

ECONOMIC COMMISSION FOR LATIN AMERICA  
AND THE CARIBBEAN

**ECONOMIC SURVEY  
OF LATIN AMERICA  
AND THE CARIBBEAN  
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**NOTE**

Part One of this edition of the *Economic Survey of Latin America and the Caribbean* includes an overview of the economic evolution of Latin America and the Caribbean as a whole, together with a comparative analysis of various aspects of the recent economic trends in the different countries of the region. It also includes special chapters on the transfer of resources, inflation, and the evolution of the Caribbean economies in 1988.

Part Two of the *Survey* covers the recent economic evolution of the individual countries. In order to speed up the issuance of this English edition and thus enhance its usefulness to its readers, the country studies summarize the analyses contained in the original Spanish version, but include all the tables and graphs.

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### Notes and explanation of symbols

The following symbols have been used in the tables in this Survey:

Three dots (...) indicate that data are not available or are not separately reported.

A dash (—) indicates that the amount is nil or negligible.

A blank space in a table means that the item in question is not applicable.

A minus sign (-) indicates a deficit or decrease, unless otherwise indicated.

A full stop (.) is used to indicate decimals.

A slash (/) indicates a crop year or fiscal year, e.g., 1969/1970.

Use of a hyphen (-) between years, e.g., 1960-1970, signifies an annual average for the calendar years involved, including the beginning and the end years.

References to "tons" mean metric tons, and to "dollars" United States dollars, unless otherwise stated.

Unless otherwise stated, references to annual growth rates of variation mean cumulative annual rates.

Figures and percentages in tables may not necessarily add up to the corresponding totals, because of rounding.

PART ONE  
THE ECONOMIC TRENDS IN  
LATIN AMERICA AND THE CARIBBEAN IN 1988



## ECONOMIC TRENDS IN LATIN AMERICA AND THE CARIBBEAN IN 1988

### I. THE CRISIS AND THE ECONOMIC CLIMATE

In 1988, the economic crisis of Latin America and the Caribbean took a dramatic turn. For the first time since the 1981-1983 recession, the per capita product declined to a level equivalent to that of 1978; inflation almost quadrupled to an unprecedented average of 760%, and real incomes declined in most of the countries (see table 1 and figure 1). Thus, in most countries of the region, the slender hope of regaining sustained and stable economic growth which could solve the mass of serious accumulated social problems became even more remote.

Viewed in a wider perspective, the economic evolution of the region in 1988 represented a prolongation of the crisis that Latin America and the Caribbean have been facing since 1981, the main features of which are the sluggishness of economic activity, persistent macroeconomic imbalances, declining capital formation, and further deterioration of standards of living, particularly of the most vulnerable segments of the population. Albeit with variations of scope and intensity, the crisis has affected the vast majority of the countries of the region, reflecting the role played in its origin and continuation by the adverse effects of plummeting world commodity prices, rising interest rates and the spread of protectionism. Moreover, the fact that 1988 was the eighth consecutive year of poor economic performance shows that recession and inflation are acquiring a dynamism of their own.

Nevertheless, 1988 was different from previous years in at least one significant respect: the higher prices paid on international markets for many of the region's export commodities, with the notable exception of petroleum. This considerably boosted the value of exports and improved the terms of trade and

the trade balance of the non-oil-exporting countries.

Judging from the historical patterns of behaviour of the region's economies, the increase in the purchasing power of exports should have fueled more vigorous economic growth. However, generally speaking, such economic expansion did not occur. This was because, firstly, the rise in the value of exports was cancelled out by a very considerable increase in transfers abroad as a result of higher interest rates and a very sharp decline in external financing. Thus, the region continued to transfer massive amounts of money abroad. Secondly, internal constraints of a structural and cyclical nature, particularly the accumulated effects of adjustment policies, had to be coped with. In 1988, the shortage of foreign exchange was not the factor that most hampered the growth of most of the countries in the region (including the three largest ones): their greatest problem was rather that of fighting against the macroeconomic imbalances that had been exacerbated by the crisis. In the course of the decade it became more difficult to manage economic policies than in the past. Public finances faced dwindling revenues coupled with pressure on expenditure, particularly as a result of the very rapid increase in the servicing of the public debt. Moreover, the drop in real earnings, caused mainly by higher inflation, not only fueled recession but also caused considerable social and political tensions.

Also, as immediate problems called for ever-increasing attention and the margin for adjusting economic policies shrank accordingly, it became increasingly difficult to tackle long-standing structural obstacles to development such as outmoded systems of

Figure 1

LATIN AMERICA AND THE CARIBBEAN: MAIN ECONOMIC INDICATORS

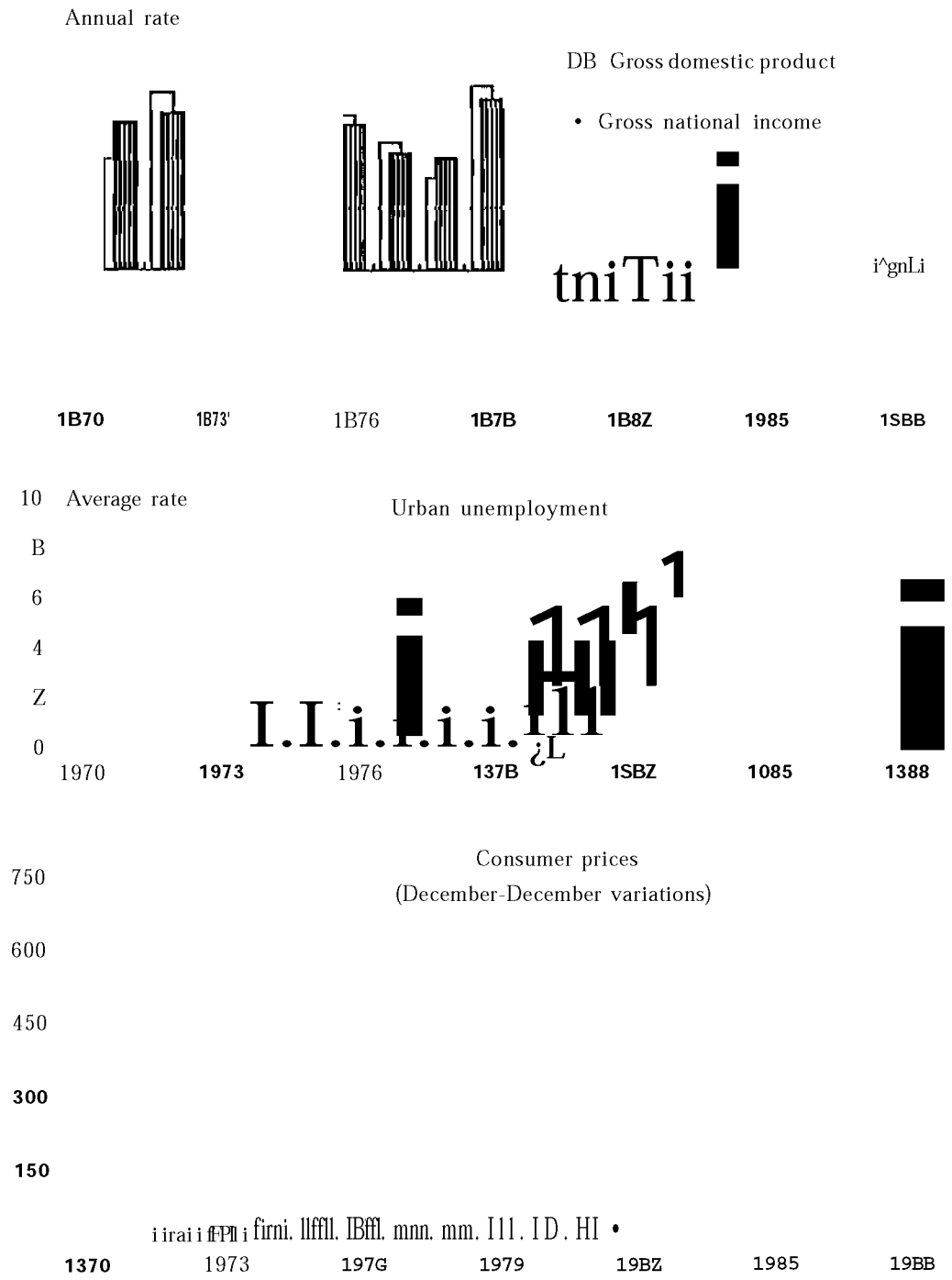
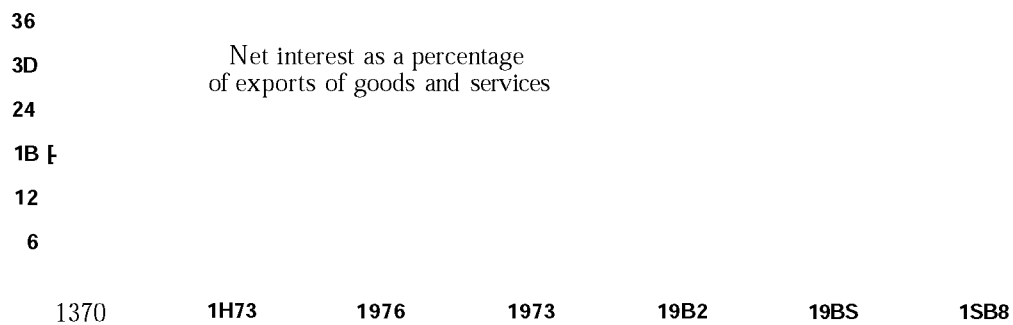
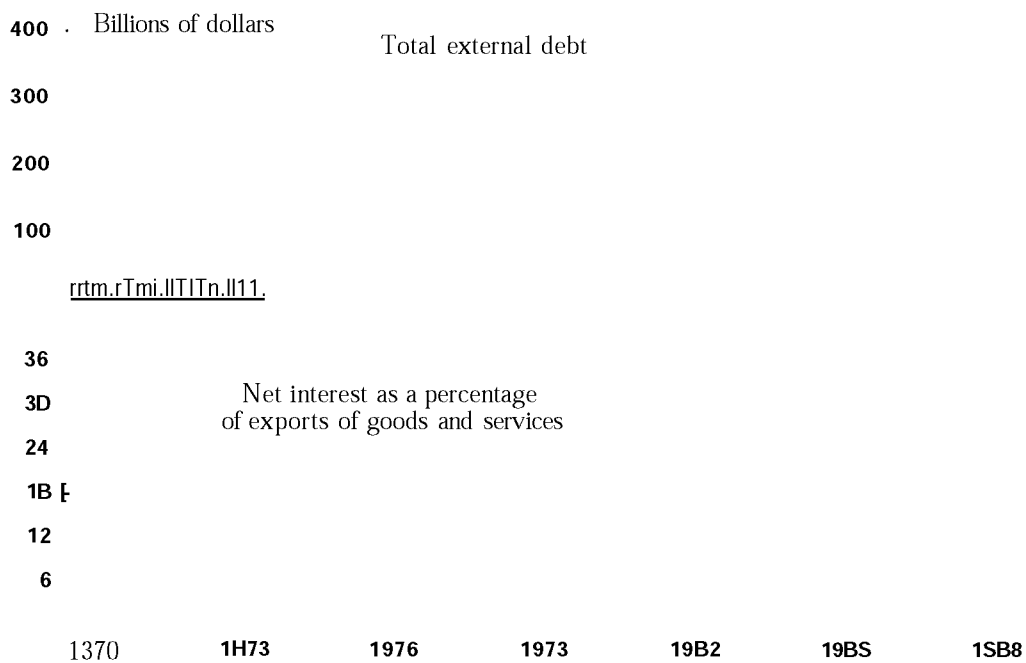
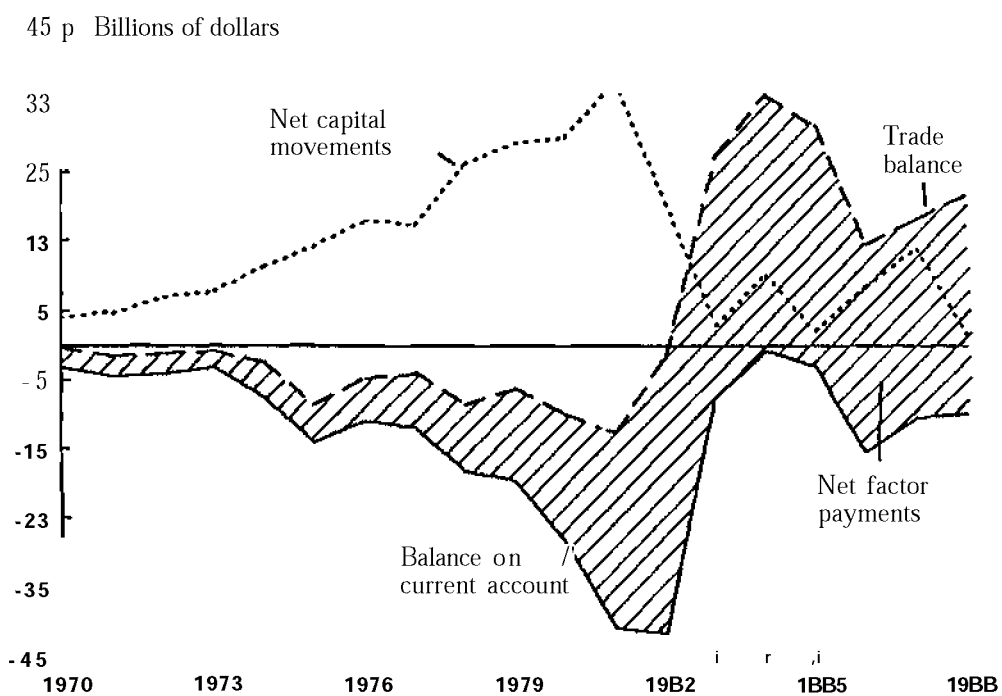




Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

education, inefficient agrarian structures, very limited application of new technology in production, and outdated financial and taxation systems. Moreover, the social cost of the recession, coupled with inflation and the deterioration in public social services, has further added to the already heavy burdens of many Latin American societies and heightened disparities.

The 1988 economic climate revealed some new aspects of the complex relationship between external and internal constraints on recovery and development. The combined effects of the transfer of resources, high and rising inflation and the arrears that had piled up throughout the decade acted as a brake on economic growth. This happened because the bulk of the external debt was contracted by the public sector and the transfer of resources abroad therefore usually also requires a domestic transfer of resources from the private to the public sector. Since there is a big gap between the amount of the transfer required and tax receipts, a significant proportion of such transfers have been based on inflationary financing, which in turn has been a factor in the considerable rise in prices seen in the region since the outset of the debt crisis.

The oil-exporting countries were particularly seriously affected by the above problem in 1988. While the other economies in the region benefitted from higher export earnings and cheaper imported oil, the oil-exporting countries faced the classic problem of the 1980s, namely, how to deal simultaneously with constraints on external demand, high levels of debt servicing and the unavailability of external financing.

However, even in the countries that benefitted from the recovery in the prices of

their exports, the availability of more foreign exchange did not necessarily mean higher tax revenue since the tax systems were unable to collect a correspondingly larger proportion of the bigger earnings of exporters. Only in those countries where the public sector owns the main export activities was there a direct relationship between the ability to transfer resources abroad and the financial situation of the public sector. In the other countries, in contrast, although the improvement in export prices naturally strengthened the balance of trade, the lack of mechanisms to enable the State to tap off a substantial portion of the earnings of exporters meant that the easier external position was not reflected in a substantial reduction of the public deficit. The situation was even more difficult in those countries that had to pay more in local currency to service their debt due to rises in the exchange rates.

In short, the events of 1988 once more brought home the fact that in order to overcome the deep and prolonged recession suffered by the vast majority of the countries during this decade, three things are required: greater import capacity, improved internal economic management, and structural transformations to overcome long-standing obstacles to both greater growth and greater equity. Indeed, as the 1988 experience shows, increased export earnings do not necessarily lead in the short term to higher imports and economic growth. At the same time, however, the foreign exchange constraints that have been a prominent feature of the regional economic picture in the current decade must be eased before adjustment programmes can be properly applied and production structures transformed.

Table 1  
LATIN AMERICA AND THE CARIBBEAN: MAIN ECONOMIC INDICATORS <sup>a</sup>

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>b</sup>
	Indexes (1980=100)								
Basic economic indicators									
Gross domestic product at market prices	100.0	100.3	99.0	96.1	99.5	103.0	106.8	109.9	110.4
Gross national income	100.0	98.4	93.4	90.6	94.1	97.3	99.8	103.2	103.0
Population (millions of inhabitants)	357.4	365.5	373.8	382.2	390.7	399.3	407.8	416.6	425.5
Per capita gross domestic product	100.0	98.1	94.6	89.8	90.9	92.1	93.4	94.1	92.5
Per capita gross national income	100.0	96.1	89.2	84.6	85.9	86.9	87.2	88.2	86.2
	Growth rates								
Short-term economic indicators									
Gross domestic product	6.1	0.3	-1.3	-2.9	3.5	3.6	3.7	2.9	0.5
Per capita gross domestic product	3.7	-1.9	-3.6	-5.1	1.2	1.3	1.4	0.7	-1.7
Per capita gross national income	4.3	-3.9	-7.2	-5.2	1.6	1.4	0.4	1.1	-2.3
Urban unemployment rate <sup>c</sup>	6.2	6.6	7.0	8.1	8.2	7.3	6.2	5.8	5.9
Consumer prices	56.0	57.5	84.6	130.8	184.8	274.7	64.5	198.3	759.4
Terms of trade (goods and services)	5.6	-4.6	-12.4	-1.1	4.8	-5.0	-10.2	-	-0.3
Current value of exports of goods and services	32.2	7.9	-11.1	-0.8	11.4	-3.9	-12.8	12.5	14.6
Current value of imports of goods and services	33.3	9.5	-18.8	-28.1	3.9	0.2	2.7	10.8	13.6
	Billions of dollars								
External sector									
Exports of goods and services	107.6	116.1	103.2	102.4	114.0	109.6	95.5	107.5	123.3
Imports of goods and services	117.6	128.7	104.7	75.3	78.2	78.2	81.0	89.4	100.7
Trade balance (goods and services)	-10.0	-12.6	-1.5	27.1	35.8	31.4	14.5	18.1	21.6
Net payment of profits and interest	17.9	27.1	38.7	34.3	37.1	35.0	31.8	30.8	33.6
Balance on current account	28.3	-40.4	-41.0	-7.3	-0.8	-3.0	-15.4	-10.5	-9.9
Net capital inflow	29.7	37.6	20.2	2.9	10.3	2.2	8.5	14.0	1.5
Balance-of-payments position	1.4	-2.8	-20.8	-4.4	9.4	-0.8	-6.9	3.5	-8.4
Total disbursed external debt	228.2	284.9	326.9	351.4	368.3	377.1	392.5	414.8	410.3

Source: ECLAC, on the basis of official figures.

\* The figures given for the gross domestic product correspond to the countries appearing in table 2 (except Cuba), while those given for consumer prices refer to the countries listed in table 10. The data concerning the external sector correspond to the countries shown in table 25. Preliminary figures. Weighted average annual rate for 18 of the 25 largest cities in Latin America. December-to-December variation.



## IL THE INTERNATIONAL CONTEXT

When 1988 began, the world was still feeling from the effects of the October 1987 stock market collapse in the industrialized countries. The Latin American and Caribbean region was expected to face a particularly difficult external economic climate as a result of this situation, the persistent fiscal and trade deficits of the United States of America and the corresponding trade surpluses of the Federal Republic of Germany and Japan, together with the general forecasts of a considerable decline in the growth of industrialized countries (which did not even discount the possibility of a recession).

The repercussions of such an external climate were serious for the region since at that time the prospects of carrying out adjustment with growth vitally depended on increases in the prices and volume of the region's exports, a drop in international interest rates and a possible increase in the net inflows of external capital.

When the 1982-1983 crisis broke out, the Latin American and Caribbean countries were very vulnerable to changes in their external sector. On the one hand, the export and import base of the region was too narrow for it to adjust to the adverse impact of a crisis either through greater import substitution or increased exports. Exports accounted for a sixth of the region's gross domestic product, and three quarters of these exports consisted of commodities; the elasticity of demand and supply for such products was very low and their prices were subject to considerable fluctuations. Such a situation did not offer much of a margin for effecting a rapid adjustment through an increase in exports. Moreover, since by the outbreak of the crisis the import substitution process was already at a very advanced stage, it was not easy to curb imports without adversely affecting output,

which actually happened during the 1983-1985 period.

On the other hand, when the crisis occurred, the region was also in a very vulnerable external financing situation. During the 1970s, the Latin American and Caribbean countries had received a net transfer of resources equivalent to 2% of their annual gross domestic product mainly in the form of loans; thus the debt/exports ratio had already risen to 2.5 in 1981 and rose even further in the following years. Moreover, since the bulk of such debt had been contracted at floating interest rates, interest payments were very high.

Since the adjustment process had its limitations, the region continued to be markedly affected by external changes in trade (declines in the terms of trade or in the total volume of exports) and in finance (lower inflows of capital or higher interest rates). The stock market crash of October 1987 coupled with macroeconomic imbalances in the industrialized countries, heightened fears that both types of phenomena could occur again in 1988.

However, the forecasts proved to be exaggerations; the greatest error was committed by those who forecasted a recession in economic activities and in world trade. Far from declining to a little over 2% as the Organization for Economic Co-operation and Development (OECD) had originally forecasted, the gross domestic product of the industrialized countries rose from 3.3% in 1987 to over 4% in 1988. Moreover, the economic growth of the major countries was more balanced; GDP grew significantly in Japan, the Federal Republic of Germany and the rest of Europe as well as in the United States. The volume of world trade also rose to 8.5% as compared to 5.5% in 1987. The prices of most commodities, except oil, rose more than the inflation rate in the OECD countries. This

inflation rate remained virtually stable around an average of 3.5% although it rose in the second half of 1988.

In contrast, there were events in international financial circles that had adverse effects on the region. Not only did capital flows to Latin America and the Caribbean decline further but international interest rates rose. Thus, the London interbank offered rate (LIBOR), which had dropped one and a half points during the five months following the stock market crash as a result of the massive support of central banks to the international financial system, began to rise steadily from the second quarter of 1988 onwards; at the end of the year, it stood at 9.4%, almost a point more than the rate in October 1987.

The incorrectness of the forecasts concerning the level of world production and trade was due to both external and internal factors. Lower oil prices and the vigorous growth of Asian developing countries helped to boost economic activity in the industrialized countries. Also, some industrialized countries, including the United States, benefitted from a rise in exports and improved external accounts. In fact, the main reasons why the economies of OECD countries performed better than they had been expected to do at the end of 1987 were, on the one hand, the vigorous and widespread growth in non-resident private investment, which grew twice as much in 1988 as in 1987, with significant multiplier effects on trade; and, on the other hand, a 2.5% growth in productivity, which was higher than the annual growth rate of 1.5% predicted.

At this point, it is not at all clear which factors were most responsible for the increase in investment and productivity. In any case, such an increase tends to confirm the theory that the stock market crash was really a reflection of the existing imbalances on the market itself caused only by overspeculation and was not a sign of more profound changes in basic economic relationships.

Certainly, the improved competitiveness of the United States on the international market as a result of the fall in the value of the dollar between 1985 and 1987 was responsible for the significant decline in the United States trade deficit of about US\$40 bilMon. On the other hand, although the decrease in the United States fiscal deficit was more moderate, it continued to go down in terms of the gross

domestic product, and in 1988 stood at a little over 3% of GDP. Also, the adoption by the Federal Republic of Germany and Japan of more growth-oriented policies improved the structure of demand of the OECD countries. All these factors help to improve the outlook for the world economy, as does the potential stimulus to trade and investments in OECD countries of more flexible capital markets under the European Community's 1992 project.

However, a number of other factors might produce the opposite effect. The United States fiscal deficit is still high, especially in terms of personal savings, which means continued pressure on interest rates. Also, inflation is likely to rise in the OECD countries as a result of the ever increasing use of installed capacity. Therefore, although it is expected that the present economic expansion—one of the longest since the end of the Second World War—will continue in the next few years, this will depend on certain factors, namely, a continuing decline in the United States fiscal deficit; control of inflation; and maintaining and possibly reducing interest rates.

Developments in world economic activity and trade in 1988 had favourable net effects on the majority of Latin American and Caribbean countries, although the decline in oil prices harmed the oil-exporting economies. While the prices of oil dropped to the lowest real levels recorded since 1974, prices of most other commodities increased to levels which in some cases recovered the nominal prices in dollars recorded at the beginning of the decade. Nevertheless, the prices in dollars of exported manufactures have risen substantially in the 1980s, so that the recovery of nominal prices in dollar terms has continued to worsen the terms of trade for commodities, which in 1988 fell to the lowest level since 1972.

On the other hand, the rise in international interest rates had an unfavourable effect on the servicing of the external debt. It partly counteracted the improved relative conditions under which some countries of the region were able to develop their trade, while in other countries it exacerbated an already poor trade performance. As a result of this and of the decline in net inflows of capital to the region, the net transfer of resources abroad by Latin America and the Caribbean again rose sharply in 1988.

### III. MAIN CHARACTERISTICS OF THE REGION'S ECONOMIC GROWTH

The unfavourable growth of the region's economy for the eighth year running shows that, against the backdrop of long-standing structural problems, the recurrent macroeconomic distortions associated with debt servicing, the fiscal crisis and scarcity of foreign exchange have now acquired a dynamic force of their own which is reflected in increasing inflationary pressure, shrinking investments and lesser flexibility in economic policy. This context is the main reason for the poor performance in 1988 in terms of economic growth and stability.

The increase in the value of exports as a result of higher international prices for non-energy commodities and the considerable expansion in the volumes of exports did not increase growth substantially; except in a few countries, a small proportion of the increase in external sales was used to import more while the bulk was used to finance more transfers of resources abroad. Transfers of resources abroad increased more than 80% to US\$31 billion, one of the highest levels ever attained since the beginning of the debt crisis in 1982. Thus, economic growth continued to be hampered by import restrictions.

Nevertheless, in a number of countries, what hampered economic growth most in 1988 was not the shortage of foreign exchange; their greatest difficulty was how to come to grips with the macroeconomic imbalances that had been exacerbated by the crisis. Such imbalances were chiefly responsible for the sluggishness of economic activity, the adverse impact of the considerable fiscal deficits and the rise in inflation or attempts to control it.

As a result, the region's gross domestic product barely increased by 0.5%, less than the already very low figure recorded for 1987, and also lower than the population growth rate. Moreover, the slowdown in economic activity was widespread. In fact, the number of

countries where production declined or the per capita product stagnated rose from seven in 1987 to 13 in 1988. On the other hand, while the economies of 10 countries grew significantly in the preceding year, only three experienced such growth in 1988. The slump in economic growth was particularly influenced by the drop in economic activity in Argentina, the stagnation of economic activity in Brazil and the very slight expansion of such activity in Mexico; together, these three countries generate approximately 70% of the total product of Latin America and the Caribbean. The sharp declines in economic activity of 17.6% in Panama, 8.6% in Peru, 8% in Nicaragua and 3.4% in Trinidad and Tobago together with slower growth in most of the other economies of the region, also had an impact on the sluggish growth of the Latin American economy as a whole. Per capita product rose satisfactorily only in Chile (5.3%), Ecuador (where a rise of over 9% largely made up for the sharp fall that had occurred in the preceding year), Paraguay (3.6%) and the smaller English-speaking Caribbean countries which had growth rates of between 3% and 6%.

As in 1987, sluggishness was accompanied by an extraordinary rise in inflation. The average rate of consumer price increases weighted by population attained an unprecedented level of 760%, or almost four times more than the already very high figure for the preceding year. Inflation was both steep and widespread; it occurred in 20 of the 30 countries that had information on inflation; in 10 of them, the inflation rate more than doubled.

As in preceding years, the most striking rise in inflation occurred in Nicaragua, where consumer prices rose by 33 600%. Inflation also increased very sharply in Peru from 115% in 1987 to 1 720% in 1988 and rose considerably in Brazil, where there was an unprecedented rise in price levels of over

930%, double the figure for the preceding year. The rate of inflation also doubled in Argentina from 175% to nearly 390%, although the rates declined significantly in the last quarter of the year. The rate of inflation also continued to rise spectacularly, although from much lower levels, in Ecuador and the Dominican Republic, for both of which the respective increases in prices of 86% and 57% represented new records; inflation rose in Uruguay, where it had decreased gradually but steadily in the preceding two years. It also rose in Bolivia, Colombia and Costa Rica, although the increases in price levels did not reach 30% by the end of the year. On the other hand, inflation declined notably and steadily in Mexico from 160% in 1987 to 52% in 1988 and retracted five points in Venezuela, although its rate of 35% was the second highest in the country's history. The significant decline in inflation to about 13% in Chile amounted to a little over half of the rate of inflation the preceding year. Finally, inflation remained below 10% in Haiti, Honduras, Panama and most of the English-speaking Caribbean countries, where, apart from a few cases, increases in domestic price levels have traditionally been similar to or even lower than the international rate of inflation.

As in 1987, sluggish economic growth and higher inflation coincided with an improvement in external trade. As a result of increases in the international prices of many commodities and of the vigorous growth in the exports of manufactures in various countries, and despite the decline in oil prices, the value of external sales of goods increased by nearly 15%, rising for the first time above US\$100 billion. This expansion in external sales was quite widespread and was particularly high in Argentina (43%), Chile (35%), Brazil (30%) and the Dominican Republic (26%).

The increase in exports was also higher than that of imports, whose value rose by 12%. Thus trade surplus for goods and services maintained its upward trend for the second consecutive year, going from US\$18 billion in 1987 to US\$21.6 billion in 1988.

The bigger trade surplus was used to cover nearly 65% of the net payments of profits and interest (this proportion was higher than that of the preceding two years), although the payments were nearly 10% higher mainly because of the increase in international interest rates. Despite the rise in remittances of profits

and interest, the larger trade surplus brought down the current account deficit slightly from US\$10.5 billion in 1987 to just below US\$10 billion in 1988.

On the other hand, the net inflow of capital which had made a partial recovery in 1987 from its considerable decline in the preceding four years, fell sharply to US\$2.9 billion—equivalent to barely 20% of net loans and investments received that year. The decline in external financing was also much greater than the reduction in the current accounts deficit. Consequently, there was a drastic setback in the overall balance of payments, which declined from a surplus of US\$3.5 billion in 1987 to a deficit of US\$8.4 billion in 1988 (see table 1).

The decline in the net inflow of capital and the simultaneous increase in payments of interest and profits also caused a spectacular rise in the net transfer of resources abroad. These transfer payments, which had been shrinking in the preceding two years, rose from US\$16.6 billion in 1987 to US\$30.5 billion in 1988, thus representing 25% of the region's value of exports of goods and services and approximately 4% of its gross domestic product.

As a result of the very scanty inflow of fresh loans and the increasing implementation of debt-swapping operations by a number of countries, the external debt of Latin America and the Caribbean decreased for the first time in absolute terms in 1988. It is estimated that, during 1988, the total debt of the region dropped from US\$415 billion to US\$410 billion, mainly as a result of declines in the debts of Chile (-8%), Brazil (-5%), Bolivia (-4%) and Mexico (-2%).

In 1988, the debt/exports ratio fell considerably as a result of the decrease in the debt and especially the considerable increase in exports. The ratio, which in 1986 had attained a record high of 411% in the region as a whole and then had declined to 386% in 1987, fell to 333% in 1988; the latter figure is comparable to the average figure for the period 1982-1985 but is much higher than the figure for the beginning of the decade. Contrary to what occurred in 1987, the ratio declined less markedly in the oil-exporting countries (from 367% to 351%) than in the rest of the countries of the region (from 400% to 322%). Nevertheless, the ratios for both groups of



countries continued to be significantly higher than usual until 1981.

In 1988, there was also a slight improvement in the interest/exports ratio. In the region as a whole, it declined from 30% in 1987 to 29% in

1988; thus, the downward trend which started in 1983 is continuing. Although the ratio was the lowest since the beginning of the debt crisis, it was still 50% higher than the figure recorded during the period 1978-1980.



#### IV. LEVEL OF ACTIVITIES<sup>1</sup>

In 1988 the sluggishness of the Latin American and Caribbean economy that had begun to be evident in 1987 worsened. After growing by 3.7% in 1986 and by nearly 3% in 1987, the gross domestic product barely rose by 0.5% in 1988. The per capita product thus fell by 1.7%; it was 7.5% lower than in 1980, when it had attained a record high, and was the same as the 1978 figure.

The marked decline in economic growth was particularly influenced by the decline in Argentina's gross domestic product, the stagnation of Brazil's, and the very slight growth of economic activity in Mexico; it was also affected, however, by the sharp drops in economic activity of 17.6% in Panama, 8% in Nicaragua and 8.6% in Peru, as well as by slower growth in most of the other economies of the region (see table 2).

Consequently, in 1988, standards of living in many of the economies of Latin America and the Caribbean continued to deteriorate as they had since the beginning of the decade. Between 1980 and 1988, the per capita product fell by more than 28% in Nicaragua, 26% in Bolivia, nearly 20% in Guatemala, 18% in Argentina and Haiti, about 16% in Panama, El Salvador and Venezuela, 14% in Peru, 11% in Honduras, 10% in Mexico and 8% in Uruguay (see table 3 and figure 2).

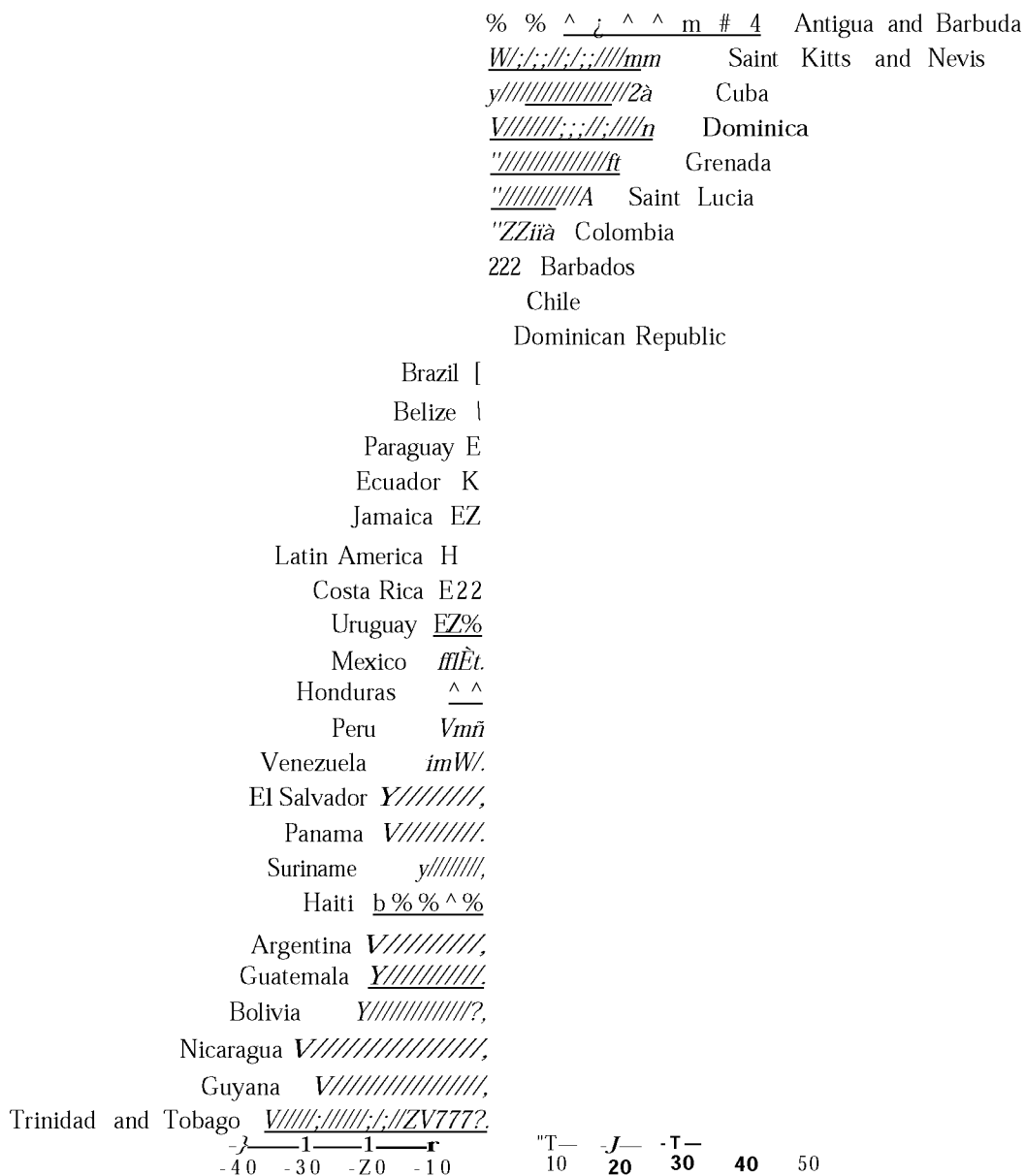
In Brazil, where overall economic activity had already slowed down in 1987, the product stagnated in 1988, dropping by 0.3% and, as a result, per capita product declined by more than 2% and was lower than the figure for 1980. This adverse trend was influenced both by the rapid and persistent rise in inflation and by

attempts to reduce the public deficit. Capital formation was particularly affected, and the investment ratio dropped below 16%, the lowest proportion recorded since the 1983 crisis began. The sluggish economic growth affected all sectors except transport and communications (see table 4). Thus manufacturing, which in 1987 had grown by barely 1%, declined by more than 3%. This drop was influenced by the contraction of domestic demand, whose adverse effects were offset only partially by the remarkable expansion in exports of manufactures and by more purchases of cars and other consumer durables as a result of attempts by consumers to stave off the effects of inflation. Construction declined by 3% as a result of the slump in investment, and agricultural output diminished by 0.3% after it had increased by 15% in the preceding year. Nevertheless, higher prices for agricultural exports raised the real income of the agricultural sector by 10%, which stimulated sales in the rural areas.

In Mexico, economic activity grew barely more than 1%, and as a result the per capita product declined for the third year running and was 10% lower than the 1980 figure. This poor performance was brought on by the sharp drop in international oil prices, the strict stabilization policy implemented under the "Economic Solidarity Pact", the shift in demand from domestic products to imports—as a result of lower import duties and the gradual deterioration in the real exchange rate—and the setback in agriculture caused by very adverse weather conditions. While cutbacks in public investments and domestic financing for

<sup>1</sup> This section and the four other sections that follow deal only with Latin American countries (Argentina, Bolivia, Brazil, Colombia, Costa Rica, Cuba, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela). The English-speaking countries of the Caribbean are covered in section XI.

Figure 2  
**LATIN AMERICA AND THE CARIBBEAN: PER CAPITA GROSS DOMESTIC PRODUCT**  
*(Cumulative percentage variation 1980-1988)*



*Source:* ECLAC, on the basis of official figures.

the private sector adversely affected construction and the manufacture of capital goods, declining real wages harmed the producers of consumer goods. Moreover, a greater proportion of domestic demand was met through imported consumer goods and imported inputs and equipment following the combined effects of rapid trade liberalization and lower real exchange rates. Winter crops suffered from the worst drought in the past 20 years. The adverse trends did not affect the export industry, including assembly industries, whose sales expanded considerably for the third consecutive year.

Economic activity declined by 3% in Argentina. Consequently, the per capita domestic product, which had experienced very weak growth in 1987, declined by over 4% in 1988 and fell 18% below the figure recorded for 1980. The decline in overall economic activity, even in view of the considerable increase in exports and agricultural production, was due to the sharp reductions in industry (-7%) and construction (-14%). Such declines had to do with the fall in domestic demand in a context which, until August, had been characterized by high inflation and declining wages and salaries, and after August by inflation-control measures which particularly affected investment. The rise in the physical volume of industrial exports helped, however, to minimize the decline in the output of those activities with greater access to external markets. The agricultural product remained virtually stagnant, although real agricultural income subsequently rose as a result of opportunities created by the abrupt rise in the international prices of traditional exports.

The deterioration of economic activity in Peru was particularly serious. After two years of rapid economic growth as a result of a sharp increase in domestic demand, greater use of previously underutilized installed capacity and a very substantial growth in imports, the product fell by 8.6%. The main causes of this drastic turnabout were the following: the sharp contraction in domestic demand for consumer goods brought about by declining real wages due to the extraordinary rise in inflation; the even greater decline in investment as a result of financial problems in the public sector and of a climate of uncertainty in the private sector; the drying up of international reserves, which seriously restricted imports; and the

proliferation of strikes. Although the economy as a whole was affected by recession, mining—which suffered an 18% decline in production as a result of the drying up of oil reserves and longer and more frequent strikes—and industry—which as a result of the combined effects of a decline in domestic demand and a shortage of imported inputs declined by 14%—were especially hard hit. The agricultural sector, on the other hand, continued to expand for the fifth year running because of favourable weather conditions, relatively higher prices and good agricultural credit terms at the beginning of 1988.

Economic activity barely grew by 0.2% in Uruguay after a two-year period in which the economy recovered from most of the decline it had suffered earlier on in the decade. The poor economic performance was the result of monetary and fiscal restriction policies applied from the second half of 1987 in order to reduce the growth in domestic demand and be able to meet stabilization goals. Growth was also affected by the considerable changes in exchange parities with Argentina and Brazil, which augmented direct purchases by Uruguayan residents in both countries. These factors mainly affected industrial activity, which declined by approximately 4% after growing at an average annual rate of over 12% in the preceding two years, and, to a lesser extent, construction, which grew by only 4% after recovering partially in 1987 from its enormous slump in the previous five years. The agricultural product, which had barely increased in 1987, rose slightly.

On the other hand, economic activity in Bolivia increased in 1988 for the second consecutive year after six years of steady decline. However, the increase in output of 2.8% only matched the population growth rate, and therefore the per capita product was still 26% lower than that of 1980. The most dynamic sector was the mining sector, which grew by 21% following a slight increase in 1987 and thus partially recovered from its slump of nearly 40% during the first six years of the decade. Manufacturing expanded by nearly 4%—a slight improvement over its 1987 performance; construction grew by 12%, ending its persistent decline of the preceding six years, and agriculture dropped slightly once again.

Colombia's economy, which had been fairly buoyant in the previous two years, grew by

3.5% in 1988. The two main reasons for the lower economic growth rate were higher inflation during the first two quarters of the year and the restrictive monetary policy adopted by the authorities to control price rises. While higher inflation curbed the purchasing power of wage earners and thus restricted the expansion of sales of current consumer goods, monetary restrictions particularly affected housing starts. Thus, the growth in industry stemmed basically from export-related activities, the motor vehicle industry and the production of certain intermediate and capital goods. Mainly as a result of poor weather conditions during the first half of the year, agricultural production fell by half (from 6% to 3%), while attacks on oil pipelines abruptly cut short the remarkable buoyancy of the mining sector and reduced the output of oil products.

On the contrary, the economy grew in Venezuela, where the product increased by approximately 4% after rising by 3% in 1987. Despite the decline in the international prices of oil and oil products and the restrictions imposed on the growth of the oil sector as a result of OPEC quotas, the authorities continued to implement an expansionary fiscal policy which resulted especially in the rapid increase in investments of State enterprises. Private demand was in turn stimulated by growing expectations of increases in interest rates and another rise in inflation, resulting in a considerable rise in advanced purchases, especially of consumer durables. Consequently, industrial production rose by over 4% and construction grew by over 6%. Agriculture also grew by 4%, thus extending its sustained growth of the preceding three years.

Paraguay's economy also grew faster in 1988; its gross domestic product rose by 6.7%, after an increase of 4.5% in 1987. This economic expansion was fueled once more by the excellent performance of the agricultural sector, which alone accounted for 30% of the product; it grew by 12%, higher than the already high growth rate of 7% recorded in 1987, mainly because the cotton harvest more than doubled. Manufacturing, which is mainly based on the processing of agricultural products, benefitted from the boom in the agricultural sector and also recorded a satisfactory growth rate of nearly 6% while the construction industry grew by less than 3%.

Overall economic activity in Chile grew by a little over 7% to complete five years of uninterrupted progress. Consequently, per capita product nearly attained the maximum level it had reached in 1981, prior to the sharp contraction of the economy in 1982-1983. National income rose even higher, mainly as a result of the marked recovery in the terms of trade. This factor, coupled with the rapid growth in the volume of agricultural and industrial exports, was crucial to the growth of the economy. On the one hand, a considerable surplus was generated in the external sector, and thus the main impediment to growth since 1982 was removed and a substantial amount of international reserves was built up. At the same time, the sudden and unexpected rise in the price of copper considerably augmented the earnings of the public sector, since State enterprises handled the bulk of copper exports. Such a context enabled the authorities to apply an expansionary economic policy which led to very rapid growth in monetary aggregates, substantial reductions in duties, value-added tax and other taxes and a moderate increase in fiscal spending. The expansion of domestic demand was also due to the recovery of real wages and salaries —mainly as a result of the persistent decline in inflation— and the considerable increase in investment. Consequently, all the productive sectors —particularly manufacturing, basic services and trade— experienced vigorous growth (see table 4).

In Ecuador, the domestic product grew even faster (12%), recovering from the deep slump of the previous year. This increase was due almost entirely to the return to normal of oil activities, which had been paralysed for five months in 1987 as a result of the earthquake which struck the northeastern region of the country in March 1987. Thus, mining output rose by 70% in 1988 after a fall of a little over 40% in 1987. On the other hand, agricultural growth, which in the preceding three years had been very intense, declined; the products of the manufacturing and construction industries also fell sharply, by 10% and 7%, respectively.

In 1988, the economies of most of the countries of Central America performed even worse than they had since the beginning of the decade. The gross domestic product slumped

in Panama, declined sharply in Nicaragua and recorded growth rates below 1987 levels in Costa Rica and El Salvador.

Only Guatemala achieved economic performance that was better than previous years. The product increased by 3.6% and thus continued the recovery initiated in 1987. This recovery was stimulated by the better performance of the external sector following the rise in international prices for coffee and other exports, and more official transfer payments.

The economy in Honduras grew by about 4%, fueled by domestic demand and improved terms of trade, unlike the situation in 1987, when growth was spurred by the rise in the volume of exports. Higher public investments in both housing and public works stimulated construction and construction-related industries, while domestic consumption was influenced by higher spending by foreign troops stationed in the country.

Costa Rica's economic growth was a little lower than it had been in the two preceding years; the product grew by 3.2%. The main activities expanded at a slower rate with the notable exceptions of coffee and non-traditional exports. The primary reasons for this slowdown in economic growth were the decline in the purchasing power of wage earners as a result of higher inflation, and the restrictive fiscal and credit policy adopted by the authorities to stabilize the economy on the domestic front and adjust it externally.

The economy of El Salvador continued to face the same socio-political problems that had hampered its development since the beginning of the current decade. Despite the rise in the international price of coffee, productive activity grew by only 0.3%, causing the per capita product to fall again and wiping out the slight improvement it had achieved in 1987, it fell to 16% below its 1980 level.

1988 was particularly difficult for Nicaragua, which was afflicted by the adverse effects of war coupled with hyperinflation, the accumulated effects of profound economic distortions and bad weather. Thus, the gross domestic product declined by 8% to record its biggest fall of the current decade. Although the decline in economic activity was widespread, it was especially acute in industry, which was affected by the contraction of domestic demand caused by the adjustment programme and by a

shortage of imported inputs and equipment, and in construction, whose vigorous growth of the two previous years was hampered in 1988 by an abrupt reduction in public investment. Agriculture managed to achieve some growth despite the difficulties caused by Hurricane Joan towards the end of the year.

In 1988, the economy of Panama suffered the biggest slump ever recorded in the recent economic history of Latin America and the Caribbean. It was estimated that GDP fell by about 18% and that the decline in capital formation was even greater. These adverse performances were caused primarily by non-economic factors, namely, the worsening at the beginning of the year of the political conflicts that had broken out in mid-1987, and pressures on the country from the United States which considerably affected the banking system and most domestic commercial activities, thereby reducing external purchases and sales.

Although, generally speaking, economic performance was also unsatisfactory in Haiti, the Dominican Republic and Cuba, there were considerable differences from country to country.

The product dropped by nearly 1% in Haiti, and thus per capita product fell for the eighth consecutive year. The decline in economic activity was brought on by political instability, the drop in agricultural production (which accounts for one-third of the total product), the slump in tourism, the decline in the value of the exports of assembly industries and a falling off in international aid, which forced the government to slash its spending drastically, thereby reducing domestic demand.

The per capita product also declined in the Dominican Republic, where economic activity expanded less than 1% after growing by 8% in 1987. The abrupt decline in the growth rate was caused to a considerable extent by the tight policies applied by the Government to control inflation, which had reached an unprecedented level of nearly 58%. As a result, private consumption declined by over 3% and the growth rate of investment, which had increased remarkably in 1987, fell sharply. Consequently, the levels of activity fell in all goods-producing sectors (except construction) and in commerce.

On the other hand, economic activity expanded in Cuba, where the social product rose by 2.3%, recovering partially from its decline of 4% the previous year. The recovery

was sustained by the rise of 12% in net capital formation, which had declined by about 30% in 1986 and 1987, and by an increase of nearly 2% in commerce, which made up for most of its loss in the preceding year. Industry and construction, which had contracted by 3% and

8% respectively in 1987, recovered remarkably in 1988. Agricultural production, which had stagnated in 1987, increased by nearly 4%, while the combined product of transport, communications and commerce remained stable after falling by over 5% in 1987.



Table 2  
LATIN AMERICA AND THE CARIBBEAN: TOTAL GROSS DOMESTIC PRODUCT

	Annual growth rates					Cumulative variation	
	1983	1984	1985	1986	1987	1988 <sup>a</sup>	1981-1988 <sup>3</sup>
Latin America and the Caribbean (excluding Cuba)	-2.9	3.5	3.6	3.7	2.9	0.5 <sup>b</sup>	10.5 <sup>b</sup>
Oil-exporting countries	-5.1	2.6	2.3	-0.8	1.6	1.2	12
Bolivia	-6.5	-0.3	-0.1	-2.9	2.1	2.8	-8.4
Ecuador	-1.2	4.8	4.8	3.4	-8.7	12.2	20.6
Mexico	-4.2	3.6	2.6	-3.8	1.5	1.1	8.6
Peru	-11.8	4.7	2.3	9.0	7.3	-8.6	5.7
Trinidad and Tobago	-13.6	-4.9	-3.4	-2.6	-6.9	-3.4	-30.4
Venezuela	-5.5	-1.5	1.3	6.8	3.0	4.1	5.7
Non-oil-exporting countries (excluding Cuba)	-1.4	4.0	4.4	6.5	3.7	<sup>b</sup>	12.6 <sup>b</sup>
Argentina	2.6	2.3	-4.6	5.8	1.9	-3.0	-8.3
Barbados	0.4	3.6	1.0	5.2	2.6	3.5	9.1
Belize	1.7	1.3	2.3	3.6	5.0	7.6	17.8
Brazil	-3.4	5.1	8.4	7.5	3.7	-0.3	17.5
Colombia	1.9	3.8	3.8	7.1	5.8	3.5	32.9
Costa Rica	2.7	7.8	0.7	5.3	5.3	3.2	15.5
Cuba <sup>c</sup>	4.9	7.2	4.6	1.2	-4.0	2.3	40.7
Chile	-0.5	6.0	2.4	5.3	5.4	7.1	17.5
El Salvador	0.6	2.3	1.8	0.5	2.7	0.3	-6.5
Guatemala	-2.7	-	-0.6	0.3	3.1	3.6	1.1
Guyana	-9.9	2.2	1.1	0.2	0.7	-3.0	-19.3
Haiti	0.6	0.4	0.5	0.6	0.2	-0.8	-4.6
Honduras	-0.1	2.5	1.5	5.1	4.0	3.9	17.0
Jamaica	1.9	-0.8	-5.5	2.5	5.8	0.5	6.7
Nicaragua	4.6	-1.6	-4.1	-1.0	-0.7	-8.0	-6.7
Panama	-0.1	-0.4	4.8	3.5	2.2	-17.6	-0.9
Paraguay	-3.0	3.2	4.0	-0.3	4.5	6.7	25.1
Suriname	-3.4	-1.9	1.1	-2.0	-6.6		-9.7 <sup>d</sup>
Dominican Republic	5.0	0.3	-1.9	3.1	8.0	0.9	22.3
Uruguay	-6.0	-1.3	0.2	7.8	6.4	0.2	-2.5
OECS countries <sup>e</sup>							
Antigua and Barbuda	6.8	7.5	7.7	8.4	8.7	7.6	65.3
Dominica	2.1	5.4	1.6	6.9	6.8	5.7	43.8
Grenada	1.2	5.0	5.4	5.5	6.0	4.3	40.5
Saint Kitts and Nevis	-1.1	9.0	5.7	6.3	6.8	4.6	51.2
Saint Lucia	4.0	5.1	5.9	5.8	2.2	5.0	37.1
Saint Vincent and the Grenadines	6.1	6.0	3.3	7.2	5.8	8.3	62.2

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. Does not include Suriname.

Refers to gross social product.

Refers to the

cumulative variation over the period 1981-1987.

<sup>e</sup> OECS

Organization of Eastern Caribbean States.

Table 3  
LATIN AMERICA AND THE CARIBBEAN: PER CAPITA GROSS DOMESTIC PRODUCT

	Annual growth rates					Cumulative variation	
	1983	1984	1985	1986	1987	1988 <sup>a</sup>	1981-1988 <sup>g</sup>
<b>Latin America and the Caribbean</b> (excluding Cuba)	-5.1	<b>12</b>	13	14	0.7	-1.7 <sup>b</sup>	-7.5 <sup>b</sup>
<b>Oil-exporting countries</b>	-7.5	0.1	-0.1	-3.2	-0.8	<b>-12</b>	-12.1
Bolivia	-9.0	-3.0	-2.8	-5.6	-0.6	-	-26.2
Ecuador	-4.0	1.8	1.9	0.5	-11.2	9.2	-4.0
Mexico	-6.5	1.2	0.2	-6.0	-0.8	-1.1	-9.9
Peru	-14.1	2.1	-0.3	6.2	4.6	-10.9	-14.0
Trinidad and Tobago	-15.0	-6.4	-4.9	-4.2	-8.4	-4.9	-38.7
Venezuela	-8.1	-4.2	-1.4	4.0	0.3	1.4	-15.4
<b>Non-oil-exporting countries</b> (excluding Cuba)	-3.5	1.9	<b>2.2</b>	4.4	1.6	-2.0 <sup>b</sup>	-4.9 <sup>b</sup>
Argentina	1.1	0.9	-5.9	4.4	0.5	-4.2	-17.9
Barbados	0.0	3.2	0.6	4.8	1.8	3.1	5.7
Belize	-0.9	-0.6	-0.2	1.1	3.2	5.1	-1.9
Brazil	-5.6	2.8	6.1	5.2	1.5	-2.4	-1.3
Colombia	-0.3	1.6	1.6	4.9	3.6	1.4	12.1
Costa Rica	-0.3	4.8	-2.1	2.4	2.5	0.5	-7.9
Cuba <sup>c</sup>	4.3	6.6	3.8	0.3	-4.9	1.1	34.0
Chile	-2.2	4.3	0.7	3.6	3.7	5.3	2.7
El Salvador	-0.3	1.3	0.5	-1.2	0.8	-1.7	-15.9
Guatemala	-5.4	-2.8	-3.3	-2.6	0.2	0.7	-19.4
Guyana	-11.7	0.3	-0.8	-1.6	-1.1	-4.6	-30.6
Haiti	-1.2	-1.4	-1.3	-1.3	-1.6	-2.6	-17.6
Honduras	-3.6	-1.2	-1.9	1.6	0.7	0.7	-11.4
Jamaica	0.4	-2.2	-6.9	1.0	4.1	-1.0	-5.2
Nicaragua	1.2	-4.8	-7.3	-4.3	-4.0	-11.1	-28.6
Panama	-2.2	-2.6	2.6	1.3	-	-19.3	-16.5
Paraguay	-6.0	-	0.9	-3.3	1.4	3.6	-2.5
Suriname	-4.7	-3.3	-0.3	-3.3	-9.5	-	-16.7 <sup>d</sup>
Dominican Republic	2.5	-2.0	-4.1	0.8	5.5	-1.4	1.4
Uruguay	-6.6	-2.0	-0.6	7.0	5.6	-0.6	-8.0
<b>OECS countries<sup>e</sup></b>							
Antigua and Barbuda	4.1	6.2	6.4	7.1	7.4	6.3	47.6
Dominica	0.7	5.4	0.3	5.6	5.4	4.3	32.9
Grenada	0.2	3.9	4.3	4.5	3.9	3.2	29.3
Saint Kitts and Nevis	-1.1	6.6	5.7	4.1	4.6	4.6	41.7
Saint Lucia	2.3	3.4	4.3	4.2	1.4	3.4	21.6
Saint Vincent and the Grenadines	5.1	5.0	2.3	6.2	4.8	6.3	48.7

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Does not include Suriname.

<sup>d</sup> Refers to gross social product.

<sup>e</sup> Refers to the

cumulative variation over the period 1981-1987.

<sup>c</sup> OECS = Organization of Eastern Caribbean States.

**Table 4**  
**LATIN AMERICA AND THE CARIBBEAN: GROSS DOMESTIC PRODUCT, BY BRANCHES OF ECONOMIC ACTIVITY,**  
**AT 1980 MARKET PRICES**  
*(Annual growth rates)*

	Agriculture		Mining and quarrying		Manufacturing		Construction		Subtotal goods		Basic services		Other services	
	1987	1988 <sup>a</sup>	1987	1988 <sup>a</sup>	1987	1988 <sup>a</sup>	1987	1988 <sup>a</sup>	1987	1988 <sup>a</sup>	1987	1988 <sup>a</sup>	1987	1988 <sup>a</sup>
<b>Latin America<sup>b</sup></b>	7.5	0.8	-0.7	4J	2.1	-1.8	3.4	-3.2	3.2	-0.7	4.7	3.7	<b>1.7</b>	0.9
Argentina	3.4	0.2	0.2	10.0	-0.6	-6.8	14.7	-13.7	1.8	<b>-4.1</b>	3.7	-0.4	1.4	-2.2
Barbados	-11.2	-6.9	<b>65</b>	-8.3	-6.6	6.8	6.2	9.0	-5.2	2.6	4.7	<b>25</b>	5.7	4.0
Bolivia	-0.2	0.9	1.6	20.9	3.5	3.9	-0.8	12.1	1.0	6.9	4.1	2.2	2.7	-2.0
Brazil	14.9	-0.3	-0.8	0.4	1.0	-3.4	1.1	-3.0	3.8	<b>-25</b>	5.2	5.9	1.3 <sup>e</sup>	0.7 <sup>e</sup>
Colombia	6.0	3.0	26.0	3.1	5.0	2.3	<b>4.2</b>	0.0	7.0	2.4	4.3	4.4	4.6	4.1
Costa Rica	4.6	5.5			5.6 <sup>d</sup>	2.1 <sup>d</sup>	0.1	2.1	4.6	3.6	9.1	<b>45</b>	<b>55</b>	2.6
Cuba <sup>i</sup>	-0.8	2.8	-0.2 <sup>f</sup>	3.0 <sup>f</sup>	-3.7	2.8	-8.3	7.1	-3.6	3.3	-0.1	4.3	-6.5 <sup>*</sup>	-1.5 <sup>*</sup>
Chile	3.2	5.5	-	4.2	<b>55</b>	8.7	10.6	6.1	4.4	6.8	8.0	10.8	4.8	6.2
Ecuador	7.4	3.8	-41.1 <sup>h</sup>	70.3 <sup>h</sup>	-0.1	-10.3	1.4	-6.8	-18.5	23.7	6.0	3.1	0.3	1.8
El Salvador	2.1	-3.8	12.8	<b>45</b>	3.0	2.4	11.5	-8.4	3.1	-2.0	1.9	<b>15</b>	2.4	2.2
Guatemala	3.6	3.0	-1.2	4.8	1.6	<b>25</b>	10.3	18.4	3.2	3.7	5.3	5.4	2.8	3.2
Guyana	-5.8		10.3		<b>-75</b>		5.0		-2.4		12.7		3.0	
Haiti	-	-1.6	-	-	-3.9	0.7	2.3	0.9	-0.8	-0.7	10.1	-0.6	-0.2	-0.8
Honduras	6.7	<b>25</b>	-13.8	16.0	8.4	4.9	-17.0	6.6	3.9	4.3	5.4	4.0	4.1	3.7
Jamaica	<b>15</b>		4.9		5.2		14.0		5.8		7.0		5.7	
Mexico	1.4	-1.5	5.2	0.4	2.6	2.2	<b>15</b>	-3.3	2.4	<b>05</b>	2.4	3.3	0.7	1.2
Nicaragua	-3.3	0.2	-8.1	-9.4	-1.6	-26.4	7.0	-7.0	-1.8	-13.9	3.2	3.7	0.1	-2.6
Panama	7.8	-8.4	8.0	-29.6	3.4	-25.4	-2.3	-60.7	3.9	-25.5	3.8	-7.0	0.8	-18.2
Paraguay	7.0	12.1	6.0	7.5	3.5	5.8	2.0	2.6	5.4	9.2	6.0	7.2	3.2	<b>35</b>
Peru	4.9	6.2	-2.9	-17.6	13.8	-13.9	20.6	-9.3	8.1	-9.7	8.2	-7.1	6.0	-6.1
Dominican Republic	2.9	-1.7	24.7	-7.7	12.7	-3.4	34.1	7.6	13.1	-1.1	9.7	1.6	3.0	2.8
Trinidad and Tobago	4.4	11.4	-6.0	-1.1	-10.4	-8.3	<b>-85</b>	-14.9	-6.8	-3.9	-2.6	-11.7	-10.9	-8.8
Uruguay	2.6	<b>05</b>	35.8	1.9	12.4	-3.7	10.1	3.9	10.0	-2.0	8.2	3.2	3.2 <sup>d</sup>	1.6 <sup>d</sup>
Venezuela	4.1	4.2	2.4	<b>15</b>	2.5	4.4	4.3	6.2	2.8	3.3	7.7	6.0	4.2	<b>55</b>

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures.

<sup>d</sup> Excluding Cuba.

<sup>c</sup> Does not include real estate or community, social and personal services, except government services.

<sup>l</sup> Includes

des mining and quarrying.

Refers to the social product.

Includes metallurgy.

\* Refers to commerce and other productive activities relating to

intangibles.

<sup>h</sup> Includes petroleum refining, which official figures include under crude oil extraction.



## V. TOTAL SUPPLY AND DEMAND

The growth of total supply slowed down for the second consecutive year, rising by barely 1.3% after increasing by 3.3% in 1987 (see table 5). Although the volume of regional imports showed much more growth than the product (8% and 0.5%, respectively), in actual fact it fell in the majority of the countries, the increase in the regional aggregate having been due primarily to the unusual increase in the volume of imports of Mexico (over 40%). As for the region's volume of exports, it grew by 9%, exceeding the figure of 7.5% recorded in 1987. Unlike the growth shown in imports, the increase in exports was fairly generalized.

As the product showed little growth while the increase in exports was greater than that of imports, the domestic availability of goods and services fell by 0.3%, virtually duplicating the performance of 1980 and therefore representing a decline of 20% in per capita terms. Among the components of domestic demand, consumption remained stationary while gross fixed investment fell by 1%.

Net factor payments to the rest of the world rose by slightly more than 3% in real terms, after falling steadily over a period of three years. This small increase, together with the deterioration in the terms of trade, meant that the feeble rise recorded by the gross domestic product was reflected in a slight reduction in real gross national income (see table 5).

The virtual stagnation of the product in 1988, following a moderate rise in 1987, was due to the drop in private consumption (partially compensated for by the accumulation of commodity stocks) and to the decline shown by fixed investment. These reductions nullified some of the positive effect of the increase in the trade balance. In contrast, the increase of 3% in the product in 1987 had been due both to the expansion of domestic demand (which contributed the equivalent of 2.3 percentage points to the growth of the product) and to the

rise in the trade balance, which was responsible for 0.7 percentage points of that growth. This means that the growth factors in 1987 were not very dissimilar from those in operation in the 1984-1986 recovery period, although in 1987 the contribution made by the trade surplus was relatively greater and that made by domestic demand somewhat smaller than in that period (see table 6). As noted above, however, in 1988 the picture was different in that although the trade balance continued to make a positive contribution to growth (accounting for 0.8 percentage points), domestic demand exerted a negative influence equivalent to 0.3 percentage points of the product. Two-thirds of that negative effect was due to the contraction of gross fixed investment and the remaining one-third to the drop in private consumption and to the accumulation of stocks.

It should be stressed that in an analysis of this kind, which is based on accounting variations in the components of both sides of the economic equation, the changes occurring in components of total demand may be unequivocally interpreted as being factors which influence (positively or negatively, as the case may be) the level of total supply. The extent to which both these factors reflect the change in the gross domestic product (and therefore "explain" it in accounting terms) depends on the variation shown by imports. Since imports are a component of global supply, any increase in them represents a diversion of demand towards the exterior, to the detriment (in principle, and at this high level of aggregation) of domestic production. When this happens, therefore, the contribution made by imports to the variation in the product is shown, as in table 6, with a negative sign. However, when imports are not competitive with domestic activities in the short term, this accounting effect is not part of a cause-and-effect relationship. It is even more

necessary to take heed of this when the volume of imports declines, since this appears as a positive "accounting effect" on the change in the product, as registered, in these cases, in table 6. However, if the drop in imports is not due to import substitution but primarily to a slump in essential imports as a result of the process of adjusting to external restrictions, it may have negative effects on the product, imposing limits, from the supply side or through income, on the possibilities for expansion of the components of the demand.

On the other hand, this analysis of the contribution made by the components of demand to changes in the product takes no account of the effect of fluctuations in the terms of trade, since it is based on the analysis of real flows which make up final demand and supply and not on the analysis of real income. For the same reason, variations in each of the components of domestic demand do not reflect the real effect of changes in relative prices, which at the present stage in the adjustment processes have become of considerable importance, as demonstrated by those cases where the real average remunerations paid to government employees have fallen without affecting the variations in government consumption at constant prices.

At the level of the region as a whole, the result was associated with deterioration in the internal situation of a larger number of countries than in the preceding year. Domestic demand contracted in 11 of the 19 countries studied in 1988, whereas it did so in only two countries in 1987. On the other hand, the "accounting effect" of the trade balance remained positive in Brazil, Panama (in that imports fell further than exports), Paraguay and the Dominican Republic, while it changed from negative to positive in eight countries. However, it went from positive to negative in Colombia, El Salvador, Honduras and Mexico and remained negative in Chile, Guatemala and Nicaragua.

Of the six countries whose product fell, Argentina, Brazil and Peru experienced reductions in both consumption and investment. In Argentina and Brazil, exports made a positive contribution, whereas in Peru the decline in exports had a negative effect on the product. In Panama, all the components of domestic demand contracted significantly; since the major restriction was the shortage of foreign exchange, the consequent drop in

imports and the collapse of the product reflect the drop of 26% in total demand. The drop in the product in Nicaragua was the result of the negative performance of all components except fixed investment. It should be noted that in all six of these countries, government consumption (whose real performance is measured primarily in terms of the level of government employment) made a negative contribution to the product in 1988, in most cases for the first time since the onset of the crisis.

In those countries where the level of activity rose only slightly, investment had a positive effect on the product. In Mexico, its contribution was reinforced by the positive effect of private consumption and exports, but the consequent expansion in total demand drained away to the exterior through the considerable increase in imports. In El Salvador, the positive contribution made by private consumption was offset by the drop in exports. In the Dominican Republic and Uruguay, on the other hand, private consumption had a negative effect, while positive influences were exerted by investment, government consumption and exports, whose contribution to the product exceeded the effect of imports.

In the five countries where moderate growth rates of between 2% and 4% were achieved, positive contributions were made by both private and public consumption. In Colombia, Guatemala and Honduras, fixed investment also made a positive contribution but the contribution made by exports was either nil or negative. In Venezuela, on the other hand, positive effects were had by all the components of total demand, whose expansion accounted for close to nine points of the product although more than half of the increase was absorbed by the growth of imports. In Costa Rica the effect of fixed investment was negative, but the reduction in imports caused the product to show greater growth than total demand.

The recovery of the product in Ecuador and Bolivia was attributable to the significant positive contribution by the trade balance, since exports increased and imports decreased; thus, in Ecuador the trade balance accounted for over 12 points of the product, and in Bolivia for more than nine points. Furthermore, in Ecuador, domestic demand stagnated, while in Bolivia it fell by an amount equivalent to 6.6%

of the product, as a result of the drop in consumption and stocks.

The vigorous growth shown by the Chilean economy in 1988 was due to the expansion of all the components of domestic demand, namely private consumption (which accounted for the equivalent of 6.3 points of the growth rate of the product), government consumption (half a point) and fixed investment (1.7 points). The likewise positive contribution made by exports was not, however, able to offset the negative "accounting effect" of the expansion of imports. Paraguay too, registered substantial growth which was also based on the increase shown by all the components of domestic demand plus, in this case, a positive contribution by the trade balance, since imports grew less than exports (see table 6).

The crisis and the adjustment processes which the region has been going through in recent years were again reflected, in 1988, in the scant growth shown by total supply and the decline in the domestic availability of goods and services; significant changes also occurred in the structure of those aggregates. Thus, the ratio of exports of goods and services to the product of the region rose from slightly over 16% in 1981 (the year prior to the crisis) to close to 21% in 1988. During the same period, in contrast, the import coefficient fell from 17% to 12.5% as a result of both cuts in imports and import substitution (see table 7).

Increases in exports and reductions in imports have both constituted fairly generalized phenomena in the region (see figure 3). Thus, the export coefficient has risen sharply (by more than five percentage points) during the decade so far in eight of the 19 countries for which data are available, including the three largest economies in the region. On the other hand, it has fallen in all the Central American countries and in Bolivia, Haiti and Peru. The drop in the import coefficient has been very widespread and also very pronounced, amounting to four percentage points or more in nine countries.

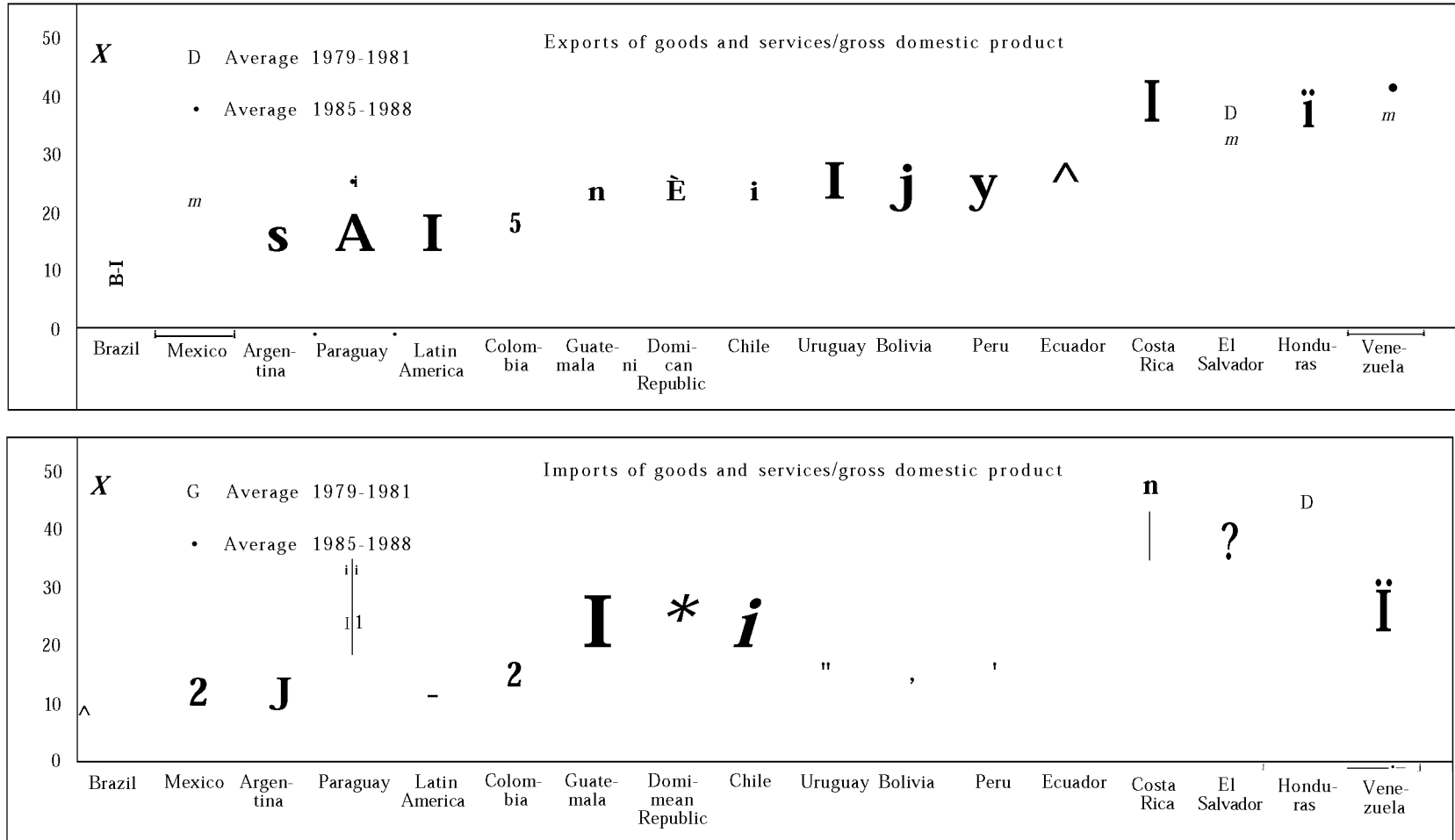
Increased exports and fewer imports have produced a turnaround in the trade balance (at constant prices) equivalent to 9% of the product between 1981 and 1988, corresponding to the reversal in the region's external transfer of resources during that period.

A significant proportion of this reversal in the transfer of resources was financed by compressing final consumption, which in per capita terms, fell once again in 1988, dropping to a level 15% below that of 1980. However, two-thirds of the change was financed by the sharp drop in investment, which also fell once again in 1988, with the result that the share of gross fixed investment in the product (which had reached 22.5% in 1981) dropped to 16.5% in 1988 (see table 8 and figure 4). In actual fact, between 1980 and 1988 the investment/product coefficient fell by 25% or more in half of the countries of the region and went down by smaller amounts in a further five countries. It increased in only four small economies, for reasons which were either transitory or linked to non-economic factors (see figure 4).

Although investment remained very low, domestic savings continued to expand in 1988, when their share in the product rose to over 25%, thereby exceeding the five-year maximum achieved between 1971 and 1975 (see table 9). The difference between domestic savings (which were high and continuing to rise) and the low level of investment corresponds to a loss of income attributable to three factors—the deterioration in the terms of trade since 1980, which accelerated in 1988; higher net payments of interest and profits; and the virtual disappearance of external savings. Since such a large share of domestic savings had to be channelled abroad, such savings exceeded gross capital formation by 50%, which is an unmistakable sign that the crisis, in addition to affecting the present standard of living, has compromised the future growth of the economy.

Figure 3

LATIN AMERICA: EXPORTS AND IMPORTS AS PERCENTAGES OF GROSS DOMESTIC PRODUCT<sup>3</sup>



Source: ECLAC, on the basis of official figures.

<sup>3</sup>Countries are listed in the order of their export coefficients for the period 1979-1981.



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Table 5  
LATIN AMERICA: TOTAL SUPPLY, DOMESTIC DEMAND AND  
GROSS NATIONAL INCOME AT 1980 PRICES "

	Indexes (1980 = 100)			Annual growth rates					Cumulative variation
	1986	1987	1988 <sup>b</sup>	1984	1985	1986	1987	1988 <sup>b</sup>	1981-1988 <sup>b</sup>
1. Total supply (2 + 3)	102.0	105.4	106.7	3.8	3.3	4.0	3.3	1.3	6.7
2. Gross domestic product at market prices	107.1	110.3	110.8	3.6	3.6	3.7	3.0	0.5	10.8
3. Imports of goods and services	71.9	76.1	82.3	5.6	-	6.6	5.8	8.2	-17.7
4. Exports of goods and services	127.9	137.5	149.9	8.1	1.3	0.9	7.5	9.0	49.9
5. Domestic availability of goods and services (2 + 3 - 4) = domestic demand (6 + 7)	98.1	100.5	100.2	2.8	3.7	4.7	2.4	-0.3	0.2
6. Final consumer expenditure <sup>c</sup>	103.6	106.0	105.9	3.7	3.3	4.0	2.4	-0.1	5.9
7. Gross fixed capital formation	79.4	81.4	80.4	-0.6	5.7	7.9	2.5	-1.2	-19.6
8. Terms-of-trade effect									
9. Net factor payments to rest of world	182.7	166.1	171.5	8.3	-5.1	-5.5	-9.1	3.3	71.5
10. Real gross national income (2 + 8 + 9)	99.8	103.2	103.0	3.9	3.4	2.6	3.3	-0.2	3.0

Source: ECLAC, on the basis of official figures.

<sup>8</sup> Nineteen countries    <sup>b</sup> Preliminary figures.    <sup>c</sup> Includes variation in stocks.

Table 6

## LATIN AMERICA: CONTRIBUTIONS TO CHANGES IN GROSS DOMESTIC PRODUCT

*(Average annual percentage variations in GDP)*

Country and period	Private consumption <sup>3</sup>	Government consumption	Gross fixed investment	Domestic demand	Exports of goods and services	Total demand	Imports of goods and services	Gross domestic product
<b>Latin America</b>								
1981-1983	-2.0	0.2	-2.3	-4.1	0.8	-3.3	2.0	-1.3
1984-1986	2.4	0.2	0.7	3.3	0.6	3.9	-0.4	3.5
1987	1.8	0.1	0.4	2.3	1.4	3.7	-0.7	3.0
1988	-0.2	0.1	-0.2	-0.3	1.7	1.4	-0.9	0.5
<b>Argentina</b>								
1981-1983	-4.0	-0.5	-3.3	-7.8	1.4	-6.4	2.9	-3.5
1984-1986	1.9	0.2	-0.6	1.5	-0.2	1.3	-0.2	1.1
1987	2.3	0.1	1.7	4.1	-1.3	2.8	-0.9	1.9
1988	-5.0	-	-1.9	-6.9	2.9	-4.0	1.0	-3.0
<b>Bolivia</b>								
1981-1983	-2.3	0.6	-1.5	-3.2	-1.2	-4.4	1.0	-3.4
1984-1986	1.6	-0.1	-0.6	1.0	-0.9	0.1	-1.2	-1.1
1987	6.0	-0.3	0.5	6.2	-1.8	4.4	-2.3	2.1
1988	-6.7	-0.1	0.2	-6.6	2.2	-4.4	7.2	2.8
<b>Brazil</b>								
1981-1983	-2.4	0.1	-2.4	-4.7	1.0	-3.7	1.4	-2.4
1984-1986	4.8	0.2	2.0	7.0	0.2	7.2	-0.3	7.0
1987	1.6	0.2	-0.1	1.7	1.9	3.6	0.1	3.7
1988	-1.7	-0.1	-0.7	-2.5	2.0	-0.5	0.2	-0.3
<b>Colombia</b>								
1981-1983	2.5	0.3	0.6	3.3	-1.3	2.0	-0.3	1.7
1984-1986	1.6	0.3	0.2	2.1	2.3	4.4	0.5	4.9
1987	2.7	0.6	-	3.3	2.8	6.1	-0.3	5.8
1988	2.4	1.4	1.0	4.8	-0.2	4.6	-1.1	3.5
<b>Costa Rica</b>								
1981-1983	-5.4	-0.7	-3.4	-9.4	2.0	-7.4	5.0	-2.4
1984-1986	3.0	0.4	2.1	5.6	1.3	6.9	-2.3	4.6
1987	5.3	0.3	2.5	8.2	3.7	11.9	-6.5	5.3
1988	0.6	0.3	-1.2	-0.3	2.5	2.2	1.0	3.2
<b>Chile</b>								
1981-1983	-4.9	-0.2	-2.0	-7.1	0.4	-6.7	3.6	-3.1
1984-1986	1.7	-	1.3	3.0	2.4	5.4	-0.8	4.6
1987	3.7	-0.2	2.3	5.7	2.2	7.9	-2.5	5.4
1988	6.3	0.5	1.7	8.4	1.6	10.0	-2.9	7.1
<b>Ecuador</b>								
1981-1983	-0.2	-0.2	-2.4	-2.8	0.4	-2.4	3.5	1.2
1984-1986	3.2	-0.4	0.3	3.2	3.4	6.6	-2.3	4.3
1987	-3.8	0.0	0.7	-3.0	-2.4	-5.4	-3.3	-8.7
1988	0.7	-0.2	-0.7	-0.1	6.2	6.1	6.1	12.2
<b>El Salvador</b>								
1981-1983	-2.9	0.2	-1.2	-3.9	-2.3	-6.2	1.5	-4.7
1984-1986	-0.4	0.9	0.8	1.3	0.7	2.0	-0.5	1.5
1987	-0.7	0.2	1.2	0.7	2.1	2.8	-0.2	2.7
1988	2.5	0.4	-0.4	2.5	-2.3	0.2	0.1	0.3
<b>Guatemala</b>								
1981-1983	-1.5	0.1	-1.7	-3.1	-1.5	-4.6	2.9	-1.7
1984-1986	0.2	0.2	-0.5	-0.1	-0.8	-0.9	0.8	-0.1
1987	5.0	0.6	1.6	7.1	3.0	10.1	-6.9	3.1
1988	2.6	0.2	1.5	4.3	0.5	4.8	-1.2	3.6

Table 6 (concluded)

Country and period	Private consumption <sup>3</sup>	Government consumption	Gross fixed investment	Domestic demand	Exports of goods and services	Total demand	Imports of goods and services	Gross domestic-product
<b>Haiti</b>								
1981-1983	-3.3	0.2	0.1	-3.0	1.1	-1.9	-	-1.9
1984-1986	0.9	-0.3	0.8	1.3	-2.4	-1.1	1.6	0.5
1987	1.1	0.1	-0.3	0.9	0.1	1.1	-0.8	0.2
1988	0.3	-0.7	-1.2	-1.6	-0.1	-1.7	1.0	-0.8
<b>Honduras</b>								
1981-1983	0.1	0.0	-2.2	-2.1	-1.4	-3.5	3.2	-0.3
1984-1986	1.5	1.3	0.1	2.9	1.3	4.3	-1.2	3.0
1987	2.0	0.9	-1.1	1.9	2.2	4.1	-0.1	4.0
1988	3.6	0.9	1.0	5.6	-1.4	4.1	-0.2	3.9
<b>Mexico</b>								
1981-1983	-1.2	0.5	-2.5	-3.2	2.0	-1.2	2.3	1.2
1984-1986	0.5	0.4	0.1	1.0	0.3	1.3	-0.6	0.7
1987	-1.2	-0.1	-0.1	-1.4	3.1	1.7	-0.2	1.5
1988	2.7	-0.1	1.0	3.6	1.0	4.6	-3.5	1.1
<b>Nicaragua</b>								
1981-1983	-5.0	5.2	1.7	2.0	0.9	2.9	0.1	3.0
1984-1986	-1.2	3.4	-0.2	2.0	-4.2	-2.1	-0.1	-2.2
1987	-1.9	2.3	0.2	0.6	1.8	2.4	-3.1	-0.7
1988	-5.5	-0.5	0.2	-5.8	-4.5	-10.3	2.3	-8.0
<b>Panama</b>								
1981-1983	0.4	1.3	-0.7	0.9	0.6	1.5	1.4	2.9
1984-1986	1.6	0.8	0.6	3.0	0.7	3.7	-1.0	2.6
1987	0.7	1.2	0.1	1.9	-1.2	0.7	1.5	2.2
1988	-5.9	-2.9	-11.5	-20.3	-5.4	-25.7	8.1	-17.6
<b>Paraguay</b>								
1981-1983	2.5	0.5	-1.9	1.4	-0.7	0.7	1.1	1.6
1984-1986	3.5	-	0.3	3.8	3.4	7.1	-4.8	2.3
1987	1.8	0.7	1.3	3.7	7.8	11.5	-7.0	4.5
1988	4.8	0.2	0.8	5.8	1.6	7.4	-0.7	6.7
<b>Peru</b>								
1981-1983	-0.5	0.1	-1.5	-2.0	-1.2	-3.2	0.5	-2.6
1984-1986	5.3	0.1	-	5.4	0.5	5.9	-0.6	5.3
1987	9.0	0.1	2.6	11.8	-1.7	10.0	-2.7	7.3
1988	-6.3	-0.1	-2.5	-8.9	-2.0	-10.9	2.3	-8.6
<b>Dominican Republic</b>								
1981-1983	1.3	0.8	-0.6	1.6	0.5	2.1	1.4	3.4
1984-1986	-1.3	0.3	0.3	-0.6	1.9	1.3	-0.8	0.5
1987	0.3	-1.8	8.0	6.5	3.8	10.4	-2.4	8.0
1988	-2.7	0.3	2.3	-0.2	1.6	1.5	-0.6	0.9
<b>Uruguay</b>								
1981-1983	-7.8	0.1	-2.6	-10.4	1.4	-9.0	4.0	-5.0
1984-1986	2.2	0.4	-0.9	1.6	0.8	2.4	-0.3	2.2
1987	10.1	0.1	1.5	11.7	-2.3	9.4	-3.0	6.4
1988	-1.4	0.1	0.3	-1.0	1.2	0.2	-	0.2
<b>Venezuela</b>								
1981-1983	-2.1	0.1	-2.3	-4.4	-2.0	-6.4	3.8	-2.6
1984-1986	0.4	0.1	-0.1	0.4	2.7	3.1	-0.9	2.2
1987	7.6	0.1	-0.1	7.6	-3.4	4.2	-1.2	3.0
1988	2.8	0.4	0.9	4.1	4.8	8.8	-4.7	4.1

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Includes variation in stocks.

Table 7  
LATIN AMERICA: RELATIVE SHARES OF COMPONENTS OF  
GROSS DOMESTIC PRODUCT AND OF GROSS NATIONAL INCOME,  
AT 1980 MARKET PRICES <sup>a</sup>  
(Gross domestic product = 100)

	Total final consumer expend- iture <sup>1*</sup>	Gross fixed capital forma- tion	Domestic demand	Exports of goods and services	Imports of goods and services	Terms- of-trade effect	Net factor payments to rest of world	Real gross national income
1971-1975	76.0	20.7	96.7	17.7	14.4	-4.1	1.9	94.0
1976-1980	77.8	22.6	100.4	15.2	15.6	-0.9	2.2	96.8
1981	78.4	22.5	100.9	16.3	17.2	-0.8	3.7	95.5
1982	77.5	20.0	97.5	16.6	14.1	-2.7	5.4	91.9
1983	76.2	16.6	92.8	18.4	11.2	-3.1	5.2	91.7
1984	76.3	15.9	92.2	19.2	11.4	-2.6	5.4	92.0
1985	76.0	16.2	92.2	18.8	11.0	-3.3	4.9	91.8
1986	76.2	16.8	93.0	18.3	11.3	-4.9	4.3	90.8
1987	75.7	16.8	92.5	19.1	11.6	-5.1	3.8	91.1
1988 <sup>c</sup>	75.3	16.5	91.8	20.7	12.5	-5.6	3.9	90.5

Source: ECLAC, on the basis of official figures.

\* Nineteen countries. <sup>D</sup> Includes variation in stocks <sup>c</sup> Preliminary figures.

Table 8  
LATIN AMERICA: INVESTMENT COEFFICIENTS  
(Gross fixed investment as a percentage of gross domestic product)

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Latin America	22.7	22.5	20.0	16.6	15.9	16.2	16.8	16.8	16.5
Argentina	22.2	19.6	15.1	14.0	12.4	11.5	11.8	13.2	11.7
Bolivia	14.2	13.8	10.2	11.0	10.4	9.5	9.5	9.7	9.6
Brazil	22.9	21.0	19.5	16.9	16.2	16.7	19.0	18.3	17.6
Colombia	16.8	17.4	17.8	17.6	17.2	15.7	15.8	14.9	15.3
Costa Rica	23.9	18.4	14.3	15.1	17.7	18.5	19.0	20.4	18.7
Chûe	16.6	18.5	14.0	12.0	12.3	13.8	14.1	15.5	16.0
Ecuador	23.6	21.1	21.0	15.7	14.3	14.6	14.5	17.0	13.8
El Salvador	13.6	13.2	12.6	11.6	11.6	12.6	13.4	14.3	13.9
Guatemala	16.4	17.5	16.2	12.0	10.9	10.3	10.7	11.9	12.9
Haiti	16.9	20.4	18.2	18.3	18.8	20.7	20.3	19.9	18.9
Honduras	24.2	18.6	15.6	17.9	20.9	20.0	16.5	14.8	15.6
Mexico	24.8	26.5	22.2	16.6	17.0	17.9	16.4	16.1	16.9
Nicaragua	14.6	22.2	18.0	18.0	18.7	19.8	18.7	19.1	20.9
Panama	24.3	27.3	26.3	20.4	19.0	19.4	20.6	20.2	10.6
Paraguay	27.2	29.5	24.3	20.6	20.1	19.4	20.0	20.4	19.8
Peru	23.5	26.1	25.5	20.5	18.4	16.1	17.7	18.9	18.0
Dominican Republic	23.6	20.8	17.8	19.7	19.8	18.9	20.4	26.3	28.3
Uruguay	16.7	16.0	15.1	10.8	9.5	7.3	7.6	8.6	8.9
Venezuela	25.2	26.3	25.6	19.9	16.4	17.1	18.4	17.8	17.9

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures.

Table 9  
LATIN AMERICA: FINANCING OF GROSS CAPITAL FORMATION

	1975 <sup>a</sup>	1980 <sup>a</sup>	1981	1982	1983	1984	1985	1986	1987	1988 <sup>tt</sup>
Coefficients in respect of gross domestic product										
1. Gross domestic saving	25.0	23.0	22.6	22.8	22.9	23.6	24.3	23.4	24.5	25.2
2. Net external factor payments	1.9	2.3	3.8	5.4	5.3	5.6	5.1	4.6	4.1	4.2
3. Unrequited private external transfer payments	-	0.1	0.1	-	0.1	0.2	0.2	0.3	0.3	0.3
4. Terms-of-trade effect	-4.1	-0.9	-0.8	-2.7	-3.1	-2.6	-3.3	-4.9	-5.1	-5.6
5. Gross national saving (1 - 2 + 3 + 4)	19.0	19.9	18.1	14.7	14.6	15.6	16.1	14.2	15.6	15.7
6. External saving	3.1	3.6	5.5	5.6	1.0	0.1	0.4	2.2	1.4	1.2
7. Gross capital formation (5 + 6)	22.1	23.5	23.6	20.3	15.6	15.7	16.4	16.4	17.0	16.9
Coefficients										
Domestic saving/Gross capital formation	113.1	97.9	95.8	112.3	146.8	150.3	148.2	142.7	144.1	149.1
Deterioration in terms of trade/Domestic saving	16.4	3.9	3.5	11.8	13.5	11.0	13.6	20.9	20.8	22.2
Net external factor payments/Domestic saving	7.6	10.0	12.4	23.7	23.1	23.7	21.0	19.7	16.7	16.7

Source: ECLAC, on the basis of official figures.

\* Preliminary figures.

## VI. INFLATION

In 1988 inflation rose sharply for the second consecutive year, setting a new record for the region. The average rate of increase of consumer prices, weighted by the population, rose to 760% or nearly four times more than the figure recorded the preceding year. Not only was the resurgence of inflation acute, it was also quite generalized in that it occurred in 13 of the 19 Latin American countries for which data are available, and in eight of those countries the rate of inflation more than doubled (see table 10).

As in the previous two years, the most marked increase occurred in Nicaragua, where consumer prices rose by 33 600%. Inflation also grew with unusual intensity in Peru (where its rate of increase rose from 115% the preceding year to 1720%) and accelerated significantly in Brazil, where there was an unprecedented rise in price levels (over 930%, or nearly three times the increase registered the previous year). In Argentina, too, inflation more than doubled, rising from 175% to nearly 390% (see figures 5 and 6).

At the same time, inflation continued to accelerate notably, although starting from much lower levels, in Ecuador and the Dominican Republic (in both of which countries the price rises set new records) and it resumed in Uruguay, where it had fallen slowly but steadily over the two preceding years (see figure 7).

Moreover, even though in countries like Bolivia, Colombia, Costa Rica and Venezuela the rate of inflation was comparatively moderate (between 20% and 35%), in some cases that could mean that a phenomenon which had been sporadic up to the beginning of the 1980s has been becoming a permanent feature in more recent years.

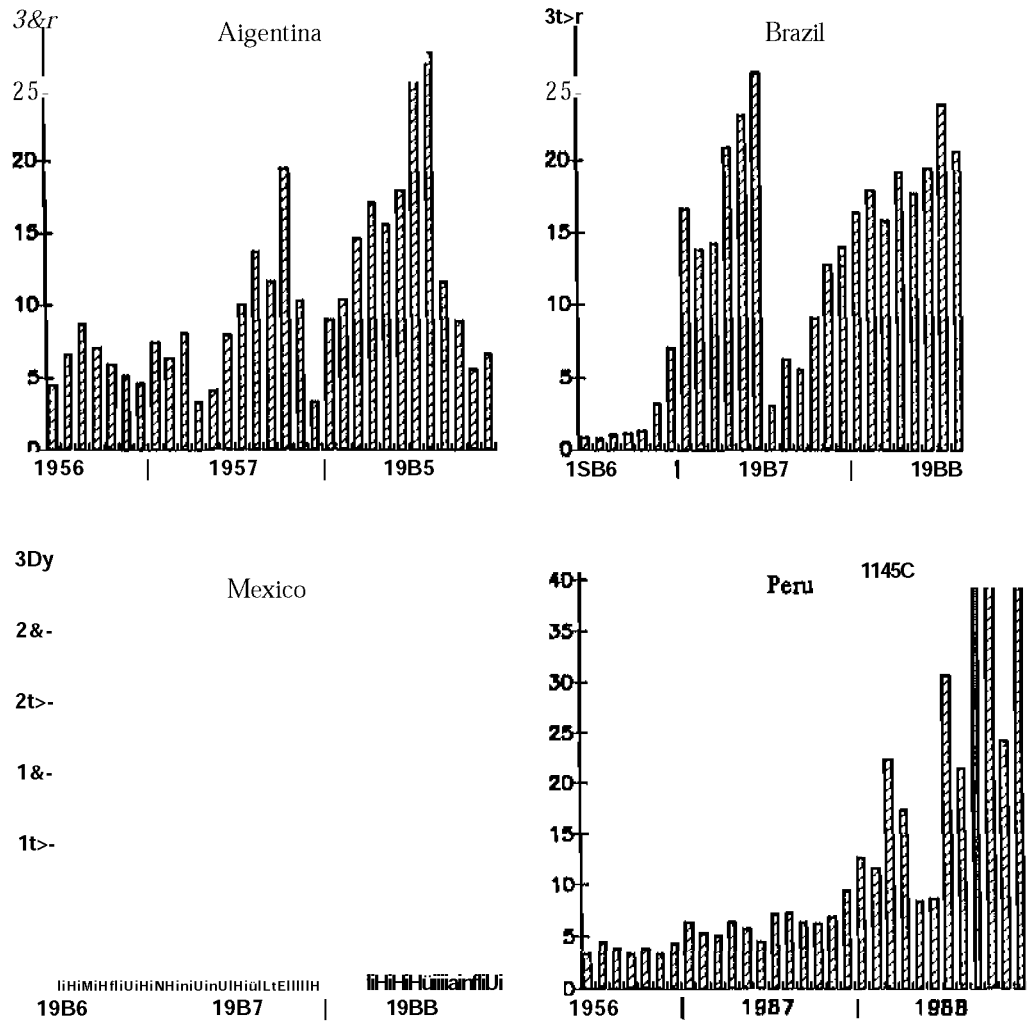
Stabilization programmes made progress in only a few countries- of the region. The most notable case of such progress was that of

Mexico, where inflation fell from a record high of 180% in February 1988 to 52% in December. The rate of increase of prices also fell significantly in Chile, where the rate of inflation of nearly 13% was only a little over half the rate observed the preceding year and was the second lowest since 1961. Inflation also fell (by five points) in Venezuela, in spite of which the rate was the second highest in the country's history (see figure 8).

Finally, inflation remained under 10% in Haiti, Honduras and Panama, which are countries where domestic price rises have traditionally been similar to or even lower than world inflation figures (see table 10).

In 1988 inflation again accelerated spectacularly in Nicaragua, where consumer prices, after rises of 50% in 1984, 330% in 1985, 750% in 1986 and 1350% in 1987, increased by 33 600% in 1988. This movement towards hyperinflation occurred in spite of the fact that early in the year the authorities adopted a programme designed to bring down the heavy Treasury and Central Bank deficits (which constituted the main sources of inflationary pressure) and to reduce the tremendous distortion in relative prices due to the high subsidies on fuels and foodstuffs and the existence of a large number of exchange rates. With those ends in view, in February the various exchange parities were unified, the official exchange rate was increased markedly and a partially confiscatory and redistributive monetary reform designed to neutralize the excessive amount of money which had gone into circulation since 1983 was applied. These measures were followed in June by a further maxi-devaluation of the córdoba, the freeing of some prices and the introduction of more flexible wage regulations. Later in the year there were new rises in the exchange rate, public utility tariffs, fuel prices and interest rates.

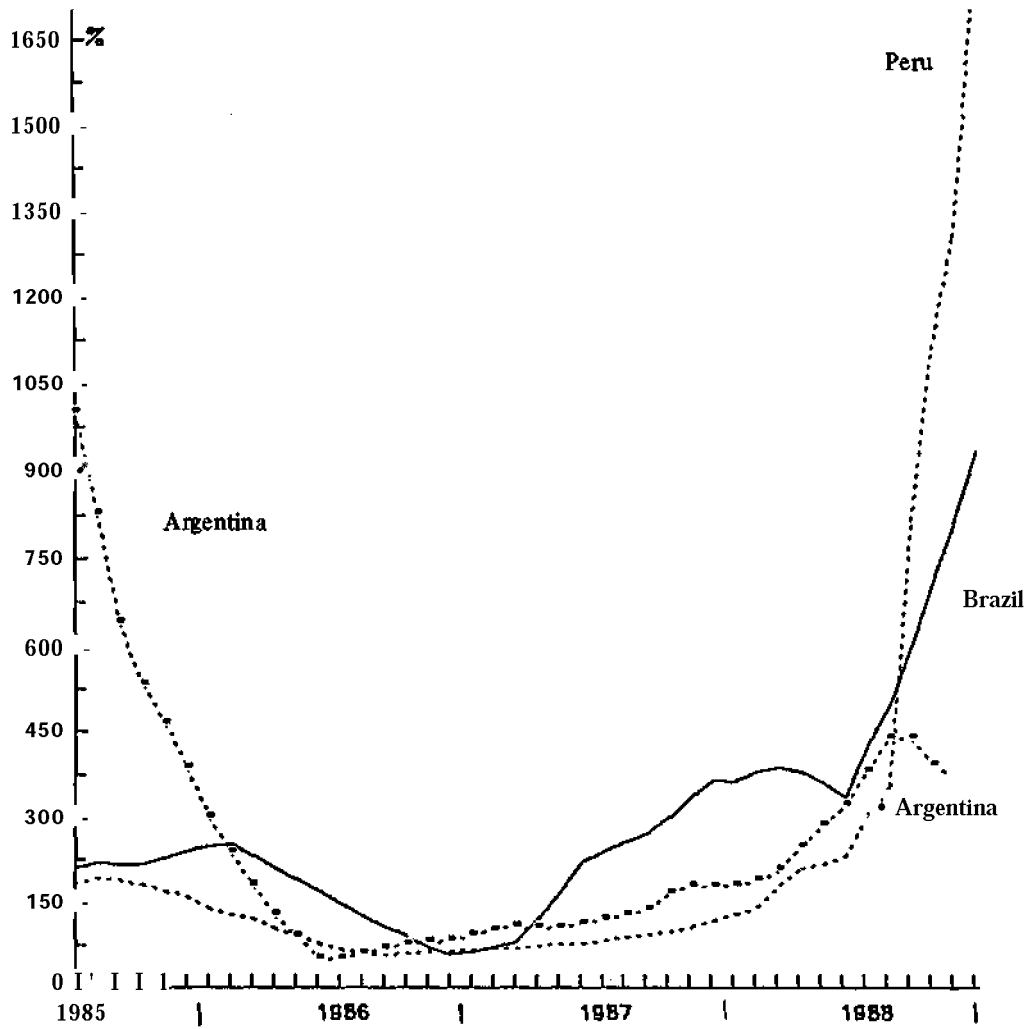
Figure 5  
**MONTHLY VARIATIONS IN THE CONSUMER PRICE INDEXES OF  
 ARGENTINA, BRAZIL, MEXICO AND PERU**  
*(Percentages)*



Source: ECLAC, on the basis of official figures.



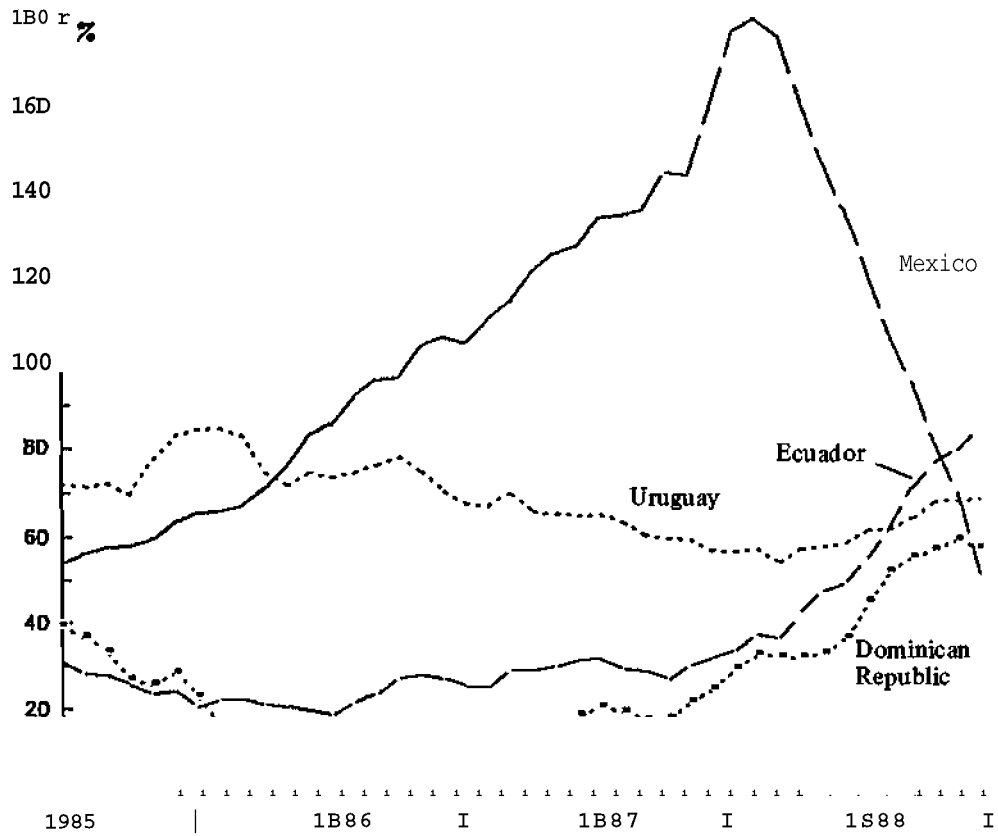
Figure 6  
 LATIN AMERICA: TWELVE-MONTH VARIATIONS IN THE CONSUMER  
 PRICE INDEXES OF SELECTED COUNTRIES



Source: ECLAC, on the basis of official figures.

Figure 7

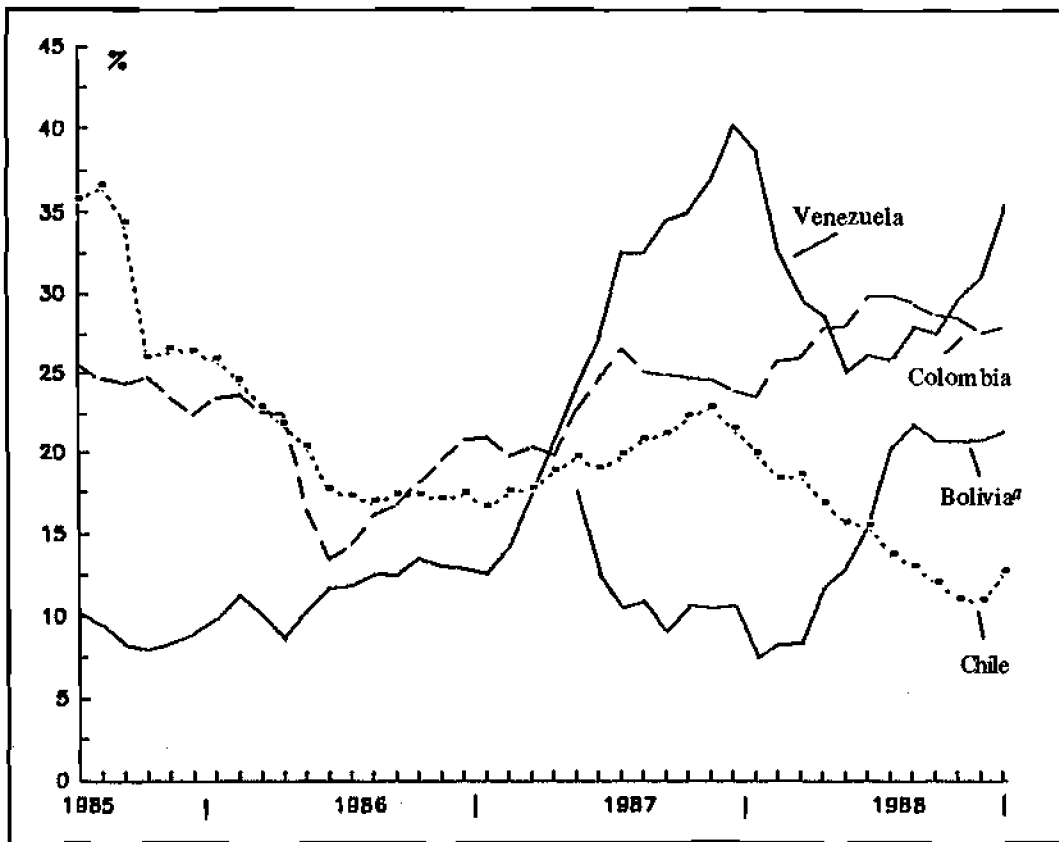
LATIN AMERICA: TWELVE-MONTH VARIATIONS IN THE CONSUMER PRICE INDEXES OF SELECTED COUNTRIES



Source: ECLAC, on the basis of official figures.

Figure 8

LATIN AMERICA: TWELVE-MONTH VARIATIONS IN THE CONSUMER PRICE INDEXES OF SELECTED COUNTRIES



Source: ECLAC, on the basis of official figures.

"Does not cover the period from July 1985 to April 1987; during this period inflation rose from 14.175% in July 1985 to a record high of 23.447% in September 1985, after which it declined steadily.

Although some distortions were partially remedied as a result of these measures, the rate of inflation soared rather than falling, partly because it proved impossible to reduce the public sector deficit as much as had been planned. In fact, real government income fell because of the contraction of economic activity, while operating costs continued to rise as a result of the maintenance of some subsidies it had been planned to eliminate, the attempt of the government to make good the lag in the real wages of civil servants as much as possible, and the disbursements required for defence needs (which represent more than half of government expenditure). In addition, the continuous dramatic rise in the official exchange rate, which increased more than ten-thousand-fold during 1988, affected the prices of many commodities and helped to increase costs and strengthen inflationary expectations. These factors were compounded by the effects of the hurricane which devastated the eastern part of the country in November, causing huge losses in crop production and in the availability of housing and infrastructure and forcing the government to increase its spending in order to cope with the situation.

In 1988 there was also a veritable explosion of inflation in Peru, where the annual rate of increase of consumer prices rose from 115% in 1987 to 1720% in 1988. The main causes of this upsurge in the inflationary process were the growing imbalances in the public sector accounts and in the balance of payments resulting from the prolongation of the economic reactivation programme applied since mid-1985 without the simultaneous introduction of timely and adequate adjustments. Up to 1987 this reactivation was propelled from the demand side by sharp increases in real wages and in net government expenditure and facilitated, from the supply side, by the harnessing of hitherto under-utilized productive capacity and by the vigorous growth of imports. The latter was financed at first through a unilateral reduction of the servicing of the external debt and later on through the use of the international reserves, which fell by nearly US\$1.8 billion between the beginning of 1986 and the middle of 1988. Naturally, the depletion of the country's reserves and the exhaustion of its idle capacity made an adjustment and stabilization process essential.

Up to September the authorities managed to control inflationary pressures through the gradual application of partial measures, especially in the external sector. Since food and fuel price subsidies were tied to the exchange rate, however, any rise in the exchange rate applicable to exporters was accompanied by an increase in the exchange losses of the Central Bank and consequently by a rise in the global public sector deficit. The constant marked decline in the relative prices of subsidized goods also stimulated demand for them and, in conjunction with the devaluation, provided an incentive for their illegal exportation to neighbouring countries. In such circumstances, food imports more than doubled between 1985 and mid-1988, and the public sector deficit came close to the equivalent of 10% of the gross domestic product.

In view of the inadequate results of the gradual measures and the increasing deterioration of the government accounts, in September the authorities decided to apply a very rigorous stabilization programme. This included the unification of the various exchange rates in force, which naturally led to a very pronounced rise in the average exchange parity. The unification of the exchange rates eliminated the foreign exchange losses of the Central Bank, but as the subsidized sales prices of certain basic foodstuffs were maintained, the global public sector deficit persisted and was now reflected in the accounts of the State enterprise which markets these foodstuffs rather than in the balance-sheet of the Central Bank. At the same time the minimum wage was increased by 150% and the price of fuels by 300%; the prices of certain essential goods and services were raised, and a general price freeze was announced for a period of four months. The freeze did not, however, go into effect immediately since producers were granted a certain amount of time to adjust the prices of their wares.

The immediate effect of these measures was a rise of 114% in consumer prices in September. In addition, it became apparent that the price adjustments applied to fuels and other goods and services supplied by State enterprises, although very considerable, were not high enough to put right the financial imbalance in those entities, so that in order to cover these deficits, the enterprises had to continue drawing massively on the Central Bank.

Consequently, at the end of November a new set of measures designed to finance the external and fiscal deficits was announced. These measures included the doubling of the exchange rate, even greater rises in food and fuel prices, an increase of 40% in the minimum wage plus a transport allowance equivalent to another 20%, and various tax measures designed to raise fiscal revenue in real terms. In addition, it was planned to maintain the real exchange parity and the relative prices of fuels, which meant new price adjustments on top of the initial drastic measures.

Inflation also intensified very markedly for the second consecutive year in Brazil, where the annual rate of increase of consumer prices came to more than 930% in 1988 after having risen from 58% in 1986 to nearly 370% in 1987. This rate was the highest ever recorded in the country and four times as high as at the beginning of 1986 when the Plan Cruzado went into effect (see figure 6).

Indeed, the increase in the monthly price variations was almost continuous since the third quarter of 1987, when inflationary pressures deriving from a public sector deficit equivalent to nearly 6% of the gross domestic product and lags in certain key prices made it necessary to abandon the price and wage freeze which had been decreed in the middle of that year. Since it was recognized that a prices and incomes policy could make a lasting contribution to stabilization only if it proved possible to reduce the public sector deficit significantly at the same time, the authorities initially concentrated their efforts on bringing that deficit down to 4% of the product. They tried to do this by cutting government spending (on subsidies, in particular), by collecting more in taxes, and by correcting the distortions in the price system. Serious difficulties were encountered in the management of the monetary policy, however, since during the period an enormous trade surplus (equivalent to nearly 6% of the gross domestic product) was achieved. The short-term effects of correcting relative prices in a highly indexed economy where the expectations of the economic agents *vis-à-vis* inflation are highly sensitive to disturbances of external origin or to prospects of change in economic policy were among the factors responsible for an increase in the monthly rate of inflation from 17% in the first quarter to 19% in the second, 23% in the third and over 27% in October (see figure 5).

In these circumstances and in the face of the imminent threat that inflation would run completely out of control, in November a social pact was reached between the government, business and some of the leading trade unions. In contrast with the Economic Solidarity Pact reached in Mexico, this agreement made no provision for freezing prices and wages but rather called for their gradual deindexing and also included a commitment on the part of the government to bring about a greater reduction in the public sector deficit. Under the agreement, wages would initially be readjusted in accordance with the average rate of inflation recorded over the preceding three months, and maximum price increases were agreed, with strict surveillance of 94 essential products and public services. On the other hand, no advance provision was made for either monetary correction or variation of the exchange rate. A target of 26.5% was established in respect of inflation for November, and one of 25% for December. The first target was nearly achieved, but the rate of increase of prices accelerated again in December, instead of declining.

Inflation also became more intense in Argentina, where prices rose by nearly 390%, thereby amply exceeding the increase reported in 1987. In contrast with what happened in Nicaragua, Peru and Brazil, however, this increase did not set a record, since it was equivalent to less than half the rate of inflation registered in mid-1985, before the "Plan Austral" went into effect. In addition, the progress of inflation in Argentina was not unbroken but was rather characterized by two markedly different phases. During the first phase, covering the first eight months of the year, the monthly rate of price increases accelerated sharply and persistently, rising from 9% in January to nearly 28% in August, while at the same time real wages fell by close to 10%. In the second phase, on the other hand, the monthly variation of prices declined almost continuously, averaging slightly over 6% in the final two months of the year, and real wages experienced some recovery.

The intensification of inflation in the first eight months of the year followed the failure of the price freeze decreed in October 1987, which was able to reduce the impact of the accumulated inflationary pressures only temporarily. During those eight months, the public sector continued to experience severe

financing problems due in part to the drop in the earnings from the value added tax and from export taxes (which had been reduced or eliminated to offset the effects of a drop in farm export prices). The fiscal imbalance put pressure on the money supply and induced the authorities to seek an increase in the real value of public sector charges. In addition, up to the middle of the year the exchange rate was raised somewhat faster than the rate of increase of consumer prices. These measures, together with the freemg of industrial prices at the beginning of the year, led to appreciable changes in relative prices, and in an institutional context of high and rapid indexation these changes helped to speed up inflation.

In these circumstances, the authorities gave priority to the reduction of the public sector deficit, first by lowering current expenditure and later by suspending Treasury contributions to State enterprises and bringing back the mandatory savings system. As from August, a new stabilization plan was applied.

In essence, the new programme tried to attack inertia inflation through price agreements established with the entrepreneurial sector and to reduce the deficit by creating exchange rate differentials so that the government could tap off some of the larger earnings which the goods exporting sector had begun to obtain as a result of the pronounced rises in the prices received on the international market. It was decided that the price agreements would be of short duration and would be reviewed periodically in order to avoid price lags and to provide businesses with an incentive to comply with the regulations. In return, the rate of the value added tax was reduced by three percentage points. Private sector wages would continue to be set by collective bargaining, while it was decided to freeze public sector wages for two months, following a prior increase of 25%. At the same time, a major reform was made in the exchange rate system. Under it, exports of primary commodities would continue to be paid for at the commercial rate of exchange set by the Central Bank, which, after having been increased by 11%, would remain constant up to the end of September. On the other hand, the majority of imports were transferred to the financial market, in which it had been decided that the rate of exchange would be determined by a float managed by the Central Bank at a

level up to 20% higher than the rate of exchange on the commercial market. Industrial exports, for their part, would be paid for at a mixed rate of exchange. In this way, the commercial market would have a surplus supply of foreign exchange which would be absorbed by the Central Bank at the price set and used in part to regulate the exchange rate on the financial market. Thus the reform would mean on the one hand that the Central Bank would make profits on exchange operations (which would tend to bring the public sector accounts into balance), while on the other hand, some commercial transactions would be carried out at a rate of exchange that would be floating but subject to intervention. At the same time, tariff and paratariff reductions were announced for October, following negotiations with the main association of industrialists.

As on previous occasions, the initial results of the plan were positive. Inflation fell steadily and substantially, from over 25% in July and August to under 6% in November before rising again to nearly 7% in December. However, the exchange rate, public utility charges and industrial prices lagged behind consumer prices during this period, causing inflationary pressures to build up.

Inflation also worsened in Ecuador in 1988. The increase in consumer prices (86%) was in fact the highest in the country's history and was slightly more than two and a half times the rate of inflation observed in 1987 (see figure 7).

This acceleration of inflation was partly a delayed consequence of the earthquake which devastated the western part of the country early in 1986 and which paralysed petroleum production for five months, with the result that fiscal income fell sharply. Thus, in spite of the fact that the servicing of the debt with international commercial banks was suspended, the public deficit increased. The government was forced to have recourse to credit from the Central Bank, resulting in a marked increase in currency issue. In addition, the shortage of foreign exchange caused by the drop in petroleum exports made it necessary to raise the exchange rate sharply, leading to considerable rises in the prices of tradeable goods. The lack of foreign exchange persisted in 1988 owing to the decrease in the international price of crude, the need to return the petroleum loaned by Venezuela and Nigeria in 1987, and speculative operations fostered by the uncertain political climate of

the country during the first half of the year. These factors were compounded by pressures deriving from a drop in the supply of food and the increases made in public transport and fuel prices.

At the end of August, the new government announced a set of measures to re-establish the principal macroeconomic equilibria. In order to cope with the shortage of foreign exchange, the exchange rate was raised by over 50%, and provision was made for its weekly readjustment afterwards in order to maintain its real level. At the same time, certain restrictions were placed on imports, including an indefinite prohibition on imports of automobiles. In order to reduce the public deficit (estimated to be equivalent to 12% of the gross domestic product), electricity rates were raised by 30% and the price of fuel doubled, but even so the new price of 36 US cents per gallon was still very much below the international price. It was also decided not to increase Central Bank credit to the government until December. Finally, the minimum wage was raised by 16%. The immediate effect of these measures was that consumer prices rose even more rapidly—at an average rate of over 6% a month in the following three months.

After following a downward course for two years, inflation resumed in Uruguay, reaching an annual rate of close to 70%. This acceleration was associated on the one hand with the extension of indexing mechanisms (especially those linked to the exchange rate, which was subjected to a higher increase than domestic prices) and on the other hand with the upward pressures exerted by agricultural prices. Thus, in spite of the application of a relatively restrictive macroeconomic policy, inflation increased during the second half of the year and returned to the annual rate it had registered at the beginning of 1987 (see figure 7).

Inflation rose steadily and markedly for the second consecutive year in the Dominican Republic. After having increased only 6.5% in 1986, consumer prices rose by 25% in 1987 and by nearly 58% in 1988 (see figure 7). The persistent and pronounced rise in inflation was to a large extent a result of the excessive expansion of domestic spending in 1987, when the increase in investment in public works was particularly notable. This increase, together with the expansive monetary policy applied by the authorities, exerted heavy pressure on

imports and on domestic prices. The increase in the latter was also ascribable to the 30% devaluation effected in the second half of 1987 and the further rise of 50% in the exchange rate during the first half of 1988.

In Bolivia the doubling in 1988 of the rate of inflation, which had fallen dramatically in the preceding two years from a record level of 23 000% in September 1985 to less than 11% at the end of 1987, was due to the considerable rises in domestic fuel prices, the increase in the prices of imported wheat, and the acceleration of the mini-devaluations effected in order to keep the exchange rate from lagging behind.

The main causes of the increase in inflation in Colombia (from 24% in 1987 to 28% in 1988) were the excessively expansive monetary policy applied the preceding year and, above all, the rises in food prices owing to the reduction of the domestic supply of farm commodities as a result of the unfavourable weather which affected vast areas of the country early in 1988. Thus, during the first half of the year the annual rate of inflation rose steadily, and by mid-year it exceeded 30%: the highest figure recorded in the country in the last decade. The authorities therefore applied a stricter monetary policy, which, together with the return to normal of the supply of agricultural commodities, helped to bring about a gradual reduction of the rate of inflation in the second half of the year (see figure 8).

Inflation also rose in Costa Rica (from 16% in 1987 to 25% in 1988) (see figure 9). The acceleration of inflation was partially attributable to the rise in the exchange rate effected in January, the periodic mini-devaluations subsequently applied in order to maintain the real level of exchange rate parity, and increases in the controlled prices of some staple commodities (milk, eggs, bread and flour) and public services (electricity, telephones, water and urban transport).

In Guatemala inflation remained virtually stable, only rising from 9% in 1987 to 11% in 1988. At the beginning of the year there had been a slight increase in the rate of inflation as a result of the adjustment of the exchange rate and the government's price policy, since in January the various different exchange rates were unified, causing the rate for the majority of transactions to rise from 2.50 to 2.70 quetzales per dollar, and throughout the year the policy of freeing the prices of certain basic

goods continued to be applied, while fuel prices and the charges for some public services also rose. From September on, however, the monthly rate of price increases fell back again to the level of world inflation, so that the price variation for the whole year was only slightly greater than it had been the preceding year (see figure 9).

Among the few countries in the region where inflation dropped, the most significant progress was made in Mexico, where the monthly variation of consumer prices, which had been around 16% at the end of 1987 and the beginning of 1988, subsequently went down steadily and markedly, dropping from August onwards to figures in the neighbourhood of 1% (see figure 5). As a result, the annual rate of inflation fell by over 100 points from nearly a 160% in 1987 to 52% in 1988.

The main cause of this reduction in inflation was the stabilization policy applied by the authorities under the Economic Solidarity Pact agreed between the government, entrepreneurs and workers in December 1987. This programme combined unorthodox means of tackling inertial inflation, such as the concerted deindexing of the exchange rate, wages and a number of key prices, with orthodox policies of fiscal and monetary restriction and correction of relative prices, in order to combat the underlying causes of inflation.

Thus, in mid-December the exchange rate was raised by 22%, following another substantial devaluation the preceding month, and increases were decreed in the prices of the main goods and public services, including rises of 85% in fuels and electric power. The government undertook to maintain the new prices and the exchange rate at least until March and this commitment was later extended through new pacts. The trade union representatives, for their part, agreed to wage readjustments of 15% in December and 20% in January and to the subsequent freezing of wages up to March, while producers agreed to keep their prices frozen once the initial adjustments had been made. At the same time, the government made notable attempts to bring down the public sector deficit, thanks to which the "primary balance" of the public accounts (which excludes interest payments on the public debt) showed a very substantial surplus in 1988. The stabilization programme was also accompanied by a tariff reform

whereby the maximum tariff fell from 40% to 20% and the average tariff level was only 11% and by the removal of many quantitative import controls, so that only 6% of imports remained subject to prior licenses.

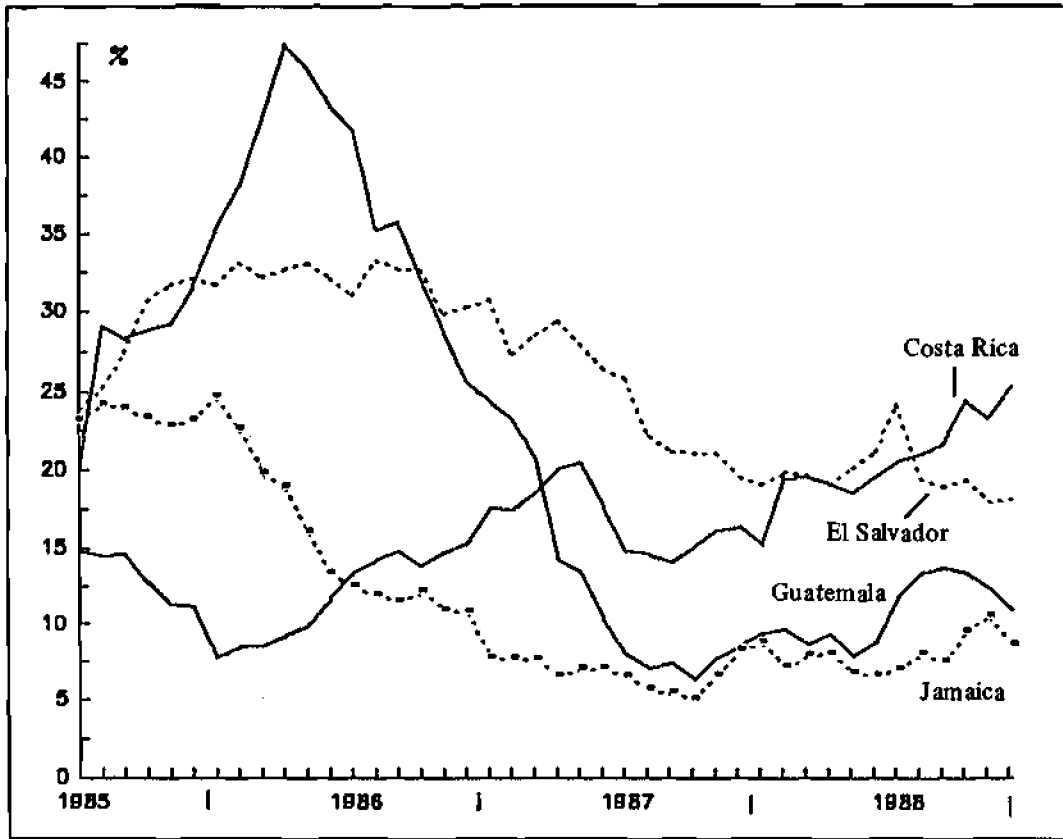
As might be expected, the initial effect of the devaluation and the price corrections was to double the monthly rate of inflation, which averaged 16% in December-January. As the exchange rate, wages and prices remained frozen and the fiscal policy became more strict, however, the monthly variation in prices fell to 3% as early as April and to 2% in the following three months. In August the freeze was extended and the value added tax on foodstuffs and medicines was reduced, with the result that the monthly rate of inflation fell even lower between August and December (see figure 5).

The progress of the stabilization programme was made more difficult by unfavourable changes in the external situation. Thus, the drop in the international price of petroleum caused a reduction in the government's petroleum earnings which cancelled out much of the increased tax revenue obtained from other sectors as a result of the indexing of the tax system and other fiscal measures. The increase in the primary surplus was therefore due primarily to further reductions in public spending, which had a negative impact on economic activity. In addition, owing to the rise in international interest rates, the public sector financial deficit (which includes interest payments on the public debt) shrank by less than anticipated. Furthermore, the decline in the price of petroleum and the increase in international interest rates, together with the freeze on the exchange rate and the liberalization of imports, produced a drop in international reserves of the order of US\$3.5 billion.

To cope with this situation, in the middle of December 1988 the new administration announced a set of measures designed to make the policy on prices, wages and the exchange rate more flexible. These measures were incorporated into an Economic Growth and Stability Pact signed by entrepreneurs and trade union representatives. Under this new agreement, which entered into effect in January and was to remain in force until July, the exchange rate parity, which had remained fixed at 2 280 pesos per dollar throughout 1988, would increase by one peso per day up to 31 July. It was also agreed that at the beginning of



Figure 9  
 LATIN AMERICA: TWELVE-MONTH VARIATIONS IN THE CONSUMER  
 PRICE INDEXES OF SELECTED COUNTRIES



Source: ECLAC, on the basis of official figures.

1989 the minimum wage would be raised by 13.5% and some public service charges would also increase. The prices of gasoline, electricity and gas for domestic use would, however, remain frozen, and the support prices of some farm commodities would be reviewed.

Inflation also went down in Venezuela, where, as in Mexico, it had reached unprecedented levels in 1987. However, unlike the situation in Mexico, the drop in inflation was temporary. As may be seen from figure 8, the decline was concentrated in the first half of the year, when the annual rate of inflation fell from 40% to 26%, primarily as a result of the freeze on prices and public sector wages, the application of stricter controls on the prices of staple goods, and the seasonal drop in the prices of certain farm commodities. From August onwards, in contrast, the rate of inflation accelerated due to a rapid rise in food prices and the heightened expectations of inflation resulting from the sharp rise in the exchange rate on the free market.

Inflation in Paraguay fell markedly, since after rising by 32% in 1987, consumer prices increased by less than 17% in 1988. This slackening of inflation was due to both demand and cost factors. On the one hand, the rise in prices in 1987 was the highest in the last 10 years, and this led the economic authorities to apply a much stricter monetary policy. On the

other hand, the notable expansion of the crop-growing sector helped to keep food prices down, while the lag in the real exchange rate worked to reduce the relative price of imported commodities.

There was also a marked decline in inflation in Chile, where consumer prices, after rising by nearly 22% in 1987, increased by less than 13% in 1988; wholesale prices, for their part, rose by only a little over 3%. This reduction of inflation was made possible by the coherent macroeconomic policy followed and the considerable increase in foreign trade, due primarily to a significant improvement in the international prices of copper and other Chilean exports. These factors, together with a higher economic growth rate than had originally been forecast, gave rise to a considerably easier position with regard to the fiscal accounts and also strengthened the balance of payments, leading the economic authorities to lower a number of taxes. Thus, in succession, customs tariffs were reduced from 20% to 15%, the tax on credit was halved, the special fuel tax was reduced, and the value added tax was lowered from 20% to 16%. These tax and tariff reductions, together with the decrease in the international price of petroleum and the slower rise in the nominal exchange rate, all helped to reduce inflation.

Table 10

**LATIN AMERICA AND THE CARIBBEAN: CONSUMER PRICES***(Percentage variations from December to December)*

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Latin America and the Caribbean</b>	<b>56.0</b>	<b>57.5</b>	<b>84.6</b>	<b>130.8</b>	<b>184.8</b>	<b>274.7</b>	<b>64.5</b>	198.3	<b>759.4</b>
Netherlands Antilles								2.2	3.3
Argentina	87.6	131.2	209.7	433.7	688.0	385.4	81.9	174.8	387.7
Aruba									3.9
Bahamas	12.1	9.0	4.5	3.5	4.5	4.8	6.8	4.1	4.8
Barbados	16.1	12.3	6.9	5.5	5.1	2.4	-0.5	6.3	4.5
Belize <sup>b</sup>					5.8	-0.6	2.4	2.0	0.9
Bolivia	23.9	25.2	296.5	328.5	2 177.2	8 170.5	66.0	10.7	21.5
Brazil	95.3	91.2	97.9	179.2	203.3	228.0	58.4	366.0	933.6
Colombia <sup>c</sup>	26.5	26.0	23.9	16.7	18.3	22.7	20.7	24.6	28.3
Costa Rica	17.8	65.1	81.7	10.7	17.3	11.1	15.4	16.4	25.3
Chile	31.2	9.5	20.7	23.6	23.0	26.4	17.4	21.5	12.7
Ecuador <sup>d</sup>	14.5	17.9	24.3	52.5	25.1	24.4	27.3	32.5	85.7
El Salvador	18.6	11.6	13.8	15.5	9.8	30.8	30.3	20.1	18.2
Guatemala	9.1	8.7	-2.0	15.4	5.2	31.5	25.7	8.6	11.0
Guyana	8.5	29.0	19.3	9.6					29.5
Haiti	15.6	16.4	4.9	11.2	5.4	17.4	-11.4	-4.1	8.6
Honduras	11.5	9.2	8.8	7.2	3.7	4.2	3.2	2.9	6.7
Jamaica	28.6	4.8	7.0	16.7	31.2	23.9	10.4	8.4	8.9
Mexico	29.8	28.7	98.8	80.8	59.2	63.7	105.7	159.2	51.7
Nicaragua	24.8	23.2	22.2	32.9	50.2	334.3	747.4	1 347.3	33 602.6
Panama	14.4	4.8	3.7	2.0	0.9	0.4	0.4	0.9	0.4 <sup>b</sup>
Paraguay	8.9	15.0	4.2	14.1	29.8	23.1	24.1	32.0	16.9
Peru	59.7	72.7	72.9	125.1	111.5	158.3	62.9	114.5	1 722.3
Dominican Republic <sup>e</sup>	4.6	7.3	7.2	7.7	38.1	28.4	6.5	25.0	57.6
Suriname	5.7	9.0	1.0	4.2	4.5	15.6	30.2	52.2	
Trinidad and Tobago	16.6	11.6	10.8	15.4	14.1	6.6	9.9	11.5	12.0
Uruguay	42.8	29.4	20.5	51.5	66.1	83.0	70.7	57.3	69.0
Venezuela	19.6	11.0	7.3	7.0	18.3	5.7	12.3	40.3	35.5
<b>OECS countries</b>									
Dominica				2.6	2.9	4.0	3.2	2.9	3.9 <sup>g</sup>
Grenada	17.6					1.8	-0.8	0.5	6.8 <sup>h</sup>
Saint Lucia	21.1	9.5	0.6	1.3	1.2	1.0	4.5	5.1	1.5

**Source:** International Monetary Fund, International Financial Statistics, and data provided by the countries.<sup>a</sup> Preliminary figures.<sup>b</sup> November-to-November variation.<sup>c</sup> Up to 1980 corresponds to the variation in the consumer price index for manual workers; from 1981 onward, refers to the variation in the national total, which includes both manual workers and employees.<sup>d</sup> Up to 1982, corresponds to the variation in the consumer price index for the city of Quito; from 1983 onward, refers to the variation in the national total.<sup>e</sup> Up to 1982, corresponds to the variation in the consumer price index for the City of Santo Domingo; from 1983 onward, refers to the variation in the national total.

OECS = Organization of Eastern Caribbean States.

<sup>g</sup> Variation between October 1987 and October 1988.<sup>h</sup> Variation between August 1987 and August 1988.



## VII. EMPLOYMENT AND WAGES

The slowdown and, in some cases, outright recession that the majority of the economies of Latin America and the Caribbean experienced in 1988 appear to have had only moderate repercussions on employment levels, according to available data. The average rates of open unemployment in urban areas barely changed in countries such as Brazil, Colombia, Costa Rica, Honduras, Mexico and Uruguay, where economic growth slackened, while they actually went down in the majority of the countries whose economies performed better than the previous year (Chile, Guatemala, Paraguay and Venezuela). However, unemployment increased in Argentina, Panama and Peru, in all of which the real product declined (see table 13 and figure 10).

Nevertheless, there are indications that the quality of employment deteriorated in a considerable number of countries, in so far as although the rates of open unemployment remained the same, there was a disproportionate increase of employment in low-productivity, low-income informal activities. Indeed, in most of the countries where unemployment rates remained stable in spite of the slowdown in economic growth, there are signs of moderate declines in real wages. In these economies, the formal labour markets appear to have adjusted through such declines, as well as through the shift of workers towards informal activities. In the countries where the level of economic activity contracted in a context of accelerating inflation, real wages fell significantly. In contrast, in those countries where growth was relatively high and unemployment rates dropped, real wages tended to increase. At the same time, higher inflation rates in most of the countries of the region eroded real levels of minimum wages, reducing still further their influence in the labour markets (see table 12), and they likewise affected the real wages of workers who had less

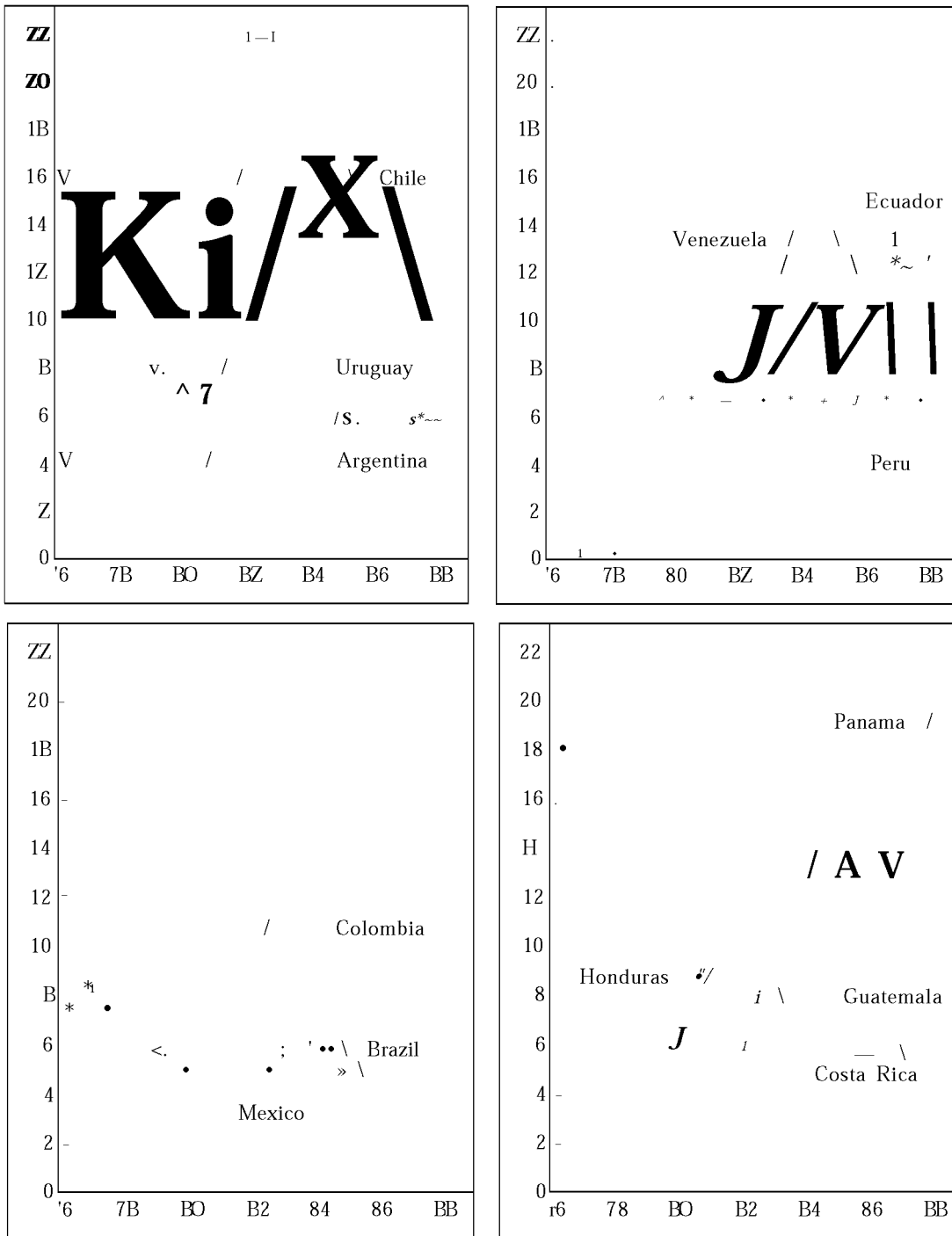
negotiating power or were employed in activities that were economically more vulnerable. Finally, in countries engaged in fiscal adjustment efforts, the real wages of civil servants tended to fall considerably.

In Brazil, the average rate of open unemployment in the six main cities of the country remained below 4% in 1988, despite lower levels of activity in industry and construction (see table 13). In a number of sectors of activity the declines in both the real minimum wage and the real average wage probably made it possible to avoid the employment adjustment linked with the recessionary trend in urban activities. In industrial activities in Rio de Janeiro and São Paulo, however, average real wages rose by close to 4.5%, while employment levels dropped by nearly 2% (see tables 11 and 15).

In Colombia, the principal urban activities expanded by a moderate amount, while the rate of unemployment in the four largest cities of the country remained virtually unchanged, declining from 11.7% in 1987 to 11.5% in 1988, after having dropped by a little over two points the year before. Industrial employment expanded by around 3% (see table 15 and figure 11). On the other hand, as a consequence of the speeding-up of inflation, the purchasing power of the minimum wage—the nominal value of which is readjusted at the beginning of the year according to the inflation of the previous year—fell by nearly 3%, while the real wages of industrial workers also went down again, this time by about 1%.

In Costa Rica, the rate of urban unemployment fell from 5.6% in 1987 to 5.2% in 1988, while at the same time there was a considerable increase in industrial employment (7%). Just as in Colombia, however, the acceleration of inflation caused the real value of the minimum wage to fall by almost 3%, while average wages (calculated on

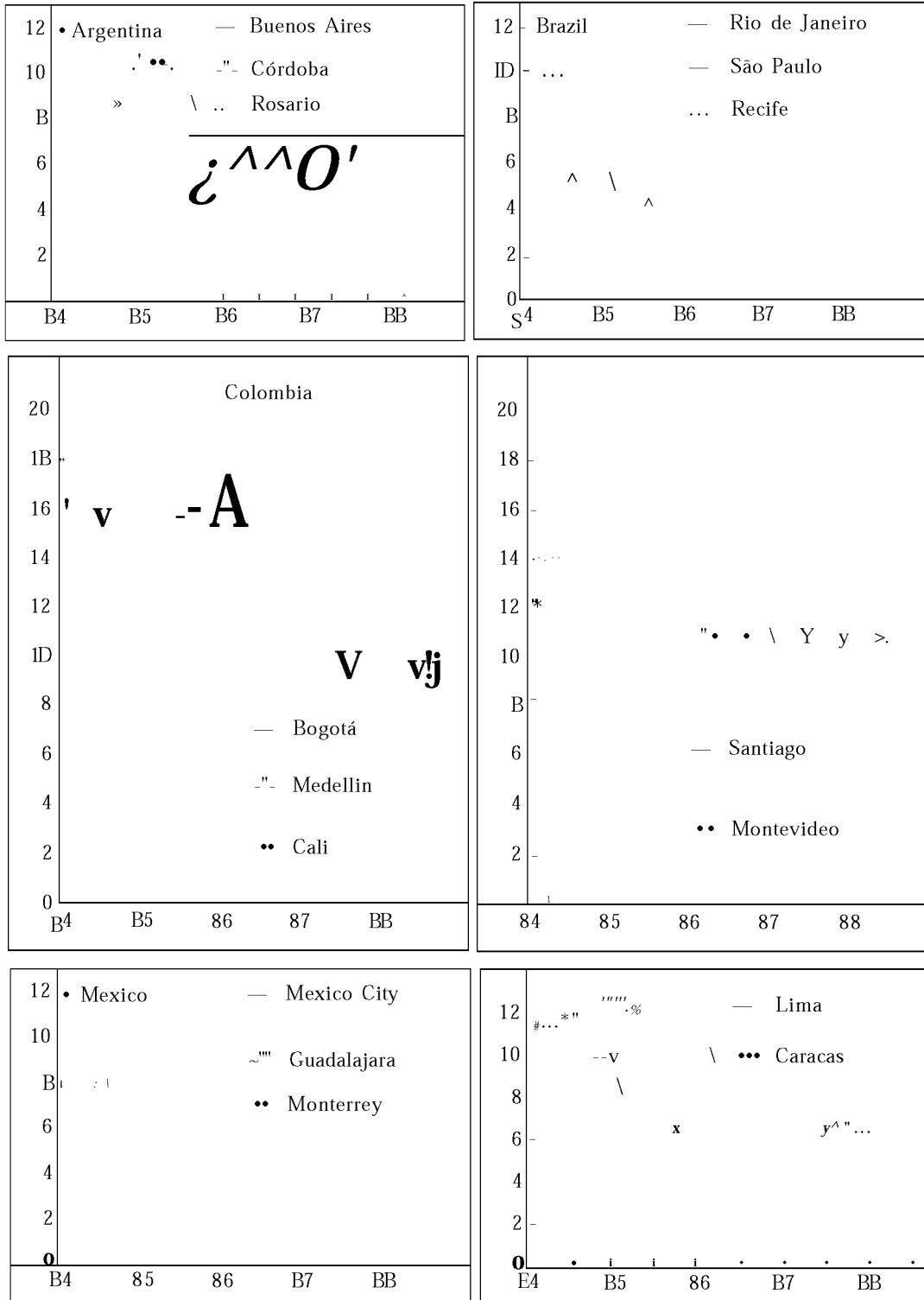
Figure 10  
**LATIN AMERICA: URBAN UNEMPLOYMENT IN SELECTED COUNTRIES**  
*(Average annual rates)*



Source: ECLAC, on the basis of official figures.

Figure H

LATIN AMERICA: UNEMPLOYMENT IN SOME MAJOR CITIES



Source: ECLAC, on the basis of official figures.

the basis of the workers enrolled in the Social Security System) declined by 2%.

Due to the slow growth of the labour force of Uruguay and to the time that normally elapses between changes in production and in employment, the slowdown of the economy did not yet affect employment. Although the rate of open unemployment in Montevideo was erratic over the year, its average level (9.1%) was slightly less than in 1987. Owing to the quickening of the inflationary process, real wages dropped during the second half of the year after having increased by 7% during the first half in relation to the same period of the previous year. Even so, their average was still 1% higher in 1988 than in 1987. The real value of the minimum wage, however, fell by more than 6% (see tables 11 and 12).

In Mexico, nominal wages were increased—in accordance with the Economic Solidarity Pact—in December 1987, January 1988 and finally in March. Moreover, wage contracts were negotiated throughout the year, but the minimum wage remained the same, causing its real value to fall by 12%. Partly because of this, the contraction of employment was probably more moderate and less generalized than might have been expected in the light of the sluggishness of economic activity, the rapid expansion of the labour force and the various features of the fiscal adjustment process. Employment levels appear to have remained stable in some activities, while they rose 23% in the in-bond assembly plants. In these circumstances, the average annual rate of open unemployment in urban areas is estimated to have been below 4%.

The recovery of the level of the real product in Ecuador did not extend to industrial activities or construction, which contracted sharply, so that the urban unemployment rate remained at its high level of 13%. The real minimum wage, for its part, plummeted by almost 14% in a context of rising inflation.

The economic expansion in Chile was accompanied by an improved employment situation. This was seen not only in the 6% rise in total employment, but also in the lower rate of open unemployment—which went down from a nationwide average of 9.3% in 1987 to 8.1% in 1988, dropping from 12.3% to 11% in Santiago—and in the persistent marked reduction in the number of people employed in the government's emergency work plans, which absorbed only 0.4% of the labour force in the

last quarter of the year. The slowdown of inflation and the rapid growth of economic activity facilitated the recovery of real wages, which rose by nearly 7%.

Employment in Venezuela increased significantly (by 6% in non-agricultural activities and 7.8% in industry) as a consequence of the growth in urban activities, while open unemployment declined for the third year in a row, dropping to 7.8%: the lowest rate recorded since 1983 (see figure 10). Despite a greater demand for employment and the nominal wage adjustments recorded in the context of collective bargaining, the resurgence of inflation and, in part, the temporary wage freeze applied in the public sector ultimately led to a deterioration of about 10% in real family income, bringing it down to a level 40% lower than that of 1980. Minimum wages dropped by 18% in real terms, thus offsetting the strong rise recorded in the previous year.

In Guatemala and Paraguay, too, the acceleration of economic growth in 1988 led to lower rates of unemployment, and in both cases real average wages increased (by 3.5% and nearly 8% respectively). In Paraguay, as a result of the slackening of inflation and the readjustments of the minimum wage in March and October, the purchasing power of the latter rose by 10% in 1988, continuing the improvement begun in 1985.

Due to a decline in the main urban activities, the rate of unemployment in Argentina rose for the second consecutive year, reaching its highest level for the last 12 years and exceeding the regional level for the second time (see figure 10). However, the already diminished levels of industrial employment apparently remained the same, or even slightly recovered. The variations in the purchasing power of wages in the course of the year were essentially in line with variations in the rate of inflation. Thus, the annual average for industrial wages—which were established by collective bargaining for the first time in more than a decade—fell by 6% in real terms, but the December levels were 8% higher than those of a year before. Public sector wages, which are adjusted monthly according to the expected inflation but which were also affected by fiscal austerity, went down in real terms.

The strong downturn in the economy of Peru caused unemployment rates to rise to 8% in Lima and contributed to an almost 4% reduction in industrial employment. The



decline in production, however, manifested itself most of all in the considerable increase in underemployment, which reached the point where it affected nearly half the labour force of Metropolitan Lima. The recessionary context, and especially the sharp rise in inflation, also caused a considerable drop in real wages. In the private sector, the average wage plummeted by 24% in relation to 1987, thus wiping out the advances made in the previous biennium. In the public sector, the real decline in the annual average wage may have been somewhat less serious, but it became much more rapid in the last quarter. The real urban minimum wage followed a similar path, with an 8% reduction.

The severe deterioration in economic activity in Panama likewise caused an increase in the already high urban unemployment rate from 14% in 1987 to the unprecedented level of 21% in 1988. Nominal wages went down in industry and commerce, but the minimum

wage remained stable. In view of the prevailing price stability, the same was true of the respective real levels.

The evolution of real wages in the period 1982-1988 has led to a situation where, in most of the countries of the region, they were significantly lower in the last year of this period than in 1981. Only in Argentina, Colombia, and the more developed areas of Brazil did average wages in urban or industrial activities—according to the information available in each case—reach higher real levels in 1988 than in 1981 (see table 11). With respect to the real urban minimum wage, only in Colombia, Costa Rica, Panama, Paraguay and Venezuela was it higher in 1988 than in 1981, while in Ecuador, El Salvador and Mexico, it plummeted during this period by around 50%, and in the case of Nicaragua it is estimated to have dropped even more sharply (see table 12).

Table 11

## LATIN AMERICA: REAL AVERAGE WAGES

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Average annual indexes (1980 = 100)</b>									
Argentina	100.0	89.4	80.1	100.5	127.1	107.8	109.5	103.0	97.3
Brazil									
Rio de Janeiro <sup>o</sup>	100.0	108.5	121.6	112.7	105.1	112.7	121.8	102.4	107.1
São Paulo <sup>d</sup>	100.0	104.7	107.2	94.0	97.9	120.4	150.7	143.2	149.3
Colombia <sup>e</sup>	100.0	101.3	104.7	110.1	118.1	114.6	120.1	119.2	117.7
Costa Rica <sup>f</sup>	100.0	88.3	70.8	78.5	84.7	92.2	97.8	89.2	87.5
Chile <sup>g</sup>	100.0	108.9	108.6	97.1	97.2	93.5	95.1	94.7	101.0
Guatemala	100.0	117.6	124.7	126.2	114.8	99.2	81.0	86.5	89.5
Mexico <sup>h</sup>	100.0	103.6	104.4	80.7	75.4	76.6	72.3	72.8	
Nicaragua <sup>j</sup>	100.0	101.1	95.8	97.4	90.9	75.5	55.9	62.4	17.4
Panama <sup>k</sup>	100.0	98.7	94.1	98.2	105.8	107.0	110.0		
Paraguay	100.0	105.3	102.4	95.2	91.8	89.8	85.9	96.5	103.9
Peru <sup>m</sup>	100.0	101.8	110.2	93.4	87.2	77.6	97.5	101.3	77.4
Uruguay <sup>n</sup>	100.0	107.5	107.1	84.9	77.1	88.1	94.0	98.5	99.7
<b>Percentage variation °</b>									
Argentina	11.8	-10.6	-10.4	25.5	26.4	-15.2	1.6	-5.9	-5.5
Brazil									
Rio de Janeiro	5.2	8.5	12.1	-7.3	-6.7	7.1	8.1	-16.0	4.6
São Paulo	8.4	4.7	2.4	-12.3	2.9	24.4	25.2	-5.0	4.3
Colombia	0.8	1.3	3.4	5.2	7.3	-3.0	4.8	-0.7	-1.3
Costa Rica	0.8	-11.7	-19.8	10.9	7.8	9.1	6.1	-9.7	-1.9
Chile	9.0	9.1	-0.2	-10.7	0.1	-3.8	1.7	-0.3	6.6
Guatemala	0.1	17.6	6.0	-1.2	-9.0	-13.6	-18.3	6.8	3.5
Mexico	-2.9	3.5	0.9	-22.7	-6.6	1.6	-5.6	0.7	
Nicaragua		1.1	-4.2	1.7	-6.6	-16.9	-26.0	11.6	-72.1
Panama	-4.6	-1.3	-4.7	4.4	7.7	1.1	2.8		
Paraguay	0.7	5.3	-2.8	-7.0	-3.6	-2.2	-4.3	12.3	7.7
Peru	12.4	1.8	8.2	-15.3	7.5	-11.6	25.7	3.9	-23.7
Uruguay	-0.4	7.5	-0.3	-20.7	-9.1	14.1	6.7	4.8	1.2

Source: ECLAC, on the basis of official figures.

Preliminary figures. <sup>o</sup> Average total monthly wages in the manufacturing industry. <sup>i</sup> Average wages in basic industry, deflated by the consumer price index for Rio de Janeiro. <sup>j</sup> Average wages in the manufacturing industry in the State of São Paulo, deflated by the cost-of-living index for São Paulo. <sup>k</sup> Wages of manual workers in the manufacturing industry. <sup>l</sup> Average remunerations declared by persons covered by the social security system. <sup>m</sup> Average remunerations of wage earners in non-agricultural sectors. Average wages of persons covered by the social security system. <sup>n</sup> Average wages in the manufacturing industry. <sup>o</sup> Average wages of persons covered by the social security system, deflated by the price index implicit in the gross domestic product. <sup>p</sup> Average industrial wages in the districts of Panama and Colón. <sup>q</sup> Wage of manual workers in Asunción. Average for June and December. <sup>r</sup> Wages of private-sector manual workers in metropolitan Lima. <sup>s</sup> Real average wage index.

<sup>o</sup> In comparison to the same period of the preceding year.

Table 12

## LATIN AMERICA: REAL URBAN MINIMUM WAGE

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Average annual indexes (1980 = 100)</b>									
Argentina	100.0	97.8	97.8	136.9	167.7	117.1	111.1	122.3	95.6
Brazil <sup>0</sup>	100.0	104.4	104.9	93.0	86.0	88.8	87.1	71.1	67.2
Colombia	100.0	98.9	103.6	107.9	113.5	109.4	114.2	113.0	109.9
Costa Rica <sup>e</sup>	100.0	90.4	85.9	99.3	104.4	112.2	118.7	117.9	114.7
Chile <sup>f</sup>	100.0	115.7	117.2	94.2	80.7	76.4	73.6	69.1	73.9
Ecuador <sup>g</sup>	100.0	86.2	75.9	63.6	62.8	60.4	65.0	61.6	54.3
El Salvador <sup>h</sup>	100.0	96.8	86.6	76.5	76.8	66.2	57.5	46.3	44.0
Guatemala <sup>i</sup>	100.0	107.5	107.5	102.5	99.1	83.6			
Haiti <sup>j</sup>	100.0	96.3	100.8	94.0	87.1	91.3	84.8	94.7	95.1
Honduras	100.0	105.6	104.5	96.6	92.1	88.8	85.1	83.1	79.7
Mexico	100.0	101.9	92.7	76.6	72.3	71.1	64.9	61.7	55.2
Nicaragua <sup>m</sup>	100.0	90.2	74.4	56.7	63.6	45.1			
Panama <sup>n</sup>	100.0	93.3	89.4	102.1	100.8	99.7	99.9	98.9	98.5
Paraguay <sup>o</sup>	100.0	103.9	101.9	94.2	93.8	99.6	108.3	122.6	135.2
Peru <sup>p</sup>	100.0	84.2	77.8	89.2	69.0	60.3	62.5	64.0	58.7
Dominican Republic <sup>q</sup>	100.0	93.0	86.4	80.8	82.0	80.2	86.0	84.1	87.4
Uruguay <sup>r</sup>	100.0	102.3	103.9	88.6	88.8	93.2	88.5	90.3	84.5
Venezuela <sup>s</sup>	100.0	86.2	78.5	73.9	66.5	96.8	90.4	108.7	89.5
<b>Percentage variation<sup>t</sup></b>									
Argentina	17.3	-2.2	0.0	40.0	22.5	-30.2	-5.1	10.1	-21.8
Brazil	2.6	4.4	0.5	-11.3	-7.5	3.3	-1.9	-18.4	-5.4
Colombia	2.5	-1.1	4.8	4.1	5.2	-3.6	4.4	-1.1	-2.7
Costa Rica	1.4	-9.6	-5.1	15.7	5.2	7.4	5.8	-0.7	-2.8
Chile	0.3	15.6	1.3	-19.6	-14.4	-5.3	-3.6	-6.1	6.9
Ecuador	65.5	-13.8	-11.9	-16.2	-1.3	-3.8	7.6	-5.6	-13.5
El Salvador	8.6	-3.2	-10.5	-11.7	0.4	-13.8	-13.2	-19.9	-5.3
Guatemala	59.9	7.5		-4.7	-3.3	-15.6			
Haiti	16.5	-3.7	4.7	-6.7	-7.4	4.9	-7.8	11.6	-0.1
Honduras	-8.3	5.0	-0.5	-7.7	-4.5	-3.3	-4.2	-2.4	-4.3
Mexico	-6.7	1.9	-9.0	-17.4	-5.6	-1.7	-8.8	-5.2	-11.8
Nicaragua	-11.3	-9.8	-17.5	-23.8	12.1	-29.1			
Panama	-12.0	-6.7	-4.2	14.2	-1.3	-1.1	0.1	-1.0	0.4
Paraguay	8.2	3.9	-1.9	-7.5	-0.5	6.2	8.7	13.2	10.3
Peru	23.8	-15.8	-7.6	14.7	-22.7	-12.6	3.6	2.5	-8.4
Dominican Republic	-4.8	-7.0	-7.1	-6.5	1.8	-2.4	7.2	-2.2	3.9
Uruguay	-4.6	2.0	1.6	-14.8	0.3	4.9	-5.1	2.0	-6.4
Venezuela	62.8	-14.1	-8.9	-5.9	-10.0	45.5	-6.6	20.2	-17.7

Source: ECLAC, on the basis of official figures.

<sup>0</sup> Preliminary figures. <sup>1</sup> National minimum wage. <sup>2</sup> Minimum wage for the city of Rio de Janeiro, deflated by the corresponding consumer price index. <sup>3</sup> Minimum wage for upper urban sectors. <sup>4</sup> National minimum wage. <sup>5</sup> Minimum income. <sup>6</sup> Minimum overall living wage, calculated on the basis of the annual minimum living wage and legal supplementary benefits. <sup>7</sup> Minimum wage for non-agricultural activities in San Salvador. <sup>8</sup> National minimum wage. <sup>9</sup> Minimum daily wage paid in industrial firms. <sup>10</sup> Minimum wage in the manufacturing sector in the Central District and San Pedro Sula. <sup>11</sup> Minimum wage in Mexico City, deflated by the corresponding consumer price index. <sup>12</sup> Minimum wage for industrial workers in the Department of Managua. <sup>13</sup> Minimum wage applying to all activities except construction and domestic service. <sup>14</sup> Minimum wage in Asunción and Puerto Stroessner. <sup>15</sup> Minimum wage in metropolitan Lima for non-agricultural activities. <sup>16</sup> National minimum wage. <sup>17</sup> National minimum wage for workers over 18 years of age. <sup>18</sup> National minimum wage for non-agricultural activities, deflated by the corresponding consumer price index for the lowest income quartile. <sup>19</sup> In comparison to the same period of the preceding year.

Table 13  
**LATIN AMERICA AND THE CARIBBEAN: URBAN UNEMPLOYMENT**  
*(Average annual rates)*

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Latin America	6.2	6.6	7.0	8.1	8.2	7.3	6.2	5.8	5.9
Argentina <sup>c</sup>	2.6	4.7	5.3	4.6	4.6	6.1	5.2	5.9	6.3
Brazil <sup>d</sup>	6.3	7.9	6.3	6.7	7.1	5.3	3.6	3.7	3.8
Colombia <sup>e</sup>	9.7	8.2	9.3	11.8	13.5	14.1	13.8	11.7	11.5
Costa Rica <sup>f</sup>	6.0	9.1	9.9	8.6	6.6	6.8	6.7	5.6	5.2
Chile <sup>g</sup>	11.8	11.1	22.1	22.2	19.3	16.3	13.5	12.3	11.0
Ecuador	5.7	6.0	6.3	6.7	10.6	10.4	12.0	13.0	13.0
Guatemala <sup>h</sup>	2.2	1.5	6.0	10.0	9.1	11.8	14.0	12.1	9.6
Honduras <sup>i</sup>	8.8	9.0	9.2	9.5	10.7	11.7	12.1	11.4	11.5
Mexico <sup>k</sup>	4.5	4.2	4.2	6.6	5.7	4.4	4.3	3.9	3.5
Panama	9.9	11.8	10.1	11.7	12.4	15.6	12.6	14.1	20.8
Paraguay <sup>m</sup>	4.1	2.2	5.6	8.4	7.4	5.2	6.1	5.5	4.6
Peru <sup>n</sup>	7.1	6.8	6.6	9.0	8.9	10.1	5.4	4.8	7.9
Uruguay <sup>o</sup>	7.4	6.7	11.9	15.5	14.0	13.1	10.7	9.3	9.1
Venezuela <sup>p</sup>	6.6	6.8	7.8	10.5	14.3	14.3	12.1	9.9	7.8

Source: ECLAC and PREALC, on the basis of official figures.

<sup>a</sup> Preliminary figures. <sup>b</sup> Weighted average for the 25 most populous cities in Latin America, except for Havana, Santo Domingo, Fortaleza, Guayaquil, San Juan (Puerto Rico) and Guatemala City (for want of comparable data). <sup>c</sup> Nationwide urban rate, April-October average; 1986: October only. <sup>d</sup> Metropolitan areas of Rio de Janeiro, São Paulo, Belo Horizonte, Porto Alegre, Salvador and Recife. Twelve-month average; 1980, June-December average. <sup>e</sup> Bogotá, Barranquilla, Cali and Medellín. Average for March, June, September and December; 1985: average for March, July, September and December; 1986: average for April, June, September and December. <sup>f</sup> Nationwide urban rate. Average for March, July and November; 1984: average for March and November; 1986: average for March and July; from 1987 onward, July. <sup>g</sup> Greater Santiago. Average for March, June, September and December. <sup>h</sup> National total, according to official estimates. <sup>i</sup> Nationwide, according to SEGEPLAN estimates. <sup>j</sup> Nationwide, according to official estimates. From 1987 onward, Urban Labour Force Survey, 1987, Federal District. <sup>k</sup> Up to 1982, metropolitan areas of Mexico City, Guadalajara and Monterrey; from 1983 onward, average for 16 cities, four-quarter average. <sup>l</sup> Metropolitan region. August of each year; 1980: on the basis of data from the national census taken in February. <sup>m</sup> Asunción, Fernando de la Mora, Lambaré and urban areas of Luque and San Lorenzo; 1981: first semester; 1982: first quarter; 1983: average for September, October and November; 1984: average for August, September and October; 1985: average for November-December average. <sup>n</sup> Metropolitan Lima. <sup>o</sup> Montevideo; as from 1981, four-quarter average. <sup>p</sup> Nationwide urban rate. Two-semester average; 1986: second semester.

Table 14  
LATIN AMERICA: UNEMPLOYMENT RATES IN MAJOR CITIES

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>	1987				1988 <sup>a</sup> &			
								I	II	III	IV	I	II	III	IV
								Latin America	7.0	8.1	8.2	7.3	6.2	5.8	5.9
Argentina <sup>c</sup>															
Buenos Aires	4.7	4.2	3.8	5.3	4.6	5.3	6.0		5.4		5.2		6.3		5.7
Córdoba	4.4	5.0	4.8	5.0	5.8	5.2	5.5		4.9		5.5		5.0	...	5.9
Greater Mendoza	4.1	4.5	3.5	3.7	4.2	3.4	4.4		3.6		3.1		4.7		4.0
Greater Rosario	8.4	6.3	6.5	10.7	7.0	7.8	7.4		7.3		8.3		7.8		7.0
Brazil <sup>^</sup>															
Rio de Janeiro	6.6	6.2	6.8	4.9	3.7	3.3	3.1	3.1	3.5	3.3	2.9	3.2	3.2	3.2	2.9
São Paulo	6.0	6.8	6.8	5.0	3.3	3.8	4.0	3.2	3.9	4.4	3.6	4.4	4.2	4.1	3.3
Recife	7.3	8.0	9.0	7.2	4.6	5.2	5.6	4.1	5.6	6.0	5.0	6.2	5.3	5.9	5.0
Porto Alegre	5.2	6.7	7.0	5.4	4.4	3.9	3.7	3.6	3.9	4.7	3.3	4.0	3.9	3.7	3.0
Colombia <sup>e</sup>															
Bogotá	7.4	9.4	12.2	12.8	13.2	11.1	10.5	13.0	12.0	10.3	8.9	12.2	11.0	9.4	9.4
Barranquilla	10.4	13.8	13.0	15.7	16.4	13.0	11.4	16.1	11.9	13.6	10.2	13.2	11.0	9.1	12.3
Medellin	13.3	17.0	16.4	16.0	15.2	12.2	12.9	12.4	12.5	11.1	12.9	14.4	13.3	11.7	11.9
Cali	9.6	11.6	13.3	14.4	12.7	12.4	11.3	13.8	12.4	12.7	10.6	11.9	12.4	10.8	9.9
Mexico															
Mexico City	4.0	6.3	5.8	4.9	5.1	4.1		5.0	4.5	4.3	2.5	4.0	4.6	4.8	
Guadalajara	5.0	7.4	6.1	3.4	3.2	3.1		3.6	2.9	3.2	2.7	2.9	2.3	2.8	
Monterrey	4.9	9.8	7.5	5.4	5.4	5.3		6.0	5.7	5.8	4.3	4.2	3.9	4.3	
Paraguay <sup>8</sup>															
Asunción	5.6	8.4	7.4	5.2	6.1	5.3	4.6			5.3				4.6	
Venezuela															
Caracas	7.0	10.5	11.3	13.2	9.6	7.9	5.9	...	9.0	...	6.8		6.3		5.2
Peru <sup>1</sup>															
Lima	6.6	9.0	8.9	10.1	5.4	4.8	7.9		4.8				7.9		
Uruguay <sup>j</sup>															
Montevideo	11.9	15.5	14.0	13.1	10.7	9.3	9.1	9.8	9.1	8.9	9.4	10.2	8.8	8.3	8.9
Costa Rica <sup>k</sup>															
San José	10.5	8.0	6.6	6.3	6.1	4.8			4.8				...		
Chile <sup>l</sup>															
Santiago	22.1	22.2	19.3	16.3	13.5	12.3	11.0	13.1	13.5	11.8	10.6	13.2	11.2	10.6	8.9

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. <sup>b</sup> Weighted average for the 25 most populous cities in Latin America, except for Havana, Santo Domingo, Fortaleza, Curitiba, Guayaquil, San Juan (Puerto Rico) and Guatemala City (for want of comparable data). <sup>c</sup> Figures for April and October. <sup>d</sup> Twelve-month average. <sup>e</sup> Figures for March, June, September and December, 1985: March, July, September and December, 1986: April, June, September and December. <sup>f</sup> Quarterly averages. <sup>g</sup> Includes Fernando de La Mora, Lambaré and the urban areas of Luque and San Fernando. <sup>h</sup> Caracas Metropolitan Area. Two-semester average; 1985: first semester. <sup>i</sup> Metropolitan Lima; 1985: official estimates; 1987: June. <sup>j</sup> Four-quarter average. <sup>k</sup> Metropolitan area. Figures for March, July and November. <sup>l</sup> Greater Santiago. Figures for March, June, September and December.

**Table 15**  
**LATIN AMERICA: INDICATORS OF INDUSTRIAL EMPLOYMENT**

	1981	1982	1983	1984	1985	1986	1987	1988
<b>Indexes (1980 = 100)</b>								
Argentina <sup>a</sup>	87.4	82.8	85.5	88.0	84.7	81.3	81.0	82.1
Brazil								
Nine metropolitan areas	90.7	85.3	79.0	78.1	79.1	86.9	89.7	88.2
São Paulo <sup>b</sup>	93.1	88.5	81.6	81.5	91.7	100.9	103.0	101.0
Rio de Janeiro	96.3	93.2	89.1	89.0	93.4	99.5	103.3	101.5
Colombia <sup>c</sup>	95.4	90.4	84.4	83.4	81.6	81.3	83.8	86.1
Costa Rica	94.6	92.7	96.2	99.3	99.8	100.4	97.7	104.4
Cuba	105.5	109.9	115.6	125.3	129.9	133.0	133.2	136.1
Chile	98.5	71.3	74.3	81.8	86.6	93.1	100.3	111.2
Guatemala <sup>d</sup>	92.3	89.0	93.7	83.7	94.1	94.2	94.4	108.1
Mexico <sup>e</sup>	105.6	103.0	93.1	92.2	94.3	90.5	87.4	
Mexico <sup>f</sup>	130.0	122.0	151.0	167.0	177.3	207.6	254.0	313.2
Nicaragua	103.1	88.7	92.8	92.8	87.6	87.6	88.7	92.8
Panama <sup>g</sup>	69.0			113.4	114.6	121.4	133.6	
Peru <sup>h</sup>	101.1	99.7	94.3	84.4	83.4	88.4	95.9	92.4
Venezuela <sup>i</sup>	100.0	102.0	100.3	98.9	99.9	102.6	110.7	119.3
<b>Rates of variation</b> (percentages)								
Argentina	-12.6	-5.3	3.3	2.9	-3.7	-4.0	-0.4	1.3
Brazil								
Nine metropolitan areas	-9.3	-6.0	-7.4	-1.1	1.3	9.9	3.2	-1.7
São Paulo	-6.9	-4.9	-7.8	-0.1	12.5	10.0	2.1	-2.0
Rio de Janeiro	-3.7	-3.2	-4.4	-0.1	4.9	6.5	3.8	-1.7
Colombia	-4.6	-5.2	-6.6	-1.2	-2.1	-0.5	3.1	2.7
Costa Rica	-5.4	-2.0	3.8	3.2	0.5	0.6	-2.7	6.9
Cuba	5.5	4.2	5.2	8.4	3.7	2.4	0.1	2.2
Chile	-1.5	-27.6	4.2	10.1	5.9	7.5	7.7	10.9
Guatemala	-7.7	-3.7	5.3	-10.7	12.5	0.1	0.2	14.5
Mexico	5.6	-2.5	-9.6	-1.0	2.3	-4.0	-3.4	
Mexico	30.0	-6.2	23.8	10.6	6.2	17.1	22.4	23.3
Nicaragua	3.1	-14.0	4.7	-	-5.6	-	1.2	4.7
Panama	-31.0				1.0	5.9	10.1	
Peru	1.1	-1.4	-5.4	-10.5	-1.2	6.0	8.4	-3.6
Venezuela		2.0	-1.7	-1.4	1.0	2.7	7.9	7.8

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Manual workers employed in manufacturing.

<sup>b</sup> Source: FIBGE.

<sup>c</sup> Manual workers in industry, except that

of coffee hulling.

<sup>d</sup> Number of persons paying into the social security system.

<sup>e</sup> Persons employed in

manufacturing; does not include the inbond subcontracting industry.

Persons employed in the inbond

subcontracting industry (*maquiladoras*).

\* Employment in manufacturing production activities, according to

household surveys.

Persons employed in manufacturing in the Lima metropolitan area.

Source: OCEI

industrial survey (1981 = 100).

## VIII. THE EXTERNAL SECTOR

In 1988 the region's exports evolved in a context of contradictory trends in the international commodities market. Although petroleum prices fell to their lowest levels since 1974, the prices of most other commodities rose, in some cases as high as the nominal dollar prices at the beginning of the decade. However, the considerable increases in dollar prices for manufactures thus far in the 1980s have resulted in a persistent trend towards a deterioration in the terms of trade of commodities.

At the same time, the rise in international interest rates has had a negative impact on the servicing of the external debt, partially offsetting the relatively improved trade conditions in some countries of the region, and aggravating already adverse trade results in others.

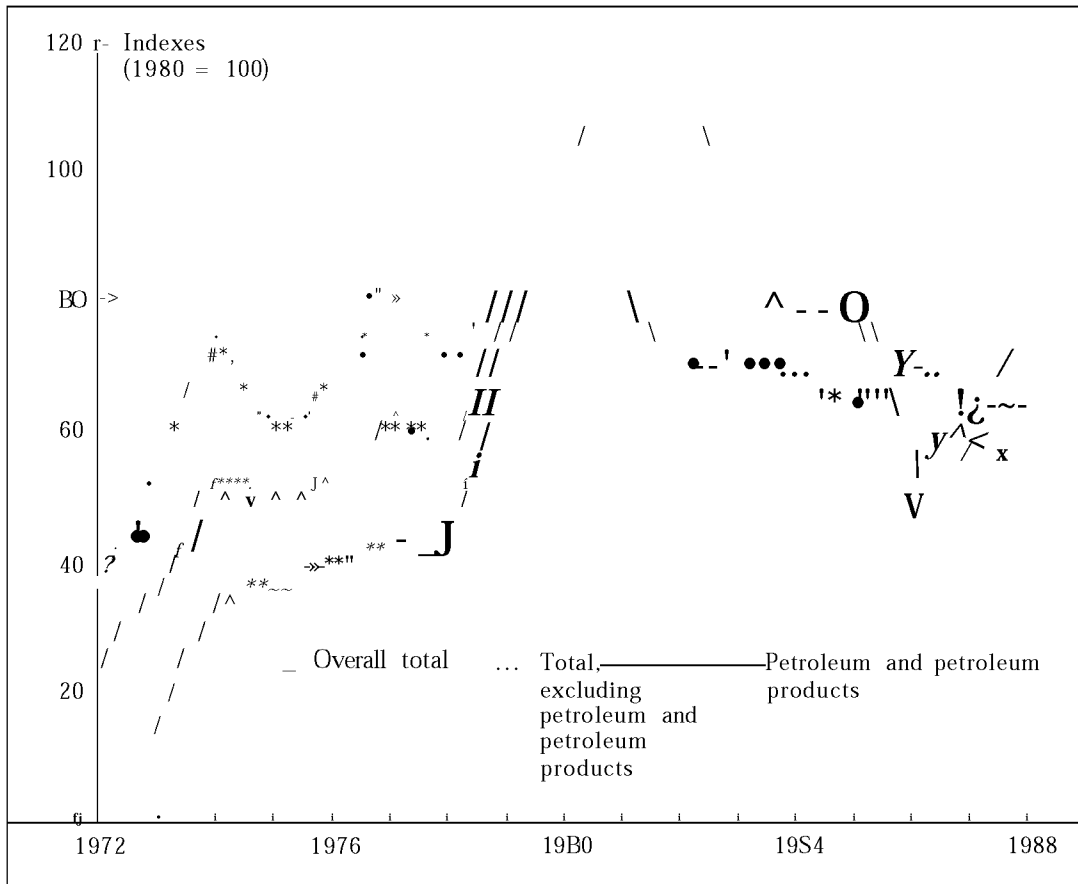
### 1. Foreign trade and the terms of trade

The region's exports evolved during 1988 in conjunction with the above-mentioned contradictory trends in the international commodities markets (see figure 12). In this context, the value of the exports of goods from Latin America and the Caribbean rose by almost 15% —an increase somewhat bigger than the one recorded in 1987— and for the first time surpassed the US\$100 billion mark. This growth was mainly due to the considerable expansion (25%) of the value of the exports of non-oil-producing countries as a consequence of rises of close to 12% in both the unit value and the volume exported. In contrast, external sales of the oil-producing countries increased only slightly, owing to the fact that the 7.5% decline in unit value neutralized most of the almost 8.5% growth in volume (see table 16).

Moreover, the higher value of exports was fairly widespread, in that expansion was recorded in 14 of the 19 countries for which data are available. Growth was particularly strong in Argentina, Chile, Brazil and the Dominican Republic. In fact, more than half the increase in the value of exports originated in Brazil, whose foreign sales rose by almost 30%, reaching an all-time high of US\$34 billion. Argentina's exports grew even more (43%), thanks to the rise in international prices of some grains and soya, a higher volume of agricultural exports and more sales of manufactures. Thus exports more than recovered from the steep decline of the previous two years and reached their highest amount since 1981. Chile's export growth was once again very high (35%), as a result of a convergence between sharp increases in the international prices of copper, fishmeal and pulp and the higher volume of industrial and agricultural exports. Exports also increased markedly (26%) in the Dominican Republic —mainly because of rises in the prices of its principal export products. In Uruguay, exports continued their rising trend (18%), favoured by better international prices for wool and rice. They also expanded by around 10% in Guatemala and Costa Rica, mostly due to the rise in the price of coffee (see table 17).

Of the oil-exporting countries, only Bolivia and Ecuador significantly augmented their exports. Foreign sales rose by 15% in Bolivia, owing to a recovery in mineral production —thus reversing the sustained downturn of the previous seven years. Exports rose by 9% in Ecuador, mainly because it began to produce and ship oil once again. Foreign sales increased by only about 3.5% in Peru, where a drop of almost 14% in the volume exported offset most of the favourable effect of the considerable rises in some of its main export commodities, such as copper, fishmeal, zinc and silver. The

Figure 12  
**LATIN AMERICA AND THE CARIBBEAN: PRICE INDEXES OF  
 MAIN EXPORT PRODUCTS**



Source: ECLAC, on the basis of data from UNCTAD.



value of Mexico's exports remained stable, since the 12% drop in oil sales was counterbalanced by a significant increase of 22% in agricultural exports and by a similar increment, for the third year in a row, in exports of manufactures.

In contrast, the value of foreign sales declined by 2% in Venezuela because of the fall in oil prices, despite increases in aluminium and non-monetary gold exports. Export value plummeted 29% in Nicaragua, because of a 30% contraction of the volume exported; it also declined in Panama (-7%) and, to a much lesser extent in Haiti (-1%).

During 1988, the value of goods imported by Latin America and the Caribbean rose by 12%. This was due to increases of 6.5% in their volume and 5.4% in their unit value. The unit value was higher in the oil-exporting countries than in the rest of the economies of the region, since the latter benefitted from the drop in the prices of hydrocarbons (see table 16).

Mexico's imports, which grew by 55% owing to the combined effect of a decline in the real exchange rate and a rapid lowering of protectionist barriers, had a decisive impact on the increase in the region's total imports. Imports also continued to grow vigorously in Venezuela (23%), Chile (21%), Colombia (16%) and Guatemala (11%) (see table 18).

In Argentina and Brazil, however, the economic recession and the sluggishness of investments led to reductions in both value and volume of imports. In Nicaragua, the volume of imports diminished by a scant 3%, notwithstanding the sharp contraction of output. Among the other countries that faced domestic or external payments crises, the volume of imports dropped significantly in Peru (-15%) and Panama (-21%). The volume of Bolivia's imports fell even more abruptly (-30%), in spite of the slight recovery in domestic economic activity.

Ecuador represented a special case, since the quantum of its imports plummeted 27% despite the recovery during 1988 of both its level of economic activity and the value of its exports. The main reason for this situation was that the re-establishment of oil production made it possible for hydrocarbon imports—which had risen sharply the previous year owing to loans of fuel from Venezuela and Nigeria—to fall sharply to their usual levels.

The almost equal rises in unit value for both imports and exports caused the terms of trade

of the region as a whole to drop by only 1% in 1988. Moreover, because of their steady decline during the three previous years and their pronounced drop in 1981-1982, their level was 22% lower than in 1980 (see table 19).

The slight drop in the terms of trade of the region, however, masked the sharp contrasts between oil-exporting countries and the other economies. While the terms of trade fell sharply (-14%) in the former, since the drop in oil prices coincided with higher prices for imported manufactures and foodstuffs, they improved by 7% in the non-oil-exporting countries because of the combined effect of higher international prices for most non-energy commodities and lower prices for their oil imports (see tables 20 and 21).

Thanks to a robust expansion of the volume exported, the purchasing power of the region's exports rose by almost 9% (see table 22). Despite that increase and the 7% growth rate the year before, the purchasing power of exports still did not recover its 1984 level. On the other hand, the 1988 increase was the net result of widely disparate changes in the various countries of the region: while the purchasing power of exports climbed extraordinarily in Argentina (31%), Chile (28%), Brazil (25%) and the Dominican Republic (23%), it contracted sharply in Nicaragua (-30%), Panama (-9%), Venezuela (-8%) and Mexico (-7%) (see table 23).

## 2. The balance of payments

Since the value of exports increased considerably more than that of imports, the merchandise trade surplus grew for the second consecutive year. After rising from US\$18.6 billion in 1986 to US\$21.3 billion in 1987, it climbed to US\$26.3 billion in 1988 (see table 24).

Even though more than two-thirds of the regional surplus stems from Brazil's trade surplus—which rose from US\$11 billion in 1987 to US\$19 billion in 1988, representing the third highest in the world—another contribution to the increase came from significantly improved trade balances in numerous other countries.

The merchandise trade surplus in Argentina climbed from US\$1 billion to US\$4.2 billion—thereby reversing its sharp contraction the

two previous years. Chile's surplus increased from US\$1.2 billion to the unprecedented figure of US\$2.2 billion and Uruguay's almost trebled, reaching US\$300 million. Ecuador's trade balance experienced a dramatic turnaround, going from a small deficit in 1987 to a surplus of US\$600 million in 1988. Bolivia and Paraguay transformed their slightly negative balances in 1987 into moderate surpluses in 1988, while in Costa Rica, Panama and Peru, the deficits of the previous year diminished appreciably.

In other countries of the region, merchandise trade results were less favourable than in 1987. Because of an enormous increase in imports, the goods surplus in Mexico plummeted from US\$8.4 billion to US\$1.8 billion, while in Colombia it fell from US\$1.5 billion to US\$900 million, owing to the rapid growth of purchases from abroad. The trade balance deteriorated sharply in Venezuela, where the marked increase in imports was the primary cause of a spectacular downturn from a US\$1.7 billion surplus in 1987 to US\$500 million deficit in 1988.

In the region as a whole, the merchandise trade surplus represented almost 80% of the US\$33.6 billion in net payments of profits and interests, a higher proportion than in the previous two years. This would have been even higher if the net payments had not increased by US\$2.8 billion, mainly owing to the rise in international interest rates.

Notwithstanding the larger trade surplus, and as a consequence of profit and interest payments and net payments for services, which increased by almost 50%, the deficit on current account declined only slightly, from US\$10.5 billion to US\$9.9 billion (see table 25). This high negative balance persisted because the current account deficit, in the oil-exporting countries, which had been minimal the previous year, increased by more than US\$9 billion. This rise was due mainly to the turnaround in Mexico's current account—which closed with a deficit of US\$3.2 billion, after generating a surplus of US\$3.6 billion in 1987—and to the US\$3.8 billion worth of expansion in Venezuela's deficit. Thus, the current account deficit of this group of countries came to represent almost 22% of the value of their exports, the highest proportion recorded since 1982 (see table 26).

In contrast, the non-oil-exporting countries moved from a US\$9.5 billion deficit in 1987 to

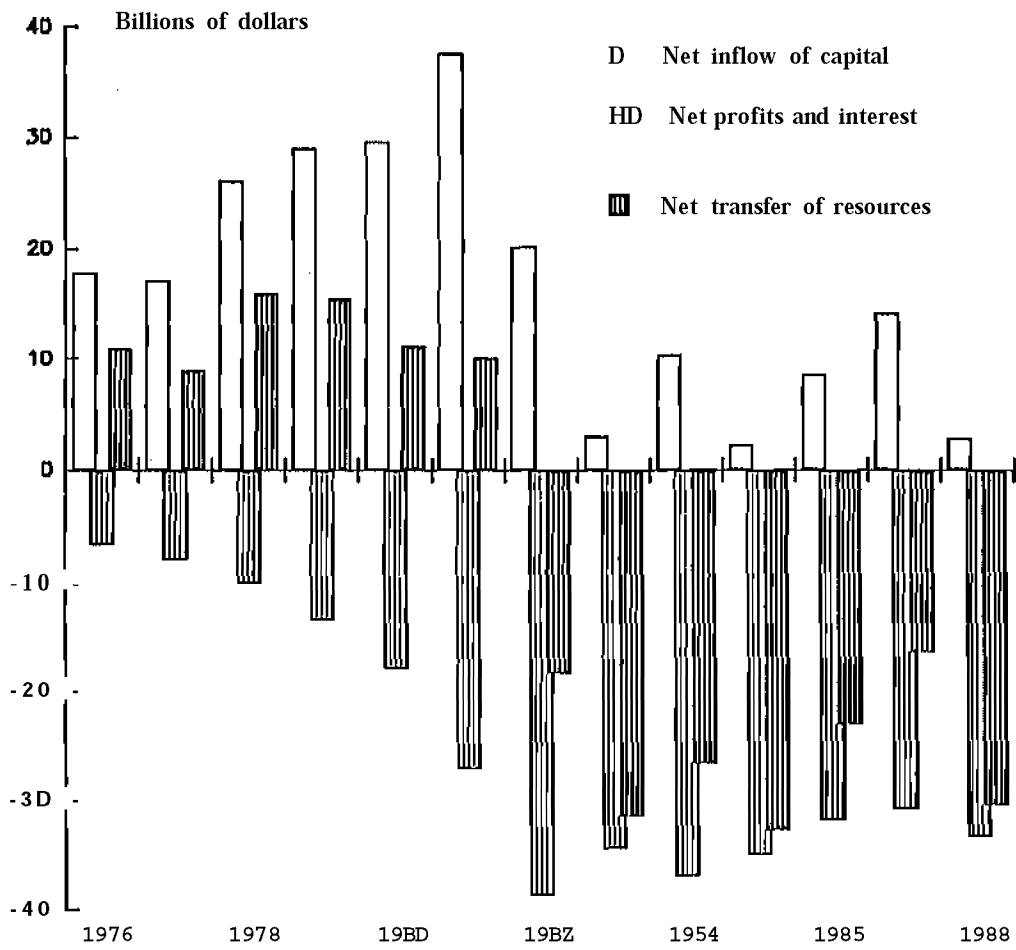
a US\$400 million surplus. Brazil's extraordinary performance—registering a US\$4.9 billion surplus after incurring a US\$1.5 billion deficit in 1987—was the primary reason for this change. Panama expanded its favourable balance by nearly US\$500 million. Considerable reductions in the deficits of Argentina (US\$2.6 billion), Chile (US\$600 million) and the Dominican Republic (more than US\$100 million) also occurred in 1988, and Uruguay's deficit was eliminated. In Colombia, on the other hand, the small surplus of the previous year was replaced by a deficit of US\$400 million in 1988 (see table 25).

After the upturn of the previous two years, net capital income abruptly shrank, falling from US\$14 billion in 1987 to barely US\$1.5 billion in 1988. The greater part of this drop was due to the turnaround in the net movements of capital in Brazil and Mexico, which had received loans and net investments of almost US\$5.6 billion in 1987, but had a net capital outflow of US\$6.8 billion in 1988. Furthermore, the net outflow of capital from Panama intensified during the year, and net external financing fell markedly in Bolivia, Ecuador, Costa Rica, El Salvador, Guatemala, Paraguay and Uruguay. Thus the only countries in which the net inflow of loans and investments rose significantly during 1988 were Argentina and Colombia, and to a lesser extent, Venezuela.

In contrast to what happened in 1987, net inflow of capital was considerably lower than the deficit on current account. Hence the overall balance of payments once again took a sharp turn for the worse, going from a US\$3.5 billion surplus in 1987 to a US\$8.4 billion deficit in 1988. There was a serious loss of international reserves in Venezuela—where they fell by almost US\$4.4 billion, representing an accumulated loss of more than US\$9 billion in the past three years—, in Mexico—where they fell by US\$6.7 billion after having grown by nearly US\$5.6 billion in 1987— and in Panama. Seven other countries of the region also lost reserves. In contrast, Brazil, Argentina, Chile, Colombia, Uruguay and Costa Rica achieved considerable positive results in their balance of payments, which allowed them to accumulate appreciable reserves (see table 25).

After having dropped from US\$33 billion in 1985 to less than US\$17 billion in 1987, the net transfer of resources abroad rose again sharply

**Figure 13**  
**LATIN AMERICA AND THE CARIBBEAN. NET INFLOW OF CAPITAL AND**  
**NET TRANSFER OF RESOURCES**



*Source:* ECLAC, on the basis of data from the International Monetary Fund.

in 1988, to a total of US\$30.5 billion. This was due in part to higher interest payments, but especially to the sharp reduction in capital inflows, the total of which financed less than 15% of the interest payments and represented less than a tenth of the capital inflow received by the region before the debt crisis. The resources transferred abroad in 1988 were equal to 25.5% of the exports of goods and services, a percentage far above that of the year before (see table 27).

The primary reason for the sharp rise in resources transferred out of the region was that Brazil's and Mexico's transfer payments doubled during 1988, representing a high proportion of their exports (see table 28). This responded to a reversal in capital flows: instead of some net inflows as in previous years, both countries experienced a net outflow of capital. Even so, it is notable that seven countries continued to receive net transfers from abroad, namely, the five Central American countries

and Haiti during almost the whole crisis, and Peru from 1986 onwards.

Thus 1988 was the seventh year running in which the economies of Latin America and the Caribbean had to transfer considerable resources out of the region (see figure 13). The accumulated value of these transfers since the outbreak of the crisis reached almost US\$180 billion, equivalent to almost 45% of the current external debt. In turn, the amount transferred each year during this period represented 3.5% of the region's product, in contrast to the situation before the crisis, when the region was receiving transfers from abroad equivalent to around 2.5% of its gross domestic product. The severe constraints on the region's economic growth represented by this reversal of almost six points in the net transfer of resources are obvious in view of the fact that the downturn is almost exactly equal in size to the fall in the coefficient of gross capital formation.

Table 16  
**LATIN AMERICA: VARIATIONS IN EXPORTS AND IMPORTS  
 OF GOODS**  
*(Growth rates)*

	Exports			Imports		
	Value	Volume	Unit value	Value	Volume	Unit value
Latin America						
1979	34.5	9.7	22.7	25.8	7.6	16.9
1980	32.3	6.2	24.5	35.0	11.9	20.6
1981	7.6	8.4	-0.7	8.1	2.8	5.1
1982	-8.8	1.7	-10.4	-19.9	-18.9	-1.2
1983	-	8.6	-7.9	-28.5	-21.3	-9.1
1984	11.8	9.1	2.4	4.4	8.5	-3.9
1985	-5.4	0.3	-5.7	-0.2	1.3	-1.4
1986	-15.5	-0.2	-15.3	2.0	7.9	-5.4
1987	13.5	7.8	5.2	13.2	6.8	5.9
1988 <sup>a</sup>	14.8	10.3	4.1	12.1	6.5	5.4
Oil-exporting countries <sup>b</sup>						
1979	53.7	11.8	37.5	16.1	4.4	11.3
1980	42.2	3.4	37.7	32.6	18.6	11.7
1981	9.6	4.8	4.7	20.9	16.0	4.2
1982	-5.5	6.6	-11.5	-20.2	-19.1	-1.2
1983	-2.3	7.8	-9.3	-43.1	-34.1	-13.7
1984	8.2	8.1	0.1	15.5	17.6	-1.8
1985	-7.9	-5.8	-2.4	8.8	10.6	-1.1
1986	-29.0	8.5	-34.5	-2.0	-0.4	-1.6
1987	19.4	4.1	14.7	11.2	7.2	3.8
1988 <sup>a</sup>	0.4	8.6	-7.5	29.0	20.6	7.0
Non-oil-exporting countries <sup>c</sup>						
1979	22.4	7.8	13.5	33.2	9.5	21.5
1980	24.2	8.9	14.2	36.4	7.9	26.6
1981	5.7	11.7	-5.4	-0.3	-5.8	5.8
1982	-11.9	-2.6	-9.5	-19.6	-18.6	-1.1
1983	2.5	9.5	-6.5	-17.1	-11.2	-6.6
1984	15.1	10.0	4.9	-1.8	3.1	-4.7
1985	-3.0	5.9	-8.5	-5.7	-4.6	-1.3
1986	-3.8	-7.4	3.6	5.0	14.2	-8.1
1987	9.7	11.4	-1.4	14.4	6.8	7.3
1988 <sup>a</sup>	24.8	11.7	11.6	0.8	-3.3	4.2

**Source:** ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Includes Bolivia, Ecuador, Mexico, Peru and Venezuela.

Includes Argentina, Brazil,

Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, and Uruguay.

Table 17  
 LATIN AMERICA: EXPORTS OF GOODS FOB  
 (1980 = 100 and growth rates)

	Value				Unit value				Volume			
	In- dex 1988 <sup>a</sup>	Growth rates			In- dex 1988 <sup>a</sup>	Growth rates			In- dex 1988 <sup>a</sup>	Growth rates		
		1986	1987	1988 <sup>a</sup>		1986	1987	1988 <sup>a</sup>		1986	1987	1988 <sup>a</sup>
<b>Latin America</b>	<b>114</b>	<b>-15.5</b>	<b>13.5</b>	<b>14.8</b>	<b>74</b>	<b>-153</b>	<b>52</b>	<b>4.1</b>	<b>155</b>	<b>-02</b>	<b>7.8</b>	<b>103</b>
<b>Oil-exporting countries</b>	86	-29.0	<b>19.4</b>	-0.4	<b>57</b>	<b>-34.5</b>	<b>14.7</b>	-7.5	<b>150</b>	<b>8.5</b>	<b>4.1</b>	8.6
Bolivia	58	-12.5	-13.8	15.4	81	-12.5	-3.7	-	71	-	-10.5	15.4
Ecuador	87	-24.8	-7.5	9.0	52	-29.1	2.1	-9.4	169	6.2	-9.5	20.4
Mexico	129	-26.0	28.9	-	58	-27.4	10.9	-6.3	220	1.9	16.2	6.7
Peru	69	-15.0	3.0	3.4	94	-5.0	11.5	19.7	73	-10.6	-7.6	-13.6
Venezuela	54	-37.8	15.8	-2.0	50	-50.5	26.1	-13.6	109	25.8	-8.2	13.5
<b>Non-oil-exporting countries</b>	<b>140</b>	-3.8	<b>9.7</b>	<b>24.8</b>	<b>88</b>	<b>3.6</b>	-1.4	<b>11.6</b>	<b>160</b>	<b>-7.4</b>	<b>11.4</b>	<b>11.7</b>
Argentina	113	-18.4	-7.2	43.1	82	-6.6	4.7	14.6	139	-12.7	-11.3	24.9
Brazil	168	-12.7	16.8	29.5	86	1.2	-2.2	10.7	197	-13.7	19.4	16.9
Colombia	134	46.0	-1.5	1.4	88	18.1	-19.4	4.0	153	23.6	22.2	-2.6
Costa Rica	121	15.1	2.3	9.6	94	14.1	-6.8	6.4	129	0.9	9.9	2.9
Chile	150	10.4	24.4	35.0	93	3.5	17.6	28.5	162	6.6	5.8	5.0
El Salvador	59	11.2	-21.7	7.1	71	21.9	-28.4	11.0	83	-8.7	9.3	-3.5
Guatemala	73	-1.5	-6.1	12.8	85	19.6	-18.0	8.5	86	-17.7	14.5	4.0
Haiti	91	-14.4	3.9	-0.7	102	19.0	10.9	-7.9	90	-28.1	-6.3	7.8
Honduras	105	12.9	-3.2	3.5	102	15.5	-9.6	8.3	104	-2.3	7.1	-4.4
Nicaragua	47	-18.0	21.4	-29.0	97	3.4	3.8	1.5	49	-20.7	16.9	-30.0
Panama	103	20.8	5.7	-7.2	115	15.5	-3.5	10.1	89	4.6	9.5	-15.8
Paraguay	274	-7.6	65.9	15.4	109	-5.2	22.3	10.0	252	-2.5	35.6	4.9
Dominican Republic	93	-2.2	-1.5	25.7	93	7.8	-8.9	29.8	100	-9.3	8.1	-3.1
Uruguay	133	27.4	9.3	18.1	97	1.5	12.0	9.7	136	25.5	-2.4	7.7

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures.

Table 18  
 LATIN AMERICA: IMPORTS OF GOODS FOB  
 (Indexes: 1980 = 100 and growth rates)

	Value				Unit value				Volume			
	In- dex 1988 <sup>a</sup>	Growth rates			In- dex 1988 <sup>a</sup>	Growth rates			In- dex 1988 <sup>a</sup>	Growth rates		
		1986	1987	1988 <sup>a</sup>		1986	1987	1988 <sup>a</sup>		1986	1987	1988 <sup>a</sup>
<b>Latin America</b>	84	2.0	<b>13.2</b>	<b>12.1</b>	94	-5.4	5.9	5.4	89	7.9	6.8	<b>6.5</b>
<b>Oil-exporting countries</b>	97	-2.0	<b>11.2</b>	<b>29.0</b>	94	-1.6	3.8	7.0	<b>103</b>	-0.4	<i>12</i>	<b>20.6</b>
Bolivia	84	28.9	10.3	-26.3	93	-4.3	-1.2	6.2	91	34.6	11.6	-30.6
Ecuador	72	1.2	25.9	-21.4	86	-5.7	3.6	7.4	84	7.3	21.6	-26.8
Mexico	100	-13.5	6.9	54.7	97	-2.4	4.9	7.4	103	-11.3	1.9	44.0
Peru	89	43.7	18.3	-10.4	88	-1.3	2.7	5.2	101	45.6	15.2	-14.8
Venezuela	100	4.4	12.3	23.1	92	1.4	3.8	4.3	109	3.0	8.3	18.0
<b>Non-oil -exporting countries</b>	75	5.0	<b>14.4</b>	0.8	95	-8.1	7.3	<b>4.2</b>	79	<b>14.2</b>	6.8	<b>-33</b>
Argentina	52	24.8	22.6	-8.4	109	4.0	6.7	9.0	48	20.0	14.9	-16.0
Brazil	64	6.6	7.2	-2.4	93	-12.5	9.2	3.8	69	21.9	-1.8	-6.0
Colombia	103	-7.2	11.3	16.0	95	-9.1	4.9	4.5	108	2.1	6.1	11.0
Costa Rica	92	4.2	19.6	1.7	95	-5.4	2.4	3.9	97	10.1	16.8	-2.1
Chile	88	4.9	28.9	21.0	93	-4.8	12.6	5.7	96	10.3	14.5	14.5
El Salvador	110	-2.1	5.6	6.4	111	-5.0	5.0	4.9	99	3.1	0.5	1.4
Guatemala	100	-18.7	52.0	11.0	96	-7.9	4.1	4.2	105	-11.7	46.0	6.5
Haiti	95	-12.0	1.4	-1.2	104	5.7	1.4	1.0	92	-16.7	-	-2.2
Honduras	96	0.6	2.3	2.6	107	-6.2	2.1	1.8	90	6.0	0.2	0.7
Nicaragua	103	-9.2	15.3	-1.7	97	-2.3	8.0	1.7	105	-7.1	6.8	-3.3
Panama	84	6.9	6.7	-19.3	91	-7.0	2.4	2.0	92	14.9	4.2	-20.9
Paraguay	152	1.2	42.5	-1.9	72	-8.5	10.2	2.0	212	10.6	29.4	-3.7
Dominican Republic	106	5.1	14.7	3.7	89	-6.5	4.9	2.1	119	12.4	9.3	1.6
Uruguay	67	17.1	36.5	3.0	86	-12.8	9.0	2.9	77	34.2	25.3	0.1

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures.

Table 19  
**LATIN AMERICA: TERMS OF TRADE FOR FOB/FOB (GOODS)**  
*(Indexes 1980=100)*

	Latin America		Oil-exporting countries <sup>a</sup>		Non-oil-exporting countries <sup>b</sup>	
	Index	Variation	Index	Variation	Index	Variation
1979	95.9	4.9	80.1	23.8	110.6	-6.7
1980	100.0	4.3	100.0	24.8	100.0	-9.6
1981	94.5	-5.5	100.4	0.4	89.4	-10.6
1982	85.7	-9.3	90.1	-10.3	81.8	-8.5
1983	86.8	1.3	94.6	5.0	81.9	0.1
1984	92.6	6.7	96.5	2.0	90.1	10.0
1985	88.5	-4.4	95.3	-1.2	83.5	-7.3
1986	79.3	-10.3	63.5	-33.4	94.2	13.1
1987	78.8	-0.6	70.1	10.4	86.5	-8.2
1988 <sup>c</sup>	77.9	-1.1	60.6	-13.6	92.7	7.2

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Includes Bolivia, Ecuador, Mexico, Peru and Venezuela. <sup>b</sup> Includes Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay and Uruguay.

<sup>c</sup> Preliminary figures.

Table 20  
**LATIN AMERICA: TERMS OF TRADE FOB/CIF (GOODS)**  
*(Indexes: 1980 = 100 and growth rates)*

	Indexes						Growth rates			
	1983	1984	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Latin America</b>	86	91	87	77	77	76	-4.5	-10.7	-0.6	4.4
<b>Oil-exporting countries</b>	93	94	93	62	68	59	-1.2	-33.7	10.6	-14.0
Bolivia	94	105	97	88	85	80	-7.8	-9.0	-3.2	-6.2
Ecuador	81	92	93	70	69	58	1.7	-25.1	-1.1	-15.8
Mexico	91	85	86	64	68	59	1.7	-25.7	5.7	-12.8
Peru	95	91	88	84	92	104	-3.7	-3.8	8.5	13.6
Venezuela	101	112	107	52	63	51	-4.8	-51.4	21.3	-18.6
<b>Non-oil-exporting countries</b>	81	88	82	92	85	90	-7.5	12.5	-8.1	6.9
Argentina	81	96	80	72	71	75	-16.7	-9.5	-2.2	5.1
Brazil	78	85	83	95	85	91	-3.1	15.0	-10.5	6.5
Colombia	93	99	90	116	90	89	-8.5	28.8	-23.0	-0.5
Costa Rica	84	87	85	102	92	94	-2.8	20.1	-9.4	2.1
Chile	82	76	71	77	81	98	-6.9	8.6	4.7	21.5
El Salvador	82	71	68	87	59	62	-5.0	28.0	-31.8	5.5
Guatemala	84	86	81	104	82	85	-6.1	29.2	-21.0	3.8
Haiti	65	79	82	94	102	92	3.8	15.1	7.7	-9.7
Honduras	92	94	80	99	87	92	-14.2	22.7	-11.7	6.0
Nicaragua	82	103	94	99	97	96	-8.6	5.7	-2.7	-0.5
Panama	94	97	98	122	115	125	1.6	23.7	-5.4	8.4
Paraguay	88	138	117	117	132	141	-15.0	-0.1	13.2	7.0
Dominican Republic	85	93	80	91	79	100	-14.8	14.5	-13.4	26.6
Uruguay	90	96	87	100	104	111	-9.4	15.0	3.5	6.4

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures



Table 21  
LATIN AMERICA AND THE CARIBBEAN: PRICES OF MAIN EXPORT PRODUCTS  
(Dollars at current prices)

	Annual averages					Growth rates				Cumulative variation
	1970-1980	1985	1986	1987	1988	1985	1986	1987	1988	1988/1970-1980
Unrefined sugar <sup>8</sup>	12.8	4.1	6.1	6.8	10.2	-21.2	48.8	11.5	50.0	-20.3
Coffee (mild) <sup>a</sup>	121.8	145.6	192.7	112.3	135.1	1.0	32.3	-41.7	20.3	10.9
Cocoa <sup>8</sup>	86.3	102.3	93.8	90.6	72.1	-5.9	-8.3	-3.4	-20.4	-16.5
Bananas <sup>8</sup>	11.8	18.4	22.1	26.5	24.6	-3.2	20.1	19.9	-7.2	108.5
Wheat <sup>b</sup>	125.1	138.0	115.0	115.0	146.0	-9.8	-16.7	0.0	27.0	16.7
Maize <sup>b</sup>	127.5	135.3	112.9	109.4	135.7	-19.1	-16.6	-3.1	24.0	6.4
Beef <sup>8</sup>	82.2	97.7	95.0	108.2	114.2	-4.8	-2.8	13.9	5.5	38.9
Fish meal <sup>b</sup>	354.7	280.0	321.0	383.0	544.0	-24.9	14.6	19.3	42.0	53.4
Soya beans	232.4	225.0	208.0	216.0	304.0	-20.2	-7.6	3.8	40.7	30.8
Cotton <sup>8</sup>	61.2	61.7	52.9	76.1	63.4	-23.2	-14.3	43.9	-16.7	3.6
Wool*	131.5	140.7	147.7	182.9	207.1	-0.6	5.0	23.8	13.2	57.5
Copper <sup>a</sup>	69.6	64.3	62.3	80.8	117.9	2.9	-3.1	29.7	45.9	69.4
Tin*	3.9	5.4	2.6	3.1	3.3	-3.6	-51.9	19.2	6.5	-15.4
Iron ore <sup>b</sup>	17.6	22.0	21.6	22.1	22.3	-1.8	-1.8	2.3	0.9	26.7
Lead <sup>8</sup>	25.3	17.7	18.4	27.1	29.8	-11.9	4.0	47.3	10.0	17.8
Zinc <sup>8</sup>	29.7	40.4	38.0	42.4	60.2	-16.9	-5.9	11.6	42.0	102.7
Bauxite <sup>b</sup>	103.5	164.3	165.2	164.8	164.8 <sup>d</sup>	-0.4	0.5	-0.2	-	59.2
Crude oil <sup>e</sup>										
Saudi Arabia	10.0	24.5	12.5	16.3	12.9	-0.1	-49.0	30.4	-20.9	29.0
Ecuador		26.6	15.0	18.0	14.5	-4.3	-43.6	20.0	-19.4	
Mexico		24.6	13.0	16.6	11.6	-7.8	-47.2	27.7	-30.1	
Venezuela	10.1	24.0	12.5	16.2	12.7	-10.4	-47.9	29.6	-21.6	25.7

Source: UNCTAD, *Monthly Bulletin of Commodity Prices*, Supplements 1960-1984 and April 1989; International Monetary Fund, *International Financial Statistics, Yearbooks*, 1981 and June 1989; *Petroleum Intelligence Weekly*, 1984-1989, various issues; Energy Economics Research Limited, *Oil and Energy Trends*, April 1989, and ECLAC, on the basis of official figures.

Note: Unrefined sugar, FOB Caribbean ports, for export to the free market. Coffee, mild arabica, *ex-dock* New York. Cocoa beans, average of daily prices (futures) New York/London. Central American bananas, CIF North Sea ports. Cotton, Mexican M1-3/32", CIF Northern Europe. Wool, clean, combed, 48's quality, United Kingdom. Beef, frozen, boneless, all sources, United States ports. Fish meal, all sources, 64-65% protein, CIF Hamburg. Wheat, FOB United States, No. 2, Hard Red Winter. Maize, Argentina, CIF North Sea ports. Soya beans, United States, No. 2, yellow, in bulk, CIF Rotterdam. Copper, tin, lead and zinc, cash quotations on the London Metal Exchange. Iron ore, Liberia, C 61% Fe, CIF North Sea ports. Bauxite, Guyana (Baltimore). Oil, Saudi Arabia Heavy-27 (Gulf Coast, United States); Ecuador, Oriente-30 (Gulf Coast, United States); Mexico, Maya Heavy-22 (Gulf Coast, United States); Venezuela, Tía Juana-22 (Caribbean).

<sup>a</sup> US cents per pound. <sup>b</sup> Dollars per metric ton. <sup>c</sup> Dollars per pound. January-May average.

\* Dollars per barrel.

Table 22  
**LATIN AMERICA: PURCHASING POWER OF EXPORTS OF GOODS**  
*(Indexes: 1980 = 100)*

	Latin America		Oil-exporting countries <sup>8</sup>		Non-oil-exporting countries <sup>b</sup>	
	Index	Variation	Index	Variation	Index	Variation
1979	90.7	14.2	79.6	38.4	100.8	1.5
1980	100.0	10.3	100.0	25.6	100.0	-0.8
1981	102.1	2.1	105.2	5.2	99.2	-0.8
1982	94.2	-7.7	99.8	-5.1	89.0	-10.3
1983	104.6	11.0	113.2	13.4	96.7	8.7
1984	118.8	13.6	122.4	8.1	115.6	19.5
1985	114.1	-3.8	114.2	-6.7	114.0	-1.4
1986	101.3	-11.2	82.0	-28.2	118.9	4.3
1987	108.3	6.9	93.7	14.3	121.6	2.3
1988 <sup>c</sup>	117.8	8.8	88.1	-6.0	144.9	18.9

**Source:** ECLAC, on the basis of official figures.

<sup>3</sup> Includes Bolivia, Ecuador, Mexico, Peru and Venezuela.

<sup>b</sup> Includes Argentina, Brazil, Chile, Colombia, Costa

Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay and Uruguay.

<sup>c</sup> Preliminary figures.

Table 23  
**LATIN AMERICA: PURCHASING POWER OF EXPORTS OF GOODS**  
*(Indexes: 1980 = 100 and growth rates)*

	Indexes						Growth rates			
	1983	1984	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Latin America</b>	105	119	114	101	108	<b>118</b>	-4.0	-11.2	<b>6.9</b>	<b>8.8</b>
<b>Oil-exporting countries</b>	113	122	114	82	94	<b>88</b>	-6.7	-28.2	14.3	-6.0
Bolivia	78	80	67	61	53	57	-17.0	-9.0	-133	8.2
Ecuador	89	117	136	108	97	98	17.0	-20.5	-10.4	1.3
Mexico	161	162	150	113	139	130	-7.7	-24.3	22.8	-7.0
Peru	80	89	90	77	77	76	1.1	-14.0	0.3	-2.0
Venezuela	85	99	89	54	60	56	-9.8	-38.9	11.5	-7.6
<b>Non-oil-exporting countries</b>	97	116	114	119	122	145	-1.4	4.3	2.3	<b>19.2</b>
Argentina	106	115	115	91	79	103	0.0	-20.9	-13.3	31.2
Brazil	104	136	135	134	143	178	-1.7	-0.7	6.8	24.6
Colombia	77	113	94	149	140	136	-17.0	59.3	-5.9	-3.1
Costa Rica	87	104	96	116	116	122	-7.3	21.1	-0.4	5.0
Chile	94	88	97	112	124	159	10.0	15.8	10.7	27.6
El Salvador	68	63	58	68	51	52	-7.2	16.8	-25.5	1.8
Guatemala	73	75	71	75	68	73	-5.4	6.4	-9.6	7.8
Haiti	82	96	101	84	84	82	5.0	-17.2	1.0	-2.7
Honduras	82	83	83	100	94	95	1.0	19.9	-5.3	0.9
Nicaragua	96	93	71	59	67	47	-24.0	-16.1	13.6	-30.4
Panama	76	76	91	118	122	112	19.4	29.3	3.6	-8.6
Paraguay	84	172	212	206	317	356	23.3	-2.6	53.5	123
Dominican Republic	87	98	84	87	82	100	-14.2	3.8	-6.4	22.6
Uruguay	120	100	90	130	131	151	-9.9	44.4	1.0	14.6

**Source:** ECLAC, on the basis of official figures.

<sup>3</sup> Preliminary figures.

Table 24  
**LATIN AMERICA: TRADE BALANCE**  
*(Millions of dollars)*

	Exports of goods FOB			Imports of goods FOB			Merchandise trade balance			Net service payments <sup>3</sup>			Trade balance		
	1986	1987	1988	1986	1987	1988	1986	1987	1988	1986	1987	1988	1986	1987	1988
<b>Latin America</b> (19 countries)	<b>78163</b>	<b>88 724</b>	<b>101797</b>	<b>59 557</b>	<b>67 395</b>	<b>75 515</b>	<b>18 606</b>	<b>21329</b>	<b>26 282</b>	<b>4 057</b>	<b>3 200</b>	<b>4 694</b>	<b>14 549</b>	<b>18129</b>	<b>21588</b>
<b>Oil-exporting countries</b>	<b>30 414</b>	<b>36 318</b>	<b>36 455</b>	<b>24116</b>	<b>26 835</b>	<b>34 624</b>	<b>6 298</b>	<b>9483</b>	<b>1831</b>	<b>908</b>	<b>11</b>	<b>713</b>	<b>5 390</b>	<b>9 472</b>	<b>1118</b>
Bolivia	546	470	543	597	658	485	-51	-188	58	127	145	75	-178	-333	-17
Ecuador	2186	2 021	2 203	1631	2 054	1614	555	-33	589	325	312	246	230	-345	343
Mexico	16 028	20 655	20 658	11430	12 221	18 903	4 598	8434	1755	-1095	-2175	-2 391	5 693	10 609	4146
Peru	2 531	2 605	2 694	2 595	3 070	2 750	-64	-465	-56	341	393	453	-105	-858	-509
Venezuela	9123	10 567	10 357	7 863	8 832	10 872	1260	1735	-515	1210	1336	2 330	50	399	-2 845
<b>Non-oil-exporting countries</b>	<b>47 749</b>	<b>52 406</b>	<b>65 342</b>	<b>35441</b>	<b>40 560</b>	<b>40 891</b>	<b>12308</b>	<b>11846</b>	<b>24 451</b>	<b>3149</b>	<b>3189</b>	<b>3 981</b>	<b>9159</b>	<b>8 657</b>	<b>20 470</b>
Argentina	6 851	6 359	9100	4 391	5384	4 930	2460	975	4170	894	719	620	1566	256	3550
Brazil	22 387	26156	33 874	14 042	15 050	14 688	8 345	11106	19186	2133	2 361	2999	6 212	8 745	16187
Colombia	5 331	5 253	5 326	3 409	3 794	4 400	1922	1459	926	705	634	577	1217	825	349
Costa Rica	1084	1109	1215	1044	1248	1270	40	-139	-55	-7	47	-6	47	-186	-49
Chile	4199	5 224	7 052	3100	3994	4 833	1099	1230	2 219	434	458	643	665	772	1576
El Salvador	755	591	633	876	925	984	-121	-334	-351	-19	-47	-24	-102	-287	-327
Guatemala	1044	980	1105	876	1330	1477	168	-350	-372	52	108	111	116	-458	^*83
Haiti	191	198	197	303	308	304	-112	-110	-107	69	84	103	-181	-194	-210
Honduras	891	863	893	874	894	917	17	-31	-24	69	76	79	-52	-107	-103
Nicaragua	247	300	213	727	838	824	-480	-538	-611	83	120	103	-563	-658	-714
Panama	2386	2 521	2 338	2 920	3116	2515	-534	-595	-177	-841	-790	-800	307	195	623
Paraguay	573	952	1098	736	1049	1029	-163	-97	69	40	-111	87	-203	14	-18
Dominican Republic	722	711	894	1352	1550	1608	-630	-839	-714	-416	-431	-485	-214	-408	-229
Uruguay	1088	1189	1404	791	1080	1112	297	109	292	-47	-39	-26	344	148	318

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Excluding net payments of profits and interest.

Table 25  
**LATIN AMERICA: BALANCE OF PAYMENTS**  
*(Millions of dollars)*

	Trade balance			Net: payments of profits and interest <sup>a</sup>			Balance on current account			Balance on capital account			Total balance <sup>b</sup>		
	1986	1987	1988	1986	1987	1988	1986	1987	1988	1986	1987	1988	1986	1987	1988
<b>Latin America</b> (19 countries)	<b>14 549</b>	<b>18129</b>	<b>21588</b>	<b>31800</b>	<b>30 778</b>	<b>33 593</b>	<b>-15426</b>	<b>-10 514</b>	<b>-9 917</b>	<b>8 502</b>	<b>14 010</b>	<b>1526</b>	<b>-6 924</b>	<b>3 496</b>	<b>-8 391</b>
<b>Oil-exporting countries</b>	<b>5 390</b>	<b>9472</b>	<b>1118</b>	<b>11323</b>	<b>10 740</b>	<b>11704</b>	<b>-5 643</b>	<b>-991</b>	<b>-10 324</b>	<b>1255</b>	<b>4604</b>	<b>-1233</b>	<b>-4 388</b>	<b>3 613</b>	<b>-11 557</b>
Bolivia	-178	-333	-17	306	284	294	-466	-597	-299	575	540	255	109	-57	44
Ecuador	230	-345	343	888	918	1000	-658	-1263	-657	486	1163	638	-172	-100	-19
Mexico	5 693	10 609	4146	7 824	7 394	7 662	-1785	3 599	-3161	1690	1963	-3 572	-95	5 562	-6 733
Peru	405	-858	-509	822	769	776	-1229	-1627	-1285	934	858	896	-295	-769	-389
Venezuela	50	399	-2 845	1483	1375	1972	-1505	-1103	922	-2 430	80	550	-3 935	-1023	372
<b>Non-oil-exporting countries</b>	<b>9159</b>	<b>8 657</b>	<b>20 470</b>	<b>20 477</b>	<b>20 038</b>	<b>21889</b>	<b>-9 783</b>	<b>-9 523</b>	<b>407</b>	<b>7 247</b>	<b>9 406</b>	<b>2 759</b>	<b>-2 536</b>	<b>-117</b>	<b>3 166</b>
Argentina	1566	256	3 550	4 424	4 478	5181	-2 857	231	-1631	1983	2 281	3135	-874	-1950	1504
Brazil	6 212	8 745	16187	10 777	10 315	11371	468	-1456	4909	1236	3 587	-3 219	-3 232	2131	1690
Colombia	1217	825	349	1539	1749	1625	453	64	-386	960	-175	796	1413	-111	410
Costa Rica	47	-186	49	278	297	322	-193	45	-329	290	483	425	97	38	96
Chile	665	772	1576	1888	1699	1920	-1181	-872	-281	930	1007	1106	-251	135	825
El Salvador	-102	-287	-327	152	147	135	-80	-233	-235	155	284	171	75	51	-64
Guatemala	116	58	83	209	171	164	41	-528	-545	155	474	454	113	-54	-91
Haiti	-181	-194	-210	16	21	25	-145	-158	-152	128	133	167	-17	-25	15
Honduras	-52	-107	-103	211	223	262	-251	-314	-344	307	376	366	56	62	22
Nicaragua	-563	-658	-714	245	208	151	-799	-856	-865	605	504	582	-194	-352	-283
Panama	307	195	623	35	12	-19	245	149	616	-185	-186	-1566	60	-37	-950
Paraguay	-203	14	-18	167	174	128	-369	-158	-144	241	196	16	-128	38	-128
Dominican Republic	-214	8	-229	258	263	318	-162	-353	-219	221	222	237	59	-131	18
Uruguay	344	148	318	278	281	306	66	-132	13	221	220	89	287	88	102

Source: ECIAC, on the basis of official figures.

<sup>a</sup> Excluding labour and ownership and omissions.

<sup>b</sup> Including net unrequited private transfers.

<sup>c</sup> Including long- and short-term capital, unrequited official transfers, and errors and omissions. Total balance is equal to variation in international reserves (of opposite sign) plus counterpart items.

Table 26

LATIN AMERICA: RATIO OF THE BALANCE-OF-PAYMENTS DEFICIT ON CURRENT ACCOUNT TO THE VALUE OF EXPORTS OF GOODS AND SERVICES <sup>a</sup>*(Percentages)*

	1980	1981	1982	1983	1984	1985	1986	1987	1988*
Latin America	26.3	34.8	39.8	7.1	0.7	2.7	16.2	9.8	8.0
Oil-exporting countries	8.8	23.3	26.7	-16.9	-14.7	-7.8	14.6	2.1	21.8
Bolivia	5.0	48.8	22.2	23.8	29.4	47.5	69.9	100.0	44.6
Ecuador	24.4	35.6	46.6	1.1	5.8	2.1	23.0	51.6	24.9
Mexico	35.4	48.7	24.1	-19.8	-13.8	-2.0	8.2	-13.1	10.9
Peru	5.3	47.0	43.6	29.3	9.9	-	36.5	45.2	34.9
Venezuela	-23.8	-19.2	24.0	-28.1	-27.6	-23.7	14.9	9.8	43.9
Non-oil-exporting countries	42.7	46.2	52.7	30.2	14.8	11.9	17.3	15.3	-1.8
Argentina	48.3	43.4	25.6	26.2	26.0	9.5	33.9	52.0	14.5
Brazil	58.8	46.1	74.3	29.0	-0.1	1.0	18.4	5.2	-13.6
Colombia	3.9	45.8	69.1	79.9	27.3	40.6	-7.0	1.0	5.8
Costa Rica	54.9	34.7	24.6	28.8	20.5	24.4	13.9	30.6	20.3
Chile	33.9	96.0	51.1	25.1	47.2	30.0	23.1	13.8	3.4
El Salvador	-	29.4	33.0	24.2	27.2	26.8	7.8	25.9	25.7
Guatemala	9.5	39.7	31.3	19.2	30.8	21.3	3.6	46.4	43.1
Haiti	45.9	100.2	69.7	71.1	63.7	56.7	49.6	51.1	52.6
Honduras	35.1	36.4	32.5	31.7	45.6	37.4	24.9	32.0	33.8
Nicaragua	107.9	117.2	124.8	134.9	168.8	235.6	271.6	261.0	365.0
Panama	10.0	0.6	4.2	-10.5	2.5	-4.5	-6.6	-4.1	17.6
Paraguay	49.1	67.9	61.3	54.4	37.6	20.8	46.6	12.3	10.4
Dominican Republic	57.0	26.4	40.0	35.3	16.3	16.8	11.5	24.2	12.5
Uruguay	46.9	27.5	15.9	5.0	10.8	10.4	-4.3	8.5	-0.7

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Negative figures indicate a surplus on the balance-of-payments current account.<sup>\*</sup> Preliminary figures.

Table 27

LATIN AMERICA: NET INFLOW OF CAPITAL AND TRANSFER OF RESOURCES <sup>1</sup>*(Billions of dollars and percentages)*

	Effective net inflow of capital (1)	Unregistered actions <sup>0</sup> (2)	Net inflow of capital (1+2) (3)	2/1 (4)	Net payments of profits and interest (5)	Transfer of resources (1-5) (6) (3-5) (7)		Exports of goods and services (8)	6/8 (9)	7/8 (10)
1980	35.1	-5.8	29.3	-16.5	18.1	17.0	11.2	104.2	16.3	10.7
1981	48.5	-10.8	37.7	-22.2	27.5	21.0	10.2	112.4	18.7	9.1
1982	30.3	-10.2	20.1	-33.7	38.8	-8.5	-18.7	99.6	-8.5	-18.8
1983	6.1	-2.9	3.2	-47.5	34.6	-28.5	-31.4	99.4	-28.7	-31.5
1984	11.4	-1.0	10.4	8.8	37.1	-25.7	-26.7	111.0	-23.2	-24.1
1985	5.2	-2.8	2.4	-53.8	35.1	-29.9	-32.7	106.0	-28.2	-30.7
1986	9.6	-0.9	8.7	-9.4	31.8	-22.2	-23.1	91.8	-24.2	-25.1
1987	14.5	-0.3	14.2	-2.1	30.8	-16.3	-16.6	103.8	-15.7	-16.0
1988 <sup>d</sup>			2.9		33.4		-30.5	119.8		-25.5

Source: 1980-1987: ECLAC, on the basis of data from the International Monetary Fund; 1988: ECLAC, on the basis of official figures.

<sup>0</sup> Eighteen countries. Does not include Panama. <sup>b</sup> Equivalent to net inflow of capital minus unregistered transactions.<sup>c</sup> Corresponds to balance-of-payments item "errors and omissions".<sup>d</sup> Preliminary estimates.

Table 28  
LATIN AMERICA: NET TRANSFER OF RESOURCES<sup>c</sup>

	Net transfer of resources (millions of dollars)						Relation between the net transfer of resources and exports of goods and services (percentages)						
	1983	1984	1985	1986	1987	1988 <sup>b</sup>	1982-1988 <sup>b</sup>	1983	1984	1985	1986	1987	1988 <sup>b</sup>
<b>Latin America<sup>0</sup></b>	<b>-31352</b>	<b>-26 698</b>	<b>-32 671</b>	<b>-23 078</b>	<b>-16 570</b>	<b>-30 521</b>	<b>-179 629</b>	<b>-31.5</b>	<b>-24.1</b>	<b>-30.7</b>	<b>-25.1</b>	<b>-16.0</b>	<b>-25.5</b>
<b>Oil-exporting countries</b>	<b>49 658</b>	<b>48 604</b>	<b>48 874</b>	<b>-10 068</b>	-6136	-12 937	<b>-100 851</b>	<b>-39.1</b>	<b>84.2</b>	<b>-37.0</b>	<b>-26.1</b>	-13.5	<b>-29.2</b>
Bolivia	-117	-59	-71	269	256	-39	58	-13.6	-7.2	-9.9	40.4	42.9	-5.8
Ecuador	-600	-795	-981	^02	245	-362	-2 854	-22.7	-27.3	-29.8	-15.3	10.0	-13.7
Mexico	-12 632	-12156	-12 283	-6134	-5 431	-11234	-69 464	465	^0.3	-44.3	-28.1	-19.7	-38.6
Peru	-74	-538	-817	112	89	120	^74	-2.0	-14.1	-21.3	3.3	2.3	3.3
Venezuela	-6 235	-5 056	^7 22	-3 913	-1295	-1422	-28117	-39.4	-30.3	-30.2	-38.8	-11.3	-12.7
<b>Non-oil-exporting countries</b>	<b>41694</b>	<b>-8 094</b>	<b>-13 797</b>	<b>-13 010</b>	<b>-10 434</b>	<b>-17 584</b>	<b>-78 778</b>	<b>23.8</b>	<b>-14.3</b>	<b>-25.0</b>	<b>-24.4</b>	<b>-17.9</b>	<b>-24.3</b>
Argentina	-5 422	-3 051	-3 314	-2 441	-2197	-2 046	-21501	-56.4	-31.8	-33.0	-29.0	-27.0	-18.3
Brazil	-6 069	-6129	-11 414	-9 541	-6 728	-14 590	-56 847	-25.7	-21.2	412	-39.3	-23.9	^0.4
Colombia	5	^72	388	-579	-1924	-830	-2181	0.1	-9.1	8.7	-8.9	-30.1	-12.5
Costa Rica	39	-102	74	12	186	103	338	3.4	-8.0	6.1	0.9	12.8	6.4
Chile	-1104	191	-654	-958	-692	-814	^9 20	-23.9	4.3	-14.6	-18.7	-11.0	-9.8
El Salvador	104	117	153	3	137	36	663	11.9	13.1	16.9	0.3	15.2	3.9
Guatemala	163	186	193	-54	303	290	1321	13.9	15.1	16.6	^6	26.6	23.0
Haiti	213	208	155	112	112	142	1154	73.9	65.2	46.0	38.3	36.3	49.1
Honduras	55	219	110	96	153	104	739	6.9	25.8	12.2	9.3	15.6	10.2
Nicaragua	448	736	590	360	296	431	3137	95.1	170.8	168.0	122.4	90.2	181.9
Paraguay	158	232	38	74	22	-112	754	34.1	33.3	4.7	9.3	1.7	-8.1
Dominican Republic	4	79	40	-37	AI	-81	21	0.3	5.8	3.0	-2.6	-2.8	4.6
Uruguay	-288	-308	-156	-57	-61	-217	-1456	-20.4	-23.9	-12.3	-3.8	-3.9	-12.3

Source: 1983-1987: ECIAC, on the basis of data from the International Monetary Fund; 1988: ECIAC on the basis of official figures.

<sup>a</sup> The net inward transfer of resources is equal to net capital inflow (official transfer payments, short- and long-term capital, and errors and omissions) minus net payments of profits and interest, which includes both the interest actually paid and interest due but not paid. Preliminary figures. <sup>c</sup> Eighteen countries. Does not include Panama.

## IX. THE EXTERNAL DEBT

### 1. Main trends

The slackening of the growth rate of the Latin American and Caribbean external debt witnessed since 1982 culminated in 1988 in the first absolute drop in the region's obligations: the amount of the debt fell by US\$4 billion, to the level of US\$410 billion by the end of the year. Although this represented a nominal reduction of only 1%, the reduction in real terms—taking into account world inflation—was approximately 4% (see table 29).

The fall in the debt reflected the extremely restricted access of the region to new loans and the increase in operations to reduce the debt carried out through official mechanisms and direct repurchases by the private sector. On the other hand, the revaluation of the United States dollar during the first half of the year—which made the dollar value of debts contracted in other currencies drop significantly—was offset by the later fall in the United States currency in the second half of the year. Therefore the fluctuations of the dollar in 1988 scarcely affected the final value of the region's debt.

In 1988, net lending by private banks—the main creditors of Latin America—was practically non-existent. Only Brazil secured a new medium-term involuntary loan (US\$5.2 billion), and even then a large part of this was arranged to liquidate accumulated arrears on interest payments. For its part, Mexico received a net disbursement of US\$1 billion from a loan agreed to with the banks in 1986. Colombia also received US\$1 billion from a loan agreed to in 1987, but the net disbursement was practically nil, since the funds were earmarked to pay amortization of commitments with the banks during 1988. The Venezuelan government had some limited recourse to the international bond market,

where it was able to place four relatively costly issues, totalling US\$350 million, most of which was repayable in five years.

Meanwhile net disbursements to the region from multilateral financial organizations were also very low for the second consecutive year; indeed, in 1988 the International Monetary Fund (IMF), World Bank and Inter-American Development Bank (IDB) all registered negative transfers with their member countries in Latin America and the Caribbean. For the IMF the transfer was negative for the third consecutive year, while for the latter two institutions the figures were negative for the second year running (see table 30).

Thus, one of the most important sources of expansion of the debt in Latin America was the involuntary loans which private and official creditors effectively made because of the debtors' accumulation of arrears on interest payments: in 1988 the lenders' exposure in the region rose in this way in 13 countries.

A noteworthy feature in 1988 was the activity carried out by the United States Treasury in organizing bridge loans for the main debtors in Latin America. Thus, the Treasury mobilized US\$550 million in February and US\$500 million in August for Argentina—sums which were reimbursed by that country during the course of the year with the resources from new credits granted by the World Bank and the IMF—and in October it was announced that a short-term bridge loan of US\$3.5 billion had been made available to Mexico. This latter loan was, however, not drawn upon by the Mexican authorities.

As for the debt reduction operations carried out in 1988—which are described below in detail—many countries of the region promoted programmes to convert their foreign debt into risk capital in local enterprises. During the year governments, public enterprises and, above all, private corporations actively negotiated

agreements with creditors to repurchase the debt at a discount. On the other hand, Venezuela continued making modest payments of principal on its public debt.

During 1988 the amount of the debt fell in absolute terms in ten countries, compared with only three in 1987 (see table 29). The greatest reduction was made in Chile, where the debt contracted by 8%, after having already gone down the year before, and in Brazil and Bolivia, with drops of the order of 5% and 4%, respectively. The greatest increases in foreign obligations, in contrast, were registered in Nicaragua (15%), Uruguay, Peru and Ecuador (8%), and Haiti (6%). In all these countries, except Uruguay, delays in interest payments were the principal source of growth of foreign obligations.

Due to the reduction of the debt and the expansion of exports, the region's indicators of the foreign debt burden improved with respect to 1987. For the region as a whole, total interest due as a percentage of exports of goods and services fell by one point to 29%. Although this coefficient is still very high, it is the lowest registered since 1981 (see table 31 and figure 14). Nevertheless, the improvement in this indicator reflected exclusively the better performance of the region's exports, net interest payments actually rose by US\$2 billion on account of the partial passing-on of the effect of a 2-point rise in the London Inter-Bank Offer Rate (LIBOR) during 1988 (see figure 15).

The drop in the interest/exports ratio was concentrated in the non-oil-exporting countries, since they were the ones which registered the greatest gains in exports. The biggest reduction in this coefficient occurred in Argentina (9 percentage points), although even so its coefficient was the second highest in the region (42%), being exceeded only by Nicaragua, which had an extraordinarily high coefficient of 65%. However, it should be noted that Nicaragua actually paid only a small fraction of the total interest due, so that this coefficient does not accurately reflect the burden of payments. Of the countries which registered reductions in their coefficient, Chile, Bolivia, and Brazil led the way with drops of 4 percentage points for the former and 3 percentage points for the latter two. The only country whose interest/exports coefficient increased sharply in 1988 was Venezuela, where the rise was from 24% to 30%, reflecting

the effects of rising payments and falling exports. In any event, however, even though this coefficient went down in most of the countries of the region, it continued to stand at a high level (20% or more) in the vast majority of them in 1988 (see table 31).

Since the debt went down and exports rose, the regional debt/exports coefficient decreased from 386% in 1987 to 333% in 1988. Nevertheless, this coefficient continued to be much higher than before the crisis, and it also significantly surpasses the figure of 200% which some analysts consider to be a limit for creditworthiness. The greatest reductions in this variable were registered in Argentina and Bolivia (where, however, its level continued to be very high) and in Brazil and Chile (see table 32). This fall was due in all these countries to the effect of increased export revenue, coupled with, in the last three countries, the fall in the foreign debt in absolute terms.

As for the relation between external debt and gross domestic product, this also improved in 1988, even though it remained at an inordinately high level of 54% for the region as a whole. The coefficients averaged 67% in the oil-exporting countries, and 48% in the non-oil exporters (see table 33). Compared with 1980, the non-oil exporters' coefficient was about 80% higher, while that of the oil exporters more than doubled.

The countries with the most burdensome debt/GDP ratios were Bolivia, Ecuador, Nicaragua, Panama (all in excess of 100%), and Chile, Costa Rica, Honduras and Uruguay (around 90%). The only country in the region with a debt/GDP ratio which might be considered "normal" for a developing country was Colombia (35%).

## 2. The debt reduction process

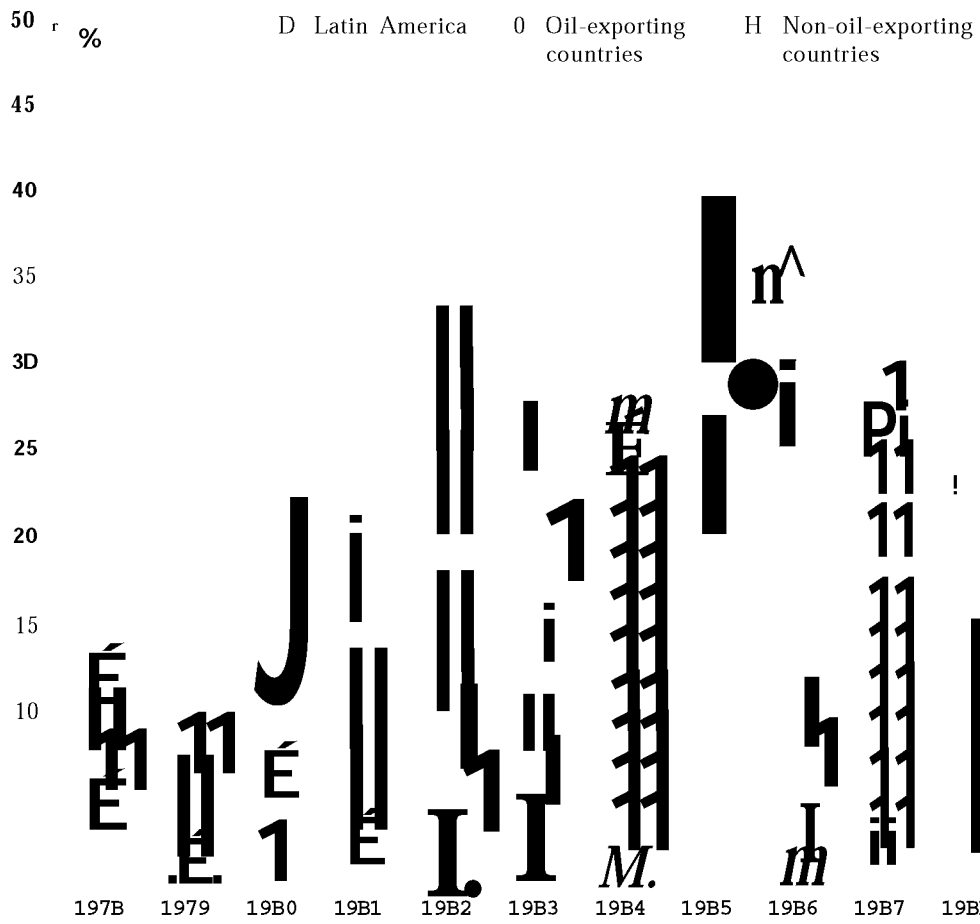
For the first time since the outset of the Latin American debt crisis, mechanisms for reducing indebtedness became a significant part of the official international debt management strategy. Indeed, in 1988 debt reduction operations tended to overshadow the more conventional management techniques of commercial rescheduling of the principal and new lending packages.

Negotiations between the debtors and creditors took place in the context of the



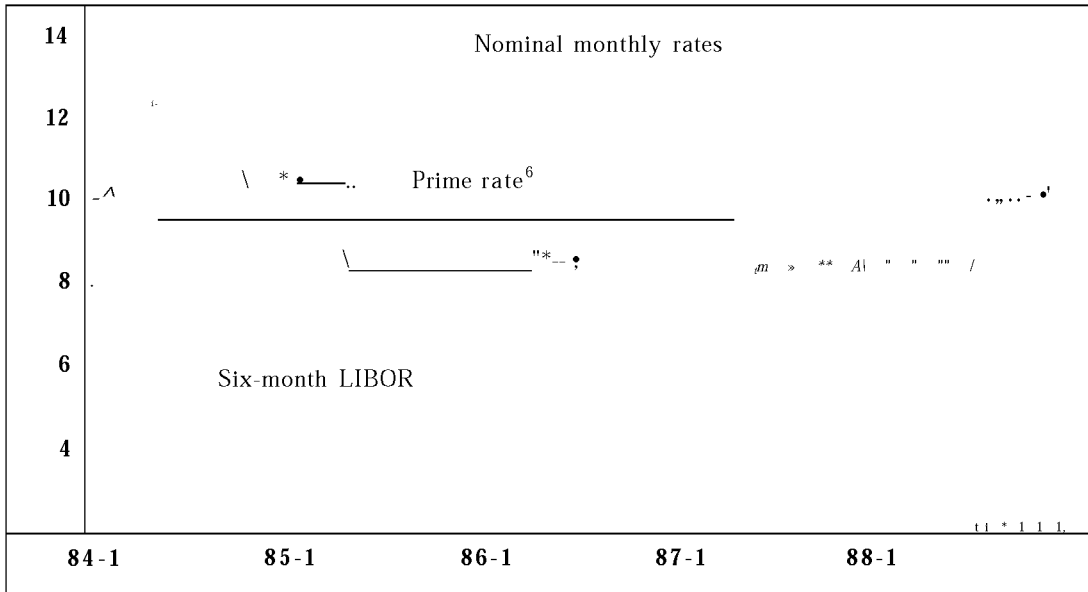
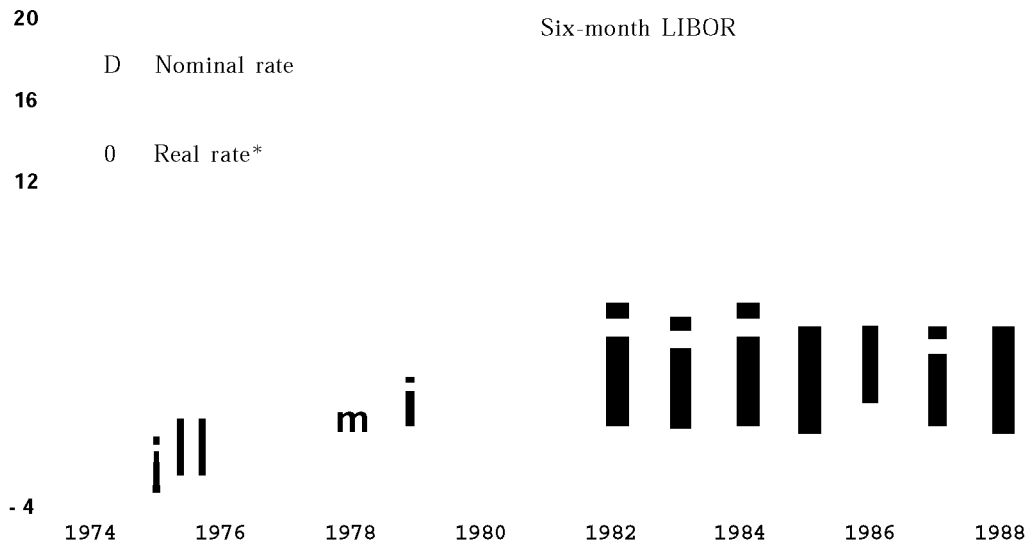
Figure 14

LATIN AMERICA: INTEREST PAYMENTS DUE AS A PERCENTAGE OF EXPORTS OF GOODS AND SERVICES



Source: ECLAC, on the basis of data from the International Monetary Fund.

Figure 15  
**INTERNATIONAL INTEREST RATES**  
*(Percentages)*



Source: ECLAC, on the basis of data from the International Monetary Fund.

<sup>^</sup>Nominal rate deflated by the consumer price index of the industrialized countries.

<sup>^</sup>Preferential rate granted by United States banks to their best clients.

so-called Market Menu Approach. The Market Menu first emerged in late 1987 on account of the shortcomings of the Baker Plan's original formula for restoring growth in Latin America, which involved intensification of economic reforms in the debtor countries, coupled with a redoubled effort to mobilize new concerted loans for them from commercial banks and official lenders. As it became evident that the commercial banks were unwilling to support the Baker Plan's modest lending commitments—a 2 1/2% per annum expansion of exposure in 17 countries over three years—the official focus shifted to the Menu Approach as a way to overcome the problem developing countries' growing financing constraints.

In effect, the Menu concept supplemented new concerted balance-of-payments lending packages by the banks with other financing options. On the one hand, the Menu proposed the use of alternative new money instruments such as trade and project loans, bond placements and limited capitalization of interest payments. On the other, it introduced for the first time in the management of the debt problem the possibility of financing the debtor countries through debt reduction techniques such as debt/equity swaps, exit bonds, and buybacks. In the official scheme, the items on the menu had to emerge voluntarily from the market on a case-by-case basis in negotiations between the debtor country and its creditor banks. Moreover, the creditor governments were emphatic that their support of the Menu could not involve costs for their taxpayers, i.e., public guarantees and the like to enhance financing packages were explicitly excluded from the official management strategy.

While first appearing in 1987, the Menu did not gain concrete form until 1988, when an array of its market-based options actually emerged from the negotiations between debtors and creditors. Moreover, financing schemes tended to stress debt reduction techniques, partly because net lending by the banks had become practically impossible to mobilize.

Debt reduction in 1988 began with an interesting operation in Mexico in which the government proposed to trade up to US\$20

billion of restructured public sector debt for US\$10 billion of bonds with a single maturity of 20 years and an annual interest rate of 1.63% over LIBOR (compared to 0.81% over LIBOR for rescheduled debt). To enhance the new government bond Mexico indicated its willingness to guarantee the principal by using the country's foreign exchange reserves to make a parallel purchase of a specially issued U.S. Treasury zero-coupon bond with a face value and a maturity identical to that of the Mexican instrument.

At the time of its announcement, the proposed scheme was hailed in some circles as the solution to the problem of over-indebted countries. However, the launching of the operation ran into a number of unexpected difficulties. First, Mexico's collateral was for principal only, which represented just 18% of the discounted present value of the 20-year Mexican bond. In other words, the banks perceived that 80% of the income stream on the bond was unsecured Mexican risk. The Mexican authorities tried to overcome this problem by asserting that the new bond would be senior to existing rescheduled loans, but most banks were apparently unconvinced about seniority being created by fiat. Second, the attractiveness of the Mexican offer was also reduced by a 1988 ruling of the United States Securities and Exchange Commission which stated that U.S. banks would have to write down all loans tendered for the exchange, even if they ultimately were not accepted by the Mexican government. Third, the announcement of an offer to exchange up to US\$20 billion of debt for US\$10 billion of bonds implied a discount of 50% on outstanding bank loans; yet many institutions in the U.S. had loan loss reserves sufficient to cover discounts of only 25-30%, while the Japanese banks were formally even less covered for loan losses. Fourth, national tax codes were such that for many European banks there was little or no advantage in recognizing the lower value of their assets in an exchange. Fifth, the placement raised inherent "free rider" problems, since certain banks would be tempted to withhold their participation in anticipation of having the value of their loans

For a more complete analysis of the evolution of the official debt management strategy and the emergence of the Market Menu Approach, see ECLAC, *The evolution of the external debt problem in Latin America and the Caribbean*, "Estudios e Informes de la CEPAL" series, No.72, Santiago, Chile, 1988. United Nations publication, sales No. E.88.II.G.10.

rise as the absolute amount of Mexican debt fell. Finally, the exchange offer was a novel twist in the official debt management strategy, it is well known that the market reacts cautiously to new instruments and therefore conversions of this type might normally be expected to start quite small.

The reaction of the market to the Mexican offer indeed fell far short of initial expectations. In the auction Mexico received 320 bids from about a quarter of the country's nearly 500 creditor banks for a total value of US\$6.7 billion. The government accepted just 95 of those bids, valued at US\$3.7 billion and traded them for US\$2.6 billion of Mexican bonds. Thus the average discount on the operation was 30% and bank debt was reduced by US\$1.1 billion. The government had to expend about US\$490 million of foreign exchange reserves to collateralize the new bonds, and moreover, in order to avoid discrimination, at least another US\$100 million had to be drawn upon to collateralize the country's outstanding bonds already in circulation.

The results of the Mexican exchange offer clearly disappointed creditors and debtors alike. Moreover, cash flow relief was practically non-existent, because the principal on the debt was not being paid and there was little prospect of it being paid in the foreseeable future (hence the 50% discount on Mexican debt trading in secondary markets in early 1988). In these circumstances, and with an interest rate on rescheduled debt at that time of about 8.8% (LIBOR + 0.81%), every dollar of debt reduction in fact brought with it only 8.8 cents of cash flow relief in the form of lower interest payments. Moreover, this saving on interest was partially offset by the fact that Mexico attempted to enhance the new bond with a spread over LIBOR that was 0.82% higher than that paid on the old restructured debt, while it also had to disburse upfront liquid foreign exchange reserves (earning an interest rate of at least 7% per annum) to purchase collateral that would not yield any cash flow for 20 years. Thus, at the time of the agreement, the US\$2.6 billion exchange produced no more than US\$35 million in annual net savings of interest for the country, compared to a yearly interest bill on the debt in excess of US\$9 billion. Moreover, dividing the roughly US\$600 million spent on collateral by the annual net interest savings reveals that the cumulative cash balance on the operation would be

negative for Mexico for the first 17 years of the operation.

Another debt reduction operation was that launched in March 1988 by Bolivia. Because of economic and political problems, this nation unilaterally suspended its debt service in mid-1984. After rescheduling its Paris Club debt in July 1986, Bolivia began to actively negotiate a buyback of its bank debt, worth about US\$670 million (excluding interest on arrears), or 15% of the country's total public foreign debt. The bank debt had been circulating in secondary markets at about 6 cents on the dollar, but with news of a potential buyback, secondary market prices quickly rose to 11-12 cents.

A year after the initial contacts, in July 1987, Bolivia won waivers of the clauses in its loan contracts which prohibit debt conversions and buybacks. Among the conditions established by the banks for the buyback were that the resources for the purchase had to come from third party donors; the contributions had to be placed in an IMF trust fund, and an identical price had to be offered to all the country's bank creditors. The banks also won the option to accept, in lieu of cash, 25-year collateralized peso-denominated zero-coupon bonds, which were indexed to the U.S. dollar and eligible for conversion into local equity at a 50% premium over their face value.

The buyback was formally announced in January 1988, at an offer price of 11 cents on the dollar. In March Bolivia announced that 53 of its 131 creditor banks had made bids; nearly US\$270 million of debt was exchanged for cash and US\$64 million for promissory notes. The outstanding bank debt was thus reduced by about half.

This buyback operation clearly illustrated how assistance from the international public sector can accelerate a reduction of outstanding bank debt. Indeed, the entire operation would not have been feasible without the resources provided by government donors and the IMF's good offices. Nevertheless, the operation was far from an unqualified success and revealed shortcomings in the Market Menu Approach as then conceived.

It is rather striking that, facing an unquestionable state of insolvency in Bolivia, an offer price that was nearly double that prevailing in the secondary market before the announcement of a buyback, and the availability of a third party to finance a

full-scale repurchase, only 40% of the country's creditor banks "volunteered" to participate in the operation. There are various reasons for this sluggish response. Some banks clearly preferred to free-ride, calculating that with a reduced debt Bolivia might eventually be willing to settle the remaining outstanding obligations on terms more favourable to them. Other banks which had full reserves covering the Bolivian portfolio risk considered that there was little immediate tax or accounting benefit to be obtained by formally recognizing a loss: indeed, by sitting tight a bank might have the possibility of a windfall benefit from an unexpected sharp rise in the country's terms of trade. Other banks, with inadequate reserves against their LDC exposure, may have wanted to avoid the losses implied by participation in a buyback and thereby keep their loans at book value. Finally, some institutions undoubtedly preferred to avoid the precedent of debt forgiveness.

Another problem with the buyback was the rise in the secondary market price itself. At 6 cents on the dollar the secondary market had been valuing the country's US\$670 million debt at US\$40 million. However, anticipating the buyback, the market price rose to roughly 11 cents, meaning that the remaining unpurchased debt of US\$336 million had a market value of US\$37 million. Thus, slightly less than US\$37 million of cash and Bolivian promissory notes brought only a US\$3 million reduction in the market value of outstanding obligations; in other words, Bolivia paid 11 cents on the dollar for a debt with a marginal value of less than one cent (the marginal value being US\$3 million divided by US\$334 million).

Buying back a debt with a low marginal value is not unquestionably the best alternative use of resources for a country with a foreign exchange constraint: indeed, resources could conceivably be deployed more productively for imports, investment and economic growth. Moreover, the allocation of resources for a partial buyback even as large as that of the Bolivian case does not necessarily alter dramatically private investors' perception of risk: even after the buyback the country was unable to service its remaining bank debt, and the outstanding obligations traded on the secondary markets at a heavy 89% discount, so potential new investors would undoubtedly still have their decisions affected by perceptions of

Bolivia as a country facing a long embattled fight for available foreign exchange. Nevertheless, what perhaps made the Bolivian operation attractive was that donor resources were earmarked solely for the purpose of a buyback and the country already had a significant pipeline of foreign commitments to provide loans and grants which it could absorb only slowly.

Perhaps the fullest expression of the Menu Approach emerged in June 1988, when Brazil announced a new option-laden financial package with its creditor banks that would lead the country out of the moratorium which it had declared in February 1987. This agreement, which included the traditional rescheduling of principal on commercial terms and a new money commitment, brought to six the number of countries participating in the fourth round of rescheduling (see tables 34 and 35). The terms for the rescheduling of US\$62 billion of debt falling due between 1987 and 1993 were a margin of 0.81% over LIBOR, an amortization period of 20 years and no commissions. The new loan package of US\$5.2 billion carried identical terms except for the amortization period, which was for 12 years, and an early participation fee of 0.38% and 0.13% for banks signing on to the loan before 6 August 1988 and 3 September 1988, respectively. In July 1988 Brazil also rescheduled US\$5 billion of Paris Club debt, with a repayment schedule of 10 years.

As part of the new money package of US\$5.2 billion with the banks, Brazil offered to issue, in lieu of new loans from these institutions, up to US\$1 billion of bearer bonds which would carry the same terms as the loans. Moreover, US\$2.9 billion of the new money subscribed in the form of loans would become eligible, over 1989-1991, for conversion into local equity at par, up to a limit of US\$50 million per month.

Brazil also offered the banks an "exit" option on restructured debt. In lieu of a rescheduling, the creditors could exchange public sector medium-term debt for exit bonds valued at par with a 25-year maturity and a fixed below-market interest rate of 6%. The bonds were designed to offer those banks which wished to avoid future reschedulings and requests for new money a chance to "exit" from the process, but at the cost of accepting financial instruments with lower interest rates and longer maturities. To further enhance the instruments, Brazil allowed the banks to

convert the exit bonds at par into cruzado-denominated Brazilian Treasury promissory notes indexed, at the choice of the bank, to domestic inflation or to the dollar exchange rate.

The entire new money package, as well as the exit bonds, were additionally eligible to participate in Brazil's newly introduced debt/equity swap auctions, which began in February 1988. Other menu items in the agreement involved a retiming of interest payments from a quarterly to semi-annual basis and relending provisions for restructured debt.

The Brazilian agreement was clearly innovative and the best expression to date of the Menu Approach. But again as a vehicle for debt relief it was only a qualified success. The subscription to the new money package was indeed unusually quick: about one month. Yet only 308 of Brazil's 500 commercial creditor banks entered into the agreement. Moreover, the participating banks' chief motivation for the loans was Brazil's settlement of more than US\$3 billion of arrears and the consequent very favourable interest receipts/new loan ratio of four to one for the banks over the programme period 1987-1989. Indeed, at the time the signing of the new loan pact with Brazil was expected by itself to increase U.S. money centre banks' 1988 earnings per share by between 10% and 40%.

The subscription to the exit bond, while much more successful than a similar instrument promoted by Argentina in 1987, nevertheless only attracted 108 banks for a total value of US\$1 billion, or 20% of the amount which Brazil had originally offered to exchange. At a LIBOR of 8% and a spread of 0.81% on the restructured debt, the conversion at that time implied a saving of about US\$30 million per annum in interest payments, which was far less than a bonanza in view of the then US\$11 billion annual interest burden on the debt.

In addition, considering that the new money eligible for conversion into equity at face value closely matched the amount of interest payments in arrears, and that the secondary market then valued Brazilian obligations at about 50 cents on the dollar (see table 36), a swap at par was an extremely generous

arrangement for the creditor banks. Moreover, the conversions—which are to be additional to the official debt/equity programme—could also make management of the country's severe inflationary problem more difficult.

In April 1988 Chile had begun negotiations with its creditors to amend loan contracts so as to introduce more flexibility into the country's debt management. Six months later, in September, the requested amendments were approved by the banks to allow: (i) direct buybacks of the debt at a discount, for an amount not to exceed US\$500 million and to be funded exclusively from the country's foreign exchange reserves; (ii) debt conversion offers for up to US\$2 billion; (iii) prepayments in pesos in cases where receipts are relented to new investment projects, and (iv) the awarding of preferential guarantees on new debt up to an amount of US\$500 million. The prepayment provision was used during 1988 to extend US\$35 million in financing to a local mining project, and in November Chile deployed US\$168 million of its reserves to purchase US\$299 million of debt, capturing a discount of 44%.

The Chilean initiative certainly did introduce needed flexibility into the loan agreements. Yet the banks—fearing moral hazards—put severe limits on the volume of resources that could be managed in this new way. Moreover, although the repurchase brought at that time about US\$16 million per annum in net interest savings (assuming a LIBOR of 9% and a margin of 0.81% on rescheduled debt, and an 8% rate of interest on deposited reserves), the country was required to make an outlay of US\$168 million in foreign exchange reserves. Thus, dividing the cash outlay by the annual net savings on interest reveals that the cumulative net cash flow on the operation would be negative for approximately the next 10 years.

Undoubtedly the most dynamic source of debt reduction in developing countries in 1988 involved formal debt/equity swap programmes as well as informal swaps, which are operations that do not directly involve a country's monetary authorities. Most of the swaps occurred in four countries: Brazil, Mexico, Chile and Argentina. Brazil carried out by far

<sup>3</sup> In 1987 Argentina offered exit bonds with a 25-year maturity and a fixed 4% rate of interest. Only two banks subscribed.

the biggest volume of swaps; estimates place them at US\$8 billion, of which about US\$3.6 billion were in the country's formal programme. Mexico also had a large number of informal swaps, estimated at US\$3 billion in 1988. Meanwhile, Chile converted more than US\$2 billion of external debt into peso-denominated assets under its formal Chapter 18 and 19 programmes. Finally, Argentina registered US\$1 billion in formal swaps, plus an undisclosed amount of informal transactions.

While the volume of debt/equity swaps has risen markedly in recent years, so have the polemics surrounding them. One of the major concerns raised by the debtor countries has been related to their weak fiscal situation and the inflationary effects of converting foreign debt into currency and promissory notes. These and other problems with swaps caused Mexico to halt its formal programme in 1987, and threatened halts in the Brazilian and Argentine programmes. On the other hand, Chile, with a relatively sound fiscal situation, continued to promote its swap programme aggressively.

Another important, but informal and less publicized process of debt reduction in 1988 was the accumulation of arrears. This process not only reduces the immediate outlays for debt service, but also tends to drive down secondary market prices for the debt and opens up opportunities for eventual settlements at less than face value. During the course of 1988 unsettled arrears accumulated in Argentina, Bolivia, Costa Rica, Cuba, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Paraguay and Peru.

The review of some of the major financial operations in 1988 highlights some of the shortcomings of the Menu Approach. First, the voluntary response of the banks to the debt reduction schemes was very poor. This was due to a complex constellation of factors: free-riding; sharp differences in the ability of the banks to absorb losses; disincentives arising from bank regulatory and tax codes; fears of establishing precedents, and difficulties in creating preferential status for new debt instruments.

Second, the ability of the problem debtors to undertake direct buybacks, or to enhance exchange offers, was limited by the scarcity of their own foreign exchange resources, by legitimate questions about the best alternative use of those resources, and—in the particular

case of debt/equity swaps—by the implications of those conversions for the expanded domestic money supply and inflation.

Third, negotiations with the banks for voluntary debt reduction were usually protracted, due in part to the need to obtain waivers of clauses in loan contracts which prohibit buybacks and securitization. This, coupled with the uncertain response of the banks to exchange offers even when these were approved, created great uncertainty regarding the volume and timing of the financing that could be obtained via voluntary debt reduction techniques.

Fourth, the time path of effective cash flow relief granted by market-based voluntary debt reduction techniques tended to be exactly the inverse of what was needed for problem debtors with a very high social rate of discount for foreign exchange. In effect, most of the techniques stressed reduction of the principal, the payment of which had already been pushed off into the future by restructurings or moratoria, and which at the margin had an extremely low expected value. The effective balance of payments relief was therefore limited to lower interest payments; however these fell by only a tenth or less of every dollar of debt reduction.

When financial instruments that act more directly on interest payments were deployed by the debtors (such as exit bonds), interest payment reductions actually tended to be marginal. This was because of the factors cited above explaining the banks' poor response, and the fact that the uncertain returns offered by exit bonds had to compete with the certain returns provided by an exit via a cash sale in secondary markets (which has no direct benefits for the debtor). When countries tried to enhance the response to their exchange offers through collateralization, the net balance between the use of foreign exchange and the savings of foreign exchange was initially unfavourable for the debtor and remained so for many years.

Fifth, new money was increasingly difficult to raise from the banks as they became more wary of loan losses and more engaged in exposure reduction.

Sixth, the Menu's options, whether in the form of new resources or debt reduction, tended to be applied very unevenly across the debtor countries, with its limited benefits being concentrated in only a handful of countries.

In sum, the operation of the Menu during 1988 revealed some interesting "appetizers" for some debtor countries, but the "main entrées" simply were not there. When left to their own devices, private markets typically unwind from a debt overhang only very slowly. Hence the Menu Approach, as conceived, could only chip away at the corners of the debtors' financing

constraints. Indeed, the debt management strategy clearly did not address a central macroeconomic problem: how to finance in a sustained and predictable way the economic reforms and new investments that the Latin American countries will need to initiate growth now and begin to restore their capacity to service debts.

<sup>1</sup> See in this respect ECLAC, *The Evolution of the External Debt Problem ...*, *op. cit.*, p. 49.



Table 29

LATIN AMERICA: TOTAL DISBURSED EXTERNAL DEBT<sup>8</sup>

	End-of-year balances in millions of dollars									Annual growth rates				
	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>b</sup>	1979-1981	1982-1983	1984-1986	1987	1988 <sup>b</sup>
<b>Latin America</b>	<b>228 236</b>	<b>284 865</b>	<b>326 869</b>	<b>351 383</b>	<b>368 328</b>	<b>377 118</b>	<b>392 496</b>	<b>414 783</b>	<b>410 344</b>	<b>23.2</b>	<b>11.0</b>	<b>3.8</b>	5.7	-1.1
<b>Oil-exporting countries</b>	<b>96 410</b>	<b>124 531</b>	<b>139 283</b>	<b>151 514</b>	<b>154 704</b>	<b>156 288</b>	<b>160 487</b>	<b>166 646</b>	<b>165 743</b>	25.3	9.5	1.9	3.8	-0.5
Bolivia <sup>7</sup>	2 340	2 653	2 803	3 176	3 208	3 294	3 536	4 162	3 993	15.8	6.1	3.7	17.7	-4.1
Ecuador	4 167	5 272	5 365	7 381	7 596	8 111	9 077	10 267	11 034	25.3	12.4	7.2	13.1	1.5
Mexico	50 700	74 900	87 600	93 800	96 700	97 800	100 500	102 400	100 400	30.8	12.0	2.3	1.9	-2.0
Peru	9 595	9 606	11 465	12 445	13 338	13 721	14 477	15 373	16 493	1.0	14.0	5.2	6.2	7.3
Venezuela* <sup>1</sup>	29 608	32 100	32 050	34 712	33 862	33 362	32 897	34 444	33 823	27.5	2.0	-1.8	4.7	-1.8
<b>Non-oil-exporting countries</b>	<b>131 826</b>	<b>160 334</b>	<b>187 586</b>	<b>199 869</b>	<b>213 624</b>	<b>220 830</b>	<b>232 009</b>	<b>248 137</b>	<b>244 601</b>	<b>21.7</b>	<b>12.2</b>	<b>5.1</b>	7.0	-1.4
Argentina	27 162	35 671	43 634	45 069	46 903	49 326	51 422	54 700	57 000	42.1	12.8	4.5	6.4	4.2
Brazil <sup>e</sup>	70 565	80 373	91 922	97 484	104 926	105 126	111 045	121 174	114 941	14.4	10.4	4.5	9.1	-5.1
Colombia	6 805	8 518	10 269	11 458	12 350	14 063	14 987	15 663	16 454	28.0	16.1	9.4	4.5	5.1
Costa Rica	2 209	2 687	3 188	3 532	3 752	3 742	3 922	4 194	4 100	13.3	14.7	3.6	6.9	-2.2
Chile	11 207	15 591	17 159	18 037	19 659	20 403	20 716	20 660	18 971	30.7	7.6	4.8	-0.3	-8.2
El Salvador	1 176	1 608	1 710	1 890	1 949	1 980	1 928	1 880	1 862	19.1	8.4	0.7	-1.5	-1.0
Guatemala	1 053	1 385	1 839	2 156	2 495	2 694	2 674	2 700	2 647	19.3	25.0	7.7	1.0	-2.0
Haiti <sup>e</sup>	290	372	410	551	607	600	697	741	785	21.1	22.3	8.4	6.3	5.9
Honduras	1 388	1 588	1 986	2 162	2 392	2 794	3 018	3 105	3 045	17.8	17.0	11.8	2.9	-1.9
Nicaragua <sup>e</sup>	1 825	2 566	3 139	3 788	4 362	4 936	5 760	6 270	7 220	27.4	21.3	15.0	8.9	15.2
Panama <sup>1</sup>	2 974	3 366	3 923	4 388	4 368	4 774	4 935	5 324	5 400	1.5	38.2	4.1	7.9	1.4
Paraguay	861	948	1 203	1 469	1 654	1 772	1 855	2 043	2 002	12.4	24.4	8.1	10.1	-2.0
Dominican Republic	2 173	2 549	2 966	3 313	3 536	3 720	3 812	3 795	3 844	24.4	14.0	4.8	-0.4	1.3
Uruguay	2 138	3 112	4 238	4 572	4 671	4 900	5 238	5 888	6 330	36.1	22.0	4.7	12.4	1.5

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Includes debt owed to the International Monetary Fund.  
international financial agencies.

<sup>b</sup> Preliminary figures,  
\* Up to 1984, corresponds to World Bank data.

<sup>c</sup> Public debt.

<sup>1</sup> Total debt according to official figures and data from

<sup>1</sup> World Bank figures

**Table 30**  
**LATIN AMERICA AND THE CARIBBEAN: NET DISBURSEMENTS AND TRANSFERS**  
**BY INTERNATIONAL AGENCIES**  
*(Billions of dollars)*

	1982	1983	1984	1985	1986	1987	1988
<b>Net disbursements (1)</b>							
<b>International Monetary</b>							
<b>Fund</b>	1.2	5.7	33	15	0.2	-0.5	0.5
<b>World Bank</b>	14	17	2.1	19	2.7	1.6	1.5
<b>Inter-American Development Bank</b>	1.2	1.3	1.9	1.6	1.5	1.0	1.2
<b>Interest paid (2)</b>							
<b>International Monetary</b>							
<b>Fund</b>	0.1	0.3	0.6	0.9	0.9	0.8	1.1
<b>World Bank</b>	0.8	0.9	1.0	1.1	1.9	2.1	2.3
<b>Inter-American Development Bank</b>	0.5	0.6	0.7	0.7	1.0	1.1	1.3
<b>Net transfer (1-2)</b>							
<b>International Monetary</b>							
<b>Fund</b>	1.1	5.4	2.7	0.6	-0.7	-1.3	-0.6
<b>World Bank</b>	0.6	0.8	1.1	0.8	0.8	-0.5	-0.8
<b>Inter-American Development Bank</b>	0.7	0.7	1.2	0.9	0.5	-0.1	-0.1

Source: ECLAC, on the basis of official figures.

Table 31  
**LATIN AMERICA: RATIO OF TOTAL INTEREST TO  
EXPORTS OF GOODS AND SERVICES<sup>8</sup>**  
*(Percentages)*

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>b</sup>
Latin America <sup>c</sup>	20.4	28.0	41.0	36.2	35.8	35.7	36.0	29.9	28.9
Oil-exporting countries	16.8	22.5	35.6	31.4	33.8	32.1	34.8	28.0	29.9
Bolivia	25.0	34.5	43.4	39.8	49.8	46.8	42.1	43.9	40.8
Ecuador	18.3	22.8	30.3	27.4	30.7	25.5	30.0	32.8	33.2
Mexico	23.3	29.0	47.3	37.5	39.1	36.9	38.2	29.8	30.6
Peru <sup>d</sup>	18.4	24.1	25.1	29.8	33.2	27.9	26.2	21.9	21.1
Venezuela	8.1	12.7	21.0	21.6	24.1	25.3	31.2	23.7	29.8
Non-oil-exporting countries	23.9	33.8	46.8	41.0	39.1	38.7	36.5	31.3	28.2
Argentina	22.0	35.5	53.6	58.4	57.6	51.1	51.0	50.9	42.2
Brazil	34.1	40.4	57.1	43.5	39.6	40.0	41.4	33.1	29.3
Colombia	11.8	21.9	25.9	26.7	22.8	28.9	20.2	21.9	21.9
Costa Rica	18.0	28.0	36.1	33.1	26.6	24.9	21.8	21.1	20.5
Chile	19.3	38.8	49.5	38.9	48.0	43.5	37.9	26.4	21.8
El Salvador	5.9	7.8	11.9	12.2	12.3	11.1	12.4	13.6	12.0
Guatemala	5.3	7.6	7.8	8.7	12.3	14.9	17.4	13.6	12.7
Haiti	2.1	2.7	2.4	2.4	5.2	5.4	5.2	6.3	8.0
Honduras	10.6	14.4	22.4	16.4	15.9	16.1	15.4	16.6	19.6
Nicaragua	24.3	37.4	41.8	44.8	56.1	72.0	83.5	63.8	64.6
Paraguay	13.4	14.8	13.5	14.3	8.8	9.9	18.5	9.2	8.4
Dominican Republic	19.9	19.1	22.7	24.5	18.1	18.7	18.9	18.7	18.7
Uruguay	11.0	12.9	22.4	24.8	34.8	34.2	24.8	24.7	23.8

**Source:** 1978-1987 : ECIAC, on the basis of data from the International Monetary Fund; 1988: ECIAC, on the basis of official figures.

<sup>a</sup> Includes interest payments actually made and interest due but not paid. Services do not include factor services.

<sup>b</sup> Preliminary figures. <sup>c</sup> Does not include Panama. <sup>d</sup> From 1984 onward, the figures do not include accumulated interest on overdue interest payments.

Table 32  
LATIN AMERICA: RATIO OF TOTAL DISBURSED EXTERNAL DEBT  
TO EXPORTS OF GOODS AND SERVICES  
(Percentages)

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Latin America	212	245	317	343	323	344	411	386	333
Oil-exporting countries	186	216	271	302	285	306	416	367	351
Bolivia	227	264	308	370	392	457	530	697	595
Ecuador	145	181	201	279	262	246	350	419	419
Mexico	216	259	335	345	321	354	460	372	345
Peru	207	239	281	334	349	362	430	427	447
Venezuela	148	153	183	219	203	214	326	305	302
Non-oil-exporting countries	237	275	362	383	359	377	408	400	322
Argentina	275	329	475	485	488	491	610	673	508
Brazil	323	315	418	413	389	379	457	431	318
Colombia	128	199	232	303	239	314	230	245	249
Costa Rica	184	229	286	312	294	306	281	289	253
Chile	188	311	370	390	438	457	405	328	230
El Salvador	97	174	208	216	218	219	188	209	204
Guatemala	61	96	144	184	203	232	229	237	210
Haiti <sup>b</sup>	95	155	152	191	190	178	239	240	272
Honduras	147	180	259	270	282	309	299	316	299
Nicaragua	369	464	702	804	1013	1405	1959	1912	3046
Panama	88	91	110	149	148	145	133	142	155
Paraguay	152	171	195	317	237	220	234	158	144
Dominican Republic	171	168	260	267	258	281	270	260	220
Uruguay	140	183	276	324	362	392	349	379	359

Source: ECIAC, on the basis of official figures and data from the International Monetary Fund.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Ratio of external public debt to exports of goods and services.

**Table 33**  
**LATIN AMERICA: RATIO OF TOTAL EXTERNAL DEBT**  
**TO GROSS DOMESTIC PRODUCT<sup>a</sup>**  
*(Percentages)*

	1980-1981	1982-1983	1984-1986	1987-1988 <sup>1</sup>
<b>Latin America</b>	<b>30</b>	<b>50</b>	<b>57</b>	<b>54</b>
<b>Oil-exporting countries</b>	31	56	63	67
<b>Bolivia</b>	61	101	102	100
<b>Ecuador</b>	38	54	71	100
<b>Mexico</b>	25	58	63	65
<b>Peru</b>	43	52	62	58
<b>Venezuela</b>	49	51	60	72
<b>Non-oil-exporting countries</b>	29	47	54	48
<b>Argentina</b>	25	68	67	68
<b>Brazil</b>	29	39	44	37
<b>Colombia</b>	22	29	39	38
<b>Costa Rica</b>	74	124	94	89
<b>Chile</b>	47	83	119	98
<b>El Salvador</b>	40	50	48	38
<b>Guatemala</b>	15	23	36	36
<b>Haiti</b>	35	46	44	58
<b>Honduras</b>	55	69	75	73
<b>Nicaragua</b>	96	134	208	300
<b>Panama</b>	85	96	%	105
<b>Paraguay</b>	20	25	42	46
<b>Dominican Republic</b>	43	58	83	80
<b>Uruguay</b>	24	59	88	78

Source: ECLAC, on the basis of official figures and data from the International Monetary Fund.

<sup>a</sup> Dollar estimates of gross domestic product were arrived at on the basis of GDP data expressed in local currency and the exchange rate applying to exports of goods and services. Preliminary estimates.

Table 34  
**LATIN AMERICA: RESCHEDULING OF EXTERNAL DEBT  
 WITH PRIVATE BANKS<sup>a</sup>**  
*(Millions of dollars)*

	Third round 1984/1985			Fourth round 1986/1988		
	Maturities rescheduled		Fresh credits <sup>0</sup>	Maturities rescheduled <sup>1*</sup>		Fresh credits <sup>0</sup>
	Amount	Years	Amount	Amount	Years	Amount
Argentina	16 500	82-85	3 700	29 500	86-90	1 550
Brazil	16 300	85-86	-	62 100	87-93	5 200
Bolivia				<b>-d</b>	-	-
Costa Rica	440	85-86	75			
Cuba	82	85	-			
Chile	5 700	85-87	714; 371 <sup>e</sup>	12 490	88-91	<b>-f</b>
Ecuador	4 800	85-89	-			
Honduras	220	85-86	-			
Mexico	48 700	85-90	-	43 700 <sup>g</sup>	85-90	6 000 <sup>h</sup> ; 1 700*
Panama	603	85-86	60			
Dominican Republic	790	82-85	-			
Uruguay	1 700	85-89	45 <sup>j</sup>	1 780	86-91	-
Venezuela	21 200	83-88	-	26 450	86-88	-

Source: ECLAC, on the basis of official figures and data from various national and international sources.

<sup>a</sup> For each round, the first column refers to the amount of amortization reprogrammed, the second to the period over which these amortization payments were rescheduled, and the third to additional credits granted by private banks as an integral part of the debt restructuring arrangements. The table does not provide information about the maintenance of lines of short-term credit or bridging credits authorized by the United States Treasury Department, the Bank for International Settlements, etc. Previously rescheduled maturities and involuntary loans from earlier rounds are incorporated in the data in almost all cases. <sup>c</sup> Medium- and long-term credits. <sup>d</sup> In March 1988 Bolivia announced a buy-back of US\$334 million of bank debt at an 89% discount. In addition, creditors also forgave US\$150 million of interest and penalties on overdue payments which began to accumulate in 1984. <sup>e</sup> These figures correspond to 1985 and 1986, respectively, and include US\$150 million guaranteed by the World Bank under a co-financing agreement. A retiming arrangement as from 1 January 1988 was agreed upon which will save the country an estimated US\$450 million in 1988. <sup>f</sup> A preliminary agreement was also reached concerning the restructuring of US\$11 200 million of private-sector debt which had previously been refinanced under the FICORCA (exchange risk coverage trust fund) mechanism. <sup>g</sup> The financing package included US\$750 million guaranteed by the World Bank in the form of a co-financing arrangement with international banks. <sup>h</sup> A standby credit granted by private banks. <sup>i</sup> A voluntary loan, but one which forms part of a co-financing arrangement with the World Bank.

Table 35

**LATIN AMERICA: TERMS OF RESCHEDULINGS OF EXTERNAL DEBT  
OWED TO PRIVATE BANKS<sup>a</sup>**

	Third round 1984/1985			Fourth round 1986/1988		
	Spread over LIBOR (%)	Period (years)	Commis- sions <sup>b</sup>	Spread over LIBOR (%)	Period (years)	Commis- sions <sup>b</sup>
Argentina	1.44	11.5	0.15	0.81	17.6	
Brazil	1.13	12.0		0.81	19.3	
Costa Rica	1.66	9.4	1.00			
Cuba	1.50	10.0	0.38			
Chile	1.42	12.0	0.08	0.81	15.0	
Ecuador	1.38	12.0				
Honduras	1.58	11.0	0.88			
Mexico	1.13	14.0		0.81	19.0	
Panama	1.40	11.7	0.05			
Dominican Republic	1.38	13.0				
Uruguay	1.38	12.0		0.88	17.0	
Venezuela	1.13	12.5		0.88	14.0	

**Source:** ECLAC, on the basis of official figures from the countries and data from various national and international sources.

<sup>a</sup> Each column refers to the terms agreed upon with private banks for rescheduled maturities and/or fresh credits. In cases where the country negotiated both a rescheduling of maturities and new loans, the figure represents a weighted average of the two. Calculated as a percentage of the total amount involved in the transaction and paid once only upon the signing of the loan contracts.

<sup>b</sup> No commissions were charged on the rescheduled debt. With respect to new loans, the banks were to be paid a fee of 0.38% if the process of granting the loans was completed before 17 June 1987.

<sup>c</sup> No commissions were charged on the rescheduled debt. With respect to new loans, the banks were to be paid a fee of 0.38% if the process of granting the loans was completed before 5 August 1988 and a fee of 0.13% if the process was completed before 3 September.

Table 36  
 LATIN AMERICA AND THE CARIBBEAN: PRICES ON SECONDARY  
 MARKETS OF EXTERNAL DEBT PAPER  
 (As a percentage of face value)

	1985		1986			1987			1988		
	July	January	June	June	January	June	July	January	June	July	
Argentina	60	62	63	62	62	58	35	36	27	21	
Bolivia			7			11		11	11	10	
Brazil	75	75	73	74	<b>74</b>	61	45	45	53	40	
Costa Rica				40				15	11	11	
Chile	65	65	64	65	65	68	60	56	59	55	
Colombia	81	82	80			85	67	65	62	57	
Ecuador	65	68	63	63	63	51	34	32	26	13	
Honduras								22	22	22	
Jamaica								33	27	40	
Mexico		69	55	54	54	57	51	53	53	44	
Nicaragua								3	2	2	
Panama								39	24	21	
Peru	45	25	17	16	16	14	7	6	6	5	
Dominican Republic								23	20	21	
Uruguay			64					59	60	59	
Venezuela	81	<b>80</b>	75	<b>72</b>	<b>72</b>	<u>71</u>	49	55	56	40	

Source: International Financial Review, various issues, and LIBRA Bank.



## X. THE TRANSFER OF RESOURCES AND INFLATION

The reversal of the direction of resource transfers and the strong impact this had on both internal and external adjustment processes were the main —although certainly not the only— reasons for the unfavourable economic trends seen in Latin America during the period 1982-1988. With the outbreak of the crisis, the region ceased to be a net importer of resources as befits a region of developing countries, and instead became a net exporter. Moreover, the magnitude of this turnaround was striking: whereas the inflow of resources to the region prior to the crisis had amounted to around 2% of its gross product, between 1982 and 1988 the outflow of resources from the region was equivalent to about 4% of the product.

The problem posed by this outflow of foreign exchange was particularly serious because the region had not invested enough of the resources it had borrowed before the crisis in export sectors or import-substitution activities. On the contrary, a significant portion of those resources were used in a way which contributed to the increase in consumption and to capital flight, and an appreciable part of the remainder was invested in what proved to be unprofitable projects. As a result, the present transfer of resources hangs like a dead weight on the region and might be compared to the payment of war reparations (in point of fact, the amount of resources involved is greater than the reparations which Germany had to pay after the First World War).

Furthermore, as explained earlier, once the debt crisis had begun there was little possibility of carrying out a non-recessionary adjustment process based on increased exports and import substitution. Owing to the advanced stage to which import-substitution processes had been carried and to the anti-export bias of the incentives offered, exports represented only a small percentage of the product and the countries' capacity to expand them was quite

limited. Indeed, at the start of the crisis the region's exports totalled only 15% of the product and its exports of manufactures (the category in which a rapid increase was the most feasible) represented only 4%, while the least essential category of imports (consumer goods) was equivalent to less than 2% of the product. Consequently, the region had very little capacity for an expansionary adjustment; in fact, its capacity in this respect was slightly smaller in magnitude than the turnaround in resource transfers which actually occurred. It is therefore not surprising that the bulk of the adjustment took the form of a reduction in the region's imports of necessary intermediate inputs and machinery (whose volume fell by about 40%). This not only set the scene for a recessionary adjustment (which was reflected in the fact that the per capita product in 1988 was 7.5% lower than in 1980) but also jeopardized the region's future growth.

In addition to hindering growth, the turnaround in net resource flows was one of the factors which fueled the runaway inflation seen by the region in the 1980s, since, in addition to the costs involved in raising the trade surplus in order to finance the outward transfer of resources, the countries also had to finance an internal transfer of funds from the private to the public sector.

This second type of resource transfer has been made necessary by the fact that around 80% of the present external debt has been underwritten or guaranteed by the State, whether because it was originally contracted by a public body, because since 1982 only the government has been able to borrow on international markets, or because during the successive rounds of debt negotiations the international banks have pressured governments to provide retroactive guarantees for a large part of the private sector's previously unguaranteed debt. Hence, somewhat over 4%

Figure 16

LATIN AMERICA: PRIMARY BALANCE OF CONSOLIDATED NON-FINANCIAL PUBLIC SECTOR, INFLATION TAX AND INTEREST ON THE EXTERNAL PUBLIC DEBT IN SELECTED COUNTRIES

(Coefficients in terms of GDP)

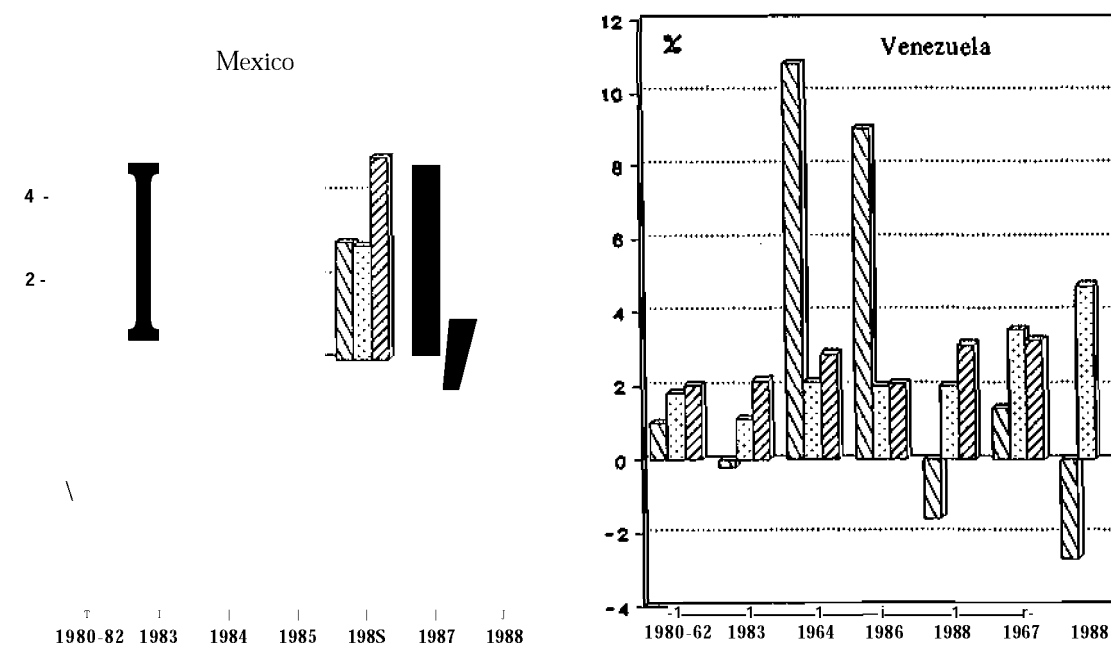
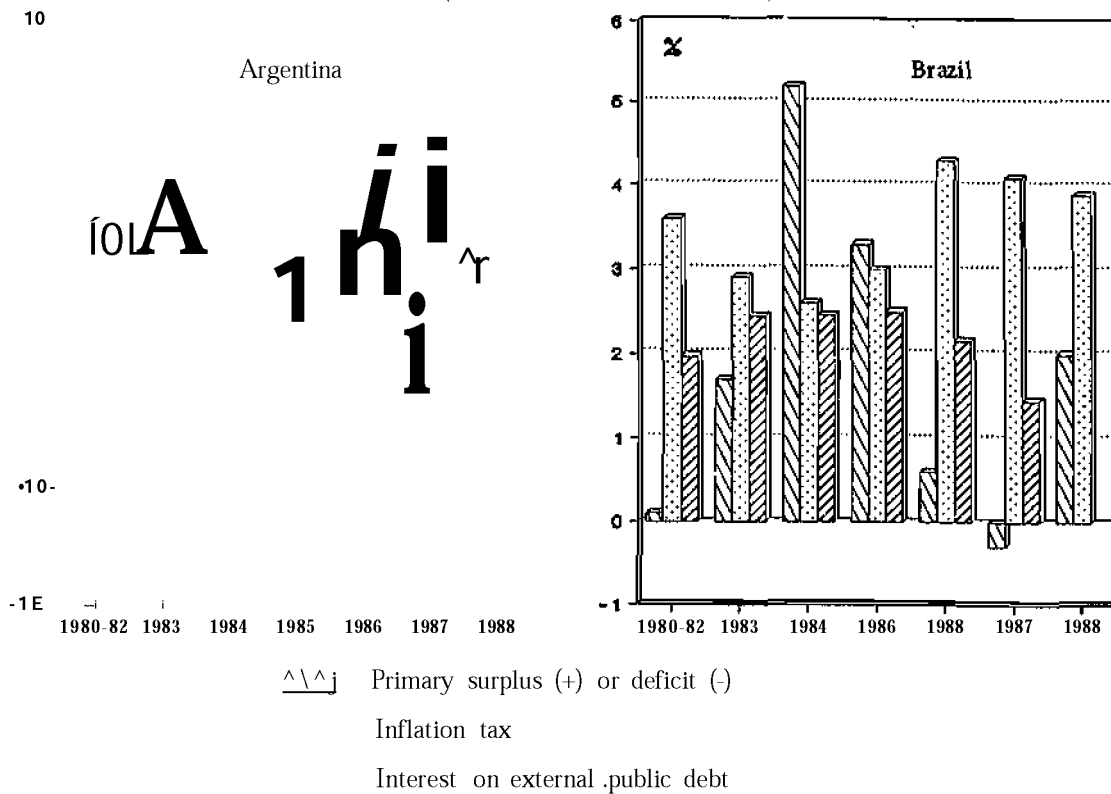
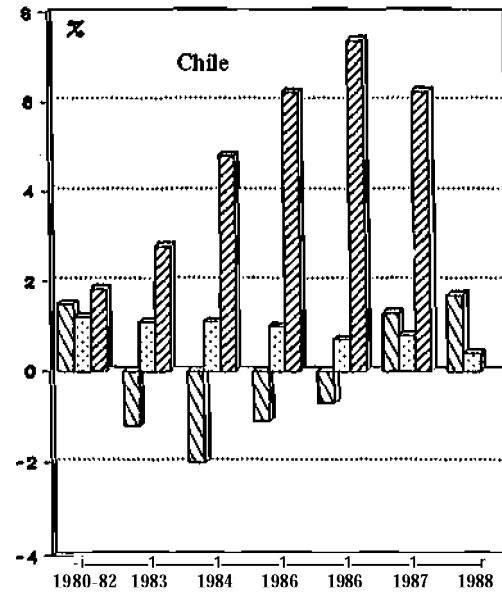
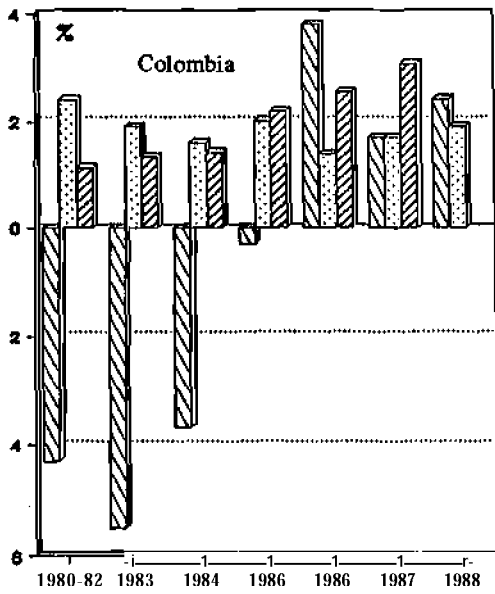


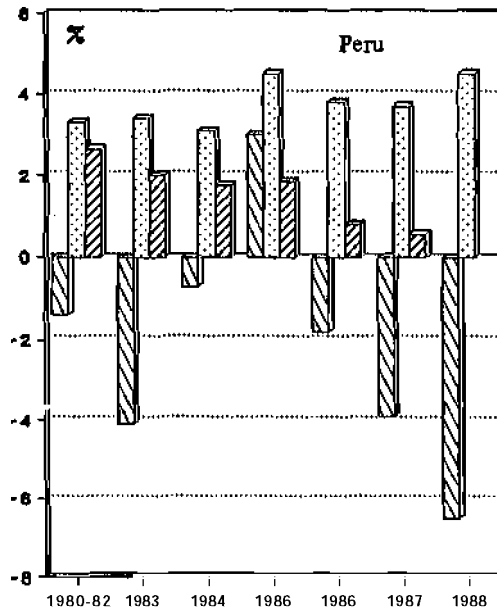
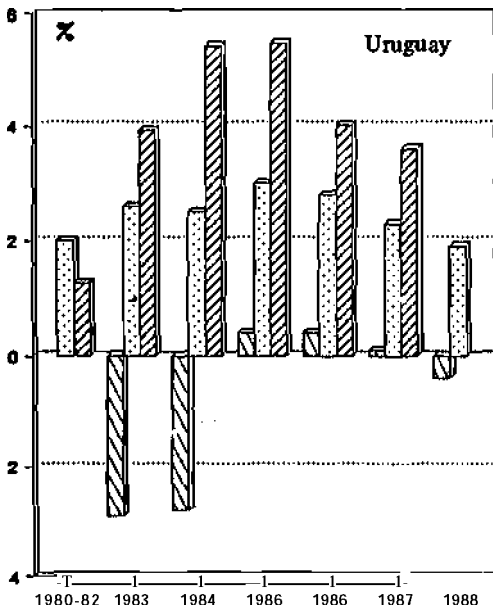
Figure 16 (concluded)



$yVV$  Primary surplus (+) or deficit (-)

Inflation tax

$y$  Interest on external public debt



Source: Primary balance and inflation tax: Marcelo Selowsky, *Preconditions Necessary for the Recovery of Latin America's Growth*, June 1989; Interest on the external public debt: World Bank, *World Debt Tables 1988-1989*.

of the 6% change (in terms of GDP) in external resource transfers has been borne by the public sector.

The reversal of the direction of public sector resource transfers represents between 20% and 30% of government income in most countries, and this, in combination with the fact that the tax base (whose size depends on the pace of economic activity) has either grown very little or actually shrunk, is why it has been so difficult to obtain these resources by means of a real fiscal adjustment, i.e., by spending less (at the expense of investment, wages, public employment or subsidies for the private sector) or earning more (by raising taxes or the rates charged for public services). Thus, in order to make a net transfer of resources out of their countries, many governments have had to resort to greater domestic borrowing or to increased money issue.

In countries where the public sector owns the main export industries (Bolivia, Chile, Ecuador, Mexico and Venezuela), there is a direct connection between the economy's capacity to sustain a transfer of resources out of the country and the public sector's finance capacity. When the value of such countries' exports falls, both their external imbalance and their fiscal deficit will tend to increase. This situation simultaneously generates recessionary effects and inflationary pressures (as a consequence of the public sector's additional financing requirements), unless the State can procure an internal transfer of resources equivalent to the shortfall created by its foreign-exchange deficit. On the other hand, when the value of the exports produced by State enterprises rises, both the trade balance and fiscal accounts will tend to improve as a direct consequence of this increase, thereby permitting faster growth and lower inflation.

The situation is structurally different in countries such as Argentina, Brazil, Paraguay, Uruguay and the Central American nations, whose main exports come from the private sector. In these countries, an improved export performance will naturally strengthen the balance of payments. However, since the additional foreign exchange is being received by the private sector, these higher export

earnings will not necessarily lead to any appreciable improvement in fiscal accounts. Instead, the public sector may continue to show a deficit, largely as a function of the service on the external debt, while the private sector will have a surplus. Unless the State has some means of obtaining a considerable share of exporters' additional earnings, it will have to acquire the foreign exchange it needs within the country. If the cost of doing so is not transferred to the community as a whole, the State will not be able to make an internal transfer of real resources equivalent to its external transfer, which is the only way it would be able to make the necessary external transfer of resources without resorting to domestic borrowing or to inflationary forms of financing.

In point of fact, since the onset of the debt crisis most of the countries in the region have made a major effort to adjust their fiscal accounts. This has mainly been reflected in changes in their primary deficits (a concept which excludes interest payments). The most notable and, thus far, sustained adjustments have reversed the trend in the primary balance in Mexico since 1983, in Bolivia in 1985 and in Colombia in 1986. Chile has achieved a steady and significant improvement in its primary fiscal balance since 1985, and Uruguay was doing the same until 1987. On the other hand, attempts to sustain such adjustments have been unsuccessful in Brazil and Peru since 1985, in Venezuela since 1986 and in Argentina in 1987 (see figure 16).

It should be pointed out that the possibility of maintaining a real fiscal adjustment is determined not only by the willingness of the government to do so, but also by the degree to which such an adjustment is accepted by the society in question. In a number of cases, fiscal adjustments have been based on steep reductions in wages and public investment, and may therefore prove to be short-lived unless the authorities manage to distribute the costs of the adjustment more evenly by means of a structurally more viable—and hence more sustainable—form of financing, such as a tax increase.

Those countries whose national capital markets are relatively more developed (e.g.,

The increase in the public sector's interest payments has raised public expenditure by several percentage points; in some countries (e.g., Argentina and Chile) the rise amounted to up to five points of the GDP during the worst part of the crisis.

Argentina, Brazil, Chile and Mexico) have been able to finance much of their public deficit through domestic borrowing (at least in the early stages), especially in those cases where the initial level of domestic debt was low.

Nevertheless, financing a large amount of the public sector deficit through domestic borrowing is a process which can be carried only so far. As the domestic public debt mounts, an upward trend will generally be seen in the domestic interest rate, which is often being pushed up by increases in international rates and by the need to prevent or limit capital flight as well, and all of this adds to the burden involved in servicing this debt. Moreover, the need to obtain additional net resources in order to finance the primary deficit or to service the external debt makes it necessary to speed up the growth rate of the domestic debt. This is why it has become increasingly difficult to place public securities in most of the countries—except at very high real interest rates, which tend to increase the deficit, as has occurred in Mexico, or at very short terms, as has been done in Argentina and especially in Brazil. In Brazil, where these terms have been shortened to just 24 hours, such securities have become increasingly close substitutes for money, and therefore have a similar effect on inflation.

The inadequacy of fiscal adjustments and net domestic borrowing as means of coping with the mounting burden which an outward transfer of resources places on the public sector has sooner or later obliged the treasury authorities in almost all the countries of the region to rely to some degree on money issues as a means of covering the Treasury's financial requirements and thereby acquiring the resources from the private sector that they need to finance this outward transfer. However, in almost all cases issues have far outstripped the expansion of the monetary base, which is what provides the Treasury with real resources by meeting the increased demand for money and, consequently, does not generate significant inflationary pressure. This excess of money issues has created an implicit "inflation tax" on money holdings. Indeed, it is estimated that at some points during the crisis

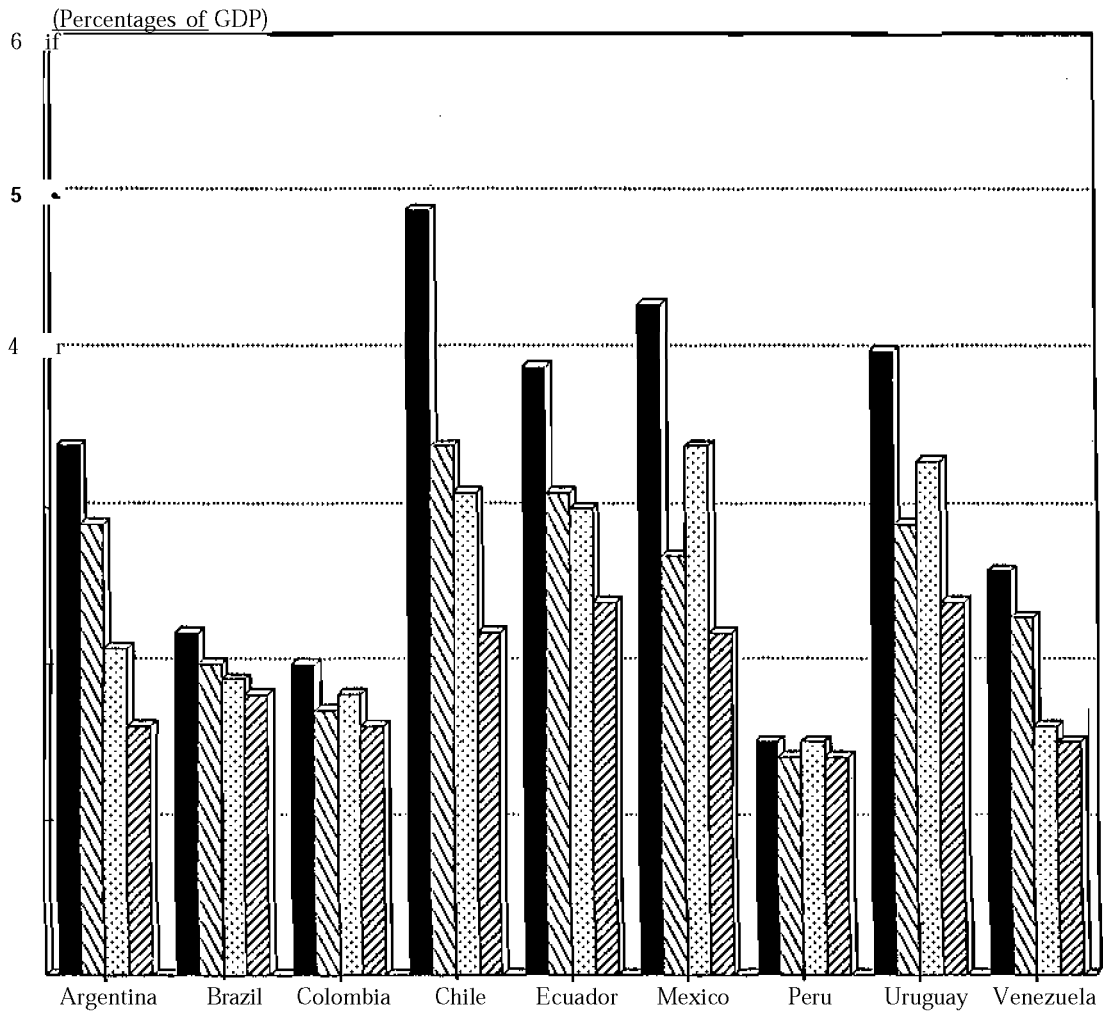
this form of taxation has typically represented between 2% and 4% of the product in many countries of the region. Due to the duration and rapid rate of inflation in these countries, the monetary base was quite small even before the crisis (between 5% and 10% of the GDP). Under such conditions, an issue equivalent to several points of the product inevitably causes inflation to soar. Nonetheless, the "inflation tax" has a limit, since as inflation rises, the demand for money shrinks. Therefore, if the supply of real resources is insufficient to finance the public sector's external transfer, increased issues will fuel inflation but at the same time will reduce the size of the "inflation tax". This will lead to arrears in debt servicing and will push the economy in the direction of hyperinflation. This brief outline of a process which has frequently been observed in the region during the present crisis demonstrates how the inability to carry out a domestic transfer eventually makes an external transfer impossible as well.

Moreover, the cost to the public sector of the outward transfer of resources has risen, since, as a result of the crisis, it has had to assume responsibility for a large part of the private external debt which was originally contracted without a government guarantee. The extent of the additional fiscal adjustment which has had to be made as a consequence of the State's assumption of responsibility for the private debt has depended on various factors, including the financial standing of the banks in question and of the private firms whose debt it has guaranteed, the domestic liabilities of the private sector entities whose debt has been converted, and the size of the preferential exchange subsidy granted for its servicing. In the worst-case scenario, this could have required a fiscal adjustment of an additional 40% in Argentina, Chile and Venezuela and 20% in Ecuador, Mexico and Uruguay (see figure 17 and the methodological annex).

Furthermore, the real devaluation required in order to make this external adjustment has necessarily increased the proportion of public expenditure absorbed by interest payments on the external debt, since a devaluation raises the

The worst or most extreme case would be one in which the public sector has assumed the private sector debt without any private counterpart funds whatsoever. Obviously, the burden on the public treasury is lighter if the private sector is under an obligation to service at least part of its own debt even though the government may be the ultimate guarantor.

**Figure 17**  
**LATIN AMERICA: ACTUAL INTEREST PAYMENTS ON EXTERNAL PUBLIC DEBT**  
**AND HYPOTHETICAL PAYMENTS AT CONSTANT REAL EXCHANGE RATE**  
**AND WITHOUT ABSORPTION OF PRIVATE DEBT (1982-1987)**



Interest paid

Hypothesis: Constant real exchange rate

Hypothesis: No absorption of private debt

Ws 2j Both hypotheses

Source: ECLAC, on the basis of official figures.

cost of any outflow of foreign exchange by an amount greater than domestic inflation. Indeed, as shown in figure 17, if real devaluations had not been necessary, the fiscal adjustment required in order to meet external interest payments would have been around 30% less (in terms of the local currency) in Chile, Mexico and Uruguay; more than 20% less in Argentina and Ecuador; and about 10% less in Brazil, Colombia, Peru and Venezuela.

Countries in which the public sector has had a sufficiently large trade surplus (Bolivia, Chile, Ecuador, Mexico and Venezuela) have been able to offset the devaluation's effect on their interest payments to some extent since, as noted above, in these countries the State owns the main export activities and is therefore the direct recipient of these sectors' increased earnings. However, as was also discussed earlier, the problem of how to accomplish an internal transfer of resources to the public sector is much more difficult in countries where the public sector normally shows a trade deficit. This has been the case in Argentina, Brazil, Uruguay and the Central American countries, where the immediate net effect of real devaluations has been to increase the public deficit. Indeed, by causing the relative price of tradeable goods to rise, the crisis has had an adverse impact on all non-tradeable goods and services production activities, one of whose main components is government services.

Clearly, the outward transfer of resources exacerbates fiscal problems and tends to lead to inflationary forms of financing, particularly when these problems arise out of difficulties in carrying out the necessary internal transfer which is its counterpart. Nevertheless, the possibility of eliminating fiscal imbalances is not determined solely by the size of the outward resource transfer, as is attested to by the differing experiences of the region's countries during the crisis. Among those nations in which the State is the main exporter, Chile (where taxation represents a significant percentage of the product) is an example of a country whose public sector has been making a large outward

transfer of resources—equivalent to almost 5% of the gross domestic product—without using inflationary financing to any significant degree. Mexico, which has been subject to a somewhat lighter burden in this respect, succeeded in sharply reducing its inflation in 1988 thanks to a considerable fiscal adjustment. In Venezuela, the increase in fiscally-generated inflationary pressures matched the rise in the interest on the external public debt. In contrast, Peru's rate of inflation soared even though it has placed a limit on its external debt payments, partly as a consequence of the huge drop in tax receipts.

Among those countries in which the treasury must find a way of acquiring part of the private sector's surplus in order to cover its financial needs, Colombia and, to a lesser extent, Uruguay were able to cope with their public external debt burden (which was equivalent to about 2% of the product in the former case and around 4% in the latter) and, at the same time, succeeded in holding inflationary pressures down to a manageable level. In Argentina, the burden represented by the interest on the external public debt (approximately 4% of the product) was mirrored in inflationary pressures of an equivalent magnitude. Brazil, on the other hand, where the amount of interest to be paid on the public sector's external debt is not large in relative terms (slightly over 2% of the GDP), experienced runaway inflation. The above examples illustrate the fact that an external transfer of resources, even though it does tend to generate inflationary pressures, does not completely neutralize economic policy as a means of controlling inflation, although it is true that economic policy options become more and more restricted as the need to make an internal transfer from the private sector to the treasury becomes greater.

In summary, the problems involved in making these external and internal resource transfers have not only added to the costs of the adjustment process, but have also led to increased instability. Although the situation in each country has varied since the onset of the

However, the extent of the impact which changes in relative prices have on fiscal accounts in countries where the public sector suffers from a foreign-exchange deficit varies markedly from one country to another. In those cases where the sector which benefits from a real devaluation is heavily taxed, some of its increased earnings will go to the State, and the internal transfer may therefore be much less of a problem. On the other hand, in those countries where the sector benefitting from the devaluation is generally lightly taxed (usually because it is a widely scattered activity), this transfer of resources poses serious difficulties, since only a small part of the increase in income will be received by the government.

crisis, the economic performance of the region has nonetheless been characterized by an inability to achieve economic growth, an external equilibrium and price stability simultaneously. At the same time, the countries' attempts to pursue these basic macroeconomic objectives sequentially has often meant that progress has been made towards one objective only at the expense of another; as a result, these advances have tended to be inconsistent or very short-lived. Thus, inflation (fueled by large devaluations) or stagnation (due to an import squeeze) have often been the price paid for correcting external disequilibria; recession, a drop in investment or a deterioration of income distribution (caused by policies that overly constrict demand) have been the price paid for reducing inflation; and an external maladjustment, the price paid for economic recovery. The cumulative effect of these swings in policy has been a magnification of economic cycles in the region and a slowdown in investment, which in turn have prevented the countries from attaining a sound form of sustained growth.

The above situation is what has given rise to the idea of turning the countries' priorities around. Debt servicing could be made subject to the possibility of a non-inflationary internal resource transfer (i.e., upon a sustainable and feasible real fiscal adjustment) as well as to an

acceptable level and form of economic growth. This would prevent minimum domestic goals from being sacrificed merely so that an external balance could be attained at almost any cost, and the transfer of resources would thus become an adjustment variable rather than being the paramount requirement to which all other goals are subordinated. Precisely because the resource transfer has such a strong impact on exports, investment and public expenditure, a significant reduction in this transfer would provide the countries with the breathing space they need to achieve equitable growth and stability simultaneously.

Of course, in order to maintain that leeway and use it to best advantage, the countries would need to embark upon a restructuring of their domestic economies (or, in those countries where such a process has been begun, to carry it further). Without a real fiscal adjustment, basic macroeconomic balances cannot be restored; without a restructuring of production, the chronic foreign-exchange shortage cannot be overcome. Hence, a significant decrease in the outward transfer of resources is a prerequisite, albeit not the only one, for the recommencement of a sustained, stable and equitable development process. In order to achieve these objectives, an internal structural adjustment is an essential counterpart to a reduction in resource transfers.



## XI. ECONOMIC TRENDS IN THE CARIBBEAN IN 1988

### 1. Structural characteristics and main trends

#### a) *Structural characteristics*

This chapter deals with the English-speaking countries of the Caribbean subregion. In general, these countries have island economies of relatively small dimensions, whether considered in terms of surface area, population or gross domestic product. Their historical links with the metropolitan countries which colonized them have left them with a variety of languages, ethnic types and independent political systems, as well as with no fewer than eight different currencies and parities with the United States dollar, which is the currency they use in their trade with one another. They depend heavily on imports for their supplies and on exports of commodities and services for their income. Generally speaking, a large part of the government's income comes from indirect taxes on trade in goods and services. Table 37 provides a summary view of some indicators of their structural characteristics.

Typically, the bulk of the Caribbean countries' exports are made up of a few crops (particularly sugar and bananas) and some mining products (including petroleum and petroleum products, bauxite and aluminium). However, exports of manufactured goods have grown somewhat in importance in recent years thanks to a greater degree of industrialization.

The range of products imported by these countries is much more diversified, with capital goods and raw materials accounting for a large share of their total imports.

Most of the countries in the subregion customarily show a considerable deficit on their merchandise trade balance, but this is generally offset by the net income they receive from tourism, other services related to transport and insurance, local expenditures by firms from outside the subregion, private and official transfers and net capital inflows. One significant component of private transfers has been the remittances sent by emigrants, especially from Canada, the United Kingdom and the United States. In the past few years the outflow of profits and interest payments has become very substantial, while the net inflow of capital has decreased, and this has led to external indebtedness and to arrears in debt servicing.

Contrary to the situation in Latin America, inflation has not been a serious problem in the English-speaking Caribbean during the 1980s. This is partly due to the low rates of inflation existing in these countries' main trading partners, to the stability of exchange rates, to domestic price controls and to the application of more restrictive macroeconomic policies.

The member countries of the Organization of Eastern Caribbean States (OECS) have registered high growth rates during the present decade. These are very small countries which retain the basic features of farm economies, but

The expression "English-speaking countries of the Caribbean" refers to the following countries in the subregion for which information is available: Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

<sup>9</sup> Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines.

tourism has been increasing rapidly, and this has given a considerable boost to construction. In contrast, the rest of the member countries of the Caribbean Community and Common Market (CARICOM)<sup>1</sup>, as well as Suriname (which is not a member), have recorded slow growth rates during the 1980s or even sharp reductions in their product (as has been the case in Guyana and Trinidad and Tobago).

b) *The main trends in 1988*

The product of the English-speaking Caribbean economies, when taken as a whole, grew only marginally in 1988. Several of the smaller countries achieved excellent growth rates, but at the subregional level these results were offset by the decline in GDP in Guyana and Trinidad and Tobago and the very low growth rate recorded by Jamaica.

The main factors having an expansionary influence on economic activity during the year were the greater export earnings made possible by higher export prices and the higher level of income from tourism. Tourism and construction made the largest contributions to the product, thereby repeating their 1987 performance, although they exhibited somewhat less buoyancy in 1988. The contribution of agriculture appears to have increased, thanks to greater production in some countries and to generally favourable export prices, but the growth of industry was lower than in 1987.

Prices rose moderately in the subregion and, with the notable exceptions of Guyana and Suriname, inflation therefore continued to be no more than a relatively minor problem, as has been the case throughout the 1980s. Although the pressure exerted on prices by imported inflation was greater, it was still slight, and the aggregate-demand management policies which were applied in a number of countries dampened these increases.

Developments in the external sector also reflected the effects of the structural adjustment programmes currently underway. One outstanding event in 1988 was the widespread reduction seen in the deficit on current account. This was mainly the result of the higher prices brought by many exports,

favourable exchange rate movements and tourism, in addition to the fact that the growth of imports was checked. On the other hand, net capital inflows were not as large as in 1987 and official borrowing had a heavy impact on external accounts. Nonetheless, virtually all the countries ended the year with net increases in their international reserves.

It is estimated that the official external debt of the Caribbean countries as of the end of 1988 was close to US\$9 billion. The debt question has come to be viewed as a high-priority issue, since the ratio of debt to exports of goods and services is now very high in some countries, and interest and amortization payments have risen substantially. Most of the debt is owed by the larger countries, but the share of the debt being shouldered by the smaller ones has been increasing very rapidly during the past three years.

## 2. Specific features

a) *Trends in economic activity*

The average growth rate of the subregion as a whole (only slightly greater than zero) was the net result of widely varying growth rates in the individual countries, which ranged from 12% in the case of Montserrat to -3% or more in Guyana and Trinidad and Tobago (see table 38). Because the countries which had high growth rates account for a relatively small share of the subregion's economic activity, however, the expansion of their economies did no more than offset the declining production trends seen in Guyana and Trinidad and Tobago.

The economies of the OECS member countries grew at rates of between 4% and 8%, except for Montserrat, which registered a 12% increase. This represented a continuation of the trends observed over the past three years, during which each of these countries marked up average annual growth rates of over 4%, with the highest rates occurring in the countries where tourism is the predominant activity (Montserrat and Antigua and Barbuda). The construction sector, much of whose activity is

<sup>1</sup>In addition to the OECS countries, these include the Bahamas, Barbados, Belize, Guyana, Jamaica, and Trinidad and Tobago.

related to tourism, has also expanded sharply. Most of the OECS countries also increased their agricultural output during the year, even though the significance of this sector has been diminishing. In contrast, manufacturing output was relatively stagnant in most of these countries in 1988 despite the industrialization thrust of recent years (see table 39).

Among the larger countries of the subregion, Belize and the Bahamas grew by almost 8% and 5%, respectively, as a result of the significant expansion seen in tourism and construction. Barbados, for its part, recorded an increase of 3.5% in 1988, following one of 2.6% in 1987. Production rose in all the major sectors of its economy, but agriculture, manufacturing, construction and tourism increased the most. Jamaica's real product, which had jumped by more than 5% in 1987, continued to grow at a similar pace until mid-1988, but the damage caused by Hurricane Gilbert when it hit the island in September brought the country's annual growth rate down to just 0.5%.

At the other end of the spectrum, Trinidad and Tobago and Guyana experienced declines in output of 3.4% and 3%, respectively, and this had an adverse impact on other economies in the subregion which depend on the earnings from their exports to these relatively larger markets.

The petroleum-dominated economy of Trinidad and Tobago continued to be affected by the low level of hydrocarbon prices, as well as by a declining rate of oil extraction owing to its dwindling level of reserves (see table 40). This country's efforts to restructure its economy have not progressed far enough to compensate for the contraction of the petroleum sector to any significant degree. In addition, the requirements of the structural adjustment policies which are being implemented and the steady decline occurring in disposable income and investment have also had a strong impact on economic activity. Thus, output fell in all major sectors during 1988. Agriculture, however, expanded thanks to favourable weather conditions, improved productivity and higher export earnings.

In Guyana, production decreased following two years of relative stagnation. This was due to a large number of different causes, including poor weather conditions, shortages of foreign exchange and of industrial inputs, deteriorating

infrastructure, and serious labour disputes in several sectors of the economy.

#### b) *Growth of the main sectors*

Tourism, along with related activities, and construction were the fastest-growing sectors in almost all the Caribbean countries in 1988. Distribution activities and financial services also expanded considerably in some countries. Agricultural production tended to increase in the subregion as a whole, but the national trends in this sector were mixed. Manufacturing output was virtually stagnant, while mining production dropped.

The tourism sector was less buoyant in 1988 than it had been in 1987, however. Reasons for this included the United States stock market crisis of October 1988, fierce competition from other tourist destinations and the impact of Hurricane Gilbert on the 1988 tourist season. Nevertheless, the total number of tourists did increase, although at a slower rate than in 1987. However, the share of this total represented by cruiseship passengers rose substantially, whereas the number of stop-over passengers spending at least one night in the country, who constitute the largest group—and the most important in terms of per capita expenditure—increased only marginally, and actually declined at some destinations. One factor that contributed to the larger number of total visitors was the significant increase in arrivals of European tourists, who were attracted by the relatively lower prices resulting from the devaluation of the dollar *vis-à-vis* European currencies (see table 41).

Income from tourism also rose in almost all the countries, but the Bahamas and Jamaica were significant exceptions in this respect. The larger number of tourists was partly responsible for the rise in earnings, but the main reason was that visitors to most of the main tourist centres stayed for a longer period of time, thereby raising the average length of stay at a number of destinations to more than a week.

Construction activity increased in most of the Caribbean countries, but at a slower pace than in 1987. The continued growth of this sector has been linked to the expansion of tourism during the last few years, as attested to by the recent boom in hotel construction and the renovation and expansion of tourism infrastructure, as well as the spin-off which this

has produced in such areas as catering and entertainment facilities. Virtually all the countries of the Caribbean subregion have shared in this experience, and both public and private expenditure have boosted commercial as well as residential building. However, during 1988 some of the factors which had stimulated growth in this sector showed signs of a slowdown in some countries. These included the lower rate of increase in tourist arrivals, especially from the United States; the completion of some hotel and infrastructure projects; and the slower expansion of economic activity in general.

Although the main export crops brought higher prices, trends in agricultural production were mixed. The output of bananas and other less important crops climbed, but production of sugar and of many other commodities stagnated or decreased.

The level of manufacturing output remained virtually unchanged in 1988 due to the continued lack of sufficient foreign exchange to purchase raw materials and machinery, difficulties in achieving a rapid increase in sales to markets outside the region, and the constraints affecting intra-regional demand. Important factors in this last respect included Trinidad and Tobago's devaluation of its currency in August 1988 and the persistent recession in that country, which is a major intra-regional buyer of manufactured goods.

Mining activity diminished during the year owing to lower hydrocarbon prices and the drop in oil and natural gas production in both Trinidad and Tobago and Barbados (which is a much smaller producer), as well as to decreases in bauxite and alumina production in Guyana and Jamaica. The output of all these major commodities fell during 1988, and the production of petroleum, which is the most important among them, dropped by over 2% (see table 40). In Trinidad and Tobago, the country's dwindling reserves were the cause of the increasingly steep decline in output, but in Barbados the lower level of production was the result of a deliberate policy which is implemented whenever petroleum prices fall below a certain level.

### c) *Prices*

Prices generally rose more sharply in 1988 than they had in 1987 in most of the countries of the subregion (see table 42). The highest rate of inflation was in Guyana, where prices jumped by 40%, after having risen by nearly 29% in 1987. Inflation was probably high in Suriname as well, where the variation between annual averages in 1987 was 52% and where, as in Guyana, social and political tension was a factor in 1988. Jamaica and Trinidad and Tobago experienced relatively moderate price increases (9% and 12%, respectively); however, an examination of price trends over the past three years reveals that the rises have been slackening in Jamaica, whereas they have sharpened in Trinidad and Tobago. The marginally higher price rises occurring in Jamaica during 1988 were directly linked to the shortages occasioned by Hurricane Gilbert, which hit the island in September of that year, since price increases had been much lower until then. In the case of Trinidad and Tobago, the August currency devaluation pushed inflation up sharply during the last four months of the year. In Grenada, which had previously enjoyed a considerable degree of price stability, inflation climbed to almost 7%. The price indexes of all the other countries showed increases of less than 5% for 1988.

### d) *The merchandise trade balance*

The available data for 13 Caribbean countries indicate that during 1988 the subregion's merchandise trade deficit decreased slightly, thanks to the fact that exports grew more (by over 4%) than imports (by less than 2%). Antigua and Barbuda and the Bahamas achieved the largest reductions in their trade deficits (15% and 12%, respectively), while Trinidad and Tobago once again increased its merchandise trade surplus (in the latter case, exports were apparently stimulated by the August devaluation, at the same time that the foreign-exchange shortage had a dampening effect on imports). In contrast, even though exports also increased in Barbados, Belize, Jamaica, St. Kitts and Nevis, and Saint Lucia, the larger rise in these countries' imports caused their deficits to be larger in 1988 (see table 43).

<sup>11</sup> Excluding Suriname, these countries accounted over 85% of the subregion's exports in 1987.

The increased value of the subregion's exports in 1988 was more a result of higher prices than of changes in volume. In fact, the export volume of sugar fell by almost 10% and that of crude oil by 2%; decreases were also observed in the export volumes of some other agricultural products (but not in the case of bananas, whose volume rose markedly) and of bauxite and alumina.

Despite the generally downward trend in the volume of traditional agricultural export products, most of these crops were favoured by higher average prices, thanks to both commodity market forces and the depreciation of the dollar against European currencies, especially during the second half of the year. The case of sugar provides a good example of the price trends seen in 1988, since its quotations rose on both the world and the United States markets. The currencies of the Caribbean countries are linked to the United States dollar, but a large part of their export crops are sold to Europe, and these sales are quoted in European currencies. Thus, the greater value of European currencies as compared to the United States dollar in 1988 resulted in higher local earnings from sales denominated in the former (particularly the pound sterling). The prices of alumina and of some types of processed bauxite were also higher than the year before. Oil prices, however, were lower.

Exports of manufactures did not rise sharply enough to offset the long-term decline in traditional exports. This was due to the insufficient dynamism of the larger economies in the subregion, as well as to the problems the countries have encountered in their attempts to increase exports to markets outside the subregion.

The 2% rise in the value of imports during 1988 followed upon an increase of 6% in 1987. This trend reflected the diminished buoyancy of the Caribbean economies as a group, the effects of the structural adjustment policies being implemented by many Caribbean countries and the higher cost of imports from Europe and Japan resulting from increases in the value of these currencies against the United States dollar. Whereas imports expanded in most of the countries, they shrank in Antigua and Barbuda, the Bahamas, Guyana, Montserrat, and Trinidad and Tobago.

The close correlation between an increase in imports and overall economic growth is demonstrated by the fact that in 1988 imports expanded by over 19% in Belize, St. Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines, all of which have raised their real output by about 5% or more during the past three years. Moreover, the drop in imports by Antigua and Barbuda and by the Bahamas in 1988 coincided with slower rates of expansion in the leading growth sectors of tourism and construction.

#### e) *The balance of payments*

The deficit customarily shown by the Caribbean countries on their merchandise trade balance is largely offset by their net income from tourism, other non-factor services, and private and official transfers.

Although 1988 balance-of-payments data are available for almost all the larger economies, information on only some of the more important variables has been provided for most of the countries. These data indicate that there was an increase during 1988 in earnings from services (mainly net receipts from tourism and, in some countries, from transport and insurance and the local expenditures of off-shore companies). In addition, the net inflow of private transfer payments increased and was supplemented by that of government transfers. However, these were offset to some extent by the higher level of debt service payments. Thus, the balance-of-payments picture for the subregion as a whole was a positive one, and most of the countries' foreign-exchange reserves also rose (see table 43). Nonetheless, this result was possible only because of external borrowing, since even though the balance on current account improved substantially in 1988, it still showed a deficit.

#### 0 *The external debt*

Two salient characteristics generally distinguish the debt position of the Caribbean countries from that of Latin America. The first is that most of their debt is owed by governments, or guaranteed by them, to bilateral and multilateral creditors (mainly governments and intergovernmental organizations). The second is the Caribbean countries' apparent failure to recognize the existence of a debt "crisis" until fairly recently,

despite the fact that many signs of this problem have been present since the late 1970s. Much of this debt was incurred with the intention of investing in production, bringing about structural changes and maintaining economic activity and employment levels. Nevertheless, for a number of different reasons many investments turned out to be unprofitable or generated very little foreign exchange; in other cases, investment plans were not ever carried out, and the corresponding resources were used for consumption instead.

The external debt of the 13 English-speaking Caribbean countries was estimated at approximately US\$ 8.9 billion as of the end of 1988, which is more than double the 1980 figure. The major debtors are the larger countries: Jamaica, Trinidad and Tobago, Guyana and Barbados. However, the debts of a number of the smaller countries, especially Antigua and Barbuda, have increased extremely rapidly (as much as fourfold since 1980), although their initial levels were very low (see table 46).

Some countries' ratios of external debt to exports of goods and tourism services are

very high (e.g., as much as 320% in the cases of Guyana and Jamaica) (see table 47). Nevertheless, the ratio of interest payments to exports of goods and services is generally not high; indeed, it is well below those typical of Latin America. These lower ratios can be attributed to the relatively low level of the Caribbean governments' indebtedness with foreign commercial banks, to the apparently negligible extent of private-sector indebtedness in the Caribbean, and to the lower interest rates charged by governments and multilateral sources.

Nonetheless, the overall debt situation of the Caribbean countries tended to worsen in 1988. The debt service (amortization and interest payments) reached uncustomarily high levels just at a time when growth rates and export earnings were declining and international interest rates were on the rise. An awareness of this situation is reflected in the structural adjustment and economic recovery programmes now being implemented by various countries, as well as in the debt rescheduling arrangements that have already been applied in Jamaica, Trinidad and Tobago, and Guyana.

<sup>12</sup> See ECLAC Subregional Headquarters for the Caribbean, "An Evaluation of Economic Performance of CDCC Countries —with special reference to the Genesis and Evolution of the External Debt between 1977-1986" (LC/CAR/G.255).

<sup>13</sup> Net tourist expenditure is used as a substitute for total non-factor services because data on the former category are available for 1988 and because tourism provides a major share of the income from services in most of the countries.

Table 37  
CARIBBEAN SUBREGION: STRUCTURAL CHARACTERISTICS, 1987

Countries and groups	Area (km <sup>2</sup> )	Population <sup>8</sup> (thousands)	GDP <sup>b</sup> (millions of dollars)	Average annual variation of GDP 1981-1987 (percentages)	Population density (inhabitants/km <sup>2</sup> )	Per capita GDP (dollars)	Exports of goods/GDP (percentages)	Income from tourism/GDP (percentages)	Imports of goods/GDP (percentages)
Suriname	163 265	375 <sup>c</sup>	873 <sup>c</sup>	-1.4	2	2328 <sup>e</sup>			
<b>CARICOM countries</b>									
Bahamas	13 942	249	2 930	2.6	18	11767	9.3	39.2	39.4
Barbados	431	256	1417	0.8	594	5 535	8.2	26.7	27.1
Belize	22 960	170	216	1.3	7	1269	47.2		68.3
Guyana	214 970	989	344	-2.6	5	348	69.9		76.1
Jamaica	11424	2409	2 863	0.9	211	1188	24.7	20.8	43.1
Trinidad and Tobago	5128	1224	4 720	-4.6	239	3 856	31.0	1.9	25.8
<b>OECS countries<sup>e</sup></b>									
Antigua and Barbuda	440	83	231	6.3	189	2 788	12.3	80.8	123.0
Dominica	750	78	102	4.5	104	1314	47.1	12.5	65.4
Grenada	345	99	112	4.3	287	1128	28.5	37.6	78.8
Montserrat	102	12	46	3.7	118	3 833	7.6	18.9	55.0
Saint Kitts and Nevis	269	48	86	5.4	178	1794	32.0	55.1	92.9
Saint Lucia	616	131	165	3.9	213	1260	48.2	47.5	108.6
Saint Vincent and the Grenadines	388	106	136	6.2	273	1283	38.5	25.9	72.6

Source: ECLAC, on the basis of official figures.

\* CELADE, on the basis of projections made using the average fertility hypothesis. <sup>b</sup> Estimates based on GDP data expressed in local currency at current prices and the average official exchange rate, according to IMF. <sup>c</sup> 1985.

<sup>d</sup> Caribbean Community and Common Market. <sup>e</sup> Organization of Eastern Caribbean States. The countries belonging to this organization are also members of CARICOM.

Table 38  
CARIBBEAN SUBREGION: TOTAL GROSS DOMESTIC PRODUCT

	Annual growth rates					
	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Antigua and Barbuda	6.8	7.5	7.7	8.4	8.7	7.6
Bahamas	3.2	6.4	5.2	1.4	4.6	4.5
Barbados	0.4	3.6	1.0	5.2	2.6	3.5
Belize	1.7	1.3	2.3	3.6	5.0	7.6
Dominica	2.1	5.4	1.6	6.9	6.8	5.7
Grenada	1.2	5.0	5.4	5.5	6.0	4.3
Guyana	-9.9	2.2	1.1	0.2	0.7	-3.0
Jamaica	1.9	-0.8	-5.5	2.5	5.8	0.5
Montserrat	-3.1	2.0	4.7	4.8	10.6	12.2
Saint Kitts and Nevis	-1.1	9.0	5.7	6.3	6.8	4.6
Saint Lucia	4.0	5.1	5.9	5.8	2.2	5.0
Saint Vincent and the Grenadines	6.1	6.0	3.3	7.2	5.8	8.3
Suriname	-3.4	-1.9	1.1	-2.0	-6.6a	
Trinidad and Tobago	-13.6	-4.9	-3.4	-2.6	-6.9	-3.4

Source: ECLAC, on the basis of official figures.  
" Preliminary figures.

Table 39  
CARIBBEAN SUBREGION: INDUSTRIAL PRODUCTION IN SELECTED COUNTRIES

Countries and sectors	1980	1981	1982	1983	1984	1985	1986	1987	1988
	Indexes (1982=100)								
Barbados									
Industry		104.5	100.0	105.0	108.2	104.6	110.1	104.7	110.9
Mining		98.0	100.0	121.8	161.6	174.0	163.2	151.0	142.4
Manufacturing		105.7	100.0	102.6	103.2	97.2	103.4	97.2	103.7
	Index (1984 = 100)								
Belize									
Manufacturing	107.5	112.0	110.6	109.3	100.0	101.0	103.4	111.8	
	Indexes(1974:= 100)								
Jamaica									
Industry	94.6	94.3	88.9	93.7	90.5	90.1	95.8	103.9	103.4
Manufacturing	98.1	97.6	100.3	106.7	105.4	108.3	115.6	126.7	126.9
	Indexes(1977 = 100)								
Trinidad and Tobago									
Industry	107.4	95.4	111.4	116.6	111.0	106.6	130.3	134.3	128.8
Manufacturing	123.5	118.7	153.9	176.8	165.2	161.7	205.0	209.9	202.0

Source: ECLAC, on the basis of official figures.



Table 40  
CARIBBEAN SUBREGION: PRODUCTION OF EXPORTABLE COMMODITIES

	1985	1986	1987	1988	Growth rates		
					1986	1987	1988
			Sugar <sup>a</sup>				
Barbados	100.2	111.1	83.4	80.3	10.9	-24.9	-3.7
Belize	103.7	94.9	83.7	80.6	-8.5	-11.8	-3.7
Guyana	247.0	253.0	224.5	170.2	2.4	-11.3	-24.2
Jamaica	209.4	206.3	189.4	213.5	-1.5	-8.2	12.7
Saint Kitts and Nevis	27.0	29.0	25.7	26.0	7.4	-11.4	1.2
Trinidad and Tobago	81.0	92.0	85.5	97.0	13.6	-7.1	13.5
			Bauxite <sup>a</sup>				
Guyana	2153	2074	2352	2312	-3.7	13.4	-1.7
Jamaica	6 239	6964	7 701	7284	11.6	10.6	-5.4
Suriname	3 738	3 731	2 522	1587 <sup>b</sup>	-0.2	-32.4	...
			Alumina <sup>a</sup>				
Jamaica	1462	1575	1613	1514	7.7	2.4	-6.2
Suriname	1242	1471	1362	790 <sup>b</sup>	18.4	-7.4	
			Crude oil <sup>c</sup>				
Barbados	108	89	79	68	-17.7	-11.1	-14.1
Trinidad and Tobago	10 216	9 802	8 964	8 778	-4.1	-8.5	-2.1
			Natural gas				
Barbados	25	34	35	30	32.4	3.0	-14.5
Trinidad and Tobago	7 413	7 586	7 672	7 438	2.3	1.1	-3.1

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Thousands of tons.

January-June.

<sup>c</sup> Thousands of cubic metres.

<sup>d</sup> Millions of cubic metres

Table 41  
CARIBBEAN SUBREGION: TOURISM INDICATORS

	Number of tourists <sup>a</sup> (thousands)				Income from tourism (millions of dollars)			
	1980	1986	1987	1988	1980	1986	1987	1988
Antigua and Barbuda	87	166	177	177	42.0	156.2	186.7	213.5
Bahamas	1181	1375	1480	1475	595.0	1104.9	1150.0	1136.0
Barbados	370	370	422	451	251.0	326.9	378.7	459.3
Belize	64	94	99					
Dominica	14	24	27	32	3.2	11.2	12.8	
Grenada	29	57	57	62	14.8	39.6	42.1	46.0
Guyana	40	47	60					
Jamaica	395	664	739	649	241.7	516.0	595.0	525.0
Montserrat	16	16	17	18	4.3	7.5	8.7	9.2
Saint Kitts and Nevis	33	55	65	69	13.4	38.0	47.4	53.8
Saint Lucia	80	112	123	133	32.9	73.4	78.4	
Saint Vincent and the Grenadines	50	42	46	45	13.7	29.3	35.2	
Suriname	48	29	27		18.2	7.8	8.0	
Trinidad and Tobago	199	191	202	189	151.1	83.2	91.6	

Source: ECLAC, on the basis of data from the Caribbean Tourism Organization.

<sup>a</sup> Refers only to tourists spending at least one night in the country.

Table 42

## CARIBBEAN SUBREGION: CONSUMER PRICES

(December-Decemberpercentage variation)

	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Antigua and Barbuda	2.3	3.9	1.1	0.5	3.6	
Bahamas	3.5	4.5	4.8	6.8	4.1	4.8
Barbados	5.5	5.1	2.4	-0.5	6.3	4.5
Belize <sup>c</sup>		5.8	-0.6	2.4	2.0	2.9
Dominica	2.6	2.9	4.0	3.2	2.9	3.9 <sup>d</sup>
Grenada			1.8	-0.8	0.5	6.8 <sup>e</sup>
Guyana <sup>b</sup>	13.3	25.2	15.0	7.8	28.7	40.6
Jamaica	16.7	31.2	23.9	10.4	8.4	8.9
Montserrat	4.7	5.5		3.4	3.7	1.5
Saint Kitts and Nevis <sup>b</sup>	2.2	2.7	2.2	1.6	1.5	0.2
Saint Lucia	1.3	1.2	1.0	4.5	5.1	1.5
Saint Vincent and the Grenadines <sup>0</sup>	5.5	2.7	2.1	1.2	2.9	
Suriname	4.2	4.5	15.6	30.2	52.2	
Trinidad and Tobago	15.4	14.1	6.6	9.9	11.5	12.0

Source: International Monetary Fund, *International Financial Statistics*, and figures provided by the countries.<sup>a</sup> Preliminary figures. <sup>b</sup> Variation between annual averages. <sup>c</sup> November-November variation. <sup>d</sup> Variation between October 1987 and October 1988. <sup>e</sup> Variation between August 1987 and August 1988.

Table 43

## CARIBBEAN SUBREGION: BALANCE OF PAYMENTS

(Millions of dollars)

	Exports FOB <sup>8</sup>		Imports CIF*		Trade balance <sup>8</sup>		Gross tourism income		Private transfers		Variation interna- tional reserves <sup>b</sup>	
	1987	1988	1987	1988	1987	1988	1987	1988	1987	1988	1987	1988
<b>Subregional total</b>	<b>3172</b>	<b>3315</b>	<b>5223</b>	<b>5313</b>	<b>-2051</b>	<b>1998</b>						
Antigua and Barbuda	29	30	284	250	-256	-220	187	214	15.3		-2.7	2.4
Bahamas <sup>c</sup>	273	271	1155	1048	-882	-777	1150	1136	-18.8	-28.9	-61.4	1.9
Barbados	116	129	384	431	-268	-302	379	459	26.3		-6.5	-9.7
Belize	102	111	148	176	-46	-65					9.5	15.3
Dominica	48	56	67	88	-19	-32	13	15 <sup>d</sup>	6.8		8.8	-4.4
Grenada	32	33	88	92	-56	-60	42	46	15.5		2.8	-5.9
Guyana	241	215	262	216	-21	-1					-0.7	
Jamaica	707	824	1234	1428	-528	-604	595	525	117.2	154.6	303.2	143.3
Montserrat	4	2	25	15	-22	-13	9	9	12.0 <sup>e</sup>			
Saint Kitts and Nevis	28	30	80	95	-52	-64	47	54	9.1			
Saint Lucia	80	116	179	220	-100	-105	78	85 <sup>d</sup>	13.0		5.7	1.9
Saint Vincent and the Grenadines	52	85	99	122	-46	-37	35	34	14.3 <sup>e</sup>		-5.6	1.6
Trinidad and Tobago	1462	1414	1219	1132	244	282	92	94 <sup>a</sup>	-73.6	-88.8	-286.3	-60.7

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Not adjusted for the balance of payments. <sup>b</sup> Does not include gold reserves. <sup>c</sup> External trade data do not include petroleum re-exports. <sup>d</sup> Estimate based on average expenditure in 1987. <sup>e</sup> Includes unrequited official transfers.

Table 44  
CARIBBEAN SUBREGION: COMMODITY EXPORTS

	Millions of dollars				Growth rates		
	1980	1986	1987	1988	1986	1987	1988
<b>Sugar</b>							
Barbados	58	31	36	37	-3.1	16.1	2.8
Belize	48	32	31	33	39.1	-3.1	6.5
Guyana	121	83	95	71	25.8	14.5	-25.3
Jamaica	55	64	74	79	<b>28.0</b>	15.6	6.8
Saint Kitts and Nevis	14	9	11	12	50.0	22.2	9.1
Trinidad and Tobago	28	23	21	27	4.5	-8.7	28.6
<b>Total</b>	<b>324</b>	<b>242</b>	<b>268</b>	<b>259</b>	<b>21.6</b>	10.7	-3.4
<b>Bananas</b>							
Belize	4	5	<b>7</b>	8	66.7	40.0	14.3
Dominica	3	29	<b>32</b>	37	123.1	10.3	15.6
Grenada	4	4	<b>4</b>	5	0.0	0.0	25.0
Jamaica	9	9	<b>20</b>	15	125.0	122.2	-25.0
Saint Lucia	11	53	<b>42</b>	66	65.6	-20.8	57.1
Saint Vincent and the Grenadines	6	18	<b>18</b>	31	5.9	0.0	72.2
Suriname	6	11			10.0		
<b>Total</b>	<b>42</b>	<b>128</b>			<b>54.2</b>		.
<b>Bauxite</b>							
Guyana	144	82	93	71	-17.1	12.9	-23.3
Jamaica	197	97	109	104	24.8	12.5	-4.4
Suriname	65	27	11		-24.9	-60.6	
<b>Alumina</b>							
Guyana	44	-	-				
Jamaica	535	205	224	285	-3.2	9.1	27.2
Suriname	<u>272</u>	<u>178</u>	<u>196</u>		1.5	10.3	

Source: ECLAC, on the basis of official figures.

**Table 45**  
**CARIBBEAN SUBREGION: RATIO OF INTEREST ON THE EXTERNAL DEBT**  
**TO EXPORTS OF GOODS AND SERVICES**  
*(Millions of dollars)*

	1980	1986	1987	1988
<b>Interest payments</b>				
Barbados	5.6	20.2	26.5	31.9
Jamaica	153.0	258.0	299.2	258.1
Trinidad and Tobago	34.8	92.1	89.4	92.8
<b>Exports of goods and services</b>				
Barbados	589.4	783.6	710.3	602.6 <sup>a</sup>
Jamaica	1421.6	1418.0	1 631.1	1 989.3
Trinidad and Tobago	3 403.5	1692.3	1 648.5	1 652.7 <sup>b</sup>
<b>Interest payments as a percentage of exports of goods and services</b>				
Barbados	1.0	2.6	3.7	5.3
Jamaica	10.8	18.2	18.3	13.0
Trinidad and Tobago	1.0	5.4	5.4	5.6

Source: ECLAC, on the basis of official figures.

\* Exports of goods and tourism income only.

<sup>b</sup> Exports of goods and non-factor services only.

Table 46  
 CARIBBEAN SDBREGION: EXTERNAL DEBT AND EXTERNAL DEBT SERVICE  
 (Millions of dollars)

	1980	1986	1987	1988
Service on the external debt <sup>a</sup>				
Antigua and Barbuda	6.7	11.1	27.8	
Bahamas	29.3	141.5	50.9	
Barbados	11.0	38.3	50.6	52.7
Belize	1.6	13.8	13.2	14.7
Dominica	0.6	4.9	5.5	
Grenada	1.6	7.6		
Guyana	85.0	202.7		
Jamaica <sup>c</sup>	263.0	616.0	774.5	771.8
Montserrat	0.1	0.3		...
Saint Kitts and Nevis	0.5	4.8	1.7	
Saint Lucia	1.4	2.9	3.0	
Saint Vincent and the Grenadines		3.1		
Trinidad and Tobago	199.2	191.8	260.6	368.4
Total external debt				
Antigua and Barbuda <sup>e</sup>	45.5	180.7	245.4	239.0
Bahamas	98.0	211.2	207.1	147.4
Barbados	81.9	291.3	372.1	384.0
Belize	49.2	97.7	118.9	123.8
Dominica	17.7	56.6	66.0	
Grenada	14.4	54.2	48.4	48.7
Guyana <sup>e</sup>	448.7	1 477.4		1700.0
Jamaica	1 734.0	3 590.3	4 013.6	4 320.0
Montserrat	1.5	3.0	2.1	
Saint Kitts and Nevis	10.0	19.3	23.6	29.6
Saint Lucia	18.2	31.5	37.2	
Saint Vincent and the Grenadines	17.0	29.6	35.2	
Trinidad and Tobago	911.2	1 691.0	1 737.8	1 761.4

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Interest and amortization payments. Total service due.  
<sup>e</sup> Includes arrears.

<sup>c</sup> Amounts actually paid.

Government and

Table 47  
 CARIBBEAN SUBREGION: SELECTED INDICATORS OF EXTERNAL INDEBTEDNESS  
 (Percentages)

	External debt/merchandise exports and tourism				Debt service/merchandise exports and tourism <sup>a</sup>			
	1980	1986	1987	1988	1980	1986	1987	1988
Antigua and Barbuda	44.8	71.6		66.2	6.6	5.9	12.9	
Bahamas	13.4	15.1	14.6	10.5	4.0	10.1	3.6	
Barbados	17.1	54.8	75.2	65.3	2.3	7.2	10.2	9.0
Belize <sup>b</sup>	44.4	135.9	116.6	112.5	14	19.2	12.9	13.3
Dominica	133.1	103.5	108.6		4.5	9.0	9.0	
Grenada	44.7	79.4	65.4	62.0	5.0	11.1		
Guyana	115.3	318.1	317.3		17.9	15.0		
Jamaica	144.0	324.7	308.4	320.3	21.8	55.7	59.5	57.2
Montserrat	27.2	30.6	17.2	...	1.8	3.1		
Saint Kitts and Nevis	26.7	31.3	31.5	35.2	1.3	7.8	2.3	
Saint Lucia	23.1	20.1	23.5		1.8	1.9	1.9	
Saint Vincent and the Grenadines	49.0	31.8	40.2			3.3		
Trinidad and Tobago	21.6	115.1	111.8	116.8	4.7	13.1	16.8	24.4

Source: ECLAC, on the basis of official figures.

<sup>b</sup> Service includes interest and amortization payments.

<sup>a</sup> As a percentage of merchandise exports only.

## METHODOLOGICAL ANNEX TO SECTION X

In estimating the public sector's absorption of private debt, the following hypothesis was used: the amount of debt absorbed (A) by the public sector during the period  $t + 1$  is equivalent to:  $A_{t+i} = d_{t+i} - d_t - fn_{t+i}$ , where "d" represents the long-term public external debt and "fn" represents net flows, defined as the difference between net loans and amortization (the magnitudes of all these variables were taken from the World Bank, *World Debt Tables*, Washington, D.C., 1988).

This definition of absorption incorporates any effects not identified in the above formula of: cancellations, reschedulings or revaluations of the debt stemming from changes in the exchange rates of the hard currencies in which the debt is denominated. The combined impact of these three factors on estimates of debt absorption is ambiguous as regards:

a) Cancellations that would affect  $d_{t+i}$ , reducing A;

b) Reschedulings could also affect  $d_{t+i}$ , to the extent that they involve the incorporation of short-term debt obligations (chiefly interest arrears), thereby increasing A;

c) Fluctuations in the exchange rate of the hard currencies in which the debt is denominated have occurred in both directions during the period under consideration, since a sharp devaluation *vis-à-vis* the dollar up to 1985 was followed by a sharp revaluation which continued until 1987. This may have resulted in an initial underestimation and subsequent overestimation of A, but the net effect on the cumulative absorption values has probably been slight. In short, given the fact that the last two factors have been the most influential ones

during the period 1982-1987, the method of calculation that was used is probably somewhat biased towards an overestimation of the public sector's absorption of private debt.

Using the same hypothesis, the absorption of private debt by the public sector can also be calculated on the basis of private debt trends. If the long-term private external debt is signified by  $d^p$ , and the corresponding net flows by  $fn^p$ , then the extent of absorption would be:  $A_{t+i} = d^p_t - d^p_{t+i} + fn^p_{t+i}$ . However, in various cases this approach to calculating public sector absorption yields significantly different results than the first formula due to the presence of an opposite bias, which clearly leads to an underestimation of absorption. One factor which may exert an influence in this regard is the propensity of private operators to increase the amount of registered external indebtedness (which would raise  $d^p_{t+i}$ ) as well as to register external payments and to channel the income they receive through parallel markets (all of which would diminish  $fn^p_{t+i}$ ). Furthermore, it is highly probable that in the process of the public sector's absorption of private debt, private debts have been registered which previously did not figure in the official statistics on the total external debt. This effect would not be shown up by an examination of the data on the private debt.

In view of the possible importance of these last phenomena, the first method of calculation was chosen. This procedure, which is based on the trend of the public debt, yielded the absorption estimates used in figure 17.





PART TWO  
THE ECONOMIC EVOLUTION BY COUNTRIES



## ARGENTINA

The general picture displayed by the Argentine economy in 1988 was disturbing, for although the trade surplus was several times higher than that of the preceding year, the growth rate of prices more than doubled to nearly 390%, while the gross domestic product contracted for the fourth time in the present decade, causing a 4% drop in the per capita product.

The renewed flare-up of inflation, which was reflected in the near-fivefold increase in prices between the beginning and the end of the year, was due to the mutual interaction of a series of factors, including the lack of external credit for the public sector, which led to arrears in payments to the international banking system and difficulties in covering the fiscal deficit. Other factors involved were the acceleration of monetary expansion—due both to obstacles in renewing domestic debt securities and to the generation of a larger trade balance—and the lower preference for monetary holdings because of the unfavourable expectations about price trends and about the possibility of obtaining a sufficient volume of external financing. Finally, the upsurge in inflation was also aggravated by the successive adjustments of relative prices.

In the second half of the year, a stabilization programme was adopted (the "Plan Primavera") which took advantage of the increase in the country's international reserves to carry out various measures which included a fiscal adjustment, the restoration of positive real interest rates and the installation of a new exchange system. Thus, inflation—which had worsened during the first eight months until it exceeded 25% per month in July and August—slackened in the last two months of the year to

around 6%. Nevertheless, by the end of the year, the financial programme was showing some weaknesses.

The 5.1% rise in the terms of trade—which in 1987 had dropped to their lowest point in three decades—and the increased availability of exportable farm surpluses allowed the country to reach its highest-ever value of exports of goods and services, so that the trade balance showed some recovery, although not enough to cover the amount due for factor services. Thus, the external current account deficit came to US\$1.6 billion, while the failure to make interest payments of around US\$2 billion permitted a similar amount to be added to the volume of international reserves.

The relationship between the way the public sector imbalance was financed and its monetary effects was a key factor in the economic problem. The fragility of the public finances was demonstrated in the first part of the year by the urgent demand for funds by some provinces and sectors of the central administration. The tax burden shrank for the third consecutive year; however, the operating deficit of the public sector, which had grown the prior year, was held at the 1987 levels as a result of the cut-back in current expenditures and investment.

Nevertheless, the rate of money creation speeded up. The Central Bank restricted the granting of rediscounts, which had assumed great importance as sources of funds for provincial banks and official housing credit programmes, but the external sector became an expansionary factor. Furthermore, the government had great difficulty in placing new securities on the open market and even in renewing those already in circulation.

**In this concept, the interest in local currency is**

**in real terms.**

Consequently, the real value of the bonds in the hands of the public shrank and it was necessary to resort to money issue not only to finance the new deficit, but also to confront the slump in the financing obtained by placing securities on the market. In response to this problem, the compulsory cash reserve requirements were increased.

This method of absorption had clear limitations. The rise in nominal interest rates that took place up to August led to an increase in the creation of money due to the bank cash reserve earnings. On the demand side, the real holdings of monetary balances reacted sharply to the rise in prices, so that when inflation reached its peak in August, the liquidity ratio (Mi/GDP) fell in the third quarter to values comparable to those of mid-1985. The speed with which inflationary expectations and portfolio decisions adapted to new developments helped create a potentially very unstable situation around mid-year.

In recent years the way the prices regulated by the public sector were handled posed a constant dilemma between the search for a certain balance in relative prices and the goal of tempering the fluctuations in inflation in the short run. This predicament resulted in alternating cycles of compression and decompression. At times, adjustments in scales of charges and the exchange rate were speeded up, while industrial price controls were relaxed, and once the relative values of those variables were recovered, their nominal increases were substantially eroded in an effort to "anchor" prices and prevent a self-perpetuating string of inflationary outbreaks. This gave rise to a particular pattern, with wide fluctuations in inflation rates.

The short-lived freeze decreed in October 1987 was followed by a phase of acceleration which covered the first eight months of 1988 and was manifested in big increases in industrial prices and scales of charges. Industrial price controls were lifted gradually until nearly total decontrol was attained in April. Since they followed a policy of quickly recouping their margins, companies made adjustments that substantially exceeded the average rate of inflation. Public service charges were also raised more quickly, partially due to the application of new earmarked taxes. Moreover, the rate of currency devaluation, though less than that of the variation of the wholesale price index, markedly exceeded the

rise in consumer prices. In mid-year there was also a sharp spurt in agricultural prices, touched off, in the case of grains, by the rise in international prices. Thus, the inflation rate soared, while in the private sector there was a pronounced deterioration in real wages, which were adjusted through a system of collective agreements.

The evolution of the product was also irregular. During the first part of the year, after the unfavourable weather conditions that had affected the previous harvest had dissipated, there was a clear recovery in agricultural production, but this improved situation was reversed in the last months of the year due to an intense drought that affected a large part of the territory. In the industrial sector, after a brief rally in the first quarter, the downward trend worsened, a probable factor in this being the considerable increase in the relative prices of manufactured goods. This unfavourable trend especially affected the activities that are most dependent on the domestic market. In contrast, the growth in exports helped sustain the level of activity of branches like iron and steel and petrochemicals.

The bigger volume of exports of agricultural goods was the main reason for the sharp upturn in the trade surplus, which had contracted noticeably during the preceding two years. Furthermore, around mid-year the drought in the United States caused an abrupt jump in international grain prices, which benefited the balance of payments, although a large percentage of the sales had already been made at previous prices.

The favourable evolution of international markets enhanced the leeway for economic policy in the short run. The stabilization programme announced in August sought to take advantage of the external trade recovery to tackle the emergency that had been sparked by the inflationary surge.

One of the most important measures was the modification of the exchange system. Previously, this consisted of an official market for import and export operations, using an exchange rate established by the Central Bank, and a free market where the price of foreign exchange floated without any direct intervention by the Central Bank. The system put into operation in August involved the transfer of the main import items to the free market, while commodity exports stayed in the official market and the foreign exchange

arising from the sale of industrial products was changed at the average between the exchange rates for both markets. The Central Bank continued fix the official exchange rate; its involvement in the free market was limited to the sale, through bids, of part of the foreign exchange obtained on the official market.

In view of the difference between the two exchange rates, these operations could be expected to generate profits for the public sector. In other words, the exchange rate system was equivalent to the application of duties on commodity exports, except that the rate of those duties would not be fixed, but would vary according to the size of the differential between the two exchange rates, and the tax would be levied at the time when agricultural exporters sold their foreign exchange to the Central Bank.

Along with the announcement of the exchange system, which was accompanied by an adjustment in the official rate, it was decided to make a general 30% increase in public service charges, which would be held constant for two months. An agreement was also reached between the authorities and the main association of industrialists, whereby the companies undertook to keep the variations in their prices within agreed guidelines. At the same time, it was decided to modify the import system by gradually replacing the existing quantitative restrictions with tariffs. The mechanism for fixing wages was not altered; in other words, the validity of collective agreements was maintained. From the fiscal point of view, the government announced that it would limit the outlays for public works and State enterprises, while on the revenue side it was taken for granted that the slowing-down of the inflationary process would lead to an increase in the real taxes collected. A rapid fall in the high levels of tax evasion was also expected, in the light of which it was decided to lower the value added tax rate by three percentage points, as part of the agreement with the industrial sector.

The agreement between the government and the entrepreneurs represented a new development, but in reality it was aimed more at containing the upsurge in inflation than at attempting to achieve definitive stabilization. The characteristics of the plan and the conditions under which it was implemented made it unlikely that there would be any drastic

modification of expectations. The public's perception of the effectiveness of the attempt seemed to hinge, in the short run, on the results obtained in practice. The purpose of announcing the measures was to moderate inflationary predictions so that they would not be based on the excessive mid-year levels, but the uncertainties were not dispelled, especially as regards monetary and fiscal growth and income policy.

The management of the exchange system subordinated monetary policy to exchange rate policy. In turn, the exchange rate was a much more powerful determinant than usual for regulating the price level. The system announced in August could mean that portfolio decisions would have a more rapid effect on domestic relative prices and the inflation rate. In the face of capital flight, the authorities could choose immediately between using reserves or switching attention more or less automatically to domestic prices.

In the first months of the programme this dilemma never arose. The decline in nominal interest rates was much less than the announced pattern of inflation. Conversely, the expectations of a devaluation in the short run eased up, perhaps because of the perception that the authorities were determined to regulate the float within tight margins, making use of all available resources. The big profits expected to be gained from the raising of domestic interest rates stimulated the conversion of foreign exchange. Central Bank sales on the free market were lower than imports, which indicates that there was foreign exchange income from financial transactions, while the exchange rate varied only slowly.

Notwithstanding, the market behaviour showed fluctuations. In the face of emerging demand pressures in November, the monetary policy was made stricter through an increase in the compulsory cash reserves. Although transitory, this episode revealed a potential problem: if the volume of Central Bank sales of foreign exchange were to climb, this would probably raise doubts as to the solidity of the exchange rate scheme. However, an intervention by way of an increase in interest rates entailed the risk (quite apart from its possible impact on real activity) of fueling the fiscal deficit and, by raising the value of the deposits at their maturity, of intensifying the pressure on the exchange market.

In many cases the prices authorized at the beginning of August reflected considerable increases, which contributed to the variation of over 27% recorded that month. Later, price rises slowed down, although with some delay. In the fourth quarter the average monthly variation of the consumer price index was 7%.

At the same time, relative prices experienced a turnaround as compared to the first months. The exchange rate, tariffs and industrial prices rose slower than free prices. At the end of the year, the ratio of industrial prices to prices of services was higher than twelve months before, and the same was true of tariffs as compared with the CPI. In contrast, the real exchange rate was lower than in the last part of 1987. The decline was especially striking in the case of the free market rate; for exports, the drop in the ratio between the exchange rate and prices seems to have offset the effect of the rise in international prices. On the other hand, although in the fourth quarter the adjustments in nominal wages slackened sharply and past inflation was no longer used as a frame of reference, real wages rallied from the low point registered in August. The incipient recovery in the purchasing power of wages probably affected the demand for some consumer goods, but the purchase of durable goods was discouraged by high real interest rates. Generally speaking, although there were signs of some recovery in industrial demand in

the last part of the year, this was not reflected in production.

At the end of 1988 the economic situation continued to show signs of fragility. The programme announced in August had caused a decline in the inflation rate perhaps beyond the initial expectations of a large sector of the public; but fiscal problems persisted and the economic agents perceived that some "anchor" prices had lagged behind. The demand for money had increased, but this was an easily reversible trend. The exchange rate system, which continued to be a key element for containing prices in the short run, was vulnerable to various kinds of pressures. The fact that interest rates remained high could reflect a reticent attitude by asset holders: the funds deposited during prior months (whose value in terms of foreign exchange had gone up substantially in view of the high returns from loans) were very volatile. The Central Bank seemed to have sufficient reserves to intervene in the market, but part of the increase in reserves was reflected in the larger volume of arrears in debt servicing, so that the authorities' leeway for action and the markets' perception of it were very sensitive to the position adopted by creditors. On the other hand, the prospects of a renewed rise in the trade surplus were being threatened by the drought that was scorching the agricultural areas.

Figure 1  
ARGENTINA: MAIN ECONOMIC INDICATORS

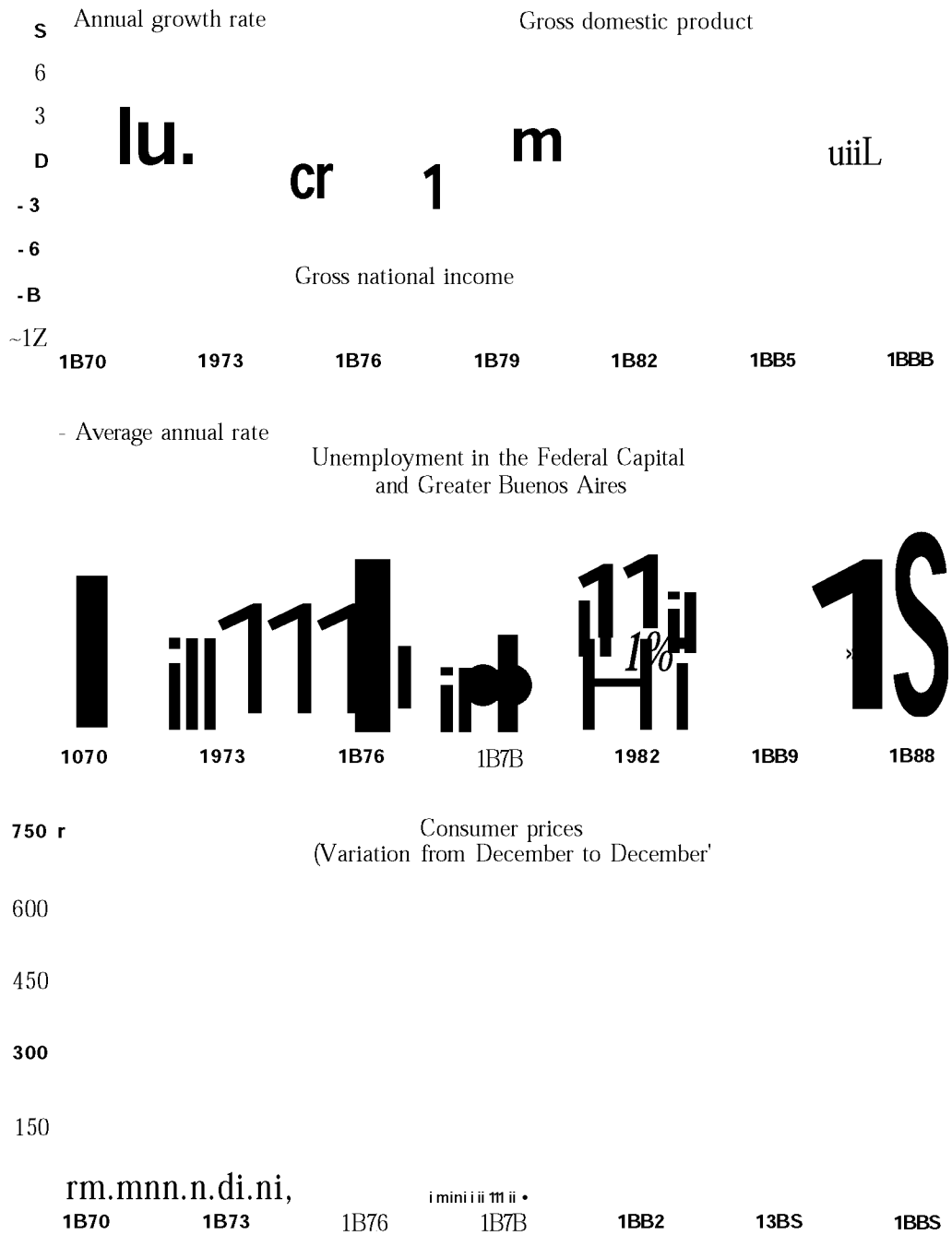
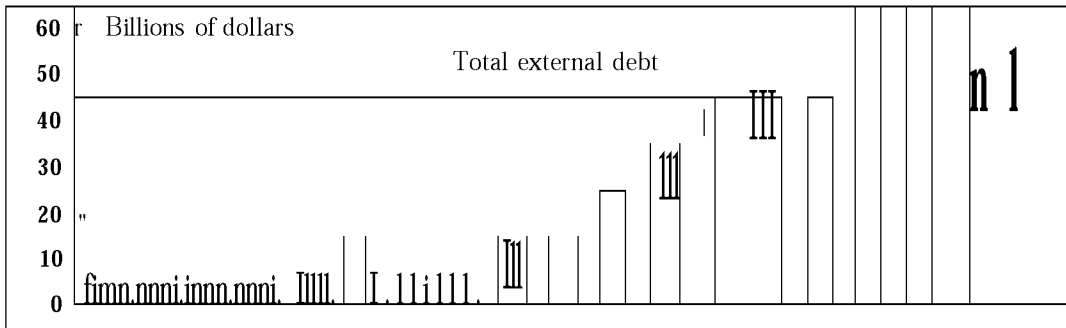
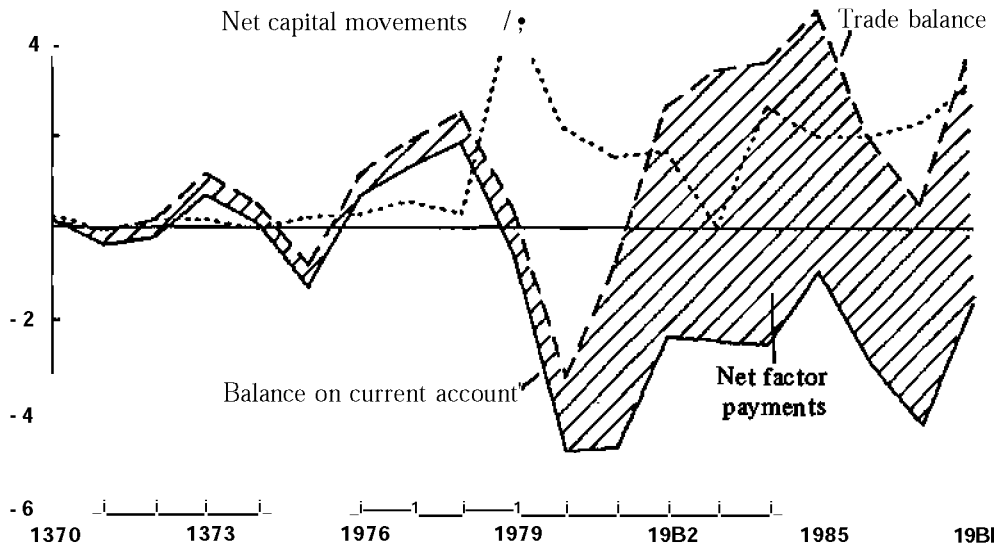


Figure 1 (concluded)

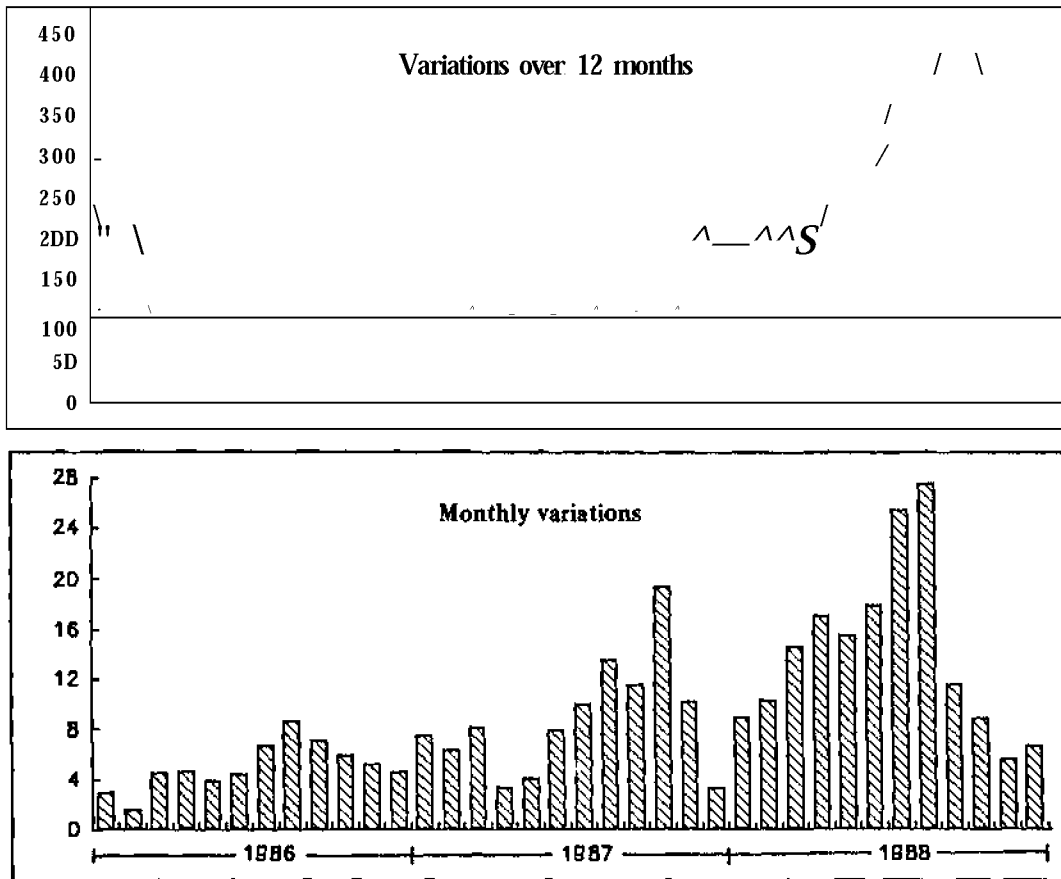
6 r Billions of dollars



Source: ECLAC, on the basis of official data.



Figure 2  
 ARGENTINA: CONSUMER PRICE INDEX  
 (Percentages)



Source: ECLAC, on the basis of official data.

Table 1  
**ARGENTINA: MAIN ECONOMIC INDICATORS**

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	<b>Indexes (1980= 100)</b>							
<b>Basic economic indicators</b>								
Gross domestic product at market prices	93.0	87.6	89.9	91.9	87.7	92.8	94.5	91.7
Gross national income	89.2	79.1	79.7	83.4	76.9	83.4	85.9	82.2
Population (millions of inhabitants)	28.7	29.1	29.5	29.9	30.3	30.7	31.1	31.5
Per capita gross domestic product	91.6	85.0	86.0	86.8	81.6	85.3	85.7	82.1
Non-financial public sector deficit/ gross domestic product								
Money (M1)/GDP		...	3.8	3.7	3.6	5.6	5.1	3.2
Real effective exchange rate	136.1	165.8	155.3	148.4	167.6	186.0	213.0	192.4
Unemployment rate	4.5	4.8	4.2	3.8	5.3	4.6	5.3	6.0
	<b>Growth rates</b>							
<b>Short-run economic indicators</b>								
Gross domestic product	-7.0	-5.8	2.6	2.3	-4.6	5.8	1.9	-3.0
Per capita gross domestic product	-8.4	-7.2	1.1	0.9	-5.9	4.4	0.5	-4.2
Gross national income	-10.8	-11.3	0.8	4.7	-7.9	8.5	3.0	-4.3
Consumer prices								
December to December	131.3	209.7	433.7	688.0	385.4	81.9	174.8	387.7
Real wages and salaries <sup>b</sup>	-10.8	-14.5	22.8	25.3	-12.1	5.4	-8.2	-6.1
Current value of exports of goods and services								
	9.7	-15.4	1.2	<b>3.4</b>	4.5	-16.0	-3.6	37.8
Current value of imports of goods and services								
	-11.2	-43.9	-10.7	2.4	-11.3	22.5	17.8	-3.8
Terms of trade (goods and services)								
	-6.9	-22.6	-2.0	16.9	-18.1	-6.1	-0.4	5.6
	<b>Millions of dollars</b>							
<b>External sector</b>								
Trade balance (goods and services)	-757	2 667	3 469	3 648	4 753	1 959	509	3 880
Net payment of profits and interest	3 699	4 715	5 409	5 711	5 303	4 424	4 478	5 181
Balance on current account	-4 712	-2 354	-2 436	-2 495	-953	-2 857	-4 231	-1 631
Balance on capital account	1 520	1 686	-13	2 660	1 989	1 983	2 281	3 135
Variation in net international reserves	-3 408	-806	-2 379	17	817	-984	-2 213	1 785
Total medium- and long-term external debt	35 671	43 634	45 069	46 903	49 326	51 422	54 700	57 000

Source: ECLAC, on the basis of official data.

<sup>a</sup> Preliminary figures. <sup>b</sup> Since 1955 includes only national government and public enterprises. <sup>c</sup> Simple average of results of surveys for each year in the Federal Capital and Greater Buenos Aires. <sup>d</sup> Percentages. <sup>e</sup> Annual average variation in real wages of industrial workers.

Table 2  
**ARGENTINA: TOTAL SUPPLY AND DEMAND**

	Indexes (1980=100)			Percentage breakdown			Growth rates		
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total supply</b>	<b>86.8</b>	<b>89.0</b>	<b>85.7</b>	<b>115.4</b>	107.9	-5.5	6.7	2.6	-3.7
Gross domestic product at market prices	92.8	94.5	91.7	100.0	100.0	-4.6	5.8	1.9	-3.0
Imports of goods and services <sup>b</sup>	47.8	53.4	47.2	15.4	7.9	-16.0	19.4	11.7	-11.7
<b>Total demand</b>	<b>86.8</b>	<b>89.0</b>	<b>85.7</b>	<b>115.4</b>	107.9	-5.5	<b>6.7</b>	2.6	-3.7
Domestic demand	82.0	85.7	79.3	103.8	89.8	-9.9	11.2	4.4	-7.4
Gross domestic investment	45.6	53.5	46.3	22.7	11.5	-20.0	16.6	17.3	-13.4
Gross fixed investment	49.2	56.3	48.2	22.2	11.7	-11.7	8.1	14.5	-14.5
Construction	49.4	56.2	47.1	15.5	8.0	-9.3	7.5	13.7	-16.2
Machinery	48.8	56.7	50.8	6.7	3.7	-16.8	9.7	16.4	-10.4
Changes in stocks	-98.6	-60.7	-28.8	0.6	-0.2				
Total consumption	92.3	94.7	88.6	81.0	78.3	-8.4	10.5	2.6	-6.4
Exports of goods and services	129.2	119.1	142.8	11.6	18.1	20.9	-13.0	-7.9	19.9

**Source:** ECLAC, on the basis of official data.

<sup>a</sup> Preliminary figures. The figures for exports and imports of goods and services were taken from IMF balance-of-payments data expressed in dollars at current prices, which were converted to constant 1980 values using unit value indexes calculated by ECLAC for the purpose.

Table 3  
**ARGENTINA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY,  
 AT 1980 MARKET PRICES**

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Gross domestic product</b>	<b>92.8</b>	<b>94.5</b>	<b>91.7</b>	<b>100.0</b>	<b>100.0</b>	<b>-4.6</b>	<b>5.8</b>	<b>1.9</b>	<b>-3.0</b>
<b>Goods</b>	<b>88.7</b>	<b>90.3</b>	<b>86.0</b>	<b>43.0</b>	<b>40.3</b>	-7.3	<b>7.1</b>	<b>1.8</b>	<b>4.1</b>
Agriculture	109.5	113.3	113.5	8.6	10.6	-1.7	-3.2	3.4	0.2
Mining	94.4	94.5	104.0	2.4	2.7	-2.6	-3.8	0.2	10.0
Manufacturing	<b>92.5</b>	<b>92.0</b>	<b>85.7</b>	<b>25.0</b>	<b>23.4</b>	<b>-10.3</b>	<b>12.9</b>	<b>-0.6</b>	<b>-6.8</b>
Construction	<b>47.8</b>	<b>54.8</b>	<b>47.3</b>	<b>7.1</b>	<b>3.6</b>	<b>-6.7</b>	<b>9.7</b>	<b>14.7</b>	<b>-13.7</b>
<b>Basic services</b>	<b>109.7</b>	<b>113.7</b>	<b>113.3</b>	<b>10.2</b>	<b>12.6</b>	<b>-2.4</b>	<b>5.7</b>	<b>3.7</b>	<b>-0.4</b>
Electricity, gas and water	127.7	135.4	140.2	2.5	3.9	1.4	7.4	6.1	3.6
Transport, storage and communications	103.8	106.6	104.4	<b>7.7</b>	<b>8.7</b>	<b>-3.8</b>	5.1	<b>2.7</b>	-2.1
<b>Other services</b>	<b>92.9</b>	<b>94.3</b>	<b>92.2</b>	<b>46.8</b>	<b>47.1</b>	-2.8	<b>4.8</b>	<b>1.4</b>	<b>-1.2</b>
Commerce, restaurants and hotels	84.6	85.8	80.9	18.0	15.9	-8.3	8.7	1.4	-5.7
Financial institutions, insurance, real estate and business services	88.0	90.2	88.6	13.7	13.3	-0.7	5.7	2.4	-1.7
Ownership of dwellings	109.0	110.2	111.3	5.0	6.1	1.2	1.1	1.1	1.0
Community, social and personal services	107.3	108.1	109.0	15.1	17.9	1.0	0.7	0.7	0.9
Government services	106.1	106.7	107.7	11.1	13.0	0.9	0.4	0.6	1.0

**Source:** ECLAC, on the basis of official data, re-weighted with the structure at current 1980 prices. Consequently, the results obtained do not necessarily coincide with those published by the countries in their calculations at constant prices.

<sup>a</sup> Preliminary figures. Includes the livestock sector, forestry and fishing.

Table 4

## ARGENTINA: INDICATORS OF AGRICULTURAL PRODUCTION

	Indexes (1980= 100)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Gross domestic product of agricultural sector at factor cost</b>	<b>113.1</b>	<b>109.5</b>	<b>1133</b>	<b>113.5</b>	<b>-1.7</b>	<b>-3.2</b>	<b>3.4</b>	<b>02</b>
<b>Crop farming<sup>c</sup></b>	<b>125.8</b>	<b>119.5</b>	<b>124.1</b>	<b>126.6</b>	<b>-2.1</b>	<b>-5.0</b>	<b>3.9</b>	<b>2.0</b>
Cereals	1283	111.4	102.9		<b>-8.4</b>	-13.2	<b>-7.6</b>	
Oilseeds	186.5	174.4	196.4		6.6	<b>-6.5</b>	12.6	
Industrial crops	87.8	90.2	98.9		<b>-6.3</b>	2.7	9.6	
<b>Stock-raising<sup>d</sup></b>	<b>96.9</b>	<b>962</b>	<b>983</b>	<b>96.4</b>	<b>0.8</b>	<b>-0.7</b>	<b>12</b>	<b>-2.0</b>
Beef cattle	85.9	82.8	82.6		<b>-1.5</b>	<b>-3.6</b>	-0.3	
Milk	<b>109.1</b>	115.4	121.1		<b>10.3</b>	5.8	4.9	
Wool	78.1	82.2	89.3		<b>-6.6</b>	5.2	8.6	
Pigs and poultry	144.5	155.5	168.4		7.5	7.6	8.3	
<b>Fisheries</b>	<b>112.8</b>	<b>116.7</b>	<b>144.9</b>	<b>136.0</b>	<b>25.7</b>	<b>3.4</b>	<b>242</b>	<b>-62</b>

Source: ECIAC, on the basis of official data.

\* Preliminary figures. <sup>b</sup> Also includes agricultural construction, hunting, forestry and logging. <sup>c</sup> Also includes vegetables, pulses, fruits and flowers. <sup>d</sup> Also includes other livestock.

Table 5

## ARGENTINA: AREA SOWN AND CROP PRODUCTION

(Crop year)

	Area sown (millions of hectares)				Production (millions of tons)		
	1986/ 1987	1987/ 1988	1988/ 1989 <sup>a</sup>	Average 1983/1984 1987/1988	1986/ 1987	1987/ 1988	1988/ 1989 <sup>a</sup>
<b>Cereals</b>	<b>12.6</b>	<b>11.8</b>	10.7	<b>27.1</b>	<b>22.1</b>	23.0	<b>16.4</b>
Wheat	5.0	4.9	4.5	10.6	8.7	9.0	8.0
Sorghum	1.1	1.1	0.9	4.7	3.0	3.2	2.0
Maize	3.7	2.8	2.5	10.4	9.3	9.2	5.0
<b>Oilseeds</b>	<b>6.6</b>	<b>7.4</b>	<b>7.6</b>	<b>112</b>	<b>9.9</b>	13.8	<b>112</b>
Linseed	0.8	0.7	0.6	0.6	0.6	0.5	<b>0.4</b>
Sunflower	1.9	2.1	2.3	3.0	2.2	2.9	2.8
Soya	3.7	4.4	4.6	7.4	6.7	9.5	<b>8.0</b>
<b>Total annual crops</b>	20.1	203	20.4				

Source: Ministry of Agriculture.

\* Preliminary figures.

Table 6

## ARGENTINA: CATTLE SLAUGHTERING AND PRICES

Season July- June	Stocks	Total slaugh- tering	Slaugh- tering rate (percent- age) <sup>b</sup>	Yield (kilo- grammes of dressed meat per head) <sup>c</sup>	Percentage of cows and heifers in slaugh- tering analysed (percent- age) <sup>d</sup>	Annual per capita consump- tion (kilo- grammes) c e	Steer prices in terms of:	
	Millions of heads						Indus- trial prices c f	Wheat prices c g
1980-1981	55.8	14.4	25.8	203	32	87	0.48	4.9
1981-1982	54.2	14.1	26.0	203	33	79	0.48	4.2
1982-1983	52.7	11.5	21.8	212	33	64	0.60	5.7
1983-1984	53.8	11.6	21.7	213	33	70	0.52	6.4
1984-1985	54.6	13.2	24.0	204	34	77	0.39	5.9
1985-1986	54.0	13.6	24.8	202	33	78	0.33	5.8
1986-1987	52.5	13.3	25.3	210	34	78	0.54	8.6
1987-1988	51.1	11.9	23.3	219	33	69	0.52	6.0
1988-1989 <sup>h</sup>	51.0							
1987 <sup>h</sup>								
First half		6.6		211	34	75	0.57	9.1
Second half		5.8		220	33	68	0.59	6.1
1988 <sup>h1</sup>								
First half		6.1		217	33	69	0.45	5.5
Second half	...	5.7		223	30	67	0.47	5.1

**Source:** National Meat Board, Ministry of Agriculture and ECLAC Office in Buenos Aires, on the basis of official data.

<sup>a</sup> As at 1 July. <sup>b</sup> Slaughtering in the period as a percentage of stocks at 1 July. <sup>c</sup> Average for the period.

<sup>d</sup> Slaughtering under control of the National Meat Board, which represents between 75% and 80% of total registered commercial slaughtering. <sup>e</sup> Refers to registered slaughtering only. <sup>f</sup> In Australes of June 1985. The steer prices are the average quotations on the Liniers market. <sup>g</sup> Kilogrammes of wheat needed to purchase 1 kilogramme of live steer.

<sup>h</sup> Preliminary figures and projections. <sup>i</sup> The series are seasonal. The figures presented in the table are not corrected for seasonal factors.

Table 7

## ARGENTINA: MINING PRODUCTION INDICATORS

	1980	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
<b>Gross domestic product of mining sector at factor cost</b> (indexes 1980 = 100)	<b>100.0</b>	<b>98.1</b>	<b>94.4</b>	<b>94.5</b>	<b>104.0</b>	<b>-2.6</b>	<b>-3.8</b>	<i>02</i>	10.0
<b>Production of some mineral fuels</b>									
Petroleum (millions of m <sup>3</sup> )	28.6	26.7	25.2	24.8	26.1	-4.0	-5.6	-1.6	5.2
Marketable coal (thousands of tons)	389.0	400.2	364.9	374.0	511.3	-21.4	-8.8	2.5	36.7
Injected natural gas (billions of m <sup>3</sup> ) <sup>b</sup>	7.9	12.6	13.8	.	.	3.5	9.3	.	.
Saleable gas (billions of m <sup>3</sup> ) <sup>b</sup>	.	.	12.1	12.5	15.6	.	.	3.3	24.8

**Source:** Central Bank of the Republic of Argentina and Ministry of Energy.

<sup>a</sup> Preliminary figures. <sup>b</sup> After deducting imports.

Table 8

## ARGENTINA: INDICATORS OF MANUFACTURING PRODUCTION

	1980	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
<b>Gross domestic product or the manufacturing sector at factor cost (indexes 1980= 100)</b>	<b>100.0</b>	<b>82.0</b>	<b>92.5</b>	<b>92.0</b>	<b>85.7</b>	<b>-10.3</b>	12.9	-0.6	-6.8
Food	100.0	98.8	107.5	103.5	94.3	-	8.8	-3.7	-8.9
Textiles	100.0	70.9	86.5	79.8	76.5	-22.2	22.0	-7.7	<del>4.1</del>
Wood	100.0	56.5	67.0	64.3	54.0	-14.3	18.7	^ .0	-16.0
Paper	100.0	90.3	94.7	90.4	85.3	-3.3	4.9	-4.6	-5.6
Chemicals	100.0	100.0	109.1	106.5	111.5	-5.7	9.2	-2.4	4.6
Non-metallic minerals	100.0	60.2	73.7	80.5	65.6	-22.3	22.5	9.2	-18.5
Basic metal industries	100.0	93.9	105.7	119.0	117.5	-6.7	12.6	12.6	-1.3
Machinery and equipment	100.0	65.8	77.0	78.9	68.9	-18.3	17.0	2.5	-12.6
Other industries	100.0	81.9	92.4	91.9	85.8	-10.4	12.8	-0.6	-6.6
<b>Production of some important manufactures</b>									
Pig iron (thousands of tons) <sup>b</sup>	1806	2 299	2 558	2 785	2 727	28.3	11.3	8.9	-2.1
Crude steel (thousands of tons)	2 702	2 945	3 243	3 602	3 621	11.0	10.1	11.1	0.5
Finished hot-rolled products (thousands of tons/	2 653	2 057	2 545	2 900	2 991	<del>15.7</del>	23.7	13.9	3.1
Cold-rolled flat products (thousands of tons) <sup>d</sup>	732	574	919	1002	978	<del>29.8</del>	60.1	9.0	-2.4
Motor vehicles (thousands of units)	282	138	171	193	164	<del>17.7</del>	23.8	13.4	-15.0
Tractors (units)	3 481	6 377	8 056	3153	6 000	<del>48.2</del>	26.3	-60.9	90.3

Source: Central Bank of the Republic of Argentina, Centro de Industriales Metalúrgicos, Asociación de Fábricas de Automotores and Asociación de Fábricas Argentinas de Tractores.

\* Preliminary figures. <sup>b</sup> Including sponge iron. <sup>c</sup> Includes production for cold re-rolling. These figures should not be added to the production of hot-rolled products.



Table 9

**ARGENTINA: BALANCE OF PAYMENTS**  
(Millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Balance on current account</b>	<b>-4 712</b>	<b>-2 354</b>	<b>-2 436</b>	<b>-2 495</b>	<b>-953</b>	<b>-2 857</b>	<b>-4 231</b>	-1631
Trade balance	-757	2 667	3 469	3648	4 753	1959	509	3 880
Exports of goods and services	10 854	9183	9 291	9 607	10 038	8 433	8132	11210
Goods FOB	9142	7 622	7 838	8101	8 397	6 851	6 359	9100
Real services <sup>b</sup>	1710	1560	1454	1506	1644	1583	1773	2110
Transport and insurance	887	713	755	833	890	745	879	1260
Travel	413	610	453	<b>440</b>	523	562	614	570
Imports of goods and services	11610	6 516	5 822	5 959	5 285	6 474	7 623	7 330
Goods FOB	8 432	4 859	4 120	4 119	3 519	4 391	5 384	4 930
Real services	3 180	1655	1700	1841	1766	2 084	2 238	2400
Transport and insurance	1164	733	737	898	706	744	908	890
Travel	1472	566	507	600	670	894	894	970
Factor services	-3 932	-5 054	-5 922	-6144	-5 707	-4 817	-4 731	-5511
Profits	-738	-317	-424	-439	-424	-483	-559	-659
Interest received	887	526	440	265	253	358	220	206
Interest paid	-3 851	-4 926	-5 425	-5 537	-5132	-4 297	-4139	-4 728
Labour and property	-233	-339	-514	-433	-404	-393	-253	-330
Unrequited private transfer payments	-21	34	16	2	-	2	-8	-
<b>Balance on capital account</b>	<b>1519</b>	<b>1686</b>	<b>-13</b>	<b>2660</b>	<b>1989</b>	1983	<b>2 281</b>	3 135
Unrequited official transfer payments	-	-	-	-	-	-	-	-
Long-term capital	9 965	3844	1715	-322	4 789	2 260	2 428	
Direct investment	943	257	183	267	919	576	-17	1147
Portfolio investment	1123	1888	1140	759	-507	-380	-89	
Other long-term capital	7 899	1698	393	-1349	4 377	2 064	2 534	
Official sector <sup>c</sup>	962	-44	376	1440	6170	2 465	2 549	
Loans received	1034	230	2 497	2 332	6 577	2 906	2 278	
Amortization payments	-48	-225	-2110	-541	-106	-157	-207	
Commercial banks <sup>c</sup>	363	267	38	-33	-1	-4	-50	
Loans received	399	737	264	8	15	13	47	
Amortization payments	-37	-469	-227	-40	-16	-16	-97	
Other sectors <sup>c</sup>	6 574	1475	-22	-2 756	-1791	-398	36	
Loans received	8 795	2 602	2 447	279	559	764	617	
Amortization payments	-1696	-650	-2 295	-2 862	-2151	-1037	-512	
Short-term capital	-8 244	-1758	-1289	3 037	-2 278	-588	70	
Official sector	299	2 682	-91	1896	-2 941	-902	407	
Commercial banks	24	351	311	-523	667	-21	16	
Other sectors	-8 567	-4 791	-1509	1664	-3	336	-353	
Errors and omissions (net)	-205	-401	-440	-55	-525	310	-216	
<b>Global balance</b>	<b>-3193</b>	<b>-668</b>	<b>-2 450</b>	<b>165</b>	<b>1036</b>	<b>-874</b>	-1950	1504
Total variation in reserves (- sign indicates an increase)	3 408	806	2379	-17	-817	984	2 213	-1785
Monetary gold	-	-	-	-	-	-	-	-
Special Drawing Rights	-76	404	-	-1	1	-	-	-
IMF reserve position	57	178	100	-	-	-	-	-
Foreign exchange assets	3 426	225	1105	57	-2 029	555	1 101	-
Other assets	-	-	-	-	-	-	-	-
Use made of IMF credit	-	-	1174	-73	1211	429	1112	-175

**Source:** 1981-1987: International Monetary Fund, *Balance of Payments Yearbook*, April 1988; 1988: ECLAC, on the basis of official data.

Preliminary figures. Includes other non-factor services. Includes net loans granted and other assets and liabilities. Equals the total variation in reserves (of opposite sign) plus counterpart items.

Table 10

**ARGENTINA: INDICATORS OF EXTERNAL INDEBTEDNESS**

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Millions of dollars</b>								
<b>Total external debt</b>	<b>35 671</b>	<b>43 634</b>	<b>45 069</b>	<b>46 903</b>	<b>49 326</b>	<b>51 422</b>	<b>54 700</b>	<b>57 000</b>
Public	20 024	28 616	31 709	36 139	39 868	44 000	. . . . .	. . . . .
Private	15 647	15 018	13 360	10 764	8 444	7 400	. . . . .	. . . . .
Net interest	3 850	4 926	5 423	5 537	5 132	4 291	4 145	4 728
<b>Percentages</b>								
Total external debt/exports of goods and services	329	475	485	488	491	610	673	508
Net interest/exports of goods and services	35	54	58	57	51	50	51	42

**Source:** ECLAC, on the basis of official data.

Estimated figures.                      Figures include external indebtedness due to arrears.

Table 11  
 ARGENTINA: EVOLUTION OF EXCHANGE RATES  
 (Annual and quarterly averages)

Period	Nominal exchange rate (Austral per dollar)		Indexes of real effective exchange rate <sup>8</sup> (1980 = 100)	
			Exports	Imports
1970-1979	0.00003		143.7	148.3
1980	0.0002		100.0	100.0
1981	0.0005 <sup>b</sup>		136.1	142.2
1982	0.002 <sup>b</sup>		165.8	167.4
1983	0.01		155.3	162.2
1984	0.07		148.4	163.2
1985	0.60		167.6	175.2
1986	0.94		186.0	186.7
1987	2.14		213.0	209.8
1988	8.96 <sup>c</sup>	9.85 <sup>c</sup>	192.4	203.5
1986				
I	0.80		184.4	186.2
II	0.85		184.4	185.4
III	0.97		185.3	185.5
IV	1.15		189.9	189.4
1987				
I	1.41		206.8	205.1
II	1.61		211.2	208.7
III	2.15		208.0	204.7
IV	3.42		224.7	220.8
1988				
I	4.39		218.8	215.6
II	6.84		203.2	201.8
III	11.47 <sup>c</sup>	12.71 <sup>c</sup>	176.2	196.2
IV	13.15 <sup>c</sup>	15.47 <sup>c</sup>	172.2	200.4

Source: ECLAC, on the basis of information from the International Monetary Fund, *International Financial Statistics*.

<sup>8</sup> Represents an average of the indexes of the real exchange rate of the Austral in relation to the currencies of Argentina's main trading partners, weighted by the relative importance of exports or imports, as appropriate, to or from these countries. From 1970 to 1980 these weightings correspond to the average for the period 1975-1979. From 1981 on, they correspond to the average for the period 1983-1987. In these calculations, use has primarily been made of wholesale price indexes. For further information on the methodology and sources used, see the technical appendix to the *Economic Survey of Latin America*, 1981. <sup>b</sup> For the second half of 1981 and 1982 an average of the trade and financial exchange rates (50% each) was used. <sup>c</sup> Corresponds to the exchange rates for exports and imports, respectively.

Table 12  
ARGENTINA: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	Growth rates							
Exports FOB								
Value	14.0	-16.6	2.8	3.4	3.7	-18.4	-7.2	43.1
Volume	17.7	-2.1	13.6	-8.5	19.9	-12.7	-11.3	24.9
Unit value	-3.2	-14.9	-9.5	13.0	-13.5	-6.6	4.7	14.6
Imports FOB								
Value	-10.2	-42.4	-15.2	-	-14.6	24.8	22.6	-8.4
Volume	-10.4	<sup>^</sup> 10.2	-10.5	6.9	-18.6	20.0	14.9	-16.0
Unit value	0.1	-3.6	-5.2	-6.5	5.0	4.0	6.7	9.0
Terms of trade	-3.7	-11.9	-4.9	18.9	-16.7	-9.5	-2.2	5.1
	Indexes (1980=100)							
Purchasing power of exports	113.4	97.9	105.7	115.0	114.9	90.9	78.8	103.4
Volume of exports	117.7	115.3	131.0	119.8	143.6	125.4	111.2	138.9
Volume of imports	89.6	53.6	47.9	51.3	41.7	50.1	57.5	48.3
Terms of trade (FOB/CIF)	96.3	84.9	80.7	96.0	80.0	72.4	70.9	74.5

Source: ECLAC, on the basis of official data.

<sup>1</sup> Preliminary figures.

Table 13  
ARGENTINA: VALUE AND COMPOSITION OF EXPORTS OF GOODS, FOB

	Millions of dollars			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Total	6 852	6 360	9 100	100.0	100.0	3.6	-18.4	-12	43.1
Total, agricultural products	5 044	4 399	6 960	73.4	76.5	-6.1	-17.0	-12.8	58.2
Livestock products	1 067	1 231	1 255	21.8	13.8	-5.4	12.8	15.4	1.9
Meat	466	602	560	12.1	6.2	-4.7	20.4	29.2	-7.0
Wool, animal hair and horsehair	179	190	230	3.5	2.5	-9.3	-8.7	6.1	21.1
Hides and skins	341	358	365	4.5	4.0	-5.2	18.0	5.0	2.0
Other livestock products	81	81	100	1.7	1.1	1.4	9.5	-	23.5
Crop-farming products	3 762	2 908	5 360	49.8	58.9	-6.2	-24.5	-22.7	84.3
Cereals	1 295	776	1 200	21.7	13.2	-0.2	-44.2	<sup>^</sup> 10.1	54.6
Oilseeds and oils	1 886	1 630	3 500	16.6	38.5	-16.1	-5.7	-13.6	114.7
Other crop-farming products	581	502	660	11.5	7.3	10.0	-12.4	-13.6	31.5
Fishery products	215	260	345	1.8	3.8	-7.0	46.3	20.9	32.7
Non-traditional industrial products	1 808	1 961	2 140	26.6	23.5	41.7	-22.0	8.5	9.1
Fuels	164	97	180	3.5	2.0	83.0	-74.2	-40.9	85.6
Other	1 644	1 864	1 960	23.1	21.5	30.6	-2.3	13.4	5.2

Source: ECLAC, on the basis of data from the National Institute of Statistics and Censuses, the National Meat Board and other sources.

<sup>1</sup> Preliminary figures.

Table 14  
**ARGENTINA: MAIN AGRICULTURAL EXPORT PRODUCTS**

	Thousands of tons				Growth rates		
	1985	1986	1987	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>
Cooked and frozen meats	23.9	23.5	28.4	26.9	-1.7	20.9	-5.3
Corned beef	39.3	38.9	50.6	59.9	-1.0	30.1	18.4
Greasy wool	35.4	37.0	32.0	26.7	4.5	-13.5	-16.6
Scoured and carbonized wool	49.2	55.6	50.0	76.9	13.0	-10.1	53.8
Wheat	9 583	4120	4192	3 700	-57.0	1.7	-11.7
Maize	7 069	7395	3 987	4 230	4.6	-46.1	6.1
Sorghum	3 273	1959	1003	1440	-40.1	-48.8	43.6
Soya	2964	2 586	1394	2100	-12.8	-46.1	50.6
Sunflower oil	863	998	664	775	15.6	-33.5	16.7
Soya oil	551	692	736	900	25.6	6.4	22.3
Sunflower by-products	1185	1400	922	1200	18.1	-34.1	30.2
Soya by-products	2 543	3404	3 659	4 700	33.9	7.5	28.5
Sugar	148	104	102	110	-29.7	-1.9	7.8

**Source:** ECLAC, on the basis of data supplied by the Ministry of Agriculture, Central Bank of the Republic of Argentina, National Meat Board and the Wool Federation.

\* Preliminary figures. Thousands of tons, based on greasy wool.

Table 15  
**ARGENTINA: VALUE AND COMPOSITION OF IMPORTS OF GOODS, CIF**

	Millions of dollars			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>4 724</b>	<b>5 818</b>	<b>5 330</b>	100.0	100.0	<b>-16.8</b>	<b>23.9</b>	<b>23.2</b>	<b>-8.4</b>
<b>Capital goods</b>	<b>614</b>	<b>973</b>	<b>1066</b>	<b>22.7</b>	20.0	0.8	<b>-52</b>	<b>58.5</b>	<b>9.6</b>
Fuels and lubricants	423	665	500	11.1	9.4	-6.1	-8.0	57.2	-24.8
<b>Intermediate goods</b>	<b>3400</b>	<b>3863</b>	<b>3 529</b>	<b>48.6</b>	66.2	<b>-21.7</b>	<b>35.6</b>	13.6	<b>-8.6</b>
Chemical, plastic and rubber products	1158	1236		12.9		-23.7	29.7	6.7	
Paper and pulp	117	137		2.9		-18.8	69.6	17.1	
Metals and manufactures, electrical equipment and components, spare parts for machinery and transport equipment	1430	1847		21.9		-17.5	24.5	29.2	
Other intermediate goods	695	643		10.9		-28.3	75.1	-7.5	
<b>Consumer goods</b>	<b>287</b>	<b>317</b>	<b>235</b>	<b>17.6</b>	4.4	<b>-20.8</b>	<b>44.9</b>	<b>10.5</b>	<b>-25.9</b>

**Source:** ECLAC, on the basis of data supplied by the Central Bank of the Republic of Argentina.

\* Preliminary figures.

Table 16

**ARGENTINA: EVOLUTION OF DOMESTIC PRICES**

	1981	1982	1983	1984	1985	1986	1987	1988
<b>Variations from December to December</b>								
Consumer price index	1313	209.7	433.7	688.0	385.4	81.9	174.8	387.7
Food	135.8	218.4	415.2	713.2	366.9	86.0	169.7	406.3
Clothing	104.8	289.4	486.7	749.4	2833	70.4	161.2	364.2
Housing, fuel and electricity	111.8	181.2	512.1	526.1	420.8	72.7	183.6	357.0
Wholesale prices	176.1	320.7	427.0	585.0	363.9	57.9	181.6	431.6
Imported products	249.5	566.6	323.4	551.7	405.7	53.5	215.8	412.8
Domestic products	171.9	301.5	4403	588.3	360.0	58.4	178.4	433.7
Agricultural	183.5	319.7	402.2	601.0	336.4	74.4	153.5	455.3
Manufactured	171.1	298.5	447.1	586.2	363.9	55.8	182.8	430.3
<b>Variation between averages</b>								
Consumer price index	104.5	164.8	343.8	626.7	672.2	90.1	131.3	343.0
Food	99.2	178.4	339.0	638.9	624.1	98.1	132.8	338.0
Clothing	81.4	188.3	411.3	726.7	486.3	88.2	107.9	323.9
Housing, fuel and electricity	111.1	133.8	366.2	525.6	768.5	69.0	128.8	359.5
Wholesale prices	104.8	258.7	374.2	551.1	666.1	63.9	122.9	412.5
Imported products	155.7	4423	312.3	498.3	759.7	60.2	130.7	438.8
Domestic products	101.9	244.8	381.5	556.4	657.4	64.2	122.1	409.7
Agricultural	74.9	285.2	404.2	534.6	489.3	111.5	116.2	378.4
Manufactured	111.2	238.5	377.5	560.5	687.7	57.9	123.1	415.2

Source: ECLAC, on the basis of data from the National Institute of Statistics and Censuses.

Table 17

ARGENTINA: EVOLUTION OF THE MAIN NOMINAL VARIABLES<sup>8</sup>

Period	Total	Wholesale price index			Con- sumer price index	Indus- trial <sup>b</sup> wages	Public services charges <sup>0</sup>	Trade exchange rate	M <sub>i</sub> <sup>d</sup> Seasonally adjusted	M <sub>2</sub> <sup>d</sup>
		Agri- cultural	Domestic non-agri- cultural	Imported products						
1985	13.6	13.1	13.6	14.5	14.1	11.8	14.1	14.3	17.9	15.5
1986	3.9	4.7	3.8	3.6	5.1	5.0	3.9	3.5	5.3	6.4
I	0.7	0.9	0.6	1.5	3.1	2.5	0.1	-	6.5	6.0
II	3.4	5.9	3.1	2.4	4.4	5.6	4.8	2.9	3.9	5.5
III	7.1	12.5	6.2	6.2	7.6	6.0	5.7	6.3	3.7	5.4
IV	4.4	0.2	5.2	4.5	5.4	6.0	4.9	4.9	6.9	8.9
1987	9.0	8.1	9.0	10.1	8.8	8.2	8.6	9.3	7.0	8.2
I	6.7	7.5	6.5	6.8	7.4	4.5	6.8	8.3	7.2	6.4
II	4.5	5.6	4.4	3.8	5.2	6.5	4.2	3.7	3.8	6.7
III	13.5	13.5	13.3	14.8	11.8	11.2	10.4	12.9	4.1	8.1
IV	11.7	5.9	12.2	15.3	10.9	10.7	13.3	12.8	13.1	11.8
1988 <sup>e</sup>	14.9	15.4	14.9	14.6	14.1	14.3	14.7	12.7	12.7	15.0
I	13.9	11.9	14.1	14.4	11.4	10.5	13.8	11.8	6.8	11.0
II	21.3	21.3	21.4	20.8	17.0	16.1	22.1	17.9	11.0	14.6
III	20.6	26.9	19.9	18.3	21.4	20.0	18.6	18.5	18.4	21.6
IV	4.7	2.8	4.9	5.5	7.2	11.3	5.1	3.2	14.9	13.0

Source: ECLAC, on the basis of official data.

<sup>a</sup> Monthly rates, equivalent to the variation between extremes for each period, in percentages.  
of workers in manufacturing.

<sup>c</sup> Prices and charges of public enterprises, general level.

<sup>1</sup> Normal hourly wage

<sup>3</sup> Average month-end

balances. <sup>c</sup> Preliminary figures.

Table 18

**ARGENTINA: EVOLUTION OF WAGES IN MANUFACTURING<sup>8</sup>**  
*(Growth rates in relation to the preceding period)*

	A. Total average real wage per worker					
	1983	1984	1985	1986	1987	1988
Variation between averages	22.8	25.3	-12.1	5.4	-8.2	-6.1
Variation between extremes	35.1	83	-53	1.8	-11.0	13.0

**B. Normal average real wage per hour**

	1986				1987				1988			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Variation between averages	1.8	-0.6	-1.9	0.7	-5.1	-1.0	-7.6	3.8	-1.8	-6.2	-3.8	-14.6
Variation between extremes	-2.5	2.4	-4.5	1.1	-6.1	0.6	-6.1	4.5	-6.1	-5.8	4.3	13.1

**Source:** ECLAC, on the basis of data supplied by the National Institute of Statistics and Censuses.

<sup>8</sup> Deflated by the average CPI for the month of receipt and the following month; this is therefore a measurement of the purchasing power of wages paid monthly at the time of receipt or of that of wages paid fortnightly and spent uniformly over the period. The normal wage includes base salary plus bonuses and incentives.



Table 19

## ARGENTINA: EVOLUTION OF EMPLOYMENT AND UNEMPLOYMENT

A. Unemployment rates<sup>8</sup>

	1984		1985		1986 <sup>b</sup>		1987		1988	
	April	October	April	October	April	October	April	October	April	October
Capital and Greater Buenos Aires	4.1	3.5	5.7	4.9	4.8	4.4	5.4	5.2	6.3	5.7
Córdoba	4.4	5.1	5.3	4.7	6.4	5.1	4.9	5.5	5.0	5.9
Greater Mendoza	3.3	3.7	3.6	3.7	4.9	3.3	3.6	3.1	4.7	4.0
Greater Rosario	6.8	6.2	10.9	10.2	6.8	7.2	7.3	8.3	7.8	7.0
Greater Tucumán	8.5	10.6	12.1	11.4	13.6	12.5	15.1	9.8	11.3	10.1

B. Employment and hours worked in manufacturing<sup>0</sup>

	1984	1985	1986	1987	1988	1987				1988			
						I	II	III	IV	I	II	III	IV
Workers employed	77.6	74.8	71.7	71.3	72.2	74.0	69.8	69.1	71.0	74.9	72.4	69.4	70.5
Hours worked per worker	80.2	73.7	74.4	73.5	75.3	68.2	74.9	76.4	72.8	71.6	78.9	76.9	73.8

Source: National Institute of Statistics and Censuses.

<sup>a</sup> As a percentage of the economically active population. The surveys used here were conducted in June and November in the Capital and Greater Buenos Aires and in May and October in the other cities. <sup>c</sup> Indexes 1970 = 100.

Table 20

ARGENTINA: NATIONAL NON-FINANCIAL PUBLIC SECTOR<sup>1</sup>

	Percentages of gross national product			
	1985	1986	1987	1988
Current income of Central Government <sup>b</sup>	22.3	20.8	19.7	18.8
Tax revenue	18.7	18.5	17.6	17.3
Non-tax revenue	3.6	2.3	2.1	1.5
Current expenditure of Central Government <sup>b</sup>	22.7	22.0	22.1	20.1
Personal	4.1	3.6	4.2	4.0
Non-personal goods and services	2.2	2.1	2.2	1.7
Debt interest	2.9	2.3	2.7	2.0
Domestic	0.2	0.3	0.8	0.3
External	2.7	2.1	1.9	1.7
Transfers	13.5	14.1	13.6	12.8
Provinces <sup>c</sup>	6.1	6.7	6.5	6.6
Liabilities	6.2	6.3	5.7	5.1
Other	1.2	1.2	1.3	1.2
Economies	-	-	-0.6	-0.4
Current saving of Central Government	-0.4	-1.3	-2.4	-1.3
Current saving of public enterprises	-1.5	0.5	-0.6	0.7
Economic emergency financing <sup>d</sup>	0.7	0.6	0.2	0.5
Capital expenditure of national public sector (net)	4.2	3.8	4.6	4.1
Real investment	4.1	3.9	4.6	4.1
Other capital expenditures (net)	0.1	-0.1	-	-
Financing needs of national public sector	5.4	4.1	7.4	4.2
Domestic financing (net)	4.5	0.1	3.2	2.5
External financing (net)	0.9	4.0	4.2	1.7

Source: ECLAC, on the basis of data supplied by the Ministry of Finance.

Note: The interest on the domestic public debt is calculated in real terms.

<sup>a</sup> Data on actual budgetary expenditure. The data for 1987 and 1988 correspond to the final budget. <sup>b</sup> National administration plus National Social Security System. <sup>c</sup> Includes the amounts of tax co-participation corresponding to the provinces. <sup>d</sup> Compulsory savings system.

Table 21  
**ARGENTINA: MONETARY BALANCE**

	Year-end balances (millions of Australes)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Money (Mi)</b>	3 014	5 588	12 567	54 500	593.3	85.4	124.9	333.7
Currency outside banks	2 022	3 990	9 262	42 100	545.3	97.3	132.1	354.6
Current account deposits	992	1 598	3 306	12 400	717.1	61.1	106.9	275.1
<b>Factors of net expansion</b>	7 849	16 663	43 216	233 900	437.9	1123	1 593	441.2
Net international reserves	-5 406	-7 978	-45 360	-92 100				
Domestic credit (net)	13 255	24 641	88 575	326 000	410.0	85.9	259.5	268.0
Government and public institutions (net)	7 129	14 049	58 116	262 500	491.5	97.1	313.7	351.7
Advances for the Monetary Regulation Account	2 283	5 489	17 816	106 900	438.6	140.5	224.6	500.0
External financing supplied to Central Government (net)	3 109	5 627	26 983	43 200	-	81.0	379.6	60.1
Other loans to government (net of deposits) <sup>b</sup>	1 738	2 933	13 317	112 400	122.4	68.8	354.0	744.0
Private sector <sup>b</sup>	8 981	16 495	48 819	221 800	372.1	83.7	196.0	354.3
Other items (net)	-2 855	-5 903	-18 360	-158 300	-	-	-	-
<b>Quasi-money</b> (savings and time deposits)	4 835	11 076	30 648	179 400	371.9	129.1	176.7	485.4
	<b>Percentages</b>							
<b>Monetary multipliers</b> <sup>c</sup>								
Mi/Monetary base	38.6	39.2	43.0	31.2				
M2/Monetary base	133.5	118.8	152.8	141.9				
<b>Ratios of liquidity</b>								
MI/GDP	3.6	5.6	5.1	3.2				

**Source:** ECLAC, based on data supplied by the Central Bank of the Republic of Argentina.

<sup>a</sup> Estimated figures. <sup>b</sup> Includes accrued resources. <sup>c</sup> Annual average of values obtained from end-of-month balances. M2 = Mi + quasi-money.

Table 22

ARGENTINA: INTEREST RATES<sup>1</sup>

Monthly equivalent rates (percentages)

	Nominal			With regard to cpi <sup>b</sup>			With regard to wpi <sup>b</sup>		
	Deposits <sup>0</sup>	Loans	Loans <sup>6</sup>	Deposits <sup>0</sup>	Loans <sup>d</sup>	Loans <sup>6</sup>	Deposits <sup>0</sup>	Loans <sup>*e</sup>	Loans <sup>6</sup>
1984	14.0	15.3	19.6	-4.9	-3.7	-0.2	-4.0	-2.9	0.7
I	10.5	11.5	13.6	-6.8	-6.0	-4.2	-6.3	-5.5	-3.7
II	13.0	14.0	18.6	-4.0	-3.2	0.7	-3.4	-2.5	1.4
III	15.5	17.0	19.7	-6.2	-5.0	-2.9	-4.2	-3.0	-0.8
IV	17.0	19.0	27.0	-2.4	-0.7	6.0	-2.2	-0.5	6.2
1985	10.7	12.4	15.5	-1.4	0.2	2.9	<b>-1.0</b>	0.5	3.3
I	18.5	20.5	24.5	-5.6	-4.0	-0.6	-5.6	-4.0	-0.9
II <sup>f</sup>	18.8	20.8	26.4	-1.1	0.5	5.2	-3.2	-1.6	3.0
III	3.5	5.0	7.2	1.2	2.7	4.8	2.6	4.1	6.3
IV	3.1	4.5	5.5	0.2	1.6	2.5	2.5	3.9	4.9
1986	4.0	5.4	6.2	-1.4	-0.1	0.6	-0.3	1.1	1.8
I	3.1	4.5	5.2	-0.5	0.8	1.5	1.4	2.8	3.4
II	3.2	4.6	4.5	-1.8	-0.5	-0.6	-0.9	0.4	0.3
III	4.4	5.9	6.4	-2.8	-1.4	-1.0	-2.6	-1.2	-0.7
IV	5.3	6.8	8.7	-0.5	0.9	2.7	0.9	2.3	4.1
1987	7.2	8.5	10.3	-1.6	-0.4	1.2	-2.1	-0.9	0.7
I	4.8	5.9	7.4	-1.2	-0.1	1.3	-0.7	0.4	1.8
II	5.1	6.1	8.3	-2.1	-1.3	0.6	-1.4	-0.6	1.4
III	9.4	10.9	13.5	-4.8	-3.5	-1.2	-9.1	-7.8	-5.7
IV	9.6	11.1	12.1	1.9	3.3	4.2	3.3	4.7	5.6
1988	13.1	14.6	14.0	-0.9	0.6	0.1	-1.2	0.2	-0.3
I	12.7	14.2	14.6	-1.2	0.1	0.5	-2.4	-1.1	-0.7
II	16.5	18.0	17.6	-2.7	1.4	-1.7	-6.2	-4.9	-5.2
III	13.1	14.6	14.4	-2.4	-1.0	-1.3	-0.4	0.9	0.6
IV	10.1	11.6	9.6	2.8	4.7	2.8	4.4	6.3	4.4

**Source:** ECLAC, on the basis of data supplied by the Central Bank of the Republic of Argentina and other sources.

<sup>a</sup>The quarterly and annual values are geometric averages of monthly values. <sup>b</sup>Deflated values correspond to *ex-post* real rates, calculated according to the formula  $(1 + r(t))/(1 + p(t+1))$ , where  $r(t)$  is the nominal rate in force during the month  $t$  and  $p(t+1)$  the growth rate of prices in month  $t+1$ .

<sup>c</sup>Until October 1987, this was the rate fixed by the Central Bank of the Republic of Argentina for 30-day deposits; since November 1987 it is the reference rate (weighted average of rates paid by banks for 30-day deposits).

<sup>d</sup>Until October 1987, this was the regulated rate. Since November 1987, it is the rate applicable to credit operations in connection with lines of credit of the Central Bank of the Republic of Argentina.

<sup>e</sup>Rate in effect in inter-business operations for seven days with BOMEI collateral.

<sup>f</sup>In June only the rates in effect during the second half of the month were considered.

## BOLIVIA

In 1988 the Bolivian economy continued the recovery which had begun the year before, although this process was very much subject to the requirements of keeping inflation and the external accounts within acceptable limits after the traumatic extremes registered in recent years. The product recovered by almost 3%, reaching its highest level since 1983, although it was still eight percentage points below that registered in 1980. Conjunctural reasons caused inflation to double to nearly 22%, but in any case this figure was not even a third of that registered a couple of years before, and it was totally insignificant compared with the inflation of over 8 100% registered in 1985.

In order to keep the growth rate of prices under control and promote reactivation of the economy, the authorities continued to eliminate hindrances to external trade, reduced price controls and subsidies, moderately increased public sector wages, and made the expenditure of public institutions subject to severe controls. These measures, however, did not succeed in dispelling the fears that greater monetary expansion or faster devaluation of the peso boliviano might be wrongly interpreted by the economic agents and might cause inflationary expectations to surge up again.

Furthermore, the systematic arrears accumulated by Argentina with regard to its gas imports obliged the Bolivian public sector to apply a more moderate investment policy. There are also indications that there was a decline in the inflow of foreign exchange from illegal narcotics trafficking, due both to actions taken by the government itself and to the drop in the international prices of the drugs in question. Finally, the achievements made with regard to inflation showed some signs of fragility, since a considerable part of the deposits in the banking system were in foreign currency, which means that any drastic change in the exchange rate could have extremely

far-reaching effects on the behaviour of domestic prices.

The fact that the government's goals were only partly fulfilled was due, *inter alia*, to the adjustments made in April in the domestic prices of fuels and in public service charges; to the rise in the price of imported wheat, and to the shortage of goods due to the temporary closure of the frontier with Peru. The severe inflationary processes suffered by Bolivia's two great neighbours, Argentina and Brazil, also had a by no means insignificant effect on domestic prices.

As in 1987, the evolution of the public finances and exchange policy helped to moderate inflationary pressures. The fiscal imbalances were significantly reduced, so that for the first time in the country's recent history the national treasury registered a surplus, equivalent on this occasion to almost 0.5% of the product. Moreover, the non-financial public sector deficit went down by two percentage points so that it was less than 7% of the product.

These successful results in fiscal matters helped the monetary policy to bring down the growth rate of the monetary variables for the third year running. The money supply (Mi) expanded by only 36%, the lowest rate since 1982. Interest rates, however (especially on loans), continued to be very high, with a consequently unfavourable effect on investment.

The external accounts showed a significant reduction in the current deficit, but the balance of payments as a whole registered a loss of reserves, with the Central Bank's external assets shrinking to US\$160 million.

The current value of exports of goods and services increased by over 12%, but this was not enough to make up for the big drops registered since 1980, when exports reached their highest level. For their part, imports went down by 26%, so that in nominal terms they were only equal to the 1984 level. This big decline explains

why the current account deficit was only half that registered in 1987, even though net payments of profits and interest—which came to some US\$300 billion—increased by 3%.

The medium- and long-term external public debt was equivalent to around six times the value of the country's registered exports of goods and services, but some relief was observed in respect of Bolivia's commitments to the international private banking system. Bolivia repurchased on the secondary markets nearly half of its commitments to its creditors, while it also secured the condonation of the interest payments due on the repurchased debt.

Although economic activity showed some recovery for the second year running, the per capita product did not improve at all and stood at a level 25% below that of 1980, which shows how seriously it deteriorated in previous years.

The most dynamic sectors of activity were those connected with the production of goods

and basic services. Outstanding among the former were the mining sector, which expanded by 21% and thus resumed its role as the driving force in the economy, and construction, which expanded by 12%. In basic services, electric power generation was the most outstanding branch. Agriculture, however, which absorbs more than two-fifths of the economically active population, grew by only 1%.

Wages increased in real terms, but showed only a very modest recovery from the losses suffered in previous years, especially in the case of public employees. Thus, the average minimum wage was equivalent in nominal terms to only about US\$25 per month.

Finally, despite the efforts of the Social Emergency Fund to implement emergency employment programmes, unemployment remained at high levels similar to those of previous years.

Figure 1  
**BOLIVIA: MAIN ECONOMIC INDICATORS**

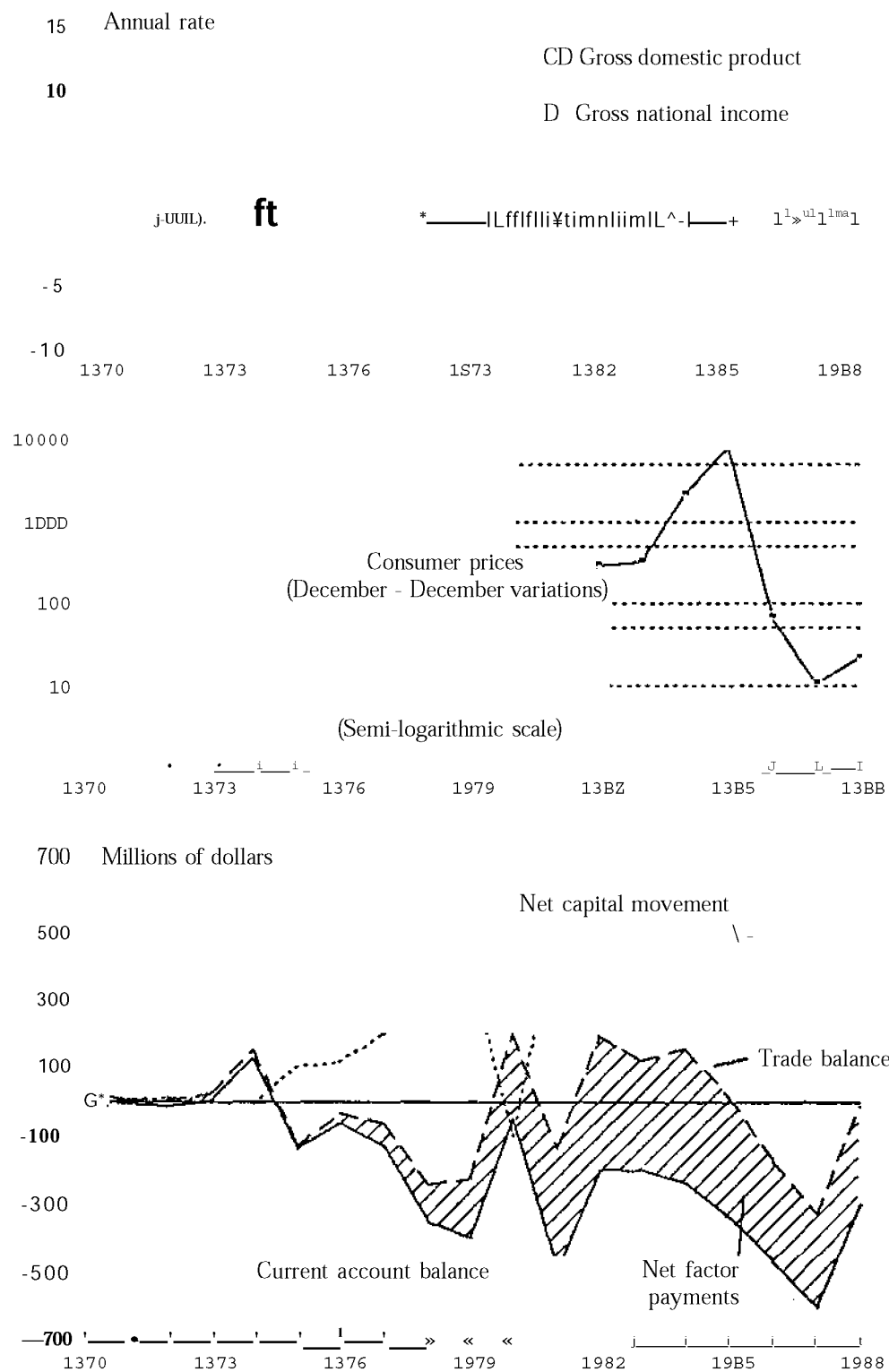
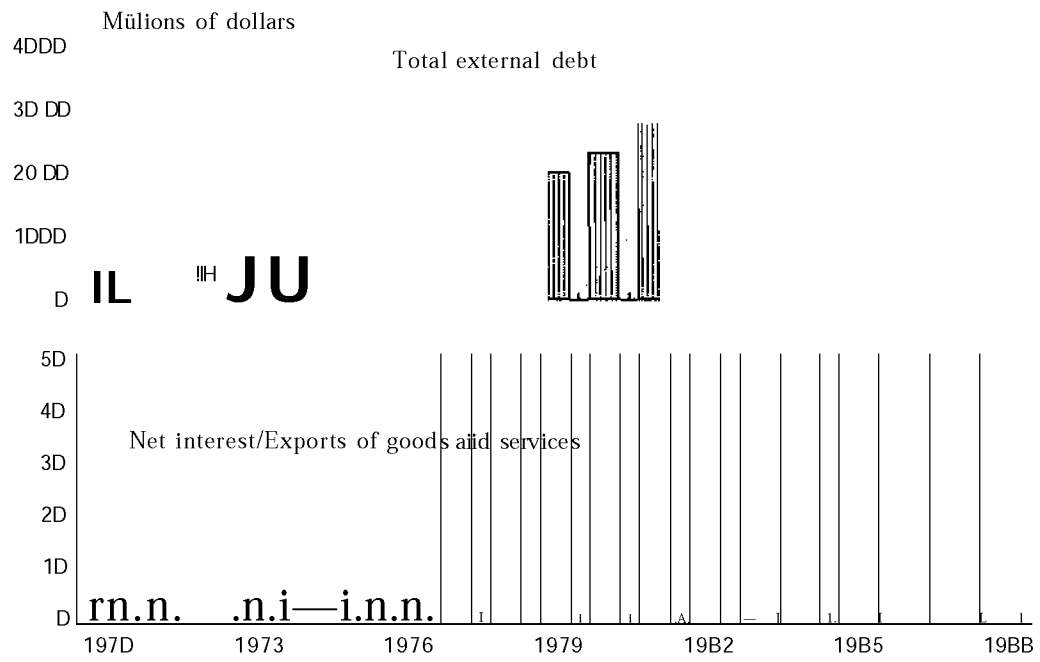


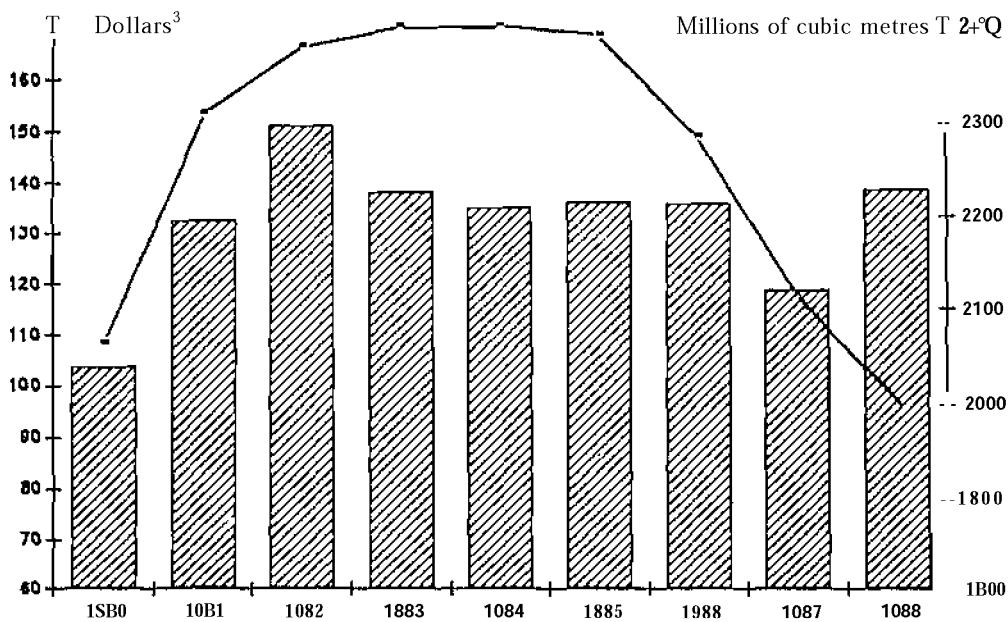
Figure 1 (concluded)



Source: ECLAC, on the basis of official data.



Figure 2  
**BOLIVIA: PRICES AND VOLUMES OF NATURAL GAS EXPORTS**

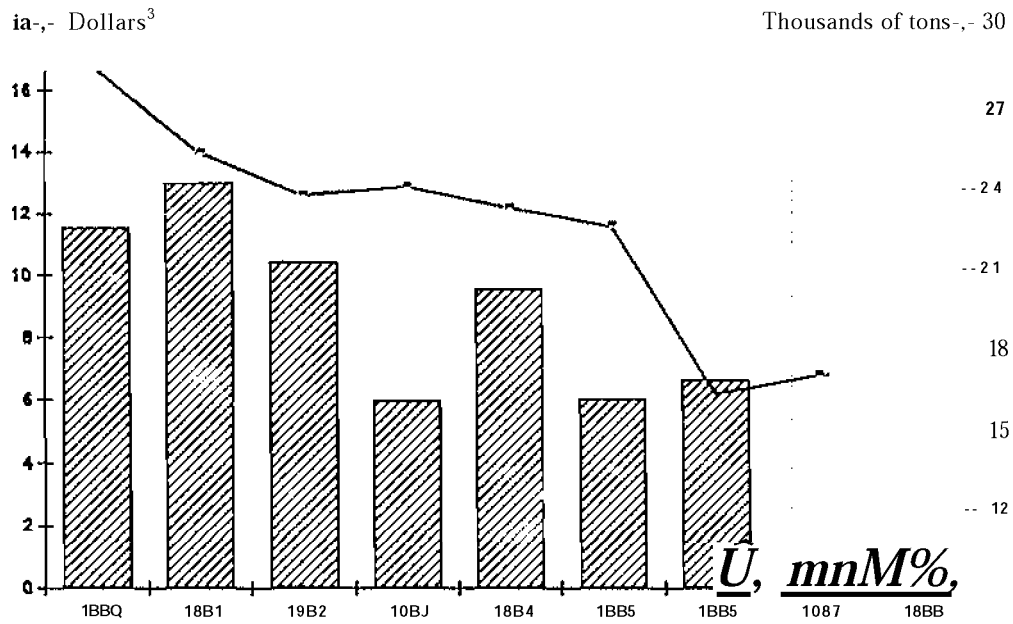


Source: Central Bank of Bolivia  
<sup>a</sup>Per million cubic metres of gas

Price of gas

E3 Volume of gas exported

**Figure 3**  
**BOLIVIA: PRICES AND VOLUMES OF METALLIC TIN**  
**AND TIN CONCENTRATE EXPORTS**



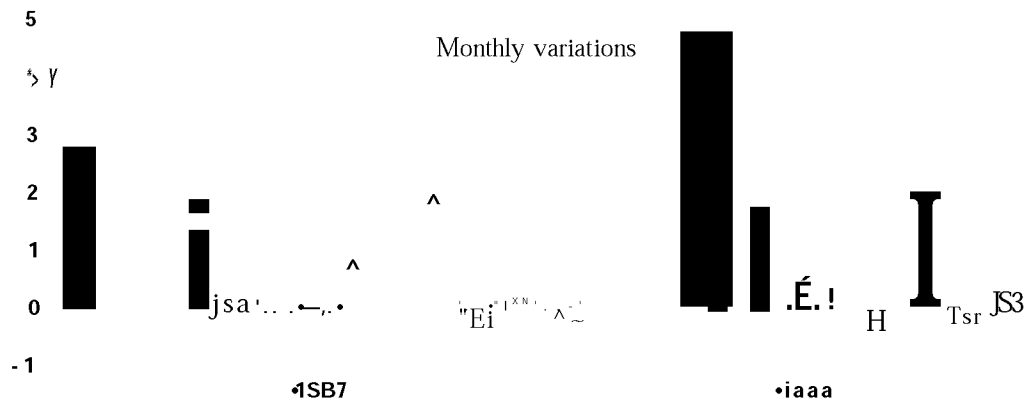
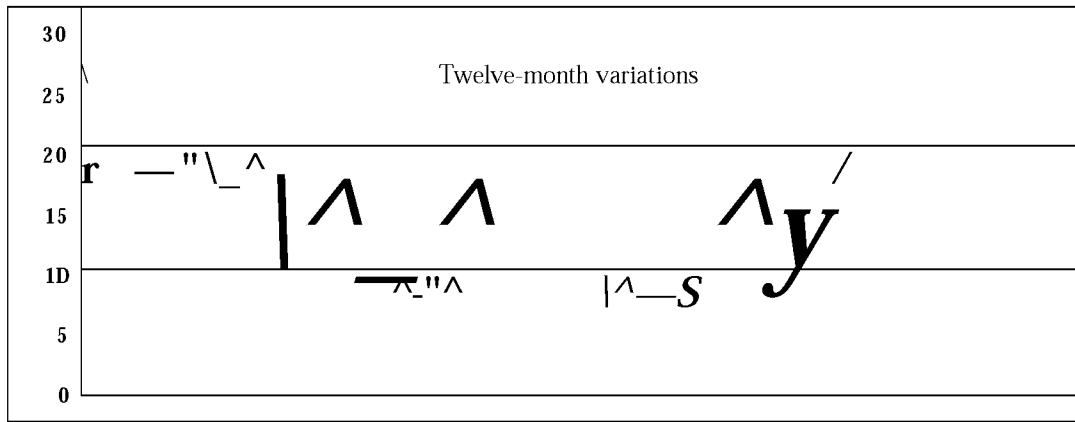
Source: Central Bank of Bolivia

<sup>a</sup>Per ton.

→ • Price of tin

B Volume of tin exported

Figure 4  
BOLIVIA: CONSUMER PRICE INDEX  
(Percentage variations)



Source: ECLAC, on the basis of official figures.

Table 1

**BOLIVIA: MAIN ECONOMIC INDICATORS**

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes (1980 = 100)</b>							
<b>Basic economic indicators</b>							
Gross domestic product at market prices	96.5	90.2	90.0	89.8	87.2	89.0	91.5
Gross national income	91.8	86.8	86.1	85.8	82.9	85.4	86.8
Gross fixed capital formation	69.4	69.8	65.9	59.8	58	60.8	62.1
Population (millions of inhabitants)	5.8	6.0	6.2	6.3	6.5	6.7	6.9
Per capita gross domestic product	91.5	83.3	80.8	78.5	74.2	73.7	73.7
Public sector deficit/gross domestic product	14.2	17.9	26.5	10.8	3.3	8.3	6.3
Gross fixed investment/GDP	10.2	11	10.4	9.5	9.5	9.7	9.7
Money (M1) /GDP	14.1	12.6	17.7	9.2	5.1	6	6.8
Real effective exchange rate <sup>c</sup>	103.0	64.0	<b>44.3</b>	70.9	88.2	86.8	95.0
<b>Growth rates</b>							
<b>Short-run economic indicators</b>							
Gross domestic product	-4.4	-6.5	-0.3	-0.1	-2.9	2.1	2.8
Per capita gross domestic product	-6.9	-9.0	-3.0	-2.8	-5.6	-0.6	-
Gross national income	-5.5	-5.5	-0.8	-0.3	-3.4	3.0	1.6
Consumer prices							
December to December	296.5	328.5	2 176.8	8 170.5	65.9	10.6	21.5
Minimum wage		2.9	-16.4	-46.0	-30.2	16.0	4.5
Current value of exports of goods and services	-9.5	-5.7	-4.7	-12.0	-7.4	-10.5	12.5
Current value of imports of goods and services	-37.6	3.2	-10.1	6.6	18.9	10.0	-25.9
Terms of trade (goods and services)	0.7	0.4	7.9	-7.3	-6.9	-1.6	-5.9
<b>Billions of dollars</b>							
<b>External sector</b>							
Trade balance (goods and services)	195	120	155	14	-174	-328	-14
Factor services	414	365	418	375	311	289	298
Balance on current account	-202	<b>-204</b>	-241	-342	-466	-597	-299
Balance on capital account	230	246	357	303	575	540	255
Variation in international reserves	34	25	148	-43	87	-112	-44
Gross disbursed external debt <sup>e</sup>	2 803	3 176	3 208	3 294	3 536	4 162	3 993

**Source:** ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures.

<sup>b</sup> The public sector comprises general government (central, regional and local governments) plus the public enterprises.

<sup>c</sup> Corresponds to the exchange rate for exports. The rates were calculated on the basis of the consumer price index for November 1982, when the minimum wage was established, this wage being taken as the reference point.

<sup>e</sup> Disbursed balances of the medium- and long-term external public debt.

Table 2

BOLIVIA: GROSS DOMESTIC PRODUCT, BY BRANCHES OF ECONOMIC ACTIVITY <sup>a</sup>

	Indexes (1980 = 100)			Percentage breakdown		Growth rates		
	1986	1987	1988 <sup>b</sup>	1980	1988 <sup>b</sup>	1986	1987	1988 <sup>o</sup>
Gross domestic product	87.2	89.0	91.5	100.0	100.0	-2.9	2.1	2.8
Goods	80.0	80.8	86.3	52.4	49.4	-6.3	1.0	6.9
Agriculture <sup>c</sup>	113.2	112.9	113.9	18.4	22.8	-4.6	-0.2	0.9
Mining	62.2	63.1	76.4	15.8	13.2	-15.5	1.6	20.9
Manufacture	61.4	63.6	66.1	14.6	10.5	2.0	3.5	3.9
Construction	64.5	64.0	71.8	3.7	2.9	-8.0	-0.8	12.1
Basic services	105.1	109.5	110.6	6.6	8.0	3.1	4.1	1.0
Electricity, gas and water	122.5	114.9	119.6	0.7	0.9	4.2	-6.2	4.1
Transport, storage and communications	103.2	108.9	109.6	6.0	7.1	3.0	5.5	0.7
Other services	96.2	98.8	98.1	39.9	42.7	-0.8	2.7	-0.7
Commerce	97.2	102.1	98.0	10.8	11.5	6.5	5.0	-4.0
Financial institutions, insurance, real estate and business services	86.8	87.3	88.6	14.0	13.6	-0.9	0.6	1.5
Ownership of dwellings	104.3	104.3	107.4	8.2	9.6	1.0	-	3.0
Community, social and personal services	104.2	107.2	107.0	15.0	17.6	-5.1	2.9	-0.2
Government services	113.2	117.2	116.0	10.5	13.3	-6.4	3.6	-1.0
Minus: imputed bank service charges	65.6	67.0	65.6	1.6	1.1	-4.9	2.1	-2.0
Plus: import duties	37.9	42.7	33.8	2.7	1.0	34.4	12.7	-20.9

Source: ECLAC, on the basis of official data supplied by the Central Bank of Bolivia.

<sup>a</sup> These series were calculated on the basis of official figures, which were reweighted according to the 1980 current price structure. <sup>b</sup> Preliminary figures. <sup>c</sup> Includes the livestock sector, forestry and fishing.

**Table 3**  
**BOLIVIA: INDICATORS OF CROP-FARMING PRODUCTION**

	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
<b>Production</b> (thousands of tons)								
<b>Main crops</b>								
Cereals								
Rice (unhusked)	1732	1368	1644	1612	5.7	-21.0	20.2	-2.0
Maize	5 539	4 573	4 300	3960	11.5	-17.4	-6.0	-7.9
Quinoa	211	206	240	252	27.2	-2.4	16.3	5.0
Wheat	743	812	658	638	-5.3	9.2	-19.0	-3.0
Roots and tubers								
Oca	378	406	450	459	25.5	7.3	10.8	2.0
Potatoes	7 682	6 970	5 980	5 980	6.3	-9.3	-14.2	-
Ullucu	141	163	165	168	6.1	15.8	1.0	1.8
Industrial crops								
Cotton fibre	47	44	22	37	94.9	-6.0	-50.2	66.8
Coffee beans	234	242	252	255	8.3	3.4	4.3	1.0
Sugar cane	31579	28 700	23 738	21233	10.1	-9.1	-17.3	-10.6
Soya beans	832	1346	1712	1712	17.0	62.0	-13.0	46.0
<b>Area cultivated<sup>1</sup></b> (millions of hectares)								
<b>Main crops</b>								
Cereals								
Rice (unhusked)	1128	922	1109	1083	-1.0	-18.3	20.2	-2.3
Maize	3 489	2 940	2800	2 639	8.5	-15.7	-4.8	-5.8
Quinoa	479	429	480	509	43.6	-10.6	12.0	6.0
Wheat	1002	1063	900	909	1.3	6.0	-15.3	1.0
Roots and tubers								
Oca	145	152	150	155	16.9	4.7	-1.3	3.3
Potatoes	1631	1444	1250	1290	4.6	-11.5	-13.4	3.2
Ullucu	48	56	55	56	1.9	16.0	-0.9	1.9
Industrial crops								
Cotton fibre	102	118	79	100	76.1	15.6	-33.1	25.9
Coffee beans	277	286	280	289	9.3	3.3	-2.2	3.3
Sugar cane	111	700	653	580	9.1	-9.9	-6.8	-11.2
Soya beans	605	717	606	863	39.0	18.0	-16.0	43.0

**Source:** National Statistical Institute, Central Bank of Bolivia and Ministry of Peasant and Agricultural Affairs.

<sup>a</sup> Preliminary figures.

Table 4

**BOLIVIA: INDICATORS OF MINING PRODUCTION**

	Thousands of tons				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Production of some important minerals</b>								
Antimony	8.9	10.2	9.9	9.9	-3.3	14.6	-2.9	-
Copper	1.6	0.3			0.0	-81.3		
Tin	16.3	10.9	8.4	10.2	-11.9	-33.1	-22.9	21.4
Silver <sup>b</sup>	112.4	95.1	141.5	228.7	-20.7	-15.4	48.8	61.6
Lead	6.4	3.3	9.3	12.7	-13.5	-48.4	181.8	36.6
Tungsten	1.6	1.4	0.8	1.1	-30.4	-12.5	-42.9	37.5
Zinc	38.2	33.4	39.3	56.3	1.3	-12.6	17.7	43.3
Gold <sup>c</sup>	555.0	762.8	2 719.5	4 189.3	-56.3	37.4	256.5	54.0
Other minerals	4.5				45.2			

**Source:** National Association of Medium-Scale Miners.

<sup>a</sup> Preliminary figures. <sup>b</sup> Tons. <sup>c</sup> Kilogrammes.

Table 5

## BOLIVIA: MAIN MINERAL PRODUCERS

	Metric tons fine					Growth rates		
	1980	1985	1986	1987	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>
Antimony	15 465	8 925	10 243	9 991	905	14.8	-2.5	-0.9
COMIBOL	-	-	-	-	-	-	-	-
Medium-scale mining	11 552	6 664	7 190	6 294	6 529	7.9	-12.5	3.7
Small-scale mining	2 751	1 755	2 915	3 527	2 970	66.1	21.0	-15.8
Co-operatives	-	-	-	170	71	-	-	-58.2
Other	1 162	506	138	-	335	-72.7	-	-
Copper	1 884	1 665	297	.	154	-82.2	-	-
COMIBOL	1 797	1 665	165	-	-	-90.1	-	-
Medium-scale mining	-	-	-	-	-	-	-	-
Small-scale mining	87	-	132	-	137	-	-	-
Co-operatives	-	-	-	-	16	-	-	-
Other	-	-	-	-	1	-	-	-
Tin	27 290	16 293	10 933	8 405	10 237	-32.9	-23.1	21.8
COMIBOL	18 621	9 859	4 703	384	1 050	-52.3	-91.8	173.4
Medium-scale mining	5 899	4 110	3 283	2 295	2 610	-20.1	-30.1	13.7
Small-scale mining	2 645	2 256	2 319	1 008	1 661	2.8	-56.5	64.8
Co-operatives	-	-	-	1 665	796	-	-	-52.2
Other	125	68	628	3 053	4 120	823.5	386.1	34.9
Silver	185	107	93	142	229	-13.1	52.7	61.1
COMIBOL	159	75	41	42	103	-45.3	2.4	145.7
Medium-scale mining	21	28	36	73	93	28.6	102.8	27.8
Small-scale mining	5	4	16	23	27	300.0	43.8	17.0
Co-operatives	-	-	-	4	5	-	-	32.5
Other	-	-	-	-	-	-	-	-
Lead	17 225	6 405	3 303	9 329	12 765	-48.4	182.4	36.8
COMIBOL	10 153	4 005	1 872	1 080	2 649	-53.3	-42.3	145.3
Medium-scale mining	3 994	1 766	364	6 735	7 633	-79.4	1750.3	13.3
Small-scale mining	2 861	539	905	1 240	2 108	67.9	37.0	70.0
Co-operatives	-	-	-	274	368	-	-	34.3
Others	217	95	162	-	7	70.5	-	-
Tungsten	3 357	1 672	1 380	787	1 165	-17.5	-43.0	48.0
COMIBOL	1 576	174	77	-	-	-55.7	-	-
Medium-scale mining	1 558	1 039	718	484	612	-30.9	-32.6	26.4
Small-scale mining	208	436	417	239	93	-4.4	-42.7	-61.1
Co-operatives	-	-	-	64	459	-	-	617.2
Others	15	23	168	-	1	630.4	-	-
Zinc	50 260	38 206	33 472	39 294	56 249	-12.4	17.4	43.1
COMIBOL	29 953	13 672	4 091	3 070	10 024	-70.1	-25.0	226.5
Medium-scale mining	16 748	22 852	28 295	35 277	43 169	23.8	24.7	22.4
Small-scale mining	33	153	1 086	947	3 041	609.8	-12.8	221.1
Co-operatives	-	-	-	-	15	-	-	-
Others	3 526	1 529	-	-	-	-	-	-

Source: National Association of Medium-Scale Miners.

<sup>a</sup> Preliminary figures.



Table 6

BOLIVIA: OFFICIAL PRICES OF THE MAIN MINERALS '  
(Dollars)

	Tin	Copper	Zinc	Lead	Bismuth	Tungsten	Antimony	Silver	Gold
1980	7.6	1.0	0.4	0.4	2.4	141.6	20.7	21.1	
1981	6.4	0.8	0.4	0.3	2.1	142.3	19.2	10.8	
1982	5.8	0.7	0.4	0.3	1.5	105.8	17.1	7.8	
1983	5.9	0.7	0.4	0.2	1.6	77.8	12.6	11.4	
1984	5.5	0.6	0.5	0.2	3.6	78.4	22.2	8.2	
1985	5.4	0.6	0.4	0.2	4.9	64.5	22.7	6.1	
1986	2.6	0.6	0.4	0.2	2.7	44.9	18.4	5.4	363.3
1987	3.1	0.7	0.4	0.3	3.2	44.0	19.3	6.9	439.0
1988	3.2	1.0	0.5	0.3	5.2	51.5	23.0	6.6	447.7

Source: Central Bank of Bolivia, *Boletín Estadístico*, December 1988.

<sup>a</sup> The unit of measurement for tin, copper, zinc and bismuth is pounds fine; for tungsten and antimony, long tons fine, and for gold and silver, troy ounces fine.

Table 7

BOLIVIA: HYDROCARBON INDUSTRY INDICATORS

	Thousands of cubic metres				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Petroleum								
Production of crude petroleum	1152	1020	1096	1116	-4.9	-11.5	7.5	1.8
Exports of crude petroleum	-	270	50	-			-81.5	
Refining of petroleum products	1220	1047	1124	1236	-1.2	-14.2	7.4	10.0
Domestic sales of some fuels								
Gasoline	443	469	516	514	2.1	5.9	10.0	-0.4
Kerosene	91	53	49	42	-12.5	-41.8	-7.5	-14.3
Diesel oil	237	248	292	304	-0.4	4.6	17.7	4.1
OÜ	86	51	29	31	-25.9	-40.7	-43.1	6.9
Natural gas <sup>c</sup>								
Production	4648	4 556	4 565	4 811	-5.3	-2.0	0.2	5.4
Exports	2216	2215	2120	2229	0.3	-	-4.3	5.1

Source: Central Bank of Bolivia.

<sup>a</sup> Preliminary figures.      Thousands of barrels.      <sup>c</sup> Millions of cubic metres.

Table 8  
BOLIVIA: MAIN FOREIGN TRADE INDICATORS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	Growth rates						
Exports of goods							
Value	-9.3	-8.8	-4.1	-13.9	-12.5	-13.8	15.4
Volume	-10.1	-6.2	-8.4	-10.0	-	-10.5	15.4
Unit value	0.9	-2.7	4.7	-4.4	-12.5	-3.7	-
Imports of goods							
Value	-40.1	-	-16.9	12.3	28.9	10.3	-26.3
Volume	-38.2	5.6	-7.7	8.2	34.6	11.6	-30.6
Unit value	-3.0	-5.3	-10.0	3.7	-43	-1.2	6.2
Terms of trade (goods)	2.9	1.3	11.9	-7.8	-9.0	-3.2	-6.2
	Indexes (1980 = 100)						
Purchasing power of exports of goods	82.6	78.4	80.4	66.7	60.7	52.6	56.9
Purchasing power of exports of goods and services	81.7	78.8	77.6	66.5	64.7	58.1	61.3
Indexes of volume							
Exports of goods	89.0	83.5	76.5	68.9	68.8	61.6	71.1
Imports of goods	82.3	86.9	80.2	86.8	116.9	130.4	90.5
Terms of trade (goods)	92.8	93.9	105.1	96.9	88.2	85.4	80.0

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures.

Table 9

## BOLIVIA: EXPORTS OF GOODS, CIF

	Millions of dollars				1980-1988 <sup>a</sup> breakdown		Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>673</b>	<b>638</b>	<b>569</b>	<b>594</b>	100.0	100.0	-13.9	-5.2	-10.8	<b>4.4</b>
<b>Main traditional exports</b>	<b>639</b>	<b>530</b>	<b>463</b>	<b>482</b>	<b>85.5</b>	81.1	-15.1	<b>-17.1</b>	-12.6	4.1
Metallic tin	134	55	13	43	23.1	7.2	-29.8	-59.0	-76.4	230.8
Tin concentrates	53	49	56	33	13.4	5.6	-7.0	-7.5	14.3	-41.1
Silver	10	27	33	47	11.4	7.9	-52.4	170.0	22.2	42.4
Zinc	29	28	33	56	3.6	9.4	-21.6	-3.4	17.9	69.7
Tungsten	10	7	5	6	4.5	1.0	-47.4	-30.0	-28.6	20.0
Antimony	16	14	23	18	2.5	3.0	-30.4	-12.5	64.3	-21.7
Gold		7	37	60		10.1			428.6	62.2
Other minerals	12	10	7		3.4		-25.0	-16.7	-30.0	
Natural gas	373	329	248	215	21.3	36.2	-0.8	-11.8	-24.6	-13.3
Other hydrocarbons	2	4	8	4	3.3	0.8	-84.6	100.0	100.0	-50.0
<b>Main non-traditional exports</b>	<b>34</b>	<b>108</b>	<b>106</b>	<b>112</b>	<b>14.5</b>	<b>21.0</b>	<b>17.2</b>	217.6	-1.9	5.7
Sugar	2	5	8	10	4.9	1.9	-71.4	150.0	60.0	25.0
Coffee	14	13	11	20	2.0	3.8	100.0	-7.1	-15.4	81.8
Wood	7	23	31	22	2.9	4.1	16.7	228.6	34.8	-29.0
Other	11	67	56	60	4.5	11.3	22.2	509.1	-16.4	7.1

Source: Central Bank of Bolivia, *Boletín Estadístico, Sector Externo, 1980-1988*, February 1989.

<sup>a</sup> Preliminary figures.

Table 10

## BOLIVIA: EXPORT VOLUMES OF MAIN PRODUCTS

	Thousands of tons				Growth rates			
	1985	1986	1987	1988'	1985	1986	1987	1988 <sup>a</sup>
Metallic tin	11.7	8.2	18	6.0	-25.0	-29.9	-78.0	233.3
Tin concentrates	4.4	8.6	8.2	4.7	-4.3	95.5	-4.7	-42.7
Silver <sup>b</sup>	52.0	157.0	152.0	222.0	-35.0	201.9	-3.2	46.1
Zinc	33.9	35.5	39.6	51.0	-7.9	4.7	11.5	28.8
Tungsten	1.6	1.5	1.2	1.1	-33.3	-6.3	-20.0	-8.3
Antimony	7.7	8.4	12.4	8.7	-28.7	9.1	47.6	-29.8
Gold		0.6	2.5	4.2			316.7	68.0
Other minerals	7.3	18.6	15.6	24.0	-34.2	154.8	-16.1	53.8
Natural gas <sup>c</sup>	2 216.1	2 214.6	2 119.9	2 229.0	0.3	-0.1	-4.3	5.1

Source: Central Bank of Bolivia, *Boletín Estadístico Sector Externo, 1980-1988*, February 1989.

<sup>a</sup> Preliminary figures.      Metric tons fine.      <sup>c</sup> Millions of cubic metres.

Table 11

## BOLIVIA: AVERAGE PRICE OF TIN ON THE LONDON METAL EXCHANGE

(Dollars per pound)

	Price indexes (1980= 100)			Real price (1970 dollars)	
	Nominal price'	United States wholesale prices	Unit value of imports of goods and services	(1/2)	(1/3)
1980	7.6	100.0	100.0	7.6	7.6
1981	6.4	109.1	108.6	5.9	5.9
1982	5.8	111.3	108.2	5.2	5.3
1983	5.9	112.7	105.8	5.2	5.6
1984	5.5	115.4	102.4	4.8	5.4
1985	5.4	114.9	105.1	4.7	5.1
1986	2.6	111.5	100.0	2.3	2.6
1987	3.1	114.5	99.8	2.7	3.1
1988 <sup>b</sup>	3.2	119.1	106.3	2.7	3.0

Source: Central Bank of Bolivia, *Boletín Estadístico*, December 1988.

<sup>a</sup> Annual averages.      Preliminary figures.

Table 12

**BOLIVIA: IMPORTS OF GOODS, CIF**

	Millions of dollars				Percentage breakdown		Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>690</b>	<b>675</b>	<b>767</b>	<b>578</b>	<b>100.0</b>	<b>100.0</b>	<b>41.1</b>	<b>-2.2</b>	<b>13.6</b>	<b>-24.6</b>
<b>Consumer goods</b>	<b>134</b>	<b>134</b>	<b>191</b>	<b>130</b>	<b>25.2</b>	<b>22.5</b>	<b>41.1</b>	-	<b>42.5</b>	-31.9
Non-durable	46	62	93	70	15.4	12.1	9.5	34.8	50.0	-24.7
Durable	88	72	98	60	9.8	10.4	66.0	-18.2	36.1	-38.8
<b>Raw materials and intermediate goods</b>	<b>278</b>	<b>236</b>	<b>306</b>	<b>202</b>	<b>36.9</b>	<b>34.9</b>	36.3	<b>-15.1</b>	<b>29.7</b>	<b>-34.0</b>
For agriculture	18	16	11	7	1.6	1.2	-	-11.1	-31.3	-36.4
For industry	232	183	256	175	30.3	30.3	52.6	-21.1	39.9	-31.6
Construction materials	26	34	37	19	4.7	3.3	-18.8	30.8	8.8	-48.6
Fuels and lubricants	2	3	2	1	-	0.2	-	50.0	-33.3	-50.0
<b>Capital goods</b>	<b>253</b>	<b>282</b>	<b>263</b>	<b>241</b>	<b>35.4</b>	<b>41.7</b>	<b>36.8</b>	<b>11.5</b>	-6.7	-8.4
For agriculture	27	40	24	21	2.0	3.6	92.9	48.1	-40.0	-12.5
For industry	137	152	134	124	21.4	21.5	33.0	10.9	-11.8	-7.5
Transport equipment	89	90	105	96	11.9	16.6	30.9	1.1	16.7	-8.6
<b>Other<sup>b</sup></b>	<b>25</b>	<b>23</b>	<b>7</b>	<b>5</b>	<b>2.4</b>	<b>0.9</b>	400.0	-8.0	-69.6	-28.6

**Source:** Central Bank of Bolivia, *Boletín Estadístico Sector Externo, 1980-1988*, February 1989.

<sup>a</sup> Preliminary figures. <sup>b</sup> Includes unregistered imports.

Table 13

**BOLIVIA: BALANCE OF PAYMENTS***(Millions of dollars)*

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Balance on current account</b>	<b>-491</b>	<b>-202</b>	<b>-204</b>	<b>-241</b>	<b>-342</b>	<b>-466</b>	-597	<b>-299</b>
Trade balance	-139	195	120	155	14	-174	-328	-14
Exports of goods and services	1005	910	858	818	720	667	597	671
Goods FOB	912	828	755	724	623	546	470	543
Real services	93	82	103	93	96	121	127	129
Transport and insurance	33	26	35	35	38	48	43	50
Travel	36	30	42	32	30	35	39	53
Imports of goods and services	1145	715	738	663	706	840	924	685
Goods FOB	828	496	496	412	463	597	658	485
Real services <sup>b</sup>	317	219	242	251	244	244	267	200
Transport and insurance	204	123	149	136	149	164	176	130
Travel	50	40	20	30	30	27	28	30
Factor services	-365	<b>-414</b>	-365	-418	-375	-311	-289	-298
Profits	-29	-23	-59	-36	-53	-40	-36	-36
Interest received	15	7	39	28	16	15	14	16
Interest paid	-347	-394	-342	-408	-337	-281	-262	-274
Labour and ownership	-3	-3	-2	-2	-2	-4	-5	-4
Unrequited private transfer payments	13	17	40	22	20	19	20	13
<b>Balance on capital account</b>	<b>494</b>	<b>230</b>	246	357	303	575	540	255
Unrequited official transfer payments	26	29	66	67	60	82	112	124
Long-term capital	459	26	288	-147	-235	-62	18	326
Direct investment	76	31	7	7	10	10	22	30
Portfolio investment	-1	-15	-2	-1	-1	-	-	-
Other long-term capital	385	10	283	-154	-244	-72	-4	296
Official sector <sup>c</sup>	385	62	372	-111	-200	-61	-11	
Loans received	517	259	578	143	100	330	279	
Amortization payments	-122	-168	-202	-247	-294	-378	-282	
Commercial banks <sup>c</sup>	-17	-26	-15	-12	-9	-12	6	
Loans received	10	7	7	6	1	2	13	
Amortization payments	-27	-33	-22	-18	-9	-14	-6	
Other sectors <sup>c</sup>	17	-26	-74	-31	-36	-	-	
Loans received	105	66	21	11	8	-	-	
Amortization payments	-88	-92	-95	-42	-44	-	-	
Short-term capital	195	141	-181	449	287	416	401	-12
Official sector	220	257	-149	345	258	306	358	
Commercial banks	18	14	1	4	-21	-14	7	
Other sectors	-43	-131	-32	101	50	125	36	
Errors and omissions (net)	-18Z	34	72	-12	190	139	10	-183
<b>Global balance<sup>d</sup></b>	<b>3</b>	<b>28</b>	<b>42</b>	<b>116</b>	<b>-39</b>	<b>109</b>	<b>-56</b>	<b>-44</b>
Total variation in reserves			<sup>t</sup>					
(- sign indicates an increase)	-19	-34	-25	-148	43	-87	112	44
Monetary gold	-3	-2	-1	-1	-	-	-	
Special Drawing Rights	-	-	-	-	-	-2	2	
IMF reserve position	-	-	-	-	-	-	-	
Foreign exchange assets	6	-56	19	-116	58	-74	103	
Other assets	-13	9	-47	-6	-3	-126	7	
Use made of IMF credit	-9	15	3	-25	-12	115	-	

Source: 1981-1987: International Monetary Fund, *Balance of Payments Yearbook*, June 1988; 1988: ECLAC, on the basis of official data.

<sup>a</sup> Preliminary figures.      Includes other non-factor services.      <sup>t</sup> Includes net loans granted and other assets and liabilities.      Equals the total variation in reserves (of opposite sign), plus counterpart items.

Table 14

## BOLIVIA: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Millions of dollars</b>							
Total disbursed external debt	2932	3 552	3 548	3 849	4 091	4 362	
Disbursed medium- and long-term external public debt	2 803	3 176	3 208 <sup>e</sup>	3 294	3 536 <sup>e</sup>	4 162 <sup>e</sup>	3 993 <sup>d</sup>
Disbursements in each year <sup>e</sup>	211	98	160	109	230	212	314
Non-guaranteed long-term private debt	129	376	340	555	555	200	
Service on the medium- and long-term public debt	285	330	343	248	210	158	190
Principal	108	101	142	159	139	73	93
Interest	177	229	201	89	71	85	97
<b>Annual growth rates</b>							
Total disbursed external debt	7.3	21.1	-0.1	8.5	6.3	6.6	
Disbursed medium- and long-term external public debt	5.7	13.3	1.0 <sup>e</sup>	2.7	7.3 <sup>e</sup>	17.7 <sup>e</sup>	-4.1 <sup>e</sup>
Disbursements in each year <sup>e</sup>	-34.7	-53.6	63.3	-31.9	111.0	-7.8	48.1
Non-guaranteed long-term private debt	61.3	191.5	-9.6	63.2		-64.0	
Service on the medium- and long-term public debt	-3.4	15.8	3.9	-27.7	-15.3	-24.8	20.3
Principal	-0.9	-6.5	40.6	12.0	-12.6	-47.5	27.4
Interest	-4.8	29.4	-12.2	-55.7	-20.2	19.7	14.1
<b>Main indicators (percentages)</b>							
Total disbursed external debt/ exports of goods and services	322.2	414.0	433.7	534.6	613.3	730.7	
Total disbursed medium- and long-term external public debt/ exports of goods and services	308.0	370.2	392.2	457.5	530.1	697.2	595.1
Service on the medium- and long-term public debt/ exports of goods and services	31.3	38.5	41.9	34.4	31.5	26.5	28.3
Service on the medium- and long-term public debt/ annual medium- and long-term public debt disbursements	135.1	336.7	214.4	227.5	91.3	74.5	60.5
Total interest (net)/exports of goods and services	42.5	35.3	46.5	44.6	39.9	41.5	38.5

Source: ECiAC, on the basis of figures supplied by the Central Bank, *Boletín Estadístico Sector Externo, 1980-1988*, February 1989, and the World Bank.

<sup>a</sup> Preliminary figures. <sup>b</sup> Includes credits from the International Monetary Fund and the Santo Domingo Agreements. <sup>c</sup> The exercise for 1984 includes US\$395 million not renegotiated with the commercial banks; the 1986 balance excludes US\$100 million owed to the Andean Reserve Fund and the 1987 figures exclude a further US\$92 million owed to the same creditor and US\$25 million owed to Sudameris. <sup>d</sup> Figures exclude US\$50 million contracted with the Andean Reserve Fund. <sup>e</sup> Corresponds to disbursements of medium- and long-term public debt. <sup>f</sup> The figures for total net interest payments were taken from the balance of payments and therefore include the interest on the short-, medium- and long-term public and private debt.

Table 15

**BOLIVIA: EXCHANGE RATES**  
(Annual and quarterly averages)

	Nominal exchange rates (bolivianos per dollar)		Indexes of real effective exchange rate <sup>1</sup> (indexes 1980 = 100)	
	Official	Parallel	Exports	Imports
1970-1979	0.000018		104.0	110.1
1980	0.000025		100.0	100.0
1981	0.000025		66.8	80.3
1982	0.0001 <sup>b</sup>	0.0002	103.0	133.6
1983	0.0002	0.0007	64.0	78.1
1984	0.0020	0.0080	44.3	54.3
1985	0.45	0.68	70.9	90.4
1986	1.92	1.96	88.2	114.0
1987	2.06	2.08	86.8	114.1
1988	2.35	2.30	95.0	123.9
1986				
I	1.95	2.04	95.9	125.6
II	1.91	1.95	87.6	112.5
III	1.91	1.93	85.1	109.1
IV	1.92	1.94	84.2	108.6
1987				
I	1.95	1.96	83.1	108.4
II	2.04	2.06	86.4	113.8
III	2.09	2.10	88.0	114.2
IV	2.15	2.18	89.6	119.9
1988				
I	2.24	2.25	93.7	125.7
II	2.34	2.34	94.0	124.9
III	2.40	2.41	94.5	121.4
IV	2.42	2.43	97.6	123.5

Source: Central Bank of Bolivia, *Boletín Estadístico Trimestral*, December 1988.

<sup>a</sup> Indexes of the real (official) exchange rate for the boliviano in relation to the currencies of Bolivia's main trading partners, weighted according to the relative importance of exports to or imports from these countries, as appropriate. From 1970 to 1980, these weightings correspond to the average for the period 1975-1979; from 1981 onward, they correspond to the average for the period 1983-1987. Wholesale price indexes have primarily been used for these calculations, but in Bolivia's case the consumer price index was employed. For detailed information on the methodology and sources used, see the Statistical Appendix to the *Economic Survey of Latin America*, 1981. <sup>b</sup> The exchange rate used for the period March-October 1982 was obtained from the average of the official rate (weighted 40%) and the open-market exchange rate (weighted 60%).



Table 16

## BOLIVIA: DOMESTIC PRICES

	1982	1983	1984	1985	1986	1987	1988
<b>Variation from December to December</b>							
Consumer price index	296.5	328.5	2 176.8	8 170.5	65.9	10.6	21.5
Food	313.2	343.6	2 188.9	8 033.5	62.5	7.5	18.2
Wholesale price index	406.1	517.8	2 237.7	7 952.4	47.5	16.2	23.3
Imported products	543.0	693.0	2 312.7	5 698.3	40.4	15.8	27.7
Domestic products							
Agricultural products	274.6	601.1	1 648.1	9 017.4	57.2	18.7	21.4
Manufactures	395.8	344.7	2 521.4	10 404.9	48.8	15.5	21.0
<b>Variation between annual averages</b>							
Consumer price index	123.5	275.6	1 281.3	11 749.6	276.3	14.6	16.9
Food	123.9	303.7	1 315.6	11 275.6	276.7	10.3	11.4
Wholesale price index	227.9	415.9	1 695.4	10 446.9	172.8	16.4	19.4
Imported products	342.4	488.6	1 969.1	7 540.0	152.3	17.2	22.2
Domestic products							
Agricultural products	139.7	517.6	1 190.2	11 635.5	181.6	21.7	16.0
Manufactures	211.1	311.6	1 701.5	13 831.5	184.5	13.8	18.8

Source: National Statistical Institute and Central Bank of Bolivia.

Table 17  
BOLIVIA: MINIMUM WAGES

	Nominal minimum wage (thousands of pesos per month)	Real minimum wage <sup>8</sup> (pesos per month)	Index of real minimum wage
1982			
November-December	8.5	8 187	100.0
1983			
January-February	8.5	7 469	91.2
March-June	12.4	8 319	101.6
July-September	17.5	8 030	98.1
October-November	30.1 <sup>b</sup>	9 225	112.7
December	47.3	10 235	125.0
Annual average	<b>18.9</b>	<b>8 416</b>	<b>102.8</b>
1984			
January-March	47.3	7 735	94.5
April-July	108.7 <sup>c</sup>	6 536	79.8
August-October	123.8	3 968	48.5
November-December	935.0	11 599	141.7
Annual average	<b>238.8</b>	<b>7 038</b>	<b>86.0</b>
1985			
January-February	935	3 566	43.6
March-April	4 035	6 097	74.5
May-June	6 240	5 120	62.5
July-October	10 171	2 140	26.1
November-December	30 000	3 739	45.7
Annual average	<b>10 259</b>	<b>3 800</b>	<b>46.4</b>
1986			
January-May	30 000	2 403	29.4
June-December	40 000	2 834	34.6
Annual average	<b>35 833</b>	<b>2 654</b>	<b>32.4</b>
1987			
January-March	40 000	2 677	32.7
April-December	50 000	3 213	39.2
Annual average	<b>47 500</b>	<b>3 079</b>	<b>37.6</b>
1988			
January-March	50 000	3 096	37.8
April-December	60 000	3 259	39.8
Annual average	<b>57 500</b>	<b>3 218</b>	<b>39.3</b>

Source: ECLAC, on the basis of data supplied by the National Commission on Wages (CONALSA) and the Economic Policy Analysis Unit (UDAPE).

<sup>a</sup> The consumer price index for November 1982 (which was when the value of the minimum wage was determined) was used as the basis for the conversion of nominal wages into real wages. As from November a bonus of 22 500 pesos was added; this bonus was payable in three installments, the first of which was to be paid that same month.

<sup>c</sup> During several days in April, the minimum wage in force was that corresponding to March. The figure shown in the table, however, corresponds to the wage adjustment made in May, which was retroactive to 1 April. In addition, food and transport allowances were granted in April as well. The former amounted to 35 723 pesos, while the latter varied according to the number of daily trips to the place of work.

Table 18

## BOLIVIA: AVERAGE PRIVATE SECTOR WAGES IN LA PAZ

	Index of nominal wages (December 1985 = 100)			Index of real wages			Variation in real indexes	
	1986	1987	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>	1987	1988 <sup>a</sup>
	Mining	118.7	184.4	264.6	75.2	103.3	125.7	37.5
Hydrocarbons								
Manufactures	154.1	250.2	273.1	97.3	140.3	130.1	44.1	-3.8
Electricity, gas and water								
Construction	156.5	265.6	344.4	98.4	148.8	164.6	51.2	16.1
Commerce	203.2	306.4	301.8	128.5	171.9	144.1	33.8	-13.9
Transport								
Financial establishments	149.5	205.2	312.9	95.0	115.1	149.2	21.2	31.8
Community services	254.0	391.0	452.5	159.9	219.5	215.1	37.3	-2.2

Source: ECLAC, on the basis of figures from the National Statistical Institute, *Estadísticas de Remuneraciones (sector privado)*, bulletins 1, 2 and 3.

<sup>8</sup> The figures for nominal and real wages correspond to the average of the amounts earned at the end of March, June and September. The rates of variation are between the period January-September 1988 and the same period of the preceding year.

Table 19

## BOLIVIA: MAIN MONETARY INDICATORS

	Year-end balance (millions of bolivianos)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
1. Total liquidity (M2)	290	822	1217	1740	7183	183.2	48.0	43.0
International reserves (net)	69	416	365	417	175 813	506.3	-12.2	14.2
Credit to public sector (net)	-206	-505	-628	-632				
Central government	-440	-536	-860	-1054				
Local and regional governments	28	24	35	60	25 535	-15.0	47.3	70.3
Public enterprises	206	7	196	362	6 280	-96.6	2679.2	84.4
Credit to private sector	410	948	1423	2 018	15 514	131.3	50.2	41.8
Other variables	18	-37	57	-63				
2. Quasi-money	92	459	714	1056	13 181	400.7	55.7	47.8
3. Money supply (Mi) (1-2)	199	363	503	684	5 928	82.9	38.3	36.2
4. Monetary base	201	384	585	931	5 915	90.9	52.2	59.2
5. Money issue	184	307	414	542	5 878	67.2	34.9	30.9

Source: Central Bank of Bolivia.

<sup>a</sup> Preliminary figures.

Table 20

**BOLIVIA: BANK INTEREST RATES AT END OF EACH YEAR**  
(Percentages)

	1984	1985	1986	1987	1988
Loans					
<b>Business and private activities</b>					
Non-readjustable nominal rate in national currency	157.0	232.1	65.8	39.4	35.1
Real rate	-88.7	-96.0	-0.1	29.4	14.9
Readjustable nominal rate in national currency		17.1	21.9	27.3	23.8
Nominal rate in foreign currency		17.8	23.0	26.0	22.6
<b>Production services</b>					
Non-readjustable nominal rate in national currency	155.0	232.1	65.8	39.5	35.1
Real rate	-88.8	-96.0	-0.1	29.4	14.9
Readjustable nominal rate in national currency		17.1	21.9	27.3	23.8
Nominal rate in foreign currency		17.8	23.0	26.0	22.6
deposits					
Savings bank deposits					
Nominal rate	110.0	99.6	29.6	22.5	20.2
Real rate	-90.8	-97.6		12.9	0.1
<b>Fixed-term deposits in national currency (non-readjustable)</b>					
Nominal rate	140.0	110.0	33.4	29.1	24.9
Real rate	-89.5	-97.5	-19.6	19.9	5.2
Fixed-term deposits in national currency (readjustable)					
Nominal rate		11.6	14.1	14.3	13.4

**Source:** ECLAC, on the basis of data supplied by the Central Bank of Bolivia.

Table 21

**BOLIVIA: MOVEMENT OF NATIONAL TREASURY FUNDS**

	Millions of bolivianos				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
1. Current income	61	309	475	611	15 603	404	53.9	28.5
Tax revenue	54	277	433	598	14 275	414	56.1	38.1
Non-tax revenue	7	31	42	13	49 303	330	34.8	-69.7
Other revenue								
2. Current expenditure	327	987	1100	985	11819	202	11.5	-10.5
Wages	119	292	424	531	8 353	145	45.4	25.2
Purchase of goods and services	46	137	142	160	18 692	200	3.7	12.7
Interest and commissions paid	3	5			60 971	103		
Interest and commissions owed	130	379	359	99	25 971	192	-5.4	-72.4
Transfer to private sector	24	64	84	65	5 110	170	31.0	-22.4
Other expenditure	1	17	29	129	3 970	1 392	65.8	351.2
Floating debt	5	93	63	0	4 824	1 654	-32.0	-100.0
3. Transfers	94	612	371	457	-24 316	551	-39.4	23.2
4. Current account balance (1-2+3)	-172	-66	-254	84	6 169	-62	283.7	-132.9
5. Capital income		69						
6. Capital expenditure	7	14	15	21	10 177	98	6.4	38.4
7. Transfers	-4	-33	-17	-36	14 873	698	-48.5	114.5
8. Capital account balance (5-6+7)	-11	22	-32	-57	11 492	-295	-245.3	78.3
9. Other expenditure	54				4 229			
10. Total expenditure	388	1 002	1 116	1 006	9 468	158	11.4	-9.8
11. Global deficit (4+8+9)	237	44	286	-26	5 707	-81	549.1	-109.2

**Main ratios (percentages)**

Deficit/total expenditure	61.1	4.4	25.6	-2.6
Deficit/gross domestic product	11.0	0.6	3.4	-0.3
Current income/gross domestic product	2.9	4.4	5.7	6.1
Total expenditure/gross domestic product	18.1	14.3	13.4	10.0

Source: Economic Policy Analysis Unit (UDAPE).

<sup>a</sup> Preliminary figures.

Table 22

**BOLIVIA: CONSOLIDATED NON-FINANCIAL PUBLIC SECTOR**

	Millions of bolivianos				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
1. Current income	593	2 177	2 244	2 579	14 410	267	3.1	14.9
Tax revenue	66	459	724	833	15 444	591	57.7	15.1
Non-tax revenue	19	73	82	60	3 242.9	279	12.2	-27.5
Sale of goods and services	479	1 645	1 410	1 664	13 681	243	-14.2	18.0
Other revenue	28		27	22	22 865			-19.2
2. Current expenditure	679	2 087	2 405	2 375	10 555	207	15.2	-1.2
Wages	222	547	719	907	7 824	146	31.3	26.2
Purchase of goods and services	236	740	745	764	11 026	213	0.7	2.5
Interest and commissions paid	12	12	7	0	47 044	-0.8	-42.2	-93.6
Interest and commissions owed	157	466	384	439	26 206	196	-17.6	14.4
Transfers to private sector	39	134	186	146	8 047	240	38.9	-21.1
Other expenditure	7	%	302	118	2 978	1 255	212.9	-60.8
Floating debt	5	93	63		4 824	1 654	-32.0	
3. Transfers								
4. Current account balance (1-2+3)	-86	90	-161	204	3 672	-204	-278.9	-226.7
5. Capital income	4	89	18	26	11 490	2 210	-79.6	44.8
6. Capital expenditure	96	409	544	666	10 963	327	33.0	22.4
7. Transfers								
8. Capital account balance (5-6+7)	-92	-319	-525	-639	10 942	248	64.5	21.7
9. Other expenditure	54			-202	2 887			
10. Total expenditure	829	2 496	2 949	2 839	9 068	201	18.1	-3.7
11. Global deficit (4+8+9)	232	229	686	637				
<b>Main ratios (percentages)</b>								
Deficit/total expenditure	28.0	9.2	23.3	22.5				
Deficit/gross domestic product	10.8	3.3	8.3	6.3				
Current income/gross domestic product	27.6	31.2	27.0	25.7				
Total expenditure/gross domestic product	38.5	35.7	35.5	28.2				

Source: Economic Policy Analysis Unit (UDAPE).

<sup>a</sup> Preliminary figures.

## BRAZIL

The serious imbalances affecting the Brazilian economy in 1988 were reflected in a sharp increase in inflation to an annual level of over 930%, and in the stagnation of growth. In the external sector, on the other hand, an extraordinary trade surplus of more than US\$16 billion was obtained—the third highest in the whole world—which made it possible to finance transfers to the exterior of somewhat more than 3% of the product and to generate a remarkable surplus of close to US\$5 billion on the balance-of-payments current account. Paradoxically, however, fiscal and monetary imbalances worsened, reflecting the difficulties of channelling to the public sector the resources needed to cover the massive transfers to the exterior.

Inflation speeded up continuously in the course of the year, increasing from 16% in January to 24% in June and 29% in December. This acceleration was the result of various factors which mutually reinforced one another. Since the public sector lacked sufficient resources to acquire the foreign currency needed to service its external debt—which represented 90% of the total external debt—it was compelled to resort to the issue of still more securities, the amount of which in circulation rose to the equivalent of 22% of the gross domestic product (GDP), and moreover with increasingly short maturities.

The public sector's inability to balance its accounts also raised expectations of inflation, which had already been heightened by the failure of the stabilization attempts made during 1986 and 1987. Moreover, the growing fears of a new price freeze led enterprises in the light of the experience of previous plans, to raise their prices sooner than they would otherwise have done.

The objective of eliminating distortions in relative prices led to substantial rises in the rates and prices charged by public enterprises, allowing them to recover their profit margins. This change of approach should in theory have

caused a single, once-only increase in the level of prices, but, given the inertial nature of Brazilian inflation, in practice it acted as a stimulus to the spiral already in effect.

The authorities maintained the wage readjustment mechanism inaugurated the previous year, which provided for monthly increases according to the average inflation of the preceding quarter. Workers with greater bargaining power obtained higher increases, however, since their enterprises were in a position to transfer the costs to the consumers.

The gap between the exchange rate on the parallel market and the official rate grew to almost 50%, mainly due to the demand for dollars to purchase external-debt paper on the secondary market. This heightened expectations of inflation and encouraged advance price adjustments.

In short, the recent experience of high inflation and of the failure of successive stabilization attempts led to increasingly frequent readjustments. In this context, any shock like those mentioned has repercussions not only on price rises, but also, because of the generalized and instantaneous nature of the readjustments, on the speeding-up of the rate of inflation. Thus, the economy was well on the way to hyperinflation.

This loss of control occurred despite the fact that ever since the beginning of the year the economic authorities were trying ways to control the public deficit. Thus, limits were placed on the availability of credit to States, municipalities and public enterprises; the subsidy on wheat consumption was eliminated; current expenditures of the fiscal budget were reduced, and wage readjustments for federal government employees were suspended for two months. With regard to taxes, the government shortened the deadline for their payment, thus reducing the real losses to the Treasury due to the faster inflation. In addition, taxes on profits from exports of manufactures and on financial transactions were increased.

Even though the operational deficit of the public sector was reduced in this way to close to 4% of the GDP (excluding the costs of indexation or monetary correction of the domestic public-debt securities) the already high level (30%) of the deficit in nominal terms swelled to 45% of the gross domestic product. Price increases (or the expectations of such increases) caused nominal interest rates to rise, and hence also the payments in respect of interest or monetary correction. In view of the insufficiency of its current resources, the government had to resort to the sale of public securities, which, since they had very short maturities, ended by increasing Treasury disbursements even more because of the interest rates that had to be paid. This is why monetary policy became so expansionary, to the point that the means of payment increased by 570%, or four times more than in the previous year. If other items are added to the definition of liquidity—such as public-debt securities, which have become almost perfect substitutes for money—the monetary expansion was more than 1 000%, which was even higher than the rise in prices. The year before, with a considerably lower monetary increase (130%), inflation had bordered on 400%.

The fiscal deficit thus helped to pressure monetary expansion, along with the effect of the external accounts due to the extraordinary trade surplus, the increase in the international reserves, and the external debt/equity conversion operations.

At the same time, the tendency towards a loss of dynamism observed since 1986 became stronger. In fact, the gross domestic product actually went down slightly, and in view of the population growth of around 2%, this caused a similar decline in the per capita product, which fell below the 1980 level.

Despite the excellent performance of exports, the goods-producing sectors evolved unfavourably (declining by more than 2%) as a consequence of the contraction in domestic demand. The latter was affected by the transfers of real resources to the exterior and the sharp rise in inflation, which substantially reduced the purchasing power of the wage-earners with the least negotiating power.

Manufacturing and the construction sector both slumped by around 3%, while agriculture, which had been the most dynamic sector in 1987, showed a slight drop of -0.3%. This

decline of the productive sectors, together with uncertainty about the adjustment and stabilization policies, depressed the rate of investment to approximately 18% of the product: one of the lowest levels in recent times.

Restrictions on expenditure and public investment prevented the application of policies for promoting development, although some actions designed to restructure the economy were announced. Prominent among these were the application of a new industrial policy based on a revision of import duties, and the establishment of special production zones for external markets.

The evolution of real wages was uneven. In the industrial sector of the State of São Paulo, the most important in the country, average annual wages increased by 8%. In the main State enterprises and agencies of the federal government—where there is more trade-union pressure—wages rose in line with prices, but in contrast wages deteriorated in State and municipal governments, because of the less frequent readjustments. The real minimum wage, for its part, rose by 3% as a result of monthly readjustments which were higher than the variation in prices. Finally, in the remaining real wages, the rise in inflation caused considerable declines.

Employment in the formal sector expanded by slightly over 2%, whereas the economically active population grew by almost 3%. Formal employment in industry, for its part, declined by nearly 1%. However, the unemployment rate remained stable at a little under 4%, since the informal market absorbed a considerable proportion of the excess labour supply.

The big trade surplus was due to the adjustment policies applied almost without interruption in the external sector since 1983. Exports of goods registered a substantial increase (30%), so that their value rose to around US\$84 billion: almost 50% higher than in 1986. The contraction of domestic demand and the greater competitiveness of Brazilian products abroad enabled the external sector to provide a powerful stimulus for production and employment in important industrial sectors such as transport equipment, steel and petrochemicals. The international prices of the main agricultural export products registered considerable rises, especially in the case of soya (more than 30%). On the other hand, merchandise imports declined by 2%, after the



cumulative growth of around 15% in the preceding biennium raised them to over US\$15 billion.

Brazil's external debt, which had risen to over US\$120 billion, was reduced (by 5%) for the first time in 20 years, mainly due to the use of debt conversion mechanisms. Nevertheless, the resumption of interest payments and the scarcity of new external long-term loans—which came to only US\$360 million—prevented a more vigorous recovery of the international reserves, which rose by only US\$1.7 billion.

The economic policy sought to normalize the servicing of the external debt through a multi-year renegotiation with creditors and the implementation of new programmes with the multilateral financing agencies. The agreement signed with the banks in June 1988 covered a term of more than one year for the first time since the beginning of the debt renegotiation process. The debt already due or scheduled to mature between 1987 and 1993 (US\$63 billion) was renegotiated with a 20-year term, with eight years' grace, while it was also stipulated that US\$5.2 billion in new loans would be provided to pay arrears of interest. The following month, Brazil obtained from the

Paris Club credits of around US\$5 billion for the reprogramming of its debt between 1987 and the first quarter of 1990. Finally, an agreement was signed with the International Monetary Fund which provides for the disbursement of US\$1.4 billion up to December 1989.

The performance of the economy was also significantly influenced by the public debate about the new Constitution, which was finally approved in October. The most important changes, which had been foreshadowed since the previous year, included the reservation of the prospecting and exploration of mineral resources exclusively for Brazilian enterprises and the expansion of various rights enjoyed by wage-earners, such as reduction of the working day. In the fiscal field, perhaps the most important reform was the greater power granted to the Legislative Branch to intervene in economic decisions, and the transfer of tax revenues from the federal government to State and municipal governments. The new constitutional provisions limited the Executive's ability to establish fiscal, wage, foreign-trade and financial-system policies without the approval of the National Congress.

Figure 1  
**BRAZIL: MAIN ECONOMIC INDICATORS**

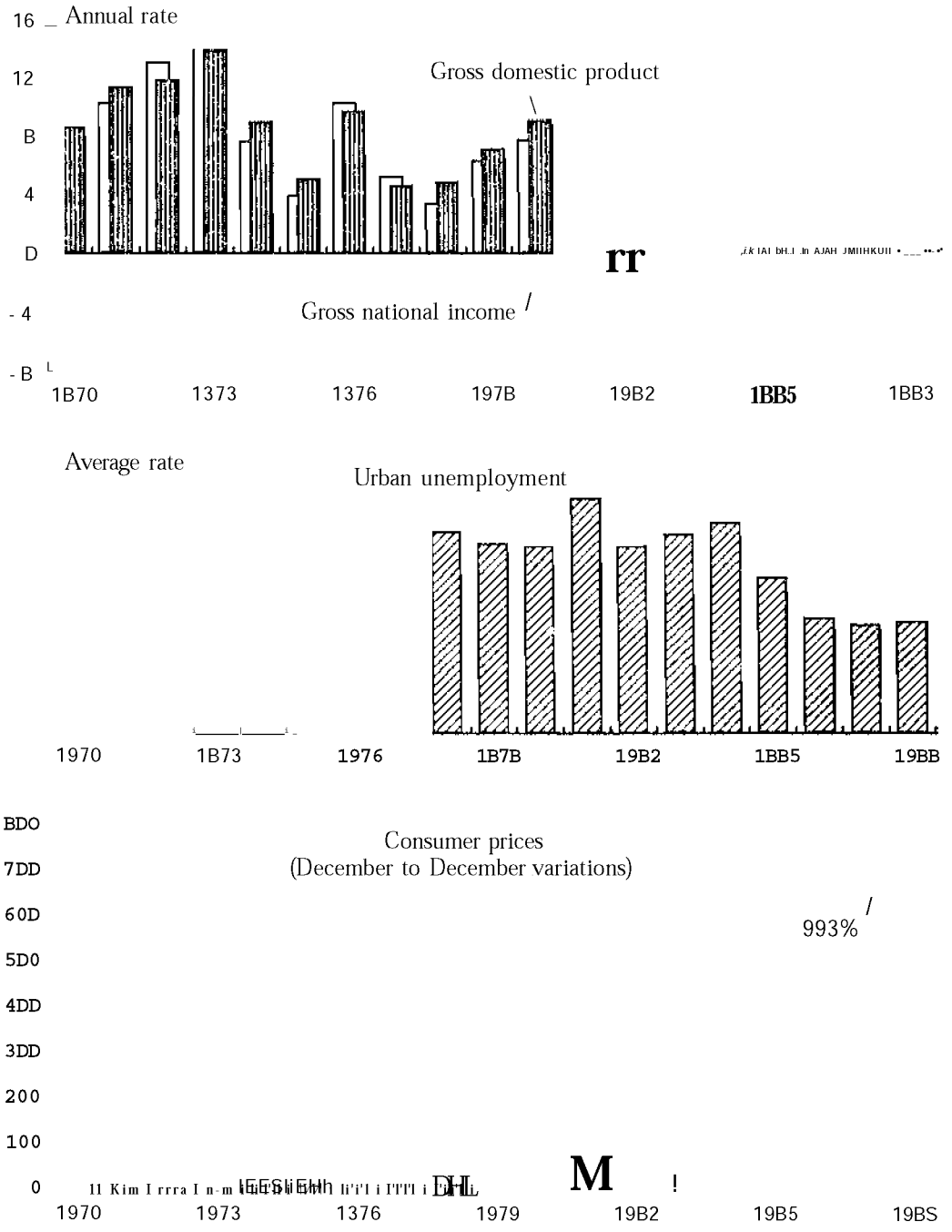
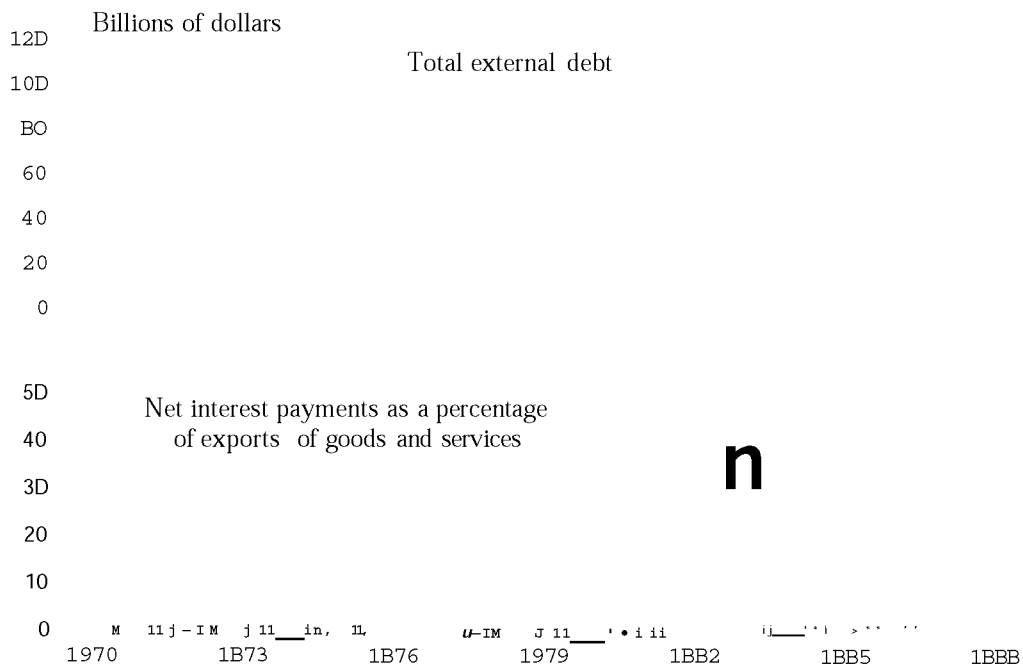
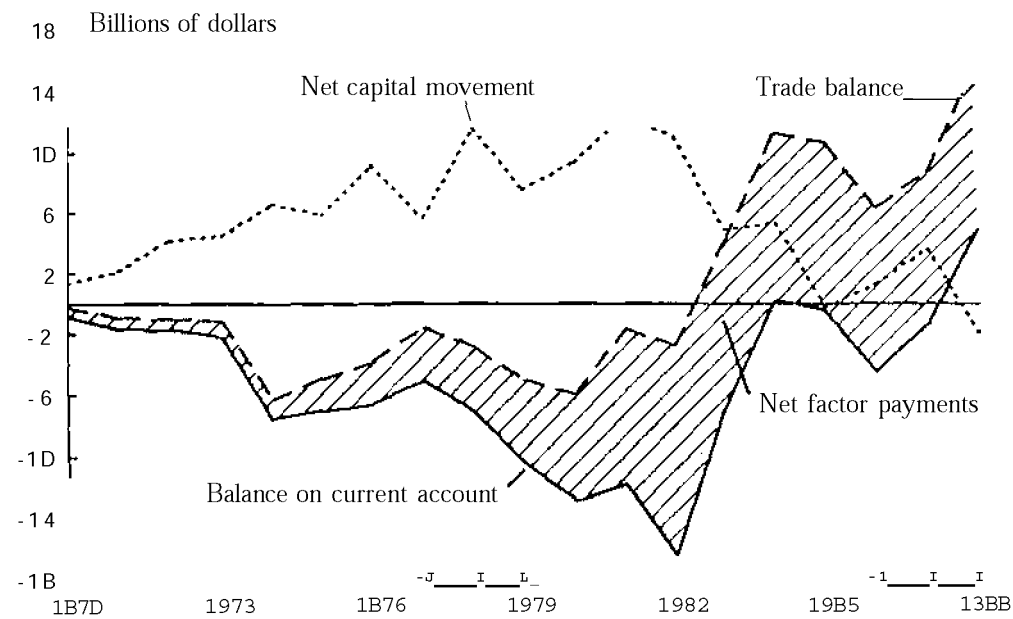
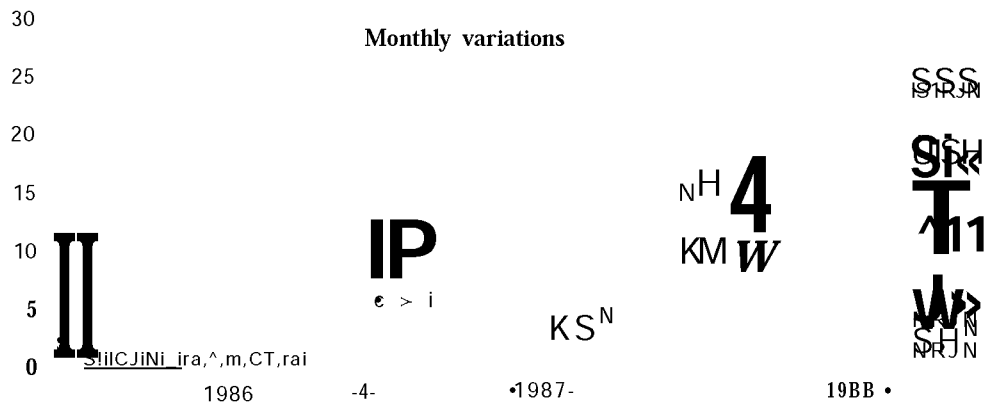
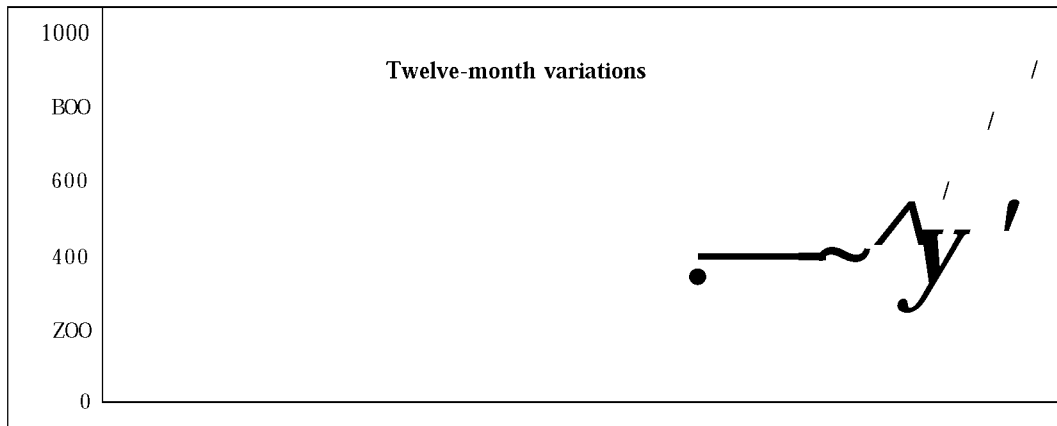


Figure 1 (conclusion)



Source: KCLAC, on the basis of official data

Figure 2  
 BRAZIL: CONSUMER PRICE INDEX  
 (Percentages)



Source: ECLAC, on the basis of official data.

Table 1

## BRAZIL: MAIN ECONOMIC INDICATORS

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes (1980 = 100)</b>								
<b>Basic economic indicators</b>								
Gross domestic product at market prices	95.6	96.2	92.9	97.6	105.8	113.7	117.9	117.5
Gross national income	93.0	91.8	88.5	93.2	101.1	110.7	114.1	113.7
Population (millions of inhabitants)	124.1	126.9	129.8	132.7	135.6	138.5	141.5	144.4
Per capita gross domestic product	93.5	91.9	86.8	89.2	94.7	99.6	101.1	98.7
Real effective exchange rate	84.0	82.0	98.2	91.9	92.6	94.1	96.5	87.4
Urban unemployment rate	7.9	6.3	6.7	7.1	5.3	3.9	3.7	3.8
<b>Growth rates</b>								
<b>Short-run economic indicators</b>								
Gross domestic product	-4.4	0.6	-3.4	5.1	8.4	7.5	3.7	-0.3
Per capita gross domestic product	-6.5	-1.6	-5.6	2.8	6.1	5.2	1.5	-2.4
Gross national income <sup>c</sup>	-7.0	-1.3	-3.7	5.4	8.5	9.4	3.1	-0.3
Consumer prices								
December to December								
National consumer price index	93.5	100.3	178.0	209.1	239.1	58.6	396.0	994.3
Consumer price index						22.2 <sup>e</sup>	366.0	933.6
General price index, domestic availability	95.2	99.7	211.0	223.8	235.1	65.0	415.8	1037.6
Wages <sup>g</sup>			-4.9	3.2	14.7	13.8	-7.0	8.5
Terms of trade (goods and services)	-13.6	-7.1	4.9	7.5	-3.8	13.3	-9.3	4.8
Current value of exports of goods and services	16.8	-13.9	7.5	22.5	-4.2	-12.4	15.7	28.6
Current value of imports of goods and services	-2.1	9.0	-21.1	-10.0	-3.8	6.6	7.1	3.1
<b>Millions of dollars</b>								
<b>External sector</b>								
Trade balance (goods and services)	-1677	-2 795	4 079	11345	10 784	6 239	8 777	16 219
Net payments of profits and interest	10 274	13 509	11025	11473	11212	10 801	10 346	11403
Balance on current account	-11 760	-16 314	-6 842	33	-289	-4 468	-1 456	4 909
Balance on capital account	12 381	11119	4 943	5 342	-222	1 236	3 587	-3 219
Variation in international reserves	747	-4 157	-1214	5 139	-938	-3 943	1 034	1 690
Total external debt	71878	83 205	91362	99 765	105 126	111 045	121 174	114 941

Source: ECIAC, on the basis of official data.

<sup>a</sup> Preliminary figures. <sup>b</sup> Weighted average of the rates for the main metropolitan areas. <sup>c</sup> Gross domestic product plus terms-of-trade effect (goods and services). <sup>d</sup> Official inflation index from 28 February 1986 onward. <sup>e</sup> Variation February-December. This price index is a weighted average of the wholesale price index (60%), the cost-of-living index for Rio de Janeiro (30%) and the index of construction costs (10%).

<sup>g</sup> Average real wage in industry in São Paulo.

Table 2  
**BRAZIL: TOTAL SUPPLY AND DEMAND**

	Indexes (1980 = 100)			Portage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total supply</b>	<b>109.5</b>	<b>113.1</b>	<b>112.6</b>	<b>111.4</b>	<b>106.7</b>	<b>7.7</b>	<b>8.2</b>	<b>3.3</b>	<b>-0.5</b>
Gross domestic product at market prices	113.7	117.9	117.5	100.0	100.0	8.4	7.5	3.7	-0.3
Imports of goods and services <sup>0</sup>	72.0	71.2	69.5	11.4	6.7	-1.4	18.9	-1.1	-2.4
<b>Total demand</b>	<b>109.5</b>	<b>113.1</b>	<b>112.6</b>	<b>111.4</b>	<b>106.7</b>	<b>7.7</b>	<b>8.2</b>	<b>3.3</b>	<b>-0.5</b>
Domestic demand	107.0	108.8	105.9	102.4	92.4	8.6	11.4	1.7	-2.6
Gross domestic investment	93.1	92.7	88.6	23.3	17.6	22.5	20.6	-0.4	-4.5
Gross fixed investment	94.6	94.2	90.3	22.9	17.6	12.2	22.2	-0.4	-4.1
Construction	103.1	104.2	101.0	13.8	11.9	10.9	17.5	1.1	-3.0
Machinery	81.5	78.9	73.9	9.0	5.7	15.2	32.5	-3.2	-6.3
Changes in stocks	16.5	17.4	-1.8	0.4	-				
Total consumption	111.1	113.6	111.1	79.1	74.8	6.0	9.3	2.2	-2.2
Exports of goods and services	137.8	162.3	188.5	9.0	14.4	2.0	-13.7	17.8	16.2

**Source:** ECLAC, on the basis of figures supplied by the National Accounts Division of the Brazilian Geographical and Statistical Institute (IBGE) and the Centre for Foreign Trade Studies (FUNCEX).

<sup>a</sup> Preliminary figures. The figures on exports and imports of goods and services were obtained from balance-of-payments data in current dollars, converted to constant 1980 values by means of price indexes calculated by ECLAC for the purpose.

Table 3  
 BRAZIL: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMY ACTIVITY,  
 AT 1980 MARKET PRICES

	Indexes <sub>v</sub> (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Gross domestic product	113.7	117.9	117.5	100.0	100.0	8.4	7.5	<b>3.7</b>	<b>-0.3</b>
Goods	109.5	113.7	110.8	51.5	48.6	9.1	7.0	3.8	-2.5
Agriculture	111.2	127.8	127.4	10.5	11.4	9.8	-8.1	14.9	-0.3
Mining	181.8	180.4	181.1	1.1	1.7	11.6	3.7	-0.8	0.4
Manufacturing	107.8	108.9	105.2	33.1	29.7	8.4	11.2	1.0	-3.4
Construction	103.1	104.2	101.1	6.8	5.8	10.9	17.6	1.1	-3.0
Basic services	147.1	154.7	163.8	7.0	9.6	10.0	12.1	5.2	5.9
Electricity, gas and water	158.7	163.9	174.2	1.9	2.7	10.2	8.3	3.3	6.3
Transport, storage and communications	142.8	151.3	160.0	5.0	6.8	9.9	13.7	6.0	5.8
Other services	118.9	120.5	121.3	48.8	50.4	7.0	5.5	1.3	0.7
Commerce, restaurants and hotels	109.1	111.9	108.8	14.5	13.5	7.8	8.1	2.6	-2.8
Financial institutions, insurance and real estate, and business services	131.4	129.2	129.4	15.8	17.4	8.4	1.8	-1.6	0.1
Ownership of dwellings	124.4	128.2	128.2	6.7	7.3	6.0	8.0	3.1	-
Community, social and personal services	116.0	119.7	124.2	18.4	19.5	5.0	7.3	3.1	3.8
Government services	113.9	116.3	118.7	6.3	6.4	2.2	2.1	2.1	2.1

Source: ECLAC, on the basis of figures supplied by the National Accounts Division of IBGE.

<sup>a</sup> Preliminary Figures. Includes stock-raising, forestry and Fishing.

Table 4  
**BRAZIL: INDICATORS OF AGRICULTURAL PRODUCTION**

	1985	1986	1987	1988	Growth rates				
					1984	1985	1986	1987	
<b>Index of the agricultural product</b> (1980 = 100)	121.1	111.2	127.8	<i>MIA</i>	3.0	9.9	-8.2	14.9	-0.3
<b>Production of main crops</b> (thousands of tons)									
<b>Export crops</b>									
Coffee beans	3 753	1 945	2 520	2 643	-19.6	40.1	-48.2	29.6	4.9
Soya	18 278	13 335	16 979	18 055	6.5	17.6	-27.0	27.3	6.3
Oranges	70 996	66 633	73 352	76 596	10.1	9.9	-6.1	10.1	4.4
Sugar cane	245 904	238 493	268 585	259 761	2.9	10.4	-3.0	12.6	-3.3
Cocoa	419	460	329	347	-9.2	21.4	9.8	-28.5	5.5
Tobacco	411	387	398	398	5.1	-1.0	-5.8	2.8	0.0
Cotton	2 836	2 198	1 612	2 388	35.0	31.4	-22.5	-26.7	48.1
Peanuts	339	215	195	170	-13.0	37.2	-36.6	-9.3	-12.8
Castor beans	416	260	107	145	30.8	84.9	-37.5	-58.8	35.5
<b>Crops for domestic consumption</b>									
Rice	9 019	10 405	10 425	11 804	16.5	0.0	15.4	0.2	13.2
Beans	2 547	2 219	2 006	2 941	64.7	-2.6	-12.9	-9.6	46.6
Maize	22 017	20 541	26 787	24 709	13.0	4.0	-6.7	30.4	-7.8
Cassava	23 073	25 556	23 500	21 588	-1.3	8.4	10.8	-8.0	-8.1
Potatoes	1 989	1 834	2 343	2 305	19.5	-8.4	-7.8	27.8	-1.6
Tomatoes	1 932	1 838	2 043	2 378	17.3	6.2	-4.9	11.2	16.4
Wheat	4 247	5 638	6 099	5 436	-12.5	117.1	32.8	8.2	-10.9
<b>Selected livestock production</b> (thousands of tons)									
Beef	2 165	1 870	2 078	2 252 <sup>o</sup>	-14.1	3.3	-13.6	6.4	8.4 <sup>c</sup>
Pork	573	599	735	687	-14.5	2.5	4.5	20.0	-6.5
Poultry meat	1 150	1 193	1 213	1 150 <sup>o</sup>	12.8	-16.2	3.7	11.0	-5.2 <sup>c</sup>
Milk *	7 865	7 584	7 914	8 124 <sup>o</sup>	-25.3	-1.8	-3.6	14.7	2.7 <sup>e</sup>

Source: Brazilian Geographical and Statistical Institute (IBGE), "Levantamento Sistemático da Produção Agrícola".  
<sup>a</sup> Preliminary figures, revision as of November 1988. <sup>b</sup> Millions of units. <sup>c</sup> January-November. <sup>d</sup> Thousands of litres.



Table 5

## BRAZIL: INDICATORS OF MINING PRODUCTION

	1986	1987	1988 <sup>a</sup>	Growth rates			
				1985	1986	1987	1988 <sup>a</sup>
<b>Index of mining production</b> (1980 = 100)	<b>181.8</b>	<b>180.4</b>	<b>181.1</b>	<b>11.6</b>	<b>3.7</b>	<b>-0.8</b>	<b>0.4</b>
<b>Production of some important minerals</b> (thousands of tons)							
Petroleum <sup>b</sup>	33.2	32.8	32.2	18.3	4.7	-1.2	-1.8
Natural gas <sup>c</sup>	5.7	5.8	5.8	12.2	3.6	1.8	-
Coal	22.7	18.7	20.8	7.9	-7.7	-17.6	11.2
Iron ore	29.2	134.1	145.0	8.8	5.0	3.8	8.1
Nickel	13.5	13.9	13.7	3.9	2.3	3.0	-1.4

**Source:** Brazilian Geographical and Statistical Institute (IBGE), National Petroleum Council, National Department of Mineral Production, Central Bank of Brazil and Non-Ferrous Metals and Iron and Steel Council (CONSIDER).

<sup>a</sup> Preliminary figures.      <sup>b</sup> Thousands of cubic metres.      <sup>c</sup> Millions of cubic metres.

Table 6

## BRAZIL: INDICATORS OF MANUFACTURING PRODUCTION

	Indexes (1981 = 100) <sup>a</sup>				Growth rates				
	1985	1986	1987	1988 <sup>b</sup>	1984	1985	1986	1987	1988 <sup>*</sup>
<b>Manufacturing production</b>	<b>107.6</b>	<b>120.0</b>	<b>121.6</b>	<b>117.2</b>	<b>6.1</b>	<b>8.3</b>	<b>11.6</b>	<b>1.3</b>	<b>-3.6</b>
<b>By categories of goods</b>									
Capital goods	88.5	108.3	106.0	103.9	14.7	12.3	22.4	-2.1	-2.0
Intermediary goods <sup>c</sup>	117.8	128.3	130.4	127.4	10.2	7.2	9.0	1.6	-2.3
Consumer durables	114.1	137.5	130.4	131.2	-7.5	15.1	20.6	-5.2	0.6
Consumer non-durables	107.1	116.2	117.9	112.8	1.9	7.9	8.5	1.5	-4.3
<b>By industrial branches</b>									
Foodstuffs	103.5	104.0	111.3	108.0	-0.9	0.1	0.4	7.0	-3.0
Beverages	102.1	126.1	120.3	124.7	-0.6	11.0	23.5	-4.6	3.7
Tobacco	117.0	127.6	129.4	130.3	3.3	10.5	9.0	1.4	0.7
Textiles	102.7	116.3	115.9	108.7	-3.6	13.6	13.2	-0.3	6.2
Clothing	99.8	104.6	95.8	87.6	1.9	7.5	4.8	-8.4	-8.6
Paper and paperboard	123.9	137.0	142.0	139.7	6.8	6.4	10.5	3.6	-1.6
Petroleum products	106.2	125.3	132.8	119.8	7.5	0.1	18.0	6.0	-9.8
Other chemicals	131.0	125.3	132.8	133.9	10.3	10.2	-4.4	6.0	0.8
Pharmaceuticals	106.7	130.8	133.4	117.3	8.8	5.2	22.6	2.0	-12.1
Perfumery, soaps and candles	116.9	143.2	167.7	150.5	-1.1	12.8	22.5	17.1	-10.3
Rubber	111.5	130.0	135.1	137.7	8.9	8.2	16.6	3.9	1.9
Plastic articles	112.2	136.9	131.9	123.2	3.8	11.3	22.0	-3.7	6.6
Non-metallic minerals	87.2	103.2	106.8	101.1	-0.2	7.5	18.4	3.5	-5.3
Metallurgy	114.5	127.9	128.9	125.2	13.8	7.0	11.7	0.8	-2.9
Machinery	93.5	113.9	120.0	108.8	18.6	10.1	21.9	5.4	-9.3
Electrical equipment	112.6	141.3	133.5	126.9	2.7	19.3	25.5	-5.5	-4.9
Transport equipment	105.7	118.8	106.8	116.8	4.5	11.7	12.4	-10.1	9.4
<b>Other indicators of manufacturing production</b>									
Industrial consumption of electricity	91.3	97.2	97.3	101.3	18.1	13.7	6.5	0.1	4.1
Employment <sup>e</sup>	94.8	104.3	106.5	104.4	-0.2	8.5	10.0	2.1	-2.0

Source: Brazilian Geographical and Statistical Institute (IBGE). Indexes of Industrial Production, revised series.

<sup>a</sup> Indexes calculated on the basis of Figures at constant 1980 prices. <sup>b</sup> Preliminary figures. <sup>c</sup> Includes mining.

<sup>d</sup> Billions of kWh consumed by the manufacturing sector. <sup>e</sup> Indexes 1978=100; personnel employed in the industrial sector of the State of São Paulo, annual averages.

**Table 7**  
**BRAZIL: MOTOR VEHICLE PRODUCTION**

	Thousands of units				Growth rates				
	1985	1986	1987	1988 <sup>a</sup>	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Motor vehicles</b> (all types)	<b>967.0</b>	<b>1 057.0</b>	<b>920.1</b>	<b>1068.9</b>	-3.5	<b>11.8</b>	<b>93</b>	<b>-13.0</b>	<b>16.2</b>
Automobiles	759.0	816.0	683.4	782.6	-6.6	41.1	7.5	-16.3	14.5
Light trucks and utility vehicles	134.0	146.0	148.8	196.0	-2.2	-50.7	9.0	1.9	31.7
Trucks	65.0	83.8	74.2	71.8	36.1	32.7	28.9	-11.5	-3.2
Buses	8.0	11.2	13.6	18.4	16.7	14.3	40.0	21.4	35.3
<b>Vehicles fuelled by alcohol</b>	<b>642.0</b>	<b>699.0</b>	<b>459.2</b>	<b>565.8</b>	-5.2	<b>14.4</b>	<b>8.9</b>	<b>-34.3</b>	<b>23.2</b>
Exports of motor vehicles <sup>c</sup>	208.0	183.0	344.7	320.3	16.0	6.1	-12.0	88.4	-7.1

Source: National Association of Motor Vehicle Manufacturers (ANFAVEA).

<sup>a</sup> Preliminary figures.  
knocked down) vehicles.

<sup>b</sup> Included in the total number of vehicles.

<sup>c</sup> Includes exports of CKD (completely

**Table 8**  
**BRAZIL: PRODUCTION OF METALS**

	Thousands of tons				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Iron and steel</b>								
Pig iron	19 245	20 464	21 334	23 439	10.2	6.3	4.3	9.9
Steel ingots	20 450	21 240	22 228	24 615	11.2	3.9	4.7	10.7
Rolled products								
Flats	8 239	8 980	9 060	9 724	4.0	9.0	0.9	7.3
Non-flats	6 264	6 635	6 475	6 431	9.4	5.9	-2.4	-0.7
Alloy steels	743	777	789	890.3	11.6	4.6	1.5	12.8
<b>Non-ferrous metals</b>								
Aluminium	594.0	805.6	895.3	938.1	17.9	35.6	11.1	4.8
Copper	142.9	166.0	199.2	147.7 <sup>e</sup>	40.5	16.2	20.0	
Tin	24.7	25.1	28.8	40.7	30.7	1.6	14.7	41.3
Nickel	13.2	13.5	13.9	13.1	3.9	2.3	3.0	-5.8
Lead	81.6	85.4	88.2	98.2	14.0	4.7	3.3	11.3
Zinc	120.7	135.6	148.0	144.5	5.5	12.3	9.1	-2.4

Source: Non-Ferrous Metals and Iron and Steel Council (CONSIDER).

<sup>a</sup> Preliminary figures.

Primary and secondary metal.

<sup>e</sup> Primary copper only.

Table 9

**BRAZIL: FORMAL URBAN EMPLOYMENT**  
(Percentage variation between annual averages)

Regional and metropolitan	Sectors of economic activity									
	Industry		Construction		Commerce		Services		Total <sup>3</sup>	
	1987	1988 <sup>b</sup>	1987	1988 <sup>b</sup>	1987	1988 <sup>b</sup>	1987	1988 <sup>b</sup>	1987	1988 <sup>b</sup>
<b>Whole country</b>	3.0	-0.9	0.5	7.4	2.5	2.6	3.4	3.9	2.6	12
North	6.1	-1.2	-3.6	4.8	4.2	5.9	5.7	5.7	1.7	2.9
Northeast	5.6	-0.1	-5.3	7.7	3.4	2.7	3.2	3.8	2.1	2.3
Southeast	2.7	-1.3	2.8	7.0	3.6	2.7	3.2	3.8	2.7	2.1
South	3.5	-0.1	2.3	5.6	2.2	1.6	3.3	3.6	2.6	1.9
West Central	3.6	4.6	-2.7	15.8	2.7	3.6	3.3	4.4	2.1	4.2
<b>Metropolitan areas</b>	32	-1.7	1.7	8.4	2.8	3.0	3.7	3.9	2.4	2.1
Belem	3.3	-1.0	2.9	9.7	1.2	2.3	5.0	4.5	2.6	3.0
Fortaleza	4.5	0.7	-8.9	11.5	1.3	1.3	3.4	3.8	2.0	2.1
Recife	4.5	-1.9	6.9	9.0	3.9	2.8	4.1	4.1	3.1	2.1
Salvador	5.3	-0.6	-1.4	9.4	1.2	2.7	4.6	3.1	1.8	2.2
Belo Horizonte	3.9	-0.8	-4.1	9.4	3.6	3.2	4.0	2.4	1.9	2.4
Rio de Janeiro	3.8	-1.7	-0.9	2.7	1.4	1.6	3.0	2.0	2.2	1.1
São Paulo	2.3	-2.3	6.4	10.8	4.8	4.4	3.6	5.5	2.9	2.4
Curitiba	6.9	2.8	6.0	9.3	4.9	3.6	3.1	5.5	3.9	4.6
Porto Alegre	1.3	-0.7	0.1	2.7	0.5	1.8	1.8	3.2	1.8	1.4

**Source:** Cadastro Geral de Empregados e Desempregados - Act 4923, Ministry of Labour.

\* This total also includes the mining, public services, government service, agricultural, gathering, hunting and fishing sectors. Preliminary figures.

Table 10

**BRAZIL: UNEMPLOYMENT RATES IN MAIN URBAN CENTRES**

Main cities	1984	1985	1986	1987	1988	1987				1988			
						I	II	III	IV	I	II	III	IV
						Rio de Janeiro	6.8	4.9	3.5	3.2	3.1	3.1	3.5
São Paulo	6.8	5.0	3.3	3.8	4.0	3.2	3.9	4.4	3.6	4.4	4.2	4.1	3.3
Belo Horizonte	8.3	5.7	3.7	3.9	4.0	3.5	4.4	4.3	3.5	4.2	4.5	4.0	3.3
Porto Alegre	6.9	5.4	3.9	3.9	3.6	3.6	3.9	4.7	3.5	4.0	3.9	3.7	3.0
Salvador	7.7	6.0	4.5	4.1	4.6	3.7	4.3	4.4	4.1	4.9	5.0	4.7	3.9
Recife	9.0	7.2	4.4	5.2	5.6	4.1	5.6	6.0	5.0	6.2	5.3	5.8	4.9
<b>Average for urban centres<sup>a</sup></b>	7.1	5.3	3.9	3.7	3.8	3.3	3.9	4.2	3.5	4.1	4.0	3.9	3.3

**Source:** Brazilian Geographical and Statistical Institute (IBGE), monthly employment survey.

<sup>a</sup> Weighted by the economically active population of each city.

Table 11

**BRAZIL: EVOLUTION OF EXCHANGE RATES***(Annual and quarterly averages)*

Period	Nominal exchange rates (cruzaos per dollar)	Indexes of real effective exchange rate <sup>1</sup> (indexes 1980 = 100)		
		Exports	Imports	
			(1)	(2) <sup>2</sup>
1970-1979	0.01	78.5	65.9	80.1
1980	0.05	100.0	100.0	100.0
1981	0.09	84.0	88.1	85.4
1982	0.18	82.0	84.3	81.9
1983	0.58	98.2	96.1	98.2
1984	1.85	91.9	89.7	92.7
1985	6.20	92.6	89.8	93.3
1986	13.65	94.1	75.8	92.4
1987	39.23	96.5	76.9	93.9
1988	259.2	87.4	70.0	85.8
1986				
I	12.73	90.3	77.2	89.2
II	13.84	95.6	75.7	94.2
III	13.84	96.5	75.7	94.6
IV	14.21	93.8	74.5	91.5
1987				
I	18.23	95.7	75.7	92.9
II	31.32	94.7	75.8	92.1
III	47.31	99.1	79.6	96.9
IV	60.06	96.3	76.5	93.7
1988				
I	91.88	92.3	73.4	90.1
II	151.54	89.2	71.1	87.5
III	269.82	83.8	67.4	82.7
IV	523.54	84.2	67.2	82.9

**Source:** ECLAC, on the basis of information from the International Monetary Fund, *International Financial Statistics*.

<sup>1</sup> Corresponds to the average of the indexes of the real exchange rate of the cruzado with respect to the currencies of Brazil's main trading partners, weighted according to the relative importance of exports or imports to or from these countries, as appropriate. From 1970 to 1980 these weightings correspond to the average for the period 1975-1979. From 1981 they correspond to the average for the period 1983-1987. For the most part, wholesale price indexes were used in making these calculations. For the methodology and sources used, see the technical appendix to the *Economic Survey of Latin America*, 1981.

Does not include the following oil-exporting countries: Saudi Arabia, Iraq and Nigeria.

**Table 12**  
**BRAZIL: MAIN FOREIGN TRADE INDICATORS (GOODS)**

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Growth rates</b>								
Exports (FOB)								
Value	15.6	-13.3	8.6	23.3	-5.1	-12.7	16.8	29.5
Volume	23.0	-6.9	17.0	19.4	1.9	-13.7	19.4	16.9
Unit value	-6.0	-6.9	-7.2	3.2	-6.8	1.2	-2.2	10.7
Imports (FOB)								
Value	-3.8	-12.2	-20.4	-9.8	-5.4	6.6	7.2	-2.4
Volume	-13.0	-11.3	-16.3	-3.8	-1.3	21.9	-1.8	-6.0
Unit value	10.6	-1.0	-4.9	-6.3	-4.1	-12.5	9.2	3.8
Terms of trade	-15.0	-6.2	-2.6	9.6	-3.1	15.0	-10.5	6.5
<b>Indexes (1980 = 100)</b>								
Purchasing power of exports	104.5	91.3	104.1	136.3	134.6	133.7	142.8	177.9
Volume of exports	123.0	114.5	134.0	160.1	163.0	140.8	168.1	196.6
Volume of imports	87.0	77.1	64.5	62.1	61.3	74.7	73.3	69.0
Terms of trade	85.0	79.9	77.9	85.8	83.5	96.5	86.5	92.2

**Source:** 1980-1986: ECIAC, on the basis of official data. 1987-1988: Centre for Foreign Trade Studies (FUNCEX).

<sup>a</sup> Preliminary figures.

Table 13

**BRAZIL: EXPORTS OF GOODS, FOB**

	Millions of dollars				Percentage breakdown		Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>25 639</b>	<b>22 393</b>	<b>26 224</b>	<b>33 784</b>	<b>100.0</b>	<b>100.0</b>	-5.1	<b>-12.7</b>	<b>17.1</b>	<b>28.8</b>
<b>Commodities</b>	<b>8 538</b>	<b>7 349</b>	<b>8 022</b>	<b>9 397</b>	<b>42.2</b>	<b>27.8</b>	-2.5	<b>-13.9</b>	<b>9.2</b>	<b>17.1</b>
Coffee beans	2 369	2 063	1 959	1 998	123	5.9	-7.6	-12.9	-5.0	2.0
Iron ore	1 402	1 234	1 563	1 828	7.8	5.4	-3.0	-12.0	26.7	17.0
Soya meal and cake	1 175	1 181	1 450	2 024	7.2	6.0	-19.5	0.5	22.8	39.6
Soya beans	764	243	570	728	2.0	2.2	68.3	-68.2	134.6	27.7
Unrefined sugar	166	138	134	167	3.1	0.5	-49.1	-16.9	-2.9	24.6
Other	2 662	2 490	2 303	2 652	9.8	7.8	6.2	-6.5	-7.5	15.2
<b>Industrial products</b>	<b>16 822</b>	<b>14 867</b>	<b>18 008</b>	<b>24 082</b>	<b>56.5</b>	<b>71.3</b>	<b>-6.3</b>	-11.6	<b>21.1</b>	<b>33.7</b>
Semimanufactures	2 758	2 481	3 177	4 892	11.6	14.5	-2.3	-10.0	28.1	54.0
Manufactures	14 064	12 386	14 831	19 190	44.8	56.8	-7.1	-11.9	19.7	29.4
Processed coffee	263	297	226	232	1.4	0.7	-9.9	12.9	-23.9	2.7
Orange juice	749	636	832	1 144	1.7	3.4	-47.1	-15.1	30.8	37.5
Footwear	968	1 017	1 280	1 168	2.0	3.5	-9.7	5.1	25.9	-8.8
Transport equipment	1 694	1 568	2 780	3 387	7.5	10.0	25.1	-7.4	77.3	21.8
Machinery, boilers and mechanical apparatus	1 590	1 443	1 634	1 415	6.9	4.2	13.9	-9.2	13.2	-13.4
Electrical machinery and equipment	581	794	888	859	2.3	2.5	-1.7	36.7	11.8	-3.3
Manufactured iron and steel products	1 206	999	989	2 185	3.1	6.5	-22.1	-17.2	-1.0	120.9
Other	7 013	5 632	6 727	8 800	19.9	26.0	-6.0	-19.7	19.4	30.8
<b>Other products</b>	<b>279</b>	<b>177</b>	<b>194</b>	<b>305</b>	<b>1.3</b>	<b>0.9</b>	-5.4	-36.6	<b>9.6</b>	<b>57.2</b>

**Source:** Banco do Brasil, Carteira de Comércio Exterior (CACEX).

Preliminary figures.

Includes consumption on board aircraft and ships, re-exports and special transactions.

Table 14  
**BRAZIL: IMPORTS OF GOODS, FOB**

	Millions of dollars					Growth rates			
	1986	1987	1988 <sup>a</sup>	breakdown 1980 1988 <sup>a</sup>		1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	14 045	15 052	14 688	100.0	100.0	-5.5	6.8	12	-1A
Consumer goods	1995	1516	1363	5.7	9.3	13.4	151.3	-24.0	-10.1
Intermediate goods	8 586	9 578	9126	75.2	62.1	-10.7	-13.1	11.6	-4.7
Fuels and lubricants	2 786	3 859	3194	44.4	21.7	-15.5	-51.1	38.5	-17.2
Other	5 800	5 719	5 932	30.8	40.4	3.6	29.3	-1.4	3.7
Capital goods	3 464	3 958	4 199	19.1	28.6	153	39.7	14.3	6.1

Source: Central Bank of Brazil.  
\* Preliminary figures.



Table 15

**BRAZIL: BALANCE OF PAYMENTS***(Millions of dollars)*

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Balance on current account</b>	-11760	<b>-16314</b>	<b>-6842</b>	<b>33</b>	<b>-289</b>	<b>-4 468</b>	<b>-1456</b>	<b>4909</b>
Trade balance	-1677	-2 795	4 079	11345	10 784	6 239	8 777	16 219
Exports of goods and services	25 523	21967	23 619	28 939	27 713	24 279	28 100	36141
Goods FOB	23 275	20172	21906	27 001	25 634	22387	26156	33 874
Real services	2248	1791	1712	1937	2 078	1891	1943	2267
Transport and insurance	1102	1013	1119	1309	1517	1271	1320	1651
Travel	242	66	40	64	67	85	102	117
Imports of goods and services	27 200	24 762	19 540	17 594	16 929	18 040	19 322	19 922
Goods FOB	22 091	19 395	15 434	13 915	13 168	14 042	15 050	14 688
Real services	5109	5 365	4106	3 678	3 761	4000	4 274	5 234
Transport and insurance	2 786	2460	2025	2070	1872	1716	2139	2 534
Travel	407	913	431	218	442	572	287	706
Factor services	-10 274	-13 509	-11 025	-11 473	-11 212	-10 801	-10 346	-11403
Profits	-1112	-2141	-1453	-1267	-1603	-1687	-1534	-1539
Interest received	1144	1198	707	1245	1503	962	526	759
Interest paid	-10 306	-12 550	-10 267	-11449	-11092	-10 053	-9 308	-10 591
Labour and property	-1	-14	-13	-2	-20	-24	-31	-32
Unrequited private transfer payments	189	-11	106	161	139	94	112	93
<b>Balance on capital account</b>	<b>12 381</b>	<b>11119</b>	<b>4 943</b>	<b>5 342</b>	<b>-222</b>	<b>1236</b>	<b>3 587</b>	<b>-3 219</b>
Unrequited official transfer payments	10	2	2	10	16	-8	-43	
Long-term capital	11659	8 011	7 997	9 773	2 291	881	-1010	
Direct investment	2313	2 534	1372	1557	1267	331	1078	
Portfolio investment	-2	-1	-286	-272	-237	-424	-429	
Other long-term capital	9 348	5 478	6 911	8 489	1261	974	-1659	
Official sector <sup>c</sup>	60	1744	9 279	11283	6 325	8 819	7 949	
Loans received	1650	3 368	13 329	20 561	15 205	13 311	11039	
Amortization payments	-1319	-1286	-4153	-9 427	-8 694	-4 442	-3 027	
Commercial banks <sup>c</sup>	4 054	1681	-1520	-1404	-2 643	-3 698	-2183	
Loans received	6409	4 239	1136	1230	323	74	746	
Amortization payments	-2361	-2 559	-2 656	-2 631	-2 966	-3 771	-2 929	
Other sectors <sup>c</sup>	5 234	2 053	-848	-1390	-2 420	-4 147	-7 425	
Loans received	9 633	6 675	2 527	2 079	2122	1128	2 093	
Amortization payments	-3 761	-4 264	-3 358	-4128	-5135	-5 782	-9 152	
Short-term capital	1132	3 476	-2 464	-4 844	-1999	894	5 444	
Official sector	-6	3 879	-1390	-1942	-404	376	5 026	
Commercial banks	1039	-136	-710	1001	-594	154	441	
Other sectors	99	-267	-364	-3 903	-1002	364	-23	
Errors and omissions (net)	-418	-369	-592	404	-530	-531	-807	
<b>Global balance</b>	<b>621</b>	<b>-5195</b>	<b>-1899</b>	<b>5 375</b>	<b>-511</b>	<b>-3 232</b>	<b>2131</b>	<b>1690</b>
Total variation in reserves (- sign indicates an increase)	-747	4157	1214	-5139	938	3 943	-1034	-1690
Monetary gold	-130	824	-156	-336	-541	216	-13	
Special Drawing Rights	-68	452	-	-1	-	1	-	
IMF reserve position	80	-23	287	-	-	-	-	
Foreign exchange assets	-844	2 245	-714	-6 209	938	3 824	-496	
Other assets	215	109	-297	-141	115	20	-	
Use made of IMF credit	-	550	2 094	1549	426	-118	-525	

**Source:** 1981-1985, International Monetary Fund, *Balance of Payments Yearbook*, April 1987; 1986-1988: ECLAC, on the basis of official figures.

Preliminary figures. Includes other non-factor services. " Includes net loans granted and other assets and liabilities. Equals the total variation in reserves (of opposite sign), plus counterpart items.

Table 16

**BRAZIL: VARIATION IN INTERNATIONAL RESERVES***(Year-end balances in millions of dollars)*

	1984	1985	1986	1987	1988 <sup>a</sup>	Absolute variation			
						1985	1986	1987	1988 <sup>a</sup>
<b>I. International liquidity</b>	<b>11995</b>	<b>10 482</b>	<b>6 760</b>	<b>7 458</b>	<b>9 148</b>	<b>-1513</b>	<b>-3 722</b>	<b>698</b>	<b>1690</b>
Reserves, excluding gold <sup>c</sup>	11508	9 478	5 621	6 025	7 515	-2 030	-3 857	404	1490
Special Drawing Rights									
IMF reserve position									
Foreign exchange	11508	9 478	5 621	6 025	7 515	-2 030	-3 857	404	1490
Gold, national valuation	488	1004	1139	1433	1633	516	135	294	200
<b>II. Net reserves of monetary authority</b>									
A. Assets	11033	9 273	5 330	6 799	8 312	-1760	-3 943	1469	1513
B. Liabilities	6 791	4 873	5150	9 783	3 924	-1918	277	4 633	-5 859
Short term	2 606	254	660	5 806	403	-2 352	406	5146	-5 403
Use of IMF credit <sup>e</sup>	4 185	4 619	4 490	3 977	3 521	434	-129	-513	-456
C. Net reserves (A-B)	4 242	4 400	180	-2 985	4 388	158	-4 220	-3 165	7 373
D. Counterpart adjustments					268				268
E. Adjusted net reserves (C-D) <sup>f</sup>	4 242	4 400	180	-2985	4 120	158	-4 220	-3 165	7105

Source: Central Bank of Brazil.

\* Preliminary figures. <sup>b</sup> Data published by the Central Bank of Brazil. <sup>c</sup> Data published by IMF. <sup>d</sup> Method of calculation used to calculate balance-of-payments performance within the framework of the corresponding goal agreed with IMF. <sup>e</sup> Purchase obligations. <sup>f</sup> Balance-of-payments result according to the methodology agreed with IMF.

Table 17

**BRAZIL: EXTERNAL DEBT***(Year-end balances in millions of dollars)*

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Total external debt</b> (registered and unregistered)	<b>71878</b>	<b>83 205</b>	<b>91362</b>	<b>99 765</b>	<b>105126</b>	<b>111045</b>	<b>121174</b>	<b>114 941</b>
<b>I. Medium- and long-term debt</b> (registered)								
<b>Total</b>	<b>61411</b>	<b>70198</b>	<b>81319</b>	<b>91091</b>	<b>95 857</b>	<b>101759</b>	<b>107 514</b>	<b>104 448</b>
Compensatory loans	-	544	2 645	3 967	4 608	4 490	3 938	
United States Government	-	-	-	-	-	-	-	
International Monetary Fund	-	544	2645	3 967	4608	4 490	3 938	
Other	-	-	-	-	-	-	-	
Bonds	2896	2 610	2226	1737	1919	1941	1589	
International agencies	3 583	3 847	4 326	5 714	7 411	9 059	9 559	
World Bank	2264	2341	2 588	3 905	5 057	6 367	6 932	
Inter-American Development Bank	1071	1203	1367	1397	1927	2 071	2405	
International Finance Corporation	248	301	303	285	279	231	222	
Official bilateral agencies	3 894	4160	4 855	6 603	7 793	10 225	13 022	
United States Agency for International Development (USAID)	1019	989	967	895	886	848	860	
Programme loans	490	470	449	429	410	388	372	
Project loans	529	519	518	466	476	460	488	
Wheat <sup>b</sup>	568	889	1212	1375	1155	696	661	
United States Export-Import Bank (Eximbank)	955	934	981	789	674	633	532	
Export-Import Bank of Japan	508	477	502	384	349	514	602	
Kreditanstalt für Wiederaufbau (FRG)	624	613	722	644	796	1167	1503	
Other <sup>c</sup>	220	258	471	2 516	4 341	6 367	8864	
Supplier credits	5 894	5 983	7 513	6 492	7 427	8 429	8 528	
Financial credits	44 984	52 918	59 626	66 467	66195	67 185	67 938	
Resolution No. 63	13 456	16 146	15115	13 630	11379	8 772	6 831	
Law No. 4131	31520	36 763	44 511	52 830	54 809	58 413	61100	
Other credits	160	136	128	111	504	30	68	
<b>II. Short-term debt</b> (unregistered)								
<b>Total</b>	<b>10 467</b>	<b>13 007</b>	<b>10 313</b>	<b>8 674</b>	<b>9 269</b>	<b>9 286</b>	<b>13 660</b>	<b>10 493</b>
Traditional operations (net)		9 292	7 973	8 374	7 285	7 251		
Commercial lines of credit		5 034	4 377	3 779	3126	3 291		
Brazilian commercial banks		4 306	3 596	4 595	4 023	4060		
Assets	..	2 099	1924	2 274	1984	1399		
Liabilities		6 405	5 520	6 869	6 007	5 459		
Special operations	..	3 715	2340	300				
Bridging loans	..	3 715	-	-				
Arrears in debt payments	..		2340	-			3 973	
Paris Club and other operations	..		-	300	134	536		

Source: Central Bank of Brazil.

<sup>a</sup> Preliminary figures. <sup>b</sup> Law No. 480 of the United States, loans from the Canadian Wheat Board and other credits for wheat.<sup>c</sup> The bulk of this item represents financing which until 1980 was included under the heading "supplier credits".

Table 18

**BRAZIL: INDICATORS OF EXTERNAL INDEBTEDNESS**

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	<b>Millions of dollars</b>						
<b>Registered debt service</b>	<b>20 765</b>	<b>20 066</b>	<b>20123</b>	<b>21399</b>	<b>23 231</b>	22 822	<b>25 508</b>
Amortizations payments	8 215	10 403	8888	10160	13176	13 503	14 917
Interest payments	12 550	10 263	11235	11239	10 055	9319	10 591
<b>Disbursements</b>	<b>14 207</b>	<b>14 518</b>	<b>16799</b>	<b>12 794</b>	<b>13 963</b>	<b>13 368</b>	<b>16498</b>
	<b>Percentages</b>						
<b>Registered external debt/ exports of goods and services</b>	<b>319.6</b>	<b>344.4</b>	<b>324.1</b>	<b>345.7</b>	<b>417.9</b>	<b>381.4</b>	<b>289.6</b>
Registered external debt service/exports of goods and services	94.5	87.5	69.4	77.2	95.6	81.0	70.7
Net interest/exports of goods and services	51.7	40.4	34.8	34.8	37.4	31.1	27.3
Registered debt service/ disbursements	146.2	142.4	119.8	164.3	166.4	170.7	154.6

Source: ECLAC, with data from the International Monetary Fund and the Central Bank of Brazil.

\* Preliminary figures.

Table 19  
BRAZIL: EVOLUTION OF DOMESTIC PRICES  
(Percentages)

	1981	1982	1983	1984	1985	1986	1987	1988
December-December variation								
General price index <sup>a</sup>								
Total supply	92.8	99.2	212.9	225.6	241.4	63.3	412.0	1040.5
Domestic availability	95.2	99.7	211.0	223.8	235.1	65.0	415.8	1037.6
Wholesale price index								
Total supply	90.5	96.8	238.4	233.2	234.2	59.9	400.7	1055.4
Agricultural products	70.7	89.0	335.8	230.5	267.7	86.2	315.0	1063.1
Industrial products	99.7	99.8	200.5	233.2	221.1	50.6	430.2	1053.3
Domestic availability	94.3	97.7	234.0	230.3	225.7	62.6	407.2	1050.0
Raw materials	86.1	81.5	214.4	230.6	198.6	45.9	369.5	984.0
Foodstuffs	85.9	98.9	299.5	223.6	238.1	87.5	324.7	1064.4
Consumer price index, Rio de Janeiro								
Food	100.6	101.8	177.9	208.7	248.5	63.5	432.3	1006.4
Food	96.0	99.9	256.9	224.5	265.9	62.8	393.7	1173.2
Construction costs <sup>b</sup>	86.1	108.0	148.9	213.4	283.6	81.3	416.6	1060.5
Nation-wide consumer price indexes								
NCPI <sup>c</sup>	93.5	100.3	178.0	209.1	239.1	58.6	396.0	994.3
CPI <sup>d</sup>						22.2 <sup>e</sup>	366.0	933.6
Variation between annual averages								
General price index								
Total supply	106.8	94.2	156.3	222.5	229.4	142.6	221.7	685.3
Domestic availability	109.9	95.4	154.5	220.6	225.5	142.3	224.8	684.6
Wholesale price index								
Total supply	108.2	92.0	168.3	236.2	228.9	139.8	208.3	697.2
Domestic availability	113.1	94.0	164.9	232.9	223.4	138.7	177.0	695.9
Consumer price index Rio de Janeiro								
Food	105.5	98.0	142.0	196.8	226.9	143.7	231.7	682.3
Construction costs	101.0	98.2	119.6	195.1	241.3	161.3	290.5	635.9
Nation-wide consumer price indexes								
NCPI <sup>c</sup>	102.8	97.0	140.7	195.8	218.2	137.4	221.6	638.9
CPI <sup>d</sup>								582.0

Source: Getulio Vargas Foundation, Conjuntura Econômica, and Bank of Brazil, Informativo Mensal (several issues).

<sup>a</sup> This price index is a weighted average of the indexes of wholesale prices (60%), the cost of living in Rio de Janeiro (30%) and construction costs (10%). Up to February 1985, this entry corresponded to the index of building costs in Rio de Janeiro. From February 1985 onwards, it represents construction costs in Brazil as a whole. <sup>c</sup> The National Consumer Price Index (NCPI) covers the expenditures of families having incomes of up to five minimum wages. These data were revised on the basis of the information gathered during the latest survey round. Official index of inflation as from 28 February 1986. <sup>e</sup> Variation from February to December.

Table 20

**BRAZIL: AVERAGE REAL WAGES IN MANUFACTURING***(Index 1980 = 100)*

	São Paulo <sup>a</sup>		Rio de Janeiro <sup>b</sup>	
	Index	Variation	Index	Variation
1983	115.1	-4.9	111.1	-5.0
1984	118.8	3.2	103.6	-6.8
1985	136.3	14.7	111.8	7.9
1986	155.1	13.8	120.7	8.0
1987	1443	-7.0	105.4	-12.7
1988 <sup>c</sup>	156.5	8.5	102.7	-2.6

**Source:** Industrial Federation of the State of São Paulo (FIESP) and Brazilian Association for the Development of Small Industries (ABDIB).

<sup>a</sup> Calculated on the basis of the monthly values of the average wage, deflated by the cost-of-living index for the city of São Paulo (Icv-FiPE). <sup>b</sup> Calculated on the basis of the monthly values of the average wage, deflated by the consumer price index for the city of Rio de Janeiro as determined by the Getulio Vargas Foundation. <sup>c</sup> Preliminary figures.

Table 21

**BRAZIL: PRIVATE SECTOR LIQUIDITY***(Percentage variations between end-of-December balances)*

	M1	M2	M3	M4
1981	87.2	135.2	140.7	140.5
1982	81.7	51.5	104.6	110.7
1983	97.4	148.8	141.9	150.5
1984	201.9	331.9	288.8	292.7
1985	304.3	358.6	310.4	303.9
1986	306.7	119.9	94.6	94.8
1987	127.5	308.6	383.9	352.6
1988	571.7	1031.6	1031.0	1003.0

**Source:** Getulio Vargas Foundation, Conjuntura Econômica, February 1989.

Note: M2 = M1 + public securities outside the Central Bank. M3 = M2 + savings deposits. M4 = M3 + time deposits.

Table 22  
 BRAZIL: MONETARY BASE AND MEANS OF PAYMENT \*  
 (Percentage variations)

	Monetary base		Means of payment	
	During the year	Over the previous 12 months	During the year	Over the previous 12 months
<b>1984</b>				
March	13	70.8	9.6	115.9
June	65.4	144.9	41.1	121.6
September	121.6	191.1	89.7	157.4
December	264.1	264.1	201.9	201.9
<b>1985</b>				
March	13.4	307.7	11.9	208.3
June	40.1	208.4	59.8	241.0
September	102.5	232.7	134.7	273.6
December	257.3	257.3	304.3	304.3
<b>1986</b>				
March	54.0	385.4	87.4	577.0
June	165.1	576.2	198.6	655.3
September	229.6	481.7	236.2	479.0
December	293.5	293.5	303.8	303.8
<b>1987</b>				
March	-5.4	141.6	-6.7	102.4
June	-4.9	41.1	4.3	42.2
September	81.6	116.8	36.8	65.7
December	181.5	181.5	127.4	127.4
<b>1988</b>				
March	34.1	299.1	13.0	175.3
June	80.9	435.7	78.0	288.1
September <sup>a</sup>	183.3	339.0	179.4	364.6
December <sup>b</sup>	622.3	622.3	571.7	571.7

Source: Central Bank of Brazil.

<sup>a</sup> New definitions which take into account the changed situation resulting from the termination of the Banco do Brasil's central banking functions. Preliminary figures.

Table 23  
**BRAZIL: MAIN FACTORS CONDITIONING THE MONETARY BASE**<sup>ab</sup>  
*(Variations in billions of cruzados)*

	1986	1987	1988
<b>A. Credit to agricultural sector</b> <sup>c</sup>	<b>15.9</b>	<b>187.7</b>	
<b>B. Credit to public sector</b>	<b>118.4</b>	<b>1373</b>	
Banco do Brasil <sup>c</sup>	19.6	86.3	
Funds and Programmes <sup>c</sup>	6.3	133.1	
National Treasury	15.4	112.3	-1663
Compulsory loans, special rates and other operations	-15.4	22.6	-256
Public debt (net loans)	92.5	-217.1	2899
<b>C. Credit from Central Bank</b>	<b>5.2</b>	<b>35.0</b>	<b>-28</b>
Liquidity assistance	5.2	-9.8	-175
Other operations <sup>e</sup>		44.8	147
<b>D. External sector operations</b>	<b>5.4</b>	<b>235.9</b>	<b>1286</b>
<b>E. Deposits of financial system</b>	<b>-6.6</b>	<b>-1793</b>	<b>852</b>
<b>F. Resources of Central Bank</b>	<b>-5.0</b>	<b>-90.5</b>	
<b>G. Other accounts (net)</b>	<b>0.1</b>	<b>-1.4</b>	<b>44</b>
Monetary base (A+...+G)	133.4	324.6	3134
Currency	65.5	179.0	2 013
Bank reserves	68.9	145.6	1121

**Source:** Central Bank of Brazil, Informativo Mensal, January 1989 and Getulio Vargas Foundation, Conjuntura Econômica, February 1989.

\* Preliminary figures. (+) expansion (-) contraction. <sup>c</sup> Transfer operations for credit operations of the fiscal budget. <sup>d</sup> Compulsory loans (Act 2288), special expenditure, minus installments received from the National Development Fund. <sup>e</sup> Gold purchases and loans to small and medium enterprises. Obligatory and voluntary reserves on savings and time deposits.

Table 24  
**BRAZIL: DEPOSITS AND OTHER DOMESTIC OBLIGATIONS OF  
 THE FINANCIAL SYSTEM WITH THE PUBLIC**  
*(Billions of cruzados)*

	Year-end balances				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	488.1	1108.7	4 031.5	39 411.1	266.4	127.1	263.6	877.6
Demand deposits	88.5	371.4	787.6	4 918.5	309.7	319.7	112.1	524.5
Fixed-term deposits	149.2	291.2	961.1	9 151.4	279.6	95.2	230.0	852.2
Savings deposits	217.6	399.8	2 210.3	24 976.2	248.2	83.7	452.9	1 030.0
Bills of exchange	32.8	46.3	72.5	365.0	234.7	41.2	56.6	403.4

**Source:** Central Bank of Brazil.

\* Preliminary figures.



**Table 25**  
**BRAZIL: MONTHLY INTEREST RATES<sup>a</sup>**  
*(Percentages)*

	Rates on deposits			Rates on loans		Inflation rate <sup>b</sup>
	Open market operations	Certificates of deposit	Savings deposits	Working capital	Consumer credit	
<b>1985</b>						
<b>I</b>	14.1	13.2	12.4	14.7	14.6	11.8
<b>II</b>	10.9	12.3	10.9	14.0	14.7	7.6
<b>III</b>	9.5	10.8	8.9	12.5	13.5	10.7
<b>IV</b>	10.8	11.5	11.7	12.8	13.9	12.4
<b>1986</b>						
<b>I</b>	11.1	10.2	9.6	11.1	11.8	9.0
<b>II</b>	1.3	1.7	1.7	2.4	3.1	1.2
<b>III</b>	2.4	2.6	2.0	3.3	4.1	1.5
<b>IV</b>	3.3	5.2	4.7	6.3	7.2	4.0
<b>1987</b>						
<b>I</b>	14.2	15.5	17.9	18.0	19.3	15.0
<b>II</b>	19.3	20.6	21.4	22.5	21.2	21.9
<b>III</b>	8.3	9.2	8.3	10.3	16.5	7.5
<b>IV</b>	12.3	13.5	12.6	14.4	20.0	13.3
<b>1988</b>						
January	17.1	21.9	17.1	25.5	21.7	19.0
February	18.6	24.5	18.6	27.5	21.9	15.8
March	16.6	22.4	16.6	26.3	23.5	18.1
April	19.9	27.3	19.9	25.1	23.3	18.3
May	18.6	18.7	18.3	19.2	24.0	18.2
June	19.6	20.4	20.1	20.9	23.0	22.3
July	24.7	25.7	24.7	26.2	27.5	23.0
August	21.3	25.8	21.3	32.3	28.1	20.6
September	24.6	26.5	24.6	26.5	27.3	26.9
October	27.9	29.8	27.8	29.8	30.0	26.7
November	27.2	28.3	27.6	28.9	30.9	28.2
December	29.4	29.9	29.4	29.9	40.0	28.4

Source: ECLAC, on the basis of official data.

<sup>a</sup> Average monthly rates. <sup>b</sup> 1985: General price index, with reference to domestic availability; January-February 1986: Extended national consumer price index; March 1986 to May 1987: Consumer Price Index; June 1987 onward: Restricted national consumer price index.

Table 26  
BRAZIL: CURRENT INCOME OF THE NATIONAL TREASURY  
AND OF STATE AND MUNICIPAL GOVERNMENTS

	Billions of cruzados				Growth rates			Real rates
	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>	1988/ 1987 <sup>b</sup>
Current income of National Treasury	394.0	1202.4	8 281.5	297.9	192.9	205.2	588.7	-2.2
Taxes	288.4	782.0	5 694.3	273.2	199.8	171.2	628.2	7.9
Income tax	143.5	355.2	3 093.5	340.8	171.3	147.5	770.9	16.7
Manufactured products	75.2	240.3	1469.6	368.3	291.7	219.5	511.6	-13.7
Financial operations	23.4	63.6	284.5	132.3	225.0	171.8	347.3	-32.8
Electrical energy	8.2	19.1	123.5	257.1	228.0	132.9	546.6	-3.6
Lubricants and fuels	5.0	26.0	199.3	216.7	163.2	420.0	666.5	22.3
Imports	16.0	39.9	296.9	261.5	240.4	149.4	644.1	5.7
Exports	1.6	3.2	17.1	43.5	-51.5	100.0	434.4	-19.6
Telecommunications	5.2	14.2	96.0	200.0	188.9	173.1	576.1	5.4
Other taxes	10.3	20.5	113.9	58.8	281.5	99.0	455.6	-31.2
Taxes earmarked for social programmes <sup>c</sup>	35.2	94.6	680.4	312.5	166.7	168.7	619.2	4.0
Other current income	70.4	325.8	1906.8	483.7	180.5	362.8	485.3	-21.7
Tax on goods traffic	222.2	606.9	4 309.8	287.4	213.4	173.1	610.1	2.5
São Paulo	87.6	242.6	1866.7	292.8	223.2	176.9	669.5	5.9
Rio de Janeiro	21.8	56.2	407.6	257.9	220.6	157.8	625.3	11.5
Minas Gerais	20.1	58.8	391.4	312.5	204.5	192.5	565.6	0.9
Southern region	40.8	109.9	736.8	297.1	202.2	169.4	570.4	-1.1
Other states	51.9	134.9	907.3	284.1	207.1	159.9	572.6	-3.3
National Treasury transfers in respect of taxes destined for states and municipalities	72.9	235.8	1658.3	371.4	207.6	223.5	603.3	-3.5

Source: Central Bank of Brazil and Ministry of Finance.

\* Preliminary figures. <sup>b</sup> Comprises the States of Paraná, Santa Catarina and Rio Grande do Sul. <sup>c</sup> Based on the real monthly value according to the consumer price index of the Brazilian Geographical and Statistical Institute.

<sup>d</sup> Contributions to the Social Investment Fund (FINSOCIAL), wages, education and social security.

Table 27

**BRAZIL: PUBLIC SECTOR FINANCING NEEDS**  
(Billions of cruzados)

	1986	1987	1988 <sup>a</sup>
<b>A. Nominal financing</b>	<b>412.6</b>	<b>3 770.4</b>	<b>45139</b>
Federal government	193.4	1668.0	8116
Federal public securities	1933	1 691.7	68 201
Credit from Central Bank	-15.8	26.5	-36 441
External liabilities <sup>c</sup>	27.0	82.6	17
Financial system	-13.8	-34.4	-23 202
External financing <sup>e</sup>	12.7	-98.4	-486
State and municipal governments	100.7	951.9	12 044
State government public services	27.9	338.9	3 834
Credit from Central Bank	26.2	171.4	
Financial system	45.3	4623	8 327
External financing <sup>c</sup>	13	-21.1	-118
State enterprises	130.0	1199.8	23 072
Federal public securities <sup>g</sup>	-21.1	-123.3	-553
Credit from Central Bank	117.5	585.3	
Financial system <sup>b</sup>	66.0	891.7	25 079
External financing <sup>c</sup>	-34.0	-174.3	-1771
Suppliers	1.6	20.4	315
Social security system and other agencies	-11.5	-49.3	1907
Federal public securities <sup>e</sup>	-14.2	-753	-40
Financial system	2.7	26.0	1947
<b>B. Monetary and exchange correction</b>	<b>279.2</b>	<b>3 071.6</b>	<b>41178</b>
<b>C. Operational financing (A-B)</b>	<b>133.4</b>	<b>698.8</b>	<b>3960</b>
Nominal financing/gross domestic product (%)	10.8	29.5	45.0
Operational financing/gross domestic product (%)	3.5	5.5	4.0

Source: Central Bank of Brazil.

\* Preliminary figures. Includes funds and programmes. <sup>c</sup> Includes interest on foreign-currency deposits in the Central Bank and interest on deposits, projects and renegotiated short-term loans. <sup>d</sup> Operations outside the Central Bank. Includes Banco de Brasil and other financial institutions. <sup>e</sup> Net result of the withdrawal of funds deposited in foreign currency and relending operations, minus amortization payments. <sup>f</sup> Net debt outlay on federal securities.



## COLOMBIA

During 1988 the Colombian economy maintained the upward trend which had been observed throughout the post-war period, although the growth rate was slower due to poor results in the production and export of coffee and petroleum. Price increases—slightly higher than in 1987—continued to reflect a moderate and relatively stable rate of inflation. In contrast, there were some problems in the external sector as a result of the stagnation in the value of exports and a big increase in imports. This brought about a deficit in the balance of payments current account, but thanks to the inflow of external resources it was possible to finance this and even increase the international reserves.

Economic policy continued to operate within the basic framework established more than two decades ago: periodic adjustments of the dollar exchange rate aimed at compensating the rise in domestic costs, credit and tax incentives for exports, and gradual liberalization of imports. All this was coupled with cautious handling of fiscal and monetary policies. In this manner the government sought to promote a stable environment for decision-making in the private sector, thus ensuring sustained growth of the economy.

During 1988, the government's action centered on the monetary field, but with two very dissimilar orientations. During the early months of the year, the authorities realized that liquidity had increased considerably, since the means of payment and the monetary base had increased by more than 30% in 1987. It was therefore decided to implement a contractive monetary policy, mainly by means of open market operations, which brought in a total amounting to 30% of the means of payments in the first eight months of the year. In addition, the compulsory reserves rates in respect of official deposits were increased.

Subsequently, in August, when inflationary pressures had abated, the contractive measures

were relinquished and temporary controls were applied on interest rates, in order to face up to the expected recession. These controls, which were lifted in January 1989 had been a customary practice in the past, but had been applied over relatively short periods, so that they would not be interpreted as changes in the orientation of economic policy.

The gross domestic product increased 3.5%, i.e., somewhat less than in the previous two years, while the per capita product increased by around 1.5%. The increase in national income (4%) was slightly higher than that of the product, due to the fact that the terms of trade showed a slight rise while net factor payments went down. Despite the lower growth rate, Colombia continued with the steady expansion which began almost half a century ago and reached its lowest rates (around 1%) in 1982 and 1983 during the economic crisis that affected the whole of Latin America. The unemployment rate, for its part, continued to decrease, standing at a little over 11%, as against 14% in 1985.

The lesser dynamism of 1988 was due to a series of factors, such as the difficulties encountered by petroleum activities, the drop in coffee production, the scant growth in agricultural production for domestic consumption, the unfavourable performance of residential housing construction and the greater amount of imports. The petroleum industry was unable to repeat its extraordinary performance of 1987 because of pipeline sabotage, which made it necessary to reduce production of crude and petroleum products. The drop in the coffee harvest also contributed toward this lesser dynamism, and contrasted with the high volumes obtained in 1987. On the other hand, the rapid growth of imports meant that a greater proportion of national income went abroad. Furthermore, there was an increase in contraband, which was particularly unfavourable to the domestic consumer goods industries, due to the fact that the demand for

those goods was diverted to neighbouring countries.

The value of exports showed a clear tendency to stagnate, as a result of the lower sales of coffee and hydrocarbons abroad, which offset the considerable increases in sales of coal, nickel and minor export lines. Coffee exports corresponding to the 1987/1988 harvest experienced an almost 16% decline in physical volume, as a result of the reintroduction of sales quotas for the member States of the International Coffee Council. However, foreign currency revenue only experienced a slight decline, because the quota agreement helped to raise significantly the price of Colombian coffee.

External sales of hydrocarbons declined due to the deterioration of world prices and the non-fulfillment of the crude extraction and processing schedules. The greater coal sales, on the other hand, were due to the increased production of the El Cerrejón coalfield and the higher prices of coal on the international market. The rest of the country's exports, grouped together, as turned in an excellent performance with an 18% growth rate, due to a combination of favourable circumstances originating both internally and abroad, such as the increase in the real exchange rate since 1985 and the simplification and greater flexibility of some of the incentive systems.

Imports of goods increased 16% as a consequence of higher dollar prices and the import-liberalization policy. That policy, whose purpose is to broaden access to external goods considered indispensable for the good functioning of the system of production, was accomplished by transferring items previously subject to prior import licences to the category of freely importable goods. This process was carried out gradually so as not to affect domestic activities which were in competition with imports. Liberalization was also affected by increasing the monthly import quota, which reached US\$450 million by the end of 1988, with the result that required goods could be obtained normally.

The trade surplus dropped from US\$850 million in 1987 to US\$370 million in 1988, while the current account of the balance of payments registered a complete turnaround from a surplus of US\$64 million in 1987 to a deficit of almost US\$400 million. In spite of this deterioration, however, the level of international reserves nevertheless increased

by US\$300 million, thanks to the inflow of long-term capital for the public sector in the form of sectoral credits from the World Bank for agriculture and electricity, and the disbursement of the *Concorde* credit contracted with commercial banks at the end of 1987.

The increase in inflation from 24% to 28% was due to the expansive policy of the previous year, but especially to the price rises in agricultural products caused by the reduced supply due to weather problems in vast areas of the country at the beginning of 1988. Added to that was the effect of certain measures taken with regard to imported foodstuffs—decreases in foreign purchases and liquidation of the regulatory stocks—which helped to raise the prices of some articles such as rice, flour and cooking oil. Thus, during the first half of the year the annual inflation rate rose persistently, surpassing 30% at mid-year, which was the highest figure recorded in the country in the last 10 years. This caused the authorities to apply a stricter monetary policy, which, together with the normalization of the supply of agricultural products, made possible a slow decrease of the rate of inflation during the second half of the year.

The rate of devaluation was faster than that anticipated at the beginning of the year, as it reached 7% between March and May, which was the equivalent of more than 30% in annual terms. Even so, that proved to be less than the inflation recorded in the first half of the year, so that the real exchange rate fell 5% during the first six months in relation to the dollar, and 3% in relation to currencies of other developed countries. In the second half of the year this loss of competitiveness was largely corrected, since the devaluation was higher than the price increases.

As a consequence of the faster inflation, the purchasing power of the minimum wage (the nominal value of which is adjusted at the beginning of each year according to the inflation of the previous year) declined 3%.

The consolidated public sector deficit grew from 1% of the gross domestic product in 1987 to 2.7% in 1988, but it still remained well below that recorded in the triennium 1984-1986. This increase in the deficit was due basically to the fact that expenditures grew significantly because of higher outlays for police services and national defence, as well as transfers to organizations responsible for social

programmes. Public sector investments, for its part increased more than inflation, since the difficulties in financing current investment experienced in 1987 attenuated thanks to greater disbursements of external credits. The effects of the 1986 tax reform also began to be felt. That reform was designed to rationalize the administration of different taxes, especially by simplifying the mechanisms for calculating and paying them. It proved possible to finance the deficit more easily than in the previous year because of the disbursements of the above-mentioned external credit, which also

made it possible to cover a large part of the payments due on the external public debt.

The external debt increased slightly in 1988, since in that year the greater part of the US\$995 million *Concorde* credit, which was to be disbursed in the course of the biennium 1987-1988, was actually paid. Furthermore, the authorities concentrated on negotiations to obtain a new credit from foreign commercial banks. After long and difficult negotiations, they were able to arrange a US\$1 700 million loan be concretized for the period 1989-1990: a little less than the US\$1850 originally sought.

Figure 1  
 COLOMBIA: MAIN ECONOMIC INDICATORS

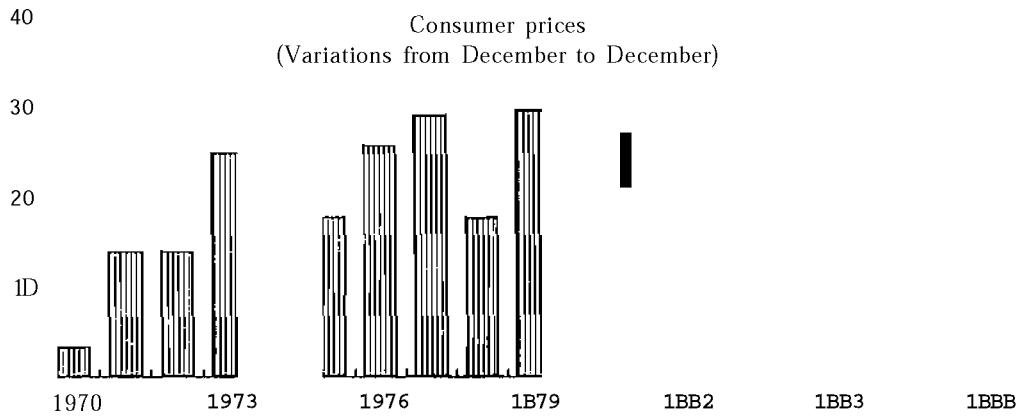
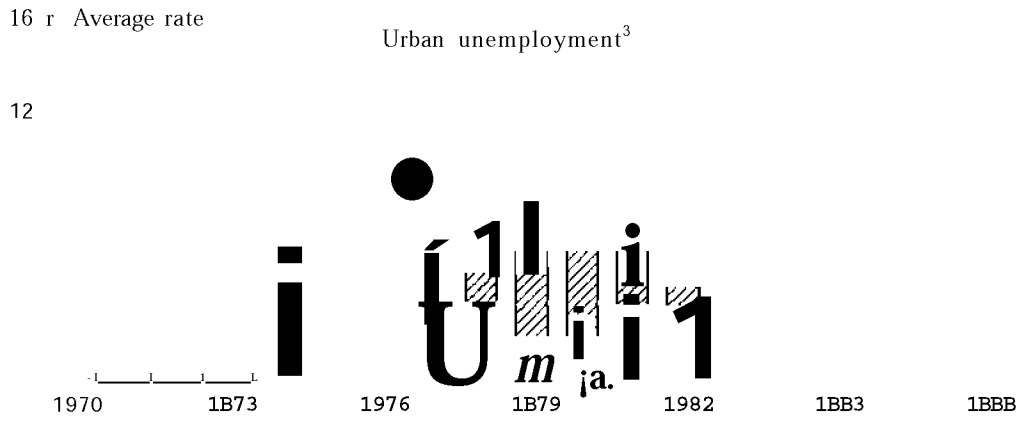
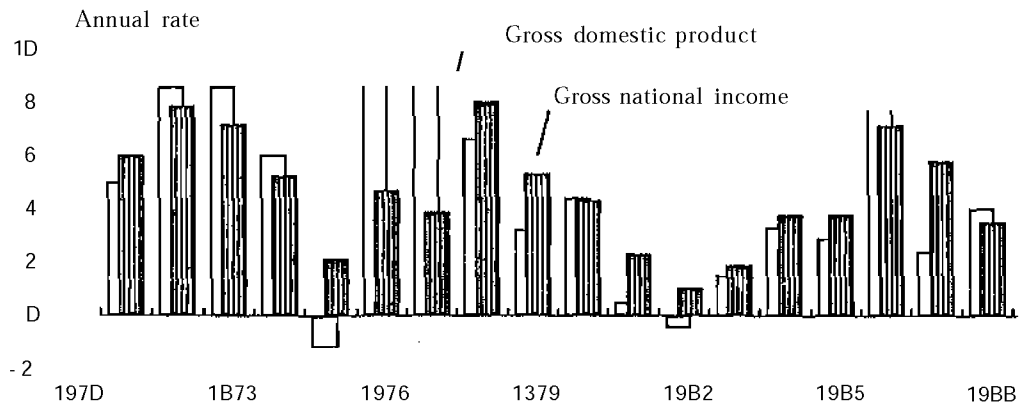
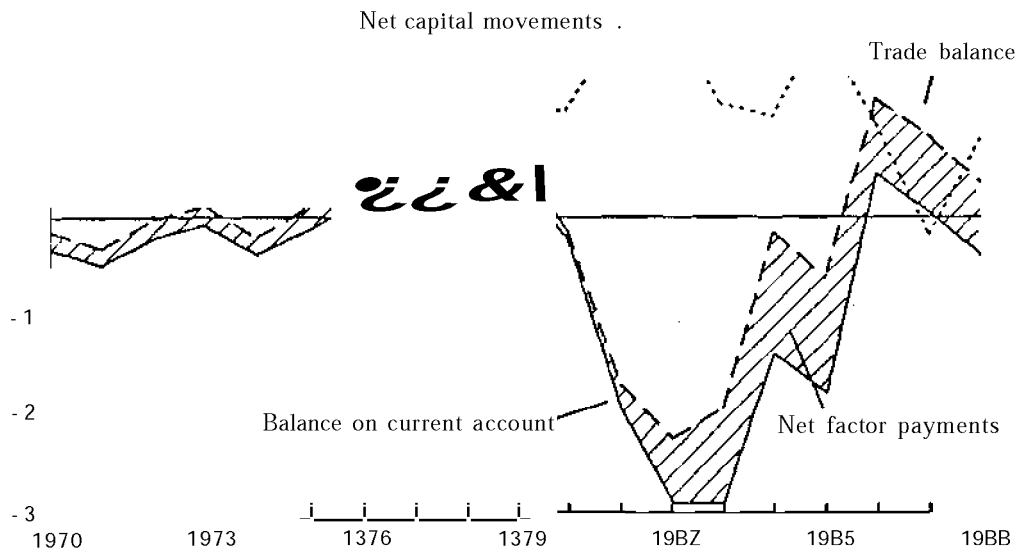


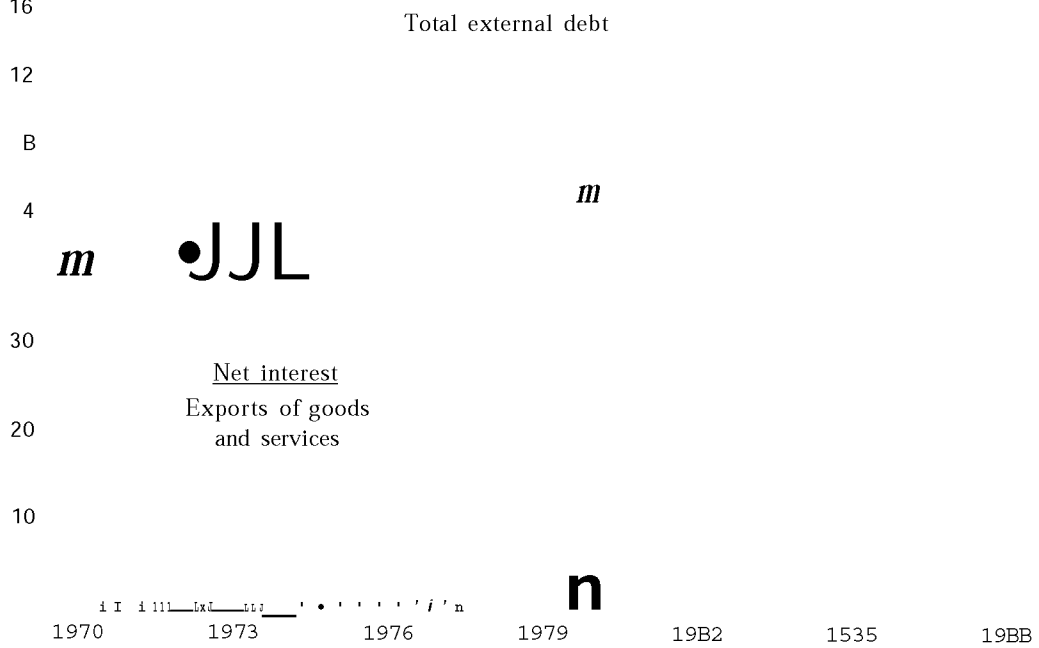


Figure 1 (conclusion)

3 P Billions of dollars



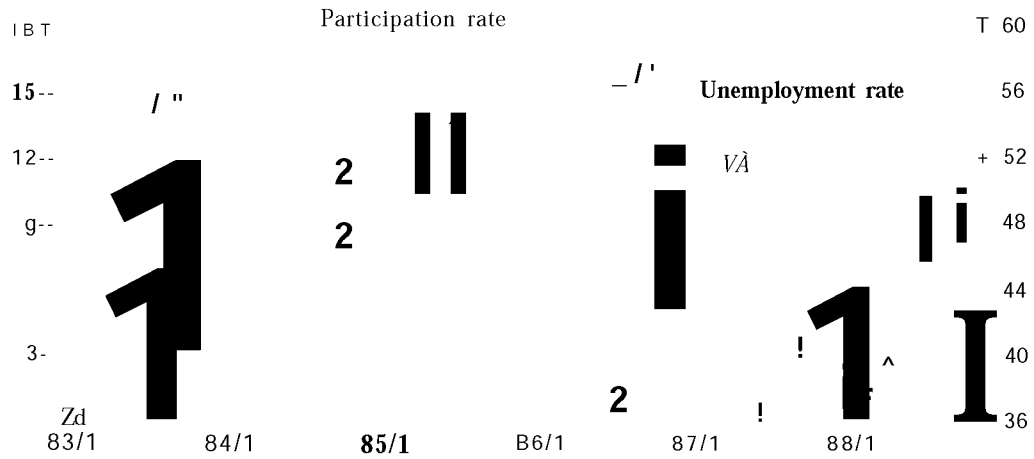
Billions of dollars



Source: ECLAC, on the basis of official figures.

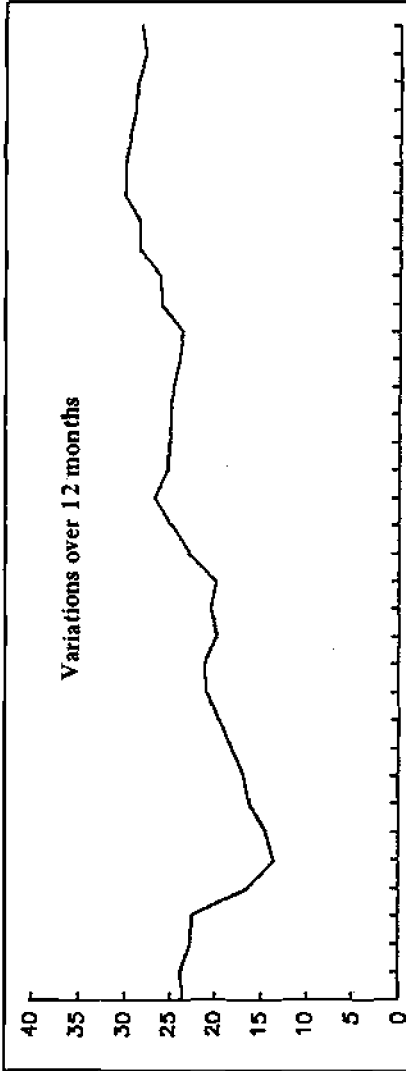
<sup>a</sup>Average annual rate for the seven main cities.

**Figure 2**  
**COLOMBIA: QUARTERLY EVOLUTION OF EMPLOYMENT AND UNEMPLOYMENT IN THE SEVEN MAIN CITIES**  
*(Percentages)*



Source: HCLAC, on the basis of data supplied by the National Bureau of Statistics (DANE).

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Table 1  
COLOMBIA: MAIN ECONOMIC INDICATORS

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexesi (1980 = 100)</b>								
<b>Basic economic indicators</b>								
Gross domestic product at market prices	102.3	103.3	105.3	109.3	113.4	121.4	128.4	132.9
Gross national income	100.2	100.1	101.6	104.9	108.0	119.3	122.1	127.0
Population (millions of inhabitants)	26.4	26.9	27.5	28.1	28.7	29.3	29.9	30.6
Per capita gross domestic product	100.1	99.0	98.7	100.3	101.8	106.8	110.6	112.1
Public sector deficit/gross domestic product	0.5	4.1	3.5	4.2	2.6	1.3	0.5	1.4
Money (MI)/GDP			13.4	13.1	13.2	12.5	11.9	9.0
Real effective exchange rate	92.6	86.2	86.1	91.4	103.2	128.2	140.9	142.8
Unemployment rate <sup>c</sup>	8.2	9.2	11.8	13.5	13.9	13.5	11.8	11.3
<b>Growth rates</b>								
<b>Short-run economic indicators</b>								
Gross domestic product	2.3	1.0	1.9	3.8	3.8	7.1	5.8	3.5
Per capita gross national product	0.1	-1.1	-0.3	1.6	1.6	4.9	3.6	1.4
Gross national income	0.2	-0.2	1.5	3.3	2.9	10.5	2.4	4.0
Consumer prices								
December to December	26.7	23.9	16.7	18.3	22.7	20.7	24.6	28.3
Real wages and salaries <sup>e</sup>	1.3	3.4	5.2	7.2	-2.9	4.8	-0.7	-1.4
Current value of exports of goods and services	-19.4	3.2	-14.5	36.5	-13.4	45.3	-1.7	3.5
Current value of imports of goods and services	10.5	11.3	-14.0	-7.6	-4.2	3.5	5.2	12.8
Terms of trade (goods and services)	-11.4	2.6	3.2	2.1	-10.1	16.0	-18.1	0.8
<b>Millions of dollars</b>								
<b>External sector</b>								
Trade balance (goods and services)	-1726	-2 269	-1970	-149	-617	1233	848	366
Net payments of profits and interest	478	954	1197	1552	1653	1555	1771	1643
Balance on current account	-1962	-3 056	-3 022	-1411	-1815	453	64	-386
Balance on capital account	1941	2180	1181	1038	1970	960	-175	796
Variation in net international reserves	220	-719	-1748	-1155	278	1464	-22	344
Total external debt	8 518	10 269	11 458	12 350	14 063	14 987	15 663	16 454

Source: ECLAC, on the basis of official figures.

\* Preliminary figures. Percentages. <sup>c</sup> Average annual rate in the seven principal cities.

° Average real wages of manual workers in manufacturing. National index for manual workers.

Table 2  
COLOMBIA: TOTAL SUPPLY AND DEMAND

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total supply</b>	<b>117.8</b>	124.1	<b>129.2</b>	<b>116.8</b>	<b>113.5</b>	<b>12</b>	<b>12</b>	5.4	4.1
Gross domestic product at market prices	121.4	128.4	132.9	100.0	100.0	3.8	7.1	5.8	3.5
Imports of goods and services	96.4	98.6	107.3	16.8	13.5	-8.2	7.7	2.3	8.8
<b>Total demand</b>	<b>117.8</b>	<b>124.1</b>	<b>129.2</b>	<b>116.8</b>	<b>113.5</b>	<b>12</b>	<b>12</b>	5.4	4.1
Domestic demand	117.1	121.2	127.3	100.4	96.1	3.7	4.0	3.4	5.1
Gross domestic investment	103.6	110.6	118.5	18.7	16.7	-9.6	4.4	6.7	7.2
Gross fixed investment	114.3	114.3	121.4	16.8	15.3	-5.2	7.6	-	6.2
Construction	135.9	130.5	130.5	9.1	8.9	5.8	5.0	-4.0	-
Machinery	88.9	95.3	110.7	7.7	6.4	21.0	12.6	7.2	16.2
Changes in stocks	9.9	77.7	93.3	1.9	1.3				
Total consumption	120.2	123.6	129.3	81.7	79.5	6.8	3.9	2.8	4.6
General government	119.0	126.3	144.6	10.1	11.0	4.5	1.4	6.1	14.5
Private	120.4	123.2	127.1	71.6	68.5	7.1	4.3	2.3	3.2
Exports of goods and services	121.9	142.4	141.1	16.4	17.4	-7.6	30.4	16.8	-0.9

Source: BCLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. <sup>b</sup> The figures for exports and imports of goods and services were taken from IMF balance-of-payments data expressed in dollars at current prices, which were converted to constant 1980 values using unit value indexes calculated by ECLAC for this purpose.

Table 3  
**COLOMBIA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY,  
 AT 1980 MARKET PRICES**

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988°	1980	1988"	1985	1986	1987	1988 <sup>a</sup>
<b>Gross domestic product</b>	<b>121.4</b>	<b>128.4</b>	D2.9	<b>100.0</b>	100.0	3.8	7.1	<b>5.8</b>	3.5
<b>Goods</b>	<b>126.9</b>	<b>D5.8</b>	D9.0	<b>49.6</b>	<b>51.9</b>	5.3	<b>10.4</b>	7.0	2.4
Agriculture	111.3	118.0	121.5	19.4	17.7	1.6	3.4	6.0	3.0
Mining	355.2	447.7	461.6	2.3	7.9	38.0	72.3	26.0	3.1
Manufacturing	112.2	117.8	120.5	23.3	21.1	3.0	5.9	5.0	2.3
Construction	152.5	146.1	146.1	4.7	5.2	8.6	4.9	-4.2	-
<b>Basic services</b>	<b>114.9</b>	<b>119.9</b>	<b>125.2</b>	<b>10.2</b>	<b>9.6</b>	1.3	<b>1.6</b>	<b>4.4</b>	<b>4.4</b>
Electricity, gas and water	124.3	134.4	142.2	1.3	1.4	3.1	6.0	8.1	5.8
Transport, storage and communications	113.5	117.7	122.7	8.9	8.2	1.0	1.0	3.7	4.2
<b>Other services</b>	<b>116.5</b>	<b>121.8</b>	<b>126.8</b>	<b>39.9</b>	<b>38.1</b>	<b>1.2</b>	<b>3.8</b>	4.6	4.1
Commerce, restaurants and hotels	110.7	116.9	121.1	13.3	12.1	1.8	3.6	5.6	3.6
Financial institutions, insurance, real estate and business services	116.6	121.6	125.3	13.7	12.9	2.0	2.6	4.3	3.0
Ownership of dwellings	119.4	126.2	130.6	7.0	6.9	3.6	0.2	5.7	3.5
Community, social and personal services	122.3	127.1	134.3	12.9	13.1	2.8	5.2	3.9	5.7
Government services	128.0	136.0	145.5	<u>7.7</u>	<u>8.4</u>	<u>4.3</u>	<u>6.1</u>	<u>6.2</u>	<u>7.0</u>

**Source:** ECLAC, on the basis of official figures, reweighted with the structure at 1980 current prices. The resulting tendencies therefore do not necessarily coincide with those published by the countries in their calculations at constant prices.  
 Preliminary figures.      Includes stock raising, forestry and fishing.

Table 4  
COLOMBIA: INDICATORS OF AGRICULTURAL PRODUCTION

	1980	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
<b>Index of agricultural domestic product</b> (1980 = 100)	<b>100.0</b>	107.7	<b>111J</b>	<b>118.0</b>	<b>121.5</b>	1.7	3J	6.0	3.0
Production of main crops <sup>b</sup> (thousands of tons)									
Cereals									
Rice	1798	1798	1632	1865	1775	6.0	-9.2	14.3	-4.8
Maize	853	763	788	860	908	-11.7	3.3	9.1	5.6
Sorghum	431	499	600	704	707	-15.4	20.2	17.3	0.4
Wheat	46	76	82	74	63	28.8	7.9	-9.8	-14.9
Oilseeds									
Raw cotton	353	340	338	320	376	39.9	-0.6	-5.3	17.5
Soya	155	104	167	128	115	10.6	60.6	-23.4	-10.2
African palm <sup>c</sup>	70	125	140	146	169	5.0	12.0	4.3	15.8
Staple foods									
Common beans	82	99	104	90	96	23.8	5.1	-13.5	6.7
Potatoes	1727	1910	2 091	2 243	2 520	-22.5	9.5	7.3	12.3
Yuca	2150	1367	1335	1260	1222	-1.4	-2.3	-5.6	-3.0
Other									
Cane sugar	1189	1367	1297	1390	1415	16.0	-5.1	7.2	1.8
Brown cane sugar (panela)	988	1161	1195	1197	1245	46.2	2.9	0.2	4.0
Coffee <sup>b</sup>	931	676	643	779	709	-2.6	-4.9	21.2	-9.0
Bananas	910	999	1037	1191	1140	-9.5	3.8	14.9	-4.3
Tobacco	46	27	29	35	34	-22.9	7.4	20.7	-2.9
<b>Animals slaughtered</b> (thousands of head)									
Cattle	3148	3 205	3136	2 994	2 652	1.5	-2.2	-4.5	-11.4
Pigs	1381	1349	1435	1522	1368	-5.1	6.4	6.1	-10.1

Source: Ministry of Agriculture, Banco de la República and the National Coffee-Growers' Federation.

**Note:** The data from 1980 to 1987 are from the national census of animals slaughtered

<sup>a</sup> Data on the basis of a sample of animal-slaughter through October.      Agricultural year.      <sup>c</sup> Production of oil pulp.

Production of raw sugar.      <sup>b</sup> Coffee-growing year 1 October to 30 September.

Table 5  
COLOMBIA: PHYSICAL INDICATORS OF THE COFFEE SECTOR

	Thousands of 60-kilo bags						Growth rates				
	1980	1984	1985	1986	1987	1988 <sup>a</sup>	1984	1985	1986	1987	1988 <sup>a</sup>
Production	12073	11562	11260	10 712	12974	11831	-15.9	-2.6	-4.9	21.1	-8.8
Domestic consumption	1689	1622	1849	1969	1914	1822	-1.1	14.0	6.5	-2.8	-4.8
Exports	11103	10198	10 000	11381	11283	9 462	10.7	-1.9	13.8	-0.9	-16.1

**Source:** ECIAC, on the basis of figures from the National Coffee-Growers' Federation.

Preliminary figures.      Sales to domestic processors.



Table 6  
COLOMBIA: EVOLUTON OF COFFEE PRICES

	Price		
	External <sup>8</sup>	Export repayment	Domestic <sup>0</sup>
Annual averages			
1980	1.56	252.3	8 663
1981	1.30	188.8	9 453
1982	1.42	208.6	11 171
1983	1.34	195.7	13 010
1984	1.16	206.1	15 429
1985	1.48	210.3	19 509
1986	1.95	308.3	37 507
1987	1.14	178.0	41 819
1988	1.37	206.1	49 392
End of:			
1986			
March	2.40	370.0	37 875
June	1.77	271.3	39 500
September	2.00	294.4	39 500
December	1.36	232.8	41 250 <sup>1</sup>
1987			
March	1.04	155.83	41 250
June	1.06	171.23	41 250
September	1.12	155.83	41 250
December	1.27	189.02	44 000 <sup>1</sup>
1988			
March	1.37	204.94	46 700
June	1.44	211.39	49 000
September	1.37	209.67	49 000
December	1.68	248.26	55 000

Source: ECLAC, on the basis of statistics supplied by the Banco de la República, the National Coffee-Growers' Federation and the International Coffee Organization.

<sup>a</sup> Dollars per pound. Correspond to the prevailing price on the New York commodities exchange for the "other milds" variety, plus US\$0.02. Minimum price in dollars per 60-kg bag of green coffee that the exporter must repay to the Banco de la República. <sup>c</sup> Pesos per 125-kg load of parchment coffee. Includes 6 000 pesos in Coffee Savings Bonds, which will be discounted at 70%, so that the effective price was 39 450 pesos, effective from 24 October 1984 to 17 October 1987. <sup>e</sup> Effective price, since the Coffee Savings Bonds were eliminated.

Table 7

## COLOMBIA: INDICATORS OF MINING PRODUCTION

	1980	1984	1985	1986	1987	1988 <sup>a</sup>	Growth rates				
							1984	1985	1986	1987	1988 <sup>a</sup>
<b>Gross mining product</b> (index 1980 = 100)	100.0	149 J	206.1	295.7	372 J	383 Ñ	22.0	38.0	43.5	25.9	3.1
<b>Volume of production of the main items</b> (thousands of tons)											
Coal	4112	6 637	8 974	10 737	13 739	15182	27.8	35.2	19.6	28.0	10.5
Iron ore	491	444	439	515	607	607	1.8	-1.1	17.4	17.8	0.0
Nickel ore	-	35	23	42	43	36	16.3	-33.1	80.3	0.7	-15.5
Petroleum <sup>c</sup>	46	61	64	111	141	137	10.3	5.2	71.9	27.0	-2.6
Gold <sup>d</sup>	497	731	1142	1279	854	933	71.3	56.3	12.0	-33.3	9.3
Silver <sup>d</sup>	141	153	169	186	167	220	15.9	10.0	10.4	-10.2	31.6
Platinum	14	10	12	14	23	29	-1.9	15.8	23.1	56.3	27.6
Salt	887	935	730	729	821	855	34.7	-21.9	-0.2	12.7	4.1

**Source:** GDP: National Bureau of Statistics (DANE); Coal: Colombian Coal Company (CARBOCOL); Iron ore: Paz del Rio Steelworks; Nickel ore: Colombiana Nickel Company (ECONIQUEL); Petroleum: Colombian Petroleum Corporation (ECOPETROL); Gold, Silver, Platinum: Banco de la República, Department of Precious Metals; Salt: IFI-Concesión Salinas.

<sup>a</sup> Preliminary figures.      Millions of pounds.      <sup>c</sup> Millions of 42-gallon barrels.      Thousands of troy ounces.

Table 8

## COLOMBIA: INDICATORS OF PETROLEUM PRODUCTION

	1980	1985	1986	1987	1988	Growth rates					
						1984	1985	1986	1987	1988	
<b>Millions of barrels</b>											
<b>Production</b>											
Extraction of crude oil	45.6	64.4	110.7	140.6	136.9	10.3	5.2	71.9	27.0	-2.6	
<b>Output of petroleum products</b>	54.5	64.9	69.4	79.2	77.9	1.5	-1.2	6.9	14.1	-1.6	
<b>External trade</b>											
Imports of crude oil	7.2	6.7				-29.0	-31.6				
Imports of petroleum products	13.1	9.4	7.8	4.8	7.1	-23.0	64.9	-17.0	-38.5	47.9	
Exports of crude oil			32.0	53.1	52.9				65.9	-0.4	
Exports of petroleum products	11.2	20.1	21.5	25.9	25.8	4.7	12.3	7.0	20.5	-0.4	
<b>Millions of dollars</b>											
Total exports	100	409	631	1370	986	2.5	-8.1	54.3	117.1	-28.1	
Total imports	530	466	125	110	170	-28.1	3.6	-73.2	-12.0	54.5	
Energy balance	-430	-57	506	1260	816						

**Source:** Banco de la República and Colombian Petroleum Corporation (ECOPETROL); the figures for values correspond to those given in the balance of payments.

Table 9  
COLOMBIA: INDICATORS OF MANUFACTURING PRODUCTION  
(Growth rates)

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Total <sup>1</sup>	-3.3	-0.5	9.9	2.7	7.1	7.1	3.7
<b>Consumer goods</b>	-4.8	<b>1.1</b>	9.1	4.9	3.4	4.4	
Foodstuffs	-1.6	3.1	12.3	8.0	0.9	2.1	0.4
Beverages	-6.1	6.1	4.4	6.0	2.9	7.2	-3.3
Tobacco	-1.5	9.4	13.8	6.6	0.9	-8.7	-6.4
Textiles	-6.6	-7.6	12.6	4.6	10.1	8.8	-5.3
Clothing	-7.8	-9.4	9.3	-12.2	3.0	9.5	17.7
Footwear	-10.0	1.6	-14.9	-0.3	6.1	-6.5	2.9
Wooden furniture	-22.3	-14.6	4.6	3.9	-8.4	0.8	27.0
Printing, publishing and related activities	2.3	-1.4	-10.3	-6.6	6.3	3.6	12.7
Miscellaneous industries	-26.1	12.3	23.4	5.2	6.5	8.2	0.8
<b>Intermediate goods</b>	0.6	1.8	7.6	7.7	9.6	8.1	
Lumber industry	6.7	-3.8	1.3	2.4	3.3	23.1	8.6
Paper and paper products	-4.1	-1.7	12.1	7.5	4.3	11.1	2.7
Industrial chemicals	0.9	14.3	23.3	9.3	10.9	8.8	4.4
Other chemicals	6.7	-3.7	7.4	13.6	12.5	6.1	5.2
Petroleum products	0.1	10.0	14	5.6	14.4	8.2	-3.1
Other petroleum and coal products	5.5	6.5	-0.5	20.6	-1.9	5.4	10.2
Rubber products	-10.1	-6.1	8.6	6.1	-1.2	-6.1	15.6
Plastic products	-0.1	7.1	-7.1	-3.3	18.1	0.4	-6.5
Glass and glass products	-0.8	-3.5	-4.2	21.2	1.3	17.9	9.2
Other non-metallic mineral products	4.0	-2.7	14.8	-2.6	6.6	3.6	1.0
Basic iron and steel industries	5.5	8.9	-7.8	-	7.7	12.9	8.9
Basic non-ferrous metals industries	-9.6	0.4	-8.9	-0.4	19.8	28.0	-2.0
Articles of clay, pottery and other china	-3.4	-9.3	5.2	13.8	15.4	15.7	9.1
Leather and leather products	-7.1	-19.2	2.2	0.4	19.2	5.4	6.0
<b>Capital goods</b>	<b>-13</b>	<b>-93</b>	<b>17.1</b>	<b>-13.2</b>	<b>11.6</b>	<b>11.6</b>	
Metal products, except machinery	-7.4	-0.1	7.0	-2.1	13.1	2.3	13.1
Machinery, except electrical machinery	-2.6	-9.7	-2.2	-26.2	16.1	13.8	8.6
Electrical machinery and appliances	-2.5	-15.7	0.8	-1.6	5.3	3.7	7.2
Transport equipment	-15.4	-13.6	55.6	-21.1	12.4	21.5	19.3
Professional and scientific equipment	1.3	-0.7	28.4	9.5	6.2	14.3	12.9

**Source:** National Bureau of Statistics (DANE).

<sup>a</sup> Estimated figures. <sup>b</sup> Does not include coffee hulling.

Table 10  
COLOMBIA: APPROVED CONSTRUCTION PERMITS

	Thousands of square metres						Growth rates				
	1980	1984	1985	1986	1987	1988 <sup>a</sup>	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Total surface area (all types) <sup>b</sup></b>	<b>4 874</b>	<b>6 724</b>	<b>7 478</b>	<b>7484</b>	<b>8843</b>	<b>8104</b>	-6.7	Í U	0.1	<b>18.2</b>	-8.4
<b>fen major cities</b>	<b>4 654</b>	<b>6128</b>	<b>6 805</b>	<b>7251</b>	<b>8 567</b>	<b>7 859</b>	-2.9	<b>11.0</b>	<b>6.6</b>	<b>18.1</b>	-<3
Bogotá	1893	2484	2 988	3257	4 065	3 542	-8.4	20.3	9.0	24.8	-12.9
BarranquíHa	218	172	138	157	196	148	-59.4	-19.8	13.8	24.8	-24.5
Bucaramanga	263	148	150	157	335	337	15.6	1.4	4.7	113.4	0.6
Cali <sup>b</sup>	763	1326	1074	1342	1185	1170	70.9	-19.0	25.0	-11.7	-13
Cartagena	113	170	257	151	270	214	-48.9	51.2	-41.2	78.8	-20.7
Cucuta	97	84	97	91	139	122	0.0	15.5	-6.2	52.7	-12.2
Manizales	163	136	124	144	110	100	-35.2	-8.8	16.1	-23.6	-9.1
Medellin	1033	1437	1732	1717	1919	1997	-2.5	20.5	-0.9	11.8	4.1
Neiva	42	118	107	144	192	76	11.3	-9.3	34.6	33.3	-60.4
Pasto	69	53	138	91	156	153	-17.2	160.4	-34.1	71.4	-1.9
<b>Total surface area if new housing</b>	<b>3 836</b>	<b>5960</b>	<b>6 427</b>	<b>6 336</b>	<b>7093</b>	6064	-12	<b>7.8</b>	<b>-1.4</b>	<b>11.9</b>	<b>-14.5</b>
<b>fen major cities</b>	<b>3 672</b>	5 386	<b>5 816</b>	<b>6155</b>	<b>6883</b>	<b>5 911</b>	3.9	8.0	<b>5.8</b>	<b>11.8</b>	<b>-14.1</b>
Bogotá	1566	2 237	2 594	2 947	3 434	2 818	5.3	16.0	13.6	16.5	-17.9
Barranquilla	178	145	98	115	149	105	-62.1	-32.4	17.3	29.6	-29.5
Bucaramanga	236	104	89	136	278	223	22.4	-14.4	52.8	104.4	-19.8
Cali <sup>c</sup>	563	1201	965	1210	989	994	72.3	-19.7	25.4	-18.3	0.5
Cartagena	60	161	210	121	202	186	-39.9	30.4	-42.4	66.9	-7.9
Cúcuta	53	78	69	77	115	102	20.0	-11.5	11.6	49.4	-113
Manizales	136	111	89	128	74	73	-35.1	-19.8	43.8	-42.2	-1.4
Medellin <sup>d</sup>	787	1210	1474	1234	1351	1210	-3.0	21.8	-16.3	9.5	-10.4
Neiva	39	92	96	116	163	61	2.2	43	20.8	40.5	-62.6
Pasto	54	47	132	71	128	139	-13.0	180.9	-46.2	80.3	8.6

Source: ECLAC, on the basis of data supplied by the National Bureau of Statistics (DANE).

<sup>a</sup> Preliminary figures. <sup>b</sup> Total surface area, including metropolitan area. <sup>c</sup> Includes permits approved in the metropolitan area of Yumbo. <sup>d</sup> Includes permits approved in the metropolitan areas of Bello, Envigado and Itagiii.

Table 11  
COLOMBIA: TRENDS IN EMPLOYMENT AND UNEMPLOYMENT

	1984-1988					1987				1988			
	1984	1985	1986	1987	1988	March	June	Sep- tem- ber	De- cem- ber	March	June	Sep- tem- ber	De- cem- ber
Employment (per- centage variation) <sup>8</sup>													
Industry	-1.1	-1.6	0.1	3.1	3.1	2.9	2.8	3.2	3.4	4.4	3.8	2.9	1.4
Manual workers	-1.2	-2.1	-0.5	3.2	2.7	3.0	3.2	3.5	3.1	4.2	3.3	2.5	0.7
Non-manual workers	-0.5	-0.1	1.2	2.5	4.1	2.4	1.9	2.4	3.4	4.8	5.0	3.7	3.0
Commerce	-2.7	-1.5	1.9	1.9	5.8	2.3	2.0	1.3	1.4	5.0	6.2	5.4	6.5 <sup>c</sup>
Rate of participation <sup>c</sup>	56.2	56.8	57.0	57.8	58.4	58.1	58.3	57.0	57.8	58.1	58.9	57.6	58.8
Unemployment	13.5	13.9	13.5	11.8	11.1	13.3	11.3	10.2	12.8	11.9	10.2	10.3	10.3
Bogotá	12.2	12.8	13.2	11.1	10.5	13.0	12.0	10.5	8.9	12.2	11.0	9.4	9.4
Barranquilla	13.9	15.7	16.4	13.0	11.4	16.1	11.9	13.6	10.2	13.2	11.0	9.1	12.3
Medellin	16.4	16.0	15.2	12.2	12.9	12.4	12.5	11.1	12.9	14.4	13.4	11.7	11.9
Cali	13.3	14.3	12.7	12.4	11.3	13.8	12.4	12.7	10.6	11.9	12.4	10.8	9.9
Bucaramanga	9.9	10.5	8.1	10.5	10.9	10.9	12.2	9.2	9.7	11.9	12.6	9.9	9.3
Manizales	14.9	16.4	13.8	13.3	11.9	16.7	13.6	11.2	11.8	14.0	12.1	11.5	10.0
Pasto	12.9	12.7	12.9	13.9	15.6	11.1	13.7	14.4	16.3	16.7	17.3	14.5	13.8

Source: National Bureau of Statistics (DANE).

\* Quarterly average.

Includes the hulling of coffee.

<sup>c</sup> In the seven main cities.

Table 12  
COLOMBIA: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Growth rates								
Exports (FOB)								
Value	-20.8	-1.4	-4.6	43.9	-14.6	46.0	-1.5	1.4
Volume	-10.8	-4.9	-2.9	39.0	-9.4	23.6	22.2	-2.6
Unit value	-11.2	3.7	-1.7	3.5	-5.8	18.1	-19.4	4.0
Imports (FOB)								
Value	10.4	13.3	-16.7	-9.8	-8.8	-7.2	11.3	16.0
Volume	5.8	11.7	-8.2	-6.8	-11.4	2.1	6.1	11.0
Unit value	4.4	1.4	-9.3	-3.2	3.0	-9.1	4.9	4.5
Terms of trade	-15.2	2.1	7.6	5.9	-8.5	28.8	-23.0	-0.5
Indexes; (1980 = 100)								
Purchasing power of exports	75.7	73.4	76.6	112.8	93.6	149.1	140.3	136.0
Volume of exports	89.2	84.8	82.3	114.4	103.7	128.2	156.7	152.7
Volume of imports	105.8	118.1	108.5	101.1	89.5	91.4	97.0	107.7
Terms of trade (FOB/CIF)	84.8	86.6	93.1	98.6	90.3	116.3	89.6	89.1

Source: ECLAC, on the basis of official figures.

\* Preliminary figures.

Table 13  
**COLOMBIA : EVOLUTION OF EXCHANGE RATE**

Annual and quarterly averages	Nominal exchange rate (pesos per dollar)	Indexes of real effective exchange rate <sup>a</sup>	
		Exports	Imports
1970-1979	29.40	111.8	113.9
1980	47.28	100.0	100.0
1981	54.49	92.6	96.6
1982	64.08	86.2	90.2
1983	78.85	86.1	89.7
1984	100.82	91.4	96.4
1985	14230	103.2	109.0
1986	194.26	128.2	131.1
1987	242.61	140.9	140.7
1988	299.17	142.8	144.6
1986			
I	176.88	123.0	127.2
II	188.44	125.4	129.1
<b>m</b>	199.40	131.0	133.9
<b>rv</b>	212.50	133.6	134.9
1987			
I	224.9%	1363	135.5
II	23733	139.7	139.4
III	249.25	141.4	141.5
IV	258.89	146.6	146.6
1988			
I	271.22	142.8	143.0
II	289.92	143.0	144.5
III	308.54	139.7	143.0
IV	327.02	145.8	147.8

**Source:** ECLAC, on the basis of data supplied by the International Monetary Fund, *International Financial Statistics*.

\* Corresponds to the average of the indexes of the real exchange rates for the peso with respect to the currencies of Colombia's main trading partners, weighted according to the relative significance of exports to those countries or imports from them, as appropriate. From 1970-1980, the relative weights assigned correspond to the average for the period 1975-1979, and from 1981 onward, they correspond to the average for the period 1982-1985. Wholesale price indexes were used in the calculations whenever possible. For information on the methodology and sources used, see the *Statistical Appendix* to the *Economic Survey of Latin America*, 1981.

Table 14  
COLOMBIA: EXPORTS OF GOODS

	Millions of dollars				breakdown		Growth rates			
	1985	1986	1987	1988'	1980	1988'	1985	1986	1987	
Total	3 782	5 331	5 253	5 326	100.0	100.0	4.4	41.0	-1.5	1.4
Coffee	1702	2 742	1633	1621	51.4	30.4	-1.8	61.1	-40.4	-0.7
Other	2080	2 589	3 620	3 705	48.6	69.6	10.1	24.5	39.8	2.3
Petroleum and petroleum products	409	619	1341	953	2.3	17.9	-<<.1	51.3	116.6	-28.9
Coal	126	201	263	327	0.2	6.1	231.6	59.5	30.8	24.3
Ferronickel	55	48	76	180	-	3.4	-113	-12.7	583	136.8
Gold	365	359	384	408	7.2	7.7	49.0	-1.6	7.0	6.3
Other	1125	1362	1556	1837	38.9	34.5	2.4	21.1	14.2	18.1

Source: Banco de la República, figures on the balance of payments.

\* Preliminary figures.

Table 15  
COLOMBIA: IMPORTS OF GOODS

	Millions of dollars				breakdown		Growth rates			
	1985	1986	1987	1988'	1980	1988'	1985	1986	1987	1988 <sup>a</sup>
Total	3 673	3 409	3 794	4 400	100.0	100.0	-8.8	-12	11.3	16.0
Consumer goods	345	380	488	549	13.3	12.5	10.9	10.1	28.4	12.5
Intermediate goods	2163	1784	1925	2 329	52.7	52.9	-3.0	-17.5	7.9	21.0
Petroleum	466	130	101	139	13.1	3.2	3.6	-72.1	-22.3	37.6
Other	1697	1654	1823	2190	39.6	49.8	4.1	-2.5	10.2	20.1
Capital goods	1165	1245	1381	1523	34.0	34.6	-17.3	6.9	10.9	10.3

Source: Banco de la República, figures on the balance of payments.

" Preliminary figures.

**Table 16**  
**COLOMBIA: BALANCE OF PAYMENTS**  
*(Millions of dollars)*

	1981	1982	1983	1984	1985	1986	1987	1988
<b>Balance on current account</b>	<b>4962</b>	<b>-3 056</b>	<b>-3 022</b>	<b>-1411</b>	<b>-1815</b>	<b>453</b>	64	<b>-386</b>
Trade balance	-1726	-2269	-1970	-149	-617	1233	848	366
Exports of goods and services	4 289	4 424	3 784	5167	4 476	6 503	6 394	6 620
<b>Goods FOB</b>	3158	3 113	2 970	4 273	3 650	5 331	5 253	5 326
Real services <sup>a</sup>	1131	1309	815	894	825	1172	1140	1295
Transport and insurance	480	436	390	395	370	391	459	517
Travel	437	484	235	245	192	418	356	382
Imports of goods and services	6 015	6 693	5 754	5 316	5 093	5 271	5 546	6 254
<b>Goods FOB</b>	4 730	5 358	4464	4 027	3 674	3409	3 794	4 400
Real services <sup>a</sup>	1284	1335	1290	1288	1419	1862	1752	1854
Transport and insurance	726	794	639	5%	574	597	556	588
Travel	287	259	315	329	313	611	518	539
Factor services	-478	-954	-1197	-1552	-1653	-1555	-1771	-1643
Profits	-185	-300	-437	-441	-380	-357	-516	-399
Interest received	631	498	272	108	91	133	166	225
Interest paid	-937	-1147	-1011	-1177	-1293	-1315	-1399	-1451
Labour and ownership	14	-4	-21	-42	-71	-16	-22	-18
Unrequited private transfer payments	242	167	145	289	455	775	988	890
<b>Balance on capital account</b>	<b>1941</b>	<b>2180</b>	<b>1181</b>	<b>1038</b>	1970	960	<b>-175</b>	<b>796</b>
Unrequited official transfer payments	1	2	19	10	6	10	13	-
Long-term capital	1641	1615	1528	1821	2349	2 629	185	876
Direct investment	228	337	514	561	1016	562	287	187
Portfolio investment	-2	-7	-2	-3	-1	30	48	-4
Other long-term capital	1416	1285	1016	1264	1334	2037	-150	693
Official sector <sup>b</sup>	650	329	102	355	297			
Loans received	761	505	290	645	633			
Amortization payments	-143	-172	-188	-290	-329			
Commercial banks	-	-	-	-	-			
Loans received	-	-	-	-	-			
Amortization payments	-	-	-	...	...			
Other sectors	766	956	914	909	1037			
Loans received	1176	1208	1360	1419	1539			
Amortization payments	-410	-252	-446	-510	-502			...
Short-term capital	397	617	-93	-878	-114	-1550	-250	107
Official sector	29	36	90	22	13	...		92
Commercial banks	83	119	64	-188	3	...		
Other sectors	285	461	-247	-712	-130	...		
Errors and omissions (net)	-99	-53	-273	84	-273	-129	-123	-187
<b>Global balances<sup>c</sup></b>	<b>-21</b>	<b>-875</b>	<b>-1841</b>	<b>-373</b>	<b>154</b>	<b>1413</b>	<b>-110</b>	<b>410</b>
Total variation in reserves (- sign indicates an increase)	-220	719	1748	1155	-278	-1464	22	-344
Monetary gold	-239	-169	-177	651	-170			
Special drawing rights	-31	-40	-19	198	-	-139	-22	...
IMF reserve position	-30	-16	-81	274	-	-	-	...
Foreign exchange assets	151	936	2060	62	-228	-962	-367	
Other assets	-71	8	-34	-30	120			...
Use made of IMF credit	-	-	-	-	-	-	-	

Source: 1980-1985 ECLAC, on the basis of data supplied by the International Monetary Fund; 1986-1988: on the basis of data supplied by the Banco de la República de Colombia.

\* Includes other non-factor services. includes net loans granted and other assets and liabilities. <sup>c</sup> Equivalent to the total variation in reserves (of opposite sign) plus counterpart items.



**Table 17**  
**COLOMBIA: NET INTERNATIONAL RESERVES <sup>a</sup>**

	1981	1982	1983	1984	1985	1986	1987	1988
Net international (millions of dollars)	5 630	4 891	3 079	1796	2 067	3 478	3 453	3 810
Months of imports	93	7.0	5.0	3.0	3.6	5.9	5.4	5.1

Source: Banco de la República.  
<sup>a</sup> At the end of each year.

**Table 18**  
**COLOMBIA: INDICATORS OF EXTERNAL INDEBTEDNESS**

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Year-end balances<sup>j</sup>, in millions of dollars</b>								
<b>Total external debt</b>	<b>8 518</b>	<b>10 269</b>	<b>11458</b>	<b>12 350</b>	<b>14 063</b>	<b>14 987</b>	<b>15 663</b>	<b>16 454</b>
Public <sup>b</sup>	5644	6 819	7 862	8 829	10 648	11982	12 530	13 081
Private	2874	3 450	3 596	3 521	3 415	3 005	3 133	3 373
<b>Service of total external debt</b>	<b>1315</b>	<b>1577</b>	<b>1647</b>	<b>1881</b>	<b>2043</b>	<b>2 399</b>	<b>2 784</b>	<b>3128</b>
Principal	378	430	636	704	750	1084	1385	1677
Interest <sup>c</sup>	937	1147	1011	1177	1293	1315	1399	1451
<b>External public debt</b>	<b>668</b>	<b>936</b>	<b>980</b>	<b>1182</b>	<b>1449</b>	<b>1843</b>	<b>2 411</b>	<b>2683</b>
Principal	266	336	415	562	654	936	1255	1580
Interest	402	600	565	620	795	907	1156	1103
<b>Percentages</b>								
<b>Total external debt/exports of goods and services</b>	<b>198.6</b>	<b>232.1</b>	<b>302.8</b>	<b>239.0</b>	<b>314.2</b>	<b>230.5</b>	<b>245.0</b>	<b>248.5</b>
<b>Debt service/exports of goods and services</b>	<b>30.7</b>	<b>35.6</b>	<b>43.5</b>	<b>36.4</b>	<b>45.6</b>	<b>36.9</b>	<b>43.5</b>	<b>47.3</b>
<b>Net interest payments / exports of goods and services</b>	<b>7.1</b>	<b>14.7</b>	<b>19.5</b>	<b>20.7</b>	<b>26.9</b>	<b>18.2</b>	<b>19.3</b>	<b>18.5</b>

Source: ECIAC, on the basis of data supplied by the Banco de la República and the International Monetary Fund (IMF).  
<sup>a</sup> Preliminary figures. <sup>b</sup> Includes private debts guaranteed by the public sector. <sup>c</sup> Corresponds to the "Interest paid" entry of the current account of the balance of payments. <sup>d</sup> Interests paid minus interest received.

Table 19  
COLOMBIA: DOMESTIC PRICE TRENDS

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Variation from December to December</b>								
<b>Consumer price index</b>								
Total for manual workers	26.7	23.9	16.7	18.3	22.7	20.7	24.6	28.3
Food	28.2	24.9	17.2	19.6	27.9	23.3	27.1	31.7
Total for non-manual workers	25.6	24.5	16.5	18.3	21.8	21.6	22.6	27.6
Food	28.8	24.7	17.4	18.6	28.2	24.5	25.9	30.1
<b>Wholesale price index</b>								
Average	23.5	24.6	18.0	21.2	23.0	24.4	25.2	29.5
Imported products	22.4	18.5	23.4	35.6	33.1	21.5	27.0	30.8
Domestic products	25.3	27.0	18.4	19.3	22.6	25.0	25.0	30.1
Agricultural products	29.3	32.3	18.5	17.8	24.4	25.0	21.3	33.8
Manufactures	20.9	20.2	16.1	22.0	20.0	24.6	28.7	27.4
<b>Housing construction cost index</b>								
Nationwide	22.0	21.8	16.2	21.5	20.3	27.4	34.7	30.8
Bogotá	20.3	21.9	17.2	21.1	20.6	29.1	36.5	31.4
<b>Variation between annual averages</b>								
<b>Consumer price index</b>								
Total for manual workers	28.1	24.6	19.8	15.9	24.6	18.6	23.5	28.5
Food	28.5	25.4	20.6	15.7	31.5	19.3	26.8	32.6
Total for non-manual workers	26.0	24.5	19.5	16.6	22.5	19.6	22.8	26.9
Food	29.3	25.6	20.2	15.6	29.8	20.5	26.9	30.5
<b>Wholesale price index</b>								
Average	24.1	25.7	21.7	18.3	24.9	22.0	24.9	28.2
Imported products	22.3	20.2	20.4	31.9	33.3	26.8	24.3	28.2
Domestic products	25.2	28.3	23.1	16.5	25.1	21.0	25.4	28.9
Agricultural products	23.2	35.4	24.3	14.2	29.8	18.3	23.5	29.7
Manufactures	25.4	20.8	19.8	19.2	21.1	23.3	26.7	28.4
<b>Housing construction cost index</b>								
Nationwide	24.7	20.6	17.6	21.4	20.4	24.6	30.1	34.2
Bogotá	22.9	19.8	18.7	20.6	21.4	27.0	31.1	36.2

Source: National Bureau of Statistics (DANE).

<sup>a</sup> Preliminary figures. <sup>b</sup> National average.

Table 20  
COLOMBIA: LEGAL MINIMUM DAILY WAGES  
(Averages)

	Current pesos					Real growth rates <sup>a</sup>				
	1984	1985	1986	1987	1988	1984	1985	1986	1987	1988
Rural wages <sup>b</sup>	377	452	560	684	854	9.6	-3.8	4.6	-0.9	-2.9
Urban sector <sup>c</sup>										
High <sup>d</sup>	377	452	560	684	854	5.3	-3.8	4.6	-0.9	-2.9
Low <sup>e</sup>	377	452	560	684	854	9.6	-3.8	4.6	-0.9	-2.9

Source: National Bureau of Statistics (DANE).

<sup>a</sup> Percentage variation in nominal wages, deflated by the consumer price index for manual workers. <sup>b</sup> Crop-farming, stock-raising, forestry, hunting and fishing. <sup>c</sup> All other economic activities. <sup>d</sup> In the capitals of departments and the corresponding municipalities. <sup>e</sup> In the other municipalities.

Table 21  
COLOMBIA: TRENDS IN REAL WAGES IN SOME ECONOMIC SECTORS

	1981	1982	1983	1984	1985	1986	1987	1988
	Index (1980=100)							
Industry								
Non-manual workers <sup>a</sup>	102.5	105.5	110.2	115.6	113.7	116.4	116.5	116.8
Manual workers	101.3	104.7	110.1	118.1	114.6	120.1	119.2	117.7
Construction <sup>c</sup>	102.2	102.6	106.9	108.9	105.3	105.3	105.7	103.5
Commerce	103.2	108.3	108.1	109.1	104.6	113.1	118.9	118.9
	Percentage variation							
Industry								
Non-manual workers <sup>a</sup>	2.5	2.9	4.5	4.9	-1.6	2.4	0.1	0.2
Manual workers	1.3	3.4	5.2	7.3	-3.0	4.8	-0.7	-1.4
Construction <sup>c</sup>	2.2	0.4	4.2	1.9	-3.3	-	0.4	-2.1
Commerce	3.2	4.9	-0.2	0.9	-4.1	8.1	5.1	0.0

Source: ECLAC, on the basis of data supplied by the National Bureau of Statistics (DANE) and the Colombian Chamber of Construction.

<sup>a</sup> Average wages, deflated by the consumer price index for non-manual workers. <sup>b</sup> Average wages, deflated by the consumer price index for manual workers. <sup>c</sup> Average costs of labour in Bogotá, deflated by the consumer price index of that city. <sup>d</sup> Index at October 1987. Percentage variation with respect to the same period of the previous year.

Table 22

## COLOMBIA: AVERAGE DAILY WAGES IN CROP FARMING AND STOCK-RAISING

	Current pesos					Real growth rates <sup>a</sup>				
	1984	1985	1986	1987	1988 <sup>b</sup>	1984	1985	1986	1987	1988*
<b>Crop fanning</b>										
"Cold" (upland) areas										
With food	273	322	406	501	676	-0.8	-4.8	5.9	3.1	4.9
Without food	392	465	593	732	980	1.8	-4.7	7.5	3.1	4.1
"Hot" (lowland) areas										
With food	288	344	430	533	714	-0.7	-3.9	5.3	3.6	4.2
Without food	408	490	619	770	1021	1.0	-3.7	6.5	3.7	3.1
<b>Stock raising</b>										
Cold areas										
With food	277	327	410	510	682	0.1	-5.3	5.6	3.2	4.0
Without food	394	466	594	742	988	1.7	-5.0	7.4	4.1	3.5
Hot areas										
With food	311	370	466	576	770	-0.2	-3.9	5.9	3.4	4.0
Without food	436	522	663	825	1088	1.7	-4.2	6.9	4.3	2.5

**Source:** ECLAC, on the basis of data supplied by the National Bureau of Statistics (DANE).

<sup>a</sup> Percentage variation in nominal wages, deflated by the consumer price index for manual workers.

Preliminary figures. Average for three quarters, and percentage variation with respect to the same period in 1987.

Table 23  
COLOMBIA: EFFECTIVE INCOME AND EXPENDITURE OF THE  
CONSOLIDATED PUBLIC SECTOR

	Billions of pesos				Growth rates		
	1985	1986	1987	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>
1. Net current income	1005	1398	2000	2 580	39.1	43.1	29.0
Central government	441	656	935	1221	48.6	42.7	30.5
Decentralized sector	564	742	1064	1359	31.6	43.4	27.7
2. Net current expenditure	882	1151	1590	2157	30.5	38.1	35.7
Central government	425	565	766	1071	33.0	35.6	39.8
Decentralized sector	457	586	824	1087	28.3	40.5	31.9
3. Current savings (1-2)	123	247	410	423	-	-	-
4. Capital expenditure	392	460	496	736	17.2	7.9	48.3
Central government	150	180	209	310	20.0	16.0	48.1
Decentralized sector	242	280	287	427	15.5	2.7	48.5
5. Total expenditure (2+4)	1274	1611	2 086	2 894	26.4	29.5	38.7
Central government	575	746	975	1381	29.6	30.8	41.6
Decentralized sector	699	866	1111	1513	23.9	28.3	36.2
6. Surplus or deficit (1-5)	-269	-214	-86	-314	-	-	-
7. Financing	269	214	86	314			
External credit	159	320	-23	231			
Disbursements	244	473	273	678	94.0	-42.4	148.8
Amortization	85	153	295	447	79.6	93.0	51.3
Domestic credit	111	-107	109	83			
	Coefficients						
Current savings/capital expenditure	31.4	53.6	82.6	57.4			
Deficit (or surplus)/total expenditure	21.1	13.2	4.1	10.8			
Deficit (or surplus)/GDP	5.4	3.1	1.0	2.7			

Source: ECLAC, on the basis of data supplied by the National Bureau of Planning and the Comptroller-General of the Republic.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Includes net loans to non-financial public bodies.

Table 24  
COLOMBIA: EFFECTIVE INCOME AND EXPENDITURE  
OF THE CENTRAL GOVERNMENT

	Billions of pesos					Growth rates				
	1984	1985	1986	1987	1988 <sup>a</sup>	1984	1985	1986	1987	1988 <sup>a</sup>
1. Current income	303	441	656	935	1221	26.6	46.1	46.5	42.7	30.5
Tax revenue	292	425	607	839	1100	26.1	45.4	43.1	38.1	31.2
Direct	119	158	218	310	403	20.7	33.2	38.1	42.0	30.1
Income and complementary	119	158	218	310	403	20.8	33.2	38.1	42.0	30.1
Other	0	-	-	-	-	-	-	-	-	-
Indirect	173	267	389	529	697	30.1	54.0	46.0	35.9	31.8
Non-tax revenue	11	16	39	97	121	42.3	64.4	134.9	148.2	24.5
2. Current expenditure	362	425	565	766	1071	37.8	17.4	32.9	35.6	39.8
Consumption and transfers	325	376	497	652	919	34.0	15.4	32.3	31.1	41.1
Interest	37	50	68	114	152	84.0	34.8	37.3	68.1	32.4
External debt	28	37	52	83	102	65.1	32.3	41.7	59.1	23.1
Domestic debt	9	13	16	31	49	178.1	42.7	24.4	98.1	57.2
3. Current savings (1-2)	-60	16	90	169	150	-	-	-	-	-
4. Capital expenditure	102	150	180	209	310	25.2	46.8	20.0	16.0	48.1
5. Total expenditure (2+4)	465	575	746	975	1381	34.8	23.8	29.6	30.8	41.6
6. Surplus or deficit (1-5)	-162	-134	-90	-40	-160	56.3	-17.4	-33.0	-55.7	301.4
7. Financing	162	134	90	40	160					
External credit	26	49	102	-47	111					
Domestic credit	114	114	-12	87	49					
Coefficients										
Current savings/capital expenditure	-58.7	10.6	50.1	80.9	48.4					
Deficit (or surplus)/total expenditure	34.8	23.3	12.1	4.1	11.6					
Deficit (or surplus)/GDP	4.2	2.7	1.3	0.5	1.4					

Source: ECLAC, on the basis of data supplied by the Banco de la República and the Treasury.  
Preliminary figures. Includes net loans to non-financial public bodies.

Table 25  
COLOMBIA: MONETARY BALANCE

	Year-end balance (billions of pesos)				Growth rates				
	1985	1986	1987	1988 <sup>a</sup>	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Monetary base</b>	<b>412</b>	<b>529</b>	<b>695</b>	<b>882</b>	<b>18.3</b>	<b>25.9</b>	<b>28.2</b>	<b>31.5</b>	<b>26.9</b>
<b>Means of payment (Mi)</b>	<b>643</b>	<b>789</b>	<b>1048</b>	<b>1319</b>	<b>23.2</b>	<b>27.6</b>	<b>22.7</b>	<b>32.9</b>	<b>25.8</b>
Currency outside banks	263	313	414	523	26.0	25.7	18.9	32.4	26.3
Current account deposits	380	476	635	7%	21.3	28.9	25.3	33.3	25.4
<b>Factors of expansion (net)</b>	<b>174</b>	<b>2 912</b>	<b>3 649</b>	<b>4 676</b>			<b>34.0</b>	<b>25.3</b>	<b>28.1</b>
International reserves	339	713	858	1182	-17.7	76.6	110.0	20.4	37.7
Credit of the Banco de la República (net)	392	429	557	771			9.4	30.0	38.3
Government (net)	245	194	256	459	187.4	11.3	-21.0	32.0	79.5
Rest of the public sector (net)	-17	16	74	90				349.4	22.0
Private sector	163	219	228	222			33.9	4.2	-2.6
Loans by the financial system	3%	1787	2367	3 106	22.5	26.8	29.6	32.5	31.2
Commercial banks	556	722	999	1246	18.9	25.1	30.0	38.3	24.7
Savings and housing corporations	434	533	671	854	32.8	33.8	22.6	26.1	27.2
Other financial intermediaries	405	532	697	1006			31.3	30.9	44.3
Other net assets	46	-16	-133	-382				709.1	186.3
<b>Quasi-money (savings and time deposits)</b>	<b>970</b>	<b>1288</b>	<b>1610</b>	<b>1960</b>	<b>24.9</b>	<b>38.9</b>	<b>32.8</b>	<b>25.0</b>	<b>21.8</b>
Deposits in housing corporations	437	563	679	911	24.9	38.9	28.9	20.7	34.2
Savings deposits	172	257	331	390	21.6	34.6	49.4	28.8	17.7
Time-deposit certificates	361	468	600	659	35.4	35.5	29.6	28.1	10.0
Other non-monetary liabilities	561	836	991	1397			48.9	18.6	40.9
<b>Coefficients</b>									
Banking multiplier	1.56	1.49	1.51	1.49					
Velocity of circulation (GDP/MI)	7.56	8.02	8.42	11.10					

Source: ECLAC, on the basis of data supplied by the Banco de la República.

<sup>a</sup> Preliminary figures.

Table 26  
COLOMBIA: BANK INTEREST RATES<sup>c</sup>

	1981	1982	1983	1984	1985	1986	1987	1988
Nominal effective rate	38.6	35.9	34.2	34.4	35.9	32.1	34.2	31.8
Inflation rate <sup>b</sup>	26.7	23.9	16.7	18.3	22.7	20.7	24.6	28.6
Real effective rate	9.4	9.7	15.0	13.6	10.8	9.4	7.7	2.5

Source: Banco de la República.

<sup>a</sup> Corresponds to time-deposit certificates.

<sup>c</sup> Annual percentage variation of the consumer price index for manual workers.

## COSTA RICA

The boost which it received from the external sector enabled the Costa Rican economy to improve its balance of payments in 1988, and it was also a decisive factor in the expansion of the gross domestic product, which grew by 3%, although this was admittedly below the average of 5% registered in the previous two years. The level of consumer prices rose by 25%, however: the biggest increase since a serious outbreak of inflation was brought under control in 1982.

The marked setback in gross capital formation, which had become the most dynamic element in the last two years, and the contractive nature of the economic policy applied in the first part of the year resulted in the stagnation of domestic demand.

One of the mainstays of the country's economic growth was the 11% increase in the value of exports due to the favourable world market prices and the steady increase in sales of non-traditional exports. These two factors brought about an improvement in the terms of trade after the serious drop registered the year before, and they also reduced the trade deficit even though the volume of exports of some traditional products went down.

After the substantial expansion the year before, when they increased by over one-fifth, imports went down by 2% in response to the contraction in domestic demand and the faster devaluation of the national currency, which brought the exchange rate to its highest level in real terms in the last six years. The impact of this rise in the exchange rate on consumer prices was lessened, however, by the progress made in the gradual programme of tariff reductions which has been going on since 1986. The reductions in imports were concentrated in capital goods and fuels, whereas there was an increase in purchases of non-durable consumer goods and, to a lesser extent, intermediate goods, which helped to keep up the level of private consumption.

On the other hand, the existence of a higher real exchange rate created favourable conditions for non-traditional exports. In spite of the non-tariff restrictions which they encountered in external markets, their value was more than double that registered in 1985, and their importance to the economy rivalled that of traditional exports.

The international reserves increased by US\$96 million because of the smaller current account deficit, the increase in unrequited official transfers, and the selective restrictions imposed on debt service payments. The commitments with multilateral agencies were serviced in full, whereas only part of the interest due to the other creditors was paid. The negotiations aimed at reprogramming the debt on the basis of non-traditional proposals continued, but no concrete results were obtained.

In December, inflation came to over 25%, thus further accentuating the slight upward tendency observed in previous years. In the first half of the year, there were cost pressures deriving from the raising of the exchange rate and difficulties in the supply of some basic products. Subsequently, and especially in the last four months of the year, there were demand pressures due above all to the monetary expansion stemming from the increase in the international reserves and the payment of advances on the coffee harvest. Factors which operated in the opposite direction were the tariff reductions and the measures to absorb liquidity, including the sale of bonds and the increase in interest rates on foreign currency deposits.

The readjustment in the prices of some controlled staple goods and in the scales of public service charges—collective transport, electricity, telephones and water—gave rise to wage negotiations, but even so these were not able to prevent real wages from deteriorating for the second year in succession.



Production for domestic consumption was affected by the measures taken to control demand. Side by side with a somewhat less contractive wages policy, credit restrictions were applied which helped to check the dynamism of the domestic market. There was a marked drop in agricultural production for domestic consumption, which was also affected by weather conditions, and there was even a serious shortage of basic grains, especially beans, which had to be covered with imports.

The creation of 60 000 new jobs made it possible to keep the unemployment rate under 6% even though the considerable immigration from the other countries in the subregion caused a big increase in the labour force. The majority of the new jobs were concentrated in non-traditional export activities, but the informal economy also continued to expand.

After four years of systematic reduction of its deficit, the non-financial public sector finally managed to balance its income and expenditure in spite of the negative results registered in the central government accounts. A decisive factor in this was the surplus attained on the operations of the decentralized sector. This was made possible by the policy of sound financial management and restructuring of the social security services, although at the

same time this has eroded their important redistributive function,

External financing to the public sector was scanty, but sufficient to enable that sector to continue servicing its domestic debt. The financial surpluses of the decentralized sector were allocated to help cover the requirements of the central government. Liquidity problems attributable to delays in the disbursements of external funds, however, obliged the public sector to resort sporadically to direct short-term financing from the Central Bank and to the use of domestic resources, which temporarily placed pressure on the domestic financial markets.

The resulting expansion in the means of payment was partly neutralized through the issue of stabilization bonds and the increase in deposits in dollars, which enjoyed attractive interest rates. The demand for money once again went down with respect to the product, resulting in the gradual displacement of national-currency quasi-money by dollar deposits, thus further heightening the loss of control by the Central Bank over the means of payment. This phenomenon is potentially all the more serious in view of the emergence of a money market based on bank acceptances, which enables its users to elude the restrictions of the institutionalized market.

Figure 1  
COSTA RICA: MAIN ECONOMIC INDICATORS

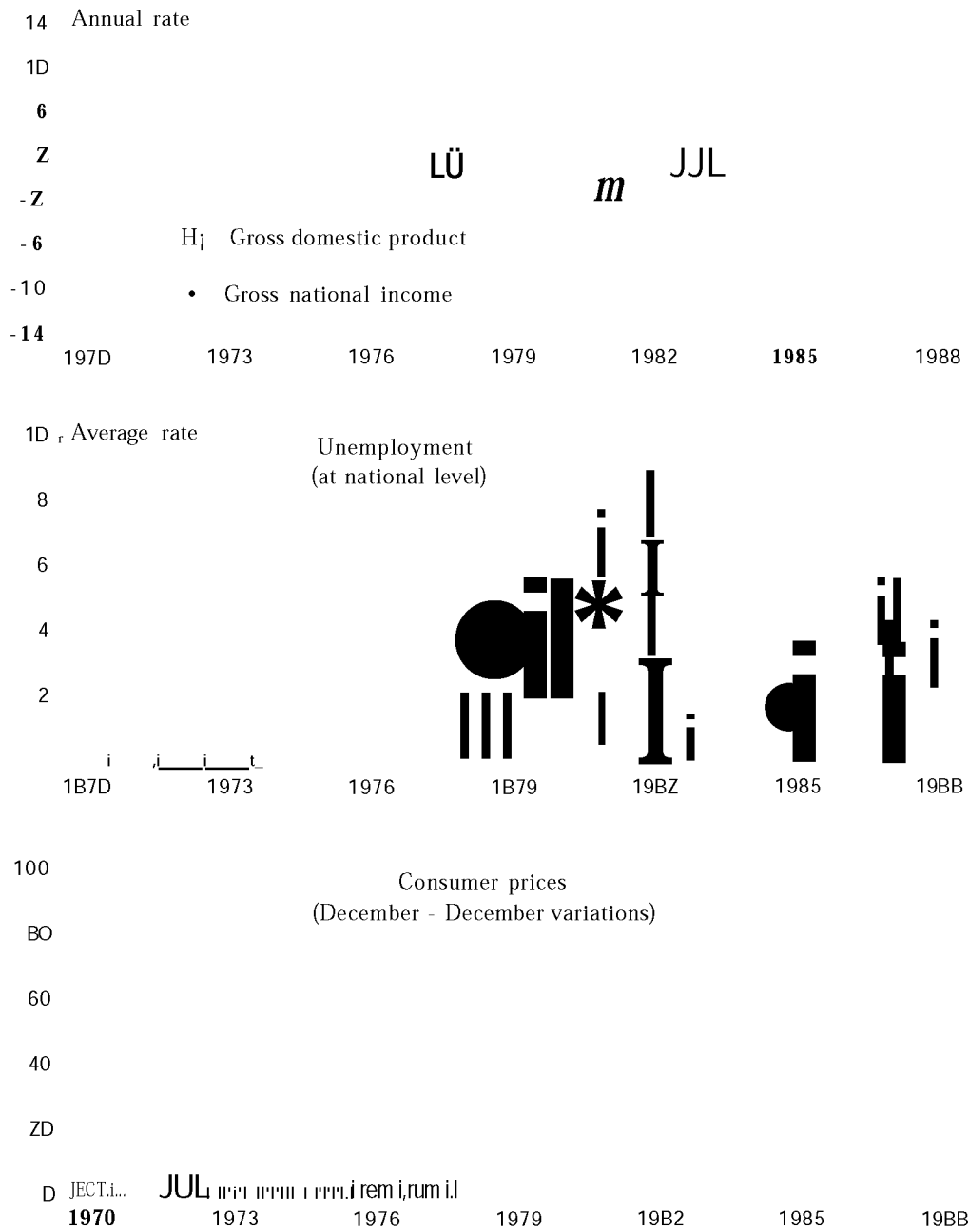
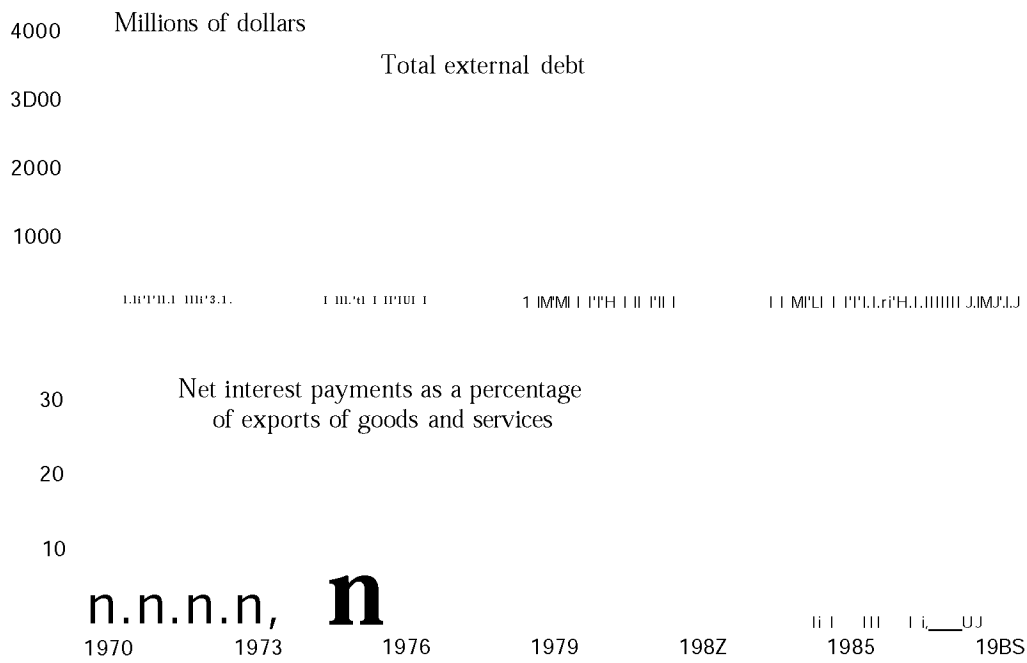
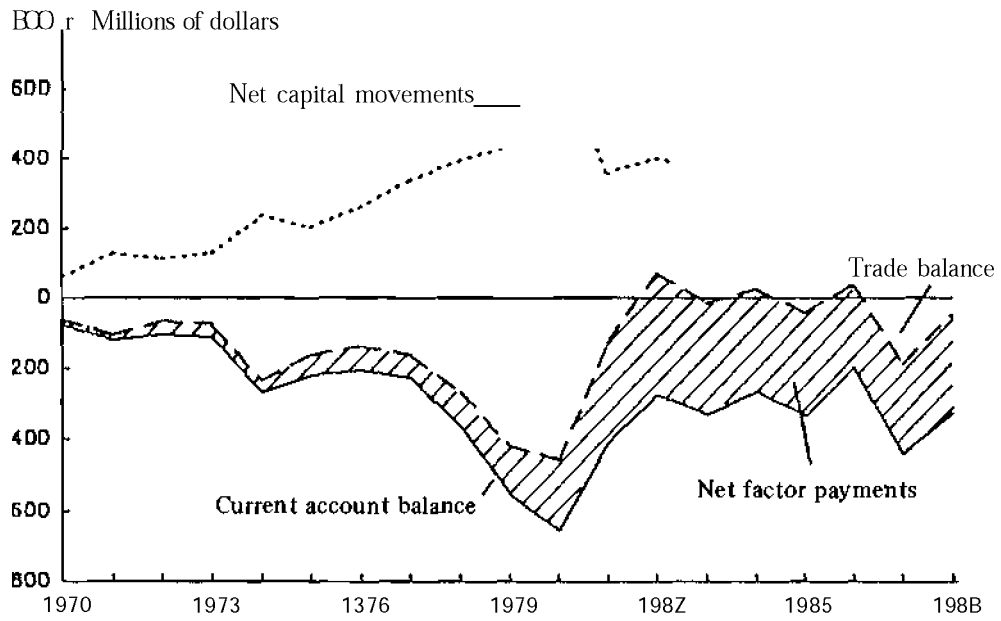


Figure 1 (concluded)



Source: KCLAC, on the basis of official data.

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Table 1  
COSTA RICA: MAIN ECONOMIC INDICATORS

	1980	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes(1980 = 100)</b>								
<b>Basic economic indicators</b>								
Gross domestic product at market prices	100.0	90.5	92.9	100.2	101.0	106.3	112.0	115.5
Gross national income	100.0	75.9	80.8	89.9	91.2	102.0	103.2	106.6
Population (thousands of inhabitants)	2 284	2 424	2 496	2 569	2 642	2 716	2 791	2 866
Per capita gross domestic product	100.0	85.3	85.0	89.1	87.3	89.4	91.6	92.1
Public sector deficit/GDP <sup>b</sup>				1.7	1.9	1.8	0.3	-
Central government deficit/GDP <sup>b</sup>				3.4	2.2	3.4	2.0	2.1
Money (M1)/GDP <sup>b</sup>				17.4	16.2	14.7	14.2	12.2
Real effective exchange rate	100.0	129.9	113.3	113.0	119.0	117.9	124.2	135.9
Rate of unemployment <sup>b c</sup>	5.9	9.4	9.0	7.9	6.9	6.2	5.6	5.6
<b>Growth rates</b>								
<b>Short-run economic indicators</b>								
Gross domestic product	0.7	-7.3	2.7	7.8	0.7	5.3	5.3	3.2
Per capita gross domestic product	-2.3	-10.0	-0.3	4.8	-2.1	2.4	2.5	0.5
Gross national income	-0.2	-11.9	6.5	11.2	1.5	11.8	1.2	3.3
Consumer prices (December to December)	17.8	81.7	10.7	17.3	11.1	15.4	16.4	25.3
Real wages and salaries	0.8	-19.8	10.9	7.8	9.1	6.1	-9.7	-1.9
Current value of exports of goods and services	9.1	-5.0	1.5	12.5	-4.1	14.1	4.2	11.4
Current value of imports of goods and services	9.1	-19.9	9.9	8.9	2.2	5.0	21.8	1.7
Terms of trade (goods and services)	1.4	-3.0	5.8	3.9	-3.1	15.5	-7.5	1.0
<b>Millions of dollars</b>								
<b>External sector</b>								
Trade balance (goods and services)	^59	73	-12	27	-52	55	-178	-40
Net payments of profits and interest	218	377	337	321	290	285	306	331
Balance on current account	-658	-274	-327	-261	-299	-193	-445	-329
Balance on capital account	745	400	373	212	356	290	483	425
Variation in net international reserves	33	125	64	-53	45	72	1	96
Total disbursed external debt	2 209	3 188	3 532	3 752	3 742	3 922	4 194	4 100

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. <sup>b</sup> Percentages. <sup>c</sup> Annual average of the rates for four-monthly periods obtained from household surveys up to 1987, when the survey began to be conducted on an annual basis. End-year balances. Refers to the disbursed medium- and long-term debt.

Table 2  
COSTA RICA: TOTAL SUPPLY AND DEMAND

	Index (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Total supply	98.8	107.4	109.1	146.8	138.6	0.5	6.4	8.7	1.6
Gross domestic product	106.3	112.0	115.5	100.0	100.0	0.7	5.3	5.3	3.2
Imports of goods and services	82.9	97.8	95.4	46.8	38.6	-0.2	9.5	18.0	-2.4
Total demand	98.8	107.4	109.1	146.8	138.6	0.5	6.4	8.1	1.6
Domestic demand	90.2	97.9	97.6	113.0	95.4	2.3	7.9	8.5	-0.3
Gross domestic investment	84.2	113.7	104.1	26.6	23.9	7.7	14.1	35.1	-8.5
Gross fixed investment	84.5	95.7	90.2	23.9	18.7	5.4	8.3	13.3	-5.7
Changes in stocks	81.9	274.6	227.7	2.7	5.3				
Total consumption	92.0	93.0	95.6	86.4	71.5	0.9	6.3	1.1	2.8
General government	96.4	98.1	100.0	18.2	15.8	1.1	2.8	1.8	2.0
Private	90.8	91.6	94.4	68.2	55.7	0.9	7.3	-0.9	3.0
Exports of goods and services	127.9	139.5	147.7	33.8	43.2	-3.3	2.9	9.1	5.9

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica.

<sup>a</sup> Preliminary figures. <sup>b</sup> The figures for exports and imports of goods and services were obtained from balance-of-payments data expressed in dollars, which were then converted to constant 1980 values using price indexes calculated by ECLAC for the purpose.

Table 3  
**COSTA RICA: GROSS DOMESTIC PRODUCT, BY KIND OF  
 ECONOMIC ACTIVITY, AT MARKET PRICES**

	Indexes (1980 = 100)			Percentage breakdown			Growth rates		
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Gross domestic product	<b>106.3</b>	<b>112.0</b>	<b>115.5</b>	<b>100.0</b>	<b>100.0</b>	0.7	<b>S3</b>	<b>S3</b>	3.2
Goods	<b>105.4</b>	<b>110.2</b>	<b>114.1</b>	<b>42.6</b>	<b>42.4</b>	-1.2	5.4	4.6	<b>3.6</b>
Agriculture	112.9	118.1	124.5	17.8	19.2	-5.5	4.2	4.6	5.5
Manufacturing and mining	108.4	<b>114.4</b>	116.8	18.6	19.2	2.0	7.2	5.6	2.1
Construction	<b>74.8</b>	<b>74.9</b>	76.5	6.2	3.9	5.6	2.7	0.1	2.1
Basic services	<b>119.8</b>	<b>130.6</b>	<b>136.5</b>	<b>63</b>	7.3	-1.6	5.4	<b>9.1</b>	4.5
Electricity, gas and water	136.9	<b>147.5</b>	151.1	2.1	2.9	-7.4	6.1	7.8	2.4
Transport, storage and communications	111.1	122.1	129.2	4.2	4.5	2.3	4.9	9.9	5.8
Other services	<b>105.4</b>	<b>111.2</b>	<b>114.1</b>	<b>51.0</b>	<b>49.2</b>	2.7	<b>5.2</b>	<b>5.5</b>	<b>2.6</b>
Commerce	104.1	111.5	114.8	20.1	19.3	4.6	9.7	7.1	2.9
Financial institutions, insurance and business services	121.3	132.7	135.5	5.3	6.2	3.9	6.0	9.4	2.1
Real estate	109.7	112.0	114.5	6.0	6.0	1.6	2.5	2.1	2.3
Government services	100.2	103.8	106.4	15.2	13.8	0.5	1.0	3.5	2.5
Other services	103.7	107.8	111.1	4.4	4.3	2.9	2.7	3.9	3.0

Source: ECLAC, on the basis of official figures, which were then reweighted according to the 1980 current price structure. Therefore, the figures shown here do not necessarily coincide with those published by the countries on the basis of their calculations at constant prices.

<sup>a</sup> Preliminary figures. <sup>b</sup> Includes livestock, forestry and fishing.



Table 4  
COSTA RICA: INDICATORS OF AGRICULTURAL PRODUCTION

	1985	1986	1987	1988 <sup>a</sup>	Percentage	Growth rates				
					breakdown (1985)	1985	1986	1987	1988 <sup>a</sup>	
<b>Production index (1980 = 100)<sup>b</sup></b>	<b>103.4</b>	<b>108.8</b>	<b>113.9</b>	<b>118.7</b>	<b>100.0</b>	-5.4	5.2	4.7	4.2	
Crop-farming	106.5	109.7	115.6	121.6	63.5	-8.9	3.0	5.4	5.2	
Livestock	104.8	108.6	110.7	112.7	28.4	0.5	3.7	1.9	1.8	
Forestry	73.3	102.6	77.0	77.0	3.5	12.2	39.9	-24.9	-	
Fishing	104.6	113.9	130.6	124.1	1.9	18.2	8.9	14.6	-4.9	
<b>Production of main crops<sup>c</sup></b>										
Traditional export crops										
Coffee	124	120	145	155		-9.5	-3.2	20.8	6.9	
Bananas	1003	1096	1139	1156		-14.2	9.3	3.9	1.5	
Sugar cane	2 766	2 802	2 675	2 684		-5.8	1.3	-4.5	0.4	
Cocoa	4	4	4	4			-3.6	-6.9	10.7	
Domestic consumption										
Rice	225	200	152	185		-14.4	-11.2	-24.0	21.7	
Maize	115	134	104	103		4.5	16.3	-21.9	-1.0	
Beans	23	29	32	24		9.5	26.1	11.0	-26.6	
Sorghum	54	46	24	18		12.5	-15.3	-46.8	-24.8	
Tobacco	2	2	2	2			-20.6	3.5	8.3	
Plantains	79	80	82	85		-2.5	1.1	3.0	2.8	
<b>Indicators of livestock production</b>										
<b>Slaughtering<sup>c</sup></b>										
Cattle	107	128	124	112	<b>100.0</b>	77.0	-13.0	19.3	-3.1	-9.6
Pigs	26	21	20	25		18.7	13.0	-19.5	-6.6	27.1
Poultry	6	6	8	9		4.3	-	-2.1	28.4	18.9
Other products										
Milk <sup>d</sup>	366	391	399	408			5.8	6.7	2.2	2.3
Eggs <sup>e</sup>	228	252	299	333			-27.8	10.3	18.9	11.5
<b>Other production indicators</b>										
Wood <sup>f</sup>	504	705	529	529			12.3	40.0	-25.0	-
Volume of fishery production <sup>c</sup>	20	22	25	24			17.6	8.5	14.6	-4.9

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica.

<sup>a</sup> Preliminary figures. Calculated on the basis of the gross value of production in 1966 colones.  
of tons. Millions of litres. <sup>e</sup> Millions of units. Thousands of cubic metres.

<sup>c</sup> Thousands

Table 5  
COSTA RICA: INDICATORS OF MANUFACTURING PRODUCTION

	1980	1985	1986	1987	1988 <sup>a</sup>	Percentage breakdown		Growth rates		
						(1985)	1985	1986	1987	1988 <sup>a</sup>
Index of value added (1977 = 100)	112.0	113.1	121.3	127.9	133.0	100.0	2.0	12	5.6	4.0
Consumer goods										
Food, beverages and tobacco	116.3	134.9	138.4	144.5	144.7	47.4	3.9	2.6	4.4	0.2
Coffee processing	134.2	156.6	146.7				-9.5	-6.3		
Meat	128.2	170.3	186.5				25.5	9.5		
Sugar	104.2	132.9	125.7				0.5	-5.4		
Other foods	117.0	126.2	133.3				5.6	5.6		
Textiles, leather and footwear	105.7	105.8	101.3	95.6	98.7	8.9	-2.1	-4.3	-5.6	3.2
Furniture and wood	118.2	84.5	83.8	94.0	90.1	5.6	9.2	-0.8	12.1	-4.1
Printing, publishing and related industries	121.6	144.9	158.1	168.2			9.4	9.1	6.4	
Other	80.7	77.7	73.0	81.4	79.4		7.6	-6.0	11.5	-2.4
Intermediate goods										
Paper and paper products	145.0	163.0	165.0	175.6	183.3		-0.3	1.2	6.4	4.4
Chemicals and rubber products	123.8	99.2	103.0	104.2	111.8	19.4	0.8	3.8	1.2	7.3
Petroleum refining	210.2	183.8	278.1				0.5	51.3		
Non-metallic minerals	128.1	128.0	136.7	154.9	191.4		3.2	6.8	13.3	23.6
Metal manufactures and machinery	138.7	77.6	88.6	96.5	99.7	8.4	12	14.2	8.9	3.3
Other indicators of manufacturing production										
Index of employment (1968 = 100)	187.6	187.2	188.3	183.3	195.9		0.5	0.6	-	4.0

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica, except those for 1987.

<sup>a</sup> Preliminary figures based on the Encuesta de Coyuntura Industrial (first half of 1988) of the Institute for Economic Research.

Table 6  
COSTA RICA: CONSTRUCTION INDICATORS

	1980	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
Area constructed (thousands of m <sup>2</sup> )								
Permits issued	1300	1169	1458	1102	-13.0	10.0	24.7	-24.4
Actual construction <sup>c</sup>	1110	1132	1644	1521	23.1	17.5	45.2	-7.5
Cement production	431	533	577	621	1.5	12.2	8.3	7.6
Sales for domestic consumption	428	523	562	597	3.4	16.0	7.5	6.2

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. Based on permits granted for construction, extensions and remodelling. <sup>c</sup> On the basis of an estimate by the Chamber of Construction. Thousands of tons.

Table 7

## COSTA RICA: ELECTRICITY GENERATION, CONSUMPTION AND EXPORTS

	Millions of kWh				Growth rates				
	1985	1986	1987	1988 <sup>a</sup>	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Generation</b>	<b>2 768</b>	<b>2 891</b>	<b>3 075</b>	<b>3 135</b>	<b>53</b>	<b>-7.8</b>	<b>43</b>	6.4	<b>2.0</b>
Hydroelectric	2 757	2 885	2 994	3040	5.3	-6.7	4.5	3.8	1.5
Thermal	11	6	81	95	5.4	-77.7	-40.0	1250.0	17.3
<b>Consumption</b>	<b>2489</b>	<b>2 723</b>	<b>2 905</b>	<b>2 969</b>	<b>6.5</b>	<b>53</b>	8.9	9.4	2.2
Residential	1123	1242	1359	1406	4.6	6.5	10.7	9.4	3.5
Industrial	692	764	793	789	103	0.2	10.4	3.8	-0.5
Public lighting	81	82	86	92	4.0	5.1	1.2	4.9	7.0
Commercial <sup>6</sup>	593	635	677	682	5.6	9.4	7.0	6.6	0.7
<b>Exports and/or imports</b>	<b>60</b>	<b>-77</b>	<b>-171</b>	<b>-190</b>	<b>-13.0</b>	<b>-85.5</b>	<b>-2283</b>	<b>-122.1</b>	<b>-10.9</b>
<b>Consumption plus exports</b>	<b>2 549</b>	<b>2 646</b>	<b>2 745</b>	<b>2 779</b>	<b>3.0</b>	<b>-83</b>	<b>2.8</b>	<b>33</b>	<b>1.6</b>

**Source:** ECLAC, on the basis of figures provided by the Costa Rican Institute of Electricity (ICE) and by the Central Bank of Costa Rica.

\* Preliminary figures, estimated as at November.

Includes electricity consumed in ICE construction projects.

Table 8

COSTA RICA: EMPLOYMENT AND UNEMPLOYMENT<sup>a</sup>

	Thousands of persons			Participation rate <sup>6</sup>	Unemployment rate		
	Labour force	Employment	Unemployment		National	Urban	Rural
1980	770.3	724.7	45.6	34.7	5.9	6.0	5.9
1981	795.8	726.2	69.6	35.0	8.7	9.1	8.4
1982	838.5	759.9	78.6	36.1	9.4	9.9	8.3
1983	843.8	767.6	76.2	35.5	9.0	8.5	9.6
1984 <sup>e</sup>	865.6	797.1	68.5	35.6	7.9	6.6	9.2
1985	887.5	826.7	60.8	35.7	6.9	6.7	7.0
1986	910.9	854.2	56.7	35.8	6.2	6.7	5.6
1987	977.8	923.3	54.5	37.5	5.6	5.9	5.3
1988 <sup>d</sup>	1046.0	987.6	58.4	37.6	5.6	6.4	4.9

**Source:** ECLAC, on the basis of figures supplied by the Ministry of Labour and Social Security and by the Statistics and Census Bureau.

\* Figures for July registered in the household surveys which were conducted every four months up to 1986; since 1987, the survey is carried out only in July.      <sup>b</sup> Labour force as a percentage of total population.      <sup>c</sup> Average of the March and November surveys.      Preliminary figures.

Table 9  
COSTA RICA: EXCHANGE RATES

Annual and quarterly averages	Nominal exchange rates <sup>a</sup> (colones per dollar)	Indexes of real effective exchange rate <sup>b</sup>	
		Exports	Imports
1970-1979	7.74	106.7	104.5
1980	9.23	100.0	100.0
1981	20.58	144.7	149.8
1982	38.93	128.9	129.9
1983	42.20	113.8	113.3
1984	44.54	113.0	113.0
1985	50.45	119.3	119.0
1986	56.00	120.9	117.9
1987	62.78	129.3	124.2
1988	75.83	139.5	135.9
1986			
I	54.00	124.5	123.4
II	55.29	121.1	120.2
III	56.62	118.0	116.7
IV	58.03	119.8	115.7
1987			
I	59.40	124.1	117.6
II	61.34	128.1	122.6
III	63.40	129.3	124.8
IV	66.97	135.6	131.9
1988			
I	72.79	140.2	136.5
II	74.87	139.4	136.2
III	76.80	138.6	134.8
IV	78.76	139.8	136.1

Source: ECLAC, on the basis of data supplied by the International Monetary Fund.

<sup>a</sup> Data supplied by the IMF, except for the period from October 1980 to December 1983, for which exchange rates provided by the Central Bank of Costa Rica were used. <sup>b</sup> Average of the indexes of the real exchange rate for the colón with respect to the currencies of Costa Rica's main trading partners, weighted by the relative significance of exports to those countries or imports from them, as appropriate. Does not include the effect exerted on competitiveness by the substantial tariff reductions made in the last three years. From 1970 to 1980, the weightings correspond to the average for the period 1975-1979 and as from 1981, to the average for the period 1983-1987. Wholesale price indexes were used in the calculations whenever possible. For information on the methodology and sources used, see the Statistical Appendix to the *Economic Survey of Latin America*, 1981.

Table 10  
COSTA RICA: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	<b>Growth rates</b>						
Exports							
Value (FOB)	-133	<b>-1.8</b>	16.9	-5.6	15.1	2.3	9.6
Volume	-9.2	13	14.5	-4.7	0.9	9.9	2.9
Unit value	-4.5	<b>-3.1</b>	2.1	-1.0	14.1	-6.8	6.4
Imports							
Value (FOB)	-26.2	11.3	10.9	0.9	4.2	19.6	1.7
Volume	-24.2	<b>18.0</b>	14.3	-0.9	10.1	16.8	-2.1
Unit value	-2.6	<b>-5.7</b>	-3.0	1.7	-5.4	2.4	3.9
Terms of trade (goods)	-2.6	2.0	3.5	-2.8	20.1	-9.4	2.1
	<b>Indexes (1980 = 100)</b>						
Purchasing power of exports	84.5	87.3	103.6	96.0	116.3	115.8	121.6
Volume of exports	102.3	103.6	118.6	113.0	114.1	125.3	129.0
Volume of imports	57.6	68.0	77.7	77.0	84.8	99.1	97.0
Terms of trade	82.7	84.3	87.3	84.9	101.9	92.4	94.3

**Source:** ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica.

\* Preliminary figures.

Table 11  
COSTA RICA: EXPORTS OF GOODS, FOB

	Millions of dollars			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Total	1084	1109	1215	100.0	100.0	-5.6	15.1	23	9.6
Central America	100	109	127	213	10.5	-35.0	-0.6	9.0	16.5
Rest of world	984	1000	1088	78.7	89.5	2.5	23.9	1.6	8.8
Main traditional exports	690	640	639	60.0	52.6	-8.4	16.0	-73	-0.2
Coffee	378	334	328	26.2	27.0	27.0	19.6	-11.6	-1.8
Bananas	229	228	245	27.5	20.2	20.2	10.1	-0.4	7.5
Meat	70	62	53	3.5	4.4	4.4	29.6	-11.4	-14.5
Sugar	11	15	12	2.7	1.0	1.0	-21.4	36.4	-20.0
Cocoa	2	1	1	0.1	0.1	0.1	-233	-56.5	-
Non-traditional exports	393	469	576	36.4	47.4	-1.0	14.7	193	22.8
Shrimp and fish	29	30	38	2.7	3.1	59.4	4.0	3.6	26.5
Plants, flowers and foliage	24	32	35	2.2	2.9	39.4	363	33.3	9.7
Pineapples	15	22	24	1.4	1.9	31.0	133.5	45.0	10.0
Clothing	20	34	38	1.8	3.1	39.6	101.6	71.0	10.0
Other <sup>b</sup>	305	351	441	22.4	363			15.1	25.6

Source: ECIAC, on the basis of figures supplied by the Central Bank of Costa Rica and the Statistics and Census Bureau.  
<sup>a</sup> Preliminary figures. Includes value added in the country by the inbond assembly industry.

Table 12  
COSTA RICA: EXPORT VOLUMES OF MAIN PRODUCTS

	Thousands of tons				Growth rates				
	1985	1986	1987	1988 <sup>a</sup>	1984	1985	1986	1987	1988 <sup>a</sup>
Coffee	123	94	139	125	4.6	8.8	-23.6	47.9	-10.1
Bananas	851	941	985	1032	0.8	-16.6	10.6	4.7	4.8
Meat	27	35	27	22	50.0	28.6	29.6	-22.9	-18.5
Sugar	45	76	75	49	90.7	-563	68.9	-1.3	-34.7
Fertilizers	48	60	12	12	-14.3	53.3	-28.3	-80.0	-

Source: ECIAC, on the basis of figures supplied by the Central Bank of Costa Rica.  
<sup>a</sup> Preliminary figures.

**Table 13**  
**COSTA RICA: IMPORTS OF GOODS, CIF**

	Millions of dollars					Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>b</sup>	January-October		1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
				1987	1988						
<b>Total</b>	<b>1163</b>	<b>1380</b>	<b>1375</b>	<b>1170</b>	<b>1162</b>	<b>100.0</b>	<b>100.0</b>	<b>0.4</b>	<b>5.9</b>	<b>18.7</b>	<b>-0.7</b>
<b>Consumer goods</b>	<b>233</b>	<b>278</b>	<b>317</b>	<b>222</b>	<b>253</b>	<b>25.5</b>	<b>23.0</b>	<b>0.3</b>	<b>-4.5</b>	<b>19.3</b>	<b>14.0</b>
Durable	65	89	94	69	73	9.4	6.8	7.7	-16.7	36.9	5.8
Non-durable	168	189	222	153	180	16.1	16.2	-2.9	1.2	12.5	17.6
<b>Raw materials and intermediate goods</b>	<b>635</b>	<b>704</b>	<b>729</b>	<b>602</b>	<b>624</b>	<b>53.2</b>	<b>53.1</b>	<b>-2.4</b>	<b>1.9</b>	<b>10.9</b>	<b>3.7</b>
Petroleum and fuels	117	138	128	116	108	13.2	9.3	8.6	-33.9	17.9	-6.9
Other	518	566	601	486	516	40.0	43.7	6.1	16.1	9.3	6.2
<b>Capital goods</b>	<b>295</b>	<b>398</b>	<b>329</b>	<b>346</b>	<b>285</b>	<b>21.3</b>	<b>23.9</b>	<b>9.1</b>	<b>27.7</b>	<b>34.9</b>	<b>-17.6</b>
Agriculture	8	9	9	7	7	1.5	0.7	-13.8	-52.9	12.5	-
Transport	85	104	68	93	61	5.6	5.0	22.7	37.1	22.4	-34.4
Manufacturing and mining	117	227	195	197	169	6.9	14.2	15.3	48.1	94.0	-14.2
Construction	32	36				2.6		-21.3	52.4	10.9	
Other	53	23	57	49	48	4.7	4.1	11.9	1.9	-57.5	-2.0

**Source:** ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica and the Statistics and Census Bureau.  
<sup>a</sup> Preliminary figures, based on the period January-October.

Table 14  
COSTA RICA: EVOLUTION OF NOMINAL TARIFF PROTECTION

	Tariff up to 1985		New Central American tariff since 1986		New system 1987		SAL II proposal	
	Pro-tection <sup>8</sup>	Standard deviation	Pro-tection <sup>8</sup>	Standard deviation	Pro-tection <sup>8</sup>	Standard deviation	Pro-tection <sup>8</sup>	Standard deviation
Whole economy	52.8	61.5	3L5	29.4	26.4	21.4	16.4	12.9
Raw materials and intermediate goods								
Locally produced	543	72.6	34.1	21.9	30.7	17.4	20.9	83
Not produced locally	32.6	293	11.2	113	103	5.5	5.0	2.7
Capital goods								
Locally produced	73.9	47.3	35.6	22.5	34.7	20.7	24.7	7.5
Not produced locally	23.7	9.4	15.1	53	17.1	4.8	5.5	2.0
Final consumer goods								
Locally produced	92.5	69.4	65.4	34.5	50.0	17.5	32.6	8.7
Not produced locally	135.0	70.7	78.4	37.9	563	35.6	34.0	9.2
Staple consumer goods	40.6	27.0	15.2	10.1	9.7	7.5	5.4	5.8

Source: ECLAC, on the basis of figures provided by the Ministry of National Planning and Economic Policy and the Ministry of Finance, and World Bank estimates.

\* Mean tariff.



Table 15  
COSTA RICA: BALANCE OF PAYMENTS  
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Balance on current account	-274	-327	-261	-299	-193	-445	-329
Trade balance	73	-12	27	-52	55	-178	-40
Exports of goods and services	1116	1133	1275	1223	1394	1453	1618
Goods FOB	869	853	997	941	1084	1109	1215
Real services	248	280	278	282	310	344	403
Transport and insurance	57	59	60	50	54	57	65
Travel	133	133	121	123	139	145	181
Imports of goods and services	1043	1146	1248	1275	1339	1631	1659
Goods FOB	805	896	993	1001	1044	1248	1270
Real services	238	250	255	274	296	383	389
Transport and insurance	130	133	134	144	150	179	180
Travel	44	52	55	58	67	77	75
Factor services	-377	-337	-321	-290	-285	-306	-331
Profits	5	7	-8	-22	-14	-25	-25
Interest received	24	34	33	44	41	36	35
Interest paid	-403	-374	-340	-304	-304	-308	-332
Other	-3	-4	-7	-8	-8	-9	-9
Unrequited private transfer payments	30	23	32	43	37	39	42
Balance on capital account	400	373	212	356	290	483	425
Unrequited official transfer payments	6	46	111	179	114	186	201
Long-term capital	24	1189	65	341	-55	-363	-340
Direct investment	26	55	52	65	57	76	
Portfolio investment	-2	-3	-	-13	-2	-	
Other long-term capital	-	1137	13	288	-110	-439	-340
Official sector <sup>c</sup>	-32	1189	125	339	-39	-379	-340
Loans received	126	1378	382	654	279	98	
Amortization payments	-146	-182	-231	-258	-305	-474	
Commercial banks <sup>c</sup>	-20	-15	-27	-26	-14	-8	
Loans received	6	1	-	-	-	-	
Amortization payments	-26	-16	-27	-16	-14	-8	
Other sectors <sup>c</sup>	52	-37	-86	-35	-57	-53	
Loans received	168	64	41	67	69	69	
Amortization payments	-116	-101	-127	-102	-125	-122	
Short-term capital	208	-927	-72	-303	132	549	
Official sector	398	-530	-3	-196	150	471	424
Commercial banks	42	-97	12	2	3	14	
Other sectors	-231	-301	-81	-104	-21	64	
Errors and omissions	162	65	108	140	99	112	140
Global balance <sup>d</sup>	125	46	-49	57	97	39	96
Total variation in reserves (- sign indicates an increase)	-125	-64	53	-45	-72	-1	-96
Monetary gold	-7	-1	13	-11	-4	4	
Special Drawing Rights	-	-3	3	-	-	-	
IMF reserve position	-	-	-	-	-	-	
Foreign exchange assets	-95	-170	55	-61	-35	39	
Other assets	-14	11	18	-5	-17	-3	
Use of IMF credit	-10	99	-36	32	-16	-40	

Source: 1981-1987: International Monetary Fund, *Balance of Payments Yearbook*, April 1989; 1988: ECLAC, on the basis of official figures.

\* Preliminary figures.      Includes other non-factor services.      <sup>1</sup> Includes net loans granted and other assets and liabilities.      Equals total variation in reserves (of opposite sign), plus counterpart entries.

Table 16  
COSTA RICA: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Millions of dollars</b>							
<b>Total external debt</b>	<b>3 188</b>	<b>3 532</b>	<b>3 752</b>	<b>3 742</b>	3 922	<b>4194</b>	<b>4100</b>
Public	2 962	3 407	3 455	3 709	3644	3 914	3 834
From commercial banks	1111	1394	1409	1459	1463	1383	1470
From multilateral agencies	858	968	976	1036	1024	1345	1292
From bilateral sources	511	690	736	905	907	946	992
Bonds and Federal Reserve Notes	131	114	113	74	73	70	68
Other <sup>b</sup>	351	<b>242</b>	221	235	177	170	13
Private	226	126	297	33	278	280	266
<b>Disbursements <sup>c</sup></b>	<b>299</b>	<b>481</b>	272	<b>315</b>	201	<b>103</b>	...
<b>Servicing</b>	<b>807</b>	<b>870</b>	<b>725</b>	692	<b>723</b>	<b>776</b>	
Principal	404	281	386	387	449	468	
Interest	403	374	340	304	304	308	332
<b>Percentages</b>							
<b>Ratios</b>							
Total external debt/ exports of goods and services	285.7	311.7	294.3	306.5	282.2	288.8	253.2
Net interest/exports of goods and services	36.1	33.0	26.7	27.3	19.7	21.2	20.5

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica.

<sup>a</sup> Preliminary figures to September.

<sup>b</sup> Including suppliers' credit.

<sup>c</sup> Disbursed medium- and long-term

external debt.

Table 17  
COSTA RICA: INTEREST OWED AND INTEREST ACTUALLY PAID  
ON THE EXTERNAL DEBT

	1985		1986		1987		1988	
	Owed <sup>3</sup>	Paid <sup>b</sup>	Owed <sup>3</sup>	Paid <sup>b</sup>	Owed <sup>3</sup>	Paid <sup>b</sup>	Owed <sup>3</sup>	Paid <sup>b</sup>
<b>Percentages</b>								
<b>Total</b>	100.0	<b>100.0<sup>e</sup></b>	<b>100.0</b>	<b>71.5<sup>c</sup></b>	100.0	<b>36 2<sup>c</sup></b>	<b>100.0</b>	<b>63.6<sup>e</sup></b>
By sources:								
Commercial banks	46.8	100.0	47.0	66.6	46.1	26.6	45.8	35.4
Bilateral sources	16.8	60.4	19.6	41.7	18.6	42.1	18.0	48.0
Multilateral sources	23.6	100.1	26.7	101.0	28.9	92.2	29.7	118.8
Other <sup>d</sup>	12.7	152.3	6.8	75.0	6.3	167.2	6.6	53.3

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica.

<sup>a</sup> The figures for the total owed (contractual commitments) were taken from ECLAC, *La actual dinámica socioeconómica costarricense y las opciones de desarrollo social en el ocaso del siglo XX* (LC/R.723), 16 December 1988. <sup>b</sup> Corresponds to the percentage of the total owed and actually paid to each creditor. <sup>c</sup> As a proportion of the total owed, by

sources. <sup>d</sup> Net (estimated as the difference).

Table 18  
COSTA RICA: DOMESTIC PRICES

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Variation from December to December							
Consumer price index	81.7	10.7	17.3	11.1	15.4	16.4	25.3
Food	101.1	8.2	15.7	5.0	17.7	12.1	31.9
Wholesale price index <sup>c</sup>	79.1	5.9	12.2	7.6	11.9	10.9	19.7
Imported products	66.9	3.0	10.9	4.7	10.5	8.4	17.2
Domestic products	89.4	8.3	13.2	9.7	12.8	12.5	21.2
Variation between annual averages							
Consumer price index	90.1	32.6	12.0	15.0	11.8	16.8	20.8
Food	113.6	32.2	8.8	12.3	11.9	14.7	20.2
Wholesale price index <sup>c</sup>	108.3	26.2	7.7	10.4	9.0	10.6	17.9
Imported products	109.2	18.0	6.1	8.0	7.3	8.2	15.4
Domestic products	107.5	32.7	8.8	12.1	10.1	12.2	19.4

Source: ECLAC, on the basis of figures provided by the Statistics and Census Bureau and the Central Bank of Costa Rica.  
<sup>a</sup> Preliminary figures. <sup>b</sup> Corresponds to middle- and low-income sectors in the San José metropolitan area; the base year is 1975. <sup>c</sup> Base year 1978 = 100. The indexes for imported and domestic products are Central Bank estimates.

Table 19  
COSTA RICA: WAGES AND SALARIES

	Indexes (1975 = 100)				Growth rates			
	1985	1986	1987	1988	1985	1986	1987	1988 <sup>a</sup>
Nominal average wages and salaries	855.8	1015	1 071.7	1 270.0	25.5	18.6	5.6	18.5
Public sector	778.5	927.7	896.4	1 085.5	29.7	19.2	-3.4	21.1
Central government	694.2	837.7	939.3	1 132.8	18.0	20.7	12.1	20.6
Autonomous institutions	836.2	986.6	872.8	1 060.5	37.6	18.0	-11.5	21.5
Private sector	910.0	1 070.5	1 159.6	1 345.1	23.9	17.6	8.3	16.0
Real wages and salaries	130.4	138.3	125.0	122.6	9.1	6.1	-9.7	-1.9
Public sector	118.7	126.4	104.5	104.8	12.7	6.5	-17.3	0.2
Central government	105.8	114.2	109.6	109.3	2.6	7.9	-4.0	-0.2
Autonomous institutions	127.5	134.5	101.8	102.4	19.6	5.5	-24.3	0.6
Private sector	138.7	145.9	135.2	129.8	7.7	5.2	-7.3	-4.0
Minimum wage								
Nominal								
Upper level	596.9	633.6	678.3	773.3	10.3	6.1	7.1	14.0
Lower level	1 058.9	1 248.4	1 448.2	1 700.2	23.6	18.2	16.0	17.4
Real <sup>b</sup>								
Upper level	91.0	86.3	79.1	74.6	-4.1	-5.2	-8.4	-5.6
Lower level	161.4	170.1	168.9	164.1	7.4	5.8	-0.7	-2.8

Source: ECLAC, on the basis of figures supplied by the Ministry of Labour and Social Security.

<sup>a</sup> Preliminary figures based on data from the Costa Rican Social Insurance Fund for the period January-October compared with the same period of the preceding year.

<sup>b</sup> Deflated by the consumer price index for middle- and lower-income consumers in the metropolitan area of San José.

Table 20  
COSTA RICA: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of colones				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
1. Current income	32 005	38 029	44 642	53 750	18.5	18.8	17.4	20.4
Tax revenue	29 666	33 638	41 140	50 424	20.3	13.4	22.3	22.6
Direct	5 629	6 471	7 090	8 816	6.7	15.0	9.6	24.3
Indirect	24 038	27 167	34 050	41 608	20.3	13.0	25.3	22.2
On foreign trade	10 750	12 674	14 485	15 368	29.0	17.9	14.3	6.1
Non-tax revenue	2 339	4 391	3 503	3 326	-0.6	87.7	-20.2	-5.0
2. Current expenditure	30 144	36 858	43 629	53 400	13.4	22.3	18.4	22.4
Wages and salaries	10 981	13 651	15 611	18 765	11.8	24.3	14.4	20.2
Other current expenditure	19 163	23 206	28 018	34 635	14.3	21.1	20.7	23.6
3. Current saving (1-3)	1 862	1 172	1 013	350				
4. Capital expenditure	5 802	9 417	6 727	7 755	7.6	62.3	-28.6	15.3
Real investment	3 390	2 834	2 395	2 350	-7.4	-16.4	-15.5	-1.9
Other capital expenditure	2 412	6 584	4 332	5 405	39.4	173.0	-34.2	24.8
5. Total expenditure (2 + 4)	35 946	46 275	50 356	61 155	12.4	28.7	8.8	21.4
6. Fiscal deficit (or surplus) (1-5)	-3 940	-8 246	-5 713	-7 405	-20.7	109.3	-30.7	29.6
7. Financing of the deficit	3 940	8 246	5 713	7 405				
Net domestic financing	-904	4 902	4 040	6 655	162	-583.1	-18.1	64.7
Loans received								
Central Bank	-460	-	-	4 195				
(-) Amortization payments	-6	-4 000	-	-5 230				
Sales of bonds								
Net sales of securities	3 791	8 550	628	5 230	432.4	125.6	-92.7	732.9
Other sources (net)	-4 229	352	3 412	2 460				
External financing	4 844	3 343	1 674	750	126.4	-31.0	-49.9	-55.2
Loans received	6 568	5 312	3 450	2 750	62.7	-19.1	-35.1	-20.3
(-) Amortization payments	-1 724	-1 969	-1 777	-2 000	-9.1	14.2	-9.8	12.6
Sales of bonds	-	-	-	-	-	-	-	-
Ratios (percentages)								
Current saving/capital expenditure	32.1	12.4	15.1	4.5				
Fiscal deficit/current expenditure	13.1	22.4	13.1	13.9				
Fiscal deficit/total expenditure	11.0	17.8	11.3	12.1				
Tax revenue/GDP	16.8	13.7	14.4	14.1				
Total expenditure/GDP	20.3	18.8	17.7	17.2				
Fiscal deficit/GDP	2.2	3.4	2.0	2.1				
Domestic financing/deficit	-25.9	59.8	70.7	89.9				
External financing/deficit	122.9	40.5	29.3	10.1				

Source: ECLAC, on the basis of figures supplied by the Ministry of Finance of Costa Rica.

Preliminary figures (estimate at 15 December 1988).

Includes net loans granted by the central government.

Table 21

COSTA RICA: INCOME AND EXPENDITURE OF THE CONSOLIDATED  
NON-FINANCIAL PUBLIC SECTOR

	Millions of colones				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Total income	48 397	61 783	74 136	90 835	16.9	27.7	20.0	22.5
Current	48 477	61 655	73 911	90 638	18.2	27.2	19.9	22.6
Capital	-80	128	225	196	-121.1	-259.5	75.5	-12.7
Total expenditure	51 678	65 849	74 717	89 629	18.3	27.4	13.5	20.0
Current	41 132	50 799	60 667	73 494	20.3	23.5	19.4	21.1
Consumption	29 386	35 168	40 033	49 731	17.6	19.7	13.8	24.2
Wages and salaries	17 339	21 671	24 815	30 999	14.5	25.0	14.5	24.9
Purchase of goods and services	5 429	6 582	8 164	9 976	20.0	21.2	24.0	22.2
Other <sup>c</sup>	6 618	6 916	7 054	8 756	24.4	4.5	2.0	24.1
Transfers to private sector	7 010	9 620	12 864	14 034	41.4	37.2	33.7	9.1
Interest	4 737	6 011	7 770	9 729	11.2	26.9	29.3	25.2
Capital	10 546	15 050	14 050	16 135	11.1	42.7	-6.6	14.8
Real investment	8 183	9 483	9 348	8 959	8.2	15.9	-1.4	-4.2
Financial investment	535	1 126	343	623	35.3	110.6	-69.6	81.9
Transfers	1 829	4 440	4 359	6 552	19.0	142.8	-1.8	50.3
Deficit (or surplus)								
In current money	-3 402	-4 311	-838	136				
As a percentage of GDP	1.9	1.8	0.3	-				
Financing of the deficit	3 402	4 311	-838	136				
Net domestic financing	-2 764	-2 166	-2 796	-3 484				
Net credit	1 209	2 907	-2 659	1 562				
Other sources (net)	151	3 804	6 750	-3 991				
Sale of bonds	-4 124	-8 877	-6 887	-1 055				
Purchase	9 142	13 266	22 136	29 023				
Sales	13 266	22 143	29 023	30 078				
External financing	6 295	5 260	1 868	3 347				
Credit received	9 462	8 701	5 222	9 278				
(-) Amortization payments	3 167	3 440	3 354	5 931				
Sale of bonds		-						
Remainder <sup>d</sup>	-129	1 217	-1 766	273				

Source: ECLAC, on the basis of figures provided by the Ministry of Finance of Costa Rica.

<sup>a</sup> Preliminary figures (estimate at 17 November 1989). Excludes net loans granted. <sup>c</sup> Includes transfers to public sector and external expenditure. These figures reflect the net loans granted by the non-financial public sector.

Table 22  
COSTA RICA: MONETARY BALANCE AND INDICATORS

	Balance at end of year (millions of colones)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Money (Mi)	32123	<b>41943</b>	<b>43 863</b>	<b>53 672</b>	13.0	30.6	<b>4.6</b>	<b>22.4</b>
Currency outside banks	9 938	13 242	14 777	18 049	15.7	33.2	11.6	22.1
Demand deposits	22185	28 701	29 086	35 623	11.9	29.4	1.3	22.5
Factors of expansion	88 693	<b>111633</b>	131103	<b>166 805</b>	18.0	25.9	<b>17.4</b>	27.2
Net international reserves	16 694	21789	25 831	47 376	100.3	30.5	18.6	83.4
Domestic credit	71999	89 844	105 272	119 429	7.7	24.8	17.2	13.4
To the public sector	34 347	45 668	50 807	57 326	-0.2	33.0	11.3	12.8
Central government (net)	8960	14 001	19 317	21306	-10.1	56.3	38.0	10.3
Public institutions	25 387	31667	31490	36 020	3.9	24.7	-0.6	14.4
To the private sector	37 652	44176	54 465	62103	16.0	17.3	23.3	14.0
Factors of <b>absorption</b>	56 570	69 <b>286</b>	87 <b>238</b>	113 <b>133</b>	21.0	22.5	25.9	29.7
Quasi-money (savings and time deposits)	55 709	63164	82 237	119 211	20.4	13.4	30.2	45.0
Deposits in national currency	23 475	31055	38 440	46156	24.1	32.3	23.8	20.1
Time deposits	20 396	22 988	28127	32 537	27.2	12.7	22.4	15.7
Savings deposits	3 079	4172	4 542	6 083	7.0	35.5	8.9	33.9
Other <sup>c</sup>		3 895	5 770	7 536			48.1	30.6
Deposits in US dollars	14 864	17 839	26 062	38 359	41.1	20.0	46.1	47.2
Demand deposits	2 451	2 085	2 611	3 335	19.9	-14.9	25.2	27.7
Time deposits	10 866	12 229	18113	27 572	46.3	12.5	48.1	52.2
Savings deposits	1278	1842	2 721	3 783	31.6	44.1	47.7	39.1
Other <sup>c</sup>	269	1682	2 618	3 670	188.4	525.8	55.6	40.2
Stabilization bonds	5 591	6228	11443	23 377	14.2	11.4	83.7	104.3
Other commitments	11779	8 043	6 292	11319	-1.3	-31.7	-21.8	79.9
Long-term external loans	111 778	129 285	146 472	165 102	25.4	15.7	13.3	12.7
Other items (net)	-110 917	-123 163	-141 471	-171 180	25.1	11.0	14.9	21.0
<b>Coefficients <sup>e</sup></b>								
Monetary multipliers <sup>e</sup>								
Mi/monetary base	1.70	1.51	1.57	1.47				
M2/monetary base	4.89	3.99	4.43	4.93				
M1/GDP	0.16	0.15	0.14	0.12				

Source: ECLAC, on the basis of figures supplied by the Central Bank of Costa Rica.

<sup>a</sup> Preliminary figures. <sup>b</sup> Including bonds. <sup>c</sup> Includes expired time deposits and "other accounts receivable". <sup>d</sup> Includes adjustments for variations in the rate of exchange. <sup>e</sup> Calculated on the basis of annual averages (of end-of-month balances) of the monetary base, of money (Mi), and of money plus quasi-money (M<sub>2</sub>). The definition of monetary based used here is that of money issue plus commercial-bank demand deposits in the Central Bank of Costa Rica.

Table 23

COSTA RICA: SHORT-TERM BANK INTEREST RATES<sup>a</sup>

	1984	1985	1986	1987	1988
<b>Nominal</b>					
Deposits					
State banks <sup>c</sup>	20.00	20.00	16.00	22.50	22.50
Private banks		23.00	22.00/ 26.00	25.00/ 27.60	26.00/ 29.80
Private financial institutions		23.00	23.00/ 24.50	23.00/ 27.80	27.00/ 30.40
Loans					
Agriculture <sup>d</sup>	12.00	21.50	20.50	24.50	26.00
Commerce, personal credit and services <sup>e</sup>	26.00	28.00	30.00	31.50	31.50
<b>Real<sup>1</sup></b>					
Deposits					
State sector	7.14	4.35	3.76	4.88	1.41
Private banks	-	6.96	10.91	8.13	5.88
Loans					
Agriculture	-	5.7	7.8	6.6	4.3
Commerce, personal credit and services	12.5	11.3	16.3	12.6	8.9
Readjustable operations					
Deposits in dollars	-	9.00	7.25	8.75	10.37

Source: ECLAC, on the basis of figures supplied by the Monetary Department of the Central Bank of Costa Rica.

<sup>a</sup> At 31 December of each year.   <sup>b</sup> For six months.   <sup>c</sup> Fixed by the Central Bank for deposits in national currency.  
<sup>d</sup> Lowest rates available for production operations.   <sup>e</sup> Highest rates on the market.   Deflated by the rate of  
increase in the CPI (annual average).





## CUBA

After the severe recession of the previous year, the Cuban economy rallied by 2% in 1988, but the levels of the social and per capita product continued to be lower than those of the 1985-1986 period. The shortage of freely convertible foreign currency became still more severe, mainly as a result of the contraction in the flow of credits, and this made it necessary to enter into arrears in external debt servicing. This situation was compounded by the growing problems arising in the trade with socialist countries, largely because of the economic restructuring undertaken in some of the latter. Furthermore, the deficit in the State finances nearly doubled.

The international prices of sugar and other goods sold by Cuba in market economy countries registered sharp increases, but the effect of these was offset by a steep drop in petroleum reexports, which explains why the value of exports in freely convertible currency recovered by only 2%. The incipient changes in the trade relations with the socialist countries caused delays in the supply of some goods and interfered with the renewal of bilateral and multilateral co-operation agreements within the framework of the Council for Mutual Economic Assistance (CMEA).

Despite the rise in international prices, sugar sales to the socialist countries yielded returns that were less than expected, since Cuba's shipments were behind schedule and it had to honour previous purchases made by the Soviet Union in freely convertible currency.

The obstacles in acquiring foreign materials and inputs hindered the normal development of productive activity, and this was reflected, *inter alia*, in the paralyzation of part of the industrial equipment and machinery as a result

of the shortage of spare parts and production materials. The import substitution and export promotion policies came up against the limitations caused by an infrastructure that was still very dependent on technology and supplies from the market economies and by the difficulties inherent in the modifications made in the chain of productive co-operation with the CMEA countries. Cuba's response capacity continued to be feeble, even in the case of activities in which the island has evident natural advantages, such as tourism.

The deficit on the trade balance dropped by nearly 7%. The imbalance on trade with the Soviet Union went up once again, however, in contrast with what happened with the other socialist countries and the market-economy nations. The balance on trade in goods paid for in freely convertible currency was favourable for the first time in three years. The deficit on current account in those currencies fell to less than half, owing to a steep expansion in exports and a decrease in the outlay on services, since the payment of part of the interest due on the external debt was temporarily suspended, thus substantially boosting the debt, despite the smaller inflow of resources. The level of international reserves, for its part, recovered from the decline of the preceding year.

Under these conditions, the reactivation of production was based mainly on the net capital formation effort made after the substantial contraction suffered the year before, and the restoration of the consumption levels of the population despite the balance-of-payments problems and rigidities in domestic food supply. Fixed capital investment was aimed mainly at finishing the construction of

**Cuba reexports to the international market much of the petroleum imported at preferential prices from the Soviet Union under the bilateral agreement governing trade between the two countries. Through this means, the Soviet Government financially assists the Cuban Government and helps it increase its supply of freely convertible foreign exchange.**

agricultural, industrial, social, touristic and highway infrastructure works.

Agriculture as a whole benefited from the prevalence of favourable weather conditions. Raw sugar production was slightly higher than programmed (7.4 million tons) and good yields were obtained in non-sugar crops, favoured also by the expansion in the area of crop-farming land. Construction was the most dynamic activity, while manufacturing recovered from the 3% drop suffered in 1987.

The need to cope with investment requirements in the field of infrastructure and unforeseen defence expenditures (particularly before the negotiations on disarmament and troop withdrawal in Angola) and the decision not to reduce social disbursements, such as those on housing, education and health, which had been programmed to show a certain recovery, caused fiscal expenditure to be much higher than predicted. In order to finance the resulting higher deficit, the authorities resorted to money issue and to use of the funds for the

replenishment of the basic resources of enterprises, which had been kept frozen in the banking system.

Despite the constant updating of production standards and the award of productivity incentives, the inflexibility of the productive apparatus as regards the employment of the available labour force on more efficient tasks persisted.

Wage increases, although generalized, were differentiated in line with the principle that earnings should be in accordance with output and with the goal of improving the prevailing income distribution. This increased the amount of money in the hands of the population, putting some pressure on prices, as reflected in slight rises in some items on the State parallel market. Savings deposits increased once again, but not enough to absorb the excess money supply unmatched by a corresponding supply of goods.

Table 1  
CUBA: MAIN ECONOMIC INDICATORS

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Basic economic indicators</b>									
Global social products (millions of 1981 pesos) <sup>b</sup>	19111	22173	23 029	24 149	25 890	27 070	27 377	26 294	26 889
Population (thousands of inhabitants) <sup>c</sup>	9 724	9 724	9 801	9 897	9 994	10 098	10199	10 301	10 413
Per capita global social products (1981 pesos)	1965	2 280	2 349	<b>2 440</b>	2 591	2 681	2 684	2 553	2 582
<b>Growth rates</b>									
Global social product	-0.5	16.0	3.8	4.9	7.2	4.6	1.1	-4.0	2.3
Per capita global social product	-0.6	16.0	3.0	3.9	6.2	3.5	0.1	-4.9	1.1
Current State income	2.8	15.0	-7.5	21.4	-2.3	3.7	-4.8	-3.6	
Total State expenditure	5.4	20.0	-12.2	12.2	4.7	5.2	-5.3	-0.1	
Budgetary deficit/total State expenditure <sup>d</sup>	2.6	6.7	1.7	<b>-6.4</b>	0.6	2.0	1.6	5.1	
Budgetary deficit/global social product	1.5	3.5	0.7	-3.0	0.3	0.9	0.7	2.4	5.0
Average annual wage	3.1	14.7	3.8	2.2	3.3	1.0	0.1	-2.0	1.5
Current value of exports of goods									
Total	13.4	6.5	16.8	12.2	-1.1	9.4	-11.2	1.5	2.2
Sugar	10.4	14.3	15.4	8.1	1.1	7.7	-8.4	-2.0	2.5
Current value of imports of goods									
Total	25.5	10.5	8.2	12.4	16.2	11.2	-5.5	0.2	-0.4
Petroleum and petroleum products	20.0	27.6	28.3	<b>24.3</b>	19.4	19.7	-4.7	4.2	-1.9
<b>Millions of pesos</b>									
<b>External sector</b>									
Trade balance (goods)	-660	-890	-597	-687	-1752	-2043	-2 275	-2 210	-2 061
Soviet Union	-651	-877	-459	-363	-830	-937	-1402	-1628	-1681
Other socialist countries	-175	-58	-271	-286	-334	-501	-343	-267	-179
Rest of world	166	45	133	-38	-588	-605	-530	-315	-201
Balance on current account <sup>e</sup>	-46	51	297	263	-212	-506	-1961	-877	-380
Balance on capital account <sup>e</sup>	60	-52	-539	-74	106	554	1841	822	428
Variation in international reserves <sup>e</sup>	14	-1	-242	189	-106	48	-120	-55	48
Disbursed external debt <sup>e</sup>	3 227	3 170	2 669	2 790	2 989	3 621	4 985	5 657	6 400

Source: ECLAC, on the basis of data supplied by the State Statistical Committee, the National Bank of Cuba and other international statistics.

<sup>a</sup> Preliminary figures. The global social product is equivalent to the value of gross production. According to official sources "the basic criterion for recognizing gross production and ascribing it to a given sector, branch and sub-branch is the nature of the basic activities carried out by enterprise, establishment or department with an independent balance in which the economic activity is carried out" (see State Statistical Committee, *Bases metodológicas del sistema de balances de la economía nacional*, Havana, November 1981, p. 9). Consequently, the information contained in this table does not relate solely to sectors and branches of origin, the classification adopted records not only the main production of the entrepreneurial units but also the secondary production carried out in those units, whether or not it corresponds, by origin, to the same branch of activity. If a system of classification based strictly on sectors of origin were adopted (in accordance with the criterion adopted by the United Nations in the *isic*), the conclusions at sectoral and branch levels would be different. Thus the data on the agricultural sector include secondary production of industry and construction not computed in these sectors. Nevertheless, these differences are cancelled out in the total material product. <sup>c</sup> Annual average, taking into account migratory movements. Percentages. <sup>e</sup> In freely convertible currency. Excludes much of the trade with member countries of the Council for Mutual Economic Assistance (CMEA).

**Table 2**  
**CUBA: INDICATORS OF PER CAPITA CONSUMPTION**

	1984	1985	1986	1987	1988 <sup>a</sup>	Growth rates				
						1984	1985	1986	1987	1988 <sup>a</sup>
<b>Foodstuffs<sup>b</sup></b>										
Calories (units per day)	2 955	2 929	2 948	2808	2864	1.5	-0.9	0.6	-4.7	2.0
Proteins (grammes per day)	78.9	79.0	79.7	77.6	77.9	1.9	0.1	0.9	-2.6	0.4
Meat	41.7	43.1	43.0	41.7	41.1	2.2	3.4	-0.2	-3.0	-1.4
Fish <sup>c</sup>	18.0	19.5	19.9	19.5	19.2	-3.2	8.3	2.1	-2.0	-1.5
Milk and milk products	153.3	151.3	151.1	145.9	147.0	1.7	-1.3	-0.1	-3.4	0.8
Eggs (units)	250	242	244	239	241	1.6	-3.2	0.8	-2.0	0.8
Cereals	112.0	109.9	1123	111.0	109.2	3.0	-1.9	2.2	-1.2	-1.6
Fats	17.4	17.8	17.6	17.5	17.7	-	2.3	-1.1	-0.6	1.1
Vegetables	55.4	57.5	57.3	57.1	60.2	4.5	3.8	-0.3	-0.3	5.4
Roots and tubers	79.6	77.0	79.5	72.6	69.1	4.2	-3.3	3.2	-8.7	-4.8
Fruits	56.9	62.7	59.5	65.2	67.7	-9.3	10.2	-5.1	9.6	3.8
Beans	11.9	12.0	11.8	11.0	12.3	3.5	0.8	-1.7	-6.8	11.8
Sugar	54.8	53.1	52.8	51.6	50.1	0.7	-3.1	-0.6	-2.3	-2.9
<b>Industrial products</b>										
Textiles ( <i>n?</i> ) <sup>d</sup>		3.7	4.6	4.6				24.3	-	
Outer clothing (units)	4.8	4.2	4.5	5.0		2.1	-12.5	7.1	11.1	
Underclothing (units)	6.8	6.2	7.5	6.6		3.0	-8.8	21.0	-12.0	
Footwear (pairs)	2.6	2.6	2.3	2.7		-10.3	-	-11.5	17.4	
<b>Durable goods<sup>e</sup></b>										
Television sets	76	76	79	79	73	2.7	-	3.9	-	-7.6
Refrigerators	40	46	49	53	55	11.1	15.0	6.5	8.2	3.8
Washing machines	47	50	54	56	59	11.9	6.4	8.0	3.7	5.4
Radios	126	136	134	134	139	0.8	7.9	-1.5	-	3.7

**Source:** ECLAC, on the basis of figures supplied by the State Statistical Committee.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Kilogrammes.

<sup>c</sup> In terms of whole fish.

<sup>d</sup> Excludes consumption of textiles in

the production of industrial articles.

<sup>e</sup> Number of units per 100 homes.

<sup>f</sup> Records only black and white

television sets.

Table 3  
**CUBA: USE OF GLOBAL SOCIAL PRODUCT, AT 1981 PRICES**

	Millions of 1981 pesos			Percentage breakdown		Growth rates				
	1986	1987	1988 <sup>a</sup>	1981	1988 <sup>a</sup>	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Global social product</b>	<b>27 377</b>	<b>26 294</b>	<b>26 889</b>	<b>100.0</b>	<b>100.0</b>	<b>12</b>	4.6	<b>1.1</b>	-4.0	<b>23</b>
Intermediate consumption	13 446	13 176	13 420	48.1	49.9	6.9	5.1	5.0	-2.0	1.9
Final consumption	10 952	10 684	10 875	42.5	40.4	4.9	2.4	2.4	-2.4	1.8
Consumption by the population	9 747	9 582	9 758	38.8	36.3	4.2	2.1	2.4	-1.7	1.8
Personal consumption	8 334	8 280	8 406	33.4	31.3	3.6	2.3	2.3	-0.6	1.5
Consumption by organizations serving the population	1 413	1 302	1 352	5.4	5.0	7.5	1.1	2.8	-7.9	3.8
Consumption by organizations meeting collective needs	1 206	1 102	1 118	3.7	4.2	11.6	5.0	2.9	-8.6	1.4
Net capital formation	2 592	1 841	2 066	13.3	7.7	24.3	7.5	-30.2	-29.0	12.2
Fixed capital	2 771	2 028	2 154	10.1	8.0	29.1	7.0	-10.6	-26.8	6.2
Stocks	-179	-187	-88	3.2	-0.3					
Losses	70	209 <sup>b</sup>	223 <sup>o</sup>	0.2	0.9 <sup>b</sup>	7.8	97.1	-14.2		
Exports minus imports <sup>c</sup>	383	384	305	-3.6	1.1					
Statistical discrepancies	-66			-0.5						

Source: ECIAC, on the basis of figures supplied by the State Statistical Committee.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Includes statistical discrepancies.

<sup>c</sup> Of productive goods and services.

Table 4  
CUBA: GLOBAL SOCIAL PRODUCT, BY ECONOMIC SECTORS\*

	Millions of pesos at 1981 prices				Percentage breakdown			Growth rates				
	1985	1986	1987	1988 <sup>b</sup>	1970 <sup>c</sup>	1980	1988 <sup>b</sup>	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Global social product</b>	<b>27 070</b>	<b>27 377</b>	<b>26 294</b>	<b>26 889</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>12</b>	<b>4.6</b>	<b>1.1</b>	<b>-4.0</b>	<b>13</b>
<b>Material product</b>	<b>18174</b>	<b>18 449</b>	<b>17 850</b>	<b>18 457</b>	<b>67.8</b>	<b>66.6</b>	<b>68.6</b>	<b>9.0</b>	<b>5.3</b>	<b>1.5</b>	<b>-3.2</b>	<b>3.4</b>
Agriculture, forestry and fishing	3 970	4 090	4 059	4 173	14.7	17.7	15.5	6.4	1.3	3.0	-0.8	2.8
Agriculture	3 538	3 635	3 616	3 748	13.9	16.2	13.9	5.8	0.9	2.7	-0.5	3.7
Sugar cane agriculture	1 001	1 016	1 054	1 096	6.7	5.1	4.1	3.4	-0.2	1.5	3.7	4.0
Non-sugar cane agriculture	933	992	943	1 016	3.1	3.9	3.8	6.0	3.2	6.4	-5.0	7.7
Stock-raising	1 568	1 588	1 583	1 597	4.1	7.1	5.9	7.1	0.3	1.3	-0.3	0.9
Agricultural services	37	39	37	40	-	0.1	0.1	11.1	-0.8	5.2	-3.9	8.1
Forestry	121	125	124	126	0.2	0.4	0.5	10.5	2.9	2.8	-0.8	2.2
Fishing	311	331	319	299	0.6	1.1	1.1	12.2	6.2	6.5	-3.5	-6.5
Industry	11 862	11 996	11 625	11 965	47.9	41.1	44.5	8.6	7.5	1.1	-3.1	2.9
Electrical energy	536	579	616	648	1.5	2.0	2.4	6.6	0.2	7.9	6.4	5.3
Mining and metallurgy	292	329	328	338	0.8	1.2	1.3	-2.5	10.0	12.5	-0.2	3.0
Manufacturing	11 034	11 089	10 681	10 979	45.5	37.9	40.8	9.0	7.8	0.5	-3.7	2.8
Construction	2 342	2 363	2 166	2 319	5.2	7.8	8.6	16.0	1.5	0.9	-8.3	7.1
<b>Non-material product</b>	<b>8 896</b>	<b>8 928</b>	<b>8 444</b>	<b>8 432</b>	<b>32.2</b>	<b>33.4</b>	<b>31.4</b>	<b>3.8</b>	<b>3.1</b>	<b>0.4</b>	<b>-5.4</b>	<b>-0.1</b>
Transport	1 874	1 845	1 797	1 871	9.4	7.2	7.0	7.5	1.1	-1.5	-2.6	4.2
Communications	239	257	266	276	0.8	0.8	1.0	10.0	5.4	7.6	3.6	3.5
Commerce	6 594	6 619	6 167	6 074	22.0	25.0	22.6	2.4	3.3	0.4	-6.8	-1.5
Other productive activities <sup>e</sup>	189	206	213	211	-	0.4	0.8	13.9	17.3	9.5	3.3	-1.2

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

<sup>a</sup> The global social product is equivalent to the value of gross production. According to official sources, "the basic criterion for recognizing gross production and ascribing it to a given sector, branch and sub-branch is the nature of the basic activities carried out by the enterprise, establishment or department with an independent balance in which the economic activity is carried out" (see State Statistical Committee, *Bases metodológicas del sistema de balances de la economía nacional*, Havana, November 1981, p. 9.) Consequently, the information contained in this table does not relate solely to sectors and branches of origin; the classification adopted records not only the main production of the entrepreneurial units but also the secondary production carried out in those units, whether or not it corresponds, by origin, to the same branch of activity. If a system of classification based strictly on sectors of origin were adopted (in accordance with the criterion adopted by the United Nations in the Isic), the conclusions at sectoral and branch levels would be different. Thus the data on the agricultural sector include secondary production of industry and construction not computed in these sectors. Nevertheless, these differences are cancelled out in the total material product. <sup>b</sup> Preliminary figures. <sup>c</sup> At 1965 prices. <sup>d</sup> Includes public food supply, external trade, technical and material supplies, collection and storage of agricultural products, collection of scrap iron and useful raw materials, as well as domestic wholesale and retail trade. <sup>e</sup> Includes work on technical projects, mechanical and automatic data processing and other productive activities.

Table 5  
CUBA: BASIC INDICATORS OF THE SUGAR INDUSTRY

	Production (thousands of tons) <sup>8</sup>		Industrial yield (base 96°) (percent- ages)	Days		Sugar cane milled per day (thousands of tons)	
	Sugar cane milled	Raw sugar (base 96°)		Nominal harvest	Actual	Nominal harvest <sup>a</sup>	Actual
1960	47 492	5 943	12.51	103	88	466	542
1965	56 687	6 156	10.86	130	105	388	482
1970	79 678	8 538	10.71	217	143	367	558
1975	50 770	6 314	12.44	123	99	414	514
1976	51 999	6 156	11.84	130	99	399	527
1977	56 149	6 485	11.55	142	104	396	543
1978	67 043	7 351	10.96	168	119	400	563
1979	73 050	7 992	10.94	182	128	402	571
1980	61 600	6 665	10.82	149	109	413	566
1981	66 408	7 359	11.08	136	114	489	580
1982	73 500	8 210	11.17	152	124	485	594
1983	68 687	7 109	10.35	160	113	430	609
1984	78 358	8 207	10.47	166	126	471	620
1985	66 756	8 004	11.99	135	103	495	646
1986	68 300	7 255	10.62	137	104	498	657
1987	66 892	7 117	10.64	141	99	473	674
1988 <sup>b</sup>	68 369	7 415	10.85	128	100	535	681

Source: 1960-1970, Central Planning Board, Statistical Bureau, *Boletín Estadístico*, 1970; 1975-1984, *Anuario Estadístico de Cuba*, 1984; 1985 onward, data provided by the State Statistical Committee.

<sup>a</sup> Harvest year (end of November of one year to beginning of May of the following year).

Preliminary figures.

Table 6

## CUBA: INDICATORS OF AGRICULTURAL PRODUCTION

	1980	1984	1985	1986	1987	1988 <sup>a</sup>	Growth rates					
							1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Crop production</b>												
Grains												
Rice	478	555	524	571	466	488	-0.4	7.2	-5.5	8.8	-18.3	4.7
Maize	24	29	32	35	42	40	38.4	-3.0	11.7	6.5	22.3	-4.5
Beans	9	12	11	13	13	15	4.1	-7.9	-6.0	20.0	-5.3	22.4
Vegetables												
Tomatoes	207	228	271	254	211	331	-32.3	49.0	18.6	-6.4	-17.0	57.1
Onions	10	14	32	18	22	28	-33.1	39.6	124.8	-42.6	22.5	23.8
Peppers	45	27	35	32	51	54	-33.6	17.5	31.2	-9.6	58.9	6.1
Roots and tubers												
Potatoes	239	259	307	317	250	277	-20.0	25.5	18.5	3.0	-21.1	10.8
Boniato	228	162	178	150	188	164	13.3	-19.3	9.7	-15.8	25.5	-12.8
Malanga	161	53	47	65	42	42	-0.9	16.4	-11.2	39.0	-35.6	0.7
Fruits												
Citrus fruit	444	599	745	780	886	976	19.2	-5.2	24.3	4.7	13.6	10.3
Oranges	298	371	406	441	4%	503	17.9	-7.2	9.5	8.4	12.5	1.5
Lemons	25	48	60	59	75	57	-26.4	60.1	25.3	-2.3	26.2	-23.9
Grapefruit	84	155	241	250	285	385	29.2	-6.4	56.0	3.6	14.0	35.1
Bananas	233	392	345	324	284	343	15.4	25.2	-12.2	-5.9	-12.2	20.6
Mangoes	59	38	86	60	81	108	-25.2	-3.8	128.7	-30.0	34.6	33.7
Guavas	46	50	59	47	38	52	18.0	-0.2	16.7	-19.9	-19.1	37.6
Tobacco	8	45	45	46	39	40	-32.7	47.7		2.2	-14.9	3.9
Coffee	19	22	24	25	26	29	-35.9	20.1	7.7	2.9	6.9	9.9
Cocoa	1	2	2	2	2	2	5.9	5.6	-	10.5	4.8	4.5
Fibre crops												
Kenaf	10	20	19	13	12	3	25.9	-0.5	-3.0	-31.3	-9.8	-74.8
Henequén	206	226	240	247	254	237	9.2	-0.7	5.9	3.1	2.8	-6.6
Cultivated pasture and fodder												
	43	34	32	38	39	39	-5.3	-10.8	-6.8	19.4	2.9	1.3
<b>Livestock<sup>c</sup></b>												
Stocks												
Beef cattle	5 057	5 115	5 020	5 007	4 984	4 927	-0.2	0.3	-1.9	-0.2	-0.5	-1.1
Dairy												
cows	398	408	406	392	384	367	-1.3	-0.9	-0.4	-3.6	-1.8	-4.5
Swine	765	1009	1038	1101	1093	1169	6.7	10.8	2.8	6.1	-0.7	6.9
Poultry <sup>f</sup>	25	27	26	26	26	27	11.3	3.9	-3.0	-0.8	1.1	5.2
Animals slaughtered <sup>g</sup>												
Cattle	293	302	299	302	290	291	0.9	-0.3	-1.0	1.1	-4.0	0.4
Swine	58	86	95	100	106	105	7.2	13.1	10.7	5.7	5.8	-1.3
Poultry	91	107	113	113	109	115	18.4	18.7	5.9	0.3	-3.4	4.7
Other production												
Milk	889	945	929	926	940	918	2.1	-0.3	-1.7	-0.3	1.5	-2.3
Eggs <sup>h</sup>	2327	2 557	2 524	2 519	2 496	2 483	11.0	2.6	-1.3	-0.2	-0.9	-0.5
Honey <sup>ie</sup>	7	9	10	9	8	10	2.0	-16.7	14.1	-10.3	-11.5	26.0

Source: ECIAC, on the basis of figures supplied by the State Statistical Committee.

<sup>1</sup> Preliminary figures. <sup>b</sup> Thousands of tons, with the exception of henequén (expressed in millions of bunches) and cultivated pasture and fodder (millions of tons). <sup>c</sup> In State farms. <sup>d</sup> Thousands of head. <sup>e</sup> Including the non-State sector. <sup>f</sup> Millions of head, final stock. <sup>g</sup> Thousands of tons of live weight. <sup>h</sup> Millions of units. <sup>i</sup> Tons.



Table 7

## CUBA: PRINCIPAL PETROLEUM, MINING AND METALLURGICAL PRODUCTION

	Thousands of tons					Exchange rates						
	1980	1985	1986	1987	1988 <sup>a</sup>	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Petroleum and petroleum products</b>												
Crude petroleum extraction	274	868	938	895	717	13.7	37.0	3.8	12.7	8.1	-4.6	-19.9
Crude petroleum refining	6 333	6 587	6 577	6 827	7 643	1.6	0.1	0.5	-0.4	-0.2	3.8	11.9
Fuel oil	3 026	3 318	3 314	3 379	3 912	2.2	6.8	-2.2	-0.7	-0.1	2.0	15.8
Diesel fuel	1099	979	992	1085	1221	-0.1	-5.2	-3.8	-4.0	1.3	9.4	12.5
Natural gas <sup>b</sup>	17	7	6	24	22	-19.5	-22.4	-62.5	133.3	-17.4	319.3	-8.4
Gasoline	807	953	979	960	1012	-14.4	5.1	10.6	-3.2	2.7	-1.9	5.4
<b>Ferrous mining and metallurgy</b>												
Refractory chromite	29	38	50	52	52	33.2	23.1	12.8	-	32.6	4.8	-0.4
Ordinary steel	292	401	412	402	321	-8.6	20.8	-10.7	23.4	2.5	-2.4	-20.2
Textured steel bars	258	300	312	313	360	-26.0	18.4	12.2	12.0	3.9	0.3	15.0
<b>Non-ferrous mining and metallurgy</b>												
Nickel plus cobalt (metal content)	38	34	35	36	44	-6.6	4.4	-15.6	-	4.5	2.3	22.0
Copper concentrate <sup>c</sup> (metal content)	3 361	3 076	3 257	3 461	2 951	-9.0	0.8	1.2	13.9	5.9	6.3	-14.7

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

<sup>a</sup> Preliminary figures.

Millions of cubic metres.

<sup>c</sup> Tons.

Table 8

CUBA: INDICATORS OF MANUFACTURING PRODUCTION<sup>1</sup>

	Index of material product (1975 = 100)					Growth rates						
	1980	1985	1986	1987	1988 <sup>a</sup>	1982	1983	1984	1985	1986	1987	1988 <sup>b</sup>
<b>Total<sup>c</sup></b>	<b>110</b>	<b>J 168.6</b>	<b>169.5</b>	<b>163</b>	<b>J 167.8</b>	<b>4.4</b>	<b>4.5</b>	<b>92</b>	<b>7.8</b>	<b>0.5</b>	<b>-3.7</b>	<b>2.8</b>
<b>Non-durable consumer goods industry</b>	<b>104</b>	<b>J 161.2</b>	<b>159.7</b>	<b>153</b>	<b>J 159.0</b>	<b>6.6</b>	<b>2.1</b>	<b>8</b>	<b>J 7.8</b>	<b>-0.9</b>	<b>-4.0</b>	<b>3.8</b>
Foodstuffs (excluding sugar)	115.5	156.8	159.0	156.5	158.7	2.4	7.6	5.1	5.7	1.4	-1.6	1.4
Sugar and sugar products	112.6	137.4	130.6	123.2	132.3	2.3	-3.7	5.8	1.5	-5.0	-5.7	7.4
Beverages and tobacco	84.0	182.0	178.5	165.9	174.3	15.8	0.5	13.8	13.4	-1.9	-7.1	5.1
Ready-made clothing	115.9	172.4	188.1	199.1	196.4	-4.1	15.8	1.5	8.0	9.1	5.8	-1.4
Printed matter	128.8	182.4	197.8	220.9	212.9	-11.3	-12.9	14.6	12.4	8.5	11.7	-3.6
<b>Intermediate goods industry<sup>c</sup></b>	<b>107.1</b>	<b>131.4</b>	<b>133.9</b>	<b>136.2</b>	<b>139.8</b>	<b>-5.0</b>	<b>3.5</b>	<b>6.0</b>	<b>7.5</b>	<b>1.9</b>	<b>1.7</b>	<b>2.6</b>
Textiles	115.0	175.8	192.9	213.9	222.3	-	5.6	2.8	25.4	9.7	10.9	3.9
Chemicals	109.8	141.2	142.7	137.8	128.3	-13.8	9.1	11.1	9.7	1.0	-3.4	-6.9
Fuels	97.8	107.3	106.7	107.4	123.0	3.5	1.0	0.7	0.4	-0.6	0.7	14.5
Construction materials	115.5	137.2	140.6	150.0	153.2	-4.2	-2.5	6.7	5.6	2.5	6.7	2.1
<b>Consumer durables and capital goods industry</b>	<b>164.3</b>	<b>336.9</b>	<b>342.0</b>	<b>302.2</b>	<b>308.5</b>	<b>11.5</b>	<b>17.5</b>	<b>17.6</b>	<b>11.1</b>	<b>1.5</b>	<b>-11.6</b>	<b>2.1</b>
Construction of non-electrical machinery	175.5	360.5	351.4	305.0	294.7	15.1	16.0	18.1	8.5	-2.5	-13.2	-3.4
Electrotechnical and electronic goods	148.7	351.1	401.0	326.6	410.3	-8.4	28.4	24.8	22.5	14.2	-18.5	25.6
Metal products <sup>c</sup>	140.3	260.2	280.7	279.9	290.8	11.8	17.5	10.8	13.9	7.9	-0.3	3.9
<b>Other manufactures</b>	<b>127.0</b>	<b>196.8</b>	<b>207.4</b>	<b>205.4</b>	<b>201.9</b>	<b>2.1</b>	<b>8.7</b>	<b>10.8</b>	<b>5.0</b>	<b>5.4</b>	<b>-1.0</b>	<b>-1.7</b>

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

<sup>a</sup> At constant 1981 prices.

<sup>b</sup> Preliminary figures.

<sup>c</sup> Excluding basic metals.

Including, *inter alia*, the

leather, glass and pottery, paper and pulp and forestry and timber processing industries.

Table 9

## CUBA: MAIN INDUSTRIAL PRODUCTS

	Thousands of tons					Growth rates						
	1980	1985	1986	1987	1988 <sup>a</sup>	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Non-durable consumer goods (excluding sugar)												
Canned meat	35	64	66	65	62	17.6	13.3	12.7	4.4	3.1	-1.8	-4.1
Wheat flour	269	422	443	454	442	9.0	11.0	-1.4	4.7	0.4	2.4	-2.7
Canned fruit and vegetables	122	182	173	165	185	-7.9	12.6	9.5	12.3	-5.3	-4.9	12.1
Alcoholic beverages	396	618	577	610	638	48.2	2.7	11.9	-5.7	-6.7	5.6	4.6
Twist tobacco	167	366	340			55.6	-7.1	-9.4	21.2	-7.1		
Fisheries												
Gross catch	186	220	245	214	232	18.7	1.6	1.0	10.0	11.2	-12.3	8.0
Total catch landed	153	183	194	182	178	21.4	8.0	3.5	7.1	5.5	-6.0	-2.5
Outer clothing <sup>c</sup>	44	52	58	61	61	10.7	2.4	-2.3	2.0	11.0	6.4	-0.3
Intermediate consumer goods												
Textiles <sup>d</sup>	160	205	221	258	260	-10.8	11.1	1.2	19.3	7.5	17.0	0.7
Gray cement	2 831	3 182	3 305	3 535	3 566	-3.9	2.1	3.6	-4.9	3.9	7.0	0.9
Paints, enamels and varnishes	158	241	222	191	59	-53.4	140.4	45.8	2.1	-7.8	-14.2	-69.2
Sulphuric acid 98%	399	374	396	372	392	-19.4	7.0	-5.7	11.3	5.9	-6.1	5.4
Caustic soda 50%	3	14	21	18	20	-39.3	46.5	12.5	-22.2	51.8	-15.0	8.2
Superphosphate	18	15	3	9	1	-22.8	-60.6	11.1	50.0	-78.8	168.8	-88.4
Ammonium nitrate	312	328	330	296	292	-42.0	-15.1	90.9	-2.4	0.7	-10.3	-1.4
Compound fertilizers	1060	1160	1045	996	840	-3.8	5.4	-4.2	12.0	-9.9	-4.7	-15.6
Urea	16	81	75	68	45	-43.0	13.8	103.1	25.2	-7.5	-8.7	-33.8
Bottles <sup>c</sup>	176	264	308	339	347	47.9	119.5	41.7	-0.4	16.5	10.0	2.5
Unbleached cardboard and paperboard	22	16	21	19	22	4.4	-19.0	-9.5	-15.8	30.7	-9.8	12.4
Consumer durables and capital goods												
Refrigerators <sup>e</sup>	26	28	18	6	8	-56.5	-11.4	50.0	16.7	-33.8	-67.9	40.7
Radio receivers <sup>e</sup>	200	236	237	227	153	-6.6	14.3	-7.3	-6.7	0.3	-4.0	-32.7
Television sets <sup>e</sup>	40	94	102	56	65	-35.2	80.4	1.1	2.2	8.5	-45.6	17.3
Sugar-cane combines	501	606	613	620	642	-0.5	8.0	-2.9	-4.0	1.2	1.1	3.5
Buses <sup>1</sup>	1846	2 393	2 351	2 340	2 537	-3.8	16.2	19.2	7.8	-1.8	-0.5	8.4
Electric wires and cables												
Uninsulated <sup>2</sup>	2 547	2 785	3 002	2 560	3 000	-41.5	42.8	1.8	34.6	7.8	-14.7	17.2
Insulated	38	64	77	53	72	-37.4	24.5	23.8	23.1	19.6	-31.1	34.9
Sanitary appliances <sup>e</sup>	298	338	371	387	384	12.8	-2.4	-3.9	0.6	9.7	4.3	-0.9

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

<sup>a</sup> Preliminary figures.      Thousands of hectolitres.      Millions of units.      Millions of square metres.  
<sup>e</sup> Thousands of units.      Units.      «Tons.      <sup>1</sup> Thousands of kilometres.

Table 10  
CUBA: INDICATORS OF CONSTRUCTION ACTIVITY

	Gross production (thousands of pesos at 1981 prices)				Percentage breaks <sup>a</sup> W <sup>TM</sup>			Growth rates				
	1985	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Total	2 342	2 363	2 167	2 319			10.4	16.0	1.5	0.9	-8.3	7.1
Construction and installation	2 091	2 075	1892	2 058	100.0	100.0	9.4	15.9	0.6	-0.8	-8.8	8.7
Agriculture	42	42	35	45	4.5	2.2	60.6	7.7	-	1.4	-16.4	27.5
Housing and urbanization	178	193	189	214	8.1	10.4	20.4	16.2	-0.2	8.0	-1.9	13.2
Education	53	56	77	101	7.6	4.9	23.4	51.0	-27.5	4.1	38.5	30.9
Industry	477	419	344	368	22.9	17.9	20.2	16.4	8.4	-12.3	-17.9	7.2
Hydraulic works	75	71	74	105	7.9	5.1	-2.2	-2.8	8.2	-4.9	4.1	41.2
Highways (excluding railways)	139	137	130	173	8.0	8.4	5.9	23.8	-23.6	-1.4	-5.1	32.5
Railways	39	38	33	25	4.4	1.2	9.2	17.6	-4.0	-0.8	-14.4	-24.5
Hydrological works	39	50	50	31	1.9	1.5	20.6	16.7	11.4	28.1	-1.0	-37.8
Maritime facilities	42	46	44	31	2.1	1.5	-18.5	25.0	-6.7	9.6	-4.0	-29.1
Health facilities	40	58	88	140	2.3	6.8	22.2	15.8	-9.1	47.1	51.8	58.7
Electricity networks	19	16	18	19	1.0	0.9	15.5	5.3	-5.0	-16.1	11.1	2.8
Communication networks	12	13	13	8	0.4	0.4	6.9	-13.3	-7.7	5.0	3.1	-37.4
Maintenance	416	413	364	360	10.4	17.5	27.0	22.9	9.2	-0.8	-11.8	-1.0
Other buildings	277	289	199	204	10.3	9.9	-16.5	6.5	-5.2	4.4	-31.0	2.3
Other production marketed	229	223	222	222	7.6	10.8	14.9	14.5	3.7	-2.4	-0.7	0.2
Oil and gas pipelines	14	12	12	12	-	0.6	-	-	-	-20.1	7.8	-0.8
Geological exploration, drilling and geodesic surveys	160	174	166	154			30.7	12.1	7.7	8.7	-4.7	-7.0
Design of construction projects	92	114	109	108			4.5	17.4	12.4	24.8	-4.6	-0.9
Production of selected building materials												
Textured steel bars	300	312	313	360			18.4	12.0	11.5	3.9	0.3	15.0
Steel bars <sup>b</sup>	335	342	350	314			16.5	-8.8	23.2	2.1	2.5	-10.4
Gray cement	3 182	3 305	3 535	3 566			2.1	3.6	-4.9	3.9	7.0	0.9
Prefabricated concrete products <sup>c</sup>	961	944	849	829			8.7	8.6	6.1	-1.8	-10.1	-2.4
Clay bricks	147	146	152	150			12.5	2.4	14.8	-1.0	4.6	-1.4
Tiles <sup>d</sup>	72	72	75	74			17.0	13.8	9.1	-0.1	4.9	-2.3
Sheet glass <sup>e</sup>	579	368	424	650			21.9	-17.7	103.9	-36.5	15.1	53.4

Source: ECIAC, on the basis of data from the State Statistical Committee.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Thousands of tons.

<sup>c</sup> Thousands of cubic metres.

<sup>d</sup> Millions of units.

<sup>e</sup> Thousands of square metres.

Table 11  
**CUBA: ELECTRICITY INDICATORS**

	GWh				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Gross generation	12 199	13 176	13 594	14 541	-0.8	8.0	32	7.0
Ministry of the Electricity Industry	10 739	11 638	12 002	12 834	-0.6	8.4	3.1	6.9
Ministry of the Sugar Industry	1 131	1 185	1 205	1 318	0.6	4.7	1.7	9.4
Nickel-producing enterprises	209	234	268	304	-16.8	11.8	14.4	13.6
Other producers	120	120	119	85	6.4	-0.1	-0.3	-28.4
<b>Consumption</b>	9 924	10 684	10 953	11 596	-0.9	7.7	2.5	5.9
Industrial	4 518	4 877	4 979	5 238	-2.6	7.9	2.1	5.2
Agricultural	234	272	266	286	-7.5	16.3	-2.1	7.4
Commercial	331	328	334	350	-5.8	-0.7	1.7	4.8
Residential	2 682	2 899	2 917	3 084	7.9	8.1	0.6	5.7
Other	2 160	2 307	2 457	2 639	-6.9	6.8	6.5	7.4

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

<sup>a</sup> Preliminary figures. Excluding the consumption of the Ministry of the Sugar Industry, the nickel-producing enterprises and "other producers".

Table 12  
CUBA: EVOLUTION OF EXPORTS OF GOODS (FOB)

	Millions of pesos				Percentage breakdown				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>5 992</b>	5 321	5 401	5 518	100.0	100.0	<b>12.2</b>	-1.1	9.4	-11.2	1.5	11
Soviet Union	4 482	3 936	3 867	3 683	56.8	66.7	18.0	1.8	13.4	-12.2	-1.7	-4.8
Other socialist countries	850	763	930	1082	13.5	19.6	-	8.3	-11.1	-10.2	21.8	16.4
Other countries	660	622	604	753	29.7	13.7	1.4	-26.2	16.2	-5.7	-2.9	24.7
<b>Re-exports</b>	<b>508</b>	<b>232</b>	308	190	2.4	3.4	87.5	1.6	1.4	-54.3	<b>32.5</b>	-38.3
<b>Rest of sales</b>	<b>5483</b>	5 089	5 093	5 328	97.6	96.6	8.0	-13	10.0	-11	0.1	4.6
Soviet Union	3 986	3 704	3 560	3 493	54.4	63.3	12.0	1.9	15.5	-7.1	-3.9	-1.9
Other socialist countries	850	763	930	1082	13.5	19.6	-	8.3	-11.1	-10.2	21.8	16.4
Other countries	647	622	604	753	29.7	13.7	1.3	-26.2	13.9	-3.8	-2.9	24.7
Sugar sales	4 442	4 069	3 987	4 086	82.7	74.1	8.1	1.1	7.7	-8.4	-2.0	2.5
Soviet Union	3660	3 373	3 240	3 138	51.1	56.9	11.8	2.5	15.5	-7.9	-3.9	-3.2
Other socialist countries	628	512	623	776	10.8	14.1	1.4	7.8	-18.4	-18.4	21.7	24.6
Other countries	153	184	124	172	20.8	3.1	-10.0	-31.7	-17.3	20.2	-32.6	38.7
Non-sugar sales	1042	1020	1106	1242	14.9	22.5	7.3	-11.5	22.2	-2.1	8.4	12.3
Soviet Union	326	331	320	356	3.3	6.5	13.8	-4.1	15.0	1.5	-3.3	11.1
Other socialist countries	222	251	306	306	2.6	5.5	-5.6	10.1	19.4	13.2	21.9	-0.1
Other countries	494	438	480	580	9.0	10.5	8.7	-23.2	29.0	-11.3	9.5	21.0
Metallic minerals and scrap	331	335	360	488	4.8	8.8	-5.8	-2.6	10.7	1.3	7.5	35.5
Tobacco	92	78	91	98	0.9	1.8	0.9	-44.7	64.3	-15.2	16.2	8.6
Citrus fruit	144	150	163	171	1.0	3.1	22.4	-1.7	22.0	4.1	8.5	4.9
Fishery products	120	125	144	149	2.2	2.7	6.1	-12.4	30.4	4.1	15.9	3.3
Naphtha	54	22	39	44	1.8	0.8	6.0	-54.3	68.7	-58.7	75.8	13.3
Coffee, cocoa, etc.	39	47	44	43	0.6	0.8	20.5	-57.4	94.0	20.8	-6.8	-1.6
Alcoholic beverages	22	16	13	13	0.6	0.2	11.5	20.6	-38.2	-26.6	-20.6	-0.8
Others	240	247	252	236	2.9	4.3	30.7	-10.4	46.6	2.8	2.1	-6.7

Source: ECLAC, on the basis of official figures.

\* Preliminary figures. <sup>b</sup> Re-exports of fuel to the Soviet Union in freely convertible currency.

Table 13

## CUBA: PRODUCTION, EXPORTS AND EXPORT PRICES OF SUGAR

	Thousands of tons <sup>a</sup>		US cents per pound		III
	Sugar production <sup>0</sup>	Sugar exports	Price paid by the Soviet Union <sup>0</sup>	Price received by Cuba in freely convertible currency	
1970	7 559	6906	5.94		3.68
1971	5 950	5 511	6.41		4.50
1972	4 685	4140	6.45		7.27
1973	5 383	4 797	11.82		9.45
1974	5 926	5 491	19.30		29.66
1975	6 427	5 744	26.36		20.37
1976	6 151	5 764	27.43		11.51
1977	6 953	6 238	26.94		8.10
1978	7662	7197	36.71		7.82
1979	7 800	7199	37.17		9.65
1980	6 805	6170	47.39	24.20	28.15
1981	7 926	7 055	35.10		16.88
1982	8 039	7 727	39.00	11.20	8.38
1983	7 460	7 011	46.00	9.00	8.56
1984	7 783	7 007	44.00	6.46	5.18
1985	7 889	7 206	45.00	3.92	4.05
1986	7 467	6 697	41.80	5.80	6.05
1987	7 232	6 479	41.90	6.20	6.76
1988 <sup>f</sup>		6 967	41.90	7.14	10.19

Source: ECLAC, on the basis of figures from the *Anuario Estadístico de Cuba*, the State Statistical Committee, the *Statistical Yearbook of the Soviet Union* and other international data.

<sup>a</sup> Raw sugar, base 96 polarization. Calendar year. <sup>c</sup> Data refer only to sales of sugar covered by agreements. These figures exclude sales to the USSR, in convertible currency, at market prices. <sup>d</sup> Price of shipments of sugar in the current year, sometimes previously agreed at fixed prices. <sup>e</sup> Prices under the International Sugar Agreement. <sup>f</sup> Preliminary figures.

**Table 14**  
**CUBA: VALUE AND VOLUME OF RAW SUGAR EXPORTS, BY COUNTRIES**  
(Percentages)

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Value</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Soviet Union	61.8	58.7	72.7	75.9	77.5	82.4	82.9	81.3	76.8
Rest of socialist countries	12.7	13.9	18.4	17.5	18.1	14.1	12.6	15.6	19.0
Rest of world	25.5	27.4	8.9	6.6	4.4	3.5	4.5	3.1	4.2
<b>Volume</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Soviet Union	44.2	45.4	57.3	50.5	52.1	51.4	58.1	58.7	48.9
Rest of socialist countries	20.5	20.8	22.3	26.8	27.6	24.2	21.2	27.4	36.1
Rest of world	35.3	33.8	20.4	22.7	20.3	24.4	20.7	13.9	15.0

**Source:** ECLAC, on the basis of figures supplied by the State Statistical Committee.

<sup>1</sup> Preliminary figures.

**Table 15**  
**CUBA: EXPORTS, IMPORTS AND TRADE BALANCE**

	Millions of pesos					Growth rates					
	1980	1985	1986	1987	1988 <sup>a</sup>	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Total exports</b>	<b>3 967</b>	<b>5 992</b>	<b>5 321</b>	<b>5 401</b>	<b>5 518</b>	<b>12.2</b>	<b>4.1</b>	<b>9.4</b>	<b>-11.2</b>	<b>1.5</b>	<b>2.2</b>
Soviet Union	2 253	4 482	3 936	3 867	3 683	18.0	1.8	13.4	-12.2	-1.7	-4.8
Rest of socialist countries	534	850	763	930	1082	-	8.3	-11.1	-10.2	21.8	16.4
Rest of world	1 180	660	622	604	753	1.4	-26.2	16.2	-5.7	-2.9	24.7
<b>Total imports</b>	<b>4 627</b>	<b>8 035</b>	<b>7 596</b>	<b>7 611</b>	<b>7 579</b>	<b>12.5</b>	<b>16.2</b>	<b>11.2</b>	<b>-5.5</b>	<b>0.2</b>	<b>-0.4</b>
Soviet Union	2 904	5 419	5 338	5 495	5 364	13.4	12.7	13.3	-1.5	3.0	-2.4
Rest of socialist countries	709	1351	1106	1197	1261	0.4	10.4	4.7	-18.1	8.2	5.4
Rest of world	1014	1265	1152	919	954	29.7	43.1	9.5	-8.9	-20.2	3.7
<b>Overall trade balance</b>	<b>-660</b>	<b>-2 043</b>	<b>-2 275</b>	<b>-2 210</b>	<b>-2 061</b>						
Soviet Union	-651	-937	-1402	-1628	-1681						
Rest of socialist countries	-175	-501	-343	-267	-179						
Rest of world	166	-605	-530	-315	-201						

**Source:** ECLAC, on the basis of figures supplied by the State Statistical Committee, the National Bank of Cuba and other international sources, including *External Trade* (Soviet Union).

<sup>a</sup> Preliminary figures.



Table 16  
CUBA: IMPORTS OF GOODS (CIF)

	Millions of pesos					Growth rates				
	1980	1985	1986	1987	1988 <sup>a</sup>	1984	1985	1986	1987	1988 <sup>a</sup>
Total	4 627	8 035	7 596	7 612	7 579	16.2	11.2	-5.5	0.2	-0.4
According to use and economic purpose										
Consumer goods	535	875	768	785	758	4.9	10.2	-12.2	2.3	-3.4
Intermediate goods	2 823	5 452	5 164	5 148	5 099	18.9	12.5	-5.3	-0.3	-0.9
Petroleum and petroleum products	898	2 634	2 511	2 617	2 568	19.4	19.7	-4.7	4.2	-1.9
Fertilizers	81	136	139	131	111	4.0	4.8	1.9	-5.7	-15.3
Herbicides and pesticides	60	65	53	77	69	-22.1	22.6	-17.4	43.7	-10.3
Rolled steel products	114	234	226	206	141	24.2	5.7	-3.2	-8.9	-31.8
Accessories and spare parts	86	589	585	571	560	306.2	12.4	-0.6	-2.4	-1.9
Other	1584	1795	1650	1546	1650	-1.0	4.5	-8.1	-6.3	6.7
Capital goods	1269	1708	1664	1678	1722	14.3	7.6	-2.6	0.9	2.6
Complete plants	535	734	745	720	708	9.7	13.6	1.5	-3.2	-1.7
Tractors	37	87	60	63	73	45.2	-3.9	-30.6	5.0	14.9
Buses and trucks	115	208	207	262	226	21.5	8.3	-0.4	26.7	-13.8
Other	582	680	652	633	715	13.8	3.2	-4.2	-2.9	13.1
On the basis of use sections										
Food and live animals	746	889	709	750		4.4	8.0	-20.3	5.8	
Beverages and tobacco	16	8	9	11		-11.1	1.3	9.0	27.1	
Inedible raw materials, except fuels	188	324	307	287		37.1	20.0	-5.4	-6.6	
Fuels and lubricants, minerals and related products	912	2 656	2 533	2 638		19.5	19.7	-4.6	4.1	
Animal and vegetable oils and fats	57	82	76	55		21.5	3.0	-6.6	-28.5	
Chemical products	289	410	434	445		6.3	-7.2	5.9	2.6	
Manufactured goods, classified chiefly by material	679	989	922	834		26.9	2.2	-6.8	-9.5	
Machinery and transport equipment	1639	2 419	2 337	2 337		15.7	9.9	-3.4	-	
Miscellaneous manufactured articles	101	258	269	255		-3.1	18.3	4.1	-5.1	

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

<sup>a</sup> Preliminary figures.

Table 17

## CUBA: IMPORTS OF GOODS (CIF), BY AREAS OF ORIGIN, USE AND ECONOMIC PURPOSE

	1985				1986			
	Total	Con- sumer goods	Inter- mediate goods	Capi- tal goods	Total	Con- sumer goods	Inter- mediate goods	Capi- tal goods
	<b>Millions of pesos</b>							
<b>Total</b>	<b>8 035</b>	<b>875</b>	<b>5 452</b>	<b>1708</b>	<b>7 596</b>	<b>768</b>	<b>5164</b>	<b>1 6642</b>
Socialist countries	6 770	787	<b>4608</b>	1375	6 444	651	4 420	13739
Soviet Union	5 419				5 338			
Rest of socialist countries	1351				1106			
Rest of world	1265	<b>88</b>	844	333	1152	117	744	291
	<b>Growth rates</b>							
<b>Total</b>	<b>11.2</b>	<b>10.2</b>	<b>12.5</b>	7.6	-5.5	<b>-12.2</b>	<b>-5.3</b>	<b>-2.6</b>
Socialist countries	11.5	<b>10.8</b>	13.6	5.5	-4.8	-17.3	-4.1	-0.2
Soviet Union	13.3				-1.5			
Rest of socialist countries	4.7				-18.1			
Rest of world	9.5	4.8	7.0	17.2	-8.9	33.4	-11.9	-12.6
	<b>Percentages</b>							
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	100.0	100.0	<b>100.0</b>	100.0	<b>100.0</b>
Socialist countries	84.3	89.9	84.5	80.5	84.8	84.8	85.6	82.5
Soviet Union	67.5				70.3			
Rest of socialist countries	16.8				14.5			
Rest of world	15.7	10.1	15.5	19.5	15.2	15.2	14.4	17.5
	1987				1988 <sup>a</sup>			
	Total	Con- sumer goods	Inter- mediate goods	Capi- tal goods	Total	Con- sumer goods	Inter- mediate goods	Capi- tal goods
	<b>Millions of pesos</b>							
<b>Total</b>	<b>7 612</b>	<b>785</b>	<b>5 148</b>	<b>1678</b>	<b>7 579</b>	<b>758</b>	<b>5 099</b>	<b>172</b>
Socialist countries	6 692	699	4 535	1458	6 625	677	4 459	148
Soviet Union	5 495				5 364			
Other socialist countries	1197				1261			
Rest of world	919	86	614	219	954	81	640	233
	<b>Growth rates</b>							
<b>Total</b>	<b>0.2</b>	<b>2.3</b>	<b>-0.3</b>	<b>0.9</b>	<b>-0.4</b>	<b>-3.4</b>	<b>-0.9</b>	<b>2.6</b>
Socialist countries	3.9	<b>7.5</b>	2.6	6.3	-1.0	-3.1	-1.7	2.1
Soviet Union	3.0				-2.4			
Other socialist countries	8.2				5.4			
Rest of world	-20.2	-26.7	-17.5	-24.5	3.7	-6.3	4.3	6.2
	<b>Percentages</b>							
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Socialist countries	87.9	89.1	88.1	86.9	87.4	89.3	87.4	86.5
Soviet Union	72.2				70.8			
Other socialist countries	<b>15.7</b>				16.6			
Rest of world	12.1	<b>10.9</b>	11.9	13.1	12.6	10.7	12.6	13.5

Source: ECLAC, on the basis of figures from the State Statistical Committee.

\* Preliminary figures.

Table 18  
 CUBA: BALANCE OF PAYMENTS IN FREELY CONVERTIBLE CURRENCY<sup>6</sup>  
 (Millions of pesos)

	1980	1981	1982	1983	1984	1985	1986	1987	1988*
Balance on current account	-46	51	297	263	-212	-506	-1961	-877	-380
Merchandise balance	367	285	606	441	73	67	-164	-59	65
Exports FOB	1248	1406	1356	1234	1136	1244	907	965	1115
Imports FOB	-881	-1121	-750	-793	-1063	-1177	-1071	-1024	-1050
Services balance	-414	-235	-306	-179	-294	-577	-1798	-816	-445
Income	237	344	267	342	264	294	296	308	
Transport and insurance	95	126	121	125	124	129	144	168	
Tourism	30	38	42	53	80	97	78	87	
Interest received	34	28	23	32	23	28	34	24	
Other	78	152	81	132	37	40	40	29	
Expenditure	-651	-579	-573	-521	-558	-871	-2094	-1124	
Transport and insurance	-173	-181	-184	-190	-190	-181	-187	-225	
Interest paid	-263	-339	-341	-248	-241	-268	-262	-510	
Other	-215	-59	-48	-83	-127	-422	-1645	-389	
Other net transfers	1	1	-2	1	9	4	1	-2	-
Balance on capital account	60	-52	-539	-74	106	554	1841	822	428
Long-term capital <sup>c</sup>	-16	-116	-136	93	138	360	799	610	-117
Loans received	80	26	29	253	291	580	1587	616	
Amortization payments	-96	-142	-166	-160	-153	-220	-788	-6	
Official sector	7	-	1	3	1	-1	19	12	27
Private banks	18	-92	-84	66	-3	546	342	426	86
Other sectors	-42	-24	-54	24	140	-185	438	172	-230
Short-term capital <sup>c</sup>	76	64	-403	-167	-32	194	1042	212	545
Loans received	134	203	119	98	279	348	1144	389	
Amortization payments	-58	-139	-522	-265	-311	-154	-102	-177	
Official sector	-	69	-50	8	-5	1	-9	5	-19
Commercial banks	-20	47	-408	-68	-134	141	306	121	16
Other sectors	96	-53	56	-106	107	52	745	86	548
Total variation in reserves (- sign indicates an increase)	-14	1	242	-189	106	-48	120	55	-48

Source: ECLAC, on the basis of figures from the National Bank of Cuba.

<sup>a</sup> Includes all commercial and financial movements with market economy countries, but only some of the movements with socialist countries. <sup>b</sup> Preliminary figures. <sup>c</sup> These balances also include the net movements of other assets and liabilities in freely convertible currency, with adjustments for variations in the exchange rates of the currencies in which they are expressed.

Table 19  
CUBA: STRUCTURE OF GROSS INTERNATIONAL RESERVES  
(Millions of pesos)

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Total <sup>0</sup>	139.2	332.2	262.8	350.0	241.6	194.4	239.1
Gold and precious metals	15.2	13.5	13.5	14.0	17.5	17.5	19.5
Cash and deposits in freely convertible currency in foreign banks	80.6	271.4	165.8	213.4	89.7	34.4	82.6
Deposits in transferable roubles in foreign banks	43.4	47.3	83.5	122.6	134.4	142.5	137.0

Source: ECLAC, on the basis of statistics from the National Bank of Cuba.

<sup>a</sup> Preliminary figures. End-of-year balance.

Table 20  
CUBA: EVOLUTION OF THE EXCHANGE RATE  
(Pesos per unit of foreign currency)

	US dollars	Pounds sterling	Swiss francs	German marks	Yen <sup>a</sup>
Averages					
1980	0.7113	1.6432	0.4294	0.3968	0.3113
1981	0.7814	1.6071	0.4001	0.3510	0.3572
1982	0.8333	1.4686	0.4139	0.3443	0.3372
1983	0.8598	1.3167	0.4128	0.3411	0.3609
1984	0.8861	1.1999	0.3820	0.3141	0.3755
1985	0.9174	1.1777	0.3731	0.3096	0.3829
1986	0.8264	1.2100	0.4587	0.3802	0.4901
1987	1.0000	1.5500	0.6667	0.5556	0.6896
1988	1.0000	1.8000	0.7092	0.6098	0.7700

Source: ECLAC, on the basis of figures from the National Bank of Cuba.

<sup>a</sup> 100 yen.

Table 21

**CUBA: INDICATORS OF EXTERNAL INDEBTEDNESS  
IN FREELY CONVERTIBLE CURRENCY<sup>8</sup>**

*(Millions of pesos)*

	1980	1981	1982	1983	1984	1985	1986	1987	1988*
<b>Total disbursed debt</b>	<b>3 227</b>	<b>3 170</b>	<b>2 669</b>	<b>2 790</b>	<b>2 989</b>	<b>3 621</b>	<b>4 985</b>	<b>5 657</b>	<b>6 400</b>
Bilateral official debt	1354	1294	1276	1333	1579	1820	2 082	2 509	2 838
Multilateral official debt	8	15	18	25	17	22	23	21	47
Suppliers	27	33	47	97	229	433	1129	1235	1488
Financial institutions	1837	1826	1327	1335	1164	1346	1751	1892	1981
Medium-term bilateral loans and loans from consortia	563	505	417	495	453	496		607	573
Short-term deposits	1238	1282	860	789	623	742		1020	1134
Credits for current imports	36	39	50	50	88	108		265	274
Other credits	1	1	1	1	-	-	-	-	46
<b>Disbursements<sup>c</sup></b>	<b>214</b>	<b>229</b>	<b>148</b>	<b>351</b>	<b>570</b>	<b>928</b>	<b>2 731</b>	<b>1 005</b>	<b>...</b>
Service	...		...	<b>319</b>	<b>403</b>				
Interest paid	263	339	341	248	241	268	262	510	
Amortization payments on medium- and long-term debt				71	162				
Ratios (percentages)									
Total disbursed debt/global social product	183	14.3	11.6	11.5	11.4	13.4	18.8	22.1	24.4
Total debt service/exports of goods and services				20.2	28.8				
Total debt service/disbursements				90.9	70.7				
Total debt service/global social product				1.3	1.6				

Source: ECLAC, on the basis of figures from the National Bank of Cuba.

<sup>a</sup> Includes commitments with maturities of one year or less. Preliminary figures. <sup>†</sup> Includes long- and short-term loans received, according to the balance of payments. <sup>‡</sup> Previous notes included long- and short-term capital amortization payments, as given in the balance of payments in freely convertible currency. From 1985 onwards, more accurate information is given on amortization payments on the medium- and long-term debt: such information has been available only since 1983.

Table 22  
CUBA: EVOLUTION OF EMPLOYMENT<sup>8</sup>

	Thousands of workers					Percentage breakdown			Growth rates				
	1984	1985	1986	1987	1988 <sup>b</sup>	1980	1988 <sup>b</sup>	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Total	3 115	3 170	3 263	3 299	3 408	100.0	100.0	4.1	3.8	1.8	2.9	1.1	3.3
Productive sphere	2 177	2 203	2 265	2 295	2 399	72.0	70.5	3.4	3.4	1.2	2.8	1.3	4.5
Agriculture	564	552	572	603	653	22.8	19.2	-3.4	-5.2	-2.1	3.7	5.3	8.4
Forestry	27	29	29	30	27	0.7	0.8	25.6	3.8	8.6	0.7	2.3	-11.0
Industry	684	709	726	727	743	20.0	21.8	5.2	8.4	3.8	2.3	0.1	2.2
Construction	309	315	322	314	339	10.0	9.9	8.8	8.8	2.0	2.3	-2.5	8.1
Transport	187	190	197	197	200	6.3	5.9	2.8	1.1	1.5	3.8	-0.2	1.5
Communications	26	26	27	28	30	0.8	0.9	4.7	3.7	-	3.1	5.2	6.0
Commerce	367	367	371	376	387	11.1	11.4	7.3	5.6	-	1.1	1.3	3.0
Other activities	14	14	20	20	19	0.3	0.6	7.8	3.6	-	39.7	0.5	-2.0
Non-productive sphere	938	967	998	1 004	1 010	28.0	29.5	5.7	5.0	3.1	3.2	0.6	0.5
Community and personal services	108	112	115	117	122	3.4	3.6	13.1	11.5	3.4	2.8	1.5	4.3
Science and technology	26	27	28	29	28	0.7	0.8	5.6	13.3	6.3	1.8	4.0	-4.2
Education, culture and art	418	422	423	425	430	13.2	12.6	4.1	2.5	1.0	0.3	0.5	1.2
Public health and social welfare, sports and tourism	185	197	211	222	233	4.6	6.8	10.5	8.9	6.4	7.1	5.6	4.5
Finance and insurance	17	19	21	21	21	0.4	0.6	11.3	14.9	10.0	9.6	0.5	1.5
Administration	156	161	169	161	155	5.2	4.5	2.2	0.8	3.3	4.6	-4.3	-3.9
Other activities	28	30	32	29	22	0.5	0.6	-2.6	5.6	5.3	8.4	-8.7	-25.9

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

<sup>a</sup> Includes only civilian employment in the State sector. <sup>b</sup> Preliminary figures.

Table 23  
CUBA: AVERAGE NOMINAL WAGES\*

	Average wages (pesos)						Growth rates					
	1983	1984	1985	1986	1987	1988 <sup>b</sup>	1983	1984	1985	1986	1987	198 <sup>^</sup>
<b>Total</b>	<b>2 159</b>	<b>2 230</b>	<b>2 252</b>	<b>2 255</b>	<b>2 210</b>	<b>2 242</b>	<b>12</b>	<b>33</b>	<b>1.0</b>	<b>0.1</b>	<b>-2.0</b>	<b>1.5</b>
<b>Productive sphere</b>	<b>2 173</b>	<b>2 252</b>	<b>2 269</b>	<b>2 256</b>	<b>2 189</b>	2 228	2.5	3.6	0.8	-0.6	-2.9	1.8
Agriculture	2 004	2 100	2 155	2 180	2 137	2 227	0.2	4.8	2.6	1.2	-2.0	4.2
Forestry	1988	2 097	2 120	2 105	2 083	2 157	0.1	5.4	1.1	-0.6	-1.1	3.5
Industry	2 267	2 309	2 329	2 280	2 207	2 239	2.6	1.9	0.9	-2.1	-3.2	1.5
Construction	2 346	2 468	2 442	2 407	2 320	2 340	4.7	5.2	-1.1	-1.4	-3.6	0.9
Transport	2 551	2 606	2 591	2 615	2 505	2 501	2.9	2.2	-0.6	1.0	-4.2	-0.2
Communications	2 041	2 106	2 137	2 144	2 130	2 130	1.0	3.2	1.5	0.3	-0.7	-
Commerce	1959	2 033	2 023	2 012	1967	1973	3.4	3.8	-0.5	-0.5	-2.2	0.3
Other activities	2 482	2 472	2 454	2 472	2 399	2 433	4.3	-0.4	-0.7	0.8	-3.0	1.4
<b>Non-productive sphere</b>	<b>2 126</b>	<b>2 177</b>	<b>2 214</b>	<b>2 255</b>	<b>2 255</b>	<b>2 274</b>	<b>15</b>	<b>1A</b>	<b>1.7</b>	<b>1.9</b>		0.8
Community and personal services	1900	1966	1955	1983	1938	1939	1.9	3.5	-0.6	1.4	-2.3	-
Science and technology	2 396	2 416	2 531	2 515	2 540	2 582	-0.5	0.8	4.8	-0.7	1.0	1.6
Education, culture and art	2 148	2 193	2 230	2 262	2 278	2 300	2.2	2.1	1.7	1.5	0.7	1.0
Public health and social welfare, sports and tourism	2 027	2 077	2 124	2 175	2 259	2 290	0.5	2.5	2.3	2.4	3.9	1.4
Finance and insurance	2 209	2 194	2 235	2 239	2 223	2 249	-0.2	-0.7	1.9	0.4	-0.7	1.1
Administration	2 261	2 346	2 404	2 471	2 366	2 387	0.8	3.7	2.5	2.8	-4.3	0.9
Other activities	2 184	2 260	2 257	2 302	2 290	2 272	<u>6.1</u>	<u>3.5</u>	<u>-0.1</u>	<u>2.0</u>	<u>-0.5</u>	<u>-0.8</u>

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

<sup>a</sup> Includes only civilian employment in the State sector. Preliminary figures.

Table 24  
**CUBA: RETAIL PRICES OF SELECTED PRODUCTS<sup>3</sup>**  
*(Pesos)*

	1985			1986			1987			1988		
	Regu- lated	Parallel	Free	Regu- lated	Parallel	Free	Regu- lated	Parallel	Free	Regu- lated	Parallel	Free
Pasteurized milk	0.25		0.80	-	0.25	0.80	-	0.25	1.00	-	0.25	1.00
Raw milk <sup>b</sup>	0.25	-	-	0.25	-	-	0.25	-	-	0.25	-	-
Eggs <sup>c</sup>	-	-	0.10	-	-	0.10	-	-	0.10	-	-	0.10
Rice <sup>d</sup>	0.52	2.61	-	0.52	2.61	-	0.52	3.26	-	0.52	3.26	-
Butter	-	-	5.22	-	-	5.22	-	-	5.22	-	-	5.22
Refined sugar	0.30	1.74	-	0.30	1.74	-	0.30	1.74	-	0.30	1.74	-
Raw sugar	0.17	0.87	-	0.17	0.87	-	0.17	0.87	-	0.17	0.87	-
Garlic	4.35	13.05	-	4.35 <sup>e</sup>	13.05 <sup>e</sup>	4.35 <sup>f</sup>	-	-	3.50	-	-	3.60
Onions	0.54	3.25	-	0.54	3.33	-	0.54	2.40	-	0.54	2.60	-
Bread	-	-	0.39	-	-	0.39	-	-	0.39	-	-	0.39
Boned beef	1.43	-	-	1.43	-	-	1.43	-	-	1.43	-	-
Pork	-	9.70	-	-	9.70	-	-	9.70	-	-	8.63	-
Vegetable oil	0.87	9.59	-	0.87	8.62	-	0.87	7.80	-	0.87	10.53	-
Lard	0.66	-	-	0.66	-	-	0.66	-	-	0.66	-	-
Beans	0.55	3.79	-	0.55	3.82	-	0.53	4.86	-	0.46	5.28	-
Potatoes	0.23	-	0.23	0.23	-	0.23	0.24	-	0.25	0.23	-	0.25
Plantains <sup>g</sup>	0.26	0.78	-	0.26	0.75	-	0.24	0.76	-	0.24	0.74	-
Bananas	0.26	0.54	-	0.26	0.55	-	0.22	0.37	-	0.22	0.40	-

Source: ECLAC, on the basis of figures supplied by the State Statistical Committee.

<sup>a</sup> Price per kilogramme, with the exception of milk and eggs. <sup>b</sup> Price per 946-gramme container. <sup>c</sup> Up to 29 April 1986. <sup>d</sup> Price per unit. <sup>e</sup> Excluding pre-cooked rice. <sup>f</sup> On free market since 30 April 1986. <sup>g</sup> Price per unit.



**Table 25**  
**CUBA: MONETARY LIQUIDITY**

	Millions of pesos					Growth rates						
	1984	1985	1986	1987	1988 <sup>a</sup>	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Factors of expansion</b>	<b>9 927</b>	<b>10 315</b>	<b>10 761</b>	<b>10 655</b>	<b>11388</b>	<b>6.6</b>	<b>6.7</b>	<b>8.4</b>	<b>3.9</b>	4J	-1.0	<b>6.9</b>
Workers income	7928	8 122	8404	8 350	8 924	7.0	7.1	8.2	2.4	3.5	-0.6	6.9
Private sector income <sup>b</sup>	574	598	651	592	609	0.4	3.9	6.7	4.2	8.9	-9.1	2.9
Other income <sup>c</sup>	1425	1595	1706	1713	1855	6.8	5.2	10.7	11.9	7.0	0.4	8.3
<b>Factors of contraction</b>	<b>9 722</b>	<b>10149</b>	<b>10 671</b>	<b>10 658</b>	<b>10 937</b>	<b>11.5</b>	7.5	7.0	<b>4.4</b>	5.1	-0.1	<b>2.6</b>
Expenditure on goods and services	9 242	9 641	10 131	10 116	10 348	11.3	7.1	6.8	4.3	5.1	-0.1	2.3
Other expenditure	480	508	541	542	589	11.1	13.7	11.1	5.8	6.5	0.3	8.7
<b>Variation in liquidity</b>	205	<b>166</b>	90	-3	<b>451</b>							
Cash	89	45	-172	-7	294							
Savings deposits	116	121	262	4	157							

Source: ECLAC, on the basis of official figures.

\* Preliminary figures. Includes income earned by peasants, transport workers and artisans from sales of goods and services to the State, to co-operatives and to other organizations. <sup>c</sup> Includes retirement benefits, pensions, grants to individuals, loans by the banking system, interest on savings and foreign currency exchange by bank drafts and transfers received. Includes amortization and interest on loans, subscriptions to political, sporting and social organizations, drafts and transfers.

**Table 26**  
**CUBA: BANKING SYSTEM AND PERSONAL SAVINGS**  
**AND LOAN OPERATIONS**

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Number of banking agencies, specializing in service to the public, at the end of year</b>	<b>132</b>	<b>192</b>	<b>326</b>	<b>421</b>	<b>448</b>	<b>467</b>	476	<b>488</b>	<b>507</b>
Municipal	54	69	115	143	154	165	167	167	168
Auxiliary	57	63	71	76	77	79	80	80	84
Savings banks	21	60	140	185	206	219	227	239	254
Non-specialized	-	-	-	17	11	4	2	2	1
<b>Monetary savings of the population (1975 = 100)</b>	<b>101</b>	<b>120</b>	<b>147</b>	<b>157</b>	<b>172</b>	<b>189</b>	<b>224</b>	<b>225</b>	<b>244</b>
<b>Number of loans to the population ' (thousands)</b>	<b>177</b>	<b>252</b>	<b>215</b>	<b>268</b>	<b>296</b>	<b>385</b>	<b>335</b>	<b>323</b>	<b>357</b>
Electrical appliances	139	212	166	216	237	324	262	238	268
Motor vehicles	15	12	17	18	15	15	12	23	10
Construction materials and house repairs	9	11	10	11	18	17	25	21	22
Other	14	17	22	23	<b>26</b>	29	36	41	57
<b>Value of personal loans (millions of pesos)</b>	<b>104</b>	<b>160</b>	<b>146</b>	<b>161</b>	<b>185</b>	<b>298</b>	<b>265</b>	<b>287</b>	<b>302</b>
Electrical appliances	70	119	92	114	137	245	206	206	221
Motor vehicles	17	19	31	27	21	24	21	36	19
Construction materials and house repairs	9	13	12	9	15	16	20	20	22
Other	8	9	11	11	12	13	18	25	40
<b>Other items (millions of pesos)</b>									
Payments collected	107	115	124	139	156	174	191	209	245
Balances due	176	217	233	249	272	388	455	525	571

**Source:** ECLAC, on the basis of figures from the People's Saving Bank.

<sup>a</sup> Preliminary figures

Table 27  
**CUBA: ACTUAL EXECUTION OF STATE INCOME AND  
 EXPENDITURE BUDGET<sup>a</sup>**

	Millions of pesos					Growth rates			
	1984	1985	1986	1987	1983	1984	1985	1986	1987
<b>Current income</b>	<b>11854</b>	<b>12 294</b>	<b>11699</b>	<b>11272</b>	<b>21.4</b>	-2.3	3.7	-4.8	-3.6
Contributions from the State sector	11641	12 086	11493	11066		-2.7	3.8	-4.9	-3.7
Road fund tax	4 988	5 344	5 266	4 975		1.5	7.1	-1.5	-5.5
Profit contributions	1449	1522	1540	1433		-10.5	5.0	1.2	-6.9
Price differential on foreign trade	1701	1683	960	1197		-6.9	-1.1	-43.0	24.7
Other income	3 503	3 537	3 727	3 461		-2.6	1.0	5.4	-7.1
Taxes and other contributions from the non-State sector	30	28	42	30		3.4	-6.7	50.0	-28.6
Taxes and duties paid by the population	183	180	164	176		31.7	-1.6	-8.9	7.3
<b>Total expenditure</b>	<b>11930</b>	<b>12 547</b>	<b>11887</b>	<b>11881</b>	<b>12.2</b>	4.7	5.2	-5.3	-0.1
By destination									
Productive sphere	4 378	4 941	4 420	4 575	20.1	-4.7	12.9	-10.5	3.5
Housing and community services	773	734	718	680	31.7	24.1	-5.0	-2.2	-5.3
Education and public health	2 425	2 548	2 693	2 725	5.4	9.7	5.1	5.7	1.2
Other socio-cultural and scientific activities	1 855	1 965	1 830	1 850	12.6	10.2	5.9	-6.9	1.1
"Poder Popular", Central Government, Tribunals and Public Prosecutor's Office	688	643	639	565	-1.6	12.8	-6.5	-0.6	<b>-11.6</b>
Defence and domestic law and order	1386	1336	1268	1242	2.2	22.3	-3.6	-5.1	-2.1
Other activities	426	381	319	244	-0.2	-21.4	-10.6	-16.3	-23.5
Reserves									
By type of expenditure									
Current	9 236	9 413	8 783	9 282		8.8	1.9	-6.7	5.7
Investment	2 694	3 134	3 104	2 599		-7.3	16.3	-1.0	-16.3
<b>Surplus (or deficit)</b>	<b>-76</b>	<b>-253</b>	<b>-188</b>	<b>-609</b>					

**Source:** ECLAC, on the basis of figures supplied by the State Statistical Committee, the National Bank of Cuba and the State Finance Committee.

<sup>a</sup> No information available on 1988.



## CHILE

The Chilean economy evolved very satisfactorily during 1988, favoured by a substantial improvement in the terms of trade and by the advances achieved during the preceding years in restoring the basic macroeconomic equilibria. The gross domestic product grew by more than 7%, the unemployment rate went down for the sixth year in a row, inflation was reduced to less than 13%, and real wages increased by nearly 7%. At the same time, exports grew by more than 30%, the deficit on the current account was reduced to less than a third of the previous level, international reserves equivalent to two months of imports were accumulated, and the external debt diminished.

The striking progress in the external accounts made it possible for the authorities to apply a more expansionary economic policy. Because of the easier conditions and some remaining idle capacity, the vigorous expansion of domestic demand caused the gross domestic product to grow by more than 7%. As a result, the per capita product rose by more than 5%, almost equalling the record level reached in 1981. Despite the fact that real wages and salaries increased even faster, however, they were still 7% lower than in that year.

The spectacular (29%) rise in the unit value of exports, which was the principal cause of the increase in external sales, was due to the 46% rise in the price of copper—a product that accounted for almost half of the total value of merchandise exports—accompanied by substantial rises in the international prices of fish meal and wood pulp, which are also important products in Chile's foreign trade.

In calculating the deficit on current account, the total interest due in the period was allocated according to the method used by the Central Bank of Chile and the IMF. Thus, some US\$400 million of interest commitments, the payment of which was deferred in accordance with the change in the timing of payments agreed on with creditor banks, were included in the current account of the balance of payments as if they had been paid, while the same amount was added to the capital income entry. If, on the other hand, that amount is deducted from the total interest paid, the balance on current account becomes positive.

The current value of imports of goods increased by 21% as a result of the appreciable rises in their physical volume (14.5%) and their average prices (almost 6%). In spite of this expansion and the even larger growth recorded the year before, however, their value was still 25% less than in 1981.

The doubling of the trade surplus permitted the deficit on current account to be reduced for the fourth consecutive year. This time, the deficit was down to some US\$280 million: almost 70% less than the previous year and equivalent to barely 6% of the enormous negative balance recorded in 1981. Since the net inflow of capital came to US\$1100 million, the balance of payments showed a surplus of over US\$800 million.

A substantial part of the US\$780 million increase in international reserves came from the functioning of the Copper Stabilization Fund, which had accumulated US\$520 million by the end of the year. Its provisions oblige the State to save part of the profits generated by copper exports when the average price of this metal (which was US\$1.18 in 1988) exceeds the price projected when the budget was prepared (US\$0.75 for the same year), and such savings must be allocated by the Central Bank either to the international reserves or to the redemption of external debt.

Amortization payments on the debt exceeded the new loans contracted, so that the external debt, which had already been slightly reduced the year before, went down by 8% to less than US\$19 billion. This decrease was due to the ordinary amortization payments on the non-renegotiated debt; to the extraordinary repurchase of some US\$300 million of debt by

the Central Bank, which involved the use of US\$170 million from the international reserves; and to debt paper conversion operations bordering on US\$3 billion. Owing to the accumulation of international reserves, the decline in the net external debt was considerably greater (-14%).

The 18% increase in the terms of trade—which almost brought them back up to the level attained in 1980—signified additional income of US\$1.3 billion. In view of this unexpected easing of conditions in the external sector, the economic authorities decided to follow a mixed strategy. On the one hand, they retained a substantial part of the income in the form of international reserves, so as to have more resources in hand for facing possible adverse shocks. On the other hand, they used the remaining part to stimulate effective demand by putting into effect a fiscal and monetary policy which was clearly expansionary but was accompanied by tax measures designed to keep down inflation. Thus, the product grew by two points more than anticipated, while inflation was lower than had been projected at the beginning of the year.

In fact, the fiscal policy led to an increase of over 10% in the government's real expenditure, whose weight in relation to the product rose slightly. The expansionary character of that policy was also reflected in lower taxes. Thus, in the course of the year there were reductions in customs tariffs (from 20% to 15%), in the rate of the value added tax (from 20% to 16%), and in the tax on fuels, while the tax on the hiring of labour and the stamp tax were abolished. The purpose of these measures—the cost of which is estimated to be equivalent to 3% of the product—was to transfer from the public to the private sector part of the income derived from the favourable external conditions (thereby expanding effective demand) while helping to reduce the rate of inflation.

There were various reasons why, in spite of the lower taxes, the public finances remained in balance. On the one hand, the dynamism of the economy resulted in a substantial growth in tax collection. On the other hand, the rise in the price of copper directly benefitted the State, which owns most of the major copper enterprises. The fiscal coffers were also swelled by the continuation of the process of privatizing public enterprises, which has been going on for the last three years and which generated some

US\$250 million in 1988. Finally, the favourable conditions in the external sector made it possible to substantially increase imports, which are subject to the value added tax. Thus, the yield, from this tax expanded by 6% in real terms despite the lowering of its rate at mid-year, while real general government income (excluding copper income) grew by 8%. Thanks to this, the non-financial public sector ended the year with a deficit equivalent to only 0.5% of the product, and moreover that deficit does not take account of the resources accumulated in the Copper Stabilization Fund.

Monetary policy was also clearly expansionary. Private sector money (Mi) grew by 57%: seven times faster than in the previous year. This increase was apparently absorbed by a parallel rise in the real demand for money, due to higher economic growth, lower inflation and the uncertainty associated with the October plebiscite. However, the slight increase in inflation from September onwards and the smaller difference between the domestic and external interest rates, attributable to the Central Bank's delay in adjusting the domestic rate, move the authorities to subsequently put into effect a contractive policy. Thus, the expansion of private-sector money at the end of the year was almost 13 percentage points less than the 70% increase accumulated during the 12 months ending in October.

Exchange policy sought to make economic growth compatible with price stability, while ensuring high profit margins for the export sector. The objective of the special 4% devaluation decreed in January was to neutralize the effect on import-substitution activity of the tariff reduction decreed at the same time. Naturally, both measures signified a net gain for exporters. Subsequently, the exchange rate was gradually used as an instrument to control inflation, which led to a slight deterioration in its real value in the second half of the year.

The slight rise in inflation during the last quarter, which occurred despite the drop in the real effective exchange rate, was partially due to the gradual exhaustion of idle installed capacity. Gross fixed capital formation grew by almost 11% to the equivalent of 16% of the gross domestic product: a slightly higher proportion than that of the previous year, but lower than the figure of almost 18.5% recorded in 1981.

Gross domestic saving—that part of the product that is not consumed and is allocated to investment or transferred to the exterior—recovered considerably to a level of almost 25% of the product: a coefficient far above that prevailing at the beginning of the decade. For its part, gross national saving—that part of domestic saving allocated to finance investment—came to 15% of the product: the highest proportion recorded since 1974 and far above the rates registered in the years immediately after the crisis of 1982.

The dynamic performance of the economy brought with it a strong expansion in employment and resulted—together with the drop in inflation—in a recovery of almost 7% in average real wages. The rise in real wages reached its highest point in August (10%), falling somewhat during the following months as a result of the slight rise in inflation. The real minimum wage, for its part, recovered by 7% but even so was still 35% below the level achieved in 1981.

At constant 1980 prices, the sum total of net factor payments and of the effect of the deterioration in the terms of trade, which equals domestic saving minus investment, was equivalent to almost 9% of the product in 1988.

Figure 1

CHILE: MAIN ECONOMIC INDICATORS

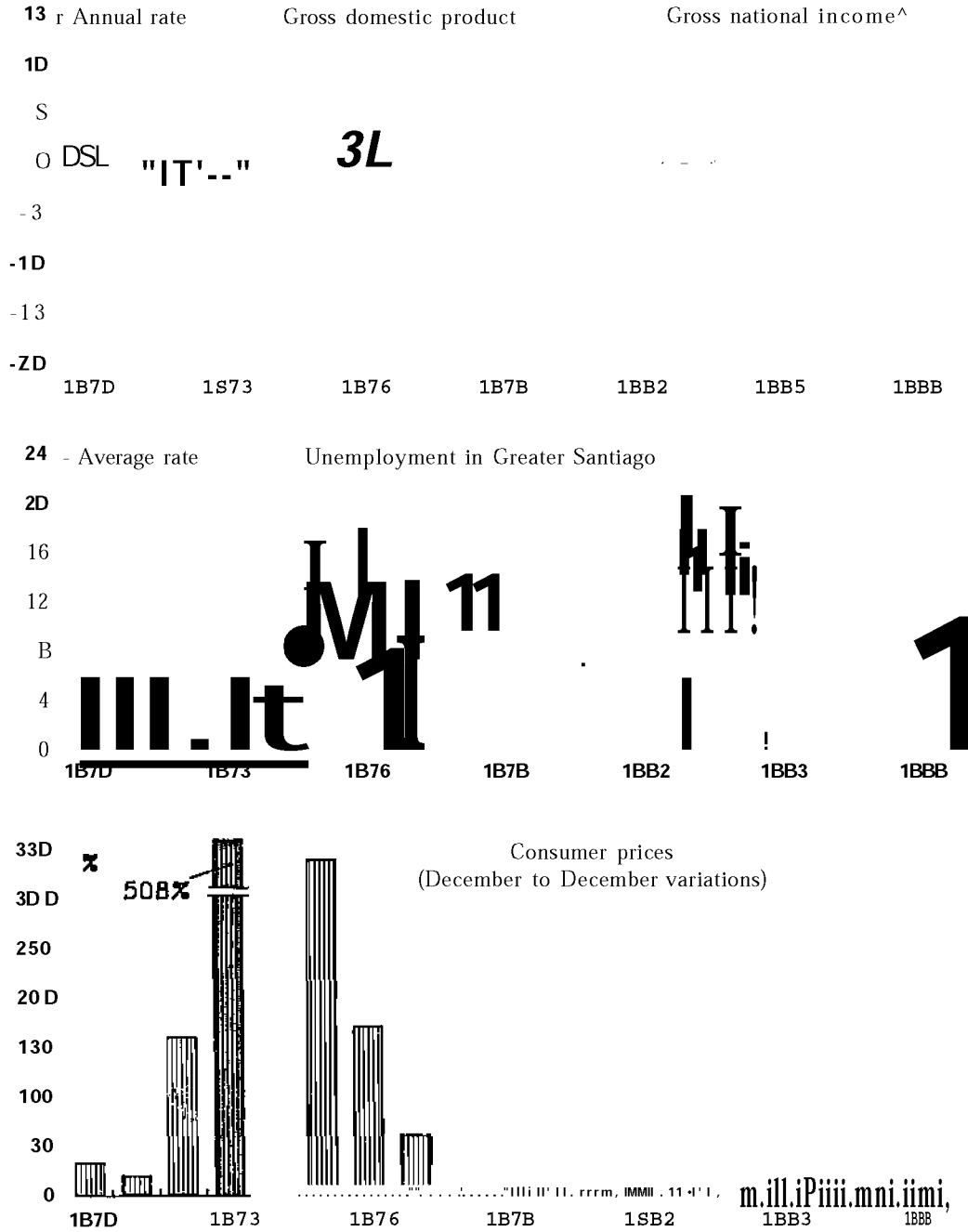
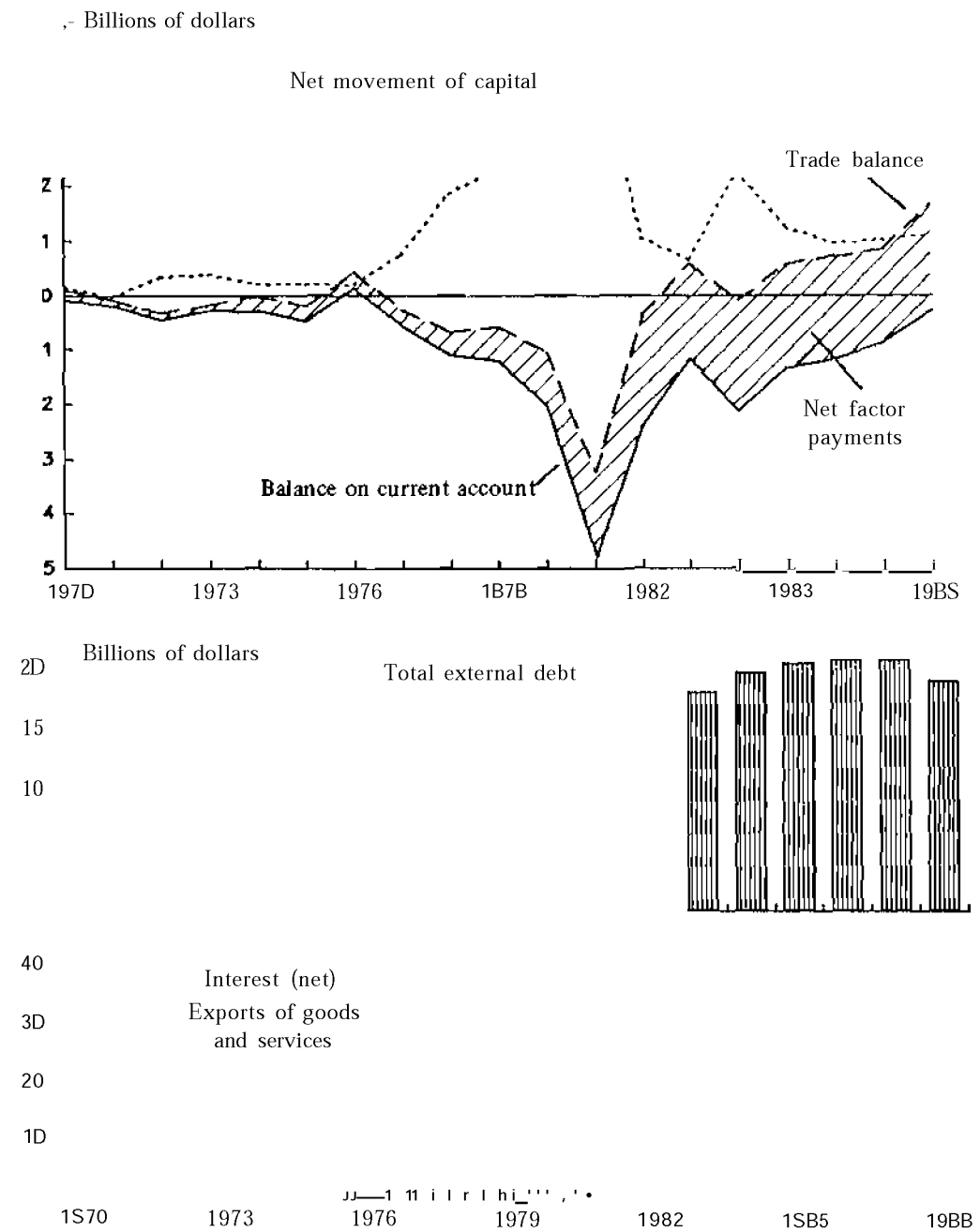


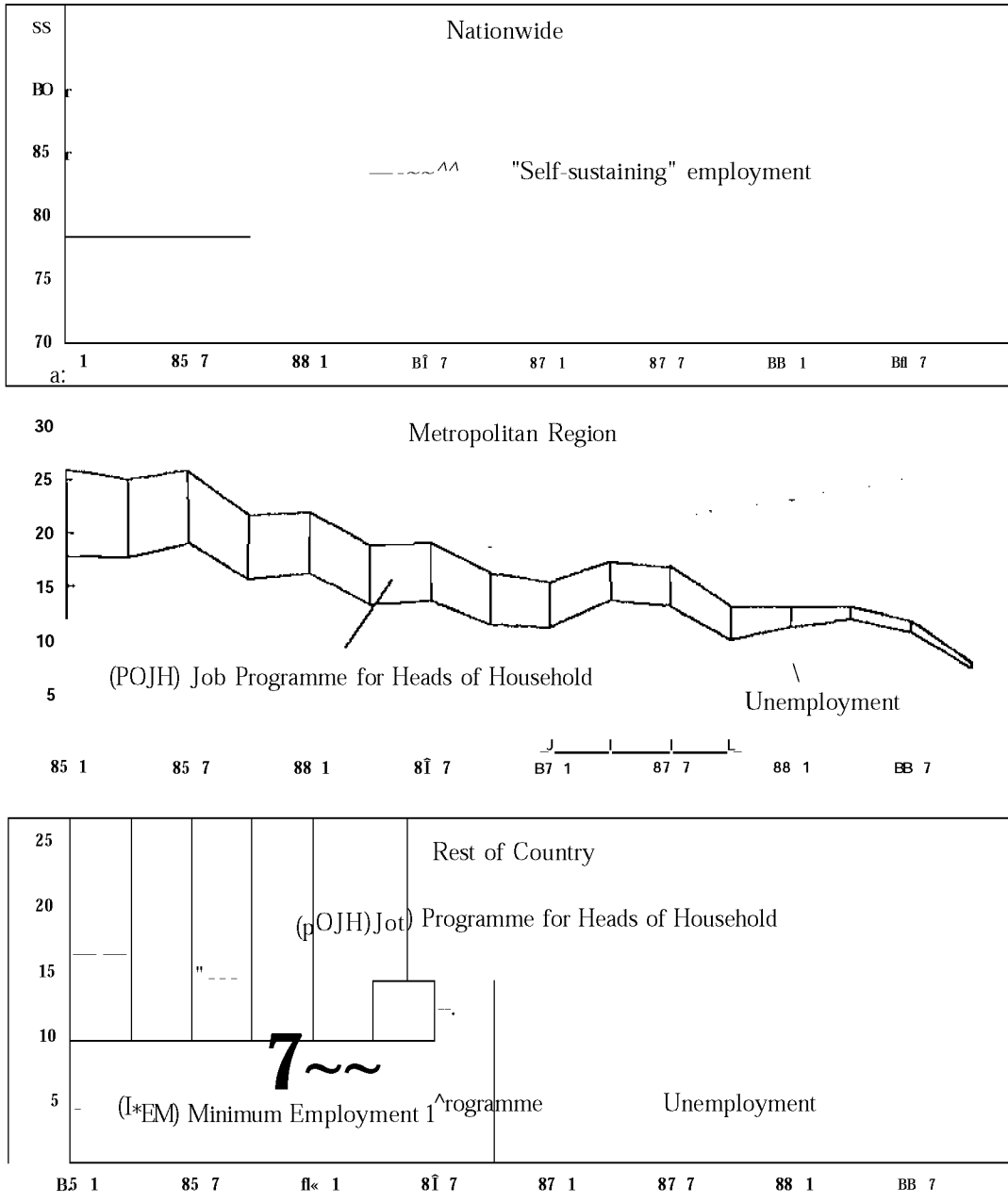


Figure 1 (concluded)



Source: ECLAC, on the basis of official data.

Figure 2  
 CHILE: EMPLOYMENT, UNEMPLOYMENT AND GOVERNMENT  
 EMPLOYMENT PROGRAMMES  
 (As percentages of total labour force)



Source: ECLAC, on the basis of official data.

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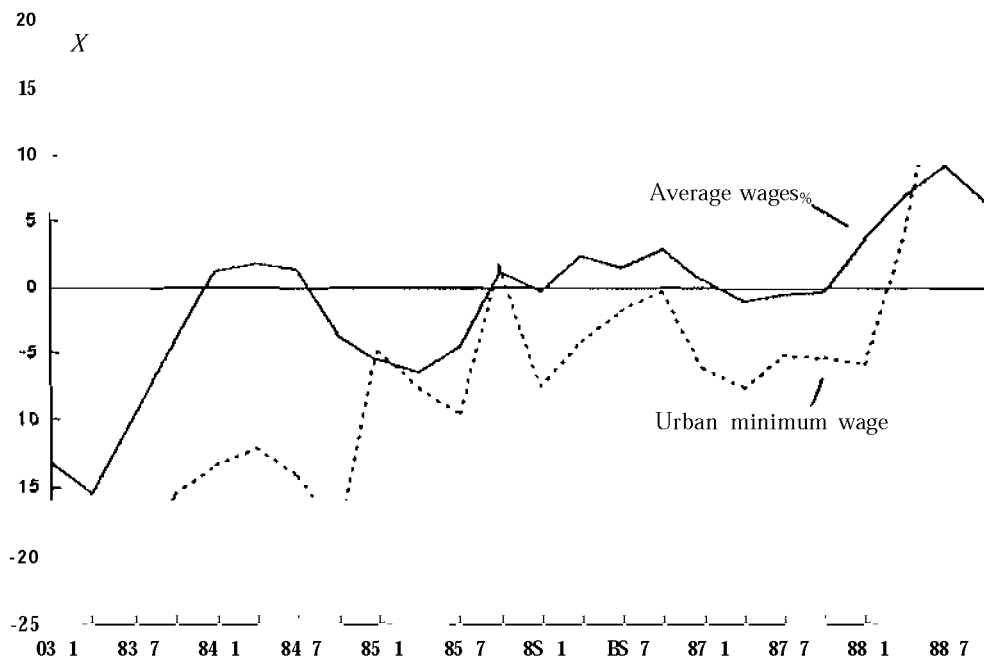
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Figure 4  
**CHILE: TWELVE-MONTH VARIATIONS IN REAL WAGES**



Source: FCI/AC. on the basis of official data.

Table 1  
CHILE: MAIN ECONOMIC INDICATORS

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes (1980 = 100)</b>								
Basic economic indicators								
Gross domestic product at market prices	105.2	91.5	91.0	96.5	98.8	104.1	109.7	117.5
Gross national income	101.2	81.3	81.7	85.1	84.9	90.3	98.2	110.3
Population (millions)	11.3	11.5	11.7	11.9	12.1	12.3	12.5	12.7
Per capita gross domestic product	103.5	88.4	86.5	90.2	90.8	94.1	97.5	102.7
Public sector deficit/gross domestic product								
Money (M1)/GDP <sup>b</sup>	3.1	3.0	3.0	4.4	2.6	1.9	1.2	0.5
Real effective exchange rate for exports	89.9	106.9	113.5	113.9	131.6	145.9	151.4	172.2
Rate of employment <sup>b</sup>	11.2	19.6	16.7	15.4	12.9	10.5	9.3	8.1
Growth rates								
Short-run economic indicators								
Gross domestic product	5.2	-13.0	-0.5	6.0	2.4	5.3	5.4	7.1
Per capita gross domestic product	3.5	-14.5	-2.2	4.3	0.7	3.6	3.7	5.3
Gross national income	1.2	-19.7	0.4	4.2	-0.2	6.3	8.8	12.3
Consumer prices								
December-December	9.5	20.7	23.1	23.0	26.4	17.4	21.5	12.7
Real wages and salaries	8.9	-0.2	-10.7	0.1	-3.8	1.7	-0.4	6.7
Current value of export of goods and services								
	-16.1	<b>-13</b>	<b>-03</b>	-2.9	-0.6	14.6	23.1	31.1
Current value of imports of goods and services								
	17.5	-39.2	-19.3	13.5	-14.7	12.7	24.3	21.0
Terms of trade (goods and services)								
	-8.4	-15.9	2.5	-5.4	-8.8	4.6	4.9	18.1
Millions of dollars								
External sector								
Trade balance (goods and services)	-3 245	-379	578	-102	547	704	816	1626
Net payments of profits and interest	1463	1921	1748	2018	1901	1887	1700	1920
Balance on current account	-4 805	-2 373	-1160	-2118	-1342	-1181	-872	-281
Balance on capital account	4 941	1032	644	2209	1247	930	1007	1106
Variation in net international reserves <sup>c</sup>	93	-1112	-652	351	-177	-526	26	772
Total external debt (gross)	15 591	17159	18 037	19 659	20 403	20 716	20 660	18 971
Total external debt (net)	11767	14 775	15 708	17 301	17 777	17 610	17 562	15 099

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures.

Percentages.

<sup>c</sup> Excluding variations in reserves due to evaluation of gold.

Table 2  
CHILE: EVOLUTION OF GROSS NATIONAL INCOME

	Indexes (1980 = 100)			Percentage breakdown			Growth rates		
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Gross national income (a+b-c+d)	90.3	98.2	110.3	96.3	90.4	-0.2	6.3	8.8	12.1
a) Gross domestic product	104.1	109.7	117.5	100.0	100.0	2.4	5.4	5.4	7.1
b) Terms-of-trade effect						-3.5	-	5.9	51.3
c) Net factor payments abroad	209.5	173.2	185.7	-4.0	-6.3	-1.7	0.7	-17.3	7.2
d) Net private transfers from abroad	69.9	89.0	95.8	0.2	0.2	19.2	-13.6	27.4	7.6

Source: ECLAC, on the basis of official statistics.  
<sup>a</sup> Preliminary figures.

Table 3  
CHILE: TOTAL SUPPLY AND DEMAND

	Indexes (1980 = 100)			Percentage breakdown			Growth rates		
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Total supply	96.8	103.3	111.9	127.1	121.2	0.3	6.5	6.7	5.3
Gross domestic product at market prices	104.1	109.7	117.5	100.0	100.0	2.4	5.3	5.4	7.1
Imports of goods and services	70.4	79.9	91.6	27.1	21.2	-10.9	14.1	13.5	14.6
Total demand	96.8	103.3	111.9	127.1	121.2	0.3	6.5	6.7	5.3
Domestic demand	88.4	94.2	103.0	104.1	91.3	-3.4	5.1	6.6	9.3
Gross domestic investment	65.2	82.1	89.0	21.0	15.9	-6.6	14.0	25.9	8.4
Gross fixed investment	87.9	102.2	113.2	16.6	16.0	14.8	7.1	16.3	10.8
Construction	101.5	114.2	122.5	9.8	10.2	15.1	3.9	12.5	7.3
Machinery	68.7	85.2	99.9	6.9	5.8	13.9	14.3	24.0	17.3
Changes in stocks	-21.8	4.7	-3.4	4.3	-0.1				
Total consumption	94.3	97.2	106.6	83.1	75.4	-2.9	3.7	3.1	9.7
General government	94.2	92.2	96.5	12.5	10.2	-0.3	-2.1	-2.1	4.7
Private	94.3	98.1	108.3	70.6	65.2	-3.4	4.8	4.0	10.4
Exports of goods and services	134.7	144.4	152.0	23.0	29.9	13.8	11.0	7.2	5.2

Source: ECLAC, on the basis of data supplied by the Central Bank of Chile and the International Monetary Fund.

<sup>a</sup> Preliminary figures. The figures for exports and imports of goods and services were taken from IMF balance-of-payments data expressed in dollars at current prices, which were converted into constant 1980 values using unit price indexes calculated by ECLAC for the purpose.

Table 4  
**CHILE: ORIGIN, COMPOSITION AND FINANCING  
 OF GROSS DOMESTIC INVESTMENT**

*(As percentages of the gross domestic product) \**

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>5</sup>
Gross domestic investment	14.4	17.2	21.0	24.3	9.7	8.0	13.3	12.1	13.2	15.7	15.9
Construction	7.8	8.6	9.8	10.8	9.2	8.7	8.6	9.7	9.4	10.0	10.2
Machinery and equipment	5.7	6.1	6.9	7.6	4.8	3.3	3.8	4.2	4.7	5.5	5.8
Changes in stock	0.8	2.5	4.3	5.9	-4.3	-4.0	1.0	-1.7	-0.9	0.2	-0.1
Gross domestic saving	10.9	15.2	16.9	14.2	14.0	16.3	19.3	23.5	24.8	26.4	24.6
Net income from factor services	-3.2	-3.3	-4.0	-5.8	-8.6	-8.2	-8.7	-8.4	-8.1	-6.3	-6.3
Terms-of-trade effect <sup>0</sup>	-0.9	-0.9	-	-1.7	-5.9	-5.6	-6.5	-9.1	-8.6	-7.7	-3.5
Gross national saving	7.3	11.4	13.2	6.8	-0.4	2.8	4.3	6.3	8.2	12.6	15.0
External saving	7.1	5.8	7.8	17.5	10.1	5.3	9.0	5.8	4.9	3.1	0.9

**Source:** ECLAC, on the basis of data supplied by the Central Bank of Chile.

<sup>a</sup> At market prices, in constant 1980 dollars, at adjusted exchange rate. <sup>b</sup> Preliminary figures. <sup>c</sup> Includes unrequited private transfers.



Table 5  
**CHILE: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC  
ACTIVITY, AT 1980 MARKET PRICES**

	Indexes (1980 = 100)					Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Gross domestic product</b>	<b>104.1</b>	<b>109.7</b>	<b>117.5</b>	<b>100.0</b>	<b>100.0</b>	<b>2.4</b>	<b>5.4</b>	<b>5.4</b>	<b>7.1</b>
<b>Goods</b>	<b>109.2</b>	<b>114.1</b>	<b>121.8</b>	<b>42.4</b>	<b>44.0</b>	<b>3.9</b>	<b>5.7</b>	4.5	6.7
Agriculture	119.1	124.5	131.6	7.2	7.6	5.6	8.7	4.5	5.7
Fishing	182.1	167.5	171.9	0.5	0.7	5.0	10.0	-8.0	2.6
Mining	120.9	120.9	126.0	8.6	9.2	2.2	1.4	-	4.2
Manufacturing	100.2	105.7	114.9	21.4	21.0	1.2	8.0	5.5	8.7
Construction	107.4	118.7	125.9	5.2	5.6	16.1	1.3	10.5	6.1
<b>Basic services</b>	<b>112 JS</b>	<b>121.6</b>	<b>134.7</b>	7.0	<b>8.1</b>	4.8	<b>7.5</b>	8.0	<b>10.8</b>
Electricity, gas and water	125.7	130.5	142.6	2.1	2.6	3.5	6.5	3.8	9.3
Transport, storage and communications	106.9	117.7	131.3	4.9	5.5	5.5	8.1	10.1	11.6
<b>Other services</b>	<b>91.1</b>	<b>95.5</b>	<b>101.4</b>	50.2	<b>48.0</b>	<b>1.8</b>	<b>-1.6</b>	<b>4.8</b>	<i>62</i>
Commerce, restaurants and hotels	93.7	100.7	110.6	16.3	15.4	1.7	5.5	7.5	9.8
Other <sup>c</sup>	100.8	106.1	111.8	33.9	32.6	0.4	4.2	5.3	5.4

Source: ECLAC, on the basis of data supplied by the Central Bank of Chile, reweighted on the basis of current 1980 prices. Consequently the trends obtained do not necessarily coincide with those published by the countries in their calculations at constant prices.

<sup>a</sup> Preliminary figures. Includes the livestock and forestry sectors. <sup>c</sup> Includes financial institutions, insurance, real estate and business services, as well as community, social and personal services, banking service charges and import duties.

Table 6  
CHILE: INDICATORS OF TRADITIONAL CROPS

	1980	1984	1985	1986	1987	1988 <sup>a</sup>	Growth rates				
							1984	1985	1986	1987	1988 <sup>a</sup>
<b>Production</b>											
Value <sup>b</sup>	130	165	182	214	221	224	45.0	10.2	17.6	3.6	1.0
Volume <sup>c</sup>											
Wheat	686	988	1 165	1626	1874	1734	68.7	17.8	39.6	15.3	-7.5
Oats	131	163	170	124	128	157	11.4	4.5	-27.0	2.5	23.1
Barley	91	74	85	88	48	82	0.4	15.6	3.6	-45.2	68.9
Rice	100	165	157	127	147	162	42.7	-5.1	-19.1	16.0	10.4
Maize	518	721	772	721	617	661	41.0	7.0	-6.5	-14.4	7.1
Potatoes	1007	1036	909	791	727	928	51.6	-12.3	-12.9	-8.1	27.7
Beans	138	94	101	89	81	100	11.5	7.0	-11.4	-9.0	22.9
Lentils	18	16	25	29	25	20	15.9	54.4	17.4	-14.8	-18.6
Chickpeas	6	7	9	9	15	8	115.6	33.3	-3.3	66.3	-48.6
Sugar beet	1461	2194	2124	2 638	2 650	2 487	33.6	-3.2	24.2	0.4	-6.1
Rape	27	4	32	97	95	123	41.4	678.0	204.4	-2.1	28.9
Sunflower	7	7	33	54	40	49	60.9	339.2	67.4	-27.2	23.5
<b>Area sown</b>	<b>1053</b>	<b>1037</b>	<b>1072</b>	<b>1123</b>	<b>1196</b>	<b>1108</b>	20.7	3.4	4.8	6.5	-7.4
Wheat	432	471	506	569	677	577	31.2	7.4	12.5	19.0	-14.8
Oats	80	96	85	64	55	61	12.9	-11.5	-24.7	-14.1	10.9
Barley	46	33	35	23	16	24	13.2	6.1	-34.3	-30.4	50.0
Rice	31	40	39	32	37	39	33.3	-2.5	-17.9	15.6	5.4
Maize	126	138	131	105	87	90	16.9	-5.1	-19.8	-17.1	3.4
Potatoes	90	81	63	53	58	62	20.9	-22.2	-15.9	9.4	6.9
Beans	118	85	83	90	86	76	-1.2	-2.4	8.4	-4.4	-11.6
Lentils	48	24	36	37	46	33	4.3	50.0	2.8	24.3	-28.3
Chickpeas	16	12	11	12	15	14	50.0	-8.3	9.1	25.0	-6.7
Sugar beet	37	48	44	51	53	49	33.3	-8.3	15.9	3.9	-7.5
Rape	24	4	19	57	47	60	33.3	375.0	200.0	-17.5	27.7
Sunflower	5	5	20	30	19	23	66.7	300.0	50.0	-36.7	21.1

Source: ECLAC, on the basis of data supplied by the National Estatistical Institute (INE) of Chile

<sup>a</sup> Preliminary figures. <sup>d</sup> Millions of pesos at 1974 prices. <sup>c</sup> Thousands of tons      Thousands of hectares.

Table 7  
CHILE: INDICATORS OF FRUIT-GROWING ACTIVITY

	1980	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
<b>Production</b>									
Plums	17.0	42.0	54.0	64.0	75.0	21.7	28.6	18.5	17.2
Apricots	12.6	12.0	14.7	11.8	12.5	-9.8	22.5	-19.7	5.9
Peaches	78.2	76.7	80.2	75.5	78.4	-4.1	4.6	-5.9	3.8
Kiwis		0.5	1.1	4.3	12.0	125.0	120.0	290.9	179.1
Lemons	66.7	64.8	71.0	68.6	50.0	11.7	9.6	-3.4	-27.1
Apples	245.0	425.0	515.0	580.0	630.0	3.7	21.2	12.6	8.6
Oranges	59.2	70.0	73.2	75.5	70.0	-2.8	4.6	3.1	-7.3
Avocados	21.7	29.8	35.0	32.0	28.0	-5.4	17.4	-8.6	-12.5
Pears	43.1	71.0	78.0	74.0	84.0	7.6	9.9	-5.1	13.5
Table grapes	85.0	276.2	307.5	370.0	460.0	22.8	11.3	20.3	24.3
<b>Area planted<sup>c</sup></b>									
<b>Total</b>	<b>62.5</b>	<b>96.7</b>	105.1	<b>112.4</b>	122.0	9.9	8.7	6.9	8.5
Plums	3.7	7.9	8.4	9.1	9.2	9.7	6.3	8.3	1.1
Apricots	14	1.7	1.8	1.9	2.2	6.2	5.9	5.6	15.8
Peaches	7.2	7.0	7.5	8.2	9.0	1.4	7.1	9.3	9.8
Kiwis		2.0	3.5	6.2	9.0	121.1	75.0	77.1	45.2
Lemons	6.0	5.3	5.3	5.4	5.5	1.9	-	-	1.9
Apples	15.5	19.8	21.6	22.8	24.4	5.9	9.1	5.6	7.0
Oranges	5.3	6.3	6.4	6.5	6.5	1.6	1.6	1.6	0.0
Avocados	6.2	7.6	7.7	7.9	8.2	2.7	1.3	2.6	3.8
Pears	3.3	6.8	7.6	9.5	11.5	11.5	11.8	25.0	21.1
Table grapes	13.5	34.3	38.8	43.2	45.5	19.5	13.1	11.3	5.3

**Source:** Ministry of Agriculture, Agricultural Planning Office (ODEPA).

<sup>a</sup> Preliminary figures.      <sup>b</sup> Thousands of tons.      <sup>c</sup> Thousands of hectares.

Table 8  
**CHILE: LIVESTOCK PRODUCTION**

	Thousands of tons					Growth rates				
	1980	1985	1986	1987	1988 <sup>a</sup>	1983	1985	1986	1987	1988 <sup>a</sup>
Beef	162	175	177	175	197	6.9	-11.2	1.3	-1.4	12.7
Poultry meat	110	73	80	90	100	-27.2	-2.3	9.9	12.2	11.7
Pork	50	66	76	88	100	2.6	11.8	14.2	17.0	13.4
Mutton	16	14	13	15	14	-10.7	13.4	-3.0	10.7	-2.8
Milk <sup>b</sup>	1080	1000	1093	1100	1 120	-14.8	13.6	9.3	0.6	1.8
Eggs <sup>c</sup>	1425	1577	1800	1798	1715	-3.7	9.5	14.1	-0.1	-4.6
Greasy wool	21	19	19	19	20	-	-11.7		2.1	1.6

**Source:** Beef, pork and mutton: Naional Statistical Institute (INE); other livestock items: Agriculitirai Planining Office (ODEPA).

<sup>a</sup> Preliminary Figures.      <sup>b</sup> Millions of litres.      <sup>c</sup> Millions of units.

Table 9  
**CHILE: AREA AFFORESTED**  
*(Thousands of hectares)*

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>79.0</b>	<b>52.0</b>	<b>72.2</b>	<b>92.8</b>	<b>68.6</b>	<b>76.3</b>	<b>93.6</b>	<b>96.3</b>	<b>66.2</b>	<b>65.4</b>	<b>72.9</b>
CONAF	24.9	0.4	0.1			21.8	40.3	24.2			
Private enterprises	54.1	51.6	72.1	92.8	68.6	54.5	53.3	72.1	66.2	65.4	72.9

Source: National Forestry Corporation (CONAF).

<sup>a</sup> Preliminary figures.

Table 10  
CHILE: INDICATORS OF FISHERY PRODUCTION

	1980	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
<b>Fishery product</b>	<b>54.7</b>	<b>91.0</b>	<b>100.1</b>	<b>92.1</b>	<b>94.5</b>	<b>5.6</b>	<b>10.0</b>	-8.0	<b>2.6</b>
<b>Fishing catch<sup>c</sup></b>	<b>2 892</b>	<b>4 987</b>	<b>5 696</b>	<b>4 391</b>	<b>5 375</b>	<b>6.7</b>	<b>14.2</b>	<b>-22.9</b>	<b>22.4</b>
Fish	2800	4660	5 415	4 647	5 028	6.8	16.2	-14.2	8.2
Shellfish	117	145	157	167	181	6.6	8.3	6.4	8.4
Seaweed	75	182	124	117	166	4.0	-31.9	-5.6	41.9
<b>Output of fishery products</b>	<b>734.6</b>	<b>1389.6</b>	<b>1628 J</b>	<b>1395.7</b>	<b>1 472.0</b>	<b>63</b>	<b>17.2</b>	<b>-143</b>	<b>5.5</b>
Frozen	13.5	48.7	58.1	70.5	95.7	-4.9	19.3	21.3	35.7
Tinned	38.0	44.7	62.2	69.5	72.9	-9.1	39.1	11.7	4.9
Fish meal	571.9	1 111.6	1282.2	1 081.1	1 112.2	8.7	15.3	-15.7	2.9
Fish oil	111.0	184.1	224.9	224.9	188.0	0.1	22.2	-	-16.4
Other	0.2	0.5	0.9	2.4	3.2	150.0	80.0	166.7	33.3

Source: Ministry of the Economy, Development and Reconstruction - National Fisheries Service.  
Preliminary figures.      Millions of dollars at 1970 prices.      ' Thousands of tons.      Thousands of tons of finished products.

Table 11  
CHILE: MINING PRODUCTION

	1980	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
Mining product	2 206	2 629	2 667	2 667	2 780	2.2	1.4		4.2
Copper <sup>c</sup>	1068	1357	1400	1418	1421	5.2	3.2	1.3	0.2
Large-scale mining	905	1078	1102	1091	1091	2.7	2.2	-1.0	
Medium- and small-scale mining 163	279	298	327	330	16.3	6.8	9.7	0.9	
Iron <sup>0</sup>									
Ore	8 835	6 494	7 009	6 690	7 899	-8.7	7.9	-4.6	18.1
Pellets	3 179	3 605	3 102	3 685	4 228	6.8	-14.0	18.8	14.7
Coal <sup>d</sup>	1024	1256	1454	1750	2122	-5.4	15.8	20.4	21.3
Petroleum <sup>e</sup>	1933	2 074	1940	1737	1420	-7.3	-6.5	-10.5	-18.2
Molybdenurr <sup>1</sup>	13 668	18 389	16 581	16 941	15 527	9.1	-9.8	2.2	-8.3
Gold <sup>8</sup>	6 836	17 240	17 938	17 035	15 562	2.4	4.0	-5.0	-8.6
Silver <sup>f</sup>	299	517	500	500	486	5.3	-3.3	-	-2.8

Source: ECLAC, on the basis of official data and Central Bank of Chile, *Boletín mensual*, various issues.  
<sup>a</sup> Preliminary figures.      <sup>d</sup> Millions of dollars at 1980 pnces.      Thousand of tons.      Thousands of gross tons.  
<sup>c</sup> Thousands of cubic metres.      Tons      <sup>f</sup> Kilogrammes fine.

Table 12

## CHILE: INDICATORS OF MANUFACTURING ACTIVITY

	Indexes (1980 = 100)					Growth rates				
	1984	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>	
Industrial product	5 072	5 131	5 542	5 845	6 353	1.2	8.0	5.5	8.7	
Industrial output										
INE	103.9	104.0	112.6	117.3	124.7	0.1	8.3	4.2	6.3	
SOFOFA	98.7	98.8	106.3	113.1	120.9	0.1	7.6	6.4	6.9	
Mass consumption goods	100.3	98.3	108.6	114.6	121.6	-2.0	10.5	5.5	6.1	
Consumer durables	54.3	48.7	69.4	79.2	101.4	-10.3	42.5	14.1	28.0	
Transport equipment	52.5	53.3	48.6	65.4	77.7	1.5	-8.8	34.6	18.8	
Capital goods	72.7	84.1	95.4	95.7	113.7	15.7	13.4	0.3	18.8	
Intermediate products for:										
Industry	114.0	116.0	121.8	125.8	127.4	1.8	5.0	3.3	1.3	
Construction	95.2	92.8	104.3	124.8	137.2	-2.5	12.4	19.7	9.9	
Mining	98.7	100.8	116.3	122.2	132.7	2.1	15.4	5.1	8.6	
Forestry and agriculture	178.6	182.1	219.1	198.0	194.1	2.0	20.3	-9.6	-2.0	
Packaging and accessories	106.1	106.4	111.7	124.0	127.9	0.3	5.0	11.0	3.1	
Energy, fuels and lubricants	84.4	84.5	88.8	94.9	105.8	0.1	5.1	6.9	11.5	
Office furniture and materials	104.3	93.0	83.0	96.5	103.4	-10.8	-10.8	16.3	7.2	
Industrial sales										
INE <sup>c</sup>	101.1	104.3	111.4	116.4	124.8	3.2	6.8	4.5	7.2	
SOFOFA	98.8	100.9	107.7	114.6	121.9	2.1	6.7	6.4	6.4	

Source: ECLAC, on the basis of official figures; industrial output: National Statistical Institute (INE) and Sociedad de Fomento Fabril (SOFOFA); industrial sales: Sociedad de Fomento Fabril.

<sup>a</sup> Preliminary figures.      Millions of dollars at 1980 prices.      Indexes 1979 = 100.

Table 13

## CHILE: CONSTRUCTION INDICATORS

	1984	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
Construction product <sup>b</sup>	1220	1418	1436	1588	1684	16.2	1.3	10.6	6.1
Building materials									
Deliveries of cement for the domestic market	32.9	33.5	33.8	37.5	43.3	1.8	0.9	10.9	15.5
Deliveries of round bars for construction	65.9	66.9	85.2	84.8	110.1	1.5	27.4	-0.5	29.8
Index of real sales of intermediate goods for construction (1980 = 100)	95.7	97.0	106.7	126.0	139.0	1.4	10.0	18.1	10.3
Building <sup>e</sup>									
Total area <sup>f</sup>	3 209	3 811	3 980	4 773	5 548	18.8	4.4	19.9	16.2
Public sector	136	124	314	274	246	-8.8	153.2	-12.7	-10.2
Private sector	3 073	3 707	3 666	4 499	5 301	20.6	-1.1	22.7	17.8
Residential	2 397	3 055	2 897	3 554	3 996	27.5	-5.2	22.7	12.4
Non-residential	812	848	1144	1219	1552	4.4	34.9	6.6	27.3
Total number of dwellings	46 769	59 174	50 181	60 316	77 261	26.5	-15.2	20.2	28.1
Public sector	276	349	678	1392	2 391	26.4	94.3	105.3	71.8
Private sector	46 493	58 825	49 503	58 924	74 880	26.5	-15.8	19.0	27.1

Source: Construction product: ECLAC, on the basis of data provided by the National Planning Office (ODEPLAN); building materials: Chilean Chamber of Construction; building: National Statistical Institute (INE).

<sup>a</sup> Preliminary figures. <sup>b</sup> Millions of dollars at 1980 prices. <sup>c</sup> Millions of sacks. <sup>d</sup> Thousands of tons.

<sup>e</sup> Total for administrative districts reported. <sup>f</sup> Thousands of m<sup>2</sup>.

Table 14

## CHILE: RATES OF PARTICIPATION AND UNEMPLOYMENT, BY REGIONS

	1984	1985	1986	1987	1988 <sup>a</sup>	1987				1988 <sup>a</sup>			
						I	II	III	IV	I	II	III	IV
<b>Overall participation rate</b>													
Nationwide	48.6	48.6	48.6	49.2	49.7	49.3		49.1		50.1		49.3	
Greater Santiago	52.5	52.3	52.5	53.3	53.3	53.7	53.0	53.8	52.8	54.3	52.5	53.7	52.8
<b>Unemployment rate<sup>c</sup></b>													
Nationwide	18.8	16.3	13.9	12.8	11.8	12.6		12.9		12.2		11.4	
Urban	20.3	17.5	14.6	13.3	12.5	13.3		13.3		13.0		11.9	
Rural	12.5	11.5	11.1	10.2	8.7	9.1		11.2		8.3		9.1	
Greater Santiago	19.3	16.3	13.5	12.3	11.0	13.1	13.5	11.8	10.6	13.2	11.2	10.6	8.9
<b>Unemployment rate<sup>d</sup></b>													
Nationwide	15.4	12.9	10.5	9.3	8.1	8.9	10.3	10.0	7.9	8.4	9.1	8.7	6.3
Northern zone (Regions I to IV)	14.0	12.1	10.4	7.9	7.0	8.6	7.9	7.8	7.4	8.7	6.8	7.3	5.1
Central zone (Regions V to VII) <sup>e</sup>	16.1	11.7	10.0	7.8	7.4	7.6	8.8	9.0	5.7	6.6	8.4	8.5	5.9
Southern zone (Regions VIII to XII)	10.5	7.7	7.1	5.8	4.6	5.6	6.5	6.1	5.0	4.9	4.7	4.8	3.9
Greater Santiago	19.0	17.2	13.2	11.9	10.2	11.2	13.3	13.0	10.2	11.5	12.0	10.8	7.7
Greater Valparaíso	22.8	16.0	13.5	10.8	9.3	11.8	12.8	10.8	8.1	8.6	8.0	12.0	8.6
Greater Concepción	12.3	11.6	10.1	11.1	10.3	12.0	12.1	9.5	10.8	10.9	11.3	9.7	9.3

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. <sup>b</sup> Labour force, as a percentage of the population aged 14 or over. <sup>c</sup> According to the Department of Economics of the University of Chile, on the basis of surveys carried out nationwide in March and September, and in March, June, September and December in Greater Santiago. <sup>d</sup> According to the National Statistical Institute (INE), quarterly averages. <sup>e</sup> Not including the Santiago Metropolitan Region.



Table 15

**CHILE: UNEMPLOYMENT RATES IN GREATER SANTIAGO***(Annual average, in percentages)*

	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>Total rate of unemployment according to:</b>									
Department of Economics of the University of Chile	11.8	11.1	22.1	22.2	19.3	16.3	13.5	12.3	11.0
National Statistical Institute	11.8	9.0	20.0	19.2	19.0	17.2	13.1	11.9	10.2
<b>Rate of unemployment among the established labour force<sup>a</sup></b> (i.e., excluding persons seeking work for the first time)									
Total	8.7	8.5	18.8	18.4	15.7	13.0	10.8	9.8	8.9
Industry	11.9	11.8	26.7	25.9	19.5	14.9	12.9	11.0	8.9
Construction	16.5	16.4	49.4	49.0	34.9	27.9	25.1	19.3	15.8
Commerce	6.4	5.9	14.5	16.0	13.1	11.1	9.7	9.5	8.0
Government and financial services	5.8	5.9	9.9	11.7	15.8	13.7	9.7	8.9	9.4
Personal and household services	8.4	7.0	12.9	15.6	12.5	11.5	9.7	8.9	8.8
Community and social services	5.6	4.8	10.3	10.7	11.0	8.2	6.6	6.7	7.0
Non-manual workers	5.3	6.3	15.6	17.9	14.3	11.8	8.9	8.7	8.4
Manual workers	14.5	14.4	28.9	24.9	22.0	18.4	15.8	14.4	12.9
Own-account workers	4.5	3.1	9.1	10.3	9.3	7.4	7.1	5.2	4.1
<b>Percentage breakdown of unemployed</b>									
Non-manual workers	25.0	26.7	30.1	34.3	31.2	31.6	29.7	32.0	32.4
Manual workers	64.9	66.0	61.1	56.3	57.6	57.3	58.2	57.9	58.4
Own-account workers	9.7	7.1	8.3	8.9	10.7	10.4	11.8	9.6	8.7

Source: Department of Economics of the University of Chile, and National Statistical Institute (INE).

<sup>a</sup> According to data supplied by the Department of Economics of the University of Chile.

Table 16

## CHILE: GOVERNMENT EMPLOYMENT PROGRAMMES

	Number of persons employed (thousands) <sup>8</sup>			Number of persons employed, as a percentage of the labour force <sup>b</sup>		
	Nation- wide	Metropolitan Region	Rest of country	Nation- wide	Metropolitan Region	Rest of country
<b>Minimum Employment Programme</b>						
1975 <sup>c</sup>	72.7	19.6	53.1	3.8		
1976	157.8	34.9	122.9	5.9	3.2	7.7
1977	177.2	36.4	140.8	5.3	2.5	7.1
1978	132.2	29.0	103.2	3.2	1.7	4.2
1979	120.8	21.8	99.0	4.0	1.7	5.6
1980	178.0	28.1	149.9	5.4	2.0	7.8
1981	171.3	23.2	148.1	4.9	1.6	6.9
1982	225.3	35.6	189.7	8.6	4.1	11.6
1983	341.6	80.9	260.7	9.2	4.3	9.7
1984	167.6	13.0	154.6	4.5	0.5	7.3
1985	134.3	8.3	126.0	3.5	0.5	4.7
1986	81.0	7.2	73.8	1.9	0.4	2.9
1987	35.7	4.4	31.3	0.8	0.2	1.2
1988	8.9	1.6	7.3	0.2	0.1	0.3
<b>Job programme for Heads of Household</b>						
1982 <sup>d</sup>	81.2	30.6	50.6	1.9	1.7	2.1
1983	161.2	110.6	50.6	4.4	10.1	3.3
1984	168.7	117.7	51.0	4.5	7.4	3.5
1985	190.0	113.7	76.3	4.9	6.5	3.0
1986	140.4	91.6	48.8	3.3	5.3	1.9
1987	83.5	64.3	24.1	1.9	3.6	0.9
1988	24.9	22.2	2.7	0.6	1.2	0.1

Source: ECLAC, on the basis of data from the National Statistical Institute (INE).

<sup>a</sup> Annual averages. Up to 1982, corresponds to the period October-December of each year, due to the lack of complete information on the labour force nationwide. <sup>c</sup> The Minimum Employment Programme was set up in March 1975. Consequently, the figures for that year are an average based on the period March-December. This programme was set up in October 1982. Consequently, the figures for that year are an average based on the last quarter.

**Table 17**  
**CHILE: MAIN FOREIGN TRADE INDICATORS (GOODS)**

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Growth rates</b>								
Exports FOB								
Value	-18.5	<b>-3.4</b>	3.4	-4.7	4.2	10.4	24.4	35.0
Volume	-6.5	16.7	5.0	0.8	18.1	6.6	5.8	5.0
Unit value	-12.8	-17.2	-1.5	-5.5	-11.8	3.5	17.6	28.5
Imports FOB								
Value	19.1	<b>-44.1</b>	-21.9	18.0	-12.0	4.9	28.9	21.0
Volume	20.1	-41.4	-13.1	17.0	-7.6	10.3	14.5	14.5
Unit value	-0.8	<b>-4.5</b>	-10.2	0.9	-4.8	-4.8	12.5	5.7
Terms of trade	-12.6	-13.8	9.1	-7.0	-6.9	8.6	4.7	21.5
<b>Indexes (1980 = 100)</b>								
Purchasing power of exports	81.7	82.1	94.0	88.2	96.9	112.3	124.3	158.6
Volume of exports	93.5	109.1	114.5	115.4	136.4	145.3	153.8	161.5
Volume of imports	120.1	70.4	61.1	71.5	66.1	72.9	83.4	95.5
Terms of trade, FOB/CIF	87.4	75.3	82.1	76.4	71.1	77.2	80.9	98.2

**Source:** ECLAC, on the basis of official figures.  
" Preliminary figures.

Table 18

## CHILE: PRICE OF COPPER ON THE LONDON METAL EXCHANGE

	Nominal price (US cents of each year) <b>(D)</b>	Price indexes (1980 = 100)		Real price (US cents at 1980 prices)	
		United States wholesale prices (2)	Unit value of Chilean imports of goods and services (3)	(1/2)	(1/3)
				(4)	(5)
1960-1964	32.4	35.5	24.3	91.4	133.5
1965-1970	61.0	38.2	27.0	159.6	226.1
1971-1972	49.0	43.4	30.6	112.9	160.1
1973-1974	87.1	54.9	43.9	158.7	198.2
1975-1986	69.7	94.5	83.5	73.8	83.5
1987-1988	99.7	116.9	100.6	85.3	99.1
1980	99.2	100.0	100.0	99.2	99.2
1981	79.0	109.0	101.2	72.5	78.1
1982	67.2	111.4	99.9	60.3	67.3
1983	72.2	112.9	93.5	64.0	77.2
1984	62.5	115.5	94.6	54.1	66.1
1985	64.3	115.0	90.5	55.9	71.0
1986	62.3	111.6	89.4	55.8	69.7
1987	81.0	114.6	97.9	70.7	82.7
1988	118.4	119.1	103.2	99.4	114.7
First quarter	111.2	116.7		95.3	
Second quarter	110.0	118.7		92.7	
Third quarter	103.6	120.3		86.1	
Fourth quarter	147.4	120.9		122.0	

Source: Central Bank of Chile, International Monetary Fund, and ECLAC estimates.

Table 19

## CHILE: VALUE AND BREAKDOWN OF EXPORTS OF GOODS

	Millions of dollars				° breakdown		Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total exports of goods</b>	<b>3 805</b>	<b>4 198</b>	<b>5 225</b>	<b>7 053</b>	<b>100.0</b>	<b>100.0</b>	<b>4 J</b>	<b>10 J</b>	<b>24.5</b>	<b>35.0</b>
<b>Traditional products</b>	<b>2 455</b>	<b>2 524</b>	<b>3 163</b>	<b>4 523</b>	<b>61.6</b>	<b>64.1</b>	<b>5.6</b>	<b>2.8</b>	<b>25.3</b>	<b>43.0</b>
Copper	1789	1757	2 235	3 416	45.1	48.4	11.5	-1.8	27.2	52.8
Iron ore	92	88	101	110	3.3	1.6	-17.1	-4.3	14.8	8.9
Nitrates and iodine	85	92	99	121	1.9	1.7	14.9	8.2	7.6	22.2
Fish meal	279	315	363	459	5.0	6.5	1.1	12.9	15.2	26.4
Paper, wood pulp, paperboard and related products	210	272	365	417	6.3	5.9	-18.9	29.5	34.2	14.2
<b>Non-traditional products</b>	<b>1350</b>	<b>1674</b>	<b>2 062</b>	<b>2 530</b>	<b>38.4</b>	<b>35.9</b>	<b>1.7</b>	<b>24.0</b>	<b>23.2</b>	<b>22.7</b>
<b>Mining products</b>	<b>156</b>	<b>158</b>	<b>169</b>	<b>201</b>	<b>5J</b>	<b>2.8</b>	<b>-9.8</b>	<b>1.3</b>	<b>7.0</b>	<b>18.9</b>
<b>Agricultural and marine products</b>	<b>515</b>	<b>683</b>	<b>797</b>	<b>931</b>	<b>12</b>	<b>13.2</b>	<b>20.0</b>	<b>32.6</b>	<b>16.7</b>	<b>16.8</b>
Crop-farming products	425	563	614	691	5.2	9.8	22.8	32.5	9.1	12.5
Livestock products	27	39	56	58	0.8	0.8	-6.9	44.4	43.6	3.6
Forestry products	1	2	3	3	-	-	-27.8	30.8	52.9	
Fishery products	62	79	124	179	1.2	2.5	19.2	27.4	57.0	44.4
<b>Manufactured products</b>	<b>679</b>	<b>833</b>	<b>1096</b>	<b>1398</b>	<b>26.0</b>	<b>19.8</b>	<b>-6.5</b>	<b>22.7</b>	<b>31.5</b>	<b>27.6</b>
Food and beverages	142	215	281	331	3.5	4.7	-2.1	51.4	30.7	17.8
Wood	112	135	217	311	6.1	4.4	-3.4	20.5	60.7	43.3
Chemical and petroleum products	96	89	102	186	3.5	2.6	20.0	-7.3	14.6	82.4
Basic metal industries	280	281	349	383	10.0	5.4	-7.3	0.4	24.2	9.7
Metal products, machinery, electronic articles, etc.	18	31	39	39	1.4	0.6	-10.0	72.2	25.2	1.3
Transport equipment	17	54	32	35	0.9	0.5	-59.5	217.6	-40.7	9.4
Other	14	28	76	113	0.6	1.6	-35.4	105.9	172.3	48.7

Source: Central Bank of Chile.

<sup>a</sup> Preliminary figures.

Table 20

**CHILE: EXCHANGE RATES***(Annual and quarterly averages)*

Period	Nominal exchange rates (pesos per dollar)		Real effective exchange rate <sup>be</sup> (indexes 1980 = 100)			
	Official	Parallel <sup>8</sup>	Exports		Imports	
			A	B	A	B
1970-1979	11		128.2	98.1	123.7	94.8
1980	39		100.0	100.0	100.0	100.0
1981	39		89.9	82.7	92.4	85.0
1982	51		106.9	95.2	111.1	99.0
1983	79	92	113.5	112.6	116.6	115.7
1984	99	113	113.9	116.3	117.5	120.0
1985	161	180	131.6	144.3	136.0	149.1
1986	193	206	145.9	165.0	145.7	164.6
1987	220	231	151.4	173.3	146.6	167.8
1988	245	282	172.2	180.7	167.5	176.8
1986						
I	187	202	150.2	163.9	151.6	165.4
II	189	199	146.9	161.8	147.4	162.2
III	195	207	143.1	166.9	142.7	166.4
IV	202	216	143.4	167.2	141.1	164.5
1987						
I	206	217	153.9	169.4	148.6	163.6
II	214	227	152.1	172.4	147.0	166.6
III	225	235	145.7	172.1	141.7	167.3
IV	233	246	153.8	179.4	149.0	173.7
1988						
I	243	261	175.0	185.3	169.6	179.6
II	245	279	174.4	184.7	169.7	179.8
III	247	289	167.3	177.4	165.6	175.6
IV	246	294	168.0	175.2	164.9	172.0

Source: ECLAC, on the basis of information from the International Monetary Fund, *International Financial Statistics*.

Note: A: For deflation, the domestic products sub-index of the wholesale price index was used.

B: For deflation, the consumer price index prepared by J. Yañez was used for the years 1970-1973, the consumer price index prepared by R. Cortázar and J. Marshall was used for the years 1975-1978, and the consumer price index of the National Statistical Institute was used from 1979 onwards.

<sup>a</sup> CEPAL estimates. <sup>b</sup> These indexes correspond to the average of the real peso exchange rate indexes (main official rate *vista-à-vis* the currencies of Chile's main trading partners, weighted by the relative importance of the exports to or imports from those countries, as appropriate. From 1970 to 1980, these weightings correspond to the average for the period 1975-1979, while from 1981 on, they correspond to the average for the period 1983-1987. For further details on the methodology and sources used, see the technical appendix of the *Economic Survey of Latin America*, 1981. <sup>c</sup> For the correct use of this information, it should be kept in mind that from the beginning of 1974 onwards the average tariff rates have declined appreciably. Thus, the average tariff, which was 94% at the end of 1973, went down to 76% the following year, 36% in 1976, and only 10% in 1980. However, this process was renewed owing to the crisis, so that the rates rose to 20% at the beginning of 1983 and 35% in September 1985 afterwards, these rates were gradually lowered, reaching 15% in 1988.

**Table 21**  
**CHILE: VALUE AND BREAKDOWN OF IMPORTS OF GOODS, CIF**

	Millions of dollars				Percentage breakdown		Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>3 268</b>	<b>3 437</b>	<b>4 396</b>	<b>5 292</b>	<b>100.0</b>	<b>100.0</b>	<b>-12.6</b>	<b>5.2</b>	<b>27.9</b>	<b>20.4</b>
<b>Consumer goods</b>	<b>752</b>	<b>754</b>	<b>901</b>	<b>1089</b>	<b>33.7</b>	<b>20.6</b>	<b>-28.0</b>	<b>03</b>	<b>19.5</b>	<b>20.9</b>
Non-food	<b>505</b>	585	691	831	<b>20.7</b>	15.7	<b>-8.5</b>	15.8	18.1	20.3
Food	<b>247</b>	169	210	258	13.0	4.9	<b>-49.8</b>	-31.6	24.3	22.9
<b>Intermediate goods</b>	<b>1866</b>	<b>1948</b>	<b>2 394</b>	<b>2 833</b>	<b>45.6</b>	<b>53.1</b>	<b>-11.0</b>	<b>4.4</b>	<b>22.9</b>	<b>18.3</b>
Fuels and lubricants	564	425	474	628	15.7	11.9	-5.1	-24.6	11.5	32.5
Raw materials	574	628	781	1065	10.3	20.1	-5.6	9.4	24.4	36.4
Spare parts and interme- diate products	728	895	1 139	1294	19.6	24.5	-18.7	22.9	27.3	13.6
<b>Capital goods</b>	<b>650</b>	<b>735</b>	<b>1101</b>	<b>1370</b>	<b>20.7</b>	<b>25.9</b>	<b>8.9</b>	<b>13.1</b>	<b>49.8</b>	<b>24.4</b>

**Source:** Central Bank of Chile.

<sup>a</sup> Preliminary figures.

Table 22

**CHILE: BALANCE OF PAYMENTS**  
(Millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Balance on current account</b>	<b>-4 805</b>	<b>-2 373</b>	<b>-1160</b>	<b>-2118</b>	<b>-1342</b>	<b>-1181</b>	<b>-872</b>	<b>-281</b>
Trade balance	-3 245	-379	578	-101	547	704	817	1626
Exports of goods and services	5 008	4 641	4 628	4 494	4 467	5 121	6 306	8 266
Goods FOB	3 836	3 706	3 831	3 650	3804	4 199	5 224	7 052
Real services	1172	936	796	844	664	922	1082	1214
Transport and insurance	373	318	292	308	301	359	387	435
Travel	200	125	98	129	116	145	187	202
Imports of goods and services	8 253	5 020	4 049	4 595	3 920	4 417	5 489	6 640
Goods FOB	6 513	3 643	2 845	3 357	2 954	3100	3 994	4 833
Real services	1740	1377	1204	1238	967	1319	1496	1807
Transport and insurance	941	624	537	615	513	591	631	766
Travel	221	195	243	327	269	319	350	423
Factor services	-1595	-2035	-1793	-2 057	-1936	-1925	-1743	-1970
Profits	-121	-128	-136	-176	-155	-168	-213	-303
Interest received	601	506	189	316	197	221	178	181
Interest paid	-1943	-2 299	-1801	-2 158	-1943	-1940	-1665	-1798
Labour and property	-132	-114	-45	-39	-36	-38	-44	-50
Unrequited private transfer payments	37	41	55	41	47	40	56	63
<b>Balance on capital account</b>	<b>4 942</b>	<b>1031</b>	<b>644</b>	<b>2 209</b>	<b>1247</b>	<b>930</b>	<b>1007</b>	<b>1106</b>
Unrequited official transfer payments	72	68	43	58	14	45	59	114
Long-term capital	3 579	1680	31	3 553	1014	835	850	1292
Direct investment	362	384	131	67	62	57	97	117
Portfolio investment	-	-	-	-	50	262	826	903
Other long-term capital	3 217	1296	-100	3 486	903	516	-74	272
Official sector <sup>c</sup>	-496	134	1257	1504	1210	682	446	
Loans received	154	296	1432	1640	1431	1046	860	
Amortization payments	-641	-162	-139	-136	-221	-365	-414	
Commercial bank	2 496	327	-800	1557	-69	-165	-644	
Loans received	2 730	701	135	2138	1072	1298	781	
Amortization payments	-216	-309	-952	-589	-1198	-1478	-1433	
Other sectors <sup>c</sup>	1217	836	-558	425	-239	-	124	
Loans received	2 205	1613	367	1206	794	1134	954	
Amortization payments	-961	-788	-925	-781	-1033	-1 134	-830	
Short-term capital	1190	-647	489	-1502	214	-39	145	-251
Official sector	126	15	320	32	-159	-350	303	
Commercial banks	252	68	316	-1405	36	130	150	
Other sectors	811	-731	-148	-128	338	181	-308	
Errors and omissions (net)	101	-71	80	99	3	89	-45	-49
<b>Global balance</b>	<b>137</b>	<b>-1341</b>	<b>-516</b>	<b>91</b>	<b>-95</b>	<b>-251</b>	<b>136</b>	<b>825</b>
Total variation in reserves (- sign indicates an increase)	-93	1112	652	-351	177	526	-26	-772
Monetary gold	-	-2	46	-62	-2	-9	-6	78
Special Drawing Rights	-15	-1	14	-6	12	-	-41	-4
IMF reserve position	7	-3	78	-	-	-	-	-
Foreign exchange assets	-10	1160	-87	-457	-141	293	-112	-716
Other assets	-	-	-	-	-	-	-	-
Use of IMF credit	-74	-42	600	175	308	242	133	-130

**Source:** 1981-1987: International Monetary Fund, *Balance of Payments Yearbook*, April 1989; 1988: ECLAC, on the basis of official data.

<sup>a</sup> Preliminary figures.      Includes other non-factor services.      <sup>c</sup> Includes net loans granted and other assets and liabilities.      <sup>d</sup> Equals the total variation in reserves (of opposite sign) plus counterpart items.



Table 23  
CHILE: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Millions of dollars</b>							
<b>Balances</b>							
<b>I. Total external debt (II + III + IV)<sup>0</sup></b>	<b>17 159</b>	<b>18 037</b>	<b>19 659</b>	<b>20 403</b>	<b>20 716</b>	<b>20 660</b>	<b>18 971</b>
<b>II. Medium- and long-term external debt</b>	<b>13 815</b>	<b>14 832</b>	<b>16 963</b>	<b>17 650</b>	<b>17 814</b>	<b>17 191</b>	<b>15 447</b>
State-guaranteed public and private debt	5 157	8 090	10 601	12 515	14 379	14 725	13 072
Private debt	8 658	6 742	6 362	5 135	3 435	2 466	2 375
Supplier credits	413	318	246	162	129		
Lines of credit for importation of capital goods	457	404	173	155	40		
Financial credits	7 788	6 020	5 943	4 818	3 266		
<b>III. Short-term external debt</b>	<b>3 338</b>	<b>2 599</b>	<b>1 914</b>	<b>1 668</b>	<b>1 574</b>	<b>2 017</b>	<b>2 202</b>
Public sector	1 503	1 705	1 742	1 564	1 384	1 655	1 601
Private sector	1 835	894	172	104	190	362	601
<b>IV. Debt with MF</b>		<b>606</b>	<b>782</b>	<b>1 085</b>	<b>1 328</b>	<b>1 452</b>	<b>1 322</b>
<b>V. Net international reserves<sup>e</sup></b>	<b>2 378</b>	<b>1 723</b>	<b>1 576</b>	<b>1 541</b>	<b>1 778</b>	<b>1 646</b>	<b>2 550</b>
<b>VI. Net total external debt (II + III - V)</b>	<b>14 775</b>	<b>15 708</b>	<b>17 301</b>	<b>17 777</b>	<b>17 610</b>	<b>17 562</b>	<b>15 099</b>
<b>Total servicing</b>	<b>3 041</b>	<b>3 247</b>	<b>3 015<sup>1</sup></b>	<b>2 398</b>	<b>2 233</b>	<b>1 907</b>	<b>2 266</b>
Principal	1 248	1 635	1 173	652	514	420	649
Interest <sup>8</sup>	1 793	1 612	1 842	1 746	1 719	1 487	1 617
Total disbursements	2 943	1 948	1 592	1 476	1 212		
<b>Percentages</b>							
<b>Ratios</b>							
Total external debt/exports of goods and services	370	390	437	457	405	328	230
Net total external debt/exports of goods and services	318	339	385	398	344	278	183
Servicing/exports of goods and services	66	70	67	54	44	30	27
Net interest/exports of goods and services	39	35	41	39	34	24	20
Servicing/disbursements	103	167	189	163	184		

Source: Central Bank of Chile, *Deuda externa de Chile* 1986, and *Boletín mensual*, January 1988.

<sup>a</sup> Amounts disbursed and pending payment at 31 December of each year. Includes reduction due to debt-conversion operations (chapters 18,19 and others). Preliminary figures. <sup>c</sup> Excluding short-term credits for external trade operations of the non-financial private sector. Credits entering under articles 14, 15 and 16 of the International Exchange Law and credits under Decree-Law 600. <sup>e</sup> Corresponds to the international assets of the Central Bank less liabilities with the International Monetary Fund. Gold is valued at market prices and swaps at their "net" value. From 1984 onwards servicing is lower because of the renegotiation of the external debt. <sup>8</sup> Interest paid, less interest received, according to the balance-of-payments current account.

Table 24

**CHILE: DOMESTIC PRICE TRENDS**

	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>Variation from December to December</b>									
Consumer price index	31.2	9.5	20.7	23.1	23.0	26.4	17.4	21.5	12.7
Food	30.8	0.1	16.3	26.8	19.8	27.5	23.7	23.4	13.6
Wholesale price index	28.1	-3.9	39.6	25.2	36.5	30.3	18.2	17.1	3.3
Imported products	12.5	0.5	49.5	33.1	51.3	26.4	4.5	14.9	2.4
Domestic products	31.9	-4.8	37.5	23.3	32.7	31.4	22.0	17.6	3.5
Agricultural products	27.7	-14.5	41.7	27.1	19.3	34.8	37.4	9.2	0.5
Mining products	37.8	12.1	33.9	23.5	48.2	19.6	-3.1	32.1	-3.2
Manufactures	33.9	-0.9	35.6	20.9	38.6	31.8	17.8	21.0	6.5
Index of building costs	31.8	<b>14.5</b>	5.2	10.3	18.9	23.1	17.0	24.9	17.4
<b>Variation between annual averages</b>									
Consumer price index	35.1	19.7	9.9	27.3	19.9	30.7	19.5	19.9	14.7
Food	36.1	14.2	3.6	25.8	21.1	28.3	23.9	24.1	13.3
Wholesale price index	39.6	9.1	7.2	45.5	24.3	43.4	19.8	19.2	5.9
Imported products	37.7	4.4	10.9	62.6	28.4	54.8	7.2	10.6	8.8
Domestic products	40.0	10.1	6.4	41.8	23.3	40.4	23.4	21.4	5.3
Agricultural products	41.4	2.7	0.7	51.3	21.0	33.1	36.1	23.6	-6.2
Mining products	54.0	22.3	7.3	40.0	27.4	48.9	1.8	14.8	7.0
Manufactures	41.3	13.3	9.9	36.5	24.1	43.5	20.2	21.0	12.9
Index of building costs	40.7	22.5	5.6	9.7	12.9	25.8	18.6	20.7	20.7

Source: National Statistical Institute and Chilean Chamber of Construction.

Table 25

## CHILE: REAL WAGES AND SALARIES

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	<b>Indexes (1980 = 100)<sup>o</sup></b>									
Minimum wage <sup>c</sup>	99.8	100.0	115.7	117.2	94.2	80.7	76.4	73.6	69.1	73.9
Average wages	91.8	100.0	108.9	108.6	97.1	97.2	93.5	95.1	94.7	101.0
Mining	97.5	100.0	103.3	94.7	89.7	92.0	90.8	92.8	92.8	96.6
Manufacturing	89.9	100.0	109.6	105.4	94.6	93.8	88.7	91.4	92.1	97.5
Electricity, gas and water	88.8	100.0	114.6	111.5	101.2	101.0	101.0	105.5	106.8	111.8
Community and social	93.1	100.0	108.8	116.7	100.2	100.1	95.2	91.7	88.7	96.5
Construction <sup>†</sup>	91.9	100.0	105.6	100.2	78.3	75.8	63.8	67.0	70.3	75.8
	<b>Percentage variations</b>									
Minimum wage <sup>c</sup>	-0.9	0.2	15.7	1.3	-19.6	-14.3	-5.3	-3.7	-6.1	6.9
Average wages	8.4	8.9	8.9	-0.3	-10.6	0.1	-3.8	1.7	-0.4	6.7
Mining	9.9	2.6	3.3	-8.3	-5.3	2.6	-1.3	2.2	-0.4	4.1
Manufacturing	7.9	11.2	9.6	-3.8	-10.2	-0.8	-5.4	3.0	0.8	5.9
Electricity, gas and water	12.3	12.6	14.6	-2.7	-9.2	-0.2	0.0	4.5	1.2	4.7
Community and social	7.5	7.4	8.8	7.3	-14.1	-0.1	<b>-4.9</b>	-3.7	-3.3	8.8
services										
Construction	8.4	8.8	5.6	-5.1	-21.9	-3.2	-15.8	5.0	<b>4.9</b>	7.8

**Source:** ECLAC, on the basis of data from the National Statistical Institute and the Chilean Chamber of Construction.  
Preliminary figures. <sup>1</sup> Deflated on the basis of the consumer price index given in table 24. Applicable to private sector manual and non-manual workers not subject to special arrangements. 1975-1983: wages in middle-level building activities. 1984 onwards average wages.

Table 26

## CHILE: MONETARY INDICATORS

	December averages for each year (billions of pesos)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
	<b>Money issue (E)</b>	<b>110.5</b>	<b>151.8</b>	<b>187.9</b>	<b>248.0</b>	<b>33.9</b>	37.4	<b>23.8</b>
<b>Total money supply</b>	<b>199.7</b>	<b>302.4</b>	<b>337.2</b>	<b>459.8</b>	<b>34.4</b>	<b>51.4</b>	<b>11.5</b>	<b>36.4</b>
Private sector (Mi)	131.4	189.3	203.6	319.3	28.3	44.1	7.6	56.8
Public sector (PS)	68.3	113.1	133.6	140.5	47.8	65.6	18.1	5.2
<b>Time deposits (TD)<sup>b</sup></b>	<b>496.1</b>	<b>586.5</b>	<b>880.3</b>	1 073.7	<b>42.6</b>	<b>18.2</b>	<b>50.1</b>	<b>22.0</b>
From 30 to 89 days	218.6	252.0	328.4	369.4	36.7	15.3	30.3	12.5
From 90 to 365 days	209.7	243.2	370.8	431.0	58.4	16.0	52.5	16.2
Readjustable	201.7	237.2	367.1	424.2	66.6	17.6	54.8	15.6
Non-readjustable	8.0	6.0	3.7	6.8	-29.2	-25.0	-38.3	83.8
Over one year	67.8	91.3	181.1	273.3	22.2	34.7	98.4	50.9
<b>Private money + time deposits</b> (M2=M1+TD)	<b>627.5</b>	<b>775.8</b>	<b>1083.9</b>	<b>1393.0</b>	<b>39.4</b>	<b>23.6</b>	<b>39.7</b>	<b>28.5</b>
<b>Bank quasi-money (D2)<sup>c</sup></b>	<b>665.5</b>	<b>806.1</b>	<b>1 159.4</b>	<b>1423.1</b>	<b>44.0</b>	<b>21.1</b>	<b>43.8</b>	<b>22.7</b>
Time deposits	496.1	586.5	880.0	1073.7	42.6	18.2	50.0	22.0
Savings deposits	142.4	219.6	279.1	349.4	40.7	54.2	27.1	25.2
<b>Loans by the banking system</b>								
National currency	1 315.1	1 539.5	1 936.3	2 404.4	42.3	<b>17.1</b>	25.8	24.2
Foreign currency	2 703.2	2 578.8	2 631.9	2 947.2	-29.3	-4.6	2.1	12.0

Source: Central Bank of Chile, *Síntesis monetaria*.

<sup>a</sup> Preliminary figures. Includes bonds of the Department of Savings and Investment (DAI). Includes other deposits for less than 30 days. Millions of dollars.

Table 27  
**CHILE: BANK INTEREST RATES**

	1981	1982	1983	1984	1985	1986	1987	1988	1988 <sup>a</sup>			
									I	II	III	IV
<b>Nominal</b>												
Short-term deposits	40.8	47.8	27.9	26.1	31.6	18.9	25.1	14.9	11.5	15.6	10.2	22.8
Short-term loans	51.9	63.1	42.7	37.2	40.4	26.2	32.7	21.0	18.4	22.1	15.8	28.2
<b>Real</b>												
<b>Non-readjustable operations</b>												
Short-term deposits	28.6	22.4	3.9	2.3	4.1	1.3	3.0	2.0	-1.0	7.1	2.6	-0.4
Short-term loans <sup>b</sup>	38.7	35.1	15.9	11.4	11.4	7.5	9.2	7.4	5.1	13.2	7.8	3.9
<b>Readjustable operations</b>												
Deposits	13.1	12.0	7.7	8.4	8.2	4.1	4.3	4.6	4.3	4.2	4.6	4.9
Loans	14.5	16.9	9.8	9.0	9.4	7.7	7.3	7.6	7.3	7.3	8.0	7.8

**Source:** Central Bank of Chile.

<sup>a</sup> Annual rates projected on the basis of quarterly data. Calculated on the basis of the nominal rates published by the Central Bank, and the consumer price index of the National Statistical Institute (INE).

Table 28

## CHILE: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>A. Income and expenditure in local currency</b>									
(billions of pesos of each year)									
1. <b>Current income</b>	<b>239</b>	<b>320</b>	<b>301</b>	<b>348</b>	<b>442</b>	<b>642</b>	<b>837</b>	<b>1093</b>	<b>1349</b>
Direct taxes	66	81	80	70	86	108	131	153	161
Indirect taxes	154	204	191	260	340	500	641	841	990
Non-tax income	20	35	30	18	16	34	65	99	198
2. <b>Net expenditure</b>	<b>213</b>	<b>289</b>	<b>321</b>	<b>393</b>	<b>475</b>	<b>672</b>	<b>822</b>	<b>985</b>	<b>1273</b>
3. Net deficit (2-1) = (5-4)	-26	-31	20	45	33	30	-15	-108	-76
4. Amortization payments	3	2	3	7	26	110	84	102	149
5. Gross deficit	-23	-29	23	52	59	140	69	6	73
<b>B. Income and expenditure in foreign currency</b>									
(millions of current dollars)									
1. <b>Current income</b>	<b>1007</b>	<b>523</b>	<b>439</b>	<b>548</b>	<b>413</b>	<b>368</b>	<b>409</b>	<b>551</b>	<b>1452</b>
Copper	976	449	402	518	361	349	389	513	1428
Other	31	74	37	30	52	19	20	38	24
2. <b>Net expenditure</b>	<b>518</b>	<b>508</b>	<b>376</b>	<b>467</b>	<b>546</b>	<b>465</b>	<b>484</b>	<b>604</b>	<b>793</b>
3. Net deficit (2-1) = (5-4)	-489	-15	-63	-81	133	97	75	53	-659
4. Amortization payments	239	175	188	181	122	143	115	79	793
5. Gross deficit	-250	160	125	100	255	240	190	132	134
<b>C. Consolidated income and expenditure<sup>c</sup></b>									
(millions of current dollars)									
1. <b>Current income</b>	<b>7145</b>	<b>8 727</b>	<b>6 345</b>	<b>4968</b>	<b>4904</b>	<b>4 359</b>	<b>4 748</b>	<b>5 541</b>	<b>6 958</b>
Copper	976	449	402	518	361	349	389	513	1428
Direct taxes	1697	2 091	1 578	894	885	676	683	699	657
Indirect taxes	3 959	5 239	3 755	3 309	3 454	3 113	3 328	3 840	4 040
Non-tax income	513	948	610	246	204	221	348	489	833
2. <b>Net expenditure</b>	<b>5 992</b>	<b>7 925</b>	<b>6 665</b>	<b>5 453</b>	<b>5 369</b>	<b>4 641</b>	<b>4 746</b>	<b>5 101</b>	<b>5 989</b>
3. Net deficit (2-1) = (5-4)	-1153	-802	320	485	465	282	-2	-440	-969
4. Amortization payments	324	234	251	275	389	830	549	539	1401
5. Gross deficit	-829	-568	571	760	854	1112	547	99	432
<b>D. Coefficients<sup>c</sup></b>									
(percentages)									
Current income/gross domestic product	25.9	26.6	26.1	25.1	25.5	27.2	28.2	29.6	33.1
Net expenditure/gross domestic product	21.7	24.3	27.4	27.6	27.9	29.0	28.2	27.2	28.5
Net deficit/gross domestic product	-4.2	-2.5	1.3	2.5	2.4	1.8	-	-2.3	-4.6
Gross deficit/gross domestic product	-3.0	-1.7	2.3	3.8	4.4	6.9	3.3	0.5	2.1

Source: 1980-1987: ECLAC, on the basis of figures from the Ministry of Finance, Budget Office, Report on the State of Public Finances, 1988 (January 1989); 1988: ECLAC, on the basis of official figures.

<sup>a</sup> Provisional figures.

<sup>b</sup> Total expenditure, excluding amortization payments on the debt.

<sup>c</sup> The figures in local currency were expressed in current dollars, using the average exchange rate of the Central Bank of Chile.



## ECUADOR

The normalization of petroleum extraction activities after the destruction of the main pipeline by an earthquake at the beginning of the preceding year was the only dynamic factor of the Ecuadorian economy during 1988. Thanks to this normalization, the product rose and the balance of payments improved despite the slump in petroleum prices. Because of the large and growing public sector imbalance, however, inflation speeded up markedly. The economic policy fell into two separate periods, the dividing-point being the change of government. Thus, during the January-July period, the fiscal deficit got worse and the rate of variation of prices and of the exchange rate accelerated: thus, the annualized inflation rate for the first seven months reached 76%, while the free-market exchange rate in July was double the figure of the previous December. As the public sector imbalance was chiefly financed by money issue, the latter showed rapid growth.

Upon taking office in August, the new government team set itself the following essential short-term goals: slowing down the growth rate of prices, improving wage-earners' purchasing power, recovering the level of the international reserves and curbing the deficit of the public sector. With these goals in mind, a series of measures were adopted in different fields.

With regard to the exchange rate, the public and private foreign exchange markets were merged into one single market regulated by an intervention exchange rate. Until then, that market had only been used for public sector transactions. The new exchange rate was set at 390 sucres and is adjustable through a system of mini-devaluations, with a correction for expected inflation. A special market governed by an auction system was established for the sale of foreign exchange in the hands of the Central Bank.

In the area of public finances, the first measure was to raise fuel prices, except in the case of those used by the poorer sectors of the population. The retentions on account of certain taxes were also increased. With regard to monetary policy, some rediscount lines were reduced and a maximum allowable spread between loan and deposit interest rates was established, thus eliminating in practice the system of freely determined interest rates that had been in force for the past two years. Finally, a price control policy for the most essential products was implemented, along with the fixing of wages, the exchange rate, and interest rates.

In sum, it was confidently expected that the lower fiscal deficit and the new exchange system would be able to restore the main macroeconomic balances and that, once the first results of these measures materialized, the rate of inflation could be slowed down. Although some results were obtained along these lines, however, the imbalances of the first six months predominated in the general balance for the year. Thus, the parallel exchange rate stayed at the July level and domestic prices continued to rise rapidly.

Petroleum activity rallied, but the growth of the agricultural and service sectors was offset by the declines in industry and construction. The employment level showed little variation.

Since the 1987 earthquake had affected a large part of the economy and there had consequently been a short-term rise in imports, the normalization of the situation and the recovery of petroleum activity made possible a 25% drop in the volume of imports. Total supply nevertheless rose by 5%, returning to the 1986 level. The performance of the petroleum sector was also a factor in the 20% rise in the volume of exports; in contrast, domestic demand stayed at its low level of the previous year, with a 9% fall in fixed investment, while the increase in private



consumption was not sufficient to offset the 1987 contraction.

The return to a positive trade balance only partially improved the external situation. Although the volume of exports grew, the drop in petroleum prices caused a substantial deterioration in the terms of trade, making it impossible to repeat the favourable trade balances of the 1983-1985 period. Thus, the effect of the growing outlays on factor services helped to keep the external current account negative by over US\$657 million, although this was only half the previous level. The low level of the available international reserves gave rise to arrears in servicing the debt with international private banking institutions, although interest payments (which escalated by 28%) continued to be made to multinational agencies and other governments.

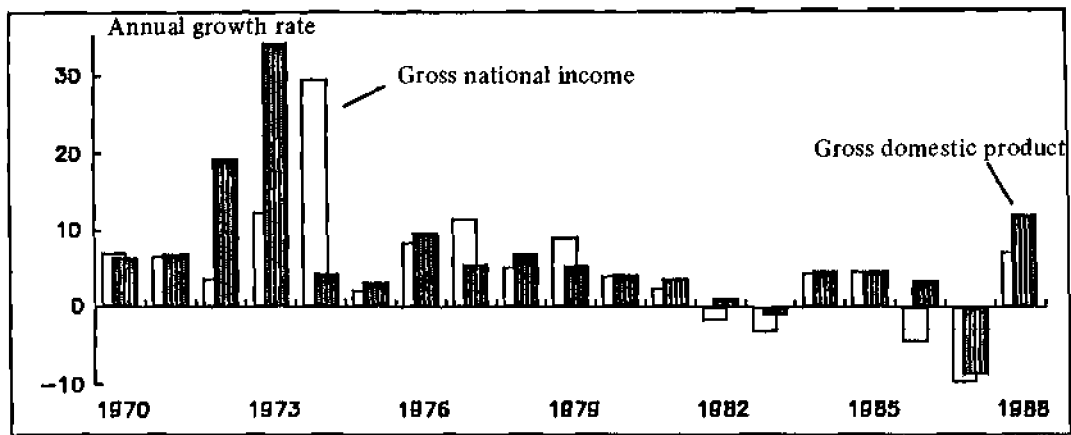
The capital account closed the year with a surplus of approximately US\$640 million. That was only half the figure of the previous year, and explains why the reserves decreased. The new government reported that the loss of the monetary authority's reserves in the last two years had actually been much greater than had been recognized to date. Thus, while the outgoing authorities asserted that in June 1988 the net international reserves amounted to around US\$50 million, the new officials in

charge of the economy revealed that in reality at that time they had stood at -US\$275 million.

The fiscal imbalance increased substantially in 1988. The new government authorities estimated that the public sector deficit at mid-year was over 10% of the product. The fiscal adjustment measures adopted only managed to bring the deficit down to a figure slightly lower than the 10% mentioned. This substantial imbalance was financed chiefly by increased money issue, which grew by 65%. As real interest rates were negative and inflation accelerated, money and quasi-money fell in real terms.

The bigger fiscal deficit, the evolution of the exchange rate and the uncertainty associated with the electoral campaign nourished a climate of instability that was manifested in steep price increases. The rapid rise in prices in the first part of the year was further accelerated, partly as a consequence of the correction of public service prices and charges. Consequently, the consumer price index climbed by 86% during the year: three times the average variation of the previous four years. All these factors led to a further drop in real wages. In fact, the 16% contraction in the minimum wage brought it to its lowest value in the decade, and the overall loss suffered during the two-year period 1987-1988 came to nearly 25%.

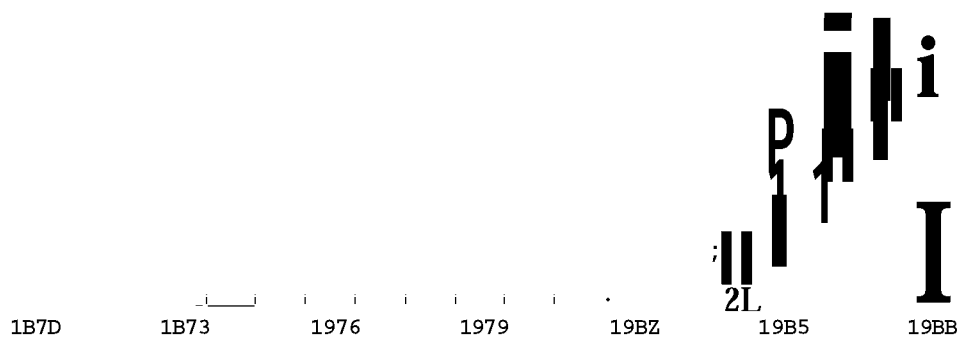
Figure 1  
ECUADOR: MAIN ECONOMIC INDICATORS



16 Annual average rate

National unemployment

12



80

Consumer prices  
(Percentage variation from December to December)

60

40

20

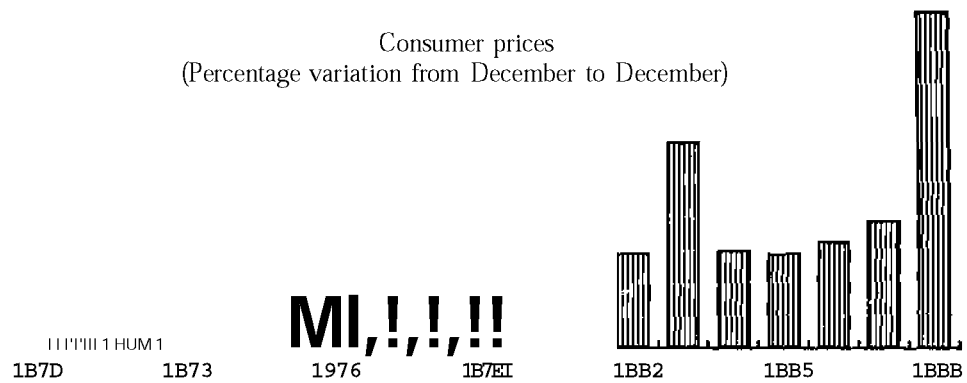
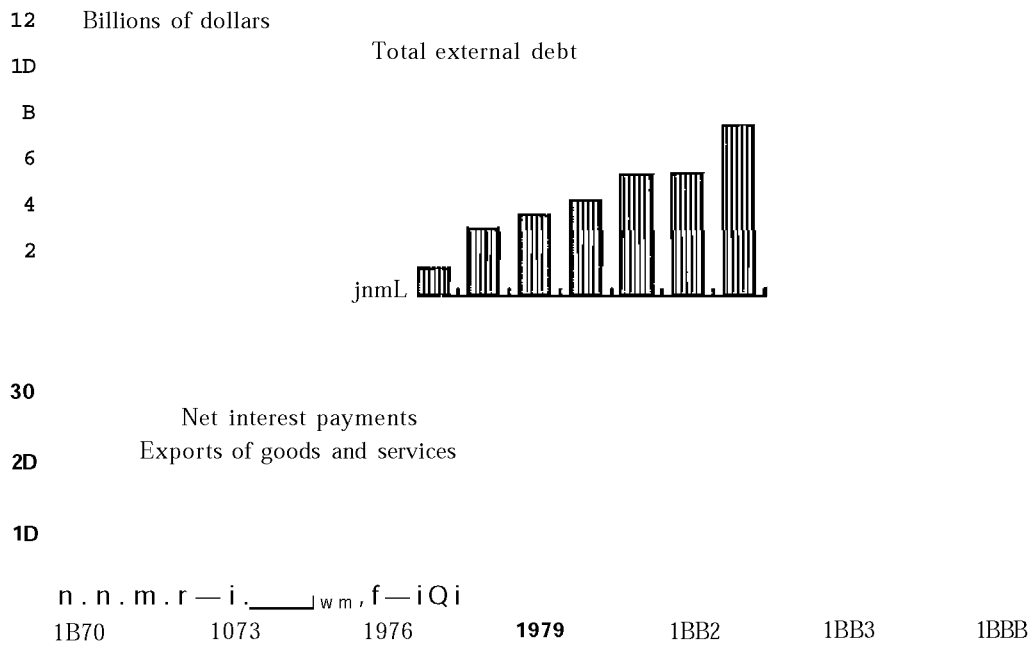
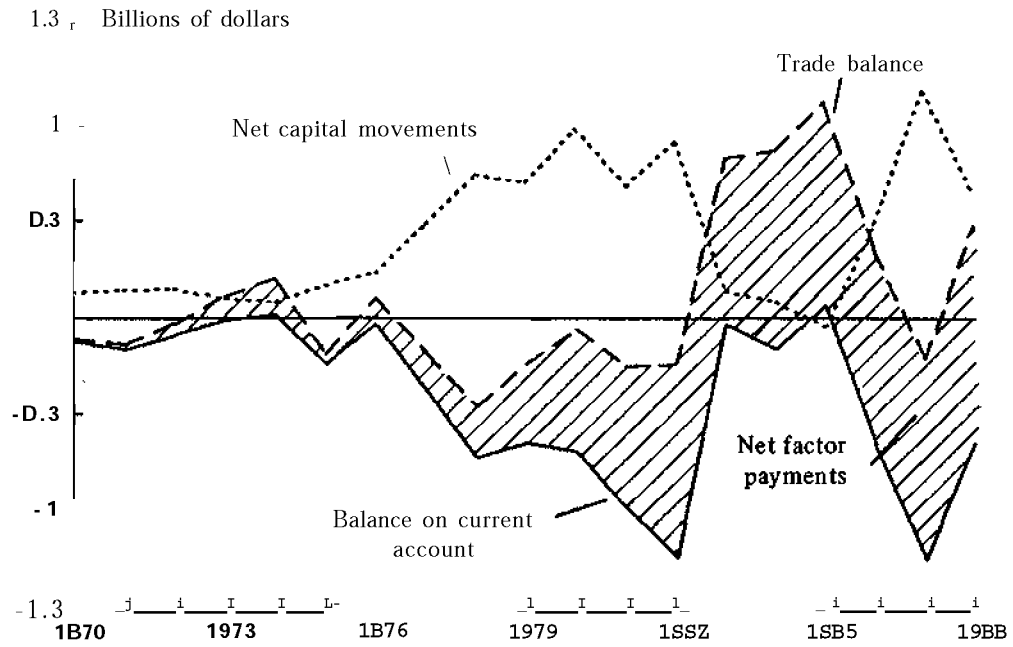


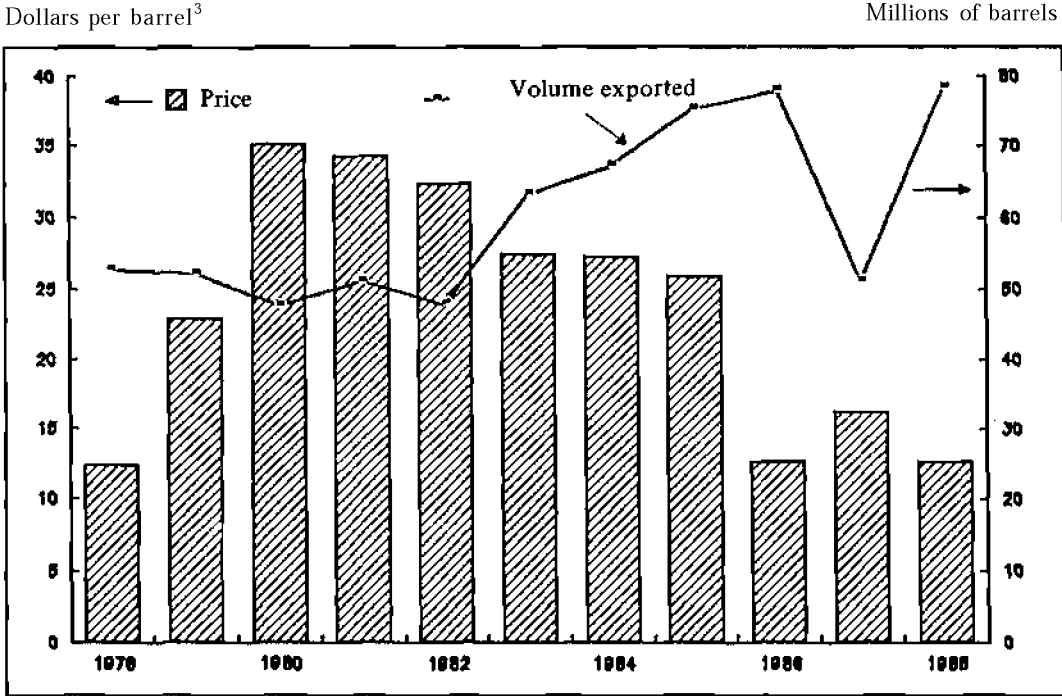
Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

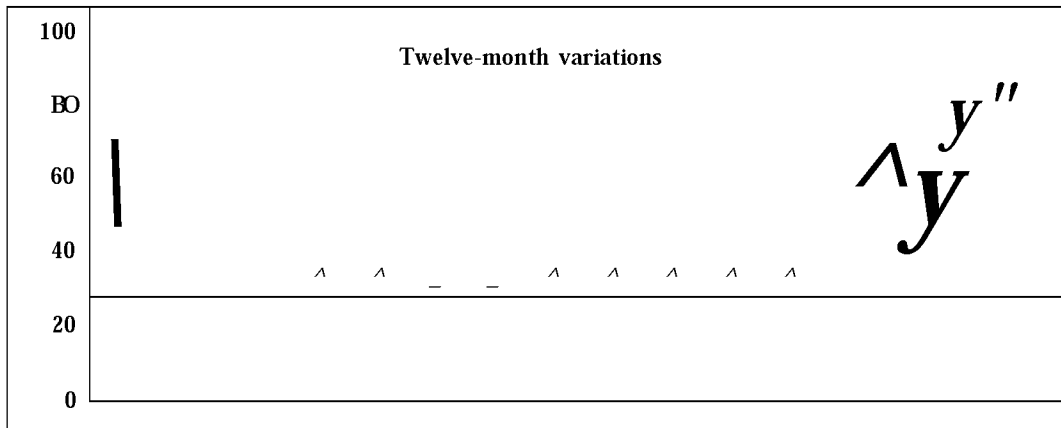
Figure 2

ECUADOR: EXPORTS OF PETROLEUM AND PETROLEUM PRODUCTS



Source: Central Bank of Ecuador.  
aCrude oil export prices, FOB.

Figure 3  
 ECUADOR: CONSUMER PRICE INDEX  
 (Percentages)



10

Monthly variations

Source: ECLAC, on the basis of official figures.

Table 1  
ECUADOR: MAIN ECONOMIC INDICATORS

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes (1980 = 100)</b>								
<b>Basic economic indicators</b>								
Gross domestic product at market prices	103.8	104.9	103.6	108.6	113.8	117.7	107.4	120.6
Gross national income	102.5	100.6	97.3	101.6	106.5	101.5	91.6	98.3
Population (millions of inhabitants)	8.3	8.6	8.8	9.1	9.3	9.6	9.9	10.2
Per capita gross domestic product	100.8	99.0	95.1	96.8	98.6	99.1	87.9	96.0
Fiscal deficit/gross domestic product	4.8	4.3	2.5	0.8	-2.0	2.2	2.7	
Money (M1)/GDP	14.4	14.5	14.0	13.7	12.4	12.0	12.1	11.0
Real effective exchange rate	92.8	97.0	96.8	131.7	126.7	129.6	144.0	170.3
<b>Growth rates</b>								
<b>Short-term economic indicators</b>								
Gross domestic product	3.8	1.1	-1.2	4.8	4.8	3.4	-8.7	12.2
Per capita gross domestic product	0.8	-1.8	-4.0	1.8	1.9	0.5	-11.2	9.2
Gross national income	2.5	-1.8	-3.3	4.5	4.7	-4.7	-9.8	7.3
Consumer prices								
December to December	17.2	24.4	52.5	25.1	24.4	27.3	32.5	85.7
Real minimum wage <sup>c</sup>	-13.8	-10.4	-11.5	1.2	-0.5	3.3	-7.3	-16.1
Current value of exports of goods and services	1.6	-8.1	-1.2	9.5	13.8	-21.4	-5.4	7.6
Current value of imports of goods and services	8.0	-7.8	-37.4	12.0	6.6	2.9	19.0	-19.2
Terms of trade (goods and services)	-0.4	-3.2	-15.6	10.2	0.9	-24.4	1.0	-16.5
<b>Millions of dollars</b>								
<b>External sector</b>								
Trade balance (goods and services)	-248	-236	821	855	1119	352	-212	483
Factor services	789	1010	849	1023	1050	1010	1051	1140
Balance on current account	1037	-1246	-28	-168	69	-658	-1263	-657
Balance on capital account	667	906	138	87	-44	486	1163	638
Variation in international reserves	-381	-328	127	-58	-5	-201	-160	-25
Gross disbursed external debt	5 272	5 365	7 381	7 596	8 111	9 077	10 267	11 034

Source: ECIAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. <sup>b</sup> Corresponds to exchange rate for exports. <sup>c</sup> Including various allowances and bonuses.

<sup>d</sup> End-year balances; since 1983, as well as including loans from the Andean Reserve Fund (FAR), petroleum advances and the Santo Domingo Agreement, also includes the debt with the International Monetary Fund.

Table 2  
ECUADOR: TOTAL SUPPLY AND DEMAND <sup>a</sup>

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>b</sup>	1980	1988 <sup>b</sup>	1985	1986	1987	1988*
<b>Total supply</b>	<b>111.4</b>	<b>106.3</b>	<b>111.6</b>	<b>125.5</b>	<b>116.1</b>	<b>5.5</b>	<b>3.9</b>	<b>-4.6</b>	<b>5.0</b>
Gross domestic product at market prices	117.7	107.4	120.6	100.0	100.0	4.8	3.4	-8.7	12.2
Imports of goods and services	87.0	102.0	76.3	25.5	16.1	9.3	7.0	17.3	-25.2
<b>Total demand</b>	<b>111.4</b>	<b>106.3</b>	<b>111.6</b>	<b>125.5</b>	<b>116.1</b>	<b>5.5</b>	<b>3.9</b>	<b>-4.6</b>	<b>5.0</b>
Domestic demand	101.8	98.3	98.2	100.5	81.9	2.4	2.5	-3.5	-0.1
Gross domestic investment	72.5	73.2	67.2	26.1	14.6	7.9	1.6	1.0	-8.2
Gross fixed investment	72.4	77.4	70.4	23.6	13.8	6.8	2.9	6.9	-9.0
Construction	84.1	86.3	79.9	12.6	8.3	3.0	-1.1	2.6	-7.5
Machinery and equipment	59.1	67.2	59.6	11.0	5.5	14.5	10.2	13.7	-11.3
Public	93.3	86.2	76.3	6.4	4.1	17.8	9.6	-7.6	-11.5
Private	64.7	74.1	68.2	17.2	9.7	2.2	-0.3	14.6	-7.9
Changes in stocks	73.2	33.4	36.7	2.5	0.8				
Total consumption	112.1	107.1	109.1	74.4	67.3	1.2	2.7	-4.5	1.9
General government	88.9	87.1	81.0	14.5	9.7	-4.2	-0.4	-2.0	-7.0
Private	117.7	111.9	115.9	59.9	57.6	2.3	3.2	-4.9	3.6
Exports of goods and services	150.3	138.9	165.6	24.9	34.2	15.6	8.2	-7.5	19.2

Source: ECIAC, on the basis of figures supplied by the Central Bank of Ecuador.

<sup>a</sup> These series are calculated on the basis of official figures, re-weighted with the structure at current 1980 prices. Consequently, the results obtained do not necessarily coincide with those published by the countries in their calculations at constant prices. Likewise, the figures for exports and imports of goods and services were taken from IMF balance-of-payments figures in current dollars, converted to constant 1980 values using unit value indexes calculated by ECIAC for the purpose. For 1987 and 1988 the figures for exports and imports include loans and returns of petroleum agreed with other countries as a consequence of the destruction of the pipelines in the 1987 earthquake.

<sup>b</sup> Preliminary figures.

Table 3

**ECUADOR : GROSS DOMESTIC PRODUCT, BY KIND  
OF ECONOMIC ACTIVITY<sup>a</sup>**

	Indexes (1980 = 100)			Percentage breakdown			Growth rates		
	1986	1987	1988 <sup>b</sup>	1980	1988 <sup>b</sup>	1985	1986	1987	1988*
<b>Gross domestic product</b>	<b>117.7</b>	<b>107.4</b>	<b>120.6</b>	<b>100.0</b>	<b>100.0</b>	<b>4.8</b>	<b>3.4</b>	-8.7	12.2
<b>Goods</b>	127.4	<b>103.8</b>	<b>128.5</b>	<b>49.4</b>	<b>52.6</b>	<b>6.3</b>	<b>3.7</b>	<b>-18.5</b>	23.7
Agriculture	125.6	134.9	140.0	12.1	14.1	9.9	10.1	7.4	3.8
Mining and petroleum industry <sup>c</sup>	149.4	88.1	150.0	21.0	26.1	8.3	4.4	-41.1	70.3
Manufacturing	105.5	105.4	94.5	8.8	6.9	-1.1	-2.2	-0.1	-10.3
Construction	94.3	95.6	89.1	7.4	5.5	2.4	-3.4	1.4	-6.8
<b>Basic services</b>	<b>132.8</b>	<b>140.7</b>	...	<b>8.7</b>	...	<b>4.7</b>	<b>11.1</b>	<b>6.0</b>	
Electricity, gas and water	203.5	224.1	244.9	0.8	1.7	-0.2	23.8	10.1	9.3
Transport, storage and communications	125.4	132.0		7.9		5.4	9.4	5.3	
<b>Other services</b>	<b>107.0</b>	<b>107.3</b>		<b>40.9</b>		<b>2.3</b>	<b>1.6</b>	<b>0.3</b>	
Commerce	100.0	101.6		14.6		3.4	2.2	1.5	
Financial institutions, insurance, real estate and business services	105.1	102.8		11.7		2.9	1.3	-2.2	
Ownership of dwellings	121.2	124.7	112.7 <sup>d</sup>	4.8	35.5 <sup>d</sup>	5.6	1.4	2.9	2.0
Community, social and personal services	115.5	116.7		14.6		1.0	1.2	1.0	
Government services	108.7	109.2	110.7	9.1	8.3	0.5	0.4	0.4	1.4
<b>Adjustments: Less:</b> imputed bank service charges	98.2	79.7		3.0		0.8	8.8	-18.9	
<b>Plus:</b> import duties	123.2	60.8	57.1	4.1	1.9	9.3	0.5	0.9	-6.0

**Source:** ECLAC, on the basis of official figures supplied by the Central Bank of Ecuador.

<sup>a</sup> These series are calculated on the basis of official figures, re-weighted with the structure at current 1980 prices. Consequently, the results obtained do not necessarily coincide with those published by the countries in their calculations at constant prices. <sup>b</sup> Preliminary figures. <sup>c</sup> Includes petroleum refining. <sup>d</sup> Includes transport and communications; commerce, restaurants and hotels; financial institutions, insurance and real estate; community, social and personal services, except government services, and an adjustment for banking services.



Table 4  
ECUADOR: INDICATORS OF AGRICULTURAL PRODUCTION

	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
<b>Indexes (1980 = 100)</b>								
Crop farming	101.2	116.1	122.6	122.4	11.8	14.7	5.6	-0.2
Livestock production	121.1	124.6	129.0	134.2	4.9	2.9	3.5	4.0
Forestry	111.2	122.0	127.0	129.5	3.1	9.7	4.1	2.0
Fishing and hunting	171.5	198.1	251.6	295.1	24.8	15.5	27.0	17.3
<b>Production (thousands of tons)</b>								
<b>Main products</b>								
Bananas	1970	2316	2387	2 576	17.4	17.6	3.1	7.9
Coffee	121	484	373	342	24.7	300.0	-22.9	-8.3
Cocoa	131	90	58	85	167.3	-31.3	-35.6	46.6
Sugar cane	2 694	2 750	3 001	2 596	-11.4	2.1	9.1	-13.5
Cotton	19	37	20		137.5	94.7	-45.9	
Soya	63	76	146	131	34.0	20.6	92.1	-10.3
African palm	458	658	688	674	23.1	43.7	4.6	-2.0
Rice	397	576	781		-9.2	45.1	35.6	
Wheat	18	33	31	34	-28.0	83.3	-6.1	9.7
Hard maize	300	316	288	307	11.5	5.3	-8.9	6.6
Soft maize	72	86	89	90	26.3	19.4	3.5	1.1
Barley	27	44	43	51	8.0	63.0	-2.3	18.6
Potatoes	423	389	354	338	8.5	-8.0	-9.0	-4.5
<b>Primary products</b>								
Beef	94	97	101		-5.1	3.2	3.9	
Poultry meat	44	54	52		18.9	22.7	-3.7	
Milk <sup>b</sup>	1040	1092	1130		5.2	5.0	3.5	
<b>Areas harvested (thousands of hectares)</b>								
<b>Main products</b>								
Bananas	65	112	120	127	6.6	72.3	7.1	5.8
Coffee	427	421	383	381	23.8	-1.4	-9.0	-0.5
Cocoa	287	326	311	326	8.3	13.6	-4.6	4.8
Sugar cane	41	42	44	44	10.8	2.4	4.8	
Cotton	17	25	25		70.0	47.1	-	
Soya	35	39	81	73	25.0	11.4	107.7	-9.9
African palm	34	44	48	53	17.2	29.4	9.1	10.4
Rice	150	228	276		7.9	52.0	21.1	
Wheat	18	41	40	39	-25.0	127.8	-2.4	-2.5
Hard maize	180	261	259	246	-1.6	45.0	-0.8	-5.0
Soft maize	75	176	186	180	21.0	134.7	5.7	-3.2
Barley	29	64	61	61	-6.5	120.7	-4.7	-
Potatoes	37	54	56	47	12.1	45.9	3.7	-16.1
<b>Total</b>	<b>1395</b>	<b>1833</b>	<b>1890</b>	<b>1577</b>	<b>11.9</b>	<b>31.4</b>	<b>3.1</b>	<b>-16.6</b>

Source: ECLAC, on the basis of data supplied by the Central Bank of Ecuador, the Ministry of Agriculture and the National Development Council (CONADE).

<sup>a</sup> Preliminary figures. <sup>b</sup> Millions of litres.

Table 5  
ECUADOR: INDICATORS OF FISHERY PRODUCTION

	1984	1985	1986	1987	1988 <sup>a</sup>	Growth rates				
						1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes (1980=100)</b>										
<b>Gross fishery product</b>	<b>137.4</b>	<b>171.5</b>	<b>198.1</b>	<b>251.6</b>	<b>295.1</b>	<b>13.6</b>	<b>24.8</b>	<b>15.5</b>	<b>27.0</b>	<b>173</b>
<b>Thousands of tons</b>										
<b>Catch</b>										
Shrimps	39.9	35.0	37.5	47.1		9.0	-123	7.1	25.6	
Tunny fish	35.0	30.0	29.4	27.3		118.8	-143	-2.0	-7.1	...
Other fish	780.2	880.0				239.2	12.8			
<b>Exports</b>										
Shrimps	21.3	20.0	31.1	48.7	56.2	-1.4	-6.1	55.5	56.6	15.4
Tunny fish	2.5	5.2	26.9	29.2	20.4	66.6	108.0	417.3	8.6	-30.1
Other fish	5.2	6.6	11.4	12.5	13.5	100.0	26.9	72.7	9.6	8.0
Fish meal	97.4	233.0	176.1	82.0	142.0	266.2	139.2	-24.4	-53.4	73.2
Canned tunnyfish	24.6	17.2	5.1	3.6	6.1	303.3	-30.1	-70.3	-29.4	69.4
Other processed and unprocessed sea products	8.4	34.0	18.0	19.8	12.5	18.3	304.8	-47.1	10.0	-36.9

Source: ECLAC, on the basis of Figures supplied by CONADE, the Department of Fisheries and the Central Bank of Ecuador.  
<sup>8</sup> Preliminary Figures. Includes fishing and hunting.

Table 6  
ECUADOR: INDICATORS OF THE PETROLEUM INDUSTRY

	Millions of barrels				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Crude petroleum</b>								
Total supply	102.4	107.0	73.7	112.9	9.1	4.5	-31.1	53.2
National production	102.4	107.0	62.7	112.9	9.1	4.5	-41.4	80.2
Imports	11.0							
Total demand	102.4	107.0	73.7	112.9	9.1	4.5	-31.1	53.2
Refinery consumption	31.6	35.0	29.4	42.3	-3.2	10.7	-16.0	44.0
Exports	70.6	71.4	45.4	69.0	15.1	1.2	-36.4	52.0
Changes in stocks	0.3	0.6	-1.1	1.6	-341.3	147.0		
<b>Petroleum products</b>								
Supply of petroleum products	36.2	38.3	36.2	43.7	-1.5	5.8	-5.5	20.8
Production of petroleum products	31.3	34.8	28.8	41.8	-3.6	11.0	-17.3	45.4
Imports of petroleum products	4.9	3.5	7.4	1.9	14.4	-27.6	111.3	-74.1
Demand for petroleum products	36.2	38.3	36.2	43.7	-1.5	5.7	-5.5	20.8
Domestic consumption	30.2	30.6	29.2	31.9	1.0	1.3	-4.5	9.3
Gasoline	10.2	10.6	10.1	10.4	1.9	3.8	-4.2	2.1
Others	20.0	20.0	19.0	21.6	0.6	0.1	-4.7	13.2
Exports	4.8	6.7	5.7	9.5	-22.4	37.8	-14.5	66.6
Changes in stocks	1.2	1.0	1.3	2.3	86.0	-12.7	24.3	77.8

Source: Central Bank of Ecuador.  
<sup>a</sup> Preliminary Figures.

Table 7  
ECUADOR: GROSS MANUFACTURING PRODUCT

	Indexes (1980 =100)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Manufacturing	107.9	105.5	105.4	94.5	-1.1	-1.2	-0.1	-10.3
Food, beverages and tobacco	93.6	92.9	92.8		-4.3	-0.7	-0.1	
Textiles, clothing and leather products	115.8	104.5	99.6		-1.2	-9.8	-4.7	
Wood and wood products	106.5	112.7	119.0		-0.1	5.8	5.6	
Paper and printed matter	113.6	120.2	128.2		6.5	5.8	6.7	
Chemicals, plastics and related products	104.6	106.7	108.7		5.4	2.0	1.9	
Non-metallic minerals and basic metal industries	126.9	121.6	122.8		8.6	-4.2	1.0	
Machinery, equipment and other manufactures	132.4	141.9	145.2		6.0	7.2	2.3	

Source: ECL/VC, on the basis of data supplied by the Central Bank of Ecuador.

<sup>a</sup> Preliminary figures. Excludes oil refining.

Table 8  
ECUADOR: MAIN INDICATORS OF FOREIGN TRADE

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	Growth rates						
Exports of goods							
Value	-7.9	0.9	11.7	10.8	-24.8	-7.5	9.0
Volume	-1.9	8.9	15.8	15.0	6.2	-9.5	20.4
Unit value	-6.1	-7.3	-3.5	-3.7	-29.1	2.1	-9.4
Imports of goods							
Value	-7.1	-35.0	10.3	2.8	1.2	25.9	-21.4
Volume	-2.3	-42.3	33.4	8.0	7.3	21.6	-26.8
Unit value	-4.8	12.7	-17.4	-4.8	-5.7	3.6	7.4
Terms of trade	-1.7	-17.4	13.5	1.7	-25.1	-1.1	-15.8
	Indexes (1980 = 100)						
Purchasing power of exports of goods	98.6	88.7	116.5	136.3	108.3	97.0	98.3
Purchasing power of exports of goods and services	95.8	85.8	107.7	125.7	102.8	95.9	95.4
Indexes of volume							
Exports of goods	100.7	109.6	126.9	145.9	154.9	140.2	168.8
Imports of goods	105.6	60.9	81.3	87.8	94.2	114.5	83.8
Terms of trade	97.9	80.9	91.8	93.4	69.9	69.2	58.3

Source: ECL/VC, on the basis of official information.

\* Preliminary figures.

Table 9  
ECUADOR: EXPORTS OF GOODS, FOB

	Millions of dollars				Percentage breakdown		Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>2 905</b>	<b>2 186</b>	<b>2 021</b>	<b>2 203</b>	<b>100.0</b>	<b>100.0</b>	<b>10.9</b>	<b>-24.8</b>	-7.6	<b>9.0</b>
<b>Primary products</b>	<b>2 566</b>	<b>1878</b>	<b>1636</b>	<b>1861</b>	<b>76.2</b>	<b>84.5</b>	<b>12.7</b>	<b>-26.8</b>	<b>-12.9</b>	<b>13.7</b>
Crude petroleum	1825	912	646	875	56.1	39.7	8.7	-50.0	-29.2	35.5
Coffee	191	299	192	152	5.3	6.9	9.2	56.7	-35.7	-20.7
Shrimps	157	288	383	387	2.3	17.6	-2.1	83.9	33.1	1.0
Bananas	220	263	267	298	9.6	13.5	62.8	19.8	1.3	11.6
Cocoa	138	71	83	78	1.2	3.5	44.3	-48.6	16.3	-6.2
Other	36	44	66	70	1.7	3.2	9.8	23.1	48.4	7.5
<b>Manufactured products</b>	<b>339</b>	<b>308</b>	<b>291</b>	<b>332</b>	<b>23.8</b>	<b>15.1</b>	-1.5	-9.1	-5.4	<b>14.0</b>
Petroleum products	102	70	78	101	6.8	4.6	-34.9	-31.2	11.6	29.0
Processed marine products	97	73	59	87	3.6	3.9	52.0	-25.3	-19.3	48.0
Processed cocoa products	79	77	57	48	7.3	2.2	56.5	-1.9	-26.0	-16.5
Other	61	88	98	97	6.1	4.4	-16.7	44.7	10.7	-0.5
Unclassified			93	10		0.5				-89.2

Source: Central Bank of Ecuador.

<sup>a</sup> Preliminary figures. Includes fish meal and other products.

Table 10  
ECUADOR: VOLUME OF EXPORTS OF MAIN PRODUCTS

	Thousands of tons				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Petroleum <sup>b</sup>	71	71	45	69	15.2	1.1	-36.4	52.0
Coffee	78	103	99	74	8.7	31.2	-3.8	-24.9
Bananas	1278	1400	1406	1570	38.3	9.5	0.5	11.6
Cocoa	70	38	45	53	50.1	-45.6	18.5	16.3
Shrimps	20	31	49	56	-6.1	55.5	56.6	15.4
Processed cocoa products	34	35	24	31	20.1	3.8	-31.6	26.9
Petroleum products <sup>b</sup>	5	7	6	10	-21.0	36.7	-14.9	66.7
Processed marine products <sup>c</sup>	284	199	105	160	118.1	-29.9	-47.3	52.9

Source: Central Bank of Ecuador.

<sup>a</sup> Preliminary figures. <sup>b</sup> Millions of barrels. <sup>c</sup> Includes fishmeal, canned tunnyfish and other marine products.

Table 11  
ECUADOR: IMPORTS OF GOODS, CIF

	Millions of dollars				Percentage breakdown		Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>1767</b>	<b>1806</b>	<b>2 153</b>	<b>1710</b>	<b>100.0</b>	<b>100.0</b>	<b>9.4</b>	<b>12</b>	<b>19J</b>	<b>-20.6</b>
<b>Consumer goods</b>	<b>152</b>	<b>170</b>	<b>208</b>	<b>165</b>	<b>18.2</b>	<b>9.6</b>	<b>6.8</b>	<b>113</b>	<b>22.8</b>	<b>-21.0</b>
Non-durable	<b>94</b>	102	<b>125</b>	101	4.6	5.9	13.8	8.4	22.2	-18.9
Durable	58	<b>68</b>	84	63	13.5	3.7	-2.8	16.0	23.7	-24.1
<b>Raw materials and intermediate goods</b>	<b>1089</b>	<b>965</b>	<b>1212</b>	<b>880</b>	<b>42.6</b>	<b>51.4</b>	<b>5.4</b>	<b>-11.4</b>	<b>25.7</b>	<b>-27.4</b>
For agriculture	72	63	53	62	2.0	3.6	14.2	-12.3	-16.1	17.8
For industry	769	726	792	708	27.5	41.4	2.5	-5.5	9.0	-10.6
For construction	<b>50</b>	62	74	51	4.2	3.0	6.4	24.3	18.7	-30.2
Fuels and lubricants	198	113	295	59	<i>8.9</i>	3.4	14.6	-42.8	159.7	-80.1
<b>Capital goods</b>	<b>526</b>	<b>672</b>	<b>732</b>	<b>666</b>	<b>39.2</b>	<b>38.9</b>	<b>19.4</b>	<b>27.9</b>	<b>8.9</b>	<b>-9.1</b>
For agriculture	34	35	29	12	1.2	0.7	94.9	2.6	-17.7	-57.3
For industry	339	408	501	404	21.7	23.6	23.6	20.3	22.9	-19.3
Transport equipment	153	230	202	249	16.3	14.6	2.8	50.3	-11.8	23.2

Source: Central Bank of Ecuador.

<sup>3</sup> Preliminary figures.

Table 12

**ECUADOR: BALANCE OF PAYMENTS**  
(Millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Balance on current account</b>	-1037	<b>1246</b>	<b>-28</b>	<b>-168</b>	<b>69</b>	<b>-658</b>	<b>-1263</b>	-657
Trade balance	-248	-236	821	855	1119	352	-212	483
Exports of goods and services	2911	2676	2643	2 895	3 294	2 589	2 449	2634
Goods FOB	2527	2 327	2348	2 622	2905	2186	2021	2 203
Real services	384	349	295	273	389	403	428	431
Transport and insurance	166	139	112	95	177	186	179	195
Travel	131	131	120	120	133	133	167	173
Imports of goods and services	3 159	2912	1822	2040	2175	2237	2661	2151
Goods FOB	2353	2187	1421	1567	1611	1631	2054	1614
Real services	806	725	401	473	564	606	607	537
Transport and insurance	378	244	182	235	257	272	317	250
Travel	260	250	152	155	196	210	170	167
Factor services	-789	-1010	-849	-1023	-1050	-1010	-1051	-1140
Profits	-100	-80	-60	-70	-126	-139	-130	-140
Interest received	69	26	45	77	29	28	16	15
Interest paid	-664	-811	-723	-889	-839	-777	-804	-875
Labour and property	-94	-145	-111	-141	-114	-122	-133	-140
Unrequited private transfer payments	-	-	-	-	-	-	-	-
<b>Balance on capital account</b>	667	<b>906</b>	<b>138</b>	87	-44	<b>486</b>	<b>1163</b>	<b>638</b>
Unrequited official transfer payments	25	20	24	20	80	45	75	60
Long-term capital	1077	164	1372	360	474	773	1096	
Direct investment	60	40	50	50	62	70	75	80
Portfolio investment	-	-	-	-	-	-	-	-
Other long-term capital	1017	124	1322	310	412	703	1021	
Official sector <sup>c</sup>	898	-245	2265	881	492	741	1004	
Loans received	1283	213	2 641	1531	1731	2004	2927	
Amortization payments	-378	-442	-363	-643	-1232	-1247	-1916	
Commercial banks <sup>c</sup>	2	-	-7	-9	-	-	-	
Loans received	7	8	-	1	-	-	-	
Amortization payments	-1	-1	-1	-1	-	-	-	
Other sectors <sup>c</sup>	117	369	-936	-562	-80	-38	17	
Loans received	462	1112	150	78	22	18	38	
Amortization payments	-345	-742	-1085	-639	-102	-56	-21	
Short-term capital	-360	919	-1073	-218	-677	-153	21	
Official sector	1	572	-520	-95	-	-136	21	
Commercial banks	-5	50	7	16	-63	-	-	
Other sectors	-356	297	-560	-139	-614	-17	-	
Errors and omissions (net)	-75	-197	-185	-75	79	-179	-29	
<b>Global balance</b>	-370	<b>-340</b>	<b>110</b>	<b>-81</b>	<b>24</b>	-172	<b>-100</b>	<b>-19</b>
Total variation in reserves (- sign indicates an increase)	381	328	-127	58	5	201	160	25
Monetary gold	-	-	-	-	-	-	-	-
Special Drawing Rights	-9	34	-	-	-28	-27	55	
IMF reserve position	-1	29	-12	12	-	-	-	
Foreign exchange assets	391	266	-328	21	-78	101	98	
Other assets	-	-	-	-	-10	-	4	
Use made of IMF credit	-	-	213	25	121	127	3	

**Source:** 1981-1987: International Monetary Fund, *Balance of Payments Yearbook*, April 1989; 1988: ECLAC, on the basis of official data.

<sup>a</sup> Preliminary figures.      <sup>b</sup> Includes other non-factor services.      <sup>c</sup> Includes net loans granted and other assets and liabilities.  
 Equals the total variation in reserves (of opposite sign), plus counterpart items.

Table 13  
ECUADOR: EXTERNAL DEBT

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Millions of dollars</b>							
<b>Total external debt</b>	<b>5365</b>	<b>7 381</b>	<b>7 596</b>	<b>8111</b>	9 077	10 267	<b>11034</b>
Medium and long-term	5 365	6 707	6 932	7 439	8154	9 393	10 249
Central Bank debt <sup>c</sup>		674	664	672	923	874	785
<b>Debt service</b>							
Refinanced	667	1603	1330	1172	982	1423	1331
Principal	667	1566	1319	1172	982	906	794
Interest		37	10			517 <sup>a</sup>	537
Effective	1985	871	1052	998	1085	1052	
Principal	1218	202	212	222	381	787	
Interest	767	669	840	775	704	265	338
Total disbursements	2 245	2332	1823	1841	2152	2265	
<b>Annual growth rates</b>							
<b>Total external debt</b>	<b>1.8</b>	<b>37.6</b>	2.9	6.8	<b>11.9</b>	13.1	<i>IS</i>
Medium and long-term	1.8	25.0	3.4	7.3	9.6	15.2	9.1
Central Bank debt <sup>c</sup>			-1.5	1.2	37.4	-5.3	-10.2
<b>Debt service</b>							
Refinanced		140.4	-17.0	-11.8	-16.3	-7.7	3.0
Principal		134.8	-15.7	-11.1	-16.3	-7.7	-12.3
Interest			-72.4				
Effective	-7.2	-56.1	20.8	-5.2	8.8	-3.1	36.4
Principal	-19.5	-83.4	4.8	5.0	71.3	106.7	39.3
Interest	22.6	-12.7	25.6	-7.7	-9.1	-62.4	27.7
Total disbursements <sup>e</sup>	-18.9	3.9	-21.8	1.0	16.9	5.3	
<b>Percentages</b>							
<b>Ratios</b>							
Total external debt/exports of goods and services	200.5	279.3	262.4	246.2	350.6	419.2	418.9
Effective service/exports of goods and services	74.8	33.3	35.3	31.3	43.6	64.3	
Net interest payments/exports of goods and services <sup>g</sup>	29.3	25.6	28.0	24.6	28.9	32.2	32.6
Service/disbursements	89.2	37.7	56.2	56.1	52.5	69.3	

Source: ECLAC, on the basis of figures supplied by the Central Bank of Ecuador.

<sup>a</sup> Preliminary figures      End-year balances.      <sup>c</sup> Since 1983, besides including the loans from the Andean Reserve Fund (FAR), petroleum advances and the Santo Domingo Agreement, this also includes the debt with the International Monetary Fund.      <sup>d</sup> Includes arrears.      <sup>e</sup> Figures for disbursements include the amounts refinanced during the respective years.      Service includes the effective amortization payments that appear in this table and the net interest payments as given in the balance of payments. Service excludes the amounts of interest and principal that were refinanced.      <sup>g</sup> Refers to the total net interest payments that appear in the balance of payments and not to those of this table.

Table 14  
**ECUADOR: EVOLUTION OF EXCHANGE RATES**  
*(Annual and quarterly averages)*

Period	Nominal exchange rate <sup>a</sup> (sucres per dollar)			Indexes of real effective exchange rate <sup>0</sup> (1980 = 100)	
	Official	Intervention market rate	Free market	Exports	Imports
1970-1979	25			116.7	110.8
1980	25	27	28	100.0	100.0
1981	25	28	31	92.8	90.6
1982	30	34	50	97.0	92.0
1983	44	83	84	96.8	89.4
1984	63	93	%	131.7	119.7
1985	71	97	116	126.7	114.5
1986	%	123	151	129.6	129.7
1987	96	171	219	144.0	150.9
1988	195	309	436	170.3	182.7
1986					
I	96	106	140	122.1	118.8
II	96	110	164	119.1	118.3
III	96	131	158	135.5	137.7
IV	96	147	145	141.6	143.8
1987					
I	96	147	149	134.6	139.2
II	96	155	178	133.9	140.2
III	96	173	299	144.2	148.9
IV	96	209	249	163.2	175.1
1988					
I	96	240	326	168.3	182.1
II	96	250	426	153.1	165.4
III	198	308	500	163.4	172.2
IV	390	438	493	196.3	211.0

Source: ECLAC, on the basis of information from the Central Bank of Ecuador, and the International Monetary Fund.

\* Refers to the average of the buyer's and seller's rate in the case of the official market and the seller's rate in the case of the intervention market rate and the free market proper. Corresponds to the average index of the real exchange rate for the currencies of Ecuador's main trading partners, weighted by the relative importance of exports or imports to or from these countries as appropriate. From 1970 to 1980, these weightings correspond to the average for the period 1975-1979, and from 1981, to the average for the period 1983-1987. The exchange rate used for Ecuador was as follows: up to 1983 the official quotation was used; in 1984, an average of the official and the intervention market rates was used and from 1985 onwards the latter rate only. For the methodology and sources used, see the Technical Appendix to the *Economic Survey of Latin America*, 1981.



Table 15  
**ECUADOR: CONSUMER PRICE INDEX<sup>a</sup>**

	1981	1982	1983	1984	1985	1986	1987	1988
<b>Variation from December to December</b>								
Consumer price index	17.2	24.4	52.5	25.1	24.4	27.3	32.5	85.7
Food	16.8	26.3	86.1	27.1	27.0	26.5	33.3	95.2
<b>Variation between annual averages</b>								
Consumer price index	16.0	16.3	48.4	31.2	28.0	23.0	29.5	58.2
Food	13.9	17.1	77.9	37.0	30.7	23.2	28.7	64.3

Source: Central Bank of Ecuador.

\* National consumer price index for urban areas.

Table 16  
**ECUADOR: EVOLUTION OF MINIMUM MONTHLY WAGES**  
*(Average value)*

	Sucre at current prices (nominal) and at constant 1980 prices (real) <sup>8</sup>				Growth rates			
	1985	1986	1987	1988	1985	1986	1987	1988
Workers in general								
Nominal	8 183	10 833	13 250	18 125	24.0	32.4	22.3	36.8
Real	2 434	2 620	2 474	2 140	-3.1	7.6	-5.6	-13.5
Agricultural workers								
Sierra region								
Nominal	5 733	7 979	9 900	13 725	30.3	39.2	24.1	38.6
Real	1 705	1 930	1 849	1 620	1.8	13.2	-4.2	-12.4
Coastal region								
Nominal	6 250	8 125	9 900	13 725	25.0	30.0	21.8	38.6
Real	1 859	1 965	1 849	1 620	-2.4	5.7	-5.9	-12.4
Oriente region								
Nominal	6 250	8 125	9 900	13 725	25.0	30.0	21.8	38.6
Real	1 859	1 965	1 849	1 620	-2.4	5.7	-5.9	-12.4
Small-scale industry								
Nominal	6 250	8 833	11 000	15 158	25.0	41.3	24.5	37.8
Real	1 859	2 136	2 054	1 789	-2.4	14.9	-3.8	-12.9
Craft workers								
Nominal	5 767	7 854	9 550	13 267	25.4	36.2	21.6	38.9
Real	1 715	1 899	1 783	1 566	-2.1	10.7	-6.1	-12.2
Domestic servants								
Nominal	3 750	4 983	6 060	8 567	25.0	32.9	21.6	41.4
Real	1 115	1 205	1 132	1 011	-2.4	8.1	-6.1	-10.7

Source: ECIAC, on the basis of data supplied by the Central Bank of Ecuador.

\* Annual averages. The nominal wages were deflated by the national urban consumer price index.

Table 17  
**ECUADOR: MONETARY INDICATORS**

	End-year balances (billions of sucres)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Money issue	47	60	80	132	23.0	28.2	34.6	65.1
Monetary base	74	102	143	236	29.2	37.1	40.3	64.9
Money (M1)	138	166	220	338	23.6	20.4	32.3	53.8
Currency outside banks	42	53	73	123	20.5	27.8	37.7	66.9
Deposits	96	113	146	215	25.0	17.2	29.8	47.3
Quasi-money	165	209	311	428	41.3	26.8	49.1	37.7
Money plus quasi-money (M2)	302	375	531	766	32.6	23.9	41.7	44.4

**Source:** Central Bank of Ecuador.  
Preliminary figures.

Table 18  
**ECUADOR: SHORT-TERM BANK INTEREST RATES <sup>a</sup>**  
*(Percentages at end of each year)*

	1982	1983	1984	1985	1986	1987	1988
<b>Central Bank operations</b>							
General discounts and rediscounts							
Nominal rate	14.0	16.0	18.0	18.0	21.0	21.0	21.0
Real rate	-8.4	-23.9	-5.7	-5.1	-4.9	-8.7	-34.8
Specific discounts and rediscounts							
Nominal rate		16.0	18.0	18.0	18.0	18.0	18.0
Real rate		-23.9	-5.7	-5.1	-7.3	-10.9	-36.5
<b>Operations of banks and financial institutions</b>							
Loan operations							
Preferential operations							
Nominal rate	12.0	16.0	18.0	18.0	18.0	23.0	23.0
Real rate	-10.0	-23.9	-5.7	-5.1	-7.3	-7.2	-33.8
Specific operations							
Nominal rate		19.0	23.0	23.0	23.0	23.0	23.0
Real rate		-22.0	-1.7	-1.1	-3.4	-7.2	-33.8
Operations subject to Central Bank rediscount							
Nominal rate	15.0	19.0	23.0	23.0	26.0	26.0	26.0
Real rate	-7.6	-22.0	-1.7	-1.1	-1.0	-4.9	-32.1
Deposit operations							
Savings deposits							
Nominal rate	14.0	19.0	20.0	20.0	free	free	free
Real rate	-8.4	-22.0	-4.1	-3.5			
Longer-term							
Nominal rate	14.0	19.0	22.0	22.0	free	free	free
Real rate	-8.4	-22.0	-2.5	-1.9			
Accumulation polices							
Nominal rate		19.0	free	free	free	free	free
Real rate		-22.0					

**Source:** ECLAC, on the basis of figures supplied by the Central Bank of Ecuador.

<sup>a</sup> The deflator used is the consumer price index (December-December).





## EL SALVADOR

The Salvadorian economy stagnated in 1988, thereby frustrating the hopes for a more vigorous recovery from the sharp downswings at the beginning of the decade. The gross domestic product grew by only 0.3%, so that its level was 6% below that of 1980, while the per capita product fell by almost 2%, ending up 27% below that of 1978. This unfavourable performance had repercussions on employment, due essentially to the decline of the agricultural and construction sectors. The rate of inflation and the fiscal deficit declined, but the external imbalance—caused principally by the severe contraction of exports in the last few years—persisted, and the international reserves dwindled. Thanks to the strong expansion of transfers from abroad, however, the balance-of-payments situation remained under control.

The armed conflict intensified and spread to other regions of the country, increasing the loss of human life and damage to the economic infrastructure. This caused still greater uncertainty and continued to influence the design and implementation of economic policy, especially in the fiscal area. Likewise, the political situation became more unstable, in view of the proximity of the national elections of March 1989.

Transfers from abroad—official and private donations—decreased by 9%, but once again represented an important source of resources of around US\$500 million (almost 60% of the amount of exports of goods and services, and more than 10 times the value registered at the beginning of the 1980s). Official transfers, which have replaced the financing that entered the country during the 1970s in the form of loans, came principally from the United States and are largely allocated to cover the costs of security and defence. Private transfers, which in 1988 comprised two-fifths of all transfers, are made up of the ever-increasing remittances from Salvadorians living abroad and are

directly oriented towards consumption, for the most part.

The effects of the armed confrontation were seen, among other things, in the marked deterioration of domestic activity and the growing weight of transfers from abroad in relation to the total inflow of foreign exchange. Both factors, in turn, have upset the country's economic structure. With respect to the balance of payments, merchandise exports have gone down in importance, while the share of tax revenues in public-sector financing has declined in favour of donations from foreign governments.

The economic policy maintained the same general features as the previous year, when it sought to reactivate production and employment, control the external and public-sector imbalances and reduce the inflationary pressures that have severely affected incomes of broad groups of the population since 1985. The fear of increasing inflationary pressures led to the maintenance of a fixed exchange rate, thus making the country's production less competitive because of the prevailing inflation. Keeping the exchange rate fixed in this way was possible because of the substantial amount of transfers.

With regard to fiscal policy, the authorities aimed to expand current incomes while at the same time using resources very strictly. In order to encourage investment, it was sought to increase capital outlays more than current expenditure. These intentions were frustrated, however, since current income diminished in real terms because of the contraction in some economic sectors and in the physical volume of exports. On the other hand, the large amounts spent on security and defence once again had a negative effect. Finally, agreed-upon or expected external co-operation was slower in arriving than had been foreseen.

Monetary policy was designed to promote stabilization and to support high-priority activities. However, various events during the

year—especially the delays in carrying out public sector projects and in the disbursement of official transfers— led to a generalized lack of liquidity during the second half of the year, preventing an adequate supply of credit. In order to correct this illiquidity, measures were adopted such as reducing compulsory bank reserves earlier than planned and liberalizing the rediscount policy.

The overall stagnation of the economy was basically due to the poor performance of the agricultural and construction sectors. The decline in the former was occasioned by a combination of bad weather, the delay in replanting coffee trees, and the smaller areas sown with some products, especially cotton, because of the intensification of armed conflicts. The downswing in construction was affected by the public sector's financial or administrative inability to continue some works underway or begin some projects programmed for the year, as well as the tendency of private businessmen to postpone their investment decisions until after the Presidential elections.

The stagnation of overall activity and the depression of the sectors with the greatest impact on employment increased open unemployment and swelled the informal sector of the economy. At the same time, real wages declined once again, causing a further deterioration of the population's well-being in spite of the sustained increase in remittances from Salvadorians living abroad. This deterioration, together with the overall climate of uncertainty, helped to encourage the emigration of human resources, many of them highly or semi-skilled.

Some contradictory trends were observed in foreign trade and the balance of payments. The terms of trade improved 4%, after falling 21%

the previous year. Trade with the Central American countries expanded once again, although at a lesser rate than in 1987, and non-traditional exports continued to recover, reaching 80% of their 1978 level.

Especially prominent among the negative factors were the increase in imports, especially of consumer durables, and the shrinkage in volume for some exports, resulting in a substantial increase in the trade deficit. Moreover, the net inflow of capital from commercial banks and multilateral organizations decreased once again, as did the international reserves, but at the same time the total external debt was reduced somewhat. Meanwhile, the "errors and omissions" entry of the balance of payments worsened due to an increase of capital flight.

Consumer prices increased by 18%, which was somewhat less than the previous year and thereby represented some consolidation of the process of containing inflation, which had averaged 30% per year in the biennium 1985-1986. The rises were concentrated in foodstuffs which showed an increase of more than 30%; for the remaining items, the average increase was less than 10%. The moderateness of the rate of inflation was possible thanks to the reduction of the fiscal deficit, a highly restrictive monetary policy and the freezing of the exchange rate and public service prices and charges.

The relative rise in food prices was due to difficulties in agricultural production for the domestic market. Even though harvests showed a tendency to improve, there was a lack of supply for some grains (beans, maize and rice) at certain periods of the year, and this pressured prices until the beginning of the main harvest.

Figure 1  
 EL SALVADOR: MAIN ECONOMIC INDICATORS

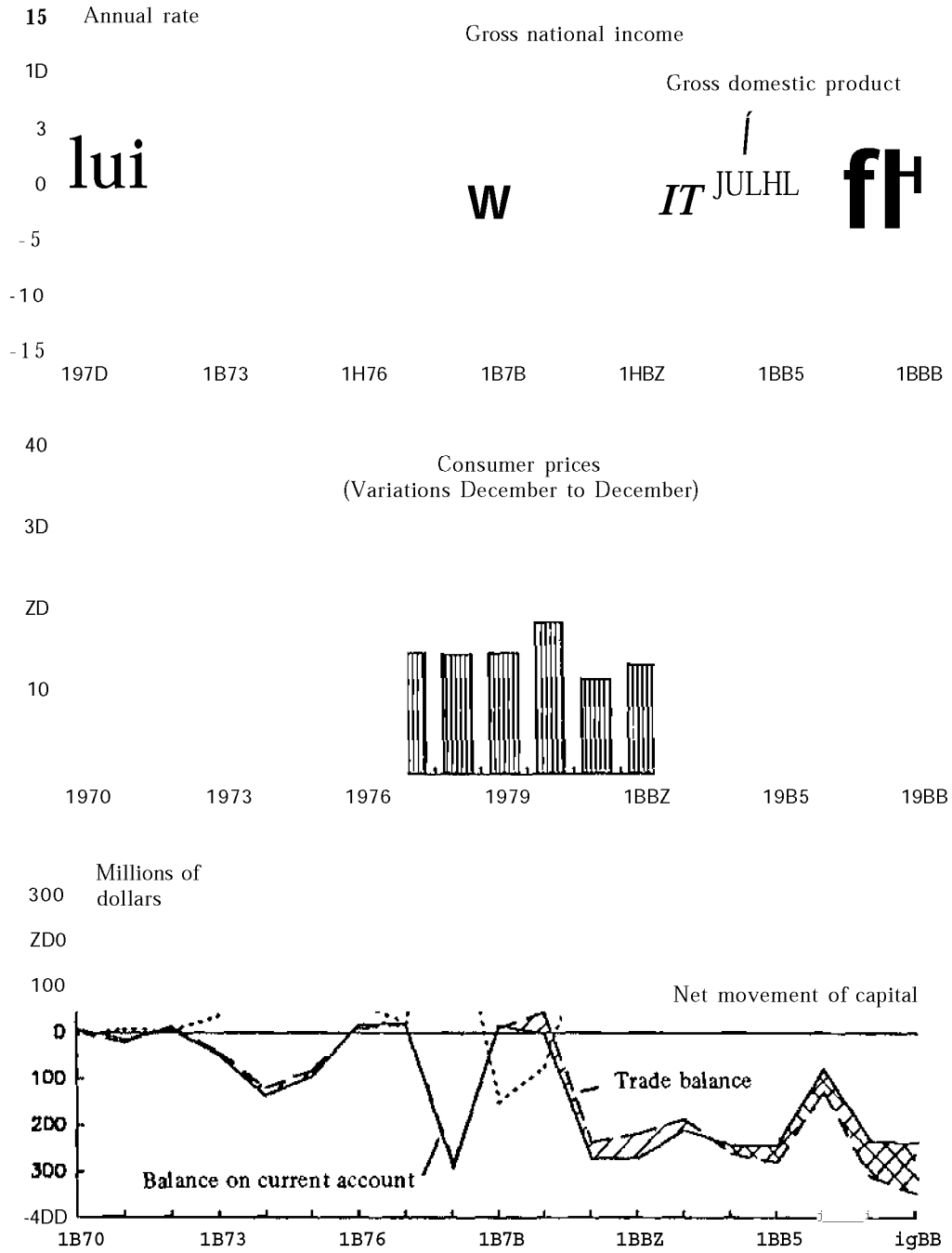
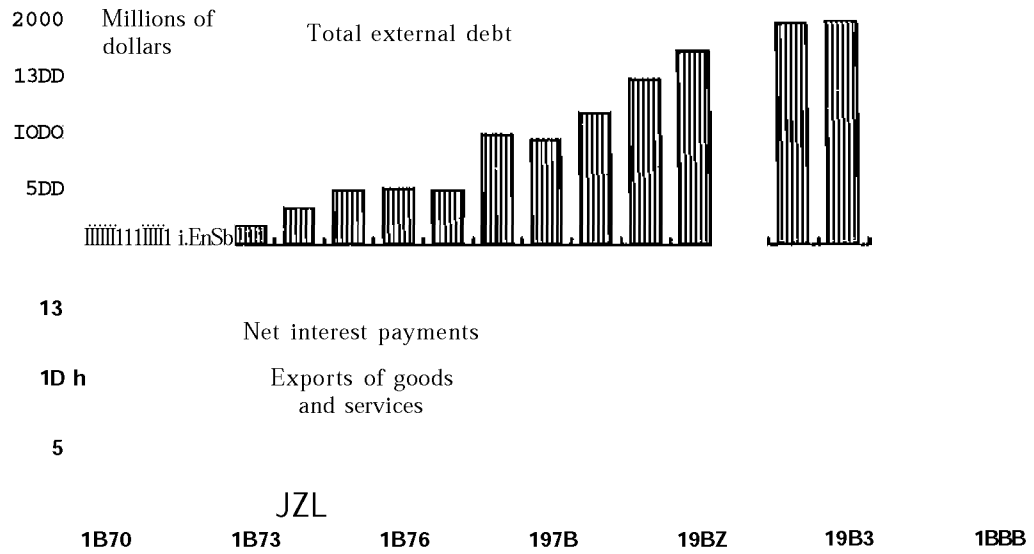


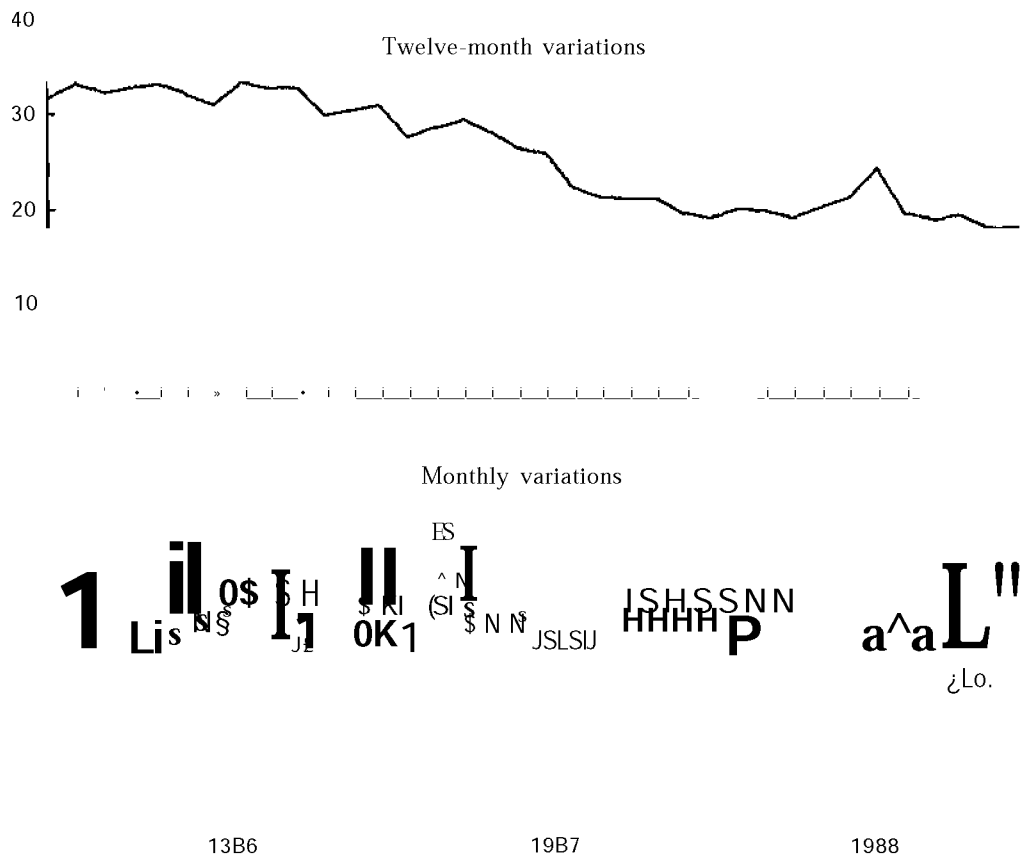


Figure 1 (conclusion)



Source: ICLAC, on the basis of official figures.

Figure 2  
 EL SALVADOR: CONSUMER PRICE INDEX  
 (Percentages)



Source: ECLAC, on the basis of official data.

Table 1  
EL SALVADOR: MAIN ECONOMIC INDICATORS

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	<b>Indexes (1980 = 100)</b>							
<b>Basic economic indicators</b>								
Gross domestic product at market prices	91.6	86.4	86.9	88.9	90.4	90.9	93.3	93.5
Gross national income	89.9	84.8	83.0	83.3	85.3	90.2	87.1	89.6
Population (millions of inhabitants)	4.58	4.63	4.66	4.71	4.77	4.85	4.93	5.03
Per capita gross domestic product	90.4	84.5	84.3	85.4	85.8	84.8	85.5	84.1
	<b>Growth rates</b>							
<b>Short-term economic indicators</b>								
Gross domestic product	-8.4	-5.7	0.6	2.3	1.8	0.5	2.7	0.3
Per capita gross domestic product	-9.6	-6.5	-0.3	1.3	0.5	-1.2	0.8	-1.7
Gross domestic income	-10.1	-5.7	-2.2	0.3	2.5	5.8	-3.5	2.9
Consumer prices								
December to December	11.6	13.4	14.8	9.8	31.9	30.2	19.6	18.2
Variation between annual averages	14.7	11.7	13.1	11.7	22.4	31.9	24.9	19.8
Money	0.8	4.7	-1.5	17.3	26.9	21.1	-1.1	8.3
Current government income					23.7	51.0	-5.5	7.0
Total government expenditure					10.6	40.0	4.4	4.6
Fiscal deficit/total government expenditure: <sup>b</sup> Z					22.1	16.0	24.1	22.3
Fiscal deficit/gross domestic product		7.1	8.8	5.8	3.8	2.8	3.7	3.1
Current value of exports of goods and services	-23.9	-11.0	6.2	2.3	1.4	13.2	-12.2	1.4
Current value of imports of goods and services	-0.8	-10.4	1.9	8.7	2.7	-2.7	5.2	4.2
Terms of trade (goods and services)	-7.3	1.9	-10.3	-9.7	-0.3	17.8	-21.1	4.0
	<b>Millions of dollars</b>							
<b>External sector</b>								
Trade balance (goods and services)	-237	-218	-187	-260	-279	-127	-312	-350
Net payments of profits and interest	74	105	121	101	94	127	122	112
Balance on current account	-272	-271	-211	-243	-243	-80	-233	-235
Balance on capital account	223	242	235	250	270	155	284	171
Variation in net international reserves	-43	-27	39	19	-131			-64
Total external debt	1471	1710	1890	1949	1980	1928	1880	1862

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures.      <sup>b</sup> Percentages.

Table 2  
EL SALVADOR: TOTAL SUPPLY AND DEMAND

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total supply</b>	<b>90.9</b>	<b>92.8</b>	<b>93.0</b>	<b>133.5</b>	<b>132.7</b>	<b>1.5</b>	<b>0.6</b>	<b>2.1</b>	<b>0.1</b>
Gross domestic product at market prices	90.9	93.3	93.5	100.0	100.0	1.8	0.5	2.7	0.3
Imports of goods and services	91.1	91.6	91.3	33.5	32.7	0.6	1.2	0.5	-0.3
<b>Total demand</b>	<b>90.9</b>	<b>92.8</b>	<b>93.0</b>	<b>133.5</b>	<b>132.7</b>	<b>1.5</b>	<b>0.6</b>	<b>2.1</b>	<b>0.1</b>
Domestic demand	92.4	93.0	95.4	98.7	100.7	2.1	0.9	0.7	2.5
Gross domestic investment	93.3	91.8	99.3	13.3	14.1	-5.6	21.5	-1.6	8.1
Gross fixed investment	90.0	98.2	95.6	13.6	13.9	10.2	7.5	9.1	-2.7
Construction	80.5	91.0	84.1	7.2	6.4	3.9	2.5	13.0	-7.6
Machinery	100.6	106.3	108.4	6.4	7.4	17.3	12.4	5.6	2.0
Public	40.5	46.3	38.8	7.1	3.0	-8.0	-15.6	14.5	-16.2
Private	144.8	155.6	158.3	6.4	10.9	20.5	17.4	7.4	1.7
Variation in stocks	-55.7	377.4	-67.9	-0.3	0.2				
Total consumption	92.2	93.2	94.8	85.4	86.6	<b>3.2</b>	<b>-1.7</b>	<b>1.1</b>	<b>1.7</b>
General government	120.9	122.1	124.9	14.0	18.7	<b>6.8</b>	<b>3.7</b>	<b>10</b>	<b>2.3</b>
Private	86.6	87.6	88.9	71.5	67.9	<b>2.4</b>	<b>-3.1</b>	<b>1.1</b>	<b>1.5</b>
Exports of goods and services	86.8	92.3	86.1	34.8	32.0	<b>-0.4</b>	<b>-0.1</b>	<b>6.4</b>	<b>-6.7</b>

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. <sup>b</sup> The figures for exports and imports of goods and services were taken from IMF balance-of-payments data expressed in dollars at current prices, which were then converted to constant 1980 values using unit-value indexes calculated for this purpose by ECLAC.

Table 3  
EL SALVADOR: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC  
ACTIVITY, AT 1980 MARKET PRICES

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Gross domestic product	90.9	93.3	93.5	100.0	100.0	1.8	0.5	2.7	0.3
Goods	86.9	89.6	87.8	46.4	43.6	0.8	-0.9	3.1	-2.0
Agriculture	85.6	87.4	84.0	27.8	25.0	-1.1	-3.1	2.1	-3.8
Mining	100.0	112.6	117.8	0.1	0.2	-	2.8	12.6	4.6
Manufacturing	90.1	92.8	95.1	15.0	15.3	3.7	2.5	3.0	2.4
Construction	83.7	93.4	85.5	3.4	3.1	4.6	2.6	11.5	-8.4
Basic services	99.1	100.9	102.5	5.6	6.2	3.1	1.3	1.9	1.5
Electricity, gas and water	109.6	111.7	113.7	2.1	2.6	5.0	2.5	2.0	1.8
Transport, storage and communications	92.8	94.4	95.7	3.5	3.6	1.8	0.5	1.8	1.3
Other services	93.7	95.9	98.0	48.0	50.3	2.5	1.6	2.4	2.2
Commerce, restaurants and hotels	78.6	79.7	80.5	22.9	19.7	0.5	0.3	1.4	1.1
Financial institutions, insurance, real estate and business services	107.1	109.8	113.6	7.7	9.3	2.1	0.8	2.6	3.4
Ownership of dwellings	111.4	114.3	119.3	4.3	5.5	1.5	0.3	2.6	4.4
Community social and personal services	107.6	111.0	114.1	17.4	21.2	4.8	3.2	3.2	2.8
Government services	125.8	130.8	135.3	10.3	14.9	7.0	4.5	4.0	3.4

Source: ECLAC, on the basis of official figures reweighted with the structure at current 1980 prices. Consequently, the results obtained do not necessarily coincide with those published by the countries in their calculations at constant prices.

<sup>a</sup> Preliminary figures. Includes the livestock sector, forestry and fisheries.

Table 4

## EL SALVADOR: INDICATORS OF AGRICULTURAL PRODUCTION

	1975	1980	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
							1985	1986	1987	1988 <sup>a</sup>
<b>Index of agricultunit production (1978 = 100)</b>	<b>95.4</b>	<b>104.6</b>	<b>86.4</b>	<b>84.0</b>	<b>89.3</b>	82.5	-1.4	-2.8	2.1	-3.8
Crop farming	97.3	107.4	87.2	84.2	83.2	74.3	-2.5	-3.4	-1.2	-10.7
Livestock raising	90.0	88.3	81.9	85.2	87.3	88.2	5.4	4.0	2.5	1.0
<b>Production of main crops</b>										
For export										
Coffee	163	186	149	138	148	120	-0.3	-7.4	7.2	-18.9
Cotton	73	61	26	13	12	11	-20.7	-50.0	-7.7	-8.3
Sugar cane	3166	2 564	3179	3 356	3 007	2 518	1.6	5.6	-10.4	-16.3
For domestic consumption										
Maize	440	528	495	437	578	587	-6.1	-11.7	32.3	1.6
Beans	38	39	34	50	24	42	-29.5	47.1	-52.0	75.0
Milled rice	39	39	46	35	27	34	8.8	-23.9	-22.9	25.9
Sorghum	172	138	133	134	26	138	-5.6	0.8	-80.6	430.8
<b>Stock-raising indicators</b>										
Number of animals slaughtered										
Cattle <sup>c</sup>	187	185	140	150	156	157	-4.6	7.1	4.0	0.6
Pigs <sup>c</sup> <sub>fc</sub>	115	126	146	155	155	161	-	6.2	-	3.9
Poultry <sup>b</sup>		14	18	20	19	20	28.6	11.1	-5.0	5.3
Other products										
Milk <sup>d</sup>	253	331	311	300	325	328	13.1	-3.5	8.3	0.9
Eggs <sup>e</sup>	588	818	880	891	934	945	-22.8	1.3	4.8	1.2

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of El Salvador and the Ministry of Agriculture.  
<sup>a</sup> Preliminary figures. <sup>b</sup> Thousands of tons. <sup>c</sup> Thousands of head. <sup>d</sup> Millions of bottles. <sup>e</sup> Millions of units.

Table 5

## EL SALVADOR: INDICATORS OF MANUFACTURING PRODUCTION

	1975	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
<b>Index of value added</b> (1980 = 100)	<b>98.6</b>	<b>87.9</b>	<b>90.1</b>	<b>92.8</b>	<b>95.0</b>	3.7	2.5	3.0	2.4
Foodstuffs, beverages and tobacco	88.5	96.6	98.2	100.4	103.8	6.6	1.7	2.2	3.4
Textiles, clothing and leather products	118.9	58.1	61.1	61.7	61.6	-8.2	5.2	1.0	-0.2
Textiles	116.8	46.9	56.4	58.6	52.7	-14.9	20.3	3.9	-10.1
Clothing, footwear and other leather products	121.0	69.0	65.5	64.4	70.2	-3.1	-5.1	-1.7	9.0
Wood and paper	76.3	81.4	79.1	82.6	84.3	-1.3	-2.8	4.4	2.1
Wood and wood manufactures	69.4	117.7	124.6	132.0	134.8	2.5	5.9	5.9	2.1
Paper and paper products	81.4	53.9	44.8	45.4	46.4	-6.9	-16.9	1.3	2.2
Chemicals and petroleum and rubber products	137.6	82.6	84.0	86.8	85.3	-5.3	1.7	3.3	-1.7
Chemicals	211.6	96.1	99.6	102.1	103.0	-11.2	3.6	2.5	0.9
Petroleum and rubber products	106.2	76.6	77.1	80.1	77.6	-1.7	0.6	3.9	-3.1
Non-metallic mineral products	97.6	84.6	89.0	102.3	103.5	5.0	5.2	14.9	1.2
Machinery and metal products	118.6	72.7	80.8	82.9	84.3	7.7	11.2	2.6	1.7
Metal products	135.8	90.4	99.1	101.4	103.5	12.1	9.6	2.3	2.1
Machinery and equipment	110.6	64.5	72.4	74.4	75.5	5.0	12.2	2.8	1.5
Other manufactures	154.4	63.2	74.1	76.4	78.3	-8.1	17.2	3.1	2.5
<b>Other indicators of manufacturing production</b>									
Consumption of electricity by industry <sup>b</sup>	410	499	503	549	596	3.1	0.8	9.1	8.6

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of El Salvador.

<sup>a</sup> Preliminary figures. <sup>b</sup> Millions of kWh.

Table 6  
EL SALVADOR: INDICATORS OF ELECTRICITY GENERATION AND CONSUMPTION

	Millions of kWh						Growth rates			
	1980	1985	1986	1987	January-June		1985	1986	1987	$\Delta_{SS}^6$
					1987	1988 <sup>a</sup>				
Output	1540	1784	1757	1971	938	1026	6.7	-1.5	12.2	9.4
Total consumption	1338	1486	1548	1672	808	869	5.0	4.2	8.0	7.5
Residential	388	474	503	541	260	292	2.9	6.1	7.6	12.3
Commercial	174	195	213	228	110	119	7.0	9.2	7.0	8.2
Industrial	557	499	503	549	255	277	3.1	0.8	9.1	8.6
Government and other	219	318	329	354	183	181	10.4	3.5	7.6	-1.1

Source: ECLAC, on the basis of data supplied by the Department of Energy and Mining Resources.

\* Preliminary figures.      Calculated on the basis of the January-June variation.

Table 7  
EL SALVADOR: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	Growth rates							
Exports FOB								
Value	-25.8	-11.8	4.5	-1.3	-6.5	11.2	-21.7	7.1
Volume	-23.7	-13.6	25.8	6.6	-2.4	-8.7	9.3	-3.5
Unit value	-2.7	2.2	-17.0	-7.4	-4.2	21.9	-28.4	11.0
Imports FOB								
Value	0.2	-8.1	0.6	10.1	-2.1	-2.1	5.6	6.4
Volume	-5.8	-8.1	6.9	4.6	-2.7	3.1	0.5	1.4
Unit value	6.3	-	-5.9	5.2	0.5	-5.0	5.0	4.9
Terms of trade	-8.7	1.9	-12.3	-12.7	-5.0	28.0	-31.8	5.5
	Indexes (1980 = 100)							
Purchasing power of exports	69.6	61.3	67.6	62.9	58.4	68.2	50.8	51.7
Volume of exports	76.3	65.9	82.9	88.4	86.3	78.7	86.0	83.0
Volume of imports	94.2	86.6	92.6	96.8	94.2	97.1	97.7	99.0
Terms of trade	91.3	93.0	81.5	71.2	67.7	86.6	59.1	62.3

Source: ECLAC, on the basis of official figures.

\* Preliminary Figures.



**Table 8**  
**EL SALVADOR: EXPORTS OF GOODS FOB**

	Millions of dollars			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>b</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>755</b>	<b>591</b>	<b>633</b>	<b>100.0</b>	<b>100.0</b>	<b>-6.5</b>	<b>11.2</b>	<b>-21.7</b>	<b>7.1</b>
Central America	91	120	135	27.5	213	-38.9	-5.2	31.9	12.5
Rest of world	664	471	498	72.5	78.7	2.5	13.9	-29.1	5.7
<b>Main traditional exports</b>	<b>594</b>	<b>387</b>	<b>409</b>	<b>71.2</b>	<b>64.6</b>	<i>42</i>	<b>12.9</b>	<b>-34.8</b>	<b>5.7</b>
Coffee	547	352	369	60.9	583	3.1	17.9	-35.6	4.8
Cotton	5	2	1	7.9	0.2	222.2	-82.8	-60.0	-50.0
Sugar	25	12	18	1.2	2.8	-11.5	8.7	-52.0	50.0
Shrimp	17	21	21	1.2	33	-50.0	70.0	23.5	4.8
<b>Main non-traditional exports</b>	<b>161</b>	<b>204</b>	<b>224</b>	<b>28.8</b>	<b>35.4</b>	-23.2	-8.0	<b>26.7</b>	<b>9.8</b>
Perfumery, toiletries and cosmetics	3	3	4	1.4	0.6	-36.3	-57.1	-	33.3
Insecticides, fungicides and disinfectants	4	6	3	0.6	0.5	8.5	-20.0	50.0	-50.0
Cotton yarn and thread	7	6	7	1.0	1.1	-27.3	-22.2	-143	16.7
Clothing	3	4	6	2.9	1.0	-63.2	-	33.3	50.0
Paper and paper and cardboard products	15	22	18 <sup>b</sup>					51.0	
Medicines	15	16	13 <sup>b</sup>					4.2	
Footwear	7	11	7 <sup>b</sup>					60.3	
Towels and other textiles	6	9	7 <sup>b</sup>					45.6	
Aluminium manufactures	6	8	7 <sup>b</sup>					32.3	
Other non-traditional exports	95	119						25.3	

**Source:** ECLAC, on the basis of figures supplied by the Central Reserve Bank of El Salvador.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Estimated on the basis of the period January-September.

Table 9  
EL SALVADOR: IMPORTS OF GOODS, CIF

	Millions of dollars			Percentage breakdown		Growth rates		
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>935</b>	<b>994</b>	1050	<b>100.0</b>	100.0	-2.7	<b>63</b>	<b>5.6</b>
Central America	161	181	197	33.3	18.8	-25.8	VIA	8.8
Rest of world	774	813	853	66.7	81.2	4.0	5.0	4.9
<b>Consumer goods</b>	<b>207</b>	<b>241</b>	<b>275</b>	<b>31.9</b>	<b>26.2</b>	-20.1	<b>16.4</b>	<b>14.1</b>
Durables	25	32	42	3.5	4.0	-47.9	28.0	31.3
Non-durables	182	209	233	28.4	22.2	-13.7	14.8	11.5
<b>Raw materials and intermediate products</b>	<b>503</b>	501	<b>516</b>	<b>56.4</b>	<b>49.2</b>	-7.7	-0.4	<b>3.0</b>
Petroleum and fuels	82	104	82	15.7	7.8	-38.3	26.8	-21.2
Construction materials	47	61	66	5.9	6.3	2.2	29.8	8.2
Fertilizers	25	27	27		2.6	-37.5	8.0	-
Other	349	309	341	34.8	32.5	7.1	-11.5	10.4
<b>Capital goods</b>	<b>225</b>	<b>252</b>	<b>259</b>	<b>11.7</b>	<b>24.6</b>	<b>44.2</b>	<b>12.0</b>	<b>2.4</b>
Manufacturing	59	72	78	4.7	7.4	37.2	22.0	8.3
Transport	124	124	123	3.5	11.7	82.4	-	-0.8
Agriculture	10	13	14	0.8	1.0	-23.1	30.0	7.7
Construction	6	11	12	1.3	1.1	-	83.3	9.1
Other	26	32	32	1.4	3.1	-3.7	23.1	-

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of El Salvador.

<sup>a</sup> Preliminary figures.

Table 10  
**EL SALVADOR: BALANCE OF PAYMENTS**  
*(Millions of dollars)*

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Balance on current account</b>	<b>-272</b>	<b>-271</b>	<b>-211</b>	<b>-243</b>	<b>-243</b>	<b>-80</b>	<b>-233</b>	<b>-235</b>
Trade balance	-237	-218	-187	-260	-279	-127	-312	-350
Exports of goods and services	924	822	873	894	906	1025	900	913
Goods FOB	798	704	735	726	679	755	591	633
Real services	126	118	138	168	227	270	309	280
Transport and insurance	20	23	30	44	58	60	67	68
Travel	14	20	24	30	43	35	43	63
Imports of goods and services	1161	1041	1061	1153	1184	1152	1212	1263
Goods FOB	898	826	831	915	895	876	925	984
Real services <sup>b</sup>	263	215	230	239	289	276	287	279
Transport and insurance	113	72	81	86	89	82	113	111
Travel	69	60	74	74	89	71	73	68
Factor services	-74	-105	-121	-101	-94	-127	-122	-112
Profits	-40	-45	-36	-40	-32	-40	-40	-37
Interest received	13	14	13	17	16	15	15	12
Interest paid	-73	-98	-107	-110	-101	-127	-122	-110
Labour and properly	26	24	10	32	23	25	25	23
Unrequited private transfer payments	39	52	97	118	129	174	201	227
<b>Balance on capital account</b>	<b>223</b>	<b>242</b>	<b>235</b>	<b>250</b>	<b>270</b>	<b>155</b>	<b>284</b>	<b>171</b>
Unrequited official transfer payments	21	119	174	190	214	219	371	296
Long-term capital	185	189	317	84	99	-10	-38	-7
Direct investment	-6	-1	28	12	12	-	-	-
Portfolio investment	-	-1	-	-	-	-	-	-
Other long-term capital	191	191	289	72	87	-10	-38	-7
Official sector <sup>c</sup>	191	185	283	82	88	64	58	41
Loans received	257	291	421	257	250	114	111	87
Amortization payments	-62	-84	-137	-174	-154	-50	-53	-46
Commercial banks <sup>c</sup>	-	-	-1	-1	-	1	-	-1
Loans received	-	1	-	-	-	1	-	-
Amortization payments	-	-1	-1	-1	-	-	-	-1
Other sectors <sup>c</sup>	-	6	6	-10	-1	-75	-96	-47
Loans received	28	36	28	9	17	141	101	119
Amortization payments	-28	-30	-22	-18	-18	-216	-198	-165
Short-term capital	76	-36	-215	28	-67	-	-	-
Official sector	96	-65	-121	10	-10	-	-	-
Commercial banks	-11	29	-33	-7	-48	-	-	-
Other sectors	-10	-	-61	26	-8	-	-	-
Errors and omissions (net)	-60	-30	-41	-52	23	-84	-49	-118
<b>Global balance</b>	<b>-49</b>	<b>-29</b>	<b>24</b>	<b>7</b>	<b>27</b>	<b>75</b>	<b>51</b>	<b>-64</b>
Total variation in reserves (- sign indicates an increase)	43	27	-39	-19	131	-	-	64
Monetary gold	-	-	2	-	-	-	-	-
Special Drawing Rights	-	-2	2	-	-	-	-	-
IMF reserve position	-	-	-	-	-	-	-	-
Foreign exchange assets	6	-35	-53	-6	148	-152	-16	-
Other assets	-	-	-	-	-	-	-	-
Use of IMF credit	37	64	11	-13	-17	-46	-37	-

**Source:** 1981-1987: International Monetary Fund; 1988: ECLAC, on the basis of official data.

Preliminary figures. Includes other non-factor services. Includes net loans granted and other assets and liabilities. Equals the total variation in reserves (of opposite sign), plus counterpart items.

Table 11  
**EL SALVADOR: EVOLUTION OF EXCHANGE RATE**  
*(Yearly and quarterly averages)*

Period	Nominal exchange rate (colones per dollar)	Real effective exchange rate indexes <sup>a</sup> (1980 = 100)	
		Exports	Imports
1970-1979	2.50	111.2	108.7
1980	2.50	100.0	100.0
1981	2.50	88.4	93.8
1982	2.50	79.5	77.7
1983	2.50	71.2	68.4
1984	2.50	64.0	63.3
1985	2.50	53.6	53.6
1986	5.00	84.4	76.7
1987	5.00	69.5	59.5
1988	5.00	60.6	52.8
1986			
I	5.00	98.2	94.0
II	5.00	86.7	79.8
III	5.00	78.4	68.4
IV	5.00	74.4	64.5
1987			
I	5.00	72.9	62.1
II	5.00	69.7	59.5
III	5.00	68.0	58.7
IV	5.00	67.5	57.6
1988			
I	5.00	65.9	56.8
II	5.00	61.1	52.8
III	5.00	58.1	51.3
IV	5.00	57.1	50.1

**Source:** ECLAC, on the basis of data from the International Monetary Fund.

<sup>a</sup> Corresponds to the average real exchange rate indexes in respect of the currencies of the principal countries with which El Salvador trades, weighted by the relative importance of exports to or imports from these countries, as the case may be. The weightings correspond to the average for the 1983-1987 period. Wholesale price indexes were primarily used in the calculations, and in the case of El Salvador the consumer price index was used. For the methodology and sources used, see The Statistical Appendix to the *Economic Survey of Latin America and the Caribbean*, 1981.

Table 12  
EL SALVADOR: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Millions of dollars</b>							
<b>Total external debt</b>	<b>1710</b>	<b>1890</b>	<b>1949</b>	<b>1980</b>	<b>1928</b>	<b>1880</b>	<b>1862</b>
Public	1517	1706	1763	1805	1782	1743	1730
Private	193	184	186	175	146	137	132
Medium and long-term	1443	1743	1805	1866	1849	1808	1788
Short-term	267	147	144	114	79	72	74
<b>Disbursements</b>	<b>763</b>	<b>625</b>	<b>447</b>	<b>382</b>	<b>266</b>	<b>238</b>	<b>285</b>
<b>Servicing</b>	<b>608</b>	<b>539</b>	<b>481</b>	<b>436</b>	<b>530</b>	<b>393</b>	<b>401</b>
Principal	524 <sup>c</sup>	445 <sup>c</sup>	388	351	418	286	303
Interest	84	94	93	85	112	107	98
<b>Percentages</b>							
Total external debt/exports of goods and services	208	216	218	219	188	209	204
Servicing/exports of goods and services	74	62	54	48	52	44	44
Interest payments/exports of goods and services	10	11	10	9	11	12	11
Servicing/disbursements	80	86	108	114	199	165	141

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of El Salvador.

Preliminary figures.

Year-end balances of disbursed debt.

Includes accounting movements and renegotiations.

Table 13  
EL SALVADOR: DOMESTIC PRICES

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Variation from December to December</b>									
Consumer price index	18.6	11.6	13.4	14.8	9.8	31.9	30.2	19.6	18.2
Food	22.5	14.4	11.0	17.9	10.6	27.5	30.3	22.5	30.6
<b>Variation between annual averages</b>									
Consumer price index	17.4	14.7	11.7	13.1	11.7	22.4	31.9	24.9	19.8
Food	19.7	17.7	10.6	13.4	14.1	18.9	31.8	25.4	29.4

Source: ECLAC, on the basis of official figures.

\* Preliminary figures.

Table 14  
EL SALVADOR: WAGES

	Indexes (December 1978 = 100)						Growth rates						
	1983	1984	1985	1986	1987	1988 <sup>a</sup>	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Nominal minimum wages</b>													
Agricultural workers	122.4	122.4	122.4	184.1	184.1	214.6					50.4		16.6
Harvesting													
Coffee	146.2	146.2	146.2	146.2	146.2	159.8							9.3
Sugar cane	209.1	209.1	209.1	209.1	209.1	215.2	-	-	-	-	-	-	2.9
Cotton	161.5	161.5	161.5	161.5	161.5	192.2	-	-	-	-	-	-	19.0
Seasonal agro-industries													
Coffee processing	200.0	200.0	200.0	200.0	200.0	228.6	-	-	-	-	-	-	14.3
Sugar refining	133.3	133.3	133.3	133.3	133.3	166.6	-	-	-	-	-	-	25.0
Cotton processing	128.0	128.0	128.0	128.0	128.0	160.0	-	-	-	-	-	-	25.0
Other activities in San Salvador													
Industry and services	157.1	176.2	185.7	212.5	212.5	240.8			12.2	5.4	14.4		13.3
Commerce	152.8	171.3	180.6	206.6	206.6	234.1	-	-	12.1	5.4	14.4	-	13.3
<b>Real minimum wages<sup>c</sup></b>													
Agricultural workers	66.1	59.2	48.4	55.2	44.2	43.0	-10.5	-11.6	-10.4	-18.2	14.0	-19.9	-2.7
Harvesting													
Coffee	79.0	70.7	57.8	43.8	35.1	32.0	-10.5	-11.6	-10.5	-18.2	-24.2	-19.9	-8.8
Sugar cane	113.0	101.2	82.7	62.7	50.2	43.1	-10.5	-11.6	-10.4	-18.3	-24.2	-19.9	-14.1
Cotton	87.3	78.1	63.9	48.4	38.8	38.5	-10.5	-11.6	-10.5	-18.2	-24.3	-19.8	-0.8
Seasonal agro-industries													
Coffee processing	108.0	96.8	79.1	60.0	48.0	45.8	-10.5	-11.6	-10.4	-18.3	-24.1	-20.0	-4.6
Sugar refining	72.0	64.5	52.7	40.0	32.0	33.4	-10.5	-11.7	-10.4	-18.3	-24.1	-20.0	4.4
Cotton processing	69.2	61.9	50.6	38.4	30.7	32.1	-10.5	-11.5	-10.5	-18.3	-24.1	-20.1	4.6
Other activities in San Salvador													
Industry and services	84.9	85.2	73.4	63.7	51.0	48.3	-10.5	-11.6	0.4	-13.8	-13.2	-19.9	-5.3
Commerce	82.5	82.9	71.4	61.9	49.6	46.9	-10.5	-11.7	0.5	-13.9	-13.3	-19.9	-5.4

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures.  
index.

<sup>b</sup> Calculated on the basis of the average annual wage.

<sup>c</sup> Deflated by consumer price

Table 15  
EL SALVADOR: MONETARY INDICATORS

	Year-end balances <sub>V</sub> (millions of colones)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Money (Mi)</b>	<b>2156</b>	<b>2 611</b>	<b>2 581</b>	<b>2 794</b>	<b>26.9</b>	<b>21.1</b>	<b>-1.1</b>	<b>83</b>
Currency outside banks	1080	1156	1298	1326	29.3	7.0	123	2.2
Current account deposits	1076	1455	1283	1468	24.6	35.2	-11.8	14.4
<b>Factors of expansion</b>	<b>7 464</b>	<b>9 047</b>	<b>9 953</b>	<b>10 440</b>	<b>20.6</b>	<b>21.2</b>	<b>10.0</b>	<b>4.9</b>
International reserves (net)	439	1255	1510	1190	32.2	185.9	203	-21.2
Domestic credit	7 025	7 792	8 443	9 250	20.0	10.9	8.4	9.6
To the public sector	2 832	2 684	2 914	3 031	11.8	-5.2	8.6	4.0
Central government (net)	1821	1634	1776	1614	12.8	-10.3	8.7	-9.1
Public institutions	1011	1050	1138	1417	9.9	3.9	8.4	24.5
To the private sector	4 193	5 108	5 529	6 219	26.2	21.8	8.2	12.5
<b>Factors of absorption</b>	<b>5 308</b>	<b>6 436</b>	<b>7 372</b>	<b>7 646</b>	<b>18.2</b>	<b>21.3</b>	<b>14.5</b>	<b>3.7</b>
Quasi-money (savings and time deposits)	3 208	4 348	4 873	5 553	24.6	35.5	12.1	14.0
Other items (net)	2100	2 088	2 499	2 093	5.4	-0.6	19.7	-16.2
<b>Coefficients<sup>b</sup></b>								
Monetary multipliers								
Mi/monetary base	1.06	1.01	0.98	0.96				
M <sub>2</sub> /monetary base	2.88	2.95	2.95	2.87				
Mi/GDP	0.15	0.13	0.10	0.10				

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of El Salvador.  
\* Preliminary figures. <sup>b</sup> Calculated on the basis of annual averages.

Table 16  
EL SALVADOR: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of colones				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
1. Current income	<b>1913</b>	<b>2888</b>	<b>2728</b>	<b>2918</b>	<b>23.7</b>	51.0	-5.5	7.0
Tax revenue	1658	2580	2515	2678	22.7	55.6	-2.5	6.5
Direct	385	526	711	780	12.9	36.6	35.2	9.7
Indirect	1273	2054	1804	1898	26.0	61.4	-12.2	5.2
On foreign trade	533	1168	702	721	42.9	119.1	-39.9	2.7
Non-tax revenue	255	308	213	<b>240</b>	30.8	20.8	-30.8	12.7
2. Current expenditure	<b>1909</b>	<b>2568</b>	<b>2761</b>	<b>3105</b>	<b>7.9</b>	<b>34.5</b>	<b>7.5</b>	12.5
Remunerations	1182	1457	1708	1841	17.6	23.3	17.2	7.8
Purchase of goods and services	271	385	450	539	-8.1	42.1	16.9	19.8
Interest payments	172	260	241	256	4.2	51.2	-7.3	6.2
Transfers and other payments	284	466	362	469	-6.9	64.1	-22.3	29.6
3. Current savings (1-2)	4	<b>320</b>	<b>-33</b>	<b>-187</b>				
4. Capital expenditure	548	872	831	651	21.2	59.1	-4.7	-21.7
Real investment	370	485	532	428	6.9	31.1	9.7	-19.5
Other capital expenditure	178	387	299	223	67.9	117.4	-22.7	-25.4
5. Total expenditure (2+4)	<b>2457</b>	<b>3440</b>	<b>3592</b>	<b>3756</b>	10.6	40.0	<b>4.4</b>	4.6
6. Fiscal deficit (1-5)	<b>-544</b>	<b>-552</b>	<b>-864</b>	<b>-838</b>	<b>-19.5</b>	<b>1.5</b>	<b>56.5</b>	-3.0
7. Financing of deficit								
Domestic financing (net)	124	-46	39	173				
Credit received	-6	-4	-1	-				
Less amortization payments	-100	-170	-203	-164				
Sale of securities	211	111	97	184				
Other	19	17	146	153				
External financing	420	598	825	665				
Credit received	321	458	416	369				
Less amortization payments	-27	-122	-90	-122				
Sale of securities	-25	-50	-47	-				
Other	151	312	546	418				
Ratios (percentages)								
Current savings/capital expenditure	0.7	36.7	-4.0	-28.7				
Fiscal deficit/total expenditure	22.1	16.0	24.1	22.3				
Tax revenue/GDP	11.6	13.1	10.9	9.8				
Total expenditure/GDP	17.1	17.4	15.5	13.8				
Fiscal deficit/GDP	3.8	2.8	3.7	3.1				
Domestic financing/deficit	22.8	-8.3	4.5	20.6				
External financing/deficit	77.2	108.3	95.5	79.4				

Source: ECLAC, on the basis of official figures.

\* Preliminary figures. <sup>b</sup> Includes capital transfers, net loans granted and net shares acquired.





## GUATEMALA

The gross domestic product grew (3.6%) for the second year in a row after a long period of stagnation, recovering the real level already reached in 1981. This meant that the per capita product was still 20% below that registered at the beginning of the decade.

As in the previous year, this result was accompanied by a moderate rate of inflation (11%) and a reduction in unemployment. The fiscal deficit, too, remained at a level similar to that of 1987, and because of the structure of its financing it did not exert significant pressure on money issue.

The general expansion of economic activity and the moderate rise in prices can be attributed to the greater availability of foreign exchange due to higher export prices, repatriation of capital, the use of the international reserves, and credit from international bodies. These factors stimulated supply and, by permitting imports, reduced the upward pressure on prices. This made it possible on the one hand to improve real wages, thus speeding up the growth of private consumption, and on the other, to sustain the dynamism of gross fixed investment.

Although the external sector was a determining factor for the expansion achieved, it remained the most vulnerable part of the economy. The positive effect of the favourable export prices was offset by the big increase in imports, with the result that the deficit on current account reached 6.9% of the gross domestic product. Likewise, in spite of the inflow of short-term capital, the international reserves contracted and continued to be negative in net terms, as has been the case since 1981.

During the first five months of 1988, production grew slowly and inflation remained low, in spite of the persistent fiscal imbalance, the atmosphere of uncertainty brought on by the disagreements between the government, labour and business, and especially the

deterioration of the external sector due to the rise in imports and the lower inflow of foreign currency caused by the expectations that there would be devaluation and that the exchange rates would be unified. These results were obtained thanks to a restrictive monetary policy, price controls and, to a certain extent, the foreign financing received.

The economic policy was changed considerably in June. The exchange rates were unified and raised in order to eliminate exchange losses and stimulate exports. After these measures the exchange rate stabilized thanks to the support provided by the credits contracted with the International Monetary Fund (IMF) and the United States Agency for International Development (AID).

At the same time, new monetary measures were put into effect: interest rates on loans and deposits were raised by two points, thus keeping them slightly positive in real terms, and the rates of return on government securities were also raised; the structure of bank reserves was changed to reduce liquidity; open-market operations were promoted, especially with decentralized enterprises of the public sector; limits were placed on public and private credit; and strict control was established on external public indebtedness. Prices were liberalized by reducing controls and raising public service charges and the prices for certain basic products. At the same time, some wage increases were granted in compensation.

Although the modifications of the exchange system and the freeing of prices helped to increase inflationary pressures, these were partly offset by the greater supply of imported goods, for in the second half of the year imports increased significantly in view of the uncertainty about price rises, which fed expectations of a readjustment of the exchange rate. At the same time, the increase in bank credit to the private sector and the early redemption of

bonds expanded the means of payment, putting pressure on imports.

The above-mentioned phenomena led to a greater disequilibrium in the trade balance, which was covered by the inflow of external resources (basically from the IMF), commercial credit, and the return of capital. These resources were insufficient, however, to cover the deficit on current account, making it necessary to use international reserves.

Towards the end of 1988, the expectations of the economic agents once again entered a phase of uncertainty, when the impression arose among them that the extraordinary financing from USAID and the IMF, together with the restrictive credit policy (i.e., the factors which had made it possible to maintain the exchange rate), could not last much longer.

The tax measures adopted by the government in October 1987, together with the growth of productive activity and the modifications made to the exchange system, yielded positive results as far as the current income of the central government was concerned. Revenue from direct taxes and duties on coffee exports and on imports grew particularly strongly, and this allowed for an increase in real expenditure which was centered on interest payments, capital expenditures and transfers. However, since expenditure on goods and services remained almost constant in real terms, the provision of health and educational services continued to deteriorate, and in some cases these services were even partially suspended because of problems with installations, equipment and the supply of materials and medicines.

As a result of the above, the ratio of the fiscal deficit to the gross domestic product remained similar to that of the previous year. Its inflationary effect, however, was more limited because it was financed through external donations (40%) and through the sale of securities by the rest of the public sector, especially the Guatemalan Social Security Institute.

Monetary policy was generally restrictive. The means of payment increased less than inflation, and the net credit to the public sector was negative (-21%). In the same quarter, both monetary and fiscal policy were applied in accordance with a Stand-by Credit Agreement

with the International Monetary Fund which was signed in October and involved a total of US\$70 million.<sup>2</sup>

This agreement was aimed at consolidating the adjustment of the economy by setting limits on net credit to the public and private sectors and increasing the net assets of the Banco de Guatemala. The net international reserves were supposed to be positive by the end of 1988; at the same time, outstanding external payment commitments and the procurement of external financing in support of the public sector were to be subject to previously fixed limits.

The goals of the agreement were accomplished in so far as they concerned the domestic and external financing of the public sector; in the case of the former there was a decline in credit to the central government, even in nominal terms, as in the previous two years. However, the goals concerning credit to the private sector, the domestic assets of the Banco de Guatemala and the international reserves were not achieved.

The level of the external debt remained similar to that of 1987, but its profile changed as a result of the restructuring of the balances due or scheduled to fall due in the next few years. Commitments for US\$435 million were restructured: i.e., one-fifth of the total debt. Rather more than US\$300 million corresponded to the stabilization bonds for 1983 and 1984; other debts partially restructured were those with the Venezuelan Investment Fund and with the Central American Bank for Economic Integration. Even so, the servicing of the debt continued to be a heavy burden for the economy, and its ratio with respect to exports of goods and services rose to 42.4%.

In summary, the economy grew during 1988 and the economic policy was successful as regards stability of the exchange rate and, to a lesser degree, prices. The external sector continued to display weakness and to rely on external financial support to maintain the process of economic reactivation. Exports, investment and per capita income remained at levels below those of 1980, while the living conditions of the majority of the population continued to be precarious, due to the faulty distribution of income.

<sup>1</sup> See ECLAC, *Notas para el estudio económico de América Latina y el Caribe, 1987, Guatemala* (LC/MEX/L.83), 19 July 1988.

A credit of US\$28 million was also granted under the Compensatory Financing Facility.

Figure 1  
 GUATEMALA: MAIN ECONOMIC INDICATORS

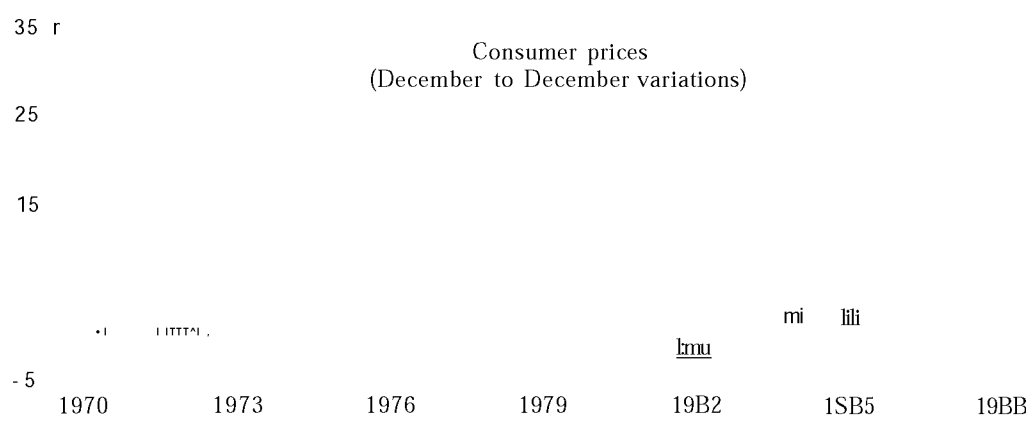
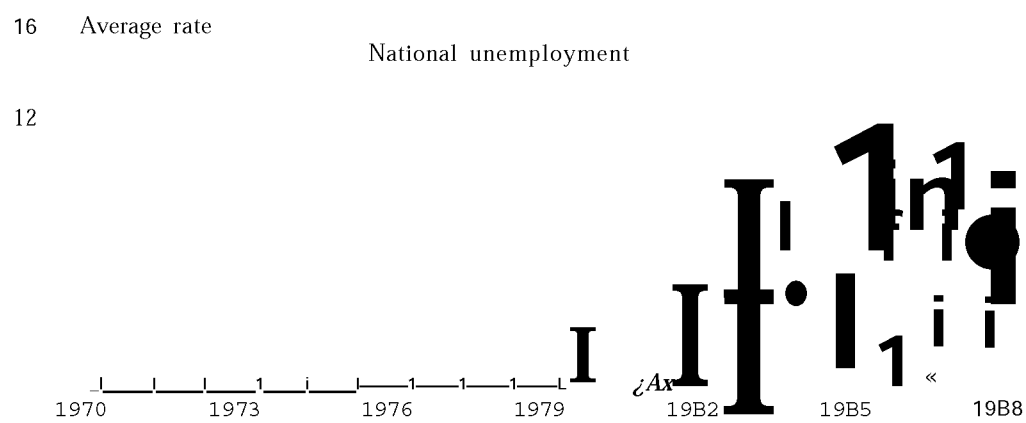
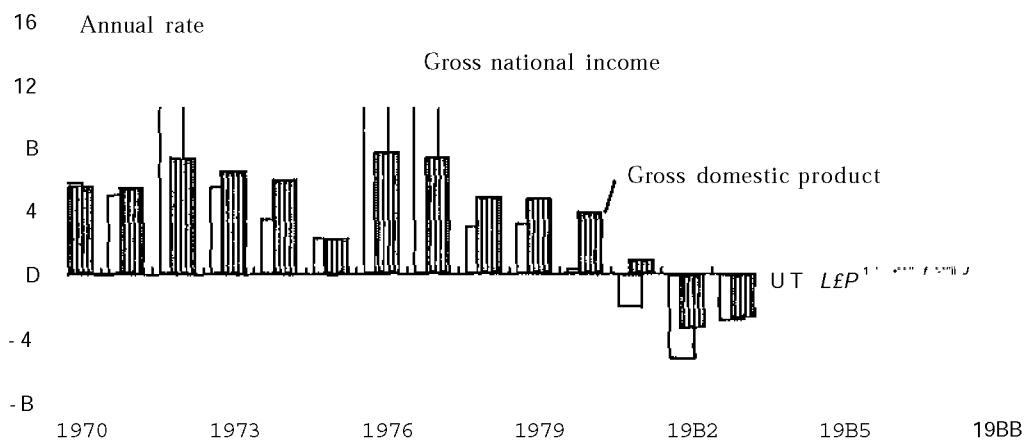
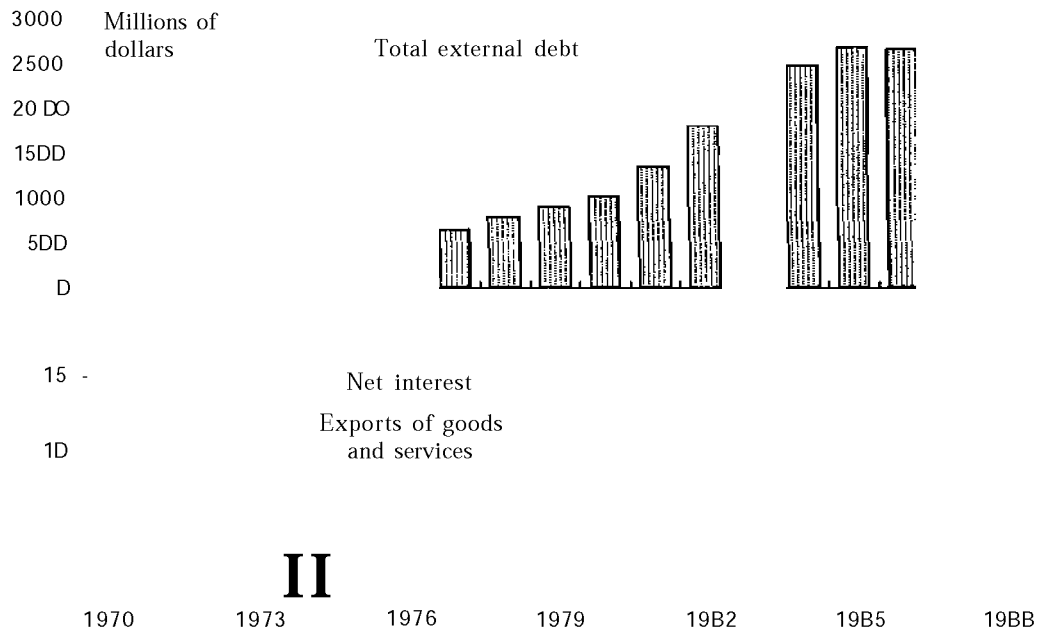
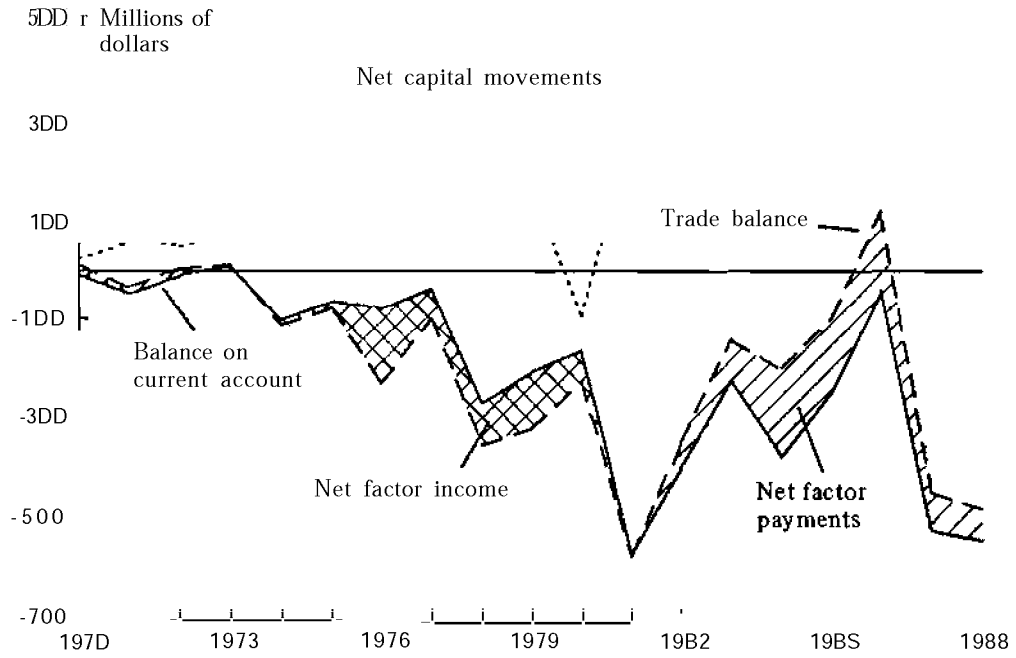


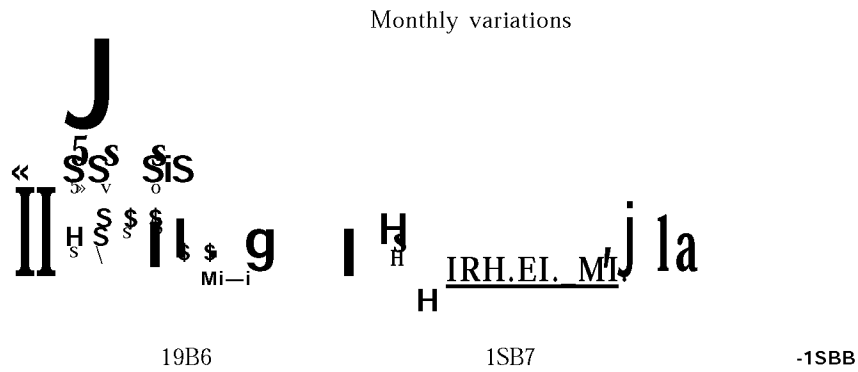
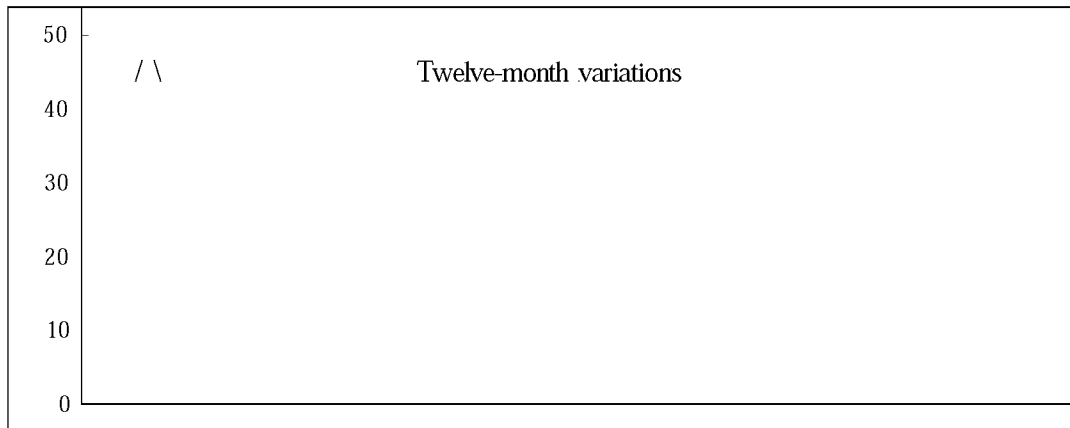
Figure 1 (concluded)



## II

Source: ECLAC, on the basis of official figures.

Figure 2  
**GUATEMALA: CONSUMER PRICE INDEX**  
*(Porcentajes)*



Source: ECLAC, on the basis of official figures.

Table 1  
GUATEMALA: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Indexes (1980 = 100)							
Basic economic indicators							
Gross domestic product at market prices	97.5	94.9	94.9	94.4	94.6	97.6	101.1
Gross national income	92.8	90.2	89.4	88.5	92.0	92.4	96.6
Population (millions of inhabitants)	73	7.5	7.7	8.0	8.2	8.4	8.7
Per capita gross domestic product	92.2	87.2	84.8	82.0	79.9	80.1	80.6
Fiscal deficit/GDP	4.7	3.3	3.8	1.8	1.9	2.5	2.6
Money (M <sub>1</sub> )/GDP <sup>b</sup>	8.6	8.7	8.9	11.8	9.9	9.9	8.1
Real effective exchange rate <sup>c</sup>	93.1	89.9	89.3	77.3	99.9	127.5	128.1
Unemployment rate	6.0	10.0	9.1	11.8	14.0	12.1	9.6
Growth rates							
Short-run economic indicators							
Gross domestic product	-3.4	-2.7	0.0	-0.6	0.3	3.1	3.6
Per capita gross domestic product	-6.1	-5.4	-2.8	-3.3	-2.6	0.2	0.7
Gross national income	-5.2	-2.9	-0.9	-0.9	3.9	0.4	4.6
Consumer prices							
December to December			5.2	31.5	25.7	10.1	11.0
Real wages and salaries	6.0	1.2	-9.0	-13.6	-18.3	6.8	3.5
Current value of exports of goods and services	-11.6	-8.3	4.8	-5.5	0.5	-2.5	11.0
Current value of imports of goods and services	-19.7	-19.2	8.6	-11.9	-16.8	52.0	9.8
Terms of trade (goods and services)	-6.9	1.4	2.7	-3.9	24.0	-20.7	4.0
Millions of dollars							
External sector							
Trade balance (goods and services)	•348	-142	-199	-96	121	-452	-483
Net payments of profits and interest	114	113	207	170	214	178	164
Balance on current account	•400	-225	-378	-247	-42	-528	-545
Balance on capital account	361	276	389	358	155	474	454
Variation in net international reserves <sup>d</sup>	-16	64	27	83	87	-84	-91
Total disbursed external debt	1839	2156	2 495	2 694	2 674	2 700	2 647

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. <sup>b</sup> Percentages. <sup>c</sup> Corresponding to imports. <sup>d</sup> Refers to open unemployment. <sup>e</sup> Minus sign indicates an increase.

Table 2  
**GUATEMALA: TOTAL SUPPLY AND DEMAND**

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total supply</b>	<b>87.0</b>	<b>94.7</b>	<b>98.4</b>	<b>125.1</b>	<b>121.7</b>	<b>-2.1</b>	<b>-1.4</b>	<b>8.8</b>	<b>3.9</b>
Gross domestic product at market prices	94.6	97.6	101.1	100.0	100.0	-0.6	<b>0.3</b>	3.1	3.6
Imports of goods and services	56.8	82.9	87.5	25.1	21.7	-10.5	-11.1	46.1	5.5
<b>Total demand</b>	<b>87.0</b>	<b>94.7</b>	<b>98.4</b>	<b>125.1</b>	<b>121.7</b>	<b>2.1</b>	<b>-1.4</b>	<b>8.8</b>	<b>3.9</b>
Domestic demand	90.7	97.2	101.3	102.9	103.1	-2.5	1.0	7.2	4.2
Gross domestic investment	66.6	87.4	89.9	15.9	14.1	-19.2	0.3	31.4	2.8
Gross fixed investment	61.4	70.5	79.1	16.4	12.9	-6.3	3.9	14.8	12.3
Construction	54.1	59.1	68.6	7.5	5.1	-10.6	2.7	9.3	16.0
Machinery	67.4	79.9	87.9	9.0	7.8	-3.1	4.6	18.6	10.0
Changes in stocks	-89.1	-419.3	-231.6	-0.6	1.3				
Total consumption	95.1	99.0	103.3	87.0	88.9	0.1	1.1	4.1	4.4
General government	109.1	115.7	118.6	7.9	9.3	<b>2.3</b>	5.4	6.0	2.5
Private	93.6	97.3	101.8	79.1	79.6	0.4	0.6	3.9	4.7
Exports of goods and services	70.2	83.0	85.0	22.2	18.6	<u>-</u>	<u>-13.4</u>	<u>18.2</u>	<u>2.5</u>

Source: ECIAC, on the basis of figures supplied by the Banco de Guatemala.

\* Preliminary figures. <sup>b</sup> The figures for exports and imports of goods and services were taken from IMF balance-of-payments figures in current dollars, which were then converted into constant 1980 values by means of unit value indexes calculated by ECIAC for that purpose.



**Table 3**  
**GUATEMALA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC**  
**ACTIVITY, AT MARKET PRICES**

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988'	1980	1988'	1985	1986	1987	1988*
Gross domestic product	94.6	97.6	101.1	100.0	100.0	-0.6	0.3	3.1	3.6
Goods	90.3	93.2	96.7	50.1	47.8	0.7	0.1	3.2	3.7
Agriculture <sup>b</sup>	97.5	101.0	104.1	27.1	27.9	0.4	-0.8	3.6	3.0
Mining	57.4	56.8	59.5	0.7	0.4	-14.5	30.8	-1.2	4.8
Manufacturing	90.5	91.9	94.2	17.6	16.4	-0.8	0.7	1.6	2.5
Construction	52.3	57.8	68.4	4.6	3.1	-8.5	3.2	10.3	18.4
Basic services	102.3	107.8	113.6	5.7	6.3	2.3	3.2	5.3	5.4
Electricity, gas and water	118.8	128.2	137.4	1.3	1.7	4.3	12.3	7.9	7.2
Transport, storage and communications	97.6	101.9	106.9	4.4	4.6	1.7	0.4	4.4	4.8
Other services	98.6	101.3	104.6	44.3	45.8	-0.8	0.1	2.8	3.2
Commerce	87.1	89.3	92.1	22.5	20.5	-3.4	-2.2	2.5	3.1
Financial institutions, insurance, and business services	110.7	113.3	117.1	2.9	3.2	2.2	2.3	2.4	3.4
Real estate	114.6	116.7	119.3	4.9	5.7	2.0	2.1	1.8	2.3
Government services	122.4	128.1	132.2	7.0	9.1	1.7	3.9	4.7	3.2
Other	98.5	100.1	103.6	7.1	7.2	0.4	-0.8	1.6	3.5

**Source:** ECIAC, on the basis of official figures, which were re-weighted on the basis of the structure of current 1980 prices. Consequently, the results do not necessarily coincide with those published by the countries in their calculations at constant prices.

Preliminary figures. Includes the livestock sector, forestry and fishing.

**Table 4**  
**GUATEMALA: INDICATORS OF AGRICULTURAL PRODUCTION**

	1985	1986	1987	1988 <sup>a</sup>	Percentage breakdown		Growth rates		
					(1985)	(1985)	1985	1986	1987
<b>Indexes of agricultural production (1980 = 100)</b>									
Crop farming.	98.4	97.5	99.3	102.3	100.0	0.4	-0.9	3.6	3.0
Stock raising	99.2	99.6	104.2	107.8	61.3	1.0	0.4	4.6	3.7
Forestry	97.9	93.6	95.3	97.2	30.6	-1.8	-4.4	1.8	2.0
	92.9	94.7	96.4	97.9	7.2	3.9	2.0	1.8	1.5
<b>Production of the main crops</b>									
For export									
Coffee <sup>o</sup>	3904	3 945	4119	4 049	18.4	1.7	1.1	4.4	-1.7
Cotton <sup>c</sup>	1384	893	752	1295	4.1	2.6	-35.5	-15.8	72.2
Bananas <sup>d</sup>	15 068	15 617	15 790	17385	4.1	11.3	3.6	1.1	10.1
Sugar cane <sup>e</sup>	121	124	125	126	4.5	0.6	2.3	1.1	0.6
Cardamom	144	178	210	205	2.7	-10.0	23.6	18.0	-2.2
For domestic consumption									
Maize <sup>o</sup>	24 173	25 152	25 799	29 488	6.2	-3.6	4.0	2.6	14.3
Beans <sup>o</sup>	2 517	2 647	2022	2123	2.7	10.2	5.2	-23.6	5.0
Rice <sup>o</sup>	835	737	1281	1430	0.5	-14.8	-3.8	59.5	11.6
<b>Indicators of stock-raising production</b>									
Stocks									
Cattle <sup>f</sup>	2 029	2022	2004			-2.6	-0.3	-0.9	
Pigs <sup>l</sup>	604	599	610			-0.8	-0.8	1.8	
Poultry <sup>l</sup>	51	53	56	...		8.5	3.9	5.7	
Slaughtering									
Cattle <sup>t</sup>	289	206	262			-4.3	-28.7	27.2	
Pigs <sup>l</sup>	308	306	311			-1.0	-0.6	1.6	
Poultry <sup>o</sup>	1129	1187	1248			6.8	5.1	5.1	
Other products									
Milk <sup>8</sup>	230	233	245			1.3	1.3	5.2	
Eggs <sup>h</sup>	100	106	112			6.4	6.0	5.7	
Honey <sup>o</sup>	91	92	91			2.2	1.1	-1.1	

**Source:** ECIAC, on the basis of official statistical figures supplied by the Banco de Guatemala and the National Statistical Institute.

<sup>8</sup> Preliminary figures. <sup>b</sup> On the basis of figures at 1958 prices. <sup>c</sup> Thousands of quintals. <sup>d</sup> Thousands of bunches. <sup>l</sup> Millions of quintals. <sup>l</sup> Thousands of head. <sup>8</sup> Millions of litres. <sup>h</sup> Millions of dozens. <sup>o</sup> Millions of head.

**Table 5**  
**GUATEMALA: INDICATORS OF MINING PRODUCTION**

	1985	1986	1987	1988 <sup>a</sup>	Percentage breakdown		Growth rates		
					(1985)	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes of mining production</b> (1980 = 100)	<b>43.9</b>	<b>56.8</b>	<b>56.1</b>	<b>58.8</b>	<b>100.0</b>	<b>-14.4</b>	<b>31.6</b>	<b>-12</b>	<b>4.8</b>
<b>Production of some important minerals</b>									
Petroleum	60.4	102.0	75.7	60.5	343	-37.7	68.8	-25.8	-20.0
Minerals	19.6	23.6	31.1		20.8	-10.8	20.3	31.6	
Sand and gravel	95.4	1053	109.9	118.5	27.1	6.9	10.4	4.4	7.8
Salt	201.0	227.7	267.8		17.8	4.2	133	17.6	

**Source:** ECLAC, on the basis of official figures supplied by the Banco de Guatemala.  
Preliminary figures. On the basis, of production values at 1958 prices.

**Table 6**  
**GUATEMALA: INDICATORS OF GROSS MANUFACTURING PRODUCTION**

	1985	1986	1987	1988 <sup>a</sup>	Percentage breakdown		Growth rates		
					(1985)	1985	1986	1987	1988 <sup>a</sup>
<b>Index of manufacturing production</b> <sup>b</sup> (1980 = 100)					00.0	-0.5	0.6	13	<b>2.5</b>
Food	89.0	90.1	91.0		37.5	1.9	13	1.0	
Beverages	89.2	93.5	97.1		6.7	1.6	4.9	3.8	
Textiles	85.1	85.3	86.2		7.9	-1.7	0.3	1.1	
Clothing	91.6	92.1	92.7		103	-1.6	0.6	0.6	
Chemicals	90.7	89.1	89.6		3.4	-5.4	-1.7	0.5	
Non-metallic minerals	80.9	81.4	82.6		33	-6.0	0.7	1.4	
Metallic products	90.0	89.8	90.9		6.8	-2.4	-0.2	1.2	
Other	95.8	94.9	96.3		24.1	-1.9	-1.0	1.5	
<b>Other indicators of manufacturing production</b>									
Industrial consumption of electricity (millions of kWh)	401	457	535	592		8.4	13.8	17.2	10.6
Employment <sup>c</sup>	78 205	78 251	78 425	89 773		12.5	0.1	0.2	14.5

**Source:** ECIAC, on the basis of official figures supplied by the Banco de Guatemala.  
Preliminary figures. On the basis of figures at 1958 prices. <sup>a</sup> Number of persons contributing to Social Security System.

Table 7

**GUATEMALA: RESULTS OF THE SURVEY OF ENTREPRENEURS CONCERNING  
INDUSTRIAL ACTIVITY DURING THE FIRST HALF OF 1988**

(Percentages)

Branch of activity	Production volume compared with:						Wages		
	Same period of preceding year			Previous six months			In-creased	Same	De-creased
	In-creased	Same	De-creased	In-creased	Same	De-creased			
<b>Manufacturing</b>	<b>25.6</b>	<b>49.7</b>	<b>24.7</b>	<b>31.3</b>	<b>36.3</b>	<b>32.4</b>	72.0	<b>28.0</b>	-
Food processing	20.8	56.9	22.3	33.3	43.1	23.6	63.9	36.1	-
Beverages and tobacco	12.0	56.0	32.0	-	52.0	48.0	56.0	44.0	-
Textiles	36.8	50.0	13.2	47.4	34.2	18.4	73.7	26.3	-
Wearing apparel and leather goods	17.3	53.1	29.6	25.9	44.5	29.6	71.6	29.4	-
Wood and furniture	20.4	46.3	33.3	16.7	35.2	48.1	74.1	25.9	-
Paper, printing and publishing	42.9	40.0	17.1	45.7	34.3	20.0	80.0	20.0	-
Rubber and plastics	23.5	47.1	29.4	23.5	5.9	70.6	67.6	32.4	-
Chemicals	22.7	65.2	12.1	34.9	33.3	31.8	74.2	25.8	-
Glass and non-metallic minerals	29.4	32.4	38.2	35.3	32.4	32.3	82.4	17.6	-
Basic metal industries	29.4	47.1	23.5	29.5	52.9	17.6	88.2	11.8	-
Manufacture of metal products	29.4	41.2	29.4	41.2	29.4	29.4	70.6	29.4	-
Other industries	87.5	12.5	-	50.0	50.0	-	75.0	25.0	-

Branch of activity	Employment level <sup>8</sup>				Use of installed capacity				
	In-creased	Same	De-creased	<50	51-60	61-70	71-80	81-90	91-100
<b>Manufacturing</b>	<b>16.7</b>	<b>65.8</b>	<b>17.5</b>	<b>23.9</b>	<b>14.9</b>	<b>20.2</b>	<b>17.1</b>	<b>11.1</b>	12.8
Food processing	13.9	69.4	16.7	33.3	8.3	16.7	20.8	12.5	8.4
Beverages and tobacco	24.0	68.0	8.0	16.0	20.0	36.0	28.0	-	-
Textiles	21.1	71.0	7.9	10.5	7.9	5.3	39.4	13.2	23.7
Wearing apparel and leather goods	21.0	56.8	22.2	33.3	8.7	25.9	11.1	9.9	11.1
Wood and furniture	3.7	83.3	15.0	27.8	29.6	7.4	9.3	5.6	20.3
Paper, printing and publishing	20.0	45.7	34.3	8.6	14.3	28.6	22.8	11.4	14.3
Rubber and plastics	8.9	52.9	38.2	20.6	20.6	20.6	11.8	17.6	8.8
Chemicals	15.2	81.8	3.0	16.7	16.7	27.3	15.1	15.1	9.1
Glass and non-metallic minerals	20.6	64.7	14.7	32.4	8.8	14.7	11.8	14.7	17.6
Basic metals industries	35.3	47.1	17.6	29.4	17.6	41.2	11.8	-	-
Manufacture of metal products	13.7	62.8	23.5	19.6	21.6	15.5	13.7	11.8	17.6
Other industries	37.5	50.0	12.5	25.0	-	12.5	25.0	12.5	25.0

**Source:** ECXAC, on the basis of figures supplied by the Banco de Guatemala.

\* Compared to the previous six months.

Table 8  
**GUATEMALA: RESULTS OF THE SURVEY OF ENTREPRENEURS CONCERNING  
INDUSTRIAL ACTIVITY DURING THE SECOND HALF OF 1988**  
*(Percentages)*

Branch of activity	Production volume			Wages*			Employment level*		
	In- creased	s a m e	De- creased	In- creased	s a m e	De- creased	In- creased	<, De- creased	De- creased
<b>Manufacturing</b>	<b>48.8</b>	<b>34.0</b>	<b>17.2</b>	<b>26.6</b>	<b>73.4</b>		<b>18.9</b>	<b>77.3</b>	<b>3.2</b>
Food processing	50.6	29.9	19.5	23.4	76.6		14.3	85.7	-
Beverages and tobacco	73.1	15.4	11.5	7.7	92.3		23.1	65.4	11.5
Textiles	63.2	36.8		-10.5	89.5		7.9	92.1	-
Wearing apparel and leather goods	60.5	23.5	16.0	28.4	71.6		33.3	63.0	3.7
Wood and furniture	37.0	40.7	22.3	37.0	63.0		14.8	79.6	5.6
Paper, printing and publishing	31.2	52.1	16.7	29.2	70.8		20.8	77.1	2.1
Rubber and plastics	62.9	8.6	28.5	22.9	77.1		20.0	74.3	5.7
Chemicals	39.4	56.1	4.5	21.2	78.8		9.1	90.9	-
Glass and non-metallic minerals	20.6	44.1	35.3	30.3	69.7		17.7	79.4	2.9
Basic metal industries	-	33.3	66.7	33.3	66.7		-	94.4	5.6
Manufacture of metal products	44.2	34.6	21.2	44.2	55.8		30.8	67.3	1.9
Other industries	77.8	11.1	11.1	11.1	88.9		22.2	55.6	22.2

Source: ECLAC, on the basis of figures supplied by the Banco de Guatemala.  
\*Compared to the previous six months.

Table 9  
GUATEMALA: CONSTRUCTION INDICATORS

	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
Value added index (1980 = 100)	50.7	52.3	56.2	66.5	-8.5	3.2	10.5	18.4
Area constructed (thousands of m <sup>2</sup> *)								
Total	245	290	328	438	7.6	18.3	13.1	33.5
Residential	165	197	192	229	27.9	19.1	-2.8	19.4
Commercial		70	109	176			55.8	62.1
Cement production (1972 = 100)	216.7	234.3	234.6	335.6	37.4	8.1	0.1	43.1
Employment <sup>c</sup>	14.1	15.7	13.0	14.5	8.5	11.3	-17.2	11.5

Source: ECLAC, on the basis of figures supplied by the Banco de Guatemala.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Refers to private building permits issued in the capital city.

<sup>c</sup> Number of people contributing to Social Security System.

Table 10  
GUATEMALA: EMPLOYMENT AND UNEMPLOYMENT

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Thousands of persons									
Total population	6917	7113	7315	7524	7740	7963	8163	8399	8643
Economically active population	2 183	2 251	2 307	2 371	2 438	2 506	2 576	2 648	2 722
Employment	2136	2 218	2169	2135	2 216	2 210	2 215	2328	2 461
Open unemployment	47	33	138	236	222	2%	361	320	262
Percentages									
Participation rate <sup>b</sup>	54.5	54.5	54.2	54.0	53.9	53.7	53.6	53.4	53.0
Open unemployment	2.2	1.5	6.0	10.0	9.1	11.8	14.0	12.1	9.6

Source: ECIAC, on the basis of figures supplied by the General Secretariat of the National Council for Economic Planning (SEGEPIAN).

<sup>a</sup> Preliminary figures.

<sup>b</sup> Economically active population as a percentage of the working-age population (15 years and over).

**Table 11**  
**GUATEMALA: MAIN FOREIGN TRADE INDICATORS (GOODS, FOB)**

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Growth rates</b>							
Exports							
Value	-9.4	<b>-6.7</b>	3.7	-6.4	-1.5	-6.1	12.8
Volume	-1.2	<b>-3.1</b>	0.9	0.7	-17.7	14.5	4.0
Unit Value	-8.3	<b>-3.7</b>	2.8	-7.0	19.6	-18.3	8.5
Imports							
Value	-16.6	-17.8	11.9	-8.9	-18.7	52.0	11.0
Volume	-14.1	-11.7	12.7	-7.5	-11.7	46.0	6.5
Unit value	-3.0	<b>-6.8</b>	-0.7	-1.6	-7.9	4.1	4.2
Terms of trade FOB/CIF	-6.0	2.7	2.0	-6.1	29.2	-21.0	3.8
<b>Indexes (198C1= 100)</b>							
Purchasing power of exports	72.9	72.5	74.6	70.6	75.1	67.9	73.2
Volume of exports	89.1	86.4	87.1	87.7	72.2	82.6	85.9
Volume of imports	83.1	73.4	82.7	76.5	67.5	98.6	105.0
Terms of trade FOB/CIF	81.7	84.0	85.7	80.5	103.9	82.1	85.2

Source: ECLAC, on the basis of official Figures.

<sup>a</sup> Preliminary Figures.

**Table 12**  
**GUATEMALA: EXPORTS OF GOODS, FOB**

	Millions of dollars			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>1044</b>	<b>978</b>	<b>1105</b>	<b>100.0</b>	<b>100.0</b>	<b>-6.4</b>	<b>-1.5</b>	<b>-6.3</b>	<b>13.0</b>
<b>Exports to Central America</b>	<b>185</b>	<b>231</b>	<b>240</b>	<b>29.0</b>	<b>21.7</b>	<b>-28.5</b>	<b>-10.9</b>	<b>24.7</b>	<b>3.9</b>
<b>Exports to rest of world</b>	<b>859</b>	<b>747</b>	<b>865</b>	<b>71.0</b>	<b>78.3</b>	<b>13</b>	0.8	-13.0	<b>15.8</b>
Traditional	703	556	636	54.4	57.6	6.1	-1.4	-20.9	14.4
Coffee (green)	502	354	385	30.5	34.8	25.2	11.1	-29.5	8.8
Ginned cotton	24	16	37	10.9	3.3	14	-67.1	-33.3	131.3
Bananas	73	75	84	2.9	7.6	29.1	2.8	2.7	12.0
Meat	4	15	12	1.9	1.1	-23.1	-57.0	248.8	-20.0
Sugar	52	51	73	4.5	6.6	-35.2	13.0	-1.9	43.1
Cardamom	48	45	45	3.7	4.1	-39.0	-21.3	-6.3	.
Non-traditional	156	191	229	16.6	20.7	-17.8	12.2	22.4	19.9
Chemicals	21	25	53	1.8	4.8	-	-12.5	19.0	112.0
Petroleum	27	19	14	1.6	1.3	-64.7	125.0	-29.6	-26.3
Other	108	147	162	13.2	14.7	-7.2	4.9	36.1	10.2

Source: ECIAC, on the basis of Figures supplied by the Banco de Guatemala.

\* Preliminary figures.

Table 13  
 GUATEMALA: IMPORTS OF GOODS, CIF

	Millions of dollars			b r S S		Growth rates			
	1986	1987	1988 <sup>b</sup>	1980	1988 <sup>b</sup>	1984	1986	1987	1988 <sup>a</sup>
Total	960	1447	1614	100.0	100.0	12.6	-18.3	50.8	11.5
Consumer goods	159	254	285	21.3	17.7	12.1	-29.3	59.7	12.2
Durable	35	70	...	7.7		18.9	-39.7	100.0	
Non-durable	124	184	...	13.6		10.5	-25.7	48.4	
Intermediate goods	627	850	899	59.8	55.7	11.3	-20.8	35.6	5.8
For agriculture	72	75	...				-6.5	4.2	
Petroleum and fuels	94	105	91	21.2	5.6	20.0	-22.3	11.7	-13.3
For industry	422	597	...				-22.4	41.5	
Building materials	39	73	80	5.8	5.0	-5.8	-22.4	88.1	9.6
Capital goods	174	343	428	17.9	26.5	27.2	13.0	97.1	24.8
For agriculture	14	24	...	1.2		34.3	27.3	71.4	
For industry	117	224	...	12.1		26.1	9.3	91.5	
For transport	43	95	...	4.6		27.7	19.4	120.9	
Other			2	1.0	0.1	-51.3	...	...	...

Source: ECLAC, on the basis of official figures supplied by the Banco de Guatemala.  
 \* Preliminary figures. <sup>b</sup> Includes telecommunications and construction.



**Table 14**  
**GUATEMALA: BALANCE OF PAYMENTS**  
*(Millions of dollars)*

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Balance on current account</b>	<b>-400</b>	<b>-225</b>	<b>-378</b>	<b>-247</b>	<b>-42</b>	<b>-528</b>	<b>-545</b>
Trade balance	-348	-142	-199	-96	121	-452	-483
Exports of goods and services	1278	1172	1228	1161	1167	1138	1263
Goods FOB	1170	1092	1132	1060	1044	980	1105
Real services <sup>b</sup>	108	80	%	101	123	158	158
Transport and insurance	27	18	10	7	8	9	5
Travel	12	7	11	13	29	50	63
Imports of goods and services	1626	1314	1427	1257	1046	1590	1746
Goods FOB	1284	1056	1182	1077	876	1330	1477
Real services <sup>b</sup>	342	258	245	180	170	259	269
Transport and insurance	139	99	112	108	92	126	145
Travel	100	90	62	23	15	33	56
Factor services	-114	-113	-207	-170	-214	-178	-164
Profits	-41	-39	-81	-21	-38	-47	-52
Interest received	20	27	30	29	33	31	48
Interest paid	-100	-102	-151	-173	-203	-154	-160
Other	7	1	-4	-5	-5	-7	-
Unrequited private transfer payments <sup>c</sup>	62	30	28	19	51	101	102
<b>Balance on capital account</b>	<b>361</b>	<b>276</b>	<b>389</b>	<b>358</b>	<b>155</b>	<b>474</b>	<b>454</b>
Unrequited official transfer payments	1	1	1	1	25	91	81
Long-term capital	340	283	201	242	44	137	153
Direct investment	77	45	38	62	69	152	145
Portfolio investment	1	77	59	142	16	-16	-3
Other long-term capital	262	161	104	38	-41	1	11
Official sector	148	167	151	38	-79	-9	11
Loans received	186	310	274	281	437	363	274
Amortization payments	-37	-143	-126	-220	-474	-372	-263
Commercial banks	-	-	-	-	-	-	-
Loans received	-	-	-	-	-	-	-
Amortization payments	-	-	-	-	-	-	-
Other sectors	114	-6	-46	-	38	10	-
Loans received	124	11	6	15	6	24	-
Amortization payments	-15	-18	-52	-14	-10	-15	-
Short-term capital	39	29	172	72	18	317	220
Official sector	40	24	-92	-87	-81	18	36
Commercial banks	14	71	9	-64	13	39	31
Other sectors	-14	-67	255	224	86	260	153
Errors and omissions	-18	-37	16	44	67	-71	-
<b>Global balance<sup>d</sup></b>	<b>-38</b>	<b>-51</b>	<b>-11</b>	<b>-111</b>	<b>-112</b>	<b>-54</b>	<b>-91</b>
Total variation in reserves (- sign indicates an increase)	16	-64	-27	-83	-87	84	91
Monetary gold							
Special Drawing Rights	3	-1	-1	2	-	-2	
IMF reserve position	10	-8	8	-	-	-	
Foreign exchange assets	25	-89	-72	-28	-61	76	
Other assets	-15	-1	27	-22	19	20	
Use of IMF credit	-6	35	10	-35	-46	-11	

Source: ECLAC, on the basis of data supplied by the Banco de Guatemala.

<sup>a</sup> Preliminary figures. <sup>b</sup> Real services also include other official and private transactions, but exclude profits and interest. <sup>c</sup> Includes unrequited official transfer payments. <sup>d</sup> Equals the total variation in reserves (of opposite sign), plus counterpart items.

Table 15

## GUATEMALA: EVOLUTION OF EXCHANGE RATES

Annual and quarterly averages	Nominal exchange rates (quetzales per dollar)		Indexes of the real effective exchange rate <sup>8</sup>	
	Main	Bank market	Exports	Imports
1970-1979	1.00		98.9	98.0
1980	1.00		100.0	100.0
1981	1.00		93.3	95.0
1982	1.00		95.6	93.1
1983	1.00		95.0	89.9
1984	1.00		94.8	89.3
1985	1.00	2.76	87.2	77.3
1986	1.88	2.87	106.3	99.9
1987	2.50	2.70	140.1	127.5
1988	2.62	2.65	142.8	130.3
1986				
I	1.00	2.90	62.8	60.3
II	1.50	2.96	86.1	82.0
III	2.50	2.95	138.0	130.2
IV	2.50	2.68	138.4	127.2
1987				
I	2.50	2.78	139.0	126.9
II	2.50	2.72	140.7	127.3
III	2.50	2.72	139.7	127.8
IV	2.50	2.59	141.1	129.6
1988				
I	2.50	2.56	138.0	126.9
II	2.60	2.61	145.5	133.5
III	2.70	2.71	143.0	129.8
IV	2.70	2.71	144.7	131.1

**Source:** ECLAC, on the basis of data supplied by the International Monetary Fund.

\* This corresponds to the average of the indexes of the real exchange rate of the quetzal with respect to the currencies of the main trading partners of Guatemala, weighted according to the relative importance of exports or imports, as the case may be, to or from those countries. The weightings correspond to the average for the period 1983-1987. Wholesale price indexes have primarily been used in the calculations, but in the case of Guatemala the consumer price index was used. For information regarding the methodology and sources used, see the Statistical Appendix of the *Economic Survey of Latin America and the Caribbean*, 1981.

Table 16  
**GUATEMALA: INDICATORS OF EXTERNAL INDEBTEDNESS**

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Millions of dollars</b>									
<b>Total external debt</b>									
Balance	1053	1385	1839	2156	2495	2694	2674	2700	2647
Public <sup>b</sup>	764	1148	1431	2007	2377	2536	2517	2507	2383
Private	289	238	408	149	118	158	157	193	
<b>Public external debt</b>									
Disbursements	191	460	407	397	380	398	232	204	442
Servicing	60	133	188	266	417	509	494	395	536
Principal	17	77	117	182	293	362	318	234	377
Interest	42	56	72	84	124	147	177	162	159
Percentages									
<b>Ratios</b>									
Total external debt/exports of goods and services	60.9	95.8	143.9	184.0	203.2	232.1	229.1	237.6	208.6
Servicing/exports of goods and services	3.4	9.2	14.7	22.7	33.9	43.8	42.3	34.8	42.4
Net interest payments/exports of goods and services	2.4	3.8	6.3	6.4	9.9	12.4	14.6	11.6	8.9
Servicing/disbursements <sup>c</sup>	31.3	28.8	46.2	66.9	109.8	127.8	212.6	194.0	121.2

Source: ECLAC, on the basis of figures supplied by the Banco de Guatemala.

<sup>a</sup> Preliminary figures. <sup>b</sup> Differs from the balance-of-payments accounts because it does not include renegotiations and arrears. The balances of the debt include adjustments for exchange revaluations of loans not expressed in dollars. <sup>c</sup> Refers to public debt.

Table 17  
GUATEMALA: DOMESTIC PRICES

	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>&gt;er to December variation</b>						
Consumer price index		<b>5.2</b>	31.5	25.7	10.1	11.0
Foodstuffs		<b>7.7</b>	30.1	29.3	14.0	12.0
Wholesale price index	0.4	8.4	43.7	33.9		
Imported products	<b>-2.8</b>	12.5	33.5	0.5		
Domestic products	0.8	<b>8.0</b>	<b>44.7</b>	37.2		
Building materials	0.4	<b>7.2</b>	17.2	25.0		
<b>i between annual averages</b>						
Consumer price index		0.9	18.5	36.9	12.3	10.8
Foodstuffs		<b>-0.8</b>	20.6	39.2	15.6	13.7
Wholesale price index	0.9	<b>5.6</b>	22.6	43.7		
Imported products	4.9	<b>4.7</b>	19.0	13.2		
Domestic products	0.8	5.4	<b>23.4</b>	46.4		
Building materials	0.1	5.5	<b>7.1</b>	26.3		

Source: ECLAC, on the basis of figures supplied by the National Institute of Statistics.

<sup>a</sup> Preliminary figures.

Table 18  
GUATEMALA: WAGES AND SALARIES

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes(1980 = 100)</b>								
<b>Wages and salaries</b>								
Nominal	131.2	139.3	147.6	139.0	142.3	159.3	191.0	218.9
Real	117.6	124.7	126.2	114.8	99.2	81.0	86.5	89.5
<b>Wage bill</b>								
Nominal	102.6	112.3	113.9	109.4	118.9	139.1	171.4	210.2
Real	92.1	100.6	97.5	90.4	82.9	70.9	77.8	85.9
<b>Growth rates</b>								
<b>Wages and salaries</b>								
Nominal	31.2	6.2	5.9	-5.8	2.4	11.9	19.9	14.6
Real	17.6	6.0	1.2	-9.0	-13.6	-18.3	6.8	3.5
<b>Wage bill</b>								
Nominal	2.6	9.5	1.4	-4.0	8.7	17.0	23.2	22.6
Real	-7.9	9.2	-3.1	-7.2	-8.3	-14.5	9.7	10.4

Source: ECLAC, on the basis of information supplied by the Guatemalan Social Security Institute concerning the number of registered contributors and their wages and salaries.

<sup>a</sup> Preliminary figures.

Table 19

## GUATEMALA: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of quetzales				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>1. Current income</b>	<b>865</b>	<b>1407</b>	<b>1660</b>	<b>2 070</b>	<b>29.8</b>	<b>62.6</b>	<b>18.0</b>	<b>24.7</b>
Tax revenue	679	1111	1448	1803	36.4	63.6	30.4	24.5
Direct	126	186	276	447	47.6	47.5	48.5	61.9
Indirect	553	925	1172	1356	34.1	67.3	26.7	15.7
On foreign trade	88	349	424	489	-17.3	295.8	21.5	15.3
Non-tax revenue	186	296	212	267	10.2	59.1	-28.4	25.9
<b>2. Current expenditure</b>	<b>839</b>	<b>1407</b>	<b>1691</b>	<b>2 082</b>	<b>93</b>	<b>67.9</b>	<b>20.2</b>	<b>23.1</b>
Wages and salaries	429	583	784	923	11.3	35.9	34.4	17.9
Goods and services	110	242	306	340	6.6	120.1	26.4	11.2
Interest	100	189	245	305	-5.1	89.9	29.6	24.5
Transfers and other	200	393	357	514	15.2	96.8	-9.2	44.0
<b>3. Current savings (1-2)</b>	<b>26</b>		<b>-31</b>	<b>-12</b>				
<b>4. Capital expenditure</b>	<b>231</b>	<b>298</b>	<b>402</b>	<b>529</b>	<b>-4.3</b>	<b>98.0</b>	<b>35.0</b>	<b>31.4</b>
Real investment	91	100	198	285	-24.9	9.7	97.6	44.1
Other capital expenditure	140	198	205	244	-1.8	42.2	3.3	19.2
<b>5. Total expenditure (2 + 4)</b>	<b>1070</b>	<b>1705</b>	<b>2 093</b>	<b>2 611</b>	<b>3.9</b>	<b>59.3</b>	<b>22.8</b>	<b>24.7</b>
<b>6. Fiscal deficit</b> (or surplus) (1-5)	<b>-205</b>	<b>-298</b>	<b>-433</b>	<b>-541</b>				
<b>7. Financing of deficit</b>	<b>205</b>	<b>298</b>	<b>433</b>	<b>541</b>	<b>-43.5</b>	<b>45.4</b>	<b>45.3</b>	<b>24.9</b>
Domestic financing	121	147	137	154	-45.8	21.5	-6.8	12.1
Credit	223	505	349	393		126.5	-30.9	12.6
Amortization	102	358	212	240		251.0	-40.8	13.0
External financing	82	91	88	61	86.7	11.0	-3.4	-30.6
Credit	99	127	123	157		28.3	-3.1	27.6
Amortization	17	36	35	96		111.8	-2.5	173.5
Other sources	2	60	208	326		2 900.0	246.7	56.7
<b>Ratios (percentages)</b>								
Current saving/capital expenditure	11.3	-	-7.7	-2.3				
Fiscal deficit/total expenditure	19.2	17.5	20.7	20.7				
Tax revenue/GDP	6.1	7.0	8.2	8.8				
Total expenditure/GDP	9.6	10.8	11.9	12.8				
Fiscal deficit/GDP	1.8	1.9	2.5	2.6				
Domestic financing/deficit	59.0	49.3	31.6	28.4				
External financing/deficit	40.0	30.5	20.3	11.3				
Other financial sources/deficit	1.0	20.1	48.0	60.3				

Source: ECLAC, on the basis of figures supplied by the Banco de Guatemala.

<sup>a</sup> Preliminary figures.<sup>b</sup> Includes official external transfers and floating debt.

Table 20

## GUATEMALA: MONETARY INDICATORS

	Year-end balances (millions of quetzales)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Monetary base</b>	<b>1274</b>	<b>1548</b>	<b>1565</b>	<b>1625</b>	<b>62.7</b>	<b>21.5</b>	1.1	<b>11.0</b>
Currency outside banks	695	801	927	929	51.4	15.3	15.7	9.1
Commercial bank deposits	576	744	637	692	78.4	29.0	-14.3	13.3
Private-sector deposits	<b>3</b>	<b>3</b>	<b>1</b>	<b>4</b>	160.0	-	-73.1	218.2
<b>Money (Mi)</b>	<b>1322</b>	<b>1561</b>	<b>1747</b>	<b>1666</b>	56.3	<b>18.1</b>	<b>11.9</b>	<b>10.4</b>
Currency outside banks	695	801	927	929	51.4	15.3	15.7	9.1
Current account deposits	627	760	820	737	62.1	21.2	7.8	12.1
<b>Factors of expansion (net)</b>	<b>3 372</b>	<b>4 051</b>	<b>4 671</b>	<b>4 833</b>	<b>28.4</b>	<b>20.1</b>	<b>15.3</b>	<b>9.8</b>
Net international reserves	-457	-444	-465	-526				
Domestic credit	3 972	3 734	4 051	4 232	9.6	-6.0	8.5	8.4
To public sector	1733	1285	1005	732	10.5	-25.8	-21.8	-20.9
Central government	1940	1548	1247	962	11.5	-20.2	-19.4	-18.8
Public institutions	-207	-262	-242	-230	20.4	26.5	-7.7	-11.6
To private sector	2039	2 235	2 828	3224	8.3	9.6	26.5	16.9
Other items (net)	1465	799	662	539		-45.5	-17.2	-18.6
<b>Quasi-money</b>	<b>2 050</b>	<b>2 490</b>	<b>2 924</b>	<b>3167</b>	<b>15.1</b>	<b>21.5</b>	<b>17.4</b>	9.5
Savings deposits	1660	2 217	2 540	2 765	17.2	33.6	14.6	
Time deposits	295	151	130	151	15.9	-48.8	-14.0	
Other deposits	95	122	254	251	-13.3	28.6	107.8	
<b>Coefficients</b>								
Mi/Monetary base	1.04	1.01	1.12	1.03				
Mi/Monetary base	2.65	2.62	2.99	2.97				
MI/GDP	11.8	9.9	9.9	8.1				

Source: ECLAC, on the basis of figures supplied by the Banco de Guatemala.

<sup>a</sup> Preliminary figures as of November. The growth rate is in relation to the balance as of November 1987.



## HAITI

Political instability continued to have adverse effects on the economic and social situation of Haiti during 1988, when the per capita level of activity continued the downward trend observed during the whole of this decade. After two years of deflation, prices went up as the result of a decline in the supply of food products and the expansion of credit to the private sector. The balance of payments once more showed a deficit on the current account, which was financed through the inflow of capital. At the same time, the reduction in donations from abroad meant a drop in the resources available to the public sector, which was thus obliged to cut expenditure drastically and reduce the fiscal deficit.

During the fiscal year 1987-1988<sup>1</sup> there were four different governments. These changes unfavourably affected the economy and the administrative machinery, so that few of the targets set could be fulfilled as planned. The political instability of the last three years has made it difficult to implement a medium and long-term economic programme, in spite of the substantial international co-operation provided for this purpose. Thus, Haiti has been displaying increasing disintegration of its economic system. In addition to this, there has been serious deterioration of the agricultural ecosystem and growing concentration of industrial and commercial activity in the capital, which has given rise to intensive rural-urban migration.

During 1988, the gross domestic product went down by almost 1%, so that the per capita product dropped for the eighth year running; so far in this decade, the level of activity has gone down by 15%, thus further aggravating

the precarious living conditions of the population. Agriculture, which accounts for one-third of the global product, shrank by almost 2%. For the second year in succession, the large volume of illegal imports of agricultural products meant that domestic prices were depressed until the end of the first half of the year, while excessive stocks of domestic products built up. Although this situation was partially reversed in the second half of the year, it adversely affected both producers who have irrigated land and also small farmers; in order to make up for the loss of income, the latter further increased the production and sale of charcoal, even cutting down fruit trees for this purpose. This further aggravated the phenomenon of deforestation, which had already reached alarming levels.

The first six months were also difficult for the industrial sector, whose production suffered a generalized drop. This was due to social unrest and to the tension prevailing during election periods. The improvement in the level of activity in the second half of the year made it possible to compensate for the losses of production earlier in the year, but the uncertainty associated with the political situation affected the evolution of capital stocks in most branches of activity. Furthermore, a change in the external demand for the products of export-oriented manufacturing firms led to a lower level of activity in the electrical and electronic subcontracting industries, and the increase in subcontracting work in the clothing sector was not sufficient to make up for this decline.

Declines were registered in both domestic and external demand. The drop in domestic

<sup>1</sup> In this document, the years referred to correspond —unless otherwise stated— to fiscal years, which begin on 1 October of one year and end on 30 September of the following year. The year in which the latter date falls is that used to identify the fiscal year in question. All references to normal calendar years are explicitly noted in the text.

Elections were scheduled for 29 November 1987 but were cancelled. Subsequently, elections were held on 17 January 1988.



demand was more than 1%: there was a decline in per capita consumption, and investment went down even more, while a major factor in the drop in external demand was the reduction in the number of foreign visitors.

Thus, while the decline in the prices of traditional exports caused a deterioration in the terms of trade and there was also a contraction in subcontracting activities, these depressive effects were largely offset by an increase in the volume exported. The total value of tourist activity, however, went down by 18%, sinking back to the levels already registered at the beginning of the 1980s, and as imports only went down very slightly, the trade deficit increased to over US\$200 million. Nevertheless, the substantial increase in private transfers sent by emigrants, which reached a figure equivalent to nearly 30% of total exports and for the first time exceeded the value of sales of traditional products, more than covered the bigger trade deficit and the increase in interest payments.

On the other hand, international aid went down from the record level registered in 1987. Even so, however, the global inflow of capital increased, making it possible to cover the current account deficit and even accumulate US\$15 million more of international reserves.

The sudden suspension of part of the external aid at the beginning of the year directly affected the public finances. The budgets of all the ministries were reviewed and investment

expenditure and resources destined for the social sector were reduced. The fiscal deficit was brought down and financed with fewer external resources, through the issue of Treasury Bonds and increased credit from the Central Bank.

Prices went up by almost 9% after two years of deflation. During 1987 and 1988, the evolution of prices had been influenced by the big imports of contraband goods, and in the first of these years the inflow of goods at lower prices had brought down average values, but the stricter controls applied against illegal imports in 1988 caused the opposite effect. The price rises were also influenced by the smaller supply of agricultural products and the greater availability of consumer credits. The free exchange rate, for its part, stood at nearly 20% more than the official exchange rate, reaching a maximum difference of nearly 35% in November, which was also the month in which the food price index registered its highest growth rate.

Towards the end of the year, a number of factors continued to affect economic management, such as the lack of continuity of policy-makers and administrative officials (a situation which has made the work of the public sector more difficult); the big increase in the informal sector, which represents nearly 80% of the employed population; and the absence of any co-ordination of the work of the many external agencies operating in the country.

**It is estimated that there are over 500 non-governmental organizations providing assistance to the country, especially in the fields of health and education. Such organizations also carry out integrated development projects.**

Figure 1  
 HAITI: MAIN ECONOMIC INDICATORS

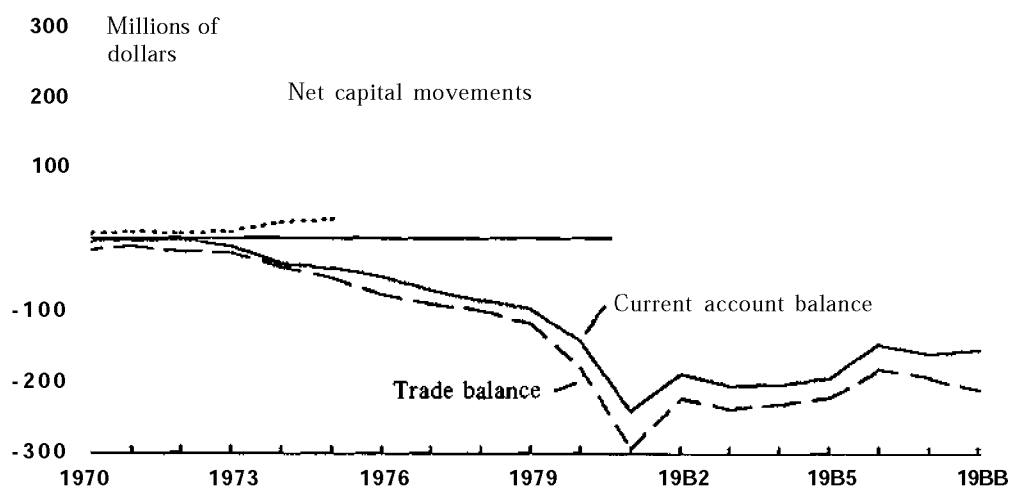
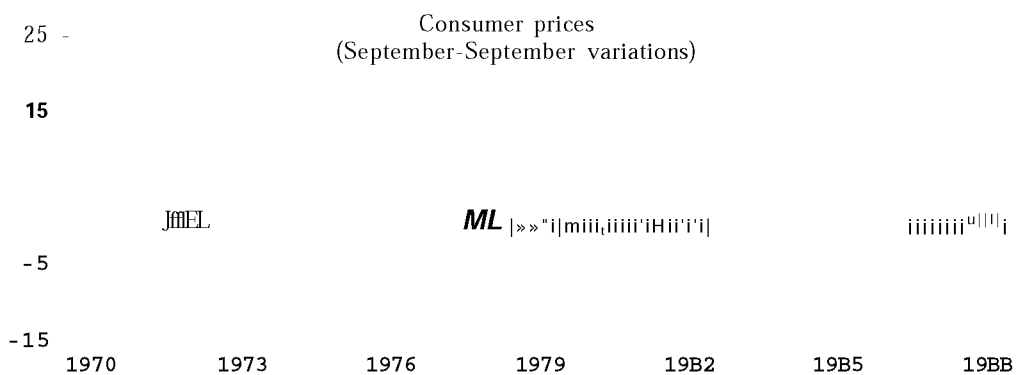
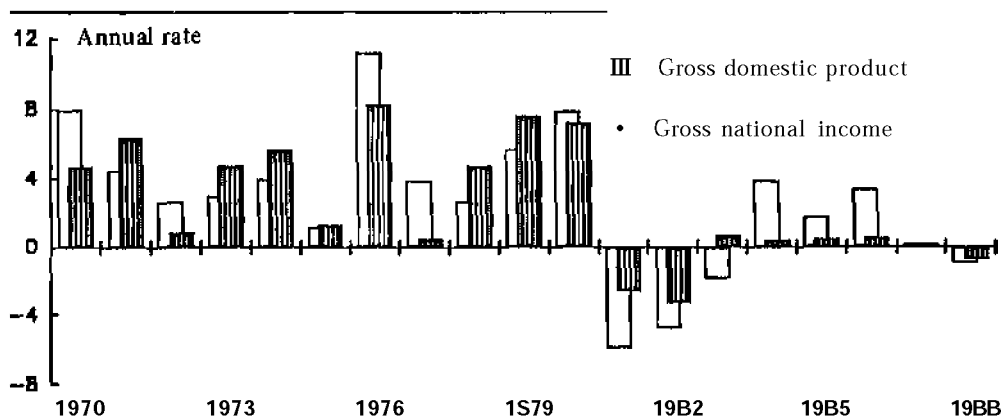
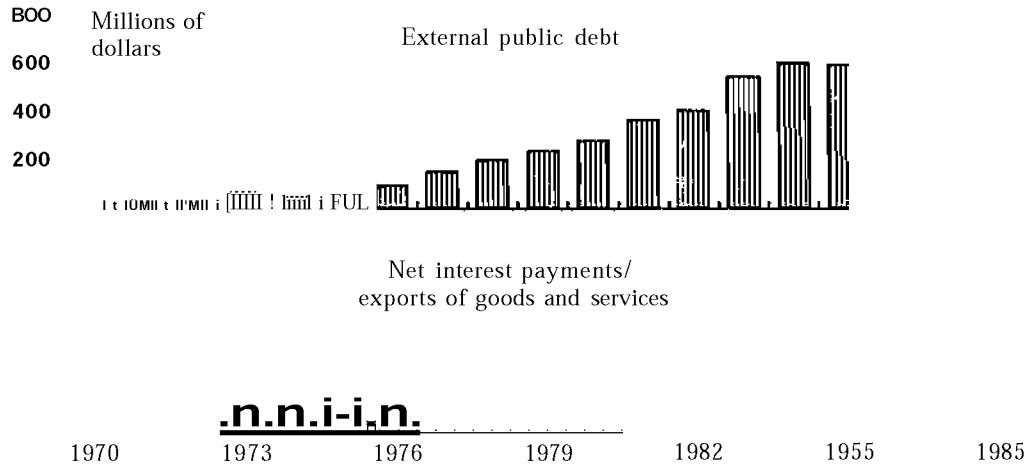
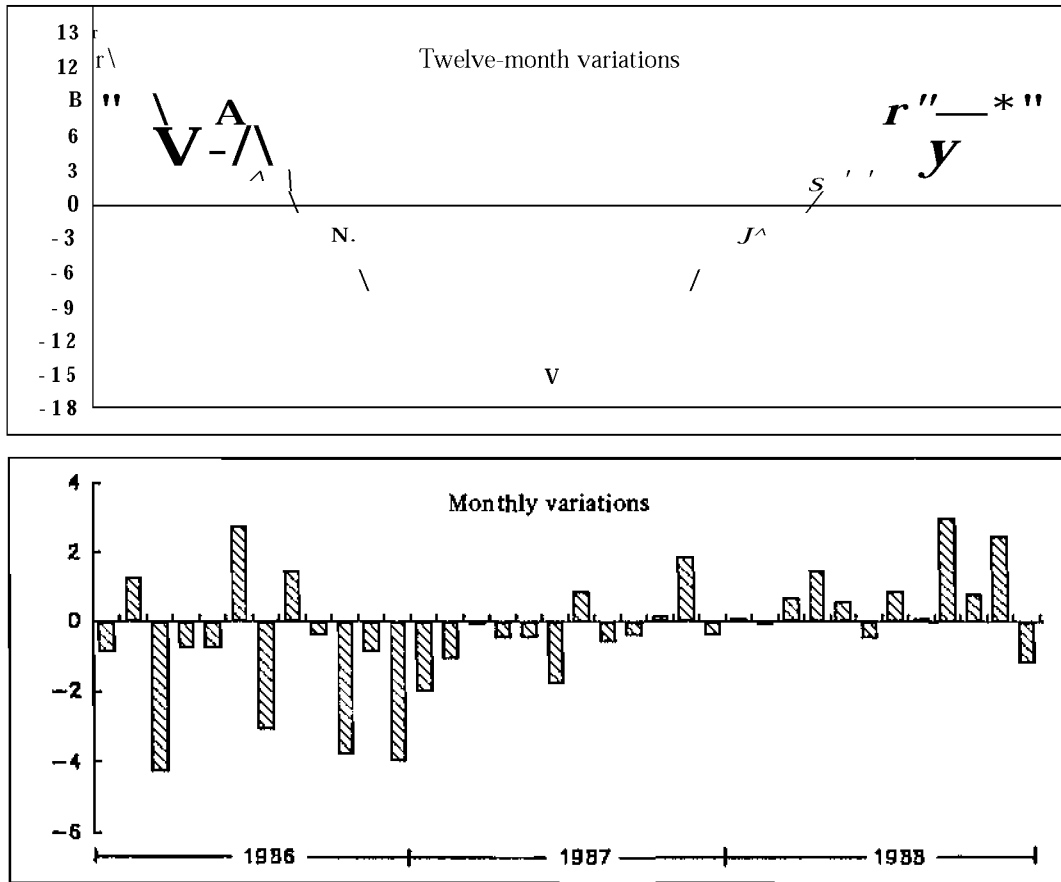


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

Figure 2  
HAITI: CONSUMER PRICE INDEX  
(Per centajes)



Source: FXLAC, on the basis of official figures.

Table 1  
HAITI: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	exes (1980 = 100)						
Basic economic indicators							
Gross domestic product at market prices	93.9	94.5	94.9	95.4	95.9	96.1	95.4
Gross national income	89.7	88.1	91.2	92.7	96.0	96.4	95.5
Population (millions of inhabitants)	5.60	5.71	5.82	5.92	6.03	6.15	6.26
Per capita gross domestic product	90.6	89.6	88.3	87.2	86.1	84.7	82.4
Fiscal deficit/gross domestic product	13.1	11.3	10.1	7.6	5.5	7.2	6.1
Money (M1)/GDP	13.0	11.4	11.9	12.0	12.3	15.9	18.9
Real effective exchange rate	91.7	84.1	80.4	72.3	69.5	81.7	81.9
	Growth rates						
Short-term economic indicators							
Gross domestic product	-3.5	0.6	0.4	0.5	0.6	0.2	-0.8
Per capita gross domestic product	-5.2	-1.2	-1.4	-1.3	-1.3	-1.6	-2.6
Gross national income	-4.7	-1.7	3.5	1.6	3.6	0.4	-1.0
Consumer prices							
September to September	6.2	12.2	6.1	15.0	-0.5	-13.8	8.3
Real wages and salaries <sup>c</sup>	4.7	-6.7	-7.4	4.9	-7.8	11.6	0.1
Current value of exports of goods and services	12.2	6.9	10.7	5.7	-13.4	5.7	-6.4
Current value of imports of goods and services	-7.5	6.6	4.5	1.4	-15.0	5.9	-0.5
Terms of trade (goods and services)	1.6	-7.0	15.8	4.6	11.5	1.6	-8.1
	Millions of dollars						
External sector							
Trade balance (goods and services)	-223	-237	-230	-220	-181	-193	-210
Net payments of profits and interest	14	14	18	20	16	21	25
Balance on current account	-188	-205	-203	-191	-145	-158	-152
Balance on capital account	226	227	226	175	128	133	167
Variation in net international reserves	-3	-32	-5	-6	10		15
Disbursed external public debt	410	551	607	600	697	741	785

Source: ECLAC, on the basis of official figures.

\* Preliminary figures. Minimum wages in industry. <sup>c</sup> Percentages.

Table 2  
**HAITI: TOTAL SUPPLY AND DEMAND**

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>b</sup>	1985	1986	1987	1988 <sup>b</sup>
<b>Total supply</b>	93.7	<b>94.5</b>	93.2	<b>134.6</b>	<b>131.5</b>	0.7	-4.6	0.8	<b>-13</b>
Gross domestic product at market prices	95.9	96.1	95.4	100.0	100.0	0.5	0.6	0.2	-0.8
Imports of goods and services	87.2	89.6	86.9	34.6	31.5	1.2	-17.9	2.7	-3.0
<b>Total demand</b>	93.7	<b>94.5</b>	93.2	<b>134.6</b>	<b>131.5</b>	0.7	-4.6	0.8	<b>-13</b>
Domestic demand	95.7	96.5	95.1	112.7	112.4	0.7	-	0.8	-1.4
Gross domestic investment	113.6	111.5	103.7	18.9	20.5	11.5	-1.6	-1.8	-7.0
Total consumption	92.1	93.5	93.4	93.9	91.9	-1.7	0.4	1.5	-0.1
General government	95.9	96.9	89.7	9.6	9.0	-7.8	1.3	1.0	-7.4
Private	91.7	93.1	93.8	84.3	82.9	-1.0	0.3	1.5	0.7
Exports of goods and services	83.4	84.0	83.5	21.9	19.1	0.7	-25.0	0.8	-0.6

**Source:** ECIAC, on the basis of data supplied by the Haitian Institute of Statistics and Information Science.

<sup>a</sup> Preliminary figures.

Table 3  
 HAITI: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC  
 ACTIVITY, AT MARKET PRICES

	Indexes (1980 = 100)			Percentage breakdown			GrOWfh <u>rafp.fi</u>		
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Gross domestic product	95.9	96.1	95.4	100.0	100.0	0.5	0.6	0.2	-0.8
Goods	91.3	90.6	89.9	57.4	54.1	12	-0.1	-0.8	-0.7
Agriculture	97.4	97.4	95.8	33.5	33.6	1.1	2.4	-	-1.6
Mining	7.9	7.9	7.9	1.3	0.1	18.3	-10.3	-	-
Manufacturing	80.7	77.6	78.1	17.2	14.1	-2.9	-2.9	-3.9	0.7
Construction	106.8	109.3	110.3	5.4	6.3	12.7	-6.0	2.3	0.9
Basic services	99.6	109.6	109.0	2.7	3.0	-4.6	3.1	10.1	-0.6
Electricity, gas and water	130.2	138.4	140.1	0.7	1.0	2.4	2.0	6.2	1.2
Transport, storage and communications	89.3	100.0	98.6	2.0	2.0	-7.7	4.0	12.0	-1.4
Other services	103.0	102.8	102.0	35.6	38.1	1.2	-0.2	-0.2	-0.8
Commerce, restaurants and hotels	89.4	87.6	86.2	18.3	16.6	1.1	-2.4	-2.1	-1.5
Financial institutions									
insurance and real estate	112.0	112.5	114.2	4.9	5.9	1.7	1.8	0.5	1.5
Ownership of dwellings	111.6	113.9	115.9	4.7	5.7	1.8	1.8	2.0	1.8
Community, social and personal services	119.5	121.5	120.5	12.4	15.6	1.2	2.7	1.7	-0.8
Government services	115.7	126.8	126.8	9.5	12.7	1.0	2.6	9.6	-
Adjustments <sup>c</sup>	96.8	106.5	105.0	4.4	4.8	-11.1	11.0	10.1	-1.5

Source: BCLAC, on the basis of figures supplied by the Haitian Institute of Statistics and Information Science.

\* Preliminary figures.

<sup>b</sup> Includes the livestock sector, forestry and fishing.

<sup>c</sup> For bank service charges and import duties.

Table 4  
HAITI: INDICATORS OF AGRICULTURAL PRODUCTION

	Thousands of tons				Growth rates			
	1980	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Production of the main crops</b>								
For export								
Coffee	42.9	37.8	30.1	37.7	0.8	2.4	-20.4	25.1
Cotton	5.9	8.4			6.7	5.0		
Cocoa	3.4	5.6	5.2	3.0	8.5	10.9	-7.1	-44.1
For domestic consumption								
Rice	124.1	129.2	135.1	120.5	1.1	4.0	4.6	-10.8
Maize	186.2	196.3	205.7	205.1	0.3	5.3	4.8	-0.3
Sorghum	125.2	119.2	124.1	136.0	2.7	-1.8	4.1	9.6
Beans	52.6	48.2	48.7	54.7	0.8	1.3	1.0	12.3
Bananas	519.7	525.4	530.9	521.6	2.0	2.9	1.0	-1.7
Sugar cane	5 640.8	5 772.5	4 542.9	5 460.0	0.5	0.8	-21.3	20.2
<b>Livestock production</b>								
Meat, total	69.4	73.8	92.1	95.1	67.8	7.3	24.8	3.3

**Source:** ECLAC, on the basis of figures provided by the Ministry of Agriculture, Natural Resources and Rural Development.

<sup>a</sup> Preliminary figures.

Table 5  
**HAITI: INDICATORS OF MANUFACTURING PRODUCTION**

	1980	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
<b>Indexes (1976 = 100)</b>								
Indexes of value added	147	118	114	114	-2.9	-2.9	-3.9	0.7
Foodstuffs	135	130	109	108	4.2	-2.3	-15.9	-0.9
Beverages	143	133	173	181	-1.5	-2.9	30.4	4.4
Tobacco	152	106	102	118	-14.5	-2.7	-3.8	15.8
Textiles, clothing and leather products	99	85	81	79	-23	-23	-4.9	-2.4
Chemicals	187	49	64	67	-48.5	-2.0	29.8	4.7
Non-metallic minerals	110	121	123	128	15.5	-3.2	1.2	4.8
Metal products	268	206	206	206	5.2	-2.8	-0.1	0.3
Miscellaneous	126	105	111	111	-13.3	-2.7	6.1	-
<b>Thousands of tons</b>								
Production of some important manufactures								
Flour	85	128	92	106	-0.6	12.8	-20.1	15.7
Sugar	54	41	33	31	42.9	-28.7	-213	-6.5
Lard	3	7	7	7	134.6	6.6	12.3	1.4
Edible oil	19	40	24	81	139.0	5.5	-39.7	233.9
Carbonated beverages (millions of bottles)	74	65			-16.0	7.2		
Beer (millions of bottles)	5	4	4	4	-15.5	-3.1	16.2	-4.4
Cigarettes (millions of units)	1064	846	888	963	-16.2	7.6	5.0	8.5
Soap	13	31	40	45	135.5	5.8	30.4	10.4
Detergents (tons)	579	1373	1916	1288	139.3	5.4	39.5	-32.8
Essential oils (tons)	242	153	167	190	-27.3	-0.1	8.8	14.0
Cement	243	221	253	265	14.1	-15.7	14.3	4.9
<b>Millions of kWh</b>								
Other indicators of manufacturing production								
Commercial and industrial electricity consumption								
Sugar industry	18	9	6	3	11.1	-9.9	-29.2	-58.7
Cement industry	21	20	18	19	1.8	-12.1	-9.1	4.5

Source: ECLAC, on the basis of figures supplied by the Bank of the Republic of Haiti and the Haitian Institute of Statistics and Information Science.

\* Preliminary figures.



**Table 6**  
**HAITI: ELECTRICITY GENERATION AND CONSUMPTION**

	Millions of kWh				Growth rates			
	1980	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Generation</b>	<b>336</b>	<b>439</b>	<b>486</b>	<b>524</b>	<i>AI</i>	3J	10.7	7.8
Consumption	256	319	328	337	5.9	-1.1	2.6	2.7
Commercial and industrial	156	160	154	151	7.4	-8.0	-4.0	-1.8
Residential	81	123	136	145	3.6	8.0	10.1	6.6
Street lighting	9	8	10	12	-4.6	2.1	20.7	20.0
Public and community services	10	28	29	30	8.0	4.0	2.1	3.5

Source: ECLAC, on the basis of figures provided by the Bank of the Republic of Haiti.

\* Preliminary figures. The difference between generation and consumption is due to losses in transmission and to unrecorded consumption.

**Table 7**  
**HAITI: MAIN INDICATORS OF FOREIGN TRADE IN GOODS**

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	<b>Growth rates</b>						
Exports (FOB)							
Value	15.5	6.8	15.7	3.9	-14.4	3.9	-0.7
Volume	12.2	18.4	-3.7	1.2	-28.1	-6.3	7.8
Unit value	3.0	-9.8	20.1	2.7	19.0	10.9	-7.9
Imports (FOB)							
Value	-13.3	8.6	2.3	-4.3	-12.0	14	-1.2
Volume	-12.8	7.5	7.2	-1.3	-16.7	-	-2.2
Unit value	-0.6	1.0	-4.6	-3.0	5.7	14	10
Terms of trade (FOB/FOB)	3.7	-10.7	26.0	5.8	12.6	9.4	-8.8
	<b>Indexes (1980 = 100)</b>						
Purchasing power of exports	77.4	81.6	96.0	100.8	83.5	84.3	82.0
Volume of exports	106.8	126.4	121.7	123.2	88.6	83.0	89.5
Volume of imports	99.2	106.6	114.3	112.9	94.0	94.0	91.9
Terms of trade (FOB/FOB)	73.6	65.7	82.8	87.6	98.6	107.9	98.4

Source: ECLAC, on the basis of official figures.

" Preliminary figures.

Table 8  
**HAITI: EVOLUTION OF EXCHANGE RATES**  
*(Annual and quarterly averages)*

Period	Nominal exchange rate (gourdes per dollar)	Indexes of real effective exchange rate <sup>a</sup> (Indexes 1980 = 100)	
		Exports	Imports
1970-1979		101.4	101.1
1980		100.0	100.0
1981		96.8	96.5
1982		91.7	90.9
1983		84.1	83.5
1984		80.4	79.7
1985		72.3	71.6
1986		69.5	70.1
1987		81.7	83.0
1988		81.9	83.4
1986			
I		68.3	68.4
II		68.4	68.9
III		68.6	69.4
IV		73.1	73.7
1987			
I		78.8	79.7
II		81.7	82.8
III		83.2	84.3
IV		83.4	85.1
1988			
I		83.4	85.0
II		83.0	84.6
III		81.9	83.2
IV		79.4	80.9

**Source:** ECLAC, on the basis of figures supplied by the International Monetary Fund.

<sup>a</sup> These indexes correspond to the average of the real exchange rate indexes for the gourde vis-à-vis the currencies of Haiti's main trading partners, weighted by the relative importance of the exports to or imports from those countries, as appropriate. The weightings correspond to the average for the period 1983-1987. For further details on the methodology and sources used, see the Statistical Appendix of the *Economic Survey of Latin America*, 1981.

**Table 9**  
**HAITI: EXPORTS OF GOODS, FOB**

	Millions of dollars			Percentage breakdown			Growth rates			
	1986	1987	1988 <sup>a</sup>	1975	1980	1988 <sup>a</sup>	1985	1986	1987	
<b>Total</b>	<b>191</b>	<b>198</b>	<b>197</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>3.9</b>	<b>-14.4</b>	<b>-3.9</b>	<b>-0.7</b>
<b>Agricultural products</b>	<b>83</b>	<b>60</b>	<b>62</b>	53.0	<b>64.9</b>	<b>31.5</b>	<b>5.9</b>	<b>11.6</b>	-27.7	3.3
Coffee	55	37	38	22.8	42.1	19.3	6.1	12.4	-32.7	2.7
Cocoa	5	5	4	<b>6.0</b>	2.1	1.8	51.8	-28.6	-	-20.0
Sugar <sup>b</sup>	<b>4</b>	5	3	13.2	3.0	1.5	-14.7	105.0	25.0	-40.0
Sisal	1	4	4	3.9	0.7	2.0	111.1		300.0	-
Essential oils	<b>4</b>	3	7	6.0	2.5	3.6	-23.8	0.5	-25.0	133.3
Others	14	6	6	11.1	14.5	3.1	-34.6	-58.7	57.1	-
<b>Manufactured articles (Free Zone)</b>	<b>78</b>	<b>120</b>	<b>114</b>	<b>22.3</b>	<b>25.3</b>	<b>57.9</b>	283	-5.0	53.8	-5.0
<b>Handicraft manufactures</b>	<b>32</b>	<b>20</b>	<b>23</b>	<b>14.7</b>	<b>9.8</b>	<b>11.7</b>	<b>10.4</b>	<b>-30.8</b>	-37.5	<b>15.0</b>
<b>Adjustment</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	-	-	<b>-1.0</b>				
	<b>Thousands of tons</b>									
Coffee	15.8	12.8	16.2				2.7	-13.2	-19.0	26.6
Cocoa	2.8	2.5	2.9				58.3	-26.3	-10.7	16.0
Sugar	11.0	6.8	7.1				-3.7	107.5	-38.2	4.4
Essential oils	0.2	0.2	0.3				-	-	-	50.0
Manufactured articles (Free Zone)	16.0	20.2	19.7				4.2	-8.9	26.2	-2.5
Handicraft manufactures	3.5	2.8	2.3				-33.3	-12.5	-20.0	-17.9

Source: ECLAC, on the basis of figures supplied by the Bank of the Republic of Haiti.

<sup>a</sup> Preliminary figures. <sup>b</sup> Including molasses.

Table 10

**HAITI: IMPORTS OF GOODS, CIF**

	Millions of dollars			5 c 2 S			Growth rates			
	1986	1987	1988 <sup>a</sup>	1975	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>367</b>	<b>376</b>	<b>363</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>3.2</b>	<b>-18.3</b>	<b>2.5</b>	<b>-3.3</b>
Foodstuffs, beverages and tobacco	69	70	72	23.1	16.9	19.8	7.6	-19.8	1.4	2.0
Hydrocarbons	51	50	50	9.1	16.7	13.8	3.9	-20.6	-1.0	-1.0
Oils and fats	34	36	34	5.5	7.0	9.4	-7.0	8.2	5.5	-5.6
Chemicals	36	38	34	8.4	8.4	9.4	-2.4	-14.6	6.5	-11.5
Manufactured articles <sup>b</sup>	60	60	58	16.3	20.7	16.0	5.6	-23.0	-0.6	-3.9
Machinery and transport equipment	63	65	62	19.8	17.4	17.1	2.4	-23.7	3.9	-5.8
Miscellaneous manufactures <sup>c</sup>	34	35	34	14.0	8.2	9.4	7.6	-16.7	4.4	-3.8
Others <sup>d</sup>	20	22	19	3.8	4.7	5.2	-1.4		7.8	-13.0

Source: ECLAC, on the basis of figures supplied by the Bank of the Republic of Haiti.

<sup>a</sup> Preliminary figures.

Including manufactures of textiles, leather, rubber, wood, paper and metallic and non-metallic mineral products.

<sup>c</sup> Including clothing, footwear, travel goods, furniture, professional instruments, sanitary fittings and electrical appliances.

Including manufactures of textiles, leather, rubber, wood, paper and metallic and non-metallic mineral products.

<sup>c</sup> Including clothing, footwear, travel goods, furniture, professional instruments, sanitary fittings and electrical appliances.

Including non-edible raw materials.

Table 11  
**HAITI: BALANCE OF PAYMENTS**  
*(Millions of dollars)*

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Balance on current account</b>	-241	-188	-205	-203	-191	-145	-158	-152
Trade balance	-292	-223	-237	-230	-220	-181	-193	-210
Exports of goods and services	240	270	288	319	337	292	309	289
Goods, FOB	150	174	186	215	223	191	198	197
Real services	90	%	103	104	114	101	110	92
Transport and insurance	7	7	7	8	8	7	8	8
Travel	75	80	85	85	93	82	90	74
Imports of goods and services	533	493	525	549	557	474	502	499
Goods, FOB	374	324	352	360	345	303	308	304
Real services <sup>b</sup>	159	169	173	189	212	170	194	195
Transport and insurance	89	77	88	98	114	76	93	95
Travel	31	41	39	40	43	37	45	34
Factor services	-13	-14	-14	-18	-20	-16	-21	-25
Profits	-7	-8	-8	-2	-2	-	-2	-2
Interest received	1	1	1	-	-	-	-	-
Interest paid	-6	-7	-7	-17	-18	-15	-19	-23
Labour and ownership								
Unrequited private transfer payments	64	49	46	45	49	52	56	83
<b>Balance on capital account</b>	232	226	227	226	175	128	133	167
Unrequited official transfer payments	74	61	64	78	97	100	127	92
Long-term capital	91	43	59	61	21	18	36	57
Direct investment	8	7	8	4	5	5	5	10
Portfolio investment								
Other long-term capital	83	37	51	56	16	13	31	47
Official sector <sup>c</sup>	26	33	30	53	10	-4	16	11
Loans received	32	38	36	63	36	34	57	39
Amortization payments	-6	-5	-5	-9	-16	-26	-40	-28
Commercial banks <sup>c</sup>								
Loans received								
Amortization payments								
Other sectors <sup>c</sup>	57	4	20	3	6	17	15	36
Loans received	61	8	27	20	14	21	19	-
Amortization payments	-4	-5	-7	-18	-8	-3	-4	-
Short-term capital	-2	-12	2	6	2	11	-4	-
Official sector	-	-	1	11	17	23	6	-
Commercial banks	-2	-12	2	-5	-15	-12	-10	-
Other sectors								
Errors and omissions (net)	68	133	102	82	55	-1	-25	19
<b>Global balance</b>	-10	38	22	23	-16	-17	-24	15
Total variation in reserves (- sign indicates an increase)	50	3	32	5	6	-10		-15
Monetary gold	2	1	-	-	-	1	-	
Special Drawing Rights	3	-	-1	1	-	-	-1	1
IMF reserve position								
Foreign exchange assets	15	-16	10	-5	6	-1		
Other assets								
Use made of IMF credit								
	30	18	22	9	-	-10	-6	-34

**Source:** 1981-1987, International Monetary Fund, *Balance of Payments Yearbook*, June 1989; 1988: ECLAC, on the basis of official data.

<sup>a</sup> Preliminary figures.      <sup>b</sup> Including other non-factor services.      <sup>c</sup> Includes net loans granted and other assets and liabilities.      Equals total variation in reserves (of opposite sign), plus counterpart items.

Table 12

HAITI: INDICATORS OF EXTERNAL INDEBTEDNESS <sup>1</sup>

	1982	1983	1984	1985	1986	1987	1988*
<b>Millions of dollars</b>							
<b>Disbursed external public debt</b>							
<b>Balances</b>	<b>410</b>	<b>551</b>	<b>607</b>	<b>600</b>	<b>697</b>	<b>741</b>	<b>785</b>
Government	282	402	454	453	496	517	553
Public enterprises	128	149	153	147	201	224	231
<b>Disbursements</b>	<b>48</b>	<b>47</b>	<b>84</b>	<b>50</b>	<b>55</b>	73	39
<b>Servicing</b>	<b>17</b>	23	37	31	35	<b>44</b>	43
Principal	10	12	28	23	28	36	28
Interest	7	11	9	8	7	9	15
<b>Percentages</b>							
<b>Ratios</b>							
External public debt/exports of goods and services	149.1	190.0	189.7	178.0	238.7	236.0	271.6
Debt servicing/exports of goods and services	6.2	7.9	11.6	9.1	12.0	13.6	14.9
Net interest payments/exports of goods and services	2.5	3.8	2.8	2.4	2.4	3.2	5.2
Debt servicing/disbursements	35.4	48.9	44.0	61.8	64.5	60.4	110.8

Source: ECLAC, on the basis of figures supplied by the Bank of the Republic of Haiti.

<sup>a</sup> Balance of disbursed external debt, for terms of over one year, as of 30 September of each year. <sup>1</sup> Preliminary figures.

Table 13

## HAITI: TRENDS IN DOMESTIC PRICES

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Variation from September to September</b>							
Consumer price index (1980 = 100)	6.2	12.2	6.1	15.0	-0.5	-13.8	8.3
Food	1.6	13.4	5.8	17.7	-1.9	-22.5	12.2
<b>Variation between annual averages</b>							
Consumer price index	9.0	8.8	8.0	8.4	8.5	-10.4	-0.1
Food	4.7	7.2	8.5	7.8	11.7	-17.5	-0.4

Source: ECLAC, on the basis of figures supplied by the Bank of the Republic of Haiti and the Haitian Institute of Statistics and Information Science.

<sup>a</sup> Preliminary figures.

Table 14  
HAITI: TRENDS IN WAGES AND SALARIES

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	Gourdes						
Minimum daily wage	13.0	13.2	13.2	15.0	15.0	15.0	15.0
	Indexes (1980 = 100)						
Wages							
Nominal	118.2	120.0	120.0	136.4	136.4	136.4	136.4
Real <sup>c</sup>	100.8	94.0	87.1	91.3	84.8	94.7	95.1
	Growth rates						
Wages							
Nominal	14.1	1.5		13.7	-	-	-
Real <sup>c</sup>	4.7	-6.7	-7.4	4.9	-7.8	11.6	0.1

Source: ECIAC, on the basis of figures supplied by the Haitian Institute of Statistics and Information Science.

\* Preliminary figures. <sup>b</sup> Refers to the minimum daily wage paid in industry. <sup>c</sup> Deflated on the basis of the consumer price index.

Table 15

## HAITI: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of gourdes				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>1. Current income</b>	<b>1279</b>	<b>1340</b>	<b>1288</b>	<b>1235</b>	<b>18.9</b>	<b>4.8</b>	-3.9	-4.1
Tax revenue	1124	1275	1234	1195	23.0	13.4	-3.2	-3.2
Direct	154	150	128	140	9.1	-2.6	-14.7	9.5
Indirect	644	660	658	684	45.4	2.5	-0.3	4.0
On foreign trade	306	311	226	182	-2.2	1.8	-27.4	-19.5
Other taxes	<b>20</b>	154	221	189	17.6	670.0	43.5	-14.5
Extrabudgetary revenue	155	65	54	41	-4.3	-58.1	-17.0	-24.1
<b>2. Current expenditure</b>	<b>1804</b>	<b>1780</b>	<b>1783</b>	<b>1651</b>	<b>1.6</b>	-1.1	<b>1.7</b>	-7.4
Budgetary expenditure	775	592	915	1004	11.1	-33.6	54.6	9.7
Wages and salaries	494	522	656	741	10.0	5.7	25.7	12.9
Other current expenditure	281	70	260	263	13.1	-75.1	271.4	1.5
Extrabudgetary expenditure	1029	1188	868	647	-4.6	15.5	-26.9	-25.4
<b>3. Current saving (1-2)</b>	<b>-525</b>	<b>-440</b>	<b>-496</b>	<b>-416</b>				
<b>4. Capital expenditure</b>	<b>209</b>	<b>182</b>	<b>221</b>	<b>155</b>	<b>2.3</b>	-12.9	<b>21.4</b>	<b>-29.9</b>
<b>5. Total expenditure (2+4)</b>	<b>2 013</b>	<b>1962</b>	<b>2004</b>	<b>1806</b>	<b>1.1</b>	-2.5	2.1	-9.9
<b>6. Fiscal deficit (1-5)</b>	<b>-734</b>	<b>-622</b>	<b>-716</b>	<b>-571</b>	-19.7	<b>-153</b>	<b>15.1</b>	<b>-20.2</b>
<b>7. Financing of deficit</b>								
Domestic financing	184	145	56	155				
Central Bank	189	147	59	172				
Others	-5	-2	-4	-17				
External financing	34	230	134	89				
Donations	516	386	565	147				
Other	-	-139	-39	180				
Adjustments	-	-	71	180				
<b>Ratios (percentages)</b>								
Current saving/capital expenditure	-251.2	-241.8	-224.4	-268.4				
Fiscal deficit/total expenditure	36.5	31.7	35.7	31.6				
Tax revenue/GDP	11.7	11.4	11.0	10.7				
Total expenditure/GDP	20.9	17.5	20.1	19.1				
Fiscal deficit/GDP	7.6	5.5	7.2	6.1				
Domestic financing/deficit	25.1	23.3	7.7	27.2				
External financing/deficit	4.6	14.6	18.7	15.6				
Donations/deficit	70.3	62.1	78.9	25.7				

Source: ECLAC, on the basis of figures supplied by the Bank of the Republic of Haiti and the International Monetary Fund.  
<sup>a</sup> Preliminary figures.



Table 16  
HAITI: MONETARY INDICATORS

	End-September balances (millions of gourdes)				Growth rates		
	1985	1986	1987	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>
Monetary base	1500	1687	1938	2 249	12.5	14.9	16.1
Money (Mi)	1204	1381	1584	1788	14.7	14.7	12.8
Quasi-money	1365	1493	1616	16%	9.4	8.2	4.9
Money plus quasi-money (M2)	2 569	2 874	3190	3484	11.9	11.0	9.2
Domestic credit	4 274	4338	4 511	4 835	1.5	4.0	7.2
To the public sector	2809	2800	2 948	3121	-0.3	5.3	5.9
Central government (net)	2 586	2653	2 792	3026	2.6	5.2	8.4
Public institutions	223	147	156	95	-34.0	6.2	-39.1
To the private sector	1465	1538	1564	1714	5.0	1.7	9.6
	Coefficients						
Monetary multipliers							
Mi/monetary base	0.80	0.82	0.82	0.80			
M2/monetary base	1.71	1.70	1.65	1.55			
Velocity of circulation							
GDP/MI	<b>83</b>	8.1	6.3	5.3			

Source: ECLAC, on the basis of figures supplied by the Bank of the Republic of Haiti.  
\* Preliminary figures. Excluding interbank operations.

## HONDURAS

The growth rate of the Honduran economy was once again around 4% in 1988, and the terms of trade recovered slightly, so that the national income rose by more than 5%. The rate of price increases speeded up and the fiscal deficit remained at a high level. Furthermore, the balance-of-payments current account once again turned in a deficit, although the inflow of capital permitted a modest increase in the international reserves.

Unlike the year before, when the main dynamic element in total demand was exports, in 1988 growth was based principally on the expansion in domestic consumption. Capital formation by the State recovered somewhat after the sharp drop observed since 1985 when the construction work on the El Cajón hydroelectric power station was completed. Significant investments were also made in the building of rural roads and schools, rural electrification, communications and irrigation.

After having stagnated the year before, consumption increased appreciably thanks to the bigger spending by the foreign troops stationed in the country.

The upswing in public investment and housing construction had a favourable effect on the construction industry and the associated branches of manufacturing. There was a noteworthy recovery in the mining sector after two years of decline. The overall growth registered in agriculture, in contrast, was only modest because of the substantial drops in the production of beans and coffee and the stagnation of banana production.

Despite the improvement in the terms of trade, the trade balance continued to show a deficit of rather more than US\$100 million. As there was also an increase in factor services, there was a shortage of foreign exchange which placed pressure on the foreign exchange supplies of the Central Bank, leading to new delays in debt servicing and an increase in use of the non-official foreign exchange market for foreign trade transactions. As from the

beginning of the year, exporters were given special facilities to negotiate part of their foreign exchange on that market, while the issue of import licenses for transactions which did not involve the use of official foreign exchange was expanded.

The shortage of foreign exchange on the official market was made worse by the unfavourable results of the agricultural sector. The volume of banana exports went down slightly because of adverse natural phenomena and labour tensions, but this was more than offset by the rise in international prices. There was also a decline in the volume of coffee exports, in this case because of production problems and difficulties of selling the coffee on the external market.

The insufficient domestic supply of basic grains made necessary emergency external purchases in order to satisfy consumption requirements, thus helping to increase imports and hence—in view of the high levels of international prices— placing heavy pressure on the level of consumer prices.

The 1988 arrears of payment of principal and interest on the external debt came to over US\$125 million, so that the total arrears accumulated in the last three years amount to US\$200 million.

The net inflow of capital remained at the level of the year before—i.e., a little over US\$360 million— even though the new loans disbursed came to only US\$30 million: the lowest figure in the present decade. Almost two-thirds of the resources obtained came from official donations and from the inflow of non-registered capital, probably connected with expenditure by foreign troops. All this permitted the net international reserves to increase by some US\$21 million.

The demand for employment continued to be swelled not only by the rapid population growth but also by the continuous inflow of refugees from neighbouring countries. This is

why, in spite of the increase in the product, high levels of open unemployment have been observed throughout the decade.

The shortfalls in the domestic supply of foods and the unavoidable need to import them, on the one hand, and the expansion of liquidity, on the other, were the main elements of the inflationary pressures, although they were partially offset by tariff reductions. Thus, the level of prices rose by almost 7%: the highest rate in the last five years. At the same time, nominal minimum wages, which were last readjusted in 1981, continued to stagnate and thus led to a further deterioration in the real income of the lowest-paid workers.

The maintenance of an expansionary fiscal policy meant that the fiscal deficit continued to be equivalent to more than 7% of the gross domestic product. This deficit was financed

basically with external resources, although the Central Bank also played an important role in covering it. Consequently, the factors of expansion of the monetary base were domestic credit to the public sector and the increase in international reserves, whereas credit to the private sector went down in real terms.

In this context, the monetary policy sought to relieve the inflationary pressures deriving from the expansion in liquidity. An increase in the compulsory reserve rate was ordered, new rediscounting operations were prohibited, and the size of the prior deposits for imports was increased. Even so, however, the means of payment grew faster than inflation. At the same time, there was an increase in quasi-money, due to the fact that the real interest rate continued to be positive.

Figure 1  
HONDURAS. MAIN ECONOMIC INDICATORS

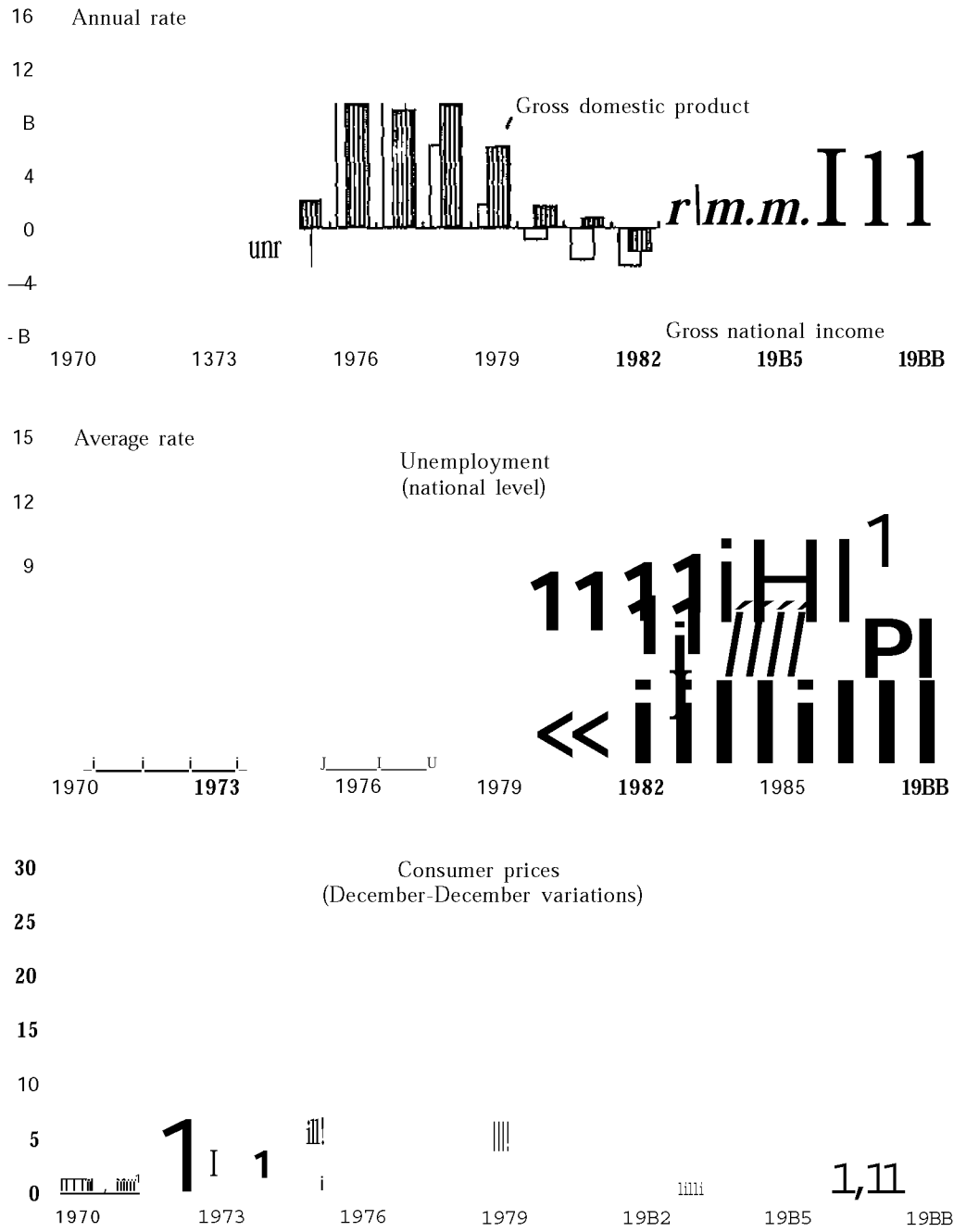
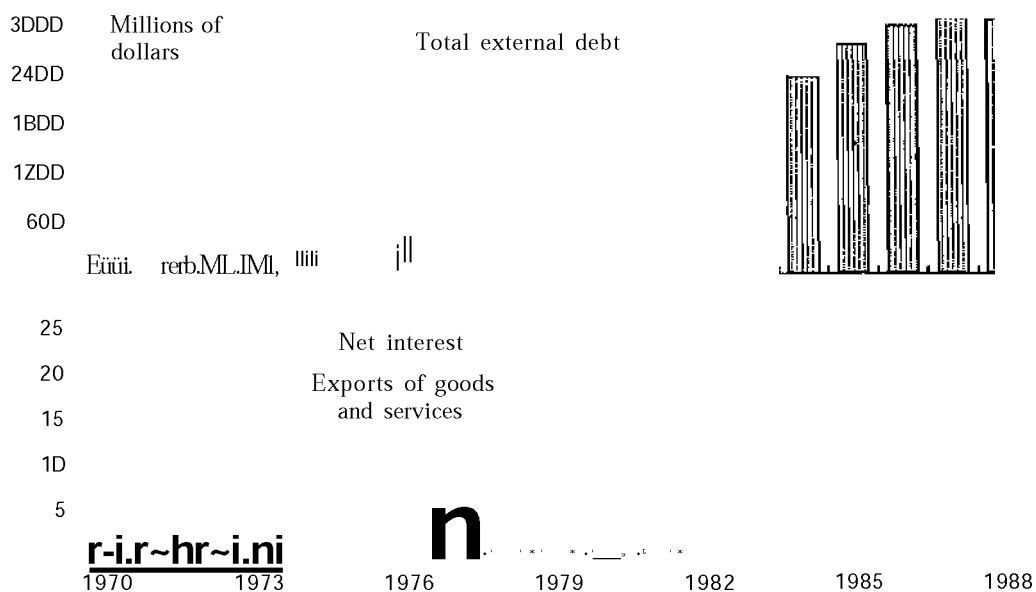
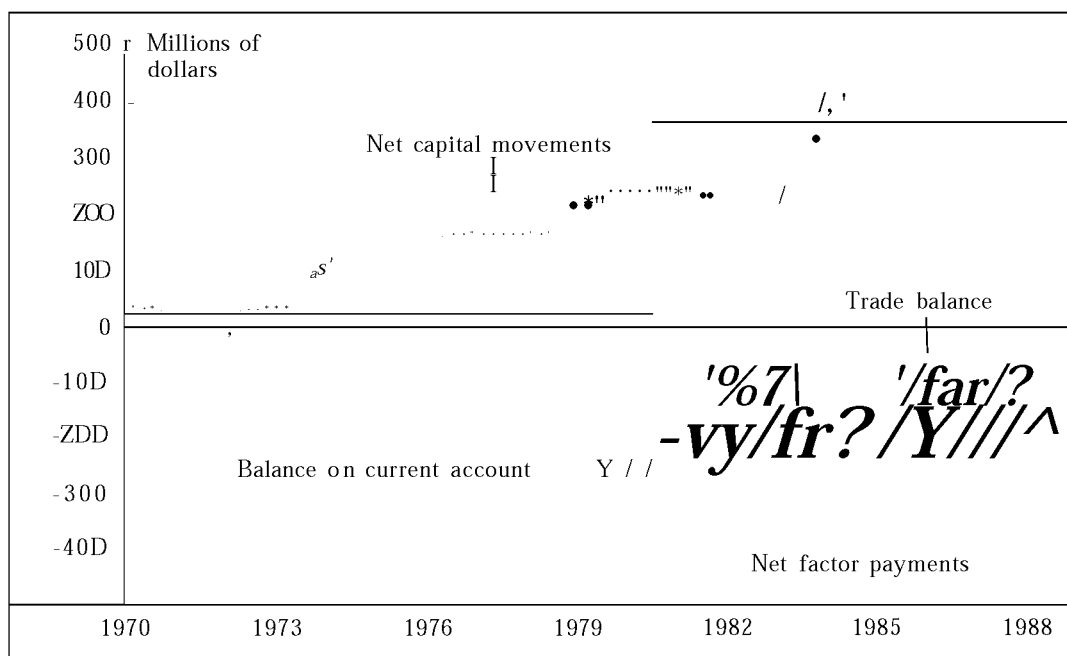


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

Table 1

**HONDURAS: MAIN ECONOMIC INDICATORS**

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes(1980 = 100)</b>							
Basic economic indicators							
Gross domestic product at market prices	99.0	99.0	101.4	103.0	108.2	112.5	117.0
Population (millions of inhabitants)	3.9	4.1	4.2	4.4	4.5	4.7	4.8
Per capita gross domestic product	92.1	88.7	87.7	86.0	87.4	88.1	88.7
Gross national income	94.6	96.7	993	95.5	106.8	106.7	112.5
Central government deficit/GDP							
Money (M1)/GDP <sup>b</sup>				9.0	7.8	7.4	7.3
				10.9	10.8	11.6	12.1
Real effective exchange rate	86.8	80.6	77.6	75.0	75.3	78.2	78.7
Unemployment rate <sup>b</sup>	9.2	9.5	10.7	11.7	12.1	11.4	11.5
<b>Growth rates</b>							
<b>Short-run economic indicators</b>							
Gross domestic product	-1.8	-0.1	2.5	1.5	5.1	4.0	3.9
Per capita gross domestic product	-5.4	-3.6	-1.2	-1.9	1.6	0.7	0.7
Gross national income	-3.0	2.2	2.7	-3.8	11.7	-	5.4
Consumer prices							
(December to December)	8.8	7.8	3.7	4.2	3.2	2.9	6.7
Real minimum wages and salaries	-	-7.7	-4.5	-3.3	-4.2	-2.4	-4.3
Current value of exports of goods and services	-13.2	4.4	5.8	6.6	11.7	-2.8	3.8
Current value of imports of goods and services	-22.4	10.9	16.9	-0.3	-0.1	2.5	3.0
Terms of trade (goods and services)	2.7	1.0	2.1	-13.2	20.3	-10.7	5.6
<b>Millions of dollars</b>							
<b>External sector</b>							
Trade balance (goods and services)	-56	-111	-219	-160	-52	-107	-103
Net payments of profits and interest	202	152	178	190	211	223	262
Balance on current account	-249	-254	-386	-337	-251	-314	-344
Balance on capital account	173	207	397	300	307	376	366
Variation in international reserves (net)	-53	-39	27	-19	43	162	21
External debt <sup>c</sup>	1986	2162	2392	2 794	3 018	3105	

Source: ECLAC, on the basis of official figures.

\* Preliminary figures. <sup>b</sup> Percentages. <sup>c</sup> Does not include increases on account of arrears of interest.

Table 2  
HONDURAS: TOTAL SUPPLY AND DEMAND

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total supply</b>	<b>101.7</b>	<b>104.7</b>	<b>107.9</b>	<b>145.1</b>	133.9	-0.6	<b>5.1</b>	3.0	3.1
Gross domestic product at market prices	108.2	112.5	117.0	100.0	100.0	1.5	5.1	4.0	3.9
Imports of goods and services <sup>b</sup>	87.2	87.3	87.8	45.1	33.9	-6.0	5.3	0.2	0.6
<b>Total demand</b>	<b>101.7</b>	<b>104.7</b>	107.9	<b>145.1</b>	133.9	-0.6	5.1	3.0	3.1
Domestic demand	102.2	104.1	110.0	107.4	101.0	-5.6	7.8	1.9	5.6
Gross domestic investment	72.1	70.9	74.1	24.5	15.5	-0.7	-15.3	-1.6	4.5
Gross fixed investment	73.6	68.7	73.5	24.2	15.2	-3.2	-13.2	-6.6	6.9
Public	99.7	89.9		9.4		-14.1	-19.6	-9.8	
Private	57.1	55.4		14.9		-16.1	-4.8	-3.1	
Total consumption	111.1	112.0	120.6	82.9	85.4	-6.8	13.8	2.5	5.8
General government	130.5	138.1	145.7	13.3	16.6	5.3	19.3	5.8	5.5
Private	107.4	109.3	115.7	69.6	68.9	-9.1	12.6	1.7	5.9
Exports of goods and services <sup>b</sup>	100.0	106.3	102.0	37.7	32.9	15.8	-2.1	6.3	-4.0

Source: ECLAC, on the basis of official figures.

\* Preliminary figures. <sup>b</sup> The figures for exports and imports of goods and services were taken from IMF balance-of-payments data expressed in dollars at current prices, which were then converted to constant 1980 values using unit value indexes calculated by ECLAC for that purpose.

Table 3  
**HONDURAS: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY,  
 AT 1980 MARKET PRICES**

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Gross domestic product</b>	<b>108.2</b>	<b>112.5</b>	<b>117.0</b>	<b>100.0</b>	<b>100.0</b>	<b>1.5</b>	<b>5.1</b>	<b>4.0</b>	<b>3.9</b>
<b>Goods</b>	<b>106.2</b>	<b>110.4</b>	<b>115.1</b>	<b>48.3</b>	<b>47.5</b>	<b>0.7</b>	<b>1.1</b>	3.9	<b>4.3</b>
Agriculture <sup>b</sup>	109.5	116.8	119.7	24.5	25.1	2.9	2.4	6.7	2.5
Mining	131.8	113.6	131.8	2.1	2.4	2.3	-2.2	-13.8	<b>16.0</b>
Manufacturing	107.8	116.9	122.7	15.7	16.5	-2.3	2.7	8.4	<b>4.9</b>
Construction	79.7	66.1	70.5	6.0	3.8	-1.8	-8.3	-17.0	6.6
Basic services	<b>151.7</b>	<b>159.9</b>	<b>166.2</b>	<b>8.3</b>	<b>11.8</b>	<b>2.0</b>	...	<b>5.4</b>	<b>4.0</b>
Electricity, gas and water	224.5	228.6	232.7	1.9	3.8	5.8		1.8	1.8
Transport, storage and communications	130.0	139.5	146.5	6.4	8.1	1.0	3.3	7.3	5.0
<b>Other services</b>	<b>103.0</b>	<b>107.2</b>	<b>111.2</b>	<b>40.3</b>	<b>38.3</b>	<b>3.1</b>	<b>5.3</b>	<b>4.1</b>	<b>3.7</b>
Commerce, restaurants and hotels	87.0	88.7	91.0	15.3	11.9	0.2	5.9	1.9	2.6
Financial institutions, insurance, real estate and business services	116.8	124.0	129.4	10.6	11.8	4.6	2.6	6.2	4.3
Ownership of dwellings	123.5	130.1	134.9	4.9	5.7	7.6	1.6	5.4	3.7
Community, social and personal services	109.7	114.5	119.3	10.0	9.6	4.5	7.0	4.4	4.1
Government services	120.7	131.1	137.2	4.3	5.0	7.9	4.9	8.6	4.6

**Source:** ECLAC, on the basis of official figures, which were reweighted according to the 1980 current price structure. Consequently, the figures given here do not necessarily coincide with those published by the countries, which were calculated at constant prices.

\* Preliminary figures. <sup>b</sup> Including stock-raising, forestry and fishing.



Table 4  
HONDURAS: INDICATORS OF AGRICULTURAL PRODUCTION

	1985	1986	1987	Percentage		Growth rates			
				1988 <sup>a</sup> breakdown <sup>b</sup> (1985)	1985	1986	1987	1988 <sup>a</sup>	
<b>Indexes of agricultural production<sup>c</sup></b> (1980 = 100)	<b>106.9</b>	<b>109.5</b>	<b>116.8</b>	119.7	100.0	2.9	2.4	6.7	2.5
Crop-farming	106.1	108.1	114.5	116.5	66.1	3.9	1.9	5.9	1.7
Stock-raising	111.0	115.9	122.1	128.3	15.2	4.5	4.4	5.3	5.1
Forestry	96.7	97.5	101.6	102.4	8.5	1.7	0.8	4.2	0.8
Poultry raising	124.2	130.3	136.4	139.4	6.3	-2.4	4.9	4.7	2.2
<b>Production of the main crops</b>									
For export									
Bananas	1089	1018	1150	1163	21.2	9.9	-6.5	13.0	1.1
Coffee	75	76	99	94	19.4	3.5	1.3	30.3	-5.1
Sugar cane	2 989	2 989	2 659	2 408	3.9	-1.9	-11.0	-9.4	
Cotton	15	9	8	9	0.9	-18.7	-40.0	-11.1	12.5
Tobacco	5	5	4	5	0.9	0.6	-	-20.0	25.0
For domestic consumption									
Maize	427	406	399	432	6.5	-0.8	-4.9	-1.7	8.3
Beans	51	51	45	23	1.8	1.5	-	-11.8	-48.9
Paddy rice	52	62	57	47	1.5	-11.9	19.2	-8.1	-17.5
Plantains	171	147	158	158	1.3	4.5	-14.0	7.5	-
African palm	319	317	286	310	2.1	22.7	-0.6	9.8	8.4
<b>Indicators of stock-raising production</b>									
Stocks <sup>e</sup>									
Cattle	2478	2588	2717	2869		3.2	4.4	5.0	5.6
Pigs	717	720	723	726		0.4	0.4	0.4	0.4
Sheep	23	22	22	22		-	-4.3	-	-
Poultry	9 436	10 290	10 908	11 823		27.2	9.1	6.0	8.3
Slaughtering <sup>e</sup>									
Cattle	346	346	348	362		-4.2	0.6	4.0	
Pigs	360	369	380	391		2.6	2.5	3.0	2.9
Poultry	13 086	13 465	13 856	14 258		2.9	2.9	2.9	2.9
Other products									
Milk <sup>f</sup>	247	269	283	299		4.2	8.9	5.2	5.7
Eggs <sup>g</sup>	46	47	49	50		2.2	2.2	4.3	2.0

Source: ECLAC, on the basis of official figures from the Central Bank of Honduras.

<sup>a</sup> Preliminary figures. <sup>b</sup> Estimated on the basis of the gross value of production at constant prices. <sup>c</sup> Estimated on the basis of value added. <sup>d</sup> Thousands of tons. <sup>e</sup> Thousands of heads. <sup>f</sup> Millions of litres. <sup>g</sup> Millions of dozens.

Table 5  
HONDURAS: INDICATORS OF FISHERY PRODUCTION

	Volume (tons)				Percentage - breakdown		Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	(1985)	1985	1986	1987	1988 <sup>a</sup>	
Total	6124	6 278	5 386	5 884	100.0	10.8	2.5	-14.2	92	
<b>Industrial fisheries</b>	<b>3 450</b>	<b>3 931</b>	<b>3 407</b>	<b>3 550</b>	<b>72.0</b>	<b>18.1</b>	<b>14.0</b>	<b>-13.3</b>	<b>4.2</b>	
Shrimp	1707	1913	2 067	2 087	27.1	45.5	12.0	8.0	1.0	
Lobster	1537	1395	1093	1203	44.7	-6.1	-9.2	-21.7	10.1	
Fish	85	367	208	219	0.1	13.0	4.3	-43.3	5.0	
Other species	120	256	39	41	0.2	257.1	113.5	-84.7	4.8	
<b>Artisanal fisheries</b>	<b>812</b>	<b>533</b>	<b>559</b>	<b>565</b>	<b>2.0</b>	<b>-59.8</b>	<b>-34.3</b>	<b>5.0</b>	1.0	
Shrimp	77	91	96	97	1.2	-89.0	18.9	5.0	0.9	
Lobster	4	11	12	12	-	-64.2	187.2	4.5	0.8	
Fish	563	285	300	303	0.6	-42.0	-49.3	5.0	1.0	
Other species	168	145	152	154	0.2	-50.9	-13.6	5.0	1.0	
<b>Aquiculture</b>	<b>1863</b>	<b>1814</b>	<b>1420</b>	<b>1769</b>	<b>26.0</b>	<b>217.0</b>	<b>-2.6</b>	<b>-21.7</b>	<b>24.6</b>	
Shrimp	1612	1503	1149	1494	25.6	277.8	-6.8	-23.6	30.0	
Fish	250	310	270	275	0.4	55.8	24.0	-12.9	1.5	

**Source:** ECLAC, on the basis of figures supplied by the Fisheries Department of the Ministry of Planning (SECPLAN)  
<sup>a</sup> Preliminary figures. Estimated on the basis of the gross value of production at constant prices.

Table 6  
HONDURAS: PRODUCTION OF SELECTED MANUFACTURES

	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
Cement <sup>b</sup>	348	360	451	560	-34.8	3.4	25.3	24.1
Asbestos-cement <sup>c</sup>	2 470	2294	3204	3 676	18.2	-7.1	39.7	14.7
Iron rods <sup>d</sup>	16 371	11846	16 599	21608	89.3	-27.6	40.1	30.2
Textiles <sup>e</sup>	14	12	18	20	-12.5	-14.3	50.0	11.0
Vegetable oil	5	6	15	19	-28.6	20.0	150.0	22.0
Vegetable fat	65	75	77	80	-3.0	15.4	2.7	3.3
Wheat flour <sup>g</sup>	67	74	75	82	6.3	10.4	1.4	8.9
Pasteurized milk <sup>h</sup>	46	50	53	58	7.0	6.5	8.2	8.2
Cane sugar <sup>g</sup>	213	225	189	172	-2.3	4.2	-15.8	-9.5
Cigarettes <sup>i</sup>	116	107	105	116	8.4	-7.8	-1.9	10.9
Matches <sup>j</sup>	65	68	62	65	8.3	4.6	-8.8	5.1
Beer <sup>k</sup>	132	145	153	173	-7.0	9.8	5.5	13.1
Beverages (carbonated)	533	510	587	681	3.3	-4.3	15.3	16.1
Aguardiente <sup>l</sup>	1555	1693	1684	1892	-0.6	8.9	-0.6	12.4
Spirits <sup>l</sup>	4 272	4484	4 219	4 435	-4.7	5.0	-5.9	5.1
Industrial consumption of electricity <sup>m</sup>	169.2	146.0	132.8	140.8	-0.5	-13.7	-9.0	6.0

Source: ECIAC, on the basis of figures supplied by the Central Bank of Honduras.

<sup>a</sup> Preliminary figures.

Millions of tons.

Thousands of square metres.

Thousands of kilogrammes.

<sup>e</sup> Millions of yards.

<sup>f</sup> Millions of pounds.

<sup>g</sup> Thousands of tons.

Millions of litres.

<sup>h</sup> Millions

of packets of 20.

<sup>i</sup> Millions of boxes of 50.

Millions of 12-ounce bottles.

Thousands of litres.

<sup>m</sup> Millions of kWh.

Table 7  
HONDURAS: ECONOMICALLY ACTIVE POPULATION AND UNEMPLOYMENT

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Total population (thousands of inhabitants)	3 821	3 955	4 092	4 231	4 372	4 510	4 656	4 801
Economically active population								
Thousands of persons	1270	1317	1367	1418	1471	1526	1583	1643
Index	103.7	107.6	111.6	115.8	120.2	124.7	129.3	134.2
Rate of open unemployment	9.0	9.2	9.5	10.7	11.7	12.1	11.4	11.5

Source: ECIAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. Figures subject to revision when the 1988 census data become available.

Table 8  
HONDURAS: EXPORTS OF GOODS, FOB

	Millions of dollars			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Total <sup>b</sup>	854	808	869	100.0	100.0	5.4	11.7	-5.4	7.5
Central America	23	26	26	10.2	3.0	-46.5	-8.1	13.0	-
United States	404	450	447	52.0	51.5	-2.8	10.0	11.4	-0.7
Federal Republic of Germany	91	84	92	11.6	10.6	78.9	55.1	-7.7	9.5
Italy	60	45	55	1.9	6.3	77.1	0.9	-24.5	22.2
Japan	79	40	61	4.3	7.1	-13.4	56.4	-49.4	52.5
Rest of world	197	163	188	20.0	21.5	16.3	-51.6	-17.3	15.3
Main traditional exports	725	667	703	75.5	80.5	7.0	18.8	-8.0	5.4
Bananas	257	322	355	27.7	40.8	17.7	-6.1	25.3	10.2
Coffee	322	200	185	24.8	21.3	9.5	73.9	-37.9	-7.5
Wood	32	35	29	4.4	3.3	-2.3	-5.3	9.4	-17.1
Chilled meat	20	23	23	7.4	2.6	-14.5	10.1	15.0	-
Shrimps and lobsters	45	58	69	2.8	7.9	-17.7	10.8	28.9	19.0
Zinc	26	15	23	1.2	2.6	-5.7	-12.2	-42.3	53.3
Silver	13	8	14	3.9	1.6	-16.2	-3.4	-38.5	75.0
Cotton	5	2	1	1.6	0.1	-11.7	-31.8	-60.0	-50.0
Tobacco	5	4	4	1.7	0.3	3.7	-38.6	-20.0	-
Main non-traditional exports	129	141	166	24.5	19.5	26.1	16.4	9.3	17.7
Wood manufactures	6	6	7	2.0	0.8	-34.1	0.6	-	16.7
Unrefined sugar	12	19	17	3.6	1.2	-16.4	-41.8	58.3	-10.5
Soap	1	1	1	2.5	0.1	-60.8	-38.6	-	-
Other	110	115	141	16.4	17.4	44.8	-12.4	4.5	22.6

Source: ECIAC, on the basis of figures provided by the Central Bank of Honduras.

<sup>a</sup> Preliminary figures. <sup>b</sup> The figures shown here do not exactly coincide with those appearing in the balance of payments because they do not include adjustments for undervaluation.

Table 9  
HONDURAS: VOLUME OF EXPORTS OF MAIN PRODUCTS

	Thousands of tons				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Bananas	931	851	989	980	12.8	-8.6	16.2	-0.9
Coffee	79	88	96	83	5.3	11.4	9.1	-13.5
Sugar	131	70	105	83	32.3	-46.6	50.0	-20.9
Chilled meat	10	12	11	10	-	20.0	-8.3	-9.1
Zinc	39	41	20	26	14.7	5.1	-51.2	30.0
Shrimps and lobsters	4	4	5	6	-	-	25.0	20.0
Cotton	6	5	2	1	20.0	-16.7	-60.0	-50.0
Lead	17	18	7	18	13.3	5.9	-61.1	157.1
Tobacco	3	2	1	1	-	-33.3	-50.0	-
Wood <sup>b</sup>	90	93	96	73	-8.2	3.3	3.2	-23.9
Silver <sup>c</sup>	2	2	1	2	-	-	-50.0	100.0

Source: ECIAC, on the basis of figures provided by the Central Bank of Honduras.

\* Preliminary figures.      Millions of board feet.      <sup>c</sup> Millions of troy ounces.

Table 10  
HONDURAS: IMPORTS OF GOODS, CIF

	Millions of dollars			Percentage breakdown		Growth rates		
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>
Total <sup>1</sup>	875	899	933	100.0	100.0	-1.5	2.7	3.8
Consumer goods	235	229	254	23.3	27.2	12.1	-2.5	10.9
Durable	83	87	94	8.1	10.1	21.3	4.8	8.0
Non-durable	152	142	160	15.2	17.1	7.7	-6.6	12.7
Raw materials and intermediate goods	446	450	476	50.9	51.1	-6.1	0.9	5.8
Fuels and lubricants	97	120	110	16.8	11.8	-38.8	23.7	-8.3
Materials for agriculture	79	67	82	4.5	8.8	44.7	-15.2	22.4
Materials for industry	237	235	248	24.7	26.6	-0.6	-0.8	5.5
Materials for construction	33	28	36	4.9	3.9	-20.1	-15.2	28.6
Capital goods	173	206	183	25.7	19.7	-4.5	19.1	-11.2
For agriculture	14	19	17	2.2	1.8	-15.7	35.7	-10.5
For industry	126	132	131	17.5	14.1	-6.0	4.8	-0.8
For transport	33	55	35	6.0	3.8	8.6	66.7	-36.4
Other products	21	14	20	0.1	2.0	366.7	-33.3	42.9

Source: ECIAC, on the basis of figures provided by the Central Bank of Honduras.

\* Preliminary figures.      The figures shown here differ from those appearing in the balance of payments because they are CIF values and do not include adjustments for undervaluation.

Table 11  
HONDURAS: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	<b>Growth rates</b>						
Exports							
Value	-13.7	3.3	5.5	7.1	12.9	-3.2	3.5
Volume	-11.5	5.0	-1.5	17.6	-2.3	7.1	-4.4
Unit value	-2.5	-1.6	7.1	-8.9	15.5	-9.6	8.3
Imports							
Value	-24.2	11.1	17.0	-0.6	-0.6	2.3	2.6
Volume	-19.4	13.9	12.8	-6.5	6.0	0.2	0.7
Unit value	-6.0	-2.5	3.7	6.3	-6.2	2.1	1.8
Terms of trade <sup>b</sup>	2.8	0.5	2.2	-14.2	22.7	-11.7	6.0
	<b>Indexes (1980 = 100)</b>						
Purchasing power of exports <sup>c</sup>	77.5	81.7	82.2	83.0	99.5	94.2	95.4
Volume of exports	85.0	89.2	87.9	103.4	101.1	108.3	103.5
Volume of imports	70.2	79.9	90.1	84.3	89.3	89.5	90.1
Terms of trade FOB/FOB	92.0	92.8	95.8	82.1	<u>101.1</u>	<u>89.5</u>	<u>95.2</u>

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. <sup>b</sup> Corresponds to FOB/OF values. <sup>c</sup> Estimated on the basis of the price index for imports of goods (FOB).

Table 12  
**HONDURAS: BALANCE OF PAYMENTS**  
*(Millions of dollars)*

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Balance on current account</b>	-321	-249	-254	-386	-337	-251	-314	-344
Trade balance	-177	-56	-111	-219	-160	-52	-107	-103
Exports of goods and services	884	767	801	847	903	1009	981	1019
Goods, FOB	784	677	699	737	790	891	863	893
Real services	100	90	102	110	114	118	119	126
Transport and insurance	39	37	44	51	54	54	55	57
Travel	31	25	22	23	24	26	27	28
Imports de goods and services	1061	823	912	1066	1063	1061	1089	1121
Goods, FOB	899	681	756	885	879	874	894	917
Real services	162	142	156	181	184	187	195	204
Transport and insurance	90	69	78	88	88	87	89	91
Travel	27	23	21	25	27	30	35	37
Factor services	-153	-202	-152	-178	-190	-211	-223	-262
Profits	-44	-45	-33	-57	-58	-67	-70	-73
Interest received	18	15	12	14	13	11	10	10
Interest paid	-127	-172	-131	-135	-145	-155	-163	-200
Labour and ownership	-	-	-	-	-	-	-	-
Unrequited private transfer payments	9	9	10	10	12	13	16	20
<b>Balance on capital account</b>	<b>249</b>	<b>173</b>	207	397	300	307	376	366
Unrequited official transfer payments	19	21	35	70	133	145	130	115
Long-term capital	222	134	148	262	221	72	27	3
Direct investment	-4	14	21	21	28	30	36	47
Portfolio investment	-	-	-	-2	1	-1	1	-
Other long-term capital	226	120	127	243	193	43	-10	-45
Official sector <sup>c</sup>	23	43	53	97	77	49	58	-46
Loans received	77	95	104	132	178	134	163	30
Amortization payments	-41	-42	-43	-33	-56	-44	-91	-69
Commercial banks <sup>c</sup>	5	-2	-3	-4	7	-1	-2	-3
Loans received	18	3	3	2	13	15	9	
Amortization payments	-14	-5	-6	-6	-6	-15	-11	
Other sectors <sup>c</sup>	199	80	77	150	108	-6	-66	4
Loans received	257	142	177	250	199	109	57	
Amortization payments	-78	-62	-100	-100	-90	-115	-123	
Short-term capital	28	19	11	74	2	80	164	131
Official sector	49	39	-2	64	29	81	123	
Commercial banks	-35	18	8	-6	5	-	30	
Other sectors	14	-37	5	16	-32	-	11	126
Errors and omissions (net)	-19	-1	13	-8	-56	10	54	117
<b>Global balance</b>	<b>-72</b>	<b>-76</b>	<b>-47</b>	<b>11</b>	<b>-37</b>	<b>57</b>	<b>61</b>	<b>21</b>
Total variation in reserves (- sign indicates an increase)	69	53	39	-27	19	-43	-162	-21
Monetary gold	-	-	-	-	-	-	-	-
Special Drawing Rights	-2	-	-	2	-	-	-	-
IMF reserve position	-	-	-4	4	-	-	-	-
Foreign exchange assets	50	-11	3	-21	22	-6	5	52
Other assets	-3	-2	-2	-1	-2	-2	-1	
Use of IMF credit	23	66	43	-11	-2	-35	-166	100

Source: 1981-1987, International Monetary Fund, *Balance of Payments Yearbook*, June 1989; 1988: ECLAC, on the basis of official data.

<sup>a</sup> Preliminary figures.      Includes other non-factor services.      <sup>c</sup> Includes net loans granted and other assets and liabilities.      Equals total variation in reserves (of opposite sign), plus counterpart items.

Table 13

**HONDURAS: EXCHANGE RATES**

Annual and quarterly averages	Nominal exchange rate (lempiras per dollar)	Real effective exchange rate indexes <sup>a</sup>	
		Exports	Imports
70-1979	2	93.5	92.9
1980	2	100.0	100.0
1981	2	94.6	95.6
1982	2	86.8	86.6
1983	2	80.6	81.4
1984	2	77.6	79.7
1985	2	75.0	76.9
1986	2	75.3	74.4
1987	2	78.2	75.3
1988	2	78.7	76.8
1986			
I	2	76.5	77.5
II	2	75.0	74.6
III	2	74.7	72.7
IV	2	74.9	72.6
1987			
I	2	76.8	73.9
II	2	78.3	75.3
III	2	77.8	75.2
IV	2	80.0	76.8
1988			
I	2	80.3	77.5
II	2	79.8	77.1
III	2	77.2	75.3
IV	2	77.6	75.3

**Source:** ECLAC, on the basis of information from the International Monetary Fund.

<sup>a</sup> Corresponds to the average of the indexes of the real exchange rate for the lempira vis-à-vis the currencies of Honduras' main trading partners, weighted according to the relative significance of exports or imports, as the case may be, to or from these countries. The weightings correspond to the average for the period 1983-1987. The calculations have been based on wholesale price indexes whenever possible, but in the case of Honduras the consumer price index was used. For details on the methodology and sources used, see the Statistical Appendix to the *Economic Survey of Latin America*, 1981.



Table 14  
HONDURAS: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Millions of dollars</b>							
<b>Total external debt</b>							
Balances	1 985.8	2 162.0	2 391.9 <sup>c</sup>	2 794.2 <sup>o</sup>	3 018.2 <sup>e</sup>	3 105.3	3 045.2
Public	1 551.9	1 765.6	2 041.4 <sup>o</sup>	2 529.4	2 742.2	2 793.2	2 756.9
Private	433.9	396.4	350.5	264.8	276.0	312.1	288.3
Long- and medium-term	1 748.3	1 543.1	2 159.0	2 482.7	2 698.9	2 781.0	2 748.6
Short-term	237.5	607.0	232.9	311.5	319.3	324.3	296.6
Disbursements	364.3	363.2	506.4	471.0	428.0	445.4	404.3 <sup>d</sup>
Service	371.4	305.2	334.2	375.4	480.8	517.5	511.1
Principal	236.1	187.0	222.2	258.6	336.7	392.9	347.6 <sup>a</sup>
Interest <sup>e</sup>	135.3	118.2	112.0	116.8	144.1	124.6	163.5 <sup>f</sup>
<b>External public debt</b>							
Disbursements	270.0	258.3	458.4	456.9	354.6	335.1	397.4
Service	231.0	157.5	208.0	295.7	359.5	414.9	449.9
Principal	110.0	71.6	128.3	197.1	237.0	301.7	313.9
Interest	121.0	85.9	79.7	98.6	122.5	113.2	136.0
<b>Percentages</b>							
<b>Ratios<sup>g</sup></b>							
Total external debt/exports of goods and services	258.9	269.9	282.3	309.4	299.1	319.3	299.0
Debt service/exports of goods and services	48.4	38.1	39.4	41.6	47.6	53.2	50.2
Net interest /exports of goods and services	20.4	14.8	14.3	14.6	18.4	17.2	18.6
Debt service/disbursements	101.9	84.0	66.0	79.7	112.3	116.2	126.4

Source: ECLAC, on the basis of figures provided by the Central Bank of Honduras.

<sup>a</sup> Preliminary figures at 30 September. <sup>o</sup> End-of-year balances of disbursed debt, not including increases due to arrears of interest. <sup>c</sup> Includes adjustments for exchange rate. <sup>d</sup> Includes net flows of letters of credit, claims and debtors in respect of acceptances.

<sup>e</sup> Corresponds to the interest actually paid, excluding interest owed but not paid; hence the difference from the corresponding item of the balance of payments. <sup>f</sup> Does not include interest paid on letters of credit, claims and debtors in respect of acceptances. <sup>g</sup> All ratios refer to the total external debt.

<sup>h</sup> Refers to the corresponding entry (net) of the balance of payments.

Table 15  
HONDURAS: DOMESTIC PRICES

	1982	1983	1984	1985	1986	1987	1988
<b>December-to-December variation</b>							
Consumer price index	8.8	7.8	3.7	4.2	3.2	2.9	6.7
Food	<b>6.8</b>	3.2	1.7	1.6	1.5	4.1	10.2
Wholesale price index	12.1	6.3	-0.1	3.0	0.1	1.5	10.7
Imported products	17.9	9.4	-2.1	2.5	0.1	0.7	17.4
Domestic products	<b>9.3</b>	4.6	1.0	3.2	0.1	1.9	7.3
Agricultural	<b>6.1</b>	5.0	-0.3	3.6	2.0	3.2	7.6
Manufactured	<b>11.4</b>	4.4	1.9	2.9	-1.0	1.0	7.1
Construction materials	<b>4.1</b>	3.3	-0.3	2.9	-3.6	0.8	10.2
<b>Variation between annual averages</b>							
Consumer price index	9.0	8.3	4.7	3.4	4.4	2.5	4.5
Food	5.9	6.2	0.4	1.5	2.7	1.3	7.5
Wholesale price index	10.1	7.9	1.2	1.2	1.9	0.8	6.0
Imported products	15.7	11.1	1.7	-0.4	1.3	0.8	8.7
Domestic products	7.4	6.2	1.0	2.0	2.3	0.7	4.6
Agricultural	2.6	7.8	-1.4	2.6	4.3	1.6	5.0
Manufactured	10.6	5.2	2.6	1.6	1.1	0.1	4.2
Construction materials	3.3	5.5	1.1	0.6	-0.8	-0.7	6.6

Source: ECLAC, on the basis of figures provided by the Central Bank of Honduras.

Table 16  
HONDURAS: MINIMUM WAGES

	1982	1983	1984	1985	1986	1987	1988
<b>Lempiras per normal working day</b>							
<b>Official minimum wages<sup>a</sup></b>							
<b>Nominal</b>							
Agriculture and stock-raising	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Cultivation of bananas for export	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Manufacturing							
1-5 workers	5.3	5.3	5.3	5.3	5.3	5.3	5.3
6 or more workers	6.6	6.6	6.6	6.6	6.6	6.6	6.6
Mining	6.6	6.6	6.6	6.6	6.6	6.6	6.6
Construction	5.3	5.3	5.3	5.3	5.3	5.3	5.3
Commerce and services <sup>c</sup>	6.6	6.6	6.6	6.6	6.6	6.6	6.6
<b>Indexes</b>							
Real minimum wages in all sectors of activity	100.0	92.3	88.2	85.4	81.8	79.8	76.3
<b>Growth rates</b>							
Real minimum wages in all sectors of activity		-7.7	-4.5	-3.3	<b>-4.2</b>	<b>-2.4</b>	<b>-4.3</b>

Source: ECLAC, on the basis of figures provided by the Wages Department of the Ministry of Labour and Social Security and the Central Bank of Honduras.

<sup>a</sup> Correspond to Central District and San Pedro Sula. The minimum wages now in force were fixed in June 1981.

When 6 or more workers are employed. <sup>c</sup> Except for railroad equipment maintenance and repair.

Table 17

## HONDURAS: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of lempiras				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>1. Current income</b>	<b>1064</b>	<b>1153</b>	<b>1289</b>	<b>1382</b>	<b>12.0</b>	<b>8.4</b>	<b>11.8</b>	<b>7.2</b>
Tax revenue	<b>997</b>	1087	1226	1314	12.3	9.0	12.8	7.2
Direct	<b>249</b>	259	309	356	2.9	4.0	19.3	15.2
Indirect	339	423	476	538	13.0	24.8	12.5	13.0
On foreign trade	409	405	441	420	18.2	-1.0	8.9	-4.8
<b>2. Current expenditure</b>	<b>1215</b>	<b>1329</b>	<b>1488</b>	<b>1586</b>	<b>15.5</b>	<b>9.4</b>	<b>12.0</b>	<b>6.6</b>
Wages and salaries	623	706	765	830	20.7	13.3	8.4	8.5
Other current expenditure	592	623	723	756	10.4	5.2	16.1	4.6
<b>3. Current savings (1-2)</b>	<b>-151</b>	<b>-176</b>	<b>-199</b>	<b>-204</b>				
<b>4. Capital expenditure</b>	<b>477</b>	<b>419</b>	<b>395</b>	<b>432</b>	<b>-24.4</b>	<b>-12.2</b>	<b>-5.7</b>	<b>9.4</b>
Real investment	200	200	207	235	2.0	3.5	13.5	
Other capital expenditure	277	219	188	197	-36.3	-20.9	-14.2	4.8
<b>5. Total expenditure (2+4)</b>	<b>1692</b>	<b>1748</b>	<b>1883</b>	<b>2 018</b>	<b>0.5</b>	3J	<b>7.7</b>	<b>12</b>
<b>6. Fiscal deficit (or surplus) (1-5)</b>	<b>-628</b>	<b>-595</b>	<b>-594</b>	<b>-636</b>				
<b>7. Financing of the deficit</b>	<b>628</b>	<b>595</b>	<b>594</b>	<b>636</b>				
Net domestic financing	198	233	266	291	11.9	17.7	14.2	9.4
Credit received	526	602	639	809	18.2	14.4	6.1	26.6
(-) Amortization	-328	-369	-373	-518	22.4	12.5	1.1	38.9
Sale of bonds	-	-	-	-				
Net external financing	430	362	328	345	-17.2	-15.8	-9.4	5.2
Credit received	497	440	388	427	-17.2	-11.5	-11.8	10.1
(-) Amortization	-75	-81	-63	-85	70.5	8.0	-22.2	34.9
Sale of bonds	8	3	3	3	-	-62.5	-	-
Other sources								
<b>Ratios (percentages)</b>								
Tax revenue/GDP	14.3	14.3	15.2	15.1				
Total expenditure/GDP	24.3	23.0	23.4	23.1				
Fiscal deficit/GDP	9.0	7.8	7.4	7.3				
Domestic financing/deficit	31.5	39.2	44.8	45.8				
External financing/deficit	68.5	60.8	55.2	54.2				

Source: ECLAC, on the basis of figures provided by the Central Bank of Honduras and the Ministry of Finance and Public Credit.

<sup>a</sup> Preliminary figures.

Table 18  
**HONDURAS: MONETARY BALANCE AND INDICATORS<sup>8</sup>**

	End-year balances (millions of lempiras)				Growth rates		
	1985	1986	1987	1988 <sup>b</sup>	1986	1987	1988*
<b>Money (Mi)</b>	<b>844</b>	<b>916</b>	<b>1080</b>	<b>1206</b>	<b>8.5</b>	<b>17.9</b>	<b>11.7</b>
Currency outside banks	404	417	483	562	3.2	15.8	16.3
Current account deposits	<b>440</b>	499	597	644	13.4	19.6	7.9
<b>Factors of expansion</b>	<b>3173</b>	<b>3 530</b>	<b>4174</b>	<b>4 544</b>	<b>11.2</b>	<b>18.2</b>	<b>8.9</b>
Net international reserves	-328	-340	-258	-200			
Domestic credit	3 501	3 870	4 432	4 744	10.5	14.5	7.0
To the public sector	1072	1243	1408	1618	16.0	13.3	14.9
Central government (net)	816	978	1136	1316	19.8	16.2	15.8
Public institutions	256	265	272	302	3.5	2.6	11.0
To the private sector	2429	2 627	3 024	3 126	8.2	15.1	3.4
<b>Factors of absorption</b>	<b>2 329</b>	<b>2 614</b>	<b>3 094</b>	<b>3 338</b>	<b>12.2</b>	<b>18.4</b>	<b>7.9</b>
Quasi-money (savings and time deposits)	1015	1162	1407	1552	14.5	21.1	10.3
Other items (net)	1314	1452	1687	1786	10.5	16.2	5.9
<b>Coefficients<sup>c</sup></b>							
Monetary multipliers							
Mi/monetary base	1.59	1.64	1.73	1.63			
M2/monetary base	3.71	3.83	4.11	3.96			
Velocity of circulation: GDP/M1	9.19	9.30	8.65	8.24			

Source: ECLAC, on the basis of figures provided by the Central Bank of Honduras.

<sup>a</sup> Revised figures.      <sup>b</sup> Preliminary figures.      <sup>c</sup> Estimated on the basis of annual averages.

Table 19  
**HONDURAS: BANK INTEREST RATES**  
*(Percentages)*

	1984	1985	1986	1987	1988
<b>Nominal<sup>*</sup></b>					
Deposits					
Savings deposits	7.2	7.1	6.9	6.6	6.5
Time deposits	10.3	9.9	9.8	9.2	8.1
Loans	16.2	16.3	15.9	15.3	14.8
<b>Real<sup>a</sup></b>					
Deposits					
Savings deposits	2.4	3.6	2.4	4.0	1.9
Time deposits	5.3	6.3	5.2	6.5	3.4
Loans	11.0	12.5	11.0	12.5	9.9

Source: ECLAC, on the basis of figures provided by the Central Bank of Honduras.

<sup>a</sup> Averages.



## MEXICO

The way the Mexican economy evolved during 1988 was basically influenced by the effort to bring down runaway inflation against the background of a seriously deteriorated external situation. Inflation was in fact sharply reduced from monthly rates of around 15% at the beginning of the year to less than 2% per month throughout the second half of the year, thanks to the combined effect of agreements on key prices and rigorous control of aggregate demand, backed up by a high level of reserves. The external payments situation, in contrast, experienced a negative turnaround due to the substantial reduction in external financing, the sharp increase in imports which accompanied the opening-up of trade, and the pronounced drop in the international price of petroleum. The combination of restrictive policies and an unfavourable external context meant that there was practically no growth in production, thus prolonging the recession which had affected the Mexican economy since 1982.

Up to the end of 1987, the authorities had simultaneously pursued the dual objectives of stabilization and structural adjustment. They attempted, on the one hand, to reduce inflationary pressures, and on the other, to reduce the weight of the public sector in the economy, to strengthen the opening-up to the exterior, and to promote a change in relative prices in favour of tradable goods. The persistence and even acceleration of inflation, however (prices at the end of 1987 were growing at annual rates of over 140%) led to a reformulation of economic strategies.

Thus, in the last quarter of that year, a series of measures began to be adopted to correct distortions in prices. In the fiscal sphere, a tax-indexation system was established to compensate for the cumulative delay in receipts. Protective tariffs were also further reduced, with the maximum tariff dropping from 40% to 20%, and the removal of

quantitative controls on imports was speeded up, so that only some 6% remained subject to prior licensing. Likewise, in December 1987, the prices and rates for products and services of para-State enterprises were corrected, as were farm support prices, while nominal wages were raised by 15%, although even so they showed a considerable decline during the year in real terms. Furthermore, the controlled exchange rate was devalued by 22% after the 30% devaluation of the free exchange rate which had taken place the previous month; consequently, the by then considerable overvaluation of the peso in real terms was corrected by the end of 1987.

Such was the background for the launching of the "Economic Solidarity Pact", the fundamental objective of which was to drastically reduce inflationary pressures by setting up machinery for the negotiation of agreements between private enterprise, workers and government. Together with this machinery, which sought to secure the rapid reversal of inflationary expectations, the Pact incorporated highly restrictive domestic-credit policies (the compulsory reserves of the banking system were raised to more than 100%) and strict fiscal discipline.

The first effect of the measures adopted at the end of 1987 was to push up domestic prices, which rose by 44% in the quarter between December 1987 and February 1988. However, the maintenance of the nominal exchange rate throughout the greater part of the year, together with agreements on prices and wages, lower tariffs, the restrictive management of monetary policy through high real interest rates, fiscal austerity and new public-sector domestic indebtedness, gradually slowed down the rate of inflation to 52% for the 12 months of 1988, compared with 159% in 1987. Indeed, in the last eight months the highest monthly rate was only just over 2%.

These fiscal efforts were partially nullified by the drop in the international price of petroleum and hence in the fiscal revenue from Mexican Petroleum (PEMEX), the government corporation that usually provides a quarter of total federal income. In order to increase income and compensate for the decline, the fight against tax evasion was stepped up, while some benefit was also reaped from the effects of the 1987 revision of the tax base for income tax and value added tax. Overall, tax revenue rose, although receipts in real terms from taxes on foreign trade fell owing to the tariff reduction. Public expenditure also diminished in real terms, as part of the policy of fiscal austerity: thus, fixed investment was reduced to half of that recorded during the oil boom, and numerous programmes in the process of execution were postponed.

As a result of these developments, the public sector obtained a high primary surplus equivalent to almost 8% of the gross domestic product (GDP); but the operational balance went from a surplus of 2.1% of GDP to a 3.5% deficit. The final financial deficit was equivalent to 12% of GDP, owing to the heavy impact of nominal interest payments in local currency, but even so that was an improvement over the 16% deficit in 1987. The rapid increase in domestic-debt servicing brought the debt to 27% of GDP by the end of the year, while interest payments on it represented 12% of the product: that is to say, they were equivalent to more than three times the interest on the external public debt and were equal to the total imbalance of the public sector. The rise in real interest payments meant a major transfer of purchasing power to the private sector.

Although advances were made in the fight against inflation and in the fiscal adjustment programme, the credit squeeze and the restrictions on public expenditure, together with the competition from higher imports, combined to maintain the recession in production. Thus, although the gross domestic product rose slightly (by 1.1%), in per capita terms this meant a new downturn, which placed GDP per head more than 10% below the peak level reached in 1981. In the second half of the year, the industrial sector stagnated because of the decline in public investment and the

sluggishness of consumption, while the situation was made worse by a bad agricultural year, partially due to climatic reasons. The substantial increase in the volume of imports (39%), however, permitted total supply to grow by 4%, while private investment was the main dynamic factor in demand.

The balance of payments differed noticeably from that of the previous year. The decline of US\$2 billion in petroleum exports, the sharp increase in imports in the context of the erosion of the real exchange rate and the greater openness to the exterior (attained by lowering tariffs and eliminating restrictive provisions), and the increase in international interest rates all had a negative effect on the current account. At the same time, the capital inflow of the previous year was not repeated: on the contrary, the capital account turned in a markedly negative balance. As a result, the net transfer of resources to the exterior doubled and the international reserves fell by more than US\$7 billion, after having increased by US\$5.7 billion in 1987.

Unlike the previous year, the current value of merchandise exports stagnated. The 25% reduction in income from the petroleum sector, principally due to the drop in prices, was offset by a further expansion in sales of agricultural and industrial products, to such a point that the value of non-traditional exports surpassed petroleum exports by 40%. The evolution of the real exchange rate when measured in terms of wages, was not as unfavourable as when viewed in comparison with shopping-basket prices, so that the competitiveness of industrial exports and of assembly operations was not greatly affected. The cheapening of imports, which benefitted from the cumulative effect of lower exchange rates and reduced tariffs, led to an exceptional increase of 55% in the total dollar value of external purchases, with the result that the trade surplus dropped markedly from US\$10.4 billion to US\$4 billion. This surplus was insufficient to cover the payments of profits and interest, resulting in a current account deficit of more than US\$3 billion, in contrast with a positive balance of US\$3.6 billion the previous year.

<sup>1</sup> This figure was obtained by subtracting from the debt and the real interest on the local-currency debt.

lary balance the nominal interest on the foreign-currency

With regard to the capital account, unprecedented amortization payments on the private debt were made, which reduced the balance of the total debt for the first time, while fresh outflows of capital were observed. The need for external financing gave rise to active steps to achieve a new agreement with the international banks to obtain better conditions for servicing the debt, the cost of which is already equivalent to almost 60% of total exports.

A severely restrictive financial policy formed the core of the stabilization programme. Interest rates on deposits rose to extraordinary levels (more than 25% in real terms), making the equivalent rates in foreign currency highly competitive with the external rates, given the slower pace of change in the nominal exchange rate. Thus, resources were deposited mainly in non-bank instruments, such as government certificates and bonds or paper traded by stockbroking firms (the "parallel banks"), which gained ground in the money and capital markets. The monetary base diminished in constant-money terms, partly because of the reduction in the international

monetary reserves; likewise, the real value of deposits and other bank instruments declined. The net credit of the financial system grew more slowly than prices, particularly because more than 40% of the public-sector deficit was financed by selling securities.

The weak performance of economic activity affected wages more than employment. In spite of the lay-offs in the formal sector and the elimination of posts in the public sector, the available data point to a new decline in the unemployment rate in terms of the comparison of annual averages, even though unemployment increased in 1988 up to the fourth quarter, when it dropped to the lowest level in the last few years. In contrast, real wages continued to decline; minimum wages deteriorated by 11%, which meant that, taking account of previous losses, they stood at only 47% of the record level reached in 1976. The urban informal sector continued to grow, according to partial indicators. Finally, social expenditures increased by 5% in real terms, even though it was no longer possible to finance social outlays comparable to those of the past.



Figure 1  
MEXICO: MAIN ECONOMIC INDICATORS

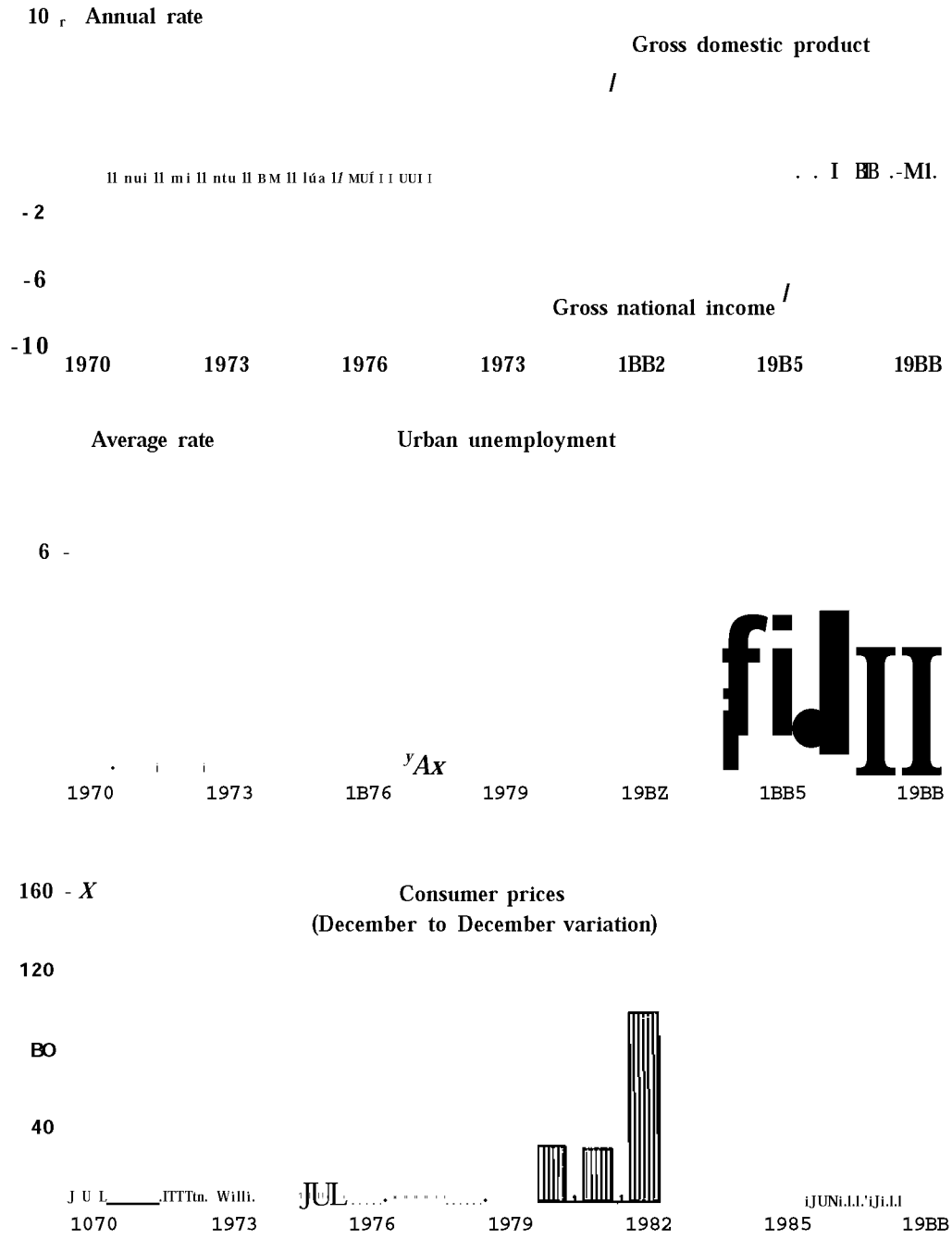
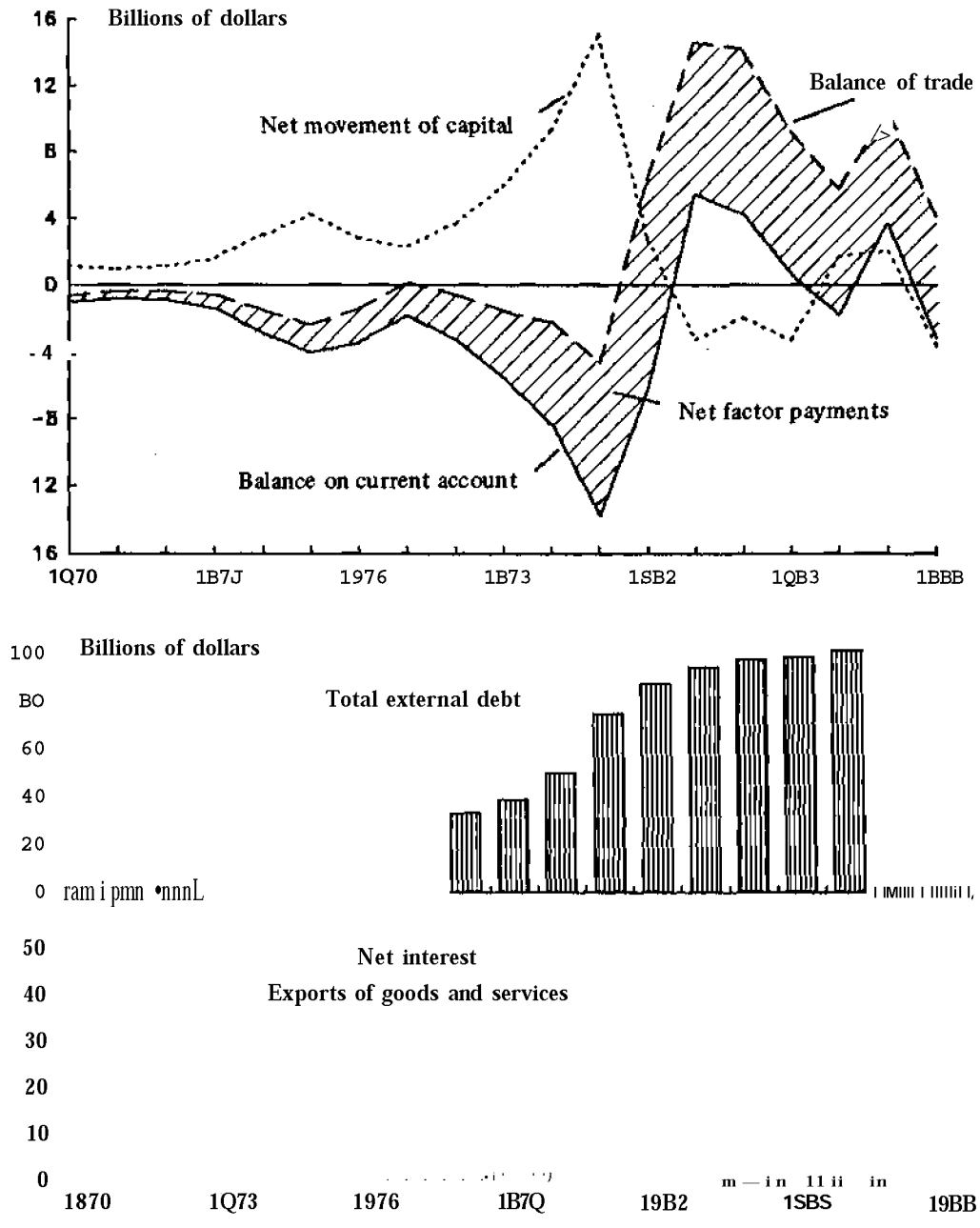
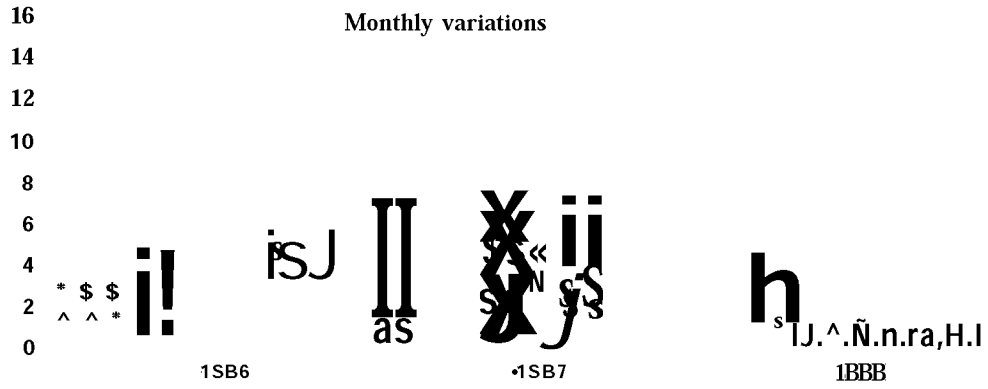
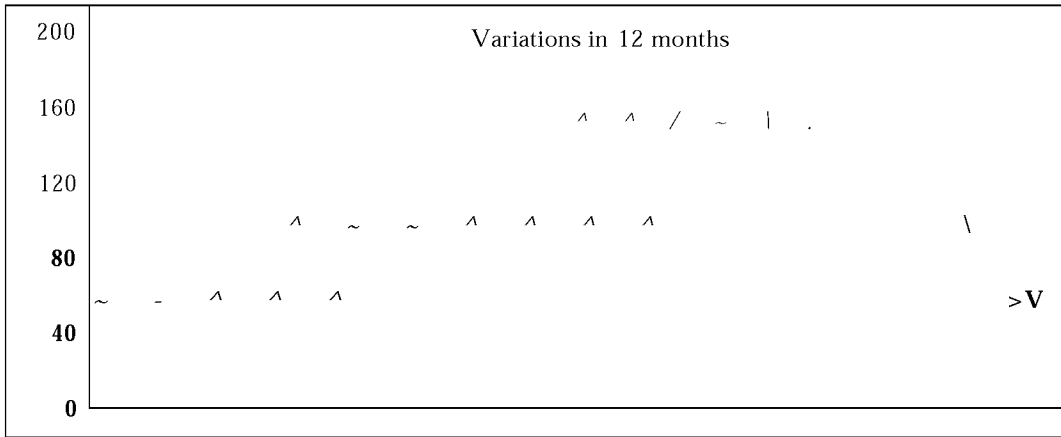


Figure 1 (conclusion)



Source: ECLAC, on the basis of official figures.

**Figure 2**  
**MEXICO: CONSUMER PRICE INDEX**  
*(Percentages)*



*Source:* ECLAC, on the basis of official figures.

Table 1  
MEXICO: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes (1980 = 100)</b>							
<b>Basic economic indicators</b>							
Gross domestic product at market prices	108.1	103.6	107.3	110.1	105.9	107.4	108.6
Population (millions of inhabitants)	74.0	75.8	77.6	79.4	81.2	83.0	84.8
Per capita gross domestic product	103.0	96.3	97.5	97.7	91.9	91.1	90.1
Public sector deficit/GDP	17.6	8.9	8.7	9.9	16.0	15.8	11.9
Money (Mi)	7.5	6.0	6.5	6.5	5.1	4.3	4.5
Real effective exchange rate	134.3	172.0	126.1	137.2	154.1	155.2	127.7
Rate of unemployment <sup>c</sup>	4.2	6.6	5.7	4.4	4.3	3.9	3.5
<b>Growth rates</b>							
<b>Short-term economic indicators</b>							
Gross domestic product	-0.6	-4.2	3.6	2.6	-3.8	1.5	1.1
Per capita gross domestic product	-3.0	-6.4	1.3	0.3	-5.9	-0.7	-1.1
Gross national income	-5.5	-3.7	3.0	4.1	-7.8	1.7	0.2
Consumer prices December to December	98.8	80.8	59.2	63.7	105.7	159.2	51.7
Current value of exports of goods and services	-9.4	3.9	10.9	-8.4	-20.8	25.8	5.7
Current value of imports of goods and services	-40.8	-36.1	26.7	14.2	-12.0	5.8	46.3
Terms of trade (goods and services)	-19.8	0.7	-3.3	1.9	-24.9	4.9	-12.5
<b>Billions of dollars</b>							
<b>External sector</b>							
Trade balance (goods and services)	6 279	14 475	14 056	9 242	5 698	10 407	4 052
Net payments of profits and interest	12 792	9 355	10 226	9 007	7 829	7 192	7 568
Balance on current account	-6 290	5 374	4 153	563	-1 785	3 599	-3 161
Balance on capital account	2 720	-3 340	-1 996	-3 293	1 690	1 963	-3 572
Variation in international reserves	-3 541	2 183	2 363	-2 980	-231	5 683	-7 127
Total external debt	87 600	93 800	96 700	97 800	100 500	102 400	100 400

Source: ECLAC, on the basis of official data.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Percentages.

<sup>c</sup> Weighted average for the 16 largest cities. Up to 1983 only the metropolitan areas of Mexico City, Guadalajara and Monterrey were taken into consideration.

Table 2  
MEXICO: TOTAL SUPPLY AND DEMAND

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total supply</b>	100.6	<b>102.1</b>	<b>106.4</b>	<b>114.6</b>	112.3	3.7	-4.5	1.5	4.2
Gross domestic product at market prices	105.9	107.4	108.6	100.0	100.0	2.6	-3.8	1.5	1.1
Imports of goods and services <sup>b</sup>	64.4	65.8	91.5	14.6	12.3	16.8	-11.6	2.1	39.1
<b>Total demand</b>	<b>100.6</b>	<b>102.1</b>	<b>106.4</b>	<b>114.6</b>	112.3	3.7	-4.5	1.5	4.2
Domestic demand	93.5	92.1	95.9	101.3	89.4	6.3	-6.5	-1.6	4.1
Gross domestic investment	57.5	58.8	66.6	27.2	16.7	12.0	-23.7	2.3	13.3
Gross fixed investment	70.2	69.8	74.0	24.8	16.9	7.9	-11.8	-0.6	6.0
Construction	80.0	81.2	78.6	13.9	10.1	3.6	-9.9	1.5	-3.2
Machinery	57.7	55.2	68.1	10.9	6.8	15.8	-14.9	-4.4	23.4
Public	57.3	51.7	50.3	10.7	4.9	-0.9	-14.2	-9.8	-2.7
Private	80.0	83.5	91.9	14.1	11.9	12.2	-10.4	4.3	10.1
Changes in stocks	73.7	-54.6	-9.6	2.4	-0.2				
Total consumption	106.7	104.3	106.6	74.1	72.8	5.0	-2.1	-2.3	2.2
General government	126.9	126.0	125.1	10.0	11.6	0.9	2.1	-0.8	-0.7
Private	103.6	100.9	103.7	64.1	61.2	5.8	-2.9	-2.6	2.8
Exports of goods and services <sup>b</sup>	154.0	178.4	186.2	13.3	22.9	-8.1	5.9	15.8	4.4

Source: ECIAC, on the basis of official data.

\* Preliminary figures. <sup>b</sup> The figures for exports and imports of goods and services were taken from balance-of-payments data, which were then converted to constant 1980 values using price indexes calculated for this purpose by ECIAC.

Table 3

**MEXICO: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY,  
AT 1980 MARKET PRICES**

	Indexes(1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Gross domestic product</b>	<b>105.9</b>	<b>107.4</b>	<b>108.6</b>	100.0	100.0	<b>2.6</b>	-3.8	<b>1.5</b>	<b>1.1</b>
<b>Goods</b>	<b>10U</b>	<b>103.7</b>	<b>104.1</b>	<b>40.0</b>	<b>38.3</b>	<b>4.5</b>	-5.5	<b>2.4</b>	0.4
Agriculture	110.0	111.5	109.9	8.2	8.4	3.8	-2.7	1.4	-1.6
Mining	120.9	127.3	127.7	3.2	3.8	-0.1	<b>4.1</b>	5.2	0.4
Manufacturing	100.2	102.8	105.0	22.1	21.4	6.1	-5.7	2.6	2.2
Construction	83.4	84.6	81.8	6.4	4.8	2.7	-10.3	1.5	-3.3
<b>Basic services</b>	<b>109.4</b>	<b>112.0</b>	<b>115.7</b>	<b>7.4</b>	<b>7.8</b>	<b>3.7</b>	-2.0	2.4	<b>3.3</b>
Electricity, gas and water	145.9	148.7	156.7	1.0	1.4	8.3	3.6	1.9	5.4
Transport, storage and communications	103.8	106.3	109.3	6.4	6.4	2.8	-3.2	2.5	2.8
<b>Other services</b>	<b>109.4</b>	<b>110.2</b>	<b>111.6</b>	<b>53.7</b>	<b>55.2</b>	<b>1.1</b>	-2.7	0.7	<b>12</b>
Commerce, restaurants and hotels	98.2	98.7	99.9	28.0	25.7	1.1	-6.5	0.5	1.2
Financial institutions, insurance, real estate and business services	131.8	135.0	138.7	8.6	11.0	3.6	3.9	2.4	2.7
Ownership of dwellings	126.7	129.6	133.1	6.6		4.2	4.0	2.3	
Community, social and personal services	116.5	116.6	117.0	17.2	18.5	-0.2	-0.7	0.1	0.4
Government services	121.0	120.0	119.1	3.0		-1.8	-0.7	-0.8	
<b>Less: Bank services charges (-)</b>				1.1	<b>13</b>				

Source: ECLAC, on the basis of official figures, reweighted according to the 1980 current price structure. Consequently the figures obtained do not necessarily coincide with those published by the countries in their calculations at constant prices.

<sup>a</sup> Preliminary figures.      <sup>b</sup> Includes the livestock sector, forestry and fishing.

Table 4  
MEXICO: INDICATORS OF AGRICULTURAL PRODUCTION

	1980	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
<b>Index of agricultural production</b> (1970 = 100)	139.9	161.4	<b>157.0</b>	<b>158.3</b>	<b>152.6</b>	3.8	-2.7	0.8	-3.6
Crop farming	138.4	163.4	154.9	157.2	150.1	5.2	-5.2	1.5	-4.5
Livestock	138.2	154.0	157.1	154.3	150.1	1.7	2.0	-1.8	-2.7
Forestry	135.5	140.1	135.1	142.5	140.6	1.8	-3.6	5.5	-1.3
Hunting and fishing	245.6	320.5	314.4	338.6	336.2	3.5	-1.9	7.7	-0.7
<b>Production of main crops</b>									
For export									
Raw cotton	329	216	144	219	309	-22.9	-33.3	52.1	41.1
Coffee	193	264	375	578	853	-10.2	42.0	54.1	47.6
Tomatoes	1458	1465	1454	1672	1980	-6.7	-1.0	15.0	18.4
For domestic consumption									
Rice (hulled)	294	533	360	390	301	67.1	-32.5	8.3	-22.8
Maize	12383	13957	11721	11607	10693	7.9	-16.0	-1.0	-7.9
Beans	971	906	1085	1024	857	-7.0	19.8	-5.6	-16.3
Wheat	2785	5207	4770	4415	3664	15.6	-8.4	-7.4	-17.0
Sorghum	4812	6550	4833	6298	5895	31.7	-26.2	30.3	-6.4
Sugar cane	36480	35689	34900	39523	29103	2.5	-2.2	13.2	-26.4
Soya	312	928	709	828	226	35.5	-23.6	16.8	-72.7
<b>Indicators of livestock production</b>									
Slaughtering <sup>b</sup>									
Beef cattle	1016	980	1248	1273	1217	1.7	27.3	2.0	-4.3
Pigs	1251	1293	959	915	861	-11.1	-25.8	-4.6	-5.8
Sheep	22	24	24	22	24	14.5	0.5	-8.3	7.1
Poultry	429	589	673	672	654	12.2	14.3	-0.1	-2.6
Other products									
Milk <sup>c</sup>	7021	7474	6539	6350	6281	4.7	-12.5	-2.9	-1.1
Eggs <sup>b</sup>	644	826	998	975	1090	11.6	20.8	-2.3	11.8

Source: ECIAC, on the basis of figures from the Department of Sectoral Studies, Information and Statistics of the Ministry of Agriculture and Water Resources.

\* Preliminary figures.

<sup>b</sup> Thousands of tons.

<sup>c</sup> Thousands of litres.

Table 5  
**MEXICO: INDICATORS OF MINING PRODUCTION**

	Indexes (1980 = 100)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>129.0</b>	<b>125.9</b>	<b>130.7</b>	<b>131.3</b>	<b>10</b>	-2.4	3.8	<b>0.5</b>
Coal and coal by-products	109.9	108.6	108.6	106.6	0.5	-1.2	-	-1.7
Petroleum and gas	136.5	127.4	133.2	133.2	-1.4	-6.7	4.5	-
Petroleum	139.2	128.8	134.8	135.1	-3.7	-7.5	4.7	0.2
Gas	101.3	96.4	98.3	97.7	-4.2	-4.8	2.0	-0.6
Iron ore	101.5	95.0	97.6	109.9	-5.9	-6.4	2.7	12.6
Non-ferrous metal ores	131.5	146.6	145.5	148.5	5.0	11.5	-0.8	2.1
Quarries, sand and gravel	118.0	110.5	122.2	121.0	8.1	-6.4	10.6	-1.0
Other non-metallic minerals	94.0	94.6	103.3	98.5	9.4	0.6	9.2	-4.6

**Source:** ECLAC, on the basis of Figures from the Banco de México.

<sup>a</sup> Preliminary Figures.



**Table 6**  
**MEXICO: INDICATORS OF MANUFACTURING PRODUCTION**

	Indexes (1980 = 100)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	108.1	104.3	108.4	111.0	7.0	-3.5	3.9	2.4
Consumer goods	106J	103.3	103.9	104.5	6.4	-2.8	0.6	0.6
Durables	95.9	86.5	87.7	91.3	10.9	-8.8	14	4.1
Non-durables	108.9	107.5	108.0	107.8	5.4	-1.3	0.5	-0.2
Intermediate goods	109.4	<b>1042</b>	109.5	111.5	<b>62</b>	-4.8	5.0	1.8
<b>Capital goods</b>	95.3	<b>84.2</b>	92.3	102.5	17.7	<b>-11.6</b>	9.6	<b>11.1</b>
Export sub-contracting industry	201.8	266.5	323.2	369.5	8.0	32.1	21.3	14.3
<b>Total</b>	108.1	104.3	108.4	111.0	7.0	-3.5	3.9	2.4
Food, beverages and tobacco	114.9	117.0	117.8	116.6	5.1	1.8	0.7	-1.0
Meat and dairy products	115.8	120.6	117.4	110.9	1.0	4.1	-2.7	-5.5
Ground corn (nixtamal)	126.8	135.3	138.6	138.4	2.7	6.7	2.4	2.1
Beer	95.4	97.3	102.9	109.3	7.2	2.0	5.8	6.2
Textiles and clothing	98.0	92.1	91.6	94.3	5.3	-6.0	-0.5	3.0
Wood	111.6	108.4	105.5	105.1	5.6	-2.9	-2.7	-0.4
Paper and printing	117.0	114.7	113.9	114.5	7.4	-2.0	-0.7	0.5
Chemicals, rubber and plastics	118.8	116.4	121.0	123.1	5.2	-2.0	4.0	1.8
Petroleum products	107.3	114.8	122.1	118.5	1.2	7.0	6.4	-3.0
Basic petrochemical products	165.7	189.2	225.9	237.9	-0.1	14.2	19.4	5.3
Basic chemical products	122.1	112.1	114.1	115.4	4.7	-8.2	1.8	1.1
Fertilizers	192.3	180.6	183.1	179.6	14.1	-6.1	1.4	-1.9
Pharmaceutical products	115.1	107.7	100.2	102.2	0.4	-6.4	-7.0	2.0
Non-metallic minerals	105.7	92.4	102.9	96.1	9.5	-12.6	11.4	-6.4
Basic metals	97.3	89.1	102.3	106.8	-2.4	-8.4	14.8	4.4
Metal products and machinery	101.2	94.4	102.9	113.0	14.5	-6.7	9.0	9.8
Non-electrical machinery	113.0	106.1	131.3	148.0	20.2	-6.1	23.8	12.7
Household appliances	66.4	59.6	60.0	62.5	9.0	-10.2	0.7	4.2
Motor vehicles	91.3	66.6	73.6	91.8	28.6	-27.1	10.5	24.7
Other manufactures	101.4	102.5	106.3	115.0	13.3	1.1	3.7	8.2

Source: ECLAC, on the basis of figures from the Banco de México.  
" Preliminary figures.

Table 7  
MEXICO: INDICATORS OF CONSTRUCTION ACTIVITY

	Indexes (1980 = 100)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Volume of construction</b>	<b>91.0</b>	<b>78.0</b>	<b>81.7</b>	<b>78.9</b>	<b>0.7</b>	<b>-143</b>	<b>4.7</b>	<b>-3.4</b>
<b>Production of the main inputs</b>								
Cement	127.3	122.8	138.4	136.7	12.2	-3.5	12.7	-1.3
Structural metallic products	65.5	67.6	59.2	65.1	7.9	3.2	-12.4	10.0
Glass	103.3	97.1	123.1	116.0	7.9	-6.0	26.8	-5.8

Source: ECLAC, on the basis of figures provided by the Banco de México.

\* Preliminary figures.

Table 8  
MEXICO: EMPLOYMENT INDICATORS

	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
	<b>Percentages</b>							
<b>Urban unemployment</b>	<b>4.4</b>	<b>4.3</b>	<b>3.9</b>	<b>3.5</b>				
First quarter	5.2	4.1	4.4	3.5				
Second quarter	3.9	3.8	4.0	3.6				
Third quarter	4.6	4.9	3.9	3.8				
Fourth quarter	3.7	<b>4.4</b>	3.2	3.2				
	<b>Indexes (1980 = 100)</b>							
<b>Members of the Mexican Social Security Institute</b>	<b>132.9</b>	<b>133.6</b>	<b>139.7</b>	<b>149.7</b>	<b>8.5</b>	0.5	<b>4.6</b>	<b>4.7</b>
Permanent	132.8	136.4	143.0	151.9	6.6	2.7	4.8	6.2
Casual	133.3	120.0	123.6	118.4	19.0	-10.0	3.0	-4.2
<b>Employment in manufacturing</b>	<b>144.1</b>	<b>138.3</b>	<b>133.6</b>	...	<b>2.3</b>	-4.0	-3.4	
<b>Man-hours worked in manufacturing</b>	<b>137.2</b>	<b>129.8</b>	<b>124.4</b>	...	<b>3.5</b>	-5.4	<b>4.2</b>	...
<b>Employment in the export sub-contracting industry</b>	<b>177.3</b>	<b>207.6</b>	<b>254.0</b>	<b>313.2</b>	<b>6.2</b>	<b>17.1</b>	<b>22.4</b>	<b>23.3</b>

Source: ECLAC, on the basis of official figures.

\* Preliminary figures. <sup>b</sup> Percentages. Weighted average for the 16 principal cities.

Table 9  
MEXICO: MAIN INDICATORS OF EXTERNAL TRADE IN GOODS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Growth rates</b>							
<b>Exports FOB</b>							
Value	6.5	5.1	8.4	-10.5	-26.0	28.9	-
Volume	27.1	19.4	8.8	-9.2	1.9	16.2	6.7
Unit value	-16.2	-12.0	-0.4	-1.4	-27.4	10.9	-6.3
<b>Imports FOB</b>							
Value	-40.0	-40.7	31.6	17.4	-13.5	6.9	54.7
Volume	-38.3	-28.3	22.6	21.0	-11.3	1.9	44.0
Unit value	-2.6	-17.4	7.4	-3.0	-2.4	4.9	7.4
Terms of trade FOB/CIF	-14.2	5.5	-7.5	1.7	-25.7	5.7	-12.8
<b>Indexes(1980 = 100)</b>							
Purchasing power of exports	127.9	161.2	162.3	149.8	113.4	139.3	129.6
Volume of exports	147.6	176.3	191.8	174.2	177.5	206.4	220.2
Volume of imports	74.3	53.3	65.3	79.0	70.1	71.4	102.8
Terms of trade	86.6	91.4	84.6	86.0	63.9	67.5	58.9

Source: ECLAC, on the basis of official figures.

\* Preliminary Figures, based on data up to September.

Table 10  
**MEXICO: EXPORTS OF GOODS, FOB\***

	Millions of dollars			Percentage breakdown			Growth rates		
	1986	1987	1988 <sup>b</sup>	1980	1988 <sup>b</sup>	1985	1986	1987	1988 <sup>b</sup>
<b>Total exports</b> (merchandise FOB)	<b>16 031</b>	<b>20 656</b>	<b>20 658</b>	<b>100.0</b>	<b>100.0</b>	-10.5	<b>-26.0</b>	<b>28.9</b>	-
<b>Hydrocarbons</b>	<b>6 220</b>	<b>8 509</b>	<b>6 501</b>	<b>64.1</b>	<b>31.5</b>	-10.8	-57.6	<b>36.7</b>	<b>-23.6</b>
Crude petroleum	5 580	7 877	5 883	58.7	28.5	-11.1	-58.1	41.2	-25.3
Petroleum products	640	632	618	2.7	3.0	8.6	-52.7	-1.2	-2.2
<b>Non-petroleum products</b>	<b>9 811</b>	<b>12 147</b>	<b>14 157</b>	<b>35.9</b>	<b>68.5</b>	-9.7	40.1	<b>23.8</b>	<b>16.5</b>
<b>Main traditional exports</b>	<b>2 839</b>	<b>2 453</b>	<b>2 477</b>	<b>10.5</b>	<b>11.9</b>	-4.9	<b>33.3</b>	<b>-15.6</b>	1.0
Raw coffee beans	825	492	434	2.6	2.1	16.0	67.7	-40.4	-11.8
Shrimps	354	435	370	2.4	1.8	-19.7	9.6	22.9	-14.9
Silver	308	361	318	1.5	1.5	-21.8	17.6	11.2	-11.9
Pulses and fresh vegetables	198	238	268	1.0	1.3	19.6	-7.5	20.2	12.6
Tomatoes	408	200	243	1.2	1.2	-3.2	90.7	-50.9	21.5
Beef cattle	265	192	203	0.5	1.0	67.0	41.7	-27.5	5.7
Copper	162	161	200	1.0	1.0	-19.6	9.5	-0.6	24.2
Sulphur	135	159	184	0.7	0.9	21.5	19.5	17.8	15.7
Fresh fruit	110	143	143	0.6	0.7	7.5	27.9	30.0	-
Cotton	74	72	114	2.0	0.6	-56.7	-17.8	-2.7	58.3
<b>Main non-traditional exports</b>	<b>5 601</b>	<b>7 787</b>	<b>9190</b>	<b>12.7</b>	<b>44.5</b>	-4.6	44.0	39.0	18.0
Metal products, machinery and equipment	3 283	4 618	5 300	5.9	25.7	2.7	54.2	40.7	14.8
Motor-vehicle parts	1619	1872	1965	1.6	9.5	23.8	13.1	15.6	5.0
Automobiles and trucks	546	1325	1494	0.8	7.2	-5.4	290.0	142.7	12.8
Chemical products	830	1093	1397	2.5	6.8	-10.7	23.1	31.7	27.8
Food and beverages <sup>c</sup>	583	878	999	2.4	4.8	2.1	36.2	50.6	13.8
Iron and steel products	443	630	759	0.4	3.7	-26.8	85.4	42.2	20.5
Non-metallic mineral products	375	447	527	0.8	2.6	8.3	19.8	19.2	17.9
Petrochemical products	87	121	208	0.7	1.0	-33.5	-18.7	39.1	71.9
Rest	1371	1907	2 490	12.7	12.1	-31.6	39.2	39.1	30.6

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Excluding sub-contracting. Preliminary figures.

<sup>c</sup> Excluding deep-frozen shrimps.

Table 11  
**MEXICO: IMPORTS OF GOODS, FOB**

	Millions of dollars			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total imports</b> (merchandise FOB)	<b>11 432</b>	<b>12 223</b>	<b>18 903</b>	<b>100.0</b>	<b>100.0</b>	<b>17.4</b>	<b>-13.4</b>	<b>6.7</b>	<b>54.7</b>
Public sector	3 344	2 780	3 551	43.3	18.8	-8.4	-23.8	-16.9	27.7
Private sector	8 088	9 443	15 352	56.7	81.2	36.5	-8.4	16.8	62.6
<b>Consumer goods</b>	<b>846</b>	<b>768</b>	<b>1 921</b>	<b>12.8</b>	<b>10.2</b>	<b>27.6</b>	<b>-21.8</b>	<b>-9.2</b>	<b>150.1</b>
Processed foodstuffs	264	287	731	5.0	3.9	5.2	-12.3	8.7	154.7
Radio and television sets		19	199		1.1				947.4
Butane and propane gas	171	84	98	0.8	0.5	40.1	-46.2	-50.9	16.7
<b>Intermediate goods</b>	<b>7 632</b>	<b>8 824</b>	<b>12 951</b>	<b>58.4</b>	<b>68.5</b>	<b>14.5</b>	<b>-14.8</b>	<b>15.6</b>	<b>46.8</b>
Metal products, machinery and equipment	2 855	3 172	4 596	18.7	24.3	32.2	-1.5	11.1	44.9
Automobile equipment	715	1 082	1 631	7.6	8.6	46.7	-15.0	51.3	50.7
Chemical products	1 184	1 353	1 839	7.5	9.7	14.1	-11.8	14.3	35.9
Agricultural products	679	929	1 345	8.0	7.1	-24.7	-42.0	36.8	44.8
Maize	166	283	393	3.1	2.1	-30.5	-34.9	70.5	38.9
Soybean seeds	167	219	336	1.6	1.8	-31.8	-39.3	31.1	53.4
Sorghum	78	62	138	0.9	0.7	-27.3	-70.5	-20.5	122.6
Iron and steel products	599	593	1 045	9.4	5.5	-2.4	-16.8	-1.0	76.2
Paper, printing and publishing	342	542	699	2.7	3.7	7.6	0.9	58.5	29.0
Petrochemical products	490	535	664	2.8	3.5	47.4	-29.0	9.2	24.1
Petroleum products	267	369	388	0.8	2.1	40.9	-19.4	38.2	5.1
<b>Capital goods</b>	<b>2 954</b>	<b>2 631</b>	<b>4 031</b>	<b>26.6</b>	<b>21.3</b>	<b>23.0</b>	<b>-6.4</b>	<b>-10.9</b>	<b>53.2</b>
Metal products, machinery and equipment	2 767	2 471	3 735	26.1	19.8	18.5	-4.8	-10.7	51.1
<b>Unclassified goods</b>					<b>12</b>				

Source: ECLAC, on the basis of figures provided by the Banco de México.

<sup>a</sup> Preliminary figures.

Table 12  
**MEXICO: BALANCE OF PAYMENTS**  
*(Millions of dollars)*

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Balance on current account</b>	<b>-6 290</b>	<b>5 374</b>	<b>4 153</b>	<b>563</b>	<b>-1 785</b>	<b>3 599</b>	<b>-3 161</b>
Trade balance	6 279	14 475	14 056	9 242	5 698	10 407	4 052
Exports of goods and services	26 145	27 170	30 135	27 611	21 867	27 516	29 075
Goods, FOB	21 230	22 320	24 1%	21 664	16 028	20 665	20 658
Real services	4 915	4 849	5 939	5 947	5 839	6 861	8 417
Transport and insurance	425	471	570	579	547	662	663
Travel	2 639	2 727	3 284	2 900	2 987	3 496	3 994
Imports of goods and services	19 866	12 695	16 080	18 369	16 168	17 108	25 023
Goods, FOB	14 434	8 553	11 256	13 211	11 431	12 221	18 903
Real services <sup>b</sup>	5 431	4 141	4 825	5 157	4 738	4 888	6 120
Transport and insurance	1 730	1 279	1 387	1 392	1 295	1 336	1 531
Travel	2 208	1 582	2 168	2 261	2 176	2 360	3 197
Factor services	-12 792	-9 355	-10 226	-9 007	-7 829	-7 192	-7 568
Profits	-1 390	-383	-458	-618	-921	-1 047	-1 083
Interest received	1 326	1 281	2 073	1 820	1 462	1 856	2 312
Interest paid	-12 373	-10 190	-11 775	-10 193	-8 362	-8 202	-8 891
Other	-355	-63	-66	-17	-6	202	94
Unrequited private transfer payments	225	254	325	328	344	384	355
<b>Balance on capital account</b>	<b>2 720</b>	<b>-3 340</b>	<b>-1 996</b>	<b>-3 293</b>	<b>1 690</b>	<b>1 963</b>	<b>-3 572</b>
Unrequited official transfer payments	72	47	85	673	119	283	261
Long-term capital	15 195	7 301	2 499	-314	433	3 930	-593
Direct investment	16 566	462	389	490	1 522	3 249	2 595
Portfolio investment	946	-625	-757	-982	-815	-29	
Other long-term capital	12 593	7 463	2 868	178	-274	710	
Official sector <sup>c</sup>	9 620	14 606	8 742	11 328	-261	4 030	-222
Loans received	10 003	15 545	8 743	11 576	397	5 682	2 180
Amortization payments	-384	-938	-1	-248	-293	-168	-2 402
Commercial banks <sup>c</sup>	436	1 312	483	126	507	-141	1 232
Loans received	3 819	2 382	1 461	1 784	2 553	1 635	
Amortization payments	-3 215	-951	-1 003	-1 706	-2 022	-1 518	
Other sectors <sup>c</sup>	2 538	-8 455	-6 358	-11 276	-521	-3 179	
Loans received	7 979	-1 417	913	1 020	964	1 006	
Amortization payments	-5 441	-9 872	-7 272	-12 296	-1 485	-4 185	
Short-term capital	-7 233	-9 608	-3 578	-1 790	694	-3 157	-2 769
Official sector	1 217	-1 216	-	-	-	-228	19
Commercial banks	-1 417	-576	269	-57	-288	-1 357	158
Other sectors	-7 033	-7 817	-3 847	-1 733	982	-1 572	-2 946
Errors and omissions (net)	-5 317	-1 080	-1 002	-1 861	444	910	-471
<b>Global balance</b>	<b>-3 570</b>	<b>2 034</b>	<b>2 157</b>	<b>-2 730</b>	<b>-95</b>	<b>5 561</b>	<b>-6 733</b>
Total variation in reserves (- sign indicates an increase)	3 541	-2 183	-2 363	2 981	231	-5 683	7 127
Monetary gold	79	-143	-94	-4	-96	9	
Special Drawing Rights	172	-17	20	3	9	698	
IMF reserve position	187	-95	95				
Foreign exchange assets	2 881	-2 967	-3 488	2 377	-755	-6 097	
Other assets	-	-	-	-	-	-	
Use made of IMF credit	222	1 039	1 104	604	1 091	1 103	

Source: 1982-1987: International Monetary Fund; 1988: ECLAC, on the basis of official data.

\*Preliminary figures. <sup>b</sup> Includes other non-factor services. <sup>c</sup> Includes net loans granted and other assets and liabilities, in addition to loans received and amortization payments made. Equals total variation in reserves (of opposite sign) plus counterpart items.

Table 13  
MEXICO: EVOLUTION OF EXCHANGE RATES  
(Annual and quarterly averages)

Period	Official exchange rate (pesos per dollar)		Indexes of the real effective exchange rate <sup>ab</sup> (1980 = 100)			
	Free	Controlled <sup>0</sup>	Exports		Imports	
			A	B	A	B
1970 1979	16		109.4		108.0	
1980	23		100.0		100.0	
1981	25		91.0		91.0	
1982	56		134.3		134.3	
1983	150	120	172.0	137.4	174.9	137.4
1984	185	168	126.1	114.3	128.2	114.3
1985	310	257	137.2	113.6	139.2	113.6
1986	637	612	154.1	147.1	154.5	147.5
1987	1406	1378	155.2	153.3	154.7	152.8
1988	2 288	2273	127.7	126.8	126.5	125.6
1986						
I	463	424	148.3	135.8	149.2	136.6
II	554	522	152.5	143.8	152.9	144.3
III	687	666	156.3	151.6	156.4	151.6
IV	847	836	159.2	157.2	159.4	157.3
1987						
I	1018	1026	162.5	163.8	162.5	163.8
II	1230	1242	155.7	157.2	155.4	156.9
III	1452	1461	144.6	145.5	144.1	145.0
IV	1923	1785	158.1	146.8	156.7	145.5
1988						
I	2268	2249	135.1	133.9	133.7	132.6
II	2 295	2 281	128.9	128.1	127.5	126.7
III	2 295	2 281	123.5	122.7	122.5	121.8
IV	2 295	2 281	123.3	122.6	122.1	121.3

Source: ECIAC, on the basis of information provided by the Banco de Mexico and the International Monetary Fund.

Note: A: Calculated on the basis of the free exchange rate. B: Calculated on the basis of the controlled exchange rate.

\* This corresponds to the average for the real peso exchange rate indexes against the currencies of Mexico's main trading partners, weighted by the relative importance of exports or imports, as applicable to or from these countries. Between 1970 and 1980 these weightings correspond to the average for the period 1975-1979, and from 1981 onwards to the average of the period 1983-1987. Preference has been given to wholesale price indexes in the calculations. For the methodology and sources used, see the Statistical Appendix of the *Economic Survey of Latin America*, 1981. <sup>b</sup> Does not include adjustment for changes in customs tariffs. <sup>c</sup> As from August 1982 a dual exchange rate was adopted, known first as the "preferential" and later as the "controlled" rate.

Table 14

## MEXICO: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988 <sup>9</sup>
<b>Billions of dollars</b>							
<b>Total external debt</b>							
Balances outstanding	87.6	93.8	96.7	97.8	100.5	102.4	100.4
Disbursements	17.5	12.5	5.3	4.7	6.1	7.5	5.9
Servicing	19.4	14.3	14.3	13.5	11.7	13.7	16.8
Principal	7.0	4.0	2.4	3.6	3.4	5.6	7.9
Interest	12.4	10.3	11.9	9.9	8.3	8.1	8.9
<b>External public debt</b>							
Balances outstanding	58.9	62.6	69.4	72.1	75.4	81.4	81.0
Medium- and long-term	49.6	52.8	69.0	71.6	74.0	80.8	80.2
Short-term	9.3	9.8	0.4	0.5	1.4	0.6	0.8
Disbursements	9.5	5.6	7.8	4.6	6.1	9.3	1.3
Servicing <sup>5</sup>	12.0	8.4	8.6	9.5	8.9	9.0	8.1
Principal	3.6	1.9	1.0	1.9	2.8	3.3	1.7
Interest	8.4	6.5	7.6	7.6	6.1	5.7	6.4
<b>Percentages</b>							
<b>Ratios</b>							
Total external debt/exports of goods and services	334.8	345.1	222.1	353.6	456.9	383.7	345.3
Servicing/exports of goods and services	75.3	37.5	59.1	49.0	53.2	49.8	57.8
Net interest payments/exports of goods and services	47.4	38.0	39.6	35.8	37.7	29.4	30.6
Servicing/disbursements	112.6	81.6	269.8	321.4	191.8	128.0	284.7

Source: ECLAC, on the basis of figures provided by the Ministry of Finance and Public Credit, the Banco de México and the International Monetary Fund.

\* Preliminary figures. Includes the servicing of the debt of the nationalized banks.



Table 15  
MEXICO: EVOLUTION OF DOMESTIC PRICES

	1982	1983	1984	1985	1986	1987	1988
<b>tion December to December</b>							
Consumer price index <sup>a</sup>	98.8	80.8	59.2	63.7	105.7	159.2	51.7
Food	89.8	77.9	70.6	57.5	108.7	150.2	57.8
Goods subject to price control				61.8	121.8	156.8	40.0
Goods not subject to price control				64.7	97.3	160.8	58.4
Family food basket (minimum-wage earners)	92.8	78.4	63.3	60.9	112.5	148.9	54.6
Wholesale price index	92.6	88.0	63.2	63.4	101.6	164.6	42.6
Producer price index <sup>a</sup>	93.5	80.2	60.1	61.1	102.3	166.5	37.4
Agricultural goods <sup>c</sup>				61.4	70.6	151.8	43.4
Goods produced by private enterprises				60.0	109.8	171.5	39.8
Goods produced by public enterprises				71.7	104.9	151.6	25.2
Raw materials				55.9	111.3	169.7	43.3
Building cost index <sup>e</sup>	73.7	75.6	56.0	60.6	96.6	201.9	30.2
Variation between annual averages							
Consumer price index <sup>a</sup>	58.9	101.9	65.4	57.7	86.2	131.8	114.2
Food	53.5	91.1	74.9	59.8	85.7	131.1	109.5
Goods subject to price control				59.4	94.0	136.3	103.8
Goods not subject to price control				56.9	82.0	129.3	120.2
Family food basket (minimum-wage earners)	54.9	97.0	69.8	57.7	91.6	128.1	111.0
Wholesale price index <sup>b</sup>	56.1	107.4	70.3	53.6	87.3	135.6	107.8
Producer price index <sup>a</sup>	57.5	99.3	63.6	55.2	79.5	145.3	99.3
Agricultural goods <sup>c</sup>	35.1	78.7	97.4	60.0	73.5	120.3	98.5
Goods produced by private enterprises	53.3	97.2	66.4	54.6	77.8	128.2	100.6
Goods produced by public enterprises	76.6	146.9	76.6	51.6	78.8	128.3	96.3
Raw materials	56.4	116.2	71.8	53.3	81.2	134.7	104.4
Building cost index <sup>e</sup>	54.8	83.9	56.4	55.2	78.5	142.6	114.3

Source: ECLAC, on the basis of figures provided by the Banco de México.

\* National.      In Mexico City.      <sup>c</sup> Guaranteed prices paid to farmers.      Excludes petroleum for exports.      <sup>e</sup> National, for low-income housing.

Table 16  
MEXICO: EVOLUTION ON MINIMUM WAGES<sup>8</sup>

	Indexes (1976 = 100)		Growth rates	
	Nominal wages	Real wages	Nominal wages	Real wages
1977	128.2	99.5	28.2	-0.5
1978	145.5	96.0	13.5	-3.6
1979	168.3	94.7	15.7	-1.4
1980	197.7	87.7	17.5	-7.4
1981	257.3	88.8	30.1	1.3
1982 <sup>b</sup>	412.0	91.7	60.1	3.3
1983	606.7	68.6	47.3	-25.2
1984	935.7	62.9	54.2	-8.3
1985	1 456.7	62.1	55.7	-1.2
1986	2 486.5	55.4	70.7	-10.8
1987	5 410.9	52.8	117.6	-4.7
1988	10 150.8	46.9	87.6	-11.1

Source: ECUVC, on the basis of figures provided by the National Commission on Minimum Wages and the Banco de México.

<sup>a</sup> Refers to general minimum wages. Reflects the annual average of the wages paid in the different wage zones, weighted by the wage-earning population in each zone according to census data. The results were deflated by the national consumer price index for low-income strata. It was assumed that the Presidential recommendation (non-binding) that minimum wages should be raised by 30% as from 18 February was followed by only 40% of the enterprises in the country and that the adjustment gradually became generalized before it became law on 1 November.

Table 17  
MEXICO: REAL RATES OF INTEREST<sup>3</sup>

	Promisory notes convertible to liquid assets at maturity			Treasury certificates
	One month	Three months	One month	Three months
<b>1985</b>	<b>7.8</b>	<b>4.9</b>	<b>11.5</b>	<b>8.5</b>
I	-10.4	9.5	-9.6	11.7
II	24.4	13.0	29.0	18.3
III	12.8	7.8	20.1	13.9
IV	4.3	-10.7	6.3	-10.0
<b>1986</b>	<b>6.4</b>	<b>3.1</b>	<b>13.8</b>	<b>6.2</b>
I	1.7	8.2	4.5	9.1
II	4.5	2.4	12.8	2.8
III	7.2	4.5	20.0	6.1
IV	12.3	-2.8	17.8	6.6
<b>1987</b>	<b>-3.2</b>	<b>-12.0</b>	<b>-1.9</b>	<b>-8.0</b>
I	5.8	-4.0	8.2	4.9
II	-1.4	-5.9	-1.8	0.4
III	-1.3	-15.0	-0.9	-11.1
IV	-15.7	-23.2	-13.0	-26.2
<b>1988</b>	<b>24.6</b>	<b>30.8</b>	29.1	<b>42.1</b>
I	20.3	63.0	23.0	95.8
II	25.0	29.1	26.5	29.6
III	29.0	20.6	29.3	21.1
IV	24.1	10.4	37.7	22.0

Source: ECLAC, on the basis of figures provided by the Banco de Mexico.

<sup>3</sup> Annualized rates for some of the main bank savings instruments, deflated by the national consumer price indexes.

Table 18

## MEXICO: MONETARY INDICATORS

	End-year balances (billions of pesos)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
1. Monetary base	5 679	8 390	14 285	20 335	17.5	47.7	70.3	42.3
2. Money (M0)	3 570	6 145	14 116	22 317	53.8	72.1	129.7	58.1
Currency outside banks	1 732	3 059	7 318	13 164	54.8	76.6	139.2	79.9
Current account deposits	1 838	3 086	6 798	9 153	52.9	67.9	120.3	34.6
3. Quasi-money	10 652	22 327	59 753	102 534	44.5	109.6	167.6	71.6
Banking instruments <sup>c</sup>	9 558	19 380	47 389	65 267	43.7	102.8	144.5	37.7
Non-banking instruments	1 094	2 947	12 364	37 267	51.1	169.4	319.5	201.4
4. Money plus quasi-money (M <sub>2</sub> )	14 222	28 472	73 869	124 850	46.7	100.2	159.4	69.0
5. Time deposits	1 567	4 176	10 483	11 815	125.5	166.5	151.0	12.7
6. Total savings instruments (4 + 5)	15 789	32 649	84 352	136 666	52.0	106.8	158.4	62.0
7. Domestic credit	27 131	58 287	132 538	192 953	78.7	114.8	127.4	45.6
Claims on public sector	19 519	44 769	97 531	128 899	87.1	129.4	117.9	32.2
Government <sup>b</sup>	14 938	34 723	78 460		98.4	132.4	126.0	
Public institutions	4 581	10 046	19 071		57.9	119.3	89.8	
Claims on private sector	6 670	11 481	29 189	54 414	59.0	72.1	154.2	86.4
Claims on financial sectors	732	1 513	4 325	5 519	69.1	106.7	185.8	27.6
Other claims	210	524	1 493	4 121	72.1	149.5	184.9	176.0
<b>Monetary multipliers</b> (coefficients)								
Mi/monetary base	0.63	0.73	0.99	1.10				
M2/monetary base	2.50	3.39	5.17	6.14				
Velocity of circulation: GDP/M1	15.47	19.60	23.01	22.36				

**Source:** ECIAC, on the basis of figures provided by the Banco de Mexico.

<sup>a</sup> Preliminary figures. <sup>b</sup> In domestic and foreign currency. <sup>c</sup> With maturity of up to one year, plus bank certificates of acceptance. <sup>d</sup> CETES, PAGAFES, BONDES and commercial paper. <sup>e</sup> Includes the Federal Government, the State and municipal governments and the Department of the Federal District.

Table 19  
MEXICO: BANK CREDIT RECEIVED BY ENTERPRISES AND INDIVIDUALS\*

	End-year balances (billions of pesos)				Growth rates			
	1985	1986	1987	1988 <sup>b</sup>	1985	1986	1987	1988*
Total	12 562	24 819	58 837	81 137	61.5	97.6	137.0	37.9
Primary activities	2 016	3 726	9 011	15 403	75.6	84.8	141.8	70.9
Agriculture	1 267	1 818	3 692	8 664	58.2	43.4	103.0	134.7
Mining and other	749	1 908	5 319	6 739	115.9	154.7	178.8	26.7
Industry	5 370	10 552	24 234	29 493	58.1	96.5	129.7	21.7
Energy sector	1 940	4 210	8 653	6 766	58.4	117.0	105.5	-21.8
Manufacturing	3 044	5 808	14 565	21 380	62.5	90.8	150.8	46.8
Construction	386	534	1 016	1 347	29.1	38.3	90.3	32.6
Low-cost housing	657	1 241	2 834	6 128	75.7	88.9	128.4	116.2
Services and other activities	3 144	6 857	17 429	21 433	71.1	118.1	154.2	23.0
Commerce	1 375	2 443	5 327	8 681	34.7	77.7	118.1	63.0

Source: ECLAC, on the basis of figures provided by the Banco de México.

<sup>a</sup> Includes public and private enterprises. Excludes financing from the Banco de México and from development funds.

<sup>b</sup> Preliminary figures.

Table 20

## MEXICO: CONSOLIDATED PUBLIC SECTOR INCOME AND EXPENDITURE

	Billions: of pesos				Growth rates				
	1985	1986	1987	1988 <sup>a</sup>	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Total income</b>	<b>14 788</b>	<b>24 082</b>	<b>59 103</b>	<b>118 514</b>	<b>66.5</b>	50.6	<b>62.8</b>	<b>145.4</b>	100.5
Federal government	7 991	12 670	32 973	60 119	56.4	60.6	58.6	160.2	82.3
Bodies and enterprises under government control	10 932	15 881	38 543	67 598	65.7	48.8	45.3	142.7	75.4
PEMEX	5 464	7 134	18 997	29 942	51.0	42.1	30.6	166.3	57.6
Other	5 468	8 747	19 546	37 656	85.5	55.2	60.0	123.5	98.2
Unbudgeted sector <sup>b</sup>	757	1 366	3 329	8 338	78.7	43.1	80.4	143.7	150.5
Less: compensated operations	4 891	5 835	15 742	17 541	50.5	61.2	19.3	169.8	11.4
<b>Total expenditure</b>	<b>18 596</b>	<b>35 548</b>	<b>86 891</b>	<b>154 897</b>	62.9	<b>55.9</b>	<b>91.2</b>	<b>144.4</b>	<b>78.3</b>
Federal government	11 572	23 011	60 440	103 349	54.6	62.7	98.9	162.7	71.0
Bodies and enterprises under government control	10 713	16 213	38 416	65 733	65.3	50.2	51.3	136.9	71.1
PEMEX	5 045	7 146	19 092	29 097	50.7	51.0	41.6	167.2	52.4
Other	5 668	9 067	19 324	36 637	80.9	49.4	60.0	113.1	89.6
Unbudgeted sector <sup>b</sup>	1 204	2 158	3 778	8 744	68.4	68.6	79.2	75.1	131.4
Less: compensated operations	4 891	5 835	15 742	17 541	50.5	61.2	19.3	169.8	11.4
<b>Economic deficit</b>	<b>3 809</b>	<b>11 805<sup>c</sup></b>	<b>29 061</b>	<b>42 479</b>	47.7	80.9	209.9	<b>146.2</b>	46.2
Federal government	3 581	10 341	27 467	37 843	50.6	67.6	188.8	165.6	37.8
Bodies and enterprises under government control	-219	332	-127	-1865	77.7	-12.6			
PEMEX	^19	12	95	-845	53.7	-16.8		691.6	
Other	200	319	-222	-1020	39.6	-31.8	59.5		359.5
Unbudgeted sector <sup>b</sup>	446	793	449	406	44.6	141.1	77.8	^3.4	-9.6
<b>Financial intermediation</b>	<b>726</b>	<b>881</b>	<b>1939</b>	<b>6 255</b>	320.0	<b>82.0</b>	<b>213</b>	<b>120.1</b>	<b>222.6</b>
<b>Financial deficit</b>	<b>4 535</b>	<b>12 686</b>	<b>31 000</b>	<b>48 735</b>	64.7	<b>81.0</b>	<b>179.7</b>	<b>144.4</b>	<b>57.2</b>
<b>Financing</b>									
Domestic	4 413	11 722	28 223	52 883					
Banco de México	1 854	3 431	1 583	23 503					
Others	2 559	8 291	26 640	29 380					
External	122	964	2 777	^5 81					
<b>Ratios (percentages)</b>									
Total income/GDP	32.4	30.3	30.0	29.8					
Total expenditure/GDP	40.8	44.8	44.2	39.0					
Total expenditure without interest payments/GDP	28.5	28.3	24.7	22.3					
Financial deficit/GDP	9.9	16.0	15.8	11.9					
Domestic financing/deficit	105.4	92.4	91.0	109.5					
External financing/deficit	-5.4	7.6	9.0	-9.5					

**Source:** ECLAC, on the basis of figures provided by the Ministry of Finance and Public Credit and by the Banco de México. <sup>a</sup> Preliminary figures. <sup>b</sup> Includes the national telephone company, the collective transport system, the Department of the Federal District and, up to the end of 1983, Altos Hornos de México, SA. <sup>c</sup> Includes deficit of 479 billion pesos with sources of financing. Development trust funds and funds operated by development banks for the benefit of the social and private sectors.

Table 21

## MEXICO: FEDERAL GOVERNMENT INCOME AND EXPENDITURE

	Billions; of pesos				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>1. Current income</b>	<b>7990</b>	<b>12 670</b>	<b>32 973</b>	<b>65 506</b>	<b>60.6</b>	<b>58.6</b>	<b>160.2</b>	<b>98.7</b>
Income from PEMEX	2 741	2 980	10 163	13 451	60.5	8.7	241.0	32.4
Income excluding PEMEX	5 249	9 690	22 810	52 056	60.7	84.6	135.4	128.2
Tax revenue	4 837	8 922	20 728	47 307	59.3	84.5	132.3	128.2
Direct	1923	3 365	7 655	19 468	59.7	75.0	127.5	154.3
Indirect	2608	4 876	11 585	26 076	53.9	87.0	137.6	125.1
On foreign trade	306	681	1 488	1 763	123.4	122.5	118.5	18.5
Non-tax revenue	413	768	2 082	4 749	78.8	86.0	171.1	128.1
<b>2. Current expenditure</b>	<b>9 840</b>	<b>20 076</b>	<b>54 177</b>	<b>98 777</b>	<b>58.0</b>	<b>104.0</b>	<b>169.9</b>	<b>82.3</b>
Wages and salaries	1549	2495	6 310	11 113	55.1	60.7	152.9	76.1
Interest payments	4 217	10 753	33 957	59 323	63.9	155.0	215.8	74.7
Transfers	2142	3 290	6 370	11 065	62.4	53.6	93.6	73.7
Other current expenditure	1932	3 543	7 540	17 276	44.7	83.4	112.8	129.1
<b>3. Current saving (1-2)</b>	<b>-1850</b>	<b>-7 406</b>	<b>-21 204</b>	<b>-33 271</b>				
<b>4. Capital expenditure</b>	<b>1792</b>	<b>2 814</b>	<b>6199</b>	<b>7 532</b>	<b>88.4</b>	<b>57.0</b>	<b>120.3</b>	<b>21.5</b>
Real investment	451	793	1 741	2 066	71.5	75.8	119.5	18.7
Capital transfers	1077	1838	4 201	4 934	99.4	70.7	128.6	17.4
Other capital expenditure	265	183	257	532	79.1	-30.5	40.4	107.0
<b>5. Total expenditure (2+4)</b>	<b>11632</b>	<b>22 890</b>	<b>60 376</b>	<b>106 309</b>	<b>62.1</b>	<b>96.8</b>	<b>163.7</b>	<b>76.1</b>
<b>6. Budget deficit (1-5)</b>	<b>3 642</b>	<b>10 220</b>	<b>27 403</b>	<b>40 803</b>	<b>65.4</b>	<b>180.6</b>	<b>168.1</b>	<b>48.9</b>
<b>7. Accounts not under budgetary control (-)</b>	<b>61</b>	<b>121</b>	<b>63</b>	<b>2 961</b>				
<b>8. Total deficit (6 + 7)</b>	<b>3 581</b>	<b>10 341</b>	<b>27 466</b>	<b>37 843</b>	<b>67.6</b>	<b>188.8</b>	<b>165.6</b>	<b>37.8</b>
<b>Ratios (percentages)</b>	103.2	-263.2	-342.1	-441.7				
Current saving/capital expenditure	30.8	45.2	45.5	35.6				
Fiscal deficit/total expenditure	17.5	15.0	15.7	15.3				
Tax revenue (with PEMEX)/GDP	11.5	11.2	10.5	11.9				
Tax revenue (excluding PEMEX)/GDP	25.5	28.8	30.6	26.7				
Total expenditure/GDP	7.9	13.0	14.0	9.5				
Fiscal deficit/GDP								

Source: ECLAC, on the basis of figures provided by the Ministry of Finance and Public Credit and the Banco de México.

<sup>a</sup> Preliminary figures.

## NICARAGUA

In 1988, Nicaragua's economic crisis became truly dramatic: the public sector deficit rose to 24% of the gross domestic product, the expansion of the money supply was close to 12 000%, and the 34 000% annual increase in prices thrust the country into a process of outright hyperinflation. All of these factors fostered the breakdown of the country's productive system, causing an 8% drop in the gross domestic product and an 11% slump in per capita income, which thus fell back to the levels of 30 years ago. Nearly all sectors declined, but the situation of manufacturing became particularly critical. The volume of exports of goods dwindled very severely, triggering a pronounced deficit on current account. For its part, the external debt escalated by nearly US\$1 billion due to the non-payment of interest and the receipt of fresh credits from other governments to finance imports from those countries.

Nicaragua's macroeconomic management has been an extremely complex task ever since the end of the 1970s for in addition to the impact of external factors common to all the countries of the region—deterioration in the terms of trade and the closing of the international capital market—the country has had to face severe disruptions of production and considerable imbalances in the factor market. Both these problems have stemmed from the armed conflicts which have been going on since that time, the trade embargo imposed by the United States, the blocking by that country of loans from multilateral credit agencies, the need to resort to substantial but relatively inflexible bilateral aid and, in 1988 itself, the serious damage done to the infrastructure and production facilities by Hurricane Joan. These circumstances have been compounded by the constraints imposed by the political process that the country has undergone, such as the implementation of an ambitious programme to redistribute property and public expenditure, the costs associated

with the change in the administrative teams of the State and of the productive enterprises themselves, and the difficulty in arriving at new rules to govern the private sector.

Aggregate demand had been registering sharp growth ever since 1982 on account of the expansion of public expenditure, first of all in connection with the redistribution and investment programmes and later in connection with defence expenditure, and this expansion had to be financed by the Central Bank through money issues. From 1984 onwards, the problem was aggravated by massive exchange and credit subsidies, which in the final analysis had to be paid by the monetary authority. This contributed to a process of demonetization which was slow to start with and was concentrated in the area of quasi-money, but which later gathered speed and spread to the means of payment.

In the face of the violent inflationary pressure experienced in 1986 and 1987, the authorities tried to hold down inflation through direct price controls. This attempt was a complete failure, however, since it was only applied to a small segment of the market of goods and services and led to widening gaps between the prices on the regulated and free markets, thus stimulating the development of the informal market.

With the same goal (that is to say, controlling inflation) a multiple exchange system was set up, with high exchange rates for exports and low ones for the most vital imports. The resulting differential generated heavy exchange losses that had to be covered by the Central Bank through very large money issues. In fact, when this mechanism was abandoned in February 1988, the spread between the average exchange rates for exports and imports of goods and services had reached a ratio of more than ten to one.

On the supply side, the country also had to contend with very difficult circumstances.



Besides the foreign exchange problems caused by the trade and financial embargo and the devastation inflicted by the war, the labour market suffered the effects of the reassignment of a significant percentage of workers to defence; the internal migration caused by the armed conflict; the exodus of skilled labour abroad; excessive growth of the informal market; and the flagging interest in working in the formal sector of the economy because of the steep decline in real wages.

In an effort to control all these imbalances, the authorities took various adjustment and stabilization measures during 1988. With the easing of military tensions as a result of the Esquipulas agreements, economic policy was oriented mainly towards changing a wartime economy into a peacetime one. Reforms were aimed at reducing the global deficits and at correcting the distortions in relative prices caused by excessive subsidies and the variety of exchange rates. A change of currency was effected, and such economic variables as wages and interest rates (on both loans and deposits) were indexed, although they never kept pace with inflation, nor were they adjusted at the most appropriate time. Apart from this, these measures were inconsistent, however, so the difficulties in controlling expenditure undermined the stabilization efforts and the already existing imbalances tended to become more acute.

In 1988, government policy assigned higher priority to the adjustment of relative prices than to control of the fiscal deficit. This policy goal began to take shape in February through the exchange rate measures, which involved devaluation of the currency and reduced the big dispersion of the exchange rates to only two legal exchange rates: one official and one parallel. Later, that approach was strengthened by the June devaluation, by more periodic readjustments of the exchange rate in the second half of the year, and by the freeing of domestic prices at mid-year. However, despite the heavy devaluations the overvaluation of the córdoba was not totally corrected, and this contributed to a considerable slump in external sales.

Exports were also affected by the decline in the production of the main exportable items, which was largely due to the contraction in credit to producers and the uncertainty over prices and incomes caused by the new economic policy at the beginning of the crop

cycle. The trade blockade and the shortage of freely convertible currency also had a negative impact, preventing the purchase of inputs, spare parts, equipment and other goods, as well as the services needed to produce exportable goods.

The elimination of exchange subsidies was not matched by similar measures in the area of credit during most of 1988. Thus, although some restrictive measures were adopted, credit to the productive sector and credit to the government were the chief factors involved in the sharp expansion of money issue. The two measures which contributed most to this expansion were the authorities' decision in February to cover the exchange risk of debts in foreign currency and their reluctance, throughout the year, to raise domestic interest rates to levels near those of inflation. Such an increase in interest rates only took place, and even then very partially, in the last two months of the year. As the (direct and indirect) credits for importers were subject to exchange risks as from 15 February, the implicit subsidy was small, but the contractive monetary impact never reached significant amounts, at least until the end of the year.

The inability of the authorities to control the fiscal deficit and monetary expansion, along with the massive adjustments in the exchange rate, explain the situation of hyperinflation reached in 1988. The process took on truly dramatic dimensions in the last months of the year as a consequence of the additional impact of the hurricane. It was coupled with a new drop in real wages, which were already at extremely low levels.

Economic activity also had to confront another serious obstacle in the form of the serious defects in electricity supply, especially in the first half of the year, which were intensified by the lack of maintenance of generating equipment and transmission and distribution lines.

The combination of all these factors (the adjustment process —mainly through devaluation and the fall in real wages—, defects in the electricity supply, the damage done by the hurricane, the slump in exports and, above all, hyperinflation) led to the greatest contraction in the gross domestic product registered in the current decade. The only important exception to this very unfavourable situation was the fact that production of foodstuffs for domestic consumption increased

significantly, the main reason for this being that such agricultural products have become a substitute for the córdoba as a means of

payment, since they are more acceptable for barter transactions as well as being vital goods for the consumption of the population.

Figure 1  
**NICARAGUA: MAIN ECONOMIC INDICATORS**

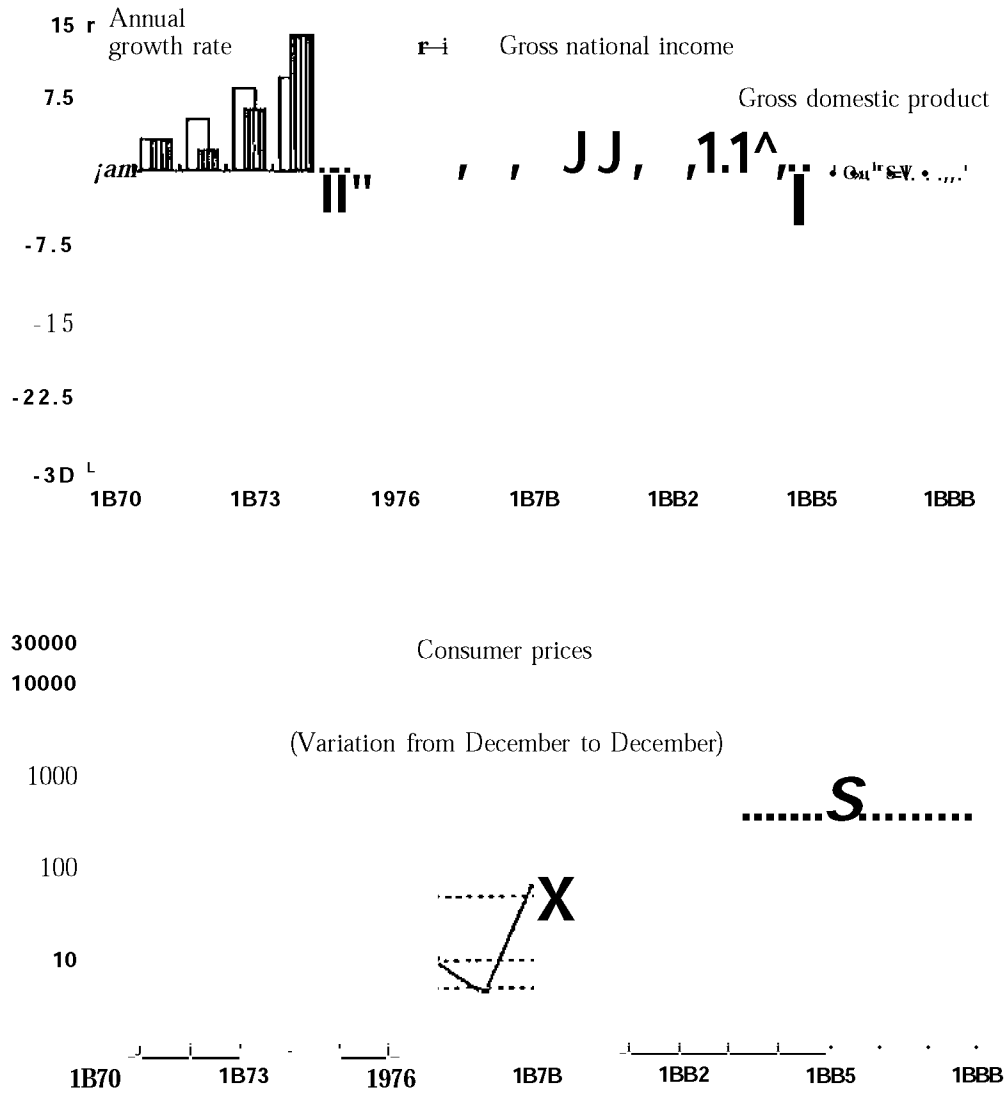
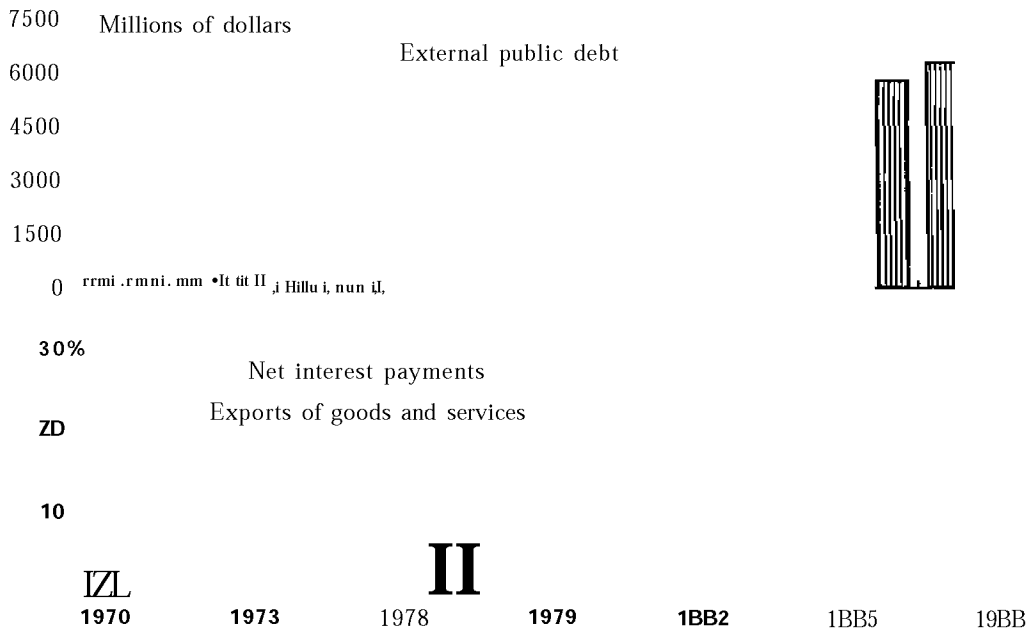
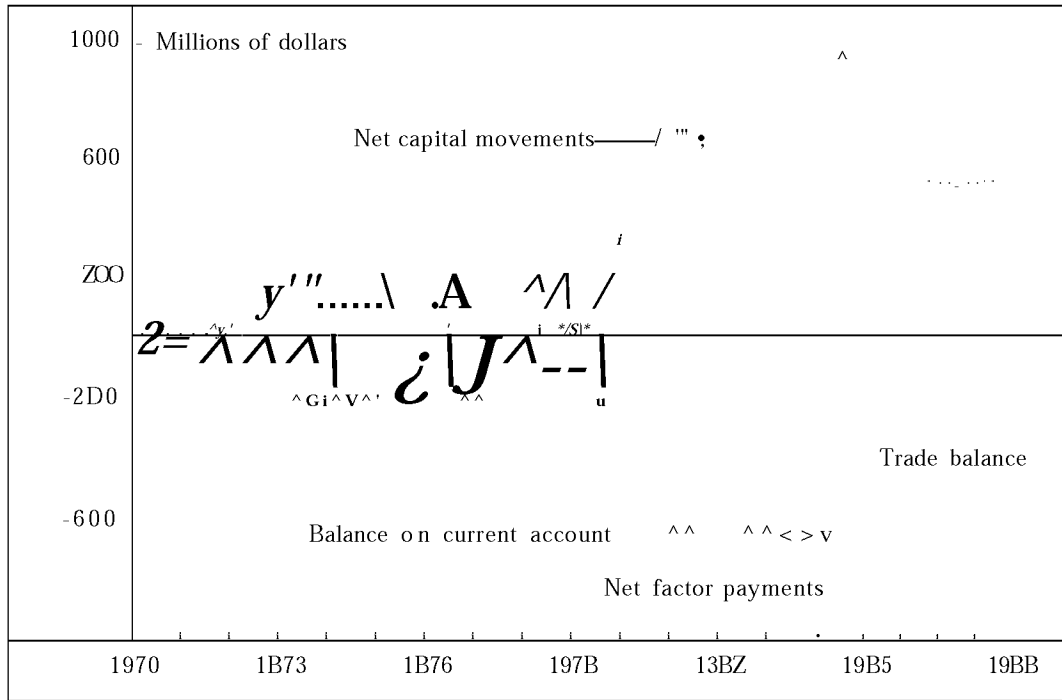
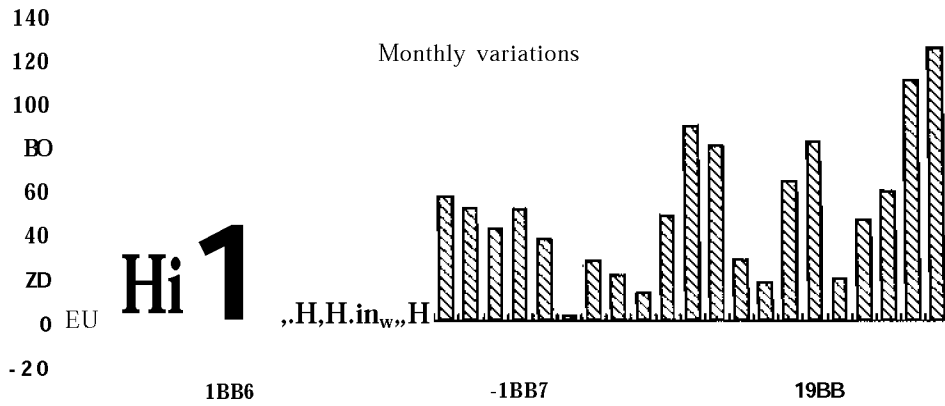
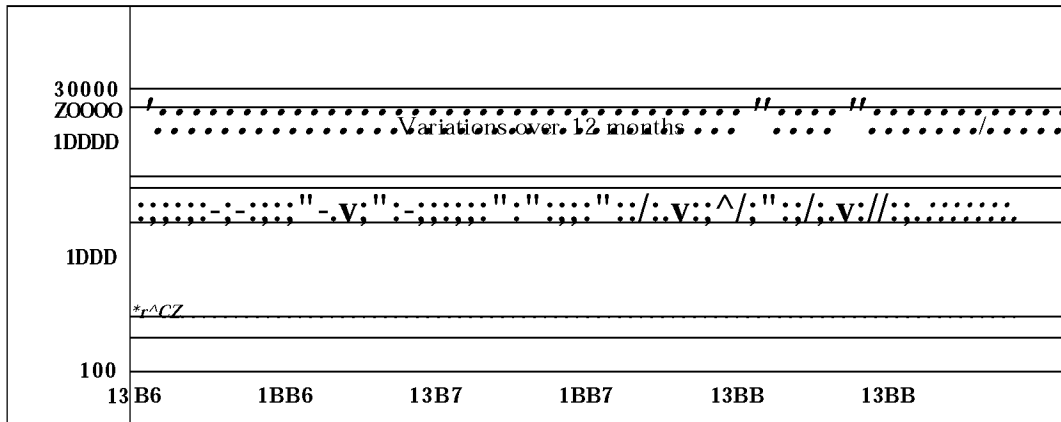


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

Figure 2  
 NICARAGUA: CONSUMER PRICE INDEX  
 (Percentages)



Source: ECLAC, on the basis of official figures.

Table 1  
NICARAGUA: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes (1980 = 100)</b>							
<b>Basic economic indicators</b>							
Gross domestic product at market prices	104.5	109.3	107.6	103.2	102.2	101.4	93.3
Gross national income	99.2	101.4	103.0	97.2	97.5	98.2	92.1
Population (millions of inhabitants)	2.96	3.00	3.16	3.27	3.38	3.50	3.62
Per capita gross domestic product	97.9	99.1	94.3	87.4	83.7	80.3	71.4
Public sector deficit/GDP	13.6	30.0	24.8	23.4	17.7	16.7	25.5
Money (M1)/GDP				0.51	0.47	0.57	0.55
<b>Growth rates</b>							
<b>Short-run economic indicators</b>							
Gross domestic product	-0.8	4.6	-1.6	-4.1	-1.0	-0.7	-8.0
Gross national income	-2.0	2.2	1.6	-5.6	0.3	0.7	-6.1
Per capita gross domestic product	-4.0	1.2	-4.8	-7.3	-4.3	-4.0	-11.1
Consumer prices (December to December)	22.2	32.9	50.2	334.3	747.4	1 374.2	33 602.6
Real wages and salaries <sup>0</sup>	-4.2	1.7	-6.6	-16.9	-25.9	11.5	-72.1
Current value of exports of goods and services	-19.2	5.4	-8.5	-18.5	-16.3	11.5	-27.7
Current value of imports of goods and services	-19.9	9.1	2.3	1.8	-8.7	15.1	-3.5
Terms of trade (goods and services)	-4.5	-3.1	26.2	-4.9	10.0	-8.6	1.7
<b>Millions of dollars</b>							
<b>External sector</b>							
Trade balance (goods and real services)	-379	-430	-490	-587	-563	-658	-714
Net payments of profits and interest	186	209	238	257	245	208	151
Balance on current account	-557	-635	-727	-827	-799	-856	-865
Balance on capital account	593	654	974	846	605	504	582
Variation in net international reserves	82	93	128	16	-196	-352	-283
Disbursed external public debt	3 139	3 788	4 362	4 936	5 760	6 270	7 220

Source: ECLAC, on the basis of official figures.

<sup>1</sup> Preliminary figures.

<sup>2</sup> Percentages.

<sup>3</sup> Total average monthly wage received by workers registered with the Nicaraguan Social Security and Welfare Institute.

<sup>4</sup> Short, medium- and long-term debt.

Table 2  
NICARAGUA: TOTAL SUPPLY AND DEMAND

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total supply</b>	<b>101.6</b>	<b>103.3</b>	<b>96.0</b>	<b>143.8</b>	<b>147.9</b>	-3.0	-2.9	1.7	-7.0
Gross domestic product at market prices	102.2	<b>101.4</b>	93.3	100.0	100.0	-4.1	-1.0	-0.7	-8.0
Imports of goods and services	100.2	107.5	102.1	43.8	47.9	-0.4	-7.0	7.2	-5.0
<b>Total demand</b>	101.6	<b>103.3</b>	<b>96.0</b>	<b>143.8</b>	<b>147.9</b>	-3.0	-2.9	1.7	-7.0
Domestic demand	110.6	111.1	106.2	119.9	136.4	-0.9	-0.3	0.4	-4.4
Gross domestic investment	135.7	133.6	137.3	16.8	24.7	-0.6	-1.2	-1.5	2.8
Gross fixed investment	131.4	132.6	134.0	14.6	20.9	1.1	-6.1	1.0	1.0
Construction	114.7	122.8	114.1	5.5	6.7	9.9	7.0	-7.0	
Machinery	141.5	138.6	146.0	9.1	14.2	-2.4	-8.8	-2.0	5.3
Changes in stocks	164.6	140.0	159.3	2.2	3.8				
Total consumption	106.5	107.4	101.2	103.1	111.7	-1.0	-0.1	0.9	-5.9
General government	237.3	249.2	246.7	19.7	52.1	7.0	4.0	5.0	-1.0
Private	75.6	73.9	66.7	83.4	59.6	-5.9	-3.0	-2.2	-9.7
Exports of goods and services	56.2	64.0	44.8	23.9	11.5	-16.1	-22.5	13.8	-30.0

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. The figures for exports and imports of goods and services were obtained from IMF balance-of-payments data expressed in current dollars, which were then converted into constant 1980 values by using unit value indexes calculated by ECLAC for the purpose.

Table 3  
**NICARAGUA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC  
 ACTIVITY, AT MARKET PRICES**

	Indexes (1980=100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Gross domestic product</b>	<b>102.2</b>	<b>101.4</b>	<b>93.3</b>	100.0	100.0	-4.1	-1.0	-0.7	-8.0
<b>Goods</b>	<b>102.6</b>	<b>100.7</b>	<b>86.8</b>	<b>52.5</b>	<b>48.8</b>	-4.1	-2.7	-1.8	<b>-13.9</b>
Agriculture	97.9	94.7	94.9	23.2	23.6	-4.8	-8.8	-3.3	0.2
Mining	74.3	68.3	61.9	0.7	0.5	-21.3	31.5	-8.1	-9.4
Manufacturing	106.3	104.6	77.0	25.6	21.1	-4.7	2.1	-1.6	-26.4
Construction	114.8	122.8	114.3	2.9	3.6	10.0	-	7.0	-7.0
<b>Basic services</b>	<b>93.2</b>	<b>96.2</b>	<b>99.7</b>	<b>7.9</b>	<b>8.4</b>	-9.4	<b>3.6</b>	<b>3.2</b>	<b>3.7</b>
Electricity, gas and water	106.1	113.8	108.1	2.1	2.5	8.1	11.5	7.2	-5.0
Transport, storage and communications	88.4	89.7	96.6	5.7	5.9	-14.8	0.4	1.4	7.8
<b>Other services</b>	103.3	<b>103.4</b>	<b>100.8</b>	<b>39.6</b>	<b>42.8</b>	-3.0	0.5	<b>0.1</b>	-2.6
Commerce, restaurants and hotels	93.5	93.1	88.9	18.9	18.0	-5.5	0.4	-0.4	-4.5
Financial institutions, insurance and business services	95.7	98.2	97.0	7.1	7.4	-2.3	0.1	2.6	-1.3
Ownership of dwellings	101.5	106.5	105.0	3.7	4.2	1.1	5.0	-1.4	
Community, social and personal services	121.0	120.5	119.3	13.6	17.4	-0.5	0.7	-0.4	-1.0
Government services	138.3	137.6	137.6	8.7	12.9	1.3	2.0	-0.5	-

Source: ECLAC, on the basis of figures supplied by the Ministry of Planning and the Budget.

<sup>a</sup> Preliminary figures. Includes the livestock sector, forestry and fishing.



**Table 4**  
**NICARAGUA: INDICATORS OF AGRICULTURAL PRODUCTION**

	1985	1986	1987	1988 <sup>a</sup>	Percentage	Growth rates			
					ibreakdown (1985)	1985	1986	1987	1988 <sup>a</sup>
<b>Production indexes (1980=100)</b>	<b>107.3</b>	<b>97.9</b>	<b>94.7</b>	<b>94.79</b>	<b>100.0</b>	-4.8	-8.8	-3.3	<b>0.2</b>
Crop-farming	114.6	103.2	104.2	97.9	<b>63.5</b>	-6.1	-9.9	0.9	-6.0
Livestock	100.5	94.0	82.2	923	33.6	-1.9	-6.5	-12.6	12.3
Forestry	84.8	89.1	100.0	1043	0.7	-15.2	4.9	12.2	4.3
Fishing	60.8	51.7	63.1	68.8	2.2	3.9	-15.0	22.0	9.0
<b>Production of main crops</b>					<b>100.0</b>				
For export					65.7				
Ginned cotton	1409	1109	992	680	18.8	-21.2	-21.3	-10.5	-31.4
Cotton seed	2 056	1703	1500	1024	2.1	-21.5	-17.2	-11.9	-31.7
Unroasted coffee	1029	812	908	862	30.8	1.3	-21.0	11.8	-5.1
Sugar cane	57 422	54 783	49366	47 586	10.7	-7.2	-4.6	-9.9	-3.6
Bananas	2 499	2 228	3 014	2198	1.1	-11.4	-10.8	35.3	-27.1
Havana tobacco	13	13	12	14	0.7	-23.8	1.6	-8.7	22.4
Blonde tobacco	45	51	43	38	1.0	-18.4	12.8	-15.7	-12.8
Sesame	67	86	83	72	0.5	-69.9	28.4	-3.9	-13.6
For domestic consumption					34.3				
Maize	4 387	4 555	5 650	5 675	9.4	-7.1	3.8	24.0	0.4
Milled rice	1801	1738	1583	1952	7.8	-7.9	-3.5	-8.9	23.3
Beans	1154	1146	1071	11%	6.1	-9.4	-0.7	-6.5	11.6
Sorghum	2 639	3246	3 375	2318	4.1	17.3	23.0	4.0	-31.3
Soya	121	183	220	52.2	20.0				
Others					6.9				
<b>Indicators of livestock production:</b>									
Slaughtering									
Beef cattle <sup>c</sup>	359	302	230	280		5.3	-15.8	-23.9	21.7
Pigs <sup>c</sup>	228	242	321	321		-15.9	6.0	33.0	-
Poultry <sup>d</sup>	22 600	22 600	26 900	23 700		-22.6	-	19.0	-11.9
Other products									
MUK <sup>e</sup>	42 900	49 000	46 400	50 600		-49.1	14.2	-5.3	9.1
Eggs <sup>f</sup>	20 900	23 000	23 200	17 800		-48.8	10.0	0.9	-23.3

Source: ECIAC, on the basis of figures supplied by the Ministry of Planning and the Budget.

<sup>a</sup> Preliminary figures. <sup>b</sup> Thousands of quintals. <sup>c</sup> Thousands of head. <sup>d</sup> Thousands of pounds. <sup>e</sup> Thousands of gallons. <sup>f</sup> Thousands of dozens.

Table 5

## NICARAGUA: INDICATORS OF FISHERY PRODUCTION

	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
<b>Production indexes</b> (1980 = 100)	<b>60.8</b>	<b>51.7</b>	<b>63.1</b>	<b>68.8</b>	<b>3.9</b>	<b>-15.0</b>	<b>22.0</b>	<b>9.0</b>
Shellfish catch <sup>b</sup>								
Shrimp	2 284	1 816	1 282	2 000	5.0	-20.5	-29.4	56.0
Lobster	726	603	1 531	1 250	10.0	-16.9	154.0	-18.4
Fish catch <sup>b</sup>	8 500	8 500	8 630	9 000	-3.4	-	1.5	4.3

Source: ECIAC, on the basis of figures supplied by the Ministry of Planning and the Budget.

<sup>a</sup> Preliminary figures.      Thousands of pounds.

Table 6

## NICARAGUA: INDICATORS OF MINING PRODUCTION

	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
<b>Production indexes</b> (1980 = 100)	<b>56.5</b>	<b>74.2</b>	<b>68.4</b>	<b>61.9</b>	<b>-20.7</b>	<b>30.7</b>	<b>-7.8</b>	<b>-9.4</b>
<b>Production of some major minerals</b>								
Metallic								
Gold <sup>0</sup>	25	29	31	28	-25.0	17.1	6.3	-9.8
Silver <sup>0</sup>	30	21	30	16	-37.0	-31.0	44.9	-46.7
Non-metallic								
Sand <sup>d</sup>	394	504	626	700		27.9	24.2	11.8
Lime <sup>6</sup>	59	49	70	38		-17.2	43.8	-45.4
Calcium carbonate <sup>6</sup>	28	37	63	25		29.0	73.2	-59.8
Chemical lime <sup>6</sup>	75	88	101	78		17.1	14.4	-22.3
Bentonite <sup>6</sup>	77	87	108	86		13.5	23.7	-20.2
Gypsum	8	20	24	10		143.2	22.8	-58.7

Source: ECIAC, on the basis of figures supplied by the Ministry of Planning and the Budget.

<sup>a</sup> Preliminary figures.

Added value indexes

Thousands of troy ounces.

Thousands of cubic metres.

<sup>e</sup> Thousands of quintals.

Thousands of tons

Table 7  
NICARAGUA: INDICATORS OF MANUFACTURING PRODUCTION

	1985	1986	1987	1988 <sup>a</sup>	Percentage breakdown (1986)	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
<b>Production indexes</b>									
(1980 = 100)	<b>1043</b>	<b>1063</b>	<b>104.6</b>	<b>77.0</b>	<b>100.0</b>	-4.7	<b>2.1</b>	-1.6	<b>-26.4</b>
Food	96.8	94.2	89.2	85.6	20.0	-12.6	-2.7	-5.3	-4.0
Beverages	108.0	107.6	111.4	81.3	19.0	3.4	-0.4	3.5	-27.0
Tobacco	109.7	114.9	113.5	84.0	13.4	3.1	4.7	-1.2	-26.0
Textiles	152.5	184.7	189.7	115.7	7.3	-4.2	21.1	2.7	-39.0
Clothing	79.7	89.5	111.2	48.9	6.6	-5.5	12.3	24.2	-56.0
Leather	79.9	61.0	52.2	33.4	0.5	-4.7	-23.7	-14.4	-36.0
Footwear	63.6	57.1	50.9	31.6	4.8	-6.9	-10.2	-10.9	-37.9
Wood	61.9	65.2	102.3	85.9	0.8	-29.5	5.3	56.9	-16.0
Furniture	76.4	85.5	99.3	83.4	0.8	-12.4	11.9	16.1	-16.0
Paper	247.6	360.4	416.5	295.7	0.8	1.4	45.6	15.6	-29.0
Printed material	190.9	179.2	174.0	92.2	4.1	3.6	-6.1	-2.9	-47.0
Chemicals	113.1	109.8	104.6	69.0	8.4	-4.0	-2.9	-4.7	-34.0
Petroleum products	79.5	83.6	82.3	79.8	2.7	10.3	5.2	-1.6	-3.0
Rubber	122.7	133.0	93.5	23.4	0.5	-2.2	8.4	-29.7	-75.0
Non-metallic products	117.2	125.0	139.7	97.8	3.0	-8.0	6.7	11.8	-30.0
Metal products	133.0	148.6	150.9	155.4	3.9	5.9	11.7	1.5	3.0
Machinery and domestic articles	98.7	116.7	147.8	130.1	1.3	-11.7	18.2	26.6	-12.0
Transport equipment	143.8	150.3	118.3	85.2	0.3	28.6	4.5	-21.3	-28.0
Plastics and other	112.3	106.3	119.3	58.5	1.8	12.9	-5.3	12.2	-51.0
<b>Other indicators of manufacturing production</b>									
Electricity consumption									
by industry <sup>b</sup>	298	283	300	253		-7.5	-5.0	6.0	-15.7
Employment <sup>c</sup>	85.0	85.0	86.2	90.3		-5.6	-	1.4	4.8

Source: ECIAC, on the basis of figures supplied by the Ministry of Planning and the Budget.  
<sup>a</sup> Preliminary figures. <sup>b</sup> Millions of kWh. <sup>c</sup> Thousands of persons.

Table 8  
NICARAGUA: CONSTRUCTION INDICATORS

	1986	1987	1988	Growth rates	
				1987	1988 <sup>a</sup>
Area constructed (thousands of m <sup>2</sup> )					
Housing	2171	2 978	...	37.2	
Production of some building materials					
Steel for construction <sup>b</sup>	25 427	21067	23 650	-17.1	12.3
Rolled rods <sup>b</sup>	...	<del>14 605</del>	<del>17 366</del>	...	18.9
Straight rods <sup>b</sup>	...	<del>6 452</del>	<del>6 284</del>	...	-2.6
Cement <sup>c</sup>	268	<del>294</del>	<del>220</del>	9.4	-24.9
Bricks <sup>d</sup>		5 917			
Sheet glass					
Employment <sup>6</sup>	17.0	19.4	20.0	14.1	3.1

Source: ECLAC, on the basis of figures supplied by the Ministry of Planning and the Budget.

<sup>a</sup> Preliminary figures. <sup>b</sup> Thousands of kilogrammes. <sup>c</sup> Thousands of tons. <sup>d</sup> Thousands of units. <sup>e</sup> Thousands of persons.

Table 9  
NICARAGUA: PUBLIC SERVICE ELECTRICITY SUPPLY AND DEMAND

	Thousands of MWh				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Total supply	1129	1158	1236	1197	12	2.6	6.7	-32
Net generation	942	1089	1164	1035	10.7	15.6	6.9	-11.1
Gross generation	986	1140	1229	1116	10.2	15.6	7.8	-9.2
Hydroelectric	256	284	393	366	13.3	10.9	38.4	-6.9
Steam	412	583	573	534	6.5	41.5	-1.7	-6.8
Geothermal	301	260	234	188	10.7	-13.6	-10.0	-19.7
Diesel and other	17	13	29	28	70.0	-23.5	123.1	-3.4
Minus: inputs	44	51	65	81	-	15.9	27.5	24.6
Net imports	187	69	72	162	-29.4	-63.1	4.3	125.0
Total demand	1129	1158	1236	1197	12	2.6	6.7	-32
Domestic consumption	979	973	1037	950	-0.9	-0.6	6.6	-8.4
Residential	302	300	324	332	6.0	-0.7	8.0	2.5
Commercial	69	70	87	83	-2.8	1.4	24.3	-4.6
Industrial	298	283	300	253	-7.5	-5.0	6.0	-15.7
Government	111	115	123	106	-3.5	3.6	7.0	-13.8
Public lighting	22	19	19	18	-8.3	-13.6	-5.3	-
Irrigation	110	118	113	89	4.8	7.3	-4.2	-21.2
Pumping	67	68	71	69	1.5	1.5	4.4	-2.8
Exports			4					
Losses	150	185	195	246	17.2	23.3	5.4	26.2
Other indicators								
Ratio of losses/total supply <sup>c</sup>	13.3	16.0	15.8	20.6				
Consumption of fuel oil for electricity generation	822	1159	1159		8.2	41.0	-	

Source: ECLAC, on the basis of figures supplied by the Nicaraguan Energy Institute and the Ministry of Planning and the Budget.

<sup>a</sup>Preliminary figures. <sup>b</sup>Refers to transmission and distribution losses. <sup>c</sup>Percentages. <sup>d</sup>Thousands of barrels.

Table 10  
NICARAGUA: EMPLOYMENT TRENDS

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Percentages									
Rate of participation	47.9	48.1	48.2	48.2	48.2	48J	483	48.4	48.4
Growth rates									
Total employed		6.6	-1.0	4.9	1.6	3J	2.1	0.8	1.4
Primary sector <sup>c</sup>		7.3	-4.8	7.2	0.8	11.6	8.1	-0.6	-1.8
Secondary sector		3.3	-14.3	5.3	-0.3	-3.5	0.7	2.8	5.1
Industry		2.8	-13.9	4.5	0.2	-5.6	0.6	0.9	4.8
Construction		9.7	-11.9	8.6	2.6	9.6	-0.6	14.1	4.1
Mining		-5.8	-28.6	11.4	-23.1	-10.0	11.1	-10.0	22.2
Tertiary sector		7.2	6.8	3.0	2.7	-1.3	-2.8	1.5	3.4
Commerce		6.6	-13.0	1.0	-2.0	2.3	-7.6	1.0	3.0
Central government		14.1	7.6	11.1	15.4	2.0	1.4	0.5	5.0
Transport and communications		6.7	8.2	1.8	-3.5	-16.5	-5.3	0.5	5.6
Financial institutions <sup>d</sup>		7.6	3.5	3.4	52.7	5.0	13.0	-3.6	3.1
Energy and water		5.4	8.5	3.1	1.5	13.4	3.9	2.5	4.9
Services		5.2	23.9	1.5	-0.9	-3.6	-3.1	2.9	2.5

Source: ECLAC, on the basis of figures supplied by the Ministry of Planning and the Budget.

<sup>a</sup> Preliminary figures. These estimates were made before Hurricane Joan struck. Therefore, they do not include its effects or cut-backs of State-employed staff at the end of the year. Full-time posts. <sup>c</sup> Estimates by crop and area sown.

<sup>d</sup> Estimates according to the Nicaraguan Social Security and Welfare Institute.

Table 11  
NICARAGUA: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Growth rates							
Exports							
Value	-20.1	5.6	-10.0	-21.8	-18.0	21.4	-29.0
Volume	-14.4	15.0	-23.0	-16.8	-20.7	16.9	-30.0
Unit value	-6.7	-8.2	16.8	-6.0	3.4	3.8	-1.5
Imports							
Value	-21.6	7.6	2.8	0.1	-9.2	15.3	-1.7
Volume	-20.4	13.3	11.6	-1.0	-7.1	6.8	-3.3
Unit value	-1.5	-5.1	-7.9	1.1	-2.3	8.0	1.7
Terms of trade	-5.3	-3.3	26.9	-7.0	5.8	-3.9	-0.2
Indexes (1980 = 100)							
Purchasing power of exports	87.1	96.5	93.2	70.8	59.4	67.5	47.0
Volume of exports	102.3	117.7	90.6	75.4	59.8	69.9	48.9
Volume of imports	87.7	99.4	110.9	109.8	102.0	108.9	105.3
Terms of trade	85.7	82.9	105.2	97.8	103.5	99.5	99.3

Source: ECLAC, on the basis of figures supplied by the Ministry of the Economy, Industry and Trade.

<sup>a</sup> Preliminary figures.

Table 12  
NICARAGUA: EXCHANGE RATES

	Nominal exchange rate (córdobas per dollar)			Index of real adjusted exchange rate (1980 = 100)	
	Official	Parallel	Unofficial <sup>b</sup>	Official	Parallel
1980	10	18		100.0	100.0
1981	10	26		89.1	130.8
1982	10	28		75.8	122.1
1983	10	28		59.7	96.2
1984	10	-		46.0	.
1985	26	652		39.4	548.8
1986	66	1337		12.9	146.9
1987	70	6 796	12 400	1.4	76.6
January	70	2 500	3 500	8.6	173.8
February	70	2 500	3800	8.5	170.8
March	70	3 300	4 500	7.6	203.4
April	70	4 500	6000	4.8	175.8
May	70	4 500	8000	3.2	114.9
June	70	5 500	9000	2.2	98.2
July	70	6000	10 000	1.4	70.2
August	70	8 500	12 000	1.1	71.8
September	70	9000	14 000	1.0	74.0
October	70	9 500	18 000	0.8	60.8
November	70	10 000	25 000	0.7	52.6
December	70	15 750	35 000	0.6	72.8
1988 <sup>c</sup>	228	882	1055	32.7	72.1
January	70	21000	60 000	0.4	64.1
February	10	11	60	28.3	17.2
March	10	11	90	15.6	9.5
April	11	12	100	13.3	8.1
May	12	13	150	12.3	7.5
June	80	210	300	49.6	73.6
July	90	400	400	30.5	76.8
August	180	400	400	50.9	64.0
September	180	485	500	34.6	52.7
October	320	1680	2100	38.4	113.9
November	920	2 650	3000	52.1	84.9
December	920	4 750	5 500	23.0	67.3

Source: ECLAC, on the basis of figures supplied by the Central Bank of Nicaragua, the Ministry of Planning and the Budget and the International Monetary Fund.

<sup>a</sup> Since February 1988, the exchange rate has been expressed in new córdobas, equal to one thousand of those circulating previous to that date. The average for 1988 is expressed in new córdobas. <sup>b</sup> Average for the period, with the exception of the monthly data for 1988, which correspond to the last day of each month. <sup>c</sup> Value of sales in authorized exchange offices. <sup>d</sup> Value of sales on the unauthorized free market. <sup>e</sup> Preliminary figures.

Table 13  
NICARAGUA: EXPORTS OF GOODS, FOB

	Millions of dollars					breakdown		Growth rates	
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Total	<b>247</b>	<b>300</b>	<b>213</b>	<b>100.0</b>	<b>100.0</b>	-22.0	-18.0	21.5	<b>-29.0</b>
Central America	16	22	16	6.5	7.5	-35.1	-33.3	37.5	-27.3
Rest of world	231	278	197	93.5	92.5	-20.4	-17.7	20.3	-29.1
<b>Main exports</b>	<b>203</b>	<b>240</b>	<b>183</b>	<b>822</b>	<b>86.0</b>			<b>18.3</b>	<b>-23.7</b>
Ginned cotton	44	46	53	17.8	24.9	-32.1	-51.6	4.5	15.2
Coffee	110	133	85	44.5	39.9	-3.3	-6.8	20.9	-36.1
Sugar	17	14	5	6.9	2.3	-66.7	142.9	-17.6	-64.3
Meat	5	15	19	2.0	8.9	-38.9	-54.5	200.0	26.7
Shellfish	9	14	4	3.6	1.9	-	30.8	55.6	-71.4
Sesame	2	3	2	0.9	0.9	-16.7	-60.0	50.0	-33.3
Bananas	16	15	15	6.5	7.1	33.3	-	-6.2	-
<b>Other</b>	<b>44</b>	<b>60</b>	<b>30</b>	<b>17.8</b>	<b>14.0</b>			<b>36.4</b>	<b>-50.0</b>

Source: ECLAC, on the basis of figures supplied by the Ministry of the Economy, Industry and Trade.

<sup>a</sup> Preliminary figures.

Table 14  
NICARAGUA: VOLUME OF EXPORTS OF MAIN PRODUCTS

	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
Cotton <sup>b</sup>	1457	1069	1017	757	-19.5	-26.6	-4.9	-25.6
Coffee <sup>b</sup>	868	673	808	674	-2.7	-22.5	20.1	-16.6
Sugar	1250	1540	1090	751	-43.7	23.2	-29.2	-31.1
Meat <sup>0</sup>	10 204	5 769	15 000	21 000	-48.5	-43.5	160.0	40.0
Shrimp, lobsters, etc. <sup>o</sup>	2 581	1868	2 485	2100	14.0	-27.6	33.0	-15.5
Sesame	122	58	62	57	-17.0	-52.5	6.9	-8.1
Bananas <sup>d</sup>	4 465	4 321	3 986	3 859	7.2	-3.2	-7.8	-3.2
Gold <sup>6</sup>		28	27	32			-3.6	18.5
Silver <sup>6</sup>			27	20				-25.9

Source: ECLAC, on the basis of figures supplied by the Ministry of Foreign Trade.

<sup>a</sup> Preliminary figures. <sup>b</sup> Thousands of quintals. <sup>c</sup> Thousands of pounds. <sup>d</sup> Thousands of 42-pound boxes. <sup>o</sup> Troy



Table 15  
NICARAGUA: IMPORTS OF GOODS, CIF

	Millions of dollars			Percentage breakdown		Growth rates		
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>825</b>	<b>933</b>	<b>915</b>	<b>100.0</b>	<b>100.0</b>	<b>-14.7</b>	<b>13.1</b>	<b>-1.9</b>
Central America	41	43	49	33.9	5.4	-33.3	4.9	14.0
Rest of world	784	890	866	66.1	94.6	-13.4	13.5	-2.7
<b>Consumer goods</b>	<b>159</b>	<b>184</b>	<b>152</b>	<b>29.0</b>	<b>16.6</b>	<b>-21.4</b>	<b>15.7</b>	<b>-17.4</b>
Non-durable	106	124	117	24.2	12.8	-25.8	17.0	-5.6
Durable	53	60	35	4.8	3.8	-10.9	13.2	-41.7
<b>Raw materials and intermediate goods</b>	<b>460</b>	<b>519</b>	<b>469</b>	<b>58.6</b>	<b>51.3</b>	<b>-11.7</b>	<b>12.8</b>	<b>-9.6</b>
Petroleum and fuels	138	153	137	19.6	15.0	-23.0	10.9	-10.5
Other	322	366	332	39.0	36.3	-5.7	13.7	-9.3
For agriculture	72	80	113	7.0	12.3	-12.0	11.1	41.3
For manufacturing	215	240	184	28.0	20.1	-7.5	11.6	-23.3
For construction	29	33	26	3.3	2.8	3.8	13.8	-21.2
Miscellaneous	6	13	9	0.7	1.0		116.7	-30.8
<b>Capital goods</b>	<b>206</b>	<b>230</b>	<b>294</b>	<b>12.4</b>	<b>32.1</b>	<b>-15.6</b>	<b>11.7</b>	<b>27.8</b>
For agriculture	28	32	39	2.7	4.3	4.0	14.3	21.9
For manufacturing	139	155	129	6.9	14.1	-14.7	11.5	-16.8
For transport	39	43	126	2.8	13.8	-28.0	10.3	193.0

Source: ECLAC, on the basis of figures provided by the Ministry of the Economy, Industry and Trade.

\* Preliminary figures.

Table 16

## NICARAGUA: BALANCE OF PAYMENTS

(Millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Balance on current account</b>	<b>-649</b>	<b>-557</b>	<b>-635</b>	<b>-727</b>	<b>-827</b>	<b>-799</b>	<b>-856</b>	<b>-865</b>
Trade balance	-478	-379	-430	-490	-587	-563	-658	-714
Exports of goods and services	553	447	471	431	351	294	328	237
Goods FOB	508	406	429	386	301	247	300	213
Real services	45	41	42	45	50	47	28	24
Transport and insurance	18	15	14	10	15	13	4	3
Travel	23	20	13	13	14	13	9	5
Imports of goods and services	1031	826	901	921	938	857	986	951
Goods FOB	922	723	778	800	800	727	838	824
Real services	109	103	123	122	138	130	148	127
Transport and insurance	61	55	55	58	91	86	70	69
Travel	15	20	15	12	11	10	6	2
Factor services	-184	-186	-209	-239	-257	-245	-208	-151
Profits	-	-5	-1	-1	-5	-	-	-
Interest received	28	9	7	5	2	1	1	2
Interest paid	-207	-187	-211	-242	-253	-246	-209	-153
Labour and property	-5	-3	-3	-	-	-	-	-
Unrequited private transfer payments.	13	8	4	2	16	9	10	-
<b>Balance on capital account</b>	<b>734</b>	<b>593</b>	<b>653</b>	<b>974</b>	<b>846</b>	<b>605</b>	<b>504</b>	<b>582</b>
Unrequited official transfer payments	57	43	76	88	68	106	114	150
Long-term capital	676	473	660	481	790	605	377	414
Direct investment	-	-	8	2	-	-	-	-
Portfolio investment	-	-	-	-	-	-	-	-
Other long-term capital	676	473	653	479	790	605	377	414
Official sector <sup>c</sup>	594	479	618	473	792	609	526	446
Loans received	725	548	928	637	956	941	803	534
Amortization payments	-131	67	-298	-158	-164	-332	-277	-88
Commercial banks <sup>c</sup>	80	25	27	20	5	9	-148	-32
Loans received	86	38	37	29	22	15	-	18
Amortization payments	6	-13	-11	-9	-17	-6	-124	-50
Other sectors <sup>c</sup>	2	-30	8	-14	-7	-14	-1	-
Loans received	15	17	45	15	10	8	-	-
Amortization payments	-13	-47	-37	-28	-17	-21	-1	-
Short-term capital	-14	65	5	395	-149	113	53	188
Official sector	152	80	11	394	167	51	5	7
Commercial banks	-135	6	6	-33	-5	22	4	17
Other sectors	-31	-21	-13	34	-312	40	44	164
Errors and omissions (net)	15	11	-87	10	138	-219	-40	-170
<b>Global balance <sup>d</sup></b>	<b>86</b>	<b>35</b>	<b>18</b>	<b>247</b>	<b>19</b>	<b>-194</b>	<b>-352</b>	<b>-283</b>
Total variation in reserves (- sign indicates an increase)	-95	-82	-93	-128	-16	196	352	283
Monetary gold	-	-3	-18	-14	-5	54	-	-
Special Drawing Rights	-	-1	1	-	-	-	-	-
IMF reserve position	-	-	-	-	-	-	-	-
Foreign exchange assets	-47	-59	-86	-134	-6	150	-	-
Other assets	-23	-14	16	24	3	-8	-	-
Use of IMF credit	-25	-5	-5	-5	-9	-	-	-

Source: 1981-1987: International Monetary Fund *Balance of Payments Yearbook*, June 1989; 1988:ECLAC, on the basis of official data.

Preliminary figures. Includes other non-factor services. Includes net loans granted and other assets and liabilities. Equals total variation in reserves (of opposite sign) plus counterpart items.

Table 17  
NICARAGUA: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Millions of dollars</b>							
<b>External public debt</b>	<b>3 139</b>	<b>3 788</b>	<b>4 362</b>	<b>4 936</b>	<b>5 760</b>	<b>6 270</b>	<b>7 220</b>
Long- and medium-term	2 578	3 263	3 901	4 496	5 321	5 733	6 773
Short-term	561	525	461	440	439	537	447
Disbursements <sup>c</sup>	455	375	347	598	614	490	507
Debt servicing	203	103	79	68	32	25	108
Principal	59	40	28	23	13	12	78
Interest payments	144	63	51	45	19	13	30
<b>Percentages</b>							
<b>Ratios<sup>6</sup></b>							
Total external debt/exports of goods and services	702.2	804.4	1 014.5	1460.3	2 125.5	2 042.3	3 046.4
Debt servicing/exports of goods and services	45.4	21.8	18.4	20.0	11.8	8.1	45.6
Net interest payments /exports of goods and services	30.2	12.0	10.7	12.7	8.1	5.2	12.7
Debt servicing/disbursements	44.6	27.4	22.8	11.3	5.2	5.1	21.3

**Source:** ECLAC, on the basis of figures supplied by the Central Bank of Nicaragua.

<sup>a</sup> Preliminary figures.      End-year balances.      <sup>c</sup> Refers to long-term debt.      Amortization payments on the long-term debt.      <sup>e</sup> All ratios refer to the external public debt.      Correspond to the net balance-of-payments figure.

Table 18  
NICARAGUA: CONSUMER PRICES IN THE MANAGUA METROPOLITAN AREA

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
December-December variation							
Consumer price index	22.2	32.9	50.2	334.3	747.4	1 347.3	33 602.6
Food, beverages and tobacco	23.9	45.1	58.6	386.9	955.6	1 422.2	
Variation between annual averages							
Consumer price index	24.8	31.0	35.4	219.5	681.6	912.0	14 295.3
Food, beverages and tobacco	29.1	41.5	41.6	246.7	887.0	990.7	

**Source:** ECLAC, on the basis of figures provided by the Ministry of Planning and the Budget.

<sup>a</sup> Preliminary figures.

Table 19  
NICARAGUA: WAGES <sup>a</sup>

	1982	1983	1984	1985	1986	1987	1988 <sup>b</sup>
<b>Córdobas</b>							
Average monthly wage <sup>c</sup>							
Nominal	2 920	3 296	4 275	9 488	26 813	186 276	6 946 608
Real <sup>d</sup>	2 239	2 276	2 125	1765	1308	1458	407
<b>Indexes (1980 = 100)</b>							
Average monthly wage <sup>c</sup>							
Nominal	124.9	141.1	182.8	405.8	1146.8	7 967.3	297 117.5
Real <sup>d</sup>	95.8	97.4	90.9	75.5	55.9	62.4	17.4
<b>Growth rates</b>							
Average monthly wage <sup>c</sup>							
Nominal	10.6	12.9	29.7	121.9	182.6	594.7	3 629.2
Real <sup>d</sup>	-4.2	1.7	-6.6	-16.9	-25.9	11.5	-72.1

Source: ECIAC, on the basis of figures supplied by the Ministry of Planning and the Budget.

<sup>a</sup> Refers to the total average monthly wage received by workers registered with the Nicaraguan Social Security and Welfare Institute. During 1986 (January and March), 1987 (April, June, July, August, September and December) and 1988 (June, September, October and November) there were variations in nominal wages. Preliminary figures.

<sup>c</sup> Excluding incentives. <sup>d</sup> Deflated on the basis of the implicit price index of the gross domestic product.

Table 20  
NICARAGUA: MONETARY INDICATORS

	<i>uili-ji-yaai traianles</i>				Growth rates			
	(billions of new córdobas)				1985	1986	1987	1988 <sup>a</sup>
	1985	1986	1987	1988 <sup>a</sup>				
<b>Money (Mi)</b>	<b>58.4</b>	206.3	1 534.5	<b>182 036</b>	<b>179.4</b>	253.3	<b>643.8</b>	<b>11762.9</b>
Currency outside banks	28.7	100.3	758.0	65 290	151.7	249.5	655.7	8 513.5
Current account deposits	29.7	106.0	776.5	116 746	212.6	256.9	632.5	14 934.9
<b>Factors of expansion</b>	...	...	...	.. *	...	...	...	...
Net international reserves								
Domestic credit	98.9	261.8	1 450.2	482 497	99.8	164.7	453.9	33 171.4
To public sector	79.9	191.3	1092.3	355 347	115.4	139.4	471.0	32 432.0
Central government (net)	46.8	127.2	570.1	68 057	120.8	171.8	348.2	11 837.7
Public institutions	33.1	64.1	522.2	287 285				59 914.0
To private sector	19.0	70.5	357.9	127 155	68.1	271.1	407.7	35 428.1
<b>Factors of absorption</b>	...	...	...	...	...	...	...	..
Quasi-money (savings and time deposits)	12.7	34.9	95.4	10154	58.8	174.8	173.4	10 543.6
Other items (net)								
<b>Coefficients</b>								
Monetary multipliers								
Mi/monetary base	1.39	1.44	1.52	1.57				
M2/monetary base	1.69	1.68	1.61	1.66				
MI/GDP	0.51	0.47	0.57	0.55				
Velocity of circulation: GDP/MI	1.98	2.12	1.76	1.82				

Source: ECIAC, on the basis of figures supplied by the Central Bank of Nicaragua.

<sup>a</sup> Preliminary figures.

Table 21  
NICARAGUA: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of new córdobas				Growth rates		
	1985	1986	1987	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>
1. Current income	37	141	742	59 900	281.1	426.2	7 972.8
Tax revenue	32	121	663	57 620	278.1	447.9	8 590.8
Direct	8	31	159	11 616	287.5	412.9	7 205.7
Indirect	24	90	504	46 004	275.0	460.0	9 027.8
On foreign trade	3	12	61	13 610	300.0	408.3	22 211.5
Non-tax revenue	5	20	79	2 280	300.0	295.0	2 786.1
2. Current expenditure	52	188	1 071	122 745	261.5	469.7	11 360.8
Wages and salaries	11	37	167	21 151	236.4	351.4	12 565.3
Other current expenditure	41	151	904	101 594	268.3	498.7	11 138.3
3. Current savings (1-2)	-15	-47	-329	-62 845	2133	600.0	19 001.8
4. Capital expenditure	12	30	121	22 463	150.0	3033	18 464.5
Real investment	9	18	95	17 142	100.0	427.8	17 944.2
Other capital expenditure	3	12	26	5 321	300.0	116.7	20 365.4
5. Total expenditure (2+4)	64	218	1 192	145 208	240.6	446.8	12 081.9
6. Fiscal deficit (or surplus) (1-5)	-27	-77	-450	-85 308	185.2	484.4	18 857.3
7. Financing of the deficit	27	72	449	77 948			
Net domestic financing	26	71	450	73 231			
Credit received	26	70	451	73 249			
(-) Amortization payments	-	-1	1	18			
Sale of bonds	-	-	-	-			
Net external financing	1	1	-1	4 717			
Credit received	1	1	1	4 745			
(-) Amortization payments	-	-	2	28			
Sale of bonds	-	-	-	-			
Other sources	1	7	3	1 540			
Ratios (percentages)							
Current savings/capital expenditure	-125.0	-156.7	-271.9	-279.8			
Fiscal deficit/total expenditure	42.2	35.3	37.8	58.7			
Tax revenue/GDP	27.7	27.8	24.6	17.3			
Total expenditure/GDP	55.5	50.0	44.2	43.5			
Fiscal deficit/GDP	23.4	17.7	16.7	25.5			
Domestic financing/deficit	96.3	92.2	100.0	85.8			
External financing/deficit	3.7	1.3	-0.2	5.5			

Source: ECLAC, on the basis of figures supplied by the Ministry of Finance.

<sup>a</sup> Preliminary figures.

Table 22  
NICARAGUA: GOVERNMENT EXPENDITURE, BY MAIN AREAS

	Millions of córdobas				Percentage breakdown			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>643</b>	<b>217.8</b>	<b>1198.7</b>	<b>145 305.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Social sector</b>	<b>15.2</b>	<b>47.2</b>	<b>239.7</b>	<b>31967.0</b>	<b>23.6</b>	<b>21.7</b>	<b>20.0</b>	<b>22.0</b>
Education and culture	7.1	19.9	112.7	12350.9	11.0	9.1	9.4	8.5
Health and social welfare	5.9	25.2	113.9	19 616.1	9.2	11.6	9.5	13.5
Housing	2.2	2.1	13.1	-	3.4	1.0	1.1	-
<b>Infrastructure and production</b>	<b>10.5</b>	<b>24.9</b>	<b>101.9</b>	<b>29 061.0</b>	<b>16.3</b>	<b>11.4</b>	<b>8.5</b>	<b>20.0</b>
Primary activities	5.0	<b>7.4</b>	27.6	7 265.2	7.8	3.4	2.3	<b>5.0</b>
Manufacturing	0.1	<b>0.4</b>	<b>2.4</b>	726.5	0.2	0.2	0.2	<b>0.5</b>
Construction and transport	5.3	15.9	70.7	20 633.4	8.2	7.3	5.9	<b>14.2</b>
Energy	0.1	1.2	1.2	435.9	0.2	0.6	0.1	<b>0.3</b>
<b>Commerce and tourism</b>	<b>1.3</b>	<b>2.9</b>	<b>9.6</b>	<b>435.9<sup>b</sup></b>	<b>2.0</b>	<b>1.3</b>	<b>0.8</b>	<b>0.3</b>
<b>General administration and defence</b>	<b>32.5</b>	<b>135.4</b>	<b>791.1</b>	<b>83 259.9</b>	<b>50.5</b>	<b>62.2</b>	66.0	<b>57.3</b>
General administration	9.6	54.6			14.9	25.1		
Defence and security	22.9	80.8			35.6	37.1		
<b>Other</b>	<b>4.8</b>	<b>7.4</b>	<b>56.4</b>	<b>581.2</b>	<b>7.5</b>	<b>3.4</b>	<b>4.7</b>	<b>0.4</b>
Public debt servicing	4.1	7.4	12.0	290.6	6.4	3.4	1.0	<b>0.2</b>
Rest	0.7	-	<b>44.4</b>	290.6	1.1	-	3.7	<b>0.2</b>

Source: ECLAC, on the basis of figures supplied by the Ministry of Finance.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Does not include Commerce, which appears under Manufacturing.

Table 23  
**NICARAGUA: PROPERTY DAMAGE AND PRODUCTION LOSSES  
 DUE TO THE ARMED CONFLICT**

*(Millions of dollars)*

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>	1980- 1988
<b>Total</b>	<b>1.6</b>	<b>92</b>	<b>32.1</b>	<b>164.9</b>	<b>216.6</b>	<b>165.0</b>	<b>243.6</b>	<b>408.9</b>	<b>178.1</b>	<b>1420.0</b>
<b>Property damage</b>	<b>0.6</b>	<b>5.8</b>	<b>11.0</b>	<b>58.6</b>	<b>26.8</b>	<b>19.8</b>	<b>14.0</b>	<b>87.4</b>	<b>1.9</b>	<b>225.9</b>
Agriculture	-	0.1	2.3	12.2	14.0	10.4	4.0	18.6	0.5	62.1
Logging and forestry	-	-	0.1	<b>24.2</b>	5.3	0.4	-	-	0.4	30.4
Fisheries	0.6	2.2	1.6	4.8	2.6	0.6	0.5	0.1	0.4	13.4
Mining	-	-	-	<b>1.7</b>	1.0	-	-	36.7	-	39.4
Construction and transport	-	1.7	6.9	6.0	2.0	4.4	0.9	8.0	0.5	30.4
Other sectors	-	1.8	0.1	<b>9.7</b>	1.9	4.0	8.6	24.0	0.1	50.2
<b>Production losses</b>	<b>1.0</b>	<b>-3.4</b>	<b>21.1</b>	<b>106.3</b>	<b>189.8</b>	<b>145.2</b>	<b>229.6</b>	<b>321.5</b>	<b>176.2</b>	<b>1194.1</b>
Agriculture	0.1	-	0.2	36.9	74.3	71.1	148.4	100.1	112.7	543.8
Logging and forestry	-	-	-	<b>24.9</b>	52.7	41.5	49.9	167.2	55.0	391.2
Fisheries	0.9	1.2	2.8	13.2	15.8	15.7	4.7	4.9	6.2	65.4
Mining	-	2.2	3.1	1.3	2.0	4.5	2.5	9.3	-	24.9
Construction	-	-	15.0	30.0	45.0	12.4	<b>24.1</b>	40.0	2.3	168.8

**Source:** ECLAC, on the basis of figures supplied by the Ministry of the Presidency of Nicaragua.

\* Real figures up to November and estimated figures up to 15 December 1988.

## PANAMA

Panama underwent a crisis of unprecedented proportions during 1988 which had a negative impact on virtually every aspect of the country's economic and social life. The per capita product fell by 19%, investment decreased by 60%, urban unemployment reached 21%, fiscal income dropped by 45%, the external debt was not serviced, capital flight became a problem, and dislocations were produced in the country's domestic and international financial systems. Even the few quantifiable aspects of Panama's economic performance which were positive were largely illusory: the current account showed a surplus of US\$ 600 million, but this was due to the 20% reduction in imports caused by the marked deterioration in the country's external credit standing, and although prices generally remained stable, they did so within the context of a downturn in demand, lower wages and a sharp contraction in liquidity.

The crisis had its origin chiefly in the political sphere, at both the domestic and international levels, but it soon spread to the economic system through financial mechanisms. The economy had grown at an annual rate of around 3% during the previous triennium, but the political disturbances that began in mid-1987 were already starting to affect some activities during the second half of that year. The heightened internal political tension in the country and the friction between the governments of Panama and the United States reached their highest pitch between March and April and had a simultaneous impact in both the domestic and international spheres. The decisions taken by the United States to freeze Panama's public funds and to prohibit all United States individuals and corporations from sending remittances of

liquid assets and paying taxes in Panama, among other restrictions, had severe repercussions in an economy that uses the dollar as its domestic currency. Some of the other major steps taken by the United States were the following: a) the withholding of various annuities, such as the payments provided for in connection with the gradual return of the Panama Canal; b) the retention of the funds of the Banco Nacional de Panamá deposited in the United States; c) exclusion from the generalized system of tariff preferences and from the aid and co-operation mechanism provided for within the framework of the Caribbean Basin Initiative; d) the reduction of import quotas for Panamanian products; e) the prohibition of the operations of Panamanian airline and shipping enterprises; and f) the suspension of the regular shipments of new bills to meet the needs of the Panamanian banking system. Thus, Panama soon found that it had virtually no money with which to carry out economic transactions, and the country's large international banking centre, the national banking system, the public sector and the balance of payments were all rapidly weakened.

Means were devised, however, to mitigate somewhat the effects of the sharp reduction of liquidity. When the banking system was shut down for more than two months, a limited-scope substitute medium of payment was created by splitting up public-sector paychecks, which were then accepted by the public sector itself in payment of taxes, public services, etc. In addition, a number of United States enterprises or enterprises largely run by that country (such as the company in charge of banana production, the Panama Canal

In mid-June 1988 authorization was given for the payment of contributions to the social security system by United States individuals and subsidiaries established in Panama; this represented an exception to the prior prohibition of the payment of Panamanian taxes by such enterprises or individuals.



Commission and other United States bodies or departments) paid the wages of all their personnel, including Panamanians, in cash.

When the banking system was reopened in April, cash withdrawals of a set percentage of deposits were authorized up to a pre-established limit, and both the percentage and the limit were then gradually raised. Furthermore, depositors were permitted to use amounts in excess of this limit and time deposits to pay government taxes and to pay for services provided by public enterprises.

Another factor that partially relieved the shortage of means of payment—aside from some external bilateral support—was the fact that many small and medium-sized savers had withdrawn their deposits before the banking system was closed down.

The country's financial difficulties eased during the second half of 1988, but the overall balance for the year was nonetheless markedly negative. The operations of the Panama Canal and the Colón Free Zone were less severely affected, but fiscal revenue from these sources was also lower.

Within this context, total supply and demand contracted by 19%, thereby falling back to the levels recorded in the late 1970s. All the component variables of aggregate demand decreased sharply: the smallest drop was in private consumption, which went down by 9%, while at the other extreme, gross domestic investment plummeted by 61%; government consumption and exports each declined by 13%.

With the exception of the ownership of dwellings, which grew slightly (1%), the country's productive sectors all contracted. The declines ranged from around 7% and 8% in the cases of basic services and agriculture to 60% in construction, which had been one of the fastest-growing activities in the recent past. Personal and social services decreased by 15%, while industry and commerce each dropped by nearly 30%.

Partial indicators showed a relative improvement in this trend during the closing months of the year, but its adverse impacts on consumption, investment and employment have been so great that these variables are unlikely to regain their pre-crisis levels for quite some time. The population was obliged to make rapid changes in its consumption patterns, and conditions within Panamanian society became extremely austere. The severe deterioration of the country's capital stock caused by the virtual suspension of the accumulation process was further aggravated by the postponement of a large part of the operations necessary for the maintenance of equipment and of infrastructure in general. Moreover, unemployment reached such considerable levels that the normal direction of migration was reversed as people flowed out of the country's urban centres.

International services—with the exception of those provided by the international financial centre—were less seriously affected by the political and economic tensions, since they are relatively independent of the domestic situation. Nevertheless, the freezing of Panamanian funds by the United States, among other measures, hindered or delayed the receipt of income and contributed to the deterioration of the government's finances.

The widespread scarcity of means of payment greatly weakened the banking system. The assets of the international banking centre, which had declined by one-fourth in 1987, fell to just one-third of what they had been at the end of 1986. Even though a large percentage of this centre's operations are only paper transactions as far as Panama is concerned, the substantial drop in its assets affected the financing of domestic activities and hurt the national banking system, which showed a decline of similar proportions. In previous years, the local financial system (within which the Banco Nacional de Panamá, although it does not have the characteristics associated

<sup>2</sup> In particular, although the operations of the Panama Canal increased during 1988, the country's fiscal income declined substantially due to the restrictive measures mentioned above. For its part, the oil pipeline (which carries petroleum from Alaska to the Atlantic) registered a decrease in activity as a result of exogenous factors as well, and this too was reflected in a drop in fiscal revenue. Operations in the Colón Free Zone also showed somewhat of a downturn during the early months of 1988 due to the shutdown of the banks and of other activities during that period and to the initial difficulties encountered in obtaining traditional forms of international co-operation through letters of credit; however, this situation was gradually reversed during the remainder of the year.

with a central bank, acts as an international financial agent and as the receiver of the government's income) had expanded and improved its operations in parallel with the development of the international financial centre in the country. The existing banking system, while not issuing its own currency, had functioned smoothly, and the debt had been serviced on a regular basis. However, as the country's principal banking institution's liquidity coefficient declined, the government's manoeuvring room was considerably restricted. This had a twofold negative effect: on the country's domestic finances and on its financial relations with other countries.

These external constraints led to a steep reduction in imports; although merchandise exports also fell, the decrease was less marked, with the result that the balance on current account was positive. In addition, the country stopped servicing its debt and there was a substantial flight of foreign exchange.

The generalized deterioration of Panama's economic and financial situation led to a drastic drop in fiscal income (45%), and tax receipts

declined by five points of the product. Since it was impossible for the country to obtain alternative financing by way of monetary issues or fresh external loans, this decrease in income caused total spending to fall by one-third. Except for expenditure on wages, which fell by 2%, and current transfers, which declined by 14%, all items of expenditure contracted by at least one-half.

In summary, the severe crisis experienced by the Panamanian economy was set off by political factors that prevented the use of money for a number of months in a country which, in practice, does not have its own currency. The financial chaos to which this led distorted the country's entire domestic economic system, as well as its relations with the rest of the world, and the government's policies were therefore confined to attempts to solve only the most pressing problems. Towards the end of the year the situation began to stabilize as the country awaited the forthcoming general elections scheduled for May 1989.

Panama has been encountering difficulties in its negotiations with its various foreign creditors, and especially with its private creditors, since almost 60% of the public external debt is held by commercial banks.

Figure 1  
**PANAMA. MAIN ECONOMIC INDICATORS**

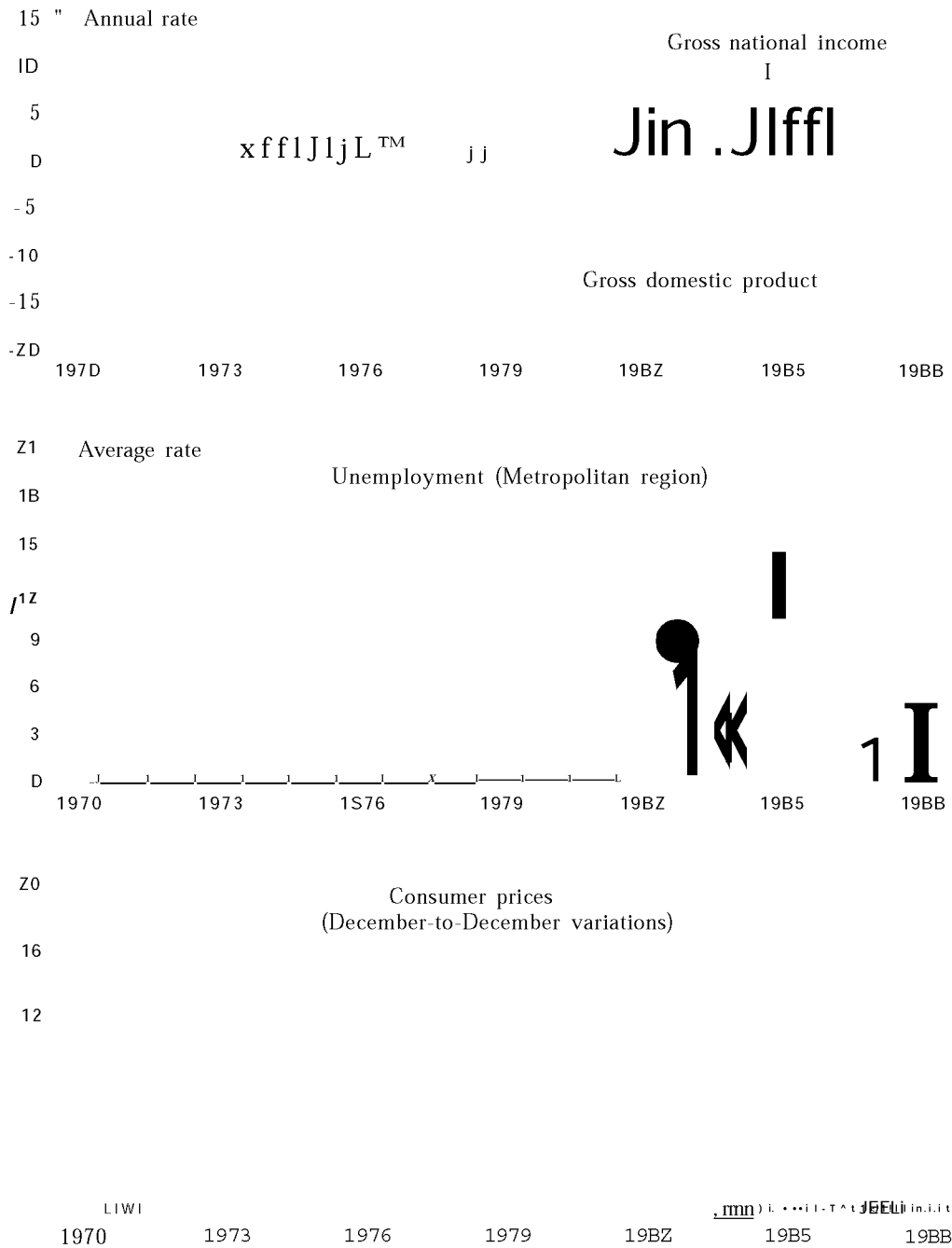
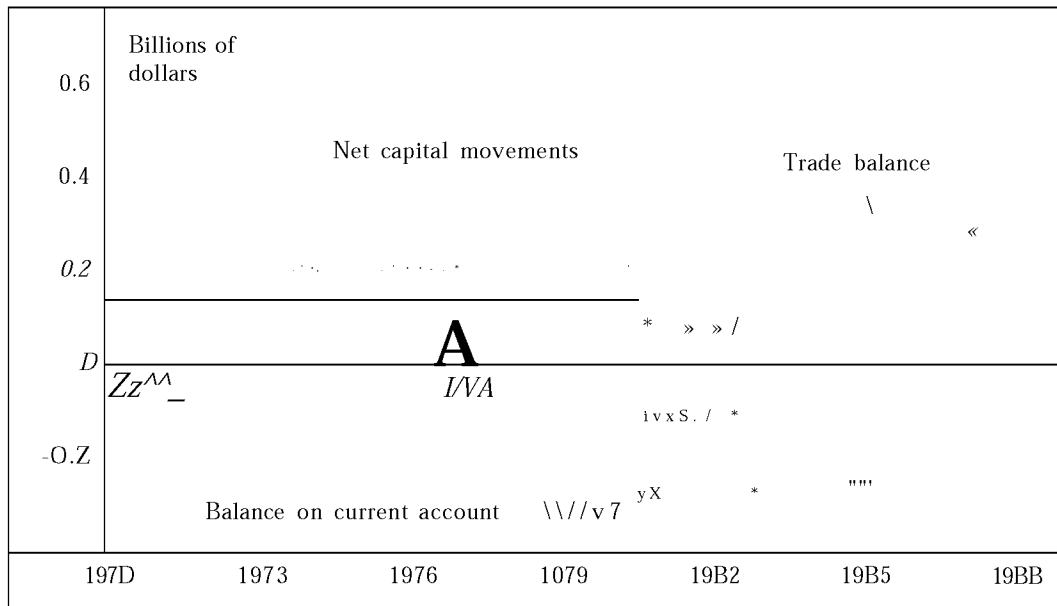


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

Table 1  
PANAMA: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Indexes (1980 == 100)							
Basic economic indicators							
Gross domestic product at market prices	109.1	109.0	108.6	113.8	117.7	120.3	99.1
Gross national income	106.4	110.8	112.2	120.8	126.5	124.4	108.6
Population (millions of inhabitants)	2.0	2.1	2.1	2.2	2.2	2.3	2.3
Per capita gross domestic product	104.4	102.1	99.5	102.1	103.4	103.5	83.5
Public-sector deficit/GDP <sup>be</sup>				2.2	1.9	0.4	2.7
Unemployment rate	8.4	9.7	10.1	12.3	10.5	11.8	16.0
Growth rates							
Short-run economic indicators							
Gross domestic product	4.9	-0.1	-0.4	4.8	3.5	2.2	-17.6
Per capita gross domestic product	2.7	-2.2	-2.6	2.6	1.3	-	-19.3
Gross national income	1.6	4.1	1.2	7.6	4.8	-1.7	-12.7
Consumer prices (December to December)	3.7	2.0	0.9	0.4	0.4	0.9	0.<f
Real wages and salaries <sup>e</sup>	-4.0	15.8	-1.6	-1.0	0.1	-1.0	
Current value of exports of goods and services	-3.0	-17.6	-0.2	12.1	12.0	1.7	-7.2
Current value of imports of goods and services	-7.8	-27.2	7.7	8.8	7.0	5.2	-19.6
Terms of trade (goods and services)	-7.5	14.0	3.2	1.1	16.0	-4.2	5.1
Millions of dollars							
External sector							
Trade balance (goods and services)	124	256	42	141	318	207	632
Net payments of profits and interest	37	126	73	46	35	-12	19
Balance on current account	152	311	74	147	245	149	616
Balance on capital account	136	-323	-158	-265	-184	-186	
Variation in net international reserves	-9	-3	-70	-157	30	-85	
External debt <sup>f</sup>	2 820	3 392	3 644	3 642	3 835	3 731	3 771

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. Percentages.

November-to-November variation.  
contractual debt of the public sector.

<sup>c</sup> Includes the central government. Excludes debt amortization payments.

<sup>e</sup> Minimum wages and salaries in Panama City.

<sup>f</sup> Corresponds to the

**Table 2**  
**PANAMA: TOTAL SUPPLY AND DEMAND**

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total supply</b>	<b>111.2</b>	<b>111.7</b>	<b>91.0</b>	<b>148.8</b>	<b>136.5</b>	<b>3.8</b>	2.0	<b>0.5</b>	<b>-18.6</b>
Gross domestic product at market prices	117.7	120.3	99.1	100.0	100.0	4.8	3.5	2.2	-17.6
Imports of goods and services	97.7	94.2	74.2	48.8	36.5	1.5	-1.6	-3.7	-21.2
<b>Total demand</b>	<b>111.2</b>	<b>111.7</b>	<b>91.0</b>	<b>148.8</b>	<b>136.5</b>	<b>3.8</b>	2.0	0.5	-18.6
Domestic demand	112.1	114.3	90.6	103.4	94.5	2.5	0.8	2.0	-20.7
Gross domestic investment	85.5	88.5	34.9	27.7	9.8	6.3	8.6	3.5	-60.5
Gross fixed investment	99.5	99.9	43.3	24.3	10.6	6.8	9.7	0.4	-56.7
Construction	81.3	80.1	32.0	15.9	5.1	-2.6	9.6	-1.5	-60.1
Machinery	133.5	136.9	64.4	8.5	5.5	20.1	9.8	2.5	-53.0
Public	45.4	22.7	9.1	9.9	0.9	-18.7	-13.2	-49.9	-60.2
Private	136.6	152.9	66.7	14.4	9.7	18.2	16.7	11.9	-56.4
Changes in stocks	-15.5	6.1	-24.9	3.4	-0.8				
Total consumption	121.8	123.7	111.0	75.7	84.8	1.7	-1.0	1.6	-10.3
General government	134.9	142.2	123.7	19.1	23.9	1.6	8.5	5.4	-13.0
Private	117.4	117.5	106.7	56.6	60.9	1.7	-4.3	0.1	9.2
Exports of goods and services	109.2	105.9	91.7	45.4	42.0	7.1	4.8	-3.0	-13.4

**Source:** ECLAC, on the basis of official figures.  
<sup>a</sup> Preliminary figures.

Table 3  
**PANAMA: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC  
ACTIVITY AT MARKET PRICES <sup>a</sup>**

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>b</sup>	1980	1988 <sup>b</sup>	1985	1986	1987	1988*
<b>Gross domestic product</b>	<b>117.7</b>	<b>1203</b>	<b>99.1</b>	<b>100.0</b>	<b>100.0</b>	<b>4.8</b>	<b>3.5</b>	<b>22</b>	<b>-17.6</b>
<b>Goods</b>	<b>98.6</b>	<b>102.4</b>	<b>76.4</b>	<b>26.5</b>	<b>20.4</b>	<b>2.7</b>	<b>1.5</b>	3.9	<b>-25.5</b>
Agriculture <sup>c</sup>	114.8	123.7	113.4	9.0	10.3	5.0	-2.2	7.8	8.4
Mining	80.6	87.1	61.2	0.2	0.1	-7.6	4.1	8.1	-29.7
Manufacturing	100.7	104.1	77.6	10.0	7.8	2.0	2.2	3.4	-25.4
Construction	76.0	74.3	29.2	7.3	2.1	-	7.5	-2.3	-60.7
Basic services	<b>137.0</b>	<b>142.2</b>	<b>1323</b>	<b>23.4</b>	<b>313</b>	7.0	2.9	<b>3.8</b>	<b>7.0</b>
Electricity and water	137.0	146.4	137.4	3.2	4.4	7.8	5.9	6.8	6.1
Transport, storage and communications	137.0	141.6	131.5	20.2	26.9	6.8	2.4	3.3	7.1
<b>Other services</b>	<b>1223</b>	<b>1233</b>	<b>100.8</b>	<b>52.0</b>	<b>52.9</b>	<b>42</b>	<b>4.2</b>	<b>0.8</b>	<b>-18.2</b>
Commerce, restaurants and hotels	99.6	94.8	67.9	17.4	11.9	4.6	1.6	-4.8	-28.3
Financial establishments, insurance, real estate and business services	133.9	138.3	118.4	14.1	16.9	4.3	6.6	3.3	-14.4
Ownership of dwellings	119.5	124.5	125.4	7.0	8.8	2.9	3.9	4.2	0.7
Personal, community, social and domestic services	133.5	137.0	116.5	20.5	24.1	3.9	4.2	2.6	-15.0
Government services	131.8	135.4	130.5	12.5	16.5	4.2	2.5	2.7	3.6
Minus: imputed commission for bank services	178.4	181.6	139.8	4.1	5.8	2.5	4.6	1.8	-23.0
Plus: import duties	150.5	146.3	56.6	2.2	1.3	8.1	17.2	-2.8	-61.3

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.  
<sup>a</sup>The figures at 1980 prices were obtained by applying price indexes calculated by ECLAC to the national series, which is at 1970 prices. The sum of the sectors does not coincide with the total due to the fact that the components have been extrapolated independently of the total. Preliminary figures. <sup>c</sup> Including livestock, forestry and fishing.

Table 4

## PANAMA: INDICATORS OF AGRICULTURAL PRODUCTION

	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
<b>Index of agricultural production</b> (1970 = 100)	<b>140.3</b>	<b>136.4</b>	<b>145.9</b>	<b>133.6</b>	<b>3.5</b>	-2.8	7.0	-8.4
Crop farming	124.5	115.8	128.5	118.2	4.6	-7.0	11.0	-8.0
Products for export	121.5	110.0	126.0	119.7	1.1	-9.5	14.5	-5.0
Products for domestic consumption	128.3	123.3	131.7		9.2	-3.9	6.8	
Stock-raising	181.1	189.7	194.8	177.3	2.5	4.7	2.7	-9.0
Forestry	128.7	119.4	100.8	83.8	-6.1	-7.2	-15.6	-16.9
<b>Production of main crops</b>								
For export								
Bananas	1067.0	907.0	1 251.0	1 201.0	1.0	-15.0	37.9	-4.0
Sugar cane	1 759.9	1 660.3	1 507.1		-12.3	-5.7	-9.2	
Coffee	9.4	10.6	12.3		-13.0	12.8	16.0	
For domestic consumption								
Rice	186.5	180.6	175.2	175.7	6.6	-3.2	-3.0	0.3
Maize	96.3	92.7	94.6		36.2	-3.7	2.0	
Beans	4.4	4.0	3.9		51.7	-9.1	-2.5	
Tobacco	1.4	1.5			7.7	7.1		
<b>Indicators of stock-raising production</b>								
Stocks <sup>c</sup>								
Cattle	1447	1430	1415	1400	-0.3	-1.2	-1.0	-1.1
Pigs	208	250	274	221	6.7	20.2	9.6	-19.3
Poultry <sup>d</sup>	5 789	6 659	7 658		-3.7	15.0	15.0	
Slaughtering <sup>c</sup>								
Cattle	295	296	289	250	3.9	0.3	-2.4	-13.5
Pigs	156	176	195	135	8.3	12.8	10.8	-30.8
Poultry	17 602	20 242	23 278	14 363	-9.3	15.0	15.0	-38.3
<b>Other products</b>								
Milk <sup>e</sup>	93	104	112	105	-	11.8	7.7	-6.2
Eggs <sup>f</sup>	192	206	233	154	-9.0	7.3	13.1	-33.9

**Source:** ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office of the Ministry of Agricultural Development.

<sup>a</sup> Preliminary figures. <sup>b</sup> Thousands of tons. <sup>c</sup> Thousands of head. <sup>d</sup> The poultry stock is estimated by the National Bureau of Sectoral Planning of the Ministry of Agricultural Development on the basis of a survival rate of one out of the approximately four broods hatched per year per hen. <sup>e</sup> Millions of litres. <sup>f</sup> Millions of units.



Table 5  
PANAMA: INDICATORS OF FISHERY PRODUCTION

	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
<b>Index of fishery production</b> (1970 = 100)	<b>196.4</b>	<b>275.5</b>	<b>267.9</b>	<b>180.0</b>	<b>43.5</b>	<b>403</b>	-2.8	-32.8
Shrimp	144.4	160.3	146.6		29.5	11.0	-8.5	
Fish	354.6	256.1	315.0		81.9	-27.8	23.0	
Other <sup>b c</sup>	13.2	109.1	100.5		24.0	727.1	-8.1	
<b>Catch<sup>c</sup></b>								
Shrimp <sup>d</sup>	8.6	7.2	7.2		54.3	-16.9	-0.1	
Lobster	0.1	0.5	0.5		98.7	208.7	15.2	
Fish	244.7	92.9	125.0		133.7	-62.1	34.6	
Fresh	1.9	2.8	0.7		72.7	47.4	-75.0	
Industrial	243.6	90.8	124.3		135.1	-62.7	36.9	
<b>Industrial production<sup>c</sup></b>								
Fish oil	33.7	14.5	12.4		349.1	-56.8	-14.4	
Fish meal	45.7	17.1	29.5		103.3	-62.6	72.7	
<b>For export<sup>c</sup></b>								
Fresh or frozen shrimps	7.7	8.6	6.9		30.5	11.4	-19.6	
Canned sardines	0.2	0.1	-		-24.3	-32.1	-100.0	
Fish meal	35.4	9.4	21.0		413.3	-73.5	123.5	
Fish oil	29.4	11.2	10.2		1781.9	-61.9	-8.9	

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office; and the Ministry of Commerce and Industry, Bureau of Marine Resources.

<sup>1</sup> Preliminary figures. <sup>b</sup> Principally shellfish and other mollusks. Thousands of tons. Excludes production in hatcheries.

Table 6

## PANAMA: INDICATORS OF MANUFACTURING PRODUCTION

	1985	1986	1987	January- September		Per- centage break- down (1985)	Growth rates			
				1987	1988 <sup>a</sup>		1985	1986	1987	Jan.- Sept. 1988 <sup>a</sup>
<b>Index of manufacturing production</b> (1981 = 100)	<b>99.8</b>	102.7	<b>106.1</b>	<b>106.8</b>	<b>77.4</b>	<b>100.0</b>	1.2	2.9	3.3	<b>-27.5</b>
Food, beverages and tobacco	103.8	108.4	107.2	106.6	88.5	48.1	4.3	4.4	-1.1	-17.0
Textiles, clothing and leather products	99.1	98.9	97.3	96.4	61.8	5.2	7.6	-0.2	-1.6	-35.9
Wood, furniture and fittings	104.2	101.1	91.8	90.3	36.4	2.4	-3.1	-3.0	-9.2	-59.7
Paper, printing and publishing	96.0	91.6	93.6	95.2	76.2	7.4	0.4	-4.6	2.2	-20.0
Chemicals and petroleum products	107.6	105.3	123.2	125.8	97.0	26.9	-3.7	-2.1	17.0	-22.9
Non-metallic minerals	75.5	91.7	98.6	105.6	42.7	4.4	-3.1	21.5	7.5	-59.6
Basic metal industries	66.9	76.0	101.0	101.4	28.5	0.8	5.5	13.6	32.9	-71.9
Metal products	92.9	93.3	107.2	114.6	53.3	4.5	-10.3	0.4	14.9	-53.5
Other manufactures	92.1	106.1	98.7	87.1	63.5	0.3	-0.6	15.2	-7.0	-27.1
<b>Production of some important manufactures</b>										
Sugar <sup>0</sup>	151.0	131.0	115.1				-9.6	-13.2	-12.1	
Beer <sup>d</sup>	79.7	92.5	101.4	72.9	60.5		8.6	16.1	9.6	-17.0
Carbonated beverages	79.4	90.6	98.6				2.6	14.1	8.8	
Evaporated, condensed and powdered milk <sup>c</sup>	19.2	22.2	20.8	13.9	12.0		7.9	15.6	-6.3	-13.7
Cigarettes <sup>e</sup>	873.0	872.8	825.6	611.9	476.6		-4.2	-	-5.4	-22.1
Footwear	1 794.3	2 050.4	1 957.8				10.9	14.3	-4.5	
<b>Other indicators of manufacturing production</b>										
Industrial consumption of electricity <sup>g</sup>	252.4	267.6	305.5	229.4	172.8		10.4	6.0	14.2	-24.7
Employment	66.6	64.2	70.7	48.8'	40.9'		11.0	-3.6	10.1	-16.2 <sup>1</sup>

**Source:** ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.

<sup>a</sup> Preliminary figures. <sup>b</sup> On the basis of current values of the gross value of production. <sup>c</sup> Thousands of tons.

<sup>d</sup> Millions of litres. <sup>e</sup> Millions of units. <sup>f</sup> Thousands of pairs. <sup>g</sup> Thousands of MWh. <sup>h</sup> Thousands of

persons, according to the household survey. <sup>1</sup> Includes only the metropolitan area.

Table 7

## PANAMA: CONSTRUCTION INDICATORS

	1985	1986	1987	January-September		Growth rates			Jan.-Sept. 1988 <sup>a</sup>
				1987	1988 <sup>a</sup>	1985	1986	1987	
<b>Area constructed</b>									
(thousands of m <sup>2</sup> )	<b>484</b>	<b>678</b>	<b>780.</b>	.	.	.	<b>28.0</b>	<b>40.1</b>	<b>15.0</b>
Residential	341	481	610.	.	.	.	12.9	41.1	26.8
<b>Value of structures<sup>c</sup></b>									
(millions of balboas)	<b>143</b>	<b>J 181.7</b>	<b>201.2</b>	<b>161.9</b>	<b>29.2</b>	<b>20.2</b>	<b>26.8</b>	<b>10.7</b>	<b>-82.0</b>
<b>Production of selected building materials</b>									
Steel (thousands of tons)	14	15	18.	.	.	.	27.3	7.1	20.0
Cement (thousands of tons)	308	337	383	334 <sup>d</sup>	149 <sup>d</sup>	1.4	9.1	13.6	-55.4 <sup>a</sup>
Employment <sup>c</sup>									
(thousands of workers)	<b>33.3</b>	<b>34.6</b>	<b>36.4</b>	<b>24.0<sup>f</sup></b>	<b>15.3<sup>c</sup></b>	<b>5.5</b>	<b>3.9</b>	<b>5.2</b>	<b>-36.2<sup>f</sup></b>

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.

<sup>a</sup>Preliminary figures.      According to building permits requested in the District of Panama only.      <sup>c</sup> Nationwide, based on records of building permits granted.      January-October.      <sup>d</sup>According to the household survey taken in August.      Refers to the metropolitan region only.

Table 8  
PANAMA: INDICATORS OF ELECTRICITY PRODUCTION AND CONSUMPTION

	Thousands of MWh				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Total supply	2 449.1	2 689.5	2 873.6	2 545.9	8.3	9.8	6.8	-11.4
Net generation	2 419.1	2 586.1	2 625.9	2 515.9	10.0	6.9	1.5	-4.2
Gross generation	2 456.5	2 620.5	2 670.9	2 558.9	9.4	6.7	1.9	-4.2
Hydroelectric	1929.2	2 095.6	2 031.6	2 198.9	29.3	8.6	-3.1	8.2
Thermal	527.3	524.9	639.3	360.0	80.1	-0.5	21.8	-43.7
Minus: in-house services	37.4	34.4	45.0	43.0	17.8	-8.0	30.8	-4.4
Imports	30.0	103.4	247.7	30.0	-50.7	244.7	139.6	-87.9
Total demand	2 449.1	2 689.5	2 873.6	2 545.9	8.3	9.8	6.8	-11.4
Domestic consumption	1 809.5	1 924.1	2 067.9	1 883.4	7.2	6.3	7.5	-8.9
Residential	559.6	606.9	662.7	637.2	7.3	8.5	9.2	-3.8
Commercial	609.8	647.7	678.4	599.4	6.2	6.2	4.7	-11.6
Industrial	252.4	267.6	305.5	231.2	10.4	6.0	14.2	-24.3
Public and others	387.7	401.9	421.3	415.6	6.6	3.7	4.8	-1.4
Exports and sales to other enterprises	134.6	121.0	123.3	95.5	5.0	-10.1	1.9	-22.5
Transmission and distribution losses	505.0	644.4	682.4	567.0	13.7	27.6	5.9	-16.9
Other indicators								
Coefficient of losses/ total supply	20.6	24.0	23.7	22.3				
Consumption of Bunker oil as industrial input <sup>c</sup>	1 019.9	1 017.7	1 326.2		-32.9	-0.2	30.3	
Installed capacity <sup>d</sup>	872.6	853.9	837.0		2.4	-2.1	-2.0	

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office, and statistical bulletins of the Institute of Water Resources and Electrification (IRHE).

<sup>a</sup> Preliminary figures.      Percentages.      <sup>c</sup> Thousand of barrels.      <sup>d</sup> MW.

Table 9  
PANAMA: INDICATORS OF SELECTED SERVICES

	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
<b>Millions of balboas at 1970 prices</b>								
<b>Gross domestic product</b>								
Transport, storage and communications services	512.5	524.8	542.3	505.4	6.8	2.4	3.3	-7.1
Pipelines and other water transport services	157.1	137.5	147.8	123.1	13.9	-12.5	7.5	-16.7
Panama Canal Commission	177.0	186.0	187.7	193.9	1.4	5.1	0.9	3.3
Colón Free Zone	64.1	79.6	83.6	77.0	17.0	24.2	5.0	-7.9
Financial services	283.2	301.3	311.5	271.0	4.2	6.4	3.4	-13.0
Banking	58.5	63.1	63.7	48.3	4.1	7.9	1.0	-24.2
Insurance	15.0	17.1	16.5	10.5	4.9	14.0	-3.5	-36.4
Ownership of dwellings	140.3	145.7	151.8	152.9	2.9	3.8	4.2	0.7
Other	69.4	75.4	79.5	59.3	6.8	8.6	5.4	-25.4
Commerce and tourism	251.4	255.4	243.1	174.1	4.6	1.6	-4.8	-28.3
Wholesale	91.0	92.4	90.5	69.1	3.8	1.5	-2.1	-23.6
Retail	124.9	127.2	118.6	85.6	5.0	1.8	-6.8	-27.8
Restaurants and hotels	35.5	35.8	34.0	19.4	5.3	0.8	-5.0	-42.9
<b>Millions of balboas</b>								
<b>Other indicators</b>								
Total deposits of national banking system	24 324	26 666	18 079	8 154 <sup>e</sup>	2.2	9.6	-32.2	-69.4 <sup>e</sup>
Interbank deposits	16 612	17 495	10 526	2 995	-0.9	5.3	-39.8	-82.9
By foreigners	5 193	6 118	4 691	2 690	11.1	17.8	-23.3	-54.3
By citizens	2 519	3 053	2 862	2 469	5.8	21.2	-6.3	-25.1
Tourism								
Expenditure by tourists and in-transit travellers	207.9	202.1	185.3	113.4 <sup>e</sup>	10.2	-2.8	-8.3	-18.6 <sup>e</sup>
Tourists <sup>f</sup>	315	319	283	129 <sup>e</sup>	3.3	1.3	-11.3	-37.4 <sup>e</sup>
Hotel capacity <sup>g</sup>	2 878	2909	3 119	3 069 <sup>e</sup>	1.0	1.1	7.2	-1.6 <sup>e</sup>

**Source:** ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office, and the National Banking Commission.

<sup>a</sup> Preliminary figures. <sup>b</sup> Year-end balances. <sup>c</sup> Balances as of June. Includes operations between local banks. <sup>e</sup> January to September. <sup>f</sup> Thousands of persons. <sup>g</sup> Rooms in luxury and first-class hotels in Panama City, at the end of the period.

Table 10

PANAMA: PANAMA CANAL: TRAFFIC AND INCOME <sup>a</sup>

	Traffic (millions of long tons)	Income (millions of dollars)
1979	154.1	208.4
1980	167.2	291.8
1981	171.2	301.8
1982	185.4	324.0
1983	145.6	286.0
1984	140.4	286.7
1985	138.6	298.5
October	12.4	27.8
November	12.1	27.3
December	11.6	26.8
<b>1986</b>	<b>139.9</b>	<b>322.7</b>
January	11.7	<b>27.0</b>
February	9.8	23.1
March	12.2	28.5
April	12.5	28.1
May	11.8	29.3
June	11.4	26.3
July	11.9	27.6
August	11.4	26.8
September	11.1	24.1
October	12.0	27.1
November	12.9	29.5
December	12.5	28.8
<b>1987</b>	<b>149.0</b>	<b>329.7</b>
January	<b>12.0</b>	27.3
February	11.6	25.8
March	12.0	27.0
April	12.6	27.5
May	12.4	28.0
June	12.3	26.9
July	11.6	26.4
August	13.6	28.6
September	13.5	26.8
October	<b>14.0</b>	29.7
November	12.6	28.7
December	12.6	28.3
<b>1988</b>	<b>156.6</b>	<b>339.3</b>
January	12.9	28.6
February	12.9	28.3
March	14.3	30.3
April	12.9	28.7
May	13.0	29.1
June	12.8	26.2
July	13.2	27.4
August	13.7	28.3
September	11.7	25.7
October	12.6	28.2
November	12.2	28.1

Source: ECLAC, on the basis of official figures.

<sup>a</sup> The yearly totals correspond to the period between October of the preceding year and September of the current year.

Table 11  
**PANAMA: EMPLOYMENT AND UNEMPLOYMENT**

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Participation rates</b>							
Economically active population/ population aged 15 and over	53.7	56.1	56.1	56.9	55.6	57.7	56.9
<b>Thousands of persons</b>							
<b>Unemployed population</b>	<b>51.5</b>	<b>64.2</b>	<b>68.8</b>	<b>88.2</b>	75.7	<b>91.1</b>	<b>125.1</b>
Urban	35.7	42.8	45.5	63.2	51.3		
Rural	15.8	21.4	23.3	25.0	24.4		
Metropolitan region	35.6	44.4	48.5	63.3	51.7	63.8	94.3
Rest of country	15.9	19.8	20.3	24.9	24.0	27.3	30.8
<b>Unemployment rates</b>							
National	8.4	9.7	10.1	12.3	10.5	11.8	16.0
Urban	10.3	11.5	11.8	15.7	12.7		
Rural	5.9	7.4	7.8	8.0	7.7		
Metropolitan region	10.1	11.7	12.4	15.6	12.6	14.1	20.8
Rest of country	6.1	7.0	7.0	8.1	7.8	8.6	<b>9.4</b>

Source: ECUVC, on the basis of figures from household surveys, *Estadística Panameña*, August 1988, *Boletín No. 19*, Panama City, 27 December 1988. These surveys are conducted in the month of August by the Comptroller-General of the Republic, Statistics and Census Office. The figures exclude indigenous areas, the Canal Zone and residents in collective dwellings.

<sup>a</sup> Preliminary figures. <sup>b</sup> According to the survey definition, this population segment corresponds to persons 15 years of age and over, active in the production of goods and services, who were not working at the time but who had looked for work in the preceding three-month period, including the week in which the survey was taken.

Table 12

**PANAMA: BALANCE OF PAYMENTS**  
(Millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Balance on current account</b>	-23	<b>-152</b>	311	74	<b>147</b>	245	149	616
Trade balance	-329	-124	255	42	141	318	207	632
Exports of goods and services	3 689	3 580	2 951	2 945	3 300	3 697	3 762	3 491
Goods FOB	2 540	2 411	1 676	1 686	1 974	2 386	2 521	2 338
Real services	1 149	1 169	1 276	1 259	1 326	1 312	1 241	1 153
Transport and insurance	611	633	717	689	707	667	654	630
Travel	175	174	172	189	208	205	188	168
Imports of goods and services	4 018	3 703	2 696	2 903	3 159	3 379	3 555	2 859
Goods FOB	3 315	3 045	2 321	2 509	2 731	2 920	3 116	2 515
Real services	703	659	375	394	428	458	439	343
Transport and insurance	527	479	203	223	219	248	233	159
Travel	65	81	71	67	73	73	87	88
Factor services	354	27	116	64	36	-47	-25	10
Profits	-39	-46	-81	-32	-115	-76	-62	-65
Interest received	6 231	5 826	4 326	3 592	3 007	2 459	2 173	887
Interest paid	-5 830	-5 743	-4 119	-3 487	-2 847	-2 418	-2 123	-804
Labour and property	-8	-10	-10	-9	-9	-12	-13	-9
Unrequited private transfer payments	-48	-55	-60	-32	-31	-27	-33	-26
Balance on capital account	-52	<b>136</b>	<b>-323</b>	<b>-158</b>	-264	<b>-185</b>	<b>-186</b>	...
Unrequited official transfer payments	79	101	104	144	140	122	115	111
Long-term capital	570	1 199	412	259	-253	56	-65	34
Direct investment	6	3	72	10	59	-58	-6	-5
Portfolio investment	203	352	63	59	-183	67	-63	-
Other long-term capital	361	845	278	190	-128	47	3	40
Official sector <sup>c</sup>	84	368	162	102	31	124	39	40
Loans received	217	553	232	287	60	155	944	68
Amortization payments	-131	-183	-70	-180	-30	-29	-905	-28
Commercial banks <sup>c</sup>	134	256	204	115	-127	-100	-8	-
Loans received	135	256	221	115	-127	-100	-8	-
Amortization payments	-	-	-17	-	-	-	-	-
Other sectors <sup>c</sup>	142	221	-88	-26	-32	24	-27	-
Loans received <sup>d</sup>	303	334	143	161	85	114	33	-
Amortization payments	-166	-114	-233	-175	-117	-78	-63	-
Short-term capital	-459	-1 123	-275	-187	102	14	270	-
Official sector	2	5	-	2	-5	3	1	-
Commercial banks	-87	-630	-149	-83	-175	-16	356	-
Other sectors	-374	-499	-126	-106	282	27	-87	-
Errors and omissions (net)	-242	-40	-564	-374	-253	-377	-506	-
Global balance	-75	-15	-12	-84	<b>-117</b>	60	-37	...
Total variation in reserves (- sign indicates an increase)	68	9	3	70	157	-30	85	-
Monetary gold	-	-	-	-	-	-	-	-
Special Drawing Rights	-2	-1	4	-	-13	12	1	-
IMF reserve position	10	0	-9	9	-	-	-	-
Foreign exchange assets	-11	20	-100	-19	131	-84	91	-
Other assets	-	-	-	-	-	-	-	-
Use of IMF credit	71	-10	109	79	39	43	-7	-

Source: 1981-1987: International Monetary Fund, *Balance of Payments Yearbook*, April 1989; 1988: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. <sup>b</sup> Including other non-factor services. <sup>c</sup> Including net loans granted and other assets and liabilities. <sup>d</sup> Equals total variation in reserves (of opposite sign) plus counterpart items.



Table 13  
PANAMA: MAIN INDICATORS OF FOREIGN TRADE IN GOODS

	1982	1983	1984	1985	1986	1987	1988*
Growth rates							
Exports (FOB)							
Value	5.1	-30.5	0.6	17.1	20.8	5.7	-7.2
Volume	10.2	-33.0	-3.2	17.6	4.6	9.5	-15.8
Unit value	-13.9	3.8	4.0	0.4	15.5	-3.5	10.1
Imports (FOB)							
Value	8.2	-23.8	8.1	8.8	6.9	6.7	-19.3
Volume	5.4	-17.2	8.3	11.0	14.9	4.2	-20.9
Unit value	3.0	7.9	-0.1	1.9	7.0	2.4	2.0
Terms of trade (FOB/CIF)	-12.1	12.8	3.2	1.6	23.7	-5.4	8.4
Indexes (1980 = 100)							
Purchasing power of exports (FOB/CIF)	101.1	76.3	76.3	91.0	117.8	122.0	111.5
Quantum of exports	121.4	81.3	78.7	92.5	96.8	106.0	89.3
Quantum of imports	97.9	81.0	87.7	97.4	111.9	116.7	92.3
Terms of trade (FOB/CIF)	83.4	93.9	96.9	98.4	121.7	115.1	124.9

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.  
\* Includes commercial operations in the free zones and re-exports. Preliminary figures.

Table 14  
PANAMA: EXTERNAL TRADE BALANCE (GOODS AND SERVICES)  
(Millions of dollars)

	1984	1985	1986	1987	1988 <sup>a</sup>
Balances	5	99	274	157	
Total balance (goods)	-860	-789	-566	-633	-100
Balance of the free zones	158	149	211	189	276 <sup>b</sup>
Domestic balance	-1018	-938	-777	-822	
Balance of services	865		840	790	
Exports	2 908	3 268	3 666	3 726	
Total goods (FOB)	1649	1942	2 355	2 484	2 425 <sup>c</sup>
Free zones (or re-exports)	1391	1641	2028	2146	2119 <sup>c</sup>
Domestically-produced goods <sup>e</sup>	258	301	327	338	
Services (non-factor)	1259	1326	1311	1242	
Imports <sup>c</sup>	2 903	3169	3 392	3 569	
Total goods (FOB)	2 509	2 731	2 921	3117	2 525
Free zones	1233	1492	1817	1957	1843 <sup>b</sup>
To the country	1276	1239	1104	1160	
Services (non-factor)	394	438	471	452	

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.  
<sup>a</sup> Preliminary figures.      <sup>b</sup> Does not include adjustments in content.      <sup>c</sup> Differs from balance-of-payment figures due to adjustments in content and value.      Includes adjustments in content.      Does not include re-exports of goods cleared through customs.

Table 15

## PANAMA: EXPORTS OF GOODS, FOB

	Millions of dollars					Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	January-September		1980	Jan.-Sept. 1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>	Jan.-Sept. 1988 <sup>a</sup>
				1987	1988 <sup>a</sup>						
<b>Total<sup>b</sup></b>	<b>2 355</b>	<b>2 484</b>	<b>2 425<sup>e</sup></b>					<b>21.3</b>	<b>5.5</b>	<b>-3.8<sup>e</sup></b>	
Colón Free Zone (re-exports) <sup>d</sup>	2 028	2 146	2 119 <sup>e</sup>	1 623 <sup>e</sup>	1 533 <sup>e</sup>			23.6	5.8	-7.3 <sup>e</sup>	-5.5 <sup>e</sup>
Domestically-produced goods <sup>e</sup>	327	338						8.6	3.4		
<b>Total domestically-produced goods</b>	<b>327</b>	<b>338</b>	...	256	<b>216</b>	100.0	100.0	8.6	<b>3.4</b>	...	<b>-15.6</b>
<b>Main traditional exports</b>	<b>205</b>	<b>210</b>	...	<b>156</b>	<b>133</b>	<b>81.9</b>	61.6	-8.9	2.4	...	<b>-14.7</b>
Petroleum products	-	-		-	-	23.2	-	-100.0	-		-
Bananas	70	86		64	64	17.6	29.6	-10.3	22.9		-
Shrimps	68	66		51	38	12.5	17.6	13.3	-2.9		-25.5
Sugar	20	17		16	2	18.7	0.9	-25.9	-15.0		-87.5
Fish meal and oil	3	7		5	4	4.8	1.9	-76.9	133.3		-20.0
<b>Main non-traditional exports</b>	<b>33</b>	<b>31</b>	...	20	20	<b>63</b>	<b>93</b>	10.0	-6.1	...	-
Cardboard boxes	2	2		1	2	0.8	0.9	100.0	-		100.0
Prepared cattle hides	9	8		6	6	0.6	2.8	50.0	-11.1		-
Fruit extracts	2	2		1	1	0.4	0.5	100.0	-		-
Leaf tobacco	2	2		2	2	0.4	0.9	-33.3	-		-
Banana pulp	3	3				0.6		-	-		-
Rum	2	2		1	2	1.1	0.9	-	-		100.0
Processed shellfish	3	1		1	1	0.2	0.5	-50.0	-66.7		-
Medicines	5	7		4	5	0.4	2.3	25.0	40.0		25.0
Cosmetics	2	2		2	1	0.3	0.5	100.0	-		-50.0
Cocoa butter and paste	3	2		2	-	0.4	-	-	-33.3		-100.0
<b>Rest</b>	<b>89</b>	<b>97</b>	...	80	63	<b>11.8</b>	<b>29.1</b>	<b>93.5</b>	9.0	...	<b>-21.2</b>

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.  
<sup>b</sup> Preliminary figures. <sup>c</sup> Differs from balance-of-payments figures due to adjustments in content and value. <sup>d</sup> Does not include adjustments in content. <sup>e</sup> Includes adjustments in content. <sup>f</sup> Does not include re-exports of goods cleared through customs.

**Table 16**  
**PANAMA: EXPORT VOLUMES OF MAIN PRODUCTS**

	Thousands of net tons					Growth rates					
	1985	1986	1987	January-September		1985	1986	1987	1988 <sup>b</sup>	Jan.-Sept. 1988 <sup>a</sup>	
				1987	1988 <sup>a</sup>						
<b>Re-exports from free zones</b>	174.1	<b>217.3</b>	231.0	210.7	167.0	<b>155.0</b>	<b>25.6</b>	<b>24.8</b>	6.3	-8.8	-12
<b>Exports of domestically-produced products</b>											
Petroleum products	36.3	-	-	-	-	381.1	-	.			#
Bananas <sup>c</sup>	37.8	32.3	37.4	28.5	27.4	4.7	-14.5	15.8			-4.0
Shrimps	7.7	8.6	6.9	5.2	4.4	30.5	11.4	-19.6			-14.7
Sugar	84.4	61.3	52.5	46.6	11.5	2.8	-27.3	-14.4			-75.3
Fish meal	35.4	9.4	21.0	17.5	9.5	413.0	-73.5	123.5			-45.4
Fish oil	29.4	11.2	10.2	5.7	3.1	1 781.9	-61.9	-8.9			-46.2
Coffee beans	5.5	7.6	7.6	4.0	5.9	27.9	37.7	0.5			-46.6
Clothing	0.4	0.5	0.6	0.4	0.5	33.3	29.9	9.3			45.8
Cardboard boxes	2.5	3.8	3.2	2.3	2.7	84.6	54.3	-15.7			13.8
Prepared cattle hides	2.7	4.5	4.5	3.5	3.1	-15.6	63.1	-0.5			-12.2
Fruit extracts	0.4	1.1	0.9	0.7	0.4	-71.4	154.3	-22.1			-44.1
Leaf tobacco	0.8	0.7	0.8	0.8	0.7	33.3	-6.2	6.5			-5.2
Banana pulp	5.9	5.9				8.3	-				
Rum <sup>d</sup>	0.8	1.1	1.0	0.7	1.2	6.2	27.5	10.0			71.8

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.  
<sup>a</sup> Preliminary figures.      <sup>b</sup> Thousands of gallons.      <sup>c</sup> Thousands of boxes.      Thousands of litres.

Table 17  
**PANAMA: IMPORTS OF GOODS**

	Millions of dollars					Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	January- November		1980	Jan.- Nov. 1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>	Jan.- Nov. 1988 <sup>a</sup>
				1987	1988 <sup>a</sup>						
<b>Total (FOB)</b>	<b>2 920</b>	<b>3 116</b>	<b>2 515</b>	...	...	<b>100.0</b>	...	7.0	<b>6.7</b>	<b>-19.0</b>	...
Free zones	1817	1957				<b>57.0</b>		21.8	7.7		
Colón Free Zone <sup>b</sup>	1777	1904	1843 <sup>e</sup>	1878 <sup>e</sup>	1678 <sup>e</sup>			23.5	7.1	-9.8 <sup>c</sup>	-10.6 <sup>e</sup>
Panama Canal Commission	40	53						-24.5	32.5		
Into the country (FOB value)	1104	1160				<b>43.0</b>		-10.9	5.1		
<b>Into the country (CIF value) by economic destination</b>	<b>1275</b>	<b>1308</b>		<b>1129</b>	<b>665</b>	<b>100.0</b>	<b>100.0</b>	<b>-5.3</b>	<b>2.6</b>		<b>-41.1</b>
Consumer goods	128	123		112	78	8.0	11.7	-7.2	-3.9		-30.4
Food products	128	123		112	78	8.0	11.7	-7.2	-3.9		-30.4
Intermediate goods and other consumer goods	904	927		777	474	77.0	71.3	-11.9	2.5		-39.0
Crude oil	106	174		168	89	28.2	13.4	-56.2	64.2		-47.0
Other consumer and intermediate goods	798	753		609	385	48.8	57.9	-1.8	-5.6		-36.8
Capital goods	243	258		240	113	15.0	17.0	7.0	6.2		-52.9

**Source:** ECLAC, on the basis of Figures supplied by the Comptroller-General of the Republic, Statistics and Census Office.  
<sup>a</sup> Preliminary figures.      Includes adjustments in content.      <sup>c</sup> Does not include adjustments in content.

Table 18

## PANAMA: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Millions of dollars</b>							
<b>External public debt</b>	<b>2 820</b>	<b>3 392</b>	<b>3 644</b>	<b>3 642</b>	<b>3 835</b>	<b>3 731</b>	<b>3 771<sup>e</sup></b>
Central government	2 050	2 175	2 264	2 266	2 377	2 399	2 444
Decentralized sector	770	1 217	1 380	1 376	1 459	1 332	1 327
Disbursements	769	807	561	209	402	599	68
Services	614	517	613	511	496	945	53
Principal	282	235	308	212	209	703	28
Interest	332	282	305	299	287	242	25
Interest <sup>e</sup>	5 743	4 119	3 487	2 847	2 418	2 123	770
<b>Percentages</b>							
<b>Ratios</b>							
Servicing/disbursements	79.8	64.1	109.3	244.0	123.3	157.8	77.5
External public debt/exports of goods and services	78.8	104.9	123.8	110.3	103.7	99.2	108.3
Servicing/exports of goods and services	17.2	17.5	20.8	15.5	13.4	25.1	1.5

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, National Accounting Office, Public Debt Section.

<sup>a</sup> Preliminary figures. <sup>b</sup> Year-end balances. Refers to the contractual debt, excluding interest arrears. <sup>c</sup> According to official sources, part of the domestic debt contracted by the public sector with private foreign banks operating in Panama under general license is in the process of being renegotiated with these institutions, as if were external debt. Thus, if these renegotiations are successful, the level of external public debt in 1988 will prove to have been slightly more than US\$85 million higher, but this would not represent a real increase in resources. <sup>d</sup> Refers to the external public debt. <sup>e</sup> Corresponds to the "interest paid" entry on the current account of the balance of payments.

Table 19

**PANAMA: THE EXTERNAL PUBLIC DEBT<sup>a</sup>**  
(Millions of dollars)

	Total	Official sources	Private sources
<b>Balance as of 31 December 1986</b>	<b>3 835.0</b>	<b>1643.1</b>	<b>2 191.9</b>
Inflows	599.3	128.9	470.4
Loans received	585.9	125.8	460.1
Adjustments	13.4	3.1	10.3
Outflows	948.7	323.8	624.9
Amortization payments	703.4	250.3	453.1
Interest payments	241.5	70.9	170.6
Commissions and other costs	3.8	2.6	1.2
Adjustments of interest and commissions			
<b>Balance as of 31 December 1987</b>	<b>3 730.9</b>	<b>1 521.7</b>	<b>2 209.2</b>
Inflows	68.0	82.0	-14.0
Loans received	34.3	10.1	24.2
Adjustments	33.7	71.9	-38.2
Outflows	52.9	20.2	32.7
Amortization payments	28.1	7.1	21.0
Interest payments	24.6	13.0	11.6
Commissions and other costs	0.2	0.1	0.1
Adjustments of interest and commissions			
<b>Balance as of 31 December 1988</b>	<b>3 770.8</b>	<b>1 596.5</b>	<b>2 174 J</b>

**Source:** ECIAC, on the basis of figures supplied by the Comptroller-General of the Republic, National Accounting Office, Public Debt Section.

<sup>a</sup> Medium- and long-term public-sector contractual debt. Includes the central government and decentralized enterprises and agencies. Preliminary figures.

Table 20

**PANAMA: EVOLUTION OF DOMESTIC PRICES ' 1**

	1982	1983	1984	1985	1986	1987	1988*
<b>Indexes</b>							
<b>Variation from December to December</b>							
Consumer price index	3.7	2.0	0.9	0.4	0.4	0.9	0.4 <sup>C</sup>
Food	4.9	1.3	1.3	-0.8	2.2	1.5	0.5 <sup>C</sup>
<b>Variation between annual averages</b>							
Consumer price index	<b>4.2</b>	2.1	1.6	<b>1.1</b>	<b>-0.1</b>	<b>1.0</b>	<b>0.3<sup>a</sup></b>
Food	5.9	2.3	<b>1.5</b>	0.3	<b>0.4</b>	2.5	

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office. In Panama City. The variations do not reflect the data for the months of March, April and May, due to the fact that this information was not registered in 1988. ' Variation from November to November. Preliminary figures.

Table 21

**PANAMA: WAGES**

	1982	1983	1984	1985	1986	1987	January-Sept.	
							1987	1988 <sup>a</sup>
<b>Balboas per year</b>								
<b>Average wages and salaries</b> (by sector and region)								
Republic								
Public sector	<b>4 296</b>	4 700	4 858	5 096	5 134	5 254		
Canal Zone	<b>15 260</b>	15 390	15 884	16 590	17 782	19 116		
Colón Free Zone	...		3 092	3 187	3 781	4 123		
Banana-producing areas (and Puerto Armuelles)	<b>4 080</b>	4 247	4 353	4 481	4 651	4 818		
District of Panama and San Miguelito								
Wholesale commercial enterprises	<b>6 444</b>	6 726	6 744	6 830	6 920	6 932	5 084	4 831
International banking centre	<b>7 575</b>	8 519	8 778 <sup>c</sup>	9 037	9 279	9 448		
Manufacturing	<b>4 548</b>	4 695	4 968	5 049	5 177	5 301	3 888	3 624
<b>Minimum wages and/or salaries</b>								
Panama City	<b>1900</b>	2 246 <sup>d</sup>	2 246	2 246	2 246	2 246	2 246	2 246
Rest of country	1440	1699 <sup>d</sup>	1699	1699	1699	1699	1699	1699
<b>Growth rates</b>								
<b>Nominal</b>								
<b>Average wages and salaries</b> (by sector and region)								
Republic								
Public sector	4.6	9.4	<b>3.4</b>	4.9	<b>0.7</b>	2.3		
Canal Zone	20.3	0.9	<b>3.2</b>	4.4	<b>7.2</b>	7.5		
Banana-producing areas (and Puerto Armuelles)	-5.9	4.1	2.5	2.9	3.8	3.6		
District of Panama and San Miguelito								
Wholesale commercial enterprises	3.8	4.4	0.3	1.3	1.3	0.2		-5.0
International banking centre <sup>b</sup>	7.9	12.5	3.0	3.0	2.7	1.8		
Manufacturing	7.3	3.2	5.8	1.6	2.5	2.4		-6.8
<b>Minimum wages and/or salaries</b>								
Panama City		18.2						
Rest of country	-	18.0	-	-	-	-		
<b>Real<sup>6</sup></b>								
Commercial enterprises (Panama City)	-0.4	2.2	-1.3	0.2	1.4	-0.8		
International banking centre	3.6	10.1	1.4	1.9	2.7	0.8		
Manufacturing (Panama City)	2.9	1.1	4.2	0.6	2.6	1.4		
Minimum wage (Panama City)	-4.0	15.8	-1.6	-1.0	0.1	-1.0		

Source: ECLAC, on the basis of figures supplied by the Ministry of Labour and Social Welfare, Employment Bureau; Comptroller-General of the Republic, Statistics and Census Office; and the National Banking Commission.

Preliminary figures. <sup>b</sup> Does not include salaries of foreign personnel. <sup>c</sup> ECLAC estimate due to lack of data.

<sup>d</sup> As from February. <sup>e</sup> Deflated by the consumer price index for Panama City.



Table 22

PANAMA: SHORT-TERM BANK INTEREST RATES <sup>a</sup>

	1984	1985	1986	1987	1988 <sup>o</sup>	First quarter of 1988 <sup>b</sup>			
						Total	January	February	March
<b>Nominal</b>									
Deposits									
Prime rate (New York)	12.04	9.93	8.35	8.21	.	8.59	8.76	8.51	8.50
LIBOR (London), dollar deposits, six months	11.29	8.64	6.85	7.30		7.12	7.39	6.94	7.03
Loans <sup>c</sup>									
Loans for agriculture and fishing <sup>d</sup>	10.60	11.05	10.90	9.33	.	9.53	9.37	9.41	9.81
Loans for commerce	13.60	12.18	10.73	10.60	.	11.87	11.90	12.97	10.73
Loans for industry	13.84	12.73	10.81	11.20	.	11.29	11.45	11.77	10.66
Loans for housing <sup>e</sup>	12.69	11.64	10.98	10.69	.	11.61	12.22	11.75	10.87
Loans for consumption	13.25	11.80	10.30	10.60	.	11.22	11.27	11.82	10.56
Maximum local market reference rate (LMRR)	13.73	13.25	12.00	12.00	13.00	13.00	13.00	13.00	13.00
<b>Real<sup>f</sup></b>									
Deposits									
Prime rate	10.82	10.37	28.99	6.72		9.36			
LIBOR loans	10.08	9.08	27.20	5.82		7.87			
(LMRR)	12.49	13.70	33.33	10.45		13.80			

Source: ECLAC, on the basis of figures from the National Banking Commission and the International Monetary Fund.

\* Average for the period. Preliminary figures. <sup>c</sup> For loans under one year. According to Law 20/80, the National Banking Commission fixes a discount for agricultural loans of between 3 and 4 points over the average reference rate, for which banking entities are compensated. <sup>e</sup> As of 1986 there is an interest bracket (%) for which the borrower is not charged and for which the Ministry of Finance gives the bank a tax credit (law 3 of 20 May 1985).

<sup>f</sup> Deflated by the wholesale price index for the Republic using the following formula:  $[(nit) - (wpr)] / 1 + (wpr/100)$ , where nit = nominal interest rate and wpr = rate of inflation (wholesale prices).

Table 23

**PANAMA: COMPOSITION OF THE INTERNATIONAL BANKING CENTRE<sup>3</sup>**

	1983	1984	1985	1986	1987	1988 <sup>b</sup>
<b>Number of banks</b>						
<b>Total</b>	125	<b>120</b>	<b>120</b>	<b>115</b>	<b>119</b>	<b>110</b>
Official	2	2	2	2	2	2
Under general licence <sup>c</sup>	68	68	67	67	70	<b>64</b>
Panamanian	14	16	15	16	17	18
Under international licence	43	39	38	33	32	30
Panamanian	1	1	1	1	1	1
As field offices <sup>d</sup>	12	11	13	13	15	14
<b>Millions of balboas</b>						
<b>Total assets of the international banking centre <sup>c d</sup></b>	<b>42 786</b>	<b>37 988</b>	<b>38 970</b>	<b>40 351</b>	<b>31 413</b>	<b>13 949 <sup>f</sup></b>
<b>Assets of the national banking system <sup>c</sup></b>	<b>30 102</b>	<b>27 827</b>	<b>28 293</b>	<b>30 918</b>	<b>22 177</b>	<b>10 368 <sup>f</sup></b>
Panamanian banks	2 326	2 716	3 118	3 776	3 568	3 244
Official	1 591	1 739	1 823	2 077	1 879	1 937
Private	735	977	1 295	1 699	1 689	1 307
Foreign banks	27 776	25 111	25 175	27 142	18 609	7 124

**Source:** ECLAC, on the basis of figures supplied by the National Banking Commission and Banco Nacional de Panama.

<sup>a</sup> At December of each year.      Preliminary figures.      <sup>c</sup> Foreign and national banks authorized to carry out banking operations both in Panama and abroad.      Foreign and national banks whose Panamanian offices are authorized to carry out banking transactions with external entities only.      <sup>e</sup> Foreign banks authorized only to establish field offices in Panama.      As of August.

Table 24

PANAMA: CONSOLIDATED BALANCE OF THE NATIONAL BANKING SYSTEM<sup>a</sup>

	Year-end balance (millions of balboas)						Growth rates			
	1984	1985	1986	1987	June		1986	1987	June	
					1987	1988 <sup>b</sup>			1988*	
<b>Assets</b>	<b>27 828</b>	<b>28 292</b>	<b>30 918</b>	<b>22 177</b>	<b>31 043</b>	<b>11 428</b>	<b>1.7</b>	<b>9.3</b>	<b>-28.3</b>	<b>-63.2</b>
<b>Liquid</b>	<b>7 941</b>	<b>8 482</b>	<b>9 852</b>	<b>6 864</b>	<b>9 407</b>	<b>2 004</b>	<b>6.8</b>	<b>16.2</b>	<b>-30.3</b>	<b>-78.7</b>
Cash	215	249	202	249	247	197	15.8	-18.9	23.3	-20.2
Other liquid assets										
Domestic	1050	1115	1249	928	1183	413	6.2	12.0	-25.7	-65.1
External	6 676	7 118	8 401	5 687	7 977	1 394	6.6	18.0	-32.3	-82.5
Deposits in banks						-				
Demand deposits	533	707	725	737	471	330	32.6	2.5	1.7	-29.9
Time deposits	7 193	7 526	8 925	5 878	8 689	1 477	4.6	32.0	-34.1	-83.0
<b>Investments</b>	<b>18 182</b>	<b>18 349</b>	<b>19 494</b>	<b>14 144</b>	<b>20 218</b>	<b>8 281</b>	<b>0.9</b>	<b>6.2</b>	<b>-27.4</b>	<b>-59.0</b>
Credit portfolio	17 029	17 198	17 235	11 733	17 473	7 814	1.0	0.2	-31.9	-55.3
Domestic	3 764	3 923	4 189	4 363	4 389	4 044	4.2	6.8	4.2	-7.9
External	13 265	13 275	13 046	7 370	13 084	3 770	0.1	-1.7	-43.5	-71.2
Securities	1153	1151	2 259	2 411	2 745	467	-0.2	96.3	6.7	-83.0
<b>Other assets</b>	<b>1 705</b>	<b>1 461</b>	<b>1 572</b>	<b>1 169</b>	<b>1 418</b>	<b>1 143</b>	<b>-14.3</b>	<b>7.6</b>	<b>-25.6</b>	<b>-19.4</b>
<b>Liabilities and capital<sup>c</sup></b>	<b>26 839</b>	<b>27 100</b>	<b>29 695</b>	<b>21 289</b>	<b>29 944</b>	<b>10 930</b>	<b>1.0</b>	<b>9.6</b>	<b>-28.3</b>	<b>-63.5</b>
<b>Demand deposits</b>	<b>1 517</b>	<b>1 480</b>	<b>1 955</b>	<b>1 738</b>	<b>1 681</b>	<b>1 223</b>	<b>-2.4</b>	<b>32.1</b>	<b>-11.1</b>	<b>-27.2</b>
Private citizens	384	414	458	448	453	302	7.8	10.6	-2.2	-33.3
Official entities	205	223	265	260	266	348	8.8	18.8	-1.9	30.8
Foreign individuals	307	322	458	459	483	319	4.9	42.2	0.2	-34.0
Foreign banks	621	521	774	571	479	254	-16.1	48.6	-26.2	-47.0
<b>Time and savings deposits</b>	<b>21 305</b>	<b>21 652</b>	<b>23 487</b>	<b>15 453</b>	<b>23 875</b>	<b>6 433</b>	<b>1.6</b>	<b>8.5</b>	<b>-34.2</b>	<b>-73.1</b>
Private citizens	1 794	1 882	2 329	2 154	2 579	1 819	4.9	23.8	-7.5	-29.5
Foreign individuals	4 366	4 871	5 660	4 232	5 405	2 371	11.6	16.2	-25.2	-56.1
Foreign banks	15 145	14 899	15 498	9 067	15 891	2 243	-1.6	4.0	-41.5	-85.9
<b>Obligations</b>	<b>1 217</b>	<b>1 070</b>	<b>1 051</b>	<b>1 104</b>	<b>1 174</b>	<b>1 115</b>	<b>-12.1</b>	<b>-1.8</b>	<b>5.0</b>	<b>-5.0</b>
<b>Other liabilities, capital and reserves</b>	<b>2 800</b>	<b>2 898</b>	<b>3 202</b>	<b>2 994</b>	<b>3 214</b>	<b>2 159</b>	<b>3.5</b>	<b>10.5</b>	<b>-6.5</b>	<b>-32.8</b>

Source: ECLAC, on the basis of figures supplied by the National Banking Commission and the Comptroller-General of the Republic, Statistics and Census Office.

\* Refers to all the banks which operate under general licence in the country.  
operations between local banks.

<sup>b</sup> Preliminary figures.

<sup>c</sup> Excluding

Table 25  
 PANAMA: CREDITS BY THE NATIONAL BANKING SYSTEM,  
 BY ECONOMIC ACTIVITY

	1982	1983	1984	1985	1986	1987	January-June	
							1987	1988 <sup>a</sup>
Millions of balboas								
Total	28 626	24 061	15 172	14 347	17 185	16 185		
Domestic	5 187	4 658	6 042	6 489	7 166	7 503	4 060	1911
Public sector	640	551	1804	2 091	2 251	2 037	1029	555
Private sector	4 547	4107	4 238	4 398	4 915	5466	3 031	1356
Agriculture	159	155	158	147	148	146	82	44
Stock raising	102	78	94	67	71	84	41	16
Fishing	10	16	29	11	16	26	17	5
Commerce	2 936	2 393	2466	2680	2897	3 280	1801	780
Industry	594	585	561	539	525	586	297	208
Housing	188	188	356	391	517	504	296	87
Other construction	199	192	161	117	130	161	87	23
Personal consumption	244	346	294	323	459	435	244	115
Non-profit organizations	3	6	8	4	2	1	1	
Other (by difference)	112	148	111	119	150	243	165	78
External	23 439	19 403	9130	7 858	10 019	8 682		
Growth rates								
Total	-1.7	-15.9	-36.9	-5.4	19.8	-5.8		
Domestic	7.8	-10.2	29.7	7.4	10.4	4.7		-52.9
Public sector	30.6	-13.9	227.4	15.9	7.7	-9.5		-46.1
Private sector	5.2	-9.7	3.2	3.8	11.8	11.2		-55.3
Agriculture	43.2	-2.5	1.9	-7.0	0.7	-1.4		-46.3
Stock raising	-3.8	-23.5	20.5	-28.7	6.0	18.3		-61.0
Fishing	-61.5	60.0	81.3	-62.1	45.5	62.5		-70.6
Commerce	7.9	-18.5	3.1	8.7	8.1	13.2		-56.7
Industry	-7.8	-1.5	-4.1	-3.9	-2.6	11.6		-30.0
Housing	-11.3		89.4	9.8	32.2	-2.5		-70.6
Other construction	9.9	-3.5	-16.1	-27.3	11.1	23.8		-73.6
Personal consumption	23.9	41.8	-15.0	9.9	42.1	-5.2		-52.9
Non-profit organizations	200.0	100.0	33.3	-50.0	-50.0	-50.0		-100.0
Other (by difference)	-8.2	32.1	-25.0	7.2	26.1	62.0		-52.7
External	-3.6	-17.2	-52.9	-13.9	27.5	-13.3		

Source: ECLAC, on the basis of figures supplied by the National Banking Commission and reports from the Banco Nacional de Panamá.

<sup>a</sup> Preliminary figures.

Table 26

## PANAMA: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of balboas				Growth rates				Jan.- Nov. 1988 <sup>a</sup>
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>	
<b>1. Current income</b>	<b>986.1</b>	<b>1042.5</b>	<b>1087.4</b>	<b>603.4</b>	<b>8.6</b>	<b>5.7</b>	<b>4.3</b>	<b>-44.5</b>	<b>-44.8</b>
Tax revenue	688.7	753.4	789.7	443.0	8.5	9.4	4.8	-43.9	-44.8
Direct	362.6	385.1	402.0	232.2	12.8	6.2	4.4	-42.2	-41.7
Indirect	326.1	368.3	387.7	210.8	4.1	12.9	5.3	-45.6	-47.7
On foreign trade	129.6	154.1	147.7	54.4	7.0	18.9	-4.2	-63.2	-64.4
Non-tax income	297.4	289.1	297.7	160.4	8.9	-2.8	3.0	-46.1	-44.9
<b>2. Current expenditure</b>	<b>975.4</b>	<b>1033.3</b>	<b>1039.1</b>	<b>...</b>	<b>...</b>	<b>5.9</b>	<b>0.6</b>	<b>...</b>	<b>-30.4</b>
Salaries and wages	423.6	437.0	460.2		5.0	3.2	5.3		-2.2
Other	551.8	596.3	578.9			8.1	-2.9		-54.3
Operating expenses	120.5	123.0	121.3			2.1	-1.4		-55.8
Current transfer	109.7	111.8	137.6		8.4	1.9	23.1		-14.0
Debt interest and costs	321.6	361.5	320.0	111.2	3.3	12.4	-11.5	-65.2	-70.4
<b>3. Current savings (1-2)</b>	<b>10.7</b>	<b>9.2</b>	<b>48.3</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>
<b>4. Capital expenditure</b>	<b>116.7</b>	<b>104.8</b>	<b>71.6</b>	<b>...</b>	<b>...</b>	<b>-10.2</b>	<b>-31.7</b>	<b>...</b>	<b>-61.0</b>
Real investment	98.4	89.4	61.1			-9.1	-31.7		-60.1
Other <sup>b</sup>	18.3	15.4	10.5			-15.8	-31.8		-66.2
Capital transfers	17.4	14.4	9.8			-17.2	-31.9		-63.4
<b>5. Total expenditure (2+4)</b>	<b>1092.1</b>	<b>1138.1</b>	<b>1110.7</b>	<b>...</b>	<b>...</b>	<b>4.2</b>	<b>-2.4</b>	<b>...</b>	<b>-32.1</b>
<b>6. Fiscal deficit (or surplus) (1-5)</b>	<b>-106.0</b>	<b>-95.6</b>	<b>-233</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>
<b>7. Financing of deficit</b>									
Net domestic financing	-5.1	12.6	-0.9						
Credit received	88.5	110.2	155.1		-12.1	24.5	40.7		-88.8
Less: amortization	94.1	98.1	156.1	83.9 <sup>e</sup>	42.4	4.3	59.1		-86.6
Bond placements	0.5	0.5	0.1		-95.1	-	-80.0		-100.0
Net external financing	2.8	-286.8	-457.2						
Credit received	95.3	91.9	20.2		-42.5	-3.6	-78.0		-28.1
Less: amortization	92.5	378.7	477.4		-43.5	309.4	26.1		
Bond placements									
Other sources	108.3	369.8	481.4			241.5	30.2		
<b>Ratios (percentages)</b>									
Current saving/capital expenditure	9.2	8.8	67.5						
Fiscal deficit/total expenditure	9.7	8.4	2.1						
Income revenue/GDP	14.1	14.6	14.9	10.0					
Total expenditure/GDP	22.3	22.1	20.9						
Fiscal deficit/GDP	2.2	1.9	0.4						
Domestic financing/deficit	4.8	-13.2	3.9						
External financing/deficit	-2.6	300.0	1962.2						

Source: ECLAC, on the basis of figures supplied by the Comptroller-General of the Republic, Statistics and Census Office, and the Ministry of Planning and Economic Policy.

<sup>a</sup> Preliminary figures. Excludes expenditure for amortization of the debt. <sup>c</sup> Corresponds to the total for the year, including amortization of the external debt. Includes recovered loans, cash and bank balances, and the difference between the recorded deficit and the amount of financing obtained.

## PARAGUAY

In 1988, the Paraguayan economy registered significant growth and there was also a decline in the rate of inflation, thus maintaining the recovery begun the year before.

The 6.7% growth in the gross domestic product achieved after the 4.5% expansion registered the year before was based fundamentally on the extraordinary increase in the harvests of cotton and, to a lesser extent, soya beans. External sales of these products also increased. Thanks to this and to the moderate increase in imports, the trade account was virtually balanced for the second year running.

There were still some imbalances, however, which were reflected in the external sphere in the loss of international reserves as a result of the chronic balance of payments current account deficit (which, although smaller, continued to exert pressure because of the interest commitments on the external debt) and the scanty inflow of capital. In the domestic sector of the economy, the persistence of the imbalance due to the exchange differential meant that although the public deficit was lower, it continued to exert pressure on the monetary base.

With the aim of gradually correcting these problems, various economic policy measures were adopted early in July 1988. The preferential exchange rates of 126,240 and 320 guaraníes per dollar applied to public sector imports and external debt payments were unified at 400 guaraníes per dollar in order to reduce the Central Bank deficit by narrowing the exchange rate differential. This measure was aimed at bringing the deficit out into the open by making it clear where it originated—i.e., in the central government and the public

enterprises— and thus providing better grounds for its absorption through increases in public sector prices and scales of charges.

The official exchange rate for exports remained unchanged throughout the year, while that for private sector imports was governed by the value of the dollar on the free market. As a form of compensation for exporters, the system of reference values was maintained, and indeed some of them had to be reduced.

The maintenance of the official exchange rate for exports and the delay in readjusting the reference values gave rise to an upward surge of the dollar on the free market in the second half of the year. This was due to the retention by cotton exporters of their foreign exchange holdings while awaiting such a readjustment and the diversion of a considerable proportion of exports to the contraband trade. In order to correct this situation, the reference value of cotton was reduced and a sliding scale based on the invoice prices was applied.

In November, the Central Bank decreed that 90% of the foreign exchange receipts for exports of various non-traditional products could be changed at the free exchange rate.

The effect of the exchange measures was greatest in the case of those public enterprises which had big foreign currency debts, especially the National Cement Industry (INC) and the Paraguayan Steel Corporation (ACEPAR). In general, the effect on the finances of the public enterprises had to be absorbed by increasing their prices and scales of charges, but although in some cases this increase was greater than the rise in price levels, it still did not make it possible to compensate entirely for the delay in readjustment or the loss caused by

<sup>1</sup> Reference values are minimum prices fixed by the Central Bank for the calculation of the amount of export foreign exchange revenue that must be changed at the official exchange rate. The amounts of foreign exchange represented by the difference between these minimum prices and the actual international prices of the exports can be changed on the free market.

the reduction in the exchange subsidy. The scales of charges for water supply and telephones were increased, and gradual increases began to be applied to electricity charges (the aim being to reach an increase of 63% by March 1989). The price of cement was also adjusted.

The shortage of foreign exchange and the difficult financial situation of some State enterprises made necessary the temporary postponement of part of the external debt service. This caused some creditors to suspend the disbursement of new loans intended for the construction of the "Aeropuerto del Este" airport. For this reason the government continued its efforts to reprogramme the debt with some of its private creditors and stepped up the negotiations which have been going on for about two years with the country's main creditor (Brazil) and which are aimed at restructuring the schedule of debt servicing maturities. As a result of the delay in payments and the increase in exports, the external debt servicing, expressed as a percentage of exports, went down by almost three points.

Although the exchange subsidy succeeded in partially containing the deficit of the public enterprises, it was covered to a large extent through resources from the monetary authorities (which had an expansionary effect on the monetary base) and through delays in paying the debt.

Despite the above-mentioned problems, the increase in production fostered increased employment and higher wages, and this in turn made it possible to increase private consumption. Furthermore, gross investment recovered for the third year running, although this time its growth was more moderate.

The bigger domestic demand was satisfied partly through an increase in domestic production, which made it possible to reduce the total volume of imports. These continued to be very high, however, especially in the case of those brought in by contraband from neighbouring countries which, as they were suffering from severe inflationary processes, promoted the sales of their products abroad. The inflow of these imports helped to check the rise of prices in Paraguay.

The reduction in the volume of imports of goods was neutralized, however, by a further (albeit slight) rise in their unit value. This fact, together with the significant increase in purchases of services, meant that despite the increase in the total value of exports (the improvement in the unit value of which was aided by the considerable rise in the price of soya beans) the trade deficit registered throughout the last decade still persisted, although at a lower level.

Furthermore, the decline and indeed virtual disappearance of the capital inflow and the growth of external debt service commitments (although only partially honoured) helped to increase the deficit on the external accounts, which had to be financed by a significant loss of international reserves.

The growth rate of the price index slackened notably from 32% in 1987 to 17% in 1988, thanks to the free inflow of goods which served to regulate the prices of domestic products. With regard to monetary aspects, however, the inflationary pressures persisted because the maintenance of the exchange rate differential represented an important factor of expansion of the monetary base, although its effect was somewhat moderated by the reduction in the international reserves and in the net flow of credit to the central government.

Money issue grew by the same proportion as the nominal gross product, because of the sharp contractive effect of the drop in the net international reserves, while the main expansionary pressures were exerted by the implicit subsidy to the government in exchange operations. The effect of the expansion of credit to public enterprises and to the private sector was reduced by the restrictive credit policy adopted in the second half of the year to prevent a bigger rise in inflation, although in any case inflation did register real growth. At the same time, net credit by the banking system to the central government contracted significantly even in nominal terms.

The nominal interest rates paid by commercial banks rose, but the real interest rate on deposits continued to be negative.

Figure 1

PARAGUAY: MAIN ECONOMIC INDICATORS

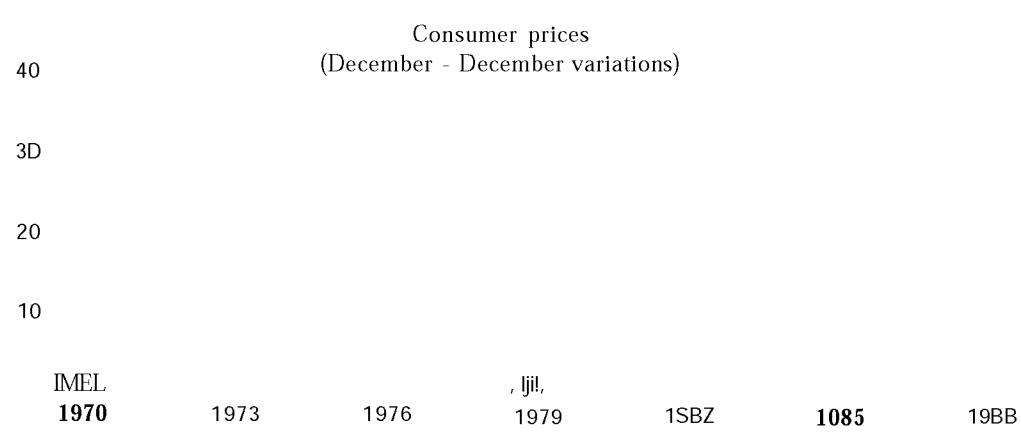
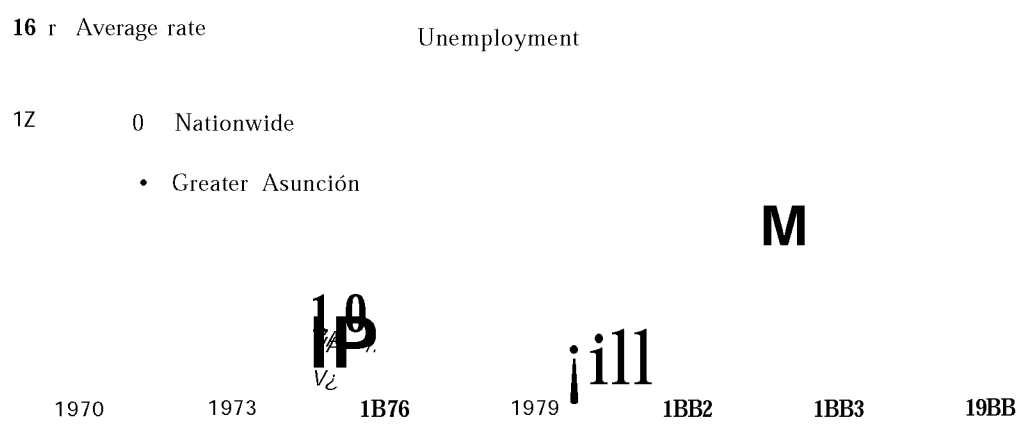
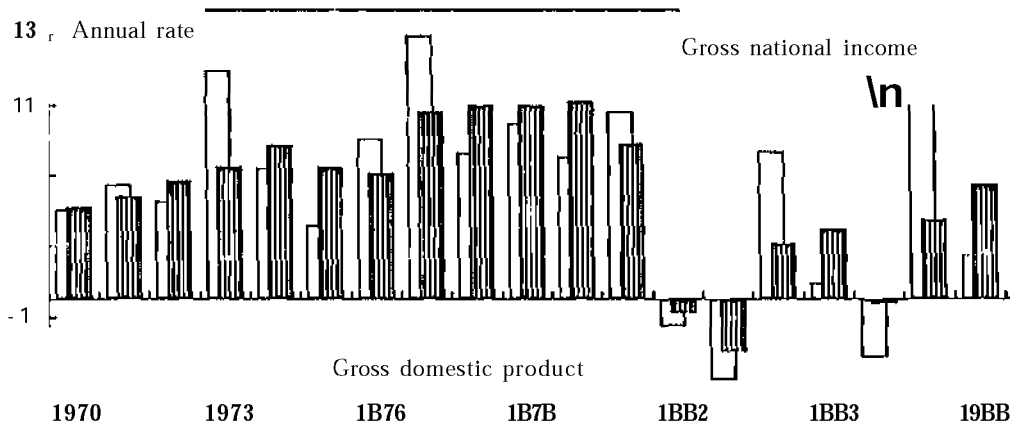
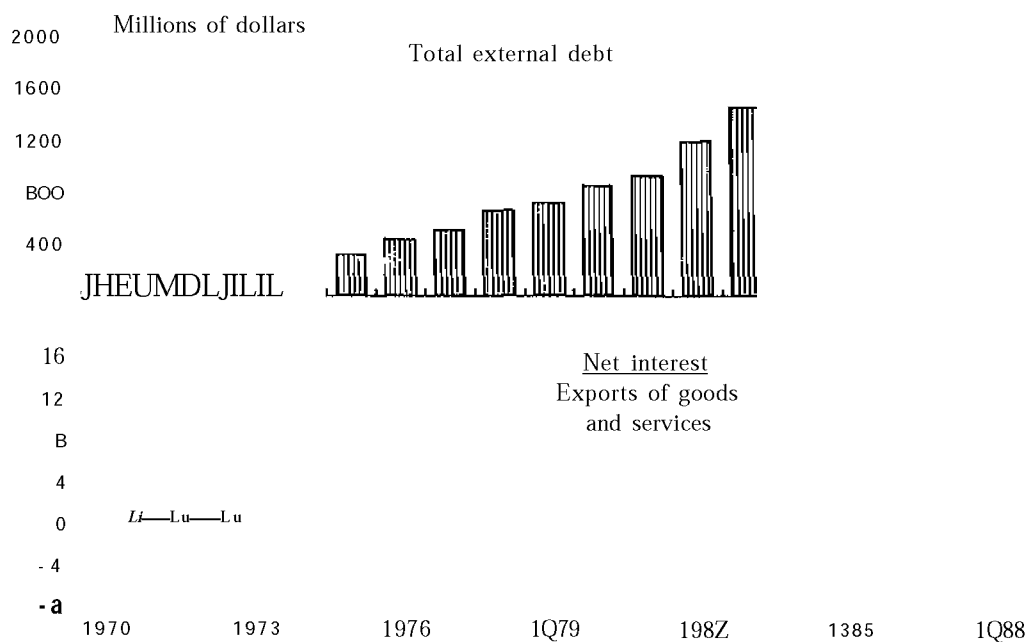
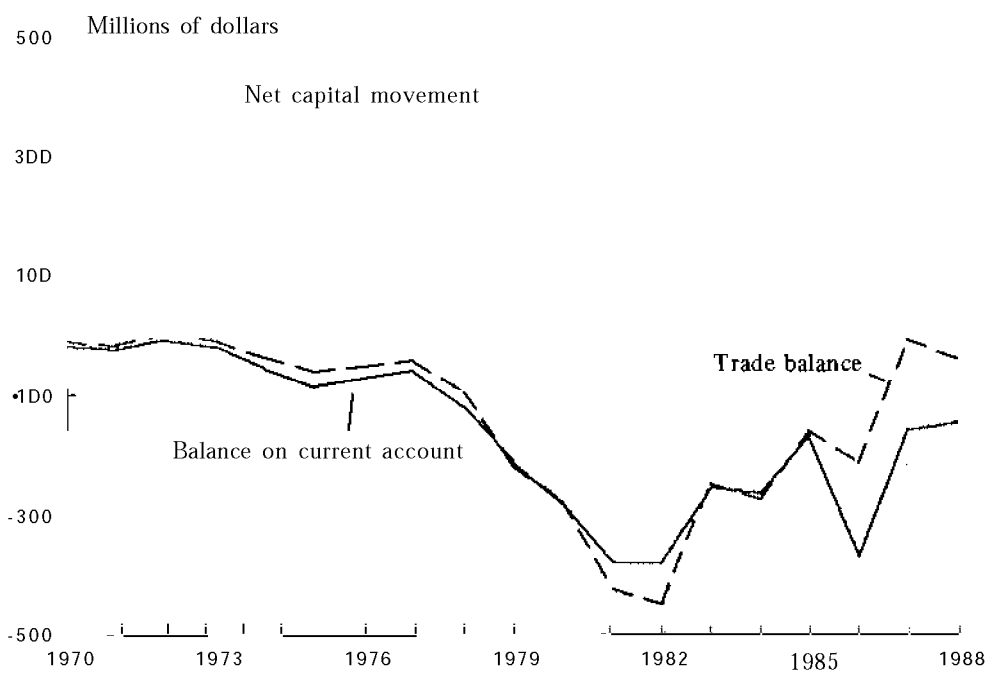


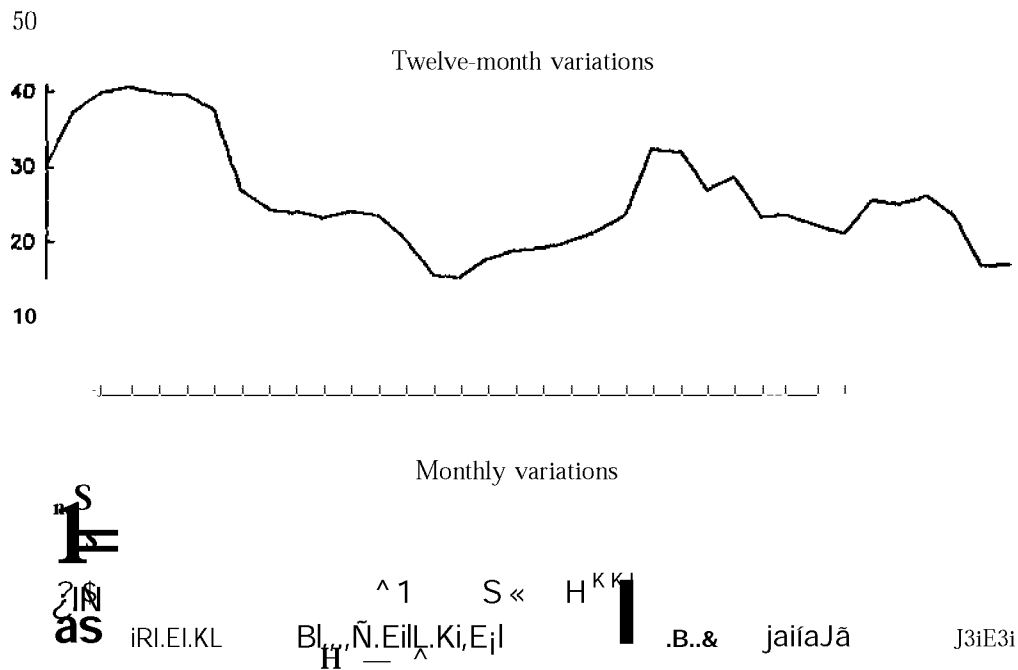


Figure 1 (concluded)



Source: ECLAC, on the basis of official figures.

Figure 2  
**PARAGUAY: CONSUMER PRICE INDEX**  
*(Percentages)*



1056

1987

1988

Source: ECLAC, on the basis of official figures.

Table 1  
**PARAGUAY: MAIN ECONOMIC INDICATORS**

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes: (1980 = 100)</b>								
Basic economic indicators								
Gross domestic product at market prices	108.8	107.9	104.7	108.1	112.5	112.1	117.2	125.1
Gross national income	110.7	109.1	104.1	112.9	114.0	110.3	121.6	129.2
Population (millions of inhabitants)	3.25	336	3.47	3.58	3.69	3.81	3.92	4.04
Per capita gross domestic product	1053	101.1	95.0	95.0	95.9	92.7	94.0	97.5
Global balance of central government/GDP								
Money (M1)/GDP <sup>b</sup>	8.8	8.2	93	9.2	8.5	8.3	9.4	9.6
Real effective exchange rate <sup>c</sup>	85.6	89.5	74.7	81.7	90.7	91.5	142.8	146.0
Unemployment rate	2.2	5.6	83	7.3	5.1	6.1	5.5	4.6
<b>Growth rates</b>								
Short-run economic indicators								
Gross domestic product	8.8	-0.8	-3.0	3.2	4.0	-0.3	4.5	6.7
Per capita gross domestic product	5.3	-4.0	-6.0	-	0.9	-3.3	1.4	3.6
Gross national income	10.7	-1.5	-4.5	8.4	1.0	-3.3	10.3	6.3
Consumer prices								
December to December	8.1	8.9	14.1	29.8	23.1	24.1	32.0	16.9
Real wages and salaries	5.3	-2.7	-7.1	-3.5	-2.2	-4.4	12.3	7.7
Current value of exports of goods and services								
	-1.8	11.2	-24.7	50.1	15.6	-1.7	63.0	7.6
Current value of imports of goods and services								
	16.1	8.7	-33.2	36.6	-0.5	4.1	29.6	9.9
Terms of trade (goods and services) <sup>e</sup>	5.6	-12.9	-4.3	56.1	-15.0	-0.1	13.2	7.0
Millions of dollars								
External sector								
Trade balance (goods and services)	-422	-445	-245	-272	-158	-210	-8	-39
Factor services <sup>g</sup>	42	65	-9	7	-11	-160	-152	-108
Balance on current account	<b>-377</b>	-378	-253	-262	-167	-369	-158	-144
Balance on capital account	420	316	200	248	58	241	196	16
Variation in international reserves	44	-65	-56	-17	-102	-119	49	-135
Disbursed gross external debt <sup>h</sup>	948	1203	1469	1654	1772	1855	2 043	2 002

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. <sup>b</sup> Percentages. <sup>c</sup> Annual average rate in Greater Asunción. <sup>d</sup> Real wages of workers in Greater Asunción. <sup>e</sup> Due to changes made in the methodology, as from 1984 the terms of trade refer only to goods.

New series. The base figures for the former series (up to 1983) and the new series (from 1984) are not comparable.

<sup>g</sup> Includes unrequited private transfer payments. <sup>h</sup> Medium- and long-term public and State-guaranteed private debt.

Table 2  
**PARAGUAY: TOTAL SUPPLY AND DEMAND**

	Indexes (1980=100) <sup>1</sup>			Percentage breakdown		Growth rates		
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>
Total supply	120.1	130.8	138.0	120.7	133.1	1.9	8.9	5.5
Gross domestic product at market prices	112.1	117.2	125.1	100.0	100.0	-0.3	4.5	6.7
Imports of goods and services <sup>b</sup>	158.8	196.6	200.6	20.7	33.1	10.3	23.8	2.0
Total demand	130.1	130.8	138.0	120.7	133.1	1.9	8.9	5.5
Domestic demand	114.6	118.4	124.9	106.8	106.6	2.7	3.4	5.4
Gross domestic investment	84.6	90.2	93.8	28.8	21.6	3.7	6.7	3.9
Gross fixed investment	82.5	87.6	90.9	27.2	19.8	3.1	6.3	3.7
Changes in stocks	122.4	136.6	145.6	1.5	1.8			
Total consumption	125.6	128.8	136.3	78.0	85.0	2.4	2.6	5.8
General government	126.1	138.7	143.3	6.2	7.1	2.2	10.0	3.3
Private	125.6	128.0	135.7	71.8	77.9	2.4	1.9	6.0
Exports of goods and services	163.0	225.8	239.1	13.9	26.6	-2.0	38.5	5.9

Source: ECIAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. The figures for exports and imports of goods and services were taken from the International Monetary Fund (IMF) balance-of-payments data expressed in dollars at current prices, which were converted to constant 1980 values, using unit value indexes calculated by ECIAC for the purpose.

Table 3

**PARAGUAY: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY,  
AT 1980 MARKET PRICES**

	Indexes (1980 = 100)			Percentage breakdown		Growth rates		
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>
Gross domestic product	112.1	117.2	125.1	100.0	100.0	-03	45	6.7
Goods	<b>108.4</b>	<b>1143</b>	<b>124.8</b>	<b>52.5</b>	<b>523</b>	-3.8	<b>5.4</b>	<b>92</b>
Agriculture	112.1	120.0	134.5	29.5	31.7	-6.1	7.0	12.1
Mining	128.9	136.6	146.9	0.4	0.5	11.9	6.0	7.5
Manufacturing	104.1	107.7	114.0	16.5	15.0	-1.4	3.5	<b>5.8</b>
Construction	101.0	103.0	105.7	6.1	5.2	1.0	2.0	<b>2.6</b>
Basic services	130.3	138.2	<b>1482</b>	<b>6.5</b>	<b>7.8</b>	<b>7.1</b>	6.0	<b>12</b>
Electricity, gas and water	151.3	162.7	177.0	2.3	3.3	10.2	7.6	<b>8.8</b>
Transport, storage and communications	118.9	124.9	132.5	4.2	4.5	5.0	5.0	6.1
Other services	<b>114.0</b>	<b>117.6</b>	<b>121.8</b>	<b>41.0</b>	39.9	3.0	3.2	<b>3.5</b>
Commerce, restaurants and hotels	1113	115.1	119.8	25.0	23.9	3.3	3.4	4.1
Financial institutions, insurance, real estate and business services	118.4	122.0	124.2	7.0	6.9	2.7	3.0	<b>18</b>
Ownership of dwellings	102.9	104.9	107.0	2.7	2.3	2.0	2.0	<b>2.0</b>
Community, social and personal services	118.0	121.0	1253	9.0	9.1	2.5	2.6	3.6
Government services	134.6	1373	139.3	3.4	3.8	2.0	2.0	1.5

Source: ECIAC, on the basis of official figures, reweighted according to the price structure prevailing in 1980. Consequently, the results obtained do not necessarily coincide with those published by the countries in their calculations at constant prices, nor, in particular, with those given in table 6.

<sup>a</sup> Preliminary figures. Including livestock, forestry and fishing.

Table 4  
PARAGUAY: INDICATORS OF AGRICULTURAL PRODUCTION

	Millions of guaraníes at 1982 prices				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total<sup>b</sup></b>	<b>204.9</b>	192.3	<b>205.8</b>	<b>229.2</b>	4.0	-6.1	7.0	11.4
Crop farming	126.9	110.9	121.6	141.9	6.0	-12.4	9.6	16.7
Stock raising	59.4	60.6	62.1	63.8	2.8	2.0	2.5	2.7
Forestry	18.6	20.8	22.1	23.5	0.5	11.7	6.3	6.3
<b>Thousands of tons</b>								
<b>Production of the main items</b>								
Cotton	460	312	244	540	43.8	-32.2	-21.8	121.3
Rice	47	60	104	96	20.5	27.7	73.3	-7.7
Sweet potatoes	211	189	113	116	2.9	-10.4	-40.2	2.7
Sugar cane	2330	2100	3170	2500	-8.3	-9.9	51.0	-21.1
Maize	455	450	917	1009	9.9	-1.1	103.8	10.0
Cassava	1758	1582	1028	1079	1.0	-10.0	-35.0	5.0
Beans	51	36	19	48	8.5	-29.4	-47.2	152.6
Soya	980	700	1170	1320	31.0	-28.6	67.1	12.8
Wheat	140	233	280	305	7.7	66.4	20.2	8.9
Bananas <sup>c</sup>	18	17	16	15	5.9	-5.6	-5.9	-6.3
Coconuts	335	369	406	418	-22.1	10.1	10.0	3.0
Oranges <sup>d</sup>	1431	1360	1291	1161	5.0	-5.0	-5.1	-10.1
Pineapples <sup>d</sup>	25	26	27	26	4.2	4.0	3.8	-3.7
Tung	161	145	130	104	9.5	-9.9	-10.3	-20.0
Cattle <sup>e</sup>	539	550	564	578	1.5	2.0	2.5	2.5
Pigs <sup>e</sup>	1780	1788	1798	1889	3.0	0.4	0.6	5.1
Poultry <sup>6</sup>	5 059	7 210	7884	8 617	7.5	42.5	9.3	9.3
Round logs	1742	2 095	2197	2304	-0.2	20.3	4.9	4.9
Firewood	2884	2 911	2977	3 045	2.7	0.9	2.3	2.3

Source: ECIAC, on the basis of data supplied by the Central Bank of Paraguay and the Ministry of Agriculture.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Includes hunting and fishing.

<sup>c</sup> Thousands of bunches.

Millions of units.

<sup>e</sup> Thousands of head

Table 5

## PARAGUAY: NOMINAL AND REAL PRODUCER PRICES OF THE MAIN CROPS

(Indexes 1980=100)

	Rice	Cotton	Sweet potatoes	Maize	Cassava	Soya	Sugar cane	Coconuts	Wheat
<b>Nominal prices<sup>a</sup></b>									
1970	29.6	22.9	21.4	25.0	23.1	253	24.6	37.5	38.0
1979	103.7	84.7	85.7	1063	76.9	136.8	823	100.0	92.9
1981	96.3	91.5	114.3	93.8	100.0	147.4	100.0	100.0	92.9
1982	118.5	79.7	100.0	87.5	76.9	131.6	100.0	175.0	125.0
1983	203.7	147.5	78.6	2063	76.9	157.9	100.0	175.0	160.7
1984	211.1	208.5	135.7	187.5	107.8	321.1	122.3	275.0	182.1
1985	251.9	194.9	164.3	243.8	123.1	268.4	1483	375.0	225.0
1986	311.0	245.8	271.4	3813	261.5	452.6	226.4	350.0	285.7
1987	288.9	437.9	223.2	350.0	216.7	409.2	300.0	447.9	3273
I	277.8	347.5	237.9	387.6	269.2	357.9	240.0	375.0	320.0
II	259.3	463.3	166.7	546.7	174.4	4263	320.0	500.0	320.0
III	253.1	542.4	202.4	813.3	179.5	-	320.0	500.0	333.3
IV	351.9	-	285.7	666.7	243.6	-	320.0	416.7	333.3
1988	466.7	463.8	392.9	612.5	346.2	878.9	400.0	775.0	380.0
I	370.4	422.4	428.6	739.4	384.6	644.7	320.0	607.5	360.0
II	419.6	456.9	407.1	600.0	423.1	859.5	400.0	625.0	360.0
III	518.5	517.2	285.7	533.1	256.2	1 052.6	440.0	1000.0	360.0
IV	555.6	-	428.6	573.1	307.7	-	440.0	1000.0	440.0
<b>Real prices<sup>a b</sup></b>									
1970	101.4	78.4	73.3	68.4	79.1	86.6	84.2	28.4	30.1
1979	126.9	103.6	104.9	117.5	94.1	167.4	100.7	122.4	113.7
1981	84.4	80.3	100.3	77.2	87.7	1293	87.7	87.7	81.5
1982	97.4	65.5	82.2	72.3	63.2	108.1	82.2	143.7	102.7
1983	146.4	106.8	56.9	243.3	55.7	1143	72.4	126.7	116.4
1984	127.1	125.5	81.7	156.5	64.9	1933	73.6	165.6	109.6
1985	121.1	93.7	79.0	121.2	59.2	129.0	71.3	180.3	108.2
1986	113.5	89.7	99.1	385.4	95.4	165.2	82.6	127.7	104.3
1987	86.5	131.2	66.9	104.9	64.9	122.6	89.9	134.2	98.1
1988	113.7	113.0	95.7	149.2	84.3	214.1	97.4	188.7	92.5
1987	86.5	131.2	66.9	104.9	64.9	122.6	89.9	134.2	98.1
I	89.8	112.3	76.9	125.3	87.0	115.7	77.6	121.2	103.4
II	81.1	144.8	52.1	170.9	54.5	133.3	100.0	156.3	100.0
III	75.9	162.6	60.7	243.9	53.8	-	96.0	149.9	99.9
IV	94.5	-	76.7	179.1	65.4	-	86.0	111.9	89.5
1988	113.7	113.0	95.7	149.2	84.3	214.1	97.4	188.7	92.5
I	95.0	108.3	109.9	189.6	98.6	165.4	82.1	155.8	92.3
II	107.1	116.6	103.9	153.2	108.0	219.4	102.1	159.6	91.9
III	124.1	123.8	68.4	127.6	61.3	251.9	105.3	239.3	86.1
IV	125.4	-	96.8	129.4	69.5	-	99.3	225.8	99.3

Source: ECLAC, on the basis of data supplied by the Ministry of Agriculture, Department of Agricultural Marketing and Economics, and the Central Bank of Paraguay.

<sup>a</sup> The annual averages may not coincide with the quarterly averages owing to differences in the frequency of the observations or errors in rounding. <sup>b</sup> Calculated by deflating the nominal prices by the consumer price index, the base year of which is 1980.

Table 6

## PARAGUAY: INDICATORS OF MANUFACTURING PRODUCTION

	Indexes(1982= 100)					Growth rates			
	1984	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>98.1</b>	<b>102.7</b>	101.7	<b>106.9</b>	<b>114.6</b>	<b>4.7</b>	-1.0	5.1	<b>12</b>
Foodstuffs	109.2	111.9	122.2	122.2	126.0	2.5	9.2	0.0	3.1
Beverages	93.4	95.3	96.1	99.7	104.9	2.0	0.8	3.7	5.2
Tobacco	118.8	120.9	109.3	153.0	158.6	1.8	-9.6	40.0	3.7
Textiles	110.0	162.8	110.9	91.2	182.2	48.0	-31.9	-17.8	99.8
Clothing	112.0	128.1	105.3	105.3	119.4	14.4	-17.8	0.0	13.4
Footwear	106.1	100.8	103.8	103.8	105.8	-5.0	3.0	0.0	1.9
Wood, except furniture	92.1	83.2	84.8	95.4	100.3	-9.7	1.9	12.5	5.1
Furniture	126.0	128.3	131.2	131.2	128.2	1.8	2.3	0.0	-2.3
Paper and paper products	93.0	97.4	111.9	111.9	118.1	4.7	14.9	0.0	5.5
Printing and publishing	98.5	100.2	91.9	91.9	100.3	1.7	-8.3	0.0	9.1
Leather and skins, except footwear	87.5	78.5	100.0	103.0	97.5	-10.3	27.4	3.0	-5.3
Chemical industry	114.3	127.1	99.6	125.2	115.8	11.2	-21.6	25.7	-7.5
Other chemical products	127.5	153.6	124.0	124.0	128.6	20.5	-19.3	0.0	3.7
Petroleum products	77.5	84.0	85.9	101.8	130.8	8.4	2.3	18.5	28.5
Plastic products	115.7	123.9	102.0	102.0	124.8	7.1	-17.7	0.0	22.4
Non-metallic mineral products	97.9	86.7	112.9	132.1	135.5	-11.4	30.2	17.0	2.6
Iron and steel industry	125.2	164.3	153.3	935.4	1204.4	31.2	-6.7	510.2	28.8
Non-ferrous metals industry	115.3	118.9	121.3	124.9	131.3	3.1	2.0	3.0	5.1
Metal products, excluding machinery	110.3	125.3	112.1	115.4	110.2	13.6	-10.5	2.9	-4.5
Machinery, domestic appliances and transport equipment	132.1	149.7	135.9	133.6	127	13.3	-9.2	-1.7	-4.9
Other	123.9	139.0	116.8	120.3	112.9	12.2	-16.0	3.0	-6.2
Handicrafts	88.0	96.0	81.4			9.1	-15.2		

Source: ECIAC, on the basis of data supplied by the Central Bank of Paraguay.

\* Preliminary figures.



Table 7

**PARAGUAY: INDICATORS OF ELECTRIC POWER CAPACITY,  
GENERATION AND CONSUMPTION**

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Installed potential <sup>b</sup>	272.5	274.1	274.1	274.1	274.4	274.4	274.4	274.4	274.4
Hydroelectricity	190.0	190.0	190.0	190.0	190.0	190.0	190.0	190.0	190.0
Thermal plants	82.5	84.1	84.1	84.1	84.4	84.4	84.4	84.4	84.4
Electric power generation <sup>c</sup>									
Gross	697.4	720.4	916.0	793.0	1 056.0	1259.2	1642.6	1 736.0	2 094.7
Net	692.1	716.8	912.7	790.5	1 053.5	1256.5	1639.7	1 733.7	2 092.8
Net imports of electric power <sup>c</sup>	5.4	103.0	-40.0	202.0	34.3	-47.8	1.8	2.1	2.6
Domestic electric power supply <sup>c</sup>									
Gross	703.1	824.0	876.0	995.0	1 090.4	1 211.4	1 644.4	1 738.1	2 097.3
Net	697.5	819.8	872.6	992.5	1 087.7	1 208.8	1 641.5	1 735.8	2 095.4
Domestic consumption of electricity <sup>c</sup>									
Residential <sup>e</sup>	658.0	751.7	800.6	827.2	907.3	999.9	1 110.0	1 275.9	
Industrial <sup>f</sup>	344.3	390.7	473.9	492.2	540.7	565.7	637.5	701.9	
Other <sup>g</sup>	263.3	300.1	253.3	260.1	286.1	343.4	374.8	464.7	
	44.8	56.7	70.0	72.4	80.5	86.6	97.7	109.2	
Percentage of population supplied with electricity	29.0	31.5	37.7	39.5	41.2	42.8	45.5	47.4	49.4

Source: National Electricity Administration (ANDE), *Compilación estadística 1960-1981*, Asunción, 1982, and other statistics also supplied by ANDE.

<sup>a</sup> Preliminary figures. <sup>b</sup> Thousands of kW. <sup>c</sup> Millions of kWh. <sup>d</sup> Excluding sales to Brazil of Paraguayan power from Itaipú. <sup>e</sup> Includes "commercial" consumption (new category provided for in schedule of charges No. 4 of 1/8/1984). <sup>f</sup> Includes "undefined" (new category provided for in schedule of charges No. 4 of 1/8/1984). <sup>g</sup> Includes "government" and "municipal" consumption, "electricity for tramways", "public lighting", and, as from 1985, "rural consumption" (new categories provided for in schedule of charges No. 4 of 1/8/1984).

Table 8

**PARAGUAY: OPEN UNEMPLOYMENT RATES**  
(Percentages)

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>e</sup>
Whole country	2.1	4.6	9.4	13.8	8.3	8.3	12.8	11.6	11.0
Asunción <sup>c</sup>	4.1	2.2 <sup>d</sup>	5.6	8.3 <sup>e</sup>	7.3 <sup>f</sup>	5.16	6.1 <sup>h</sup>	5.5	4.6

**Source:** Based on data provided by the Central Bank of Paraguay and the Ministry of Finance, Department of Statistics and Censuses, *Encuesta de hogares* (several issues), and information supplied to ECLAC.

<sup>a</sup> Preliminary figures. <sup>b</sup> Estimates by the Central Bank of Paraguay. <sup>c</sup> In addition to Asunción, includes Fernando de la Mora, Lambaré and the urban areas of Luque and San Lorenzo until 1982. As from 1983, includes, in addition to Asunción, the urban areas of San Lorenzo, Lambaré, Fernando de la Mora, and Villa Hayes and the urban and rural areas of Villa Lisa, San Antonio, Nenby, Luque, Limpio and Mariano Roque Alonzo. First half of year.

<sup>e</sup> Average for the months of September, October and November. <sup>f</sup> Average for the months of August, September and October. <sup>g</sup> Average for the months of November and December. <sup>h</sup> Average for the months of June, July and August. For 1988: average for the third quarter.

Table 9

**PARAGUAY: REGISTERED EXPORTS OF GOODS FOB<sup>a</sup>**

	Millions of dollars				Percentage breakdown		Growth rates			
	1985	1986	1987	1988 <sup>b</sup>	1980	1988 <sup>b</sup>	1985	1986	1987	1988 <sup>b</sup>
<b>Total</b>	<b>304</b>	<b>233</b>	<b>353</b>	<b>510</b>	<b>100.0</b>	<b>100.0</b>	-9.1	-23.5	52.0	<b>44.3</b>
<b>Main traditional exports</b>	<b>54</b>	<b>94</b>	<b>113</b>	<b>117</b>	<b>42.5</b>	<b>22.9</b>	-38.3	<b>73.2</b>	<b>19.9</b>	<b>3.9</b>
Livestock products	7	44	36	40	1.4	7.8	-42.4	546.3	-18.4	11.7
Wood	10	18	25	16	21.4	3.1	-55.3	81.5	42.1	-36.2
Oils	19	13	15	13	5.5	2.5	-12.7	-31.5	16.6	-15.5
Tobacco	6	5	10	6	3.3	1.2	-60.8	-9.7	81.0	-39.1
Quebracho extract	4	4	5	4	1.4	0.8	-28.6	-6.5	40.0	-24.1
Others	8	10	21	38	9.5	7.5	-22.2	18.9	113.0	78.9
<b>Main non-traditional exports</b>	<b>250</b>	<b>139</b>	<b>241</b>	<b>393</b>	<b>57.5</b>	<b>77.1</b>	U	<b>-44.5</b>	<b>73.7</b>	<b>63.2</b>
Cotton fibre	142	81	101	209	34.1	41.0	8.1	-43.1	25.0	107.0
Soya beans	100	44	123	154	13.6	30.2	1.2	-56.3	179.9	25.4
Oilcake and expellers	6	9	13	28	7.1	5.5	-48.4	37.1	42.6	124.0
Fruit and vegetables	1	5	5	2	2.7	<b>0.4</b>	-73.7	430.5	-14.2	-55.6

**Source:** ECLAC, on the basis of data supplied by the Central Bank of Paraguay.

<sup>a</sup> Includes only exports figuring in the foreign exchange registers of the Central Bank.

<sup>b</sup> Preliminary figures.

Table 10  
PARAGUAY: MAIN EXTERNAL GOODS TRADE INDICATORS

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Growth rates</b>								
Exports (FOB)								
Value	-0.4	-0.6	-17.7	65.1	15.2	-7.6	65.9	15.4
Volume	-7.5	14.7	-9.7	30.5	45.1	-2.5	35.6	4.9
Unit value	7.6	-13.3	-8.9	26.5	-20.6	-5.2	22.3	10.0
Imports (FOB)								
Value	14.4	-7.9	-22.5	34.2	-1.7	1.2	42.5	-1.9
Volume	13.3	-7.1	-18.2	69.5	5.6	10.6	29.4	-3.7
Unit value	1.0	-0.9	-5.2	-20.8	-6.9	-8.5	10.2	2.0
Terms of trade	5.6	-12.9	-4.3	56.1	-15.0	-0.1	13.2	7.0
<b>Indexes (1980 = 100)</b>								
Purchasing power of exports	97.7	97.6	84.4	171.9	212.0	206.4	316.9	355.8
Volume of exports	92.5	106.1	95.8	125.1	181.4	176.8	239.9	251.6
Volume of imports	113.3	105.2	86.0	145.8	154.0	170.3	220.2	212.0
Terms of trade FOB/CIF	105.6	92.0	88.1	137.5	116.8	116.7	132.1	141.4

Source: ECLAC, on the basis of official figures. As these figures include unregistered external trade (Central Bank estimates) they differ from those given in tables 9 and 14.

<sup>a</sup> Preliminary figures.

Table 11

**PARAGUAY: OFFICIAL EXCHANGE RATES***(Guaraníes per dollar at the end of each period)*

	1982	1983	1984	1985	1986	1987	1988			
							II	III	IV	
Exports of goods	143	160	228	320	483	550	550	550	550	
Imports of goods										
Public sector	132	144	170	242	240	240	240	240	400	400
Private sector	140	147	313	515	626	886	890	890	930	1003
Consumer goods										
Staple goods										
Wheat	126	143	240	240	240	240	240	240	400	400
Other	160	342	382	648	626	886	890	890	930	1003
Intermediate goods										
Petroleum and petroleum products	126	143	240	240	400	400	400	400	400	400
Agricultural inputs	126	160	240	240	550	550	550	550	550	550
Capital goods	126	342	382	648	626	886	890	890	930	1003
Factor services										
Public sector	126	126	160	160	240	320	320	320	400	400
Private sector										
State-guaranteed	126	126	160	160	240	320	320	320	400	400
Non-State-guaranteed	239	342	382	648	626	886	890	890	930	1003
Capital account										
Public sector	126	126	160	160	240	320	320	320	400	400
Private sector										
State-guaranteed	126	126	160	160	240	320	320	320	400	400
Non-State-guaranteed	239	342	382	648	626	886	890	890	930	1003
Transactions of binational entities	126	143	240	240	240	240	240	240	400	400
Parallel market	239	342	382	648	626	886	890	890	930	1003

**Source:** ECLAC, on the basis of official data.

Table 12

**PARAGUAY: EXCHANGE RATES**  
(Annual and quarterly averages)

Period	Exchange rates (guaraníes per dollar)			Indexes of the real effective exchange rate <sup>8</sup> (indexes 1980 = 100)			
	Official		Parallel* <sup>1</sup>	Official		Parallel	
	Exports <sup>b</sup>	Imports <sup>0</sup>		Exports	Imports	Exports	Imports
1970-1979	126	126	139 <sup>e</sup>	110.6	106.4	109.3 <sup>e</sup>	113.2 <sup>e</sup>
1980	126	126	136	100.0	100.0	100.0	100.0
1981	126	126	149	85.6	87.0	94.5	96.1
1982	142	137	203	89.5	85.3	119.4	117.9
1983	158	146	316	74.7	69.5	139.5	140.5
1984	222	245	383	81.7	91.3	131.6	133.2
1985	312	387	605	90.7	113.7	164.1	165.8
1986	388	474	701	91.5	102.8	154.8	142.0
1987	606	630	799	142.8	131.0	176.0	156.6
1988	713	716	928	146.0	130.7	178.0	158.0
1986							
I	332	472	787	80.0	106.9	179.4	168.7
II	327	528	729	77.8	115.5	163.4	150.2
III	435	443	658	101.2	93.6	140.7	127.8
IV	459	454	608	107.5	95.2	135.5	121.4
1987							
I	565	569	716	138.4	123.6	163.5	145.0
II	569	595	783	141.8	132.4	182.2	162.6
III	620	628	819	143.6	130.3	176.8	158.4
IV	669	705	886	147.4	137.6	181.4	160.7
1988							
I	631	678	890	138.3	130.8	182.1	160.3
II	667	718	890	150.6	143.5	187.5	166.0
III	754	707	930	151.2	127.0	174.1	155.9
IV	800	760	1003	143.8	121.6	168.3	149.7

Source: ECLAC, on the basis of data supplied by the Central Bank of Paraguay and the International Monetary Fund.

<sup>a</sup> Corresponds to the average of the indexes of the real exchange rate for the guaraní against the currencies of Paraguay's main trading partners, weighted by the relative significance of the trade flows to or from these countries, as appropriate. From 1970 to 1980 these weightings correspond to the average for 1975-1979, and as from 1981 to the average for 1983-1987. In the calculations, official exchange rates and, whenever possible, wholesale price indexes were used. For Paraguay the series were calculated for the official and parallel exchange rates, and in both cases, the wholesale price index was used. For the methodology and sources used, see Statistical Appendix to the *Economic Survey of Latin America and the Caribbean*, 1981. <sup>b</sup> As from 1982 the average exchange rate was used. <sup>c</sup> As from 1982 the average exchange rate for imports authorized by the Central Bank was used. <sup>d</sup> Selling rate. <sup>e</sup> Average for 1973-1979.

Table 13

**PARAGUAY: EVOLUTION OF THE EXTERNAL PRICES  
OF THE MAIN EXPORT PRODUCTS**

*(Indexes 1980=100)*

	Soyabeans <sup>a</sup>		Soya oil <sup>b</sup>		Cotton <sup>c</sup>		Wood <sup>d</sup>	
	Nominal	Real <sup>6</sup>	Nominal	Real <sup>6</sup>	Nominal	Real <sup>6</sup>	Nominal	Real <sup>6</sup>
1970	40.9	126.2	47.8	147.5	32.6	100.6	25.2	77.8
1979	100.7	114.3	110.7	125.7	82.2	93.3	85.2	96.7
1980	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981	97.3	101.1	84.8	88.1	90.5	94.1	92.6	96.3
1982	82.8	89.3	74.7	80.6	77.3	83.4	87.3	94.2
1983	95.3	106.1	88.1	98.1	90.0	100.2	83.1	92.5
1984	95.3	109.0	121.1	138.5	85.3	97.6	78.7	90.0
1985	76.0	87.4	95.7	110.0	65.6	75.4	77.7	89.3
1986	70.3	70.9	57.4	57.9	56.1	56.5	87.6	88.3
I	73.6	76.1	68.1	70.4	59.3	61.3	83.5	86.3
II	72.6	74.1	58.2	59.4	55.8	56.9	89.3	91.1
III	68.2	67.9	49.2	49.0	47.3	47.1	89.1	88.7
IV	67.5	66.4	53.7	52.9	62.1	61.1	88.6	87.2
1987	73.0	66.3	69.0	62.7	80.8	73.4	107.7	97.8
I	67.5	63.0	62.9	58.7	69.3	64.7	102.0	95.2
II	77.7	70.7	74.1	67.4	87.4	79.5	106.3	96.7
III	74.8	68.4	81.2	74.2	86.3	78.9	109.4	100.0
IV	81.4	71.5	80.5	70.7	75.3	66.2	115.3	101.3
1988	102.7	75.6	77.5	57.0	67.3	49.5	114.1	84.0
I	86.2	63.9	68.9	51.0	73.2	54.3	114.6	85.0
II	102.3	74.9	77.5	56.8	70.1	51.4	116.5	85.3
III	115.7	85.7	89.9	66.6	61.9	45.8	108.8	80.6
IV	105.8	77.2	73.8	53.9	64.1	46.8	116.4	85.0

**Source:** ECLAC, on the basis of UNCTAD, *Monthly Commodity Price Bulletin*, various volumes, and International Monetary Fund.

<sup>a</sup> United States, No. 2, yellow, CIF, Rotterdam. <sup>b</sup> All origins, raw oil, FOB, ex-works, Netherlands. <sup>c</sup> Mexican medium grade, CIF Northern Europe. <sup>d</sup> Tropical, wholesale price, United Kingdom. <sup>e</sup> The nominal prices were deflated by the export prices of the industrialized countries.

Table 14  
**PARAGUAY: REGISTERED IMPORTS OF GOODS, FOB<sup>1</sup>**

	Millions of dollars				Percentage breakdown		Growth rates			
	1985	1986	1987	1988 <sup>b</sup>	1980	1988 <sup>b</sup>	1985	1986	1987	1988*
<b>Total</b>	<b>442</b>	<b>509</b>	<b>517</b>	<b>494</b>	<b>100.0</b>	<b>100.0</b>	<b>-13.8</b>	<b>15.2</b>	1.6	-4.5
Consumer goods	118	133	134	159	29.4	32.2	33	12.6	0.9	18.8
Non-durable	97	100	99	127	22.8	25.7	17.2	2.4	-0.4	27.8
Foodstuffs	20	17	9	12	4.6	2.4	41.5	-14.1	-47.3	33.8
Beverages and tobacco	25	34	42	50	7.7	10.1	0.2	35.5	22.6	20.1
Other <sup>f</sup>	52	49	49	65	10.5	13.1	21.9	-7.1	0.0	33.2
Durable <sup>d</sup>	20	33	34	32	6.6	6.5	-34.2	61.0	4.7	-7.0
Automobiles	10	11	16	19	3.5	3.8	-39.6	14.8	45.1	18.1
Electric appliances	11	22	18	13	3.1	2.6	-28.3	102.4	-15.9	-29.0
Intermediate goods	152	142	140	124	32.3	25.2	-13.5	-6.5	-1.4	-11.5
Fuels and lubricants	115	97	103	92	25.1	18.6	-17.0	-15.4	6.0	-10.5
Other <sup>e</sup>	38	45	38	32	7.2	6.5	-3.4	20.6	-17.1	-14.2
Capital goods	139	195	198	162	38.3	32.8	-29.8	40.6	1.5	-18.3
Machinery, equipment and motors	102	164	152	113	15.5	22.9	10.5	60.8	-7.1	-25.6
Transport equipment and accessories	21	20	32	33	14.5	6.7	-76.0	-6.1	62.4	4.7
Other <sup>g</sup>	16	12	14	16	2.7	3.2	-13.8	-25.6	18.3	9.0
Unclassified	33	39	45	49	5.6	9.9	33.4	17.5	15.2	8.5

Source: ECLAC, on the basis of data supplied by the Central Bank of Paraguay.

<sup>a</sup> Includes only those imports which appear in the exchange records, plus imports with deferred payments and those carried out with long-term external loans. Preliminary figures. <sup>c</sup> Includes paper, cardboard and products thereof, pharmaceuticals and chemicals and textiles and textile manufactures. Includes jeeps and pickups. <sup>e</sup> Includes iron and iron manufactures (with the exception of hardware), base metals and their manufactures, stones, earth and manufactures thereof, cement, asphalt and wood and manufactures thereof. Excludes automobiles, jeeps and pickups. <sup>g</sup> Includes agricultural implements and accessories, hardware and live cattle.

Table 15

**PARAGUAY: BALANCE OF PAYMENTS***(Millions of dollars)*

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Balance on current account</b>	<b>-377</b>	<b>-378</b>	-253	-325	-231	<b>-369</b>	<b>-158</b>	<b>-144</b>
Trade balance	-422	-445	-245	-289	-178	-210	-8	-39
Exports of goods and services	555	617	464	772	1088	792	1290	1388
Goods FOB	399	396	326	361	324	573	952	1098
Real services <sup>b</sup>	156	220	138	411	764	218	339	290
Transport and insurance	5	2	2	2	8	3	3	5
Travel	80	59	49	96	105	148	121	133
Imports of goods and services	976	1062	709	1061	1266	1002	1299	1427
Goods FOB	772	711	551	649	516	736	1049	1029
Real services <sup>b</sup>	204	350	157	412	750	266	250	397
Transport and insurance	118	106	75	98	72	145	158	169
Travel	38	42	<b>44</b>	<b>44</b>	47	48	51	78
Factor services	42	65	-9	-38	-55	-160	-152	-108
Profits	-38	-13	-39	-49	-49	-79	-74	-75
Interest received	102	122	63	70	79	58	18	64
Interest paid	-82	-83	-66	-78	-90	-146	-118	-117
Labour and ownership	60	39	33	19	5	8	22	20
Unrequited private transfer payments	2	2	1	2	2	1	2	2
<b>Balance on capital account</b>	<b>420</b>	<b>316</b>	<b>200</b>	311	122	241	196	<b>16</b>
Unrequited official transfer payments	3	4	5	7	6	10	25	33
Long-term capital	169	265	289	219	121	212	20	31
Direct investment	32	37	5	5	1	32	14	
Portfolio investment	6	-8	3	-	8	-	-	
Other long-term capital	131	236	281	214	112	181	7	
Official sector <sup>c</sup>	39	60	139	127	109	137	-19	
Loans received	60	83	162	150	137	185	52	
Amortization payments	-20	-22	-23	-23	-28	-48	-71	
Commercial banks <sup>c</sup>	11	11	7	32	15	6	17	
Loans received	17	16	10	40	20	14	22	
Amortization payments	-6	-6	-3	-9	-5	-8	-6	
Other sectors <sup>c</sup>	81	165	135	55	-11	37	9	
Loans received	141	217	168	109	59	102	118	
Amortization payments	-61	-52	-33	-53	-71	-64	-109	
Short-term capital	262	73	-2	67	-54	-3	141	-52
Official sector	12	10	23	97	-48	-37	6	
Commercial banks	-13	1	15	-5	14	-21	-16	
Other sectors	263	62	<b>-40</b>	-26	-20	55	151	
Errors and omissions (net)	-13	-26	-92	18	49	21	9	<b>4</b>
<b>Global balance<sup>d</sup></b>	<b>44</b>	<b>-62</b>	<b>-53</b>	<b>-14</b>	<b>-109</b>	<b>-128</b>	<b>37</b>	<b>-128</b>
Total variation in reserves (- sign indicates an increase)	-44	65	56	17	102	119	-49	135
Monetary gold	-	-	-	-	-	-	-	-
Special drawing rights	-4	-9	-6	-3	-8	-9	-12	
IMF reserve position	-10	-1	-3	2	-3	4	3	
Foreign exchange assets	-30	<b>77</b>	68	13	112	123	<b>-40</b>	
Other assets	-	-2	-3	4	1	-	.	
Use of IMF credit	-	-	-	-	-	-	-	

**Source:** BCIAC, on the basis of data supplied by the International Monetary Fund and the Central Bank of Paraguay.

<sup>a</sup> Preliminary figures. <sup>b</sup> Includes other non-factor services.

<sup>c</sup> Includes net loans granted and other assets and liabilities.

<sup>d</sup> Equals total variation in reserves (of opposite sign) plus counterpart items.



Table 16

## PARAGUAY: TOURISM INDICATORS

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Number of tourists (thousands) <sup>b c</sup>	302.1	267.1	178.4	147.8	292.0	262.7	370.7	303.2	284.2
from:									
Argentina	132.6	122.5	56.9	47.1	141.3	107.2	155.7	116.2	109.6
Brazil	104.8	92.1	93.8	70.3	97.6	93.4	124.5	67.0	67.9
United States	3.3	4.3	3.9	3.5	7.5	6.2	7.8	10.1	8.8
Japan	3.9	2.5	1.0	1.9	2.7	2.8	3.4	4.9	4.4
Uruguay	3.9	7.5	5.4	3.1	10.2	4.6	18.4	25.3	19.9
Other countries	53.6	38.2	17.9	22.1	32.7	40.9	60.9	79.7	73.6
Average stay (days)	3.3	3.3	3.3	3.3	3.0	3.0	3.0	4.7	4.7
Average expenditure (dollars)	300	300	330	332	330	399	400	400	400
Total expenditure (millions of dollars)* <sup>1</sup>	90.7	80.2	59.0	49.0	96.3	105.0	148.3	121.3	113.7 <sup>f</sup>
Number of rooms <sup>e</sup>	2 750	2 769	3 076	3 177	3 280	3 302	3 892	4 159	4 383
Number of beds <sup>e</sup>	6 329	6 243	6 806	6 985	6 938	7 075	8 206	9 219	9 646
Average rate of occupation (percentage)									
Of rooms	99.3	87.2	52.4	42.1	73.2	65.4	60.0	53.7	45.7
Of beds	43.2	38.7	23.7	19.1	34.6	30.5	32.0	28.1	29.8

Source: ECLAC, on the basis of data supplied by the Department of Tourism, Ministry of Public Works and Communications and the Central Bank.

<sup>a</sup> Preliminary figures. <sup>b</sup> The total number of tourists is calculated on the basis of tourist cards, and includes only persons over 12 years of age. <sup>c</sup> The distribution of tourists by country of origin is calculated on the basis of hotel registers.

For 1972, the distribution refers to the nationality of the tourists; subsequently it refers to their last point of departure.

<sup>d</sup> From balance-of-payments data. <sup>e</sup> Refers to hotels, motels, hostels and boarding houses regarded by the Department of Tourism as being of "tourist level". <sup>f</sup> Estimate by the Department of Tourism.

Table 17

**PARAGUAY: DIRECT EFFECTS OF THE ITAIPU AND YACYRETA BINATIONAL ENTITIES ON THE BALANCE OF PAYMENTS <sup>a</sup>**

*(Millions of dollars)*

	1980	1981	1982	1983	1984	1985	1986	1987	1988?
<b>Current account <sup>c</sup></b>									
Total	-278	-377	-378	-253	-262	-167	-369	-158	-144
Binational entities	178	150	158	144	85	44	44	66	28
Itaipú	121	139	126	127	61	37	27	30	13
Yacyretá	57	73	24	17	24	7	17	36	15
Remainder	-456	-527	-536	-397	-177	-123	-325	-92	-172
<b>Capital account</b>									
Total	428	420	316	200	248	58	241	196	16
Binational entities	217	237	184	160	112	70	45	79	64
Itaipú	146	159	159	143	87	55	27	30	24
Yacyretá	71	78	25	17	25	15	18	49	40
Remainder	211	183	132	40	136	-12	196	117	-48
<b>Global balance</b>									
Total	150	44	-62	-53	-14	-109	-128	38	-128
Binational entities	395	449	338	305	197	114	89	145	92
Itaipú	267	298	289	270	148	92	54	60	37
Yacyretá	129	151	48	34	49	22	35	85	55
Remainder	-245	-405	-400	-358	-41	-135	-129	25	-220
<b>International reserves</b>									
Total	766	810	687	684	669	578	476	525	390
Binational entities <sup>e</sup>	1217	1666	2004	2 309	2 506	2620	2709	2 854	2946
Itaipú	987	1285	1574	1844	1992	2 084	2138	2 198	2 235
Yacyretá	231	382	430	464	513	535	570	655	710
Remainder	-451	-856	-1317	-1625	-1837	-2042	-2 233	-2329	-2 556

**Source:** ECLAC, on the basis of data supplied by the Central Bank of Paraguay.

•Does not include imports of goods and services by the binational entities which are imputable to the balance of payments, with the exception of profits from investments by the Itaipu binational entity in Paraguay. Similarly, it does not include capital flows which finance those imports and which are also imputable to the balance of payments. Consequently, the accounting system used for this table is the same as that used for the balance of payments (table IS) the original source of which is the Central Bank of Paraguay. Preliminary figures. <sup>c</sup>As from May 1984, a new series on external trade in goods and non-factor services was prepared. See note <sup>b</sup> of table 15. <sup>d</sup>Equals gross international assets of the Central Bank of Paraguay. <sup>e</sup> Shows the accumulated effects on the global balance of payments.

Table 18

**PARAGUAY: TOTAL EXTERNAL INDEBTEDNESS***(Millions of dollars)*

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Gross disbursed external debt <sup>b</sup>	861	948	1203	1469	1654	1772	1855	2 043 <sup>c</sup>	2 002
Public sector	691	797	1030	1298	1503	1627	1825	2 010	1969
Non-financial	574	670	868	1116	1291	1396	1598	1757	
Central government	77	317	369	502	621	749	886	979	997
State enterprises	297	353	499	614	670	647	712	778	972 <sup>d</sup>
Financial	117	127	162	182	212	231	227	253	
Private sector	170	151	173	171	151	145	30	33	33
Gross external debt service <sup>e</sup>	154	169	163	125	146	184	267	299	283
Principal	78	87	80	59	85	104	121	181	166
Interest	76	82	83	66	61	80	146	118	117

**Source:** ECLAC, on the basis of data supplied by the Central Bank of Paraguay and the International Monetary Fund.

<sup>a</sup> Preliminary figures. <sup>b</sup> Medium- and long-term public and State-guaranteed private debt; end-year balances; does not include interest on arrears of payment. <sup>c</sup> Includes the equivalent of US\$121 million in exchange rate adjustments in respect of conversion of other currencies. <sup>d</sup> Includes the financial public sector. <sup>e</sup> Refers to debt service due and not to that actually paid.

Table 19

**PARAGUAY: INDEXES AND RATIOS OF THE EXTERNAL DEBT**

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes (1980 = 100)</b>									
Gross disbursed external debt									
At current prices	100.0	110.2	139.8	170.6	192.1	205.8	215.4	237.3	232.5
Deflated by export prices	100.0	100.8	137.4	177.9	179.9	240.1	250.8	234.7	226.4
Deflated by import prices	100.0	107.4	132.9	171.0	229.5	258.5	286.8	301.9	274.8
<b>As a percentage of exports<sup>c</sup></b>									
External debt service <sup>d</sup>	27.2	30.5	26.4	26.9	21.1	22.9	26.8	23.2	20.4
Principal	13.8	15.7	13.0	12.7	12.2	12.9	15.3	14.0	12.0
Interest	13.5	14.8	13.5	14.2	8.8	9.9	11.5	9.1	8.4

**Source:** ECLAC, on the basis of data supplied by the Central Bank of Paraguay and the International Monetary Fund.

<sup>a</sup> Preliminary figures. <sup>b</sup> Medium- and long-term State-guaranteed public and private debt; end-of-year balances; does not include interest on arrears of payment. <sup>c</sup> Refers to exports of goods and non-factor services. <sup>d</sup> Refers to debt service due and not to that actually paid.

Table 20

## PARAGUAY: DOMESTIC PRICE TRENDS

	1981	1982	1983	1984	1985	1986	1987	1988
<b>Variation between annual averages</b>								
Consumer price index <sup>a</sup>	14.0	6.8	13.5	20.3	25.2	31.7	21.8	23.0
Food	10.4	3.5	17.1	28.9	27.6	43.5	23.9	23.8
Housing	20.2	8.4	3.6	7.0	17.4	13.8	19.0	19.8
Clothing	11.6	6.0	20.8	26.7	32.8	32.8	18.0	21.8
Miscellaneous expenses	<b>13.4</b>	9.4	17.2	20.0	26.3	13.8	21.9	24.5
Wholesale price index <sup>b</sup>	12.2	3.5	32.9	28.3	23.4	45.1	11.9	27.1
Agricultural products	13.7	3.5	39.7	18.6	12.8	64.0	-1.1	35.3
Index of implicit prices of the gross domestic product <sup>c</sup>	<b>16.1</b>	5.2	14.4	27.0	25.2	31.6	30.3	29.5
<b>Variation from December to December</b>								
Consumer price index <sup>a</sup>	8.1	8.9	14.1	29.8	23.1	24.1	32.0	16.9
Food	6.9	5.4	19.4	42.5	22.3	34.9	42.3	9.8
Housing	12.3	6.4	2.7	15.9	13.0	11.7	22.0	24.6
Clothing	5.0	15.5	20.9	32.2	34.9	21.7	22.1	19.9
Miscellaneous expenses	4.4	14.0	17.0	25.4	28.5	19.4	26.8	23.3
Wholesale price index	19.6	-6.8	32.9	43.8	16.3	28.1	19.7	33.7
Agricultural products	30.9	-15.7	39.7	39.1	9.5	28.8	12.6	52.6

Source: Central Bank of Paraguay.

Base year: 1980.

Base year: 1972.

<sup>c</sup> At market prices. Base year: 1982.

Table 21  
PARAGUAY: WAGE TRENDS

	Indexes (1980= 100)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Nominal								
Wages of manual workers in Asunción								
General	186.8	235.4	322.1	426.8	22.6	26.0	36.8	32.5
Manufacturing	185.9	238.2	327.3	443.2	21.0	28.2	37.4	35.4
Construction	193.6	257.7	379.1	519.6	30.5	33.1	47.1	37.0
Electricity, gas and water	220.9	268.2	375.2	463.1	36.2	21.4	39.9	23.4
Transport, storage and communications	175.5	211.8	278.7	353.8	19.8	20.7	31.6	26.9
Commerce	202.1	268.5	382.6	528.0	23.3	32.8	42.5	38.0
Other services	231.1	304.1	433.8	589.3	34.7	31.6	42.6	35.8
Average agricultural daily wages								
With meals	158.7	205.8	287.5		8.2	29.7	39.7	
Without meals	142.0	189.8	282.6		6.4	33.7	48.9	
Minimum legal wages								
Asunción and Puerto Stroessner								
Other cities	206.3	296.5	408.6	556.3	32.4	43.7	37.8	35.8
Agriculture	205.4	295.1	406.7	551.0	32.6	43.7	37.8	35.5
Real <sup>0</sup>								
Wages of manual workers in Asunción								
General	89.8	85.9	96.5	103.9	-2.2	-4.4	12.3	7.7
Manufacturing	89.4	86.9	98.1	107.9	-3.4	-2.7	12.8	10.1
Construction	93.1	94.0	113.6	126.5	4.3	1.0	20.8	11.4
Electricity, gas and water	106.2	97.9	112.4	112.8	8.8	-7.9	14.9	0.3
Transport, storage and communications	84.4	77.3	83.5	86.2	-4.4	-8.4	8.0	3.2
Commerce	97.2	98.0	114.6	128.6	-1.5	0.8	17.0	12.2
Other services	111.1	111.0	130.0	143.5	7.6	-0.1	17.1	10.4
Average agricultural daily wages								
With meals	76.3	75.1	86.1		-13.6	-1.6	14.7	
Without meals	68.3	69.3	84.7		-15.0	1.5	22.2	
Minimum legal wages								
Asunción and Puerto Stroessner								
Other cities	99.6	108.3	122.6	135.2	6.2	8.7	13.2	10.3
Agriculture	99.2	108.2	122.4		5.9	9.1	13.1	
	98.7	107.7	121.8	134.2	5.8	9.1	13.1	10.1

Source: ECLAC, on the basis of data supplied by the Central Bank of Paraguay, Department of Economic Studies; Ministry of Agriculture, Department of Agricultural Marketing and Economics; and Ministry of Justice and Labour, Department of Human Resources.

Preliminary figures. Average for June and December. " The nominal values were deflated by the consumer price index.

Table 22

## PARAGUAY: CENTRAL GOVERNMENT FINANCIAL OPERATIONS

	Billions of guaraníes				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
	<b>Current income</b>	<b>110.2</b>	<b>143.1</b>	<b>202.4</b>	<b>263.5</b>	29.3	<b>29.8</b>	<b>41.5</b>
Tax revenue	<b>94.4</b>	122.5	174.6	227.5	34.7	29.8	42.5	30.3
Direct taxes	22.6	29.0	44.6	53.1	46.1	28.1	53.9	19.1
On income	15.8	20.7	34.9	41.7	54.7	31.2	68.1	19.7
On capital	6.8	8.2	9.7	11.4	29.3	20.8	18.3	17.3
Indirect taxes	48.5	64.5	89.2	115.1	31.9	33.0	38.3	29.0
On external trade	17.7	22.9	32.6	42.5	24.4	29.7	42.2	30.5
Imports	16.7	22.0	30.8	<b>40.4</b>	30.2	32.0	40.1	31.1
Exports	<b>1.0</b>	0.9	1.8	2.1	-28.3	-8.9	93.0	19.2
On domestic commerce	30.8	41.6	56.6	72.6	36.5	34.9	36.1	28.2
Other	23.3	29.0	40.8	59.3	30.6	24.7	40.6	45.3
Non-tax income	15.9	20.5	27.8	36.0	4.6	29.6	35.2	29.6
<b>Current expenditure</b>	<b>97.6</b>	<b>119.8</b>	<b>160.8</b>	<b>196.7</b>	<b>24.6</b>	<b>22.7</b>	<b>34.3</b>	22.3
Consumption	60.3	65.5	95.2	110.9	34.6	8.6	45.3	16.5
Wages and salaries	<b>40.8</b>	47.1	63.8	79.0	21.8	15.4	35.5	23.8
Goods and non-personal services	14.4	18.4	31.4	31.9	27.4	27.8	70.7	1.6
Interest payments	<b>6.7</b>	9.7	19.9	23.7	36.7	44.8	105.2	19.0
Transfers	25.9	29.2	34.5	42.6	15.6	12.6	18.3	23.5
To the private sector	20.8	21.3	26.2	30.9	16.9	2.4	23.0	18.0
To the public sector	<b>4.9</b>	7.9	<b>8.3</b>	11.7	6.5	60.4	5.6	41.0
Other	<b>7.7</b>	15.4	11.2	19.5	24.2	100.0	-27.3	74.1
Saving	<b>12.6</b>	<b>23.3</b>	<b>41.6</b>	<b>66.8</b>	<b>84.1</b>	<b>84.3</b>	<b>78.4</b>	60.7
<b>Capital income</b>	<b>0.6</b>	<b>0.8</b>	-	<b>0.1</b>	100.0	<b>33.3</b>	25.0	25.0
Capital expenditure	34.7	13.4	43.6	42.9	96.0	-61.4	225.4	-1.6
Capital formation	29.7	10.7	27.7	39.8	191.0	-64.1	159.8	43.7
Transfers								
To the public sector	1.3	2.7	3.3	1.6	-82.7	105.8	23.3	-51.5
Other	-	3.1	12.6	1.5	-	-	306.5	-88.1
<b>Total expenditure</b>	<b>132.3</b>	<b>133.2</b>	<b>204.4</b>	<b>239.6</b>	<b>37.6</b>	-	53.5	17.2
<b>Global balance</b>	<b>-21.4</b>	10.7	<b>-2.0</b>	<b>24.0</b>				
					<b>As a percentage of the global balance</b>			
Financing (net)	21.4	-10.7	2.0	-24.0	-100.0	-100.0	-99.3	-99.9
Domestic (net)	10.7	-13.2	-0.9	-11.5	-50.0	-123.4	44.7	-47.8
Banks	7.7	6.5	9.7	12.6	-36.0	60.7	-481.4	52.4
Central Bank	7.7	6.5	9.7	12.6	-36.0	60.7	-481.4	52.4
Rest of banking system	-	-	-	-	-	-	-	-
Financial investment	-	-	-	-	-	-	-	-
Other <sup>b</sup>	17.3	10.1	15.8	17.8	-80.8	94.4	-784.1	74.1
Variation in liquid assets	-14.3	-29.8	-26.4	-41.9	66.8	-278.5	1 310.2	-174.3
External (net)	10.7	2.5	2.9	-12.5	-50.0	23.1	-143.9	-52.1
Disbursements	16.1	10.9	22.0	14.0	-75.2	101.6	-1 091.8	58.2
Amortization payments	-5.4	-8.4	-19.1	-26.5	25.2	-78.5	947.9	-110.3

Source: Ministry of Finance, Technical Secretariat for Planning, Budget Department, and International Monetary Fund.

<sup>a</sup> Preliminary figures. <sup>b</sup> Includes supplier credits, issue and amortization of bonds and amortization of commitments carried over from previous years

Table 23

PARAGUAY: SUBSIDIES TO THE PUBLIC SECTOR <sup>a</sup>

	Millions of guaraníes			Crnwth <i>			As a percentage of GDP		
	1986	1987	1988	1986	1987	1988	1986	1987	1988
Exchange subsidy									
1. For servicing the external public debt <sup>b</sup>	36 416	61 446	42 109	85.1	68.7	-31.5	2.0	2.5	1.3
2. For imports by public institutions <sup>c</sup>	7 061	17 850	25 956	14.1	152.8	45.4	0.4	0.7	0.8
3. Total (1+2)	43 477	79 296	68 065	68.1	82.4	-14.2	2.4	3.2	2.1
Credit subsidy									
4. In respect of the rate of interest of the minimum portfolio <sup>11</sup>	5 217	6 632	17 599	50.9	27.1	165.4	0.3	0.3	0.5
5. In respect of the rate of inflation <sup>e</sup>	12 483	13 610	8 836	71.4	9.0	-35.1	0.7	0.5	0.3
Total subsidy									
(3 + 4)	48 694	85 928	85 664	66.1	76.5	-0.3	2.7	3.4	2.6
(3 + 5)	55 960	92 906	76 901	68.9	66.0	-17.2	3.1	3.7	2.4

Source: ECLAC, on the basis of data supplied by the Central Bank of Paraguay.

<sup>a</sup> Provisional figures, subject to revision. Equal to the difference between the average exchange rate paid by the Central Bank for purchases of foreign currency and the exchange rate at which it sells this to the public sector for servicing of its external debt.

<sup>c</sup> Equal to the difference between the average exchange rate paid by the Central Bank for purchases of foreign currency and the average exchange rate at which it sells this to the public sector for its imports. Includes the exchange difference on the importation of agricultural inputs for the private sector.

<sup>11</sup> Equal to the difference between the interest rate paid by the non-financial public sector on net Central Bank credit and that paid by the non-financial private sector on credit having a term of less than 240 days under the Minimum Portfolio System.

<sup>e</sup> Equal to the difference between the interest rate paid by the non-financial public sector on net Central Bank credit and the rate of inflation.

Table 24

## PARAGUAY: MONETARY BALANCE OF THE CENTRAL BANK OF PARAGUAY

	Year-end balances, in billions of guaraníes					Growth rates			
	1985	1986	1987	1988	1985	1986	1987	1988	
I. Net international reserves (in millions of dollars)	112.9	132.8	212.2	248.2	19.3	17.6	59.8	17.0	
	479.2	397.5	437.3	304.1	-7.3	-17.0	10.0	-30.5	
II. Net domestic credit	78.3	130.6	148.7	177.5	13.5	66.8	13.9	19.4	
1. Non-financial public sector	46.7	57.0	80.2	85.5	46.4	22.1	40.7	6.6	
a. Central government	24.3	26.9	26.7	11.6	19.1	10.7	-0.7	-56.6	
Credits	33.4	40.4	50.1	60.7	13.2	21.0	24.0	21.2	
Deposits	9.1	13.5	23.4	49.1	1.1	48.4	73.3	109.8	
b. Public entities <sup>a</sup>	22.4	30.1	53.5	73.9	94.8	34.4	77.7	38.1	
Credits	29.8	37.9	64.7	89.8	77.4	27.2	70.7	38.8	
Deposits	7.4	7.8	11.2	15.9	39.6	5.4	43.6	42.0	
2. Banking sector	31.6	73.6	68.5	92.0	-14.8	132.9	-6.9	34.3	
a. National Development Bank	11.4	22.2	22.6	30.0	-11.6	94.7	1.8	32.7	
b. Private commercial banks	20.2	51.3	45.9	63.2	-16.5	154.0	-10.5	37.7	
III. Capital and reserves	19.3	21.2	24.3	27.6	9.0	9.8	14.6	13.6	
IV. Other net assets and liabilities	-28.4	-41.1	-49.6	-41.9	10.1	44.7	20.7	-15.5	
Assets	24.7	29.8	38.4	34.6	20.5	20.6	28.9	-9.9	
Liabilities	53.1	70.9	88.0	76.5	14.7	33.5	24.1	-13.1	
V. Monetary base (I+II-III+ IV)	143.6	201.2	286.9	354.3	19.6	40.1	42.6	23.5	
1. Notes and coins issued	69.6	92.1	128.3	159.3	29.6	32.3	39.3	24.2	
In banks	7.0	7.6	8.7	10.2	37.3	8.6	14.5	17.2	
Outside banks	62.6	84.5	119.6	149.1	28.8	35.0	41.5	24.7	
2. Deposits in the Central Bank of Paraguay	74.0	109.1	158.6	195.0	11.4	47.4	45.4	23.0	
Legal cash reserve	70.5	93.5	144.3	181.0	15.6	32.6	54.3	25.4	
Bank deposits	3.5	15.6	14.3	14.0	-35.2	345.7	-8.3	-2.1	

Source: ECLAC, on the basis of official figures supplied by the Central Bank of Paraguay.

<sup>a</sup> Includes the Livestock Fund.



Table 25

**PARAGUAY: FACTORS OF VARIATION OF THE MONETARY BASE***(Annual flows in billions of guaraníes)*

	1984	1985	1986	1987	1988
I. Effective variation, in national currency, of net international reserves <sup>a</sup>	-19.9	-8.9	-27.3	19.3	-108.7
(Variation in millions of dollars)	-108.5	-37.7	-81.7	39.8	-133.2
(Average implicit exchange rate for net international reserves)	183.0	235.6	334.1	485.3	816.2
II. Effective net domestic credit	43.6	36.5	99.5	78.2	172.7
A. Exchange rate effect <sup>c</sup>	24.2	27.2	47.2	60.1	143.9
B. Registered net domestic credit	19.4	9.3	52.3	18.1	28.8
1. Central government	4.5	3.9	2.6	-0.2	-15.1
2. Public entities	1.9	10.9	7.7	23.4	20.4
3. Banking sector	13.0	-5.5	42.0	-5.1	23.5
III. Other	-1.0	-4.2	-14.6	-11.6	4.4
Variation in the monetary base	22.7	23.4	57.6	85.8	68.4

Source: Central Bank of Paraguay.

<sup>a</sup> Increase in dollars, valued at the average implicit exchange rate for the net international reserve at the end of each year.<sup>b</sup> Result of dividing the net international reserve balances in national currency of the Central Bank of Paraguay by the balances in dollars.<sup>c</sup> Represents the effective variation in the average exchange rate, plus the effect of the differentials of the exchange rates and the variations in the local-currency valuation of net international assets.

Table 26

**PARAGUAY: CREDIT PROGRAMME: SECTORAL ALLOCATION  
OF CREDIT TO THE PRIVATE SECTOR**

	Year-end balance in millions of guaraníes				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Commercial banks</b>								
<b>Total</b>	<b>117.5</b>	<b>160.7</b>	203.5	<b>2613</b>	7.6	36.7	<b>26.7</b>	<b>28.4</b>
Agriculture	18.8	58.5	67.6	91.8	41.1	211.5	15.6	35.7
Crop farming	12.0	53.5	58.2	80.3	86.7	346.8	8.9	38.0
Stock raising	6.8	5.0	9.4	11.5	-1.2	-26.1	87.0	22.1
Industry	34.8	31.9	44.9	54.8	1.7	-8.5	40.9	22.0
Manufacturing	34.8	31.8	44.8	53.9	1.7	-8.5	41.0	20.3
Construction	0.1	0.1	0.1	0.9	31.8	32.2	4.7	1020.8
Commerce (domestic)	43.9	50.6	64.6	85.4	4.6	15.3	27.7	32.2
Exports	15.1	14.2	17.8	16.6	-0.7	-5.8	24.9	-6.6
Other	4.9	5.5	8.6	14.5	9.0	10.9	57.7	68.6
<b>National Development Bank</b>								
<b>Total</b>	<b>46.4</b>	<b>64.0</b>	74.0	89	<b>11.1</b>	<b>38.1</b>	<b>15.5</b>	203
Agriculture	35.7	50.7	59.6	69.3	10.1	42.1	17.5	16.3
Crop farming	34.3	49.0	57.7	67	10.7	42.7	17.7	16.1
Stock raising	1.3	1.7	1.9	2.4	-2.7	27.7	10.7	29.2
Industry	8.0	9.4	11.6	14	15.8	18.4	23.5	20.2
Manufacturing	8.0	9.4	11.6	14	15.8	18.4	23.5	20.2
Construction	-	-	-	-	-	-	-	-
Commerce (domestic)	2.1	3.3	2.1	5.2	19.1	56.1	-35.8	148.0
Exports	0.3	0.4	0.4	0.1	2.2	7.1	22.1	-76.8
Other	0.3	0.3	0.2	0.4	-22.2	-9.1	-19.8	75.9
<b>Total</b>								
<b>Total<sup>b</sup></b>	<b>179.0</b>	<b>267.1</b>	333.2	<b>4213</b>	9.1	493	<b>24.7</b>	26.4
Agriculture <sup>b</sup>	69.4	125.1	146.7	232.1	18.5	80.3	17.3	58.2
Crop farming	46.4	102.6	116.0	147.3	23.6	121.0	13.1	27.0
Stock raising	23.0	22.5	30.7	40.2	9.4	-2.1	36.4	31.1
Industry	42.9	67.8	92.8	113.5	4.1	58.1	36.8	22.3
Manufacturing	42.9	41.4	56.6	67.9	4.1	-3.5	36.8	19.9
Construction	-	26.4	36.1	45.6	-	-	36.7	26.2
Commerce (domestic)	46.0	53.9	66.7	90.6	5.2	17.1	23.8	35.8
Exports	15.4	14.6	18.2	16.7	-0.7	-5.5	24.8	-8.2
Other	5.2	5.7	8.8	14.9	6.4	9.6	54.2	69.3

Source: ECLAC, on the basis of data supplied by the Central Bank of Paraguay.

\* Preliminary figures. <sup>b</sup> Includes the Livestock Fund. <sup>c</sup> Includes the savings and loan system for housing.



## PERU

In 1988 the Peruvian economy performed very unfavourably, despite the fact that the terms of trade improved substantially for the second consecutive year. The gross domestic product fell by 9% —the second largest decline in several decades— and in December the annualized rate of inflation exceeded the unprecedented figure of 1 700%. All of this took place in a context of growing political violence and uncertainty respecting institutional continuity.

The tardiness and insufficiency of the policies adopted to confront internally generated macroeconomic disequilibria that were already apparent in 1986 provoked a loss of credibility among the economic agents. The combination of these two factors aggravated the imbalances to extremes that surpassed the worst expectations and wiped out the previous years' achievements in the areas of growth, employment and wages.

That the model based on the expansion of consumption was nearing its demise was already evident at the end of the previous year. The use of installed capacity was reaching its maximum level due to bottlenecks in the chain of production, while the availability of hard currency needed for imports had reached a critically low level. At the same time, the combined effect of the lag in the adjustment of controlled prices and public tariffs on the one hand, and the losses due to exchange differences on the other, caused the means of payment to expand at an ever-faster rate. Consequently, despite supply-side restrictions, the effective demand continued to increase and was reflected in additional pressure on prices and still greater speculation.

However, the full magnitude of the macroeconomic disequilibria was not recognized so that the successive corrections applied throughout the year were insufficient and tardy, causing further loss of credibility of the policy measures. Such credibility had already been affected in 1987 with the

unexpected announcement of the State's takeover of the financial system, which at the end of 1988 had still not materialized despite the passing of a special law.

Despite the seriousness of the disequilibria and the speed at which they were worsening, economic policy was applied in a gradual manner during most of the year. Thus, five efforts at correction were made, but they not only failed to lessen the imbalances, but also severely depressed the levels of consumption of the great majority of the population.

A first package of policy measures, put into effect in March, was basically aimed at reducing the deterioration of the external sector and staunching the heavy loss of international reserves. However, the decision to maintain monthly readjustments of export exchange rates, while those for imports were frozen for 120 days, was inconsistent with these objectives and meant a still greater increase in the exchange rate differential. At the fiscal level, on the other hand, the rates of the general sales tax and of the tax on luxury items were raised, while the number of items subject to the latter tax was increased. Controlled prices, which cover a significant percentage of basic food items, were readjusted in accordance with the cumulative inflation in the first two months but were then frozen for the following four months. Average wages were raised by a larger amount than controlled prices, in an attempt to maintain workers' purchasing power.

In July, a second set of measures were adopted in a timid attempt to reduce the deficit of the public enterprises. Average wages and controlled prices were readjusted by slightly lower percentages than the cumulative inflation. In addition, gradual unification of the import exchange rates was begun, but the exchange rate gap was not only maintained but even widened, in order to relieve pressure on costs.

On both these occasions, the insistence on a higher export exchange rate than that in force for imports redounded in vigorous monetary expansion, which, in the absence of appropriate absorption mechanisms, translated into an increase in effective demand. Upon not finding an adequate response at the level of domestic supply, the inflationary spiral accelerated, as did speculative imports and the rate of loss of reserves, while at the same time the upward pressure on the dollar in the parallel market grew stronger.

In addition, public enterprises were subsidized through the exchange rate differential (the cost of which was borne by the Central Bank) so that they could maintain artificially low prices and rates, which were set with scant consideration for the higher costs of inputs in national currency.

In view of the failure of the attempts to restore the external balance and stem inflation, which, on the contrary, grew increasingly virulent, a third —and this time drastic—readjustment was decreed in September in an effort to lessen demand pressures and progressively correct the distortions in the price system. To this end, the exchange rates were unified, thus eliminating the main source of monetary expansion. This meant an increase of around 80% in the value of the dollar and transferred a major part of the exchange rate losses (which up until that point had been assumed by the Central Bank) to the public enterprises. Simultaneously, a restrictive credit policy was implemented.

Controlled prices more than doubled and those of fuels trebled. A making-up period was established for the other prices, prior to a scheduled 120-day freeze, but the measure had to be suspended because of the shortages and speculation generated by the mere announcement of these measures. In any event, the suspension did not have any effect on the new prices, which remained at their recently remarked levels. Controlled prices and average wages increased more than the cumulative inflation, but almost immediately they were greatly eroded in real terms, since the inflation in September was no less than 114%.

The persistence of all the country's problems, heightened by a violent recession in production, made it necessary at the end of November to adopt a fourth set of measures which were even more stringent than those of September. This time, average wages were only

readjusted by 60% of the cumulative inflation up to October, while controlled prices were readjusted by around 75% of this figure. The official exchange rate was doubled, while exporters were provided with greater availability of foreign currency. However, tax measures were limited to reducing the dispersion of tariff rates and excise taxes, while the heavy subsidies on foodstuffs were maintained.

From December onward, in the midst of a deep recession, systematic readjustments of controlled prices began to be carried out in what was to be the beginning of a fifth set of measures aimed at restoring real price levels and eliminating subsidies.

The failure of this succession of packages of measures, together with the pressures that had built up since the previous year, led to rates of price increases bordering on hyperinflation. In one month inflation reached the level of three digits, while the monthly average during the second quarter was 43%.

In a first stage, which lasted up until September, the intensification of inflation was basically the result of excessive money issue, due both to laxness in controlling the public deficit and to the cost of the heavy subsidies on foreign exchange operations. This, in turn, exacerbated the speculation generated by the scant credibility of economic policy. The adjustments made in controlled prices were very inadequate, thus further widening the disparity with real costs of production. Controlled prices, for the most part corresponding to goods or services produced or provided by public enterprises, were between 50% and 75% lower in real terms than their July 1985 level.

From September onward, the inflationary process was heightened on the one hand by the spectacular increases in the nominal exchange rate and, to a lesser extent, in interest rates and wages, and on the other hand by the rapid worsening of the expectations of economic agents. Moreover, sharp nominal increases in prices and public rates were decreed in an attempt to correct their enormous lags. The prices of certain products, such as petroleum products, wheat and oilseeds increased twenty-fold during the year, but even so in December they were still between 35% and 50% below their July 1985 levels.

The rapid rate of price increases caused severe shrinkage of real wages, which plummeted to the lowest levels of the decade, despite the granting of four nominal readjustments during the year. In response to this, domestic demand immediately suffered a violent contraction which led to the virtual shutdown of many companies at the end of the year and consequently to increased unemployment.

The 9% drop in the gross domestic product was the second largest decline in the last 30 years after that of 1983, which was basically due to adverse climatic conditions. It meant that the per capita product, which had been showing some recovery, fell back to a level similar to that of 1965.

The recession intensified still further in the second half of the year. Production dropped by more than 10% and 20% in the third and fourth quarters, respectively, while industrial output fell by 40% in the latter period. At the same time, public expenditure contracted by one-third in real terms, which translated into a severe deterioration in social services.

The decline in employment levels was almost imperceptible in the first months of the year but gradually became more marked as time went on. In the last quarter the drop reached dramatic proportions, especially in the manufacturing sector, causing a big increase in underemployment and informal activities which was reflected in the growth of the index of employment in the services sector.

The higher unemployment, the sharp drop in real wages and the combination of various kinds of political motivations meant that 1988 was a year of intense union effervescence. There was a significant increase in the number of labour disputes and, as a result of this, the number of man-hours lost almost quadrupled. Two long strikes by mining and metallurgical workers were especially serious, resulting in major reductions in the volume of the respective exports, which carry great weight in Peru's total external sales.

The poor results of the economic policy measures were moderated, however, by the favourable terms of trade generated by the vigorous increase in export prices. Concurrently, the drop in import volumes relieved the pressure on the external accounts.

Sales to the exterior recorded a slight increase for the second year in a row, thanks to

the continued high international prices of export items which are of great significance to Peru, especially fish meal and copper. These offset the decline in oil prices, as well as the sharp drops in the export volumes of most of the principal goods.

The latter phenomenon, primarily attributable to labour problems in the mining sector and to the depletion of oil reserves, intensified the trend towards the loss of relative importance of the export sector which has been observed since the beginning of the decade and which makes this sector increasingly vulnerable to fluctuations in international prices. The consequent reduction in external income was aggravated by the scanty flow of new capital.

The total value of imports dropped by 11% due to a decline in the volume imported which was concentrated in the last quarter. Although the growth rate of domestic demand began to slacken visibly at the beginning of the year, the value of imports (especially of inputs) remained high, due to the joint stimulus of the exchange rate lag and subsidy. These two factors, in effect, exerted greater force than did all the restrictions on the availability of foreign exchange, on the one hand, and the re-establishment in March of the national foreign exchange budget, which had been suspended since the previous July. Only in September, when the recession became critical and the exchange rate was substantially raised, did the pressure to import begin to slacken.

The persistence of the trade deficit may therefore be attributed to the insufficient growth of exports, although the negative balance was lower than that observed the preceding year. Financial service payments, for their part, went down slightly, but the stagnation in the inflow of new capital ultimately resulted in a fall of almost US\$430 million in the international reserves, which became negative by the end of the year. Thus, the accumulated drain of reserves over the last three years came to some US\$1.7 billion.

The public sector accounts also continued to show major imbalances, although the magnitude of the central government deficit with respect to the gross domestic product went down more as a result of the severe credit policy applied in the last quarter than because of the adoption of an active fiscal policy.

Fiscal revenues continued to suffer erosion in real terms, basically as a result of the effects

of the tax lag in the face of the skyrocketing inflation in the second half of the year. Furthermore, the lag in adjusting fuel prices led to a considerable drop, equivalent to almost one percentage point of the product, in the tax collected on fuels.

In addition, as of September the government had to cope with the restriction of the credit granted to it by the Central Bank. This forced a reduction of almost a third in fiscal expenditure, measured in terms of its magnitude *vis-à-vis* the gross domestic product. The cutback was especially severe in respect of expenditure on wages and goods and services, whereas outlays on interest payments and defence did not undergo major changes.

The greater part of the deficit, which was traditionally concentrated in the central government, now stemmed from the public enterprises. As of September, these were affected by the disappearance of the preferential exchange rate for imports and by the enormous lag in the adjustment of public sector charges and prices, which still persisted, albeit in a somewhat attenuated form, at the end of the year.

Although the deficit of the non-financial public sector declined, around 70% of its burden continued to fall on domestic credit sources, in view of the limitations on obtaining new external credit.

Within the framework of the policies reviewed, the main factor underlying the expansion of the monetary base was net domestic credit, primarily through the losses borne by the Central Bank due to the exchange rate differential. The real liquidity of the financial system went down almost to one-third of its December 1987 level. Greater still was the decline (to one-fifth of that level) of national currency quasi-money: a phenomenon illustrative of the growing decline in formal financial intermediation and the loss of control of the means of payment by the Central Bank. Obviously, the evolution of the monetary variables was conditioned by the virulence of inflation, which meant that there was a highly negative remuneration on financial saving and led to the displacement of national currency by the dollar. This, added to the uncertainty regarding the nationalization of the financial system, gave rise to a boom in parallel as distinct from formal intermediation.

Figure 1  
PERU: MAIN ECONOMIC INDICATORS

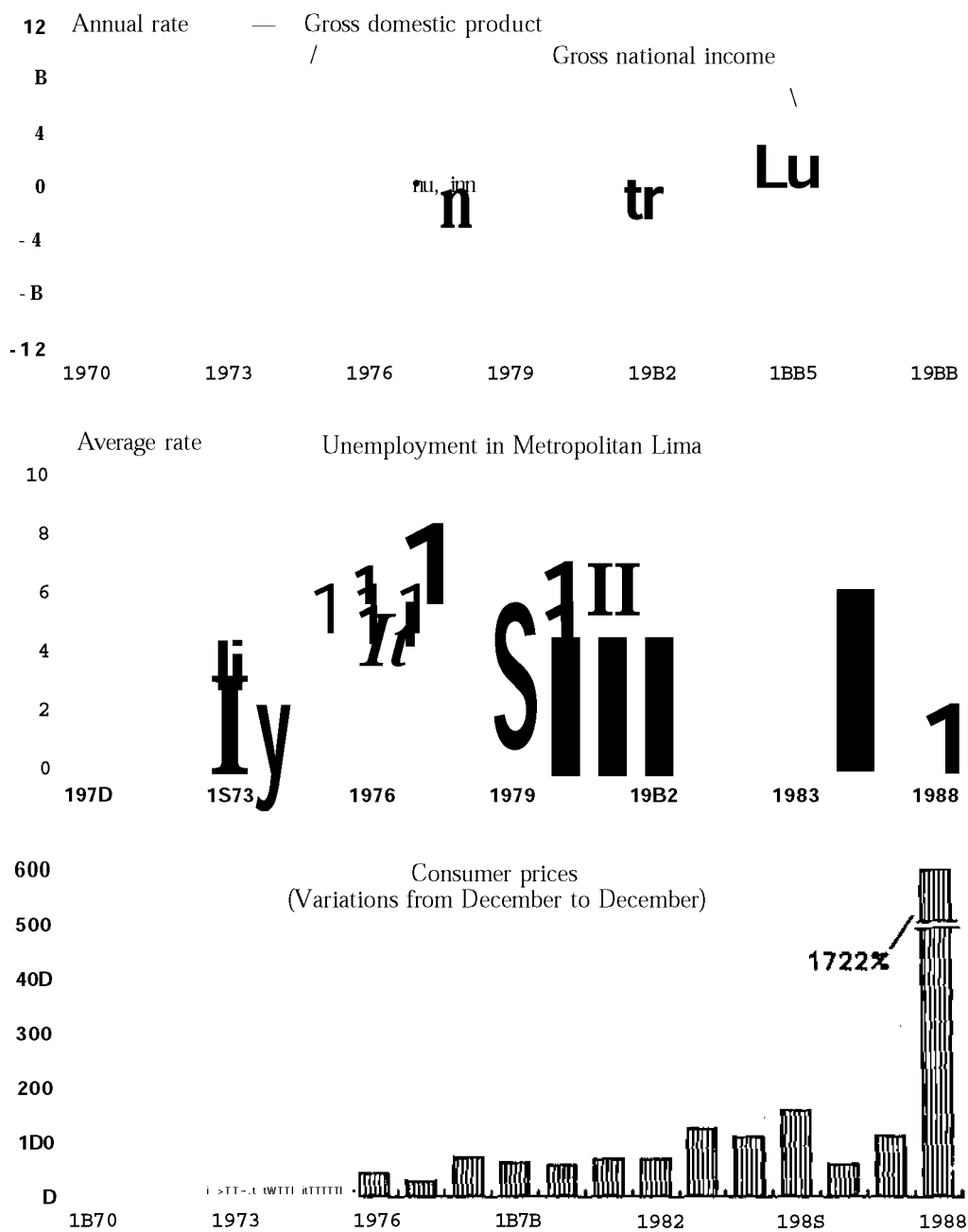
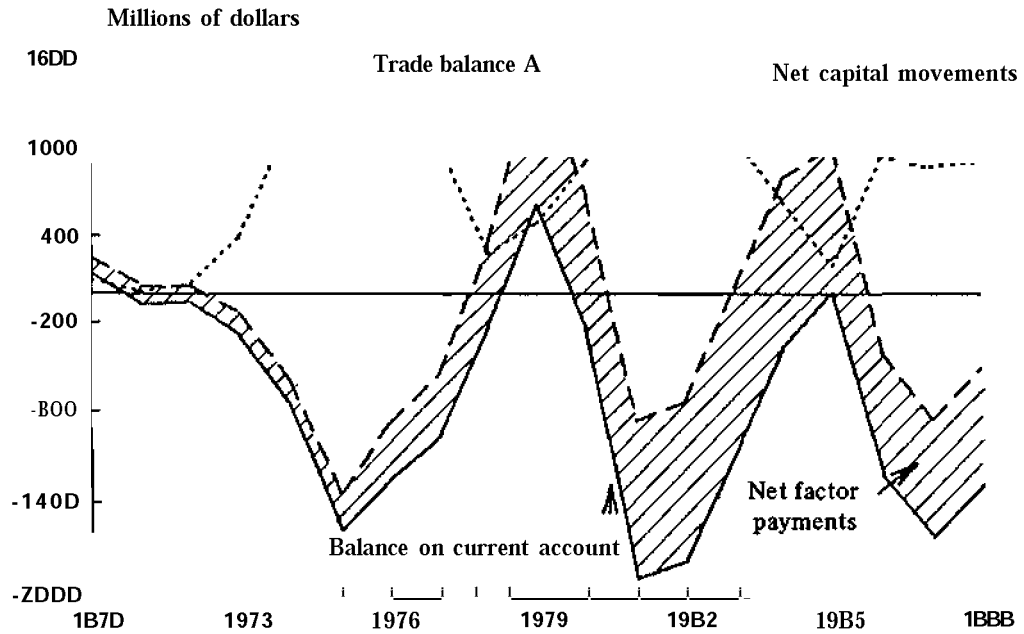


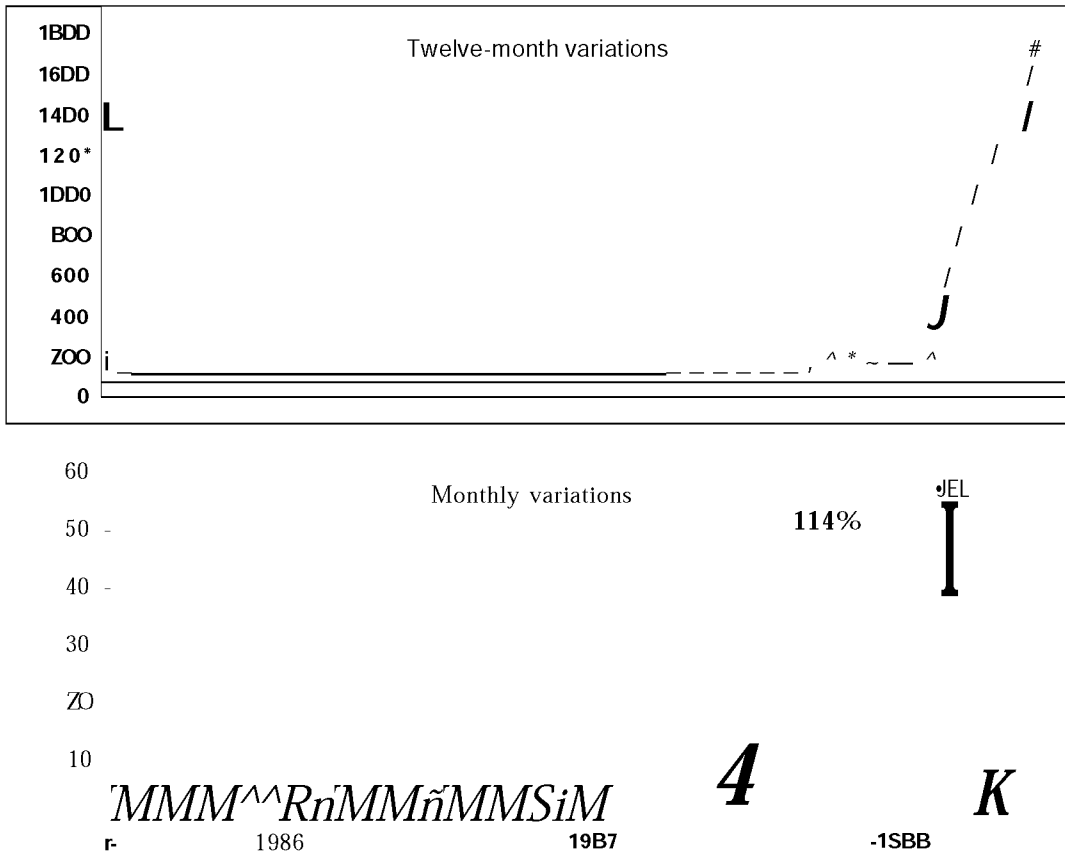


Figure 1 (conclusion)



Source: ECLAC, on the basis of official figures.

Figure 2  
**PERU: CONSUMER PRICE INDEX**  
*(Percentages)*



Source: ECLAC, on the basis of official figures.

Table 1  
**PERU: MAIN ECONOMIC INDICATORS**

	1982	1983	1984	1985	1986	1987 <sup>a</sup>	1988 <sup>s</sup>
<b>Index (1980 = 100)</b>							
Basic economic indicators							
Gross domestic product at market prices	104.7	92.3	96.7	99.0	107.8	115.7	105.7
Gross national income	100.2	91.1	94.2	94.6	104.7	115.2	106.8
Population (millions of inhabitants)	18.2	18.7	19.2	19.7	20.2	20.7	21.3
Per capita gross domestic product	99.4	85.3	87.1	86.9	92.3	96.5	85.7
Public sector deficit/gross domestic product							
Money (M1)/GDP	5.8	6.1	6.2	7.5	8.2	9.9	8.8
Real effective exchange rate	83.1	90.6	91.2	108.1	89.5	77.2	86.3
Unemployment rate <sup>c</sup>	6.6	9.0	8.9	10.1	5.4	4.8	7.9
Growth rates							
Short-run economic indicators							
Gross domestic product	0.4	-11.7	4.8	2.4	8.9	7.3	-8.6
Per capita gross domestic product	-2.2	-14.1	2.1	-0.2	6.1	4.6	-11.3
Gross national income	-2.3	-9.1	3.4	0.4	10.7	10.0	-7.3
Consumer prices							
December to December	72.9	125.1	111.5	1583	62.9	114.5	1722.3
Real salaries	7.9	-14.3	-7.7	-8.4	22.0	3.9	-28.0
Real wages	1.0	-16.5	-15.1	-14.8	30.4	7.5	-27.4
Current value of exports of goods and services							
	1.4	-8.6	2.4	-0.7	-11.2	6.9	2.4
Current value of imports of goods and services							
	-1.4	-23.5	-17.8	-8.0	35.3	18.1	-5.9
Terms of trade (goods and services)							
	-9.6	13.1	-5.5	-8.0	4.3	14.5	9.4
Millions of dollars							
External sector							
Trade balance (goods and services)	-743	39	787	1003	-407	-858	-509
Factor services	1 034	1 132	1166	1001	822	769	776
Balance on current account	-1776	-1091	-379	3	-1229	-1627	-1285
Balance on capital account	1 688	1 058	628	184	934	858	896
Variation in international reserves	-57	10	317	83	-398	-951	-389
Total external debt	11465	12 445	13 338	13 721	14 477	15 373	16 493

Source: ECIAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. <sup>b</sup> Percentages. <sup>c</sup> In Metropolitan Lima.

Table 2

## PERU: TOTAL SUPPLY AND DEMAND

	Indexes (1980 =100)			Percentage breakdown			Growth rates		
	1986	1987 <sup>a</sup>	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987 <sup>a</sup>	1988 <sup>a</sup>
Total supply	106.8	115.9	105.3	119.3	118.8	12	12.7	8.5	-9.1
Gross domestic product at market prices	107.8	115.7	105.7	100.0	100.0	2.3	8.9	7.3	-8.6
Imports of goods and services <sup>b</sup>	101.5	116.7	103.0	193	18.8	-6.1	38.5	15.0	-11.7
Total demand	106.8	115.9	105.3	119.3	118.8	12	12.7	8.5	-9.1
Domestic demand	110.4	123.5	112.8	96.8	103.3	-0.9	19.4	11.9	-8.7
Gross domestic investment	75.2	93.1	86.6	27.5	22.5	-10.3	34.0	23.8	-7.0
Gross fixed investment	81.2	93.2	80.9	23.5	18.0	-10.6	19.8	14.8	-13.2
Construction	99.2	114.6	108.1	12.6	12.9	-11.0	22.5	15.5	-5.7
Machinery	60.2	68.4	49.4	10.9	5.1	-9.8	14.9	13.6	-27.8
Changes in stocks	40.1	92.7	120.0	4.0	4.5				
Total consumption	124.3	135.5	123.2	69.3	80.8	1.3	16.3	9.0	-9.1
General government	103.9	105.2	103.9	11.2	11.0	3.5	3.4	1.3	-1.2
Private	128.2	141.4	126.9	58.1	69.8	0.9	18.6	10.3	-10.3
Exports of goods and services <sup>c</sup>	91.4	83.1	73.0	22.5	15.5	10.0	-12.9	-9.1	-12.2

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. The figures for exports and imports of goods and services were taken from balance-of-payments data of the International Monetary Fund (IMF), expressed in dollars at current prices, which were converted to constant 1980 values using unit price indexes calculated by ECIAC for the purpose.

Table 3  
**PERU: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY,  
 AT 1980 MARKET PRICES**

	Indexes (1980 = 100)			Percentage breakdown			Growth rates		
	1986	1987 <sup>a</sup>	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987 <sup>a</sup>	1988 <sup>a</sup>
<b>Gross domestic product</b>	<b>107.8</b>	<b>115.7</b>	<b>105.7</b>	100.0	<b>100.0</b>	2.3	8.9	<b>7.3</b>	-8.6
<b>Goods</b>	<b>105.0</b>	<b>113.5</b>	<b>102.5</b>	51.3	<b>49.8</b>	2.8	8.4	8.1	-9.7
Agriculture	123.4	129.5	137.5	10.2	133	3.8	6.2	4.9	6.2
Mining	92.4	89.7	73.9	15.2	10.6	4.3	^1.4	-2.9	-17.6
Manufacturing	107.0	121.8	104.8	20.2	20.0	4.9	16.7	13.8	-14.0
Construction	98.4	118.6	107.5	5.7	5.8	-10.5	213	20.5	-9.4
<b>Basic services</b>	<b>110.7</b>	<b>119.8</b>	<b>111J</b>	<b>7.5</b>	<b>7.9</b>	3.1	9.4	82	-7.1
Electricity, gas and water	122.1	133.1	132.6	0.9	1.1	6.0	17.6	9.0	-0.4
Transport, storage and communications	109.2	118.1	108.6	6.6	6.8	2.8	8.3	8.2	-8.0
<b>Other services</b>	<b>115J</b>	<b>122.1</b>	<b>114.7</b>	<b>40.5</b>	<b>43.9</b>	3.6	9.6	6.0	-6.1
Commerce, restaurants and hotels	<b>107.8</b>	118.2	105.1	17.8	17.7	2.2	14.1	9.6	-11.1
Financial establishments, insurance, real estate and business services	116.1	121.5	112.3	9.9	10.5	8.7	5.5	4.7	-7.6
Ownership of dwellings	110.7	114.6	115.9	2.0	2.2	0.8	2.9	3.5	1.1
Community, social and personal services	124.8	128.1	129.8	12.8	15.7	1.6	7.4	2.6	1.3
Government services	129.6	134.2	137.8	7.7	10.1	0.5	8.5	3.5	2.7

Source: ECIAC, on the basis of official figures, reweighted according to the 1980 price structure at current prices. Therefore, the trends obtained do not necessarily coincide with those published by the countries in their calculations using constant prices.

\* Preliminary figures. Includes stock raising, forestry and fishing.

Table 4  
**PERU: RELATION BETWEEN URBAN AND RURAL PRICES**  
*(Indexes 1979=100)*

	1980	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
1. Prices of agricultural products	165	294	436	913	1905	4386	10003	17322	78668
2. Prices of industrial products <sup>b</sup>	145	254	411	949	2170	6362	8821	12984	121120
3. Terms of trade (1/2)	114	116	106	96	88	69	113	133	65

Source: Ministry of Agriculture and National Institute of Statistics.

\* Preliminary figures. Monthly average of wholesale price index for domestically produced goods.

Table 5  
PERU: INDICATORS OF AGRICULTURAL PRODUCTION

	1985	1986	1987 <sup>b</sup>	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987 <sup>a</sup>	1988 <sup>a</sup>
<b>Index of agricultural production (1979 = 100)</b>	<b>105.2</b>	<b>109.8</b>	<b>116.9</b>	<b>123.2</b>	2.4	4.3	6.5	5.4
<b>Thousands of tons</b>								
<b>Production of main crops</b>								
Raw cotton	290.6	303.7	202.0	275.8	43.4	4.5	-33.5	36.5
Rice	878.3	725.9	1168.6	1080.0	-24.0	-17.4	61.0	-7.6
Coffee	90.6	95.9	98.2	97.1	-0.3	5.8	2.4	-1.1
Sugar cane	7 329.3	6 272.8	6 073.9	6 067.1	4.9	-14.4	-3.2	-0.1
Beans	46.2	53.9	56.8	52.6	-10.5	16.7	5.4	-7.4
Soft maize	212.3	231.7	210.6	257.1	3.5	9.1	-9.1	22.1
Hard maize	485.9	644.6	698.6	628.4	-14.8	32.7	8.4	-10.0
Potatoes	1 556.8	1 657.5	1 707.1	2 077.9	6.4	6.5	3.0	21.7
Sorghum	23.1	37.9	23.8	30.1	-47.0	64.1	-37.2	26.5
Soya	2.1	3.9	6.3	5.3	23.5	85.7	61.5	-15.9
Wheat	92.2	121.0	130.5	153.3	10.4	31.2	7.9	17.5
<b>Production of the main livestock products</b>								
Poultry meat	201.0	229.7	281.0	296.7	10.7	14.3	22.3	5.6
Mutton	17.2	16.9	18.6	19.2	-9.0	-1.7	10.1	3.2
Pork	53.5	59.2	65.0	73.5	-1.8	10.7	9.8	13.1
Beef	101.4	90.3	107.3	115.5	-1.6	-10.9	18.8	7.6
Eggs	77.9	95.1	97.2	118.2	19.7	22.1	2.2	21.6
Fresh milk	808.8	819.3	830.0	849.5	3.6	1.3	1.3	2.3

Source: Ministry of Agriculture.

<sup>a</sup> Preliminary figures.

Tablea  
PERU: INDICATORS OF FISHERY PRODUCTION

	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
Index of fishery production (1979 = 100)	1083	139.2	118.4	147.8	12.5	28.5	-14.9	24.8
	Thousands of tons							
Deep-sea fishing	4110	5 530	4 548	5883	25.0	34.5	-17.8	29.4
For direct human consumption	512	534	578	499	-6.4	4.2	8.4	-13.8
Fresh fish	182	218	221	224	-2.4	20.1	1.0	1.6
For freezing	177	71	60	107	-2.1	-60.1	-15.7	79.1
For canning	125	212	265	136	-15.4	69.0	24.8	-48.7
For drying and salting	28	33	34	32	-13.2	18.4	3.0	-5.3
For fish meal and oil	3 598	4996	3 969	5 385	31.3	38.9	-20.5	35.7
Anchoveta	844	3 482	1764	2971	3572.6	312.4	-49.3	68.4
Other species	2754	1514	2205	2414	13	-45.0	45.7	9.5
Inland fishing	28	32	36	32	-6.6	163	11.7	-10.8
Fresh fish	14	15	16	19	-8.2	9.0	8.3	20.8
For drying and salting	14	17	20	13	-5.0	23.4	14.7	-36.2

Source: Ministry of Fisheries.

\* Preliminary figures. <sup>b</sup> Including river shrimp.

Table 7  
PERU: INDICATORS OF MINING PRODUCTION

	1984	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
Index of mining production (1979 = 100)	1Q1.8	107.1	103.3	101.3	83.0	5.2	4*	-2.0	-18.1
	Thousands of tons								
Main metal-mining products									
Copper	354.0	401.0	397.4	406.4	298.3	13.3	-0.9	2.3	-26.6
Iron ore	3 916.0	4 806.7	4 907.6	5 019.4	4189.4	22.7	2.1	2.3	-16.5
Silver <sup>b</sup>	1651.0	1915.0	1925.8	2054.5	1 551.6	16.0	0.6	6.7	-24.5
Lead	194.0	211.0	194.4	204.0	149.0	8.8	-7.9	4.9	-27.0
Zinc	466.0	608.0	597.6	612.5	485.4	30.5	-1.7	2.5	-20.8
	Millions of barrels								
Hydrocarbons									
Petroleum, by producer zones	67.4	68.8	64.8	59.7	51.7	2.1	-5.8	-7.8	-13.4
Coast	12.7	13.7	13.2	12.3	10.6	7.9	-3.1	-7.4	-13.3
Continental shelf	9.8	10.1	9.8	9.2	8.6	2.6	-3.1	-6.0	-6.6
Eastern region	44.9	45.1	41.8	38.3	32.5	0.4	-7.2	-8.4	-15.1

Source: Ministry of Energy and Mines.

<sup>1</sup> Preliminary figures. <sup>b</sup> Kilogrammes.

**Table 8**  
**PERU: INDICATORS OF MANUFACTURING PRODUCTION <sup>a</sup>**

	Indexes (1979 = 100)					Growth rates			
	1984	1985	1986	1987	1988 <sup>b</sup>	1985	1986	1987	1988*
<b>Total manufacturing production</b>	91.3	<b>96.7</b>	<b>112.1</b>	<b>125.1</b>	110.9	<b>5.9</b>	<b>15.9</b>	<b>11.6</b>	<b>-11.4</b>
Fish meal	82.5	104.1	141.2	119.2	150.8	26.2	35.6	-15.6	26.5
Food, beverages and tobacco	98.7	100.7	124.1	141.4	124.3	2.0	23.2	13.9	-12.1
Food	96.5	95.8	106.5	119.1	112.5	-0.7	11.2	11.8	-5.5
Beverages	102.8	115.5	171.2	207.2	168.4	12.4	48.2	21.0	-18.7
Tobacco	102.5	90.3	107.7	97.8	74.3	-11.9	19.3	-9.2	-24.0
<b>Textiles and clothing</b>	<b>96.1</b>	<b>105.8</b>	<b>114.6</b>	123.2	<b>113.5</b>	<b>10.1</b>	8.3	<b>7.5</b>	-7.9
Textiles	97.9	112.4	120.8	132.2	122.9	14.8	7.5	9.4	-7.0
Leather and footwear	58.3	59.7	65.0	38.5	31.9	2.4	8.9	-40.8	-17.1
<b>Paper, printing and publishing</b>	90.3	<b>87.6</b>	<b>96.8</b>	<b>120.7</b>	<b>111.6</b>	-3.0	10.5	<b>24.7</b>	-7.5
Paper and paper products	71.2	65.6	80.1	98.1	<b>91.0</b>	-7.9	22.1	22.5	-7.2
<b>Chemical products</b>	<b>95.4</b>	<b>98.4</b>	<b>120.8</b>	<b>140.1</b>	<b>123.3</b>	3.1	<b>22.8</b>	16.0	<b>-12.0</b>
Industrial chemicals	102.4	102.5	123.2	135.6	125.7	0.1	20.2	10.1	-7.3
Other chemicals	76.3	85.1	115.5	150.5	131.5	11.5	35.7	30.3	-12.6
Petroleum refining	118.9	116.3	119.8	130.8	125.2	-2.2	3.0	9.2	-4.3
Rubber products	100.2	100.0	115.4	126.3	102.1	-0.2	15.4	9.4	-19.2
Plastic products	96.0	99.6	134.2	142.7	104.8	3.7	34.7	6.3	-26.6
<b>Non-metallic mineral products</b>	<b>78.7</b>	<b>79.4</b>	107.3	106.7	<b>132.9</b>	0.9	35.1	-0.6	<b>24.6</b>
Glass and glass products	88.6	77.2	110.4	130.8	129.5	-12.9	43.0	18.5	-1.0
Non-metallic minerals	79.6	75.7	101.1	135.5	125.1	-4.9	33.6	34.0	-7.7
<b>Basic metal products</b>	<b>92.2</b>	<b>97.5</b>	<b>94.3</b>	<b>97.9</b>	76.0	<b>5.7</b>	-3.3	3.8	<b>-22.4</b>
Iron and steel	88.7	92.7	116.8	139.9	110.5	4.5	26.0	19.8	-21.0
Non-ferrous metals	93.1	98.7	88.6	86.9	67.0	6.0	-10.2	-1.9	-22.9
<b>Metal products and machinery</b>	<b>69.8</b>	82 <i>JS</i>	<b>118.6</b>	153.6	103.6	<b>18.3</b>	<b>43.6</b>	<b>29.5</b>	<b>-32.6</b>
Metal products	70.3	73.9	105.5	155.1	95.7	5.1	42.8	47.0	-38.3
Non-electrical machinery	48.0	57.6	101.3	119.2	85.8	20.0	75.9	17.7	-28.0
Electrical machinery	85.7	104.8	138.4	169.8	121.2	22.3	32.1	22.7	-28.6
Transport equipment	57.0	74.2	114.8	146.6	96.4	30.2	54.7	27.7	-34.2

Source: Ministry of Industry, Trade, Tourism and Integration.

\* Index of physical volume; annual averages. <sup>b</sup> Preliminary figures.



Table 9  
PERU: INDICATORS OF CONSTRUCTION ACTIVITY

	1984	1985	1986	1987 <sup>a</sup>	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987 <sup>a</sup>	1988 <sup>a</sup>
<b>Gross domestic product of construction sector</b> (index 1979=100)	<b>108.2</b>	<b>96.3</b>	<b>116.9</b>	<b>140.9</b>	<b>127.7</b>	<b>-11.0</b>	<b>21.4</b>	<b>20.5</b>	<b>-9.4</b>
Sales of construction materials									
Index of volume (first quarter 1977= 100)	81.6	83.4	127.3	159.6	173.9	2.2	52.6	25.4	9.0
Sales of some construction materials <sup>b</sup>									
Cement	1935	1754	2219	2613	2499	-9.4	26.5	17.7	-4.4
Steel construction rods	126	113	168	182	161	-10.4	48.4	8.7	-11.6
Index of construction material prices (1973 = 100)	255	685	948	1461	14 236	169.0	38.5	54.1	874.1

Source: National Institute of Statistics.

<sup>a</sup> Preliminary figures.      Thousands of metric tons.

Table 10  
PERU: TRENDS IN EMPLOYMENT AND UNEMPLOYMENT<sup>1</sup>  
(Percentages)

	1981	1982	1983	1984	1985	1986	1987 <sup>a</sup> **	WcS?
<b>Metropolitan Lima</b>								
Unemployment	6.8	6.6	9.0	8.9	10.1	5.4	<b>4.8</b>	7.9
Underemployment	26.8	28.0	33.3	36.8	42.5	42.7	34.9	46.5
By income	21.4	24.0	29.5	33.9	38.5	38.7	30.8	42.1
By time	5.4	4.0	3.8	2.9	<b>4</b>	4.0	4.1	4.4
Adequately employed	66.4	65.4	57.7	54.3	<b>47.4</b>	51.9	<b>60.3</b>	45.6

Source: Ministry of Labour and Social Security.

<sup>a</sup> Excluding domestic employees.      <sup>b</sup> Preliminary figures.

**Table 11**  
**PERU: EVOLUTION OF LABOUR DISPUTES <sup>a</sup>**

	1986		1987		1988 <sup>b</sup>		Percentage of total		
	Work- ers affec- ted	Man- hours lost	Work- ers affec- ted	Man- hours lost	Work- ers affec- ted	Man- hours lost	1986	1987	1988 <sup>c</sup>
<b>Total</b>	<b>249</b>	<b>16 867</b>	<b>312</b>	<b>9068</b>	<b>691</b>	<b>37 921</b>	<b>37.9</b>	<b>-46.2</b>	<b>318.2</b>
By economic activity									
Agriculture and fishing	10	362	4	103	7	1207	-85.2	-71.6	1077.3
Mining	67	5 583	59	3136	108	20 501	124.9	-43.8	553.8
Manufacturing	75	7196	59	3156	59	6 675	159.9	-56.1	111.5
Construction	8	351	11	431	10	718	75.3	23.0	66.4
Transport, storage and communications	13	662	25	286	25	835	-58.3	-56.8	191.9
Commerce and banks	41	1267	20	512	66	2674	12.2	-59.6	422.5
Other	35	1447	133	1444	418	5311	-10.4	-0.2	267.8
By causes									
Remunerations	119	9133	76	4 242	133	22 557	80.0	-53.5	431.7
Reinstatement in jobs	15	619	7	192	5	241	-34.2	-69.0	25.3
Economic and financial policy of enterprise	3	102	9	363	126	2025	-95.1	254.9	457.7
Non-fulfilment of collective agreements	52	5 513	46	1297	53	3 322	259.6	-76.5	156.1
Solidarity	9	204	6	173	5	291	-78.9	-15.2	67.9
Rise in cost of living	-	-	105	843	138	1106			31.2
Regional or local reasons	2	30	0	3	13	136	-87.4		
Other	49	1267	62	1954	219	8 243	37.3	54.2	321.8

Source: Ministry of Labour and Social Security.

<sup>a</sup> All values are expressed in thousands

<sup>b</sup> Preliminary figures.

<sup>c</sup> Of man-hours lost.

Table 12  
PERU: BALANCE OF PAYMENTS  
(Millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Balance on current account	-1889	-1776	-1091	•379	3	-1229	-1627	-1285
Trade balance	-869	-743	39	787	1003	-407	-858	-509
Exports of goods and services	4 019	4 077	3 728	3 818	3 793	3368	3 601	3 687
Goods FOB	3250	3 294	3 017	3147	2978	2531	2605	2694
Real services	770	783	711	671	815	838	997	993
Transport and insurance	286	293	262	206	256	295	327	295
Travel	263	252	209	208	301	325	347	387
Imports of goods and services	4 889	4 820	3 689	3 031	2790	3 775	4 458	4196
Goods FOB	3 803	3 721	2 723	2141	1806	2595	3 070	2 750
Real services	1087	1097	966	891	984	1179	1390	1446
Transport and insurance	559	525	447	378	293	431	490	512
Travel	175	205	191	182	264	320	390	379
Factor services	-1020	-1034	-1132	-1166	-1001	-822	-769	-776
Profits	-252	-118	-137	-54	-73	-32	-41	-42
Interest received	204	109	115	156	132	92	61	43
Interest paid	-970	-1025	-1110	-1268	-1059	-881	-787	-777
Work and property								
Unrequited private transfer payments								
Balance on capital account	1200	1688	1058	628	184	934	858	896
Unrequited official transfer payments	162	167	220	158	134	151	132	157
Long-term capital	355	1136	1237	-118	-618	-1187	-1214	814
Direct investment	125	48	38	-89	2	22	25	44
Portfolio investment								
Other long-term capital	230	1088	1199	-29	-620	-1209	-1239	-1090
Official sector <sup>c</sup>	96	930	1284	84	-496	-1139	-1184	-1142
Loans received	1700	2043	2555	1525	894	496	569	350
Amortization payments	-1602	-1112	-1292	-1441	-1328	-1453	-1591	-1492
Commercial banks <sup>c</sup>								
Loans received								
Amortization payments								
Other sectors <sup>c</sup>	134	158	-85	-114	-124	-70	-56	52
Loans received	294	378	131	100	44	35	53	
Amortization payments	-160	-221	-217	-213	-168	-105	-109	**
Short-term capital (net)	102	790	-520	1156	966	1925	2175	1785
Official sector	52	54	213	1365	1276	1780	1901	1860
Commercial banks	40	-279	55	-10	19	13	-	...
Other sectors	10	1016	-788	-199	-329	133	273	
Errors and omissions (net)	581	-404	122	-565	-298	46	-233	-75
Global balance <sup>d</sup>	-689	-88	-34	249	187	-296	-769	-389
Total variation in reserves (- sign indicates an increase)	618	57	-10	-317	-83	398	951	389
Monetary gold								
Special Drawing Rights	1	-22	32	-22	23	-	-	
IMF reserve position								
Foreign exchange assets	769	-119	-48	-246	-216	397	835	
Other assets	-65	-65	-43	-27	84	-26	-	
Use of IMF credit	-87	262	48	-22	26	27	115	

Source: 1980-1987: International Monetary Fund; 1988: ECIAC, on the basis of official figures.

<sup>a</sup> Preliminary figures. <sup>b</sup> Includes other non-factor services. <sup>c</sup> Includes net loans granted and other assets and liabilities. <sup>d</sup> Equals total variation in reserves (of opposite sign) plus counterpart items

Table 13

## PERU: MAIN INDICATORS OF FOREIGN TRADE IN GOODS

	1981	1982	1983	1984	1985	1986	1987 <sup>a</sup>	1988 <sup>a</sup>
<b>Growth rates</b>								
Exports FOB								
Value	-17.0	1.3	-8.4	4.3	-5.3	-15.0	3.0	3.4
Volume	-9.8	17.3	-20.8	16.2	5.0	-10.6	-7.6	-13.6
Unit value	-8.0	-13.6	15.6	-10.2	-9.8	-5.0	11.5	19.7
Imports								
Value	23.0	-2.1	-26.8	-21.4	-15.6	43.7	18.3	-10.4
Volume	18.8	2.5	-24.3	-14.8	-9.9	45.6	15.2	-14.8
Unit value	3.6	-4.5	-3.4	-7.7	-6.4	-1.3	2.7	5.2
Terms of trade	-11.5	-10.0	19.2	-4.0	-3.7	-3.8	8.5	13.6
<b>Indexes: (1980= 100)</b>								
Purchasing power of exports	79.8	84.2	79.5	88.7	89.7	77.1	77.3	75.8
Volume of exports	90.2	105.8	83.8	97.4	102.2	91.4	84.4	72.9
Volume of imports	118.8	121.7	92.2	78.5	70.8	103.0	118.6	101.1
Terms of trade FOB/OF	88.5	79.6	94.8	91.1	87.7	84.4	91.5	104.0

**Source:** ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures.

Table 14

**PERU: EXPORTS OF GOODS, FOB**

	Millions of dollars				Percentage breakdown		Growth rates			
	1985	1986	1987 <sup>a</sup>	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987 <sup>a</sup>	1988 <sup>a</sup>
<b>Total</b>	<b>2 978</b>	<b>2 531</b>	<b>2 605</b>	<b>2 694</b>	<b>100.0</b>	<b>100.0</b>	-5.4	<b>-15.0</b>	2.9	3.4
<b>Traditional products</b>	<b>2 264</b>	<b>1886</b>	<b>1889</b>	<b>1938</b>	<b>78.7</b>	<b>71.9</b>	-6.5	<b>-16.7</b>	0.2	<b>2.6</b>
Fish meal	118	206	229	364	4.9	13.5	-13.9	74.6	11.2	59.0
Crop-farming products	225	336	177	167	5.8	6.2	13.6	49.3	-47.3	-5.6
Cotton	51	39	19	30	1.8	1.1	121.7	-23.5	-51.3	57.9
Sugar	23	22	15	16	0.3	0.6	-53.1	-4.3	-31.8	6.7
Coffee	151	275	143	121	3.6	4.5	19.8	82.1	-48.0	-15.4
Mining products	1162	1034	1152	1189	44.9	44.1	-10.7	-11.0	11.4	3.2
Copper <sup>b</sup>	476	449	516	608	19.3	22.6	7.7	-5.7	14.9	17.8
Iron ore	76	60	58	59	2.4	2.2	31.0	-21.1	-3.3	1.7
Refined silver	140	107	93	60	8.0	2.2	-38.3	-23.6	-13.1	-35.5
Lead <sup>b</sup>	202	172	251	202	9.8	7.5	-13.7	-14.9	45.9	-19.5
Zinc	268	246	234	260	5.4	9.7	-21.2	-8.2	-4.9	11.1
Petroleum and petroleum products	645	232	274	166	20.3	6.2	4.4	-64.0	18.1	-39.4
Other <sup>c</sup>	114	78	57	52	2.7	1.9	-31.7	-31.6	-26.9	-8.8
<b>Non-traditional products</b>	<b>714</b>	<b>645</b>	<b>716</b>	<b>756</b>	21.3	<b>28.1</b>	-1.7	-9.7	<b>11.0</b>	<b>5.6</b>
Agricultural	93	72	87	97	1.8	3.6	25.7	-22.6	20.8	11.5
Textiles	244	232	257	258	5.9	9.6	-5.4	-4.9	10.8	0.4
Fisheries	124	111	103	96	3.1	3.6	-25.7	-10.5	-7.2	-6.8
Metal products and machinery	30	24	22	25	1.4	0.9	-36.2	-20.0	-8.3	13.6
Chemicals	46	55	61	73	2.2	2.7	4.5	19.6	10.9	19.7
Iron and steel products	86	79	114	137	2.1	5.1	45.8	-8.1	44.3	20.2
Non-metallic minerals	16	13	12	13	1.5	0.5	-5.9	-18.8	-7.7	8.3
Other <sup>d</sup>	75	59	60	57	3.5	2.1	25.0	-21.3	1.7	-5.0

Source: ECIAC, on the basis of figure: > supplied by the Central Reserve Bank of Peru.

<sup>a</sup> Preliminary figures.    <sup>b</sup> Includes silver content.    Includes mainly gold and minor metals.    Includes mainly gold and silver jewellery items, lumber and paper, hides and skins and handicraft items.

Table 15

## PERU: VALUE, VOLUME AND PRICES OF MAIN EXPORT PRODUCTS

	1981	1982	1983	1984	1985	1986	<i>mP</i>	1988 <sup>b</sup>	Growth rates		
									1986	1987 <sup>b</sup>	1988 <sup>*</sup>
Fish meal											
Value	141	202	80	137	118	206	229	364	74.6	11.2	59.0
Volume	315	616	205	401	508	716	742	825	40.9	3.6	11.2
Price <sup>c</sup>	448.0	328.5	386.7	342.4	232.6	287.7	3082	441.9	23.7	7.1	43.4
Cotton											
Value	63	85	44	23	51	39	19	30	-23.5	-51.3	57.9
Volume <sup>d</sup>	685	1287	670	246	624	474	190	218	-24.0	-59.9	14.7
Price <sup>e</sup>	92.8	66.1	66.4	92.5	82.6	81.5	103.2	136.7	-13	26.6	32.5
Sugar											
Value	-	20	35	49	23	22	15	16	-43	-31.8	6.7
Volume	.	59	89	116	64	55	33	36	-14.1	-40.0	9.1
Price <sup>e</sup>	-	15.2	17.9	19.4	16.8	18.4	20.6	20.2	9.5	12.0	-1.9
Coffee											
Value	107	114	116	126	151	275	143	121	82.1	-48.0	-15.4
Volume	46	43	55	52	60	74	71	49	23.3	-4.1	-31.0
Price <sup>e</sup>	107.4	119.4	96.8	112.7	115.9	170.8	92.7	114.3	47.4	-45.7	233
Copper											
Value	529	460	442	442	476	449	516	608	-5.7	14.9	17.8
Volume	324	335	292	337	363	347	351	283	-4.4	1.2	-19.4
Price <sup>f</sup>	74.1	623	68.8	59.5	593	58.7	66.5	973	-1.0	13.3	46.3
Iron ore											
Value	93	108	75	58	76	60	58	59	-21.1	-33	1.7
Volume <sup>g</sup>	5	6	4	4	5	4	4	5	-19.2	2.4	4.7
Price <sup>h</sup>	17.7	19.1	17.5	13.9	14.6	14.4	13.7	13.1	-1.4	-4.9	-4.4
Refined silver											
Value	312	205	391	227	140	107	93	60	-23.6	-13.1	-35.5
Volume <sup>i</sup>	28	26	33	27	23	19	14	9	-15.5	-27.2	-34.5
Price <sup>i</sup>	11.1	7.9	11.9	8.5	63	5.6	6.7	6.6	-11.1	19.6	-1.5
Lead											
Value	218	215	294	234	202	172	251	202	-14.9	45.9	-19.5
Volume	146	177	191	181	174	136	146	111	-21.8	7.4	-24.0
Price <sup>f</sup>	68.0	55.2	69.6	58.7	52.7	57.4	783	82.8	8.9	36.4	5.7
Zinc											
Value	267	268	307	340	268	246	234	260	-8.2	-4.9	11.1
Volume	477	491	522	511	459	477	427	395	3.9	-10.5	-7.5
Price <sup>f</sup>	25.4	24.8	26.7	30.2	26.4	23.4	24.9	29.9	-11.4	6.4	20.1
Petroleum and petroleum products											
Value	690	719	544	618	645	232	274	166	-64.0	18.1	-39.4
Volume	19.9	22.8	20.5	23.5	27.1	21.6	17.8	15.5	-203	-17.6	-12.9
Price <sup>i</sup>	34.6	31.6	26.6	263	23.9	10.8	15.4	10.7	-54.8	42.6	-30.5

**Source:** Central Reserve Bank of Peru.

<sup>a</sup> Values in millions of dollars; volumes in thousands of tons, unless otherwise indicated; prices as indicated.

<sup>b</sup> Preliminary figures. <sup>c</sup> Dollars per ton. <sup>d</sup> Thousands of quintals. <sup>e</sup> Dollars per quintal. <sup>f</sup> U.S. cents per pound. <sup>g</sup> Millions of long tons. <sup>h</sup> Dollars per long ton. <sup>i</sup> Millions of troy ounces. <sup>j</sup> Dollars per troy ounce.

Millions of barrels. <sup>i</sup> Dollars per barrel.

Table 16  
PERU: IMPORTS OF GOODS, FOB

	Millions of dollars				Percentage breakdown		Growth rates			
	1985	1986	1987 <sup>11</sup>	1988 <sup>*</sup>	1980	1988 <sup>s</sup>	1985	1986	1987 <sup>a</sup>	1988 <sup>a</sup>
<b>Total</b>	1806	2 596	3068	2 750	100.0	100.0	-15.6	43.7	182	-10.4
Public sector	703	805	1027	960	43.8	34.9	-18.1	14.5	27.6	-6.5
Private sector	1103	1791	2041	1790	56.2	65.1	-14.0	62.4	14.0	-12.3
<b>Consumer goods</b>	112	378	405	276	12.5	10.0	-53.3	237.5	7.1	-31.9
Public sector	11	142	153	127	4.0	4.6	-52.2	1190.9	7.7	-17.0
Private sector	101	236	252	149	8.5	5.4	-53.5	133.7	6.8	-40.9
<b>Intermediate goods</b>	841	1242	1450	1584	37 J)	57.6	-11.4	47.7	16.7	9.2
Public sector	296	346	497	638	13.6	23.2	-8.9	16.9	43.6	28.4
Private sector	545	896	953	946	24.3	34.4	-12.7	64.4	6.4	-0.7
<b>Capital goods</b>	558	761	923	687	35.2	25.0	-27.6	36.4	21.3	-25.6
Public sector	169	158	143	66	13.8	2.4	-57.8	-6.5	-9.5	-53.8
Private sector	389	603	780	621	21.4	22.6	4.9	55.0	29.4	-20.4
<b>Miscellaneous items and adjustments</b>	295	215	290	203	14.4	7.4	63.9	-27.1	34.9	-30.0
Public sector	227	159	234	129	12.4	4.7	106.4	-30.0	47.2	-44.9
Private sector	68	56	56	74	2.0	2.7	-2.9	-17.6	-	32.1
<b>Imports of the principal foods<sup>c</sup></b>	204	386	414	418	13.3	15.2	-30.8	89.2	7.3	1.0
Wheat	104	114	92	111	4.6	4.0	-27.3	9.6	-19.3	20.7
Maize and sorghum	32	33	36	55	2.1	2.0	77.8	3.1	9.1	52.8
Dairy products	22	50	60	53	1.4	1.9	-24.1	127.3	20.0	-11.7
Soya	33	40	50	99	0.7	3.6	-15.4	21.2	25.0	98.0
Meat	13	72	81	45	0.4	1.6	-38.1	453.8	12.5	-44.4
Rice	.	31	36	5	3.0	0.2			16.1	-86.1
Sugar	-	46	59	50	1.0	1.8			28.3	-15.3

Source: Central Reserve Bank of Peru.

<sup>a</sup> Preliminary figures. <sup>b</sup> Defence equipment, non-monetary gold and other imports, and intermediate goods, as applicable.

<sup>c</sup> Item included in consumer

**Table 17**  
**PERU: EVOLUTION OF EXCHANGE RATE**

Yearly and quarterly averages	Nominal exchange rates (intis per dollar) °		Real effective exchange rate <sup>a</sup>			
			Exports		Imports	
			A	B	A	B
1970-1979		0.08	79.2	84.8	79.1	84.7
1980		0.29	100.0	100.0	100.0	100.0
1981		0.42	84.1	83.8	83.2	82.8
1982		0.70	83.1	86.7	81.6	85.1
1983		1.63	90.6	89.5	88.3	87.3
1984		3.47	91.2	85.5	89.4	83.8
1985		10.97	108.1	97.7	105.1	94.9
1986	14.59	14.56	89.5	87.9	86.5	84.9
1987	21.77	2036	77.2	89.8	70.3	81.4
1988	156.92	176.74	863	109.7	75.0	94.1
1986						
I	14.25	14.10	101.9	95.5	97.9	91.7
II	14.30	14.15	91.6	89.5	87.6	85.6
III	14.58	14.49	84.9	85.3	81.8	82.1
IV	15.24	15.52	79.4	81.2	78.6	80.3
1987						
I	17.00	16.94	783	84.2	75.5	81.2
II	18.68	18.18	74.8	83.7	70.3	78.7
<b>m</b>	22.05	19.84	72.8	87.5	63.2	76.0
<b>iv</b>	29.36	26.48	83.0	103.6	72.0	89.8
1988						
I	44.10	36.83	88.6	115.0	71.3	92.6
II	74.01	44.47	99.7	134.4	58.1	78.3
III	152.41	14138	87.6	105.9	79.3	95.8
IV	357.14	484.28	69.3	83.4	91.3	109.8

**Source:** ECLAC, on the basis of data supplied by the Central Reserve Bank of Peru and the International Monetary Fund.

**Note:** A: The consumer price index was used. B: The domestic products sub-index of the wholesale price index was used.

\* Corresponds to the average of the indexes relating to the real exchange rate for the inti *vis-à-vis* the currencies of Peru's main trading partners, weighted according to the relative magnitude of exports to or imports from these countries, as the case may be. From 1970 to 1980 these weightings correspond to the average for those same years, whereas from 1980 on they correspond to the average for the period 1983-1987. These calculations were made primarily on the basis of wholesale price indexes. For the methodology and sources used, see the Statistical Appendix of the *Economic Survey of Latin America*, 1981. <sup>b</sup>From 1986 onward the weighted average exchange rates for exports and imports are given, as these were used to calculate the respective indexes of the real effective exchange rate.



**Table 18**  
**PERU: EXCHANGE RATE ACCORDING TO CATEGORY OF TRANSACTION**  
*(Intis per dollar; quarterly averages)*

	1987				1988			
	<b>i</b>	<b>ii</b>	<b>m</b>	<b>iv</b>	<b>i</b>	<b>n</b>	<b>m</b>	<b>iv</b>
Average export exchange rate	17.00	18.68	22.05	2936	44.10	74.01	152.41	357.14
Hydrocarbons	15.56	17.26	18.92	26.69	4337	73.69	152.09	357.14
Traditional exports	15.61	17.07	1935	2839	4337	73.69	152.09	357.14
Small and medium-scale mining	16.57	18.22	22.47	2933	4337	73.69	152.09	357.14
Non-priority non-traditional exports	19.75	21.82	2639	32.76	45.54	73.94	152.09	357.14
Priority non-traditional exports	21.54	23.75	28.55	33.35	53.74	92.02	174.91	357.14
Average import exchange rate	16.94	18.18	19.84	26.48	36.83	44.47	14138	484.28
Memorandum item:								
Single Exchange Market (SEM)	1438	15.43	15.89	21.64	33.00	33.00	92.18	357.14
<u>Financial market (FM)<sup>a</sup></u>	<u>20.13</u>	<u>23.97</u>	<u>36.42</u>	<u>45.68</u>	<u>6838</u>	<u>75.00</u>	<u>140.43</u>	<u>353.17</u>

Source: Central Reserve Bank of Peru.

\* From August 1987 onward, this corresponds to the Foreign Currency Banking Certificates quotation.

Table 19

**PERU: EVOLUTION OF INTERNATIONAL RESERVES  
OF THE BANKING SYSTEM**

*(Millions of dollars)*

Year and quarter	International assets				International liabilities			Net international reserves	Net international reserves as a percentage of imports of goods and real services
	Gold <sup>a</sup>	SDR <sup>b</sup>	Foreign exchange assets	Total	IMF	Other <sup>d</sup>	Total		
1980	432	44	2 079	2 555	561	716	1277	1278	32.2
1981	432	40	1351	1823	445	606	1051	772	15.8
1982	432	61	1536	2029	707	426	1133	8%	18.6
1983	432	27	1616	2075	698	521	1219	856	23.2
1984	432	46	1810	2288	690	495	1185	1103	36.4
1985	451	51	1972	2 474	727	364	1091	1383	49.6
1986	469	56	1583	2108	755	487	1242	866	22.9
1987									
I	627	59	1373	2 059	795	526	1321	738	
II	468	59	1413	1940	792	441	1233	707	
III	530	59	1152	1741	789	425	1214	527	...
IV <sup>e</sup>	545	65	861	1471	870	520	1390	81	1.8
1988									
I	459	66	683	1208	852	533	1385	-177	
II	456	61	647	1164	810	629	1439	-275	
III	582	60	691	1333	796	855	1651	-318	
IV <sup>e</sup>	619	62	767	1448	827	968	1795	-347	-8.3

Source: Central Reserve Bank of Peru.

\* Gold held by banks, either in vault or in custody abroad, and the country's gold contribution to the International Monetary Fund (IMF) with an accounting value below the market price. Special Drawing Rights. <sup>c</sup> Demand and term deposits in foreign currency, in banks and with agents abroad, and other international assets such as World Bank bonds, contribution to the Andean Reserve Fund and deposits in local banks. <sup>d</sup> Mainly short-term liabilities with foreign banks and balances with ALADI. <sup>e</sup> Preliminary figures.

**Table 20**  
**PERU: EXTERNAL DEBT**  
*(Millions of dollars at end of period)*

	1981	1982	1983	1984	1985	1986	1987 <sup>a</sup>	1988 <sup>a</sup>
Total external debt <sup>b</sup>	9606	11465	12 445	13 338	13 721	14 477	15 373	16 493
Medium/long-term	8090	9197	10 925	11976	12 629	13 200	14 017	14 744
Public sector <sup>c</sup>	6127	6 825	8256	9648	10 462	11068	11747	12 465
Central Reserve Bank	455	707	1089	862	825	788	870	827
Private sector	1508	1665	1580	1466	1342	1344	1400	1452
Short-term	1516	2268	1520	1362	1092	1277	1356	1749
Public and private enterprises <sup>d</sup>	920	1842	1134	978	760	789	837	794
Banking system	596	426	386	384	332	488	519	955
Central Reserve Bank	24	39	23	66	63	148	217	650
Banco de la Nación	457	178	255	212	143	157	169	187
Other banks	115	209	108	106	126	183	133	118
Medium/long-term external debt by creditor source								
Total	6127	6 825	8 256	9648	10 462	11068	11747	12 465
Official agencies and governments	1346	1195	1321	1508	1793	1942	2070	2 281
International agencies	1524	1986	2 406	2 972	3110	3 262	1725	1908
Socialist countries	784	949	1106	1305	1426	1530	1022	1040
Suppliers	930	925	1076	1070	1026	987	3 544	3 759
International banking system	1543	1770	2347	2 793	3107	3 347	3 386	3 477

Source: Central Reserve Bank of Peru.

<sup>a</sup> Preliminary figures. <sup>b</sup> Up to 1982, includes adjustment for variation in the exchange rate of foreign currencies.

<sup>c</sup> Includes central government and public enterprises. <sup>d</sup> Commercial and financial credits with or without banking system guarantee.

**Table 21**  
**PERU: SERVICING OF THE EXTERNAL DEBT<sup>a</sup>**  
*(Millions of dollars)*

	1981	1982	1983	1984	1985	1986	1987 <sup>b</sup>	1988*
<b>Servicing on total external debt<sup>c</sup></b>	<b>2 358</b>	<b>2107</b>	<b>1336</b>	<b>2889</b>	<b>2 708</b>	<b>2 616</b>	<b>2 692</b>	<b>2 354</b>
Paid <sup>d</sup>	2358	2107	1336	1204	1031	744	568	336
Not paid				1685	1677	1872	2124	2018
Principal	1474	1166	525	1655	1497	1558	1700	1556
Paid	1474	1166	525	521	441	221	116	47
Not paid				1134	1056	1337	1584	1509
Interest	884	941	811	1161	984	820	718	635
Paid <sup>e</sup>	884	941	811	610	363	285	178	126
Not paid				551	621	535	540	509
Regulariza tions	-	-	-	73	227	236	279	163
Public sector	1839	14%	750	2348	2294	2295	2386	2094
Paid <sup>d</sup>	1839	1496	750	663	617	495	422	196
Not paid				1685	1677	1800	1964	1898
Principal	1314	945	308	1441	1329	1453	1591	1492
Paid	1314	945	308	307	273	154	79	17
Not paid				1134	1056	1299	1512	1475
Interest	525	551	442	834	738	606	516	439
Paid	525	551	442	283	117	105	64	16
Not paid				551	621	501	452	423
Regularizations	-	-	-	73	227	236	279	163
Memorandum item: Payments in kind	-	-	-	46	160	111	94	38
Coefficients <sup>f</sup>								
TDS/X	58.7	51.7	35.8	75.7	71.4	77.7	74.8	63.8
TDSP/X	58.7	51.7	35.8	31.5	27.2	22.1	15.8	9.1
PDS/X	45.8	36.7	20.1	61.5	60.5	68.1	66.3	56.8
PDSP/X	45.8	36.7	20.1	17.4	16.3	14.7	11.7	5.3
I/X	22.0	23.1	21.8	30.4	25.9	24.3	19.9	17.2
IP/X	22.0	23.1	21.8	16.0	9.6	8.5	4.9	3.4

Source: Central Reserve Bank of Peru.

<sup>a</sup> Includes debt payments in kind. <sup>b</sup> Preliminary figures. <sup>c</sup> Interest and principal payments on the total medium- and long-term debt plus interest on total short-term debt. Also includes regularization of payments in arrears. <sup>d</sup> Includes regularization. <sup>e</sup> Includes interest on the short-term debt. <sup>f</sup> Symbols: TD=total debt; x=exports of goods and services; TDS=total debt servicing; TDSP=total debt servicing paid; PDS=public debt servicing; PDSP=public debt servicing paid; I=gross interest on the total debt and u>=gross interest on total debt actually paid.

**Table 22**  
**PERU: EXTERNAL CREDITS OBTAINED <sup>a</sup>**  
*(Millions of dollars)*

	1983	1984	1985	1986	1987	1988*
<b>Total</b>	<b>1925</b>	<b>785</b>	<b>515</b>	339	<b>117</b>	<b>601</b>
Governments	276	255	189	128	97	311
International banking system	606	-	-	-	-	23
International agencies	463	232	214	85	-	20
Socialist countries	16	1	10	33	20	63
Suppliers	564	297	102	93	-	184

Source: Central Reserve Bank of Peru, on the basis of information supplied by the Ministry of Finance and the Economy, Department of Public Credit.

<sup>a</sup> Medium- and long-term. Preliminary figures.

**Table 23**  
**PERU: DOMESTIC PRICE TRENDS "**  
*(Percentages)*

	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>Variation from December to December</b>									
<b>Consumer price index</b>	<b>60.8</b>	72.7	<b>72.9</b>	125.1	<b>111.5</b>	<b>158.3</b>	62.9	<b>114.5</b>	<b>1722.3</b>
Food <sup>b</sup>	38.1	68.2	72.1	135.8	102.0	153.7	60.2	89.9	1568.8
<b>Wholesale price index</b>	<b>53.0</b>	66.1	<b>64.2</b>	136.5	115.6	<b>166.4</b>	37.3	<b>72.4</b>	<b>1877.1</b>
Imported products	41.7	48.2	63.5	83.6	140.6	157.9	21.8	52.9	1991.8
Agricultural products	56.7	42.3	47.7	300.3	105.7	182.9	26.2	46.0	1820.8
Manufactures	41.1	48.5	64.2	75.7	143.5	156.1	21.4	53.5	2004.9
Domestic products	57.7	72.7	64.5	153.2	109.9	168.6	41.2	76.6	1855.5
Agricultural products	89.4	58.4	54.0	135.1	104.1	158.2	86.8	84.4	934.9
Manufactures	41.5	82.2	70.8	163.6	112.7	172.9	21.2	71.5	2 525.5
<b>Variation between annual averages</b>									
<b>Consumer price index</b>	<b>59.2</b>	<b>75.4</b>	<b>64.5</b>	<b>111.1</b>	<b>110.2</b>	<b>163.4</b>	<b>77 J)</b>	<b>85.8</b>	666.9
Food <sup>b</sup>	58.8	76.4	52.9	125.7	106.3	149.7	85.1	65.6	535.5
<b>Wholesale price index</b>	<b>53.1</b>	68.1	56.3	113.1	120.1	<b>173.9</b>	<b>60.3</b>	<b>51.5</b>	627.8
Imported products	45.4	47.5	54.2	82.5	114.4	175.8	50.9	28.9	595.7
Agricultural products	<b>69.4</b>	47.4	31.0	212.6	133.4	187.6	68.9	25.5	382.8
Manufactures	<b>44.6</b>	47.6	55.2	77.8	113.2	175.0	49.6	29.2	612.6
Domestic products	56.3	76.1	57.0	122.9	121.6	173.5	62.7	56.8	634.1
Agricultural products	78.7	78.4	48.3	109.3	108.6	130.3	128.1	73.2	354.1
Manufactures	45.3	74.6	62.2	130.7	128.5	193.5	38.7	47.2	832.8

Source: National Institute of Statistics.

<sup>a</sup> Metropolitan Lima. <sup>b</sup> Includes food, beverages and tobacco.

Table 24  
PERU: EVOLUTION OF REAL AVERAGE WAGES

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Remunerations</b> (index 1979=100)								
<b>Private sector</b>								
Metropolitan Lima <sup>b</sup>								/
Salaries <sup>c</sup>	109.2	117.8	101.0	93.2	85.4	104.2	108.3	77.9
Wages <sup>d</sup>	104.1	105.1	87.8	74.5	63.5	82.8	88.9	64.6
Legal minimum income <sup>e</sup>	105.2	973	99.5	773	67.9	71.1	75.2	66.7
<b>Central government</b>	<b>127.0</b>	<b>116.5</b>	<b>842</b>	<b>74.0</b>	<b>58.9</b>	<b>613</b>	<b>69.4</b>	<b>59.5</b>
<b>Growth rates</b>								
<b>Private sector</b>								
Metropolitan Lima								
Salaries	1.7	7.9	-14.3	-7.7	-8.4	22.0	3.9	-28.0
Wages	-1.9	1.0	-16.5	-15.1	-14.8	30.4	7.5	-27.4
Legal minimum income	-15.2	-7.5	23	-22.3	-12.2	4.7	5.8	-11.3
<b>Central government</b>	<b>-6.9</b>	<b>-83</b>	<b>-27.7</b>	<b>-12.1</b>	<b>-20.4</b>	<b>4.1</b>	<b>13.2</b>	<b>-143</b>

Source: Ministry of Labour and National Institute of Statistics.

Note: For salaries and wages, information prior to 1986 has been readjusted due to changes in survey methodology.

\* Preliminary figures. Survey of establishments with 10 or more workers. <sup>c</sup> Intis per month. <sup>d</sup> Intis per day.

<sup>e</sup> Annual average for Metropolitan Lima. From August 1985 onwards, the legal minimum income applies to the whole country.

Table 25  
PERU: CENTRAL GOVERNMENT OPERATIONS

	Billions of intis				Growth rates				Percentage of GDF*	
	1985	1986	1987*	1988 <sup>b</sup>	1985	1986	1987*	1988 <sup>b</sup>	1987*	1988*
<b>A. Total income</b>	282	453	66.4	406.0	193	61	47	511	8.7	7.9
<b>1. Current income</b>	28.0	45.2	66.4	406.0	193	62	47	511	8.7	IS
<b>a. Tax revenue</b>	24.8	40.8	61.9	371.6	211	65	52	500	8.2	7.2
Income tax	3.5	9.9	13.1	86.8	143	185	33	562	1.7	1.7
Wealth tax	0.7	2.1	2.8	22.5	137	210	34	716	0.4	0.4
Foreign trade tax	6.2	9.4	143	74.1	232	53	52	418	1.9	1.4
Excise tax (Fuels)	15.5	21.2	34.7	205.2	243	37	63	492	4.6	4.0
Other tax revenue	8.1	10.8	13.0	44.9	354	34	20	245	1.7	0.9
Credit documents <sup>c</sup>	1.1	1.2	1.9	8.7	106	7	62	350	0.3	0.2
<b>b. Non-tax revenue</b>	-2.1	-2.9	-4.8	-25.7	221	39	64	431	-0.6	-0.5
<b>2. Capital income</b>	3.2	4.4	4.5	34.4	100	37	2	668	0.6	0.7
<b>B. Total expenditure</b>	0.3	0.1	-	196	-49	-	-	-	-	-
<b>1. Current expenditure</b>	32.3	58.7	1083	535.0	155	82	84	394	143	10.4
Remunerations	27.3	47.8	91.2	459.9	164	75	91	404	12.0	8.9
Goods and services	7.4	14.8	30.0	112.5	153	99	103	276	3.9	2.2
Transfers	1.7	3.4	5.0	19.1	201	93	48	283	0.7	0.4
Interest	3.5	10.2	21.5	83.1	106	195	111	287	2.8	1.6
Domestic debt	8.1	8.7	13.1	98.5	166	7	51	650	1.7	1.9
External debt	2.3	2.0	6.5	36.0	211	-11	221	456	0.9	0.7
Defence	5.9	6.7	6.7	62.5	152	14	-1	839	0.9	1.2
<b>2. Capital expenditure</b>	6.5	10.7	21.7	146.6	216	65	102	575	2.9	2.9
Gross capital formation	5.1	11.0	17.1	75.2	114	117	56	341	1.2	1.5
Transfers	4.6	8.3	10.4	113	121	82	24	9	1.4	0.2
Other	0.4	2.5	5.0	62.8	59	473	95	1165	0.7	1.2
Other	-	0.1	1.8	1.1	400	213	1762	-36	0.2	-
<b>Saving on current account (A1-B1)</b>	0.7	2.6	-24.8	-53.9			868	117	-33	-1.0
<b>Overall result (A-B)</b>	-4.1	-13.4	-41.9	-129.0	35	229	213	208	-5.5	-2.5

Source: Central Reserve Bank of Peru.

\* The nominal GDP calculated by the NIS for national accounts (base 1979) was used.

<sup>b</sup> Preliminary figures.

<sup>c</sup> Primarily, tax reimbursements for non-traditional exports, tax capitalization and tax payment promissory notes.

<sup>d</sup> Primarily, property income, levying of fines and pension deductions.

**Table 26**  
**PERU: DEFICIT AND FINANCING OF THE CONSOLIDATED**  
**NON-FINANCIAL PUBLIC SECTOR**

	Billions of intis					Percentage breakdown				
	1984	1985	1986	1987 <sup>a</sup>	1988 <sup>a</sup>	1984	1985	1986	1987 <sup>a</sup>	1988 <sup>a</sup>
<b>Economic deficit</b>	<b>4.5</b>	<b>4.7</b>	<b>18.7</b>	<b>49.4</b>	<b>293.3</b>	100.0	100.0	100.0	100.0	100.0
Central government	3.0	4.1	13.4	41.9	129.0	67.5	86.0	71.7	84.8	44.0
Public enterprises	1.4	1.0	6.6	8.6	150.7	31.6	22.1	35.5	17.5	51.4
Rest of public sector	-	<b>-0.4</b>	-13	-1.1	13.6	1.0	-8.0	-7.2	-23	4.6
<b>Net financing</b>	<b>4.5</b>	<b>4.7</b>	<b>18.7</b>	<b>49.4</b>	293.3	<b>100.0</b>	100.0	100.0	100.0	100.0
Medium- and long-term external financing	3.7	8.2	7.5	113	91.7	82.8	173.6	40.4	23.0	313
Short-term external financing	-0.4	<b>-0.4</b>	1.7	-0.9	-1.1	-8.9	-8.3	9.2	-1.8	-0.4
Domestic financing	1.2	-3.1	9.4	38.9	202.7	26.1	-65.3	50.4	78.8	69.1
Financial system	0.7	-3.7	8.8	32.8		14.9	-77.2	47.3	66.4	
Deposits frozen in the Central Reserve Bank	-	-	-	-						
Bonds <sup>b</sup>	-0.2	-0.9	-	-	».	-4.7	-20.0	-0.1	-	
Others, and discrepancies	0.2	0.8	0.2	-0.4		4.1	17.3	1.1	-0.8	
Others, and discrepancies	0.5	0.7	0.4	6.5	...	11.9	14.6	2.1	13.2	
	<b>Deficit as: percentage of GDP<sup>c</sup></b>									
<b>Total deficit</b>	<b>6.1</b>	<b>2.4</b>	<b>4.9</b>	6.5	5.7					
Central government	4.1	2.0	3.5	5.5	2.5					
Public enterprises	1.9	0.5	1.8	1.1	2.9					
Rest of public sector	0.1	-0.2	-0.4	-0.1	0.3					

**Source:** Central Reserve Bank of Peru.

<sup>a</sup> Preliminary figures.

<sup>b</sup> Bonds placed with the rest of the financial system and with the private sector.

<sup>c</sup> See footnote \* of table 25.



Table 27  
PERU: MONETARY BALANCE

	Year-end balance (billions of 1000s)				Growth rates			
	1985	1986	1987 <sup>a</sup>	1988 <sup>a</sup>	1985	1986	1987 <sup>a</sup>	1988 <sup>a</sup>
<b>Monetary base</b>	<b>22.1</b>	<b>37.3</b>	<b>78.7</b>	<b>423.8</b>	<b>530.5</b>	<b>68.9</b>	<b>111.0</b>	<b>438.2</b>
<b>Money (Mi)</b>	<b>14.9</b>	<b>31.0</b>	<b>75.5</b>	<b>454.4</b>	<b>229.2</b>	<b>107.2</b>	<b>143.9</b>	<b>501.9</b>
Currency outside banks	8.1	16.2	41.8	261.8	225.1	100.0	158.2	526.9
Demand deposits	6.8	14.8	33.7	192.6	234.1	115.8	128.3	470.9
<b>Factors of expansion (net)</b>	<b>42.6</b>	<b>70.1</b>	<b>149.2</b>	<b>993.1</b>	<b>122.4</b>	<b>64.4</b>	<b>113.0</b>	565.6
Net international reserves	19.3	12.1	2.7	-173.3	206.9	-37.4	-77.9	
Other net external operations	-6.9	-5.4	-10.9	-141.3	-83.6	-21.2	100.3	1195.9
Net domestic credit	30.2	63.4	157.4	1307.8	81.8	109.7	148.2	730.6
Public sector	4.4	13.4	54.2	252.1	-14.7	202.8	306.0	364.8
Central government	7.1	17.7	-	-	79.6	148.3		
Remainder of public sector	-2.7	-4.3	-	-		59.9		
Private sector	33.2	57.8	118.2	675.5	106.6	74.2	104.4	471.4
Other items (net)	-7.4	-7.8	-15.0	380.1	60.0	5.5	93.1	
<b>Quasi-money</b>	<b>27.7</b>	<b>39.1</b>	<b>73.7</b>	<b>538.7</b>	<b>89.3</b>	<b>41.3</b>	<b>88.5</b>	<b>630.9</b>
In foreign currency	12.9	8.0	14.9	319.7	37.7	-38.2	86.2	2048.8
In national currency	14.8	31.1	58.8	219.1	182.0	111.0	89.0	272.3
<b>Percentages</b>								
Monetary multipliers								
Mi/Monetary base	67.6	82.9	95.9	107.2				
Mi/Monetary base <sup>c</sup>	192.9	187.8	189.5	234.3				
Liquidity coefficients								
M1/GDP	7.5	8.2	9.9	8.8				
M2/GDP <sup>c</sup>	21.3	18.5	19.6	19.3				
Dollarization coefficients	30.3	11.4	10.0	32.2				

Source: Central Reserve Bank of Peru.

\* Preliminary figures. Or "primary issue", according to the terminology used in Peru. <sup>c</sup> Is equivalent to share of foreign-currency quasi-money in M2.

Table 28  
**PERU: SELECTED COMMERCIAL BANK INTEREST RATES**  
*(Simple average for the period)*

	1984	1985	1986	1987	1988			
					II	III	IV	
<b>Rates on loans <sup>a</sup></b>								
Nominal	60.3							
Effective <sup>c</sup>	97.3	114.5	40.0	32.0	35.8	65.8	165.0	433.9
(at end of period)	55.0	120.0	255.0	791.6				
<b>Nominal rates on deposits</b>								
Deposits for 90-180 days	60.3	56.8	25.5	23.0	25.3	42.7	89.5	326.2
(at end of period)					36.5	73.5	121.5	210.0 <sup>f</sup>
Deposits for 720 days or more		57.9	39.5	32.0	34.4	53.1	101.3	388.6
(at end of period)					46.5	86.0	132.0	228.0 <sup>a</sup>

**Source:** Central Reserve Bank of Peru.

<sup>a</sup> Up to 360 days. <sup>b</sup> From August 1985 onwards, by order of the Central Bank, only the effective rate is used. The information refers to the commercial bank rate for credit up to 360 days. <sup>c</sup> Includes capitalization effect.

<sup>d</sup> Annualized rates as a function of maximum monthly rates. Taking daily capitalization into account, the effective annual rates would be: 90-180 days: 735.6% and 720 days or more: 901.8%.



## DOMINICAN REPUBLIC

The Dominican economy grew by only 1%, which represented an abrupt slackening of the recovery registered in the previous two years and caused a 1.4% decline in the per capita gross domestic product, so that it dropped to a level barely above that of 1980.

Once again, it was the public sector which played the most dynamic role in the economy. The sustained increase in public investment more than offset the downturn in private investment and allowed capital formation to rise by 9%. The big financial effort made by the public sector accentuated the fiscal imbalance, however, and this, together with the need to cover the deficit of public enterprises and the losses of the Central Bank, put expansionary pressure on the monetary base.

Inflation, which had surged up again the year before, continued to rise until it reached 58% in December: a figure without precedent in the Dominican economy. Its causes included the already-mentioned problems of the public deficit; the monetization of the rise in the international reserves and the 60% devaluation of the peso; and the fall in agricultural production for domestic consumption.

Despite the price and exchange controls and the monetary restrictions imposed in the second half of the year, the rate of inflation accelerated and the drop in private consumption intensified.

The effects of the contraction in demand hit production for the domestic market, the only exception being construction, whose growth, although slower than the previous year, continued thanks to public investment. With regard to exportable goods, external prices were favourable, but production was affected by crop substitution programmes (in the case of sugar cane) and the tax conflict between the government and the ferronickel production company.

Although the volume of merchandise exports suffered a decline, their total value

increased by 25%, mainly because of the exceptional price of ferronickel. This product became the greatest generator of foreign exchange and doubled its share in the export structure as compared to 1987. At the same time, the growth of imports was checked by the stagnation of economic activity, the raising of the exchange rate and the administrative controls applied, and since the levels of the other items in the trade balance remained practically unchanged, the trade deficit dropped by 40% compared with 1987.

The balance on current account was also less unfavourable, since the income from private transfers by residents abroad slightly exceeded the level of interest payments, which was kept down by the continued arrears in respect of the public debt. Net income from tourism went up again and became established as one of the most important items of foreign exchange revenue. Consequently, the current account deficit was only a little over 60% of the 1987 figure.

The sharp rise in the price of exported goods was moderated by the fall in the unit value of real services. Even so, the growth in export prices considerably exceeded that of imports and allowed the terms of trade to improve by 9%, although they still remained below 1980 levels.

Net capital inflow grew slightly, but stayed close to the average level of the last four years. Direct investment went up, due to the policy of greater openness, and the level of external donations rose. This was accompanied by modest net credit in the amount of US\$36 million; the previous year there had been a net outflow of resources of US\$20 million. It should be noted, however, that the arrears in debt servicing continue.

The external debt grew only very slightly. Besides the small rise in net disbursements, this growth also reflected arrears of interest due. As a result of the expansion in exports, the

interest/export ratio shrank. Moreover, as the debt remained almost unchanged, the debt/export ratio went down from 244% to 220%.

The need to use the scarce available resources to sustain economic growth forced the authorities to suspend part of the debt servicing. Thus, the bilateral debt (nearly half of the total debt) was not serviced at all, while interest commitments, but not the principal, were paid in the case of the commercial banks. However, the debt with multilateral agencies was paid in full. Although contacts had been established with the International Monetary Fund (IMF), no agreement was reached because the government refused to apply a severe adjustment programme. This has delayed the renegotiation of the external debt.

With regard to the fiscal accounts, the savings on current account continued to increase, but the rapid growth of investment expenditures led to the escalation of the fiscal deficit, which unlike previous years, had to be financed largely with domestic credit.

The scanty growth in current expenditure was attributable to the continued application of the preferential exchange rate used for payment of the external public debt, and this rate was also extended to purchases of fuel and other basic products. This was also one of the factors of growth of the monetary base, whose impact is estimated at 1.7% of the gross product for 1988.

The expansion in the money supply during the second half of 1987 and the first months of 1988 gave rise to a growing demand for foreign exchange which it was increasingly difficult for the Central Bank to satisfy. Under these circumstances, the speculative demand and

that linked to capital flight put pressure on the exchange rate, which nearly doubled. After unsuccessfully trying some measures to halt the fall of the peso, the monetary authorities decided in August to establish an exchange control system. The exchange rate fixed since June, which was undervalued by nearly 35%, remained unchanged and para-exchange rate measures were adopted with the object of making imports more expensive.

The growth in the monetary base was extraordinarily high in terms of the replenishment of the international reserves and money issue to cover the exchange rate differential. The means of payment did not show the same dynamism, however, since most of the expansion was neutralized by the strict application of the compulsory reserve system. Credit was also limited, with the cost of money doubling as a result of the authorization to charge commissions. Even so, the real interest rate was more negative than in the past.

In sum, the authorities were faced once again, as has repeatedly occurred in recent years, with the dilemma of choosing between short-term economic policies that mean instability but economic growth and others that mean stability but stagnation. The oscillation between these two types of options has meant the alternation of expansive and restrictive policies. In the medium term, the development strategy relies upon growth in tourism and in the in-bond subcontracting industry, which act as sources of generation of employment and foreign exchange, in the face of the sluggishness of traditional exports. Agriculture is also being promoted through improvement and expansion of the support infrastructure, with the goal of achieving food self-sufficiency.

Figure 1  
**DOMINICAN REPUBLIC: MAIN ECONOMIC INDICATORS**

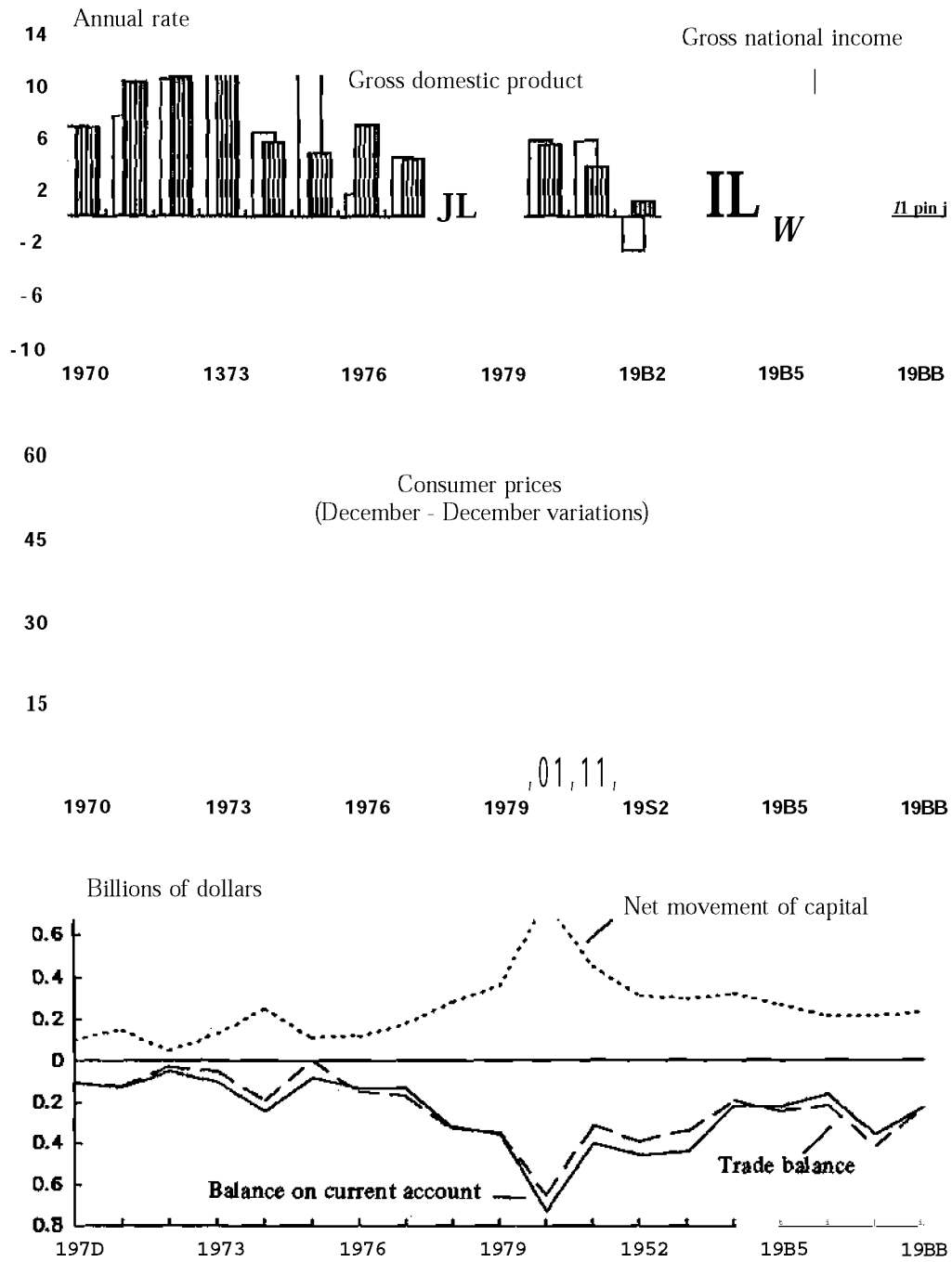
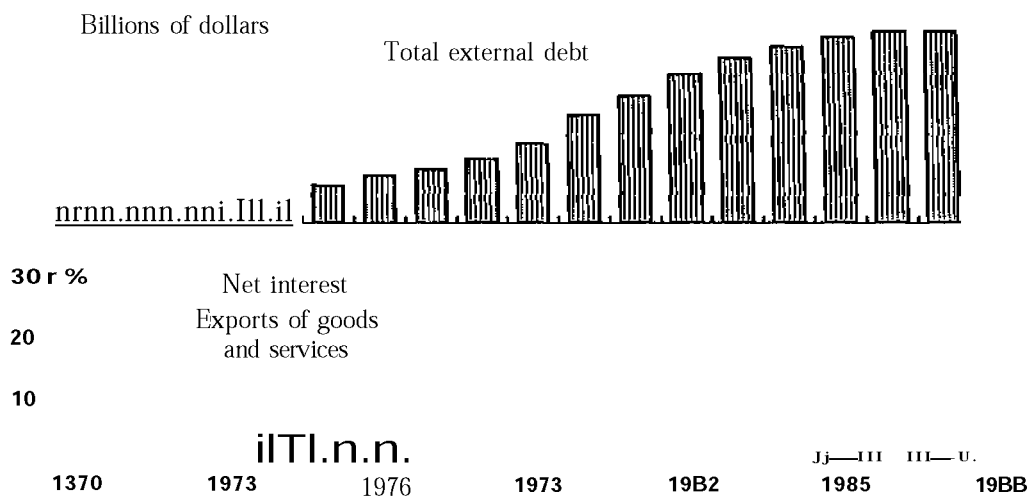
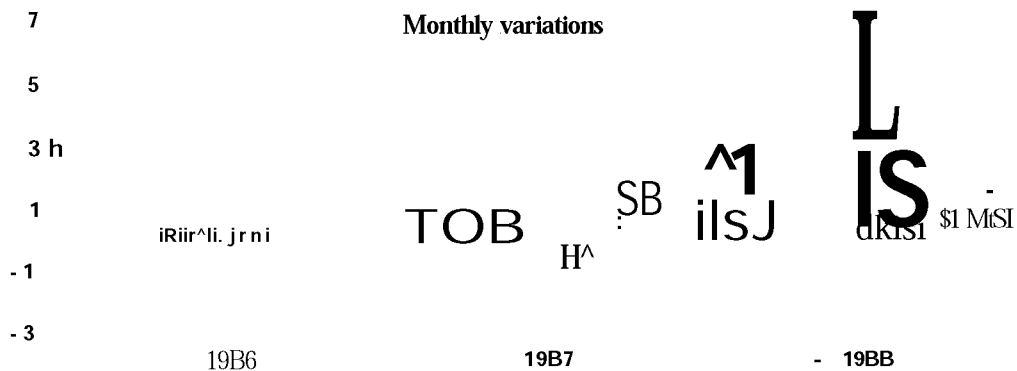
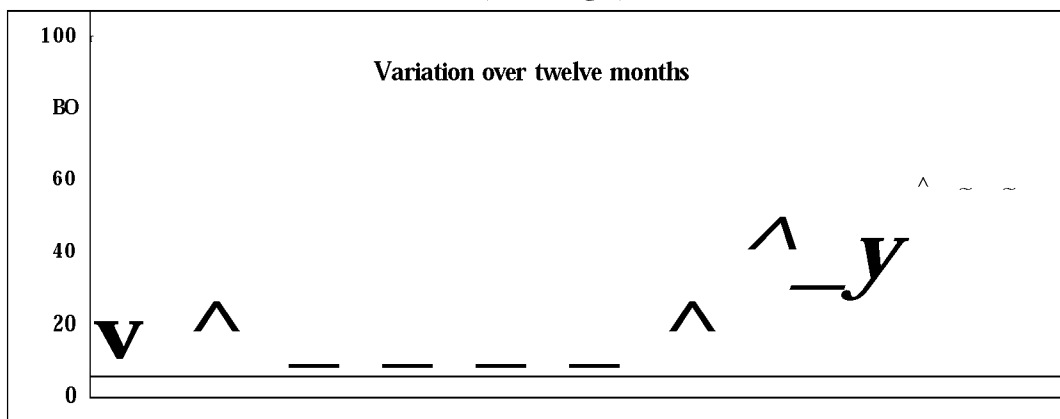


Figure 1 (concluded)



Source: ECLAC, on the basis of official data.

Figure 2  
DOMINICAN REPUBLIC: CONSUMER PRICE INDEX  
(Percentages)



Source: ECLAC, on the basis of official data.

Table 1

## DOMINICAN REPUBLIC: MAIN ECONOMIC INDICATORS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes(1980 = 100)</b>							
Basic economic indicators							
Gross domestic product at market prices	1053	110.6	111.0	108.8	1123	121.2	1223
Gross national income	103.2	109.2	1133	103.1	111.5	115.8	118.0
Population (millions of inhabitants)	5.98	6.12	6.27	6.42	6.57	6.72	6.87
Per capita gross domestic product	1003	102.9	100.8	96.6	97.4	102.8	101.4
Fiscal deficit/GDP <sup>b</sup>	3.1	2.8	0.9	1.5		0.4	1.6
Money (M1)/GDP <sup>^</sup>	8.0	8.1	8.5	8.1	103	11.5	13.9
Growth rates							
Short-term economic indicators							
Gross domestic product	13	5.0	03	-1.9	3.1	8.0	0.9
Per capita gross domestic product	-1.1	2.5	-2.0	-4.1	0.8	5.5	-1.4
Gross national income	-2.6	5.7	3.8	-9.0	8.2	3.9	1.9
Consumer prices (December-December)	7.1	7.7	38.0	283	6.5	25.0	57.6
Real minimum wage	-7.1	-2.5	1.8	-2.4	7.2	-2.2	3.9
Current value of exports of goods and services	-24.5	8.8	103	-3.4	6.9	33	19.5
Current value of imports of goods and services	-15.6	2.8	-13	0.2	43	14.8	5.7
Terms of trade (goods and services)	-20.9	8.4	133	-30.4	19.1	-14.9	9.0
Millions of dollars							
External sector							
Trade balance (goods and services)	-393	-336	-187	-238	-213	-408	-229
Net payments of profits and interest	-255	-297	-241	-226	-258	-263	-318
Balance on current account	-458	-438	-223	-222	-162	-353	-219
Balance on capital account	312	301	320	266	221	222	237
Variation in net international reserves	-160	-147	84	14	29	-173	138
Total disbursed external debt <sup>d</sup>	2966	3313	3536	3720	3812	3795	3844

**Source:** ECIAC, on the basis of official figures.

\* Preliminary figures. Percentages.

and for 1988, the year-end balances.

<sup>c</sup> For the calculation of 1982 to 1987 figures, annual averages were used,  
External public and State-guaranteed private debt.



Table 2  
DOMINICAN REPUBLIC: TOTAL SUPPLY AND DEMAND

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total supply</b>	<b>108.3</b>	<b>117.3</b>	<b>118.6</b>	<b>129.8</b>	<b>125.9</b>	<b>-13</b>	4.6	<b>83</b>	<b>12</b>
Gross domestic product at market prices	1123	121.2	1223	100.0	100.0	-1.9	3.1	8.0	0.9
Imports of goods and services	95.0	<b>104.0</b>	106.5	29.8	25.9	1.1	10.7	9.4	23
<b>Total demand</b>	<b>108.3</b>	<b>117.3</b>	<b>118.6</b>	<b>129.8</b>	<b>125.9</b>	<b>-1.3</b>	4.6	<b>83</b>	<b>12</b>
Domestic demand	102.7	1093	109.1	110.1	98.2	-8.7	7.1	6.5	<b>-0.2</b>
Gross domestic investment	93.7	130.7	139.4	24.9	28.4	-4.8	11.7	39.5	6.7
Gross fixed investment	97.1	134.9	146.5	23.6	283	-6.1	11.4	38.9	8.6
Construction	116.1	166.2	1793	14.6	21.4	-9.8	15.0	43.2	7.9
Machinery	66.2	83.9	93.1	9.0	6.9	4.9	23	26.8	11.0
Public	209.1	470.7	551.2	5.2	23.5	61.1	46.3	125.1	17.1
Private	65.4	40.0	32.1	18.4	4.8	-24.0	-8.3	-38.9	-19.6
Changes in stocks	29.6	513	4.9	1.2	-				
Total consumption	1053	103.1	1003	85.2	69.9	-9.6	6.0	-2.1	<b>-2.7</b>
General government	148.4	1223	126.5	7.6	7.9	4.4	7.2	-17.6	3.4
Private	101.0	101.2	97.7	77.6	62.0	-113	5.8	0.1	<b>-3.4</b>
Exports of goods and services <sup>b</sup>	139.8	161.7	171.7	19.7	27.7	39.9	-4.7	15.7	<b>6.2</b>

**Source:** ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

\* Preliminary figures. <sup>b</sup> The figures for exports and imports of goods and services were taken from IMF balance-of-payments data expressed in dollars at current prices, converted to constant 1980 values by means of indexes calculated by ECLAC for this purpose.

Table 3

## DOMINICAN REPUBLIC: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT MARKET PRICES

	Indexes mon inn\ (1980 = 100)			Percentage u IJ breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Gross domestic product	1123	121.2	1223	100.0	100.0	-1.9	3.1	8.0	0.9
Goods	106.5	120.4	119.0	48.0	46.7	-6.1	2.7	13.1	-1.1
Agriculture <sup>0</sup>	109.1	112.3	110.4	20.2	18.2	-3.6	-0.5	2.9	-1.7
Mining	96.1	119.8	110.6	53	4.8	-0.3	-11.1	24.7	-7.7
Manufacturing	103.8	117.0	113.0	153	14.2	-7.1	6.9	12.7	-3.4
Construction	112.3	150.6	162.0	7.2	9.6	-15.4	15.5	34.1	7.6
Basic services	109.6	1203	1222	5.9	6.0	-5.1	33	9.7	1.6
Electricity, gas and water	128.0	141.7	138.6	0.5	0.5	4.9	5.6	10.7	-2.2
Transport, storage and communications	108.1	118.5	120.9	5.5	5.4	-6.0	3.1	9.6	2.0
Other services	118.6	122.2	125.7	46.1	473	2.9	3.5	3.0	2.8
Commerce	106.5	112.9	111.0	15.8	143	-4.9	3.1	6.0	-1.7
Financial establishments, insurance and business services	133.9	141.6	149.7	12.0	14.7	15.5	6.3	5.7	5.7
Real estate	108.3	110.8	113.1	8.4	7.8	1.0	1.1	2.3	2.1
Government services	112.0	113.3	122.8	8.3	8.4	1.1	<u>10.5</u>	<u>1.6</u>	<u>4.6</u>
Other <sup>c</sup>	143.3	145.6	152.3	10.0	9.9	13.8			

Source: ECIAC, on the basis of official figures, reweighted with the structure at 1980 current prices. Therefore, the trends do not necessarily coincide with those published by the countries in their calculations at constant prices.

<sup>a</sup> Preliminary figures. <sup>b</sup> Includes the livestock, forestry and fisheries sector. <sup>c</sup> Includes restaurants and bars, hotels, hairstyling salons, laundries, recreational services, radio broadcasting, private education, private clinics and sanatoriums, professional services, domestic service and others.

**Table 4**  
**DOMINICAN REPUBLIC: INDICATORS OF AGRICULTURAL PRODUCTION**

	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
<b>Index of agricultural production (1970 = 100)</b>	154.1	153.3	158.0	155.3	-3.5	-0.5	3.1	-1.7
Crop farming	135.3	134.1	139.4	135.0	-4.2	-0.9	3.9	-3.1
For export	111.7	109.1	114.4	110.3	-9.6	-2.3	4.8	-3.6
For domestic consumption	153.2	153.2	158.4	154.0	-1.0	-	3.4	-2.8
Stock-raising	188.1	187.3	190.9	191.0	-3.1	-0.4	1.9	0.1
Fishing and forestry	243.9	251.8	258.0	262.7	3.1	3.2	2.4	1.8
<b>Production of main crops</b>								
For export.								
Sugar cane	8 419	8 208	8 772	7 911	-18.0	-2.5	6.9	-9.8
Tobacco	31	26	29	28	12.5	-17.2	10.3	-2.3
Coffee	132	137	134	136	-8.3	3.6	-2.0	1.3
Cocoa	35	36	37	42	-0.1	5.0	6.8	13.5
For domestic consumption								
Rice	494	487	515	479	-2.6	-1.4	5.7	-7.0
Maize	91	59	48	47	8.3	-35.2	-18.6	-2.1
Beans	48	49	52	53	-28.4	2.1	6.1	1.9
Pigeon peas	26	27	21	34	-	3.8	-22.2	61.9
Peanuts	43	47	44	33	22.9	9.3	-6.4	-25.0
Sweet potatoes	71	76	72	71	4.4	7.0	-5.3	-1.4
Yucca	135	143	143	142	8.9	5.9	-0.7	-
Tomatoes	165	170	173	163	1.9	3.0	1.8	-5.8
Bananas <sup>c</sup>	1180	1091	1180	1206	5.0	-7.5	8.2	2.2
<b>Indicators of stock-raising production</b>								
Slaughtering								
Beef	74	77	78	79	12.1	4.1	1.3	1.3
Pork	7	8	9	9	-	14.3	12.5	-
Poultry	81	83	87	87	-3.6	2.5	4.8	-
Eggs <sup>c</sup>	408	416	433	429	-5.8	2.0	4.1	-0.9
Milk production <sup>d</sup>	368	327	304	308	-12.0	-11.1	-7.0	1.3

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

<sup>a</sup> Preliminary figures. <sup>b</sup> Thousands of tons. <sup>c</sup> Millions of units. <sup>d</sup> Millions of litres.

Table 5  
DOMINICAN REPUBLIC: INDICATORS OF MINING PRODUCTION

	1980	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
Index of mining production (1970 = 100)	548.1	592.3	526.2	662.6	615.1	-0.1	-11.2	25.9	-12
Production of the main minerals									
Ferronickel	43	67	58	86	77	4.5	-13.8	48.6	-10.0
Gold <sup>0</sup>	370	329	286	251	204	-2.9	-13.1	-12.2	-18.6
Silver <sup>0</sup>	1623	1581	1356	1093	1420	31.0	-14.2	-19.4	29.9

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic

<sup>a</sup> Preliminary figures. <sup>b</sup> Thousands of tons. <sup>c</sup> Thousands of troy ounces.

Table 6  
DOMINICAN REPUBLIC: INDICATORS OF MANUFACTURING PRODUCTION

	1980	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
Index of manufacturing production (1970 = 100)	205.1	205.7	219.9	245.4	237.1	-3.8	6.9	11.6	-3.4
Foodstuffs, beverages and tobacco	180.5	193.1	205.5	227.1	214.4	-3.7	6.4	10.5	-5.6
Foodstuffs	188.7	173.4	180.6	197.9	175.9	-18.7	4.2	9.6	-11.1
Sugar and sugar products	113.0	93.9	91.2	97.0	88.2	1.9	-3.0	6.4	-9.1
Other foodstuffs	243.4	230.9	245.4	271.0	239.4	-0.5	6.3	10.4	-11.7
Beverages	158.1	294.4	334.9	382.6	408.8	6.6	13.7	14.3	6.8
Tobacco	147.6	184.8	192.1	203.8	204.7	-7.3	4.0	6.1	0.4
Other manufacturing industries	281.2	244.5	264.5	302.1	307.5	-1.5	8.2	14.2	1.8
Production of some major manufactures									
Raw sugar <sup>b</sup>	911	832	814	866	779	-18.8	-2.2	6.4	-10.0
Refined sugar <sup>b</sup>	102	88	80	86	81	-193	-9.1	7.5	-5.8
Hulled coffee <sup>b</sup>	51	66	69	67	68	-8.3	4.5	-2.9	1.5
Wheat flour <sup>o</sup>	3 346	4664	5192	5 645	4 607	24.8	11.3	8.7	-18.4
Rum <sup>d</sup>	18	24	29	34	35	-7.7	20.8	17.2	2.9
Beer <sup>d</sup>	78	103	109	121	140	8.4	5.8	11.0	15.7
Cigarettes <sup>e</sup>	222	196	204	216	217	6.5	4.1	5.9	0.5
Cement <sup>b</sup>	1015	997	939	1187	1318	-12.8	-5.8	26.3	11.1
Other indicators of manufacturing production									
Consumption of electricity by industry	720	629	694	764	748	-5.0	10.3	10.1	-2.1

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

<sup>a</sup> Preliminary figures. <sup>b</sup> Thousands of tons. <sup>c</sup> Thousands of quintals. <sup>d</sup> Millions of litres. <sup>e</sup> Millions of packages of 20. Millions of kWh.

Table 7  
DOMINICAN REPUBLIC: CONSTRUCTION INDICATORS

	1980	1986	1987	1988 <sup>a</sup>	Growth rates			
					1985	1986	1987	1988 <sup>a</sup>
Area constructed (thousands of m <sup>2</sup> ) <sup>1</sup>	1 179	889	1096	899	-13.5	2.4	233	-18.0
Housing	879	466			-7.7	-27.1		
Production of some building materials								
Structural steel rods <sup>c</sup>	51	101	120	113	-7.6	38.4	18.8	-5.8
Cement <sup>c</sup>	1 015	939	1187	1318	-12.8	-5.8	26.4	11.0
Paint <sup>d</sup>	2 993	3 380	3 869	3 984	20.0	20.0	14.5	3.0

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

\* Preliminary figures.    <sup>b</sup> Building permits granted.    <sup>c</sup> Thousands of tons.    <sup>d</sup> Thousands of gallons.

Table 8  
DOMINICAN REPUBLIC: MAIN FOREIGN TRADE INDICATORS (GOODS)

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	Growth rates						
Exports FOB							
Value	-35.4	2.3	10.6	-14.9	-2.2	-1.5	25.7
Volume	-7.6	10.0	2.2	0.7	-9.3	8.1	-3.1
Unit value	-30.0	-7.0	8.2	-15.5	7.8	-8.9	29.8
Imports FOB							
Value	-13.4	1.7	-1.7	2.3	5.1	14.7	3.7
Volume	-11.9	16.6	0.8	3.1	12.4	9.3	1.6
Unit value	-1.7	-12.8	-2.5	-0.8	-6.5	4.9	2.1
Terms of trade FOB/CIF	-29.2	5.1	9.8	-14.8	14.5	-13.4	26.6
	Indexes i(1980 = 100)						
Purchasing power of exports	75.4	87.1	97.8	83.9	87.1	81.5	99.9
Volume of exports	93.1	102.4	104.7	105.4	95.6	103.4	100.1
Volume of imports	78.8	91.9	92.7	95.6	107.4	117.4	119.3
Terms of trade	80.9	85.1	93.4	79.6	91.1	78.8	99.8

Source: ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

<sup>1</sup> Preliminary figures.

Table 9

## DOMINICAN REPUBLIC: EVOLUTION OF EXCHANGE RATES

Annual and quarterly averages	Nominal exchange rate (pesos per dollar)	Indexes of real effective exchange rate <sup>a</sup>	
		Exports	Imports
1970-1979	1.18	96.0	98.1
1980	1.26	100.0	100.0
1981	1.28	99.9	93.7
1982	1.46	106.6	86.5
1983	1.60	112.2	88.1
1984	2.74	153.5	123.8
1985	3.12	126.8	106.3
1986	2.91	109.7	94.5
1987	3.84	130.0	112.2
1988	6.14	152.6	136.2
1986			
I	2.87	109.8	94.7
II	2.84	109.7	94.8
III	2.86	108.5	94.0
IV	3.05	110.9	94.4
1987			
I	3.17	114.4	96.7
II	3.59	125.4	107.3
III	3.89	130.4	112.6
IV	4.73	150.0	132.1
1988			
I	5.22	150.3	133.7
II	6.43	175.4	156.7
III	6.50	151.2	134.1
IV	6.41	133.3	120.3

**Source:** ECLAC, on the basis of information from the International Monetary Fund.

<sup>8</sup> Corresponds to the average index of the real exchange rate of the peso *vis-à-vis* the currencies of the Dominican Republic's main trading partners, weighted by the relative importance of exports or imports, as appropriate, to or from these countries. The weightings correspond to the average for the 1983-1987 period. In the calculations, wholesale price indexes were primarily used, although in the case of the Dominican Republic the consumer price index was used. For the methodology and sources used, see the Statistical Appendix to the *Economic Survey of Latin America*, 1981.

Table 10  
DOMINICAN REPUBLIC: EXPORTS OF GOODS, FOB

	Millions of dollars			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>722</b>	<b>711</b>	<b>893</b>	<b>100.0</b>	100.0	14.9	-2.2	-1.5	25.6
<b>Main traditional exports</b>	<b>546</b>	<b>543</b>	<b>709</b>	<b>87.6</b>	79.4	-21.0	-6.0	-0.5	30.6
Raw sugar	134	127	145	30.2	16.2	-41.7	-15.5	-5.1	14.0
Furfural	21	20	19	2.2	2.2	-16.9	29.3	-6.3	-2.6
Molasses	11	13	12	1.6	1.3	-31.8	13.9	17.1	-10.4
Coffee	113	63	69	5.4	7.7	-9.4	31.0	-43.9	8.9
Cocoa	59	66	63	5.3	7.0	-17.1	14	12.7	-5.3
Tobacco	19	14	18	3.6	2.0	-27.3	5.5	-23.7	26.4
Ferronickel	78	115	279	10.5	31.3	11.2	-35.5	48.1	142.2
Gold and silver	112	120	103	27.0	11.5	-13.8	-1.6	7.4	-14.6
Bauxite	-	4	2	1.9	0.2	-	-	-57.1	
<b>Main non-traditional exports</b>	<b>176</b>	<b>166</b>	<b>184</b>	<b>12.4</b>	20.6	<b>18.8</b>	11.6	-4.5	10.9
Chemical fertilizers	7	6	7	2.0	0.8	-0.3	18.0	-6.9	14.0
Beef	19	17	27	0.3	3.0	1366.7	41.7	-7.5	58.1
Coconut emulsion	5	5	7	0.6	0.8	-32.4	2.2	21.3	50.0
Tinned pigeon peas	7	6	10	0.5	1.1	-23.3	28.6	-8.3	59.9
Fresh okra	3	5	6	0.1	0.7	53.7	-47.6	54.5	23.6
Taro	11	5	5	0.3	0.6	11.5	82.8	-48.1	-5.5
Leather handbags	2	1	2	0.6	0.2	-39.2	-48.4	-56.3	214.2
Other	123	121	120	8.0	13.4	16.6	8.6	-1.8	-0.7

**Source:** ECLAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

\* Preliminary figures.

Table 11  
DOMINICAN REPUBLIC: VOLUME OF EXPORTS OF MAIN PRODUCTS

	Thousands of tons					Growth rates			
	1984	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Raw sugar	828.4	655.2	449.2	553.1	571.7	-20.9	-31.4	23.1	3.4
Furfural	32.8	28.1	34.6	35.6	35.0	-14.3	23.0	3.0	-1.8
Molasses	189.7	150.5	164.5	184.6	175.0	-20.7	9.3	12.2	-5.2
Coffee (unroasted)	34.6	30.2	30.4	29.7	27.5	-12.6	0.6	-2.2	-7.5
Cocoa	32.3	31.3	35.9	38.9	45.0	-3.1	14.6	8.5	15.6
Tobacco	16.2	13.9	15.5	10.9	15.0	-14.3	11.7	-29.4	37.1
Ferronickel	62.4	67.9	53.9	78.4	75.0	8.9	-20.6	45.4	-4.3
Gold and silver <sup>b</sup>	1545.7	1 909.3	1641.7	1343.6	1314.4	23.5	-14.0	-18.2	-2.2

Source: ECIAC, on the basis of figures supplied by the Central Bank of the Dominican Republic

<sup>a</sup> Preliminary figures. <sup>b</sup> Troy ounces

Table 12  
DOMINICAN REPUBLIC: IMPORTS OF GOODS, FOB

	Millions of dollars				Percentage breakdown			Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1977	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Total	1286	1352	1592	1608	100.0	100.0	100.0	23	5.1	17.8	1.0
Consumer goods	254	392			26.9	22.6		17.1	54.3		
Durables	105				10.0	8.0		19.3			
Foodstuffs	76				8.2	8.2		22.6			
Other	73				8.7	6.4		9.0			
<b>Raw materials and intermediate goods</b>	822	657			54.8	61.3		-8.6	-20.0		
Petroleum and fuels	427	254	378	322	22.2	30.0	20.0	-15.4	-40.5	48.8	-14.8
Other	395	403		...	32.6	31.2	...	0.3	2.1		
Capital goods	210	303			18.3	16.1		48.9	44.3		

Source: ECIAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

<sup>a</sup> Preliminary figures.



Table 13  
DOMINICAN REPUBLIC: BALANCE OF PAYMENTS  
(Millions of dollars)

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Balance on current account	-458	-438	-223	-222	-162	-353	-219
Trade balance	-393	-336	-187	-238	-213	-408	-229
Exports of goods and services	1142	1242	1370	1323	1414	1461	1746
Goods FOB	768	785	868	738	722	711	894
Real services <sup>b</sup>	374	457	501	584	692	750	852
Transport and insurance	21	27	29	36	40	39	36
Travel	266	320	371	451	506	568	616
Imports of goods and services	1535	1578	1557	1560	1627	1869	1975
Goods FOB	1257	1279	1257	1286	1352	1550	1608
Real services	277	299	300	274	275	319	367
Transport and insurance	138	150	127	121	142	171	171
Travel	87	88	89	83	90	95	102
Factor services	-255	-297	-241	-226	-258	-263	-318
Interest received	4	7	6	22	8	10	9
Interest paid <sup>c</sup>	-259	-304	-247	-248	-267	-273	-327
Unrequited private transfer payments	190	195	205	242	309	318	328
Balance on capital account	312	301	320	266	221	222	237
Unrequited official transfer payments	15	20	60	114	64	83	91
Long-term capital	283	558	294	186	270	69	142
Direct investment	-1	48	68	36	50	89	106
Other long-term capital	285	510	226	149	220	-20	36
Official sector	302	576	237	161	220	-20	
Loans received	416	698	273	203	220	154	
Amortization payments	-113	-122	-36	-41	-	-174	
Commercial banks <sup>d</sup>	-	9	-2	-	-	-	
Loans received	1	11	-	-	-	-	
Amortization payments	-1	-2	-2	-	-	-	
Other sectors	-18	-75	-9	-12	-	-	
Loans received	41	16	20	7	-	-	
Amortization payments	-58	-92	-30	-19	-	-	
Short-term capital	44	-289	-63	-191	-82	18	4
Official sector	162	-165	-114	-81	-74	18	
Commercial banks	-46	-235	-22	-110	-8	-	
Other sectors	-73	110	73	-	-	-	
Errors and omissions	-30	13	30	157	-31	52	
Global balance <sup>e</sup>	-146	-136	97	44	58	-131	18
Total variation in reserves (- sign indicates an increase)	160	147	-84	-14	-29	173	-138
Monetary gold	16	13	22	-	-	-	
Special Drawing Rights	1	-	-	-31	32	-	-
IMF reserve position	-	-8	8	-	-	-	-
Foreign exchange assets	95	-34	-91	-55	-68	109	14
Other assets	-	-	2	-3	-	-	
Use made of IMF credit	48	176	-25	75	7	-75	-12

Source: ECLAC, on the basis of data supplied by the Central Bank of the Dominican Republic and the International Monetary Fund.

<sup>3</sup> Preliminary figures. <sup>b</sup> Includes other non-factor services. <sup>c</sup> Includes net profits. Refers to interest due, but only part of this was actually paid. <sup>d</sup> Includes net loans granted and other assets and liabilities. <sup>e</sup> Equals the total variation in reserves (of opposite sign), plus counterpart items.

Table 14  
DOMINICAN REPUBLIC: INDICATORS OF EXTERNAL INDEBTEDNESS

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Millions of dollars</b>							
<b>Total external debt<sup>b</sup></b>							
Balances	2966	3 313	3 536	3 720	3 812	3 795	3844
Interest <sup>c</sup>	242	257	177	175	192	229	221
<b>Percentages</b>							
Total external debt/exports of goods and services	259.7	266.7	258.3	281.2	269.6	243.8	220.2
Net interest /exports of goods and services	20.9	20.1	12.5	11.6	12.4	13.9	12.1

Source: ECIAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

\* Preliminary figures. <sup>b</sup> Total public and State-guaranteed private external debt. <sup>c</sup> Corresponds to the "interest paid" entry of the balance-of-payments current account. Corresponds to the net item of the balance-of-payments.

Table 15  
DOMINICAN REPUBLIC: DOMESTIC PRICES

	1981	1982	1983	1984	1985	1986	1987	1988
<b>Variation December to December</b>								
Consumer price index	7.4	7.1	7.7	38.0	28.3	6.5	25.0	57.6
Food, beverages and tobacco	3.1	9.5	4.0	38.0	36.2	9.4	30.6	69.6
Housing	18.6	4.7	12.3	25.0	17.2	7.0	17.3	41.9
Wearing apparel and footwear	5.9	11.6	20.6	68.9	38.1	4.8	21.6	68.3
Other	5.1	2.9	7.2	46.1	18.4	-1.6	19.0	30.1
<b>Variation between annual averages</b>								
Consumer price index	7.5	7.6	7.0	24.4	37.5	9.7	15.9	44.4
Food, beverages and tobacco	0.4	7.9	6.5	22.0	39.3	15.4	20.6	53.3
Housing	22.1	9.4	8.2	21.5	21.1	9.2	13.2	34.5
Wearing apparel and footwear	8.2	9.6	14.4	46.8	57.3	15.5	12.0	44.2
Other	10.0	3.9	4.1	27.5	36.7	1.8	7.2	27.4

Source: ECIAC, on the basis of figures supplied by the Central Bank of the Dominican Republic.

Table 16  
DOMINICAN REPUBLIC: EVOLUTION OF MINIMUM WAGE

	1982	1983	1984	1985	1986	1987	1988
<b>Indexes (1980 = 100)</b>							
Nominal	100.0	100.0	126.7	170.0	200.0	226.7	340.0
Real	86.4	80.8	82.2	80.2	86.0	84.1	87.4
<b>Growth rates</b>							
Nominal	-	-	26.7	34.2	17.6	13.3	50.0
Real	-7.1	-6.5	1.8	-2.4	7.2	-2.2	3.9

Source: ECLAC, on the basis of official figures.

Table 17  
DOMINICAN REPUBLIC: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of pesos				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
1. Current income	1643	2 354	2 942	4 560	40.1	43.3	25.0	55.0
Tax revenue	1527	2 013	2 521	3 839	45.6	31.8	25.2	52.3
Direct	365	454	593	916	33.1	24.4	30.4	54.5
Indirect	586	834	738	960	41.5	42.3	-11.5	30.1
On foreign trade	545	691	1143	1826	62.3	26.8	65.4	59.7
Other taxes	31	34	48	138	24.5	9.7	40.6	188.1
Non-tax revenue	116	340	421	721	-6.7	194.1	23.7	713
2. Current expenditure	1400	1609	1471	2109	39.8	14.9	-8.6	43.4
Wages and salaries	613	696	677	957	23.1	13.5	-2.7	413
Current transfers	415	578	446	737	84.8	39.4	-22.8	65.0
Other expenditures	372	335	348	416	33.4	-10.0	3.8	19.6
3. Current saving (1-2)	243	745	1471	2 451	41.6	206.4	97.5	66.6
4. Capital expenditure	444	618	1540	2 913	82.5	39.2	149.4	89.1
Real investment	131	232	973	1553	65.6	76.9	318.7	59.6
Capital transfers	240	327	530	848	107.1	36.3	62.0	60.1
Other capital expenditure <sup>c</sup>	72	58	38	512	50.9	-19.5	-35.4	1 260.9
5. Total expenditure (2+4)	1844	2 227	3 011	5 022	48.1	20.8	35.2	66.8
6. Fiscal deficit (1-5)	-201	127	-69	-461	180.8	-	-	568.7
7. Financing of deficit	201	426	69	461				
Net domestic financing	-26	-265	-63	240	-1.2	935.2	-76.2	-
Credit received	-	-	-	-	-	-	-	-
Less amortization payments	2	-	-	-54.2	-	-	-	-
Sale of bonds	-	-	-	-	-	-	-	-
Other sources	-24	-265	-63	240	-37.7	1 022.0	-76.4	-
Net external financing	227	139	132	221	133.2	-38.7	-5.2	67.0
Credit received	267	161	143	221	112.8	-39.6	-11.2	54.0
Less amortization payments	40	22	11	-	42.3	-45.0	-49.1	-
Ratios (percentages)								
Current saving/capital expenditure	54.8	120.6	95.5	84.2				
Tax revenue/GDP	11.0	12.8	12.8	13.4				
Total expenditure/GDP	133	14.2	153	17.5				
Fiscal deficit/GDP	1.4	0.4	1.6					
Domestic financing/deficit	-	-	-	52.0				
External financing/deficit	113.1	-	1913	48.0				

Source: ECLAC, on the basis of figures supplied by the Ministry of Finance and the Central Bank of the Dominican Republic.

\* Preliminary figures. <sup>b</sup> Donations from abroad amounting to 2,205,65 and 124 million pesos are included in 1985, 1986, 1987 and 1988, respectively. <sup>c</sup> Includes 388 million pesos deposited by the government in the Central Bank to cover public debt payments.

**Table 18**  
DOMINICAN REPUBLIC: MONETARY INDICATORS

	End-year balances (millions of pesos)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Monetary base</b>	<b>1085</b>	<b>2 112</b>	<b>1983</b>	<b>3 873</b>	-1.1	<b>94.7</b>	<b>-6.1</b>	95.3
<b>Money (M1)</b>	<b>1355</b>	<b>1989</b>	<b>2609</b>	<b>3 977</b>	<b>16.8</b>	<b>46.8</b>	<i>312</i>	<b>52.4</b>
Currency outside banks	678	938	1313	1856	143	383	40.0	41.3
Current account deposits	677	1051	12%	2121	19.4	55.2	233	63.6
Quasi-money	1235	2 297	2324	3 282	223	86.0	1.2	41.2
<b>Money plus quasi-money (M2)</b>	<b>2 590</b>	<b>4 286</b>	<b>4 934</b>	<b>7 259</b>	<b>19.4</b>	<b>655</b>	<b>15.1</b>	<b>47.1</b>
<b>Domestic credit</b>	<b>3844</b>	<b>4 873</b>	<b>5 881</b>	<b>7188</b>	<b>9.8</b>	<b>26.8</b>	20.7	<b>222</b>
Public sector	1992	2107	2 439	2 714	-0.3	5.8	15.8	11.3
Private sector	1852	2 766	3 442	4 474	23.1	49.4	24.4	30.0
<b>Ratios<sup>b</sup></b>								
Monetary multipliers								
M1/monetary base	1.10	1.00	1.07	1.03 <sup>e</sup>				
M2/monetary base	2.12	2.02	2.16	1.87 <sup>e</sup>				
M1/GDP	8.1	10.3	11.5	13.9 <sup>e</sup>				

Source: ECLAC, on the basis of figures provided by the Central Bank of the Dominican Republic and the International Monetary Fund.

<sup>a</sup> Preliminary figures. <sup>b</sup> Annual averages were used in calculating the ratios. <sup>c</sup> End-year balances were used in calculating these ratios.

**Table 19**  
DOMINICAN REPUBLIC: LOANS GRANTED BY COMMERCIAL BANKS

	End-year balances (millions of pesos)					Percentage breakdown					
	1984	1985	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	1907	2 230	3 277	<b>3 958</b>	<b>4131</b>	<b>100.0</b>	<b>100.0</b>	<b>16.9</b>	<b>47.0</b>	<b>20.8</b>	<b>4.4</b>
Agriculture <sup>b</sup>	160	197	279	567	551	7.3	13.3	23.4	41.8	103.0	-2.8
Sugar industry	41	47	141	36	28	<b>2.4</b>	0.7	14.6	200.0	-74.5	-22.5
Manufacturing	472	589	830	969	979	30.7	23.7	24.8	40.9	16.7	1.1
Construction	79	84	158	170	202	5.9	<b>4.9</b>	6.3	88.1	7.3	19.3
Commerce	217	249	425	491	552	14.1	13.4	14.7	70.7	15.6	12.4
Public sector	596	684	833	983	1024	19.2	24.8	14.8	21.8	18.0	4.2
Imports	73	72	84	104	149	6.7	3.6	-1.4	16.7	23.5	43.6
Exports	132	145	232	240	243	<b>4.2</b>	5.9	9.8	60.0	3.3	1.3
Other	137	163	295	398	403	9.5	9.7	18.7	80.8	35.2	1.1

Source: ECLAC, on the basis of figures provided by the Central Bank of the Dominican Republic.

\* Preliminary figures. <sup>b</sup> Since 1987 loans to agroindustry are also included.



## URUGUAY

The Uruguayan economy slumped during 1988 after two years of brisk activity. The economy showed very little growth and inflation revived, while the fiscal adjustment was kept at a level at which interest payments made up nearly the whole of the deficit. The external sector was affected by opposing forces; on the one hand, a significant rise in the international price of or demand for the country's principal agricultural products brought exports to their highest historical level in current values; on the other, the unsettled regional situation caused trade in manufactured articles to decline and made it difficult to manage the exchange rate policy, although it did not deter a lively inflow of capital through the sale of public securities and the deposit of funds in foreign currency.

Domestic demand had shown intense growth during 1986 and 1987. Both consumption and investment had increased rapidly (28% and 35% respectively). The origin of the recovery in each of these years differed. In 1986, the brisk Brazilian demand due to the Plan Cruzado, a significant improvement in the trends of trade and a large increase in real wages (1985-1986) combined to invigorate external and domestic demand. During 1987, the delayed effect of that expansion and the loosening of the monetary, exchange and credit policies during the major part of the year stimulated domestic demand and were responsible for the maintenance of a high level of growth. In 1988, on the other hand, the only notable stimulus was the increase of agricultural exports, yet the sizeable differences between the official and the free exchange rates in Argentina and Brazil (which reached 40% and 70% respectively) caused illegal purchases of manufactures along the borders with these countries to increase notably at a time when external demand for industrial goods produced mainly for other countries in the region lay dormant. This also made it difficult to monitor results of macroeconomic policy since it was hard to

know whether the system of comparative international prices was temporary or permanent. Finally, the domestic demand developed within the framework of a less expansive economic policy than had been applied during the first nine months of 1987; thus, the growth rate of mortgage loans slackened, although the other official banking activities partially compensated for this development, and the real interest rate in the national currency largely surpassed the rate in January-September the previous year.

In this context, domestic and external demand slowed considerably. Investment grew for the third year in a row —this time by 4%— but still without reaching 10% of the product, while private consumption and registered imports decreased. However, some indicators show that contraband from neighbouring countries (which is not included in official estimates) may alter this scenario in that, real wages rose by somewhat less than 2% while in the balance of payments, the enormous sum of US\$221 million (close to 3% of the product), is entered as unidentified outflow. Given the abundant inflow of capital from deposits in the financial system or from the sale of public securities and the free exchange policy practised, it would appear incorrect to ascribe the amount entered as errors and omissions to flight of capital. Alternatively it might be assumed that the amount entered under this item could represent unregistered purchases across the border; if it were ascribed to both private consumption and imports, the amount of the former would increase by 3% (compatible with the increase in real wages) while the value of imports would rise by over 15%. Such a change would make a difference in the balance of payments on current account in that the balanced account shown in the official figures, would be replaced by a deficit of somewhat more than US\$200 million, which would be overfinanced by capital inflows of around US\$300 million. If this scenario is

correct, the public sector deficit was financed by external savings and by loans from the private sector, which saved more than it invested, which is consistent with the general atmosphere in which the economy developed during 1988, especially after the beginning of the second quarter onward, when expectations changed substantially as the situation became more uncertain due to the rise in inflation, the behaviour of the economies of the neighbouring countries, and the political environment at home.

Some of the main objectives of the programme elaborated by the economic authorities at the beginning of the year were to reduce the rise in the inflation from the 60% registered in 1987 to 45% and to obtain a growth rate of about 4%, which would make it possible to continue the recovery experienced during the preceding years. In order to meet these objectives, a financial programme was formulated whose basic goals included the reduction of the global deficit of the public sector to 3.7% of gross domestic product (4.1% in 1987); the maintenance of international reserves at the point at which they stood at the end of 1987; an increase of around US\$70 million in the net external debt of the public sector and, finally, an increase in the net domestic credit granted by the Central Bank in keeping with a ceiling of 53% on the growth of the aggregate money supply (M2). This programme is implicitly based on the assumption that the external situation of the subregion would improve; that the real exchange rate, the terms of trade, interest rates and the parity between the strong currencies would remain as they were at the beginning of the year and that the real interest rate applied in the domestic market would be at least equal to the arbitration rate (devaluation plus international rate).

The final result differed significantly from these plans in some respects. For example, gross domestic product barely grew, inflation rose to almost 70% during the year and the public-sector deficit reached 4.5% of the gross domestic product. International reserves, on the other hand, grew by US\$90 million, increasing by almost US\$370 million in the last three years, although indebtedness in foreign currency also increased much more than expected.

The product showed growth in the agricultural, and construction sectors and in most of the services, and declined in fishing, manufacturing and commerce. Unemployment experienced ups and downs, but taken on average it continued to drop; the unemployment rate in Montevideo at the end of the year was 8%, the lowest level since the crisis at the beginning of the decade.

The downward trend in inflation begun in 1985 was reversed. In March the 12-month consumer price index stood at its lowest point since 1984 (54%) but then rose again to end the year at 70%. A number of factors had a bearing on this performance. On the one hand, the rise in the exchange rate begun at the end of 1987 affected domestic prices in a highly indexed economy and a rising fiscal deficit. At the same time, the economic agents expected a rise in inflation since both the uncertain regional situation and the government's loss of political support were also regarded as unfavourable factors. This was compounded by problems in agricultural supply due to adverse weather conditions. In this scenario, the consumer price index rose during the second half of the year, returning to the annual rate recorded at the beginning of 1987.

Merchandise exports displayed considerable differences with respect to the preceding two years since the growth recorded in 1988 was due to agriculturally based products (meat, wool, hides and rice), which together grew by 41%, while the remaining exports (those with a higher manufacturing input), grew by only 5%. In 1986 they had performed similarly, whereas in 1987 the rise in exports had been attributable to them.

The capital inflow was significant and most of it was made up of short-term loans. The brisk sale of public securities and the increase of almost US\$300 million in deposits by non-residents in commercial banks caused the external debt to grow, despite the fact that some debt was bought back on the secondary market through domestic debt swaps with the Central Bank and for purposes of fixed investment. At the end of 1988 the gross external debt amounted to US\$6 330 million, a figure equivalent to 8% of the gross domestic product and US\$440 million higher than that recorded at the end of the previous year.

The negative balance in the public sector worsened. The end result was a deficit of 15% of gross domestic product in the non-financial public sector with a small surplus in public enterprises, while the deficit deriving from the Central Bank amounted to the equivalent of close to 3% of the product. The central government deficit rose to nearly 2% of the product—that is half a point higher than that of 1987—and was overfinanced by dollar debts. Although both income and expenditure grew in real terms, the latter rose more rapidly; transfers to the social security system—which increased by 12% in real terms—represented one third of current expenditure.

Public enterprises, which had shown a balanced account in 1987, reached a small surplus. Their surpluses were higher in the first half of the year, while petroleum stocks were being reduced, but the replacing of inventories in the second half of the year and the need to resort to thermal energy instead of water power (because of a drought which began in the middle of the first quarter and continued up to the end of the year) caused those surpluses to fall towards the end of the period. As for Central Bank losses, they were higher than had been envisaged in nominal terms as a consequence of an increase in interest payments made in both foreign and local currency; their share in the product remained at the same level as in 1987. On the one hand,

more foreign currency left the country because of an increase in the international rate; on the other, the issue of Monetary Regulation Notes at attractive rates, as a means of absorbing excess liquidity in the market, meant that more interest was paid in local currency than programmed.

The exchange policy followed the same general lines as in previous years, within a system of dirty floating exchange rates, which in practice functions as a crawling peg. Thus money was created endogenously, with some degree of flexibility obtained through the management of the interest rate on the Monetary Regulation Note which serve as an instrument for contracting the issue of currency. The rise in inflation, the decrease in the domestic interest rate as the exchange rate and the international interest rate rose and the formation of negative expectations were partially responsible for a drop in the demand for money. Thus, the means of payment grew by 59% and the broad aggregate (M2) showed an annual growth rate of 57% a year, while consumer prices increased by 69%. Deposits in foreign currencies continued to rise sharply; during 1988 they grew by almost US\$500 million, rising 22% above the level reached in December 1987 and amounting to US\$2.8 billion at the end of the year (the equivalent of one third of the gross domestic product).



Figure 1  
 URUGUAY: MAIN ECONOMIC INDICATORS

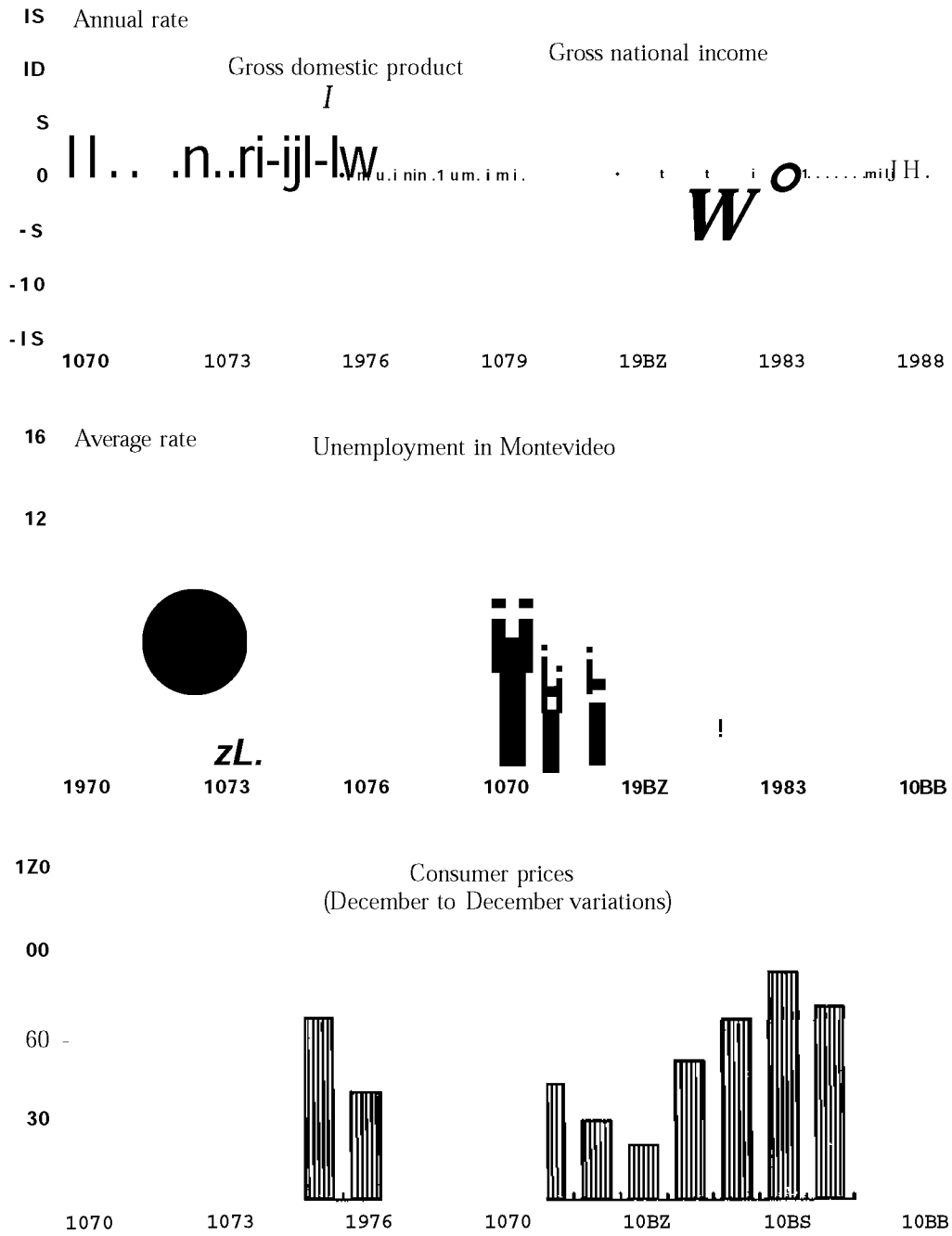
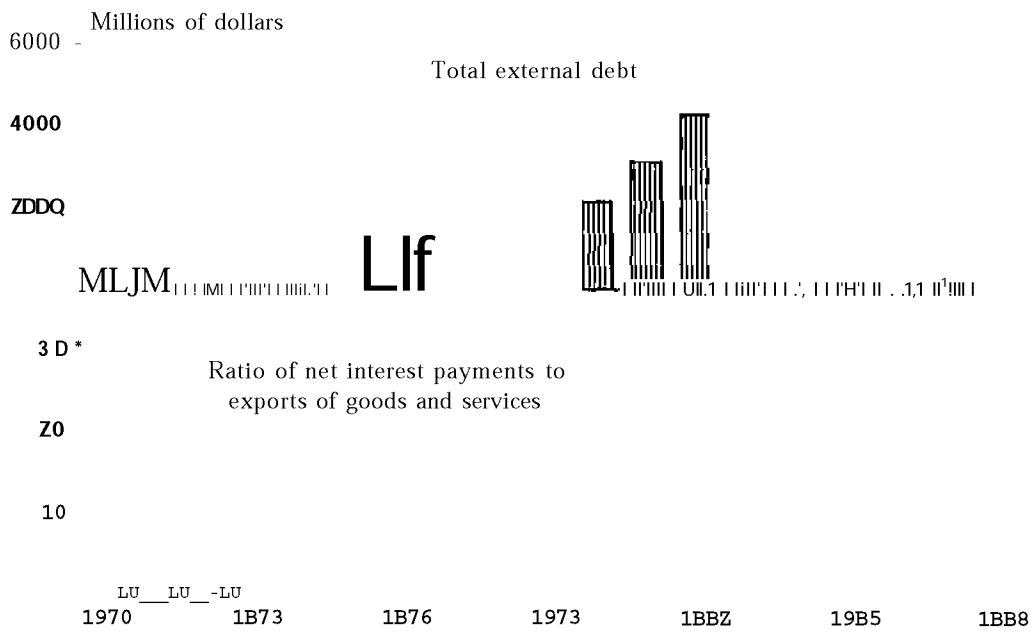
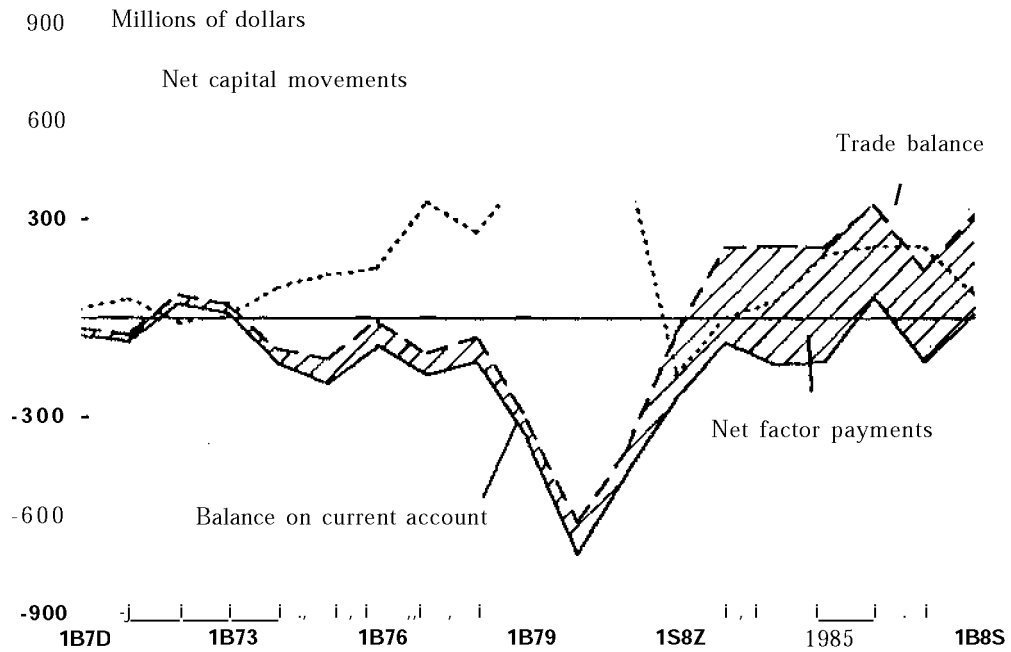
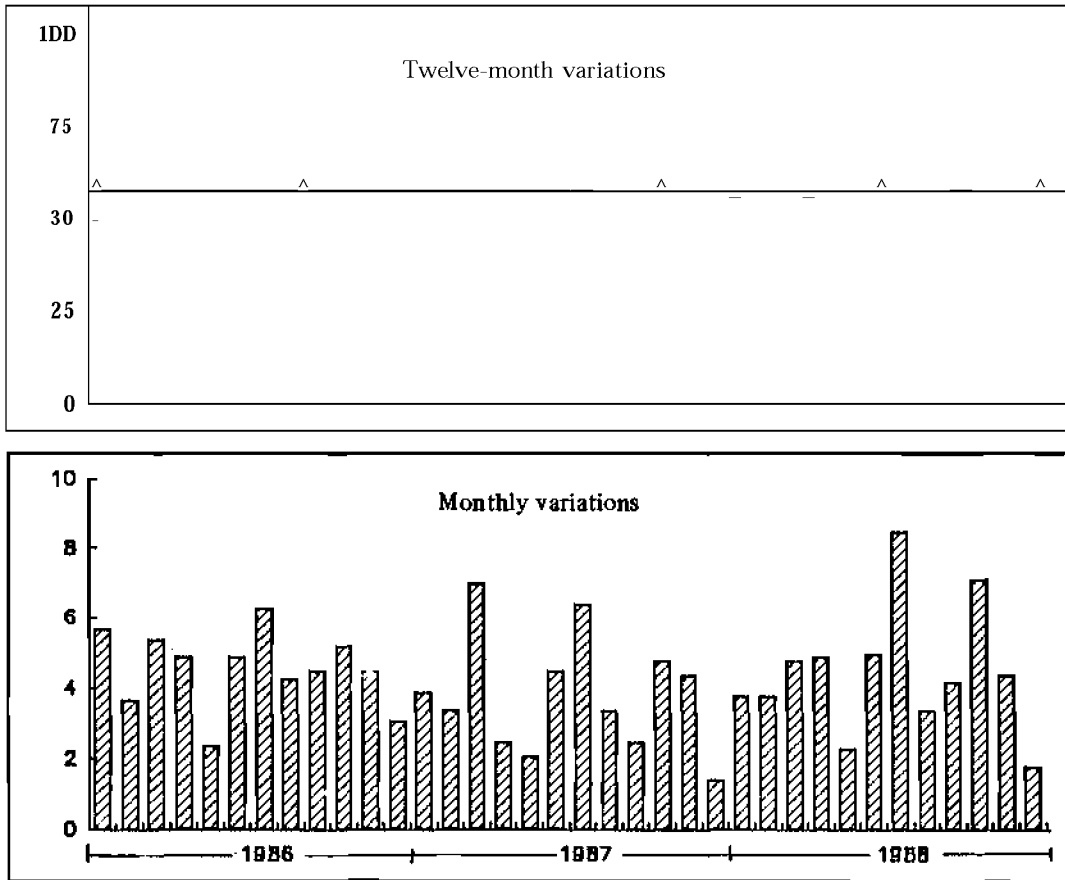


Figure 1 (concluded)



Source: ECLAC, on the basis of official data

**Figure 2**  
**URUGUAY: CONSUMER PRICE INDEX**  
*(Percentages)*



Source: ECLAC, on the basis of official figures.

Table 1  
URUGUAY: MAIN ECONOMIC INDICATORS

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
	Index (1980 = 100)							
Basic economic indicators								
Gross domestic product at market prices	101.4	91.2	85.8	84.7	84.8	91.4	97.3	97.5
Gross national income	101.4	89.4	79.2	76.3	74.8	85.8	93.3	94.7
Population (millions of inhabitants)	2.93	2.95	2.97	2.99	3.01	3.03	3.04	3.06
Per capita gross domestic product	100.8	90.1	84.2	82.6	82.2	88.1	93.2	92.8
Public sector deficit/GDP <sup>c</sup>					7.1	5.0	4.0	4.5
Money (M1)/GDP <sup>c</sup>	8.0	8.2	6.5	6.5	7.6	7.2	6.8	6.6
Effective real exchange rate	96.5	106.0	141.9	130.8	130.9	132.0	130.9	145.3
Rate of unemployment <sup>c</sup>	6.7	11.9	15.5	14.3	13.0	10.8	9.3	8.9
	Growth rates							
Short-run economic indicators								
Gross domestic product	14	-10.1	-6.0	-1.3	0.2	7.8	6.4	0.2
Per capita gross domestic product	0.8	-10.7	-6.6	-2.0	-0.5	7.2	5.8	-0.4
Gross national income	14	-11.8	-11.5	-3.6	-2.0	14.7	8.8	1.5
Consumer prices								
December to December	29.4	20.5	51.5	66.1	83.0	70.7	57.3	69.0
Real wages and salaries	7.5	-0.3	-20.7	-9.0	14.1	5.8	4.7	1.5
Current value of exports of goods and services	11.4	-9.6	-8.2	-8.6	-2.8	19.7	3.6	13.4
Current value of imports of goods and services	-2.1	-24.4	-24.7	-10.7	-3.2	11.9	21.6	2.8
Terms of trade (goods and services)	-2.2	1.9	-11.9	-3.7	-8.3	19.2	4.9	5.8
	Millions of dollars							
External sector								
Trade balance (goods and services)	-397	-48	217	222	220	344	149	318
Net payment of profits and interest	74	197	288	362	351	278	281	306
Balance on current account	-468	-245	-71	-139	-131	66	-132	13
Balance on capital account	494	-172		54	195	221	220	74
Variation in international reserves (net)	51	-497	-71	-105	42	245	34	89
Gross external debt	3112	4 238	4 572	4 671	4 900	5 238		6 330

Source: ECLAC, on the basis of official figures.

\* Preliminary figures. <sup>b</sup> Average annual rate in Montevideo. <sup>c</sup> Percentages.

Table 2  
URUGUAY: TOTAL SUPPLY AND DEMAND

	Indexes (1980 =100)				Percentage breakdown		Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total supply</b>	<b>773</b>	<b>853</b>	<b>91.9</b>	<b>92.0</b>	130.5	123.2	-0.6	103	7.7	0.2
Gross domestic product at market prices	84.8	91.4	97.3	97.5	100.0	100.0	0.2	7.8	6.5	0.2
Imports of goods and services <sup>b</sup>	52.6	65.1	74.1	74.2	30.5	23.2	-4.7	23.7	13.9	0.1
<b>Total demand</b>	<b>773</b>	<b>853</b>	<b>91.9</b>	<b>92.0</b>	130.5	123.2	-0.6	103	7.7	0.2
Domestic demand	69.7	76.7	86.5	85.7	108.8	95.6	-2.2	10.0	12.8	-1.0
Gross domestic investment	39.1	40.7	50.4	51.7	17.3	9.2	-18.9	4.2	23.9	2.5
Gross fixed investment	36.9	41.6	49.8	51.8	16.7	8.9	-23.2	12.6	19.6	4.0
Construction	39.9	42.1	47.4	49.0	11.4	5.8	-29.2	5.5	12.6	3.4
Machinery	30.6	40.1	54.9	57.6	5.3	3.1	1.1	31.0	36.9	4.9
Public	46.0	50.2	68.0				-31.8	9.1	35.5	
Private	32.7	37.6	41.3				-16.4	15.0	9.8	
Variation in stocks	96.6	16.7	68.6	49.1	0.6	0.3				
Total consumption	75.5	83.5	93.4	92.1	91.5	86.4	-0.2	10.6	11.9	-1.3
General government	105.7	110.2	110.7	111.2	12.5	14.2	3.2	4.3	0.5	0.5
Private	70.7	79.3	90.7	89.1	79.0	72.2	-0.9	12.2	14.4	-1.7
Exports of goods and services	115.6	128.3	118.6	123.9	21.7	27.6	4.3	11.0	-7.5	4.4

Source: ECIAC, on the basis of figures provided by the Central Bank of Uruguay.

\* Preliminary figures. <sup>b</sup> The figures for exports and imports of goods and services were taken from balance-of-payments data expressed in dollars at current prices obtained from the International Monetary Fund which were converted to constant 1980 values using unit value indexes calculated by ECIAC for the purpose.

Table 3

**URUGUAY: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC  
ACTIVITY, AT 1980 MARKET PRICES**

	Indexes (1980 =100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>*</sup>
<b>Gross domestic product</b>	<b>91.4</b>	<b>97.3</b>	<b>97.5</b>	<b>100.0</b>	<b>100.0</b>	<b>0.2</b>	<b>7.8</b>	<b>6.4</b>	<b>0.2</b>
<b>Goods<sup>b</sup></b>	<b>82.7</b>	<b>91.0</b>	89.2	<b>45.7</b>	<b>41.8</b>	-2.4	9.7	<b>10.0</b>	<b>-2.0</b>
Agriculture <sup>c</sup>	101.5	<b>104.1</b>	104.7	10.6	11.4	4.5	4.3	2.6	<b>0.6</b>
Manufacturing	83.6	<b>94.0</b>	90.5	28.7	26.6	-1.6	12.1	12.4	<b>-3.7</b>
Construction	43.5	47.9	49.7	5.0	2.5	-30.1	53	10.1	3.8
<b>Basic services</b>	<b>98.2</b>	<b>106.3</b>	<b>109.6</b>	<b>12</b>	8.1	2.1	8.6	<b>82</b>	<b>3.1</b>
Electricity, gas and water	116.4	135.0	1453	1.4	2.1	3.4	4.1	<b>16.0</b>	<b>7.6</b>
Transport, storage and communications	93.8	99.3	100.9	5.8	6.0	1.7	10.0	<b>5.9</b>	<b>1.6</b>
<b>Other services</b>	<b>98.9</b>	<b>102.0</b>	<b>103.7</b>	<b>47.1</b>	<b>50.1</b>	1.9	<b>62</b>	<b>3.1</b>	<b>1.7</b>
Commerce, restaurants and hotels	80.2	85.1	84.8	20.2	17.6	0.8	12.0	<b>6.1</b>	<b>-0.4</b>
Financial institutions, insurance, real estate and business services	114.8	117.1	123.1	11.7	14.7	4.2	2.0	<b>2.0</b>	<b>5.1</b>
Ownership of dwellings	106.8	107.4	107.9	6.9	7.6	2.1	1.7	<b>0.6</b>	<b>0.5</b>
Community, social and personal services	111.6	113.0	113.9	15.2	17.7	1.3	4.7	<b>13</b>	<b>0.8</b>

Source: ECLAC, on the basis of official figures, reweighted according to the structure of current 1980 prices. Therefore, the results do not necessarily coincide with those published by the countries or with their calculations based on constant prices.

<sup>a</sup> Preliminary figures.    <sup>b</sup> Includes mining.    <sup>c</sup> Includes livestock, forestry and fishing.

Table 4  
URUGUAY: INDICATORS OF AGRICULTURAL PRODUCTION

	Indexes (1980=100)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Gross domestic product</b>	<b>97.2</b>	<b>101.5</b>	<b>104.1</b>	<b>104.7</b>	<b>4.5</b>	<b>4.3</b>	<b>2.6</b>	<b>0.5</b>
<b>Index of physical volume of production</b>								
<b>Crop-farming</b>	<b>84.9</b>	<b>83.3</b>	<b>94.3</b>	<b>95.2</b>	-4.9	-1.9	<b>13.2</b>	1.0
Cereals	85.2	78.5	95.1	109.3	-15.7	-7.9	21.1	14.9
Oilseeds	54.2	72.5	68.1	63.9	63.3	33.8	-6.1	-6.2
Sugar-bearing crops	47.7	65.5	55.9	43.5	-26.2	37.3	-14.7	-22.2
Root crops and tubers	76.2	60.3	82.9	65.7	0.3	-20.9	37.5	-20.7
Wine grapes	106.9	124.3	138.5	138.5	6.8	16.3	11.4	-
Other	97.5	97.6	101.5	97.4	0.6	0.1	4.0	-4.0
<b>Stock-raising</b>	<b>100.2</b>	<b>107.1</b>	106.0	108.1	10.1	<b>7.7</b>	-1.8	2.0
Beef cattle	85.6	96.6	89.0	91.0	2.9	12.9	-7.9	2.2
Other animals	70.8	83.2	86.8	97.2	-12.4	17.5	4.3	12.0
Wool	125.4	133.1	131.2	128.1	27.6	6.1	-1.4	-2.4
Milk	112.5	117.1	120.5	125.2	6.9	4.1	2.9	3.9
Poultry and beekeeping	89.0	83.5	95.5	103.9	11.4	-6.2	14.4	8.8
<b>Fisheries</b>	<b>114.3</b>	<b>112.1</b>	<b>110.5</b>	<b>81.7</b>	<b>4.1</b>	-1.9	-1.4	-26.1

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures.

Table 5

## URUGUAY: INDICATORS OF MANUFACTURING PRODUCTION

	Index (1982=100) <sup>1</sup>			Percentage breakdown		Growth rates		
	1986	1987	1988 <sup>a</sup>	1982	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>
Index of manufacturing production	105.7	<b>117.4</b>	<b>113.1</b>	100.0	100.0	12.1	11.1	-3.7
Food	91.2	87.0	93.5 <sup>J</sup>			2.5	-4.6	7.5
				22.6	25.2			
Other food industries	88.5	100.7	153.7 <sup>J</sup>			2.4	13.8	52.6
Beverages	90.4	98.0	93.7	5.5	5.9	13.1	8.4	-4.4
Tobacco	81.6	90.6	93.1	3.4	2.6	11.1	11.0	2.8
Textiles	155.0	156.5	149.5	7.8	10.3	16.7	1.0	-4.5
Clothing	131.8	141.8	117.4	4.6	3.4	12.6	7.6	-17.2
Leather	91.7	95.8	82.7	3.0	4.8	7.6	4.5	-13.7
Footwear	107.0	119.6	107.6	1.4	0.8	19.6	11.8	-10.0
Paper	145.7	150.4	145.9	1.9	3.5	24.0	3.2	-3.0
Printing and publishing	102.6	117.2	99.5	2.2	1.8	3.1	14.2	-15.1
Industrial chemicals	142.2	172.3	177.8	2.1	2.8	37.9	21.2	3.2
Other chemicals	110.2	108.8	112.4	5.2	7.1	19.5	-1.3	3.3
Petroleum refining	70.6	81.7	82.6	16.4	11.9	-9.7	15.7	1.1
Rubber	155.7	176.6	180.0	2.1	2.3	25.4	13.4	1.9
Plastic	123.8	142.2	112.5	1.6	1.6	16.7	14.9	-20.9
Pottery, earthenware and china	175.7	233.2	266.3	0.6	0.8	55.5	32.7	14.2
Glass	141.9	176.2	123.3	0.9	0.7	31.3	24.2	-30.0
Other non-metallic mineral products	57.3	77.8	79.3	2.5	1.7	15.1	35.8	1.9
Basic ferrous metals	100.0	118.8	115.6	1.3	0.9	5.4	18.8	-2.7
Basic non-ferrous metals	134.8	145.1	148.3	0.2	0.2	4.6	7.6	2.2
Metal products	112.7	134.7	120.0	3.9	2.8	23.3	19.5	-10.9
Electrical machinery, appliances and supplies	107.3	123.9	108.8	2.4	2.5	25.5	15.5	-12.2
Transport equipment	126.5	195.1	172.9	6.2	5.4	34.6	54.2	-11.4
Scientific, professional and other equipment	103.4	108.8	129.7	-	0.1	37.1	5.2	19.2
Other manufacturing industries	132.6	154.5	138.1	2.2	1.1	23.5	16.5	-10.6

Source: Central Bank of Uruguay.

<sup>a</sup> Preliminary figures.



**Table 6**  
**URUGUAY: RATE OF ACTIVITY, EMPLOYMENT AND UNEMPLOYMENT IN MONTEVIDEO**  
*(Percentages)*

Rate of	Sliding quarter centered on											
	1986				1987				1988			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Activity	59.2	58.3	57.9	59.5	60.5	60.0	60.9	59.7	61.2	58.6	58.9	58.7
Employment	51.9	51.8	52.1	54.1	54.3	54.5	55.8	53.8	55.2	53.8	53.3	54.0
Unemployment	12.3	11.2	10.0	9.0	10.2	9.1	8.3	9.9	9.8	8.3	9.5	8.0

Source: ECLAC, on the basis of data from the Department of Statistics and Censuses.

**Table 7**  
**URUGUAY: RATE OF UNEMPLOYMENT BY BRANCH OF ACTIVITY**  
**BASED ON SLIDING QUARTERS (MONTEVIDEO)**  
*(Percentages)*

Branch of activity	At end of							
	1987				1988			
	I	II	III	IV	I	II	III	IV
Manufacturing	8.7	7.9	7.4	8.6	8.9	7.3	9.1	8.8
Construction	9.8	8.1	8.5	13.5	6.4	13.1	9.9	8.6
Commerce.	11.4	8.5	9.3	7.0	9.7	9.3	8.9	7.4

Source: ECLAC, on the basis of data from the Department of Statistics and Censuses.

Note: The values correspond to the central months of quarterly sliding averages.

Table 8  
URUGUAY: WEEKLY AVERAGE OF HOURS WORKED IN MONTEVIDEO

	General		Manufacturing		Construction	
	At end of quarter	12-month variation	At end of quarter	12-month variation	At end of quarter	12-month variation
<b>1987</b>						
I	40.2	-1.8	42.2	-0.7	44.2	7.8
II	43.3	3.2	45.7	5.0	41.8	
III	43.1	0.7	45.4	3.8	43.6	4.4
IV	41.7	0.4	43.5	1.7	40.3	5.2
Annual average	42.1	0.7	44.1	2.5	42.5	2.2
<b>1988</b>						
I	39.0	-3.0	40.0	-5.2	41.6	-5.9
II	41.9	-3.2	42.4	-7.2	43.5	4.1
III	43.0	-0.2	44.0	-3.1	43.1	-1.1
IV	40.5	-2.9	41.8	-3.9	40.7	1.0
Annual average	41.1	-2.4	42.1	-4.5	42.2	-0.7

Source: ECLAC, on the basis of data from the Department of Statistics and Censuses.

Table 9  
URUGUAY: BALANCE OF PAYMENTS  
(Millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Balance on current account	468	-245	-71	-139	-131	66	-132	13
Trade balance	-397	-48	217	222	220	344	149	318
Exports of goods and services	1701	1537	1411	1289	1253	1500	1554	1763
Goods FOB	1230	1256	1156	925	854	1088	1189	1404
Real services <sup>b</sup>	471	281	255	365	399	412	365	358
Transport and insurance	92	81	71	69	68	71	73	78
Travel	283	106	90	210	235	258	208	203
Imports of goods and services	2098	1585	1194	1067	1033	1156	1405	1444
Goods FOB	1592	1038	740	732	675	791	1080	1112
Real services <sup>b</sup>	506	547	455	335	357	365	325	332
Transport and insurance	174	116	85	80	89	99	102	107
Travel	203	304	259	154	162	174	129	138
Factor services	-74	-197	-288	-362	-351	-278	-281	-306
Profits	-	-	-	-	-	-	-	-
Interest received	146	147	63	87	77	93	103	115
Interest paid	-220	-344	-350	-449	-428	-371	-384	-420
Work and property	-	-	-	-	-	-	-	-
Unrequited private transfer payments	3	-	-	-	-	-	-	-
Balance on capital account	494	-172	-	54	195	221	220	74
Unrequited official transfer payments	7	10	11	10	11	25	8	21
Long-term capital	345	515	643	30	59	137	80	58
Direct investment	49	-14	6	3	-8	-4	5	3
Portfolio investment	3	-7	-16	7	96	86	13	97
Other long-term capital	294	536	653	20	-29	55	62	-42
Official sector <sup>c</sup>	110	423	329	46	-23	44	49	24
Loans received	140	456	531	90	21	74	152	88
Amortization payments	-27	-29	-198	-43	-44	-30	-102	-64
Commercial banks <sup>c</sup>	-3	-5	37	-1	-5	-1	6	-26
Loans received	-	1	43	-	-	-	6	-
Amortization payments	-2	-2	-9	-1	-1	-1	-	-27
Other sectors <sup>c</sup>	187	118	287	-25	-1	12	7	-40
Loans received	201	182	346	62	30	39	48	32
Amortization payments	-14	-64	-58	-87	-31	-27	-40	-72
Short-term capital	303	567	-359	158	-136	-150	201	230
Official sector	-5	83	41	47	125	5	174	139
Commercial banks	87	240	-67	67	-148	-69	-14	187
Other sectors	221	244	-333	43	-113	-87	40	-96
Errors and omissions (net)	-161	-1264	-295	-144	262	209	-69	-221
Global balance	26	-417	-70	-85	64	287	87	101
Total variation in reserves (- sign indicates an increase)	-51	497	71	105	-42	-245	-34	-89
Monetary gold	4	85	52	-8	-6	-1	-3	-
Special Drawing Rights	-10	41	-2	-1	-10	3	-56	50
IMF reserve position	1	33	-10	10	-	-	-	-
Foreign exchange assets	-37	240	-122	106	-30	-310	8	-83
Other assets	-9	3	12	12	-124	18	20	25
Use of IMF credit	-	96	142	-15	127	45	-3	-96

Source: 1981-1987: International Monetary Fund, *Balance of Payments Yearbook*; 1988: ECIAC, on the basis of official data.  
<sup>a</sup> Preliminary figures. <sup>b</sup> Includes other non-factor services. <sup>c</sup> Includes net loans granted and other assets and liabilities. Equals total variation in reserves (of opposite sign), plus counterpart items.

Table 10  
URUGUAY: MAIN FOREIGN TRADE INDICATORS

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>1</sup>
<b>Growth rates</b>								
<b>Exports of goods</b>								
Value	16.2	22	-8.0	-20.1	-7.7	27.4	93	18.1
Volume	14.6	12.6	3.0	-21.9	0.6	25.5	-2.4	7.7
Unit value	1.4	-9.3	-10.7	2.3	-7.1	1.5	12.0	9.7
<b>Imports FOB</b>								
Value	-4.6	-34.8	-28.8	-1.0	-7.8	17.1	36.5	3.0
Volume	-9.2	-31.5	-20.9	3.9	-10.1	34.2	26.1	0.1
Unit value	5.1	-4.8	-10.0	-4.7	2.6	-12.7	83	2.9
<b>Terms of trade</b>	-3.8	-5.0	-1.1	6.6	-9.4	15.0	3.5	6.4
<b>Indexes (1980=100)</b>								
<b>Purchasing power of exports</b>	110.2	117.9	120.1	100.0	90.1	130.1	131.4	150.6
<b>Quantum of exports</b>	114.6	129.0	132.9	103.9	103.3	129.6	126.5	136.2
<b>Quantum of imports</b>	90.8	62.2	49.2	51.1	46.0	61.7	77.3	77.4
<b>Terms of trade (FOB/CIF)</b>	96.2	91.4	90.3	96.3	87.3	100.4	103.9	110.6

Source: ECIAC, on the basis of data provided by the Central Bank of Uruguay.

<sup>1</sup> Preliminary figures.

Table 11  
URUGUAY: EXCHANGE RATES

Annual and quarterly averages	Nominal exchange rates (pesos per dollar)	Indexes of effective real exchange rate <sup>a</sup>		
		Exports	(If	Imports (2) <sup>c</sup>
1970-1979	3	126.4	1033	121.7
1980	9	100.0	100.0	100.0
1981	11	96.5	95.6	95.8
1982	14	106.0	102.2	103.4
1983	35	141.9	133.0	136.0
1984	56	130.8	122.7	126.2
1985	101	130.9	120.4	124.7
1986	152	132.0	114.8	123.1
1987	227	130.9	110.7	120.3
1988	359	145.3	124.5	135.5
1986				
I	132	137.4	122.2	129.4
II	145	135.8	118.1	126.5
III	158	129.7	112.3	120.8
IV	173	125.0	106.6	115.8
1987				
I	192	129.9	110.0	119.5
II	213	134.9	114.2	124.1
III	236	124.9	105.5	114.6
IV	266	133.8	113.1	122.9
1988				
I	299	143.9	122.1	132.7
II	336	150.5	128.3	139.6
III	376	141.5	122.1	132.9
IV	426	145.0	125.5	136.7

Source: ECLAC, on the basis of information from the International Monetary Fund, *International financial statistics*.

<sup>a</sup> Corresponds to the average of the indexes of the real exchange rate for the peso with respect to the currencies of Uruguay's main trading partners, weighted by the relative significance of exports or imports to or from those countries, as appropriate. From 1975 to 1979, these weightings correspond to the average for those years and from 1980 onward, to the average for the period 1983-1987. Wholesale price indexes were the indexes used in these calculations whenever possible. For information on the methodology and sources used, see the technical appendix to the *Economic Survey of Latin America*, 1981. <sup>b</sup> Includes the major petroleum-exporting countries. <sup>c</sup> Excludes the major petroleum-exporting countries.

Table 12

## URUGUAY: EXPORTS OF GOODS FOB

	Millions of dollars			Percentage breakdown		Growth rates		
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>
Total	<b>1087</b>	<b>1189</b>	1404	100.0	100.0	27.4	9.4	<b>18.1</b>
Traditional	402	392	539	39.3	38.4	37.2	-2.5	37.5
Non-traditional	685	797	865	60.7	61.6	22.3	16.4	8.5
Principal sections								
Live animals and animal products	294	255	274	24.8	19.5	46.3	-13.3	7.5
Beef	164	125	140	14.7	10.0	49.1	-23.8	12.0
Mutton	22	6	11	1.3	0.8	266.7	-72.7	83.3
Other	108	124	123	8.8	8.8	27.1	14.8	-0.8
Plant products	133	99	159	10.1	11.3	-5.7	-25.6	60.6
Rice	78	53	90	6.1	6.4	-3.7	-32.1	69.8
Other	55	46	69	4.1	4.9	-8.3	-16.4	50.0
Fats and oils	8	4	7	1.7	0.5	60.0	-50.0	75.0
Food products, beverages and tobacco	36	35	38	3.0	2.7	56.5	-2.8	8.6
Mineral products	5	4	4	1.1	0.3	400.0	-20.0	-
Plastics and rubber manufactures	0.0	20	30	1.9	2.2	53.8	50.0	3.3
Hides, skins and leather products	148	198	210	13.5	15.0	29.8	33.8	6.1
Skins and leather	74	83	105	3.8	7.5	21.3	12.2	26.5
Processed hides	36	57	61	4.9	4.3	33.3	58.3	7.0
Furs and fur products	0.0	37	57	4.8	3.1	48.0	54.1	-22.8
Textiles and textile manufactures	314	383	492	28.9	35.0	20.8	22.0	28.5
Unwashed wool	57	76	105	9.6	7.5	9.6	33.3	38.2
Washed wool	29	30	32	2.2	2.3	70.6	3.4	6.7
Tops	114	135	212	8.2	15.1	21.3	18.4	57.0
Other	114	142	143	8.8	10.2	17.5	24.6	0.7
Footwear and other	9	11	11	1.9	0.8	28.6	22.2	-
Chemical and chemical-related products	50	77	84	-	6.0	54.0	9.1	-
Other	63	85	95	-	6.8	35.8	34.9	11.8

**Source:** ECLAC, on the basis of data provided by the Central Bank of Uruguay.

<sup>a</sup> Preliminary figures.

**Table 13**  
**URUGUAY: FOREIGN TRADE BY GEOGRAPHICAL AND ECONOMIC ZONES**  
*(Percentages of the total)*

	Exports				Imports			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>America</b>	<b>43.9</b>	<b>51.9</b>	<b>46.4</b>	<b>39.8</b>	<b>44.3</b>	<b>60.0</b>	<b>58.4</b>	<b>59.7</b>
ALADI	27.8	38.7	30.2	26.9	35.3	50.3	48.6	50.4
Argentina	7.4	8.2	9.5	7.1	12.2	14.2	13.7	15.2
Brazil	16.8	27.2	17.2	16.3	17.8	24.4	24.4	26.1
Mexico	0.8	0.7	0.8	1.3	2.2	7.4	7.5	5.2
Other	2.9	2.8	2.6	2.2	3.1	4.3	2.9	3.8
United States	14.7	11.9	14.8	11.1	7.5	8.4	7.9	7.9
Rest of America	13	1.2	1.4	1.8	1.5	1.2	1.8	1.5
<b>Europe</b>	<b>31.7</b>	<b>32.6</b>	<b>36.8</b>	<b>36.6</b>	<b>26.3</b>	<b>25.6</b>	<b>25.5</b>	<b>28.4</b>
EEC	20.4	25.9	28.1	26.7	15.3	19.9	21.0	20.9
Germany	7.7	9.1	10.3	8.2	7.0	7.6	8.1	6.4
Other EEC countries	12.7	16.8	17.8	18.1	8.3	12.3	12.9	14.5
Eastern Europe	8.1	4.5	5.8	8.4	6.3	1.8	1.0	3.1
Other Eastern European countries	2.3	2.3	3.0	1.9	3.3	4.0	3.5	4.4
<b>Rest of world</b>	<b>24.4</b>	<b>15.5</b>	<b>16.8</b>	<b>23.6</b>	<b>29.4</b>	<b>14.3</b>	<b>16.1</b>	<b>11.9</b>
Africa	1.8	1.5	1.6	1.3	10.5	2.7	5.4	2.1
Asia	10.9	10.7	8.7	14.1	3.8	5.9	6.2	6.4
Middle East	10.9	2.8	5.0	7.6	14.7	5.3	4.0	3.3
Other zones	0.8	0.5	1.4	0.7	0.3	0.5	0.5	0.1

Source: ECIAC, on the basis of data from the Central Bank of Uruguay.

\* Preliminary figures.

Table 14  
URUGUAY: IMPORTS OF GOODS, CIF

	Millions of dollars			Percentage breakdown		Growth rates		
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>
<b>Total</b>	<b>870</b>	<b>1142</b>	<b>1155</b>	<b>100.0</b>	<b>100.0</b>	<b>22.9</b>	<b>31.3</b>	<b>12</b>
Consumer goods	82	132	140	10.8	12.1	34.4	59.7	6.0
Durable	27	56	62	...	5.4	47.5	110.5	10.5
Non-durable	56	75	77		6.7	28.9	35.4	2.7
Raw materials and intermediate goods	686	857	837	74.3	72.5	18.0	24.9	-2.3
Petroleum and fuels	158	167	155	27.5	13.4	-29.3	5.5	-7.1
Other	528	690	682	46.8	59.0	117.6	30.7	-1.1
Capital goods	102	154	179	14.9	15.5	55.7	51.2	16.1

Source: ECLAC, on the basis of data provided by the Central Bank of Uruguay.

<sup>a</sup> Preliminary figures.

Table 15  
URUGUAY: INDICATORS OF EXTERNAL INDEBTEDNESS  
(Millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Gross external debt	3112	4 238	4 572	4 671	4900	5238	5888	6330
Public debt	1464	2 705	3197	3135	3 551	3 829	4228	4 239
Financial sector	267	1088	1565	1497	1629	1716	1803	1650
Non-financial sector	1197	1617	1632	1638	1922	2113	2425	2589
Private debt not guaranteed by the State	1665	1550	1392	1508	1349	1410	1660	2091
External debt (net)	274	1790	2523	2964	2911	2631	2788	3166
Debt service	279	512	536	545	598	497	582	630
Amortization payments	59	168	186	96	170	126	198	210
Interest payments	220	344	350	449	428	371	384	420
Percentages over exports of goods and services <sup>b</sup>								
Debt service	16.4	39.3	41.2	42.3	47.7	33.1	37.5	35.7
Public-sector external debt	85.1	206.3	244.6	245.4	283.4	255.3	272.1	240.4
Gross external debt	183.0	325.2	351.7	362.4	391.1	349.2	378.9	359.0
External debt (net)	16.1	137.4	194.1	230.0	232.3	175.4	179.4	179.6

Source: ECLAC, on the basis of data provided by the Central Bank of Uruguay.

<sup>a</sup> Preliminary figures. <sup>b</sup> Gold sales excluded.



Table 16

**URUGUAY: PUBLIC-SECTOR COMMITMENTS IN FOREIGN CURRENCY**  
(Millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Gross external debt of the public sector	1447	2687	3180	3162	3 550	3 828	4 227	4 239
Foreign currency commitments to the resident private sector	416	561	759	1035	1206	1381	1480	1655
Central Bank	91	166	422	513	566	605	611	660
To private banks	91	166	422	513	553	579	581	590
To the non-banking private sector					13	26	30	70
Banco de la República (BROU)	245	207	199	262	399	466	568	696
To private banks	1	1	1			1	1	
To the non-banking private sector	244	206	198	262	399	465	567	696
Banco Hipotecario	55	139	66	99	132	135	148	174
To private banks	50	72						
To the non-banking private sector	5	67	66	99	132	135	148	174
Non-financial public sector	24	47	71	159	107	174	151	125
Total public sector commitments in foreign currency	1863	3 249	3 939	4198	4 757	5209	5 707	5 894

**Source:** ECLAC, on the basis of data provided by the Central Bank of Uruguay.

<sup>a</sup> Preliminary figures.

**Table 17**  
**URUGUAY: DOMESTIC PRICES**  
*(Percentages)*

	1982	1983	1984	1985	1986	1987	1988
<b>Decern ber-to-December variation</b>							
Consumer price index	20.5	51.5	66.1	83.0	70.7	57.3	69.0
Food	13.3	59.7	77.5	72.2	91.9	42.2	73.3
Wholesale price index							
Imported products	70.0	78.2	75.8	77.6	10.6	87.2	50.1
Domestic products	33.5	73.8	84.0	74.2	66.9	57.2	60.5
Agricultural products	17.9	118.6	90.3	41.1	108.5	39.3	66.2
Manufactures	37.9	62.9	82.0	85.5	56.1	63.5	58.9
Construction index	30.6	38.8	65.8	93.3	71.1	74.9	58.9
<b>Variation between annual averages</b>							
Consumer price index	19.0	49.6	55.3	72.1	76.5	63.5	62.2
Food	11.7	54.2	68.4	63.1	91.6	59.7	58.0
Wholesale price index							
Imported products	16.0	129.9	59.6	77.0	28.6	62.1	60.9
Domestic products	12.9	73.4	77.4	76.7	67.2	63.2	57.4
Agricultural products	7.6	89.0	90.1	53.8	83.7	67.7	48.8
Manufactures	14.4	69.2	73.5	84.2	62.6	61.8	60.2
Construction index	13.3	46.6	51.9	88.7	71.5	77.7	59.2

Source: ECLAC, on the basis of data from the Central Bank of Uruguay and the Department of Statistics and Censuses.

Table 18  
URUGUAY: EVOLUTION OF WAGES <sup>a</sup>  
(Variation between annual averages)

	1980	1981	1982	1983	1984	1985	1986	1987	1988*
Nominal wages	64.4	43.6	183	183	41.0	993	86.7	713	64.1
Public sector	74.6	42.7	18.6	16.9	353	99.4	83.0	643	62.6
Private sector	54.6	44.6	17.8	20.0	47.5	99.3	89.2	76.8	65.2
Real wages.	-0.4	7.5	-0.3	-20.7	-9.0	14.1	5.8	4.7	1.5
Public sector	5.9	7.1	-0.1	-21.6	-12.9	14.1	3.7	0.5	0.5
Private sector	6.3	7.9	-0.7	-19.7	-5.0	14.9	7.3	7.9	2.2

Source: Data prepared by the Department of Statistics and Censuses.

<sup>a</sup> Calculated on the basis of the minimum increases decreed by the government up to October 1980 and wages actually paid thereafter. Preliminary figures.

Table 19  
URUGUAY: MONETARY INDICATORS

	End-of-year balance (billions of new pesos)					Growth rates			
	1984	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Monetary base	15.2	30.7	52.8	92.2	151.4	102.0	72.2	74.6	64.2
Money (Mi)	20.0	40.2	71.0	118.7	189.0	101.3	76.6	67.2	59.2
Money outside banks	12.1	23.4	43.0	76.4	125.7	92.9	84.2	77.6	64.5
Demand deposits	7.9	16.9	28.0	42.3	63.3	114.1	66.0	51.2	49.7
Savings and time deposits	33.6	62.3	93.1	140.3	217.5	85.1	49.6	50.6	55.1
M <sub>2</sub>	53.6	102.5	164.2	259.0	406.5	91.1	60.2	57.7	57.0
Deposits in foreign currencies	104.8	203.1	364.4	622.7	1230.1	93.8	79.4	70.9	97.5
M <sub>3</sub>	158.4	305.6	528.6	881.7	1636.6	92.9	73.0	66.8	85.6
Coefficients									
M1/GDP	6.8	7.6	7.2	6.8	6.6				
M2/GDP	18.2	19.4	16.7	14.8	14.2				
M3/GDP	53.8	57.9	53.9	50.3	57.3				

Source: ECIAC, on the basis of data supplied by the Central Bank of Uruguay.

\* Preliminary figures.

Table 20

**URUGUAY: REAL INTEREST RATES IN LOCAL AND FOREIGN CURRENCY**  
(Annual percentages)

Period (end of quarter)	Local currency					Foreign			
	Nominal rate			Price index (12 months before)	Real rate			Private banks	BCU
	Private banks		BCU		Private banks		BCU		
	On de- posits	On prefer- ential loans	On de- posits		On de- posits	On loans	On de- posits	On de- posits	On de- posits
1985 IV	74.4	80.0	73.0	83.0	-4.7	-1.6	-5.5	8.1	9.4
1986 IV	59.2	73.4	67.0	70.6	-6.7	1.6	-2.1	5.1	6.8
1987 I	58.4	72.0	67.0	70.0	-6.8	1.2	-1.8	5.4	7.0
II	59.4	77.0	67.0	65.1	-3.5	7.2	1.2	5.6	8.0
<b>m</b>	61.2	76.0	68.0	60.7	0.3	9.5	4.5	5.6	7.9
IV	66.8	83.2	72.0	57.3	6.0	16.3	9.3	6.2	7.9
1988 I	65.0	84.4	73.0	54.3	6.9	19.5	12.1	5.7	6.9
II	66.2	77.2	74.0	59.1	4.5	11.4	9.4	6.0	7.8
III	68.4	80.2	74.0	64.8	2.2	9.3	5.6	6.1	8.5
IV	73.6	84.2	81.0	69.0	2.7	9.0	7.1	6.5	9.1

**Source:** ECIAC, on the basis of data supplied by the Central Bank of Uruguay (BCU).

**Note:** The real rate is measured by deflating the nominal rate by the rate of inflation. The previous year on the assumption that the public expectations are performed as a projection of the latter rate.

Table 21  
URUGUAY: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Billions of new pesos				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>1. Current income</b>	<b>76.8</b>	<b>1495</b>	<b>270.9</b>	<b>456.7</b>	<b>93.0</b>	<b>952</b>	<b>80.7</b>	<b>68.6</b>
Earnings from taxes	68.4	1332	249.7	419.8	100.5	94.7	87.5	68.1
Direct	10.4	212	433	73.4	116.7	103.8	104.2	69.5
Indirect	58.0	112.0	166.7	283.5	98.0	93.1	48.8	70.1
On external trade	10.2	23.6	39.7	62.9	72.9	131.4	68.2	58.4
Other	8.4	16.7	21.2	36.9	47.4	98.8	26.9	74.1
<b>2. Current expenditure</b>	<b>83.6</b>	<b>146.8</b>	<b>262.0</b>	<b>453.8</b>	<b>652</b>	<b>75.6</b>	<b>78.5</b>	<b>732</b>
Remunerations	273	51.1	882	1533	713	87.2	72.6	73.8
Social security	26.5	42.1	78.8	142.5	<sup>b</sup>	58.9	87.2	80.8
Interest payments on public debt	10.5	16.8	25.4	44.5	98.9	60.0	51.2	75.2
Other expenditure	193	36.8	69.6	113.5	38.8	90.7	89.1	63.1
<b>3. Current savings (1-2)</b>	<b>-6.8</b>	<b>3.1</b>	<b>93</b>	<b>2.9</b>	<b>187.1</b>	<b>-67.4</b>		
<b>4. Capital expenditure</b>	<b>7.8</b>	<b>14.4</b>	<b>31.0</b>	<b>56.8</b>	<b>592</b>	<b>84.6</b>	<b>1153</b>	<b>832</b>
<b>5. Total expenditure (2+4)</b>	<b>91.4</b>	<b>1612</b>	<b>293.0</b>	<b>510.6</b>	<b>64.8</b>	<b>76.4</b>	<b>81.8</b>	<b>743</b>
<b>6. Fiscal deficit (or surplus) (1-5)</b>	<b>-14.6</b>	<b>-113</b>	<b>-22.1</b>	<b>-53.9</b>				
<b>7. Deficit financing</b>	<b>14.6</b>	<b>113</b>	<b>22.1</b>	<b>53.9</b>				
a) Credit received (net)	13	-7.5	-13.1	<sup>^</sup> 10.0				
b) Net sales of securities	16.1	20.6	32.0	88.7				
c) External loans	-2.1	-2.1	3.8	5.4				
d) Other sources	-0.7	0.3	-0.6	-0.2				
<b>Ratios</b>								
Current savings/capital expenditure	-87.2	21.5	28.7	5.1				
Fiscal deficit/total expenditure	16.0	7.0	7.5	10.6				
Tax earnings/GDP	12.9	13.6	14.2	14.7				
Total expenditure/GDP	173	16.4	16.7	17.9				
Fiscal deficit/GDP	2.8	1.2	13	1.9				

Source: ECLAC, on the basis of data supplied by the Office of the Accountant-General.

<sup>1</sup> Preliminary figures.      Included in remunerations.

Table 22  
**URUGUAY: CENTRAL GOVERNMENT INCOME AND  
 EXPENDITURE IN REAL VALUES**  
*(Growth rates)*

	1985	1986	1987	1988 <sup>a</sup>
Current income	12.0	10.6	10.6	3.9
Internal taxes	203	6.4	17.2	4.7
On production and transactions	15.4	23	133	5.9
Value added	10.0	5.0	15.5	153
Fuel tax	19.2	-8.7	10.6	-6.2
Tobacco tax	6.4	-10.9	-23	1.4
Other indirect taxes	47.2	19.0	17.0	-12.6
Income tax	-6.0	35.4	32.0	10.8
Inheritance tax	31.1	21.9	17.2	-4.1
Other taxes	84.8	-9.0	191.9	15.4
Less: documents received	-213	7.0	11.5	17.5
Taxes on external trade	03	30.6	3.1	-23
Import taxes	11.8	33.2	-2.2	...
Export taxes	-47.7	20.0	-30.1	...
Customs and other duties	3.6	18.2	237.5	...
Other income	-16.8	15.9	-22.4	73
Current expenditure	-3.9	-0.5	9.2	3.7
Remunerations		6.0	5.6	7.2
Social security contributions and assistance	-0.5	-9.9	14.5	11.5
Purchase of goods and services	-6.4	29.0	10.6	-6.8
Interest payments on public debt	15.5	-9.6	-7.6	83
Other	-34.5	-17.4	27.0	-19.5
Investment	-7.7	4.4	31.9	12.9
Total expenditure	-43	**	11.2	7.5

Source: ECIAC, on the basis of data supplied by the Office of the Accountant-General.

\* Preliminary figures.

Table 23  
**URUGUAY: STRUCTURE OF CENTRAL GOVERNMENT EXPENDITURE**  
*(Percentages)*

	1980	1985	1986	1987	1988 <sup>a</sup>
Total	100.0	100.0	100.0	100.0	100.0
Remunerations	29.9	31.8	30.1	30.0	30.0
Contributions and transfers to the social security system	63.5	29.0	26.2	26.9	27.9
Transfers to public bodies <sup>b</sup>	5.3	8.5	6.2	8.0	6.0
Non-personal expenditure	16.6	12.2	15.8	15.7	13.6
Interest payments on public debt	2.2	11.5	10.4	8.6	8.7
Capital expenditure	12.1	8.5	8.9	10.6	11.1
Other	0.3	0.4	0.8	-	2.7

Source: Up to 1981, Office of the Accountant-General. As from 1982, combined figures prepared by the National Treasury and the Office of the Accountant-General.

\* Preliminary figures. <sup>b</sup> Includes: advances, subsidies, grants and National Housing Fund.

## VENEZUELA

After recovering in 1987 the level which it had reached before the crisis, the Venezuelan economy grew by more than 4% in 1988. However, the bases of this dynamism showed themselves to be more and more fragile, as the imbalances in both the domestic and the external accounts got worse. Thus, the promising recovery of public investment was accompanied by a bigger fiscal deficit which reached 3% of the product and was largely due to a drop in the value of oil exports. Ultimately, it was financed by a marked draw-down of the international reserves. Consumption increased considerable, although in good part it went to accumulate stocks, since tighter external constraints and the deterioration of the fiscal position made the maintenance of the economic policy uncertain and suggested there might be an imminent major devaluation. At the same time, inflation (which had reached the unprecedented level of 40% the previous year) went down only slightly, with the result that its rate was double that of the average for the previous decade, and it tended to speed up again during the second half of the year. In the external sector, the balance on merchandise trade was negative for the first time since 1978, while the deficit on current account increased to US\$5 billion: a figure equivalent to almost 10% of the product. The international reserves, for their part, shrank by more than 30%, and by the end of the year they were at such a low level that the authorities prepared to suspend amortization payments on the debt and reopened negotiations with the creditor banks.

In spite of the further decline in the international price of petroleum, the rise in interest rates and the persistence of the restrictions on access to external financing, the authorities decided to maintain and even accentuate the expansionary orientation that they had given to the economic policy since 1986. Fiscal expenditure was therefore increased noticeably, especially for investment, while the monetary policy was gradually made more flexible, with a consequent expansionary

effect on domestic credit. Moreover, the relative stability of the system of official exchange rates contributed to a growing depreciation of the real domestic cost of foreign exchange.

This policy and the emergence of increasingly unfavourable expectations resulted in a considerable rise in domestic demand. This contributed in turn to the fact that the level of activity of the various sectors, with the exception of the petroleum industry, expanded steadily. Employment increased for the fourth consecutive year and the unemployment rate fell to its lowest level since 1982.

The rise in demand also produced strong pressures on prices and, in particular, vigorous growth (29%) in imports, giving rise to a merchandise trade deficit of more than US\$2.2 billion. The burden of debt-service payments also increased until it was equivalent to almost half of export income. The deficit on current account, for its part, rose from US\$1.1 billion in 1987 to almost US\$5 billion.

The persistent restrictions on access to external credit meant that the major part of that deficit had to be financed from the international reserves. The positive balance on the capital account was only US\$550 million, equivalent to only one-tenth of the deficit on current account. As in 1987, the bulk of the resources came from short-term operations, since long-term loan disbursements were only sufficient to cover 25% of the amortization payments agreed to. Because of the decline in commercial lines of credit, official sources became the principal suppliers of these short-term resources. With all this, the international reserves shrank by almost US\$4.5 billion and the operating reserves of the Central Bank fell by the end of the year below US\$2 billion, a level considered to be "critical" in the external debt restructuring agreements and to justify the renewal of negotiations with the creditor banks.



**Figure 1**  
**VENEZUELA: MAIN ECONOMIC INDICATORS**

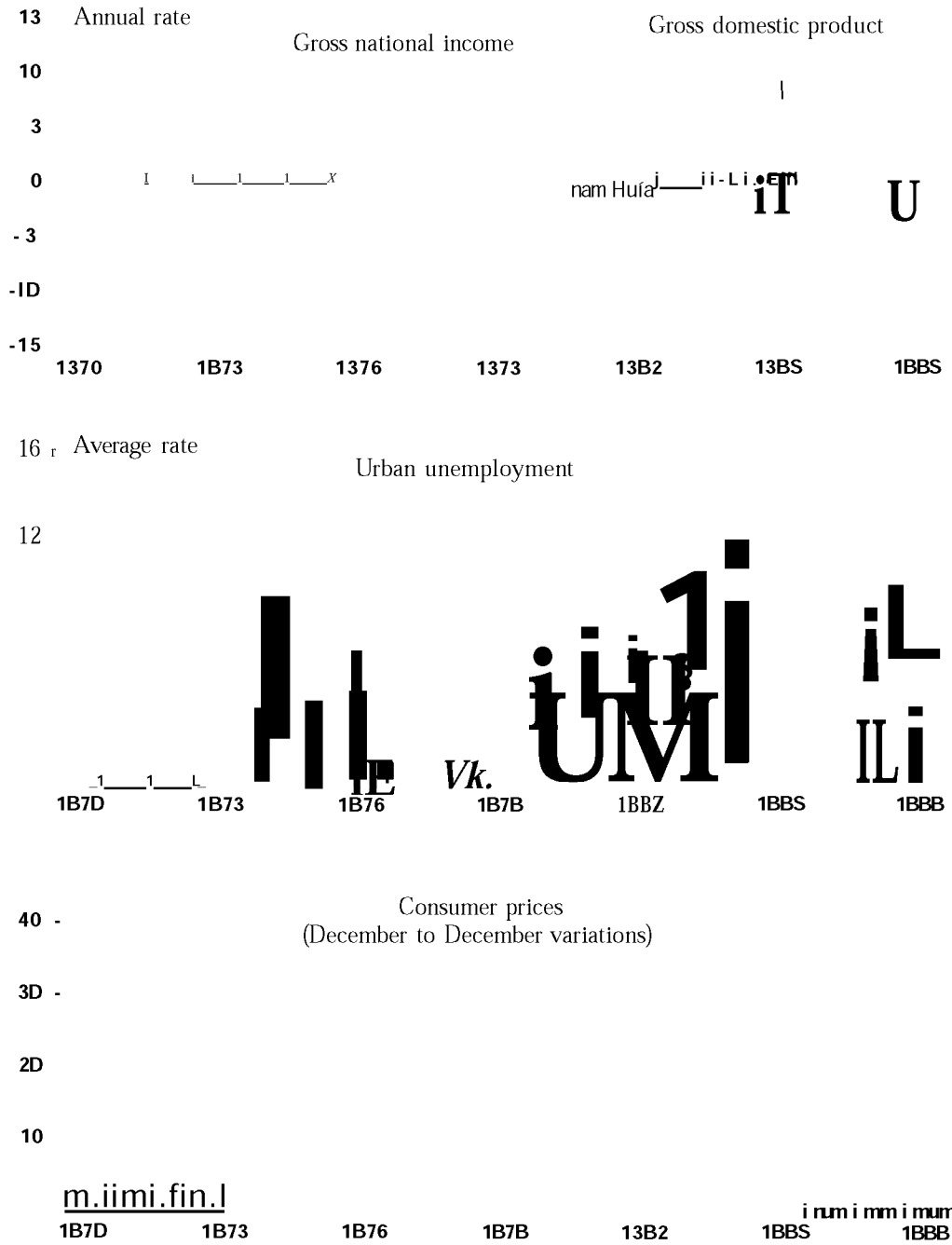
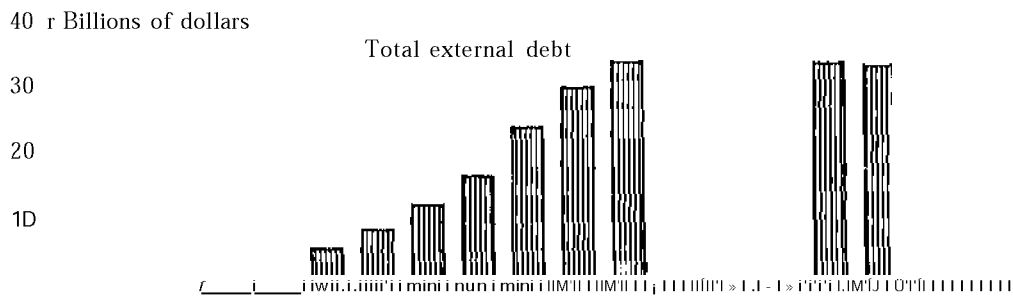
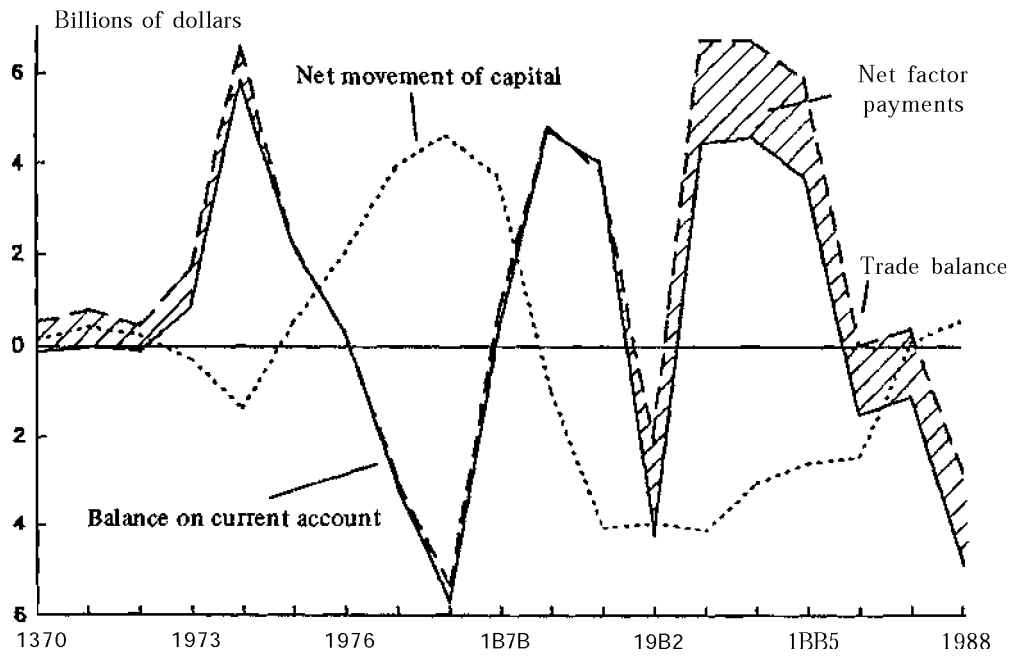


Figure 1 (concluded)

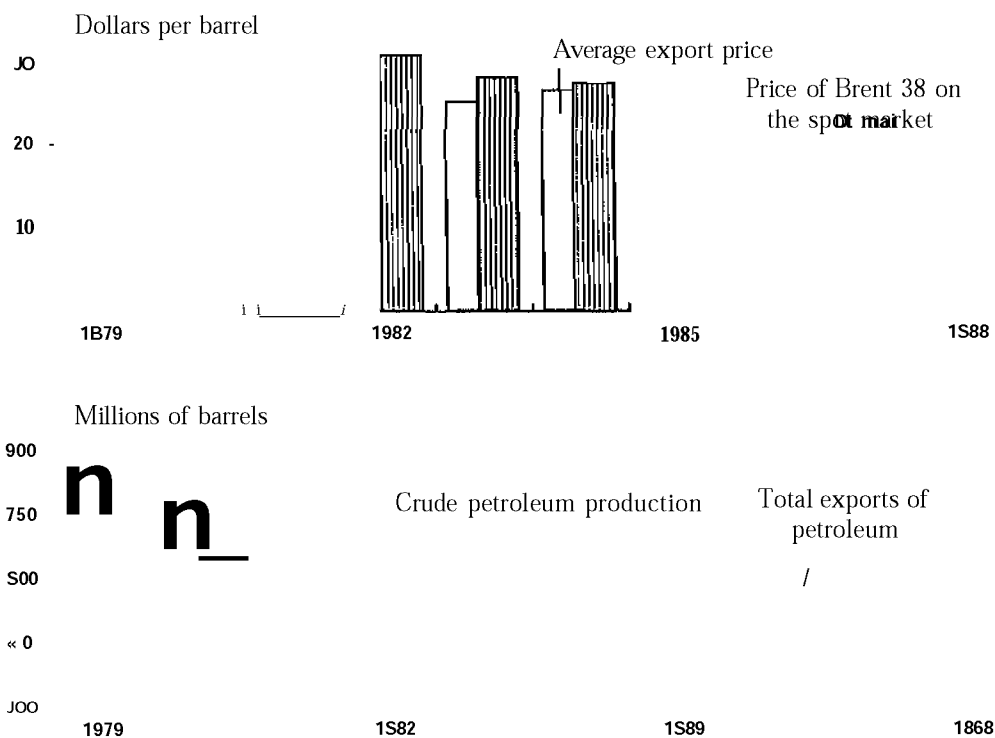


15	Net interest					
10	Exports of goods and services					
5						
0						
-5						
-10						
	1970	1973	1976	1979	1982	1985

Source: ECLAC, on the basis of official data

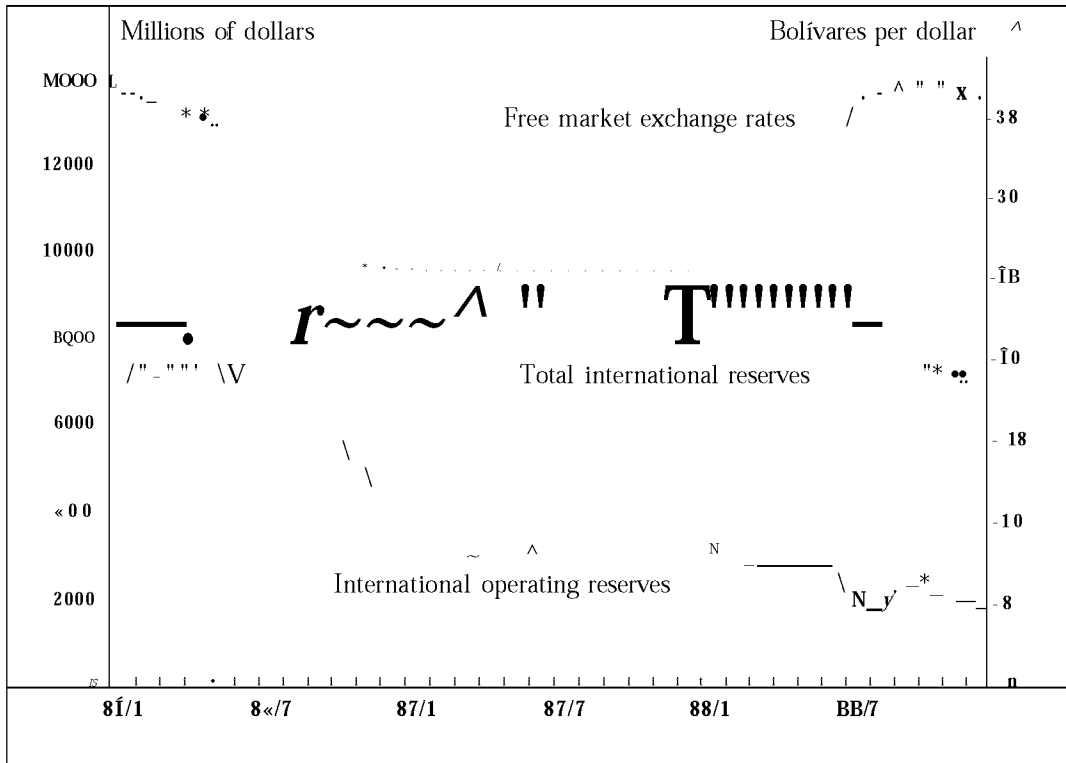
Figure 2

VENEZUELA: INDICATORS OF THE PETROLEUM SECTOR



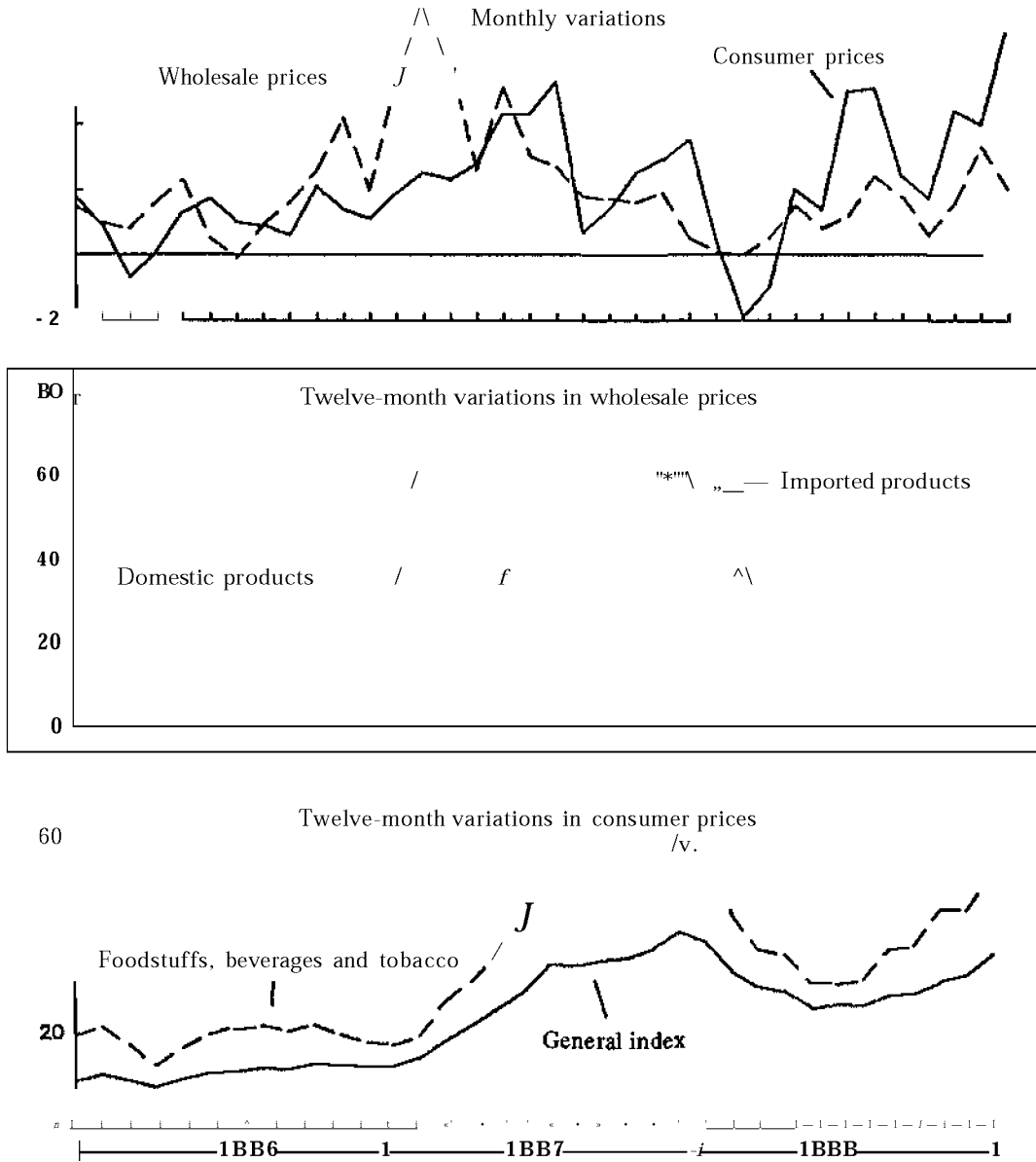
Source: ECLAC, on the basis of official figures.

Figure 3  
 VENEZUELA: EXTERNAL SECTOR INDICATORS



Source: ECLAC, on the basis of official data.

Figure 4  
**VENEZUELA: CONSUMER PRICE INDEX**  
*(Porcentaje)*



Source: ECLAC, on the basis of official figures.

**Table 1**  
**VENEZUELA: MAIN ECONOMIC INDICATORS**

	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes (1980=100)</b>							
<b>Basic economic indicators</b>							
Gross domestic product at market prices	97.8	92.4	91.1	92.2	98.5	101.5	105.7
Gross national income	91.8	87.0	88.1	88.1	75.8	84.2	81.1
Population (millions of inhabitants)	15.9	16.4	16.9	17.3	17.8	18.3	18.8
Per capita gross domestic product	92.2	84.7	81.2	80.0	83.2	83.5	84.6
Net deficit/gross domestic product	0.2	2.2	2.7 <sup>b</sup>	2.1 <sup>b</sup>	0.5	0.5	2.9
Money (M1)/GDP	163	19.0	16.8	14.8	16.7	14.5	14.9
Real exchange rate	85.5	93.7	103.1	97.0	107.2	133.0	137.5
Urban employment rate <sup>c</sup>	7.8	10.5	14.3	14.3	12.1	9.9	7.8
<b>Growth rates</b>							
<b>Short-run economic indicators</b>							
Gross domestic product	-1.2	-5.5	-1.5	1.3	6.8	3.0	4.1
Per capita gross domestic product	-4.0	-8.1	-4.2	-1.4	4.0	0.3	1.4
Gross national income	-8.3	-5.3	1.3	.	-14.0	11.1	-3.7
Consumer prices <sup>e</sup>							
December to December	7.8	7.0	15.6	9.1	12.7	40.3	35.5
Real wages and salaries	-4.7	-1.6	-5.0	-9.9	1.4	-12.9	-11.3
Current value of exports of goods and services	-16.1	-9.8	5.3	-6.4	-35.3	11.7	-0.5
Current value of imports of goods and services	14.8	-53.7	9.4	-2.6	4.0	8.1	29.3
Terms of trade (goods and services)	-8.2	4.3	7.2	-2.7	-48.7	18.7	-17.2
<b>Millions of dollars</b>							
<b>External sector</b>							
Trade balance (goods and services)	-2 077	6 752	6 738	5 934	36	400	-2845
Net payments of profits and interest	1530	2113	2022	2137	1470	1375	1972
Balance on current account	-4 222	4 451	4 598	3 694	-1505	-1103	-4 922
Balance on capital account	-3 940	-4122	-3 044	-2 577	-2 430	80	550
Variation in net international reserves	-7 635	283	1775	817	-3 887	-1248	-4 486
External debt	35 061	34 712	33 862	33 362	32 897	34 444	33 823

Source: ECLAC, on the basis of official data.

<sup>a</sup> Preliminary figures.      <sup>b</sup> Fiscal surplus.      <sup>c</sup> Percentages.      <sup>d</sup> Average for the two half-years.      <sup>e</sup> In the Caracas Metropolitan area.      Average income of each urban worker, deflated by the variation in consumer prices in the Caracas Metropolitan Area. Average for two half-years.

Table 2  
**VENEZUELA: TOTAL SUPPLY AND DEMAND**

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Total supply</b>	<b>92.3</b>	<b>95.4</b>	<b>102.3</b>	<b>129.8</b>	<b>125.7</b>	<b>0.1</b>	<b>6.0</b>	<b>3.4</b>	<b>1.2</b>
Gross domestic product at market prices	98.5	101.5	105.7	100.0	100.0	1.3	6.8	3.0	4.1
Imports of goods and services <sup>5</sup>	71.2	75.1	91.2	29.8	25.7	-3.6	2.5	5.5	21.4
<b>Total demand</b>	<b>92.3</b>	<b>95.4</b>	<b>102.3</b>	<b>129.8</b>	<b>125.7</b>	<b>0.1</b>	<b>6.0</b>	<b>3.4</b>	<b>1.2</b>
Domestic demand	87.1	95.4	100.0	90.5	85.6	2.6	-1.5	9.5	4.8
Gross domestic investment	72.5	87.2	...	24.7	...	6.1	9.0	20.2	...
Gross fixed investment	72.0	71.5	...	25.2	...	5.3	15.4	-0.7	...
Total consumption	92.6	98.5	...	65.8	...	1.7	4.2	6.3	...
Exports of goods and services <sup>5</sup>	104.0	95.5	107.8	39.4	40.2	-4.8	24.3	-8.2	12.8

Source: ECLAC, on the basis of data provided by the Central Bank of Venezuela and the International Monetary Fund.

<sup>a</sup> Preliminary figures. The figures for exports and imports of goods and services were obtained from IMF balance-of-payments data expressed in current dollars, converted to constant 1980 values using unit value indexes calculated by ECLAC for the purpose.

Table 3

**VENEZUELA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC  
ACTIVITY, AT 1980 MARKET PRICES**

	Indexes (1980 = 100)			Percentage breakdown		Growth rates			
	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Gross domestic product</b>	<b>98.5</b>	<b>101.5</b>	<b>105.7</b>	<b>100.0</b>	<b>100.0</b>	<b>1J</b>	<b>6.8</b>	3.0	<b>4.1</b>
<b>Goods</b>	<b>95.2</b>	<b>97.9</b>	<b>101.1</b>	<b>52.0</b>	<b>49.8</b>	0.5	<b>7.6</b>	2.8	<b>33</b>
Agriculture <sup>b</sup>	121.0	126.0	131.2	5.7	7.1	8.3	8.2	4.1	4.1
Petroleum and natural gas extraction	84.9	86.7	87.6	24.0	19.6	-5.8	7.3	2.2	1.0
Mining	109.5	118.5	135.8	0.5	1.0	9.2	18.6	8.2	14.6
Manufacturing <sup>c</sup>	114.3	117.2	122.4	16.2	18.8	4.9	7.0	2.5	4.4
Construction	56.9	59.3	63.0	5.7	3.4	1.6	9.8	4.3	6.2
<b>Basic services</b>	110.2	<b>118.6</b>	<b>125.7</b>	<b>10.9</b>	<b>13.0</b>	<b>9.4</b>	<b>8.7</b>	<b>7.7</b>	6.0
Electricity, gas and water	149.0	146.5	153.1	1.0	1.5	5.6	4.0	-1.7	4.5
Transport, storage and communications	106.2	115.7	122.9	9.9	11.5	10.0	9.4	9.0	6.2
<b>Other services</b>	<b>107.7</b>	112.2	<b>118.4</b>	<b>39.7</b>	<b>44.5</b>	0.7	<b>4.5</b>	<b>4.2</b>	<b>5.5</b>
Commerce, restaurants and hotels	106.7	109.7	114.0	8.2	8.8	1.9	9.0	2.8	3.9
Financial institutions, insurance, real estate and business services	116.3	124.6	135.3	14.9	19.1	-0.7	4.6	7.1	8.6
Ownership of dwellings	112.9	116.0	118.5	9.3	10.5	1.7	2.7	2.7	2.2
Community, social and personal services	100.5	102.4	105.3	16.6	16.5	1.7	2.3	1.9	2.9
Government services	98.2	99.3	102.1	11.8	11.4	-0.1	-0.4	1.2	2.8
<b>Adjustments</b>	<b>123.7</b>	<b>146.4</b>	<b>1613</b>	<b>2.7</b>	<b>73</b>	<b>3.8</b>	1.0	<b>18.3</b>	10.2

Source: ECLAC, on the basis of official figures, reweighted with the structure at current 1980 prices. Consequently, the results obtained do not necessarily coincide with those published by the countries in their calculations at constant prices.

<sup>a</sup> Preliminary figures.      Including the livestock, forestry and fishery sectors.      " Including petroleum refining.  
Including adjustments for bank service charges, import duties and exchange rate adjustments.



**Table 4**  
**VENEZUELA: MAIN INDICATORS OF THE PETROLEUM INDUSTRY**

	1975	1980	1985	1986	1987	1988 <sup>**</sup>	Growth rates				
							1985	1986	1987	1988 <sup>a</sup>	
<b>Crude petroleum</b> <sup>c</sup>											
Production	856.4	793.4	613.6	653.6	664.1	646.6	-7.0	6.5	1.6	-2.6	
Exports	5373	472.6	301.7	3463	374.8	4033	-17.5	14.8	8.2	7.6	
<b>Refined petroleum</b> <sup>c</sup>											
Production	317.0	326.8	<b>344.0</b>	339.8	291.2	325.2	4.4	-1.2	-143	11.7	
Exports	224.1	213.5	<b>199.4</b>	213.6	178.8	179.2	5.5	7.1	-16.3	0.2	
Domestic consumption	90.2	140.7	129.9	136.9	137.8	142.0	-0.6	5.4	0.7	3.0	
<b>Use of installed capacity</b> <sup>e</sup>											
Extraction		87.1	65.2	68.6	<b>64.4</b>	67.4					
Refined capacity	55.8	62.7	67.6	68.6	60.7	75.4					
<b>Reserves</b>											
Proven <sup>f</sup>	18.4	19.7	54.5 <sup>g</sup>	55.5 <sup>g</sup>	58.1	58.5		1.8	4.6	0.7	
Theoretical life <sup>h</sup>	21.5	24.8	88.7	85.6	87.5	88.0		-3.5	2.2	0.6	
<b>Gas</b> <sup>i</sup>											
Gross production	38.0	35.5	33.0	363	36.2	37.6	13	9.9	-0.1	3.6	
Domestic consumption	93	14.4	16.8	17.9	173	30.2	0.6	6.5	-3.4	74.6	
<b>Average price</b> <sup>j</sup>	<b>11.25</b>	<b>26.44</b>	<b>25.89</b>	<b>12.82</b>	<b>1632</b>	<b>14.62</b>	-3.1	-50.5	273	-10.4	
<b>Crude</b>		25.63	24.67	11.52	15.43		-2.7	-53.3	33.9		
Petroleum products		28.21	27.75	14.92	18.18		-5.4	-46.2	21.8		
<b>Sales income</b>	<b>39.0</b>	80.8	88.9	<b>69.4</b>	<b>113.4</b>	<b>128.0</b>	-7.4	-21.9	63.5	12.9	
External	373	78.3	78.3	57.4	101.0	1153	-8.7	-26.7	76.0	14.2	
Domestic	1.7	2.5	10.6	12.0	12.5	12.7	17.7	13.7	3.8	2.2	
<b>Profits of petroleum enterprise</b>	<b>3.7</b>	14.8	10.6	8.2	20.8	17.0	-28.5	-22.9	154.7	-18.2	
<b>Gross fixed investment</b>	<b>1.4</b>	9.8	11.0	15.0	16.7	26.0	0.5	36.5	11.4	55.4	

**Source:** ECIAC, on the basis of figures provided by the Central Bank of Venezuela and by Petróleos de Venezuela SA.  
<sup>\*</sup> Preliminary figures. <sup>b</sup> Including condensate. <sup>c</sup> Millions of barrels. <sup>d</sup> Corresponds to domestic and industrial consumption, including that of the petroleum industry. <sup>e</sup> Percentage. <sup>f</sup> Billions of barrels. <sup>g</sup> Revised figures. <sup>h</sup> In years. Calculated by dividing total reserves by crude oil production in the corresponding year.  
<sup>i</sup> Billions of cubic metres. <sup>j</sup> Dollars per barrel. <sup>k</sup> Billions of bolívares. <sup>l</sup> After deduction of tax.

Table 5  
VENEZUELA: INDICATORS OF AGRICULTURAL PRODUCTION

	1980	1985	1986	1987	1988 <sup>a</sup>	Percentage breakdown		Growth rates			
								1985	1986	1987	1988 <sup>a</sup>
						1985 <sup>b</sup>					
<b>Index of agricultural production<sup>c</sup></b>	100.0	109.9	115.0	118.8	125.6	100.0	6.8	4.6	3.3	5.7	
Crop farming	100.0	104.7	114.7	120.2	126.1	42.4	11.1	9.6	4.8	4.9	
Stock raising	100.0	114.3	117.6	120.8	128.4	53.9	2.3	2.9	2.7	6.3	
Forestry	100.0	111.8	113.8	106.0	119.5	1.2	28.2	1.8	-6.9	12.7	
Fisheries	100.0	112.1	121.1	115.1	123.0	2.5	7.1	8.0	-5.0	6.9	
<b>Production of the main crops</b>											
<b>For export</b>											
Cocoa	15	11	12	13	14	0.4	2.8	10.1	5.0	7.9	
Coffee	58	64	66	70	71	3.1	5.7	2.8	6.0	1.1	
<b>For domestic consumption</b>											
Cereals	1547	1822	2 251	2 418	2 485	10.7	27.6	23.5	7.4	2.8	
Pulses	39	44	47	49	51	0.7	50.7	6.6	4.1	3.5	
Fibers and oilseeds	280	299	325	324	358	2.7	15.9	8.7	-0.3	10.7	
<b>Root crops and tubers</b>	602	610	618	650	671	3.2	-8.7	1.3	5.2	3.2	
Fruit	2034	2 221	2 252	2295	2442	8.5	2.4	1.4	1.9	6.4	
Vegetables	365	313	335	358	385	2.7	-5.4	7.0	6.9	7.5	
Other	5 041	5 744	7392	8 078	8 379	5.5	19.3	28.7	9.3	3.7	
<b>Indicators of stock-raising production</b>											
<b>Slaughtering<sup>e</sup></b>											
Cattle <sup>f</sup>	1663	1719	1759	1743	1798	13.6	2.5	2.3	-0.9	3.2	
Pigs <sup>f</sup>	1776	2 252	2 392	2 510	2 547	7.8	1.8	6.2	4.9	1.5	
Sheep	125	127	129	132	134	0.1	4.1	1.6	2.3	1.7	
Poultry <sup>g</sup>	159	204	214	226	251	9.8	-2.4	4.9	5.6	11.1	
<b>Other products</b>											
Milk <sup>h</sup>	1311	1532	1580	1598	1715	13.3	5.5	3.1	1.1	7.3	
Eggs for consumption <sup>i</sup>	2 034	2 245	2139	2 270	2 490	5.1	4.6	-4.7	6.1	9.7	
<b>Volume of fishery products</b>	177	286	305	291	309	2.4	8.3	6.6	-4.6	6.2	

Source: ECLAC, on the basis of statistics supplied by the Ministry of Agriculture and the Central Bank of Venezuela.

\* Preliminary figures. <sup>b</sup> Value at 1968 prices. <sup>c</sup> Index at constant prices 1980=100. <sup>d</sup> Thousands of tons.

<sup>e</sup> Thousands of head. <sup>f</sup> Includes changes in number of livestock. <sup>g</sup> Millions of head. <sup>h</sup> Millions of litres.

<sup>i</sup> Millions of units.

Table 6  
VENEZUELA: INDICATORS OF MINING ACTIVITY

	1980	1985	1986	1987	1988 <sup>a</sup>	Percentage breakdown		Growth rates		
						1988 <sup>ab</sup>	1985	1986	1987	1988 <sup>a</sup>
<b>Indexes of mining production<sup>c</sup></b> (1980 = 100)	<b>100.0</b>	<b>92.3</b>	<b>109.5</b>	<b>118.5</b>	<b>135.8</b>		<b>92</b>	<b>18.6</b>	8.2	<b>14.6</b>
<b>Production of some important minerals</b>										
Iron ore										
Production	16.0	14.7	16.9	17.8	18.5	40.4	12.9	14.3	5.5	3.8
Exports	11.7	9.0	10.0	11.7	12.4		14.1	11.0	16.7	6.0
CoaT	39	41	57	238	907	42.9	-18.7	36.9	319.1	281.5
Gold <sup>f</sup>	430	2158	2494	3 416	3 673	13.1	24.0	15.6	37.0	7.5
Diamonds <sup>g</sup>	666	215	212	113	151	3.6	-21.2	-1.7	-46.7	33.7

**Source:** ECLAC, on the basis of statistics provided by the Ministry of Energy and Mines and the Central Bank of Venezuela.  
<sup>a</sup> Preliminary figures.      Value of production at current prices.      Value of the sector's production at 1984 prices.  
Millions of tons.      <sup>c</sup> Thousands of tons.      Kilogrammes.      <sup>g</sup> Thousands of metric carats.

Table 7  
VENEZUELA: INDICATORS OF MANUFACTURING PRODUCTION

	1980	1985	1986	1987	1988 <sup>a</sup>	Growth rates				
						1984	1985	1986	1987	1988 <sup>a</sup>
Index of manufacturing production	100.0	99.9	107.5	110.3	116.1	4.5	0.4	7.6	2.6	5.3
Foodstuffs, beverages and tobacco	100.0	105.8	106.7	109.4	118.0	2.0	-2.2	0.9	2.5	7.9
Textiles, clothing and leather goods	100.0	110.2	117.0	117.6	127.4	15.8	-0.5	6.2	0.5	8.3
Wood and furniture	100.0	69.5	79.6	74.8	82.9	-4.2	-0.6	14.5	-6.0	10.8
Paper, printing and publishing	100.0	126.5	139.2	151.6	176.3	15.4	-5.7	10.0	8.9	16.3
Chemicals	100.0	103.0	108.8	128.2	130.1	13.8	9.5	5.6	17.8	1.5
Non-metallic mineral products	100.0	111.0	130.7	129.7	134.9	10.4	9.5	17.7	-0.8	4.0
Basic metal industries	100.0	58.7	76.5	78.1	80.2	-12.9	-13.8	30.3	2.1	2.7
Metal products, machinery and equipment	100.0	87.3	102.4	93.2	92.7	4.0	1.6	17.3	-9.0	-0.5
Other manufacturing industries	100.0	70.7	73.5	65.3	83.1	-2.4	-11.4	4.0	-11.2	27.3
Output of some industrial products <sup>c</sup>										
Public enterprises										
Iron ore		14 737	16 851	17 782	18 463	21.9	12.9	14.3	5.5	3.8
Steel	1784	2 757	3 070	3 338	3 137 <sup>d</sup>	19.5	9.3	11.4	8.7	-5.8
Aluminium	156	403	419	428	412 <sup>d</sup>	14.9	4.7	4.0	5.3	-3.4
Ammonia	439	490	630	638	640	23.8	-14.3	28.6	1.3	0.4
Sulphuric acid	114	156	164	197	172	13.4	-1.3	5.1	20.1	-12.8
Urea	276	315	542	623	760	18.1	-31.5	72.1	14.9	22.1
Fertilizers	441	650	868	820	856 <sup>d</sup>	31.8	-14.4	33.5	-5.5	6.9
Private sector:										
Sugar	323	457	542	584	427 <sup>d</sup>	11.8	17.5	18.6	7.7	-29.3
Cement <sup>e</sup>	111	84	104	115	123	-12.1	-2.0	23.7	10.1	7.0
Vehicle tires	3 483	4 518	5 017	5 447	4 336 <sup>a</sup>	-11.8	51.4	11.0	8.6	-4.9
Passenger vehicles	111	123	150	111	123	-15.6	17.8	21.8	-26.0	10.8
Employment <sup>g</sup>	752	790	878	978	1060	12	6.3	11.1	11.4	8.4

Source: ECLAC, on the basis of statistics supplied by the Central Bank of Venezuela and various industrial enterprises.

\* Preliminary figures for January-September and percentage variation in comparison with the same period of the previous year. <sup>b</sup> Excluding public enterprises. Indicates the value of output deflated by the corresponding producer price index 1980 = 100. <sup>c</sup> Thousands of tons. <sup>d</sup> January-October. <sup>e</sup> Billions of sacks. <sup>f</sup> Thousands of

units. <sup>g</sup> Thousands of persons.

Table 8

## VENEZUELA: INDICATORS OF CONSTRUCTION ACTIVITY

	1980	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
<b>Index of sectoral production<sup>b</sup> (1980=100)</b>	100.0	<b>51.8</b>	<b>56.9</b>	<b>59.3</b>	<b>63.0</b>	<b>1.6</b>	<b>9.8</b>	<b>4.3</b>	<b>6.2</b>
<b>Housing construction</b>									
Total area <sup>c</sup>									
Private sector	4 662	2 402	2 906	3 281	2 435 <sup>d</sup>	-0.9	21.0	12.9	-15.5 <sup>a</sup>
Number of dwellings <sup>e</sup>									
Total	77.1	47.5	120.1	117.3	106.0	9.2	152.8	-2.3	-9.6
Public sector <sup>f</sup>	40.0	24.5	91.7	86.4	84.3	27.5	274.3	-5.8	-2.4
Private sector	37.1	23.0	28.4	30.9	21.7	-5.1	23.8	8.6	-29.7
<b>Indicators of activity</b>									
Steel production for construction <sup>g</sup>	100.0	106.0	117.4	133.3		-5.3	10.8	13.5	
Consumption of cement <sup>g</sup>	100.0	70.9	87.7	96.5		18.2	23.7	10.0	
Domestic sales of hardware and building materials <sup>h</sup>	100.0	55.2	69.7	80.0	98.3	-28.2	26.3	14.8	7.9
Loans granted <sup>i</sup>									
To builders		307	549	417	1015	187.6	78.6	-24.1	143.4
To purchasers		3 450	3 685	4 323	3 982	-12.9	6.8	17.3	-7.9
<b>Employment<sup>j</sup></b>	<b>434</b>	<b>350</b>	<b>420</b>	<b>470</b>	<b>507</b>	<b>2.0</b>	<b>19.8</b>	<b>12.1</b>	<b>7.8</b>

Source: ECLAC, on the basis of information provided by the Construction Fund and the Central Bank of Venezuela.

<sup>a</sup> Preliminary figures. <sup>b</sup> Value of the sector's production at 1984 prices. <sup>c</sup> Housing construction permits granted. Thousands of units. <sup>d</sup> January-September average. Percentage variation with respect to the same period of the previous year. <sup>e</sup> Thousands of units. <sup>f</sup> In addition to dwellings, includes low-income building plots for gradual urban development. <sup>g</sup> Index 1980 = 100. <sup>h</sup> In the Caracas Metropolitan Area. Index in real terms, 1980=100, January-September average. <sup>i</sup> Millions of bolívares. <sup>j</sup> Thousands of persons.

Table 9

## VENEZUELA: INDICATORS OF SERVICE ACTIVITIES

	1980	1985	1986	1987	1988 <sup>a</sup>	Growth rates				
						1984	1985	1986	1987	1988 <sup>a</sup>
Electrical energy										
Installed capacity <sup>b</sup>	7.7	14.7	18.0	15.7	15.6	18.3	26.3	22.4	-12.9	-0.5
Generation <sup>c</sup>	32.4	43.0	46.1	43.8	48.2	3.4	8.4	7.2	-5.2	10.2
Total consumption <sup>c</sup>	27.7	35.9	37.0	31.0	33.7	6.0	8.0	3.2	-16.3	8.8
Transport										
Freight moved <sup>d</sup>										
By air	113	52	59	56	62	19.3	5.9	12.2	-4.9	10.1
By sea	7900	7 912	6 583	7 808	9 998	20.7	6.7	-16.8	18.6	28.1
Commerce										
Index of sales <sup>e</sup>	100.0	97.0	109.5	109.7	114.7	-5.3	4.3	12.9	0.2	10.0
Tourism										
Visitors	430	269	527	615	692	16.6	15.2	96.2	16.6	12.6
Employment <sup>g</sup>										
Total, services sector	2 704	3 069	3 199	3 372	3 587	-0.3	2.9	4.2	5.4	6.4
Commerce <sup>h</sup>	1062	1260	1346	1406	1526	1.0	7.1	6.8	4.5	8.5

**Source:** ECLAC, on the basis of information provided by the Central Statistical Office (OCEI), the Bank of Venezuela and the statistical annex of the message of the President of the Congress, 1989.

<sup>a</sup> Preliminary figures. <sup>b</sup> Millions of kWh. <sup>c</sup> Billions of kWh. <sup>d</sup> Thousands of tons. <sup>e</sup> In the Caracas Metropolitan Area. Index in real terms, 1988. January-October average. <sup>f</sup> Number of visitors entering the country. Includes excursionists and transit passengers. <sup>g</sup> Thousands of persons. <sup>h</sup> Including financial activities.

Table 10  
VENEZUELA: EVOLUTION OF EMPLOYMENT AND UNEMPLOYMENT

	1985	1986	1987	1988 <sup>a</sup>	Percentage breakdown		Growth rates		
					1980	1988 <sup>a</sup>	1986	1987	1988 <sup>a</sup>
Labour force (thousands of persons)	5 873	6064	6 268	6 512			3.3	3.4	3.9
Net participation rate (percentage)	56.0	56.1	56.2	56.7					
Thousands of persons									
Employment	5106	5 396	5 694	6 033	100.0	100.0	5.7	5.5	6.0
Primary sector	895	898	872	874	16.2	14.5	0.3	-2.9	0.3
Agricultural activities	826	837	814	808	14.7	13.4	1.3	-2.7	-0.7
Hydrocarbons, mines and quarries	69	62	58	66	1.5	1.1	-10.6	-6.6	14.1
Secondary sector	1204	1354	1512	1631	26.7	27.0	12.5	11.7	7.9
Manufacturing	790	878	978	1060	16.2	17.6	11.1	11.4	8.4
Construction	350	420	470	507	9.3	8.4	19.8	12.1	7.8
Electricity, gas and water and sanitary services	63	56	64	64	1.2	1.1	-11.5	13.5	0.7
Tertiary sector	3006	3 143	3 308	3 523	57.0	58.5	4.6	5.2	6.5
Commerce <sup>c</sup>	1260	1346	1406	1526	22.9	25.3	6.8	4.5	8.5
Transport, storage and communications	338	339	357	372	7.4	6.2	0.3	5.3	4.2
Other services	1408	1458	1546	1625	26.7	26.9	3.6	6.0	5.2
Percentages									
Open unemployment									
Nationwide total	13.1	11.0	9.1	7.4					
Previously employed	11.5	9.7	8.0	6.5					
Seeking work for the first time	1.6	1.3	1.1	0.9					
Rural areas	8.0	6.4	5.9	4.6					
Urban areas	14.3	12.1	9.9	7.8					
Caracas Metropolitan Area	11.8	9.6	7.9	5.9					
Unemployment by economic sector	11.5	9.7	8.0	6.5					
Manufacturing	13.2	10.9	8.0	6.4					
Construction	30.2	23.3	19.5	15.3					
Commerce <sup>c</sup>	10.7	9.1	7.6	5.8					
Other services	8.8	7.0	5.2	4.5					

Source: ECIAC, on the basis of data from household surveys conducted by the Central Statistical Office (OCEI).

<sup>a</sup> Preliminary figures.

<sup>b</sup> Labour force as a percentage of the population aged 15 years and over.

<sup>c</sup> Includes financial institutions.

<sup>c</sup> Includes

**Table 11**  
**VENEZUELA: EVOLUTION OF THE EXCHANGE RATE**

Annual and quarterly averages	Nominal exchange rate			Indexes of the real effective exchange rate <sup>a</sup>	
	Average *	Trade rate	Free	Exports	Imports
1970-1979	4.29	4.29	4.29	114.8	109.5
1980	4.29	4.29	4.29	100.0	100.0
1981	4.29	4.29	4.29	91.9	91.2
1982	4.29	4.29	4.29	85.5	84.2
1983	5.05	5.72	10.59	93.7	91.5
1984	6.46	7.38	13.51	103.1	100.5
1985	7.05	7.50	13.97	97.0	94.5
1986	8.79	7.82	20.26	107.2	106.7
1987	14.02	14.50	27.86	133.0	133.3
1988 <sup>c</sup>	16.61	14.50	33.60	137.5	138.5
1986					
I	8.11	7.50	18.41	102.9	101.9
II	8.20	7.50	18.98	101.5	100.9
III	8.45	7.50	20.00	103.4	103.2
IV	10.48	8.78	23.65	121.1	120.8
1987					
I	13.21	14.50	23.07	143.1	143.0
II	14.13	14.50	27.03	137.8	138.2
III	14.38	14.50	30.70	127.2	127.2
IV	14.37	14.50	30.62	124.0	125.0
1988					
I	14.72	14.50	29.77	126.8	128.0
II	15.12	14.50	31.40	129.5	130.6
III	18.00	14.50	36.52	146.3	146.9
IV	18.60	14.50	37.52	147.2	148.4

Source: ECIAC, on the basis of information provided by the International Monetary Fund, International Financial Statistics, and the Central Bank of Venezuela.

<sup>3</sup> Correspond to the average of the index of the real exchange rate for the bolivar with respect to the currencies of Venezuela's main trading partners, weighted according to the relative magnitude of exports to or imports from these countries, as appropriate. From 1970 to 1980 the weightings correspond to the average for the period 1975-1979; from 1981 they correspond to the average for the period 1983 to 1987. These calculations have been made primarily on the basis of wholesale price indexes, and in the case of Venezuela the subindex for domestic products within this index was adopted. For information on the methodology and sources used, see the Statistical Appendix to the *Economic Survey of Latin America*, 1981. <sup>b</sup> As from 1983, the average exchange rate corresponds to the exchange rate weighted on the basis of the foreign exchange movements recorded by the Central Bank of Venezuela. <sup>c</sup> Preliminary figures.



Table 12  
 VENEZUELA: MAIN FOREIGN TRADE INDICATORS

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Growth rates</b>								
Exports FOB								
Value	4.8	-18.2	-10.8	8.7	-7.4	-37.8	15.8	-2.0
Volume	-13	-13.6	-1.5	4.6	-5.6	25.8	-8.2	13.5
Unit value	6.2	-5.3	-9.4	4.0	-2.0	-50.5	26.1	-13.6
Imports FOB								
Value	11.5	12.0	-52.8	13.3	3.7	4.4	12.3	23.1
Volume	8.3	8.9	-43.3	22.2	0.9	3.0	8.3	18.0
Unit value	2.9	2.9	-16.8	-7.3	2.8	1.4	3.8	4.3
Terms of trade	2.7	-8.1	6.9	11.2	<b>-4.8</b>	-51.4	21.3	-18.6
Indexes (1980=100)								
Terms of trade (goods) (FOB/CIF)	102.7	94.4	100.9	112.2	106.8	51.9	62.9	51.2
Purchasing power of exports of goods	101.3	80.4	84.7	98.5	88.6	54.1	60.3	55.7
Purchasing power of exports of goods and services <sup>b</sup>	100.0	80.5	82.6	91.7	84.9	54.2	59.0	55.1
Volume of exports	98.7	85.2	84.0	87.8	82.9	104.3	95.8	108.7
Volume of imports	108.3	117.9	66.9	81.8	82.5	84.9	91.9	108.5

Source: ECLAC, on the basis of official Figures.

<sup>a</sup> Preliminary Figures. <sup>b</sup> Volume of exports of goods or of goods and services, as appropriate, adjusted by the corresponding terms-of-trade index.

Table 13  
**VENEZUELA: IMPORTS OF GOODS, CIF**

	Millions of dollars				Percentage breakdown		Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1988*
Total	7 303	7 666	8 710	7 172	100.0	100.0	42	5.0	13.6	-17.7
Consumer goods	1243	1169	1203	877	23.8	12.2	<b>13.2</b>	-6.0	2.9	-27.1
Foodstuffs and beverages	543	116	173	90	8.2	13	-20.6	-32.9	49.1	-48.0
Other consumer goods	1070	1053	1030	787	15.6	11.0	21.6	-1.6	-2.2	-23.6
Durables	523	602	626	488	7.8	6.8	81.6	15.1	4.0	-22.0
Non-durables	547	451	404	299	7.8	4.2	-7.6	-17.6	-10.4	-26.0
Raw materials and intermediate goods	3 361	3 034	3 987	3 319	34.5	46.3	-7.8	-9.7	31.4	-16.8
Raw materials	3006	2 634	3 562	2 976	28.4	41.5	-9.3	-12.4	35.2	-16.5
For industry	2 881	2 465	3 328	2 780	26.3	38.8	-11.1	-14.4	35.0	-16.5
For agriculture	125	169	234	1%	2.7	2.7	66.7	35.2	38.5	-16.2
Fuels and lubricants	202	180	158	109	1.6	1.5	8.6	-10.9	-12.2	-31.0
Building materials	153	220	267	234	4.5	3.3	4.8	43.8	21.4	-12.4
Capital goods	2 699	3 463	3 520	2 976	41.4	41.5	19.3	28.3	1.6	-15.3
Machinery and tools	1546	1877	2089	1888	26.7	26.3	32.0	21.4	11.3	-9.6
Transport equipment	1153	1586	1431	1088	14.6	15.2	5.7	37.6	-9.8	-24.0

Source: ECIAC, on the basis of data provided by the Central Statistical Office (OCEI).

\* January-August. <sup>5</sup> January-August in comparison to the same period of the preceding year.

Table 14  
VENEZUELA: EXPORTS OF GOODS, FOB

	Millions of dollars				Percentage breakdown		Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1980	1988 <sup>a</sup>	1985	1986	1987	1288 <sup>a</sup>
<b>Total</b>	14 660	9 122	10 567	10 357	100.0	100.0	-9.6	-37.8	15.8	<b>-2.0</b>
<b>Main traditional exports<sup>b</sup></b>	<b>13 297</b>	<b>7 776</b>	<b>9 213</b>	<b>8 550</b>	<b>95.9</b>	<b>82.6</b>	<b>-11.5</b>	<b>-41.5</b>	<b>18.5</b>	<b>4.2</b>
Petroleum	13 144	7 592	9 054	8 402	94.9	81.1	-11.9	-42.2	19.3	-7.2
Iron ore	108	109	118	113	0.8	1.1	33.3	0.9	8.3	-4.2
<b>Main non-traditional exports</b>	<b>1 363</b>	<b>1 346</b>	<b>1 354</b>	<b>1 807</b>	<b>4.1</b>	<b>17.4</b>	<b>26.1</b>	<b>-1.2</b>	<b>0.6</b>	<b>33.5</b>
Public sector	776	704	780	1 248	2.7	12.0	31.7	-9.3	10.8	60.0
Aluminium	511	428	523	572	2.1	5.5	38.1	-16.2	22.2	9.4
Steel	192	178	196	219	0.6	2.1	43.3	-7.3	10.1	11.7
Other	73	98	61	457	-	4.4	-14.1	34.2	-37.8	649.2
Private sector	587	642	574	559	1.4	5.4	26.0	9.4	-10.6	-2.6
Agricultural products	136	125	47		0.3		46.2	-8.1	-62.4	
Cement	51	<b>38</b>	27	24		0.2	4.1	-25.5	-28.9	-11.3
Other	400	479	500				23.5	19.8	4.4	

Source: ECLAC, on the basis of official figures.

<sup>a</sup> Preliminary figures.      Also includes coffee and cocoa.

Table 15

**VENEZUELA: BALANCE OF PAYMENTS**  
(Millions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>1</sup>
<b>Balance on current account</b>	4 026	-4 222	4 451	4 598	3 694	-1505	-1103	-4 922
Trade balance	3 835	-2 077	6 752	6 738	5 934	36	400	-2 845
Exports of goods and services	20 938	17 557	15 842	16 680	15 612	10 097	11 279	11 219
Goods FOB	19 963	16 332	14 570	15 841	14 660	9 123	10 567	10 357
Real services <sup>b</sup>	975	1 225	1 270	839	952	976	712	862
Transport and insurance	595	664	673	433	396	338	352	467
Travel	187	309	310	358	416	443	309	280
Imports of goods and services	17 104	19 634	9 090	9 942	9 678	10 061	10 880	14 064
Goods FOB	12 123	13 584	6 409	7 260	7 530	7 863	8 832	10 872
Real services <sup>b</sup>	4 980	6 050	2 681	2 681	2 148	2 199	2 048	3 192
Transport and insurance	1 567	1 524	930	1 152	973	1 043	1 142	1 810
Travel	2 372	2 925	1 073	1 063	597	543	388	528
Factor services	574	-1 530	-2 113	-2 022	-2 137	-1 470	-1 375	-1 972
Profits	-350	-401	-188	-155	-106	-109	-111	-303
Interest received	3 581	2 565	1 500	2 154	1 913	1 769	1 411	1 669
Interest paid	-2 657	-3 694	-3 425	-4 011	-3 952	-3 143	-2 674	-3 338
Labour and property	-	-	-	-10	8	13	-	-
Unrequited private transfers	-383	-615	-187	-119	-102	-72	-128	-105
<b>Balance on capital account</b>	-4 047	-3 940	-4 122	-3 044	-2 577	-2 430	80	550
Unrequited official transfers	-26	-24	-24	-29	-26	34	-22	-18
Long-term capital	810	3 156	283	-1 301	-1 204	-1 422	-1 444	-1 380
Direct investment	184	253	86	18	68	16	21	83
Portfolio investment	83	1 582	201	-129	-	-	-	-
Other long-term capital	544	1 321	-3	-1 190	-1 272	-1 438	-1 465	-1 463
Official sector <sup>c</sup>	-262	1 293	329	-1 014	-813	-1 225	-667	-
Loans received	781	2 741	1 259	398	225	198	654	-
Amortization payments	-891	-1 492	-827	-1 376	-1 009	-1 380	-1 234	-
Commercial banks <sup>c</sup>	555	-	-	38	-49	-	-	-
Loans received	-	-	-	-	-	-	-	-
Amortization payments	-	-	-	-	-	-	-	-
Other sectors <sup>c</sup>	250	29	-332	-214	-410	-214	-798	...
Loans received	1 615	1 284	505	39	97	48	23	-
Amortization payments	-1 090	-1 068	-702	-274	-	-305	-825	...
Short-term capital	-2 692	-4 684	-4 114	-1 802	-9%	148	1 315	1 263
Official sector	33	-18	-17	24	23	68	31	...
Commercial banks	35	1 256	-583	-267	-446	-41	56	...
Other sectors	-2 760	-5 923	-3 514	-1 559	-574	121	1 228	...
Errors and omissions (net)	-2 139	-2 388	-268	87	-350	-1 190	233	685
<b>Global balance<sup>d</sup></b>	-21	<b>-8162</b>	<b>329</b>	<b>1554</b>	<b>1117</b>	<b>8 935</b>	<b>-1023</b>	<b>-4 372</b>
Total variation in reserves (- sign indicates an increase)	-1 100	7 635	-283	-1 775	-817	3 887	1 248	4 486
Monetary gold	-	-	-	-	-	-	-	-
Special Drawing Rights	-101	5	87	-22	-120	-114	-148	-
IMF reserve position	-14	-113	-166	106	-6	16	131	...
Foreign exchange assets	-1 446	1 695	-960	-1 383	-1 207	3 908	493	-
Other assets	461	6 048	756	-476	517	77	772	-
Use of IMF credit	-	-	-	-	-	-	-	-

**Source:** 1981-1987: International Monetary Fund, *Balance of Payments Yearbook*, April 1989; 1988: ECIAC, on the basis of official data.

\* Preliminary figures.                      Includes other non-factor services.                      <sup>1</sup> Includes net loans granted and other assets and liabilities.                      Equals total variation in reserves (of opposite sign) plus counterpart items.

**Table 16**  
**VENEZUELA: TOTAL INTERNATIONAL RESERVES**  
*(Millions of dollars)*

	Central Bank *				Venezuelan Investment Fund	Total official reserves
	Total	Foreign exchange	Gold	Other		
At the end of:						
1980	7 025	5 529	484	1012	1483	8 508
1981	8 619	6 957	484	1178	2 452	11071
1982	10039	5226	3 439	1374	1521	11560
1983	11149	6307	3 439	1403	589	11838
1984	12 489	7325	3 439	1425	1254	13 743
1985	13 750	8 845	3 439	1466	1748	15 498
1986	9858	4 952	3 439	1467	1827	11685
1987	9 376	4 482	3 439	1455	1375	10 751
1988 <sup>b</sup>	6584		3 439			

Source: ECLAC, on the basis of information provided by the Central Bank of Venezuela and the International Monetary Fund.

<sup>a</sup> Includes the reserves of the Venezuelan Investment Fund which are administered by the Central Bank. <sup>b</sup> Preliminary Figures.

**Table 17**  
**VENEZUELA: CENTRAL BANK FOREIGN EXCHANGE RECEIPTS AND OUTLAYS**  
*(Millions of dollars)*

	Receipts			Outlays				Balance	Operating reserves of the Central Bank <sup>d</sup>	Net international reserves	
	Petroleum	Other <sup>8</sup>	Total	Imports <sup>6</sup>	External debt		Other <sup>0</sup>				Total
					Public	Private					
1982	18 984	6 895	25 879	13 584	2923	1839	9 075	27421	-1542	3 645 <sup>e</sup>	10 039 <sup>e</sup>
1983	13 335	3 425	16 760	8 019	4 770	625	2 045	15 459	1301	5 346	11149
1984	14 212	3 069	17 281	7664	5 218	382	2 707	15 971	1310	6 858	12 489
1985	12 404	3180	15 584	6 725	4 258	809	2 559	14 351	1233	8 210	13 750
1986	7625	2 927	10 552	5 951	3996	1087	3 481	14 515	-3 963	4 237	9 858
1987	9083	3 858	12 941	6 308	3 367	1481	2462	13 618	-677	3 518	9376
1988 <sup>f</sup>	8 325	5 338	13 663	8 536	3 518	1213	3063	16330	-2 667	1968	6 595
1987											
I	2 033	442	2 475	1141	814	320	584	2 859	-384	4 089	9 536
II	2 481	658	3 139	1751	625	410	634	3 420	-281	3 984	9 270
III	2 561	1104	3 665	1513	735	407	811	3466	199	3800	9 469
IV	2 008	1654	3 662	1903	1193	344	433	3 873	-211	3 518	9 376
1988 <sup>f</sup>											
I	1869	1310	3179	1935	1010	390	490	3 825	-646	2 730	8 683
II	2 213	1844	4 057	2 557	740	331	555	4183	-126	2 769	8 501
III	2070		...						-1059	2 526	7 605
IV	2173		...						-836	1968	6 595

Source: ECLAC, on the basis of data supplied by the Central Bank of Venezuela.

<sup>a</sup> Includes receipts from the Venezuelan Investment Fund. <sup>b</sup> Imports of goods and services. Includes foreign currency expenditure by Petróleos de Venezuela and agreements. Excludes imports at the free market exchange rate.

<sup>c</sup> Includes Central Bank sales of foreign exchange on the free market. <sup>d</sup> Position at the end of the period, including adjustments for changes in exchange rates of Special Drawing Rights and reserve currencies with respect to the US dollar. <sup>e</sup> Includes the effect of the centralization of the foreign-exchange assets of the petroleum industry.

<sup>f</sup> Preliminary figures.

**Table 18**  
**VENEZUELA: INDICATORS OF EXTERNAL INDEBTEDNESS**

	1975	1980	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Millions of dollars</b>								
<b>Total external debt</b>	<b>5 700</b>	<b>29 608</b>	<b>34 712</b>	<b>33 862</b>	<b>33 362</b>	<b>32 897</b>	<b>34 444</b>	<b>33 823</b>
External public debt	...	17 692	29 189	28 717	26 971	25 887	26 090	25 601
External private debt	...	11 916	5 523	5 145	6 391	7 010	8 354	8 222
<b>Total external debt servicing</b>	<b>...</b>	<b>3 475</b>	<b>4 955</b>	<b>5 661</b>	<b>4 961</b>	<b>4 828</b>	<b>4 855</b>	<b>5 379</b>
Principal	...	1 862	1 530	1 650	1 009	1 685	2 181	2 041
Interest	...	1 613	3 425	4 011	3 952	3 143	2 674	3 338
<b>External public debt servicing</b>	<b>295</b>	<b>2 126</b>	<b>5 257</b>	<b>5 151</b>	<b>4 249</b>	<b>3 952</b>	<b>3 367</b>	<b>3 518</b>
Principal	240	1 171	2 308	2 378	1 009	1 345	1 247	1 323
Interest	55	955	2 949	2 773	3 240	2 607	2 120	2 195
<b>Percentages</b>								
<b>Ratios</b>								
Total external debt/exports of goods and services	60.9	148.3	219.1	203.0	213.7	325.8	305.4	301.5
Debt servicing/exports of goods and services	3.2	17.4	31.3	33.9	31.8	47.8	43.0	47.9
Net interest payments/exports of goods and services <sup>c</sup>	-7.3	-3.3	12.2	11.1	13.1	13.6	11.2	14.9

**Source:** ECLAC, on the basis of data supplied by the Central Bank of Venezuela and international financial agencies.  
<sup>a</sup> Preliminary figures. <sup>b</sup> Estimates based on the relevant balance-of-payments entries. <sup>c</sup> A minus sign indicates that the net balance between interest received and interest paid is positive.

Table 19

## VENEZUELA: DOMESTIC PRICE TRENDS

	1981	1982	1983	1984	1985	1986	1987	1988 <sup>a</sup>
<b>Year to December variation</b>								
<b>Consumer price index</b>	<b>11.0</b>	<b>7.8</b>	<b>7.0</b>	<b>15.6</b>	<b>9.1</b>	<b>12.7</b>	<b>40.3</b>	<b>35.5</b>
Food	<b>12.9</b>	6.9	10.6	31.1	19.1	17.9	60.5	52.1
<b>Wholesale price index</b>	<b>17.4</b>	<i>6.2</i>	<b>10.7</b>	<b>23.8</b>	<b>12.3</b>	<b>18.8</b>	<b>48.1</b>	<b>17.0</b>
By origin:								
Imported products	<b>14.2</b>	5.6	10.8	21.9	10.2	10.4	59.2	21.6
Domestic products	19.4	6.6	10.9	24.9	14.6	23.4	43.8	15.0
By sector:								
Agricultural products	13.9	3.2	20.0	20.2	24.7	32.0	49.9	19.9 <sup>e</sup>
Manufactures	10.1	6.2	8.9	24.0	9.8	13.0	48.0	<b>14.9<sup>e</sup></b>
Building materials	6.1	12.6	10.5	35.7	9.5	10.9	26.5	15.4 <sup>*</sup>
<b>Variation between annual averages</b>								
<b>Consumer price index</b>	16.0	<b>9.7</b>	<i>6.3</i>	<b>12.2</b>	<b>11.4</b>	<b>11.6</b>	<b>28.1</b>	<b>29.5</b>
Food	18.5	9.7	7.8	<b>17.2</b>	<b>22.4</b>	<b>19.2</b>	41.5	39.9
<b>Wholesale price index</b>	<b>13.8</b>	8.0	<b>7.0</b>	<b>17.5</b>	<b>18.2</b>	<b>15.7</b>	<b>45.7</b>	<b>19.1</b>
By origin:								
Imported products	11.9	7.3	6.0	17.8	15.3	9.2	66.2	16.8
Domestic products	15.0	8.6	7.5	17.3	19.9	19.4	37.9	20.3
By sector:								
Agricultural products	19.8	5.3	14.2	16.3	21.6	33.0	49.3	23.6 <sup>e</sup>
Manufactures	11.9	8.4	5.4	17.7	16.8	10.0	45.4	19.0 <sup>e</sup>
Building materials	10.9	12.8	4.1	29.4	19.3	9.3	28.5	

Source: ECLAC, on the basis of information provided by the Central Bank of Venezuela.

<sup>a</sup> Preliminary figures.<sup>d</sup> January-September.<sup>b</sup> Consumer price index for the Caracas Metropolitan Area.<sup>c</sup> January-November.



**Table 20**  
**VENEZUELA: INCOME TRENDS**

	1984	1985	1986	1987	1988 <sup>a</sup>	Growth rates			
						1985	1986	1987	1988 <sup>a</sup>
<b>In bolivares at current prices</b>									
Minimum wage									
Urban	900	1375	1500	2400	2600	52.8	9.1	60.0	8.3
Rural	825	1200	1200	1800	1950	45.5	-	50.0	8.3
Average income per employed person <sup>b</sup>									
Urban	2889	2901	3283	3 665	4206	0.4	13.2	12.8	14.8
Rural	1508 <sup>d</sup>	1512	1641	2047	2421	0.3	8.5	28.2	183
<b>In bolivares at 1981 prices<sup>e</sup></b>									
Minimum wage									
Urban	1058	1375	1284	1544	1270	30.0	-6.6	20.2	-17.7
Rural	969	1200	1027	1158	953	23.8	-14.4	12.8	-17.7
Average income per employed person <sup>c</sup>									
Urban	3 218	2901	2942	2 563	2273	-9.9	1.4	-12.9	-11.3
Rural	1680 <sup>d</sup>	1512	1470	1431	1308	-10.0	-2.7	-2.7	-8.6

**Source:** ECLAC, on the basis of information provided by the Central Statistical Office (OCEI), the Central Bank of Venezuela and the Ministry of Labour.

<sup>a</sup> Preliminary figures. <sup>b</sup> Monthly wages (annual averages). <sup>c</sup> Monthly income (annual averages). <sup>d</sup> First half of year. <sup>e</sup> Deflated, in the case of the minimum wage, by the consumer price index for the Caracas Metropolitan Area corresponding to the quartile with the lowest income and, for other incomes, by the general consumer price index for the Caracas Metropolitan Area.

**Table 21**  
**VENEZUELA: CENTRAL GOVERNMENT INCOME AND EXPENDITURE**

	Billions of bolivares					Growth rates				
	1985	1986	1987	1988 <sup>a</sup>	1984	1985	1986	1987	1988?	
1. Current income	107.8	101.0	150.6	160.1	38.2	8.7	6.4	49.2	62	
Petroleum income	62.1	42.9	66.2	91.7	493	2.6	-30.9	543	38.3	
Income tax	533	32.5	47.6	67.0	50.9	3.7	-39.1	46.5	40.9	
Royalties	8.8	10.4	18.7	24.6	40.6	-3.4	19.0	78.7	31.9	
Other tax revenue	343	46.0	69.1	52.7	24.0	6.5	34.1	51.2	-23.8	
Direct	12.8	14.3	23.4	24.6	183	23.6	14.7	62.6	5.1	
Indirect	21.6	31.4	45.7	28.1	26.9	-1.6	45.6	48.5	-38.6	
Customs	4.0	5.0	9.8	12.4	11.5	43.0	25.2	95.0	263	
Exchange profits	11.1	16.7	24.7	2.2	42.0	-22.5	50.1	48.4	-90.9	
Other	6.5	9.7	11.2	13.5	2.7	34.8	50.5	15.5	20.4	
Other non-tax income	11.4	123	153	15.6	22.4	77.0	4.9	24.4	2.1	
2. Current expenditure	73.8	722	112.4	123.9	273	7.2	2.1	55.7	103	
Remunerations	20.2	24.2	31.7	40.7	53	-0.9	20.0	31.0	283	
Interest payments	12.0	12.7	24.8	23.5	58.2	10.6	6.0	95.3	-5.1	
On external debt	7.9	7.1	16.9	...	89.7	53	-10.6	139.6	...	
On domestic debt	4.0	5.6	7.8	...	153	22.5	37.0	41.1	...	
Current transfers	373	303	46.4	46.9	353	13.9	-18.8	53.1	1.3	
Other current expenditure	43	5.0	9.5	12.8	33.6	-10.4	17.2	90.0	34.7	
3. Current savings (1-2)	34.1	28.7	38.2	36.0	813	12.1	-15.8	33.1	-5.5	
4. Capital expenditure	24.4	31.1	42.0	62.4	-4.6	253	27.5	35.0	48.6	
Real investment	3.6	9.5	26.7	42.8	12.8	-10.7	163.6	181.1	60.3	
Other capital expenditure	20.8	21.6	153	19.6	-22.9	30.7	3.8	-29.2	28.2	
5. Total expenditure (2+4)	98.1	1033	154.4	186.4	18.6	11.2	53	49.5	20.7	
6. Fiscal deficit (or surplus) (1-5)	9.7	-23	-3.8	-263						
Financing of deficit (or use of surplus)	-9.7	23	3.8	263						
Domestic	-4.6	9.5	1.5	27.2						
Central Bank <sup>c</sup>	6.0	-	17.6	0.5						
Sale of securities	4.1	143	3.8	18						
Amortization <sup>n</sup>	-4.9	-7.5	-133	-2.8						
Variation in reserves (- sign indicates an increase)	-7.5	-1.8	-9.6	13.2						
Others <sup>5</sup>	-23	4.5	3.0	14.5						
External financing	-5.1	-7.2	23	-0.9						
Disbursements	-	-	10.3	9.5						
Amortization	-5.1	-7.2	-8.0	-10.4						

Source: ECLAC, on the basis of data supplied by the Central Bank of Venezuela.

\* Preliminary figures. <sup>o</sup> Includes technology tax <sup>c</sup> Includes 10 billion bolivares in 1987 and 500 million in 1988 in respect of the liquidation of Fococam. <sup>d</sup> Includes agricultural debt, administrative debt, variation in the Amortization Fund, liquidation of assets and other sources of domestic financing.

**Table 22**  
**VENEZUELA: COEFFICIENTS RELATING TO FISCAL MANAGEMENT**

	1970	1975	1980	1983	1984	1985	1986	1987	1988 <sup>a</sup>
Petroleum income/current income	60.1	77.4	72.3	56.5	61.0	57.6	42.5	44.0	57.3
Customs revenue/indirect tax revenue	41.9	35.3	53.2	14.6	12.8	18.6	16.0	21.4	44.0
Interest/current expenditure	2.3	1.6	10.4	11.3	14.7	16.3	17.6	22.1	19.0
Current savings/capital expenditure	79.0	104.2	97.7	71.7	156.3	139.9	92.4	91.0	57.9
Fiscal deficit (or surplus)/total expenditure	6.1	2.2*	0.8	8.1	12.3"	9.9"	2.2	2.5	14.1
Current income/GDP	18.3	34.6	24.6	24.8	24.3	23.3	20.5	20.9	17.8
Petroleum income/GDP	11.0	26.8	17.8	14.0	14.8	13.4	8.7	9.2	10.2
Total expenditure/GDP	19.4	33.9	24.9	26.9	21.6	21.1		21.5	20.8
Fiscal deficit (or surplus)/GDP	1.2	0.7 <sup>o</sup>	0.2	2.2	2.?	2.1 <sup>b</sup>	0.5	0.5	2.9

Source: ECLAC, on the basis of information provided by the Central Bank of Venezuela and the Central Office of the Budget (OCEPRE).

<sup>a</sup> Preliminary figures.

Fiscal surplus.

Table 23  
VENEZUELA: CONSOLIDATED PUBLIC SECTOR INCOME AND EXPENDITURE

	Billions of bolívares					Growth rates			
	1984	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Total income	138.1	147.0	1393	189.0	2242	6.5	-5.4	43.7	18.7
Current income	136.1	1453	137.6	186.2	222.1	6.8	-5.3	35.3	19.3
Capital income	2.0	1.7	1.7	2.8	2.2	-12.8	0.3	64.7	-22.1
Total expenditure	111.7	133.6	146.7	214.2	261.4	19.6	14.0	46.0	22.0
Current expenditure	74.1	83.9	83.6	120.5	134.9	13.2	-0.4	44.1	11.9
On consumption	28.0	30.5	29.3	42.6	55.1	8.9	-3.9	45.5	29.5
Transfers	29.7	36.9	31.6	50.0	51.3	24.3	-11.6	57.8	2.7
Interest	16.4	16.5	22.7	28.0	28.5	0.8	28.2	23.2	1.6
Capital expenditure	37.6	49.7	63.1	93.7	126.5	29.3	35.9	48.5	35.0
Capital formation	28.7	35.3	49.1	87.2	118.9	22.9	39.0	77.6	36.4
Other capital expenditure	11.7	8.9	14.0	6.5	7.6	61.2	57.3	-53.6	16.9
Deficit (or surplus)	26.4	13.4	-7.4	-25.2	-37.1				
Percentage of GDP		2.9	1.5	3.5	4.1				
Financing of deficit (or use of surplus)									
Internal	-26.4	-13.4	7.4	25.2	37.1				
External	-10.0	-7.0	19.8						
External	-16.4	-6.4	-12.4						

**Source:** ECLAC, on the basis of information provided by the Central Bank of Venezuela and the Central Office of the Budget (OCEPRE).

<sup>a</sup> Preliminary figures.

**Table 24**  
**VENEZUELA: MONETARY INDICATORS**

	Year-end balances (billions of bolívares)				Growth rates			
	1985	1986	1987	1988 <sup>a</sup>	1985	1986	1987	1988 <sup>a</sup>
Money (M1)	<b>77.4</b>	95.0	127.2	<b>157.3</b>	12.5	22.7	<b>34.0</b>	23.7
Currency outside banks	16.0	18.6	24.7	31.1	6.9	15.9	32.8	25.8
Current account deposits	61.4	76.4	102.5	126.2	14.0	24.4	34.2	23.1
Liquidity (M2)	192.8	224.8	277.7	328.4	8.7	16.6	23.6	18.3
<b>Factors of expansion</b>								
Net international reserves	85.7	91.8	113.1	87.7	10.7	6.9	23.5	-22.4
Domestic credit	105.4	142.0	184.4	269.7	-7.7	34.7	29.8	46.3
To public sector	-19.5	-18.1	-33.3	-15.5	381.6	-6.7	83.5	-46.5
Central government (net)	-21.0	-19.4	-34.8	-16.7	309.8	-7.3	79.3	-48.1
Public institutions	1.5	1.3	1.5	1.2	39.0	-14.6	19.3	-19.9
To private sector	118.1	152.5	209.5	273.3	10.5	29.1	37.4	30.5
<b>Factors of absorption</b>								
Quasi-money (savings and time deposits)	115.4	129.8	150.5	170.6	6.4	12.5	16.0	13.3
Other items (net)	-117.1	-120.8	-130.7	-132.0	3.2	8.2	1.0	
Coefficients <sup>b</sup>								
<b>Monetary multipliers</b>								
M1/monetary base	1.73	1.66	1.99	2.14				
M2/monetary base	4.32	4.39	4.69	4.73				
Velocity of circulation								
<b>GDP/M1</b>	6.75	5.98	6.90	6.73				

**Source:** ECLAC, on the basis of information provided by the Central Bank of Venezuela and the International Monetary Fund.

Preliminary figures.                      Annual averages.

Table 25

VENEZUELA: DOMESTIC INTEREST RATES<sup>a</sup>

	1984	1985	1986	1987	1988 <sup>b</sup>	1988 <sup>c</sup>			
						I	II	III	IV
<b>Nominal</b>									
Short-term bank rates:									
Deposits <sup>d</sup>	12.6	10.5	8.9	8.9	9.0	8.9	9.0	9.0	9.0
Loans <sup>6</sup>	14.9	13.7	12.7	12.6	12.7	12.6	12.7	12.7	12.7
<b>Mortgage rates</b>									
Deposits <sup>f</sup>	13.2	11.4	10.0	9.9	10.0	10.0	10.0	10.0	10.0
Loans <sup>8</sup>	14.6	14.2	13.4	12.5	13.0	13.1	13.1	12.8	12.9
<b>Real<sup>h</sup></b>									
Short-term bank rates:									
Deposits <sup>d</sup>	-2.6	1.3	-3.4	-22.4	-25.4	-16.1	-21.7	-24.1	-39.7
Loans <sup>6</sup>	-0.6	4.2	-	-19.7	-22.8	-13.2	-19.0	-21.5	-37.6
Mortgage rates:									
Deposits	-2.1	2.1	-2.4	-21.7	-24.7	-15.2	-20.9	-23.3	-39.2
Loans <sup>8</sup>	-0.9	4.7	0.6	-19.8	-22.7	-12.9	-18.7	-21.4	-37.6

**Source:** BCLAC, on the basis of information provided by the Central Bank of Venezuela.

<sup>a</sup> Average annual rates. <sup>b</sup> Preliminary figures. <sup>c</sup> Annual rates, based on quarterly averages. <sup>d</sup> Preliminary figures.  
<sup>e</sup> On term deposits with commercial banks. <sup>f</sup> On commercial bank loans and discounts. <sup>g</sup> On saving certificates  
in denominations from 5 000 bolívares upwards and terms from 30 to 180 days in mortgage banks. <sup>h</sup> Loans  
for housing construction and purchase. <sup>i</sup> Deflated by the variation in the consumer price index from the Caracas  
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