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Costa Rican Government Eliminates Coffee Export Tax

by Deborah Tyrolier

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In statements to reporters on Sept. 14, Costa Rica's new finance minister, Rodrigo Bolanos Zamora, announced that a tax levied on coffee exports paid by producers had been eliminated, result of low world market prices. Coffee ranks as the country's top export revenue earner. The minister asserted that economic policy will be adjusted in coming months to meet requirements contained in the government's agreement with the International Monetary Fund. Bolanos replaced Fernando Naranjo, who opposed dropping the coffee export tax. Naranjo predicted that with the loss in annual revenues of $34 million, the public deficit will increase to over $120 million, or more than 2% of GDP. The new minister said the elimination of the coffee tax would be "gradual," or implemented in stages. In the last three years, Costa Rica has signed two agreements with the IMF. The public deficit in 1986 was equivalent to 3.3% of GDP. Last year, the deficit had been reduced to 2% of GDP. (Basic data from Notimex, 09/14/89)

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