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## **Honduras: Plans For 110% Gasoline Price Hike**

*by Deborah Tyroler*

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On Oct. 2, the Agence France Presse reported that gasoline prices will be raised 110% this week, from the equivalent of \$1.35 to \$2.82 per gallon. Treasury Minister Benjamin Villanueva said that average crude prices since early August have increased from \$17 to \$40 per barrel, and will cost Honduras an extra \$96 million this year. The minister said the government will lose slightly more than \$1 million by reducing its petroleum tax from 20% to 15% to avoid an even higher price increase on gasoline. The Honduran Congress approved the tax reduction on Sept. 28. Villanueva added that several development programs will be cancelled, and balance of payments targets for the year have been rendered impossible. The imminent price hike will be announced at the latest on Oct. 4, said officials. The only good news is that fares for intra-city buses will not be raised, since President Rafael Callejas said subsidies are to continue. Independent economists warn that annual inflation will reach 40%. Currency devaluation, higher taxes, and price hikes on foodstuffs, fuel, pharmaceuticals, and other products were recommended by the International Monetary Fund and other multilateral creditors. (Basic data from Notimex, 09/29/90; AFP, 10/02/90)

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