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Liberia: Selected Issues and Statistical Appendix

This Selected Issues and Statistical Appendix report on Liberia was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with this member country. As such, the views expressed in this document are those of the staff team and do not necessarily reflect the views of the Government of Liberia or the Executive Board of the IMF.

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LIBERIA

Selected Issues and Statistical Appendix

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Approved by the African Department

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I. OVERVIEW OF ECONOMIC DEVELOPMENTS DURING 1997-99

A. Introduction

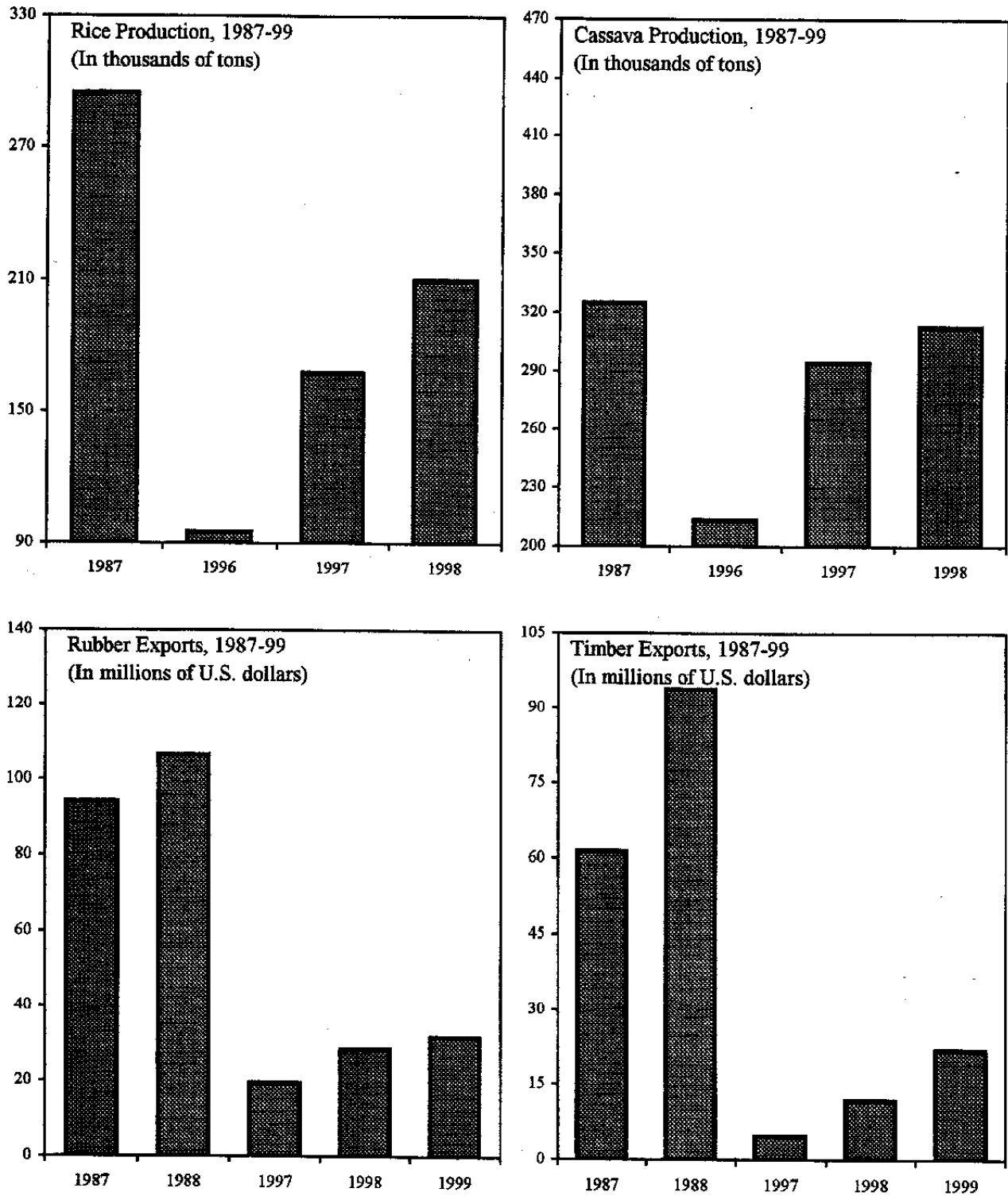
1. Liberia is a small West African country of 111,370 square kilometers, with a population, estimated prior to the war, of about 2.5 million. The country is bordered by Côte d'Ivoire on the east and northeast, Guinea on the northwest, and Sierra Leone on the west, and it has access to the Atlantic Ocean on the south. Liberia experienced strong economic growth in the 1960s and 1970s, as a result of rapid expansion in foreign investment and an export boom. However, the situation deteriorated significantly in the 1980s largely as a consequence of the decline in Liberia's external terms of trade and the mounting economic mismanagement. Coupled with growing external arrears, there was a breakdown of relations with international creditors and donors. Civil war broke out in December 1989 with far-reaching consequences: economic activity came to a virtual standstill; central authority collapsed, and the delivery of services, especially in the social sectors, came to a halt; and the population was massively displaced, with a large number fleeing to neighboring countries (Box I.1). The Economic Community of West African States (ECOWAS) became instrumental in the search for peace, fearing the effect of the civil war in the subregion. A peace agreement was signed in August 1996, paving the way for disarmament of combatants and democratic elections in July 1997, which brought President Charles Taylor to power in August 1997.

B. Production

2. After nearly a decade of economic decline in which real GDP is estimated to have fallen to about 10 percent of its prewar level, real GDP began to turn around in 1996 (Table I.1). Based on provisional data, real GDP rebounded strongly in 1997, when it increased by about 100 percent; it is estimated to have grown by 25-30 percent in 1998 and by some 20-25 percent in 1999.¹ The recovery has been led by increased agricultural production, facilitated by the return of displaced persons and the provision of seeds and tools by the government, international agencies, and nongovernment organizations. The Food and Agriculture Organization (FAO) estimates that rice and cassava production reached 70 percent and 90 percent of their prewar levels in 1998, respectively (Figure I.1). In addition, a sizable increase in cash crops, charcoal, and timber production supported the recovery. Nonetheless, real GDP at end-1999 remained at only about 36 percent of its prewar level and continues to be constrained by the absence of significant improvements in infrastructure.

¹ Chapter III provides information on the methodology and data used to estimate output during the civil war period.

Figure I.1. Liberia: Production Indicators, 1987-99



Sources: Liberian authorities; and Fund staff estimates.

Box 1. Liberia: Evolution of the Civil War

- 1989 Dec. Armed insurrection by rebel forces into Nimba County by NPFL, led by Charles Taylor.
- 1990 Jul. Countrywide rebel offensive begins.
Aug. ECOWAS dispatches peacekeeping troops and ECOMOG is established.
Sep. Two-week cease-fire arrangement. President Doe dies.
Nov. Cease-fire signed. Economic activity resumes until mid-1991.
- 1991 Jan. NPRA government is established in Gbarnga.
Mar. ULIMO is formed.
Oct. Peace agreement in Cote d'Ivoire (Yamousoukro IV Accord).
- 1992 May ECOMOG withdraws troops from Monrovia.
Oct. NPFL forces mount attack on Monrovia and ECOMOG.
Nov. UN Security Council passes Resolution 788 (arms embargo) and selects a special representative.
- 1993 Jun. ULIMO attacks in Western Liberia.
July Peace conference in Geneva.
Sep. UN observer mission.
Akosombo (Ghana) accord signed by NPFL, ULIMO-K and AFL.
Further fighting as LPC is formed.
- 1994 May Nineteen-member transitional government installed.
Sep. Peace accord is signed.
Dec. Accra Acceptance and Accession Agreement and Accra Clarification.
- 1995 Feb. Renewed hostilities between NPFL and LPC.
Aug. New peace accord signed.
Sep. Fighting erupts.
- 1996 Apr. Worst fighting in Monrovia since 1990.
Aug. Abuja II peace agreement.
- 1997 Jul. Democratic elections. Charles Taylor's NPP wins.
Aug. President Taylor takes office.

Notes: NPFL - National Patriotic Front of Liberia; ULIMO - United Liberation Movement of Liberia for Democracy; LPC - Liberia Peace Council; AFL - Armed Forces of Liberia—the National Army; NPRA - National Patriotic Reconstruction Assembly; ECOWAS - Economic Community of West African States; ECOMOG - ECOWAS Monitoring Group; NPP - National Patriotic Party.

Sources: Liberian authorities; and press reports.

Table I.1. Liberia: Selected Economic Indicators, 1997-99
(Annual percentage change, unless otherwise indicated)

	1987	1988	1997	1998	1999 Est.
National income and prices 1/					
Real GDP (in U.S. dollar terms)	-1.8	-2.0	106.3	28.5	-23.0
GDP deflator	2.1	...	-10.1	-4.0	-0.1
Consumer prices (annual average) 2/	5.0	9.6	...	...	1.4
Consumer prices (end of period)	...	...	...	...	4.0
Nominal GDP (in millions of U.S. dollars)	972.8	1,038.0	295.9	364.9	448.3
Real GDP per capita (in U.S. dollars)	408.7	450.0	...	169.3	169.0
Terms of trade	-19.2	-6.5	...	13.7	-7.1
Nominal exchange rate (Liberian dollar per U.S. dollar, end of period) 3/	...	...	...	43.1	41.2
Population (in millions)4/	2.4	2.5	...	2.0	2.4

Sources: Liberian authorities; and Fund staff estimates.

1/ National income, monetary, and external sector data represent provisional estimates.

2/ For 1998, period average of May through December.

3/ For 1999, reflects end-October.

4/ Assumes the return of refugees during 1998-2000.

Agriculture

3. Prior to the war, the agricultural sector in Liberia provided employment for more than 75 percent of the labor force, and accounted for over 30 percent of total GDP and 25 percent of export receipts (Tables I.2 and I.3). With the destruction of mining infrastructure during the war, agriculture has been the main source of postwar recovery, and in 1997 accounted for 62 percent of GDP and 80 percent of exports. Agricultural production is organized largely on the basis of two major regimes. Under the first regime, two foreign-owned rubber plantations and numerous small-scale Liberian rubber farmers carry out farming. The second regime covers rice, cocoa, coffee, cassava, and other food crop production operated by small-scale traditional farmers.

4. The rubber plantations produce over 70 percent of Liberia's rubber output and account for about 50 percent of the area under cultivation. The concessions purchase the output of the smallholders at prices related to the world market price. The initial strong recovery of rubber operations has been an important source for employment and export earnings since the war ended, with the share of rubber in total exports increasing from

Table I.2. Liberia: Sectoral Origin of GDP at 1992 Constant Prices, 1987-99

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
	(Annual percentage change)												
GDP at 1992 constant prices	...	-2.0	-26.7	-51.0	-14.2	-35.1	-33.0	-21.8	-4.3	12.1	106.3	28.5	23.0
Agriculture	...	-15.6	-24.4	-25.6	-16.9	-42.1	-31.4	-30.9	70.4	39.4	69.5	22.3	20.0
Forestry	...	6.7	-22.0	-17.4	3.3	-24.4	-52.7	20.8	22.8	3.7	69.8	70.2	20.0
Mining	...	4.2	-27.7	-95.0	-11.8	-46.9	-35.0	-26.7	-34.8	-50.9	2,186.2	0.2	12.2
Manufacturing	...	4.2	-28.1	-28.1	-11.8	-46.9	-35.0	-26.7	-67.4	-60.7	994.5	5.1	21.7
Tertiary sector	...	4.2	-28.1	-64.1	-16.6	-25.1	-26.9	-21.9	-59.3	-60.7	390.9	29.9	39.2
	(In percent; 1987=100)												
Real output as a percentage of prewar level													
GDP at 1992 constant prices	100.0	98.0	71.8	35.2	30.2	19.6	13.1	10.3	9.8	11.0	22.7	29.2	35.9
Agriculture	100.0	84.4	63.8	47.5	39.5	22.9	15.7	10.8	18.5	25.7	43.6	53.2	63.8
Forestry	100.0	106.7	83.3	68.8	71.0	53.7	25.4	30.7	37.7	39.1	66.3	112.8	135.3
Mining	100.0	104.2	75.3	3.7	3.3	1.8	1.1	0.8	0.5	0.3	6.1	6.1	6.8
Manufacturing	100.0	104.2	75.0	53.9	47.5	25.2	16.4	12.0	3.9	0.5	16.8	17.6	21.5
Tertiary sector	100.0	104.2	75.0	26.9	22.5	16.8	12.3	9.6	3.9	4.8	7.5	9.8	13.6
	(In U.S. dollars)												
Memorandum item:													
Real GDP per capita	492.5	471.6	338.0	161.8	135.7	86.1	56.4	43.1	40.4	44.2	150.0	169.3	169.0

Sources: Liberian authorities; and Fund staff estimates.

Table I.3. Liberia: Sectoral Origin of GDP at Current Prices, 1987-99

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
	(In millions of U.S. dollars)												
GDP at current prices	972.8	1,038.0	786.3	384.4	348.0	223.5	160.4	132.2	134.8	159.4	295.9	364.9	448.3
Agriculture	322.9	344.5	264.5	177.4	156.8	84.2	52.3	41.4	82.4	121.5	182.3	229.4	277.0
Forestry	48.0	51.2	40.0	31.6	36.7	30.4	28.4	27.9	27.9	28.3	45.4	53.4	60.7
Mining	105.0	112.0	84.4	4.4	4.0	2.2	1.5	1.1	0.7	0.4	8.5	8.6	9.8
Manufacturing	73.1	78.0	58.5	43.9	40.2	21.9	14.6	11.0	3.7	1.5	16.3	17.3	21.4
Tertiary sector	445.6	475.5	356.5	133.7	115.9	89.1	66.8	53.5	22.3	8.9	44.6	58.5	82.6
	(Percent shares)												
GDP at current prices	33.2	33.2	33.6	46.1	45.1	37.7	32.6	31.3	61.1	76.2	61.6	62.9	61.8
Agriculture	33.2	33.2	33.6	46.1	45.1	37.7	32.6	31.3	61.1	76.2	61.6	62.9	61.8
Forestry	4.9	4.9	5.1	8.2	10.6	13.6	17.7	21.1	20.7	17.7	15.3	14.6	13.5
Mining	10.8	10.8	10.7	1.1	1.2	1.0	0.9	0.8	0.5	0.2	2.9	2.4	2.2
Manufacturing	7.5	7.5	7.4	11.4	11.6	9.8	9.1	8.3	2.7	0.9	5.5	4.7	4.8
Tertiary sector	45.8	45.8	45.3	34.8	33.3	39.9	41.7	40.5	16.5	5.6	15.1	16.0	18.4

Sources: Liberian authorities; and Fund staff estimates.

24 percent in 1987 to 77 percent in 1997. Traditional farmers produce coffee and cocoa as cash crops, and, until November 1998, the Liberian Produce Marketing Company (LPMC) was in charge of the purchase and export of these crops. The LPMC has now franchised its operations and registers buyers and exporters in exchange for royalties, although it continues to handle bulk drying of the produce. Coffee and cocoa production have also begun to recover, but still remain less than one-fifth their prewar levels.

5. Rice production remains the mainstay of the rural subsistence economy.² Most farmers displaced during the war have returned, and, with tools and seeds supplied by the government and international donors, production in 1999 is estimated to have increased to about 90 percent of the prewar level of 299,000 tons, compared with the 95,000 tons produced in 1996. The production of cassava, which is intercropped with rice, fell from 325,000 tons before the war to 213,000 tons in 1996 and is estimated to have risen to 313,000 tons in 1998.

Forestry

6. The Forestry Development Authority (FDA), which also administers a program of reforestation and afforestation, controls the harvesting of timber. There are currently 28 registered logging companies. The sector's contribution to GDP was less than 10 percent before the civil war but rose to almost 20 percent in 1999 for two reasons. First, the share of charcoal production increased sharply because of the destruction of power generation facilities. Second, the government identified the logging sector as an important contributor to the economic recovery and the surge in export earnings, and has granted new concessions while suspending import duties on equipment for the industry. Logging represented 57 percent of exports in 1999, aided by the granting of a concession to a large Malaysian logging company that is also involved in the rehabilitation of the port of Buchanan, the major logging port destroyed during the war. While the rebound in timber exports has aided the recovery, exports of logs remain only 23 percent of prewar levels.

Mining

7. Prior to the war, the mining sector comprised iron ore, gold, diamond, and stone-quarrying activities. Iron ore accounted for 80-90 percent of the sector's output, about 9 percent of GDP, and about 50 percent of total export earnings. Iron ore mining was dominated by LAMCO, a Liberian-American-Swedish joint-venture company. The increased cost of energy and the depletion of its high-grade ore reserves influenced LAMCO's production in the 1980s. Its operations were closed down in July 1989, and the government took control of the company's railroad and port facilities, with the intention of maintaining these facilities and continuing mining operations at some reduced level. However, the mines

² No official data on crop production have been collected since 1988. Provisional estimates have been prepared by the Ministry of Agriculture and the FAO.

were virtually destroyed during the war and now require significant capital investment to reactivate operations. Future activity in the iron sector will depend on the development of high-grade mining operations along the border with Guinea; these operations would necessitate the use of LAMCO's washing plant, as well as rail and port facilities, and they would permit Liberia to develop its share of the ore.

8. Gold-and diamond-mining activities are not well recorded. While official statistics indicate marginal export of diamonds, data from partner countries suggest larger amounts. Currently, the operations are relatively small scale and may — partly as a result of the war — reflect cross-border activity. Recently, the government has awarded two exploration licenses, and, based on the exploration results, commercial mining operations could begin over the medium term.

Other sectors

9. Other sectors comprise mainly manufacturing, construction, and the tertiary sector—commerce, transport, services, and public administration. The share of manufacturing dropped from about 8 percent of GDP before the war to about 5 percent in 1998, as activity was severely hampered by the near-total absence of infrastructure. Currently, only 6 of the 20 major manufacturers registered in 1989 are operating, dominated by a brewery, soft drink factory, and cement production. Government services have also dwindled to about one-tenth of the prewar level, while the major hotels remain closed. The informal sector currently dominates trade.

C. Prices, Wages, and Employment

Prices

10. A new consumer price index (CPI) has been compiled since May 1998, using that month as the base. However, the new index utilizes commodity weights based on an expenditure survey conducted prior to 1964 and may not accurately reflect consumers' current expenditure. In addition, the survey covers only Monrovia. A household expenditure survey was conducted in 1980, but the information was lost during the war. The authorities are making efforts to retrieve this information to update the CPI market basket of goods and their weights.

11. Consumer price inflation has remained stable since May 1998, averaging about 4 percent on an annual basis, although there have been fluctuations related mainly to the food supply situation. The overall index at end-October 1999 was 3 percent higher than in the same month in 1998, reflecting price hikes in services and fuel, which were partially offset by a decline in food prices.

Wages and employment

12. Wages in Liberia's formal labor market are set in three distinct sectors—the government, the plantations, and the private sector. The government raised the minimum wage for civil servants from L\$175(US\$4) a month to L\$850 (US\$20) a month in August 1999, in line with its policy to raise the minimum wage to a level sufficient to purchase a bag of rice. Nonetheless, wages in the plantations remain significantly higher, with one major producer paying its labor US\$120 a month, in addition to providing rice, education, and medical facilities.

13. The government sector, with some 43,000 personnel on the payroll, including the security services, currently dominates the formal sector. In 1999, the plantations employed 6,800 people and engaged a further 3,700 as subcontractors.

D. Fiscal Developments

Structure of the public sector

14. The public sector in Liberia comprises the central government, local governments, nonfinancial public enterprises, six territories, and six statutory districts. Local governments have no independent sources of revenue and are funded out of the central government's budget through appropriations from the Ministry of Local Government. There are 27 nonfinancial public enterprises, of which 6 are inactive and an additional 5 have ceased operations since the war. The institutional structure of central government operations remains as described in SM/89/257 (12/6/89), although efforts have been made since 1998 to centralize government revenue and expenditure functions.

Overall trends

15. Liberia's fiscal situation was strong during 1997 and 1998 but deteriorated significantly in the first 11 months of 1999. As a result of decisive actions taken by the government in December 1999 to reverse expenditure overruns, the overall budget balance improved significantly, and a deficit of ½ of 1 percent of GDP was recorded for the year as a whole in 1999 (Table I.4).

Revenue trends

16. The economic and financial team that took over following the July 1997 elections prepared a transitional budget covering September–December 1997. This included a cash-based balanced budget and revenue mobilization measures, including (1) payment of customs duties in U.S. dollars, (2) replacement of the corporate income tax and other levies on businesses with a 4 percent turnover tax to simplify collection, and (3) the replacement of the 25 percent foreign exchange surrender requirement by a 5 percent export duty. The 1998 budget increased the petroleum import duty by a factor of three and doubled excise duties on soft drinks and beer; all bank accounts containing fees and revenues collected by ministries

Table I.4. Liberia: Central Government Operations, 1987-99 1/

	1987	1988	1997	1998	1999 Est.
(In millions of U.S. dollars)					
Total revenue and grants	210.1	242.1	28.3	53.8	65.5
Tax revenue	165.4	193.4	11.7	33.2	41.8
Nontax revenue	13.4	16.3	0.0	3.3	8.5
Maritime	18.4	18.6	16.7	17.3	15.2
Grants	12.9	13.8	0.0	0.0	0.0
Total expenditure and net lending	371.3	435.4	29.2	55.1	67.5
Current expenditure	286.6	336.0	21.9	40.8	57.5
Wages and salaries	110.0	112.9	4.7	6.0	14.6
Other goods and services	44.3	70.2	12.2	29.3	33.3
<i>Of which: extrabudgetary 2/</i>	...	...	...	...	7.8
Interest on external debt	97.3	108.4	0.9	1.4	0.6
Interest on domestic debt	28.4	27.7	0.9	0.6	2.9
Subsidies and transfers	6.6	16.8	3.2	3.4	6.0
Capital expenditure	43.5	29.5	0.9	6.1	5.6
<i>Of which: West Oil payments 3/</i>	...	...	...	1.5	4.9
Unallocable expenditure	41.2	69.9	6.4	8.2	4.4
Overall surplus/deficit (commitment basis)	-161.2	-193.3	-0.9	-1.3	-2.0
Changes in expenditure-related arrears	87.1	98.8	0.9	1.6	2.3
Overall surplus/deficit (cash basis)	-74.1	-94.5	0.0	0.3	0.3
Financing	74.1	94.5	0.0	-0.3	-0.3
Domestic financing	52.0	98.0	0.0	-0.3	-0.3
Banking system	64.0	155.7	0.0	-0.3	-0.3
Advances from central bank	57.6	156.2	0.0	-0.3	0.0
Other domestic bank financing	6.6	-0.5	0.0	-0.3	-0.3
Nonbank financing	-12.0	-58.7	0.0	0.0	0.0
<i>Of which: Borrowing</i>	...	...	0.0	0.0	0.0
External financing	22.1	-3.5	0.0	0.0	0.0
(In percent of GDP, unless otherwise indicated)					
Total revenue and grants	21.6	23.3	9.6	14.7	14.6
Tax revenue	17.0	18.6	3.9	9.1	9.3
Nontax revenue	1.3	1.3	0.0	0.9	1.9
Maritime	1.9	1.8	5.6	4.8	3.4
Total expenditure and net lending	38.2	41.9	9.9	15.1	15.1
Current expenditure	29.5	32.4	7.4	11.2	12.8
<i>Of which: wages and salaries</i>	11.3	10.9	1.6	1.7	3.3
Capital expenditure	4.5	2.8	0.3	1.7	1.2
Overall surplus/deficit (commitment basis)	-16.6	-18.6	-0.3	-0.3	-0.4
Domestic financing	5.3	9.4	0.0	-0.4	-0.1
Memorandum item:					
GDP at current prices (in millions of U.S. dollars)	972.8	1038.0	295.9	364.9	448.3

Sources: Liberian authorities; and Fund staff estimates.

1/ Calendar year.

2/ Consists of taxes from petroleum import levy, logging fees, embassy rentals, 4 percent turnover tax, and rice levy withheld for specified projects.

3/ Reflects payments for equipment purchases financed by West Oil.

were placed under the control of the Ministry of Finance and the collecting agency. In March 1998, the government introduced a special sales tax of 20 cents per gallon on petroleum products. Consequently, revenues increased to 15 percent of GDP in 1998 from 10 percent in 1997. However, at 9 percent in 1998, tax revenue as a share of GDP remains only one-half of its prewar level. Maritime receipts has remained a major revenue source in the postwar period, rising to 5 percent of GDP in 1998. In terms of total revenue, maritime revenue accounted for 32 percent in 1998, compared with about 8 percent before the war.

Expenditure trends

17. Government expenditure has been constrained by the lack of domestic and foreign sources of funding, falling from 42 percent of GDP in 1988 to 15 percent in 1998. During the same period, current expenditure fell from 32 percent of GDP to 11 percent. The shares of the components of expenditure have changed significantly from the period before the war, reflecting the need to repair infrastructure, the collapse of most public enterprises, and the lack of resources for debt servicing. Wages and salaries as a share of total expenditure fell from 30 percent in 1988 to 11 percent in 1998 while the share of other goods and services rose from 12 percent to 53 percent. At the same time, the share of total expenditure on interest on external debt fell from 26 percent to 3 percent, while that of subsidies and transfers rose from 2 percent to 6 percent.

Domestic arrears

18. Domestic payments arrears of the central government comprise liabilities accumulated during the war and unpaid vouchers accumulated during 1997-99. In addition, there are debts owed to the central bank and to commercial banks, and the national savings bond, issued in 1981 and redeemable in 1989, is outstanding. An inventory of the stock of arrears carried out in late 1999 revealed a stock amounting to US\$120 million for goods and services supplied during the civil war period, including those related to the National Patriotic Reconstruction Assembly Government (NPRAG).³ The government is reviewing these war-related claims. The outstanding stock of domestic payments arrears accrued during the 1997-99 period amounted to US\$3 million at end-1999. The outstanding stock of debt owed to the central bank and commercial banks is currently under review.

E. Money and Credit

19. The banking system consisted of 14 commercial banks and the National Bank of Liberia (NBL) prior to the civil war. Ten commercial banks closed during the war. Five are currently operating, including a new bank opened in August 1999. The NBL remained largely defunct until it was replaced by a new central bank, the Central Bank of Liberia (CBL), in November 1999. The banking system continues to face sizable structural problems, including

³ The Cotonou Accord stipulates that the NPRAG debt be incorporated in the national debt.

a substantial level of nonperforming assets, an unfavorable legal and institutional environment for lending, and depressed economic activity. At end-1998, 78 percent of the commercial banks' loans were classified as nonperforming.

20. Provisional balance sheets for the commercial banks and the central bank were compiled for the first time in ten years in December 1999. These tentative data should be viewed with caution as a number of reporting inconsistencies remain (Table I.5). Average lending rates fell to 17 percent at end-October 1999 from 26 percent at end-March 1998, while deposit rates have remained at 6 percent since 1995.

F. External Sector Developments

21. Foreign trade has traditionally played a major role in Liberia's economy, and in the 1980s the country had an overall positive balance of trade. The three most productive foreign exchange- and employment-generating economic activities prior to the war were the production and export of iron ore, rubber, and logs. Activities in these three sectors were halted by the war. Rubber and log production has resumed, albeit below the prewar level, while iron ore production is unlikely to resume in the immediate future, thus adversely affecting Liberia's external current account. As a result of the postwar recovery, the trade deficit narrowed from 74 percent of GDP in 1997 to 33 percent in 1998 and 25 percent 1999; meanwhile, the current account deficit (excluding official grants) is estimated to have declined from 71 percent of GDP in 1997 to 26 percent in 1999 (Table I.6).

22. Export growth in U.S. dollar terms rose sharply by 69 percent in 1998 and moderated to 30 percent in 1999. These movements reflected developments in the rubber and timber sectors, which now account for about 90 percent of export earnings. Timber exports increased by 145 percent and 86 percent, respectively, in 1998 and 1999; over the same period, rubber exports grew by 47 percent and 11 percent. Imports were high in 1997, owing to humanitarian assistance, imports related to the July 1997 elections, and a buildup of stocks in anticipation of reduced humanitarian food aid. Subsequently, imports fell by 34 percent in 1998 reflecting decreases in donor imports and petroleum product prices, but rose moderately (by 4 percent) in 1999 as higher imports of capital goods, equipment, and raw material were partly offset by lower petroleum import prices.

23. The terms of trade improved in 1998 as import prices fell by 4 percent and export prices rose by 9 percent (Table I.7). This was largely due to higher prices for rubber and a lower price for petroleum. In 1999, however, the situation was reversed as export prices fell by 7 percent, largely because of a drop in timber prices, while import prices fell marginally in line with lower petroleum prices. In 1997, the bulk of exports were destined for Asia (mainly Singapore) and Europe (primarily France). In 1999, 54 percent of exports (mainly rubber) went to the United States while 35 percent went to Europe. Information on the origin of Liberia's imports during 1997-98 is not available.

Table I.5. Liberia: Monetary Survey, December 1998-September 1999 1/

	1998	1999		
	Dec.	Mar.	Jun.	Sep.
(In millions of Liberian dollars, unless otherwise indicated; end of period)				
Net foreign assets	-28,950	-25,943	-25,946	-28,675
Net domestic assets	30,864	27,931	27,967	30,834
Net domestic credit	39,158	36,794	37,340	40,655
Net claims on government	37,965	35,538	36,259	39,206
Claims on private sector	1,174	1,207	1,035	1,376
Claims on public enterprises	18	47	45	71
Claims on nonbank financial institutions	1	1	1	1
Other items, net	-8,294	-8,863	-9,373	-9,822
<i>Of which</i> : capital account	10,418	10,084	10,764	11,707
Broad money	1,914	1,988	2,021	2,159
Currency outside banks	566	549	525	518
Demand deposits	1,010	1,097	1,141	1,263
Time and savings deposits	339	342	355	377
Memorandum items:	(In percent, unless otherwise indicated)			
Velocity (GDP relative to broad money)	7.7	10.2	10.0	9.4
Currency/broad money	29.5	27.6	26.0	24.0
Currency/deposits	56.0	50.0	46.0	41.0

Sources: Liberian authorities; and Fund staff estimates.

1/ Based on provisional balance sheets. These data must be viewed with caution, as commercial bank reporting is not considered reliable and a number of inconsistencies in the data remain to be addressed.

Table I.6: Liberia: Balance of Payments, 1987-99

	1987	1988	1997	1998	1999 Est.
(In millions of US dollars, unless otherwise stated)					
Current account balance	-6.8	17.8	-80.7	-41.9	-42.3
Current account excluding grants	-41.9	-26.5	-208.7	-113.7	-118.1
Trade balance	82.6	100.7	-217.9	-118.5	-111.7
Exports, f.o.b.	401.2	442.8	25.3	42.7	55.7
Imports, c.i.f.	-318.6	-342.1	-243.2	-161.2	-167.5
Services (net)	14.3	17.5	-4.6	1.1	3.9
Income (net)	-136.3	-151.1	-33.2	-38.7	-44.2
<i>Of which: public interest payments due</i>	-97.2	-108.2	-33.0	-30.0	-28.6
Current transfers (net)	32.6	50.7	175.0	114.1	109.7
Public transfers	32.6	43.9	128.0	71.8	75.8
Private transfers	0.0	6.8	47.0	42.3	33.9
Capital account	-161.1	-182.0	14.9	3.5	3.0
Private financing	-118.7	-102.2	41.9	21.2	26.0
Direct foreign investment	.....	.....	20.0	22.5	27.0
Trade credit	.....	.....	21.9	-1.3	-1.0
Official financing	-42.4	-79.8	-27.0	-25.0	-23.3
Disbursements	31.6	8.8	0.0	0.0	0.0
Amortization	-74.0	-88.6	-27.0	-25.0	-23.3
Errors and Omissions 1/	.....	.....	6.5	-16.1	-12.1
Overall balance	<u>-167.9</u>	<u>-164.2</u>	<u>-59.4</u>	<u>-54.5</u>	<u>-51.4</u>
Financing	<u>167.9</u>	<u>164.2</u>	<u>59.4</u>	<u>54.5</u>	<u>51.4</u>
Change in official reserves (increase -)	-57.0	-41.7	0.0	0.1	0.2
Arrears (accrual +)	224.9	205.9	59.4	54.4	51.2
Use of Fund credit (net change in arrears)	.....	.....	13.9	13.9	13.9
Increase in non-Fund arrears	.....	.....	45.5	40.5	37.4
Memorandum items					
Current account deficit (in percent of GDP)	-0.6	1.5	-27.3	-11.5	-9.4
Current account deficit excl. grants (in percent of GDP)	-3.9	-2.3	-70.5	-31.2	-26.3
Trade deficit (in percent of GDP)	7.7	8.7	-73.6	-32.5	-24.9
Public sector external debt (medium- and long-term)					
Debt outstanding, including arrears	1,626.2	1,832.1	2,447.0	2,526.6	2,553.2
(in percent of GDP)	151.7	157.5	827.0	692.4	569.5
Debt service charges	171.2	196.8	60.0	55.0	51.9
(in percent of GDP)	16.0	16.9	20.3	15.1	11.6
Terms of trade, 1997=100	.....	.....	100.0	113.7	105.6
International reserves	0.4	0.4	0.5	0.4	0.2
International reserves (in months imports)	0.0	0.0	0.0	0.0	0.0

Sources: Liberian authorities; and Fund staff estimates.

1/ For 1987 and 1988 Errors and Omissions are included in Private Financing

Table I.7. Liberia: Merchandise Terms of Trade, 1997-99

	1997	1998	1999 Est.
Export US dollar unit prices, 1997=1.00			
Total exports	1.00	1.09	1.01
Rubber	1.00	1.14	1.12
Timber	1.00	0.95	0.70
Cocoa	1.00	0.88	0.34
Coffee	1.00	0.81	0.71
Percent change in export US dollar unit prices			
Total exports	...	9.2	-7.3
Rubber	...	13.6	-1.8
Timber	...	-5.1	-26.2
Cocoa	...	-11.7	-61.9
Coffee	...	-19.4	-11.6
Import US dollar unit prices, 1997=1.00			
Total imports	1.00	0.96	0.96
Petroleum	1.00	0.68	0.93
Rice	1.00	1.38	1.05
Other	1.00	0.96	0.95
Percent change in import US dollar unit prices			
Total imports	...	-3.9	-0.2
Petroleum	...	-32.1	37.7
Rice	...	37.8	-24.1
Other	...	0.0	0.0
Terms of Trade			
Terms Trade (Exports/Imports) 1997=1.00	1.00	1.14	1.06
Percent change	...	13.7	-7.1
Export Price Deflator 1997=1.00	1.00	1.09	1.01
Percent change	...	9.2	-7.3
Import Price Deflator 1997=1.00	1.00	0.96	0.96
Percent change	...	-3.9	-0.2

Sources: Liberia authorities, and Fund staff estimates and projections

Liberia's external public debt remains unsustainable.⁴ Liberia's total stock of external public sector debt is estimated to have been US\$2.6 billion (570 percent of GDP) at end-1999, most of which (US\$2.3 billion) is arrears.

G. Exchange and Trade System

24. The exchange system continues to be characterized by a multiple legal tender situation consisting of Liberty and JJ Roberts banknotes in \$5 denominations, which trade at 2 Liberty=1 JJ Roberts. The U.S. dollar is also legal tender, and until August 31, 1998, when it was rescinded in favor of a market-determined rate, the Liberian dollar was held at 1:1 parity with the U.S. dollar. Between August 1998 and February 1999, the government exchanged JJ Roberts notes for Liberty notes, ahead of the introduction of a new currency. The exchange rate in terms of Liberty dollar per U.S. dollar, which had averaged about L\$60 during the first half of 1997, appreciated to L\$42 in August that year as confidence returned following democratic elections; for the year as a whole the rate averaged L\$51. During 1998, the Liberian dollar exchange rate averaged L\$41, despite a temporary weakening triggered by the mid-September security incident but recovered somewhat during the last quarter. During the first ten months of 1999, the rate fluctuated in the range of L\$41-43 before appreciating to L\$37 in December, largely reflecting seasonal effects of holiday-related remittances from Liberians living abroad.

25. The exchange and trade regime in Liberia is liberal.⁵ There is no general system of import controls, although the importation of inexpensive and widely consumed varieties of rice is subject to licensing and the Liberian National Petroleum Company holds exclusively the right to import petroleum products into Liberia. In October 1997, the external tariff structure was revised significantly, reducing the number of import tariff rates from 20 to 4 and the maximum rate from 80 percent to 25 percent; in addition, a user's fee of 5 percent is levied on most imports. The simple average tariff rate is 11.6 percent. Preshipment inspection of imports is required to ascertain the country of origin, quality, quantity and value of all goods above \$3,000 to be exported to Liberia. Export licenses are required for only a few selected items. Also in October 1997, the surrender of 25 percent of export proceeds to the NBL was rescinded and replaced by an export duty of 5 percent on agricultural exports except rubber which is treated under a separate arrangement reflecting the world price for rubber. In November 1998, the LPMC's monopoly on the exporting of cash crops was eliminated.

⁴ See Chapter II for a discussion of Liberia's external public debt situation.

⁵ A detailed description of Liberia's exchange and trade system is contained in the IMF's *Exchange Arrangements and Exchange Restrictions, Annual Report 1999*.

II. LIBERIA'S EXTERNAL DEBT

A. Background

26. The accumulation of an unsustainable stock of external public debt in Liberia dates back to the 1980s, before the conflict. In the 1960s and 1970s, Liberia benefited from, and borrowed on, the strength of gains in export earnings that accompanied the rise in world commodity prices and its terms of trade. Already by 1982, Liberia had accumulated an external public debt of US\$726 million (equivalent to 75 percent of GDP), with debt-service payments of US\$45 million (9 percent of export earnings) (Table II.1).

27. The sharp increase in petroleum prices during the late 1970s and early 1980s, followed by a prolonged recession in the industrial countries, led to a substantial decline in both the demand for, and price of, Liberia's export commodities. The Liberian government moved to stave off the domestic impact of weakened external demand by stimulating massive and largely unproductive public investment, financed by external borrowing, mainly on commercial terms. Consequently, debt-service payments due rose rapidly, while the government's fiscal position deteriorated sharply. By 1988, the stock of external public debt had risen to US\$1.8 billion (164 percent of GDP), and debt-service payments due had increased to US\$197 million (40 percent of exports).

28. The underlying weak economic and financial situation was aggravated during the early 1980s by a violent change of government, which led to the near collapse of internal and external confidence, massive outflows of private capital, and a sharp drop in the investment rate. As the external debt situation deteriorated, Liberia sought and received four Paris Club reschedulings and two commercial bank reschedulings in the first half of that decade. Even so, arrears on external sector public debt accumulated, reaching US\$50 million in 1984 and rising further to US\$863 million in 1988.

29. With the outbreak of the civil war in 1989, debt-service payments stopped and the accumulation of arrears accelerated. The magnitude of the debt in the aftermath of the conflict since 1997 remains somewhat unclear since government records were largely destroyed during the war. A more precise estimate awaits a complete review on a loan-by-loan basis. However, provisional estimates suggest Liberia's external public debt climbed to US\$2.6 billion at end-1999, including US\$2.3 billion in arrears. Scheduled debt-service payments, however, were only US\$52 million in 1999 (excluding interest on the stock of arrears).

30. The allocation of debt among creditors has shifted since the early 1980s. In 1982, the U.S. government and commercial creditors held the largest part of Liberia's external debt. By 1988, the multilaterals had emerged as the largest creditor, with the Fund already the largest single creditor. At end-1999, the multilaterals held just over one-half of Liberia's external debt, the bilaterals 30 percent, and commercial banks 15 percent.

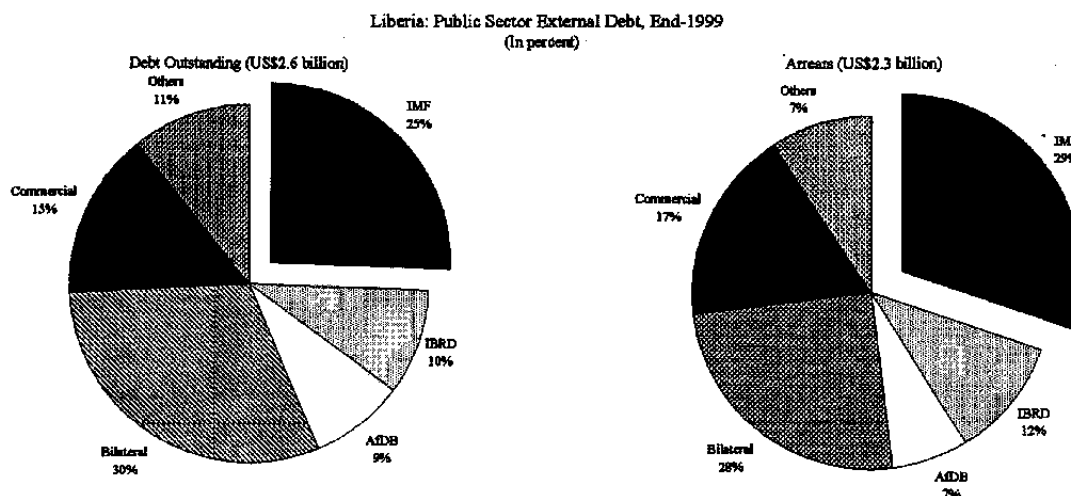
Table II.1. Liberia: Debt Indicators. 1982-99

	1982	1987	1988	1997	1998	1999	1999 1/
	(In millions of US dollars, unless otherwise stated)						
External public debt	726.0	1,626.0	1,702.0	2,447.0	2,526.6	2,553.2	2,553.2
Arrears on external public debt	0.0	653.0	863.0	2,150.0	2,204.9	2,256.9	2,256.9
Debt service due	44.9	171.2	196.8	60.0	55.0	51.9	51.9
Population (millions)	2.0	2.4	2.5	1.7	2.0	2.4	2.5
Gross domestic product	975.1	972.8	1,038.0	295.9	364.9	448.3	1,038.0
Exports of goods and services	512.0	453.7	498.2	33.6	56.9	73.3	498.2
Government revenues	183.0	210.1	242.1	.....	53.8	63.1	242.1
GDP per capita (U.S. dollars)	477.0	402.4	415.2	174.1	182.5	186.8	415.2
Ratio of debt to:	(In percent, unless otherwise stated)						
Population, (in US dollars)	355.2	672.6	680.8	1,439.4	1,263.3	1,063.8	1,021.3
Gross domestic product	74.5	167.1	164.0	827.0	692.4	569.5	246.0
Exports of goods and services	141.8	358.4	341.6	7,292.2	4,440.1	3,480.9	512.5
Government revenues	396.7	773.9	703.0	.....	4,698.0	4,045.3	1,054.6
Ratio of debt service due to:							
Population, (in U.S. dollars)	22.0	70.8	78.7	35.3	27.5	21.6	20.8
Gross domestic product	4.6	17.6	19.0	20.3	15.1	11.6	5.0
Exports of goods and services	8.8	37.7	39.5	178.8	96.7	70.8	10.4
Government revenues	24.5	81.5	81.3	.....	102.3	82.3	21.4

Source: Liberia authorities and Fund staff estimates

1/ Counterfactual scenario - assumes the same population, GDP, exports, and government revenues in 1999 as in 1988.

31. Liberia has been in continuous arrears to the Fund since 1984. At end-1999, Liberia's obligations to the Fund amounted to SDR 470 million (US\$645 million), of which 52 percent represented interest and charges. With respect to payments to the Fund, Liberia has, beginning in December 1997, made monthly payments of US\$50,000.



Source: Liberian authorities.

B. Sustainability

32. Liberia's stock of external public debt is not sustainable based on standard measures. (Table II.2). In the absence of a formal debt sustainability analysis, and given the lack of detailed information on the stock of debt, some indication of the seriousness of the situation can be provided by looking at the ratio of the stock of debt and debt-service payments to selected economic variables: nominal GDP, exports of goods and services, government revenues, and population. In each case, Liberia's debt stock ratio after the conflict has deteriorated significantly. The debt-service ratios paint a more benign picture, but this is primarily because the debt-service obligations are those scheduled and exclude the large stock on arrears.

33. A large part of the deterioration in the debt-stock ratios over the past decade reflects the accumulation of arrears. This is shown most clearly in the increase in the debt per capita ratio. However, for the remaining indicators, the deterioration in the debt ratios is also due to the sharp decline in the level of economic activity. To adjust for this, counterfactual ratios are estimated for Liberia, assuming that the level of economic activity in 1999 is the same as in 1988 and that the ratios of exports and government revenues to nominal GDP are also the same in 1999 as that in 1988. This, of course, ignores the destruction of human and physical capital during the period, but provides an upper-end baseline for comparison if the economy were to fully recover to prewar levels. Although the debt ratios are lower than current

Table II.2. Liberia: Debt - Indicator Comparisons with Regional Groupings, 1982-99

	1982	1987	1988	1997	1998	1999
Developing Countries						
GDP per capita (U.S. dollars)	698.3	705.2	751.0	1,209.0	1,164.1	1,146.2
Ratio of debt stock to:						
Population (U.S. dollars)	210.9	288.7	292.9	417.8	432.3	425.7
Gross domestic product (percent)	30.2	40.9	39.0	34.6	37.1	37.1
Exports of goods and services (percent)	140.1	231.0	221.7	148.3	167.6	160.6
Ratio of debt service to:						
Population (U.S. dollars)	32.6	30.4	35.8	67.8	69.5	71.7
Gross domestic product (percent)	4.7	4.3	4.8	5.6	6.0	6.3
Exports of goods and services (percent)	21.7	24.3	27.1	24.1	27.0	27.0
Heavily Indebted Poor Countries						
GDP per capita, US dollars	438.7	471.8	385.7	574.8	615.5	665.6
Ratio of debt stock to:						
Population (U.S. dollars)	193.4	291.3	295.3	352.0	352.0	354.3
Gross domestic product (percent)	44.1	61.7	76.6	61.2	57.2	53.2
Exports of goods and services (percent)	309.3	484.4	475.2	373.8	395.3	382.6
Ratio of debt service to:						
Population (U.S. dollars)	12.8	12.4	15.6	15.8	16.0	9.9
Gross domestic product (percent)	2.9	2.6	4.0	2.8	2.6	1.5
Exports of goods and services (percent)	20.5	20.7	25.1	16.8	18.0	10.7
Sub-Saharan Africa 1/ 2/						
GDP per capita (U.S. dollars)	503.1	396.4	411.5	349.5	338.2	338.6
Ratio of debt stock to:						
Population (U.S. dollars)	217.4	316.4	315.2	376.7	371.9	375.7
Gross domestic product (percent)	43.2	79.8	76.6	107.8	109.9	110.9
Exports of goods and services (percent)	228.8	342.8	338.3	335.7	371.5	363.6
Ratio of debt service to:						
Population (U.S. dollars)	19.3	19.8	23.8	20.5	20.1	29.8
Gross domestic product (percent)	3.8	5.0	5.8	5.9	5.9	8.8
Exports of goods and services (percent)	20.3	21.5	25.6	18.3	20.0	28.9

Source: IMF *World Economic Outlook*, October 1999

1/ All data in U.S. dollar terms

2/ As defined in the *World Economic Outlook*

3/ Excluding Nigeria and South Africa

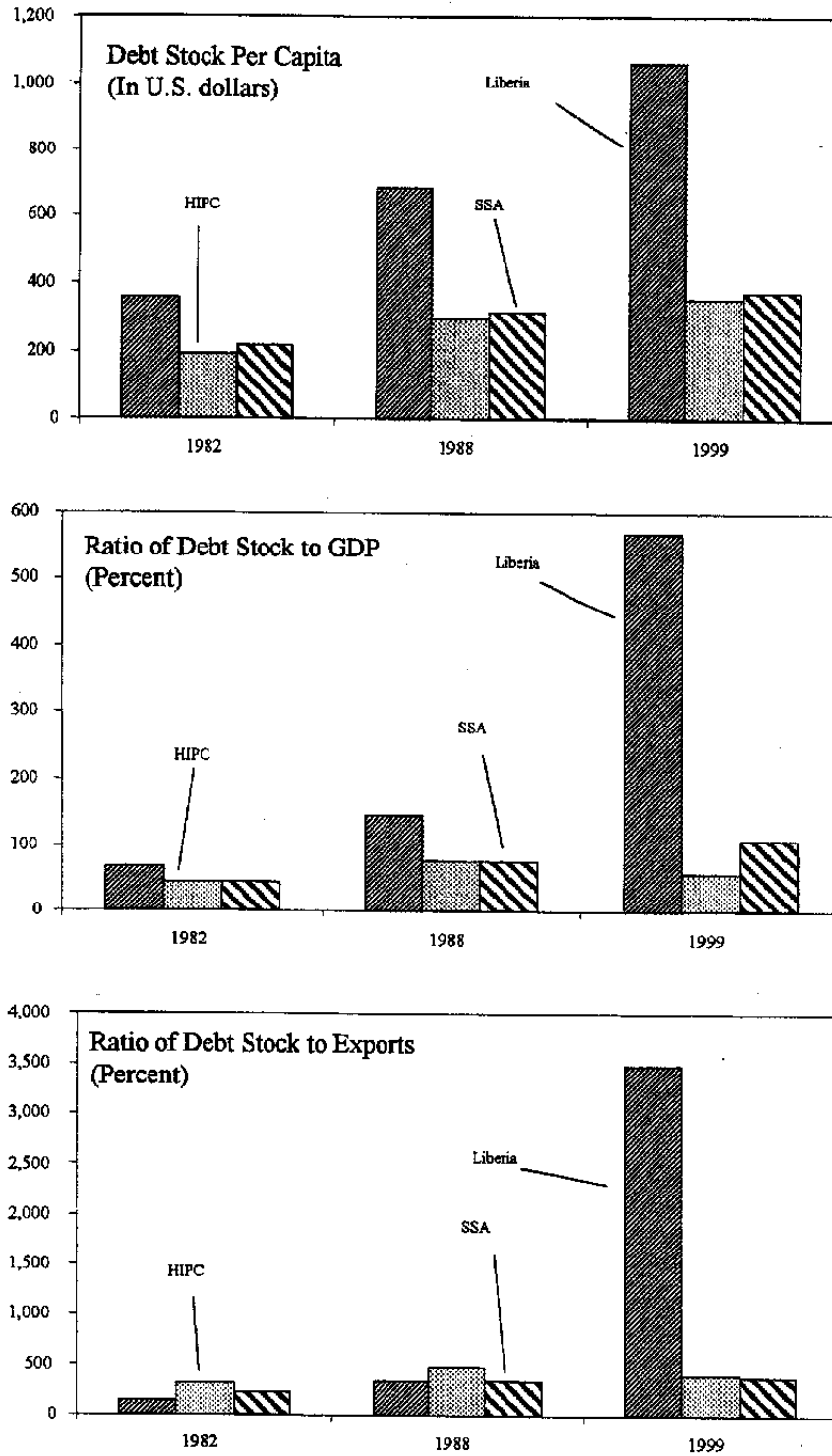
estimates in this counterfactual scenario, they still remain significantly higher than before the war.

(US \$ millions)	Liberia
Quota (millions of US dollars)	97
Debt to all creditors including arrears at end-1999	2553
of which: arrears to all creditors	2257
Debt to the Fund including arrears at end-1999	645
% of debt to all creditors	25
of which: arrears to the Fund	645
Arrears to the Fund as % quota	662
Arrears to the Fund as % of arrears to all creditors	29

34. Liberia's stock of external public debt per capita increased from US\$681 in 1988 to US\$1,064 in 1999, with the increase almost entirely due to the accumulation of arrears. To put this in perspective, Liberia's per capita income in 1999 was US\$187. An even more severe picture of the debt burden emerges when the impact of the war on economic capacity is taken into account. In 1999, the debt-to-GDP ratio was 570 percent. Although down from the peak of 827 percent attained in 1997, this ratio is still substantially higher than before the war. The debt-to-GDP ratio for the postwar period is also high due to the low level of economic activity compared to the prewar period. If real economic activity were still at its prewar level in 1999, the debt-to-GDP ratio would be about 246 percent.

35. Liberia's debt load is disproportionately heavy compared with its low income per capita. Its debt per capita in 1999 (US\$1064) was three times the average for either the HIPC Initiative countries (US\$354) or sub-Saharan Africa countries (US\$376) (Table II.2 and Figure II.1). Liberia's debt-to-GDP ratio (570 percent) in 1999 was many multiples of that for sub-Saharan Africa (111 percent) or the HIPC Initiative countries (53 percent) and remains so even after an adjustment is made to allow for the recovery of its economy to prewar levels.

Figure II.1. Debt Indicators for Liberia, HIPC Initiative, and Sub-Saharan African Countries, 1982-99^{1/}



Sources: Liberian authorities; and Fund staff estimates.

1/ Sub-Saharan African countries, excluding Nigeria and South Africa.

III. PRELIMINARY ESTIMATES OF GDP FOR THE 1988-99 PERIOD

A. Introduction

36. The seven-year civil war in Liberia devastated the economy, and virtually all the statistical records for the country were destroyed. The loss of key personnel also severely weakened the institutional capacity to compile data. As a result, the most recent official national income accounts data are those for 1987 prepared by the Ministry of Planning and Economic Affairs. No production data have been compiled by that ministry since the outbreak of the civil war in 1989. In an effort to begin the reconstruction of national income accounts data, the Fund staff has compiled preliminary GDP estimates for 1988-99 by source, in collaboration with the Liberian authorities (Ministry of Planning and Economic Affairs, Ministry of Commerce and Industry, and Ministry of Agriculture). Information from the Food and Agriculture Organization (FAO), the United Nations Development Program (UNDP), and the Catholic Relief Services (CRS) was also utilized.

37. Preliminary estimates reflect the massive disruption of production during the civil war period, with real GDP estimated to have plummeted to only about 10 percent of the prewar level in 1995 (Table I.2). During the first two years of the war (1989-90), agricultural output was estimated to have dropped by some 50 percent as the war displaced the majority of the rural population. In addition, iron ore mining—which had been the single largest economic activity in Liberia (accounting for over 20 percent of GDP)—stopped. Services in the tertiary sector declined by two-thirds, as the war destroyed most of the infrastructure and disrupted services for electricity and water, transportation and communication, and financial institutions. As a result, overall real GDP is estimated to have shrunk by 1990 to about one-third of the 1987 level. The fall in real GDP decelerated somewhat in 1991, owing to a cease-fire, but was exacerbated again during 1992-94 as the war flared up.

38. Since the signing of the peace agreement in 1996, economic activity has rebounded strongly, although it is still only about one-third of the prewar level. The postwar growth of the economy is underpinned by the recovery of the agriculture and forestry sectors, with agriculture accounting for more than half of the recovery in real GDP during 1997-99. Just as important, output of the forestry sector in 1998 is estimated to have surpassed the prewar level as the lack of electricity spurred a substantial increase in charcoal production and timber exports recovered significantly. However, the contribution from the mining, manufacturing, and tertiary sectors has remained weak.

B. Estimation Procedure

39. Provisional estimates for 1988-99 have been made for real GDP. Nominal GDP was then calculated using sector deflators, based on international commodity prices and the U.S. GDP deflator (Table I.2). Data for the subsectors were inputted from production data, where available. Production data during the war period were largely imputed by assuming a certain markdown/markup percentage in comparison with the production level of the prewar base

year, 1987, with the percentage change based on information provided by the authorities on the general level of activity in each sector during each year of the war.⁶

40. The average annual growth rate of Liberia's population during the 1980s was 3.4 percent, with an estimated prewar population of 2.5 million. During the conflict it is estimated that 250,000 people died, while 480,000 became refugees in neighboring countries and about 700,000 were internally displaced. By 1999, with the return of a large proportion of refugees, the population is estimated to be in the range of 2.4 million people. A national census, however, will be required to provide accurate data on the population.

C. Economic Activity During the Civil War

41. The effect of the civil war on production was countrywide. As the conflict spread in 1990, the rural population fled to urban areas and neighboring countries. As a result, agricultural production and mining activities were reduced significantly. During much of the war period, economic activity was primarily concentrated around Monrovia.

42. Real GDP fell by an estimated 2 percent in 1988, largely reflecting the impact of the world recession on Liberia's main exports. The civil war that began in 1989 is estimated to have resulted in the economy shrinking to about 70 percent of the prewar level—a 27 percent drop in nominal terms—in 1989.

43. The intensification of the war in 1990 had a further impact on the economy, as agriculture sector output dropped from an estimated 64 percent of the prewar level to less than 50 percent. The production of rice, cassava, and the other agricultural products in 1990 is estimated to have reached only 60 percent of prewar levels. By 1995, rice and cassava production had dropped further, to about 19 percent and 53 percent of the prewar levels, respectively.

44. Rubber, coffee, and cocoa production were disrupted as the war ravaged the north of the country, in particular Nimba County, and is estimated to have fallen to 40 percent of the prewar level by 1990. Rubber production dropped further, to 11 percent of the prewar level, by 1996, as the war worsened. Production in the forestry sector, in particular, of logs and timber, fell to about 70 percent of the prewar levels in 1990 and by 1996 had plummeted to 40 percent. Charcoal and wood production initially dropped to 75 percent of the prewar levels in 1990 but by 1996 had rebounded, as demand increased when electricity generation was disrupted.

⁶ This approach follows the methodology employed in a number of other countries, including Vietnam and Cambodia, to calculate war-era output.

45. Mining sector operations began to come to a halt beginning in 1990 as the facilities were largely destroyed in the fighting. Gold and diamond mining may have continued during the war period, but no official information is available.

46. The manufacturing sector remained less than 10 percent of GDP during the war, and activities of the sector were limited primarily to the production of cement, beverages, and beer. Output in the sector was at about 55 percent of the prewar levels in 1990, but had virtually stopped by 1996 as most companies closed down when the war spread into Monrovia. The output of tertiary sector (especially electricity and water, trade, transportation and communication, and banking) is estimated to have fallen to 27 percent of the prewar level in 1990 and bottomed out at 5 percent in 1996.

47. In sum, the level of economic activity in real terms is estimated to have been about 35 percent of the 1987 level in 1990, and dropped to 13 percent and 11 percent in 1993 and 1996, respectively.

D. Concluding Observations

48. Provisional GDP estimates by source have been prepared by Fund staff in collaboration with the Liberian authorities. These estimates suggest a very sizable decline during the war and a strong initial postwar recovery based on crop production and export data. These estimates are preliminary and will need to be updated and expanded, as more reliable information becomes available, including from a nationwide crop and manufacturing sector survey. Information on informal sector mining activities, including gold and diamonds, will also need to be quantified.

Table 1. Liberia: Sectoral Origin of GDP at 1992 Constant Prices, 1987-99

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
(In millions of U.S. dollars)													
GDP at 1992 constant prices	1,141.1	1,117.8	819.7	401.4	344.3	223.5	149.8	117.2	112.2	125.8	259.5	333.4	410.2
Agriculture	368.7	311.2	235.4	175.1	145.5	84.3	57.8	39.9	68.1	94.8	160.8	196.6	236.0
Rubber	59.9	53.2	49.0	27.6	18.2	13.8	10.6	3.0	1.3	5.0	16.4	30.3	41.7
Coffee	0.9	1.0	1.0	0.7	0.5	0.4	0.3	0.1	0.0	0.1	0.1	0.3	0.4
Cocoa	5.9	7.9	8.1	3.7	2.5	2.1	1.6	0.8	0.1	0.5	0.5	1.0	1.4
Rice	117.1	96.5	66.8	55.5	46.9	28.1	21.1	14.0	15.1	25.3	45.2	55.9	65.6
Cassava	57.4	47.3	32.7	27.2	23.0	13.7	10.4	6.8	20.5	23.8	35.3	38.3	43.8
Other	127.6	105.2	77.7	60.5	54.5	26.1	13.8	15.2	31.0	40.2	63.3	70.9	83.0
Forestry	56.6	60.4	47.1	38.9	40.2	30.4	14.4	17.4	21.3	22.1	37.6	63.9	76.7
Logs and timber	34.4	36.8	29.4	21.6	17.6	8.8	3.0	2.7	2.7	2.3	4.9	15.5	24.4
Charcoal and wood	22.2	23.7	17.7	17.4	22.6	21.6	11.4	14.7	18.7	19.8	32.7	48.4	52.3
Mining	124.9	130.2	94.1	4.7	4.1	2.2	1.4	1.0	0.7	0.3	7.6	7.6	8.6
Iron ore	116.2	121.1	87.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	8.7	9.0	6.9	4.7	4.1	2.2	1.4	1.0	0.7	0.3	7.6	7.6	8.6
Manufacturing	86.9	90.6	65.2	46.9	41.3	21.9	14.2	10.4	3.4	1.3	14.6	15.4	18.7
Cement	23.0	24.0	17.3	12.4	10.9	5.8	3.8	2.8	0.9	0.4	2.9	4.3	4.6
Beverages and beer	52.5	54.7	39.4	28.3	25.0	13.2	8.6	6.3	2.1	0.8	9.6	9.7	11.6
Other	11.4	11.9	8.5	6.1	5.4	2.9	1.9	1.4	0.4	0.2	2.2	1.3	2.4
Tertiary sector	529.9	552.4	397.4	142.8	119.0	89.1	65.1	50.9	20.7	8.1	39.9	51.9	72.2
Electricity and water	18.2	13.3	9.5	3.4	2.9	2.1	1.6	1.2	0.5	0.2	1.0	1.4	2.0
Construction	39.0	48.6	35.0	12.6	10.5	7.8	5.7	4.5	1.8	0.7	3.8	4.9	6.0
Trade, hotels, etc	71.5	104.4	75.1	27.0	22.5	16.8	12.3	9.6	3.9	1.5	7.5	9.8	14.9
Transportation and communication	89.5	164.1	118.0	42.4	35.4	26.5	19.3	15.1	6.2	2.4	11.5	14.9	18.9
Financial institutions	141.8	103.9	74.7	26.8	22.4	16.8	12.2	9.6	3.9	1.5	7.5	9.7	11.6
Government services	129.0	58.6	42.1	15.1	12.6	9.4	6.9	5.4	2.2	0.9	4.2	5.5	9.8
Other services	40.9	59.7	42.9	15.4	12.9	9.6	7.0	5.5	2.2	0.9	4.4	5.7	9.0
(In percent, 1987=100)													
Real output as a percentage of prewar level													
GDP at 1992 constant prices	100.0	98.0	71.8	35.2	30.2	19.6	13.1	10.3	9.8	11.0	22.7	29.2	35.9
Agriculture	100.0	84.4	63.8	47.5	39.5	22.9	15.7	10.8	18.5	25.7	43.6	53.2	63.8
Forestry	100.0	106.7	83.3	68.8	71.0	53.7	25.4	30.7	37.7	39.1	66.3	112.8	135.3
Mining	100.0	104.2	75.3	3.7	3.3	1.8	1.1	0.8	0.5	0.3	6.1	6.1	6.8
Manufacturing	100.0	104.2	75.0	53.9	47.5	25.2	16.4	12.0	3.9	0.5	16.8	17.6	21.5
Tertiary sector	100.0	104.2	75.0	26.9	22.5	16.8	12.3	9.6	3.9	4.8	7.5	9.8	13.6
(In U.S. dollars)													
Memorandum item:													
Real GDP per capita	492.5	471.6	338.0	161.8	135.7	86.1	56.4	43.1	40.4	44.2	150.0	169.3	169.0

Sources: Liberian authorities; and Fund staff estimates.

Table 2. Liberia: Sectoral Origin of GDP at Current Prices, 1987-99

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
(In millions of U.S. dollars)													
GDP at current prices	972.8	1,038.0	786.3	384.4	348.0	223.5	160.4	132.2	134.8	159.4	295.9	364.9	448.3
Agriculture	322.9	344.5	264.5	177.4	156.8	84.2	52.3	41.4	82.4	121.5	182.3	229.4	277.0
Rubber	68.9	73.5	55.1	27.6	17.2	13.8	10.3	3.9	2.4	8.1	19.4	37.6	61.7
Coffee	2.1	2.2	1.8	0.8	0.5	0.4	0.3	0.2	0.1	0.1	0.1	0.5	0.7
Cocoa	10.7	11.4	9.1	4.3	2.7	2.1	1.6	1.1	0.1	0.6	0.7	1.6	2.0
Rice	93.5	99.8	74.8	56.1	51.4	28.1	18.7	14.0	18.0	31.9	50.9	64.2	72.5
Cassava	45.8	48.9	36.6	27.5	25.2	13.7	9.2	6.9	24.6	30.0	39.8	44.0	48.4
Other	101.9	108.7	87.0	61.1	59.8	26.1	12.2	15.3	37.2	50.8	71.3	81.5	91.7
Forestry	48.0	51.2	40.0	31.6	36.7	30.4	28.4	27.9	27.9	28.3	45.4	53.4	60.7
Logs and timber	29.2	31.2	24.9	17.5	16.1	8.8	5.8	4.4	3.5	2.9	5.9	13.0	19.3
Charcoal and wood	18.8	20.1	15.0	14.1	20.7	21.6	22.6	23.5	24.4	25.4	39.5	40.4	41.4
Mining	105.0	112.0	84.4	4.4	4.0	2.2	1.5	1.1	0.7	0.4	8.5	8.6	9.8
Iron ore	97.7	104.2	78.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	7.3	7.8	6.2	4.4	4.0	2.2	1.5	1.1	0.7	0.4	8.5	8.6	9.8
Manufacturing	73.1	78.0	58.5	43.9	40.2	21.9	14.6	11.0	3.7	1.5	16.3	17.3	21.4
Cement	19.4	20.7	15.5	11.6	10.7	5.8	3.9	2.9	1.0	0.4	3.2	4.9	5.3
Beverages and beer	44.2	47.1	35.3	26.5	24.3	13.2	8.8	6.6	2.2	0.9	10.7	10.9	13.3
Other	9.6	10.2	7.7	5.7	5.3	2.9	1.9	1.4	0.5	0.2	2.4	1.5	2.8
Tertiary sector	445.6	475.5	356.5	133.7	115.9	89.1	66.8	53.5	22.3	8.9	44.6	58.5	82.6
Electricity and water	15.3	12.4	9.3	3.5	3.0	2.3	1.7	1.4	0.6	0.2	1.2	1.5	2.3
Construction	32.8	45.4	34.0	12.8	11.1	8.5	6.4	5.1	2.1	0.9	4.3	5.6	6.9
Trade, hotels, etc	60.1	89.6	67.2	25.2	21.8	16.8	12.6	10.1	4.2	1.7	8.4	11.0	17.0
Transportation and communication	75.3	136.9	102.6	38.5	33.3	25.7	19.2	15.4	6.4	2.6	12.8	16.8	21.6
Financial institutions	119.2	88.8	66.6	25.0	21.6	16.6	12.5	10.0	4.2	1.7	8.3	10.9	13.3
Government services	108.5	50.4	37.8	14.2	12.3	9.5	7.1	5.7	2.4	0.9	4.7	6.2	11.2
Other services	34.4	51.9	38.9	14.6	12.6	9.7	7.3	5.8	2.4	1.0	4.9	6.4	10.3
(Percent shares)													
GDP at current prices	33.2	33.2	33.6	46.1	45.1	37.7	32.6	31.3	61.1	76.2	61.6	62.9	61.8
Agriculture	33.2	33.2	33.6	46.1	45.1	37.7	32.6	31.3	61.1	76.2	61.6	62.9	61.8
Forestry	4.9	4.9	5.1	8.2	10.6	13.6	17.7	21.1	20.7	17.7	15.3	14.6	13.5
Mining	10.8	10.8	10.7	1.1	1.2	1.0	0.9	0.8	0.5	0.2	2.9	2.4	2.2
Manufacturing	7.5	7.5	7.4	11.4	11.6	9.8	9.1	8.3	2.7	0.9	5.5	4.7	4.8
Tertiary sector	45.8	45.8	45.3	34.8	33.3	39.9	41.7	40.5	16.5	5.6	15.1	16.0	18.4

Sources: Liberian authorities; and Fund staff estimates.

Table 3. Liberia: Rubber Production, 1987-99
(In millions of pounds)

	1987	1988	1989	1996	1997	1998	1999
Concessions	178.5	185.7	200.2	...	...	...	...
Firestone	97.3	99.2	111.0	0.0	37.0	55.6	83.0
Other	81.2	86.5	89.2	...	...	...	...
Liberian farmers	51.4	67.4	78.2	...	...	...	...
Total	229.9	253.1	278.4	...	...	...	...

Sources: Liberian authorities; and Fund staff estimates.

Table 4. Liberia: Rice and Cassava Production, 1987-98
(In thousand of tons, unless otherwise indicated)

	1987	1996	1997	1998
Rice				
Production				
Volume	295	95	168	210
Imports				
Volume	56	...	85	86
Value (millions of U.S. dollars)	27	...	22	30
Cassava				
Production				
Volume	325	213	295	313

Sources: Liberian authorities; and Fund staff estimates.

Table 5. Liberia: Consumer Price Index, May 1998 - October 1999
(May 1998=100)

	Overall Index	Food	Drinks and Tobacco	Fuel and Light	Clothing	Household Goods and Furniture	Health Personnel Care and Services	Rent	Miscel- laneous
(Weight)	(100.0)	(34.4)	(5.7)	(5.0)	(13.8)	(6.1)	(11.4)	(14.9)	(8.7)
1998									
May	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
June	102.6	106.5	100.0	100.0	100.5	104.3	100.0	100.0	100.2
July	112.4	131.7	100.0	94.0	108.4	109.5	100.0	100.0	100.2
August	101.3	98.2	100.0	104.3	107.5	110.6	100.0	100.0	100.2
September	104.4	107.2	100.0	102.1	108.4	110.6	100.0	100.0	100.2
October	104.8	104.4	111.2	104.3	109.9	115.1	100.0	100.0	101.1
November	101.9	97.6	112.5	108.1	110.8	111.8	99.0	100.0	94.8
December	100.7	98.8	107.8	108.1	100.9	111.5	99.0	100.0	94.5
1999									
January	104.3	108.5	104.1	108.1	103.7	111.0	99.0	100.0	96.5
February	103.7	104.8	107.3	108.1	106.4	112.4	99.0	100.0	96.5
March	103.4	103.8	107.3	108.1	106.4	112.4	99.0	100.0	96.9
April	103.7	104.9	107.3	108.1	106.0	112.4	99.0	100.0	96.9
May	104.3	106.0	107.3	108.1	106.0	113.5	99.0	100.0	98.3
June	103.2	102.8	107.3	108.1	106.0	114.1	99.0	100.0	98.3
July	103.5	102.2	107.3	108.1	104.2	119.0	102.3	100.0	99.2
August	106.4	101.2	107.3	108.1	104.5	115.2	104.5	121.5	99.4
September	108.1	100.2	107.3	112.4	105.4	115.2	118.9	121.5	99.1
October	108.1	100.0	107.3	114.5	104.4	115.1	120.6	121.3	99.0

Source: Department of Statistics, Ministry of Planning and Economic Affairs.

Table 6. Liberia: Central Government Revenue, 1987-99
(In millions of U.S. dollars)

	1987	1988	1997	1998	1999 Est.
Tax revenue	183.8	212.0	25.6	52.9	60.4
Taxes on income and profits	50.7	69.3	3.1	10.3	14.7
Iron ore profit sharing	2.3	6.1	0.0	0.0	0.0
Corporate and partnership	5.2	11.3	0.3	8.0	7.7
Individual	37.3	42.1	0.4	1.7	5.2
Withholding tax on nonresidents	1.1	0.7	2.2	0.0	0.0
Reconstruction tax	4.8	9.1	0.2	0.6	1.8
Taxes on property	3.1	4.2	0.1	0.3	0.3
Real estate tax	2.5	2.8	0.0	0.1	0.1
Realty lease tax	0.6	1.4	0.1	0.2	0.2
Taxes on goods and services	49.5	50.5	1.3	6.0	10.4
Excise tax	37.0	37.9	0.8	0.8	0.7
Stumpage taxes	3.9	0.7	0.0	0.2	1.1
Business and professional licenses	5.8	5.2	0.4	1.1	0.4
Motor vehicle tax	2.3	2.2	0.1	0.5	1.5
Rubber sales tax	0.2	4.3	0.0	0.0	0.0
Petroleum sales tax	...	...	...	2.9	6.1
Land rental tax	0.3	0.0	0.0	0.5	0.6
Maritime revenue	18.4	18.6	16.7	17.3	15.2
Taxes on international trade	59.6	67.0	4.4	18.8	19.6
Taxes on imports	57.5	64.5	3.6	18.4	19.2
Taxes on exports	0.4	0.7	0.8	0.4	0.4
Others	1.7	1.8	...	...	...
Other taxes	2.5	2.4	0.2	0.2	0.2
Health tax	2.0	...	...	...	...
Development and progress tax	0.3	...	...	...	...
Local tax	0.2	...	...	...	...
Nontax revenue	13.4	16.3	0.0	0.9	5.1
Total revenue	197.2	228.3	25.6	53.8	65.5

Sources: Liberian authorities; and Fund staff estimates.

Table 7. Liberia: Economic Classification of Central Government Expenditure, 1987-99
(In millions of U.S. dollars)

	1987	1988	1997	1998	1999 Est.
Current expenditure	286.6	336.0	21.7	40.5	57.5
Wages and salaries 1/	110.0	112.9	4.7	6.0	14.6
Other goods and services 2/	44.3	70.2	12.2	29.0	33.3
Interest on external debt	97.3	108.4	0.9	1.4	0.6
Interest on domestic debt	28.4	27.7	0.9	0.6	2.9
Subsidies and transfers	6.6	16.8	3.2	3.4	6.0
Development expenditure 3/	43.5	29.5	0.9	6.1	5.6
Internally financed	20.8	10.7	0.9	6.1	5.6
Externally financed	22.7	18.8	0.0	0.0	0.0
Unallocable 4/	41.2	69.9	6.4	8.2	4.4
Total	371.3	435.4	29.0	54.8	67.5

Sources: Liberian authorities; and Fund staff estimates.

1/ Includes fringe benefits, pensions, and wages and salaries.

2/ Covers communications, utility services, rental, travel, maintenance, and gasoline consumption. Includes purchase of equipment and property.

3/ Excludes expenditure financed by grants in kind.

4/ Includes nonbudgetary and unallocated expenditure.

Table 8. Liberia: Functional Classification of Recurrent Expenditure, 1987-99

(In millions of U.S. dollars)

	1987	1988	1997 Est.	1998	1999 Est.
General public service	74.8	80.4	7.1	24.1	24.6
General administration	51.3	51.7	5.9	21.4	19.0
Defense	23.5	28.7	1.2	2.7	5.6
Social and community services	73.0	75.5	3.6	6.3	17.7
Education	42.8	44.5	1.2	3.1	6.7
Health	18.7	18.9	1.2	1.5	2.7
Social welfare	2.5	2.4	...	...	...
Housing and community amenities	2.6	2.4	...	...	...
Other community and social services	6.4	7.3	1.2	1.6	8.3
Economic services	29.0	34.2	1.2	1.0	4.3
General administration, regulation, and research	1.1	...	...	...	..
Agriculture and forestry	5.2	3.9	0.2	0.2	2.1
Mining and manufacturing	2.0	3.0	0.2	0.2	0.2
Power (gas, electricity, and water)	1.3	1.2	...	...	...
Roads	8.1	12.4	...	...	...
Inland and coastal waterways	...	...	...	...	...
Transportation and communications	1.0	2.5	0.5	0.2	0.2
Other economic services	10.3	11.2	0.2	0.4	1.8
Other 1/	109.8	145.9	9.8	9.4	10.9
Total expenditure	286.6	336.0	21.7	40.8	57.5

Sources: Liberian authorities; Fund staff estimates.

1/ Unallocable, including interest payments.

Table 9. Liberia: Summary Accounts of the Central Bank of Liberia, December 1998-September 1999
(In millions of Liberian dollars; end of period)

	1998	1999		
	December	March	June	September
Net foreign assets	-28,602.6	-26,371.5	-26,927.2	-29,116.8
Foreign assets	15.1	14.3	14.3	7.2
Foreign liabilities	-28,617.7	-26,385.8	-26,941.6	-29,124.0
Net domestic assets	29,543.9	27,312.7	27,872.6	30,096.8
Domestic credit	37,807.7	35,352.3	36,110.9	39,036.6
Claims on the government (net)	37,770.6	35,317.9	36,075.9	39,001.2
Claims	37,907.9	35,449.2	36,209.2	39,082.1
<i>Of which: contra-entry for use of Fund credit</i>				
and overdue charges	28,159.2	25,949.7	26,506.3	28,641.5
Deposits	137.4	131.3	133.3	80.9
Claims on private sector	25.5	25.2	25.4	26.1
Claims on public corporations	5.8	5.8	5.8	5.8
Claims on nonbank financial institutions	1.5	1.5	1.5	1.5
Claims on domestic banks	4.3	1.9	2.2	1.9
Other items (net)	-8,263.8	-8,039.6	-8,238.3	-8,939.8
<i>Of which: capital account</i>	10,382.1	9,990.8	10,211.4	11,073.0
Reserve money	941.3	941.2	945.3	980.0
Currency in circulation	647.0	646.9	647.0	648.1
Bank deposits at CBL	287.1	286.8	290.8	325.7
Other deposits	7.3	7.5	7.5	6.2

Sources: Liberian authorities.

Table 10. Liberia: Summary Accounts of Deposit Money Banks, December 1998-September 1999
(In millions of Liberian dollars; end of period)

	1998	1999		
	December	March	June	September
Net foreign assets	-347.1	428.7	981.2	441.6
Foreign assets	447.9	479.0	1,142.5	490.5
Foreign liabilities	-795.0	-50.3	-161.4	-48.9
Net domestic assets	919.8	208.8	-346.0	259.3
Domestic Credit	1,354.5	1,444.0	1,231.5	1,620.6
Claims on government (net)	194.2	220.1	182.8	205.2
Claims	306.2	314.8	325.3	348.3
Deposits	112.0	94.7	142.5	143.0
Claims on private sector	1,148.1	1,182.3	1,010.0	1,350.0
Claims on public enterprises	12.2	41.6	38.7	65.4
Claims on NBFIs	0.0	0.0	0.0	0.0
Other items (net)	-394.4	-1,138.1	-1,021.1	-727.8
Reserves	768.5	794.4	853.8	933.4
Total deposit liabilities	1,341.3	1,431.9	1,489.0	1,634.3
Demand deposits	1,005.5	1,093.3	1,137.2	1,259.0
Savings deposits	326.7	325.1	339.1	362.7
Time deposits	9.1	13.5	12.7	12.6

Sources: Liberian authorities.

Table 11. Liberia: Selected Interest Rates, January 1998-October 1999
(In percent per annum)

	Lending Rate	Personal Loan Rate	Time Deposit Rate	Savings Rate
1998				
January	16.60	10.00	6.51	6.00
February	26.21	10.00	6.18	6.00
March	26.46	10.00	6.50	6.00
April	25.90	10.00	6.19	6.00
May	25.28	10.00	6.19	6.00
June	25.59	10.00	6.19	6.00
July	25.86	10.00	5.98	6.00
August	19.63	10.00	6.18	6.00
September	19.60	10.00	6.18	6.00
October	19.57	10.00	6.18	6.00
November	15.38	10.00	6.19	6.00
December	14.78	10.00	6.16	6.00
1999				
January	15.02	10.00	6.50	6.00
February	15.05	10.00	6.50	6.00
March	19.37	10.00	6.17	6.00
April	14.07	10.00	6.25	6.00
May	14.55	6.00	6.42	6.00
June	14.41	10.00	6.45	6.00
July	14.96	...	6.02	6.00
August	18.87	...	6.00	6.00
September	17.01	...	6.22	6.00
October	17.31	...	6.45	6.00

Source: Central Bank of Liberia.

Table 12. Liberia: Major Exports 1987-99 1/

	1987	1988	1997	1998	1999 Est.
	(In millions of U.S. dollars)				
Total exports	401.2	442.7	25.3	42.7	55.7
Rubber	94.2	106.5	19.4	28.5	31.7
Timber	61.3	93.8	4.8	11.7	21.8
Cocoa	6.0	6.2	0.7	2.0	1.1
Coffee	10.0	5.7	0.1	0.3	1.0
Iron Ore	206.4	208.1	0	0	0
Other	23.3	22.4	0.4	0.1	0.1
	(Annual percentage changes)				
Total exports	5.2	10.3	....	68.8	30.4
Rubber	11.9	13.1	...	47.0	11.2
Timber	85.2	53.0	...	145.1	85.5
Cocoa	-32.6	3.3	...	198.5	-44.3
Coffee	-38.3	-43.0	...	325.7	210.3
Iron Ore	-5.2	0.8	...	...	...
Other	...	-3.9	...	-25.0	0.0
	(In percent of total)				
Total exports	100.0	100.0	100.0	100.0	100.0
Rubber	23.5	24.1	76.6	66.7	56.9
Timber	15.3	21.2	18.9	27.5	39.1
Cocoa	1.5	1.4	2.7	4.8	2.0
Coffee	2.5	1.3	0.3	0.8	1.8
Iron Ore	51.4	47.0	0.0	0.0	0.0
Other	5.8	5.1	1.5	0.3	0.2

Sources: Liberian authorities; and Fund staff estimates.

1/ In U.S.dollar values.

Table 13. Liberia: Imports by Category and End-Use, 1987-99

	1987	1988	1997	1998	1999 Est.
	(In millions of U.S. dollars)				
Total	307.6	331.3	243.2	161.2	167.5
Food and live animals	58.9	58.4	64.4	48.7	53.4
<i>Of which: rice</i>	27.3	27.0	21.6	30.0	22.6
Beverages and tobacco	4.5	4.8	15.6	7.3	7.1
Crude materials inedible (excl. fuel)	2.4	2.9	12.0	4.6	6.7
Mineral fuels and lubricants	69.7	69.4	40.5	39.4	20.7
<i>Of which: petroleum</i>	52.0	51.7	30.2	36.2	17.4
Animal, vegetable oil	4.1	2.2	1.5	1.2	2.0
Chemicals and related products	22.1	18.9	15.1	9.1	13.3
Manufactured goods	55.1	59.0	24.4	15.0	17.1
Machinery and transport equipment	73.5	94.4	53.2	27.7	36.3
Miscellaneous manufactured goods	14.2	18.9	12.3	6.3	7.3
Commodities and transactions	3.1	2.4	3.8	2.0	3.6
	(Annual percent changes)				
Total	18.8	7.7	.....	-33.7	3.9
Food and live animals	9.9	-0.8	.....	-24.4	9.6
<i>Of which: rice</i>	9.9	-0.8	.....	38.8	-24.7
Beverages and tobacco	12.5	6.7	.....	-53.1	-3.2
Crude materials inedible (excl. fuel)	-31.4	20.8	.....	-61.9	47.7
Mineral fuels and lubricants	31.8	-0.4	.....	-2.7	-47.4
<i>Of which: petroleum</i>	31.8	-0.4	.....	19.6	-52.0
Animal, vegetable oil	28.1	-46.3	.....	-22.6	75.7
Chemicals and related products	-16.0	-14.5	.....	-39.9	46.5
Manufactured goods	52.6	7.1	.....	-38.4	13.4
Machinery and transport equipment	24.6	28.4	.....	-48.0	31.2
Miscellaneous manufactured goods	-22.4	33.1	.....	-49.1	15.4
Commodities and transactions	47.6	-22.6	.....	-47.3	80.0
	(In percent of total)				
Total	100.0	100.0	100.0	100.0	100.0
Food and live animals	19.1	17.6	26.5	30.2	31.9
<i>Of which: rice</i>	8.9	8.1	8.9	18.6	13.5
Beverages and tobacco	1.5	1.4	6.4	4.5	4.2
Crude materials inedible (excl. fuel)	0.8	0.9	4.9	2.8	4.0
Mineral fuels and lubricants	22.7	20.9	16.6	24.4	12.4
<i>Of which: petroleum</i>	16.9	15.6	12.4	22.4	10.4
Animal, vegetable oil	1.3	0.7	0.6	0.7	1.2
Chemicals and related products	7.2	5.7	6.2	5.6	7.9
Manufactured goods	17.9	17.8	10.0	9.3	10.2
Machinery and transport equipment	23.9	28.5	21.9	17.2	21.7
Miscellaneous manufactured goods	4.6	5.7	5.1	3.9	4.3
Commodities and transactions	1.0	0.7	1.6	1.2	2.1

Sources: Liberia authorities; and Fund staff estimates.

Table 14. Liberia: Direction of Exports, 1987, 1997, and 1999

Country	1987	1997	1999
		(In percent of total)	
United States	19.3	8.5	54.3
Europe	65.3	40.8	34.5
Germany	28.6	0.0	0.5
Netherlands	3.0	0.5	0.0
France	8.7	35.5	24.3
Italy	16.6	0.1	3.3
United Kingdom	2.3	2.8	1.0
Belgium	6.1	0.0	4.4
Iberia	0.0	2.0	0.9
Southeast Asia	0.0	49.7	7.9
Singapore	0.0	36.1	5.2
Malaysia	0.0	10.9	2.4
Thailand	0.0	2.7	0.3
ECOWAS 1/	1.2	0.5	2.9
Other	14.2	0.4	0.5
Total	100.0	100.0	100.0

Sources: Liberia authorities; and Fund staff estimates.

1/ Economic Community of West African States

Table 15. Liberia: Public Sector External Debt Outstanding and Debt Service by Creditor, 1998-2000

	End-1998		End-1999, est. 1/		1999	2000
	Stock	Of which Arrears	Stock	Of which Arrears	Debt service Est.	Proj.
(In millions of U.S. dollars, unless otherwise indicated)						
All creditors	2,527	2,205	2,553	2,257	52	47
Multilateral	1,315	1,154	1,337	1,186	32	28
IMF	650	650	645	645	14	15
IBRD	242	234	266	263	10	5
IDA	101	20	102	23	3	3
African Development Bank	218	146	221	151	5	5
Others	103	103	103	103	0	0
Official bilateral	773	613	778	633	20	20
Paris Club	741	582	746	602	20	20
Non-previously-rescheduled debt	542	383	546	403	19	19
Pre-cutoff	412	300	415	317	16	16
Post-cutoff	130	83	131	86	3	3
Previously-rescheduled debt	114	114	115	115	1	1
Other	85	85	85	85	0	0
Non-Paris Club	32	31	32	31	0	0
Commercial	394	394	394	394	0	0
Short term	44	44	44	44	0	0
(In percent of total)						
All creditors	100	100	100	100	100	100
Multilateral	52	52	52	53	61	58
IMF	26	29	25	29	28	31
IBRD	10	11	10	12	18	10
IDA	4	1	4	1	5	6
African Development Bank	9	7	9	7	10	11
Others	4	5	4	5	0	0
Official bilateral	31	28	30	28	39	42
Paris Club	29	26	29	27	39	42
Non-previously-rescheduled debt	21	17	21	18	37	40
Pre-cutoff	16	14	16	14	31	34
Post-cutoff	5	4	5	4	6	6
Previously-rescheduled debt	5	5	4	5	1	2
Others	3	4	3	4	0	0
Non-Paris Club	1	1	1	1	0	0
Commercial	16	18	15	17	0	0
Short term	2	2	2	2	0	0

Sources: Liberian authorities; and Fund staff estimates and projections.

1/ Based on end-1998 debt stock and estimates on debt service, interest rates and exchange rates.

Table 16. Liberia: Exchange Rates, 1997- 99 1/

	1997				1998				1999			
	Large bill		Small bill		Large bill		Small bill		Large bill		Small bill	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
January	60.39	60.89	56.79	57.29	40.16	40.66	40.00	40.50	43.58	43.97	33.68	33.95
February	61.25	61.75	54.18	54.68	40.00	40.50	40.00	40.50	42.42	42.68	30.56	30.77
March	58.84	59.34	57.84	58.34	40.89	41.39	40.48	40.98	40.52	40.79	30.24	30.45
April	60.00	60.50	59.00	59.50	39.40	40.40	39.90	40.40	41.00	41.59	30.00	30.37
May	59.63	60.13	59.11	59.61	40.00	40.50	40.00	40.50	41.44	42.69	30.00	30.64
June	55.13	55.63	54.94	55.44	40.00	40.50	40.00	40.50	41.95	43.09	30.09	31.06
July	45.13	45.63	44.18	44.68	41.06	41.56	41.00	41.50	42.33	43.93	30.50	32.45
August	41.45	41.95	41.00	41.50	43.00	43.50	42.50	43.00	43.23	44.33	31.98	32.95
September	44.31	44.81	44.23	44.73	45.00	45.50	44.50	45.00	42.86	43.84	31.51	32.49
October	40.97	41.47	40.37	40.87	45.00	45.50	40.00	40.50	42.36	43.29	30.10	30.62
November	40.79	41.29	40.50	41.00	42.47	43.20	40.00	40.72	38.23	39.08	30.00	35.00
December	37.25	37.75	37.09	37.59	38.00	38.50	30.00	30.50	36.57	37.83	30.22	35.22

Source: Central Bank of Liberia.

1/ Liberty dollars per U.S. dollar based on market rates.

Table 17. Liberia: Summary of Tax System
(As of December 31, 1999)

Tax	Nature of Tax	Exemptions and Deductions	Rates	
A. Central government				
1. Taxes on income and profits				
1.1 Taxes on companies				
1.11 Taxes on company income (suspended as of October 27, 1997)	Annual tax on net profits received by Liberian and foreign companies. Liberian companies are taxed on income derived from their operations within Liberia. Companies with tax liability of \$500 or more are required to make payments on a current payment basis.	Income derived from sources outside Liberia is exempt, if the majority of the voting power of a domestic company is held by foreigners or nonresidents. Also exempt are earnings from the operation of vessels if not derived exclusively from coastwide operation by resident corporations. Under the Investment Code, companies with qualifying Liberian personnel are exempted from all income taxes for a period of five years or until their accumulated profits exceed 150 percent of their initial investment. This tax holiday may be extended to ten years in certain cases. Donations to approved organizations are deductible, subject to a limit of 15 percent of net income.	Income (L\$)	Rate
			Up to \$10,000	0%
			\$10,001 to \$50,000	2,000 plus 30% of excess over 10,000
			\$50,001 to \$100,000	14,000 plus 40% of excess over 50,000
			\$100,001 and over	34,000 plus 50% of excess over 100,000
1.12 Tax on partnership income	Payable on all net profits received by partnerships. When the tax liability exceeds \$500, payments must be made on a current payment basis.	Partnerships are granted the same deductions on corporations. No deductions may be made for personal or family expenses of any partner.	Rates are identical to those for individuals (see below).	
1.13 Taxation of iron ore companies	Iron ore companies share their profits with the government under concession agreements, paying 50 percent of net profits in lieu of company income tax.	Concessionaires are entitled to similar deductions as permitted under company income tax. In addition, many agreements provide loss carryovers and loss carrybacks that are not allowed under company income tax.	50 percent. In certain cases minimum payments per ton of ore are provided by the agreements.	

Table 17. Liberia: Summary of Tax System
(As of December 31, 1999)

Tax	Nature of Tax	Exemptions and Deductions	Rates	
1.2 Taxes on individuals				
1.21 Income tax	The tax is payable annually by all citizens and residents of Liberia on net income received from all sources, including capital gains. Partners must file individual returns of distributive income of all partnership(s) together with income from other sources. Employees' taxes are withheld from salaries or wages (for wages and salaries over \$84 a month) and self-employed individuals with tax liability of \$500 or more are required to make payments on a current payment basis. There are established estimates for taxpayers who do not keep records of their income.	Proceeds of life insurances, value of gift, compensation for personal injury or sickness, and interest on certain government obligation are exempt from taxation. A number of personal deductions are granted to each taxpayer, including personal allowance of up to a maximum of \$1,000 a year. Other deductions are interest paid during the taxable year, and taxes paid and losses from fire, theft, and other casualties. Donations to approved organizations are deductible within the limit of 15 percent of net income. A tax credit is allowed for the partner's share of the partnership tax.	Income (in L\$)	Rate
			Up to \$2,000	11 percent
			2,001 to 3,000	220 plus 13% of excess over 2,000
			3,001 to 4,000	350 plus 6% of excess over 3,000
			4,001 to 6,500	510 plus 20% of excess over 4,000
			6,501 to 9,000	1,010 plus 24% of excess over 6,500
			9,001 to 14,000	1,610 plus 26% of excess over 9,000
			14,001 to 19,000	2,910 plus 31% of excess over 14,000
			19,001 to 49,000	4,460 plus 36% of excess over 19,000
			49,001 to 74,000	5,260 plus 45% of excess over 49,000
	74,001 to 99,000	26,510 plus 50% of excess over 74,000		
	99,001 and over	39,010 plus 65% of excess over 99,000		
1.22 National reconstruction tax	The tax is levied on every self-employed, salaried, or wage-earning citizen and foreign resident in Liberia over 16 years of age on gross income for each month of employment or fraction thereof.		Payable on monthly income as follows:	
			(In dollars)	(In percent)
			1 to 200	1.0
			201 to 500	4.5
			501 to 1,000	7.5
	1,001 and above	8.0		
1.3 Gross income tax	Payable by individuals, partnerships, and corporations engaged in business who were subject to payment of the business trade levy.		4% of gross income.	

Table 17. Liberia: Summary of Tax System
(As of December 31, 1999)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.4 Other withholding on payments to nonresidents	Levied on the gross amount of interest, dividends, royalties, rents, compensations, and other fixed or determinable incomes earned in Liberia by nonresident foreigners. Under certain conditions, taxpayers may be granted appropriate relief at the discretion of the minister in cases of inequity in tax burden, for example, double taxation.	Exemption from taxation are: (a) interest: earned on deposits with banks in Liberia; (b) interests, commissions, and other charges levied on short-term commercial transactions; and (c) items of income specifically listed in concession agreements	
1.5 Insurance premium tax—insurance companies	Annual tax on all gross premium received from policy by insurer on direct risks written in Liberia and also if a domestic insurer on direct risks is situated in any other country or countries.		3 percent.
2. Payroll taxes	None.		
3. Taxes on property			
3.1 Real estate tax			
3.11 Property tax (suspended as of October 27, 1997)	Levied on land located in a city, township or commonwealth district and the assessed value of any improvement thereon. Valuation of the property is determined by the tax administration.	Exemption from taxation are: (a) government properties; (b) properties of churches or other religious societies held for educational, charitable, or fraternal purposes; (c) buildings and other properties owned by the University of Liberia; and (d) properties held by foreign governments not owned by private individuals.	5 percent on unimproved and in owns and cities, and 5 cents per acre on rural land, including farmland, with a minimum of \$5,000. 2 percent on improved land in commercial use. 1 percent on improved land for industrial use. ½ of 1 percent on residential property.
3.12 Realty lease tax	Annual tax on rent or lease payments of realty. The tax is withheld by the lessor at the time of rent payment. Based on application before structure is erected to encourage development; up to five years for new buildings only.		10 percent of the rental or lease value.

Table 17. Liberia: Summary of Tax System
(As of December 31, 1999)

Tax	Nature of Tax	Exemptions and Deductions	Rates
3.2 Net wealth taxes	None.		
3.3 Death and gift taxes	None.		
3.4 Property transfer taxes	None.		
4. Taxes on domestic goods and services			
4.1 Sales tax	None.		
4.2 Excise taxes	Levied at the manufacture level.		<p>A. Specific</p> <p>(1) Salt drinks L\$1.50 per liter</p> <p>(2) Beer L\$2.00 per liter</p> <p>(3) Vermouth L\$3.00 per liter</p> <p>(4) Paint US\$0.10 per gallon</p> <p>(5) Spirits L\$5.00 per liter</p> <p>B. Ad valorem (In percent)</p> <p>(1) Pastry, biscuits 5.0</p> <p>(2) Ice cream 5.0</p> <p>(3) Cemet 1.5</p> <p>(4) Cooking oil 6.0</p> <p>(5) Perfumery 2.0</p> <p>(6) Electric accumulators 7.0</p>
4.3 Taxes on timber production (Stumpage tax)	Levied on the sale of logs, lumber, planks, and other partly manufactured timber products.	Not applicable in case of exports, except where product comes from privately owned land. Exemption from reforestation fee is permissible under certain circumstances where reforestation is undertaken.	<p>(a) Severance fee \$1.50 per cu. meter.</p> <p>(b) Industrial incentive fee on all unprocessed round logs for export varies according to species (from \$2 to \$75 per cu. meter).</p> <p>(c) Forest products fee for some timber from \$1.50 to \$60 per cu. Meter, and square edged (planed) from \$1 to \$2 per cu. Meter.</p> <p>(d) Reforestation fee \$.50-\$4.50 per cu. meter.</p>
4.4 Rubber sales tax	Levied on the sale of domestically produced rubber.		US\$0.01 per pound if the world market price exceeds US\$0.25 per pound.

**Table 17. Liberia: Summary of Tax System
(As of December 31, 1999)**

Tax	Nature of Tax	Exemptions and Deductions	Rates								
5. Taxes on international trade											
5.1 Taxes on imports											
5.11 Customs duties	Import duties are mostly levied as ad valorem duties on the c.i.f. value of import.	Exempt from duties are (a) imports by Liberian government, diplomats, and missionary organizations; (b) intermediate goods used in agriculture and some medical and fire-fighting supplies; (c) imports granted by special contracts to the large concessionaires operating in Liberia; and (d) imports granted under the Investment Incentive Code to stimulate industrial activities in Liberia.	<table border="0"> <tr> <td></td> <td align="right">Rate (In percent)</td> </tr> <tr> <td>Essential goods</td> <td align="right">2.5</td> </tr> <tr> <td>Nonessential goods</td> <td align="right">7.5</td> </tr> <tr> <td>Luxury goods</td> <td align="right">25.0</td> </tr> </table> <p>Furthermore, a protective tariff of 10 percent is imposed on all locally manufactured products.</p>		Rate (In percent)	Essential goods	2.5	Nonessential goods	7.5	Luxury goods	25.0
	Rate (In percent)										
Essential goods	2.5										
Nonessential goods	7.5										
Luxury goods	25.0										
5.12 Customs users' fee			5 percent of the value of goods.								
5.2 Taxes on exports-Export duties	Export duties are levied on a variety of exports, including rubber and other agricultural products.	Logs and some timber are exempt when cut on privately owned land. Export duties are creditable against income tax.	<p>Agricultural produce at 5%. Rubber at 5%. Diamonds, platinum, silver, and gold at 15% per troy ounce. Salt at 5% per metric ton.</p>								
6. Other taxes											
6.1 Poll taxes											
6.11 Local tax	An annual tax payable by citizens and alien residents not paying income tax (and collected by the central government).	Children under the age of 16 and students not gainfully employed; and persons considered elderly, indigent, or infirm by the Head of State.	\$10.00.								
6.12 National Identification Card fee	An annual fee payable by citizens and alien residents.	Children under the age of 5.	<table border="0"> <tr> <td>Children age 5 to 18</td> <td align="right">\$3.00</td> </tr> <tr> <td>Students</td> <td align="right">\$3.00</td> </tr> <tr> <td>Adults, 19-65</td> <td align="right">\$7.00</td> </tr> <tr> <td>Adults, 66 and above</td> <td align="right">\$5.00</td> </tr> </table>	Children age 5 to 18	\$3.00	Students	\$3.00	Adults, 19-65	\$7.00	Adults, 66 and above	\$5.00
Children age 5 to 18	\$3.00										
Students	\$3.00										
Adults, 19-65	\$7.00										
Adults, 66 and above	\$5.00										

Table 17. Liberia: Summary of Tax System
(As of December 31, 1999)

Tax	Nature of Tax	Exemptions and Deductions	Rates
6.2 Stamp taxes (Revenue and Finance Law)	Obligatory use of stamps for a wide variety of legal documents.		Various rates are applied depending on the type of documents, such as (In dollars) (a) Affidavits 3.00 (b) Bill of entry for duty-free goods for each \$200 or fraction thereof 10.00 (c) Bill of health 3.00 (d) Bill of lading for export 10.00 (e) Bond, surety, and a similar instruments 5.00 (f) Marriage licenses, regular, and special 25.00 and 50.00 (g) Power of attorney, pleadings petitions, and promissory notes 4.00
6.3 Other			
6.31 Airport tax	Levied on passengers leaving Liberia.		US\$30.00 per nonresident US\$20.00 per resident.
6.32 Airline ticket tax	Levied on passengers leaving Liberia. The charges are collected by carriers.		
6.33 Hotel tax	Levied on room charges.		10 percent.

Source: Liberian authorities.