 may have also played a role. By ensuring immediate access to some foreign exchange to cover exporters' needs, such schemes have reduced the incentive for diverting coffee exports to illegal channels, though this traffic is believed to be still sizable. With average realized prices remaining virtually unchanged from 1979 levels, the increase in volume in 1980 enabled a 12 per cent increase in export receipts. In contrast, the prospect for 1981 is a 30 per cent decrease in value. Given adverse developments in the international market, downward adjustments in Zaire's quota under the International Coffee Agreement are expected to result in an export volume of only 61,700 tons, a development aggravated by a 25 per cent decrease in prices.

Continuing a declining trend recorded in recent years, exports of crude oil in 1980 fell by about 1 million barrels to 6.5 million barrels. However, a sharp increase in prices permitted receipts to rise by 46 per cent to SDR 173 million, equivalent to 12 per cent of total exports. In 1981 total receipts are projected to increase by a further 21 per cent, in view of higher prices on average.

Rubber exports rose in 1980 by 18 per cent to SDR 15 million, equivalent to about 1 per cent of total exports. This development was brought about

^{1/} The preferential rate, which was introduced in April 1977, had been ineffective in stemming illicit exports, as it had been maintained below the prevailing rate in the parallel exchange market.

by a recovery in volume, traceable mainly to some rehabilitation of plantations, and a small increase in prices. In 1981 an 8 per cent increase in value is projected, as a further improvement in volume will be only partly offset by a weakening in prices.

3. Imports

The growth in imports, f.o.b., accelerated from 5 per cent in 1979 to 8 per cent in 1980. However, with import prices rising by 19 per cent and 16 per cent, respectively, imports actually declined in real terms in both years. In 1981 a 2 per cent nominal increase is anticipated, again implying a real reduction as a 12 per cent increase in prices is envisaged. Earlier projections made by the authorities showed an increase of some 4 per cent in real imports in 1981; but a disappointing export performance and the failure of major new loan disbursements to materialize led to a scaling down of the level of projected imports.

The import statistics presented in the balance of payments do not include illicit trade over Zaire's extensive land borders. Also not included are imports financed without recourse to the foreign exchange resources of the banking system ("imports SAD") and not covered by import declarations. During the period May 1980 to January 1981 imports SAD were cleared by customs provided only that the relevant customs duties were paid. No data on such imports during this period are available, but a clue to their importance was the 7 per cent increase in 1980 of the overall import tonnage going through Matadi, Zaire's major port, at the same time that a decline in volume was implied by the exchange record.

To obtain a timely source of information on imports SAD and to influence the composition of such imports, effective January 1981 import declarations were required and a list of eligible products under 199 categories was published. Judging from customs collections on these imports, in the first half of 1981 such imports declined markedly. In response to this development, new regulations were issued in June 1981, mainly to the effect that all products under each category, with the exception of a short list of prohibited goods, may be imported. The impact of imports SAD on the import situation as a whole is expected to be clearer once data from the import declarations are available.

In June 1981, in conjunction with a 40 per cent devaluation of the zaire vis-à-vis the SDR, the authorities announced the allocation of US\$50 million for the import needs of some 200 enterprises. The allocation was divided into 15 categories, with food, pharmaceuticals, and transport receiving the largest amounts. The recipient enterprises were required to file import declarations and to provide the value in zaires by August 15 but later extended to August 31. The foreign exchange was made available on the date of filing, and it was to be used no later than September 30. As of September 3, about US\$10 million of the total allocation had not yet been subscribed, mainly due to the difficulties of certain enterprises in providing the necessary zaire counterpart.

Several trends may be observed in respect of the composition of imports, c.i.f., as shown in Appendix Table XIX. ^{1/} Over the period 1978-80 the share of consumer goods declined from 22 per cent to 17 per cent, owing mainly to lower imports of foodstuffs. The share of raw materials and intermediate goods also declined, though not as steeply, from 25 per cent to 22 per cent. By contrast, the proportion accounted for by energy imports rose from 9 per cent to 17 per cent, while that of capital goods remained in the range of 13-15 per cent. The modification in February 1981 of the system of allocation of foreign exchange retained by the banking system in favor of essential imports is expected to lower further the share of consumer goods and to raise the shares of raw materials and intermediate goods as well as of capital goods. In view of the continuing increase of energy imports in the face of an absolute decline in non-oil imports, the share of the former is projected to increase to 18 per cent in 1981.

4. Terms and direction of trade

In contrast to 1979, when Zaire's terms of trade improved by 17 per cent, a deterioration of 9 per cent was recorded in 1980 (Appendix Table XVIII). Given the trade forecasts described in the two preceding sections, a further decline of 16 per cent is projected for 1981.

In view of the absence of customs data and the limited coverage of the exchange record, the table on Zaire's direction of trade (Appendix Table XX) is based on the data of trading partners. With respect to Zaire's exports, the industrial countries have absorbed the largest, though moderately declining, share. Of the 61 per cent share recorded in 1980, down from 64 per cent in 1976, about half was accounted for by Belgium. Other industrial countries respective participation was less than 10 per cent throughout the period 1976-80. The second largest and also declining share (from 28 per cent in 1976 to 24 per cent in 1980) is that of African countries, essentially Angola and Mozambique. Such decreases have been in favor mainly of India, which consistently increased its share from 2 per cent in 1976 to 7 per cent in 1980. On the import side, the share of industrial countries declined from 70 per cent in 1976 to 61 per cent in 1980, with Belgium accounting for roughly one quarter of the share throughout the five-year period. This decline appears to have been related to efforts to find cheaper sources of supply in the wake of the devaluations implemented since 1978. The single most noteworthy beneficiary of such efforts has been Brazil, whose share rose from less than 1 per cent in 1976-77 to 7 per cent in 1980. The share of African countries remained within the range of 18-21 per cent, with South Africa and Zimbabwe accounting for the predominant portion. The commercial and payments agreements with Angola, which entered into effect in February 1980, appear to have had an immediate effect, as the share of Angola, after remaining at less than 1 per cent in 1976-79, rose to about 4 per cent in 1980.

^{1/} Some caution is required in interpreting this table as about a third of imports is unclassified.

5. Services and transfers

Receipts from services registered a 66 per cent increase in 1980, compared with a decline of 14 per cent in 1979. These fairly large fluctuations are due mainly to leads and lags in the repatriation of investment income and receipts from other services. For the same reason, a 22 per cent decline is projected for 1981. Payments for services (excluding interest due on the public debt) grew by 15 per cent in 1980, as against 17 per cent in the previous year. The growth in 1980 resulted primarily from increases in freight and insurance, other transport, and other investment income, as travel expenditures, government transactions, and IMF charges remained virtually unchanged from 1979 levels. In 1981 payments for services, as narrowly defined above, are projected to rise by only 5 per cent. Such a result would ensue mainly from the deceleration in import growth, the restraining impact of the June 1981 devaluation on private transport and travel expenditures, and tightened controls over official payments.

Net transfers nearly doubled to SDR 102 million in 1980, this development being due to both a decline in outward private transfers and a 25 per cent increase in inflows of official transfers. In 1981 a decline to SDR 40 million is projected, inasmuch as net official transfers would remain virtually the same, while outward private transfers would revert to about the 1979 level.

6. Nonmonetary capital

Reflecting the high level of external borrowing commitments in the wake of the 1973-74 commodity boom, disbursements of public capital averaged SDR 446 million per year during the period 1975-78. In contrast, in 1979 disbursements amounted to only SDR 154 million. While a recovery to SDR 292 million was registered for 1980, nearly 40 per cent of this amount was due to a disbursement for the Inga-Shaba hydroelectric project. For 1981, disbursements amounting to SDR 210 million are projected, some SDR 80 million less than forecast at mid-year, as certain loans initially expected would not be realized by the end of December.

By convention, interest and amortization due on the external public debt are presented above the line in the balance of payments (Table 14). Such debt service payments, plus charges and repurchases on Fund credit, grew from 25 per cent of exports of goods and nonfactor services in 1979 to 33 per cent in 1980. Actual payments were considerably lower because of arrears accumulation in 1979 (albeit less than in 1978) and of debt reschedulings which took effect in 1980. As a result, the actual debt service ratio for 1979 and 1980 was 12 per cent and 20 per cent, respectively. With the rescheduling of maturities due in 1981 by the Paris Club and other creditors, the debt service ratio is projected to be reduced from 42 per cent before rescheduling to 31 per cent.

The December 1979 rescheduling agreement with the Paris Club contained several elements. First, payments due on previously rescheduled debt, comprising arrears as of June 1979 plus maturities falling due in July-December 1979 totaling US\$54 million, would be paid as follows: one third on June 31, 1980 and two thirds on January 31, 1981. 1/ Second, arrears as of June 1979 on unrescheduled debt amounting to US\$469 million would be rescheduled as follows: (a) 2 per cent in 1980, 4 per cent in 1981, 6 per cent in 1982, and 8 per cent in 1983; and (b) the remaining 80 per cent in 12 equal semiannual payments beginning June 1984. Third, maturities on unrescheduled debt falling due in July 1979-December 1980 amounting to US\$494 million would be rescheduled as follows: (a) 10 per cent in four equal annual payments over four years beginning June 1980; and (b) the remaining 90 per cent in 12 equal semiannual payments beginning June 1984. Fourth, an estimated US\$240 million in insured short-term commercial arrears would be liquidated as follows: 10 per cent in 1980, 15 per cent in 1981, and 25 per cent per year during 1982-84. The moratorium interest rate was to be set in bilateral negotiations with each participating creditor country. There were delays in the completion of these negotiations and divergences in the agreed interest rates. 2/ In the event, it is estimated that some SDR 700 million in arrears was consolidated and that about SDR 122 million of net relief was obtained.

The Refinancing Credit Agreement between Zaire and a syndicate of commercial banks (also known as the "London Agreement") was signed on April 23, 1980 and came into effect on May 6, 1980. 3/ Under this agreement, the commercial banks involved agreed to refinance their total outstanding credit to Zaire amounting to US\$402 million as of January 21, 1980, of which US\$287.5 million referred to arrears. The refinancing terms included a 10-year repayment period, with a moratorium interest of LIBOR plus 1 7/8 per cent during the first five years and LIBOR plus 2 per cent thereafter. The interest rate would be adjusted semiannually. Other terms were as follows: (a) 10 per cent of arrears as of January 31, 1980 would be repaid in May 1980 (total US\$28.8 million); (b) further payments amounting to 14 per cent of principal in arrears repayable in four annual installments: 5 per cent in May 1981, and 3 per cent each in April of 1982, 1983, and 1984; and (c) the remaining arrears plus all principal not yet due would be amortized in 11 semiannual equal installments, starting in June 1985. While no positive net relief was obtained from this refinancing, the arrears situation was rationalized.

1/ As the Paris Club maintains the principle of not rescheduling previously rescheduled debt, this device is deemed to be a deferment.

2/ The dates and rates were as follows: Belgium (February 1980, 9 per cent for DM loans, 11 per cent for loans in Belgian francs); France (July 1980 for long-term debt at 7.5 per cent; January 1981 for short-term debt at 7.85 per cent); United States (July 1980, a weighted average of 7.73 per cent); Switzerland (July 1980, 6 per cent); Austria (November 1980, 8 per cent); Abu Dhabi (February 1981, 5 per cent); and Japan (August 1981, 8 per cent).

3/ Negotiations on this agreement were initiated concurrently with the 1976 Paris Club negotiations, but no accord was achieved. Negotiations were resumed just prior to the convening of the 1979 Paris Club discussions.

The Bank of Zaire is in the process of negotiating the rescheduling of non-syndicated bank loans and uninsured commercial debt along the lines of the London Agreement. This process has encountered delays in view of the large number of creditors involved.

The Paris Club which was convened in July 1981 agreed on a consolidation period extending from January 1, 1981 through December 31, 1982 with 90 per cent of the unpaid principal and interest to be repaid in 12 equal semiannual installments commencing on December 31, 1985 for the 1981 maturities and on December 31, 1986 for the 1982 maturities, i.e., over a period of 10 years, including 4 years of grace. Payment of the remaining 10 per cent is to be made in 4 equal annual installments, ending on June 30, 1984 and June 30, 1985, respectively. In addition, some US\$85 million of debt service on official loans already rescheduled by the 1979 Paris Club and falling due in 1981 would be deferred; one third would be payable on March 31, 1982, the remaining two thirds a year later. As a result of this rescheduling, debt service payments (excluding Fund credit) would be reduced by US\$331 million (of which US\$209 million referred to principal repayments) to US\$370 million in 1981 ^{1/} (Appendix Tables XXI and XXII).

In respect of private capital flows, the practice of registering only those transactions with counterpart financial flows through the banking system has led to gross underestimation of both inflows and outflows. For instance, private direct investments in the form of equipment cannot be captured through this procedure until the service payments commence. And while such payments would be recorded when made, the corresponding inflow is only known several years after the fact. In view of these and other difficulties, private capital flows and errors and omissions are combined in one line in the balance of payments. This line has been high and negative in recent years, though a marked decline is projected for 1981. It is believed that the latter development would result mainly from more stringent controls over trade invoices and to lower private payments outside the banking system as a result of the depreciation of the zaire.

7. Financing items

In 1980 Zaire not only consolidated a substantial amount of arrears outstanding but also obtained total net debt relief of the order of SDR 146 million. This compares with a net arrears accumulation of SDR 168 million in 1979. The other sources of balance of payments financing in 1980 were about SDR 58 million of emergency assistance from countries participating in the third Brussels Conference and SDR 13 million of net Fund disbursements; in 1979 such emergency assistance amounted to SDR 51 million and there were

^{1/} The comparable debt service payments for 1982 would be reduced by US\$170 million to US\$493 million. The lower amount of rescheduling is largely due to a lack of an analogous provision to defer previously rescheduled debt service payments.

net repurchases to the Fund of about SDR 11 million. In 1980 net international reserves rose by about 25 per cent to SDR 122 million, owing largely to the acquisition of domestically produced gold by the Bank of Zaire.

In 1981 net debt relief totaling SDR 345 million is projected as a result of the 1981 Paris Club and other minor debt reschedulings. The latter reschedulings are estimated to reduce the arrears registered at the Bank of Zaire by SDR 60 million, on top of an SDR 40 million reduction to be achieved by cash payments. Other sources of finance are emergency assistance amounting to SDR 54 million, net purchases from the Fund of SDR 191 million, and a reduction in other net reserves of SDR 10 million.

8. External debt

Provisional data indicate that the outstanding external public and publicly guaranteed debt (including Fund credit) rose by 12 per cent in 1980 to US\$4.5 billion at the end of that year, compared with 5 per cent in 1979 ^{1/} (Appendix Tables XXI and XXIII). These growth rates represent a substantial slowdown from the three preceding years, when the average annual increase was 28 per cent.

Data for 1980 on the distribution of the external debt by type of creditor is not yet available on a comparable basis with those for earlier years. However, it is likely that there were no marked changes from the distribution recorded in 1979. Over the period 1975-79 there were several noteworthy trends. The share of financial institutions declined from 45 per cent to 39 per cent, while remaining the single most important creditor group. The share of suppliers' credits also declined from 23 per cent to 15 per cent. These declines reflected the reluctance of the creditors involved to increase their exposure in Zaire beyond undisbursed commitments. In contrast, bilateral lenders increased their share from 22 per cent to 30 per cent, while that accounted for by multilateral loans rose by 6 percentage points to 10 per cent. As for Fund credit, its share rose from 5 per cent in 1975 to 8 per cent in 1976 and 1977, but declined thereafter to 6 per cent in 1979 and to 5 per cent in 1980.

In 1980 the situation in respect of external debt commitments deteriorated in all areas (Appendix Table XXIV). The amount of commitments declined by 19 per cent, bringing down the ratio of such commitments to the total debt outstanding by 3 percentage points to 7.5 per cent. Moreover, the average interest rate rose by 1 percentage point to 6.4 per cent, the average maturity declined by 3 years to 18 years, the average grace period fell by 2 years to 4.4 years, and the grant element (based on a discount rate of 10 per cent) decreased by 3.5 percentage points to 28.5 per cent.

^{1/} Excluding Fund credit, the growth rate was the same in 1979 but was 13 per cent in 1980.

Under its adjustment programs for 1979-80 and 1981-83, supported by Fund resources, Zaire undertook to limit new external debt commitments within the maturity ranges of 1-5 years and 1-12 years and to reduce the net outstanding stock of arrears on external payments registered at the Bank of Zaire by specific amounts. New cumulative debt commitments in 1979 were SDR 93 million in the 1 to 12-year range and zero in the 1 to 5-year range, compared with ceilings of SDR 100 million and SDR 40 million, respectively. In 1980, such commitments were SDR 72 million in the 1 to 12-year range and zero in the 1 to 5-year range, compared with the same ceilings as in 1979. For 1981, the ceilings are SDR 200 million for the 1 to 12-year range and SDR 40 million for the 1 to 5-year range. As of end-June 1981 no relevant commitments had been made. With regard to the minimum net reduction of arrears by cash payments, Zaire made payments in 1980 of SDR 50 million, as against a floor of SDR 40 million. The applicable floor for 1981 is also SDR 40 million, and as of end-June Zaire had effected the required cumulative reduction of SDR 20 million. These reductions, combined with debt reschedulings, brought down the outstanding stock of arrears from SDR 1,118 million at the end of 1979 to SDR 417.5 million at the end of 1980 and further to SDR 397.5 million at the end of June 1981 (Appendix Table XXV).

VII. Developments in the Exchange and Trade System

Since the last consultation, which covered the period ended 1978, there have been numerous changes in Zaire's exchange and trade system. The more important of these changes are described in this section under their respective headings. A chronological list of the changes, as well as a description of the exchange and trade system as of September 30, 1981, are found in Appendix I.

1. Exchange arrangements

In contrast to the last quarter of 1978, when three relatively small devaluations amounting to a cumulative 24 per cent in terms of the SDR were effected, the succeeding devaluations were for larger amounts and were taken in longer intervals. In 1979 there were devaluations of 34 per cent in January and 25 per cent in August. Subsequently, the Zairian authorities effected devaluations of 30 per cent in February 1980 and 40 per cent in June 1981, culminating in an exchange rate of Z 1 = SDR 0.1575. The preferential exchange rate for diamond exports of small-scale producers, which was introduced in April 1977, was abolished in February 1980. 1/

1/ Initially, this rate was set at Z 1 = US\$0.548. It was raised three times to Z 1 = US\$0.455 in August 1977, was raised again to Z 1 = US\$0.342 in January 1978, to Z 1 = US\$0.278 in August 1978, and finally to Z 1 = US\$0.222 in February 1979.

The devaluations of the zaire have provided some respite from the zaire's tendency to appreciate in real effective terms, given domestic rates of inflation substantially in excess of those prevailing in trading partners. On the basis of annual average figures, the zaire appreciated in real effective terms by 43 per cent in 1978, but it depreciated by 18 per cent in 1979 (Appendix Table XXVII). In 1980 the marked decline in the rate of inflation complemented the single devaluation, and thus the zaire depreciated in real effective terms by a further 21 per cent. Taking the average of the first six months of 1981 over the same period in 1980, the zaire appreciated in real effective terms by 12 per cent. However, the devaluation in mid-1981 led the zaire's real effective position at the end of July 1981 to depreciate to about the level prevailing at the end of 1976.

2. Prescription of currency

To facilitate the implementation of the June 1978 monetary arrangement between the members of the Economic Community of the Great Lakes Countries (Burundi, Rwanda, and Zaire), the Burundi franc and the Rwanda franc were added in July 1979 to the list of 15 currencies quoted daily by the Bank of Zaire. Subsequently, in June 1981 the list was expanded further to include the Kenya shilling, the Spanish peseta, and the Japanese yen. These measures brought to 20 the number of currencies in which commercial banks may open sight deposit accounts with correspondents abroad or accounts for residents and nonresidents within existing regulations, and receive or effect payments for authorized foreign transactions.

3. Nonresident accounts

No significant measure was taken under this heading during the period under review.

4. Imports and import payments

The foreign exchange allocation system (coefficients de prèaffectation) established by Circular No. 156 of July 1978 underwent several modifications. Initially, export receipts retained by each commercial bank (i.e., some 70 per cent of the total) were to be allocated as follows: 33 per cent for certain consumer and pharmaceutical products; 1/ 35 per cent for imports of raw materials, intermediate goods, spare parts, and commercial vehicles; 25 per cent for invisible payments; 5 per cent for imports of nonpriority products; and 2 per cent for energy imports. In September 1979 the latter 2 per cent margin was freed to augment any of the other coefficients. In

1/ Beef, edible offal, animal parts (gut, bladder, and tripe), preserved fish (salted, dried, or smoked), milk, sardines, pilchards, tomato paste, infant formulas, salt, fresh sea fish, corned beef, rice, corn, sugar, and pharmaceutical products (excluding cosmetics).

February 1981 the system was altered significantly. While the share of raw materials, intermediate goods, and certain finished products was increased from 35 per cent to 45 per cent, that of essential consumer goods and pharmaceuticals was reduced from 33 per cent to 30 per cent; the proportion allocated to invisible payments 1/ was maintained at 25 per cent, but the shares of nonpriority goods and the unrestricted margin, previously 5 per cent and 2 per cent, respectively, were abolished.

To increase the availability of imported goods in the domestic market, the Customs and Excise Office was authorized in May 1980 to clear imports financed without recourse to the foreign exchange resources of the banking system ("imports SAD"), even in the absence of an import declaration, provided that the applicable customs duties were paid. In order to influence the composition of imports SAD and to obtain a timely source of statistical information, in January 1981 the Bank of Zaire specified 199 eligible categories and required the submission of an import declaration which would be subject prior to shipment, to the control of the Zairian Office of Control (OZAC). Imports valued at SDR 500 f.o.b. or less and destined for personal use were exempted from both import declaration and preshipment control requirements; imports valued at SDR 501-SDR 2,500 were exempted from preshipment controls only. An exchange control tax of 0.3 per cent was imposed and prior approval of the Bank of Zaire was required for imports to be transported by air.

The regulations pertaining to imports SAD were made more liberal in June 1981. While previously specific products eligible to be imported under each customs category were listed, the new regulations provided that all products under each category may be imported except for specified prohibitions (including coffee, tea, pyrethrum, portland cement, explosives, matches, telephone equipment, walkie-talkies, military equipment and ammunitions, sound equipment, gambling equipment, and materials contrary to public morals). Moreover, the following imports were exempted from the import declaration requirement: (a) grants to recognized philanthropic organizations; (b) commercial samples without value; (c) diplomatic imports; (d) imports to be used in the operations of foreign transport companies represented in Zaire; (e) goods for personal use or resale valued at SDR 2,500 or less; (f) goods used for moving; and (g) baggage and personal objects of travelers. Each shipment subject to import declaration must conform to the shipping regulations of OZAC; if not, a fine in foreign exchange of 40 per cent of the f.o.b. value will be imposed. Imports transported by an air carrier other than Air Zaire need prior approval by the Bank of Zaire. While previously import declarations required shipment within six months, a three-month extension was made possible.

1/ Irreducible invisible payments arising from contracts, conventions, or authorizations (payments of expatriates, service on financing subject to transferability guarantee by the Bank of Zaire, rents from computers, travel expenditures, and other authorized service payments).

5. Payments for invisibles

Regulations concerning the conditions under which local currency may be used to purchase tickets for international travel were published in January 1979. Briefly, these regulations required Zairian nationals to acquire permits if traveling with a non-Zairian company. Non-Zairians resident in Zaire, who were engaged in specified activities, were limited to one direct round-trip ticket a year to their country of citizenship. In August 1979 other non-Zairians resident in Zaire were granted the same privilege provided the tickets were bought from a Zairian carrier.

The amount of expatriate remuneration transferable in 1979 was limited in February 1979 to the 1978 levels. Subsequent annual authorizations announced in March 1980 and April 1981 maintained the same levels. In each year the transferable remuneration of newly hired expatriates was fixed by the Bank of Zaire. In respect of exchange licenses for medical expenses incurred abroad by expatriate workers, the Bank of Zaire announced in August 1979 that validation could be granted at any time of the year instead of only in March and September.

In July 1979 the Bank of Zaire announced that the transfer abroad of rental income earned by nonresidents would be subject to its prior authorization.

6. Exports and export proceeds

With the aim of centralizing Zaire's foreign exchange reserves, in July 1979 the Bank of Zaire instructed SOZACOM and SOZAREX to repatriate and surrender to the Bank of Zaire two thirds of their foreign exchange proceeds immediately upon their realization. Moreover, effective July 1980 the Bank of Zaire and GECAMINES entered into a Memorandum of Agreement under which GECAMINES would surrender all of its export proceeds plus any working balance held in excess of Belgian francs 800 million; GECAMINES was to apply for cover for its foreign exchange requirements on a month-to-month basis. In view of difficulties encountered in implementing this agreement, however, it was revoked in November 1980. The previous system was then restored, according to which 10 per cent of export proceeds goes directly to the Bank of Zaire's account with the Federal Reserve Bank of New York and the remainder divided between the Bank of Zaire and GECAMINES.

In February 1980 producer-exporters were permitted to retain up to 15 per cent of their export proceeds in sight and interest-free foreign exchange accounts with authorized banks. These accounts could be debited only in respect of specified transactions. As 30 per cent of export proceeds continued to be surrendered to the Bank of Zaire, the share ceded to the commercial banks thus declined from 70 per cent to 55 per cent. In October 1980 a special export receipt retention system was established for coffee exporters. The applicable rates of retention were 20 per cent for planters who also process and export, 15 per cent for processors who export, and 10 per cent for those who only export.

Earlier, other regulations were adopted in respect of the coffee sector. In July 1979 registered exporters were required to export at least 500 tons of coffee per season, submit proof of full repatriation of export proceeds, and present tax payment certification. In the following month, the maximum permissible delay between the signing of coffee export contracts and the submission of the corresponding export declaration was reduced from 15 days to 7 days. At the same time, banks were authorized to register export declarations for coffee and all other exports subject to minimum export prices without prior approval from the Bank of Zaire.

7. Proceeds from invisibles

In March 1979 the Bank of Zaire permitted the use of proceeds from invisibles for the importation of priority goods as well as for nonpriority payments, as previously authorized. In February 1981 the commercial banks were directed to (a) surrender receipts from invisibles to the Bank of Zaire; or (b) use them to increase any of the coefficients applying to export receipts, finance imports of a number of specified product categories, finance other imports requiring the prior approval of the Bank of Zaire, or finance imports of goods payable by direct transfers whose authorization dates prior to September 1, 1978.

8. Capital

In February 1980 commercial banks were required to invest 80 per cent of their externally held foreign exchange balances in interest-bearing instruments of less than one year's maturity.

9. Gold

No changes under this heading were made.

10. Trade and payments agreements

In July 1979 the Bank of Zaire published the regulations implementing the monetary arrangement of June 1978 and the agreement on trade and customs cooperation of September 1978 between the members of the Economic Community of the Great Lakes Countries (Burundi, Rwanda, and Zaire). Effective August 1979, Zaire's trade in specified commodities with the other two countries would be exempt from the requirement of import and export declarations and licenses. Moreover, settlements would be made through convertible local currency accounts established between commercial banks in Zaire and correspondents in the participating countries. End-of-month balances in these accounts would be cleared with the Bank of Zaire, which in turn would settle in convertible currency any end-of-quarter balances outstanding with the central banks of Burundi and Rwanda. In March 1979 Zaire, Burundi, and Rwanda renewed, with amendments, the June 1978 monetary arrangement. The new arrangement included four amendments. First, for accounting purposes, stocks of partners' currencies held in each central bank would remain the

property of the issuing central bank. In this manner, exchange rate changes would not give rise to compensatory adjustments on such stocks. Second, a precise timetable for quarterly settlements was specified. Third, a given creditor country would be permitted to specify the convertible currency to be used in settlement. Lastly, procedures for the arbitration of any conflict arising from the operation of the arrangements were established.

The commercial and payments agreements signed by Angola and Zaire in October 1978 and December 1979, respectively, entered into effect in February 1980. Transactions relating to specified exports and imports and to authorized invisible payments would be carried through special U.S. dollar accounts established in commercial banks in the two countries. End-of-month balances in these accounts will be cleared with the respective central banks. At the end of each quarter the participating central banks will settle with each other any balances outstanding in excess of US\$0.5 million.

Zaire - Exchange and Trade System

(Position on September 30, 1981)

1. Exchange arrangement

The currency of Zaire is the zaire, which has been pegged to the SDR since March 12, 1978. Effective June 19, 1981, the external value of the zaire was fixed at Z 1 = SDR 0.1575. Middle rates for the 20 currencies in which authorized banks are permitted to deal 1/ are fixed daily by the Bank of Zaire (the Central Bank) on the basis of the SDR rate. On September 30, 1981 the rate for the U.S. dollar was Z 5.542 per US\$1. Forward exchange transactions are prohibited. In addition to a commission charge, purchases and sales of foreign exchange are subject to an exchange control fee.

2. Administration of control

The Bank of Zaire has regulatory authority over all foreign trade and payments. Specifically, the Bank has discretionary power to authorize residents to hold foreign exchange and to use it to pay for certain goods and services. The Public Debt Management Office (OGEDEP), operating under the aegis of the Department of Finance, manages the external public and publicly guaranteed debt, is responsible for its servicing, and advises the Executive Council on external debt policy, including guarantees extended by the Government on loans contracted by public, semipublic, and private enterprises. In principle, no new external borrowing may be contracted or guaranteed by the Government without the prior advice of OGEDEP and the Bank of Zaire.

3. Prescription of currency

Payments from nonresidents must be received in the listed convertible currencies quoted by the Bank of Zaire. Special authorization for the acceptance of another currency may be given only in respect of currencies that can be exchanged freely without a discount. Except for working balances, all currencies received must be converted into a convertible currency. Payments to nonresidents must be made in one of the listed convertible currencies. However, certain settlements with Angola, Burundi, and Rwanda are made through special accounts established under arrangements

1/ Austrian schillings, Belgian francs, Burundi francs, Canadian dollars, CFA francs, Danish kroner, deutsche mark, French francs, Italian lire, Japanese yen, Kenya shillings, Netherlands guilders, Norwegian kroner, Portuguese escudos, pounds sterling, Rwanda francs, Spanish pesetas, Swedish kronor, Swiss francs, and U.S. dollars.

concluded by the Bank of Zaire with the central banks of the countries concerned. Balances on these special accounts are settled quarterly in convertible currencies.

4. Nonresident accounts

There are three categories of nonresident accounts: Nonresident Accounts in Zaires, Nonresident Foreign Currency Accounts, and Convertible Accounts in Zaires.

Nonresident Accounts in Zaires may generally be debited only with the approval of the Bank of Zaire. Such accounts, when opened by diplomatic missions and international organizations established in Zaire, may be debited freely but may be credited only with the proceeds of sales of foreign currency and with payments made by the Government.

Nonresident Foreign Currency Accounts may be credited freely; they may be debited freely for transfers to accounts abroad or to Convertible Accounts in Zaires maintained by residents or to Nonresident Foreign Currency Accounts, for sales of foreign currency, and for sales of foreign currency against domestic currency. Nonresident Zairian nationals require special authorization from the Bank of Zaire to open these accounts with authorized banks; nonresident foreigners may open them freely.

Convertible Accounts in Zaires may be credited with amounts converted from foreign currency at the official rate, transfers from another Convertible Account in Zaires, or authorized payments by residents to nonresidents; they may be debited freely for conversion into foreign currency or for any payments in domestic currency. Such accounts may be held by both residents and nonresidents but must not be credited with payments for exports of goods or services except for listed items exported to Burundi and Rwanda and exchange purchases from tourists from these countries.

5. Imports and import payments

Imports are subject to a foreign exchange allocation system (co-efficientes de préaffectation). This limits each bank's financing of imports of specified consumer goods and pharmaceuticals to 30 per cent of its retained proceeds from exports. The other coefficients are 45 per cent for raw materials, intermediate goods, chemical products, spare parts, and utility vehicles, and 25 per cent for invisibles. With regard to invisible receipts, the commercial banks may (a) surrender them to the Bank of Zaire; or (b) use them to increase any of the coefficients mentioned above, finance imports of a number of specified product categories, finance other imports requiring the prior approval of the Bank of Zaire, or finance imports of goods payable by direct transfers authorized prior to September 1, 1978.

The importation of a number of goods is prohibited on grounds of public policy; these are mainly arms, ammunition, and narcotics. The importation of

specified luxury items (including high-powered automobiles, certain types of jewelry, and furniture) is prohibited for reasons of economic policy. For the import of most commodities other than priority items (mainly foodstuffs, pharmaceuticals, raw materials, and industrial spare parts), import licenses must be submitted to the Bank of Zaire for prior approval. The importation of certain textiles and clothing is prohibited for protective reasons, while import licenses for other items produced domestically, but not in sufficient quantities, are only issued on the basis of an authorization from the Department of Economy. Settlements for imports must be made through confirmed irrevocable letters of credit. For most goods subject to license, the importer must obtain a credit of at least 90 days; payments upon shipment are authorized provided prior approval is requested from the Bank of Zaire and a 6 per cent rebate is obtained. Imports not subject to import licenses approved by the Bank of Zaire are subject to import declarations, which do not require the prior approval of the Bank. The amount, the invoice price, and the quality of all imports must be verified and found acceptable by the foreign correspondents of the Office Zairois de Contrôle (OZAC).

Applications for import licenses are sent to authorized banks, which, after certification, forward them to the Bank of Zaire for approval. The import license application is then returned to the authorized bank for validation. Import licenses validated by the authorized banks remain valid for customs clearance for six months, and the validity may be extended further if shipment has begun. Extension of the validity period of a license requires authorization from the Bank of Zaire.

Nonprohibited imports financed without recourse to the foreign exchange resources of the banking system (importations sans achat de devise) are subject to import declaration requirements and to the control procedures of OZAC.

Imports effected under bilateral aid arrangements between Zaire and certain countries (Belgium, Canada, the Federal Republic of Germany, and the United States) are governed by separate, specific provisions.

Certain import payments have been delayed. These arrears have largely been centralized, and the Bank of Zaire is in the process of settling them in accordance with priority and due dates. Arrears on payments due to official creditors and to some commercial banks have been the subject of consolidation agreements.

6. Payments for invisibles

Payments for invisibles are limited to 25 per cent of each bank's retained merchandise export earnings; such payments may also be effected with receipts from invisibles. All payments are subject to authorization by the Bank of Zaire. The Bank of Zaire will not authorize the payment in foreign exchange of commissions in favor of shippers or purchasing agents.

Imports and exports between Zaire and ports in Belgium, the Federal Republic of Germany, the Netherlands, and the Scandinavian countries must be shipped in vessels participating in the conference of the Associated Central West Africa Lines. Banks are not authorized to pay in foreign currency the maritime freight on shipments that do not meet these regulations, unless an immediate discount is obtained on the invoice; in the case of exports, banks are authorized to validate export declarations for products included in an official price list. For other items, export declarations are subject to prior approval by the Bank of Zaire. Banks may effect maritime freight payments in foreign currency at the time of shipment only for imports payable upon shipment. Maritime freight charges may be paid in Zaire in local currency when goods are transported entirely by the Compagnie Maritime Zairoise. Imports transported by an air carrier other than Air Zaire require the prior approval of the Bank of Zaire. Payments by expatriates for medical treatment abroad require prior authorization from the Bank of Zaire. Outward remittances of remunerations by expatriate employees during 1981 were limited to the level authorized during 1980.

All other payments relating to services performed by nonresidents are, in principle, permitted. However, the transfer abroad of salaries of foreign nationals is limited to 50 per cent of net salary. Transfers pertaining to certain administrative expenses that firms incur abroad, interest on private loans, and payment of certain portions of insurance premiums are generally permitted. Transfers of net profits of firms with foreign participation have been suspended except where the transfer of such profits is expressly guaranteed by the Investment Code or by bilateral agreements. Payments for commissions, management fees, and royalties are also suspended.

Fares for travel abroad may be paid in Zaire in domestic currency. However, residents of Zairian nationality may travel by a foreign airline only with the permission of the Department of Transportation and Communication. Resident expatriates are, in general, permitted once a year to purchase in domestic currency a direct round-trip ticket to their country of origin. Zairian nationals traveling abroad on official missions may buy foreign exchange in amounts that depend on the duration of the journey and the seniority of the traveler. Foreign exchange for travel and for medical expenses are suspended, and all official travel abroad must be authorized by the First Commissioner of State (the Prime Minister). For trips to Burundi and Rwanda tourists and households residing in the border area are entitled once a month to purchase the equivalent of SDR 100 in Burundi or Rwanda francs. The export of domestic bank notes and coins is prohibited.

7. Exports and export proceeds

All exports not covered by general declarations require individual declarations. Banks are normally authorized to approve such declarations. The declaration must specify the nature of the merchandise to be exported,

the price, and the currency in which payment is to be received. Export declarations are normally valid for three months; within this period, the proceeds must be received and surrendered. Banks are required to surrender to the Bank of Zaire 30 per cent of export receipts surrendered to them. Producer-exporters generally are permitted to retain 15 per cent of their export receipts for authorized uses. For coffee exporters, the retention quotas are 20 per cent for planters who also process and export, 15 per cent for processors who export, and 10 per cent for those who only export. All exports other than those by the Générale des Carrières et des Mines du Zaire (GECAMINES) and certain other specified companies must be made against confirmed letters of credit. Special provisions apply to the mineral production of GECAMINES, which is marketed exclusively by the Société Zairoise de Commercialisation des Produits Miniers (SOZACOM) or its subsidiary, SOZAREX. On shipment, SOZACOM credits the account of GECAMINES with a provisional payment of a portion of the shipment's estimated value and with the balance of the proceeds upon execution of the sales contract. GECAMINES is allowed to retain provisionally up to 45 per cent of its export proceeds with banks abroad or in Zaire for meeting its own payments abroad, and must surrender the remainder of its proceeds as well as any end-of-month balances on retained earnings in excess of Belgian francs 800 million to the Bank of Zaire. SOZACOM and SOZAREX are required to surrender two thirds of their foreign exchange proceeds to the Bank of Zaire.

Partial nonrepatriation and retention are also permitted for the metal exports of the Société de Développement Industriel et Minier du Zaire (SODIMIZA). The diamond exports of the Société Minière de Bakwanga (MIBA) are marketed exclusively by SOZACOM. Receipts from agricultural exports must generally be repatriated within three months of validation. Minimum export prices have been established for coffee, cacao, tea, ivory, papain, rauwolfia, and cinchona.

8. Proceeds from invisibles

Exchange receipts from invisibles may be retained by the authorized banks. Nonresident travelers may bring in any amount in foreign means of payment and may take out on departure the amount declared on entry less the equivalent of the expenses incurred during their stay in Zaire.

9. Capital

The repatriation of new foreign capital brought in under the provisions of the Investment Code is guaranteed, as is the transfer of profits and dividends on such capital. With minor exceptions, other transfers abroad of capital owned by residents or nonresidents are not permitted. Gratuitous transfers of real estate are subject to approval by departmental ordinance. The foreign currency assets of the authorized banks are not permitted to exceed their short-term liabilities in foreign currencies. Certain capital

payments have been delayed. Arrears on principal due to official creditors and some commercial banks are the subject of consolidation agreements.

10. Gold

Residents other than the monetary authorities and producers of gold are not allowed to purchase, hold, or sell gold in any form, other than jewelry; the import and export of gold in the form of jewelry constituting the personal effects of a traveler requires the prior approval of the Bank of Zaire. Since February and April 1979, two private mining companies producing gold have been required to sell their gold production to the Bank of Zaire. The agreed price has been 90 per cent of the opening London market quotation converted to zaires at the prevailing official rate. As a quid pro quo, the Bank of Zaire provides cover for certain foreign exchange needs of these companies.

11. Changes during 1979

January 2. The zaire was devalued by 34.3 per cent from Z 1 = SDR 0.7614 to Z 1 = SDR 0.5.

January 6. Circular No. 160 stipulated that tickets for international travel commencing in Zaire could be purchased with domestic currency under certain conditions. Residents of Zairian nationality had to establish proof of residence and citizenship at the time of purchase. In the case of purchase from a foreign airline company, they also had to present a permit issued by the Department of Transportation and Communication authorizing the traveler to purchase a ticket from a non-Zairian company. The sale of tickets to Zairian residents of foreign nationality against domestic currency was limited to salaried employees with a valid work contract, active partners in locally registered partnerships, self-employed persons (such as physicians, lawyers, architects, plantation owners, or cattle breeders), members of religious missions, and their dependents. Subject to proper documentation, such persons were entitled to one direct round-trip ticket a year to their country of citizenship. Except for self-employed persons, applications had to be lodged with an authorized bank in the final quarter of the year preceding the year of intended travel. Non-authorized travel by resident expatriates as well as excess baggage had to be paid for in foreign currency.

February 1. SOZACOM raised its offer price for cobalt from US\$20 per pound to US\$25 per pound.

February 8. The Bank of Zaire issued the regulations for 1979 governing the transfer by expatriate workers of part of their remuneration, pension scheme contributions, and insurance premiums (Circular No. 162). By March 31, 1979 each employer had to submit an application to an authorized bank on behalf of all expatriate employees. The amount of remuneration paid in local currency could not be lower than in 1978, but

the transferable part of the remuneration might not be greater than in that year. When approved by the Bank of Zaire, the banks could transfer the authorized amounts in monthly installments directly to the foreign accounts of the expatriate beneficiaries.

February 19. The special exchange rate for the export of diamonds purchased from small-scale producers was depreciated from Z 3.60 = US\$1 to Z 4.50 = US\$1.

March 16. The Bank of Zaire gave authorization for proceeds from invisibles to be applied to the importation of priority goods. Certain banks were authorized to allocate proceeds from invisibles for such payments.

May 3. Exporters of coffee were permitted a discount of Belgian francs 17 on the minimum export price, if they shipped their coffee from North Kivu to Kinshasa by air. The discounts were to be credited to a foreign exchange account which could be debited for spare parts and other expenditures for the maintenance of airplanes (Letter D14/Gouv. No. 10-365).

July 1. The Bank of Zaire tightened the foreign exchange repatriation and surrender requirements for GECAMINES. In addition to transferring 10 per cent of its export proceeds to the Bank of Zaire's account with the Federal Reserve Bank of New York, GECAMINES was henceforth required to surrender to the Bank of Zaire the remainder of its export proceeds (instead of only 45 per cent previously) as well as any balance in excess of a security threshold, which was set initially at Belgian francs 800 million.

July 3. New minimum export prices for rauwolfia were announced (Letter D14/Gouv. No. 10-507).

July 4. The Bank of Zaire instructed SOZACOM and SOZAREX to repatriate and to surrender to the Bank of Zaire two thirds of their foreign exchange proceeds immediately upon their realization. The Bank of Zaire was, however, prepared to respect any contractual obligations incurred by the marketing companies prior to July 1, 1979.

July 5. The Bank of Zaire announced that the transfer abroad of rental income earned by nonresidents was subject to its prior authorization. In the meantime, all such proceeds were to be accumulated in nonconvertible local currency accounts (Letter D14/Gouv. No. 10-546).

July 5. Zairian banks were prohibited from assuming supplementary foreign exchange payments incurred in connection with income transfers on behalf of expatriates. Such payments must be defrayed from the global exchange allocation for income transfers (Letter D14/Gouv. No. 10-547).

July 10. The Zairian Coffee Office (OZACAF) published new regulations for the registration of buyers and exporters of coffee. Exporters must be

either actual or prospective producers and must fulfill certain minimum conditions as to current acreage and its planned extension or they must be owners of coffee treatment plants already registered with OZACAF. Other requirements included an undertaking to export at least 500 tons of coffee each season, a written undertaking to respect the existing exchange regulations governing coffee exports, the submission of proof of full repatriation of export proceeds, and the submission of tax payment certification at the time of submission of the application for registration. OZACAF also required the retreatment of coffee prior to export so as to meet certain standards with regard to quality.

July 13. In application of the monetary arrangement of June 7, 1978 and the agreement on trade and customs cooperation of September 10, 1978 between the members of the Economic Community of the Great Lakes Countries (Burundi, Rwanda, and Zaire), Circular No. 164 introduced a special exchange regime for trade and invisible transactions with Burundi and Rwanda. With effect from August 16, 1979 Zaire's trade with the two countries in specified commodities would be exempt from the requirement of import or export declarations and licenses. Instead, the authorized banks were authorized to register and endorse special import or export notices (avis d'importation ou d'exportation CEPGL). The settlement of transactions would be made through special accounts in convertible zaires opened in favor of the banks' correspondents in Burundi and Rwanda. The balances in those accounts would be cleared with the Bank of Zaire at the end of each month. The Bank of Zaire would, in turn, settle any balances with the central banks of Burundi and Rwanda every three months. The validity of import and export notices issued under this special regime was six months and could be extended once by the endorsing bank for a maximum of three months.

In addition to the current payment transactions permitted under the general exchange control provisions, with effect from August 16, 1979 the following payments might be made to Burundi and Rwanda: insurance claim settlements in favor of residents of those countries; social security payments; travel and related expenses of tourists and households residing in the border area; and transfers to meet the personal requirements of citizens of Burundi and Rwanda over and above limits established on the transfer of remuneration. Upon proper documentation, each tourist or household was entitled to receive Burundi or Rwanda francs up to the equivalent of SDR 100 a month in the form of cash or nontransferable travelers checks. Unspent balances could be exchanged again for zaires upon return.

July 24. In order to facilitate the application of Circular No. 164, Circular No. 165 amended Circular No. 86 of March 31, 1967 by adding the Burundi franc and the Rwanda franc to the list of 15 currencies quoted daily by the Bank of Zaire.

August 24. The Zaire was devalued by 25 per cent from Z 1 = SDR 0.5 to Z 1 = SDR 0.3750.

August 30. The maximum permissible period of delay between the signing of export contracts for coffee and the submission of the corresponding export declaration was reduced from 15 days to 7 days. At the same time, banks were authorized to register export declarations for coffee and all other exports that were subject to minimum export prices, without prior approval from the Bank of Zaire (Letter D14/Gouv. No. 10-722).

August 30. The Bank of Zaire announced that it would henceforth validate exchange licenses for medical treatment incurred abroad by expatriates at any time in the year. Previously, such licenses could only be submitted in March and September. Banks were required to submit such licenses taking into account their foreign exchange availabilities and the chronological order of license applications (Letter D14/Gouv. No. 10-723).

August 31. Zairian residents of foreign nationality other than salaried employees with a valid work contract, active partners in locally registered partnerships, professionals, members of religious missions, and their dependents could henceforth purchase tickets for international travel with domestic currency, provided such purchases were made from a local airline (Letter D14/Gouv. No. 10-721).

September 3. The Bank of Zaire amended Circular No. 156, permitting commercial banks to use the exchange allocation of 2 per cent, initially reserved for petroleum imports, to augment any of the other exchange allocation coefficients.

November 22. The Bank of Zaire prohibited any further extension of the validity of import licenses issued before September 1, 1978. Banks were instructed to cancel all such licenses within 30 days after expiry of their validity except in cases where it could be proved that shipment occurred within the period of validity (Letter D15/Gouv. No. 10-926).

December 4. All imports of data processing equipment and accessories were subject to the prior approval of the Secretary General of the Permanent Council for Data Processing (Letter D14/Gouv. No. 10-938).

December 11. Representatives of 14 creditor countries agreed to consolidate US\$1.3 billion of Zaire's external public and publicly guaranteed debt to official creditors.

December 22. A trade and payments agreement was signed with Angola. Transactions between Angola and Zaire were to be effected through U.S. dollar-denominated accounts with a swing limit of US\$500,000. Balances in excess of this limit will be settled on a quarterly basis.

December 25. Zaire's borders were closed in order to carry out a currency conversion. Air traffic was resumed on December 30, 1979, but the borders remained closed until January 24, 1980.

12. Changes during 1980

February 1. Letter No. 153 required commercial banks to invest 80 per cent of their externally held foreign exchange balances in interest-earning instruments of less than 12 months' maturity, with a view to minimizing nonremunerative balances.

February 1. The preferential exchange rate for small diamond producers was abolished. Henceforth, purchases from such producers would be made in foreign exchange.

February 8. The commercial and payments agreements signed by Angola and Zaire on October 25, 1978 and December 22, 1979, respectively, entered into effect. Under the payments agreement, reciprocal credit lines in U.S. dollars were established in the respective central banks; balances in excess of US\$500,000 at the end of each quarter must be settled within 15 days (Circular No. 158).

February 22. The zaire was devalued from Z 1 = SDR 0.375 to Z 1 = SDR 0.2625.

February 23. Circular No. 169 permitted resident producer-exporters to open interest-free deposit accounts in foreign exchange with authorized banks. Such accounts could be credited with at most 15 per cent of export receipts and by transfers from other such accounts within Zaire or, with the authorization of the Bank of Zaire, outside of Zaire, and could be debited with: (a) payments for imports of raw materials, intermediate goods, equipment, spare parts, transport vehicles, and consumer goods; (b) transfers under global authorizations granted to the account holders; (c) other authorized payments; (d) transfers to other resident foreign currency accounts; and (e) purchases against zaires by Zairian banks. The account holders have priority in using balances in these accounts for their own external payments. The Bank of Zaire reserves the right to purchase foreign exchange from these accounts with local currency if the balances are deemed too high or inactive for a given period. In case of a devaluation, banks have to buy the balances in the accounts at the old rate and resell them at the new rate; the difference in local currency would be ceded to the Bank of Zaire. In accordance with Circular No. 156 of July 31, 1978, 30 per cent of export receipts must be ceded to the Bank of Zaire; use of the remaining 55 per cent (i.e., excluding the 15 per cent which the exporter could freely deposit in foreign exchange accounts) would be governed by prevailing regulations as set forth in Circular No. 156 (as amended).

March 27. Circular No. 170 limited the amounts of remuneration which expatriate employees might remit abroad in 1980 to amounts authorized for

May 15. The Department of Finance gave permission to the Customs and Excise Office to clear imports made without an import declaration and financed without purchase of foreign exchange from the banks, on condition of payment of the applicable customs duties.

July 1. A Memorandum of Agreement between GECAMINES and the Bank of Zaire on the surrender and use by the former of foreign exchange came into effect. Under the agreement, GECAMINES would transfer its balances abroad into accounts which the Bank of Zaire maintains with correspondents abroad. The counterpart of these balances would be credited by the Bank of Zaire to resident foreign currency accounts of GECAMINES at authorized Zairian banks; such balances may not fall below Belgian francs 800 million. GECAMINES' foreign exchange requirements would be met by the Bank of Zaire on a month-to-month basis. (This agreement was revoked on November 7--see entry below.)

September 2. The Bank of Zaire began a census of arrears not registered with the banking system.

October 15. A special schedule for the retention of export receipts by coffee exporters was established. The rates were 20 per cent for planters who also process and export, 15 per cent for processors who export, and 10 per cent for those who only export.

November 7. The Memorandum of Agreement between GECAMINES and the Bank of Zaire was revoked. The previous system, under which GECAMINES retained 45 per cent of its export proceeds, was restored.

13. Changes during 1981

January 28. In order to influence the composition of imports SAD (i.e., imports financed without recourse to the foreign exchange resources of the banking system), Circular No. 175 specified 199 eligible categories and required the submission of an import declaration which would be subject, prior to shipment, to the control of OZAC. Imports valued at SDR 500 f.o.b. or less and destined for personal use were exempted from both import declaration and preshipment control requirements; imports valued at SDR 501-SDR 2,500 were exempted from preshipment controls only. An exchange control tax of 0.3 per cent would apply. Prior approval of the Bank of Zaire was required for imports to be transported by air. While the importers concerned were not required to file an attestation of their tax status, they were required to provide evidence of the marketing of the relevant goods within a delay of 30 days. Imports of tires, inner tubes, other similar products, and iron and steel products would require the prior approval of the Department of Economy.

February 3. The system of allocation of export and invisible earnings retained by commercial banks was altered significantly. While the share of raw materials, intermediate goods, and certain finished products was increased

from 35 per cent to 45 per cent, that of essential consumer goods and pharmaceuticals was reduced from 33 per cent to 30 per cent; the proportion allocated to invisible payments was maintained at 25 per cent, but the shares of nonpriority goods and the unrestricted margin, previously 5 per cent and 2 per cent, respectively, were abolished. With regard to invisible receipts, the allocation of which was previously uncontrolled, the commercial banks may now (a) surrender them to the Bank of Zaire; or (b) use them to increase any of the coefficients mentioned above, finance imports of a number of specified product categories, finance other imports requiring the prior approval of the Bank of Zaire, or finance imports of goods payable by direct transfers whose authorization dates prior to September 1, 1978.

February 27. SOZACOM reduced the export price for cobalt from US\$25 per pound to US\$20 per pound.

March 13. Zaire, Burundi, and Rwanda renewed with amendments the Monetary Agreement Between the Central Banks of the Member States of the Economic Community of the Great Lakes Countries. The Arrangement, which renewed that signed on June 7, 1978, provided mainly for four amendments. First, the respective central banks were allowed to stock the currency of their partners to cover the needs of travelers; while out of circulation, such stocks would remain the property of the issuing central bank. Second, a precise timetable for quarterly settlements was specified. Third, a given creditor country would be permitted to specify the convertible currency to be used in settlement. Lastly, procedures for the arbitration of any conflict arising from the operation of the arrangements were established.

April 2. Ordinance-Law No. 81-014 gave SOZACOM the exclusive right to sell Zaire's production of diamonds.

April 6. Circular No. 176 provided that monthly transfers of expatriate salaries in 1981 would be limited to amounts authorized in 1980. Monthly transfers for newly hired expatriates will be fixed by the Bank of Zaire.

June 2. Circular No. 177 provided that, effective immediately, the Bank of Zaire will publish the official exchange rates of the Kenya shilling, the Spanish peseta, and the Japanese yen. Accordingly, the commercial banks were authorized to open sight deposit accounts with correspondents abroad, to open accounts denominated in these currencies for residents and nonresidents within existing regulations, and to receive or effect payments in these currencies for authorized foreign exchange transactions.

June 17. Circular No. 178 amended certain provisions of Circular No. 175 (January 28, 1981) pertaining to imports SAD. While previously specific products eligible to be imported under each customs category were listed, the new circular provided that all products under each category may be imported except for specified prohibitions (including coffee, tea, pyrethrum, portland cement, explosives, matches, telephone equipment, walkie-talkies, military equipment and ammunitions, sound equipment, gambling equipment, and materials contrary

to public morals). Moreover, Circular No. 178 exempted from the import declaration requirement the following imports: (a) grants to recognized philanthropic organizations; (b) commercial samples without value; (c) diplomatic imports; (d) imports to be used in the operations of foreign transport companies represented in Zaire; (e) goods for personal use or resale valued at SDR 2,500 or less; (f) goods used for moving; and (g) baggages and personal objects of travelers. Each import declaration must indicate whether the goods involved are for personal use or for resale. Moreover, each shipment subject to import declaration must conform to the shipping regulations of OZAC; if not, a fine in foreign exchange of 40 per cent of the f.o.b. value will be imposed. Imports transported by an air carrier other than Air Zaire need prior approval by the Bank of Zaire. While previously import declarations required shipment within six months, Circular No. 179 allowed for a three-month extension.

June 19. The zaire was devalued by 40 per cent from $Z 1 = \text{SDR } 0.2625$ to $Z 1 = 0.1575$.

June 23. The Executive Council announced that foreign exchange allocations amounting to US\$50 million would be made available from official reserves to 201 enterprises. Only 50 per cent of the counterpart in local currency of the special allocation may be raised through credits from the banking system. Moreover, importers who are not able to use their allocation within 30 days of notification would forfeit the right to do so.

June 29. Zaire entered into a contract with the U.S. General Services Administration to sell 5.2 million pounds of cobalt at US\$15 per pound for a total amount of US\$78 million. Delivery will be made over a twelve-month period.

July 1. In respect of the US\$50 million foreign exchange allocation, the importers concerned were required to put up the local currency equivalent of their respective shares prior to July 15, calculated on the basis of the prevailing exchange rate. While commercial importers may borrow only up to 50 per cent of the value of counterpart in zaires, the limit on industrial importers was raised to 75 per cent. Import declarations had to be registered prior to August 15; registrations up to August 31 would be accepted only upon express approval of the Bank of Zaire. The deadline for the utilization of allocations was extended from 30 days after notification to September 30.

July 9. The Paris Club agreed to reschedule debt service payments falling due from January 1, 1981 to December 31, 1982.

July 23. In respect of the US\$50 million foreign exchange allocation, the rates of exchange to be applied to determine the counterpart in zaires was changed to the rates which applied on the date of the validation of the import declaration.

Table I. Zaire: Gross Domestic Product by Industrial Origin at Current Prices, 1975-80

(In millions of zaires)

	1975	1976	1977	1978	1979	1980 <u>1/</u>
Agriculture (commercialized)	171.2	370.8	473.1	679.4	1,313.3	1,794.8
Mining <u>2/</u>	293.2	376.3	460.0	638.9	1,779.6	2,761.1
Manufacturing	191.6	239.2	280.2	336.0	419.2	518.5
Construction	74.4	90.9	99.2	123.8	218.7	443.9
Electricity and water	10.2	11.0	11.2	11.4	11.6	11.8
Transportation and telecommunications	82.3	91.6	84.4	92.7	93.4	99.4
Commerce	275.3	452.9	731.3	967.2	2,065.5	2,973.0
Other services <u>3/</u>	495.7	731.4	1,072.0	1,479.8	2,728.4	4,143.6
Import duties	85.5	86.4	91.1	110.3	258.7	603.2
Commercialized GDP	1,679.4	2,450.5	3,302.5	4,439.5	8,888.4	13,349.3
Agriculture (subsistence)	202.4	364.4	604.3	979.3	2,129.5	3,134.4
Construction (subsistence)	37.3	45.3	49.4	61.7	108.9	221.0
Total GDP	1,919.1	2,860.2	3,956.2	5,480.5	11,126.8	16,704.7

Source: Data provided by the Zairian authorities.

1/ Provisional.

2/ Including processing of minerals.

3/ Including banking and government services.

Table II. Zaire: Agricultural and Agro-Industrial Production, 1975-81

(In thousands of metric tons)

	1975	1976	1977	1978	1979	1980 <u>1/</u>	1981 <u>2/</u>
Palm oil	145.0	128.6	104.9	98.6	98.5	93.2	115.0
Palm kernel oil	29.0	23.1	22.2	20.2	18.4	22.6	24.0
Palm husks	31.0	32.3	29.7	26.2	25.5	27.7	33.0
Coffee							
Robusta	51.4	88.7	56.5	76.8	60.0	73.9	70.0
Arabica <u>3/</u>	8.0	20.8	8.2	10.2	7.8	6.4	7.1
Cotton (fiber)	16.3	11.4	10.0	5.0	6.0	9.7	20.0
Cotton oil	1.3	0.9	0.2	0.3	0.1	...	...
Rubber	28.7	23.8	30.0	28.4	19.1	20.7	...
Maize <u>4/</u>	125.0	128.0	130.0	125.0	128.0	...	...
Manioc <u>4/</u>	800.0	819.0	809.0	785.0	808.5	...	...
Rice <u>4/</u>	135.0	137.0	127.0	127.0	130.8	...	...
Cocoa	5.4	4.4	3.9	4.3	3.5	4.2	4.0
Tea	5.7	6.4	5.2	4.8	3.7	2.5	2.0
Sugarcane	614.4	468.3	553.9	475.3	491.8	482.9	500.0
Tobacco	1.1	1.0	0.9	1.4	1.0	1.9	1.3
Timber (logs) <u>5/</u>	217.5	265.2	307.7	331.7	350.0	325.0	350.0
Timber (sawn) <u>5/</u>	79.0	71.1	81.8	101.5	88.0	68.1	...
Cinchona bark	1.9	2.	2.0	5.2	0.9	1.7	...

Source: Data provided by the Zairian authorities.

1/ Provisional.2/ Projected.3/ Exports only.4/ Commercialized production only.5/ In thousands of cubic meters.

Table III. Zaire: Mineral Production, 1975-81
(In thousands of metric tons)

	1975	1976	1977	1978	1979	1980 1/	1981 2/
Copper	495.9	444.1	479.7	423.9	399.4	459.3	470.0
Cobalt	13.6	10.7	10.2	13.1	14.0	14.5	15.1
Zinc (concentrate)	141.6	125.0	131.5	158.1	138.7	122.8	...
Silver 3/	71.3	60.7	85.0	89.1	91.9	80.3	96.5
Cadmium	0.3	0.3	0.2	0.2	0.2	0.2	0.3
Gold 3/	3.2	2.8	2.5	2.4	2.3	1.2	2.5
Diamonds 4/	12,301.0	11,821.0	11,215.0	11,245.0	8,734.0	10,235.0	...
from Lubilashi	(12,415.0)	(11,516.0)	(10,795.0)	(10,599.0)	(8,063.0)	(8,001.0)	(...)
from Kasai	(386.0)	(305.0)	(420.0)	(646.0)	(671.0)	(2,234.0)	(...)
Manganese	308.8	182.2	41.0 5/	---	24.8	6.6	...
Cassiterite	6.4	5.3	5.1	4.4	3.5	3.2	4.3
Coal	89.0	109.1	127.9	106.6	109.2	139.5	130.0
Petroleum (crude) 6/	25.5	9,075.1	8,254.5	6,604.1	7,613.8	6,640.9	6,500.0
Index of total production (1970 = 100)	119.9	106.7	112.9	102.4	96.8	109.1	...

Source: Data provided by the Zairian authorities.

1/ Provisional.

2/ Projected.

3/ In thousands of kilograms.

4/ In thousands of carats.

5/ January-February only.

6/ In thousands of barrels.

Table IV. Zaire: GECAMINES - Selected Data, 1975-80

(In millions of zaires)

	1975	1976	1977	1978	1979	1980
Total sales	318.8	624.2	602.3	977.1	2,583.6	4,113.3
Of which: copper	(230.2)	(421.0)	(378.7)	(385.7)	(958.7)	(2,742.7)
cobalt	(47.5)	(114.5)	(128.0)	(487.5)	(1,312.6)	(1,206.0)
zinc	(11.7)	(45.8)	(28.4)	(18.0)	(40.2)	(53.4)
Profits after taxes	-19.0	97.1	3.4	145.0	211.7	691.5
Investments during period	49.6	83.8	113.0	95.4	193.8	432.5
Long-term debt	23.0	95.6	159.3	301.7	521.7	609.7
<u>Memorandum items:</u>						
Production (in thousands of metric tons)						
Copper	463.4	407.7	450.9	391.3	369.8	425.7
Cobalt	13.6	10.7	10.2	13.1	14.0	14.5
Zinc	66.9	60.6	51.0	43.5	43.7	43.8

Source: Data provided by the Zairian authorities.

Table V. Zaire: Index of Manufacturing Production, 1975-80

(1970 = 100)

	1970	1975	1976	1977	1978	1979	1980
	<u>Value added</u> <u>(In millions</u> <u>of zaires)</u>						
Consumption goods	<u>42.06</u>	<u>122.4</u>	<u>120.5</u>	<u>121.5</u>	<u>105.6</u>	<u>93.3</u>	<u>92.5</u>
Foodstuffs	7.60	125.2	116.4	128.6	128.1	155.0	124.0
Beverages	12.40	140.4	131.8	123.5	113.4	78.2	73.8
Tobacco	2.60	109.5	79.4	73.6	78.5	58.3	55.0
Clothing	6.88	123.9	108.2	94.0	102.7	75.9	114.0
Printed fabrics	0.65	137.7	163.4	144.7	110.4	110.5	126.0
Shoes and leather	2.44	57.5	72.4	81.2	38.7	30.6	26.0
Chemical products	3.40	102.7	139.7	126.3	113.6	107.4	96.0
Plastics	0.66	158.5	142.9	170.7	152.5	95.6	89.4
Metal manufacturing	2.26	61.1	112.1	97.5	127.9	113.5	152.8
Printing and other	3.17	157.1	155.9	219.1	69.3	87.9	74.5
Equipment goods	<u>23.59</u>	<u>118.1</u>	<u>101.0</u>	<u>98.0</u>	<u>84.5</u>	<u>84.4</u>	<u>82.1</u>
Textile spindles and looms	6.83	103.2	118.1	109.3	69.6	87.8	93.5
Basic chemicals	2.92	135.7	104.1	94.7	72.8	81.5	88.6
Mechanical goods	3.78	97.7	81.0	92.0	90.1	96.4	61.3
Transportation materials	1.39	264.1	206.8	185.8	218.2	185.4	150.1
Nonferrous metals	5.33	131.0	93.5	90.0	97.2	69.0	77.3
Wood processing	3.34	75.0	53.7	60.6	43.5	49.1	56.7
Total	<u>65.65</u>	<u>120.8</u>	<u>113.5</u>	<u>112.6</u>	<u>98.0</u>	<u>90.1</u>	<u>88.7</u>

Source: Data provided by the Zairian authorities.

Table VI. Zaire: Gross Domestic Product and
Expenditure at 1970 Prices, 1975-80

(In millions of zaires)

	1975	1976	1977	1978	1979	1980 <u>1/</u>
GDP	1,054.1	998.8	1,006.4	958.7	927.1	950.1
Gross domestic expenditure	1,114.4	997.2	1,185.9	833.7	966.8	1,127.1
Consumption	765.2	725.2	664.2	584.8	609.7	637.3
Private	(538.7)	(526.5)	(449.9)	(385.3)	(366.5)	(352.6)
Government	(226.5)	(198.7)	(214.3)	(199.5)	(243.2)	(284.7)
Gross fixed investment	320.9	244.4	470.0	234.9	244.9	371.1
Enterprises	(252.4)	(168.5)	(391.0)	(178.3)	(142.3)	(260.4)
Government	(68.5)	(75.9)	(79.0)	(56.6)	(102.6)	(110.7)
Change in stocks	28.3	27.6	51.7	14.0	112.2	118.7
Balance on goods and nonfactor services	-60.3	1.6	-179.5	125.0	-39.7	-177.0
Exports	(467.2)	(437.9)	(436.6)	(442.5)	(349.4)	(427.7)
Imports	(-527.5)	(-436.3)	(-616.1)	(-317.5)	(-389.1)	(-604.7)

Source: Data provided by the Zairian authorities.

1/ Provisional.

Table VII. Zaire: Overall Government Operations, 1975-81

(In millions of zaires)

	1975	1976	1977	1978	1979 <u>1/</u>	1980 <u>1/</u>	1981 <u>2/</u>
Receipts	478.4	558.3	810.5	902.0	2,150.0	4,186.6	5,480.0
Budget revenue	423.0	476.0	669.0	731.0	1,930.0	3,738.6	4,780.0
Grants	55.4	82.3	141.5	171.0	220.0	448.0	700.0
Expenditure	705.7	974.5	1,191.3	1,508.0	2,618.0	4,331.8	6,230.0
Current expenditure	551.9	727.8	915.8	1,240.7	2,299.0	3,714.4	5,235.0
Budget	(493.9)	(650.6)	(790.6)	(1,145.2)	(2,171.0)	(3,456.4)	(4,850.0)
Foreign-financed	(58.0)	(77.2)	(126.2)	(95.5)	(128.0)	(258.0)	(385.0)
Capital expenditure	153.8	246.7	274.5	267.3	319.0	617.4	995.0
Budget	(82.4)	(127.6)	(102.1)	(113.8)	(129.0)	(246.4)	(345.0)
Foreign-financed	(71.4)	(119.1)	(172.4)	(153.5)	(190.0)	(370.0)	(650.0)
Overall deficit (-)	-227.3	-416.3	-380.8	-606.0	-468.0	-145.2	-750.0
Financing	227.3	416.3	380.8	606.0	468.0	145.2	750.0
Domestic (net)	123.5	315.6	222.7	535.0	470.0	267.2	1,000.0
Banking system	115.8	317.8	223.8	529.0	483.9	267.2	1,000.0
Other	7.7	-2.2	-1.1	6.0	-13.9	--	--
Foreign (net)	103.8	100.6	158.1	71.0	-2.0	-122.0	-250.0
Borrowing	122.4	114.5	169.1	116.0	189.0	370.0	335.0
Amortization	-18.6	-13.9	-11.1	-45.0	-191.0	-492.0	-585.0
<u>Memorandum items:</u>							
Increase in arrears on foreign debt	42.0	53.0	98.0	112.0	378.0	--	...
Foreign debt rescheduling	--	--	--	--	--	764.0	...

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

1/ Foreign-financed operations have been estimated using balance of payments data and past relationships.2/ Projected on the basis of information available in late August 1981.

Table VIII. Zaïre: Budgetary Operations, 1974-81

(In millions of zaïres)

	1974	1975	1976	1977	1978	1979	1980	1981 Jan.-June
Revenue	<u>523.4</u>	<u>423.0</u>	<u>476.0</u>	<u>669.0</u>	<u>731.0</u>	<u>1,930.0</u>	<u>3,738.6</u>	<u>2,100.5</u>
Income taxes	69.0	86.9	117.6	184.4	238.3	481.7	582.7	739.3
Payroll tax	1.6	0.7	1.0	4.4	15.8	36.9	69.5	12.5
Property taxes	2.5	2.8	2.7	3.0	3.8	4.9	3.3	1.5
Taxes on goods and services	46.5	52.0	62.1	108.2	131.7	255.4	618.4	331.2
Import duties	99.5	93.4	102.7	99.1	123.0	290.8	651.9	315.8
Export duties	12.3	23.6	40.4	73.6	55.2	52.8	428.6	77.9
Other revenue ^{1/}	30.3	41.1	25.5	58.7	56.7	78.2	400.5	292.5
GECAMINES	261.7	122.5	124.0	137.6	106.5	729.3	983.7	329.8
Expenditure	<u>717.5</u>	<u>576.3</u>	<u>778.2</u>	<u>892.7</u>	<u>1,259.0</u>	<u>2,300.0</u>	<u>3,702.8</u>	<u>2,443.7</u>
Wages and salaries	196.5	225.9	305.2	407.1	588.4	1,063.7	1,608.0	994.5
Interest on foreign debt	23.8	22.7	64.9	78.4	78.2	156.3	336.4	231.9
Interest on domestic debt	8.8	12.5	18.8	28.6	43.8	59.0	77.0	41.9
Capital expenditure	252.9	82.4	127.6	102.1	113.8	129.0	246.4	204.5
Other	235.5	232.8	261.7	276.5	434.8	892.0	1,435.0	970.9
Overall surplus or deficit (-)	<u>-194.1</u>	<u>-153.3</u>	<u>-302.2</u>	<u>-223.7</u>	<u>-528.0</u>	<u>-370.0</u>	<u>35.7</u>	<u>-343.2</u>
Financing	<u>194.1</u>	<u>153.3</u>	<u>302.2</u>	<u>223.7</u>	<u>528.0</u>	<u>370.0</u>	<u>-35.7</u>	<u>343.2</u>
Domestic (net)	216.5	123.5	316.1	222.7	535.0	470.0	267.2	573.3
Banking system	206.9	115.8	317.8	223.8	529.0	483.9	267.2	577.3
Other	9.6	7.7	-1.7	-1.1	6.0	-13.9	--	-4.0
Foreign (net)	<u>-22.4</u>	<u>29.8</u>	<u>-13.9</u>	<u>1.0</u>	<u>-7.0</u>	<u>-100.0</u>	<u>-302.9</u>	<u>-230.1</u>
Borrowing	--	48.4	--	12.1	38.0	91.0	189.1	1.7
Amortization	-22.4	-18.6	-13.9	-11.1	-45.0	-191.0	-492.0	-231.8

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

^{1/} Comprises other tax revenue, nontax revenue, counterpart funds, and revenue to be classified.

Table IX. Zaire: Monthly Budgetary Expenditure, 1979-81**(In millions of zaires)**

	1979	1980	1981
January	115	218	499
February	127	306	485
March	166	197	449
April	169	400	515
May	236	468	332
June	227	283	385
July	232	560	637
August	193	327	487
September	243	279	215
October	307	400	...
November	300	352	...
December	221	414	...

Source: Data provided by the Zairian authorities.

Table X. Zaire: Budgetary Revenue, 1974-81

(In millions of saires)

	1974	1975	1976	1977	1978	1979	1980	1981 Jan.-June
Taxes on net income and profits	112.6	113.2	158.1	226.7	301.8	676.2	1,051.1	934.7
Corporations	47.3	37.3	54.4	81.6	117.9	223.3	525.8	618.4
Unincorporated enterprises and self-employed professions	2.1	1.7	2.1	3.2	6.1	15.7	14.4	3.9
Wages and salaries	57.6	71.8	97.5	135.1	168.0	422.2	487.2	285.1
Dividends and interest	3.5	0.9	1.3	1.7	3.6	6.5	5.7	17.5
Rental income	2.0	1.3	2.7	4.5	6.1	8.2	17.3	9.5
Other	0.1	0.2	0.1	0.1	0.1	0.3	0.7	0.3
Payroll tax on expatriates	3.2	3.0	2.7	14.7	25.6	54.0	99.3	23.7
Taxes on property	3.4	3.7	4.0	4.3	5.3	6.4	4.8	2.8
Real estate	2.5	2.5	3.1	3.2	4.2	5.0	3.2	1.2
Motor vehicles	0.9	1.2	0.9	1.1	1.1	1.4	1.6	1.6
Taxes on domestic production and consumption	47.3	53.5	65.1	111.1	135.9	267.6	638.7	333.2
Turnover tax	17.5	25.5	43.0	61.0	71.5	137.1	437.7	207.8
Selective excises	29.6	27.8	22.0	39.0	56.4	113.8	131.9	75.4
Alcoholic beverages	(15.5)	(10.7)	(8.6)	(14.0)	(13.3)	(8.8)	(16.5)	(8.7)
Petroleum products	(7.5)	(8.6)	(3.9)	(6.4)	(10.2)	(20.6)	(18.3)	(17.6)
Tobacco	(5.3)	(7.4)	(8.6)	(16.4)	(30.9)	(82.4)	(95.7)	(47.9)
Other	(1.3)	(1.1)	(0.9)	(2.2)	(2.0)	(2.0)	(1.4)	(1.2)
Tax on crude petroleum production	—	—	—	11.0	7.9	12.8	65.5	49.8
Other taxes on domestic goods and services	0.2	0.2	0.1	0.1	0.1	3.9	3.6	0.2
Taxes on international trade and transactions	326.8	209.2	221.5	254.4	206.2	848.5	1,546.3	507.5
Import duties and taxes	113.2	112.2	114.9	121.5	146.1	334.8	731.9	435.8
Import duties	(64.7)	(62.6)	(55.1)	(56.0)	(68.9)	(170.9)	(389.2)	(232.0)
Temporary import surcharge	(10.8)	(11.0)	(14.3)	(15.2)	(19.4)	(44.1)	(88.5)	(54.8)
Turnover tax	(25.8)	(26.7)	(28.5)	(30.4)	(35.8)	(76.1)	(163.4)	(98.7)
Statistical tax	(11.9)	(11.9)	(17.0)	(19.9)	(22.0)	(43.7)	(90.8)	(50.3)
Export duties and taxes	213.2	96.3	105.7	132.5	59.6	512.8	812.3	71.1
Export duties	(176.1)	(70.2)	(58.0)	(78.4)	(34.0)	(344.3)	(331.0)	(32.6)
Turnover tax	(35.3)	(22.7)	(40.1)	(45.8)	(18.5)	(144.0)	(440.1)	(21.8)
Statistical tax	(1.8)	(3.4)	(7.6)	(8.3)	(7.1)	(24.5)	(41.2)	(16.7)
Other duties	0.4	0.7	0.9	0.4	0.5	0.9	2.1	6.0
Other taxes	12.2	28.6	14.2	28.0	35.3	59.2	37.6	77.9
Total tax revenue	505.7	411.2	465.6	638.7	710.1	1,911.9	3,377.8	1,879.8
Nontax revenue	17.7	11.8	10.4	30.3	20.9	18.1	360.8	220.7
Investment income	10.5	2.8	0.8	—	—	—	17.2	3.0
Miscellaneous	7.2	9.0	9.6	30.3	20.9	18.1	343.6	217.7
Total revenue	523.4	423.0	476.0	669.0	731.0	1,930.0	3,738.6	2,100.5

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

**Table XI. Zaire: Tax Revenue Excluding Taxes Paid
or Remitted by GECAMINES, 1974-81**

(In millions of zaires except where indicated)

	1974	1975	1976	1977	1978	1979	1980	<u>1981</u> Jan.-June
Taxes on net income and profits	69.0	86.9	117.6	184.4	238.3	481.7	582.7	739.3
Corporations	22.1	37.3	54.4	81.0	117.9	176.4	260.7	465.0
Of which:								
petroleum corporations	(--)	(--)	(--)	(21.9)	(15.9)	(58.5)	(162.3)	(127.0)
Wages and salaries	39.2	45.5	57.0	94.0	104.6	274.8	284.3	224.6
Other	7.7	4.1	6.2	9.4	15.8	30.5	37.7	49.7
Payroll tax on expatriates	1.6	0.7	1.0	4.4	15.8	36.9	69.5	12.5
Taxes on property	2.5	2.8	2.7	3.0	3.8	4.9	3.3	1.5
Taxes on domestic production and consumption	46.5	52.0	62.1	108.2	131.7	255.4	618.4	331.2
Taxes on international trade and transactions	112.2	117.7	144.0	173.1	178.7	344.5	1,082.6	387.5
Of which:								
import duties and taxes	(99.5)	(93.4)	(102.7)	(99.1)	(123.0)	(290.8)	(651.9)	(315.8)
export duties and taxes	(12.3)	(23.6)	(40.4)	(73.6)	(55.2)	(52.8)	(428.6)	(71.1)
Other taxes	12.2	28.6	14.2	28.0	35.3	59.2	37.6	77.9
Total tax revenue excluding taxes paid or remitted by GECAMINES	244.0	288.7	341.6	501.1	603.6	1,182.6	2,394.1	1,550.0
Memorandum items:								
Total taxes paid or remitted by GECAMINES	261.7	122.5	124.0	137.6	106.5	729.3	983.7	329.8
Total tax revenue excluding GECAMINES as a percentage of GDP	13.6	15.0	11.9	12.7	11.0	10.6	14.3	...

Sources: Data provided by the Zairian authorities; and GECAMINES' data.

Table XII. Zaïre: Budgetary Expenditure, 1974-81

(In millions of zaïres)

	1974	1975	1976	1977	1978	1979	1980	1981 Jan.-June
Current expenditure	<u>464.6</u>	<u>493.9</u>	<u>650.6</u>	<u>790.6</u>	<u>1,145.2</u>	<u>2,171.0</u>	<u>3,456.5</u>	<u>2,231.0</u>
Wages and salaries	196.5	225.9	305.2	407.1	588.4	1,063.7	1,608.0	994.5
Public administration and defense	180.3	208.8	285.2	380.1	553.8	1,001.0	1,536.0	933.2
Of which: education	(80.0)	(105.0)	(130.0)	(177.1)	(251.9)	(513.8)	(687.0)	(397.9)
Pensions	5.6	6.3	7.6	10.7	14.1	28.2	38.0	24.1
Scholarships	10.6	10.8	12.4	16.3	20.5	34.5	34.0	37.2
Interest	32.6	35.2	83.7	107.0	122.0	215.3	413.4	273.8
Domestic debt	8.8	12.5	18.8	28.6	43.8	59.0	77.0	41.9
Foreign debt	23.8	22.7	64.9	78.4	78.2	156.3	336.4	231.9
Transfers and subsidies	40.8	51.4	76.9	70.1	93.7	190.4	237.0	292.2
Decentralized agencies	22.9	35.7	52.1	36.1	58.4	130.9	174.0	221.2
Hospitals	3.7	3.7	8.1	11.7	12.1	25.2	46.0	52.0
Public enterprises	12.6	12.0	16.4	19.4	17.1	24.2	17.0	19.0
Other	1.6	—	6.3	2.9	6.1	10.1	—	—
Other expenditure	194.7	181.4	184.8	206.4	341.1	701.6	1,198.0	670.5
Diplomatic representation	6.8	0.2	12.7	24.9	24.2	118.9	136.0	69.4
Regional expenditure	19.4	20.7	18.1	22.0	39.3	66.3	58.0	64.2
Presidency and institutions	96.1	77.8	103.6	114.4	91.9	151.5	213.0	205.1
Travel expenses	4.5	2.3	3.3	8.5	8.2	16.9	43.0	11.3
All other	67.9	74.4	47.1	36.6	177.5	348.0	748.0	320.5
Capital expenditure and net lending	<u>252.9</u>	<u>82.4</u>	<u>127.6</u>	<u>102.1</u>	<u>113.8</u>	<u>129.0</u>	<u>246.4</u>	<u>204.5</u>
Total expenditure	<u>717.5</u>	<u>576.3</u>	<u>778.2</u>	<u>892.7</u>	<u>1,259.0</u>	<u>2,300.0</u>	<u>3,702.8</u>	<u>2,435.5</u>

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

1/ Includes an estimated 2 280 million for the Presidency and Institutions and the decentralized agencies.

2/ Excludes salaries.

Table XIII. Zaire: Interest Rate Structure, 1979-81

(In per cent per annum)

	As of January 1, 1979	As of March 10, 1980	As of April 1, 1981
I. Commercial bank deposit rates			
1. Savings deposits	3.25	3.25	5.0
2. Time deposits			
0-3 months	--	--	--
3-6 months	5.0	5.0	8.0
6-12 months	10.0	15.0	20.0
12-24 months	15.0	25.0	30.0
over 24 months	18.0	freely negotiable	freely negotiable
II. Commercial bank loan rates			
1. Rediscountable credit			
a. Short-term			
(1) Loans for pro- duction and equipment	7.5	7.5	11.0
(2) Other	12.0	12.0	freely negotiable
b. Medium- and long- term			
(1) Loans for equip- ment in agricul- tural and agro- industrial activities	9.0	9.0	12.5
(2) Other	15.0	15.0	freely negotiable
2. Nonrediscountable credit			
a. Short-term	18.0	18.0	22.0
b. Medium- and long- term	20.0	20.0	freely negotiable
III. Refinancing rates			
1. Rediscount rates			
a. Basic rate	12.0	12.0	15.0
b. Short-term produc- tion and equip- ment	5.0	5.0	9.0
c. Medium- and long- term	7.0	7.0	10.0
d. Treasury bonds	bond yield	bond yield	bond yield
2. Advances to banks ^{1/}	12.0	12.0	15.0
3. Advances with collateral			
a. With government securities as collateral	6.0	6.0	10.0
b. With commercial paper as collateral			
(1) Short-term	7.0	7.0	12.0
(2) Medium-term	8.0	8.0	13.0

Source: Data provided by the Zairian authorities.

^{1/} Advances made in connection with interbank clearing at the Bank of Zaire.

Table XIV. Zaire: Summary Accounts of the Bank of Zaire, 1978-81
(In millions of zaires; end of period)

	1978		1979		1980			1981		
	Dec.		Dec.		Mar.	June	Sept.	Dec.	Mar.	June
Foreign assets	283.1		604.8		973.7	912.2	938.0	1,066.4	969.2	1,247.8
Claims on Government	1,733.8		2,272.2		2,452.9	2,518.0	2,599.8	2,494.6	3,372.9	3,251.5
Credit to enterprises and households	33.5		52.2		53.1	49.9	36.8	36.5	36.6	36.6
Claims on commercial banks	10.9		17.9		120.7	129.4	197.7	128.4	25.1	72.0
Diamond subsidy	97.8		187.5		206.1	208.7	208.7	208.7	208.7	208.7
Reserve money	1,149.9		978.5		1,350.6	1,779.5	1,995.0	2,237.2	2,572.7	2,638.3
Currency in circulation	(799.8)		(566.2)		(916.0)	(1,280.9)	(1,467.6)	(1,538.1)	(1,785.3)	(1,936.9)
Currency in banks	(23.2)		(47.7)		(57.7)	(91.1)	(105.8)	(130.5)	(128.6)	(121.9)
Banks' deposits	(326.9)		(364.6)		(386.9)	(407.5)	(421.6)	(568.6)	(558.8)	(579.5)
Demand deposits	30.9		61.5		135.0	64.9	72.7	96.4	32.6	92.5
Time deposits	41.9		96.0		98.4	77.8	133.0	58.9	48.2	5.5
Foreign liabilities	406.8		515.4		698.8	722.4	803.2	981.7	1,016.5	1,492.3
Provision for settlement of arrears	973.6		1,245.9		1,691.8	1,598.9	1,594.3	1,590.5	1,559.2	2,524.4
Provision for import payments	5.6		86.4		80.2	82.0	64.7	72.2	99.5	90.8
Counterpart funds	26.0		37.3		63.4	59.5	57.7	2.9	3.0	7.8
Revaluation gains and losses (-)	-747.6		-957.9		-1,349.4	-1,434.1	-1,502.5	-1,549.4	-1,632.7	-2,971.5
Demonetized currency	--		718.2		663.0	636.6	591.6	518.2	502.6	485.4
Government deposits	269.4		324.6		552.4	568.5	425.6	307.3	594.3	498.4
Other items (net)	2.6		28.7		-187.7	-337.8	-254.3	-381.3	-233.4	-47.3

Source: Data provided by the Zairian authorities.

Table XV. Zaire: Summary Accounts of the Commercial Banks, 1978-81

(In millions of zaires; end of period)

	1978		1979			1980			1981	
	Dec.	350.1	412.1	444.6	498.6	527.4	699.1	737.4	701.4	
Reserves										
Currency holdings Deposits with Bank of Zaire	(23.2) (326.9)	(47.7) (364.6)	(57.7) (386.9)	(91.1) (407.5)	(105.8) (421.6)	(130.5) (562.6)	(128.6) (558.8)	(121.9) (579.5)		
Foreign assets	248.8	267.2	420.2	389.8	474.6	512.3	379.1	576.2		
Claims on Government	117.1	125.0	127.7	127.2	129.9	162.1	168.6	174.3		
Claims on enterprises and households	607.5	826.5	935.1	949.3	1,103.0	977.8	1,141.7	1,191.0		
Demand deposits	797.2	1,127.5	1,136.0	1,174.9	1,354.4	1,406.3	1,700.9	1,714.2		
Time deposits	184.8	233.7	203.2	171.8	182.3	267.6	287.9	275.0		
Foreign currency deposits	45.2	60.4	88.5	90.9	155.9	176.5	82.2	150.0		
Provision for import payments	63.8	55.0	40.8	59.0	61.3	97.0	84.5	59.7		
Borrowing from Bank of Zaire	10.9	17.9	120.7	129.4	197.7	128.4	25.1	72.0		
Foreign liabilities	60.7	96.8	120.1	90.8	100.5	132.4	143.6	204.1		
Revaluation gains and losses (-)	64.9	10.2	39.8	49.0	39.5	20.5	--	85.7		
Government deposits	3.2	10.3	15.8	16.2	19.9	20.0	22.9	20.7		
Other items (net)	92.8	19.2	162.7	182.9	123.4	132.6	129.7	61.5		

Source: Data provided by the Zairian authorities.

Table XVI. Zaïre: Balance of Payments, 1976-81

(In millions of SDRs)

	1978		1979		1980 1/		1981 2/		Net
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	
Current account	1,493.4	1,550.5	-66.1	1,664.8	1,653.3	11.5	1,858.1	1,857.7	0.4
Merchandise, f.o.b.	1,258.3	818.4	439.9	1,419.5	856.7	562.8	1,501.0	923.0	578.0
Services	71.6	608.6	-537.0	62.4	666.0	-603.6	102.6	782.6	-680.0
Freight and insurance	0.9	138.4	-137.5	1.3	162.8	-161.5	0.9	193.9	-193.0
Other transport	3.9	55.6	-51.7	0.7	35.9	-35.2	2.2	52.0	-49.8
Travel	2.5	29.7	-27.2	3.8	30.7	-26.9	3.0	29.4	-26.4
INF charges	--	12.3	-12.3	--	11.9	-11.9	--	11.3	-11.3
Interest on public debt	--	147.0	-147.0	--	126.3	-126.3	--	163.0	-163.0
Other investment income	19.9	31.3	-11.4	7.8	51.2	-43.4	24.9	75.7	-50.8
Government, n.i.e.	25.4	87.0	-61.6	30.7	102.7	-72.0	36.8	99.1	-62.3
Other services	19.0	107.3	-88.3	18.1	144.5	-126.4	34.8	156.2	-121.4
Unrequited transfers	163.5	132.5	31.0	182.9	130.6	52.3	254.5	152.1	102.4
Private	36.7	119.5	-82.8	40.5	115.5	-75.0	76.9	135.1	-58.2
Public	126.8	13.0	113.8	142.4	15.1	127.3	177.6	17.0	160.6
Public capital	386.0	288.0	98.0	153.6	192.0	-38.4	292.6	274.3	18.3
Private capital and errors and omissions	--	--	-295.1	--	--	-170.6	--	--	-214.0
SDR allocation	--	--	--	--	--	15.8	--	--	15.8
Overall deficit (-)	--	--	-263.2	-263.2	-263.2	-181.7	-263.2	-179.5	-500.0
Financing items	263.2	263.2	263.2	263.2	263.2	181.7	263.2	179.5	500.0
Payments arrears (decrease -)	324.3	45.9	278.4	188.4	20.2	168.2	--	1,050.0	-1,050.0
Debt rescheduling	--	--	--	--	--	--	1,197.0	--	1,196.3
Emergency assistance	45.1	--	45.1	50.7	--	50.7	57.7	--	57.7
Fund credit	--	9.7	-9.7	20.0	31.5	-11.5	78.4	65.5	12.9
Other reserve movements (increase -)	--	50.6	-50.6	--	36.9	-36.9	--	37.4	-37.4
Profits on gold sales	--	--	--	10.6	--	10.6	--	--	--

Sources: Data provided by the Zaïrian authorities; and staff estimates

1/ Provisional.

2/ Projected on the basis of information available in late August 1981.

3/ Debt service due before rescheduling.

Table XVII. Zaïre: Exports, i.o.b., 1979-81

(Values in millions of U.S. dollars and of SDRs, volumes and unit prices as indicated) 1/

	1979	1980	1981
CECAMINES			
Copper			
Value (US\$)	679.0	911.7	715.5
Value (SDRs)	525.5	700.8	548.5
Volume (tons)	353,997	436,672	444,000
Unit price (\$/lb.)	0.87	0.947	0.81
Cobalt			
Value (US\$)	570.8	377.7	262.4
Value (SDRs)	441.8	290.3	226.2
Volume (tons)	10,528	6,853	7,000
Unit price (\$/lb.)	24.59	25.00	17.00
Zinc			
Value (US\$)	23.3	21.4	68.8
Value (SDRs)	18.0	16.4	59.3
Volume (tons)	31,464	29,588	40,000
Unit price (\$/lb.)	0.336	0.328	0.390
Silver			
Value (US\$)	23.5	54.4	21.3
Value (SDRs)	18.2	41.8	18.4
Volume (kg)	68,000	83,545	99,687
Unit price (\$/t oz.)	11.09	20.92	11.50
Cadmium			
Value (US\$)	0.9	1.4	0.8
Value (SDRs)	0.7	1.1	0.7
Volume (tons)	158	278	178
Unit price (\$/lb.)	2.54	2.32	2.15
Gold			
Value (US\$)	1.1	2.0	1.5
Value (SDRs)	0.9	1.5	1.3
Volume (kg)	112.6	99.0	104.5
Unit price (\$/t oz.)	306.7	634.7	450.0
FM 3'			
US\$	-211.0	-240.4	-198.2
SDRs	-163.3	-184.8	-170.9
Subtotal			
US\$	1,087.6	1,128.2	903.1
SDRs	841.8	867.2	778.5
SODIMIZA			
Copper			
Value (US\$)	56.7	66.4	54.5
Value (SDRs)	43.9	51.0	47.0
Volume (tons)	29,573	31,803	30,500
Unit price (\$/lb.)	0.87	0.947	0.81
Gold (KILLO-MOTO, SOMINANI)			
Value (US\$)	11.8	20.4	-
Value (SDRs)	9.1	15.7	-
Volume (kg)	1,288.3	1,735	-
Unit price (\$/t oz.)	294.49	612.34	430.0
Diamonds			
Value (US\$)	98.7	96.3	71.1
Value (SDRs)	76.4	74.2	61.4
Volume ('000 carats)	8,174	8,614	6,115
Unit price (\$/carat)	12.08	11.13	10.0
Coffee			
Value (US\$)	144.5	163.1	107.0
Value (SDRs)	111.8	125.3	81.0
Volume (tons)	62,799	74,133	61,100
Unit price (\$/lb.)	1.044	0.998	0.750
Rubber			
Value (US\$)	16.6	19.8	14.0
Value (SDRs)	12.9	15.2	11.4
Volume (tons)	16,888	19,477	21,000
Unit price (\$/lb.)	0.45	0.46	0.41
Crude oil			
Value (US\$)	152.7	225.1	242.7
Value (SDRs)	118.2	173.0	209.2
Volume ('000 barrels)	7,535	6,534	6,560
Unit price (\$/barrel)	20.27	34.45	37.00
Other exports			
Value (US\$)	127.4	164.3	142.1
Value (SDRs)	98.6	126.3	122.5
Adjustment			
Value (US\$)	138.6	69.0	--
Value (SDRs)	107.3	53.1	--
Total			
Value (US\$)	1,834.6	1,952.8	1,577.6
Value (SDRs)	1,420.0	1,501.0	1,360.0
Rate of increase in SDRs (per cent)	12.9	5.7	-9.4

Sources: Data provided by the Zairian authorities, and staff estimates

1/ Conversion rates: SDR 1 = US\$1.292 for 1979, SDR 1 = US\$1.301 for 1980, and SDR 1 = US\$1.16 for 1981. Measure conversion rates: Metric ton = 2,204.7 pounds, troy ounce = 31.103 grams, carat = 200 milligrams.

Table XVIII. Zaire: Terms of Trade, 1975-81 1/
(1975 = 100)

	Export price index	Import price index	Terms of trade index	Change in terms of trade (per cent)
1975	100.0	100.0	100.0	-39.8
1976	130.9	117.5	111.4	11.4
1977	146.3	133.4	109.7	-1.5
1978	146.5	149.9	97.7	-10.9
1979	204.8	178.6	114.7	17.4
1980	215.2	206.7	104.1	-9.2
1981 <u>2/</u>	202.3	231.5	87.4	-16.0

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

1/ Based on figures expressed in SDRs.

2/ Projected.

Table XIX. *Zaire*: Composition of Imports, c.i.f., 1978-81 1/

	1978	1979	1980	1981 2/	1978	1979	1980	1981 2/	1981 2/
	(In millions of SDRs) 3/				(In per cent) 3/				
Consumer goods	210.6	182.5	187.6	176.6	22.0	17.9	16.8	15.3	15.3
Foodstuffs, beverages, and tobacco	124.1	74.1	67.2	65.1	13.0	7.3	6.0	5.7	5.7
Clothing	22.7	15.9	20.5	18.6	2.4	1.6	1.8	1.6	1.6
Other nondurables	41.9	60.8	79.3	74.4	4.4	6.0	7.1	6.5	6.5
Consumer durables	21.8	31.7	20.5	18.5	2.3	3.1	1.8	1.5	1.5
Energy	83.0	137.8	185.4	223.0	8.7	13.5	16.6	19.4	19.4
Raw materials	14.4	48.9	56.6	68.8	1.5	4.8	5.1	6.0	6.0
Processed materials	68.6	88.9	128.8	154.2	7.2	8.7	11.5	13.4	13.4
Raw materials and intermediate goods	235.1	231.9	242.7	260.3	24.6	22.7	21.7	22.6	22.6
Food products	55.0	67.9	56.9	55.8	5.7	6.7	5.1	4.8	4.8
Agricultural products	13.1	6.2	16.8	18.6	1.4	0.6	1.5	1.6	1.6
Textile, leather, and rubber goods	41.1	29.1	23.3	27.9	4.3	2.9	2.2	2.4	2.4
Chemicals	52.4	43.2	55.1	60.5	5.5	4.2	4.9	5.3	5.3
Construction materials	12.2	7.9	14.0	18.6	1.3	0.8	1.2	1.6	1.6
Minerals and metal products	30.6	39.7	36.4	46.5	3.2	3.9	3.3	4.1	4.1
Other	30.6	37.9	40.1	32.4	3.2	3.7	3.6	2.8	2.8
Capital goods	145.9	134.0	156.8	167.3	15.2	13.1	14.0	14.5	14.5
Agricultural machinery	5.2	1.8	11.2	13.9	0.5	0.2	1.0	1.2	1.2
Commercial vehicles	48.9	46.7	56.0	60.4	5.1	4.6	5.0	5.2	5.2
Other transport equipment	12.2	13.2	10.3	13.9	1.3	1.3	0.9	1.2	1.2
Industrial machinery	16.6	17.6	19.6	23.3	1.7	1.7	1.8	2.0	2.0
Other capital goods	62.9	54.7	59.7	55.8	6.6	5.4	5.3	4.9	4.9
Other	282.2	333.2	346.3	324.8	29.5	32.7	31.0	28.2	28.2
Total imports	956.8	1,019.4	1,118.9	1,152.0	100.0	100.0	100.0	100.0	100.0

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

1/ The composition of non-energy imports is derived through the application of the distribution coefficients implicit in the exchange records.

2/ Projections.

3/ Totals may not exactly add due to rounding.

Table XX. Zaïre: Direction of Trade, 1976-80

(In per cent)

	Exports					Imports				
	1976	1977	1978	1979	1980	1976	1977	1978	1979	1980
Industrial countries	<u>64.3</u>	<u>63.7</u>	<u>63.7</u>	<u>61.7</u>	<u>60.7</u>	<u>70.0</u>	<u>70.4</u>	<u>64.2</u>	<u>59.9</u>	<u>61.0</u>
United States	9.6	7.4	8.4	9.1	9.4	10.2	10.8	7.6	8.6	9.7
Japan	4.2	3.7	3.0	3.6	3.4	3.4	3.5	2.2	2.0	2.9
Belgium	29.6	26.1	27.9	30.1	31.3	13.5	17.1	16.4	14.6	16.2
France	5.2	6.8	5.4	5.2	4.4	13.0	9.1	10.7	10.8	7.8
Germany	3.8	4.9	4.6	3.3	2.9	8.9	8.3	8.4	10.3	9.7
Italy	5.7	6.6	4.8	3.7	3.9	3.6	5.6	5.1	3.2	4.4
United Kingdom	3.3	4.2	6.9	4.5	3.1	3.1	3.0	3.7	3.6	4.0
Other	2.9	4.0	2.7	2.2	2.3	14.3	13.0	10.1	6.8	6.3
Oil exporting countries	<u>0.3</u>	<u>0.3</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>5.7</u>	<u>3.9</u>	<u>4.4</u>	<u>6.7</u>	<u>5.1</u>
Non-oil developing countries	<u>34.9</u>	<u>35.4</u>	<u>35.3</u>	<u>37.2</u>	<u>38.2</u>	<u>23.4</u>	<u>24.4</u>	<u>29.4</u>	<u>32.4</u>	<u>32.6</u>
Africa	<u>27.8</u>	<u>26.7</u>	<u>26.0</u>	<u>24.8</u>	<u>24.3</u>	<u>18.3</u>	<u>18.7</u>	<u>20.9</u>	<u>20.2</u>	<u>20.0</u>
Angola	(20.2)	(18.8)	(17.7)	(16.6)	(16.2)	(0.6)	(0.5)	(0.5)	(0.4)	(3.6)
Mozambique	(6.7)	(7.0)	(7.2)	(7.2)	(7.0)	(--)	(--)	(--)	(--)	(--)
South Africa	(--)	(--)	(--)	(--)	(--)	(7.2)	(8.5)	(10.0)	(9.6)	(9.5)
Other	(0.9)	(0.9)	(1.0)	(1.0)	(1.1)	(10.5)	(9.7)	(10.4)	(10.2)	(6.9)
Asia	<u>2.2</u>	<u>3.1</u>	<u>5.4</u>	<u>6.9</u>	<u>6.9</u>	<u>1.2</u>	<u>1.3</u>	<u>1.6</u>	<u>0.6</u>	<u>0.9</u>
India	(2.0)	(3.0)	(5.2)	(6.8)	(6.9)	(0.3)	(0.2)	(--)	(--)	(--)
Other	(0.2)	(0.1)	(0.2)	(0.1)	(--)	(0.9)	(1.1)	(1.6)	(0.6)	(0.9)
Europe	<u>1.7</u>	<u>1.1</u>	<u>1.5</u>	<u>1.6</u>	<u>1.7</u>	<u>1.7</u>	<u>1.3</u>	<u>1.3</u>	<u>1.4</u>	<u>1.1</u>
Middle East	<u>1.1</u>	<u>1.3</u>	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>	<u>0.3</u>	<u>0.5</u>	<u>0.7</u>	<u>0.6</u>	<u>0.7</u>
Western Hemisphere	<u>2.2</u>	<u>3.3</u>	<u>1.0</u>	<u>2.4</u>	<u>4.0</u>	<u>1.7</u>	<u>2.6</u>	<u>5.0</u>	<u>9.6</u>	<u>9.9</u>
Brazil	(0.2)	(--)	(0.4)	(1.2)	(1.6)	(0.5)	(0.5)	(2.3)	(6.8)	(6.7)
Other	(2.0)	(3.3)	(0.6)	(1.2)	(2.4)	(1.2)	(2.1)	(2.7)	(2.8)	(3.2)
Soviet Union and Eastern Europe	<u>0.5</u>	<u>0.6</u>	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	<u>100.0</u>

Source: IMF, Direction of Trade.

Table XI. Zaire: External Public Debt Outstanding, End-1980,
and Service Payments due Without Rescheduling, 1981-85

(In millions of U.S. dollars) 1/

	Outstand- ing debt end-1980	Debt service payments 2/				
		1981	1982	1983	1984	1985
IMF Trust Fund	<u>139.4</u>	<u>0.6</u>	<u>1.3</u>	<u>4.3</u>	<u>11.4</u>	<u>21.9</u>
Principal		--	0.7	3.6	10.8	21.4
Interest		0.6	0.7	0.6	0.6	0.5
Multilateral loans	<u>349.1</u>	<u>22.4</u>	<u>25.4</u>	<u>29.1</u>	<u>30.2</u>	<u>30.9</u>
Principal		<u>10.6</u>	<u>12.5</u>	<u>15.3</u>	<u>17.2</u>	<u>19.0</u>
Interest		11.8	12.9	13.7	13.1	11.8
Government loans	<u>706.2</u>	<u>65.6</u>	<u>71.8</u>	<u>82.2</u>	<u>82.8</u>	<u>82.1</u>
Principal		<u>35.7</u>	<u>41.9</u>	<u>53.8</u>	<u>56.8</u>	<u>58.7</u>
Interest		29.9	30.0	28.4	26.0	23.4
Export credit agencies	<u>1,161.6</u>	<u>236.0</u>	<u>276.5</u>	<u>219.4</u>	<u>183.2</u>	<u>148.8</u>
Principal		<u>159.2</u>	<u>171.0</u>	<u>155.7</u>	<u>132.1</u>	<u>108.4</u>
Interest		76.8	105.5	63.7	51.1	40.4
1976-77 Paris Club	<u>312.3</u>	<u>88.2</u>	<u>61.8</u>	<u>58.2</u>	<u>54.6</u>	<u>44.1</u>
Principal		<u>61.1</u>	<u>47.2</u>	<u>47.2</u>	<u>47.2</u>	<u>40.1</u>
Interest		27.1	14.6	11.0	7.4	4.0
1979 Paris Club	<u>1,079.1</u>	<u>129.6</u>	<u>146.1</u>	<u>147.4</u>	<u>208.1</u>	<u>149.5</u>
Principal		<u>60.2</u>	<u>79.8</u>	<u>87.6</u>	<u>154.9</u>	<u>107.9</u>
Interest		69.3	66.3	59.8	53.3	41.6
Uninsured bank debt	<u>468.8</u>	<u>88.5</u>	<u>74.1</u>	<u>71.8</u>	<u>70.2</u>	<u>122.8</u>
Principal		<u>17.6</u>	<u>12.4</u>	<u>11.8</u>	<u>11.8</u>	<u>67.4</u>
Interest		70.9	61.8	60.0	58.4	55.3
Uninsured commercial debt	<u>39.5</u>	<u>7.7</u>	<u>6.3</u>	<u>6.2</u>	<u>6.0</u>	<u>11.2</u>
Principal		<u>2.8</u>	<u>1.8</u>	<u>1.9</u>	<u>1.9</u>	<u>7.4</u>
Interest		5.0	4.5	4.3	4.2	3.9
Subtotal (1)	<u>4,276.1</u>	<u>638.7</u>	<u>663.3</u>	<u>618.5</u>	<u>646.5</u>	<u>611.2</u>
Principal		<u>347.2</u>	<u>367.3</u>	<u>376.9</u>	<u>432.5</u>	<u>430.2</u>
Interest		291.5	296.1	241.6	214.0	181.0
Net carry-over from 1979						
Paris Club		<u>62.6</u>	--	--	--	--
Principal		<u>12.5</u>	--	--	--	--
Interest		50.1	--	--	--	--
Subtotal (2)	<u>4,276.1</u>	<u>701.3</u>	<u>663.3</u>	<u>618.5</u>	<u>646.5</u>	<u>611.2</u>
Principal		<u>359.7</u>	<u>367.3</u>	<u>376.9</u>	<u>432.5</u>	<u>430.2</u>
Interest		341.6	296.1	241.6	214.0	181.0
Fund credit 3/ Repurchases	<u>233.1</u>	<u>140.3</u>	<u>76.5</u>	<u>104.0</u>	<u>186.8</u>	<u>209.5</u>
Charges		<u>120.4</u>	<u>25.6</u>	<u>16.2</u>	<u>70.3</u>	<u>97.1</u>
		19.9	50.9	87.8	116.5	112.4
Total	<u>4,509.2</u>	<u>841.6</u>	<u>739.8</u>	<u>722.5</u>	<u>833.3</u>	<u>820.7</u>
Principal		<u>480.1</u>	<u>392.9</u>	<u>393.1</u>	<u>502.8</u>	<u>527.3</u>
Interest		361.5	347.0	329.4	330.5	293.4

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

1/ Totals may not add exactly due to rounding.

2/ At exchange rates prevailing on June 30, 1981.

3/ SDR figures for 1981-85 converted at SDR 1 = US\$1.16.

Table XXII. Zaïre: External Public Debt Service Payments due in 1981-85 with 1981 Paris Club Rescheduling

(In millions of U.S. dollars) 1/

	1981	1982	1983	1984	1985
IMF Trust Fund	0.6	1.3	4.3	11.4	21.9
Principal	--	0.7	3.6	10.8	21.4
Interest	0.6	0.7	0.6	0.6	0.5
Multilateral loans	22.4	25.4	29.1	30.2	30.9
Principal	10.8	12.3	13.3	17.2	19.0
Interest	11.8	12.9	13.7	13.1	11.8
Government loans	17.4	18.9	82.2	82.8	82.1
Principal	8.9	9.6	53.8	56.8	58.7
Interest	8.5	9.4	28.4	26.0	23.4
Export credit agencies	14.3	76.7	219.4	183.2	148.8
Principal	--	21.8	155.7	132.1	108.4
Interest	14.3	54.9	63.7	51.1	40.4
1976-77 Par's Club	88.2	61.8	58.2	54.6	44.1
Principal	41.1	47.2	47.2	47.2	40.1
Interest	27.1	14.6	11.0	7.4	4.0
1979 Paris Club	48.0	146.1	147.4	200.1	149.5
Principal	30.0	79.8	87.6	134.9	107.9
Interest	18.0	66.3	59.8	53.3	41.6
Uninsured bank debt	88.5	74.1	71.8	70.2	122.8
Principal	17.6	12.4	11.8	11.8	67.4
Interest	70.9	61.8	60.0	58.4	55.3
Uninsured commercial debt	7.7	6.3	6.2	6.0	11.2
Principal	2.8	1.8	1.9	1.9	7.4
Interest	5.0	4.5	4.3	4.2	3.9
Subtotal (1)	287.1	410.6	618.5	646.5	611.2
Principal	131.0	185.8	376.9	432.5	430.2
Interest	156.2	225.0	241.6	214.0	181.0
Net carry-over from					
1979 Paris Club	62.6	--	--	--	--
Principal	12.3	--	--	--	--
Interest	50.1	--	--	--	--
Deferred payment of 1981 maturities vis-à-vis 1979 Paris Club	--	31.0	59.3	--	--
Principal	--	27.2	54.4	--	--
Interest	--	3.8	4.9	--	--
1981 Paris Club	20.3	51.7	62.4	61.4	73.9
Principal	6.8	13.1	13.1	13.1	26.5
Interest	13.5	38.6	49.3	48.3	47.4
Subtotal (2)	370.1	493.4	740.2	707.9	685.1
Principal	130.3	226.1	444.4	443.6	436.7
Interest	219.8	267.4	295.8	262.3	228.4
Fund credit 2/ Repurchases	140.3	76.5	104.0	186.8	(209.5)
Charges	120.4	25.6	16.2	70.3	97.1
Charges	19.9	50.9	87.8	116.5	112.4
Total	510.4	569.9	844.2	894.7	894.6
Principal	270.7	251.7	460.6	513.9	533.8
Interest	239.7	318.3	383.6	378.8	340.8

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

1/ At exchange rates prevailing on June 30, 1981. Totals may not add exactly due to rounding.

2/ SDR figures for 1981-85 converted at SDR 1 = US\$1.16.

Table XXIII. Zaire: External Public and Publicly Guaranteed
Debt Outstanding, 1975-79

(In millions of U.S. dollars; end of period) 1/

	1975	1976	1977	1978	1979
Suppliers' credits	412.9	426.3	517.7	590.9	595.6
Financial institutions	818.3	1,016.4	1,258.8	1,494.6	1,568.8
Multilateral loans	78.2	115.9	206.1	317.3	383.5
Of which: Trust Fund	(--)	(--)	(14.7)	(61.0)	(106.8)
Bilateral loans	403.6	701.2	888.9	1,177.5	1,223.6
Bonds	5.3	5.8	6.4	7.3	7.5
Subtotal	1,718.4	2,265.7	2,877.9	3,587.6	3,779.0
Fund credit <u>2/</u>	85.8	209.9	253.0	260.9	250.9
CFF	(33.1)	(72.2)	(103.0)	(110.4)	(111.6)
Oil facility	(52.7)	(90.1)	(94.2)	(93.7)	(74.6)
Credit tranches	(--)	(47.6)	(55.8)	(54.6)	(60.3)
Total	1,804.2	2,475.6	3,130.9	3,848.5	4,029.9

Sources: Data provided by the Zairian authorities; and World Bank and IMF data.

1/ Totals may not add exactly due to rounding.

2/ Total may exceed components when member's payments in its currency for Fund charges or for gold distributed by the Fund increase Fund holdings of that currency over the member's quota; such excess currency holdings are subject to repurchase.

Table XXIV. Zaire: Structure and Terms of External Public and Publicly Guaranteed Debt Commitments, 1975-80 1/

	Amount (In millions of US\$)	Interest (In per cent)	Average terms		Grant element (In per cent)
			Maturity (In years)	Grace period	
Suppliers' credits					
1975	76.8	5.3	8.0	2.3	11.8
1976	30.1	8.6	7.6	2.7	4.4
1977	22.6	5.6	6.3	2.5	14.1
1978	22.3	9.5	5.8	0.5	-1.3
1979	91.4	7.5	8.3	2.3	8.9
1980	15.2	6.0	10.0	2.5	16.8
Financial institutions					
1975	102.6	8.1	9.7	3.8	9.3
1976	153.1	7.3	10.2	3.2	11.2
1977	80.2	2.3	14.4	2.6	42.5
1978	100.8	7.0	9.5	3.1	12.1
1979	64.0	10.3	9.0	4.6	-1.9
1980	37.3	9.5	9.9	2.4	3.1
Multilateral loans					
1975	166.4	5.2	26.4	6.6	37.8
1976	67.4	1.8	42.0	8.6	70.4
1977	39.3	1.6	31.9	7.4	61.3
1978	108.1	1.5	24.0	7.1	57.8
1979	155.4	1.5	33.8	8.0	64.2
1980	86.6	1.7	27.1	7.2	57.5
Bilateral loans					
1975	125.5	5.8	17.6	4.2	25.8
1976	125.5	5.7	15.5	4.8	26.3
1977	98.5	2.3	29.1	6.5	55.7
1978	263.1	3.8	22.8	4.5	42.4
1979	83.3	6.8	19.7	9.2	23.4
1980	277.6	7.4	16.6	4.4	23.5
Total <u>2/</u>					
1975	471.3	6.2	17.4	4.7	24.2
1976	376.2	5.9	17.4	4.6	26.3
1977	240.5	2.5	22.5	5.0	48.3
1978	494.3	4.2	19.6	4.6	37.6
1979	394.1	5.4	20.9	6.4	32.0
1980	320.0	6.4	17.9	4.4	28.5

Source: World Bank.

1/ Excludes IMF facilities.

2/ Totals may not add exactly due to rounding.

Table XXV. Zaire: External Payments Arrears Registered
with the Banking System, 1976-81 1/

(In millions of SDRs; end of period)

	1976	1977	1978	1979	1980 <u>2/</u>	1981 June <u>2/</u>
Commercial	240.7	371.7	440.1	435.3	389.5	...
Invisibles <u>3/</u>	49.1	92.6	46.7	32.0	28.0	...
External public debt	95.1	192.6	462.9	650.7	--	--
Interest	47.8	56.2	341.3	475.4	--	--
Principal	47.3	136.4	121.6	175.3	--	--
Total	384.9	656.9	949.7	1,118.0	417.5	397.5

Source: Bank of Zaire.

1/ Arrears registered with the commercial banks were centralized in the Bank of Zaire by virtue of Circular No. 156 of July 31, 1978.

2/ Excludes arrears on external public debt covered by the December 1979 and July 1981 Paris Club rescheduling agreements.

3/ Other than interest on external public debt.

Table XXVI. Zaire: Service Payments on the External Public and Publicly Guaranteed Debt, 1975-80 1/(In millions of U.S. dollars) 2/

	1975	1976	1977	1978	1979	1980
Suppliers' credits	<u>57.7</u>	<u>28.7</u>	<u>23.4</u>	<u>17.5</u>	<u>22.7</u>	...
Principal	<u>42.0</u>	<u>20.6</u>	<u>15.8</u>	<u>8.7</u>	<u>11.7</u>	...
Interest	15.6	8.1	7.6	8.8	11.0	...
Financial institutions	<u>73.7</u>	<u>36.8</u>	<u>51.4</u>	<u>74.4</u>	<u>67.7</u>	...
Principal	<u>36.5</u>	<u>10.0</u>	<u>11.5</u>	<u>18.1</u>	<u>18.2</u>	...
Interest	37.2	26.8	39.9	56.3	49.5	...
Multilateral loans <u>3/</u>	<u>6.1</u>	<u>8.5</u>	<u>9.8</u>	<u>13.3</u>	<u>24.3</u>	...
Principal	<u>3.7</u>	<u>3.3</u>	<u>3.6</u>	<u>3.9</u>	<u>11.6</u>	...
Interest	2.4	5.2	6.2	9.3	12.7	...
Bilateral loans	<u>13.9</u>	<u>13.6</u>	<u>29.8</u>	<u>34.4</u>	<u>53.6</u>	...
Principal	<u>6.5</u>	<u>3.1</u>	<u>14.2</u>	<u>17.8</u>	<u>31.9</u>	...
Interest	7.4	10.5	15.7	16.5	21.7	...
Bonds	<u>0.1</u>	<u>0.3</u>	--	--	--	...
Principal	--	--	--	--	--	...
Interest	0.1	0.3	--	--	--	...
Subtotal	<u>151.6</u>	<u>88.0</u>	<u>114.4</u>	<u>139.5</u>	<u>168.3</u>	<u>313.5</u>
Principal	<u>38.8</u>	<u>36.9</u>	<u>45.0</u>	<u>48.6</u>	<u>73.4</u>	<u>115.5</u>
Interest	62.8	51.1	69.4	90.9	94.9	198.0
Fund credit	<u>3.8</u>	<u>35.3</u>	<u>19.9</u>	<u>27.5</u>	<u>56.0</u>	<u>100.0</u>
Repurchases	--	<u>26.1</u>	<u>6.7</u>	<u>12.1</u>	<u>40.7</u>	<u>85.2</u>
Charges	3.8	9.2	13.2	15.4	15.3	14.8
Total	<u>155.4</u>	<u>123.3</u>	<u>134.3</u>	<u>167.0</u>	<u>224.3</u>	<u>413.5</u>
Principal and Fund repurchases	<u>88.8</u>	<u>63.0</u>	<u>51.7</u>	<u>60.7</u>	<u>114.1</u>	<u>200.7</u>
Interest and Fund charges	66.6	60.3	82.6	106.3	110.2	212.8

Sources: Data provided by the Zairian authorities; and World Bank data.

1/ Excludes reduction of arrears through cash payments.2/ Totals may not add exactly due to rounding.3/ Includes Trust Fund.

Table XXVII. Zaire: Real Effective Exchange Rate Indices, 1976-81 ^{1/}
 (Zaire/basket; March 1976 = 100)

	Export- weighted	Import- weighted	Trade- weighted
1976			
December	75.2	74.9	75.1
Annual average	79.3	79.3	79.3
1977			
December	49.5	49.1	49.4
Annual average	56.5	56.1	56.4
1978			
December	36.0	35.8	36.0
Annual average	39.5	39.3	39.4
1979			
January ^{2/}	50.0	49.7	49.9
February	50.6	50.3	50.5
March	48.2	48.0	48.1
April	46.7	46.6	46.7
May	43.9	43.9	43.9
June	41.4	41.3	41.3
July	44.3	44.1	44.3
August ^{2/}	44.3	44.0	44.2
September	54.6	54.5	54.5
October	50.7	50.7	50.7
November	53.2	53.3	53.2
December	51.1	51.2	51.1
Annual average	48.3	48.1	48.2
1980			
January	49.4	48.4	48.4
February ^{2/}	54.7	54.6	54.6
March	69.7	69.6	69.7
April	70.5	70.4	70.5
May	62.0	61.8	62.0
June	62.8	62.6	62.7
July	62.7	62.4	62.6
August	61.8	61.6	61.7
September	61.3	61.0	61.2
October	62.0	61.7	61.9
November	59.4	59.0	59.2
December	60.5	60.0	60.3
Annual average	61.3	61.0	61.2
1981			
January	57.6	57.0	57.4
February	56.5	56.0	56.3
March	55.4	55.0	55.3
April	51.3	50.9	51.2
May	50.7	50.3	50.5
June ^{2/}	57.4	57.0	57.3
July	78.5	77.9	78.3

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

^{1/} Upward (downward) movements signify depreciations (appreciations). Trade weights used are averages for the period 1977-79. Price indices used refer to consumer prices for Zaire and wholesale prices in 15 trading partners (Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, and United States).

^{2/} Months during which devaluations were effected.

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