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Central African Republic—Recent Economic Developments

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INTERNATIONAL MONETARY FUND

CENTRAL AFRICAN REPUBLIC

Recent Economic Developments

Prepared by a staff team consisting of Mr. Briançon (head), Mr. Riechel,
Mr. Beaugrand, Mr. Briffaux, Mr. Cossé, Mr. Martijn (EP), and
Mr. Randriamaholy (all AFR)

Approved by the African Department

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Central African Republic – Basic Data

Area, population, and GDP per capita

Area	623,000 square kilometers
Population: Total (1995)	3.3 million
Gross rate per annum	2.6 percent
GDP per capita (1995 estimate)	US\$ 344

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u> Est.
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(In billions of CFA francs)

National accounts

GDP at constant prices	389.8	387.4	377.6	368.9	397.3	406.9
GDP at current prices	398.0	388.9	366.4	356.6	498.6	568.5

(In percent of GDP)

Consumption	98.8	97.3	100.4	96.8	90.9	93.1
Gross investment	14.3	12.7	12.5	11.7	13.2	14.4
Resource balance	-13.1	-10.0	-12.9	-8.5	-4.1	-7.4

(Annual percent change)

Prices

GDP deflator	1.6	-1.7	-3.3	-0.4	29.8	11.3
Consumer prices						
Yearly average	-0.2	-2.8	-0.8	-2.9	24.5	19.2
End of period	-1.1	-0.8	0.0	-4.8	44.7	5.0
Export unit values	-5.7	-10.7	-3.8	1.3	95.3	3.1
Import unit values	-7.6	3.1	-3.6	-0.4	99.1	2.0
Terms of trade	-1.6	-13.4	2.4	3.2	-0.3	3.3

(In billions of CFA francs)

Central government finance

Total revenue	43.2	36.3	33.7	28.4	35.4	51.5
Total expenditure and net lending	90.0	101.5	90.3	78.1	106.2	115.6
Current ^{1/}	52.7	62.9	54.3	46.0	57.4	57.7
Capital	37.3	38.6	36.0	32.0	48.8	57.9
Primary balance ^{2/}	-8.5	-15.8	-16.7	-14.7	-16.3	-0.3
Overall balance (commitment basis)	-46.7	-54.8	-55.8	-49.7	-70.8	-64.1
Domestic financing	3.2	12.0	-0.9	-22.3	-4.6	-5.7
External financing	48.8	40.7	46.9	33.8	96.4	55.6
Project financing	28.8	30.2	30.4	26.8	43.0	50.8
Exceptional financing	20.0	10.5	16.5	7.0	53.3	4.8
Of which						
Debt relief	(1.7)	(0.0)	(0.0)	(0.0)	(23.1)	(3.8)

Money and credit

Net foreign assets	18.2	15.8	16.4	24.0	92.0	98.6
Net domestic assets	42.8	42.7	40.9	40.6	23.3	21.6
Credit to the government	14.9	28.4	29.1	30.7	42.7	34.3
Credit to the private sector	31.6	16.5	16.9	15.9	18.7	23.2
Other items (net)	-7.6	-10.8	-9.3	-10.6	-43.9	-43.6
Broad money	61.1	58.5	57.2	64.6	115.3	120.2

^{1/} Including restructuring operations and net lending.

^{2/} Excludes interest payments and expenditure financed from abroad.

Central African Republic -- Basic Data (concluded)

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u> Est.
(In billions of CFA francs, unless otherwise indicated)						
<u>Balance of payments</u>						
Trade balance	-24.8	-15.0	-19.4	-7.3	6.4	-7.5
Exports, f.o.b.	41.0	35.4	30.7	37.5	83.7	86.2
Imports, f.o.b.	65.8	50.4	50.0	44.8	77.3	93.7
Services (net)	-33.4	-28.5	-31.4	-29.7	-39.4	-46.7
<i>Of which</i>						
Interest payments due	(4.2)	(4.4)	(5.3)	(5.3)	(9.6)	(9.1)
Unrequited current transfers (net)	6.9	12.1	9.3	5.8	18.6	6.8
Current account balance 1/	-51.3	-31.3	-41.4	-31.1	-14.5	-47.3
Official capital (net) 2/	25.6	19.0	21.1	7.4	30.1	15.2
Disbursements	25.6	19.0	21.1	7.4	30.1	15.2
Amortization due	0.0	0.0	0.0	0.0	0.0	0.0
Private capital (net) 3/	6.5	-14.8	-5.1	2.6	-6.8	-3.2
Overall balance	-3.7	-11.0	-5.2	-1.0	40.6	-10.2
Net Fund credit	-0.1	-1.0	-0.6	-0.7	6.2	-2.8
Purchases/drawings	2.3	0.0	0.0	0.0	8.6	0.0
Repurchases/repayments	2.4	1.0	0.6	0.7	2.4	2.8
<u>Gross official international reserves</u>						
End of period	29.2	25.5	26.0	34.0	114.5	116.5
In month of imports, c.i.f.	3.1	3.5	3.4	5.0	10.3	8.8
(In percent of GDP, unless otherwise indicated)						
<u>Public external debt outstanding</u>						
Including the Fund	177.5	204.1	216.4	205.7	158.6	144.1
Excluding the Fund	168.3	195.6	208.1	197.7	150.3	138.0
Debt service due as percent of exports of goods and services	22.5	22.0	26.4	23.9	18.8	20.4
<u>Exchange rate</u>						
CFAF per SDR (end of period)	364.9	370.5	387.8	404.9	780.4	728.4
CFAF per US\$ (end of period)	256.5	259.0	275.3	294.8	534.6	490.0

1/ Including current transfers.

2/ Excluding the Fund.

3/ Includes short-term capital and errors and omissions.

I. NATIONAL INCOME, PRODUCTION, AND WAGES AND PRICES

A. Gross Domestic Product

1. After four years of decline, the real gross domestic product of the Central African Republic (GDP at market prices) recovered in 1994 at the estimated rate of 7.7 percent. This primarily reflected the positive effects of the January 1994 devaluation of the CFA franc on the competitive position of the country, which had been continuously eroding since the mid-1980s. Given the completion of structural reforms during 1993 in the export sectors of cotton and, to a lesser extent, coffee, the economy was in a favorable position to take full advantage of the increase in the volume of crops and of the sharp rise in the world market prices for these commodities. Moreover, the return to greater social and political stability following the democratic election of a president and the formation of a new government in the fall of 1993 restored overall conditions favorable to a recovery. The public administration started functioning again as civil servants returned to work and regular salary payments were resumed by the government. In the forestry sector, the sharp acceleration in the output growth reflected the expansion in forestry concessions and the related upturn in exports of timber and timber products. At the same time, the rise in public and private investment led to a higher level of activity in construction. In subsistence agriculture, data suggest that the recovery, although not negligible, lagged somewhat behind the other sectors. However, the data do not reflect accurately the rise in subsistence production of food, including on the part of civil servants after since the government began accumulating salary arrears in 1992.

2. In 1995, real GDP continued to grow, although at a slower rate, estimated at 2.4 percent, largely because of the resilient informal sector. The slowdown elsewhere reflected the drop in coffee production, owing largely to unfavorable weather conditions, and the effects of restructuring operations in the forestry and mining sectors following important changes in production policies and regulations by the government. The slowdown in cash crops, forestry, and mining also affected the performance of the manufacturing sector. The more rapid growth of imports and tighter policies in customs duty exemptions resulted in higher receipts from import duties.

3. Owing to the price effect of the devaluation, the GDP deflator increased by 30 percent in 1994 but receded to 11 percent in 1995 as the adjustment in relative prices was largely completed by early 1995 and the domestic rate of inflation closely paralleled the rate prevailing in European trade partner countries.

B. Domestic Expenditure, Savings, and Investment

4. Preliminary data on the supply and use of resources in real terms suggest that the 1994 recovery, which originated mainly in the export sector, resulted in a much larger increase in savings than in consumption. Gross domestic savings rose from 3 percent of GDP in 1993 to 9 percent in 1994, while private sector savings grew from 9 percent of GDP in 1993 to 14 percent in 1994. Salaried workers were granted only limited increases in nominal wages

FIGURE 1

CENTRAL AFRICAN REPUBLIC
SELECTED ECONOMIC INDICATORS, 1987-96

Sources: Data provided by the the C.A.R. authorities; and staff estimates.

1/ Percentage change in consumer prices (yearly average).

2/ In accordance with the System of National Accounts (1993) and the fifth edition of the Balance of Payments Manual

and had to face a decline in real wages, while producers in the tradable good sectors benefited from immediate price hikes. It is estimated that export-oriented revenue rose by 6 percentage points of GDP because of the devaluation effects on prices. It would seem that export producers did not expect a large growth in profits and saved a substantial portion of the windfall, particularly in the coffee and cotton sectors, where savings were largely institutionalized. This behavioral pattern differed from that of the wage earners, whose propensity to consume increased, following the decline in real wages. As the rise in gross investment from 12 percent of GDP to 13 percent fell substantially short of that in gross domestic savings, the deficit on the resource balance was reduced from 8½ percent of GDP in 1993 to 4 percent in 1994.

5. In 1995, private consumption and savings in percent of GDP almost returned to predevaluation levels, while public savings improved because of a tightening in fiscal policy. In view of the fall in total domestic savings and continued rise in investment relative to GDP, including the buildup of additional petroleum stocks, the deficit in the resource balance deteriorated again.

C. Developments in Selected Economic Activities

Agriculture, livestock, and hunting and fishing

6. Agriculture, livestock, and hunting and fishing taken together accounted for some 44 percent of GDP in 1995, of which cash crops for export contributed about 6 percentage points. The largest part of agricultural production, or some 26 percent of GDP, consists of a wide variety of food crops, primarily intended for consumption on the farm. The main staple crop is cassava, which is supplemented by groundnuts, maize, and sorghum. In 1994/95 and 1995/96, the domestically marketed and statistically recorded output of cassava continued to decline for the third and fourth consecutive years. However, the subsistence production of cassava had surged since 1992 in response to the interruption in the regular payment of salaries to civil servants. It is believed that this surge more than offset the decline in the marketed crop. In commercial areas, cotton was increasingly substituted for cassava after 1993 because of price incentives. However, after the devaluation, the price of cassava rose by approximately the same amount (45 percent in 1994/95 and 51 percent in 1995/96) as cotton, probably reflecting a high substitutability with cotton on the supply side, and with imported food (mainly wheat flour) on the demand side.

7. Livestock production, constituted mainly of cattle and poultry, grew by 3 percent to 4 percent during 1994-95. Domestic meat prices rose rapidly after the devaluation (by 56 percent between January 1994 and June 1994) and, because of social protests, the authorities took action to limit cattle exports to Congo and Gabon. During the second half of 1994, consumer prices for beef and poultry dropped, and the increase for the entire year totaled 40 percent.

8. The cotton sector, which provides the principal cash crop, was restructured during the 1991-93 period. The reforms included in particular the creation, in 1991, of a semipublic enterprise, responsible for marketing, ginning, and exporting cotton production, the SOCOCA, and in 1993, of a public agency for providing extension services, the Agence Centrafricaine de Développement Agricole (ACDA). Until ACDA became operational in 1993, SOCOCA provided producers with input and technical assistance. SOCOCA's capital is held by the government (66 percent) and the CFDT (Compagnie Française pour le Développement des Fibres Textiles (34 percent), which is also managing the enterprise. During its first two years of operations, SOCOCA made financial losses, even though the government reduced the producer price from CFAF 100 to CFA 80 per kilogram (white cotton unginced). However, in 1993, a recovery in the world market price and the improvement in financial management enabled SOCOCA to create a price support fund intended to achieve a stabilization of the producer price at CFAF 80. Further increases in world market prices in 1994, compounded by the effects of the devaluation, enabled the government to raise the producer price while allowing SOCOCA to increase its profits and build up reserves in the support fund.

9. Following three years of low output, cotton production responded positively to the changes in structure and prices as it went up by 72 percent in 1994/95 (crop year ending on October 1, 1995) and by a further 17 percent in 1995/96. Over the 12-month period ended March 1994, the cotton export price in CFA francs rose by about 200 percent, while producer prices were raised by 50 percent.¹ Fertilizers and insecticides were subsidized in order to limit the increase in price of these inputs after the devaluation. In 1995/96, the producer price was further raised by 25 percent and the subsidy on the use of fertilizers and insecticides was maintained.

10. The Central African Republic has not yet exploited its potential in cotton cultivation to a satisfactory degree. Production per hectare (estimated at 491 kilograms/hectare in 1993/94), was the lowest in all African countries (1,032 kilograms/hectare on average for all franc zone countries), not only because of the limited use of fertilizers and insecticides, but also because of the small scale of the producing units, which averaged 0.53 hectare in lot size in 1994/95. The number of cotton farmers increased from about 57,000 in 1993/94 to 92,000 in 1994/95 and 100,000 in 1995/96.

11. In the coffee sector, the government delegated in 1991 regulatory and technical assistance responsibilities to an independent agency, the ORCCPA (Office de Réglementation, de Contrôle, et de Conditionnement des Produits Agricoles). This action was part of a broader

¹The world market price went up by 46.6 percent in terms of French francs between the first quarter of 1993 and the first quarter of 1994. Two-thirds of the increase in the CFAF export price was captured by SOCOCA, in order to strengthen its balance sheet.

Box 1. The Statistical Database

Statistical information in the Central African Republic is weak because informal activities account for a large share of the economy and are not accurately recorded. In the national accounts, informal economic activities, such as subsistence farming, hunting, fishing, and part of the production of livestock, are not subject to any systematic recording. These sectors are estimated to account for more than 40 percent of the country's GDP. Similarly, in the mining, forestry, and trade sectors, informal and unrecorded activities are believed to be very important. Also, a large part of the cross-border trade is not monitored by the customs department.

The most recent updating of the national accounts, published by the Division of Statistics and Economic Studies (DSEE) of the Ministry of the Economy, Planning, and International Cooperation, relates to 1992. The DSEE uses statistical statements by some 200 enterprises to compile data for production and investment in the formal sector. Its assessment of informal activities is based on various indicators and samples provided by ministries and business agencies. Trade data are based on information provided by the customs authorities and the central bank. National account estimates for the years 1993-95 were prepared by the authorities and the IMF staff.

The consumer price index (CPI) is based on price records for 160 items, the weights of which have been derived from a 1975-76 household budget survey in Bangui only. Prices are recorded once (manufactured goods) or twice (food items) a month. A new budget survey covering the whole country was recently completed and the data are currently being reviewed. In addition to the preparation of a new consumer price index, data from this survey may provide a base for calculating subsistence production in the national accounts.

In August 1993, the BEAC suspended the repurchase of banknotes from outside its zone. Estimating transfers of CFA banknotes among BEAC member countries, and stocks of banknotes in circulation in each member country, has been an issue for a number of years. In the Central African Republic, it is believed that international reserves and broad money are somewhat overstated because of a sharp increase in the value of Central African banknotes circulating in other BEAC countries (see Appendix II, The Measurement of Currency in Circulation in the BEAC Zone).

The main source of information on central government financial operations is the monthly treasury statement of financial operations. The other important sources are the CAADE, which manages the external debt; the Directorate of Budget and Forecasting, which prepares the general budget; the Tax Directorate, and the Directorate of Customs and Indirect Taxes. The externally financed capital budget is administered by the Ministry of Planning and the Economy. Treasury's accounting procedures are still subject to shortcomings, although substantial improvements were introduced as a result of an audit conducted in July 1995. Treasury and budgetary nomenclatures are not fully harmonized, leading to classification errors.

program to restructure and liberalize the sector. However, the payment of arrears to farmers by CAISTAB, ORCCPA's predecessor, could not be settled until 1993 (with the help of foreign donors), and the start of ORCCPA's operations was delayed. A new price system was introduced early in 1994 for the 1993/94 crop year to replace the former fixed price system, which was managed by the SCC (Société de Commerce du Café). In the new system, the government announces a reference price based on developments in the world market. Internal prices for the various coffee qualities are tied to the reference price listed by the ORCCPA, and a technical committee is responsible for adjusting local prices. As changes in world market prices need not be fully reflected in the local prices, coffee exporters may or may not be able to profitably market their product. A special fund has been created to even out the resulting profits and losses.

12. Coffee production varies widely from year to year. With favorable weather conditions in 1994/95, production (merchant coffee) increased by 59 percent to 14,500 tons but dropped to 5,600 tons in 1995/96 because of drier weather. Producer prices rose in 1993/94 and 1994/95 mainly because of, first, the resumption of the World Coffee Agreement in October 1993, second, the sharp increases in world market prices associated with the frost in Brazil in June and July 1994 and the prolonged drought in Latin America, and, third, the effects of the devaluation in the CFA countries. In February 1994, producer prices were raised by 100 percent over those of the previous year and further price increases were announced during the rest of 1994 and the beginning of 1995 to average CFAF 484 for the 1994/95 crop, as compared with CFAF 240 for the 1993/94 crop. On the other hand, the fall in world market prices during 1995 has only been partly passed through to producer prices, which averaged CFAF 50 in 1995/96. It is expected that the price increases will provide incentives to farmers for regenerating the old and neglected plantations.

Forestry

13. The Central African Republic possesses a rich tropical forest, out of which numerous valuable wood varieties have been industrially exploited since 1967. The forestry output is produced and exported mainly in the form of logs and sawn wood, while only small quantities of sawn wood and plywood are sold in the local market. Forestry activities are concentrated in the southwest part of the country, and exports transit through Cameroon first by truckload over 1,800 km of road to Belabo, and then by rail to the ocean port of Douala. Alternative transportation through the Congo by river convoys of lumber-raft over 1,700 m to Brazzaville, and on rail between Brazzaville and Pointe-Noire, could be available at a lower cost provided that the railroad company in the Congo, ATC, maintained reliable transportation. However, during the last decade, investors in the Central African Republic's forestry sector, similarly to those in the Congo, chose to maintain a large truck fleet to secure their access to the ocean through Cameroon.

14. The number of forestry companies operating in the Central African Republic has varied widely over time not so much because of attrition and newcomers as because of frequent mergers and restructuring operations as a result of concession trading. In 1995, five private

enterprises were operating more than 1.6 million hectares of forest concessions. Two additional enterprises with 0.5 million hectares of old and new forest concessions were about to start production but were not operational yet. Salaried employment in the formal forestry sector totaled about 3,000 obs. New concessions were granted in 1996.

15. Compared with the historical low in 1993, export prices for timber recovered in 1994 with increases averaging about 107 percent. Production also expanded by 78 percent, and wood product exports totaled CFAF 22.9 billion, or about 5 percent of GDP. In March 1995, the government limited the volume of log exports to 20 percent of production and required that a higher value added originate in the Central African Republic. However, exemptions could be obtained by enterprises making a large investment. In 1995, export prices declined by some 26 percent, while the volume of production dropped by 18 percent, resulting in a drop of export value by 39 percent.

Manufacturing and mining

16. The Central African Republic's formal manufacturing sector accounted for less than 9 percent of GDP in 1994-95 and was on the decline relative to other sectors, including the informal part of the economy. The manufacturing output in real terms was stagnant as most subsectors--foodstuffs, chemicals, metal products, and textiles--are largely involved in the processing of imported inputs, and were negatively affected by the devaluation. On the other hand, informal activities, which are more dependent on domestically produced inputs, are likely to have been on the rise.

17. The exploitation of mineral resources consists of artisanal prospecting--involving surface and riverbed mining of diamonds, other precious stones, and gold (*Orpillage*)--by small private operators or artisans, and by primary collectors. Artisans and collectors have so far been required to sell their findings to private trading posts (*Bureaux d'Achat*) commissioned by the ministry in charge of mineral and energy resources. These official trading posts have been responsible for withholding taxes on payments to artisans-collectors, and payments of turnover and all other export taxes based on real transaction values or, by Decree since June 21, 1995 on minimal posted values (*valeurs mercuriales*). However, domestic purchase and export transactions in the trading posts have not been transparent, particularly for high quality raw diamonds traded by the lot. Their financial operations have remained practically uncontrolled by the authorities, and there are clear indications of large-scale smuggling.

18. In order to enhance market transparency, facilitate tax collection, and encourage competition among buyers, the authorities resolved to activate an old provision in a Law of December 3, 1963 for the creation of the International Diamond Exchange of Bangui (*Bourse internationale de diamant de Bangui*). This was done by a Presidential Decree of May 1, 1995. In this International Diamond Exchange, to be managed by an eight-member Committee, the COCADIAM (*Comité Centrafricain pour le Diamant*) under the direct control of the responsible technical ministry, all operators meeting the legal requirements

including artisans, collectors, bureaux d'achat and foreign purchasers, were admitted to diamond auctions. However, only three auctions were held in March, April, and June 1996. In July 1996, COCADIAM reported that the lack of budgetary resources and equipment was hampering the pursuit of its diamond auction activities, and no date for resuming them has been proposed since. However, the experience with the Diamond Exchange appeared beneficial because firstly, the average auction prices in March-April had been 30 percent higher than the prices recorded by the bureaux d'achat for their own purchase operations during the same period; and because, secondly, the bureaux d'achat increased their recorded purchase prices during the period March- June. The general purchase price per carat for the four-month period averaged CFAF 125,180 in the Diamond Exchange, compared with CFAF 70,170 in the trading posts.

19. Diamond and gold production, which contributed 8.4 percentage points to GDP and provided for 53 percent of the value of exports in 1994, dropped by 9 percent in 1995. The decline in 1995 has been recorded in the trading posts, which may have been delaying their commercial operations in anticipation of new government measures in the diamond market, particularly the introduction of posted values as a new tax base, and the withholding of a 6 percent special tax on purchases from artisans and collectors. Operations in artisanal gold, which is being produced on a much smaller scale than diamonds, have been continuously declining during the recent years because of the strict limitations on domestic purchase prices compared with those in Cameroon and the international market. By Decree of October 9, 1995 the government has opened centers for the provision of technical assistance to artisanal prospectors and miners. It also granted tax breaks and financing to small cooperatives of craftsmen. Nevertheless, for 1996, it was expected that the recorded production of diamond and gold would continue to decline, owing to the temporary closing of some of the trading posts.

D. Public Enterprises

20. Public enterprises in the Central African Republic take three forms: (1) public agencies; (2) state enterprises; and (3) mixed-ownership enterprises. They have generally played a leading role in the commercialization of export crops (coffee and cotton), energy provision (petroleum products, electricity), and a variety of services (such as telecommunications). As a result of their monopoly positions, they are generally run inefficiently. Low productivity and overstaffing have in the past forced them to charge high prices and tariffs for their products and services.

21. Public enterprise reform has been one of the centerpieces of past structural adjustment programs. An ambitious reform program was launched in 1987. Subsequently, the number of public enterprises decreased from 54 in 1987 to 38 in 1991, of which 19 were partially privatized. Of particular importance was the restructuring of the marketing boards that controlled the marketing of cash crops. The political instability during the 1992-93 period interrupted the reform process. However, the process was resumed in 1995, with the aim of privatizing public enterprises in the financial system, and in the manufacturing and commercial

activities; of completing the liquidation of all enterprises that have ceased operations; of settling arrears among public enterprises; and of reducing the monopolies granted to individual enterprises. A Privatization Law (No. 96.007) was adopted in January 1996, which includes a list of 19 enterprises to be privatized or transformed. In the energy sector, the government has announced that the management of the electricity company, ENERCA, will be privatized once a study on the sector's strategy has been completed. Also, it has been decided to privatize the storage and distribution of petroleum products through international bidding.

22. In order to settle cross debts between public enterprises and the state, the so-called SODETEG study was completed in 1995 and, in May 1996, an agreement was signed between the Minister of Finance and the public enterprises which settled an amount of CFAF 35.9 billion of cross debts.

E. Prices and Wages

23. The devaluation of the CFA franc in January 1994 has led to significant initial but gradually receding price increases over the following months. The consumer price index went up by 44.7 percent by end-1994 (for an annual average rate of inflation of 25 percent), and by a moderate 5 percent in 1995 (an annual average rate of 19 percent). At the same time, the wholesale price index increased by 35 percent in 1994 (an annual average rate of 26 percent), and by 6 percent in 1995 (an annual average rate of 13 percent). The average real effective exchange rate based on the consumer price index depreciated by 38.1 percent in 1994, followed by a 10.3 percent appreciation in 1995. Further improvements in the terms of trade were recorded in 1994-95 because of marked rises in the dollar prices of major export products, such as cotton and coffee, while the dollar prices of imports remained fairly stable.

24. The price system of the Central African Republic is generally free of controls. Exceptions are utilities, oil prices, and the producer prices of cotton and coffee, which are set by the government. Utility prices were adjusted in May 1994 by 12 percent on average for electricity, 25 percent for international telecommunications, 10 percent for domestic telecommunications, and 10 percent for water. The price for water was raised by another 20 percent in 1995. Prices of petroleum product were also raised in 1994, along with a simplification of the price structure. Since then, petroleum prices have been regularly adjusted to reflect changes in import costs.

25. As a result of substitution effects on the demand and supply sides between traded and nontraded goods, prices of nontraded goods also increased after the devaluation. Cassava has been the most notable example of this effect. Wages in the public sector, set by the government, did not increase in 1994 and rose only moderately in 1995. No precise data are available for private sector wages, which are determined through collective bargaining but normally parallel changes in the public sector. Their increase in 1994-95 is also believed to have been moderate.

II. PUBLIC FINANCE

A. Institutional Background

26. The public sector in the Central African Republic comprises the central government; local authorities; autonomous agencies, principally the autonomous debt service agency (Caisse Autonome d'Amortissement des Dettes de l'Etat- CAADE) in charge of the external debt, and the Social Security Fund (Office centrafricain de sécurité sociale- OCSS); decentralized agencies; and a number of public or semipublic enterprises. Systematic information is available only on the general budget of the central government. Extrabudgetary accounts cover capital expenditures, and transfers from the general budget to the CAADE out of earmarked taxes on diamonds and tobacco. Moreover, the 1994 Supplementary Finance Law contained special budgets for the Road Fund and the Medical Drug Fund. In the Finance Law for 1996, special budgets were added for the Mining Fund and the Forestry Fund. Treasury liquidity is deposited with the central bank, which is the national branch of the Bank of Central African States (BEAC). The total amount of the central bank's short- and medium-term advances to the Treasury is subject to a statutory ceiling of 20 percent of the preceding year's budgetary receipts of domestic origin.

27. The Central African Republic is a member of the Customs Union of the Central African States (UDEAC). In June 1993, the member countries engaged in a comprehensive reform of indirect taxes and customs duties, which has been progressively implemented since 1994 (see Appendix I). The implementation of the reform in the Central African Republic was well advanced in 1996. A summary of the Central African Republic's tax system is provided in the Statistical Appendix.

28. In the past few years several measures were taken to strengthen policy preparation, execution, and evaluation. A three-month rolling cashflow plan was introduced in 1994 to enhance expenditure control. In addition, a census of civil servants was carried out in the second half of 1994. Moreover, an Interministerial Committee was established in 1995 and has improved the coordination of financial policies and structural reforms. Finally, following the completion of an audit by mid-1995, the Treasury's accounts were updated for the first time in several years.

B. Central Government Operations

29. Under the 1994 adjustment program, the main fiscal objective was to eliminate the primary deficit,² which was equivalent to 4 percent of GDP in 1993. This was to be achieved by increasing government revenue from 8 percent of GDP to 10 percent, and by reducing primary expenditure from 12 percent of GDP to 10 percent. The revenue objective was to be

²The narrowly defined primary deficit excludes all interest payments and externally financed public investment.

FIGURE 2

CENTRAL AFRICAN REPUBLIC
FISCAL DEVELOPMENTS, 1987-96
(In percent of GDP)

Sources: Data provided by the the C.A.R. authorities; and staff estimates.

attained by implementing the UDEAC customs and indirect tax reform, as well as by strengthening tax administration. On the expenditure side, the main measures were to contain the growth of the wage bill by keeping the wage rate unchanged and improving personnel management with the implementation of a new civil service statute.

30. However, weak tax administration, delays in the implementation of certain tax reform measures, and the granting of tax and customs duty exemptions intended to cushion the impact of the CFA franc devaluation caused government revenue to decline to 7 percent of GDP in 1994, instead of rising as expected, while primary expenditure was reduced to 10½ percent of GDP. As a result, the primary deficit decreased from 4 percent of GDP to only 3½ percent, well above the targeted level. Because the devaluation led to large increases in the CFA franc value of both external interest due and investment under the externally financed part of the public investment program, total government expenditure decreased only slightly, to 21½ percent of GDP, while the overall deficit (on a commitment basis) remained at 14 percent of GDP in 1994, or CFAF 70.8 billion. In 1995 the government progressively implemented the programmed reform measures. As a result, a significant improvement in public finances occurred, reflecting an increase in government revenue of 2 percentage points of GDP and a decline in total spending of 1 percentage point. The overall fiscal deficit thus dropped to 11½ percent of GDP, while the narrowly defined primary deficit was eliminated.

Table 1. Central Government Finances

	1993	1994	1995 Est.	1996 Proj.
Central government finance				
Total revenue	8.0	7.1	9.1	6.4
Total expenditures	-21.9	-21.3	-20.3	-14.2
Primary expenditure	12.2	-10.4	-9.1	-7.8
Overall balance (deficit -)1/	-13.9	-14.2	-11.3	-7.8
Primary balance 2/	-4.1	-3.3	...	-1.4

1/ On a commitment basis.

2/ Excludes interest payments and investment expenditure financed from abroad.

31. In 1994, the external financing in the form of grants and loans totaled CFAF 73.3 billion and covered most of the overall deficit of the central government. The foreign financial assistance included project grants and loans of CFAF 43 billion, program financing (excluding the IMF) of CFAF 21.7 billion, and IMF purchases of 8.6 billion under the 1994 stand-by arrangement. The country also benefited from debt relief of

CFAF 23.1 billion on London terms on debt service and arrears (Section IV. F). At the same time, however, new arrears of CFAF 10 billion were accumulated limiting the net reduction in external arrears to CFAF 14 billion, while domestic arrears increased by CFAF 2.1 billion. The situation worsened in 1995, when the Central African Republic was unable to reach agreement with the IMF on a formal adjustment program. As a result, no additional debt relief was granted, and disbursements of loans under the 1994 adjustment program were suspended. In the event, the country recorded increases in domestic and foreign payments arrears of CFAF 13.6 billion and CFAF 12.7 billion, respectively.

32. Reflecting these developments, the total stock of arrears amounted to an estimated CFAF 37.4 billion at end-1995, including domestic arrears of CFAF 80 billion and external arrears of CFAF 57.4 billion. Among the domestic arrears, CFAF 13 billion was owed to social security, and CFAF 36 billion to public enterprises.³ Moreover, wage arrears amounted to CFAF 13 billion or some six months of the government wage bill, excluding the wages for the months of November and December 1995, which were paid early in 1996.

Revenue trends

33. In 1994, taxes on international trade and on goods and services taken together accounted for about one-third of total revenue. Despite increases in the value of imports and exports in 1994 of 72½ percent and 123 percent, respectively, revenue from taxes on international trade rose by no more than 22½ percent. Similarly, taxes on goods and services grew by 13 percent, while nominal GDP rose by almost 40 percent. By contrast in 1995, the proceeds from trade taxes rose by 90½ percent, compared with increases in the value of imports and exports of only 21 percent and 3 percent, respectively, while taxes on goods and services expanded by 40 percent against a growth of nominal GDP of only 14 percent. Total revenue increased by 46 percent in 1995, and the share of trade taxes in total budgetary proceeds rose from 32½ percent in 1994 to 42½ percent.

34. Developments in tax revenue were strongly influenced by the implementation of the UDEAC customs and indirect tax reform, which was adopted by treaty among the member countries on June 23, 1993. The reform aimed at reducing distortions in the allocation of resources, simplifying the system of indirect taxation, reducing the effective rate of protection, and eliminating most exemptions (see Appendix I for a detailed overview of the purposes and implementation of the reform). The first steps toward the reform objectives were already taken in connection with the 1994 Finance Law. However, as a result of the slow effective introduction of the measures, and because the revenue departments lacked the capacity to monitor the regular payment of taxes, actual revenue mobilization fell in the course of 1994 well short of its target. To address this problem, a revised budget was approved in October 1994. While the additional measures were not sufficient to achieve the revenue

³Pending the outcome of a detailed study of the domestic arrears, these figures should be used with caution.

objectives for 1994, they did result in a marked increase in 1995. In addition to the 1994 measures, the authorities initiated the renegotiation of special tax agreements with large enterprises late in 1995. They also undertook a revision of the investment code with a view to removing exemptions on indirect taxes that were disallowed under the UDEAC reform.

35. In order to strengthen the monitoring of the main taxpayers, the Ministry of Finance also set up in 1994, a unit in charge of large enterprise taxation. Further measures aimed at strengthening the tax directorate were also planned but not fully implemented. These included the development of new computer programs and the establishment of cross-auditing procedures with other financial administrations, in particular the customs department. Finally, at the customs department, the computerized revenue collection system was overhauled at end-1994.

Expenditure trends

36. While as a proportion of GDP, total expenditure hardly changed from 1993 to 1994, its composition changed quite strongly. In particular, current primary expenditure decreased from 12 percent of GDP in 1993 to 10½ percent in 1994. Yet, the aim of stabilizing the wage bill at its 1993 level was not achieved, as wage and salary payments increased by 11½ percent, owing to new hirings and the postponement of the civil service reform. Foreign interest payments almost doubled in 1994 as a result of the CFA franc devaluation, while the externally financed investment program increased by 60 percent. Together, these two components of expenditure, which are strongly influenced by exchange rate movements, grew from 8.8 percent of GDP in 1993 to 10.0 percent in 1994.

37. Following the failure to control the public finances in 1994, the 1995 Budget Law included corrective measures to reduce the government deficit in that year. As a result, current primary expenditure was reduced by 1½ percentage points of GDP, to 8 percent, despite further slippages on the wage bill. At the same time, expenditure on the public investment program increased from 10 percent of GDP in 1994 to almost 10½ percent in 1995. In the event, expenditure dropped by 1 percentage point, to 20½ percent of GDP.

C. Civil Service Reform

38. In 1995, civil service wages averaged 7½ times the per capita income in the Central African Republic, a level which is high by comparison with other African countries. The high relative wage level reflected in particular the large number of senior positions and the generous nonwage benefits in the civil service. Efforts to reform the civil service in order to both reduce the wage bill and improve the quality of public services started as early as 1986. By 1990, the government had limited wage increases and new hirings, and established a voluntary departure scheme. However, these efforts were largely nullified by an 11 percent wage hike in 1991. In 1993, cuts in employee benefits and a reduction in the working week from 40 to 34 hours, accompanied by a proportional decline in salaries, were introduced and served to restrain the wage bill. In addition, a new Civil Service Statute was adopted in June

1993 and the implementing decrees were promulgated in February 1994. However, because of lingering social tensions, the actual implementation of the statute was postponed until the beginning of 1996.

39. The Civil Service Statute offers an integrated framework for strengthening personnel management policies and aims at boosting the efficiency of government services; improving career management, including training; and linking pay to performance and benefits to the characteristics of the position held. It was also designed to facilitate the setting of realistic wage scales, while ensuring that the staffing requirements of the priority sectors were met. At the end of 1994, a civil service census was conducted, the results of which have been used to streamline the payroll. The census revealed that an amount of CFAF 1.1 billion of indemnities was paid in excess of what was due. A computerized personnel management system is currently being set up at the Civil Service Ministry, which will be linked with data in the payroll department in the Ministry of Finance to ensure the correct and timely monitoring of personnel movements and their impact on the wage bill. At the end of 1996, the number of civil servants on the payroll was about 19,500, compared with 20,260 at the start of 1994.

III. MONEY AND BANKING

A. Institutional Background

40. The Central African Republic is a member of the CFA franc zone, a currency area that is linked to the French franc at a fixed exchange rate (for details, see Section IV). Together with Cameroon, Chad, the Congo, Gabon, and Equatorial Guinea, it has set up a common regional central bank, the Bank of Central African States (BEAC), with headquarters in Yaoundé, Cameroon, and national branches in each member country.

41. At end-December 1995, the banking system in the Central African Republic comprised, besides the national branch of the BEAC, three commercial banks: the Meridien-BIAO bank (MBCA) which, at that time, was the branch of the Meridien-BIAO group for the BEAC zone in Bangui, and has become the Banque Internationale Centrafricaine (BICA) since then; the Union Bancaire de l'Afrique Centrale (UBAC), which is fully owned by the government, since its foreign partner withdrew in 1994; and the Moroccan Banque Populaire Maroc-Centrafricaine. Other financial institutions are the Treasury, the Postal Checking System, and the National Savings Fund. A regional banking supervision commission for the BEAC zone (the Commission Bancaire d'Afrique Centrale-COBAC) was established in January 1993 to enforce the observance of prudential ratios by the banking system in the zone. The COBAC regularly audits the Central African Republic's commercial banks.

B. Policies and Instruments

42. Monetary and credit policies are conducted by the BEAC head office in Yaoundé. In the Central African Republic, a Board of Directors of the BEAC, assisted by a National Monetary Committee, oversees the implementation of credit policy and assesses credit

requirements. Since 1990, the BEAC has undertaken a gradual reform of policy instruments in order to shift from direct to indirect and more market-oriented instruments of monetary control. Since July 1994 the BEAC has set overall ceilings on bank's access to central bank refinancing at a rediscount rate which is fixed by the Governor. Credit of the BEAC to governments is limited as a function of domestic revenue in the preceding year.

43. In February 1996, the BEAC discontinued the practice of remunerating special deposits by commercial banks, and instead issued central bank bills under the so-called reverse auctions scheme. The interest rate paid on these bills is set by the BEAC, which absorbs all the liquidity offered at that rate by the banks.

C. Developments in 1994-95

44. In the wake of the CFA franc devaluation in 1994 and the associated price increases, money demand soared as broad money expanded by 78.5 percent in the course of 1994, with bank deposits swelling by 116.1 percent, and money in circulation by 68.6 percent.⁴ However, in 1995 the growth of broad money slowed to 4.3 percent, largely because of deposits falling by 20.9 percent in the context of the financial crisis of the MBCA in March 1995 and the resulting depositors' run on the commercial banks.

45. During the period 1994-95, developments in broad money reflected the various shifts in the importance of movements in net foreign and domestic assets. In particular, the enactment of the long-expected devaluation in early 1994 triggered the repatriation of flight capital and contributed to the improvement in the operations account held with the French Treasury.⁵ Reflecting these developments as well as the improvement in the external current account, net foreign assets of the banking system almost doubled in 1994, after adjustment for the valuation effect as it moved from CFAF 48.1 billion to CFAF 92 billion. However, the repatriation of flight capital slowed substantially during 1995, so that the net foreign assets of the banking system increased by no more than 6.6 billion, with a pronounced drop in the last quarter, when a claim of the MBCA on its parent bank MIBL, equivalent to CFAF 2.1 billion, was written off. Regarding the components of net domestic assets, credit to the government stayed fairly constant over the period 1994-95, slowly increasing in 1994 and then decreasing again in 1995 as a result of repurchases with the IMF. The BEAC's advances to the government⁶ grew during 1995 by CFAF 0.7 billion. In view of the increase in government revenue in 1995, the BEAC raised the statutory ceiling on its advances to the government to

⁴As explained in Appendix II, these data should be interpreted with caution.

⁵The BEAC has only one operations account with the French Treasury. However, it keeps constant track of individual country contributions to the account.

⁶Including interest arrears vis-à-vis the BEAC, which were kept off the central bank balance sheet.

CFAF 10.43 billion in March 1996, which allowed the government to borrow from the BEAC and settle its arrears. Credit to the economy remained fairly constant during the first three quarters of 1994. During this period, banks accumulated large reserves in the form of remunerated special deposits at the central bank. However, between September 1994 and March 1995, bank credit to the economy grew by 47.8 percent, as banks reduced their special deposits and obtained refinancing from the BEAC. After March 1995, bank credit to the economy declined, reflecting not only the normal seasonal pattern, but also the contraction in activity at the MBCA. Overall, credit to the economy increased by CFAF 4.1 billion in 1994, and another CFAF 6.3 billion in 1995, for an overall increase of 50.1 percent over the period 1993-95.

46. The year 1995 was very difficult for the Central African Republic's banking system and, in particular, for the Meridien-BIAO bank, as it had to write off a CFAF 2.1 billion claim on its failing parent bank in Luxembourg, the MIBL, in March of that year. Before provisioning, the bank had an operating surplus of about CFAF 200 million, but this was mainly related to activity prior to March 1995. In the aftermath of the MIBL crisis, the MBCA lost some 30 percent of its deposit base and consequently had to reduce its loan portfolio, with an associated adverse effect on its profitability. Overall, the financial result of the MBCA in 1995 was heavily negative because of the need to provision fully for the loss of its CFAF 2.1 billion claim on MIBL, and for an amount of CFAF 458 million on account of local nonperforming loans. Negotiations for a takeover of MBCA by a Belgian bank group were concluded in early 1996 but the agreement has not been implemented so far.

IV. EXTERNAL TRADE AND PAYMENTS

A. Institutional Background

47. The currency of the Central African Republic is the CFA franc, which is pegged to the French franc. From 1947 to early 1994 the peg was at the fixed rate of CFAF 1 = F 0.02. However, effective January 12, 1994, the peg was set at a rate of CFAF 1 = F 0.01. Exchange transactions in French francs between the BEAC and the commercial banks of the region take place at predetermined rates free of commission.

48. The Central African Republic's exchange system is generally free of restrictions on the making of payments and transfers for current international transactions (see the 1995 report on *Exchange Arrangements and Exchange Restrictions*). New exchange regulations, which subjected only exchange transactions outside the CFA franc zone in excess of CFAF 500,000 to prior authorization by the Ministry of Finance, were issued in May 1994. The authorization was to be granted expeditiously. In practice, however, until March 1996, all exchange transactions, including those inside the BEAC zone, were subject to prior authorization.

49. The trade system of the Central African Republic is generally free from quantitative trade restrictions and has a reasonably low average tariff rate following implementation of the UDEAC customs reform. Export taxes are levied on the country's main export products. The

Central African Republic has ratified the WTO treaty, without requesting a transition period. On June 1, 1996, the Government of the Central African Republic notified the IMF that it had accepted the obligations of Article VIII, Sections 2, 3, and 4 of the IMF Articles of Agreement.

B. Overview of Main Developments

50. Since the last report on the Central African Republic, the presentation of the balance of payments has been revised in accordance with the fifth edition of the *Balance of Payments Manual*. The main changes are that: (i) the current account now includes current transfers; (ii) the capital account in the previous definition is split into a capital account, recording unrequited transfers of financial assets (without a liability being incurred) and a financial account. The narrowly defined capital account now consists of capital transfers, including debt forgiveness, and the acquisition and disposal of nonproduced, nonfinancial assets. The financial account now consists of direct investment, portfolio investment, other investment, and reserve assets. Use of Fund credit and loans from the Fund are normally recorded in "other investment" on the liabilities side. Under this standard presentation, there is no longer an overall balance. However, in order to facilitate the analysis, the annexed tables on the balance of payments contain an "overall balance" line, under which the following items are included: net official reserves, net Fund credit, debt rescheduling, and changes in debt service arrears. These items would normally be recorded in the financial account.

51. The overall balance improved sharply in 1994 as it turned from a deficit of CFAF 1 billion in 1993 into a surplus of CFAF 37.5 billion. However, this development was reversed in 1995, when the overall balance again showed a deficit, of CFAF 10.2 billion. In 1994, the devaluation was the dominant force behind the improvement in the trade balance and current account. In particular, the surge in the volume of exports and reduction in import volume that resulted from the devaluation translated into a marked improvement in the trade balance, while the terms of trade remained virtually unchanged. In addition, the surplus on current transfers increased significantly in 1994 on account of the strong increase in external financial assistance. Reflecting these developments, the current account deficit was reduced from 8½ percent of GDP in 1993 to 3 percent in 1994. However, owing to a stagnation in merchandise exports and a strong recovery in imports on account of both a strengthening of private and public demand, the current account worsened again in 1995 to a deficit of 8½ percent of GDP. The improvement in the capital and financial account in 1994 resulted primarily from the resumption of external financial assistance, in the form of net inflows of program grants and loans. In addition, Paris Club members and several other bilateral creditors provided substantial flow relief on the country's external debt. In 1995, both official and private capital inflows declined substantially, leading to a deterioration of both the capital and the financial accounts. The contribution to the gross international reserves of the BEAC, which had increased from a level of CFAF 33 billion in 1993 to CFAF 113.4 billion in 1994 (of which CFAF 34 billion was due to exchange rate movements), rose by a mere CFAF 2 billion in 1995.

C. Merchandise Trade

52. Diamonds account for about half of the Central African Republic's total value of exports. In most years, wood products are the country's second most important source of export revenue, followed by cotton and coffee. Together, these four products made up about 90 percent of exports in 1994 and 1995. Following an already strong growth of exports in 1993, the 1994 devaluation triggered a further 12½ percent rise in the volume of exports, while export prices jumped by 98 percent on average - in line with the 100 percent increase in the domestic value of foreign currency as a result of the CFA franc devaluation. However, in 1995, the growth in export earnings fell to 3 percent, mainly because of a 2 percent decline in export volume. The distribution of volume and price changes across the four main products was rather uneven. Prices of cotton and coffee increased by 164.8 and 306 percent, respectively, in 1994, as world market prices rebounded and the devaluation effect raised earnings in domestic currency. The related surges in incomes in these sectors translated into an expansion in export volume in the following year of more than 70 percent for both products. Thus, even if corrected for the valuation effect, export revenue for cotton and coffee rose in both 1994 and 1995. However, these gains were tempered in 1995 by falling world market prices of diamonds and by a decline in the volume of exports of diamonds by 8½ percent and wood products by 15½ percent, caused by disruptions in production in response to new government regulations.

53. In 1994, the volume of imports dropped by 13 percent while import prices increased by 98 percent. The fall in imports in that year can be attributed to both the higher relative price of imported goods and the decline in real wages. However, by 1995, the price effect had run its course, and import prices remained fairly constant, while the real income effect wore off. Imports therefore recovered strongly in 1995. Their value was also strongly affected by the growth in oil stocks by the public oil company, PETROCA, as evidenced by a 23 percent expansion in the volume of oil imports.

D. Services and Current Transfers

54. As a landlocked country, the Central African Republic traditionally faces high transportation and insurance costs, recorded under imports of nonfactor services. In 1994 outlays on these categories increased by 50 percent, suggesting a decrease in volume, but also a large compression of profit margins. The decline in volume reflects the decrease in imports of goods and nonfactor services other than freight and insurance (such as other transport and traveling) in response to the devaluation. The apparent decline in profit margins is due mostly to the existence of contractual arrangements concluded in CFA francs before the devaluation.

55. The main component of private transfers in the Central African Republic are salary remittances in connection with foreign technical assistance. The deficit on private transfers steadily increased during 1994 and 1995, but was nevertheless much less in foreign currency terms than before the CFA franc devaluation. This was due to a fall in the number of technical assistant staff, as well as to a decline in their salaries expressed in foreign currency terms.

E. Capital and Financial Operations Account

56. The capital and the financial operations accounts are dominated by public sector transactions. A 1994, agreement between the government and the IMF on a policy program in the context of a 12-month stand-by arrangement opened the door for an increase in program financing by the World Bank and other multilateral and bilateral donors. However, when this program was not replaced in 1995, these inflows came to an end, and the corresponding decline in financial assistance was only partly compensated by an increase in project grants.

F. External Debt, Debt Service, and Arrears

57. The outstanding stock of external debt (excluding arrears and IMF) increased from CFAF 208 billion at end-1993 to CFAF 384 billion at the end of 1995. However, excluding the effect of the CFA franc devaluation in early 1994, the stock of debt decreased by CFAF 16 billion as a result of debt forgiveness operations. Of the total stock of debt at end-1995, 73 percent was owed to multilateral creditors, mainly IDA and the African Development Fund. New disbursements decreased sharply in 1995, as no new program loans were extended, and project loans were limited to one loan of CFAF 15 billion from the IDA. The scheduled debt service ratio (as measured in terms of exports of goods and nonfactor services) moved from 24 percent in 1993 to 19 percent in 1994 and 20½ percent in 1995. However, actual debt service payments were much lower during this period, and were mainly limited to the payments due to the IMF and IDA.

58. In 1994, the Paris Club countries agreed to cancel or reschedule the country's debt service and arrears on pre-cutoff-date debt on London terms, as well as the debt service on previously rescheduled debt (except debt service on the 1990 Paris Club rescheduling). The consolidation period covered the period from April 1, 1994 to March 31, 1995. Total debt relief by Paris Club and non-Paris Club countries amounted to CFAF 23.1 billion. On the other hand, Denmark, which had signed a rescheduling agreement in August 1994, later canceled this agreement in response to the nonpayment of debt service due. Finally, in 1994, France wrote off a large part (CFAF 24.4 billion) of its loans to the Central African Republic.

59. The stock of external payments arrears decreased by about CFAF 4.5 billion during 1993 and 1995 (adjusted for the valuation effects), to CFAF 57.9 billion. Over this period, the country settled CFAF 26.2 billion in old external payments arrears, including CFAF 6.9 billion through rescheduling, CFAF 6.4 billion through cancellation and CFAF 2.9 billion through cash payments. However, this reduction in outstanding arrears was fully offset by the gross accumulation of new arrears of CFAF 26.0 billion.

UDEAC CUSTOMS TARIFF AND INDIRECT TAX REFORM⁷

A. BACKGROUND

1. The Central African Economic and Customs Union (UDEAC) was created in 1964 with the objective of fostering economic integration among member countries.⁸ However, over the following three decades, this objective was progressively ignored, and individual countries developed highly complex and inefficient national systems of customs and indirect taxes, which hindered regional integration. To revive the regional integration objective, and standardize the national systems, UDEAC members embarked on a bold program of reforms, known as the Regional Reform Program (Programme Régional de Réformes; PRR), enacted in a regional agreement in June 1993. The PRR's main component is a broad reform of customs tariff and indirect taxes, which member countries started implementing in 1994.⁹

2. This section, which reviews progress in implementing the reform of the UDEAC customs and indirect tax system, is organized as follows: Section A presents some information on the Union background and explains the need for reform; Section B describes the key elements of the UDEAC customs and indirect tax reform; Section C discusses the implementation of the reform in individual countries; and Section D offers some conclusions and recommendations for the next steps.

⁷Prepared by Richard Randriamaholy.

⁸The Central African Economic and Customs Union (UDEAC) is comprised of six countries in Central Africa: Cameroon, the Central African Republic, Chad, the Congo, Equatorial Guinea, and Gabon. These countries are also members of the CFA franc zone with a regional central bank, the Bank of Central African States (BEAC). In order to move toward a full-fledged common market, the monetary agreements and the UDEAC are to be replaced by the Central African Economic and Monetary Community (CAEMC), which was established by a constituting treaty in March 1994. The CAEMC is to become effective once agreements have been reached on the creation of the Central African Monetary Union (CAMU) and the Central African Economic Union (CAEU).

⁹The PRR also comprises a transport and transit component, on which little progress has been made so far, although it is of critical importance for landlocked member countries such as the Central African Republic and Chad.

3. The UDEAC was created under the Treaty of Brazzaville of 1964; the purpose of the treaty was to create a common market among member countries, a customs union with a Common External Tariff (*tarif extérieur commun*; TEC) system, the elimination of tariff and nontariff barriers within the region, and the harmonization of the indirect tax system.

4. Over the years, the primary objective of the reform was largely forgotten, and tax and customs legislation in the UDEAC region evolved into a highly complex and distortionary system, which mainly benefited large enterprises producing in the region. The TEC¹⁰ was not applied uniformly by the member countries and became increasingly complex over the years, because of the superimposition of a variety of specific and cumulative import levies and the proliferation of tariff categories and subcategories. Moreover, the use of the complementary tax (*taxe complémentaire*; TC), which was intended as a transitional measure to help individual countries overcome the adverse fiscal impact of the TEC, became a means of either granting extra protection to specific local industries or imposing the equivalent of excise duties on some imported products for the purpose of revenue generation. In addition, the imposition of import licenses created further discriminatory practices in the import regime. The introduction of the single tax (*taxe unique*; TU) preferential regime, which enabled large enterprises to negotiate a single indirect tax and to be exempted from customs duties and all other indirect taxes, also proved to be a distortionary instrument of union policy.

5. In addition to these deviations from the intentions of the reform, the proliferation of tax exemptions eroded the tax base of the UDEAC countries. In addition to exemptions under special regimes such as the single tax, the investment code, and the special bilateral tax agreements (*conventions d'établissement*), various types of exemptions led to a narrowing of the revenue base of import taxes.¹¹ Likewise, the structure of domestic indirect taxes remained complex because rates of the internal turnover tax (*impôts sur le chiffre d'affaires intérieur*, ICAI) on domestic products differed from those on imports. In addition, member countries introduced a number of taxes on non-oil products outside the framework of existing agreements.¹² Hence, by the late 1980s, the tax systems in the UDEAC region had become

¹⁰The TEC was in fact the sum of three different import taxes: the customs duty (*droit de douane*, DD), the entry fiscal duty (*droit d'entrée*, DE), and the import turnover tax (*taxes sur le chiffre d'affaires intérieur*, TCAI).

¹¹These included exemptions provided to imports (a) under government procurement contracts, (b) by the military, (c) by petroleum companies, (d) under projects and food aid, (e) governed by international conventions, (f) under the provisions of Act 13/65 of the UDEAC customs code, and (g) ad hoc exemptions awarded on a discretionary basis.

¹²The most important tax was the transactions tax (*taxe sur les transactions*; TT); UDEAC countries also set up an internal production tax (*taxe intérieure sur la production*; TIP) in Cameroon, and an internal consumption tax (*taxe intérieure sur la consommation*; TIC/*taxe* (continued...))

unmanageable, were entirely inefficient, and created important distortions in the allocation of resources. As a result, member countries experienced substantial losses in government revenues, which were aggravated by the economic difficulties that all the member countries were facing. A summary of the customs and indirect tax system status for each member country prior to the UDEAC reforms is contained in Table 1.

6. Given these developments, the finance ministers of the Union adopted in December 1991, with the endorsement of the Council of Heads of State, a minimum platform for the reform. However, its implementation was delayed by conflicting interests among member countries as well as by opposition from the private sector to the streamlining of the tax system. In the event, the regional agreements formalizing the reform (UDEAC acts and UDEAC decisions) were signed in June 1993, with the treaty's implementation set for January 1, 1994, although, countries were allowed to postpone implementation until January 1995.

B. The UDEAC Customs and Indirect Tax Reform

7. The reform agreed in June 1993 aims at achieving three main objectives. First, it seeks to overhaul the existing incentives regimes by spreading the burden of taxation more uniformly across sectors and firms with a view to improving the efficiency and competitiveness of domestic manufacturing activity; second, it intends to simplify tax structures in order to make them transparent and manageable; and third, it aims to improve the existing system of indirect taxation by increasing the revenue-generating capacity of member countries.¹³

8. To achieve these objectives, tax and customs provisions of the Regional Reform Program (PRR) includes changes in five main areas: the common external tariff (*tarif extérieur commun*, TEC), the Preferential Tariff Rate (*tarif préférentiel généralisé*, TPG), the turnover tax, the excise taxes, and the elimination of indirect tax and customs exemptions.

9. The new common external tariff (TEC) comprised the following four rates: 5 percent for basic commodities, 15 percent for raw materials and capital goods, 35 percent for intermediate goods, and 50 percent for consumption goods. The rate for consumption goods is to be reduced to 35 percent by January 1, 1998. A surtax (30 percent maximum may be levied on a limited list of products for a period of six years at most. This list includes in

¹²(...continued)

sur la consommation intérieure; TCI) in the Central African Republic, the Congo, and Gabon, as well as parafiscal levies aimed at generating earmarked revenue for special uses.

¹³ The financial impact of the reform is not discussed in this report owing to the lack of comparable fiscal data series across countries.

particular products that were previously subject to quantitative restrictions, which were to be eliminated three years after the beginning of the reform at the latest. All quantitative restrictions were to be eliminated by December 1995.

10. A preferential tariff rate (TPG) levied on goods imported from member countries and complying with the conditions of origin, was initially set at 20 percent of the TEC. It was to be reduced to 10 percent by January 1, 1996, and is to be phased out by January 1, 1998.

11. The turnover taxes (*taxes sur le chiffre d'affaires*, TCA), to be levied on imports and domestically produced goods, replaces the various existing domestic production and sales taxes. In order to avoid the cascading effect of taxation, the TCA paid at previous levels of production, or transformation (but not distribution), or on imports, can be deducted from the TCA due on companies' local sales. The TCA is to be implemented with two rates: a normal rate in the range of 7-18 percent and a reduced rate in the range of 3-6 percent. A limited specific list defines those goods that are exempted from the TCA, and those that are subject to the reduced rate. It is the intention to replace the TCA in due course by a full-fledged value-added tax (VAT).

12. The UDEAC agreements also specify the list of goods that may be subject to excise taxes, with rates ranging from 0-100 percent being fixed at the national level. However, the excise tax rate on alcohol and tobacco may not be at a zero rate.

13. Finally, the agreements prohibit all indirect tax and customs exemptions other than those allowed by international treaties and conventions. As a result, national investment codes and special bilateral tax agreements (*conventions d'établissement*) with companies are to be revised to remove all provisions contrary to the reform over a two-year period after the effective date of the reform. The agreements allow member countries to consider compensating enterprises partially for the loss of tax privileges.

C. Implementation Status of the UDEAC Reform

14. All member countries started implementing elements of the UDEAC reform as part of the economic adjustment program adopted in the wake of the CFA franc devaluation in January 1994. However, because of lack of coordination among the member countries in implementing the reform, the sequencing and the pace of implementation differed greatly, among members. In addition, as the reform was being implemented, most countries took measures that differed from those that had been adopted in June 1993, often to cushion the impact of the CFA franc devaluation on the domestic economy. Nevertheless, by end-1995 many deviations from the initial reform proposal had been corrected and all key elements of the reform had been implemented as expected. For instance, in an effort to offset in part the inflationary consequences of the CFA franc devaluation, a more substantial reduction in the levels of the TEC rates was implemented by all member countries. Thus, effective June 1994 a

lower tariff structure with rates of 5, 10, 20, and 30 percent became effective, instead of 5, 15, 35, and 50 percent, as foreseen under the initial reform proposal. A summary of the implementation status of the UDEAC indirect tax and customs reform is contained in Table 2.

15. Regarding the implementation of other reform components, three groups of countries can be distinguished: first, Cameroon and Gabon adopted the preferential tariff rate (TPG), the tax on turnover (TCA),¹⁴ the new excise taxes, and the revised investment code in conformity with the reform in February 1994; second, the Central African Republic, the Congo, and Equatorial Guinea implemented the same measures during the period April-October 1994, although the revision of the investment code did not occur for the Central African Republic and the Congo until March-April 1996; and third, Chad implemented the TEC and a flat rate TCA in May 1994, while adopting the TPG at end-1994, introducing the new excise taxes in June 1995, and revising the investment code in December 1995.

16. In another effort to mitigate the inflationary impact of the CFA franc devaluation, member countries introduced a number of tax and tariff measures that deviated from the original proposals. First, all the members except Gabon adjusted the tariff classification of some goods: (a) the Central African Republic and Chad exempted a few essential goods from customs duties until the fourth quarter of 1994; (b) the Congo and Equatorial Guinea reclassified a larger number of products to the lowest category rate of TEC tariff rates (i.e., the 5 percent rate); however, in the Congo, this decision was rescinded progressively during the first quarter of 1995; and (c) Cameroon exempted a few products from customs duties until June 1994 and then applied the lowest TEC rate. Second, most countries introduced the TCA with a normal rate that was below the level required for the reform to be revenue neutral, or implemented other measures that did not conform to the reform proposal.¹⁵ The result of those actions was that many countries experienced a large revenue shortfall in the month following the reform and the normal rate had to be raised starting the second half of 1995.¹⁶

¹⁴Gabon moved directly to the introduction of a full-fledged value-added tax (VAT), without the intermediate step of a TCA.

¹⁵For instance, the reduced TCA rate was applied to a broader range of goods and services than stipulated by the reform: thus, in Chad it was applied to edible oil, soap, water and electricity usage, tourism, and transport; and in the Congo, to flour, sea fish, edible oil, salt, concentrated tomatoes, and transport. Contrary to the reform, some goods were exempted from the TCA (e.g., water consumption in the Central African Republic and imported wheat in the Congo). On the other hand, Cameroon set the TCA reduced rate at 7 percent, above the 3-6 percent agreed range.

¹⁶After its introduction during the first half of 1994, the normal TCA rate was increased as follows in the member countries of the UDEAC: (a) the Central African Republic, from
(continued...)

17. Even though preferential tax regimes were to be rescinded when member countries promulgated the main elements of the PRR in 1994, in practice they continued to grant the single tax regime (TU) or other national preferential regimes such as the domestic production tax (TIP) to firms to which the new tax regime is supposed to be applied. In Cameroon, the TCA and the TPG were adopted in February 1994, even though the TU and the TIP regimes were effectively rescinded in July 1994. In the Congo, the TPG was introduced in April 1994 and the TU was abrogated in May 1994. In Chad, the TPG was implemented in December 1994 and the TU was only abrogated in December 1995. For the Central African Republic, the TU was rescinded and the TPG introduced in October 1994. Moreover, only Chad and the Central African Republic reduced the TPG rate to 10 percent on January 1, 1996, as planned.

18. The revisions of national investment codes and the renegotiations of special tax agreements (*conventions d'établissement*) also suffered delays relative to their planned implementation date of January 1, 1994. The investment codes were to be brought in line with the reform by rescinding all exemptions of customs and domestic indirect taxes. However, in Cameroon and Gabon the revised investment codes became effective only in mid-1994 and in the Central African Republic, the Congo, and Chad only in early 1996. In addition, some member countries introduced transitional measures before revising their national investment code. These measures consisted of applying a specific lower TCA rate in the Congo, at eliminating the benefits of customs exemptions in Gabon, and at setting up flat lower customs duties and TCA rates in the Central African Republic.

19. Renegotiating the special tax agreements that had been granted to large enterprises posed many challenges for member countries, even though the deadline was set for end-December 1995. As the special tax agreements had legal status, they could not be unilaterally rescinded by governments and therefore had to be renegotiated. In addition, the discussions with firms benefiting from such agreements were more complicated by the fact that the reform states explicitly that partial compensation for loss of fiscal privileges might be considered. As a result, very few member countries have been able to complete this task so far. Only Cameroon and the Congo have succeeded in renegotiating all the pertinent conventions, at end-December 1995 and in May 1996, respectively. The Central African Republic is still renegotiating some of the agreements. Gabon has decided to postpone the renegotiation of special conventions with oil companies until their expiration date. Equatorial Guinea has not yet started the renegotiation process.

¹⁶(...continued)

16 percent to 18 percent in April 1996; (b) Cameroon, from 12.5 percent to 17 percent in July 1995; (c) Chad, from 10 percent to 15 percent in July 1995; (d) the Congo, from 12 percent to 17 percent in March 1996; and (e) Gabon, from 10 percent to 18 percent VAT rate in April 1995. Equatorial Guinea, however, has not changed the normal TCA rate from 12 percent as set in July 1994.

20. The implementation of the UDEAC reform has also contributed to trade liberalization by dismantling quantitative restrictions and other nontariff barriers. Member countries are allowed to use temporary surcharges only for a limited number of imports competing with local manufacturing, and they must refrain from resorting to discretionary protective measures. Except Equatorial Guinea, all the other UDEAC countries exercised their right to introduce temporary customs surcharges on such imported goods during the second half of 1994, after corrections in relative prices had taken place after the change in parity of the CFA franc. In accordance with the reform provisions, most of these surcharges were set at rates not exceeding 30 percent. In contravention of the reform proposal, the Congo and Cameroon applied surcharges to imports that were not included in the pertinent UDEAC lists. However, Cameroon eliminated all unauthorized surcharges in July 1995.

D. Concluding Remarks and Recommendations: The Next Steps of the Reform

21. The introduction and implementation of the major components of the UDEAC customs and indirect tax reform over the past two years represent essential steps for all member countries to move to streamlined and less distortionary indirect tax systems and to promote regional integration. The reform that began to be implemented in the aftermath of the CFA franc devaluation has allowed a large reduction in tariff rates and effective protection, which not only strengthened competition at the regional level, but also cushioned the inflationary impact of the change in parity. While the country-specific pace of implementation varied greatly, by early 1996, all the member countries had implemented the key elements of the reform.

22. Further work remains to be done to complete the reform and member countries have to take full advantage of greater regional integration. Completion of the reform will in particular require (i) the complete elimination of exemptions that are in conflict with the reform; (ii) the correction of other tax and tariff measures that do not conform to the reform; and (iii) the timely adherence to the reform provisions scheduled to be implemented over the forthcoming years.

23. The complete elimination of exemptions contrary to the reform requires that all special tax agreements be renegotiated and brought in conformity with the reform, in order to avoid any discriminatory treatment among member countries. The establishment of a regional investment code would be an important step in that direction; it could also promote foreign investment in the region. Other areas where progress could be accomplished concern the taxation of imports related to public contracts, including public investment projects, as well as the strict control of exemptions granted under international treaties.

24. The remaining divergences from the initial reform that should be corrected in due course mainly consist of (i) the complete adherence to the tariff classification of imported goods adopted with the UDEAC treaty; (ii) full compliance with the list of goods annexed to

UDEAC Act 5/93 that can be either exempted from the TCA or benefit from a reduced rate; and (iii) the elimination of exceptional temporary surcharges on certain goods on the list of products allowed under the reform.

25. In order to benefit fully from the UDEAC reform, member countries should also implement the remaining measures as scheduled in the reform provisions. In particular, the TPG should be reduced to 10 percent for those countries that have not yet complied with the deadline for this measure. Moreover, it should be rescinded altogether by January 1, 1998 for all members. In addition, with a view to promoting trade liberalization, member countries should remove during the first half of 1997 surcharges on a limited list of goods previously subject to quantitative restrictions. In any event, all surcharges must be eliminated by the first half of 2000.

26. In the interim, further simplification of the indirect tax system should be carried out in order to improve its efficiency. In particular, the elimination of the reduced TCA rate and the proper functioning of the deduction mechanism would facilitate TCA assessment and collection and ease the introduction of a broad-based value-added tax (VAT) later on.

27. As regards the transit regulation reform, the streamlining of transit procedures should be implemented in order to improve merchandise traffic within the region. More specifically the Interstate Transit Procedures of the Central African countries (*Procédure de Transit Inter-Etats des Pays d'Afrique Centrale, TIPAC*), which consists of five transit itineraries across member countries; should be made effective.

28. While the UDEAC reform provides the general framework for an efficient indirect tax system, its effectiveness will depend on continued improvement in tax and customs administration. In particular, there is a need to strengthen tax administration in order to broaden the tax base and improve revenue mobilization. Measures to that end include in particular (i) a restructuring of tax and customs departments in order to improve assessments, monitoring, and audits of taxpayers; (ii) the transferring of tax collection, including collection of tax arrears, to the departments responsible for the tax assessment; (iii) the strengthening of the recently established units in charge of large enterprises to manage and audit taxes of enterprises in the modern sector; (iv) a determined streamlining of customs departments so that they can provide more accurate and timely information on trade flows, customs duties collected, and revenue losses due to customs exemptions; and (v) the setting up of cross auditing procedures between the tax and the customs departments, which would include the adoption of a clear single identification reference for each taxpayer; and (vi) the implementation of presumptive taxation for smaller taxpayers such as the single rate tax regime (*taxe synthétique*) or other simplified tax regimes such as the imposition of an annual license fee or a mechanism of withholding tax on purchases by small taxpayers.

Table 1. UDEAC Member Countries: Summary of the UDEAC Customs and Indirect Taxation System Prior to the Reform

Structure of Indirect Taxation Before the Reform	Central African Republic	Cameroon	Gabon	Chad	Congo	Equatorial Guinea
<u>Import taxation</u>						
Customs duty, (<i>Droit de douanes</i>)						
Nature of tax:	Levied on c.i.f. value of all imports other than those of enterprises under special regimes and specially exempted goods.	Levied on all imports, except for enterprises under special arrangements and investment code.	Levied on all imports, except for enterprises under special tax regimes, including the investment code for forestry.	Levied on all imports, except for those provided by special customs code provisions and for enterprises under special tax regimes.	Levied on all imports, except for those of enterprises under special tax regimes and those admitted under special franchise.	Levied on all imports, except for those of enterprises under special tax regimes.
Rates:	2.5-30 percent and may be three times these rates	2.5-15 percent and may be three times these rates.	2.5-15 percent and may be three times these rates.	0-30 percent and may be three times these rates.	2.5-30 percent and may be three times these rates.	2.5-15 percent and may be three times these rates.
Entry fiscal duty, (<i>Droit fiscal d'entrée</i>)						
Nature of Tax:	Levied on all imports, either on their c.i.f. values or on their weights or volumes; exemptions described above applicable.	Levied on all imports except for those that are already exempted from customs duties and other than alcohol, tobacco, gasoline and wine, which are subject to specific duties.	Levied on all imports except for those that are already exempted from customs duties and other than alcohol, tobacco, gasoline and wine, which are subject to specific duties.	Levied on all imports except for those that are already exempted from customs duties.	Levied on all imports except for those that are already exempted from customs duties.	Levied on all imports except for petroleum products.
Rates:	10-40 percent	0-260 percent (most 10-30 percent)	0-260 percent (most 10-30 percent)	Most from 0 to 40 percent	10-40 percent	0-260 percent (most 10-30 percent)

Table 1. UDEAC Member Countries: Summary of the UDEAC Customs and Indirect Taxation System Prior to the Reform

Structure of Indirect Taxation Before the Reform	Central African Republic	Cameroon	Gabon	Chad	Congo	Equatorial Guinea
Import turnover tax						
Nature of Tax:	Levied on imports inclusive of customs tariff and fiscal import levy.	Levied on imports inclusive of customs tariff and fiscal import levy.	Levied on imports inclusive of customs tariff and fiscal import levy.	Levied on imports inclusive of customs tariff and fiscal import levy.	Levied on imports inclusive of customs tariff and fiscal import levy.	Levied on imports inclusive of customs tariff and fiscal import levy.
Rates:	10 percent	10 percent	10 percent	10 percent	10 percent	10 percent
Statistical tax						
Nature of Tax:	Levied on all imports inclusive of all other taxes and duties			Levied on all import operations requiring a detailed declaration	Levied on all imported goods	
Rates:	1 percent			1 percent	0.2 percent	
Additional tax (<i>taxe complémentaire</i>)						
Nature of tax:	Levied on selected imports for mass consumption.	Levied on most imports.	Levied on some imports, excluding certain basic consumer staples.	Levied on 16 categories of products.	Levied on most imports.	
Rates:	10-50 percent (most at 25 percent); do not require UDEAC's approval.	5-10 percent; do not require UDEAC's approval.	5-100 percent; do not require UDEAC's approval.	Three rates: 5, 10, and 15 percent; do not require UDEAC's approval.	10-50 percent; most from 10 to 20 percent; do not require UDEAC's approval.	

Table 1. UDEAC Member Countries: Summary of the UDEAC Customs and Indirect Taxation System Prior to the Reform

Structure of Indirect Taxation Before the Reform	Central African Republic	Cameroon	Gabon	Chad	Congo	Equatorial Guinea
Import surcharges						Levied on alcoholic beverages and tobacco imported from non-UDEAC countries.
Nature of tax:						Alcohol: 25-30% Tobacco: 30%
Rates:						
<u>Domestic indirect taxation</u>						
Internal turnover tax (<i>Taxe sur le chiffre d'affaires intérieur</i>)						
Nature of tax:	Levied on sales of local goods on net price basis. Goods subject to import turnover tax are exempted, as are the single tax, unprocessed agricultural products and miscellaneous other goods and services.	Gross sales of goods and services of industrial, commercial, and professional activities. Retail sales, agricultural products, various financial transactions, exports, and all products subject to the single tax are exempted.	Gross sales of goods and services of industrial, commercial, and professional activities. Insurance services, agricultural products, imports sold without processing, exports, and all products subject to the single tax are exempted.	Levied on gross sales from manufacturing, tailoring, and processing activities, except for insurance, medical products, sales without further processing of goods that have already borne the turnover tax, as well as goods subject to the single tax.	Levied on gross sales of goods and services from industrial, commercial, and professional activities, except for products subject to the single tax, insurance services, and agricultural products.	Levied on gross sales of goods and services from industrial, commercial, and professional activities.
Rates:	2.4-16.5 percent	2.25-10 percent	Normal: 12 percent Increased: 14 percent Lower: 5 percent	15 percent	Tax-inclusive rates: -Normal: 12 percent -Reduced: 10 percent	-Normal: 4% -Luxury goods and services: 12% -Air transportation services: 7% -Other transport, hotel, and services: 6%

Table 1. UDEAC Member Countries: Summary of the UDEAC Customs and Indirect Taxation System Prior to the Reform

Structure of Indirect Taxation Before the Reform	Central African Republic	Cameroon	Gabon	Chad	Congo	Equatorial Guinea
Transactions tax						
Nature of tax:	Levied on most transactions, excluding goods and services subject to the single tax		Levied on gross sales of industrial and commercial activities not covered by the internal turnover tax		"Internal transaction tax": Levied on goods and services, except for products already exempt from internal turnover tax and for enterprises with an annual turnover less than CFAF 3 million.	
Rates:	4 percent. For some commercial activities, calculated at 50 percent of the <i>patente tariff</i>		4 percent		Tax-inclusive rates: -Services: 8.5% -Other: 10.5%	
Single tax						
Nature of tax:	Special tax regime, levied on the factory value of selected products sold in UDEAC countries and manufactured by enterprises that are exempted from all other indirect taxes.	Special tax regime, levied on the factory value of selected products sold in UDEAC countries and manufactured by enterprises that are exempted from all other indirect taxes.	Special tax regime, levied on the factory value of selected products sold in UDEAC countries and manufactured by enterprises that are exempted from all other indirect taxes.	Special tax regime, levied on the factory value of selected products sold in UDEAC countries and manufactured by enterprises that are exempted from all other indirect taxes.	Special tax regime, levied on the factory value of selected products sold in UDEAC countries and manufactured by enterprises that are exempted from all other indirect taxes.	Special tax regime, levied on the factory value of selected products sold in UDEAC countries and manufactured by enterprises that are exempted from all other indirect taxes.
Rates:	Vary by products.	Ad valorem rates varying by products, enterprises, and countries: 2-100 p.c. (most under 20 p.c.)	Vary by products, enterprises, and countries	Vary by products from 3 to 36 percent.	Vary by products, firms, and countries.	

Table 1. UDEAC Member Countries: Summary of the UDEAC Customs and Indirect Taxation System Prior to the Reform

Structure of Indirect Taxation Before the Reform	Central African Republic	Cameroon	Gabon	Chad	Congo	Equatorial Guinea
Internal consumption tax						
Nature of tax:	Levied on the factory value of selected products manufactured by the enterprises granted a special regime, and sold only in the country; those enterprises are exempted from import duties and other indirect taxes; based on the same principles as the single tax.		Levied on products manufactured by industrial enterprises which have been granted the benefits of the Investment Code, except for certain goods used as raw materials.			
Rates:	Vary from one enterprise to another.		Vary from one enterprise to another.			
Internal production tax						
Nature of tax:	Levied on gross sales by some manufacturing firms benefiting from incentive agreements; replaces customs duties and internal turnover tax.					
Rates:	2-100 percent (most between 5 and 20 percent).					

Table 1. UDEAC Member Countries: Summary of the UDEAC Customs and Indirect Taxation System Prior to the Reform

Structure of Indirect Taxation Before the Reform	Central African Republic	Cameroon	Gabon	Chad	Congo	Equatorial Guinea
Unit taxes						
Nature of tax:				Levied on behalf of the Autonomous Amortization Fund on some production and service operations		
Rates:				Most rates are specific unit taxes; some ad valorem rates range from 1 percent to 5 percent.		

Sources: UDEAC member countries.

Table 2. UDEAC Member Countries: Implementation of the UDEAC Indirect Tax and Customs Reform

(As of September 1, 1996)

Reform Components	Central African Republic	Cameroon	Gabon	Chad	Congo	Equatorial Guinea
Starting implementation date	April 1, 1994	February 1, 1994	February 1, 1994	May 1, 1994	April 1, 1994	June 6, 1994
Implementation of a four-tier common external tariff (CET), with rates at 5, 15, 35 and 50 percent.	In April 1994, with revised rates (5, 10, 20 and 30 percent)	In February 1994, with revised rates (5, 10, 20 and 30 percent)	In February 1994 with revised rates (5, 10, 20 and 30 percent)	In May 1994 with revised rates (5, 10, 20 and 30 percent)	In April 1994, with revised rates (5, 10, 20 and 30 percent)	Adopted in June 1994; revised rates (5, 10, 20, and 30 percent) in August 1994
Adoption of safeguard clauses to mitigate price increase following the CFA franc devaluation in January 1994.	Exemptions of duties and taxes for six essential commodities: salt, flour, milk, textbooks, edible oil and medicines, until October 1994.	- Exemptions of duties and taxes for five products: wheat, rice, textbooks, and medicines until June 1994, then replaced by taxation at lowest rates of CET (5 percent) and TCA (5 percent); - Flat rate of 5 percent levied on flour and sugar abrogated in July 1994.	Exemptions of duties and taxes limited to books, press edition in conformity with the Florence Convention.	Exemptions of duties and taxes on four essential commodities: flour, rice, honey, and medicines from May 1994 to end-1994.	44 products normally taxed at 20 and 30 percent were taxed at the reduced rate of 5 percent; measures rescinded during the first quarter of 1995.	19 products downgraded to the lowest category (5 percent).
Implementation of the preferential tariff rate (TPG) on imports from UDEAC countries equivalent to 20 percent of the applicable CET, reduced to 10 percent on January 1, 1996 and to 0 percent by January 1, 1998; and abrogation of the single tax regime.	Implemented in October 1994 and single tax regime rescinded at the same time; rate reduced to 10 percent on January 1, 1996.	TPG effective since February 1994; Single tax regime abrogated by law in July 1994.	TPG effective since February 1994.	Implemented in December 1994; rate reduced to 10 percent on January 1, 1996. Single tax regime abrogated in December 1995.	TPG effective since April 1994; single tax abolished in May 1994; TPG reduced to 10 percent on January 1, 1996.	TPG introduced in June 1994.

Table 2. UDEAC Member Countries: Summary of the UDEAC Indirect Tax and Customs Reform

(As of September 1, 1996)

Reform Components	Central African Republic	Cameroon	Gabon	Chad	Congo	Equatorial Guinea
Introduction of a turnover tax (TCA) on imports and domestic products including a normal rate (7-18 percent) and a reduced rate (3-6 percent); reduced rates limited to 5 items (meat, milk, rice, bread, baby food, and books); exemptions permitted on a common list of goods (mostly some equipment goods, medicines, schoolbooks, and fertilizers);	Implemented in April 1994, with normal rate of 10 percent and reduced rate of 5 percent; in October 1994, normal rate increased to 16 percent; in April 1996 normal rate increased to 18 percent and reduced rate eliminated; first tranche of water usage added to the common list of goods exempted from TCA.	Implemented in February 1994, with normal rate of 12.5 percent and reduced rate of 5 percent (except for firms benefiting from single tax and domestic production tax regime until July 1994); in July 1994, normal rate increased to 15 percent and in July 1995, normal rate increased to 17 percent and reduced rate to 7 percent.	- Implemented in February 1994 on imports, with two rates (5 and 10 percent); - Introduction of a value-added tax with a single rate of 18 percent in April 1995 and with limited exemptions.	- Introduced in May 1994 with a flat rate of 10 percent. - Two-tier TCA implemented since January 1995 by the customs department and since July 1995 by the tax department, with a reduced rate of 5 percent (increased to 6 percent in January 1996) and a normal rate of 15 percent; reduced rate applied to some goods and services taxed at normal rate in May 1996 (tourism, transport, communication, edible oil, soap, water, and electricity), and rescinded in April 1996.	- Implemented in April 1994, with normal rate of 12 percent and reduced rate of 5 percent (goods already taxed at the lowest customs duty rate were also taxed at reduced TCA rate); - Temporary exemptions of TCA granted on some imports in September 1994. - Normal TCA rate increased to 15.25 percent in March 1995 and to 17 percent in March 1996. - Limited goods formally subject to the reduced rate are now exempted from TCA.	Introduced in July 1994, with normal rate of 12 percent and reduced rate of 5 percent.

Table 2. UDEAC Member Countries: Summary of the UDEAC Indirect Tax and Customs Reform

(As of September 1, 1996)

Reform Components	Central African Republic	Cameroon	Gabon	Chad	Congo	Equatorial Guinea
Introduction of excise tax on a specific list of products within a range of 0-100 percent and with a compulsory rate above zero for alcohol and tobacco.	<ul style="list-style-type: none"> - Introduced within a range of 0-50 percent in April 1994 for tobacco, beverage, and alcohol, but effectively implemented with an uniform rate of 20 percent since October 1994, when the single tax regime was eliminated. - Adopted a uniform rate of 30 percent on all eligible goods in April 1996. - Tax not applicable for cement starting in September 1996 	<ul style="list-style-type: none"> - Introduced with an uniform ad valorem rate of 25 percent in February 1994 on a specific UDEAC list of products including alcohol, tobacco, beer, mineral water, perfumes, jewelry, and guns; - Exemptions on some beverage until July 1994. 	<ul style="list-style-type: none"> - Introduced within a range of 10-30 percent mainly on: beer, wine, cigarettes, tobacco and cosmetic products. 	<ul style="list-style-type: none"> Introduced within a range of 5-30 percent in June 1995 for mineral water, alcohol, tobacco, perfumes, jewelry, and weapons. 	<ul style="list-style-type: none"> - Introduced in April 1994 on a list of imported goods (tobacco, alcohol, cars, weapons, VCRs, cameras, and luxury food products) with a rate of 24 percent and on domestic products (tobacco and alcohol) with a rate of 12 percent; - Adopted a uniform rate of 24 percent in March 1995. 	<ul style="list-style-type: none"> Introduced in June 1994 on almost all eligible goods within a range of 20-80 percent; some exemptions have been granted de facto.
Revision of investment codes in order to bring them in conformity with the customs and tax reform.	<ul style="list-style-type: none"> - For companies under the investment code, 5 percent applied to customs duties and 10 percent to TCA until end-1994; - TCA normally applied since August 1995; - New investment code in conformity with the reform promulgated in May 1996. 	<ul style="list-style-type: none"> Introduced the revised investment code in compliance with the reform in January 1994; however, exemptions under the previous code and the single tax and domestic production tax regimes still applied until June 1994. 	<ul style="list-style-type: none"> - Eliminated customs exemptions under the special tax regime in February 1994; - Abrogated exemptions contained in legislative and regulatory texts, including the investment code, in July 1994. - Draft investment charter to be voted by the Parliament in March 1997. 	<ul style="list-style-type: none"> - Maintained single tax and preferential customs regime under the investment code until end-December 1995; - Brought the investment code in compliance with the reform since end-December 1995. 	<ul style="list-style-type: none"> - Enterprises benefitting from the investment code were temporarily subject to a specific TCA rate; - Investment code revised in March 1996, with TCA applicable normally to all beneficiaries since May 1996. 	<ul style="list-style-type: none"> Adopted a new investment code in April 1994, although exceptional situation of timber and oil sectors needs to be regularized.

Table 2. UDEAC Member Countries: Summary of the UDEAC Indirect Tax and Customs Reform

(As of September 1, 1996)

Reform Components	Central African Republic	Cameroon	Gabon	Chad	Congo	Equatorial Guinea
Renegotiation of special tax agreements (<i>conventions d'établissement</i>) with enterprises benefiting from fiscal provisions contrary to the reform before end-December 1995.	All special tax agreements renegotiated in conformity with the reform in May 1996, except for two enterprises.	Law passed on July 1, 1994 allowing for normal taxation of public enterprises; All special tax agreements renegotiated at end-1995.	Exemptions granted to public enterprises eliminated in March 1996. Special conventions with the oil companies will be renegotiated on their expiration date. Oil subcontractor companies comply with the VAT regulations since March 1996.	Special tax agreements renegotiated in conformity with the reform.	Special tax agreements renegotiated in May 1996.	Special tax agreements not yet renegotiated.
Introduction of a temporary surcharge of 30 percent maximum on a restricted list of goods, some of them previously subject to quantitative restrictions (QR) as of January 1992. Surcharges are to be eliminated within three years and six years for good previously subject to QR.	Surcharge of 30 percent on imports of tobacco and soap adopted in October 1994.	Import surcharge of 20 percent introduced in December 1994 on: concrete reinforcing bars, plastic bags, trailers, maize meal and cement and eliminated in July 1995 except for maize meal and cement (surcharge on cement reduced to 10 percent).	QR removed in July 1994 and surcharge of 30 percent levied on imports of flour, edible oil, mineral water, cement, soap, poultry, and eggs for a period of three years; reduced to 20 percent in June 1996 and to be eliminated in January 1997; QR still applied for sugar imports and to be replaced by a surcharge of 30 percent for three years starting in January 1997.	-Surcharge of 25 percent on imports of edible oil, sugar, beer, cigarettes and soap adopted in June 1994 -surcharge on sugar eliminated in June 1995.	Surcharge of 30 percent on imports of products in conformity with the UDEAC list adopted in April 1994; list of products includes beer, cigarettes, sugar, soap, mineral water, fabrics, eggs, yogurts, honey, and jam.	No surcharge has been applied.

Sources: UDEAC member countries.

THE MEASUREMENT OF CURRENCY IN CIRCULATION IN THE BEAC ZONE¹⁷

1. The measurement of money in circulation in a currency zone poses inherent difficulties. Insofar as money issued in one country may also be used elsewhere in the zone, currency in circulation in any given country is, strictly speaking, indeterminate. As a rule, the uncertainty in the measurement of currency in circulation in any given country of the zone may be ignored, provided that currency flows across countries are small relative to the stocks of currency in circulation, or that such flows are broadly stationary and constantly offset by the repatriation of currency notes to their countries of origin. In the case of the BEAC zone, however, these conditions have not been holding in recent years. On the contrary, data indicate a growing movement of currency notes across BEAC member countries at least since 1993 (data for earlier years are not available). The flow of banknotes has been so massive that it has overwhelmed the sorting out capacities in the branches of the BEAC, and stocks of unsorted notes have reached vast proportions. As a result, the measurement of currency in circulation in BEAC member countries has been subject to a large degree of error.

2. This section explores the magnitude of the problem posed by unsorted banknotes, and the associated distortions in monetary and external statistics in the BEAC area.¹⁸ The method used implies in effect estimating the distribution of unsorted notes, so as to correct the reported currency stock in each of the six BEAC member countries. While there remains considerable uncertainty, a mean estimate suggests that official statistics for currency in circulation at end-1995 would need to be revised upward by more than 70 percent in Cameroon, and downward it by 5 percent in Chad and by 20-35 percent in other BEAC member countries.¹⁹ Moreover, the bias in official statistics has fluctuated widely over time, depending on the lag in sorting out notes. Thus, rather than declining by 20½ percent in 1995, revised estimates suggest that currency in circulation in Cameroon increased by some 20 percent; conversely, the increase in Chad was on the order of 7 percent rather than 52 percent; money in circulation in other BEAC member countries also grew much less in 1995 than reported by the BEAC, and it probably declined in the Central African Republic and

¹⁷Prepared by Philippe Beaugrand.

¹⁸The BEAC is the central bank of the Central African Economic and Monetary Community (CAEMC). The zone comprises six countries (relative sizes, in percent of 1995 aggregate GDP of the zone, are given in parentheses): Cameroon (48 percent), Chad (6 percent), Central African Republic (6 percent), Congo (11 percent), Gabon (28 percent), Equatorial Guinea (1 percent).

¹⁹The impact on the measurement of broad money was naturally smaller, as there is no comparable problem with the measurement of bank deposits. At end-1995, broad money was probably underestimated by 13 percent in Cameroon, and overestimated by 4-6 percent in Chad and Gabon, 14 percent in Congo, and nearly 30 percent in the Central African Republic and Equatorial Guinea.

Congo. Data through end-September 1996 indicate that the problem of measurement of currency in the BEAC zone has continued to worsen, with the stock of unsorted notes rising further to a record CFAF 352 billion (equivalent to nearly three-fourths of total currency in circulation), suggesting that the movement of banknotes across the zone continues to expand. It is likely that since late 1995 currency in circulation has been underestimated in Cameroon, and overestimated in all other BEAC countries, by some 40 percent on average.

A. Introduction

3. Since 1994, there has been considerable interest in analyzing monetary developments in the BEAC zone. Following the devaluation of the CFA franc, in January 1994, a broad-based recovery of money demand in the zone was expected, in parallel with a marked strengthening of the central bank's external reserve position. Indeed, for the BEAC zone as a whole, both currency and deposits increased sharply, which more than reversed the abrupt decline observed during 1991-93. From end-1993 to end-1995, currency in circulation²⁰ in the BEAC zone rose from CFAF 330 billion to CFAF 484 billion — an increase of nearly 50 percent (Chart 1, Tables 1-2). Bank deposits also surged in 1994, by 33 percent, but they fell in 1995 as the solvency of some banks in the region was called into question.

4. While the interpretation of overall monetary developments in the BEAC zone is relatively straightforward, developments in each of the six BEAC member countries have been rather puzzling. During most of the 1994-95 period, currency in circulation increased strongly in the Central African Republic, Congo, Gabon, and Equatorial Guinea. In Cameroon and Chad, by contrast, currency rose more moderately in 1994, and fell in absolute terms during most of 1995; in Chad, and also to a lesser extent in Cameroon, currency in circulation followed an oscillating path during 1994-95. Under the circumstances, one might be tempted to elaborate money demand equations to account for such different behavior between BEAC countries; however, the peculiar fluctuations of currency circulation in BEAC countries during the last three years rather reflected measurement problems, which stemmed from the large and rising stocks of unsorted banknotes at the BEAC branches.

B. Currency Issue in the BEAC Zone

5. CAEMC member countries (together with members of the West African Economic and Monetary Union) share a common currency, the CFA franc, which has been pegged at a fixed rate of CFAF 100 per French franc since January 12, 1994. Country-specific banknotes are issued by local branches of the BEAC in each member country, and these notes are legal

²⁰Currency in circulation in the books of the BEAC includes cash in vault in commercial banks, and is thus larger than currency outside banks.

tender throughout the zone.²¹ Until July 1993, CFA banknotes were repurchased by the BEAC (and by the Central Bank of West African States-BCEAO) inside as well as outside the zone of issue. However, the repurchase of BEAC banknotes from outside the CFA zone was suspended on August 2, 1993, and the repurchase of BEAC notes from the BCEAO zone (and vice versa) was suspended as well on September 7, 1993. Thus, since September 1993, the convertibility of CFA notes has been strictly limited to transactions within their respective zones of issue.²²

6. The entire stock of banknotes for any country of the zone is recorded as gross currency issue pertaining specifically to that country. Currency in circulation is defined as gross currency issue *minus* cash in vault at the central bank; the latter includes new notes yet to be put into circulation as well as notes that have been returned by the public to the BEAC. Banknotes returned to a branch of the BEAC may bear a marking from any of the six member countries. Proper accounting requires the country of origin to be identified: if a note returned in country *X* was originally issued in that same country, then it is merely deducted from currency issue in country *X*; if it originated in country *Y*, however, it represents an external transaction — the BEAC records a foreign asset transfer from country *Y* to country *X*, and the note is deducted from currency issue in country *Y* (currency in circulation in country *X* is unaffected). In other words, country *Y* repurchases its banknotes from country *X* against foreign exchange, that is, through the debit of its notional operation account with the French Treasury.²³

7. Over time, banknotes are physically repatriated to their countries of origin, to be re-issued or destroyed. However, as soon as banknotes are identified as originating from a country other than the one in which they are held, they are notionally repatriated — that is, they are subtracted from the stock of currency issued in their country of origin even before being physically moved. Thus, at any point of time, the central bank's cash in vault (be it only

²¹Markings used to be plain, but since 1994 they have been letter-coded as follows: *C* for Congo, *E* for Cameroon, *F* for the Central African Republic, *L* for Gabon, *N* for Equatorial Guinea, and *P* for Chad.

²²The external convertibility of the CFA franc has remained fully guaranteed for bank transfers by the French Treasury.

²³The BEAC has a single operations account with the French Treasury, from which it handles the bulk of foreign transactions for the zone. Nevertheless, the notional contributions of the six member countries and of the BEAC itself to the zone's aggregate external position are reflected in the monetary statistics compiled by the BEAC for individual countries.

notionally) in any BEAC member country includes (a) unsorted notes, (b) sorted notes held abroad, and (c) other sorted cash on hand.²⁴

8. As long as banknotes remain unsorted, they are subtracted from the currency stock of the country in which they were returned. In effect, unsorted notes are assumed to originate entirely from the country in which they are held. Adjustments are made to the relevant currency stocks when banknotes are actually sorted out, which may lag significantly behind the movements of notes across borders (no adjustment is made retroactively).

C. Magnitude and Significance of Unsorted Notes

9. On aggregate, unsorted banknotes in the BEAC totaled CFAF 352 billion at end-September 1996, equivalent to 30 percent of gross currency issue, 51 percent of total cash in vault, and 74 percent of currency in circulation. At end-1993, by comparison, these ratios were less than half as large (Chart 1; Tables 2-3). The large stock of unsorted notes has had vast consequences for the interpretation of developments in the BEAC zone. Because the bulk of unsorted notes was held in Cameroon (and, to a lesser extent, in Chad from December 1994 until September 1995), the stock of currency in circulation in this country has been understated, and in other BEAC countries overstated, by large margins. Moreover, once a backlog of notes is sorted out and displaced notes are identified, adjustments are made to the international reserve positions of BEAC member countries. By convention, counterentries to the reserve movements are made in the current account of the balance of payments (80 percent merchandise, and 20 percent travel expenditure).²⁵ Thus, monetary and external statistics (and thus, savings-investment balances as well) in the BEAC zone have been subject to spurious changes stemming from fluctuations in the stocks of unsorted banknotes.

10. At end-1995, CFAF 210 billion of unsorted notes (73 percent of the total) was in Cameroon, which reduced Cameroon's currency in circulation to a mere CFAF 119 billion. The second highest stock of unsorted notes — for CFAF 32 billion, down from a peak of CFAF 62 billion in midyear — was held in Chad. Considering the size of Cameroon's economy (nearly half of the zone, in terms of GDP), the currency stock at end-1995 appeared extraordinarily low — only 10 percent higher than in Gabon, and 20 percent higher than in the Central African Republic. As unsorted notes continued to build up, by September 1996 the reported currency stocks in Gabon and the Central African Republic exceeded that of Cameroon. Despite a much lower income level, per capita currency holdings in 1995 were four times as large in the Central African Republic (CFAF 30,000) than in Cameroon

²⁴Other sorted cash on hand includes ready cash (*caisse courante*), cash on reserve (*caisse réserve*), notes of unknown quality and unsorted face values (*caisse RATQ*, i.e. *reste à trier en qualité*), and worn out notes (*caisse destruction*).

²⁵In the past, the counterpart to banknotes repurchased from the Bank of France and the BCEAO was split in equal proportions between the trade account and the capital account.

(CFAF 7,500). To some extent, higher currency holdings could reflect country-specific preferences and features (including, for instance, the importance of diamond trade in the Central African Republic). In the mid-1980s, however, per capita currency holdings used to be about the same in Cameroon and the Central African Republic (on the order of CFAF 15,000).

11. Changes in the ratio of currency to broad money in the various BEAC member countries are another indication of the spurious impact of unsorted notes on the measurement of currency in circulation. For the zone as a whole, this ratio has remained remarkably stable, at about 30 percent, since 1992 (Table 3). There was a slight increase in the share of currency in broad money in the latter part of 1995, of some 2 percentage points, which can be traced to well-documented bank solvency problems (including those related to the collapse of the Meridien-BIAO group, in March 1995), which particularly affected Cameroon, the Central African Republic, and Congo. Surprisingly, however, the data suggest that the share of currency in broad money (and, therefore, the currency/deposit ratio) actually *fell* in Cameroon, from nearly 20 percent at end-1994 to less than 16 percent at end-1995, and a record low of 10 percent as of September 1996. Conversely, this ratio increased in Chad and Gabon during 1995, even though these countries did not face major banking crises.

12. Statistics on the flows of banknotes among BEAC branches indicate highly asymmetric movements (Table 4; data for 1995 are summarized in Box 1). Thus out of an aggregate CFAF 194 billion in displaced banknotes within the BEAC zone in 1995, stocks amounting to CFAF 153 billion (or 79 percent) were found in only two countries — Cameroon and Chad. A disproportionate share of displaced notes (30 percent) originated from the Central African Republic, but foreign notes found in this country accounted for little more than 1 percent of the total.

Box 1. BEAC Zone: Repatriation of Banknotes in 1995*

(In billions of CFA francs)

	Banknotes originating from						Total
	Cameroon	Chad	C.A.R.	Congo	Gabon	Equatorial Guinea	
Total	55.6	25.4	58.7	15.9	34.7	4.1	194.4
Cameroon	0.0	23.0	33.8	6.4	21.1	2.7	86.9
Chad	37.9	0.0	19.3	3.6	5.2	0.3	66.4
Central African Republic	1.3	0.3	0.0	0.7	0.3	0.0	2.6
Congo	4.7	0.4	2.5	0.0	7.2	0.1	14.9
Gabon	11.0	1.7	3.0	5.1	0.0	1.0	21.7
Equatorial Guinea	0.8	0.0	0.1	0.0	0.9	0.0	1.9

Source: Data provided by the BEAC.

* Excludes CFAF 3.4 billion in notes repurchased from the BCEAO.

13. Moreover, the flows of displaced notes within the BEAC zone changed markedly in recent years, both in aggregate and in relative terms. To a large extent, this followed the suspension of the repurchase of banknotes from outside the zone, which prompted a large-scale redirection of flows within the zone. Thus, in 1993, banknotes repatriated from outside the BEAC zone accounted for 83 percent of the total; while foreign banknotes located in Cameroon and Chad accounted for only 8 percent of the total in 1993, this share rose to 39 percent in 1994 and 78 percent in 1995. The share of notes originating from the Central African Republic rose from 11 percent in 1993 to 20 percent in 1994, and 30 percent in 1995 (Table 4).²⁶

14. Data on the repatriation of banknotes are used by the BEAC as an input for the compilation of balance of payments estimates. As mentioned earlier, by convention repatriated banknotes are attributed to imports of goods and services. In the case of the Central African Republic, however, part of the transfer of banknotes abroad may also have reflected capital

²⁶By definition, data on the repatriation of banknotes exclude the turnover of banknotes within one country. Thus, the statistics reported in Table 4 could be consistent with a steady increase in the turnover of banknotes during 1993-95, insofar as notes formerly channeled through the Bank of France and the BCEAO must now be returned into their countries of issue (especially Cameroon).

flight, especially considering that exchange regulations used to be applied somewhat more strictly in Bangui than elsewhere.²⁷

D. Movements of Banknotes

15. The movements of currency across the BEAC zone testify to sizable trade and/or financial relations between BEAC member countries. In aggregate, the exports of banknotes within the BEAC zone represented 2.1 percent of GDP and 40 percent of currency in circulation in 1995 (Box 2). The relative importance of note flows varied considerably from one country to another: while the exports and imports of banknotes represented only 1-2 percent of GDP in Cameroon, the imports of notes into Chad and the exports of notes from the Central African Republic were equivalent to 12½ percent and 10½ percent of GDP, respectively. In net terms, the largest "surplus" was in Chad, with net imports of banknotes equivalent to 7½ percent of GDP in 1995, while the Central African Republic recorded the largest "deficit," with net exports of banknotes of some 10 percent of GDP.

Box 2. BEAC Zone: Repatriation of Banknotes, 1995 *

	<u>In percent of GDP</u>			<u>In percent of currency</u>	
	Imports of notes	Exports of notes	Net imports	Imports of notes	Exports of notes
Total	2.1	2.1	0.0	40.2	40.2
Cameroon	1.9	1.2	0.7	73.1	46.8
Chad	12.4	4.8	7.7	105.1	40.3
Central African Republic	0.5	10.5	-10.1	2.6	59.1
Congo	1.5	1.6	-0.1	17.0	18.2
Gabon	0.9	1.5	-0.5	20.1	32.2
Equatorial Guinea	2.2	4.8	-2.6	26.3	57.0

Sources: Data provided by the BEAC; and staff estimates.

* Excludes notes repurchased from the BCEAO.

16. The reasons for such large and growing movements of banknotes within the BEAC zone are a matter of conjecture. Two main explanations may be mentioned in this respect: trade developments within the BEAC zone, and trade or capital movements vis-à-vis

²⁷The Central African Republic authorities adopted in May 1994 the provisional regulations issued by the BEAC in September 1993, which maintained an exchange system essentially free of restrictions within the zone. In practice, nevertheless, until April 1996 the authorities required prior authorizations from the Ministry of Finance for all foreign exchange transactions valued at CFAF 500,000 or more, even within the franc zone.

Nigeria.²⁸ There is ample anecdotal evidence that trade flows within the BEAC zone have expanded considerably since the devaluation of the CFA franc. Throughout the zone, recorded imports — which originate mostly from outside the BEAC zone — have fallen sharply in real terms. By contrast, trade within the zone, notably on food products (including staple and live-stock) and light industrial goods, is presumed to have surged. All countries in the zone probably benefited from the redirection of trade flows, but Cameroon was presumably best placed to capitalize on improved competitiveness because of its strong agricultural base and diversified industries. Traditionally, the bulk of border trade has been conducted in cash.

17. In addition to the intensification of trade within the zone, trade with Nigeria and capital flight by Nigerian nationals probably played an important role in the buildup of unsorted notes in Cameroon and Chad. Prior to 1994, there is evidence that Nigerian traders exported goods to the BEAC area, and transferred CFA notes either through banks in Benin or directly through banks in Europe.²⁹ Since the suspension of the repurchase of banknotes from outside the BEAC zone, it is likely that Nigerian nationals have devised ways to use resident bank accounts, mainly in Cameroon and Chad, to effect transfers abroad. While there are by definition no statistics on informal trade to corroborate this conjecture, it is noteworthy that the steep increase in the stock of unsorted notes during 1995 occurred at a time when the Nigerian naira appreciated sharply in real effective terms, which could account for booming informal border trade. The increase in the stock of unsorted notes was particularly strong in Cameroon, and was paralleled by a drop in the stock of unsorted notes in Chad, presumably reflecting tighter supervision of foreign exchange transfers by one commercial bank in N'Djaména.³⁰

18. Notwithstanding the above possible explanations, the magnitudes of currency flows out of the Central African Republic and into Chad suggest that special factors may have been at work. Informal border trade on such a scale is unlikely, unless it is related to various illegal

²⁸In principle, capital flight by nationals of BEAC member countries should not have played a significant role, insofar as transfers within the franc zone (including France) were free. In practice, however, as mentioned above, exchange regulations were applied more strictly in some countries, which probably prompted some capital movements within the zone.

²⁹The notes repatriated from outside the BEAC zone were predominantly of Cameroonian and Chadian origin (62 percent in 1993). Until the late 1980s, CFA notes returned through London, Zurich, or Paris were sorted out at the Bank of France, but the sorting out of these notes was subsequently moved to Libreville; at the time, unsorted banknotes repatriated from Europe were distributed on the basis of fixed coefficients.

³⁰The Financial Bank in N'Djaména effected sizable foreign transfers until June 1995, when it became subject to stricter controls and was prohibited from making transfers abroad. As mentioned earlier, some of these transfers were probably mandated by Central African nationals, which would account for a buildup of banknotes of Central African origin in Chad.

activities. In the case of the Central African Republic, the outflows of banknotes perhaps also reflected large-scale capital flight, even in the period that followed the devaluation of the CFA franc, prompted in part by the difficulties experienced in the domestic banking system. If this were the case, the balance of payments estimates for the Central African Republic would be biased — marked by too high a current account deficit, and too low capital outflows — with symmetric biases in the balance of payments estimates for Cameroon and/or Chad.³¹

E. Revised Estimates

19. Estimating the “true” currency in circulation in each of the BEAC countries requires in effect making an assumption on the correct distribution of unsorted banknotes. Little information, however, is available for this purpose. Even statistics on the recent sorting out of notes are of questionable value, as the distribution of displaced notes has changed markedly over time — following the suspension of the repurchase of banknotes and as a result of the January 1994 devaluation of the CFA franc, in particular. In addition, statistics on the repatriation of notes have been subject to various leads and lags in the sorting out of notes, especially at times when the BEAC endeavored to accelerate the sorting out of large denomination notes.³²

20. A simple method of estimating the stock of currency in circulation in each BEAC member country is to use ratios based on the distribution of *gross* currency issue. While the distribution of currency in circulation changed dramatically in recent years, reflecting the marked increase in the stock of unsorted notes and its uneven distribution among BEAC member countries, the distribution of gross currency issue remained rather stable. At end-1995, recorded currency in circulation in Cameroon represented only 25 percent of circulation in the BEAC zone, as against 38 percent at end-1993 and 34 percent at end-1994 (Table 3). Yet, at the same time, the share of Cameroon in gross currency issue fell only marginally, from 38½ percent at end-1993 (down from 41½ percent at end-1992) to 37 percent at end-1995. Moreover, currency issue and currency in circulation used to be distributed in a broadly similar way. A simple assumption can be made, therefore, that the estimated “true” distribution of currency in circulation is that of gross currency issue (Method A in Table 5); the results are summarized in Box 3.

³¹A priori, the problem of the sorting out of banknotes should not affect balance of payments estimates for the BEAC zone as a whole, insofar as banknotes are no longer repurchased from outside the zone of issue. However, informal border trade with Nigeria may account for overestimated capital outflows and underestimated current account deficits in Cameroon and Chad, and for the BEAC zone as a whole.

³²In late 1995 and early 1996, the BEAC launched a determined effort to accelerate the sorting out of banknotes (*opération coup de poing*), which resulted in a temporary drop in the stock of unsorted notes; tightened bank supervision practices probably contributed as well to lowering the unsorted notes in Chad.

Box 3. BEAC Zone: Revised Estimates of Currency Stocks at end-1995, Method A

(In billions of CFA francs)

	<u>Reported currency stock</u>	<u>Estimated currency stock</u>	<u>Diffe- rence</u>	<u>Unsorted notes by location</u>	<u>Unsorted notes by origin</u>
BEAC zone	484	484	0.0	288	288
Cameroon	119	179	60	210	150
Chad	63	82	18	32	14
Central African Republic	99	78	-21	2	23
Congo	87	67	-20	15	36
Gabon	108	70	-38	27	64
Equatorial Guinea	7	7	0.0	1	1

Source: See Table 5. The estimated currency stock for each BEAC country is equal to the net aggregate currency stock times the share of this country in aggregate gross currency issue.

21. The calculations provide an implicit derivation of the distribution of unsorted notes by country of origin, based on the difference between the reported and estimated currency stocks. Thus, out of the CFAF 288 billion stock of unsorted notes at end-1995, CFAF 150 billion only would have originated from Cameroon, rather than CFAF 210 billion as assumed by the BEAC. Unsorted notes from Chad would also have been significantly less than the stock of unsorted notes in Chad. The differences in these two countries, totaling CFAF 78 billion at end-1995, would have been accounted for by notes to be repatriated in Gabon (CFAF 38 billion), the Central African Republic (CFAF 21 billion), and Congo (CFAF 20 billion).

22. Various other methods can be used, based on explicit assumptions regarding the distribution of *unsorted notes*. Three examples are given in Table 5: distributions based on gross currency issue (Method B), based on net currency issue excluding unsorted notes (Method C), and based on the shares of notes abroad (Method D). In each case, the adjustments made to currency in circulation as reported by the BEAC would be even larger than with Method A described above. Thus, end-1995 money stock estimates in Cameroon would range from CFAF 206 billion (Method C) to CFAF 222 billion (Method D), and CFAF 255 billion (Method B) — as against CFAF 179 billion with Method A, and an actual stock of CFAF 119 billion reported by the BEAC. Clearly, however, Method D gives highly erratic results, presumably because it depends on the timing of the actual repatriation of banknotes to their countries of origin. By contrast, Method C appears to be the most reliable, as it consistently gives “central” or mean estimates (see Charts 2-4). The results for Method C are summarized in Box 4.

Box 4. BEAC Zone: Revised Estimates of Currency Stocks at end-1995, Method C

(In billions of CFA francs)

	<u>Reported currency stock</u>	<u>Estimated currency stock</u>	<u>Diffe- rence</u>	<u>Unsorted notes by location</u>	<u>Unsorted notes by origin</u>
BEAC zone	484	484	0.0	288	288
Cameroon	119	206	88	210	123
Chad	63	60	-3	32	36
Central African Republic	99	64	-36	2	38
Congo	87	64	-23	15	38
Gabon	108	84	-24	27	50
Equatorial Guinea	7	5	-2	1	3

Source: See Table 5. The estimated currency stock for each BEAC country is equal to the gross currency stock *minus* currency in vault, with unsorted notes assumed to have the same distribution as net currency issue (excluding unsorted notes).

23. Based on Method C, at end-1995 only CFAF 123 billion (or 43 percent) of the aggregate stock of unsorted notes originated from Cameroon. The stock of unsorted notes from Chad was slightly larger than that held in Chad. Compared with the previous method, an even larger proportion of unsorted notes originated from the Central African Republic, which reduced the currency stock in this country to about CFAF 64 billion — one third less than reported by the BEAC. The estimated currency stocks were consistent with average currency holdings on the order of CFAF 19,000, compared with CFAF 14,500 in Cameroon, which would seem more realistic than the calculations based on the data reported by the BEAC.

24. The patterns of currency in circulation (Chart 2; Table 5) and velocity (Charts 3 and 4; Table 6) seem much more plausible when revised estimates are used. Thus, all estimates point to a continued growth of currency in Cameroon in 1995 and during the first nine months of 1996. The revised currency stock in Chad also seems relatively stable through mid-1996, rather than falling abruptly from mid-1994 to mid-1995. In the Central African Republic, Congo, Gabon, and Equatorial Guinea, the growth of currency since early 1994 appears much less pronounced than reported.³³

³³For Equatorial Guinea, the trend is relatively clear — an increase in currency on the order of 60-70 percent during 1995, rather than 84 percent — but the levels are highly uncertain, as the margin of error (perhaps on the order of $\pm$ CFAF 1½ billion) is very large relative to the absolute stock of currency in this country.

25. In the absence of reliable data, there is no obvious yardstick against which the revised estimates can be compared. One possible approach is to assume a priori that the velocity of broad money is relatively stable, and that large divergences from the trend reflect spurious changes in the sorting out of banknotes. On this basis, the currency estimates derived with Method C would seem generally superior to the reported data, especially as regards Cameroon and Chad (Box 5). The analysis of fluctuations in per capita currency holdings also yields similar conclusions. Nevertheless, the revised currency estimates should be considered with caution, not only because of the limited period coverage, but also because of the behavioral changes in the BEAC zone following the suspension of the repurchase of banknotes in August 1993 and the January 1994 devaluation of the CFA franc.³⁴

Box 5. BEAC Zone: Normalized Standard Deviations of Velocity of Broad Money,
December 1993-September 1996

	<u>Cameroon</u>	<u>Chad</u>	<u>C.A.R.</u>	<u>Congo</u>	<u>Gabon</u>	<u>Equatorial Guinea</u>
Reported data	0.10	0.21	0.08	0.06	0.04	0.17
Method A	0.07	0.10	0.06	0.08	0.07	0.08
Method B	0.05	0.10	0.16	0.11	0.09	0.31
Method C	0.05	0.08	0.09	0.10	0.08	0.13

Source: Calculations derived from quarterly data summarized in Table 6.

F. Policy Considerations

26. Since 1994, the growing bias in official statistics on the distribution of currency in the BEAC area has severely complicated the interpretation of monetary developments at the country level. Even though spurious movements were suspected, the drop in currency in Cameroon and Chad was a cause for concern, while the sharp expansion of currency observed in the Central African Republic, Congo, Gabon, and Equatorial Guinea generated fears of mounting inflationary pressures. As long as banknotes remain unsorted, it is important to make an assumption — however tenuous it may be — on the correct distribution of unsorted

³⁴The shifts of currency across BEAC countries raise issues that are akin to the problem of co-circulating currencies, which has been the topic of various studies in recent years. See in particular C.M. Sprenkle, "The Case of the Missing Currency," *Journal of Economic Perspectives* (7:4), Fall 1993; and R. Krueger and J. Ha, "Measurement of Co-Circulation of Currencies," IMF WP/95/34, March 1995.

notes.³⁵ Under the circumstances, the currency stocks estimated on the basis of an assumed distribution of unsorted notes would seem more reliable than actual data reported by the BEAC; yet, clearly, the issue may only be resolved when notes are sorted out in an exhaustive manner.

27. While policy analysis is complicated at the country level, the problem of unsorted banknotes has limited bearing on the BEAC zone as a whole. Following the gradual introduction of indirect instruments in recent years, monetary policy is conducted at the regional level and is not primarily influenced by country-specific considerations. Unless country markets are tightly segmented, policy decisions should be based on aggregate developments. The regional money market in the BEAC area remains at an embryonic stage, partly reflecting lingering doubts about the solvency of several commercial banks; nevertheless, the six national economies have become increasingly integrated, as suggested by the large shifts of currency across boundaries. Thus, any apparent excess liquidity in some countries clearly found its way into countries — primarily Cameroon, but also Chad in 1995 — that appeared to be “losing” currency at an alarming pace. As such, this must not be construed as a problem for the monetary authorities, insofar as policies are focused on overall developments.

28. From an operational point of view, the problem of measurement of currency in the BEAC zone does not have direct consequences for the conduct of monetary policy. The main intermediate target established at the country level is the net domestic asset position of the central bank, which is not affected by the sorting out of currency (because currency and net foreign assets are adjusted *pari passu* when banknotes are identified outside their countries of origin). However, the establishment of these targets is likely to be influenced by the analysis of monetary and balance of payments developments at the country level. As a result, the quarterly objectives set by the BEAC may have been somewhat more restrictive in countries that seemed to experience a contraction of currency (such as Cameroon), and less so in countries where money demand appeared to be strong (as in the Central African Republic). This may have entailed inefficiencies in the conduct of monetary policy as long as interbank money markets remained segmented in the BEAC zone, but the targeting of net domestic assets at the local level is likely to be less and less relevant as progress is made toward regional integration.

³⁵Since June 1995, monetary data in the context of the Fund-supported program with Chad have been adjusted to reflect fluctuations in the stock of unsorted notes (specifically, it was assumed that 50 percent of unsorted banknotes originated from other BEAC member countries).

CHART 1

BEAC ZONE

Currency in Circulation, Unsorted Notes, and Velocity

Sources: Data provided by the BEAC; and staff estimates.

1/ Velocity based on quarterly estimates of GDP, interpolated on the basis of consumer price indices (see Table 6).

CHART 2

BEAC COUNTRIES
Currency in Circulation 1/
(In billions of CFA francs)

Sources: Data provided by the BEAC; and staff estimates.

1/ The solid line shows the currency stock reported by the BEAC, and the dotted lines show revised staff estimates under various assumptions (Methods A, B and C--see Table 5).

BEAC COUNTRIES
Velocity of Circulation 1/
(Ratio of GDP to currency)

Sources: Data provided by the BEAC; and staff estimates.

1/ The solid line is based on the currency stock reported by the BEAC, and the dotted lines show revised staff estimates under various assumptions (Methods A, B and C--see Table 6).

CHART 4

BEAC COUNTRIES
Velocity of Circulation 1/
(Ratio of GDP to broad money)

Sources: Data provided by the BEAC; and staff estimates.

1/ The solid line is based on the currency stock reported by the BEAC, and the dotted lines show revised staff estimates under various assumptions (Methods A, B and C--see Table 6).

Table 1. BEAC Zone: Monetary Developments

	1992 Dec.	1993 Dec.	1994		1995		1996	
			June	Dec.	June	Dec.	June	Sept.
(In billions of CFA francs)								
Broad money	1,140.4	1,023.2	1,270.1	1,362.0	1,372.0	1,391.7	1,461.7	1,453.8
Cameroon	601.7	546.1	631.9	691.1	667.3	648.5	652.2	654.3
Chad	66.5	47.7	83.4	62.7	59.6	93.2	114.4	109.7
Central African Republic	57.2	64.6	96.0	115.3	125.3	120.2	122.0	125.0
Congo	169.2	124.2	143.1	159.3	155.3	159.2	168.6	164.1
Gabon	241.5	237.3	311.0	326.0	355.5	359.0	392.2	387.2
Equatorial Guinea	4.4	3.2	4.8	7.8	9.0	11.6	12.3	13.5
Currency outside banks	357.0	309.5	356.7	414.7	398.2	452.3	441.3	437.1
Cameroon	149.0	116.1	109.6	136.3	106.5	102.3	75.2	74.1
Chad	47.0	35.8	58.3	39.7	30.6	62.0	82.4	81.8
Central African Republic	43.4	52.2	73.9	88.5	100.6	99.0	100.6	100.0
Congo	59.3	53.7	57.9	69.5	66.6	81.6	79.3	75.9
Gabon	56.8	50.5	55.3	76.9	89.1	100.7	98.3	98.8
Equatorial Guinea	1.6	1.2	1.8	3.8	4.7	6.8	5.6	6.6
Deposits	783.3	713.6	913.3	947.3	973.8	939.4	1,020.4	1,016.7
Cameroon	452.6	430.0	522.4	554.7	560.7	546.3	577.1	580.2
Chad	19.5	11.8	25.1	23.0	29.0	31.2	32.0	27.9
Central African Republic	13.9	12.4	22.1	26.8	24.6	21.2	21.4	25.1
Congo	109.9	70.5	85.2	89.8	88.7	77.6	89.3	88.2
Gabon	184.7	186.8	255.7	249.1	266.4	258.3	293.9	288.4
Equatorial Guinea	2.8	2.0	2.9	4.0	4.3	4.8	6.7	6.9
(Annual percentage changes)								
Broad money	-17.1	-10.3	20.3	33.1	8.0	2.2	6.5	11.6
Cameroon	-21.9	-9.2	15.4	26.5	5.6	-6.2	-2.3	6.5
Chad	-8.9	-28.3	37.2	31.4	-28.5	48.7	91.9	40.8
Central African Republic	-3.8	12.8	60.1	78.5	30.5	4.3	-2.6	1.9
Congo	5.2	-26.6	-2.2	28.2	8.5	-0.1	8.6	17.6
Gabon	-21.6	-1.7	30.3	37.4	14.3	10.1	10.3	14.1
Equatorial Guinea	31.0	-25.9	65.3	139.4	89.3	48.9	36.2	46.7
Currency outside banks	-5.8	-13.3	9.4	34.0	11.6	9.1	10.8	10.1
Cameroon	-12.5	-22.1	-6.0	17.4	-2.8	-25.0	-29.4	-12.4
Chad	-5.0	-23.7	22.1	10.7	-47.5	56.2	169.3	76.7
Central African Republic	2.6	20.3	56.9	69.7	36.1	11.8	-0.0	-0.4
Congo	11.3	-9.5	-4.6	29.4	15.0	17.4	19.2	13.1
Gabon	-9.7	-11.1	4.1	52.4	61.2	30.9	10.3	5.8
Equatorial Guinea	49.0	-25.3	121.4	211.2	157.6	79.8	18.1	24.8
Deposits	-21.3	-8.9	25.1	32.7	6.6	-0.8	4.8	12.2
Cameroon	-24.6	-5.0	21.2	29.0	7.3	-1.5	2.9	9.5
Chad	-17.0	-39.4	92.2	94.2	15.5	35.9	10.4	-11.7
Central African Republic	-19.5	-10.6	71.9	115.4	11.7	-20.6	-13.2	12.3
Congo	2.2	-35.8	-0.5	27.3	4.2	-13.6	0.6	21.7
Gabon	-24.7	1.2	37.8	33.3	4.2	3.7	10.3	17.3
Equatorial Guinea	22.3	-26.2	42.7	96.6	46.6	19.8	56.0	76.1

Sources: Data provided by the BEAC; and IMF, *International Financial Statistics*.

Table 2. BEAC Zone: Components of Currency Issue

(In billions of CFA francs)

	1992	1993	1994		1995		1996	
	Dec.	Dec.	June	Dec.	June	Dec.	June	Sept.
1. Currency issue (gross)	...	1,091.7	1,053.5	1,096.5	1,128.1	1,219.1	1,226.7	1,160.3
Cameroon	...	419.8	423.6	424.2	412.7	451.9	460.7	425.5
Chad	...	181.4	170.3	184.5	195.1	205.7	217.7	182.7
Central African Republic	...	133.0	154.1	151.5	182.7	197.2	200.0	187.2
Congo	...	161.4	151.9	160.7	145.9	169.4	149.0	157.2
Gabon	...	180.9	141.2	160.9	176.9	176.9	180.4	189.4
Equatorial Guinea	...	15.2	12.4	14.7	14.9	18.1	18.9	18.4
2. Currency in vault	...	762.0	671.7	652.1	701.6	735.4	749.3	686.8
Unsorted notes	(...)	(147.6)	(128.6)	(186.9)	(272.2)	(287.9)	(324.9)	(351.7)
Notes abroad	(...)	(316.0)	(222.2)	(129.7)	(107.8)	(155.2)	(140.3)	(148.2)
Other (sorted)	(...)	(298.4)	(320.9)	(335.4)	(321.5)	(292.3)	(284.1)	(186.9)
Cameroon	...	294.7	300.8	274.8	292.7	333.0	356.6	335.8
Unsorted notes	(...)	(56.0)	(61.8)	(95.1)	(167.6)	(210.4)	(231.7)	(259.9)
Notes abroad	(...)	(124.6)	(64.4)	(35.3)	(29.6)	(40.0)	(24.3)	(28.7)
Other (sorted)	(...)	(114.1)	(174.6)	(144.4)	(95.5)	(82.7)	(100.7)	(47.2)
Chad	...	144.8	110.9	143.0	162.2	142.5	133.2	99.3
Unsorted notes	(...)	(16.1)	(7.0)	(38.0)	(61.9)	(32.1)	(27.2)	(24.4)
Notes abroad	(...)	(79.5)	(69.0)	(30.1)	(16.8)	(26.6)	(29.0)	(18.2)
Other (sorted)	(...)	(49.2)	(34.9)	(74.8)	(83.6)	(83.9)	(77.0)	(56.8)
Central African Republic	...	80.5	79.7	62.6	81.7	97.8	101.7	86.6
Unsorted notes	(...)	(4.8)	(4.6)	(4.7)	(3.0)	(2.3)	(2.6)	(3.2)
Notes abroad	(...)	(42.5)	(31.5)	(31.3)	(26.7)	(45.0)	(34.9)	(44.5)
Other (sorted)	(...)	(33.3)	(43.6)	(26.6)	(51.9)	(50.5)	(64.2)	(38.9)
Congo	...	103.9	90.1	84.0	74.5	82.0	63.9	74.9
Unsorted notes	(...)	(25.4)	(18.1)	(17.3)	(18.9)	(15.4)	(25.3)	(27.6)
Notes abroad	(...)	(49.2)	(29.8)	(20.8)	(14.9)	(19.6)	(21.1)	(24.0)
Other (sorted)	(...)	(29.3)	(42.2)	(46.0)	(40.7)	(47.1)	(17.5)	(23.3)
Gabon	...	124.3	79.8	76.9	80.4	69.1	80.9	78.6
Unsorted notes	(...)	(45.0)	(36.6)	(31.2)	(20.1)	(26.6)	(37.0)	(34.9)
Notes abroad	(...)	(17.8)	(24.2)	(8.4)	(16.0)	(18.9)	(25.2)	(28.6)
Other (sorted)	(...)	(61.5)	(19.1)	(37.3)	(44.3)	(23.5)	(18.8)	(15.1)
Equatorial Guinea	...	13.8	10.4	10.8	10.0	11.0	13.0	11.5
Unsorted notes	(...)	(0.3)	(0.6)	(0.6)	(0.7)	(1.2)	(1.1)	(1.7)
Notes abroad	(...)	(2.5)	(3.2)	(3.9)	(3.8)	(5.3)	(5.9)	(4.3)
Other (sorted)	(...)	(11.0)	(6.6)	(6.3)	(5.5)	(4.5)	(6.0)	(5.5)
3. Currency in circulation								
(1-2)	382.9	329.7	381.7	444.4	426.6	483.7	477.4	473.6
Cameroon	159.3	125.1	122.8	149.4	120.0	118.9	104.1	89.7
Chad	47.5	36.5	59.4	41.6	32.9	63.2	84.5	83.4
Central African Republic	45.9	52.5	74.5	88.9	101.0	99.3	98.3	100.5
Congo	63.9	57.5	61.7	76.7	71.4	87.4	85.1	82.2
Gabon	65.7	56.7	61.4	84.0	96.4	107.9	99.5	110.8
Equatorial Guinea	0.4	1.4	2.0	3.9	4.9	7.1	5.9	6.9

Source: Data provided by the BEAC.

Table 3. BEAC Zone: Distribution of Currency Issue

(In percent)

	1992 Dec.	1993 Dec.	1994		1995		1996	
			June	Dec.	June	Dec.	June	Sept.
Currency issue (gross)	...	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cameroon	...	38.5	40.2	38.7	36.6	37.1	37.6	36.7
Chad	...	16.6	16.2	16.8	17.3	16.9	17.7	15.7
Central African Republic	...	12.2	14.6	13.8	16.2	16.2	16.3	16.1
Congo	...	14.8	14.4	14.7	12.9	13.9	12.1	13.5
Gabon	...	16.6	13.4	14.7	15.7	14.5	14.7	16.3
Equatorial Guinea	...	1.4	1.2	1.3	1.3	1.5	1.5	1.6
Currency issue (gross) minus notes abroad and other sorted cash	...	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cameroon	...	37.9	36.2	38.7	41.2	42.7	41.8	42.4
Chad	...	11.0	13.0	12.6	13.6	12.3	13.9	13.1
Central African Republic	...	12.0	15.5	14.8	14.9	13.2	12.6	12.6
Congo	...	17.4	15.6	14.9	12.9	13.3	13.8	13.3
Gabon	...	21.3	19.2	18.3	16.7	17.4	17.0	17.7
Equatorial Guinea	...	0.4	0.5	0.7	0.8	1.1	0.9	1.0
Currency in circulation	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cameroon	41.6	37.9	32.2	33.6	28.1	24.6	21.8	18.9
Chad	12.4	11.1	15.6	9.3	7.7	13.1	17.7	17.6
Central African Republic	12.0	15.9	19.5	20.0	23.7	20.5	20.6	21.2
Congo	16.7	17.4	16.2	17.3	16.7	18.1	17.8	17.4
Gabon	17.2	17.2	16.1	18.9	22.6	22.3	20.8	23.4
Equatorial Guinea	0.1	0.4	0.5	0.9	1.1	1.5	1.2	1.5
Unsorted notes	...	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cameroon	...	37.9	48.0	50.9	61.6	73.1	71.3	73.9
Chad	...	10.9	5.4	20.3	22.7	11.1	8.4	6.9
Central African Republic	...	3.2	3.6	2.5	1.1	0.8	0.8	0.9
Congo	...	17.2	14.1	9.2	6.9	5.3	7.8	7.8
Gabon	...	30.5	28.4	16.7	7.4	9.3	11.4	9.9
Equatorial Guinea	...	0.2	0.5	0.3	0.2	0.4	0.3	0.5
Notes abroad	...	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cameroon	...	39.4	29.0	27.2	27.5	25.8	17.3	19.4
Chad	...	25.2	31.1	23.2	15.5	17.1	20.6	12.3
Central African Republic	...	13.5	14.2	24.1	24.8	29.0	24.9	30.0
Congo	...	15.6	13.4	16.0	13.8	12.6	15.0	16.2
Gabon	...	5.6	10.9	6.4	14.8	12.2	17.9	19.3
Equatorial Guinea	...	0.8	1.5	3.0	3.5	3.4	4.2	2.9

Table 3 (concluded). BEAC Zone: Distribution of Currency Issue

(In percent)

	1992 Dec.	1993 Dec.	1994		1995		1996	
			June	Dec.	June	Dec.	June	Sept.
Currency in circulation / currency issue	...	30.2	36.2	40.5	37.8	39.7	38.9	40.8
Cameroon	...	29.8	29.0	35.2	29.1	26.3	22.6	21.1
Chad	...	20.1	34.9	22.5	16.8	30.7	38.8	45.6
Central African Republic	...	39.5	48.3	58.7	55.3	50.4	49.2	53.7
Congo	...	35.6	40.7	47.7	48.9	51.6	57.1	52.3
Gabon	...	31.3	43.5	52.2	54.5	61.0	55.1	58.5
Equatorial Guinea	...	9.4	15.8	26.4	32.9	39.4	31.2	37.6
Unsorted notes / currency issue	...	13.5	12.2	17.0	24.1	23.6	26.5	30.3
Cameroon	...	13.3	14.6	22.4	40.6	46.6	50.3	61.1
Chad	...	8.9	4.1	20.6	31.7	15.6	12.5	13.3
Central African Republic	...	3.6	3.0	3.1	1.7	1.2	1.3	1.7
Congo	...	15.8	11.9	10.7	13.0	9.1	17.0	17.6
Gabon	...	24.9	25.9	19.4	11.4	15.1	20.5	18.4
Equatorial Guinea	...	2.1	4.8	3.9	4.4	6.5	5.9	9.0
Unsorted notes / currency in circulation	...	44.8	33.7	42.1	63.8	59.5	68.0	74.3
Cameroon	...	44.8	50.3	63.6	139.7	177.0	222.6	289.7
Chad	...	44.0	11.8	91.5	188.2	50.8	32.2	29.2
Central African Republic	...	9.1	6.1	5.3	3.0	2.3	2.7	3.2
Congo	...	44.2	29.3	22.5	26.5	17.6	29.7	33.6
Gabon	...	79.4	59.5	37.2	20.9	24.7	37.2	31.5
Equatorial Guinea	...	22.4	30.3	14.9	13.5	16.4	19.0	24.0
Currency outside banks / broad money	31.3	30.3	28.1	30.4	29.0	32.5	30.2	30.1
Cameroon	24.8	21.3	17.3	19.7	16.0	15.8	11.5	11.3
Chad	70.6	75.2	69.9	63.3	51.3	66.5	72.0	74.6
Central African Republic	75.7	80.8	77.0	76.8	80.3	82.3	82.5	79.9
Congo	35.1	43.2	40.5	43.6	42.9	51.3	47.0	46.2
Gabon	23.5	21.3	17.8	23.6	25.1	28.1	25.1	25.5
Equatorial Guinea	37.1	37.3	38.5	48.5	52.3	58.6	45.4	48.6
Currency outside banks / bank deposits	45.6	43.4	39.1	43.8	40.9	48.1	43.2	43.0
Cameroon	32.9	27.0	21.0	24.6	19.0	18.7	13.0	12.8
Chad	240.4	303.0	232.0	172.8	105.5	198.5	257.3	293.2
Central African Republic	312.2	420.0	334.9	330.9	408.3	465.8	470.2	398.5
Congo	54.0	76.2	67.9	77.4	75.0	105.1	88.8	86.0
Gabon	30.7	27.0	21.6	30.9	33.5	39.0	33.4	34.2
Equatorial Guinea	58.9	59.6	62.5	94.3	109.8	141.6	83.1	94.5

Sources: Data provided by the BEAC; and staff calculations.

Table 4. BEAC Zone: Exports of Bank Notes

(In billions of CFA francs)

	Bank notes originating from:						Total
	Cameroon	Chad	C.A.R.	Congo	Gabon	Eq. G.	
1993							
Cameroon	0.0	6.5	7.9	1.0	5.6	1.1	22.0
Chad	2.9	0.0	1.8	0.1	0.2	0.0	5.0
Central African Republic	2.2	0.5	0.0	0.4	0.3	0.0	3.5
Congo	2.6	0.3	1.0	0.0	3.3	0.0	7.3
Gabon	13.9	0.2	0.2	1.3	0.0	0.6	16.3
Equatorial Guinea	1.7	0.0	0.1	0.2	1.9	0.0	4.0
BEAC zone	23.3	7.6	11.1	3.1	11.2	1.8	58.1
Bank of France	74.9	33.4	16.3	23.4	21.7	0.7	170.3
BCEAO	49.1	16.8	9.4	17.3	19.1	0.5	112.3
Grand total	147.3	57.8	36.7	43.8	52.0	3.0	340.7
1994							
Cameroon	0.0	13.7	19.4	3.6	13.6	1.5	51.9
Chad	11.4	0.0	7.6	0.8	1.4	0.1	21.4
Central African Republic	0.8	0.3	0.0	0.8	0.3	0.0	2.2
Congo	2.3	0.3	1.7	0.0	4.4	0.0	8.7
Gabon	17.9	2.4	3.9	3.4	0.0	0.4	28.0
Equatorial Guinea	1.0	0.0	0.1	0.0	0.8	0.0	2.0
BEAC zone	33.5	16.7	32.7	8.7	20.5	2.1	114.2
Bank of France	2.1	1.2	0.6	0.5	22.9	0.1	27.4
BCEAO	21.5	6.7	4.6	6.3	9.4	0.2	48.6
Grand total	57.1	24.6	37.9	15.5	52.7	2.4	190.1
1995							
Cameroon	0.0	23.0	33.8	6.4	21.1	2.7	86.9
Chad	37.9	0.0	19.3	3.6	5.2	0.3	66.4
Central African Republic	1.3	0.3	0.0	0.7	0.3	0.0	2.6
Congo	4.7	0.4	2.5	0.0	7.2	0.1	14.9
Gabon	11.0	1.7	3.0	5.1	0.0	1.0	21.7
Equatorial Guinea	0.8	0.1	0.1	0.1	0.9	0.0	1.9
BEAC zone	55.6	25.4	58.7	15.9	34.7	4.1	194.4
Bank of France	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BCEAO	1.5	1.0	0.5	0.1	0.1	0.0	3.4
Grand total	57.1	26.5	59.2	16.1	34.8	4.1	197.8
1995 - First quarter							
Cameroon	0.0	3.4	5.6	0.9	3.5	0.6	13.9
Chad	4.9	0.0	1.8	0.4	0.6	0.0	7.7
Central African Republic	0.1	0.0	0.0	0.1	0.0	0.0	0.3
Congo	1.3	0.1	0.6	0.0	1.9	0.0	3.9
Gabon	2.9	0.6	0.9	0.8	0.0	0.3	5.4
Equatorial Guinea	0.1	0.0	0.0	0.0	0.2	0.0	0.3
BEAC zone	9.2	4.1	8.9	2.2	6.2	0.9	31.5
BCEAO	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grand total	9.2	4.1	8.9	2.2	6.2	0.9	31.5
1996 - First quarter							
Cameroon	0.0	11.8	17.7	3.5	14.0	1.6	48.5
Chad	6.2	0.0	4.5	0.5	0.8	0.1	12.0
Central African Republic	0.1	0.0	0.0	0.1	0.0	0.0	0.2
Congo	0.3	0.0	0.2	0.0	1.0	0.0	1.5
Gabon	0.8	0.1	0.2	0.5	0.0	0.1	1.6
Equatorial Guinea	0.2	0.0	0.0	0.0	0.5	0.0	0.7
BEAC zone	7.5	11.9	22.5	4.6	16.3	1.8	64.6
BCEAO	0.3	0.1	0.1	0.0	0.0	0.0	0.5
Grand total	7.8	12.0	22.6	4.7	16.3	1.8	65.1

Table 4 (concluded). BEAC Zone: Exports of Bank Notes

	Bank notes originating from:						
	Cameroon	Chad	C.A.R.	Congo	Gabon	Eq. G.	Total
	(Annual percentage changes)						
1994							
Cameroon	0.0	109.4	146.5	268.9	145.2	42.4	135.6
Chad	297.3	0.0	321.8	478.1	627.9	364.1	324.1
Central African Republic	-63.2	-50.4	0.0	88.5	-9.8	-67.6	-37.8
Congo	-10.2	-20.4	57.6	0.0	34.8	5.6	19.2
Gabon	28.7	1,212.3	1,622.6	155.8	0.0	-30.5	72.4
Equatorial Guinea	-41.1	-9.6	1.0	-86.4	-57.6	0.0	-50.3
BEAC zone	43.9	118.1	195.8	179.3	82.6	18.2	96.5
Bank of France	-97.2	-96.4	-96.2	-97.9	5.5	-92.6	-83.9
BCEAO	-56.2	-60.0	-51.5	-63.8	-51.0	-64.1	-56.7
Grand total	-61.2	-57.4	3.2	-64.8	1.4	-21.5	-44.2
1995							
Cameroon	0.0	67.9	73.7	76.8	55.1	74.3	67.5
Chad	231.0	0.0	153.3	330.2	274.3	276.8	210.2
Central African Republic	57.3	9.3	0.0	-8.3	5.0	66.7	20.2
Congo	98.7	41.5	51.0	0.0	64.8	69.1	70.6
Gabon	-38.7	-28.1	-24.7	50.6	0.0	119.8	-22.5
Equatorial Guinea	-21.2	68.0	14.1	61.3	6.9	0.0	-4.9
BEAC zone	66.0	52.7	79.1	83.1	69.4	92.3	70.2
Bank of France	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0
BCEAO	-92.9	-84.6	-88.1	-97.7	-99.0	-78.1	-93.0
Grand total	0.0	7.7	56.1	4.0	-34.0	74.3	4.0
	(In percent)						
1993							
Cameroon	0.0	1.9	2.3	0.3	1.6	0.3	6.5
Chad	0.8	0.0	0.5	0.0	0.1	0.0	1.5
Central African Republic	0.6	0.2	0.0	0.1	0.1	0.0	1.0
Congo	0.8	0.1	0.3	0.0	1.0	0.0	2.1
Gabon	4.1	0.1	0.1	0.4	0.0	0.2	4.8
Equatorial Guinea	0.5	0.0	0.0	0.1	0.6	0.0	1.2
BEAC zone	6.8	2.2	3.2	0.9	3.3	0.5	17.1
Bank of France	22.0	9.8	4.8	6.9	6.4	0.2	50.0
BCEAO	14.4	4.9	2.8	5.1	5.6	0.2	33.0
Grand total	43.2	17.0	10.8	12.9	15.3	0.9	100.0
1994							
Cameroon	0.0	7.2	10.2	1.9	7.2	0.8	27.3
Chad	6.0	0.0	4.0	0.4	0.7	0.0	11.3
Central African Republic	0.4	0.1	0.0	0.4	0.1	0.0	1.1
Congo	1.2	0.1	0.9	0.0	2.3	0.0	4.6
Gabon	9.4	1.3	2.1	1.8	0.0	0.2	14.7
Equatorial Guinea	0.5	0.0	0.1	0.0	0.4	0.0	1.0
BEAC zone	17.6	8.8	17.2	4.6	10.8	1.1	60.0
Bank of France	1.1	0.6	0.3	0.3	12.0	0.0	14.4
BCEAO	11.3	3.5	2.4	3.3	4.9	0.1	25.6
Grand total	30.0	12.9	19.9	8.1	27.7	1.2	100.0
1995							
Cameroon	0.0	11.6	17.1	3.2	10.7	1.4	43.9
Chad	19.2	0.0	9.8	1.8	2.6	0.2	33.6
Central African Republic	0.6	0.1	0.0	0.4	0.1	0.0	1.3
Congo	2.4	0.2	1.3	0.0	3.7	0.0	7.5
Gabon	5.5	0.9	1.5	2.6	0.0	0.5	11.0
Equatorial Guinea	0.4	0.0	0.1	0.0	0.4	0.0	0.9
BEAC zone	28.1	12.9	29.7	8.1	17.5	2.1	98.3
Bank of France	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BCEAO	0.8	0.5	0.3	0.1	0.0	0.0	1.7
Grand total	28.9	13.4	29.9	8.1	17.6	2.1	100.0

Sources: Data provided by the BEAC; and staff calculations.

Table 5. BEAC Zone: Estimated Currency Stocks

(In billions of CFA francs)

	1992 Dec.	1993 Dec.	1994		1995		1996	
			June	Dec.	June	Dec.	June	Sept.
Currency in circulation	382.9	329.7	381.7	444.4	426.6	483.7	477.4	473.6
Cameroon	159.3	125.1	122.8	149.4	120.0	118.9	104.1	89.7
Chad	47.5	36.5	59.4	41.6	32.9	63.2	84.5	83.4
Central African Republic	45.9	52.5	74.5	88.9	101.0	99.3	98.3	100.5
Congo	63.9	57.5	61.7	76.7	71.4	87.4	85.1	82.2
Gabon	65.7	56.7	61.4	84.0	96.4	107.9	99.5	110.8
Equatorial Guinea	0.4	1.4	2.0	3.9	4.9	7.1	5.9	6.9
Estimate - Method A 1/	...	329.7	381.7	444.4	426.6	483.7	477.4	473.6
Cameroon	...	126.8	153.5	172.0	156.1	179.3	179.3	173.7
Chad	...	54.8	61.7	74.8	73.8	81.6	84.7	74.6
Central African Republic	...	40.2	55.8	61.4	69.1	78.2	77.9	76.4
Congo	...	48.7	55.0	65.1	55.2	67.2	58.0	64.1
Gabon	...	54.6	51.2	65.2	66.9	70.2	70.2	77.3
Equatorial Guinea	...	4.6	4.5	6.0	5.6	7.2	7.4	7.5
Difference	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cameroon	...	1.7	30.7	22.5	36.1	60.4	75.2	84.0
Chad	...	18.2	2.3	33.2	40.9	18.4	0.2	-8.8
Central African Republic	...	-12.3	-18.6	-27.5	-31.9	-21.1	-20.5	-24.2
Congo	...	-8.8	-6.7	-11.6	-16.2	-20.2	-27.1	-18.1
Gabon	...	-2.0	-10.2	-18.8	-29.6	-37.7	-29.3	-33.5
Equatorial Guinea	...	3.2	2.5	2.1	0.7	0.1	1.5	0.6
Estimate - Method B 2/	...	329.7	381.7	444.4	426.6	483.7	477.4	473.6
Cameroon	...	124.3	132.8	172.2	188.0	222.5	213.7	220.6
Chad	...	28.1	45.6	48.1	47.6	46.7	54.0	52.4
Central African Republic	...	39.3	60.2	67.8	60.0	55.1	48.0	47.0
Congo	...	61.1	61.3	66.6	55.1	62.8	70.9	62.2
Gabon	...	77.2	80.7	87.8	73.9	92.7	88.7	88.3
Equatorial Guinea	...	-0.3	1.0	2.0	2.0	4.0	2.0	3.0
Difference	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cameroon	...	-0.8	10.1	22.8	68.0	103.6	109.7	130.9
Chad	...	-8.4	-13.8	6.6	14.8	-16.5	-30.5	-31.0
Central African Republic	...	-13.2	-14.2	-21.1	-41.0	-44.3	-50.3	-53.5
Congo	...	3.6	-0.4	-10.1	-16.3	-24.6	-14.2	-20.0
Gabon	...	20.6	19.3	3.8	-22.5	-15.1	-10.8	-22.5
Equatorial Guinea	...	-1.7	-0.9	-1.9	-2.9	-3.1	-3.9	-3.9

Table 5 (concluded). BEAC Zone: Estimated Currency Stocks

(In billions of CFA francs)

	1992 Dec.	1993 Dec.	1994		1995		1996	
			June	Dec.	June	Dec.	June	Sept.
Estimate - Method C 3/	...	329.7	381.7	444.4	426.6	483.7	477.4	473.6
Cameroon	...	125.1	138.0	172.1	175.6	206.4	199.8	200.6
Chad	...	36.3	49.7	56.0	57.8	59.7	66.5	61.8
Central African Republic	...	39.5	59.1	65.9	63.5	63.7	60.1	59.5
Congo	...	57.3	59.7	66.1	55.1	64.4	65.7	63.0
Gabon	...	70.3	73.3	81.1	71.2	84.3	81.2	83.6
Equatorial Guinea	...	1.2	1.9	3.1	3.4	5.2	4.2	4.9
Difference	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cameroon	...	0.0	15.3	22.7	55.6	87.5	95.7	110.9
Chad	...	-0.2	-9.7	14.5	25.0	-3.5	-18.0	-21.6
Central African Republic	...	-12.9	-15.3	-23.0	-37.5	-35.6	-38.3	-41.0
Congo	...	-0.2	-2.0	-10.6	-16.3	-23.0	-19.4	-19.2
Gabon	...	13.6	11.9	-2.9	-25.3	-23.5	-18.3	-27.2
Equatorial Guinea	...	-0.2	-0.1	-0.7	-1.5	-1.9	-1.7	-2.0
Estimate - Method D 4/	...	329.7	381.7	444.4	426.6	483.7	477.4	473.6
Cameroon	...	122.9	147.3	193.6	212.8	255.1	279.5	281.5
Chad	...	15.5	26.5	36.2	52.4	46.0	44.6	64.6
Central African Republic	...	37.4	60.8	48.5	36.5	18.1	20.2	-1.7
Congo	...	60.0	62.6	64.1	52.6	66.5	61.6	52.9
Gabon	...	93.4	83.9	103.2	76.2	99.5	78.2	77.9
Equatorial Guinea	...	0.6	0.7	-1.2	-4.1	-1.5	-6.7	-1.6
Difference	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cameroon	...	-2.2	24.5	44.2	92.8	136.2	175.4	191.8
Chad	...	-21.1	-33.0	-5.3	19.5	-17.2	-39.9	-18.8
Central African Republic	...	-15.1	-13.7	-40.3	-64.5	-81.2	-78.1	-102.3
Congo	...	2.5	0.9	-12.6	-18.7	-20.9	-23.6	-29.4
Gabon	...	36.7	22.6	19.2	-20.3	-8.4	-21.3	-32.9
Equatorial Guinea	...	-0.8	-1.3	-5.1	-9.0	-8.6	-12.6	-8.5

Sources: Data provided by the BEAC; and staff calculations.

1/ The estimated currency stock for each BEAC country is equal to the net aggregate currency stock times the share of this country in the aggregate gross currency stock.

2/ The estimated currency stock for each BEAC country is equal to the gross currency stock minus currency in vault, with unsorted notes assumed to have the same distribution as gross currency issue.

3/ Same as in Method B, with unsorted notes assumed to have the same distribution as net currency issue (i.e., gross currency issue minus notes abroad and other sorted cash in vault).

4/ Same as in Method B, with unsorted notes assumed to have the same distribution as notes abroad.

Table 6. BEAC Zone: GDP, Consumer Prices, and Velocity

	1992 Dec.	1993 Dec.	1994		1995		1996	
			June	Dec.	June	Dec.	June	Sept.
Nominal GDP (billions of CFA francs) 1/	6,239.4	5,988.8	7,276.3	8,172.0	8,695.2	9,148.7	9,557.0	9,798.1
Cameroon	3,214.9	2,996.6	3,416.3	3,848.0	4,130.0	4,398.6	4,570.7	4,702.2
Chad	350.6	291.7	414.0	460.9	487.3	540.0	566.4	642.9
Central African Republic	375.1	365.2	453.3	500.8	548.8	567.2	565.1	571.3
Congo	776.4	760.1	902.6	964.4	994.3	1,003.9	1,066.1	1,073.6
Gabon	1,480.3	1,530.8	2,028.9	2,326.4	2,454.1	2,549.3	2,671.8	2,690.5
Equatorial Guinea	42.0	44.3	61.1	71.5	80.6	89.8	117.0	117.5
Consumer prices (quarterly average)								
Cameroon	99.5	97.5	126.8	143.1	147.1	153.6	155.0	156.5
Chad	97.6	94.0	136.6	138.2	135.8	144.6	156.5	177.6
Central African Republic	99.7	98.5	123.9	131.9	141.4	139.5	142.7	144.3
Congo	112.0	117.3	175.3	193.0	206.0	211.8	214.7	216.2
Gabon	91.8	91.6	123.7	132.3	136.4	138.6	139.9	140.9
Equatorial Guinea	98.0	103.3	137.6	143.5	151.1	159.0	160.6	161.4
Velocity estimates (GDP / currency)								
Currency, as reported	16.3	18.2	19.1	18.4	20.4	18.9	20.0	20.7
Cameroon	20.2	24.0	27.8	25.8	34.4	37.0	43.9	52.4
Chad	7.4	8.0	7.0	11.1	14.8	8.5	6.7	7.7
Central African Republic	8.2	7.0	6.1	5.6	5.4	5.7	5.7	5.7
Congo	12.1	13.2	14.6	12.6	13.9	11.5	12.5	13.1
Gabon	22.5	27.0	33.0	27.7	25.4	23.6	26.9	24.3
Equatorial Guinea	95.9	31.0	31.4	18.4	16.5	12.6	19.9	17.0
Currency estimate (A)	...	18.2	19.1	18.4	20.4	18.9	20.0	20.7
Cameroon	...	23.6	22.3	22.4	26.5	24.5	25.5	27.1
Chad	...	5.3	6.7	6.2	6.6	6.6	6.7	8.6
Central African Republic	...	9.1	8.1	8.2	7.9	7.3	7.3	7.5
Congo	...	15.6	16.4	14.8	18.0	14.9	18.4	16.7
Gabon	...	28.0	39.6	35.7	36.7	36.3	38.1	34.8
Equatorial Guinea	...	9.7	13.6	12.0	14.3	12.5	15.9	15.7
Currency estimate (B)	...	18.2	19.1	18.4	20.4	18.9	20.0	20.7
Cameroon	...	24.1	25.7	22.3	22.0	19.8	21.4	21.3
Chad	...	10.4	9.1	9.6	10.2	11.6	10.5	12.3
Central African Republic	...	9.3	7.5	7.4	9.2	10.3	11.8	12.1
Congo	...	12.4	14.7	14.5	18.1	16.0	15.0	17.3
Gabon	...	19.8	25.1	26.5	33.2	27.5	30.1	30.5
Equatorial Guinea	...	-144.5	59.4	36.6	41.1	22.3	58.3	39.2
Currency estimate (C)	...	18.2	19.1	18.4	20.4	18.9	20.0	20.7
Cameroon	...	24.0	24.8	22.4	23.5	21.3	22.9	23.4
Chad	...	8.0	8.3	8.2	8.4	9.0	8.5	10.4
Central African Republic	...	9.2	7.7	7.6	8.6	8.9	9.4	9.6
Congo	...	13.3	15.1	14.6	18.0	15.6	16.2	17.0
Gabon	...	21.8	27.7	28.7	34.5	30.2	32.9	32.2
Equatorial Guinea	...	36.7	32.2	22.8	23.8	17.3	28.0	23.9

Table 6 (concluded). BEAC Zone: GDP, Consumer Prices, and Velocity

	1992 Dec.	1993 Dec.	1994		1995		1996	
			June	Dec.	June	Dec.	June	Sept.
Velocity estimates (GDP / broad money)								
Currency, as reported	5.5	5.9	5.7	6.0	6.3	6.6	6.5	6.7
Cameroon	5.3	5.5	5.4	5.6	6.2	6.8	7.0	7.2
Chad	5.3	6.1	5.0	7.4	8.2	5.8	5.0	5.9
Central African Republic	6.6	5.7	4.7	4.3	4.4	4.7	4.6	4.6
Congo	4.6	6.1	6.3	6.1	6.4	6.3	6.3	6.5
Gabon	6.1	6.5	6.5	7.1	6.9	7.1	6.8	6.9
Equatorial Guinea	9.6	13.7	12.8	9.2	8.9	7.8	9.5	8.7
Currency estimate (A)	5.5	5.9	5.7	6.0	6.3	6.6	6.5	6.7
Cameroon	5.3	5.5	5.2	5.4	5.9	6.2	6.3	6.4
Chad	5.3	4.4	4.8	4.8	4.8	4.8	4.9	6.4
Central African Republic	6.6	7.0	5.9	5.7	5.9	5.7	5.6	5.7
Congo	4.6	6.6	6.6	6.5	7.1	7.2	7.5	7.4
Gabon	6.1	6.5	6.7	7.6	7.5	7.9	7.4	7.6
Equatorial Guinea	9.6	6.9	8.4	7.3	8.2	7.7	8.5	8.3
Currency estimate (B)	...	5.9	5.7	6.0	6.3	6.6	6.5	6.7
Cameroon	...	5.5	5.3	5.4	5.6	5.8	6.0	6.0
Chad	...	7.4	6.0	6.7	6.6	7.0	6.7	8.2
Central African Republic	...	7.1	5.5	5.3	6.5	7.5	7.9	8.0
Congo	...	5.9	6.3	6.5	7.2	7.5	6.9	7.5
Gabon	...	5.9	6.1	7.1	7.4	7.4	7.0	7.4
Equatorial Guinea	...	29.5	15.9	12.3	13.2	10.6	13.9	12.3
Currency estimate (C)	...	5.9	5.7	6.0	6.3	6.6	6.5	6.7
Cameroon	...	5.5	5.3	5.4	5.7	6.0	6.1	6.1
Chad	...	6.1	5.6	6.0	5.8	6.0	5.9	7.3
Central African Republic	...	7.1	5.6	5.4	6.3	6.7	6.8	6.8
Congo	...	6.1	6.4	6.5	7.2	7.4	7.1	7.4
Gabon	...	6.1	6.3	7.2	7.4	7.6	7.1	7.5
Equatorial Guinea	...	14.7	12.9	10.2	10.7	9.3	11.0	10.2

Sources: Data provided by the BEAC; and staff calculations.

1/ Intra-year estimates were interpolated on the basis of consumer prices.

Table 1. Central African Republic: GDP at Factor Cost, by Sector, and at Current Prices, 1990-95

(In billions of CFA francs)

	1990	1991	1992	1993	1994 Estimates	1995
Primary sector	177.6	167.3	164.2	166.4	237.8	282.9
Agriculture	116.2	105.9	101.3	99.1	139.8	177.1
Subsistence	111.4	101.1	97.3	94.9	117.0	145.5
Cash crops	4.8	4.8	3.9	4.2	22.8	31.6
Livestock	33.6	33.6	34.0	35.0	43.3	46.3
Hunting and fishing	17.8	18.1	17.3	18.2	21.1	24.4
Hunting	11.3	11.2	11.0	11.6	13.5	15.5
Fishing	6.5	6.9	6.3	6.6	7.6	8.9
Forestry	9.9	9.7	11.7	14.1	33.6	35.0
Logs	2.8	2.2	2.2	2.6	8.7	9.5
Other	7.1	7.4	9.5	11.4	25.0	25.6
Secondary sector	73.4	77.3	73.8	71.4	105.7	108.6
Manufacturing	42.0	44.2	39.3	36.0	43.8	46.6
Mining	15.9	17.0	17.0	17.4	36.5	32.7
Utilities	1.5	1.6	3.0	3.1	3.8	4.3
Construction	13.9	14.6	14.5	14.9	21.7	25.0
Tertiary sector	115.1	119.6	105.0	98.8	131.6	138.3
Private services	79.9	82.0	74.5	75.5	85.9	97.3
Transport and communication	11.2	11.7	10.8	11.3	13.1	15.6
Commerce	47.1	48.1	44.0	44.4	50.4	56.6
Other services	21.6	22.2	19.7	19.8	22.4	25.2
Public administration	35.2	37.6	30.5	23.3	45.7	41.0
Domestic	23.8	22.7	17.9	12.3	25.7	26.0
Foreign technical assistance	11.4	14.9	12.6	11.1	20.0	15.0
Gross domestic product at factor cost	366.1	364.2	343.0	336.6	475.1	529.8
Import duties and indirect taxes	31.9	24.7	23.4	20.0	23.5	38.7
Gross domestic product at market prices	398.0	388.9	366.4	356.6	498.6	568.5

Sources: Data provided by the C.A.R. authorities; and staff estimates.

Table 2. Central African Republic: GDP at Factor Cost, by Sector, and
at Constant 1985 Prices, 1990-95

(In billions of CFA francs)

	1990	1991	1992	1993	1994 Estimates	1995
Primary sector	185.7	190.2	192.1	194.0	202.7	209.6
Agriculture	117.6	121.3	120.8	120.3	125.4	130.4
Subsistence	114.0	117.2	118.0	117.4	120.6	125.8
Cash crops	3.6	4.1	2.8	3.0	4.8	4.6
Livestock	37.3	38.4	39.6	40.8	42.0	43.3
Hunting and fishing	24.2	24.8	25.4	26.1	26.6	27.0
Hunting	14.4	14.7	15.1	15.5	15.9	16.0
Fishing	9.9	10.1	10.3	10.6	10.8	11.0
Forestry	6.6	5.6	6.4	6.7	8.7	8.9
Logs	2.5	1.7	2.9	3.2	4.4	4.8
Other	4.1	3.9	3.4	3.5	4.3	4.1
Secondary sector	59.8	58.7	55.5	54.5	60.4	58.7
Manufacturing	31.9	30.4	27.4	26.1	27.5	26.2
Mining	14.3	14.0	13.9	14.2	15.2	13.7
Utilities	1.4	1.3	1.4	1.4	1.6	1.7
Construction	12.3	12.9	12.8	12.8	16.1	17.2
Tertiary sector	114.7	112.8	104.4	96.2	110.0	112.5
Private services	76.5	74.8	73.4	73.8	76.3	80.1
Transport and communication	11.0	11.3	11.2	11.4	12.1	13.3
Commerce	45.5	44.2	44.2	44.4	45.8	47.6
Other services	20.0	19.2	18.1	17.9	18.4	19.2
Public administration	38.2	38.0	30.9	22.4	33.7	32.4
Domestic	27.9	24.8	19.9	13.0	25.2	26.0
Foreign technical assistance	10.3	13.2	11.0	9.4	8.5	6.4
Gross domestic product at factor cost	360.3	361.6	351.9	344.6	373.1	380.8
Import duties and indirect taxes	29.5	25.8	25.7	24.3	24.2	26.1
Gross domestic product at market prices	389.8	387.4	377.6	368.9	397.3	406.9

Sources: Data provided by the C.A.R. authorities; and staff estimates.

Table 3. Central African Republic: GDP at Factor Cost, by Sector, and
at Constant 1985 Prices, 1990-95

(Annual percentage change)

	1990	1991	1992	1993	1994	1995
					Estimates	
Primary sector	1.0	2.4	1.0	1.0	4.5	3.4
Agriculture	2.3	3.2	-0.5	-0.4	4.2	4.1
Subsistence	3.4	2.8	0.7	-0.5	2.7	4.4
Cash crops	-23.1	15.5	-33.2	7.2	61.6	-3.8
Livestock	3.1	3.0	3.0	3.1	2.9	3.0
Hunting and fishing	7.5	2.3	2.3	3.0	2.0	1.4
Hunting	1.7	2.5	2.5	3.0	2.0	1.0
Fishing	17.3	2.0	2.0	3.0	2.0	2.0
Forestry	-34.8	-14.8	13.6	5.5	29.2	2.8
Logs	-28.3	-29.5	68.0	9.0	37.9	8.9
Other	-38.1	-6.0	-10.8	2.5	21.4	-3.4
Secondary sector	-2.8	-2.0	-5.4	-1.8	10.9	-2.9
Manufacturing	-0.7	-4.5	-9.9	-5.0	5.7	-5.0
Mining	-9.4	-1.6	-1.1	2.5	6.5	-9.7
Utilities	-36.3	-10.6	9.9	1.5	14.3	4.5
Construction	6.9	5.0	-1.1	0.0	26.2	6.5
Tertiary sector	-5.1	-1.7	-7.4	-7.9	14.4	2.2
Private services	-7.1	-2.3	-1.8	0.4	3.4	4.9
Transport and communication	-7.1	2.8	-1.5	2.5	5.8	9.9
Commerce	-8.7	-2.8	0.0	0.5	3.0	4.0
Other services	-3.4	-4.0	-6.0	-1.0	3.0	4.0
Public administration	-0.9	-0.6	-18.6	-27.5	50.5	-4.0
Domestic	0.6	-11.1	-19.6	-34.9	94.1	3.2
Foreign technical assistance	-4.7	28.1	-16.7	-14.2	-9.6	-25.0
Gross domestic product at factor cost	-1.6	0.4	-2.7	-2.1	8.3	2.1
Import duties and indirect taxes	7.9	-12.4	-0.5	-5.5	-0.5	8.1
Gross domestic product at market prices	-1.0	-0.6	-2.5	-2.3	7.7	2.4

Sources: Data provided by the C.A.R. authorities; and staff estimates.

Table 4. Central African Republic: Supply and Use of Resources, at Current Prices, 1990-95

	1990	1991	1992	1993	1994	1995
					Estimates	
(In billions of CFA francs)						
Aggregate supply	509.8	477.5	457.4	438.4	631.4	727.5
GDP	398.0	388.9	366.4	356.6	498.6	568.5
Imports of goods and services ^{1/}	111.9	88.6	91.0	81.8	132.8	159.0
Aggregate demand	509.8	477.5	457.4	438.4	631.4	727.5
Consumption	393.1	378.4	367.9	345.3	453.4	529.1
Public	55.9	68.2	55.4	42.3	72.6	66.9
Private	337.2	310.3	312.6	302.9	380.8	462.1
Gross fixed capital formation	55.2	47.7	44.0	39.9	61.9	76.3
Public	28.0	29.0	27.0	24.0	36.6	43.4
Private	27.2	18.8	17.0	15.9	25.3	32.9
Change in stocks	1.8	1.7	1.8	1.8	4.0	5.3
Exports of goods and services ^{1/}	59.8	49.7	43.7	51.4	112.1	116.8
Resource gap	-52.1	-38.9	-47.3	-30.4	-20.7	-42.2
Gross domestic savings	4.9	10.5	-1.5	11.4	45.2	39.5
Government	-14.9	-32.1	-24.6	-21.0	-25.1	-12.5
Private sector	19.8	42.6	23.1	32.4	70.3	52.0
Net income from abroad (outflow -) ^{1/}	0.7	7.6	5.9	-0.8	6.2	-5.2
Current transfers (outflow 1) ^{1/}	6.9	12.1	9.3	5.8	18.6	6.8
Central Government ^{1/}	15.3	20.6	16.5	14.6	27.9	19.2
Other sectors ^{1/}	-8.5	-8.4	-7.2	-8.8	-9.3	-12.4
National savings	5.7	18.0	4.4	10.6	51.4	34.3
(In percent of GDP)						
National savings	1.4	4.6	1.2	3.0	10.3	6.0
Gross domestic savings	1.2	2.7	-0.4	3.2	9.1	6.9
Central Government	-3.7	-8.3	-6.7	-5.9	-5.0	-2.2
Other sectors	5.0	10.9	6.3	9.1	14.1	9.1
Consumption	98.8	97.3	100.4	96.8	90.9	93.1
Central Government	14.0	17.5	15.1	11.9	14.6	11.8
Other sectors	84.7	79.8	85.3	84.9	76.4	81.3
Gross fixed capital formation	13.9	12.3	12.0	11.2	12.4	13.4
Central Government	7.0	7.4	7.4	6.7	7.3	7.6
Other sectors	6.8	4.8	4.6	4.5	5.1	5.8

Sources: Data provided by the C.A.R. authorities; and staff estimates.

^{1/} As defined in the fifth edition of the *Balance of Payments Manual*.

Table 5. Central African Republic: Agricultural Production,
1990/91–1995/96

(In thousands of tons)

	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96
Food crops						
Cassava	547.3	585.6	580.0	575.0	517.5	491.6
Groundnuts	80.5	63.0	71.3	72.0	79.2	85.5
Millet/Sorghum	30.2	28.0	27.0	27.8	30.0	33.0
Maize	57.1	58.0	58.9	58.0	62.7	70.8
Sesame	21.0	23.6	24.0	24.5	27.0	28.6
Rice	7.8	7.7	8.0	7.8	8.0	10.0
Gourds	12.8	12.9	13.0	12.9	14.2	15.7
Export crops						
Unginned cotton ^{1/}	35.0	21.6	12.1	16.0	27.5	32.3
Merchant coffee ^{2/ 3/}	11.6	9.0	6.2	9.1	14.5	5.6
Tobacco (tons)	500.0	900.0	200.0	300.0	22.0	180.0

Source: Data provided by the C.A.R. authorities.

^{1/} For cotton, crop year ends October 31.^{2/} For coffee, crop year ends September 30.^{3/} One kilogram of merchant coffee is equivalent to 2 kilograms of coffee berries.

Table 6. Central African Republic: Producer Prices of Major Agricultural Commodities, 1990/91–1995/96

(In CFA francs per kilogram)

	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96
Export crops						
Seed cotton						
White ^{1/}	100.0	90.0	80.0	80.0	120.0	150.2
Yellow ^{2/}	85.0	70.0	60.0	60.0	80.0	125.0
Coffee (Robusta)						
Cherries	80.0	50.0	40.0	120.0	241.9	124.8
Merchant coffee	160.0	100.0	80.0	240.0	483.8	249.5
Tobacco (cape)	...	1,000.0	800.0	400.0	1,250.0	1,200.0
Food crops ^{3/}						
Groundnuts						
Unshelled	201.0	203.0	246.0	196.0	270.0	320.0
Shelled	...	...	...	...	...	...
Sesame	403.0	320.0	350.0	320.0	391.0	559.0
Maize (white)	94.0	134.0	122.0	67.0	117.0	84.0
Millet and sorghum	98.0	96.0	123.0	117.0	104.0	78.0
Rice (paddy)	158.0	151.0	147.0	138.0	155.0	179.0
Cassava	108.0	90.0	75.0	78.0	113.0	171.0

Source: Data provided by the C.A.R. authorities.

^{1/} First quality cotton.

^{2/} Second quality.

^{3/} Prices are freely set since 1992.

Table 7. Central African Republic: Cotton Production and Producer Prices, 1990/91–1995/96 ^{1/}

	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96
(In thousands of tons)						
Production						
Unginned cotton	35.0	21.6	12.1	16.0	27.5	32.3
Ginned cotton	14.0	9.0	5.0	6.6	11.4	13.9
Ratio: ginned/unginned cotton (in percent)	41.3	41.8	41.3	42.1	42.0	43.1
White cotton ^{2/} (in percent)	97.2	97.0	82.4	89.5	91.1	88.7
(In CFA francs per kilogram)						
Producer prices						
White cotton (unginned)	100.0	90.0	80.0	80.0	120.0	150.2
Yellow cotton ^{3/} (unginned)	85.0	70.0	60.0	60.0	80.0	125.0

Sources: Data provided by the C.A.R. authorities; and staff estimates.

^{1/} Crop year ending October 31.

^{2/} First quality cotton.

^{3/} Second quality cotton.

Table 8. Central African Republic: Cotton Price Structure, 1991/92–1995/96

(In CFA francs per kilogram)

	1991/92	1992/93	1993/94	1994/95	1995/96
Total cost (unginned cotton)	112.1	107.0	108.4	145.0	178.2
Average producer price	89.3	75.4	77.5	115.7	144.9
Other ^{1/}	22.8	31.6	30.9	29.3	33.3
Ratio of ginned to unginned cotton (in percent)	41.8	41.3	42.1	42.0	43.1
Equivalent cost (ginned cotton)	268.6	258.9	261.2	345.2	413.2
Ginning and sales services	47.5	67.0	66.0	79.1	66.2
Other general costs	127.5	189.4	223.8	134.6	107.6
Transport costs to Bangui	11.7	4.4	...	...	...
Transport and related costs to seaports	50.1	64.6	81.9	104.1	109.3
Costs, f.o.b.	505.4	584.3	700.3	718.8	749.3
Freight and insurance	21.4	31.5	59.8	66.7	63.1
Total costs, c.i.f.	526.8	615.7	760.1	785.5	812.4
Other costs/revenues	-4.4	-1.1	20.9	9.4	3.6
Total costs	522.4	614.6	781.0	795.0	816.0
Average export price	369.0	332.6	803.4	956.1	899.6
Average sales price ^{2/}	365.2	332.4	803.4	956.1	899.6
Exports margin (loss -) ^{3/}	-153.4	-282.0	22.4	161.1	83.6

Sources: Data provided by the C.A.R. authorities; and staff estimates.

^{1/} Purchase and transportation costs.^{2/} Including domestic sales.^{3/} Average export price less total costs, c.i.f.

Table 9. Central African Republic: Price Structure of
Merchant Coffee, 1990/91–1995/96 ^{1/} ^{2/}

(In CFA francs per kilogram)

	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96
Producer price	160.0	100.0	80.0	240.0	483.8	249.5
Marketing	73.0	62.0	52.6	91.3	196.0	154.9
Collecting and overhead costs	30.0	25.0	23.3	35.0	89.7	79.9
Packing	5.0	4.0	3.3	6.7	15.0	0.0
Processing	30.0	25.0	23.4	43.3	81.3	75.0
Finance charges	8.0	8.0	2.3	6.3	10.0	0.0
Factory gate price	233.0	162.0	132.6	331.3	679.8	404.4
Primary transportation	7.0	7.0	4.5	6.8	20.0	25.0
Sales margin and costs	8.0	5.0	2.1	8.6	185.0	163.5
Guaranteed Bangui price ^{3/} (merchant coffee)	248.0	174.0	139.2	346.7	884.8	592.9
Transport and related costs at seaports ^{4/}	8.7	63.4	96.2	188.8	287.3	229.4
Total costs, f.o.b.	256.7	237.4	235.4	535.5	1,172.1	822.3
Freight and insurance	31.6	32.0	39.7	79.4	114.0	104.2
Total costs, c.i.f.	288.3	269.4	275.1	614.9	1,286.1	926.6
Average export price	238.0	256.0	303.1	640.0	1,401.0	950.0
Export margin (loss -)	-50.3	-13.4	28.0	25.1	114.9	23.4

Sources: Data provided by the C.A.R. authorities; and staff estimates.

^{1/} Crop year ending September 30.

^{2/} Owing to price liberalization, the structure given for the years starting in 1994/95 is only indicative. It is based on the reference price set at the start of the crop season, but actual prices may change several times during the year.

^{3/} No longer guaranteed since 1993/94.

^{4/} Including taxes.

Table 10. Central African Republic: Livestock Population and Slaughtering, 1990-95

(In thousands of head)

	1990	1991	1992	1993	1994	1995 Est
Livestock population						
Cattle	2,500.3	2,557.0	2,615.1	2,674.4	2,735.1	2,797.2
Sheep	1,500.0	1,585.7	1,676.2	1,771.9	1,873.1	1,980.0
Goats	133.6	140.6	147.9	155.6	163.7	172.3
Pigs	441.5	460.8	481.0	502.1	524.1	547.0
Poultry	2,780.0	2,897.9	3,020.7	3,148.8	3,282.3	3,421.5
Transactions						
Cattle	193.3	190.7	161.6	139.0	160.8	...
Sheep / goats	9.7	7.4	6.2	6.7	12.4	...
Slaughtering 1/						
Cattle	71.8	90.7	86.0	110.5	112.3	...
Of which						
in Bangui 2/	28.0	37.5	38.3	69.0	64.6	63.7
Sheep / goats	...	7.3	6.2	6.7	12.4	...

Source: Data provided by the C.A.R. authorities.

1/ Controlled slaughtering.

2/ By SEGA slaughterhouse.

**Table 11. Central African Republic: Production and Exports
of Forestry Products, 1990-95**

	1990	1991	1992	1993	1994	1995
(In thousands of cubic meters)						
Production						
Logs	177.1	114.1	217.2	167.8	299.2	243.9
Sawn wood	66.8	60.2	67.7	59.9	72.9	70.2
Plywood	2.8	0.9	2.1	1.5	1.9	2.4
Exports						
Logs	65.2	31.5	45.5	43.4	83.2	72.8
Sawn wood	30.4	31.0	38.0	33.8	37.9	29.9
Plywood	0.7	0.6	0.7	0.2	0.3	0.6
Domestic sales						
Sawn wood	...	21.0	29.3	24.0	30.8	29.2
Plywood	...	1.1	1.1	1.0	1.4	1.5
(In billions of CFA francs)						
Exports						
Logs	5.3	2.6	3.6	3.5	13.9	8.7
Sawn wood	3.5	3.1	3.6	3.3	8.9	5.6
Plywood	0.1	0.1	0.1	0.0	0.1	0.2

Source: Data provided by the C.A.R. authorities.

Table 12. Central African Republic: Industrial Production Index, 1991-95

(Period averages: 1985=100)

	Extracting industries	Food— stuffs	Textile products	Wood products	Chemical products	Metal products	Electricity, gas, water	General index
Weights	33.3	34.7	0.8	19.4	3.0	2.8	6.1	100.0
1991	...	...	...	...	...	...	...	...
1992	...	...	...	...	...	...	...	...
1993 1/								
I	...	...	...	...	...	...	...	...
II	150.4	66.7	25.5	89.7	184.5	82.7	121.7	105.9
III	121.5	59.1	25.6	133.3	135.3	79	107.8	99.7
IV	140.7	77.3	25.7	121.5	124.4	105	114.1	111.0
1994	149.4	70.0	135.3	125.8	181.5	104.8	117.6	114.9
I	132.6	92.7	135.3	148.2	181.8	76.5	117.2	120.8
II	157.4	66.5	135.3	135.6	192.5	83.6	119.9	118.2
III	150.6	61.5	135.3	117.9	177.8	129	114.5	111.2
IV	157.1	59.1	135.3	101.5	173.8	130.1	118.9	109.5
1995	136.6	57.5	97.2	109.2	189.4	115.6	124.1	103.7
I	138.9	58.6	135.3	113.6	211.5	131.5	126.2	107.3
II	157.0	61.4	135.3	113.6	187.2	131.5	126.2	113.6
III	114.0	57.0	59.0	99.3	209.8	106.9	119.9	93.9
IV	136.6	53.0	59.0	110.4	149.2	92.6	124.2	100.3

Source: Data provided by the C.A.R. authorities.

1/ Revised weighting scheme starting in 1993 II.

Table 13. Central African Republic: Manufacturing Output, 1990-95

	Unit	1990	1991	1992	1993	1994	1995 Est.
Food, beverages, and tobacco							
Beer	Thousand hectoliters	319.2	269.8	285.0	123.8	249.6	268.9
Soft drinks ^{1/}	Thousand hectoliters	52.6	45.7	46.0	20.7	39.4	58.8
Syrups	Thousand hectoliters	0.5	0.5	0.4	0.2	...	...
Ice	Thousand tons	2.8	2.6	2.8	1.5	1.0	...
Cigarettes	Million packets	25.9	26.0	21.2	11.5	20.7	29.7
Cotton oil	Thousand hectoliters	5.2	2.1	1.5	1.3	0.5	0.0
Sugar (powder)	Thousand tons	6.3	7.4	8.9	10.8	15.1	...
Soap	Thousand tons	3.4	3.2	2.5	1.4	1.8	1.9
Palm oil	Thousand tons	...	...	4.3	2.8	3.6	3.3
Textiles							
Cotton textiles	Thousand meters	14.8	11.3	5.3	0.8	0.0	0.0
Forestry							
Sawn wood	Thousand cubic meters	66.8	60.2	67.7	59.9	72.9	70.2
Chemical products							
Oxygen	Thousand cubic meters	42.5	49.8	44.2	19.7	28.1	38.2
Acetylene	Thousand cubic meters	...	0.8	0.7	0.3	10.0	10.8
Paints	Tons	513.0	395.0	340.0	162.0	406.7	335.2
Miscellaneous							
Footwear	Thousand pairs	193.0	...	...	...	...	...
Assembled cars	Units	48.0	24.0	48.0	0.0	0.0	0.0
Bicycles	Units	1,510.0	1,053.0	122.0	388.0	477.0	647.0
Motorcycles	Units	2,151.0	1,450.0	1,337.0	413.0	914.0	412.0
Tricycles	Units	1,371.0	1,129.0	...	...	...	6.0
Aluminum household items	Tons	264.0	195.0	200.0	69.0	240.4	421.5
Aluminum sheets	Tons	788.0	987.0	1,231.0	358.0	647.9	779.7

Source: Data provided by the C.A.R. authorities.

^{1/} Starting in 1994, the production of soft drinks and of syrups is recorded in the same category

Table 14. Central African Republic: Production and Export
of Diamonds and Gold, 1990-95

(Diamonds, in thousands of carats; gold, in kilograms)

	1990	1991	1992	1993	1994	1995
Production						
Diamonds (uncut)	414.8	429.7	414.3	494.9	532.0	484.3
Diamonds (cut)	0.6	0.5	0.1	0.0	0.0	0.0
Gold	240.9	191.4	154.7	170.6	138.2	97.9
Exports						
Diamonds (uncut)	414.9	428.1	414.0	494.2	528.9	484.3
Diamonds (cut)	0.9	0.3	0.1	0.0	0.0	0.0
Gold	203.6	174.4	127.4	170.6	101.6	90.7

Source: Data provided by the C.A.R. authorities.

Table 15. Central African Republic: Production and Consumption of Electricity, 1990-95

(In millions of kilowatt-hours)

	1990	1991	1992	1993	1994	1995 Est.
Gross production	100.0	93.3	101.2	94.8	98.0	102.8
Thermic	26.9	20.8	3.0	2.0	1.7	2.6
Hydraulic	73.1	72.5	98.2	92.8	96.3	100.2
Autoconsumption	1.5	1.5	1.2	1.1	1.1	1.2
Net production	98.5	91.8	100.0	93.7	96.9	101.6
Transportation losses	5.4	5.5	8.2	7.4	7.6	7.2
Distribution losses	28.5	30.1	29.4	25.5	21.7	22.9 <u>1/</u>
Consumption (invoiced energy)	64.6	56.3	62.5	60.9	67.6	71.4 <u>1/</u>
Average sales price (CFAF/kwh)	52.4	51.5	51.2	53.5	59.7	58.6

Source: Data provided by the C.A.R. authorities.

1/ Provisional.

Table 16. Central African Republic: Electricity Price Structure, 1993-95

(In millions of CFA francs, unless otherwise indicated)

	1993	1994	1995 Est.
Total production	3,953.8	6,453.1	4,764.7
Production sold	3,203.1	4,337.7	4,562.6
Of which:			
invoiced energy	3,089.9	3,971.4	4,343.3
invoiced energy (gwh)	59.9	67.7	68.9
average sales price (CFAF/kwh)	51.6	58.6	63.0
Transferable and incorporable costs ^{1/}	750.8	2,115.4	202.1
Intermediate consumption	1,437.0	2,749.7	2,694.2
Supplies	890.8	949.6	1,024.7
Transportation	27.2	18.2	43.8
Other services	519.0	1,781.9	1,625.7
Value added	2,516.9	3,703.4	2,070.5
Other receipts	516.7	3,694.3	154.1
Miscellaneous proceeds	84.7	235.5	130.4
Interest received	0.0	23.6	23.7
Return on past allowances for provision and depreciation	432.1	3,435.2	0.0
Value added and other receipts	3,033.6	7,397.1	2,224.6
Charges	5,568.4	8,895.5	5,697.8
(CFAF/kwh)	(1.8)	(2.2)	(1.3)
Miscellaneous charges and losses	155.7	179.3	170.5
Salaries and labor costs	1,034.5	1,320.6	925.4
Taxes	147.7	142.9	144.4
Interest payments	1,227.7	1,874.6	1,527.2
Allowances for provision and depreciation	3,002.8	5,378.1	2,930.3
Gross profit	-2,534.8	-1,498.4	-3,473.2
(CFAF/kwh)	-0.8	-0.4	-0.8
Gross operating profit	-868.0	-1,023.3	...
(CFAF/kwh)	-0.3	-0.3	...
Other profits	-1,666.8	-475.1	...
Profit on disposition of assets	27.7	2.4	...
Profit tax	38.1	57.2	63.9
Net profit	-2,545.2	-1,553.2	-3,537.1
(CFAF/kwh)	-0.8	-0.4	-0.8

Source: Data provided by the C.A.R. authorities (ENERCA).

^{1/} Includes work done for ENERCA's own account.

Table 17. Central African Republic: Consumption of Oil Products,

	Premium	Oil	Diesel	Gas
	(Cubic meters)			(tons)
1990	19,505	13,528	38,852	219.0
1991	17,318	14,073	32,819	216.0
1992	15,227	14,059	23,544	199.0
1993, year total	13,301	13,682	22,296	197.0
I	3,363	3,210	6,113	49.0
II	3,532	3,473	5,554	64.0
III	3,236	3,534	4,883	54.0
IV	3,170	3,465	5,746	30.0
1994, year total	17,109	15,812	25,882	241.0
I	3,728	3,649	6,311	61.0
II	4,611	4,195	6,611	56.0
III	4,391	4,076	6,149	59.0
IV	4,379	3,892	6,811	65.0
1995, year total	20,996	20,389	34,661	261.0
I	5,184	4,354	8,205	63.0
II	6,806	7,748	9,986	65.0
III	4,312	3,869	7,832	60.0
IV	4,694	4,418	8,638	73.0

Source: Data provided by the C.A.R. authorities.

Table 18. Central African Republic: Price Structure of Petroleum Products 1/

(In CFA francs per liter)

	February 1995				October 1995			
	Premium	Kerosene	Diesel	Fuel oil	Premium	Kerosene	Diesel	Fuel oil
Average Platt's price over the last three months	68.1	68.3	64.4	53.3	67.7	60.9	60.0	40.8
Transportation costs from Ango—Ango to Matadi	6.2	9.0	9.6	7.6	3.0	12.0	10.9	6.5
C.i.f. price, Matadi	74.3	77.3	73.9	60.9	70.8	72.9	70.9	47.2
Other transportation costs	59.6	61.6	63.4	84.9	58.8	60.8	62.7	84.4
Reference border price	133.9	138.9	137.4	145.8	129.7	133.8	133.6	131.6
Tax and duties	176.4	33.0	129.5	5.0	176.4	33.0	129.5	5.0
Import duties	5.0	1.0	0.0	0.0	5.0	1.0	0.0	0.0
Complementary tax 2/	82.0	0.0	43.0	0.0	82.0	0.0	43.0	0.0
Tax on oil products	28.4	26.0	25.5	0.0	28.4	26.0	25.5	0.0
Road use tax	55.0	0.0	55.0	0.0	55.0	0.0	55.0	0.0
Miscellaneous repayments	6.0	6.0	6.0	5.0	6.0	6.0	6.0	5.0
Ex storage price at Bangui 3/	310.3	171.9	266.9	150.8	306.0	166.8	263.1	136.6
Storage financing costs 4/	0.0	0.0	0.0	0.0	5.0	1.0	5.0	0.0
Storage fees	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Retail margin	49.7	35.1	34.1	61.2	54.0	44.2	37.9	79.4
Equalization fees	31.0	-41.0	0.0	0.0	31.0	-41.0	0.0	0.0
Sales price	395.0	170.0	305.0	216.0	400.0	175.0	310.0	220.0

Source: Data provided by the C.A.R. authorities.

1/ New price structures adopted in October 1994, February 1995, and May 1995, respectively.

2/ Introduced in the new price structure set in February 1995.

3/ "Prix stabilise Bangui toutes taxes comprises".

4/ Introduced in the new price structure set in May 1995.

Table 19. Central African Republic: Consumer Price Index, 1990–95

(Period average; 1981=100)

	Foodstuffs	Clothing	Manufact. products	Energy	Services	General index <u>1/</u>
Weights	705.0	85.0	76.0	73.0	61.0	1,000.0
1990	129.3	155.3	156.8	143.4	132.4	134.9
1991	124.0	152.1	159.4	141.3	135.7	131.0
1992	122.6	155.3	162.1	136.2	133.6	130.1
1993	117.5	153.7	163.7	136.0	131.9	126.3
I	122.1	157.2	162.9	135.3	132.1	129.8
II	116.5	151.9	163.6	136.4	132.5	125.5
III	116.1	152.4	163.5	136.4	132.4	125.2
IV	115.1	153.3	164.6	135.8	130.5	124.6
1994	146.3	217.2	220.8	147.6	133.4	157.3
I	120.7	181.5	186.7	142.1	128.6	132.9
II	141.4	211.5	221.8	145.2	134.8	153.3
III	158.6	228.6	235.5	149.4	138.4	168.5
IV	164.4	247.4	239.0	153.5	131.9	174.3
1995	179.9	238.7	271.4	151.5	141.3	187.5
I	180.8	251.8	268.4	148.0	134.4	188.3
II	178.9	246.7	270.5	152.0	135.5	187.0
III	176.7	237.3	274.1	154.4	147.3	185.9
IV	183.3	218.9	272.5	151.7	147.9	188.7

Source: Data provided by the C.A.R. authorities.

1/ Based on consumption basket for nationals living in Bangui.

Table 20. Central African Republic: Wholesale Price Index, 1990-95

(Period average; 1981=100)

	Foodstuffs	Building materials	Manufact. products	Energy	General index
Weights	424.0	83.0	262.0	231.0	1,000.0
1990	137.4	200.5	150.8	163.6	152.3
1991	139.1	197.3	141.4	167.8	151.2
1992	137.6	209.8	138.9	167.8	150.9
1993	134.5	199.4	138.7	167.8	148.7
I	133.4	200.4	138.1	167.8	148.2
II	134.3	198.5	139.4	167.8	148.7
III	134.1	198.5	139.3	167.8	148.6
IV	136.1	200.1	137.8	167.8	149.2
1994	174.4	263.8	188.7	179.0	186.6
I	150.8	225.0	163.2	167.8	164.1
II	177.2	260.1	188.8	179.0	187.6
III	182.3	276.8	199.3	184.6	195.1
IV	187.2	293.4	203.6	184.6	199.7
1995	197.7	306.5	223.0	184.6	210.3
I	188.2	304.7	223.3	184.6	206.2
II	203.1	310.8	226.9	184.6	214.0
III	197.5	303.0	223.3	184.6	210.0
IV	202.2	307.6	218.4	184.6	211.1

Source: Data provided by the C.A.R. authorities.

Table 21. Central African Republic: Relative Composition of
Public Investment and Its Financing, 1990-95

	1990	1991	1992	1993	1994	1995 Est.
(In units indicated)						
Total public investment expenditure						
In billions of CFA francs	37.3	38.6	36.0	32.0	48.8	57.9
As percent of GDP	9.4	9.9	9.8	9.0	9.8	10.2
(Percent of total)						
Sectoral composition of investment						
Rural development	27.4	27.2	23.9	24.0	22.5	22.8
Industry and mining	1.6	1.8	5.0	0.6	4.0	1.7
Economic infrastructure	38.6	47.7	47.5	54.9	54.3	53.7
Social infrastructure	32.5	23.3	23.6	20.5	19.2	21.7
Source of financing						
Domestic ^{1/}	22.7	21.8	15.5	16.3	11.8	12.3
External	77.3	78.2	84.5	83.8	88.2	87.7
Grants	45.3	47.2	60.6	60.6	47.8	61.3
Loans	32.2	31.1	23.9	23.1	40.4	26.4

Sources: Data provided by the C.A.R. authorities; and staff estimates.

^{1/} Includes counterpart of customs duties on project-related imports, which is included in domestic financing of investment in the government finance table beginning in 1990.

Table 22. Central African Republic: Sectoral Composition of the Public Investment Program, 1990-95

(In billions of CFA francs)

	1990	1991	1992	1993	1994	1995 Est.
Rural development	10.2	10.5	8.6	7.7	11.0	13.2
Agriculture	5.5	5.3	3.6	5.0	6.9	8.5
Livestock	1.5	2.5	2.5	0.2	1.1	1.1
Forestry	0.7	1.9	1.9	1.5	2.1	1.4
Fisheries	0.0	0.0	0.0	0.0	0.0	0.0
Hunting and fauna	2.4	0.9	0.7	1.0	0.9	2.2
Industry and mining	0.6	0.7	1.8	0.2	1.9	1.0
Industry	0.1	0.1	0.4	0.2	0.0	0.0
Mining	0.5	0.6	1.4	0.0	1.9	1.0
Economic infrastructure	14.4	18.4	17.1	17.6	26.5	31.1
Energy	5.3	7.8	5.9	1.3	2.6	3.4
Water	1.0	1.2	1.0	1.1	5.4	3.9
Habitat; urban development	0.5	0.6	1.3	0.4	2.4	2.6
Infrastructure; land transport	6.4	5.8	4.0	12.6	15.4	20.6
Infrastructure; river transport	0.1	0.1	0.8	0.0	0.4	0.4
Infrastructure; air transport	0.3	0.2	0.6	0.1	0.1	0.1
Post and telecommunications	1.0	2.7	3.1	2.0	0.2	0.0
Radio, television, and press	0.5	0.2	0.4	0.1	0.1	0.1
Commerce, insurance, and tourism	0.0	0.0	0.1	0.0	0.0	0.0
Social infrastructure	12.1	9.0	8.5	6.6	9.4	12.6
Health	3.2	2.9	2.7	1.8	3.1	3.0
Education	3.5	3.0	2.5	1.0	2.6	4.5
Social affairs	0.5	0.4	0.5	1.9	1.7	1.1
Administration	4.8	2.8	2.8	1.9	2.0	4.0
Total	37.3	38.6	36.0	32.0	48.8	57.9
Source of financing						
Domestic	8.5	8.4	5.6	5.2	5.8	7.1
External	28.8	30.2	30.4	26.8	43.0	50.8
Grants	16.9	18.2	21.8	19.4	23.3	35.5
Loans	12.0	12.0	8.6	7.4	19.7	15.3
Total	37.3	38.6	36.0	32.0	48.8	57.9

Sources: Data provided by the C.A.R. authorities; and staff estimates.

Table 23. Central African Republic: Government Financial Operations, 1990-95

	1990	1991	1992	1993	1994 Est.	1995 Est.
(In billions of CFA francs)						
Revenue	43.2	36.3	33.7	28.4	35.4	51.5
Tax revenue	42.3	33.4	31.1	26.5	32.1	49.3
Nontax revenue	0.9	2.9	2.7	1.9	3.2	2.2
Expenditure	-90.0	-91.1	-89.5	-78.1	-106.2	-115.6
Current expenditure	-52.7	-52.5	-53.5	-46.0	-57.4	-57.7
Current primary expenditure	-47.7	-46.8	-46.2	-38.3	-45.9	-44.6
Wages and salaries	-23.8	-25.2	-24.4	-23.0	-25.7	-26.0
Transfers and subsidies	-12.5	-11.0	-6.7	-4.3	-5.5	-7.2
Of which						
Coffee and cotton support	-4.4	-3.1	-1.3	-0.5	0.0	0.0
Voluntary departure scheme	-3.7	-2.0	-0.6	-0.3	-1.5	-1.0
Other expenditure on goods and services	-11.3	-10.6	-10.4	-9.0	-12.8	-11.5
Extrabudgetary outlays	0.0	0.0	-4.6	-2.0	-2.0	...
Interest due	-5.0	-5.7	-7.4	-7.7	-11.4	-13.1
External	-3.9	-4.1	-5.0	-4.6	-9.1	-8.2
Domestic	-1.1	-1.6	-2.4	-3.1	-2.4	-4.9
Public investment program	-37.3	-38.6	-36.0	-32.0	-48.8	-57.9
Domestically financed	-8.5	-8.4	-5.6	-5.2	-5.8	-7.1
Externally financed	-28.8	-30.2	-30.4	-26.8	-43.0	-50.8
Overall balance (commitment basis)	-46.7	-54.8	-55.8	-49.7	-70.8	-64.1
Of which						
Narrow primary balance 1/	-8.5	-15.8	-16.7	-14.7	-16.3	-0.3
Change in arrears (reduction -)	1.7	7.7	15.4	44.4	-11.9	26.3
Domestic	-0.9	-0.6	9.1	35.2	2.1	13.6
External	2.6	8.3	6.3	9.2	-14.0	12.7
Overall balance (cash basis)	-45.1	-47.1	-40.4	-5.2	-82.7	-37.9
Financing	25.1	36.6	23.9	-1.7	29.4	33.0
External	21.9	24.6	24.8	20.5	34.0	38.7
Projects	28.8	30.2	30.4	26.8	43.0	50.8
Grants	16.9	18.2	21.8	19.4	23.3	35.5
Loans	11.9	12.0	8.6	7.4	19.8	15.2
Amortization	-6.9	-5.6	-5.6	-6.3	-9.0	-12.0
Domestic	3.2	12.0	-0.9	-22.3	-4.6	-5.7
Banking system 2/	-1.1	13.5	0.6	1.5	-4.6	-5.7
BEAC	-3.7	11.7	0.5	-0.1	-3.3	-4.0
Of which						
IMF 2/	-2.8	-0.7	-0.3	0.1	-3.4	-5.0
Commercial banks	2.6	1.8	0.0	1.6	-1.2	-1.7
Nonbank	4.4	-1.5	-1.5	-23.8	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring operations	0.0	-10.4	-0.8	0.0	0.0	0.0
Financing gap	20.0	10.5	16.5	7.0	53.3	4.8
Exceptional financing	20.0	10.5	16.5	7.0	53.3	4.8
Adjustment program financing	16.0	10.5	16.5	7.0	21.7	1.0
Grants	2.3	3.5	4.0	7.0	11.4	1.0
Loans	13.7	7.0	12.5	0.0	10.3	0.0
External debt relief	1.7	0.0	0.0	0.0	23.1	3.8
Paris Club	1.7	0.0	0.0	0.0	16.4	0.5
Other	0.0	0.0	0.0	0.0	6.7	3.3
IMF purchases/drawings	2.3	0.0	0.0	0.0	8.6	0.0
Domestic debt relief	0.0	0.0	0.0	0.0	0.0	0.0
Remaining financing gap	0.0	0.0	0.0	0.0	0.0	0.0
(In percent of GDP, unless otherwise indicated)						
Memorandum items:						
Total revenue	10.9	9.3	9.2	8.0	7.1	9.1
Total expenditure	-22.6	-23.4	-24.4	-21.9	-21.3	-20.3
Of which						
Primary expenditure	...	-14.2	-14.1	-12.2	-10.4	-9.1
Wages and salaries	-6.0	-6.5	-6.7	-6.4	-5.1	-4.6
Balance, commitment basis (deficit -)	-11.7	-14.1	-15.2	-13.9	-14.2	-11.3
Of which						
Narrow primary balance 1/	-2.1	-4.1	-4.6	-4.1	-3.3	0.0
GDP (in billions of CFA francs)	398.0	388.9	366.4	356.6	498.6	568.5

Source: Data provided by the C.A.R. authorities.

1/ Exclude interest payments and investment expenditure externally financed.

2/ Excludes purchases/drawings from IMF.

Table 24. Central African Republic: Summary of Central Government Revenue, 1990-95

	1990	1991	1992	1993	1994	1995 Est.
<u>(In billions of CFA francs)</u>						
Tax revenue	42.3	33.4	31.1	26.5	32.1	49.3
Taxes on net income and profits	10.4	8.7	7.7	6.5	8.6	10.6
Companies	2.8	2.5	1.9	1.8	1.4	4.3
Individuals	4.2	4.6	3.7	3.0	5.0	4.9
Other	3.4	1.6	2.1	1.7	2.3	1.4
Taxes on goods and services	14.7	11.1	11.8	10.6	12.0	16.8
Turnover tax	2.5	2.0	2.0	1.6	3.7	3.5
Excise tax	0.0	0.0	0.0	0.0	0.5	1.7
Other	12.2	9.1	9.8	9.0	7.8	11.5
Taxes on international trade	17.2	13.6	11.7	9.4	11.5	21.9
Import duties and taxes	14.9	11.6	10.0	8.1	8.5	17.9
Customs duties	10.3	8.1	7.7	5.6	8.1	15.9
Other import duties and taxes	4.6	3.5	2.3	2.5	0.4	2.0
Export duties and taxes	2.3	2.1	1.7	1.3	3.0	4.0
Nontax revenue	0.9	2.9	2.7	1.9	3.2	2.2
UDEAC Solidarity Fund	0.3	--	0.0	0.0	0.0	0.0
Profits from public enterprises	0.0	1.4	1.6	1.0	0.0	1.4
Other	0.7	1.5	1.1	0.9	3.2	0.9
Total revenue	43.2	36.3	33.7	28.4	35.4	51.5
<u>(In percent of total revenue)</u>						
Tax revenue	97.8	92.0	92.1	93.4	90.8	95.7
Taxes on net income and profits	24.0	23.9	22.7	23.0	24.4	20.6
Taxes on goods and services	34.1	30.5	34.8	37.4	33.9	32.6
Taxes on international trade	39.8	37.6	34.6	33.0	32.5	42.5
Nontax revenue	2.2	8.0	7.9	6.6	9.2	4.3
<u>(In percent of GDP)</u>						
Tax revenue	10.6	8.6	8.5	7.4	6.4	8.7
Taxes on net income and profits	2.6	2.2	2.1	1.8	1.7	1.9
Taxes on goods and services	3.7	2.8	3.2	3.0	2.4	3.0
Taxes on international trade	4.3	3.5	3.2	2.6	2.3	3.8
Nontax revenue	0.2	0.8	0.7	0.5	0.7	0.4
Total revenue	10.9	9.3	9.2	8.0	7.1	9.1
<u>(in percent of imports, f.o.b.)</u>						
Import duties and taxes	22.7	23.0	19.9	18.0	11.0	19.1
<u>(In percent of exports, f.o.b.)</u>						
Export duties and taxes	5.5	5.8	5.6	3.5	3.5	4.6
<u>(Buoyancy) 1/</u>						
Tax revenue	28.2	9.2	1.2	5.5	0.5	3.8
Taxes on net income and profits	26.8	7.1	2.0	5.6	0.8	1.6
Taxes on goods and services	-17.8	4.8	4.1	2.0	-0.6	15.1
Taxes on international trade	26.1	-4.1	3.4	7.1	1.7	-0.1
Nontax revenue	-135.1	-91.2	1.5	10.9	1.8	-2.2
Total revenue	10.4	7.0	1.2	6.0	0.6	3.3
Annual percentage change in GDP	0.6	-2.3	-5.8	-2.7	39.8	14.0

Source: Data provided by the C.A.R. authorities.

1/ Percentage change in tax revenue/Percentage change in GDP.

Table 25. Central African Republic: Central Government Expenditure, 1990-95

	1990	1991	1992	1993	1994	1995 Est.
(In billions of CFA francs)						
Total expenditure	90.0	111.8	91.1	78.1	106.2	115.6
Current expenditure	52.7	62.9	54.3	46.0	57.4	57.7
Primary current expenditure	47.7	46.8	46.2	38.3	45.9	44.6
Wages and salaries	23.8	25.2	24.4	23.0	25.7	26.0
Goods and services	11.3	10.6	10.4	9.0	12.8	11.5
Voluntary departure scheme	3.7	2.0	0.6	0.3	1.5	1.0
Transfers and subsidies	4.4	5.9	4.9	3.5	4.0	6.2
On-lending	4.4	3.1	1.3	0.5	0.0	0.0
Expenditures to be regularized	0.0	0.0	4.6	2.0	2.0	0.0
Interest payments	5.0	5.7	7.4	7.7	11.5	13.1
External	3.9	4.1	5.0	4.6	9.1	8.2
Domestic	1.1	1.6	2.4	3.1	2.4	4.9
Capital expenditure	37.3	38.6	36.0	32.0	48.8	57.9
Domestic	8.5	8.4	5.6	5.2	5.8	7.1
External financing	28.8	30.2	30.4	26.8	43.0	50.8
Restructuring expenditure	0.0	10.4	0.8	0.0	0.0	0.0
(In percent of total revenue)						
Total expenditure	208.2	308.1	270.1	275.1	300.4	224.5
Current expenditure	121.9	173.2	161.1	162.2	162.5	112.1
Primary current expenditure	110.4	128.9	136.9	134.9	129.9	86.6
Wages and salaries	55.2	69.4	72.3	81.1	72.5	50.5
Goods and services	26.2	29.2	30.9	31.6	36.2	22.3
Voluntary departure scheme	8.6	5.5	1.7	1.1	4.2	1.9
Transfers and subsidies	10.1	16.1	14.4	12.4	11.3	11.9
On-lending	10.3	8.5	3.9	1.6	0.0	0.0
Expenditures to be regularized	0.0	0.0	13.6	7.2	5.7	0.0
Interest payments	11.5	15.8	21.8	27.3	32.6	25.5
External	9.0	11.3	14.8	16.2	25.9	15.9
Domestic	2.5	4.5	7.0	11.1	6.7	9.6
Capital expenditure	86.2	106.4	106.6	113.0	138.0	112.4
Restructuring expenditure	0.0	28.5	2.4	0.0	0.0	0.0
(In percentage of GDP)						
Total expenditure	22.6	28.8	24.9	21.9	21.3	20.3
Current expenditure	13.2	16.2	14.8	12.9	11.5	10.2
Primary current expenditure	12.0	12.0	12.6	10.7	9.2	7.8
Wages and salaries	6.0	6.5	6.7	6.4	5.1	4.6
Goods and services	2.8	2.7	2.8	2.5	2.6	2.0
Voluntary departure scheme	0.9	0.5	0.2	0.1	0.3	0.2
Transfers and subsidies	1.1	1.5	1.3	1.0	0.8	1.1
On-lending	1.1	0.8	0.4	0.1	0.0	0.0
Expenditures to be regularized	0.0	0.0	1.3	0.6	0.4	0.0
Interest payments	1.3	1.5	2.0	2.2	2.3	2.3
External	1.0	1.1	1.4	1.3	1.8	1.4
Domestic	0.3	0.4	0.6	0.9	0.5	0.9
Capital expenditure	9.4	9.9	9.8	9.0	9.8	10.2
Restructuring expenditure	0.0	2.7	0.2	0.0	0.0	0.0
(Annual percentage change)						
Total expenditure	12.7	24.3	-18.5	-14.4	36.1	8.8
Current expenditure	13.5	19.3	-13.5	-15.4	24.9	0.5
Primary current expenditure	17.2	-2.0	-1.3	-17.1	20.0	-2.9
Wages and salaries	-4.6	5.7	-3.2	-5.7	11.5	1.3
Goods and services	23.3	-6.4	-1.6	-14.2	42.7	-10.2
Voluntary departure scheme	55.0	-46.2	-71.0	-48.3	400.0	-33.3
Transfers and subsidies	0.0	34.4	-17.1	-27.6	13.6	53.8
On-lending	8.3	-30.2	-58.1	-65.4	-100.0	...
Expenditures to be regularized	0.0	0.0	0.0	-55.7	-2.0	-100.0
Interest payments	-13.0	15.1	28.4	5.0	48.8	13.9
External	-9.3	5.1	22.0	-8.0	98.9	-10.6
Domestic	-24.2	50.6	44.5	32.3	-24.6	108.6
Capital expenditure	11.6	3.6	-6.8	-10.9	52.3	18.6
Restructuring expenditure	0.0	0.0	-92.3	-100.0	0.0	0.0

Source: Data provided by the C.A.R. authorities.

Table 26. Central African Republic: Structure of Interest Rates, 1991-96

(In percent per year)

	1991	1992	1993	1994	1995								1996						
		End-December			Jan 1 - Mar. 12	Mar. 13 - June 28	June 29 - July 4	July 5 - Sept. 24	Sep. 25 - Dec. 6	Dec. 7 - Dec. 31	Jan 1 - Feb. 7	Feb. 8 - Mar. 11	Mar. 12 - April 14	April 15 - May 5	May 6 - June 2	June 3 - July 28	July 29 - Oct. 15	Oct. 16 - Nov. 20	Nov. 21 Dec. 31
Central bank																			
Base discount rate ^{1/2/}	10.75	12.00	11.50	7.75	7.75	8.00	8.75	8.75	8.00	8.60	8.60	8.60	8.60	8.20	8.00	8.00	8.00	7.75	7.75
Penalty rate	16.00	16.00	18.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Lending rates to the Treasury																			
Within statutory ceiling	7.50	9.50	11.00	7.75	7.75	7.75	7.75	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.75
Outside statutory ceiling	8.50	10.50	12.00	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.25
Commercial banks ^{3/}																			
Maximum lending rate ^{4/}	18.25	17.50	17.50	16.00	16.00	16.00	16.00	16.00	16.00	16.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00
Minimum deposit rate ^{5/}	7.50	7.50	7.75	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.00	5.00
Special deposits/reverse auction rate																			
Treasury	7.00	9.00	10.50	4.00	4.00	4.20	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.00	3.90	3.60	3.30	3.00	3.00
Banks ^{6/}	9.75	9.75	9.75	4.00	4.00	4.20	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.00	3.90	3.60	3.30	3.00	3.00

Source : Data provided by the BEAC.

^{1/} The money market was introduced in the BEAC zone on July 1, 1994. The base discount rate is now the weekly auction rate, set by the Governor. For shorter refinancing (2 to 7 days), primary banks may resort to repurchase agreements, whose rate is fixed in a range between 150 and 200 basis points above the weekly auction rate.

^{2/} From August 1, 1996 to July 30, 1997, these rates are reduced by 300 basis points for any refinancing of investment loans aiming at the reconstruction of damaged plants during the April/May 1996 events.

^{3/} Regulatory rates applicable to the activities of commercial banks and fixed by the central bank. Introduced in October 1990.

^{4/} As of January 1996, the rate is applicable only for deposits below CFAF 5 millions.

^{5/} As of January 15, 1996, the rate is equivalent to the penalty rate on refinancing plus a fixed margin of 700 basis points.

^{6/} Remuneration rate of commercial banks' free reserves at the central bank. As of January 1996, reserves are remunerated through an auction system, whereby the volume is freely bid by banks for a rate fixed by the central bank.

Table 27. Central African Republic: Monetary Survey, 1990-95 1/

	1990	1991	1992	1993	1994	1995
(In billions of CFA francs; end of period)						
Net foreign assets	18.2	15.9	16.4	24.0	92.0	98.6
Central bank	19.8	16.9	17.6	25.6	92.3	99.4
Commercial banks	-1.6	-1.1	-1.2	-1.5	-0.3	-0.8
Net domestic assets	42.8	42.7	40.9	40.6	23.3	21.6
Domestic credit	50.5	53.5	50.2	51.2	67.2	65.1
Net credit to the government	14.9	28.4	29.1	30.7	42.7	34.3
Central government	14.8	28.3	28.9	30.3	42.8	37.1
Other public agencies	0.1	0.1	0.3	0.4	-0.1	-2.8
Credit to the economy	35.6	25.1	21.2	20.4	24.5	30.8
Public enterprises	4.0	8.6	4.3	4.5	5.8	7.7
Private sector	31.6	16.5	16.9	15.9	18.7	23.2
Other items (net)	-7.6	-10.8	-9.3	-10.6	-43.9	-43.6
Broad money	61.1	58.5	57.2	64.6	115.3	120.2
Currency	42.1	42.5	43.4	52.2	88.5	99.0
Deposits	19.0	16.0	13.9	12.4	26.8	21.2
Demand deposits	11.6	9.5	7.7	7.3	14.9	12.3
Quasi-money	7.4	6.4	6.2	5.2	11.9	9.0
Memorandum items:						
Velocity 2/	6.3	6.5	6.5	6.0	5.5	4.6
(Annual percentage change)						
Credit to the economy	-14.8	-29.4	-15.5	-3.0	19.9	25.5
Money and quasi-money	-5.3	-4.2	-2.2	12.9	78.5	4.3
Nominal GDP	0.6	-2.3	-5.8	-2.7	39.8	14.0
(Annual change in percent of beginning - of-year stock of broad money)						
Net foreign assets	-1.7	-4.1	1.0	13.4	68.0	5.8
Net domestic assets	-3.6	-0.2	-3.2	-0.6	10.5	-1.5
Domestic credit	-10.3	5.0	-5.6	-13.1	11.7	-1.8
Credit to the government (net)	1.7	22.1	1.0	2.6	6.2	-5.0
Credit to the economy	-9.6	-17.1	-7.5	-1.1	6.3	5.4

Source: Data provided by the BEAC.

1/ Excluding the liquidated banks.

2/ GDP/average broad money.

Table 28. Central African Republic: Net Foreign Assets
of the Banking System, 1990-95

(In billions of CFA francs; end of period)

	1990	1991	1992	1993	1994	1995
Net foreign assets of the banking system	18.2	15.8	16.4	24.0	92.0	98.6
Central bank's net foreign assets	19.8	16.9	17.6	25.6	92.3	99.4
Assets	31.5	27.7	28.6	34.3	114.6	116.6
Gold	1.1	1.0	1.0	1.3	2.3	2.1
SDRs	1.2	0.2	0.0	0.0	0.0	0.0
Franc zone currency	0.5	0.6	1.4	0.8	0.5	0.7
Operations account (credit balance)	28.6	25.8	26.2	32.1	111.7	113.7
Other assets	0.0	0.0	0.0	0.0	0.1	0.1
Liabilities	11.7	10.8	11.0	8.7	22.2	17.2
Current accounts of foreign institutions	2.7	2.7	3.4	3.7	6.7	6.3
Deposits of regional institutions	0.0	0.1	0.0	0.0	0.1	0.0
Operations account (debit balance)	0.0	0.0	0.0	0.0	0.0	0.0
C.A.R. notes abroad	1.7	1.6	2.5	0.0	0.0	0.0
IMF Trust Fund	0.0	0.0	0.0	0.0	0.0	0.0
Use of IMF credit	9.3	8.6	8.4	8.5	22.1	17.1
SAF arrangement	7.7	7.9	8.1	8.3	13.8	9.3
ESAF arrangement	0.0	0.0	0.0	0.0	0.0	0.0
Stand-by arrangement	1.6	0.7	0.3	0.2	8.4	7.8
Other	-2.1	-2.1	-3.2	-3.4	-6.6	-6.2
Commercial banks' net foreign assets	-0.4	0.0	0.2	-0.1	1.1	0.7
Assets	2.5	2.2	2.5	2.0	6.1	3.1
Liabilities	2.9	2.2	2.3	2.1	5.0	2.4
Short-term	2.5	1.7	1.9	1.8	4.3	2.0
Medium- and long-term	0.4	0.5	0.4	0.4	0.7	0.4
Postal debt, net	-1.2	-1.1	-1.4	-1.4	-1.5	-1.5
Assets	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	1.2	1.1	1.4	1.4	1.5	1.5
Total foreign assets	34.0	29.9	31.1	36.3	120.7	119.7
Total foreign liabilities	15.7	14.2	14.7	12.3	28.7	21.1

Source: Data provided by the B.E.A.C.

Table 29. Central African Republic: Summary Accounts of the Central Bank, 1990-95

(In billions of CFA francs; end of period)

	1990	1991	1992	1993	1994	1995
Foreign assets	31.5	27.7	28.6	34.3	114.6	116.6
Gold	1.1	1.0	1.0	1.3	2.3	2.1
SDRs	1.2	0.2	0.0	0.0	0.0	0.0
Franc zone currency	0.5	0.6	1.4	0.8	0.5	0.7
Operations account (credit balance)	28.6	25.8	26.2	32.1	111.7	113.7
Other assets	0.0	0.0	0.0	0.0	0.1	0.1
Credit to the Government	17.4	27.7	28.2	29.2	43.0	38.8
Current accounts (Art. 21)	8.1	8.7	8.7	9.5	8.7	8.7
IMF Trust Fund	0.0	0.0	0.0	0.0	0.0	0.0
Use of IMF credit	9.3	8.6	8.4	8.5	23.1	17.1
Stand-by arrangement	1.6	0.7	0.3	0.2	8.4	7.8
SAF arrangement	7.7	7.9	8.1	8.3	14.7	9.3
ESAF arrangement	0.0	0.0	0.0	0.0	0.0	0.0
Consolidated loan	0.0	10.4	11.2	11.2	11.2	11.2
Credit to money-creating banks	5.0	2.5	2.2	3.7	0.0	1.6
Credit to other banking institutions	0.0	0.0	0.0	0.0	0.0	0.0
Credit to nonbank financial enterprises	0.0	0.0	0.0	0.0	0.0	0.0
Credit to nonfinancial public enterprises	0.0	0.0	0.0	0.0	0.0	0.0
Claims on liquidated banks	6.0	0.0	0.0	0.0	0.0	0.0
Other assets	1.2	0.7	0.2	0.1	-2.2	-2.3
Monetary base	43.1	43.2	43.8	52.5	96.6	101.0
Currency in circulation	42.1	42.5	43.4	52.2	88.5	99.0
Currency issued	44.1	44.4	45.9	52.5	88.9	99.3
Notes from other BEAC countries (+) 1/	0.1	0.0	0.3	0.0	0.0	0.0
C.A.R. notes from abroad (-) 1/	-1.7	-1.6	-2.5	0.0	0.0	0.0
Treasury cash	0.0	0.0	0.0	0.0	-0.1	-0.1
Currency in banks	-0.5	-0.3	-0.4	-0.3	-0.2	-0.2
Reserves	1.0	0.6	0.4	0.3	8.1	2.1
Currency in banks	0.5	0.3	0.4	0.3	0.2	0.2
Banks' deposits with BEAC	0.6	0.3	0.0	0.0	7.9	1.9
Other deposits	0.0	0.0	0.0	0.0	0.0	0.0
Foreign liabilities	11.7	10.8	11.0	8.7	23.2	17.2
Current accounts of foreign institutions	2.7	2.7	3.4	3.7	6.7	6.3
Deposits of regional institutions	0.0	0.1	0.0	0.0	0.1	0.0
Operations account (debit balance)	0.0	0.0	0.0	0.0	0.0	0.0
C.A.R. notes abroad	1.7	1.6	2.5	0.0	0.0	0.0
IMF Trust Fund	0.0	0.0	0.0	0.0	0.0	0.0
Use of IMF credit	9.3	8.6	8.4	8.5	23.1	17.1
Stand-by arrangement	1.6	0.7	0.3	0.2	8.5	7.8
SAF arrangement	7.7	7.9	8.1	8.3	14.6	9.3
ESAF arrangement	0.0	0.0	0.0	0.0	0.0	0.0
Other	-2.1	-2.1	-3.2	-3.4	-6.6	-6.2
Central government deposits	2.1	0.6	0.6	1.7	1.9	1.6
Other public agencies' deposits	0.0	0.0	0.0	0.0	0.1	0.0
Capital and reserves	1.1	1.2	1.0	1.3	1.0	0.8
Other liabilities	3.1	2.7	2.8	3.1	33.5	34.0

Source: Data provided by the B.E.A.C.

1/ Estimates based on coefficients calculated from past series of such notes withdrawn from circulation.

Table 30. Central African Republic: Balance Sheet of Commercial Banks, 1990-95 ^{1/}

(In billions of CFA francs; end of period)

	1990	1991	1992	1993	1994	1995
Reserves	1.0	0.6	0.4	0.3	8.1	2.1
Foreign assets	2.5	2.2	2.5	2.0	6.1	3.1
Credit to the central government	0.7	1.9	2.5	3.6	3.2	2.3
Credit to other public agencies	1.5	1.8	1.5	1.6	1.9	2.0
Credit to the economy	29.7	25.2	21.1	20.5	24.5	30.8
Public enterprises	4.0	8.6	4.3	4.5	5.8	7.7
Private sector	25.6	16.5	16.9	15.9	18.7	23.2
Other assets	2.5	0.2	1.0	-0.1	2.0	3.1
Deposit liabilities	21.7	18.4	16.3	14.4	30.3	28.5
Demand deposits	11.6	9.5	7.7	7.3	14.9	12.3
Term and savings deposits	7.4	6.4	6.2	5.2	11.9	9.0
Government deposits ^{2/}	1.3	0.7	1.2	0.7	1.5	2.4
Other public institutions' deposits	1.5	1.8	1.2	1.2	2.0	4.8
Foreign liabilities	4.1	3.3	3.7	3.5	6.5	3.9
Short-term	3.6	2.9	3.3	3.2	5.8	3.4
Medium- and long-term	0.4	0.5	0.4	0.4	0.7	0.4
Credit from the BEAC	5.0	2.5	2.2	3.7	0.0	1.6
Capital and reserves	6.2	8.1	8.0	8.1	8.7	9.3
Other liabilities	0.8	-0.4	-1.2	-1.9	0.3	0.1

Source: Data provided by the BEAC.

^{1/} Includes only commercial banks in activity.^{2/} In 1993 these include deposits from public institutions.

Table 31. Central African Republic: Balance of Payments, 1990-95

(in millions of SDRs)

	1990	1991	1992	1993	1994 Est.	1995
Current account	-139.0	-81.2	-111.2	-78.7	-18.2	-62.5
Merchandise	-67.1	-38.8	-52.0	-18.4	8.1	-9.9
Exports, f.o.b.	111.0	91.8	82.3	94.8	105.3	113.8
Diamonds	52.6	48.2	49.1	58.0	51.9	49.7
Wood products	24.9	13.7	16.1	13.6	28.9	18.0
Cotton	12.1	15.0	5.0	7.0	6.8	14.8
Coffee	7.4	5.2	3.4	3.7	7.1	21.7
Other	14.0	9.6	8.7	12.6	10.6	9.7
Imports, f.o.b.	-178.1	-130.6	-134.2	-113.3	-97.2	-123.7
Petroleum products	-16.9	-11.4	-11.1	-10.5	-9.0	-11.4
Public investment program	-43.7	-43.8	-45.7	-38.0	-30.3	-41.6
Other	-117.5	-75.4	-77.4	-64.7	-57.9	-70.7
Services (net)	-73.9	-62.1	-75.1	-58.3	-34.1	-45.8
Credit	50.9	36.9	34.9	35.3	35.7	40.4
Debit	-124.8	-99.0	-109.9	-93.6	-69.8	-86.2
Income	-16.5	-11.8	-9.1	-16.7	-15.5	-15.8
Credit	0.5	3.9	5.1	3.2	3.3	3.4
Debit	-17.0	-15.7	-14.2	-19.8	-18.8	-19.3
Of which						
Interest due	-11.3	-11.3	-14.2	-13.3	-12.1	-12.0
Current transfers (net)	18.6	31.5	25.0	14.7	23.3	9.0
Of which						
Central government	41.5	53.2	44.2	36.9	35.0	25.4
Capital account	52.0	56.2	69.3	66.9	51.3	49.0
Project grants	45.7	47.2	58.5	49.2	29.2	46.9
Program grants	6.2	9.1	10.7	17.7	14.3	1.4
Debt cancellation	0.0	0.0	0.0	0.0	7.8	0.7
Financial account	63.5	31.7	52.1	-15.8	31.2	0.0
Public sector (net)	59.5	34.7	41.7	2.8	26.4	4.2
Project disbursements	41.1	31.1	23.2	18.7	24.9	20.1
Program disbursements	37.1	18.1	33.5	0.0	12.9	0.0
Scheduled amortization	-18.7	-14.5	-15.0	-15.9	-11.4	-15.9
Private sector (net)	4.0	-3.0	10.4	-18.6	4.8	-4.2
Of which						
Direct investment	0.5	-3.6	7.0	-7.1	8.8	10.6
Errors and omissions	13.5	-35.3	-24.1	25.2	-17.2	0.0
Overall balance	-10.0	-28.5	-13.9	-2.5	47.2	-13.5
Financing	10.0	28.5	13.9	2.5	-47.2	13.5
Net official reserves movements 1/	2.7	7.0	-3.0	-20.8	-50.9	-7.6
Net Fund credit	-0.3	-2.5	-1.7	-0.3	7.5	-4.9
Purchases and loans	6.1	0.0	0.0	0.0	10.8	0.0
Repayments	-6.4	-2.5	-1.7	-0.3	-3.3	-4.9
Of which						
Reduction of arrears (-)	0.0	0.0	0.0	1.5	-0.3	-1.2
Other reserves (increase -) 2/	3.0	9.5	-1.3	-20.4	-58.3	-2.7
Exceptional financing (narrow definition)	7.3	21.5	16.9	23.3	3.7	21.1
Debt rescheduling	4.6	0.0	0.0	0.0	21.3	4.3
Of which						
Paris Club	4.6	0.0	0.0	0.0	16.5	0.5
Debt payments arrears (reduction -)	2.7	21.5	16.9	23.3	-17.6	16.7
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:						
Exceptional financing (broad definition) 3/	56.7	48.7	61.2	40.9	49.5	23.1
Gross official reserves (end of period)	76.2	63.4	66.9	83.5	142.7	152.5
Current account, in percent of GDP	-34.9	-20.9	-30.3	-22.1	-3.6	-11.0

Sources: Data provided by the C.A.R. authorities; and staff estimates and projections.

1/ Format consistent with the fifth edition of the *Balance of Payments Manual*.

2/ The 1994 estimate excludes valuation changes resulting from the devaluation.

3/ Debt relief, program grants and loans, Fund purchases, net change in arrears, and residual gap.

3/ Debt relief, program grants and loans, Fund purchases, net change in arrears, and residual gap.

Table 32. Central African Republic: Balance of Payments, 1990-95

(In billions of CFA francs)

	1990	1991	1992	1993	1994	1995
					Est.	
Current account	-51.3	-31.3	-41.4	-31.1	-14.5	-47.3
Merchandise	-24.8	-15.0	-19.4	-7.3	6.4	-7.5
Exports, f.o.b.	41.0	35.4	30.7	37.5	83.7	86.2
Diamonds	19.4	18.6	18.3	22.9	41.3	37.6
Wood products	9.2	5.3	6.0	5.4	23.0	13.6
Cotton	4.5	5.8	1.9	2.7	5.4	11.2
Coffee	2.7	2.0	1.3	1.4	5.6	16.4
Other	5.2	3.7	3.2	5.0	8.5	7.4
Imports, f.o.b.	-65.8	-50.4	-50.0	-44.8	-77.3	-93.7
Petroleum products	-6.2	-4.4	-4.1	-4.2	-7.2	-8.7
Public investment program	-16.1	-16.9	-17.0	-15.0	-24.1	-31.5
Other	-43.4	-29.1	-28.9	-25.6	-46.1	-53.5
Services (net)	-27.3	-24.0	-28.0	-23.1	-27.1	-34.7
Credit	18.8	14.2	13.0	14.0	28.4	30.6
Debit	-46.1	-38.2	-41.0	-37.0	-55.5	-65.3
Income	-6.1	-4.5	-3.4	-6.6	-12.3	-12.0
Credit	0.2	1.5	1.9	1.3	2.6	2.6
Debit	-6.3	-6.1	-5.3	-7.8	-14.9	-14.6
Of which						
Interest due	-4.2	-4.4	-5.3	-5.3	-9.6	-9.1
Current transfers (net)	6.9	12.1	9.3	5.8	18.6	6.8
Of which						
Central government	15.3	20.6	16.5	14.6	27.9	19.2
Capital account	19.2	21.7	25.8	26.4	40.8	37.1
Project grants	16.9	18.2	21.8	19.4	23.3	35.5
Program grants	2.3	3.5	4.0	7.0	11.4	1.0
Debt cancellation	0.0	0.0	0.0	0.0	6.2	0.5
Financial account	23.4	12.2	19.4	-6.2	24.8	0.0
Public sector (net)	22.0	13.4	15.5	1.1	21.0	3.2
Project disbursements	15.2	12.0	8.6	7.4	19.8	15.2
Program disbursements	13.7	7.0	12.5	0.0	10.3	0.0
Scheduled amortization	-6.9	-5.6	-5.6	-6.3	-9.0	-12.0
Private sector (net)	1.5	-1.2	3.9	-7.3	3.8	-3.2
Of which						
Direct investment	0.2	-1.4	2.6	-2.8	7.0	8.0
Commercial banks	-0.2	0.1	0.3	0.3	-1.2	0.4
Errors and omissions	5.0	-13.6	-9.0	10.0	-13.6	0.0
Overall balance	-3.7	-11.0	-5.2	-1.0	37.5	-10.2
Financing	3.7	11.0	5.2	1.0	-37.5	10.2
Net official reserves movements 1/	1.0	2.7	-1.1	-8.2	-40.4	-5.7
Net Fund credit	-0.1	-1.0	-0.6	-0.1	5.9	-3.7
Purchases and loans	2.3	0.0	0.0	0.0	8.6	0.0
Repayments	-2.4	-1.0	-0.6	-0.1	-2.6	-3.7
Of which						
Reduction of arrears (-)	0.0	0.0	0.0	0.6	-0.2	-0.9
Other reserves (increase -) 2/	1.1	3.7	-0.5	-8.1	-46.4	-2.0
Exceptional financing (narrow definition)	2.7	8.3	6.3	9.2	2.9	16.0
Debt rescheduling	1.7	0.0	0.0	0.0	16.9	3.3
Of which						
Paris Club	1.7	0.0	0.0	0.0	13.1	0.4
Debt payments arrears (reduction -)	1.0	8.3	6.3	9.2	-14.0	12.7
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:						
Exceptional financing (broad definition) 3/	21.0	18.8	22.8	16.2	39.3	17.5
Gross official reserves (end of period)	28.1	24.5	24.9	33.0	113.4	115.5
Current account, in percent of GDP	-12.9	-8.1	-11.3	-8.7	-2.9	-8.3

Sources: Data provided by the C.A.R. authorities; and staff estimates and projections.

1/ Format consistent with the fifth edition of the *Balance of Payments Manual*.

2/ The 1994 estimate excludes valuation changes resulting from the devaluation.

3/ Debt relief, program grants and loans, Fund purchases, net change in arrears, and residual gap.

Table 33. Central African Republic: Composition of Exports, 1990-95

(Values in billions of CFA francs; volumes in thousands of metric tons;
and unit values in CFA francs per kilogram, unless otherwise indicated)

	1990	1991	1992	1993	1994 Est.	1995
Diamonds (uncut)						
Value	19.4	18.6	18.3	22.9	41.3	37.6
Volume 1/	415.0	428.1	414.0	494.2	528.9	484.3
Unit value 2/	46.8	43.5	44.2	46.4	78.0	77.7
Diamonds (cut)						
Value	0.3	0.1	0.0	0.0	0.0	0.0
Coffee 3/						
Value	2.7	2.0	1.3	1.4	5.6	16.4
Volume	11.8	8.5	6.2	8.7	8.3	14.5
Unit value	231.0	238.0	205.0	167.0	678.0	1,131.0
Wood products						
Value	9.2	5.3	6.0	5.4	23.0	13.6
Volume 4/	96.5	61.3	84.3	62.6	121.6	103.0
Unit value 5/	95.2	86.5	71.3	86.2	189.1	132.4
Cotton						
Value	4.5	5.8	1.9	2.7	5.4	11.2
Volume	9.5	16.7	4.7	9.0	6.7	11.6
Unit value	470.0	347.0	395.0	304.0	805.0	967.0
Tobacco						
Value	0.5	0.7	0.9	0.4	0.3	0.2
Volume	0.2	0.3	0.4	0.4	0.2	0.2
Unit value	2,500.0	2,686.0	2,304.0	1,162.0	1,175.0	922.0
Miscellaneous						
Value	4.3	2.9	2.3	4.5	8.2	7.2
Total exports	41.0	35.4	30.7	37.5	83.7	86.2

Source: Data provided by the C.A.R. authorities; and staff estimates

1/ In thousands of carats.

2/ In CFA francs per carat.

3/ Including re exports.

4/ In thousands of cubic meters.

5/ In CFA francs per cubic meter.

**Table 34. Central African Republic: Export and Import Indices
and Terms of Trade, 1990–95**

(Percentage change) ^{1/}

	1990	1991	1992	1993	<u>1994</u>	<u>1995</u>
					Est.	
Exports ^{2/}						
Value	-13.3	-13.6	-13.4	22.2	123.3	3.0
Volume	-4.5	-3.2	-12.7	19.2	12.7	-2.2
Unit value	-5.7	-10.7	-3.8	1.3	95.3	3.1
Imports						
Value	10.9	-23.4	-0.7	-10.5	72.6	21.2
Volume	20.0	-25.6	2.5	-10.0	-13.2	18.9
Unit value ^{3/}	-7.6	3.1	-3.6	-0.4	99.1	2.0
Terms of trade	-1.6	-13.4	2.4	3.2	-0.3	3.3

Sources: Data provided by the C.A.R. authorities; IMF, World Economic Outlook; and staff estimates.

^{1/} Based on values and unit values in CFA francs.

^{2/} Includes re exports.

^{3/} World Economic Outlook index of export prices from partner countries, adjusted for oil prices paid by PETROCA (oil import company).

Table 35. Central African Republic: Balance of Payments – Selected Components of Services, Income, and Transfers, 1990–95

(In billions of CFA francs)

	1990	1991	1992	1993	1994	1995
					Est.	
Services (net)	-27.3	-24.0	-28.0	-23.1	-27.1	-34.7
Credits	18.8	14.2	13.0	14.0	28.4	30.6
Freight and insurance	1.2	0.7	0.7	0.2	1.6	1.6
Other transport	2.1	2.1	2.3	2.4	4.6	5.0
Travel	0.8	1.0	1.6	1.6	3.0	3.4
Other private services	0.7	0.8	0.5	0.6	1.0	1.1
Government services	14.1	9.6	7.9	9.1	18.2	19.5
Debits	-46.1	-38.2	-41.0	-37.0	-55.5	-65.3
Freight and insurance	-20.9	-15.4	-15.0	-12.8	-20.2	-18.8
Petroleum products	-2.0	-1.4	-1.3	-1.3	-2.3	-2.8
Merchandise excluding oil and bank notes	-18.9	-14.0	-13.7	-11.5	-17.9	-16.0
Other services	-25.2	-22.8	-26.0	-24.2	-35.3	-46.5
Other transport	-5.9	-6.3	-6.6	-5.5	-8.5	-13.0
Travel	-13.9	-12.2	-14.4	-14.2	-18.9	-24.0
Other private services	-4.9	-3.8	-4.6	-4.3	-6.7	-7.5
Government services	-0.6	-0.5	-0.4	-0.2	-1.2	-2.0
Income (net)	-6.1	-4.5	-3.4	-6.6	-12.3	-12.0
Credits	0.2	1.5	1.9	1.3	2.6	2.6
Dividends from BEAC	0.0	1.4	1.6	1.0	0.0	1.4
Other banking products	0.2	0.1	0.3	0.3	2.6	1.2
Debits	-6.3	-6.1	-5.3	-7.8	-14.9	-14.6
Scheduled interest on public sector debt	-4.2	-4.4	-5.3	-5.3	-9.6	-9.1
Other	-2.1	-1.7	0.0	-2.6	-5.3	-5.5
Current transfers (net)	23.8	30.3	31.1	25.3	41.8	42.4
Official (net)	32.2	38.8	38.3	34.0	51.1	54.8
Earmarked transfers, including technical assistance	12.4	15.5	13.6	12.9	23.4	16.0
Projects	16.9	18.2	21.8	19.4	23.3	35.5
Other	2.9	5.1	2.8	1.7	4.4	3.2
Private (net)	-8.5	-8.4	-7.2	-8.8	-9.3	-12.4

Sources: Data provided by the BEAC; and staff estimates.

Table 36. Central African Republic: External Debt and Debt Service, 1990-95 ^{1/}

	1990	1991	1992	1993	1994	1995 Est.
<u>(In millions of SDRs)</u>						
External debt ^{2/} (Public and publicly guaranteed)	496.6	555.0	563.0	534.1	541.7	551.2
<u>(In percent of GDP)</u>						
External debt ^{2/} (Public and publicly guaranteed)	45.5	52.9	59.6	60.6	84.8	70.6
<u>(In percent of exports of goods and services)</u>						
Scheduled public debt service	30.8	22.0	26.4	23.9	18.8	20.4
Actual payments ^{3/}	20.8	5.3	12.0	6.0	31.3	9.6
<u>(In percent of government revenue)</u>						
Scheduled public debt service	30.8	30.1	34.2	43.3	59.5	46.3
Actual payments ^{3/}	28.5	7.2	15.5	10.9	99.1	21.7

Source: Data provided by the C.A.R. authorities; and staff estimates.

^{1/} Including to the Fund.

^{2/} Excluding arrears.

^{3/} In 1990, 1994, and 1995 data include arrears and debt service rescheduled and cash payment of arrears.

Table 37. Central African Republic: Outstanding Disbursed External Public Debt, 1990-95

(In millions of U.S. dollars ; end of period; including principal arrears)

	1990	1991	1992	1993	1994	1995 Est.
Multilateral loans ^{1/}	456.6	500.8	493.8	533.7	589.8	620.5
African Development Bank	14.6	7.9	6.3	7.1	5.7	6.3
African Development Fund	118.1	139.8	126.5	139.9	147.7	150.1
Air Afrique	0.0	0.0	0.0	0.0	0.0	
BADEA	8.0	8.0	8.0	8.0	7.9	7.9
BDEAC	15.6	17.4	16.0	14.8	6.9	7.6
European Investment Bank	6.9	6.9	6.3	8.7	10.5	12.6
European Community	6.3	6.4	5.9	6.7	7.2	6.9
IDA	265.8	290.9	300.7	323.2	377.1	401.8
IMF Trust Fund	0.1	0.0	0.0	0.0	0.0	0.0
Fund for International Agri- cultural Development	0.0	0.0	0.0	0.0	0.0	0.0
OPEC special funding	9.2	9.7	9.6	9.6	8.8	8.8
Other	1.8	1.2	1.0	0.0	0.0	0.0
Bilateral loans	174.3	224.6	238.8	236.3	209.0	217.2
Argentina	10.4	10.4	10.4	10.4	10.4	10.4
Austria	3.5	3.5	3.3	2.8	5.0	5.3
People's Republic of China	9.0	11.3	10.6	10.5	7.2	7.3
Curaçao	1.2	1.2	1.2	1.0	1.0	1.0
Denmark	4.4	3.9	3.7	3.4	3.8	3.9
France	57.8	65.0	64.2	66.0	31.4	34.1
Federal Republic of Germany	3.1	3.9	3.7	3.6	3.2	3.3
Iraq	2.9	2.9	2.9	2.9	2.9	2.9
Italy	2.0	2.0	2.0	1.9	3.9	3.9
Japan	4.4	4.8	4.8	5.4	6.0	5.8
Kuwait	11.5	13.8	13.0	13.7	12.1	14.4
Saudi Arabia	11.2	11.6	11.7	11.7	11.7	11.7
South Africa ^{2/}	7.0	6.4	5.9	3.6	6.1	6.2
Switzerland	16.1	15.3	14.2	14.0	20.7	24.0
Taiwan	0.0	40.0	60.0	60.0	60.0	60.0
African Postal and Telecommuni- cations Union	4.6	4.3	4.0	3.7	2.3	2.3
United Kingdom	0.5	0.3	0.3	0.4	0.4	0.4
United States	5.8	5.8	5.8	5.2	8.4	8.5
Russia	2.5	2.7	2.5	2.5	2.5	1.9
Yugoslavia	14.7	14.4	13.7	13.7	9.9	9.9
Other	1.7	0.9	0.9	0.0	0.0	0.0
Total	630.8	725.3	732.6	770.0	798.8	837.7
Stand-by arrangements	6.2	3.6	1.1	0.0	15.9	15.9
SAF arrangements	30.3	30.4	28.4	26.0	26.2	19.0
Other debts	2.4	1.1	0.5	0.5	0.3	0.0
Grand total	669.8	760.5	762.6	796.5	841.1	872.6

Source: Data provided by the C.A.R. authorities; and staff estimates

^{1/} Including Trust Fund; excluding net IMF credits.^{2/} Including some suppliers' credits.

Table 38. Central African Republic: Debt Service and Arrears on External Public and Publicly Guaranteed Debt, 1990-95

	1990	1991	1992	1993	1994 ^{1/}	1995 Est.
<u>(In billions of CFA francs)</u>						
Current maturities						
Scheduled debt service	13.5	10.9	11.5	12.3	21.1	23.9
Interest	4.2	4.4	5.3	5.3	9.6	9.1
Of which: Fund charges	(0.3)	(0.3)	(0.3)	(0.7)	(0.6)	(0.9)
Principal ^{2/}	9.3	6.6	6.2	7.0	11.5	14.8
Payments	10.8	2.6	5.2	3.1	7.9	6.4
Interest (including Fund charges)	3.3	1.0	2.4	1.3	3.4	2.5
Principal	7.4	1.6	2.8	1.8	4.5	3.9
Debt rescheduling ^{3/}	0.1	0.0	0.0	0.0	2.8	0.8
Arrears (on medium- and long-term debt)						
Outstanding at beginning of period	8.4	9.7	17.5	23.8	62.7	48.7
Accumulation	2.6	8.3	6.3	9.2	10.3	16.6
Cash settlement	0.0	0.0	0.0	0.0	4.1	1.0
Rescheduling ^{3/}	1.6	0.0	0.0	0.0	20.3	3.0
Outstanding at end of period	9.7	17.5	23.8	33.5	48.7	57.9
Other external arrears						
Outstanding at beginning of period	--	--	--	--	0.0	0.0
Cash payments	--	--	--	--	0.0	0.0
Outstanding at end of period	--	--	--	--	0.0	0.0
<u>(In percent of GDP)</u>						
Outstanding external debt ^{4/}						
Excluding the Fund	43.2	50.6	57.3	58.3	80.4	67.6
Including the Fund	45.5	52.9	59.6	60.6	84.8	70.6
<u>(In percent of exports of goods and services)</u>						
Scheduled debt service						
Excluding the Fund	-18.1	-19.5	-24.3	-21.2	-16.1	-17.3
Including the Fund	22.5	22.0	26.4	23.9	18.8	20.4
Principal	15.5	13.2	14.3	13.7	10.2	12.6
Interest	7.0	8.8	12.1	10.2	8.6	7.8
<u>(In percent of government revenue)</u>						
Scheduled debt service						
Excluding the Fund	-24.7	-26.7	-31.5	-38.4	-51.1	-39.2
Including the Fund	30.8	30.1	34.2	43.3	59.5	46.3
Principal	21.2	18.1	18.5	24.7	32.4	28.7
Interest	9.6	12.0	15.7	18.5	27.2	17.7
Memorandum items:						
<u>(In billions of CFA francs)</u>						
Fund repurchases	-2.4	-1.0	-0.6	-0.7	-2.4	-2.8
Gross domestic product	398.0	388.9	366.4	356.6	498.6	568.5
Outstanding external debt ^{4/}						
Excluding the Fund	171.8	197.0	210.0	207.8	400.7	384.4
Including the Fund	181.2	205.6	218.3	216.3	422.8	401.5
Exports of goods and services	59.8	49.7	43.7	51.4	112.1	116.8

Source: Data provided by the C.A.R. authorities.

^{1/} The 1994 data were adjusted for the change in parity of the CFA franc.^{2/} Including Fund obligations.^{3/} Including debt cancellation^{4/} Excluding arrears.

Table 39. Central African Republic: Summary of the Tax System, September 1996

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
<u>Central Government</u>			
1. Taxes on net income and profits			
1.1 Taxes on companies			
1.11 Tax on companies (<u>Impôt sur les sociétés</u>) Code <u>Général des Impôts</u> (CGI), 1962, as amended by Decree 74- 013 of January 24, 1974	Annual tax on profits of companies from industrial, commercial, agricultural, or noncommercial activities. Realized capital gains are included in income. Nonresident companies are taxed on their income from sources within the Central African Republic. Profits are declared before May 1 of the following year, and tax is paid in three installments on May 15, June 15, and July 15.	Agricultural and consumer cooperatives. Business-related expenses are deductible. Straight-line depreciation ranging from 5 percent to 33.3 percent is allowed.	Agricultural companies: 25.5% Additional surcharge: 15.0% Other companies: 40.0% Additional surcharge: 15.0%
1.12 Minimum on companies (<u>Impôt minimum</u> <u>forfaitaire des</u> <u>sociétés - IMF</u>)	Levied as prepayment of company tax. No refunds are made. Based on turnover of the previous year. Declared before February 15 and paid in equal installments on February 15, March 15, and April 15.		a) Agricultural companies = 0.5% b) Exporters of coffee and cotton = 2% c) Other companies: - Turnover < CFAF 200 mil- lion = 1.5% - Turnover > CFAF 200 mil- lion < CFAF 500 million = 1.35% - Turnover > CFAF 500 mil- lion = 1.2% Minimum payment: Agricultural companies: CFAF 0.3 million Other companies: CFAF 1.5 million
1.2 Taxes on individuals			
1.21 Tax on industrial and commercial profits (<u>Impôt sur les</u> <u> bénéfices industriels</u> <u>et commerciaux</u>)	Tax on individuals engaging in activities included in the industrial and commercial profit category.		Tax based on the general income tax calculation since 1984.

Table 39. Central African Republic: Summary of the Tax System, September 1996 (continued)

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
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Minimum tax on individuals
(Minimum fiscal - MF)

The minimum tax on individuals is established for the fiscal year of its payment (Law 95-05).

The minimum tax on individuals is established as follows, and payable in three installments: January 15, February 28, and March 31 of each year:

<u>Tax base:</u>	<u>Rate:</u>		
Total turnover or income earned in the year preceding payment	<u>Category</u>		
	A	B	C
	<u>(In thousands)</u>		
- not exceeding CFAF 3 million	90	165	315
- CFAF 3-6 million inclusive	240	390	690
	<u>(In percent)</u>		
- CFAF 6 million or above	2.5	5	10

Classification of categories:

A: Providers of services not included in categories B and C; agricultural companies. Traders in Classes 5 and 7.

B: Industrial and handicraft activities. Commercial activities, except those referred to in Category A.

C: Forwarding agents, agents, brokers, etc.

A: Traders in Classes 8 and 9 are exempt.

Table 39. Central African Republic: Summary of the Tax System, September 1996 (continued)

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
	<p><u>Tax credit</u></p> <ul style="list-style-type: none"> - The minimum tax on individuals for a particular year will be credited against the general income tax for the same year. - It can only be deducted from the amount of the IGR (general income tax) due in the category concerned. - If greater, it remains payable to the Treasury. <p>The minimum tax for vendors of beverages for on-premises consumption is based on the class to which the vendor belongs in relation to the <u>patente</u>.</p> <p>Law 95.001 has established a withholding tax on purchases for some individuals subject to the minimum tax. The tax is directly incorporated in the invoices of suppliers who are responsible for its monthly collection on behalf of the tax department.</p>	<p><u>Exemption</u></p> <p>No minimum tax on individuals is due when the amount of the purchase tax is equal to or greater than this minimum tax.</p>	
1.22 Income from securities: (cf. Law 88/008)	<p>Shares, company shares, and similar income are subject to the general income tax (IGR), subcategory: income from taxable assets.</p> <p>Other income distributed, obligations, income from loan claims, deposits, guarantees, etc., are subject to at-source withholdings, credited against the IGR.</p>		<ul style="list-style-type: none"> - Licensed vendors belonging to Class 7 of Table A: Minimum tax=CFAF 75,000. - Licensed vendors in Class 8 of Table A (off-premises consumption) Minimum tax=CFAF 75,000. - Licensed vendors in Class 4: Minimum tax=CFAF 300,000 or 5% of turnover when it exceeds CFAF 6 million. - Wholesale beverage vendors 3%. - Wholesale cigarette vendors 3%. - Wholesale vendors of edible oil and soap 3%. - Pharmacists 3%. - Gas filling station managers 1%. - Retail vendors supplied by wholesale vendors 3% (Law 95-05). - 30% for income distributed to residents: - 40% for income distributed to nonresidents. - credited against the general income tax but no refund is made.

Table 39. Central African Republic: Summary of the Tax System, September 1996 (continued)

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates																						
1.23 Tax on professional income: minimum tax on individuals (MF)	<p>Levied on individuals engaged in the liberal professions; holders of official office; profit-making operations and sources of profit not included in categories A and B--taxpayers included in category C (line 2).</p> <p><u>Tax credit</u></p> <p>- The minimum tax on individuals established for a particular year will be charged against the general income tax due for the said year.</p> <p>- It can only be deducted from the amount of the IGR due in the relevant category.</p> <p>- If greater, it remains payable to the Treasury.</p> <p>- The minimum tax on individuals is paid in three monthly installments without prior notice, on April 15, May 15, and June 15 of the year following the end of the fiscal year.</p>		<p>The minimum tax on individuals is established as follows:</p> <table><tr><th>Total turnover or income earned in the year preceding payment</th><th>Category C Line 2</th></tr><tr><td>Not exceeding CFAF 6,000,000</td><td>CFAF 600,000</td></tr><tr><td>Greater than CFAF 6,000,000</td><td>10%</td></tr></table>	Total turnover or income earned in the year preceding payment	Category C Line 2	Not exceeding CFAF 6,000,000	CFAF 600,000	Greater than CFAF 6,000,000	10%																
Total turnover or income earned in the year preceding payment	Category C Line 2																								
Not exceeding CFAF 6,000,000	CFAF 600,000																								
Greater than CFAF 6,000,000	10%																								
1.24 Wages and salaries	See minimum lump-sum tax (<u>impôt forfaitaire sur le revenu des personnes physiques</u> --IFPP)																								
1.25 General income tax (IGR)	<p>Levied on net annual income received or earned, regardless of source.</p> <p>There is a 32% deduction from the base for wages and salaries.</p> <p>Includes income as calculated for each category.</p>	<p>Family status is taken into account by applying the system of income splitting (<u>quotient familial</u>), as follows:</p> <p>1 share for the spouse; and 1 half-share for each dependent child, up to 5 shares per family.</p> <p>- The taxable amount for each share is determined by taking a percentage of net annual income established by the Budget Law (<u>Loi de Finances</u>). Income below CFAF 360,000 is not subject to the IGR.</p>	<table><tr><th>Income range</th><th>Rate (In percent)</th></tr><tr><td>0- 360,000</td><td>0</td></tr><tr><td>360,000- 600,000</td><td>10</td></tr><tr><td>600,000- 900,000</td><td>20</td></tr><tr><td>900,000-1,200,000</td><td>25</td></tr><tr><td>1,200,000-1,600,000</td><td>30</td></tr><tr><td>1,600,000-2,000,000</td><td>35</td></tr><tr><td>2,000,000-2,600,000</td><td>40</td></tr><tr><td>2,600,000-3,300,000</td><td>45</td></tr><tr><td>3,300,000-4,000,000</td><td>50</td></tr><tr><td>4,000,000 and over</td><td>55</td></tr></table>	Income range	Rate (In percent)	0- 360,000	0	360,000- 600,000	10	600,000- 900,000	20	900,000-1,200,000	25	1,200,000-1,600,000	30	1,600,000-2,000,000	35	2,000,000-2,600,000	40	2,600,000-3,300,000	45	3,300,000-4,000,000	50	4,000,000 and over	55
Income range	Rate (In percent)																								
0- 360,000	0																								
360,000- 600,000	10																								
600,000- 900,000	20																								
900,000-1,200,000	25																								
1,200,000-1,600,000	30																								
1,600,000-2,000,000	35																								
2,000,000-2,600,000	40																								
2,600,000-3,300,000	45																								
3,300,000-4,000,000	50																								
4,000,000 and over	55																								
1.26 Additional tax (TA)	Levied on individuals subject to personal taxation.	No deduction.	CFAF 1,500 annually.																						

Table 39. Central African Republic: Summary of the Tax System, September 1996 (continued)

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.27 Minimum lump-sum tax (<u>impôt forfaitaire sur le revenu des personnes physiques</u> - IFPP)	Minimum income tax levied on individuals in particular occupations and income groups and retired personnel with monthly revenue exceeding CFAF 20,000.	Income not exceeding CFAF 20,000 per month.	The tax is levied monthly on income and wages, less social security and pension fund contributions, withheld at a rate of 5 percent for monthly income between CFAF 20,000 and CFAF 36,000, and at a rate of 3 percent for the portion above CFAF 36,000. For professions requiring a <u>patente</u> , an advance payment of 50% of the amount of the <u>patente</u> is required, with a minimum payment of CFAF 6,500.
1.28 Special tax on diamonds, gold and precious stone purchases	Income taxes from any sales on diamonds, gold, and precious stones withheld by purchasing offices.		Reduced to 3% from 6% by Law 95-05
2. Employers' payroll tax (<u>contribution de développement social</u> - CDS)	Levied on total amount of wages, salaries, benefits in kind, and other cash payments by employers to their employees.		Normal rate: 10%. Reduced rate = 3% on wages paid to employees in educational training programs.
3. <u>Taxes on property</u>			
3.1 Taxes on real estate			
3.11 Tax on improved land (<u>contribution foncière des propriétés bâties</u>)	- Levied on improved land. Company premises. Buildings owned by individuals.	A deduction of 40% of the assessed rental value is allowed. <u>Permanent exemptions:</u> - Public buildings and the majority of dwellings in rural areas.	Rate: 40% + 15% additional local government surcharge on companies. Rate: 27.5% + 15% additional local government surcharge on 75% of the annual rental value for individual. The rate for calculating the rental value, which is applied to the current value or the cost price of fixed assets, is 8% for owner-occupied dwellings and 12% for all other buildings.

Table 39. Central African Republic: Summary of the Tax System, September 1996 (continued)

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
		<u>Temporary exemptions:</u>	
		- 10 years for new dwellings; 6 years for other new buildings.	
		- Code of Tax Benefits under Regular Law.	
		* New construction, additions: 8 years.	
		* New construction for dwelling purposes, additions: 15 years.	
3.12 Tax on unimproved land (<u>contribution foncière des propriétés non bâties</u>)	Levied on unimproved land.	<u>Permanent exemptions:</u>	Rate: 27.5% + 25% additional local government surcharge: 12% of the current land value for urban areas.
		- Land used for charitable purposes.	
		- Land belonging to central government or commune property.	Outside urban areas, based on lump-sum (<u>forfaitaire</u>) income per hectare.
		- Quarries, mines.	
		<u>Temporary exemptions:</u>	
		3 years to 10 years for land newly put into use for farming or livestock-raising.	
3.13 Tax on unexploited land (<u>taxe sur les terrains</u>)	Levied on building lots in urban areas or unexploited rural land.	Same exemptions as for the tax on unimproved land (see 3.12 above).	<u>Urban lots:</u> In Bangui: CFAF 2,000 per 100 square meters. Other regimes: CFAF 1,000 per 100 square meters. <u>Rural land:</u> In Bangui: CFAF 1,000 per 100 square meters. Other regimes: CFAF 100 per hectare.

Table 39. Central African Republic: Summary of the Tax System, September 1996 (continued)

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
4. <u>Taxes on goods and services</u>	<p>Since January 1, 1994, Act. No. 1/92-UDEAC-566-CD-SE1 has established a turnover tax (TCA) and an excise tax has been enforced; the following domestic taxes have been rescinded:</p> <ul style="list-style-type: none"> - domestic single tax (TUL). - domestic production tax (TIP). - domestic consumption tax (TIC). - consumption domestic tax (TCI). - transaction tax (TT). - turnover tax on imports (TCAI). - domestic turnover tax (ICAI). - tax on sales (TV). 		
<p>4.1 Tax on turnover (TCA)</p> <ul style="list-style-type: none"> - Law 94/003 of March 22, 1994 - Law 94/006 of October 8, 1994 - Law 95/001 of February 22, 1995, Law 95-05 of August 3, 1995, and Law 95-014 of December 31, 1995 	<ul style="list-style-type: none"> - Tax levied on locally produced goods and services, and on imported goods by companies and individuals. - Activities producing goods and services with turnover above CFAF 30 million and those producing services with turnover above CFAF 7 million are taxed on actual profits. - Turnover tax is extended to all sales of firms taxed on actual profits and can be deducted from TCA already paid from previous sales of the same products. Export products can also be deducted from TCA paid upstream. 	<ul style="list-style-type: none"> - Activities liable to specific taxation. - Rent of unexploited land. - Export-oriented activities. - Some activities related to international transportation. - Imports and sales of newspapers. - First tranche of household water usage. - Sales by the government of postal and revenue stamps. - Banking revenue of the central bank. - Activities of nonprofitable organizations. - Scholarships. - Imported goods referred to in Article 241 of the UDEAC customs tariff. 	<ul style="list-style-type: none"> - Normal rate: 18%. - Reduced rate: rescinded (Law 96-017 of April 30 1996)
<p>4.2 Excise tax</p> <p>Law 96/017 dated April 30, 1996 and Law 96/-024 dated September 22, 1996</p>	<ul style="list-style-type: none"> - Specific tax applicable to products listed in chapter 24 of the customs tariff. - Tax also applicable to local production subject to the former single tax. 	Cement exempted	<p>Rate: 30 percent plus 2% tax levied for the functioning of the UDEAC (<u>taxe communautaire d'intégration</u>).</p>

Table 39. Central African Republic: Summary of the Tax System, September 1996 (continued)

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
4.3 Selected taxes on services			
4.31 Tax on gambling, amusements, and attractions	Specific tax levied on company or individual sales from gambling, amusements, and attractions.		35%, plus 10% for the local collectivities (<u>centimes additionnels</u>).
Law 95.001 dated February 22, 1995	Gambling machines are subject to a license fee.		CFAF 10,000 per year.
4.32 Withholding tax on gains from gambling	Income taxes from gambling are withheld by gambling companies or individuals who are responsible for its weekly collection to the tax department.		Rate per range of gains:
			Up to CFAF 25,000 0%
			CFAF 25,000-CFAF 50,000 10%
			CFAF 50,000-CFAF 100,000 15%
			CFAF 100,000-CFAF 500,000 25%
			CFAF 500,000-CFAF 1,000,000 40%
			above CFAF 1,000,000 50%
4.33 Tax on bank credit (<u>Taxe sur la distribution du crédit</u>) Decree No. 74/010 of January 24, 1974; abrogated by Law 96/024 of September 22, 1996	Levied on loans granted by banking institutions.		1%.
4.34 Tax on transfers (<u>Taxe sur les transferts</u>)	Commission on transfers of funds outside the monetary zone of issue (BEAC).		Transfers to franc zone countries: 0.25%.
			Transfers outside franc zone countries: 0.5%.
4.4 Taxes on use of goods or property or on permission to engage in activities			
4.41 Business and professional licenses			

Table 39. Central African Republic: Summary of the Tax System, September 1996 (continued)

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
4.411 Business licenses	<p>Levied on companies or individuals engaged in industrial, commercial, and professional activities.</p> <p>In 1994, painting and game activities had been listed in Table A and video recording and gambling activities in Table B.</p> <p>Law 95.001 and Law 95.014 have also modified and updated Tables A and B contents.</p> <p>On January 1, 1994, the taxes have been increased for diamond merchants.</p>	<p><u>Exemptions:</u></p> <ul style="list-style-type: none"> - Artists, fishermen, and nurses. - The government, and local governments. - Wage-earners. - Casual renters. - Cooperatives and consumer cooperatives. - Agricultural associations and cooperatives. <p>None.</p>	<p>- The professions are divided between Tables A and B.</p> <p>- Table A covers nine classes of professions, and the relevant taxes are further subdivided into four areas. The taxes range from CFAF 5,000 to CFAF 100,000.</p> <p>- Table B includes a fixed tax ranging from CFAF 2,000 to CFAF 2,500,000 and variable taxes depending on the number of workers employed or the number of machines used.</p> <p>For those subject to the <u>patente</u> in Table A: 3/4 of the taxes are fixed.</p> <p>1/4 of the taxes vary according to the rental value of professional locations.</p> <p>On January 1, 1994, the taxes were adjusted between 5% and 20% for Table A and by 15% for Table B.</p> <p>On January 1, 1995, the taxes ranged from CFAF 35,000 to CFAF 1,500,000 for professions in Table A and from CFAF 60,000 to CFAF 250,000 for those in Table B.</p> <p>Purchasing office: CFAF 15 million. Purchasing center: CFAF 2.5 million. Authorized purchaser: CFAF 0.5 million. Artisan: CFAF 0.01 million.</p> <p>Taxes range from CFAF 10,000 to CFAF 130,000 depending on the business and the region.</p> <p>On April 1, 1994, license tax on wholesale of alcoholic beverages has been adjusted by 20% and retail sale by 15%.</p> <p>Light motorcycles: CFAF 5,000.</p> <p>Motor vehicles: CFAF 15,000 to CFAF 75,000.</p>
4.412 Alcoholic beverage license tax	Levied on individual or companies selling alcoholic beverages; in addition to business license in 4.411 above.	None.	
4.42 Tax on vehicles (<u>taxe de circulation des véhicules à moteur et des bicyclettes</u>)	Annual tax on bicycles; and cars: in the case of cars, the tax is based on the horsepower.	Vehicles owned by central government and local governments are exempt.	

Table 39. Central African Republic: Summary of the Tax System, September 1996 (continued)

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
5. Taxes on international trade:			
<u>Customs tariff</u>			
5.1 Common external tariff (TEC)	Act No. 7/UDEAC-93-566-CD-SE1 revising the common external tariff (TEC) and implementing the preferential tariff (TPG) was ratified by Law No. 94/003 of March 22, 1994.		
5.11 Customs duties (<u>Droit de douane</u>)	Charged on c.i.f. values of imported goods, including imports related to public contracts whatever their financing sources are.	Imports explicitly specified by: - The Customs Code, - UDEAC texts, - International conventions. Beginning January 1, 1995 imports of enterprises benefiting from the investment code and from the small- and medium-enterprises (SME) preferential regime are transitory subject to a fixed rate of 15%, which was rescinded by Law 95-014 of December 31, 1995.	The rates are divided into four categories: I. Primary goods - 5%. II. Raw material and equipment - 10%. III. Intermediate goods - 20%. IV. Current consumption goods - 30%.
	On January 1, 1995 equipment and spare part imports of forestry enterprises became subject to a fixed rate.		15%.
5.12 Temporary surtax (ST)	The ST is intended to protect some local products which are listed in the annex of the TEC. Its duration is for 3 years to 6 years from October 1, 1994.	Some tobacco products are exempt.	Rate: 30% on products listed in tariff positions 34.01.11.00 to 34.01.20.20 (soap). For cigarettes (tariff position 24.02.20.00), there is a minimum lump sum tax of CFAF 120 per pack.
5.13 Preferential tariff (TPG)	Levied on imports from other UDEAC member countries, in effect since October 1994. Goods subject to TPG comprise: a) goods entirely produced within member countries; and b) goods processed in member countries from products specified in a) or raw material imported from third countries.		20% of rate applicable under the TEC; reduced to 10% starting January 1, 1996.
5.14 <u>Taxe communautaire d'integration</u> (TCI)	The TCI is intended to fund the UDEAC and is levied on imported goods in categories III and IV.		- Rate: 1%. - Rate for goods subject to excise tax: 2%.

Table 39. Central African Republic: Summary of the Tax System, September 1996 (continued)

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates																				
5.15 Duties, taxes and levies on petroleum products	Specific levies on high octane gasoline, kerosene and diesel fuel consist of customs duties (DE), petroleum product tax (TP), levy on road usage (RUR), and other reimbursements (RD).		Structure of specific levies as of February 1, 1995: <table> <tr> <th></th><th>Premium gasoline</th><th>Kerosene</th><th>Diesel fuel</th></tr> <tr> <td>DE</td><td>5.00</td><td>1.00</td><td>--</td></tr> <tr> <td>TP</td><td>110.37</td><td>26.00</td><td>80.53</td></tr> <tr> <td>RUR</td><td>55.00</td><td>--</td><td>55.00</td></tr> <tr> <td>RD</td><td>6.00</td><td>6.00</td><td>6.00</td></tr> </table>		Premium gasoline	Kerosene	Diesel fuel	DE	5.00	1.00	--	TP	110.37	26.00	80.53	RUR	55.00	--	55.00	RD	6.00	6.00	6.00
	Premium gasoline	Kerosene	Diesel fuel																				
DE	5.00	1.00	--																				
TP	110.37	26.00	80.53																				
RUR	55.00	--	55.00																				
RD	6.00	6.00	6.00																				
5.16 Exemption processing fee (Law 95-014)	Levied on tax exempt imports under regulatory and international conventions, as well as imports related to public contracts concluded before December 31, 1995.	Grants to government, imports subject to the Diplomatic Vienna Convention, the convention on UN privileges, and those to which Article 241 of the UDEAC customs code applies.	10%.																				
5.17 Earmarked tax for the Central African Republic's council of customs brokers and for the computerization of the Ministry of Finance	Levied on imported and exported goods.		0.5% of which 0.25% is earmarked to the computerization of the Ministry of Finance and 0.25% to the council of custom brokers.																				
5.18 Statistical tax	Levied on imports monitored by SGS (Société Générale de Surveillance).	Import value > CFAF 1.5 million.	1.1%.																				
5.2 Export duties																							
5.21 Export duty (<u>Droit d'exportation</u>)	Assessed on f.o.b. value of exported goods; this is often replaced by a standard value (<u>valeur mercuriale</u>) determined by the government.	Exports realized directly by Red Cross or similar charitable organizations are exempt. The tax is suspended on tobacco, which is exported under supervision of the Central African Tobacco Company.	Cotton: 4% Diamond: -- -Normal rate: 4% -Reduced rate: 3% Gold: 2% Coffee: CFAF 100 per kg Log: 20% of standard value Processed log: 10% of standard value.																				
5.22 Export turnover tax (<u>taxe sur le chiffre d'affaires à l'exportation</u>)	Levied on the f.o.b. value of exported goods plus export duties and special levies. Law 95.001 has extended the tax to exports of diamond, cotton, and wood. Law 95.014 rescinded export turnover tax on diamond and gold, replaced by a minimum tax on profits (IMF: 1.75% for diamond and 1% for gold), and an increase in export duties (See above).	Goods exported by Red Cross and similar charitable organizations are exempt.	2%.																				

Table 39. Central African Republic: Summary of the Tax System, September 1996 (continued)

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
5.23 Quality control tax (<u>taxe du contrôle du conditionnement</u>)	Levied on certain goods (e.g., coffee, pepper, cocoa, tobacco, rubber, cotton). Receipts of this levy are earmarked for the Control Service (Service du Conditionnement). Assessed on the standard values of the goods involved.		Cotton: 0.3%. Other: 0.5%.
5.24 Special levies on various exports (<u>taxes de recherche et production et prélèvements</u>)	Levied on various export commodities (e.g., logs, lumber, rough and cut diamonds, animals, coffee, cotton, soap, peanuts, hides, palm oil, tobacco). Assessed at their standard values, some of which are earmarked for the specialized funds.	Exports to UDEAC countries are exempt in the case of certain levies.	Coffee: CFAF 5 per kilogram. Cotton, peanuts, palm oil: 0.3-0.5%. Lumber and logs: 1%. Rough diamonds: - if sold to OND: 5%. - if sold to others: 17.50%.
6. <u>Other taxes</u>			
6.1 Stamp taxes (<u>Code des impôts de l'enregistrement, sur le revenu des valeurs mobilières et du timbre</u> , 1958, as amended in 1970 (CET))			
6.11 Registration fees	Assessed on the declared value of a legal act and applied to various legal documents.		- Rates range from 4% to 6%. - Fixed rate is CFAF 20,000.
6.12 Stamp duty	Obligatory use of stamped paper for any legal documents in certain acts.	Receipts are exempt.	Rates between CFAF 2,000 and CFAF 200,000 are applied according to paper type used. Article 43 in Law 95.001 dated February 22, 1995 set additional rates for stamp duty.

Local Government

The information available on the tax systems of the local governments is incomplete. Local Government should receive a percentage of taxes and fees levied by the Central Government on permission to engage in activities and use of certain goods and services (Law 95-014 dated December 31, 1995):

- <u>Patentes</u>	(45%)
- Licenses	(45%)
- Gun holder and hunting permits	(60%)
- Fines collected by the Police and the judiciary system	(50%)
- Fees levied on forestry cutting activity	(25%)
- Fees levied on gambling activity	(50%)

In fact, local government is allocated an overall grant.

Investment Code (Code des Investissements, revised by Law No. 96/019 of May 13, 1996 and Law 96/024 of September 22, 1996)

The Investment Code, in conformity with the UDEAC reform, has eliminated provisions on customs and indirect tax exemptions. The code provides three categories of fiscal regimes:

1. Regime A for investment less than CFA francs 100 million

Eligible enterprises are exempt from taxes on income and profits, as well as the employers' payroll tax (contribution de développement social - CDS) and business licenses (patente) for three years from the effective start of operations. Subsequently, those tax rates reach 50 percent of the normal rates in the fourth year, 75 percent in the fifth year, and 100 percent in the sixth year. Business license exemption was rescinded by Law 96/024.

2. Regime B for investment above CFA francs 100 million

Eligible enterprises are exempt from taxes on income and profits, as well as the employers' payroll tax (contribution de développement social - CDS) and business licenses (patente) for five years from the effective start of operations. Subsequently, those tax rates reach 50 percent of the normal rates in the sixth year, 75 percent in the seventh year, and 100 percent in the eighth year. Business license exemption was rescinded by Law 96/024.

3. Regime C benefitting export-oriented enterprises

Non traditional export enterprises are exempt from all taxes and duties under this special regime; however, a maximum of 20 percent of their products can be sold in the domestic market and are subject to common taxes levied on similar imported products.

Eligible enterprises investing outside Bangui can benefit from one to three additional years of tax exemptions, subject to the distance of their location from the capital city.

Enterprises of vital importance for national economic development, with exceptionally large investments (at least CFAF 5 billion) can benefit from tax credit once the eight-year exemption under the Regime B comes to an end. Tax credit cannot be credited against customs duties and turnover tax.

The Code provides a simplification of investment approval process, including the introduction of one stop window for all new investors at the Chamber of Commerce.

2. Fiscal Incentive Code (Code des Avantages Fiscaux de Droits Commun, CGI, Chapitre Unique)

This code provides for investment credit against liabilities under the following taxes in respect of self-financed investment by already existing companies for already operating enterprises:

1. Tax on companies.
2. General income tax.
3. Property taxes.

A reduction up to 25% of the liability corresponding to self-financed investment is granted; minimum amounts of investment required are CFAF 5 million for the industrial sector and CFAF 1 million for agriculture.

Source: Data provided by the C.A.R. authorities.